

Company No.

926374	U
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**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED 31 DECEMBER 2011**

Company No.

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**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011**

	Note	31 December 2011 RM'000	31 March 2011 RM'000
<b>ASSETS</b>			
Cash and short-term funds		443,391	331,553
Deposits and placements with banks and other financial institutions		231,430	-
Loans, advances and financing	12	334,131	-
Other assets		3,525	916
Derivative assets		11,872	-
Plant and equipment		12,028	13,220
<b>TOTAL ASSETS</b>		<u>1,036,377</u>	<u>345,689</u>
<b>LIABILITIES</b>			
Deposits from customers	13	522,197	-
Deposits and placements of banks and other financial institutions	14	151,064	-
Bills and acceptances payable		2,166	-
Other liabilities		6,030	72
Derivative liabilities		1,770	-
Provision for taxation		975	80
Deferred tax liabilities		821	-
<b>TOTAL LIABILITIES</b>		<u>685,023</u>	<u>152</u>
<b>EQUITY</b>			
Share capital		350,000	350,000
Retained earnings/ (Accumulated losses)		1,354	(4,463)
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK</b>		<u>351,354</u>	<u>345,537</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>1,036,377</u>	<u>345,689</u>
<b>COMMITMENTS AND CONTINGENCIES</b>	27	<u>1,466,174</u>	<u>-</u>
<b>CAPITAL ADEQUACY</b>	26		
Core capital ratio		44.95%	-
Risk-weighted capital ratio		45.62%	-

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**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2011**

	Note	Third Quarter Ended 31 December 2011 RM'000	Nine Months Ended 31 December 2011 RM'000
Interest income	15	8,937	20,198
Interest expense	16	<u>(4,641)</u>	<u>(9,506)</u>
Net interest income		4,296	10,692
Other operating income	17	<u>12,884</u>	<u>26,109</u>
Net operating income		17,180	36,801
Other operating expenses	18	<u>(8,950)</u>	<u>(24,099)</u>
Operating profit		8,230	12,702
Allowance for impairment on loans, advances and financing	19	<u>(2,008)</u>	<u>(5,089)</u>
Profit before taxation		6,222	7,613
Taxation		<u>(1,312)</u>	<u>(1,796)</u>
Net profit for the period		<u>4,910</u>	<u>5,817</u>
Basic earnings per share (sen)		<u>1.40</u>	<u>1.66</u>

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**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE NINE MONTHS ENDED 31 DECEMBER 2011**

	<b>Non- distributable</b>	<b>Distributable</b>	
	<b>Share capital RM'000</b>	<b>Retained earnings/ (Accumulated losses) RM'000</b>	<b>Total RM'000</b>
<b>At 1 April 2011</b>	350,000	(4,463)	345,537
Net profit for the period	-	5,817	5,817
<b>At 31 December 2011</b>	350,000	1,354	351,354
<b>At 22 December 2010 (date of incorporation)</b>	*	-	*
Issue of shares	350,000	-	350,000
Net loss for the period	-	(4,463)	(4,463)
<b>At 31 March 2011</b>	350,000	(4,463)	345,537

\* On date of incorporation, 100 subscriber's shares were issued for cash consideration of RM1 each.

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**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**CONDENSED STATEMENT OF CASH FLOW**

**FOR THE NINE MONTHS ENDED 31 DECEMBER 2011**

	<b>31 December 2011 RM'000</b>
Profit before taxation	7,613
Adjustments for non-cash items	(2,888)
	<hr/>
Operating profit before working capital changes	4,725
Changes in working capital:	
Net changes in operating assets	(572,942)
Net changes in operating liabilities	681,385
	<hr/>
Net cash generated from operations	113,168
Tax paid	(397)
	<hr/>
Net cash generated from operating activities	112,771
Net cash used in investing activities	(933)
	<hr/>
Net change in cash and cash equivalents	111,838
Cash and cash equivalents at beginning of the period	331,553
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Cash and cash equivalents at end of the period	443,391
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## SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

### EXPLANATORY NOTES

#### 1. GENERAL INFORMATION

Sumitomo Mitsui Banking Corporation Malaysia Berhad is principally engaged in the provision of banking and related financial services.

The Bank commenced its operations on 11 April 2011.

#### 2. BASIS OF PREPARATION

The unaudited condensed interim financial statements for the third quarter and the nine months ended 31 December 2011 have been prepared in accordance with Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Bank Negara Malaysia (“BNM”) guidelines.

The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank for the financial period ended 31 December 2011.

The accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent financial statement for the financial period ended 31 March 2011, except for the adoption of the accounting policies disclosed in Note 4 of these explanatory notes.

The following accounting standards, amendments and interpretations have been issued by MASB but are not yet effective and have yet to be adopted by the Bank:

##### **Effective for annual periods commencing on or after 1 July 2011**

IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*  
Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

##### **Effective for annual periods commencing on or after 1 January 2012**

FRS 124, *Related Party Disclosures* (revised)  
IC Interpretation 15, *Agreements for the Construction of Real Estate*

The Bank plans to apply the abovementioned standards, amendments and interpretations if applicable.

The initial application of the above standards, amendments or interpretations, is not expected to have any material impact on the financial statements of the Bank.

#### 3. BASIS OF MEASUREMENT

The unaudited condensed interim financial statements for the third quarter and the nine months ended 31 December 2011 have been prepared under the historical cost convention except for derivative financial instruments which are stated at fair value.

**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD****EXPLANATORY NOTES****4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to the period presented in these unaudited condensed interim financial statements by the Bank, unless otherwise stated.

(a) Interest recognition

Interest income and expense are recognised in the statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all fees and points paid or received that are integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

(b) Fees and other income recognition

Commitment fees and guarantee fees which are material are recognised as income based on time apportionment.

Other fee income such as services charges and processing fees are recognised as the related services are performed.

Other fee expense such as transaction and service fees, are expensed as the services are received.

(c) Cash and short term funds

Cash and short term funds includes cash and bank balances, short term funds and deposits and placements with financial institutions that are readily convertible into cash without significant risk of changes in value.

(d) Loans, advances and financing

Loans, advances and financing are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and the Bank does not intend to sell immediately or in the near term.

The loans, advances and financing are carried at their outstanding unpaid principal and interest balances, net of individual and collective allowance for impairment. The carrying amount of the Bank's loans, advances and financing are reviewed at each reporting date to determine whether there is objective evidence of impairment. If such evidence exists, the recoverable amount of the loans, advances and financing is estimated.

**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD****EXPLANATORY NOTES****4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(e) Allowance for impairment on loans, advances and financing**

The Bank reviews its individually significant loans, advances and financing at each statement of financial position date to assess whether an impairment loss should be recorded in the statement of comprehensive income.

The Bank has no individual impairment during the period as there are no impaired loans identified.

A collective allowance for impairment based on a percentage of the loans, advances and financing portfolio is also made to cover possible losses which are not specifically identified. The percentage made is in compliance with the minimum requirement of 1.5% under the transitional provision of BNM's Guidelines on Classification and Impairment Provisions for Loans/Financing which is applicable until 31 December 2011.

**(f) Other receivables**

Other receivables are initially recognised at their costs when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, other receivables are measured at amortised cost using the effective interest method.

**(g) Liabilities**

Deposit from customers, deposit and placements of banks and other financial institutions are stated at placement values.

Other liabilities are measured initially and subsequently at cost. Other liabilities are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

**(h) Bills and acceptances payable**

Bills and acceptances payable represent the Bank's own bills and acceptances rediscounted and outstanding in the market.

**(i) Foreign currency transactions**

Transactions in currencies other than the Bank's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing at the date of the transactions.

At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.



**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD****EXPLANATORY NOTES****4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(j) Derivative financial instruments**

Derivative instruments are initially recognised at fair value, which is normally zero or negligible at inception and subsequently re-measured at their fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivative that do not qualify for hedge accounting are recognised immediately in the statement of comprehensive income.

**(k) Financial guarantee contract**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in the statement of comprehensive income over the period of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

**(l) Operating lease payments**

Lease, where the Bank does not assume substantially all risks and rewards of ownership are classified as operating leases and the leased assets are not recognised in the Bank's statement of financial position.

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives are recognised as an integral part of the total expense over the term of the lease.

**(m) Provisions and contingent liabilities**

A provision is recognised if, as a result of past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**5. AUDITOR'S REPORT**

The auditors' report on the audited financial statements for the financial period ended 31 March 2011 was not subject to any qualification.

**6. SEASONAL OR CYCLICALITY FACTORS**

The business operations of the Bank have not been affected by any material seasonal or cyclical factors.

**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

**EXPLANATORY NOTES**

**7. 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 for the third quarter and nine months ended 31 December 2011.

**8. CHANGES IN ESTIMATES**

There were no material changes in estimates of amounts reported in prior financial period that have a material effect on the unaudited condensed interim financial statements in the third quarter and the nine months ended 31 December 2011.

**9. ISSUANCES, REPURCHASE AND REPAYMENTS OF DEBTS AND EQUITY SECURITIES**

There were no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the third quarter and nine months ended 31 December 2011.

**10. REVIEW OF PERFORMANCE**

The Bank recorded a profit before taxation of RM7.6 million for the nine months ended 31 December 2011. Net interest income for the period under review was RM10.7 million, generated mainly from interest income from interbank lending of RM15.8 million, net of interest expense incurred on deposits from customers of RM7.9 million.

Other operating income of RM26.1 million is attributed mainly from foreign exchange gains and mark to market gain on revaluation of derivatives. Personnel costs, information systems and equipment cost together with operations and systems outsourcing expense make up the bulk of other operating expenses of RM24.1 million. Increase in allowance for impairment on loans, advances and financing of RM5.1 million is in line with the growth in loan base.

The Bank's total assets stood at RM1,036 million as at 31 December 2011, comprised mainly of interbank lending and loans disbursed to customers, derived from its paid-up capital and increase in deposits from customers and interbank borrowing.

As at 31 December 2011, the Bank's core capital ratio and risk-weighted capital ratio stood high at 44.95% and 45.62% respectively.

**11. PROSPECT OF THE BANK**

The Bank started its operation from 11 April 2011. As a start-up commercial bank, the Bank puts its strategic focus on expanding customer base. The Bank is approaching to both Japanese and non-Japanese companies by offering basic products such as loan, deposit, foreign exchange, derivatives and cash management service. The Bank expects that positive Malaysian economic outlook supports further growth of the Bank's business.

## SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

## EXPLANATORY NOTES

## 12. LOANS, ADVANCES AND FINANCING

	31 December 2011 RM'000	31 March 2011 RM'000
(a) Loans, advances and financing analysed by type:		
At amortised cost:		
Syndicated term loans	83,227	-
Other term loans	97,162	-
Revolving credits	158,718	-
Overdraft loans	113	-
	<hr/>	<hr/>
Gross loans, advances and financing	339,220	-
Less: Allowance for impairment		
- Collective allowance for impairment	(5,089)	-
	<hr/>	<hr/>
Net loans, advances and financing	334,131	-
	<hr/> <hr/>	<hr/> <hr/>
(b) Loans, advances and financing analysed by geographical distribution:		
Malaysia	339,220	-
	<hr/> <hr/>	<hr/> <hr/>
(c) Loans, advances and financing analysed by type of customer:		
Domestic non-bank financial institutions	65,903	-
Domestic business enterprises	273,317	-
	<hr/>	<hr/>
	339,220	-
	<hr/> <hr/>	<hr/> <hr/>
(d) Loans, advances and financing analysed by interest/ profit rate sensitivity:		
Fixed rate		
- Other fixed rate loans	27,069	-
Variable rate		
- Cost Plus	312,038	-
- BLR Plus	113	-
	<hr/>	<hr/>
	339,220	-
	<hr/> <hr/>	<hr/> <hr/>
(e) Loans, advances and financing analysed by economic purpose:		
Working Capital	339,220	-
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## SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

## EXPLANATORY NOTES

## 12. LOANS, ADVANCES AND FINANCING (CONTINUED)

	31 December 2011 RM'000	31 March 2011 RM'000
(f) Loans, advances and financing analysed by sector:		
Manufacturing	118,371	-
Electricity, gas and water	153,320	-
Wholesale and retail trade, and restaurants and hotels	1,513	-
Finance, insurance real estate and business services	66,016	-
	<u>339,220</u>	<u>-</u>
(g) Loans, advances and financing analysed by residual contractual maturity:		
Maturity up to one year	242,058	-
One year to five years	97,162	-
	<u>339,220</u>	<u>-</u>
(h) Movements in collective allowance for impairment on loans, advances and financing:		
At beginning of financial period	-	-
Allowance made during the financial period	5,089	-
At end of financial period/year	5,089	-
	<u>5,089</u>	<u>-</u>
(as % of gross loans, advances and financing (net of individual allowance))	1.5%	-

## 13. DEPOSITS FROM CUSTOMERS

	31 December 2011 RM'000	31 March 2011 RM'000
(a) By type of deposit:		
Demand deposits	184,048	-
Fixed deposits	177,931	-
Short-term deposits	160,218	-
	<u>522,197</u>	<u>-</u>

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## SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

## EXPLANATORY NOTES

## 13. DEPOSITS FROM CUSTOMERS (CONTINUED)

	<b>31 December 2011 RM'000</b>	<b>31 March 2011 RM'000</b>
Maturity structure of fixed deposits is as follows:		
Due within six months	162,931	-
Six months to one year	15,000	-
	<u>177,931</u>	<u>-</u>
 (b) By type of customers:		
Domestic non-bank financial institutions	20,539	-
Domestic business enterprises	501,558	-
Foreign non-bank entities	100	-
	<u>522,197</u>	<u>-</u>

## 14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	<b>31 December 2011 RM'000</b>	<b>31 March 2011 RM'000</b>
Licensed banks	150,000	-
Other financial institutions	1,064	-
	<u>151,064</u>	<u>-</u>

## 15. INTEREST INCOME

	<b>3rd Quarter Ended 31 December 2011 RM'000</b>	<b>Nine Months Ended 31 December 2011 RM'000</b>
Loans, advances and financing		
- Interest income other than from impaired loans	2,830	4,388
Money at call and deposit placements with banks and other financial institutions	6,107	15,810
	<u>8,937</u>	<u>20,198</u>

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**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

**EXPLANATORY NOTES**

16. **INTEREST EXPENSE**

	<b>3rd Quarter Ended 31 December 2011 RM'000</b>	<b>Nine Months Ended 31 December 2011 RM'000</b>
Deposits and placement of bank and other financial institutions	1,479	1,641
Deposits from customers	3,162	7,865
	<u>4,641</u>	<u>9,506</u>

17. **OTHER OPERATING INCOME**

	<b>3rd Quarter Ended 31 December 2011 RM'000</b>	<b>Nine Months Ended 31 December 2011 RM'000</b>
Fee income		
- Service charges/ fees	17	36
- Guarantee fees	17	26
Net unrealized gain on revaluation of derivatives	3,299	10,315
Foreign exchange gains		
- realised	2,243	6,506
- unrealised	7,308	9,172
Other income	-	54
	<u>12,884</u>	<u>26,109</u>

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**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

**EXPLANATORY NOTES**

**18. OTHER OPERATING EXPENSES**

	<b>3rd Quarter Ended 31 December 2011 RM'000</b>	<b>Nine Months Ended 31 December 2011 RM'000</b>
Personnel costs		
Salaries, allowance and bonuses	2,745	6,422
Defined contribution plan	213	529
Other employee benefits	407	1,109
Establishment costs		
Rental of premises	231	611
Depreciation	701	2,125
Information system and equipment	977	3,230
Other establishment expenses	236	550
Marketing expenses		
Advertisement and publicity	17	326
Other marketing expenses	22	263
Administration and general expenses		
Professional fees	208	533
Communication expenses	42	132
Membership fees	337	1,112
Employment expenses	171	358
Other administration and general expenses	2,643	6,799
	<b>8,950</b>	<b>24,099</b>
	<b>8,950</b>	<b>24,099</b>

**19. ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING**

	<b>3rd Quarter Ended 31 December 2011 RM'000</b>	<b>Nine Months Ended 31 December 2011 RM'000</b>
Collective allowance for impairment made during the financial period	2,008	5,089
	<b>2,008</b>	<b>5,089</b>
	<b>2,008</b>	<b>5,089</b>

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**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

**EXPLANATORY NOTES**

**20. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD**

There were no significant events during the third quarter and nine months ended 31 December 2011 that have not been disclosed in these unaudited condensed interim financial statements.

**21. SUBSEQUENT EVENTS**

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

**22. CHANGES IN COMPOSITION OF THE BANK**

There were no significant changes in the composition of the Bank for the third quarter and nine months ended 31 December 2011.

**23. 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.

**24.** There were no dividends paid or declared for the third quarter and nine months ended 31 December 2011.



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SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

EXPLANATORY NOTES

25. USE OF FINANCIAL INSTRUMENTS

(a) 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			
<b>31 December 2011</b>								
<u>Assets</u>								
Cash and short-term funds	434,698	-	-	-	-	8,693	-	443,391
Deposits and placements with banks and other financial institutions	-	231,430	-	-	-	-	-	231,430
Loans, advances and financing	279,162	49,244	10,814	-	-	(5,089)^	-	334,131
Other assets	1,405	1,254	-	866	-	-	-	3,525
Derivative assets	10,225	-	-	-	-	-	1,647	11,872
Plant and equipment	-	-	-	-	-	12,028	-	12,028
Total assets	725,490	281,928	10,814	866	-	15,632	1,647	1,036,377

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

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SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

EXPLANATORY NOTES

25. USE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Interest rate risk (continued)

	← Non-trading book →						Trading book RM'000	Total RM'000
	Up to 1 <u>month</u> RM'000	1-3 <u>months</u> RM'000	3-12 <u>months</u> RM'000	1-5 <u>years</u> RM'000	Over 5 <u>years</u> RM'000	Non- interest <u>bearing</u> RM'000		
<b>31 December 2011</b>								
<b><u>Liabilities</u></b>								
Deposits from customers	237,741	76,911	23,500	-	-	184,045	-	522,197
Deposits and placements of banks and other financial institutions	150,000	-	-	-	-	1,064	-	151,064
Bills and acceptances payable	-	-	-	-	-	2,166	-	2,166
Other liabilities	1,541	1,513	2,976	-	-	-	-	6,030
Derivative liabilities	1,770	-	-	-	-	-	-	1,770
Provision for taxation	-	-	-	-	-	975	-	975
Deferred tax liabilities	-	-	-	-	-	821	-	821
Total liabilities	391,052	78,424	26,476	-	-	189,071	-	685,023
Shareholders' equity	-	-	-	-	-	351,354	-	351,354
Total liabilities and shareholders' equity	391,052	78,424	26,476	-	-	540,425	-	1,036,377
On balance sheet interest rate gap	334,438	203,504	(15,662)	866	-	(524,793)	1,647	-

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SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

EXPLANATORY NOTES

25. USE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Interest rate risk (continued)

	← Non-trading book →						
	Up to 1 <u>month</u> RM'000	1-3 <u>months</u> RM'000	3-12 <u>months</u> RM'000	1-5 <u>years</u> RM'000	Over 5 <u>years</u> RM'000	Non- interest <u>bearing</u> RM'000	<u>Total</u> RM'000
<b>31 March 2011</b>							
<b><u>Assets</u></b>							
Cash and short-term funds	300,000	-	-	-	-	31,553	331,553
Other assets	23	-	-	-	-	893	916
Plant and equipment	-	-	-	-	-	13,220	13,220
Total assets	<u>300,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,666</u>	<u>345,689</u>
<b><u>Liabilities</u></b>							
Other liabilities	-	-	-	-	-	72	72
Provision for taxation	-	-	-	-	-	80	80
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152</u>	<u>152</u>
Shareholders' equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>345,537</u>	<u>345,537</u>
Total liabilities and shareholders' equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>345,689</u>	<u>345,689</u>
On balance sheet interest rate gap	<u>300,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,023)</u>	<u>-</u>

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**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

**EXPLANATORY NOTES**

25. **USE OF FINANCIAL INSTRUMENTS (CONTINUED)**

(a) **Interest rate risk** (continued)

The tables below summarises the effective average interest rates by major currencies for each class of financial asset and financial liability:

	<b><u>31 December 2011</u></b>		<b><u>31 March 2011</u></b>	
	<b>MYR</b>	<b>USD</b>	<b>MYR</b>	<b>USD</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b><u>Financial assets</u></b>				
Cash and short-term funds	3.12	0.18	2.90	-
Deposits and placements with banks and other financial institutions	3.19	0.31	-	-
Loans, advances and financing	3.97	1.65	-	-
<b><u>Financial liabilities</u></b>				
Deposits from customers	3.05	0.16	-	-
Deposits and placements of banks and other financial institutions	3.05	-	-	-

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**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

**EXPLANATORY NOTES**

26. **CAPITAL ADEQUACY**

The components of Tier I and Tier II Capital of the Bank are as follows:

	<b>31 December 2011 RM'000</b>
<b><u>Tier-I Capital</u></b>	
Paid up share capital	350,000
Accumulated losses	(4,463)
Total Tier-I Capital	<u>345,537</u>
<b><u>Tier-II Capital</u></b>	
Collective allowance for impairment	<u>5,089</u>
Total capital base	<u>350,626</u>

The breakdown of risk-weighted assets in the various categories of risk weights are as follows:

		<b>31 December 2011</b>	
		<b><u>Principal</u> RM'000</b>	<b><u>Risk-weighted</u> RM'000</b>
(i)	Credit Risk		
	0%	120,038	-
	10%	-	-
	20%	607,741	121,548
	35%	-	-
	50%	10,760	5,380
	75%	-	-
	100%	<u>484,522</u>	<u>484,522</u>
		1,223,061	611,450
(ii)	Market Risk	-	88,418
(iii)	Operational Risk	-	<u>68,781</u>
		<u>1,223,061</u>	<u>768,649</u>
<b><u>Capital ratios</u></b>			
	Core capital ratio		44.95%
	Risk-weighted capital ratio		<u>45.62%</u>

The capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's Risk-Weighted Capital Adequacy Framework ('RWCAF'): Standardised Approach for Credit Risk and Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

The disclosure of capital base and risk-weighted assets are presented in accordance with para 8.2 of Bank Negara Malaysia's RWCAF (Basel II)- Disclosure requirements (Pillar 3).

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**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

**EXPLANATORY NOTES**

27. **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:

<b>31 December 2011 Description</b>	<b>Principal amount RM'000</b>	<b>Credit equivalent amount* RM'000</b>	<b>Risk- weighted assets RM'000</b>
Transaction related contingent items	13,550	6,775	6,775
Foreign exchange related contracts:			
One year or less	402,650	6,476	3,395
Over one year to five years	864,784	122,633	79,649
Interest/ profit rate related contracts			
Over one year to five years	27,000	464	93
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	45,359	22,680	22,680
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	112,831	22,566	22,566
<b>Total</b>	<b>1,466,174</b>	<b>181,594</b>	<b>135,158</b>

\* *The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia Guidelines.*

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**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

**STATEMENT OF DECLARATION**

To the best of our knowledge, the accompanying Statement of Financial Position of Sumitomo Mitsui Banking Corporation Malaysia Berhad as at 31 December 2011, and the related Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and explanatory notes for the third quarter and nine months ended on that date had been prepared from the Bank's accounting and other records and nothing has come to our attention that causes us to believe that the unaudited condensed interim financial statements are not presented fairly in all material aspects in accordance with the Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia for entities other than private entities and Bank Negara Malaysia Guidelines.

For and on behalf of,  
Sumitomo Mitsui Banking Corporation Malaysia Berhad

Hitoshi Suyama  
Chief Executive Officer