

Company No.

926374	U
--------	---

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Incorporated in Malaysia)

UNAUDITED PILLAR 3 DISCLOSURES

30 SEPTEMBER 2011

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**UNAUDITED PILLAR 3 DISCLOSURE****30 SEPTEMBER 2011****1. OVERVIEW**

The Pillar 3 Disclosure for financial reporting beginning 1 January 2010 is introduced under the Bank Negara Malaysia's Risk-Weighted Capital Adequacy Framework ("RWCAF"), which is the equivalent to Basel II issued by the Basel Committee on Banking Supervision (BCBS). Basel II consists of 3 Pillars as follows:

- (a) Pillar 1 outlines the minimum amount of regulatory capital that banking institutions must hold against credit, market and operational risks assumed.
- (b) Pillar 2 focuses on strengthening the supervisory review process in developing more rigorous risk management framework and techniques. The purpose is for banking institutions to implement an effective and rigorous internal capital adequacy assessment process that commensurate with the risk profile and business plans of the bank.
- (c) Pillar 3 sets out the minimum disclosure requirements of information on the risk management practices and capital adequacy of banking institution, aimed to enhance comparability amongst banking institutions.

The approaches adopted by Sumitomo Mitsui Banking Corporation Malaysia Berhad (the Bank), are shown in table below:

	Risk type	Approach adopted	Capital requirement assessment
1	Credit	Standardised Approach	Standard risk weights
2	Market	Standardised Approach	Standard risk weights
3	Operational	Basic Indicator Approach	Fixed percentage over average gross income for a fixed number of years

2. CAPITAL ADEQUACY

- (a) The capital adequacy ratios of the Bank are as follows:

30 September 2011

Core capital ratio	71.71%
Risk-weighted capital ratio	<u>72.35%</u>

The capital adequacy ratios consist of capital base and risk-weighted assets derived from balances of the Bank. The minimum regulatory capital adequacy requirement is 8.00% for the risk-weighted capital ratio.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

UNAUDITED PILLAR 3 DISCLOSURE

30 SEPTEMBER 2011

2. CAPITAL ADEQUACY (CONTINUED)

(b) The breakdown of risk-weighted assets by exposures in each major risk category are as follows :

Exposure Class	Gross	Net	Risk-	Capital
	Exposures	Exposures	Weighted	Requirements
	RM'000	RM'000	Assets	RM'000
			RM'000	
30 September 2011				
(i) Credit Risk				
On-Balance Sheet Exposures :				
Sovereigns/Central Banks	268,334	268,334	-	-
Banks, Development Financial Institutions and MDBs	521,857	521,857	104,372	8,350
Corporates	205,425	205,425	205,425	16,434
Other Assets	42,039	42,039	41,890	3,351
Total On-Balance Sheet Exposures	1,037,655	1,037,655	351,687	28,135
Off-Balance Sheet Exposures :				
Credit-related Exposure	100,302	100,302	84,880	6,790
Total Off-Balance Sheet Exposures	100,302	100,302	84,880	6,790
Total On and Off-Balance Sheet Exposures	1,137,957	1,137,957	436,567	34,925
(ii) Large Exposure Risk Requirement	-	-	-	-
(iii) Market Risk	Long Position	Short position		
Interest Rate Risk	1,123,772	1,116,756	7,468	598
Foreign Exchange Risk	1,127	-	1,127	90
	1,124,899	1,116,756	8,595	688
(iv) Operational Risk			36,699	2,936
Total RWA and Capital Requirements			481,861	38,549

Company No.

926374	U
--------	---

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

UNAUDITED PILLAR 3 DISCLOSURE

30 SEPTEMBER 2011

3. **CAPITAL STRUCTURE**

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

	30 September 2011 RM'000
<u>Tier-I Capital</u>	
Share capital	350,000
Accumulated losses	(4,463)
Total Tier-I Capital	<hr/> 345,537 <hr/>
<u>Tier-II Capital</u>	
Collective allowance for impairment	<hr/> 3,081
Total capital base	<hr/> 348,618 <hr/>

Company No.	
926374	U

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

UNAUDITED PILLAR 3 DISCLOSURE

30 SEPTEMBER 2011

4. CREDIT RISK

General Disclosure

(a) The following table presents the gross credit exposures of financial assets of the Bank analysed by economic sector:-

	Cash and short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Loans, advances and financing (* RM'000	Derivative assets RM'000	Other assets RM'000	Total on- balance sheet exposures RM'000	Total off- balance sheet exposures RM'000	Total exposures RM'000
30 September 2011								
Manufacturing	-	-	74,898	1,600	-	76,498	398,713	475,211
Electricity	-	-	83,218	-	-	83,218	-	83,218
Construction	-	-	6,721	-	-	6,721	40,594	47,315
Wholesale and retail trade, and restaurants and hotel	-	-	1,513	227	-	1,740	7,858	9,598
Finance, insurance and business services	543,282	247,037	39,075	24,841	15,243	869,478	671,214	1,540,692
	543,282	247,037	205,425	26,668	15,243	1,037,655	1,118,379	2,156,034

(*) Exclude allowance for collective impairment on loans, advances and financing

Company No.	
926374	U

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

UNAUDITED PILLAR 3 DISCLOSURE

30 SEPTEMBER 2011

4. CREDIT RISK (CONTINUED)

General Disclosure (Continued)

(b) The following table presents the gross credit exposures of financial assets of the Bank analysed by geographical location based on where the credit risk resides:-

	Cash and short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Loans, advances and financing (* RM'000	Derivative assets RM'000	Other assets RM'000	Total on- balance sheet exposures RM'000	Total off- balance sheet exposures RM'000	Total exposures RM'000
30 September 2011								
Malaysia	415,484	245,603	205,425	26,354	15,242	908,108	1,050,896	1,959,004
Other countries	127,798	1,434	-	314	1	129,547	67,483	197,030
	543,282	247,037	205,425	26,668	15,243	1,037,655	1,118,379	2,156,034

(*) Exclude allowance for collective impairment on loans, advances and financing

Company No.	
926374	U

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

UNAUDITED PILLAR 3 DISCLOSURE

30 SEPTEMBER 2011

4. CREDIT RISK (CONTINUED)

General Disclosure (Continued)

(c) The following table presents the residual contractual maturity breakdown by major types of gross credit exposures for on-balance sheet exposures of financial assets. Approximately 89% of the Bank's exposures to customers is short term, having contractual maturity of one year or less:-

	Cash and short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Loans, advances and financing (*) RM'000	Derivative assets RM'000	Other assets RM'000	Total on-balance sheet exposures RM'000
30 September 2011						
Up to 1 month	543,282	-	80,647	26,668	998	651,595
1 to 3 months	-	247,037	26,534	-	442	274,013
3 to 12 months	-	-	1,005	-	325	1,330
1 to 5 years	-	-	97,239	-	13,478	110,717
	543,282	247,037	205,425	26,668	15,243	1,037,655

(*) Exclude allowance for collective impairment on loans, advances and financing.

The residual contractual maturity for off-balance sheet exposures is not presented as the total off-balance sheet exposures do not represent future receivables since the Bank expects many of these commitments (such as undrawn credit facilities) to expire or unconditionally cancelled by the Bank without them being called or drawn upon.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

UNAUDITED PILLAR 3 DISCLOSURE

30 SEPTEMBER 2011

4. CREDIT RISK (CONTINUED)

General Disclosure (Continued)

(d) The following table presents the collective allowance for impairment on loans, advances and financing of the Bank analysed by economic sector:-

	Manufacturing RM'000	Electricity RM'000	Construction RM'000	Wholesale and retail trade, and restaurants and hotel RM'000	Finance, insurance and business services RM'000	Total RM'000
30 September 2011						
Loans, advances and financing	1,123	1,248	101	23	586	3,081
	1,123	1,248	101	23	586	3,081

(e) The following table presents the collective allowance for impairment on loans, advances and financing of the Bank analysed by geographical location based on where the credit risk resides:-

	Malaysia RM'000	Other countries RM'000	Total RM'000
30 September 2011			
Loans, advances and financing	3,081	-	3,081
	3,081	-	3,081

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

UNAUDITED PILLAR 3 DISCLOSURE

30 SEPTEMBER 2011

4. CREDIT RISK (CONTINUED)

General Disclosure (Continued)

(f) Movements in collective allowance for impairment on loans, advances and financing:-

	30 September 2011
	RM'000
At beginning of the financial period	-
Allowance made during the financial period	3,081
At end of the financial period	<u>3,081</u>
As % of gross loans, advances and financing (net of individual allowance)	<u>1.5%</u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**UNAUDITED PILLAR 3 DISCLOSURE****30 SEPTEMBER 2011****4. CREDIT RISK (CONTINUED)****Disclosure for portfolios under Standardised Approach**

The Bank refers to the credit ratings assigned by credit rating agencies in its calculation of credit risk-weighted assets. The following are the External Credit Assessment Institutions ("ECAI") ratings used by the Bank and are recognised by BNM in the RWCAF:

- (a) Standard & Poor's Rating Services ("S & P")
- (b) Moody's Investors Service ("Moody's")
- (c) Fitch Ratings ("Fitch")
- (d) RAM Rating Services Berhad ("RAM")
- (e) Malaysian Rating Corporation Berhad ("MARC")

The ECAI ratings accorded to the following counterparty exposure classes are used in the calculation of risk-weighted assets for capital adequacy purposes:

- (a) Sovereigns and Central Bank
- (b) Banking Institutions
- (c) Corporates

Rated and Unrated Counterparties

In general, the issue rating i.e. the rating specific to the credit exposure is used. When there is no specific rating available, the credit rating assigned to the issuer or counterparty of the particular credit exposure is used. In cases where an exposure has neither an issue or issuer rating, it is deemed as unrated.

Where a counterparty or an exposure is rated by more than one ECAI, all available external ratings of the counterparty will be captured and the following rules will be observed:

- Where 2 recognised external ratings are available, the lower rating is to be applied; or
- Where 3 or more recognised external ratings are available, the lower of the highest 2 ratings will be used for the capital adequacy calculation purposes.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

UNAUDITED PILLAR 3 DISCLOSURE

30 SEPTEMBER 2011

4. CREDIT RISK (CONTINUED)

Disclosure for portfolios under Standardised Approach (Continued)

The following is a summary of the rules governing the assignment of risk weights and rating categories under the Standardised Approach.

Sovereigns and Central Banks

Rating Category	S&P	Moody's	Fitch	Risk Weight
1	AAA to AA-	Aaa to Aa3	AAA to AA-	0%
2	A+ to A-	A1 to A3	A+ to A-	20%
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	50%
4	BB+ to B-	Ba1 to B3	BB+ to B-	100%
5	CCC+ to D	Caa1 to C	CCC+ to D	150%
Unrated				100%

Banking Institutions

Rating Category	S&P	Moody's	Fitch	RAM	MARC	Risk Weight
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	AAA to AA-	20%
2	A+ to A-	A1 to A3	A+ to A-	A1 to A3	A+ to A-	50%
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB1 to BBB3	BBB+ to BBB-	50%
4	BB+ to B-	Ba1 to B3	BB+ to B-	BB1 to B3	BB+ to B-	100%
5	CCC+ to D	Caa1 to C	CCC+ to D	C1 to D	C+ to D	150%
Unrated						50%

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

UNAUDITED PILLAR 3 DISCLOSURE

30 SEPTEMBER 2011

4. CREDIT RISK (CONTINUED)

Disclosure for portfolios under Standardised Approach (Continued)

Banking Institutions

Rating Category	Risk weight (original maturity of <=6 months)	Risk weight (original maturity of <=3 months)
1	20%	20%
2	20%	
3	20%	
4	50%	
5	150%	
Unrated	20%	

Corporate

Rating Category	S&P	Moody's	Fitch	RAM	MARC	Risk Weight
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	AAA to AA-	20%
2	A+ to A-	A1 to A3	A+ to A-	A1 to A3	A+ to A-	50%
3	BBB+ to BB-	Baa1 to Ba3	BBB+ to BB-	BBB1 to BB3	BBB+ to BBB-	100%
4	B+ to D	B1 to C	B+ to D	B1 to D	B+ to D	150%
Unrated						100%

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

UNAUDITED PILLAR 3 DISCLOSURE

30 SEPTEMBER 2011

4. CREDIT RISK (CONTINUED)

Disclosure for portfolios under Standardised Approach (Continued)

(a) The following table presents the breakdown of credit exposures by risk weights of the Bank:-

	← Exposure after Netting and Credit Risk Mitigation →					
30 September 2011	Sovereigns/ Central Banks RM'000	Banks, Development Financial Institutions and MDBs RM'000	Corporates RM'000	Other Assets RM'000	Total Exposure after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
Risk Weights						
0%	268,334	-	-	149	268,483	-
20%	-	524,677	-	-	524,677	104,935
50%	-	26,331	-	-	26,331	13,166
100%	-	-	276,576	41,890	318,466	318,466
Total	268,334	551,008	276,576	42,039	1,137,957	436,567
Risk-Weighted assets by exposure	-	118,101	276,576	41,890	436,567	
Average Risk Weight	0%	21.4%	100.0%	99.6%	38.4%	
Deduction from capital base	-	-	-	-	-	

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

UNAUDITED PILLAR 3 DISCLOSURE

30 SEPTEMBER 2011

4. CREDIT RISK (CONTINUED)

Disclosure for portfolios under Standardised Approach (Continued)

(b) The following table presents the on and off balance sheet credit exposures, categorized according to the credit quality rating as at 30 September 2011:

	Rating Categories					
	1	2	3	4	5	Unrated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sovereign and Central Bank	-	-	-	-	-	268,334
Banks, Development Financial Institutions and MDBs	-	524,677	26,331	-	-	-
Corporates	-	-	-	-	-	276,576
Other assets	-	-	-	-	-	42,039

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

UNAUDITED PILLAR 3 DISCLOSURE

30 SEPTEMBER 2011

4. CREDIT RISK (CONTINUED)

General Disclosure for Off-Balance Sheet Exposure and Counterparty Credit Risk (CCR)

The following table presents the Bank's off-balance sheet exposure and counterparty credit risk:

30 September 2011 Description	Principal amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Transaction related contingent Items	7,676		3,838	3,838
Foreign exchange related contracts				
One year or less	501,697	19,985	7,149	5,071
Over one year to five years	468,684	6,683	51,567	38,431
Interest/Profit rate related contracts				
Over one year to five years	14,000		260	52
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	40,746		20,373	20,373
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	85,576		17,115	17,115
Total	1,118,379	26,668	100,302	84,880

Company No.

926374	U
--------	---

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

UNAUDITED PILLAR 3 DISCLOSURE

30 SEPTEMBER 2011

CHIEF EXECUTIVE OFFICER ATTESTATION

In accordance with Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3), I hereby attest that to the best of my knowledge, the disclosures contained in Sumitomo Mitsui Banking Corporation Malaysia Berhad's Pillar 3 Disclosure report for the financial half year ended 30 September 2011 are consistent with the manner the Bank assesses and manages its risk, accurate, complete and not misleading in any particular way.

Hitoshi Suyama
Chief Executive Officer