

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

30 JUNE 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 JUNE 2014

	Note	30 June 2014 RM'000	31 March 2014 RM'000
Assets			
Cash and short-term funds		1,791,608	1,661,183
Deposits and placements with banks and other financial institutions		369,217	335,158
Investment securities available-for-sale	10	79,765	79,630
Loans, advances and financing	11	1,640,910	1,445,610
Derivative financial assets		109,366	113,078
Other assets		17,591	10,939
Statutory deposits with Bank Negara Malaysia		402	-
Plant and equipment		5,953	6,234
Tax recoverable		6,087	5,103
Total assets		<u>4,020,899</u>	<u>3,656,935</u>
Liabilities			
Deposits from customers	12	2,331,203	1,945,801
Deposits and placements of banks and other financial institutions	13	782,332	782,104
Bills and acceptances payable		670	1,071
Derivative financial liabilities		67,932	69,690
Other liabilities		67,509	91,478
Deferred tax liabilities		5,386	5,290
Total liabilities		<u>3,255,032</u>	<u>2,895,434</u>
Equity			
Share capital		700,000	700,000
Reserves		65,867	61,501
Total equity attributable to equity holder of the Bank		<u>765,867</u>	<u>761,501</u>
Total liabilities and equity		<u>4,020,899</u>	<u>3,656,935</u>
Commitments and contingencies	24	<u>6,508,453</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 JUNE 2014**

	Note	1st Quarter Ended		Three Months Ended	
		30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Interest income	14	25,432	18,084	25,432	18,084
Interest expense	15	(12,291)	(7,553)	(12,291)	(7,553)
Net interest income		<u>13,141</u>	<u>10,531</u>	<u>13,141</u>	<u>10,531</u>
Other operating income	16	7,673	10,821	7,673	10,821
Net operating income		<u>20,814</u>	<u>21,352</u>	<u>20,814</u>	<u>21,352</u>
Other operating expenses	17	(13,321)	(11,992)	(13,321)	(11,992)
Operating profit		<u>7,493</u>	<u>9,360</u>	<u>7,493</u>	<u>9,360</u>
Allowance for impairment on loans, advances and financing	18	(1,476)	210	(1,476)	210
Profit before taxation		<u>6,017</u>	<u>9,570</u>	<u>6,017</u>	<u>9,570</u>
Tax expense		(1,681)	(2,442)	(1,681)	(2,442)
Profit after taxation		<u>4,336</u>	<u>7,128</u>	<u>4,336</u>	<u>7,128</u>
Other comprehensive income for the period, net of income tax					
Fair value changes of investment securities available-for-sale		<u>30</u>	<u>52</u>	<u>30</u>	<u>52</u>
Total comprehensive income for the period		<u><u>4,366</u></u>	<u><u>7,180</u></u>	<u><u>4,366</u></u>	<u><u>7,180</u></u>
Basic earnings per ordinary share (sen)		<u>0.62</u>	<u>1.03</u>	<u>0.62</u>	<u>1.03</u>

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

	<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 RM'000	
At 1 April 2014	700,000	33,006	(47)	28,542	761,501
Profit for the period	-	-	-	4,336	4,336
Fair value changes of available-for-sale financial assets	-	-	30	-	30
Total comprehensive income for the period	-	-	30	4,336	4,366
At 30 June 2014	<u>700,000</u>	<u>33,006</u>	<u>(17)</u>	<u>32,878</u>	<u>765,867</u>
At 1 April 2013	700,000	19,256	(42)	14,792	734,006
Profit for the period	-	-	-	7,128	7,128
Fair value changes of available-for-sale financial assets	-	-	52	-	52
Total comprehensive income for the period	-	-	52	7,128	7,180
At 30 June 2013	<u>700,000</u>	<u>19,256</u>	<u>10</u>	<u>21,920</u>	<u>741,186</u>

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

	30 June 2014 RM'000	30 June 2013 RM'000
Cash flows from operating activities		
Profit from ordinary activities before taxation	6,017	9,570
Adjustments for non-cash items	3,497	912
Operating profit before working capital changes	9,514	10,482
Changes in working capital:		
Net changes in operating assets	(237,889)	(218,868)
Net changes in operating liabilities	361,260	311,784
Net cash generated from operating activities	132,885	103,398
Tax paid	(2,581)	(4,510)
Net cash generated from operating activities	130,304	98,888
Net cash generated from investing activities	121	192
Net cash generated from financing activities	-	-
Net increase in cash and cash equivalents during the financial period	130,425	99,080
Cash and cash equivalents at beginning of the financial period	1,661,183	1,095,919
Cash and cash equivalents at end of the financial period	1,791,608	1,194,999
Cash and cash equivalents comprise:		
Cash and short-term funds	1,791,608	1,194,999

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

1. Basis of Preparation

The unaudited condensed interim financial statements for the first quarter and three months ended 30 June 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 JUNE 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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FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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 first quarter and three months ended 30 June 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 first quarter and three months ended 30 June 2014.

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

6. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the first quarter and three months ended 30 June 2014.

7. Dividend

No dividend was paid during the first quarter and three months ended 30 June 2014.

8. Review of Performance

The Bank recorded a profit before taxation of RM6.0 million for the first quarter ended 30 June 2014, a decrease of RM3.6 million compared to the previous corresponding quarter.

The decline in profit before tax was arising from lower net trading income of RM3.5 million, higher allowance for impairment on loans, advances and financing (rose RM1.7 million) and operating expenses (rose RM1.3 million), moderated by higher net interest income of RM2.6 million.

Total assets at 30 June 2014 stood at RM4,020.9 million, RM364.0 million higher compared against 31 March 2014. Loans, advances and financing recorded an increase of RM195.3 million, followed by increases in cash and short-term funds of RM130.4 million, and deposits and placements with banks and other financial institutions of RM34.0 million.

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.

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

9. Current Year Prospects (Continued)

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

	30 June 2014 RM'000	31 March 2014 RM'000
At fair value		
Bank Negara Malaysia Bills	49,741	79,630
Malaysian Government Treasury Bills	30,024	-
	79,765	79,630

11. Loans, Advances and Financing

	30 June 2014 RM'000	31 March 2014 RM'000
(a) By type:		
At amortised cost:		
Term loans		
- Syndicated loans	318,769	317,446
- Bridging loans	2,814	2,808
- Factoring receivables	50,831	22,844
- Other term loans	556,040	401,732
Trade bills discounted	7,299	5,269
Revolving credits	717,558	706,436
Gross loans, advances and financing	1,653,311	1,456,535
Less: Impairment provision	(12,401)	(10,925)
Net loans, advances and financing	1,640,910	1,445,610

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

11. Loans, Advances and Financing (Continued)

	30 June 2014 RM'000	31 March 2014 RM'000
(b) By type of customer:		
Domestic non-bank financial institutions	232,270	139,682
Domestic business enterprises	1,117,252	1,109,776
Foreign entities	303,789	207,077
Gross loans, advances and financing	<u>1,653,311</u>	<u>1,456,535</u>
(c) By geographical distribution:		
Malaysia	1,445,789	1,249,458
Other countries	207,522	207,077
Gross loans, advances and financing	<u>1,653,311</u>	<u>1,456,535</u>
(d) By interest rate sensitivity:		
Fixed rate		
- Other fixed rate loans	160,426	53,945
Variable rate		
- Cost-plus	844,252	811,347
- Other variable rates	648,633	591,243
Gross loans, advances and financing	<u>1,653,311</u>	<u>1,456,535</u>
(e) By sector:		
Primary agriculture	24,963	25,407
Mining and quarrying	16,052	65,354
Manufacturing	637,618	620,761
Electricity, gas and water	126,884	127,266
Construction	28,146	7,743
Wholesale and retail trade, and restaurants and hotels	68,297	50,028
Transport, storage and communication	58,224	57,607
Finance, insurance, real estate and business services	668,600	478,109
Education, health and others	24,527	24,260
Gross loans, advances and financing	<u>1,653,311</u>	<u>1,456,535</u>

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FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014**

11. Loans, Advances and Financing (Continued)

	30 June 2014 RM'000	31 March 2014 RM'000
(f) By economic purposes:		
Purchase of residential property	28,496	28,502
Purchase of non-residential property - Commercial complexes	137,939	136,251
Purchase of fixed assets other than land and building	6,870	7,200
Construction	34,830	35,705
Working Capital	1,280,259	1,084,436
Other purpose	164,917	164,441
Gross loans, advances and financing	<u>1,653,311</u>	<u>1,456,535</u>
(g) By residual contractual maturity:		
Maturing within one year	852,207	775,125
One year to three years	198,867	187,158
Three years to five years	364,927	251,606
More than five years	237,310	242,646
Gross loans, advances and financing	<u>1,653,311</u>	<u>1,456,535</u>
(h) Movements in collective allowance for impairment on loans, advances and financing:		
At beginning of the financial period	10,925	8,283
Allowance made during the financial period	1,476	2,642
At end of the financial period	<u>12,401</u>	<u>10,925</u>
 (As % of gross loans, advances and financing (net of individual allowance))	 <u>0.75%</u>	 <u>0.75%</u>

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FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014**

12. Deposits from Customers

	30 June 2014 RM'000	31 March 2014 RM'000
(a) By type of deposits:		
Demand deposits	886,381	764,894
Fixed deposits	417,356	493,179
Short-term deposits	1,027,466	687,728
	<u>2,331,203</u>	<u>1,945,801</u>
(b) By type of customers:		
Domestic non-bank financial institutions	86,734	82,171
Domestic business enterprises	2,055,567	1,705,372
Foreign non-bank entities	188,902	158,258
	<u>2,331,203</u>	<u>1,945,801</u>
(c) Maturity structure of fixed deposits:		
Due within six months	399,072	481,095
Six months to one year	18,284	12,084
	<u>417,356</u>	<u>493,179</u>

13. Deposits and Placements of Banks and Other Financial Institutions

	30 June 2014 RM'000	31 March 2014 RM'000
Foreign banks		
- Immediate holding company	1,268	1,268
- Other related companies	780,657	780,836
- Others	407	-
	<u>782,332</u>	<u>782,104</u>

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

14. Interest Income

	1st Quarter Ended		Three Months Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Loans, advances and financing				
- Interest income other than from impaired loans	11,471	7,317	11,471	7,317
Money at call and deposit placements with banks and other financial institutions	13,192	10,229	13,192	10,229
Investment securities available-for-sale	647	437	647	437
Others	122	101	122	101
	<u>25,432</u>	<u>18,084</u>	<u>25,432</u>	<u>18,084</u>

15. Interest Expense

	1st Quarter Ended		Three Months Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Deposits and placement of bank and other financial institutions	1,223	793	1,223	793
Deposits from customers	10,231	6,113	10,231	6,113
Investment securities available-for-sale	56	-	56	-
Others	781	647	781	647
	<u>12,291</u>	<u>7,553</u>	<u>12,291</u>	<u>7,553</u>

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

16. Other Operating Income

	1st Quarter Ended		Three Months Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Fee and commission income				
- Service charges/fees	10	21	10	21
- Guarantee fees	120	67	120	67
- Loan related fees	262	65	262	65
- Commitment fees	148	89	148	89
	<u>540</u>	<u>242</u>	<u>540</u>	<u>242</u>
Gain from derivative financial instruments	<u>2,512</u>	<u>1,938</u>	<u>2,512</u>	<u>1,938</u>
Unrealised net (loss)/gain on revaluation of derivatives	<u>(2,278)</u>	<u>484</u>	<u>(2,278)</u>	<u>484</u>
Foreign exchange net gain	<u>5,562</u>	<u>6,868</u>	<u>5,562</u>	<u>6,868</u>
Other income				
- Management fees	968	872	968	872
- Rental of fixed assets	156	343	156	343
- Miscellaneous income	213	74	213	74
	<u>1,337</u>	<u>1,289</u>	<u>1,337</u>	<u>1,289</u>
	<u>7,673</u>	<u>10,821</u>	<u>7,673</u>	<u>10,821</u>

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

17. Other Operating Expenses

	1st Quarter Ended		Three Months Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Personnel costs				
Salaries, allowance and bonuses	3,738	3,317	3,738	3,317
Employees' provident fund	272	273	272	273
Staff training expenses	74	66	74	66
Other personnel expenses	1,780	1,455	1,780	1,455
	<u>5,864</u>	<u>5,111</u>	<u>5,864</u>	<u>5,111</u>
Establishment costs				
Rental of premises	280	231	280	231
Depreciation	431	814	431	814
Repair and maintenance	65	20	65	20
Other establishment expenses	2,181	1,637	2,181	1,637
	<u>2,957</u>	<u>2,702</u>	<u>2,957</u>	<u>2,702</u>
Marketing expenses				
Advertisement and publicity	20	15	20	15
Other marketing expenses	24	7	24	7
	<u>44</u>	<u>22</u>	<u>44</u>	<u>22</u>

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

17. Other Operating Expenses (Continued)

	1st Quarter Ended		Three Months Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Administration and general expenses				
Auditors' remuneration				
- Statutory audit	49	45	49	45
- Other services	25	25	25	25
Professional fees	114	37	114	37
Communication expenses	84	86	84	86
Management fees	3,344	3,418	3,344	3,418
License fees and stamp duties	28	28	28	28
Non-executive directors' fees and allowances	124	64	124	64
Other administration and general expenses	688	454	688	454
	<u>4,456</u>	<u>4,157</u>	<u>4,456</u>	<u>4,157</u>
	<u>13,321</u>	<u>11,992</u>	<u>13,321</u>	<u>11,992</u>

18. Allowance for Impairment on Loans, Advances and Financing

	1st Quarter Ended		Three Months Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
Collective impairment allowance made/ (written back)	1,476	(210)	1,476	(210)
	<u>1,476</u>	<u>(210)</u>	<u>1,476</u>	<u>(210)</u>

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

19. Segmental Reporting on Revenue, Profit and Assets

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

20. Subsequent Events

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

21. Changes in the Composition of the Bank

There were no significant changes in the composition of the Bank during the first quarter and three months ended 30 June 2014.

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

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		
30 June 2014								
<u>Assets</u>								
Cash and short-term funds	1,783,843	-	-	-	-	7,765	-	1,791,608
Deposits and placements with banks and other financial institutions	-	369,217	-	-	-	-	-	369,217
Investment securities available-for-sale	30,024	49,741	-	-	-	-	-	79,765
Loans, advances and financing	2,282	4,081	265,489	1,054,512	326,947	(12,401) ^	-	1,640,910
Other assets	14,119	853	-	-	-	2,299	-	17,271
Derivative assets	984	-	20,669	2,912	2,691	-	82,110	109,366
Statutory deposits with BNM	-	-	-	-	-	402	-	402
Total assets	1,831,252	423,892	286,158	1,057,424	329,638	(1,935)	82,110	4,008,539

^ 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		
30 June 2014								
<u>Liabilities</u>								
Deposits from customers	(1,153,112)	(265,623)	(26,084)	-	-	(886,384)	-	(2,331,203)
Deposits and placements of banks and other financial institutions	(49,039)	(477,406)	-	(138,254)	(115,743)	(1,890)	-	(782,332)
Bills and acceptances payable	-	-	(517)	-	-	-	-	(517)
Other liabilities	(55,460)	(1,419)	(239)	(18)	(170)	(10,196)	-	(67,502)
Derivative liabilities	-	-	-	-	-	-	(67,932)	(67,932)
Total liabilities	(1,257,611)	(744,448)	(26,840)	(138,272)	(115,913)	(898,470)	(67,932)	(3,249,486)
On balance sheet interest rate gap	573,641	(320,556)	259,318	919,152	213,725	(900,405)	14,178	759,053
Off balance sheet interest rate gap	-	433,089	(10,000)	(217,681)	(205,408)	-	-	-
Total interest rate gap	573,641	112,533	249,318	701,471	8,317	(900,405)	14,178	759,053

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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 2014								
<u>Assets</u>								
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
Total assets	1,692,940	389,720	231,250	893,767	347,221	(774)	90,690	3,644,814

^ 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	Total
	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 2014								
<u>Liabilities</u>								
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)
Total liabilities	<u>(1,157,223)</u>	<u>(345,453)</u>	<u>(211,601)</u>	<u>(132,128)</u>	<u>(118,385)</u>	<u>(854,198)</u>	<u>(69,690)</u>	<u>(2,888,678)</u>
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)	-	-	-
Total interest rate gap	<u>533,717</u>	<u>500,327</u>	<u>(861)</u>	<u>537,147</u>	<u>19,778</u>	<u>(854,972)</u>	<u>21,000</u>	<u>756,136</u>

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22. Use of Financial Instruments (Continued)

Interest rate risk (continued)

	30 June 2014		31 March 2014	
	MYR	USD	MYR	USD
	%	%	%	%
Financial assets				
Cash and short-term funds	3.07	0.16	3.39	0.28
Deposits and placements with banks and other financial institutions	3.52	0.58	2.50	-
Loans, advances and financing	4.23	1.34	4.20	1.36
Financial liabilities				
Deposits from customers	3.13	0.16	3.13	0.21
Deposits and placements of banks and other financial institutions	-	0.29	-	0.29

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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:

	30 June 2014 RM'000	31 March 2014 RM'000
<u>Tier-1 capital</u>		
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	(17)	(47)
	761,531	761,501
Less: Deferred tax assets	-	-
Common Equity Tier 1 (CET 1) and Tier-1 Capital	761,531	761,501
<u>Tier-2 capital</u>		
Collective allowance for impairment	12,401	10,925
Tier-2 Capital	12,401	10,925
Total capital base	773,932	772,426
<u>Capital ratios</u>		
CET 1 and Tier 1 Capital Ratio	25.035%	28.327%
Total Capital Ratio	25.443%	28.733%

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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 June 2014 RM'000	31 March 2014 RM'000
Credit risk	2,804,921	2,454,115
Market risk	82,682	88,707
Operational risk	154,259	145,444
Total risk-weighted assets	<u>3,041,862</u>	<u>2,688,266</u>

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24. Commitments and Contingencies

In the ordinary course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The commitment and contingencies are as follows:

	← 30 June 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	105,805	52,902	41,421	104,852	52,426	40,945
Short-term self-liquidating trade-related contingencies	4,070	814	814	433	87	87
Foreign exchange related contracts:						
One year or less	1,685,201	46,515	35,021	2,111,271	49,032	34,248
Over one year to five years	2,692,528	305,095	98,166	2,637,290	316,394	102,453
Over five years	314,519	93,323	28,931	273,537	83,054	26,732
Interest/ profit rate related contracts						
One year or less	20,809	74	15	25,510	65	13
Over one year to five years	206,872	6,545	3,931	224,492	7,169	4,237
Over five years	205,408	19,123	10,856	209,058	20,557	10,801
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	728,351	364,175	364,175	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	544,890	108,978	102,578	538,519	107,704	101,304
Total	6,508,453	997,544	685,908	6,653,123	900,568	584,900

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

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MANAGEMENT'S CERTIFICATION

I hereby certify that the attached unaudited condensed interim financial statements for the financial period ended 30 June 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: 24 July 2014