

Company No.

926374	U
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SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD  
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FIRST QUARTER ENDED 30 JUNE 2011

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD  
(926374 U)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	<u>Note</u>	<u>30 June 2011</u> RM'000	<u>31 March 2011</u> RM'000
<b>ASSETS</b>			
Cash and short-term funds		1,001,892	331,553
Deposits and placements with banks and other financial institutions		141,918	-
Loans, advances and financing	11	45,051	-
Other assets		3,743	916
Derivative assets		1,750	-
Property, plant and equipment		12,967	13,220
<b>TOTAL ASSETS</b>		<u>1,207,321</u>	<u>345,689</u>
<b>LIABILITIES</b>			
Deposits from customers	12	766,329	-
Deposits and placements of banks and other financial institutions	13	91,385	-
Bills and acceptances payable		1,477	-
Other liabilities		3,461	72
Derivative liabilities		447	-
Provision for taxation		80	80
<b>TOTAL LIABILITIES</b>		<u>863,179</u>	<u>152</u>
<b>EQUITY</b>			
Share capital		350,000	350,000
Reserves		(5,858)	(4,463)
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK</b>		<u>344,142</u>	<u>345,537</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>1,207,321</u>	<u>345,689</u>
<b>COMMITMENTS AND CONTINGENCIES</b>	26	<u>452,020</u>	<u>-</u>
<b>CAPITAL ADEQUACY</b>			
Core capital ratio		123.65%	-
Risk-weighted capital ratio		123.90%	-

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 30 JUNE 2011

	<u>Note</u>	First quarter ended <u>30 June 2011</u> RM'000	Three months ended <u>30 June 2011</u> RM'000
Interest income	14	4,406	4,406
Interest expense	15	(1,626)	(1,626)
		2,780	2,780
Net interest income		2,780	2,780
Other operating income	16	3,956	3,956
		6,736	6,736
Net operating income		6,736	6,736
Other operating expenses	17	(7,445)	(7,445)
		(709)	(709)
Operating loss		(709)	(709)
Allowance for impairment on loans, advances and financing	18	(686)	(686)
		(1,395)	(1,395)
Loss before taxation		(1,395)	(1,395)
Taxation		-	-
		(1,395)	(1,395)
Net loss for the period		(1,395)	(1,395)
Basic earnings per share (sen)		-	-

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 30 JUNE 2011

	<u>Non-distributable</u> Share capital RM'000	<u>Distributable</u> Accumulated losses RM'000	<u>Total</u> RM'000
At 1 April 2011	350,000	(4,463)	345,537
Net loss for the period	-	(1,395)	(1,395)
At 30 June 2011	<u>350,000</u>	<u>(5,858)</u>	<u>344,142</u>
At 22 December 2010 (date of incorporation)			
Issuance of shares	350,000	-	350,000
Net loss for the period	-	(4,463)	(4,463)
At 31 March 2011	<u>350,000</u>	<u>(4,463)</u>	<u>345,537</u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD  
(926374 U)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENT  
CONDENSED STATEMENT OF CASH FLOW  
FOR THE FIRST QUARTER ENDED 30 JUNE 2011

	First quarter ended <u>30 June 2011</u> RM'000
Loss before taxation	(1,395)
Adjustments for non-cash items	78
Operating loss before working capital changes	<u>(1,317)</u>
Changes in working capital:	
Net changes in operating assets	(190,482)
Net changes in operating liabilities	862,580
Net cash generated from operating activities	<u>670,781</u>
Net cash used in investing activities	(442)
Net change in cash and cash equivalents	<u>670,339</u>
Cash and cash equivalents at beginning of the period	<u>331,553</u>
Cash and cash equivalents at the end of the period	<u><u>1,001,892</u></u>

## 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 first quarter ended 30 June 2011 have been prepared in accordance with Financial Reporting Standards ("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 first quarter ended 30 June 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 first quarter ended 30 June 2011 have been prepared under the historical cost convention except for derivative financial instruments which are stated at fair value.

## 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 cash equivalents

Cash and cash equivalents consists on cash and short term funds, 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.

(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.

## EXPLANATORY NOTES

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Impairment

The carrying amounts of the Bank's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGU).

An impairment loss is recognised if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at end of each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the statement of comprehensive income in the year in which the reversals are recognised.

(g) 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.

(h) 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.

(i) Bills and acceptances payable

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



## EXPLANATORY NOTES

### 4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) 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.

(k) Derivative financial instruments

Derivatives are recognised at fair value with changes in fair value (realised and unrealised) recognised in the statement of comprehensive income.

(i) *Forward foreign exchange contracts*

Forward contracts are valued at the prevailing forward rates of exchange at the reporting date. The resultant unrealised gains and losses are recognised in the statement of comprehensive income.

(ii) *Currency swaps*

The Bank acts as in intermediary for counterparties who wish to swap their foreign currency obligations. The resultant realised and unrealised gains and losses are recognised in the statement of comprehensive income.

### 5 SEASONAL OR CYCLICALITY FACTORS

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

### 6 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 ended 30 June 2011.

### 7 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 first quarter ended 30 June 2011.

### 8 ISSUANCES, REPURCHASE AND REPAYMENTS OF DEBTS AND EQUITY SECURITIES

There were no issuances, cancellations, repurchase, resale or repayments of debt and equity securities in the first quarter ended 30 June 2011.

## EXPLANATORY NOTES

### 9 REVIEW OF PERFORMANCE

The Bank recorded a net loss for the period of RM1.4million for the first quarter since it commenced business operations on 11 April 2011. Net interest income for the period under review was RM2.8million. Major contributors to interest income were from interbank lending of RM4.3million. Interest expense comprise mainly amount incurred on deposits from customers of RM1.6million.

Other operating income is generated from foreign exchange gains and mark to market gain from revaluation of derivatives. Other operating expense is relatively high for the first quarter. Personnel, information systems and equipment cost together with operations and systems outsourcing expense make up the bulk of other operating expenses.

The Bank's total assets stood at RM1,207million as at 30 June 2011, consisted mainly of cash and short term funds, derived from its paid-up capital and deposits from customers and interbank borrowing.

As at 30 June 2011, the Bank's risk weighted capital ratio stood high at 123.90%.

### 10 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

EXPLANATORY NOTES

11 LOANS, ADVANCES AND FINANCING

	<u>30 June 2011</u> RM'000	<u>31 March 2011</u> RM'000
(a) Loans, advances and financing analysed by type:		
At amortised cost:		
Revolving credits	45,737	-
	<u>45,737</u>	<u>-</u>
Gross loans, advances and financing	45,737	-
Less: Allowance for impairment		
- Collective allowance for impairment	(686)	-
	<u>(686)</u>	<u>-</u>
Net loans, advances and financing	<u>45,051</u>	<u>-</u>
(b) Loans, advances and financing analysed by geographical distribution:		
Malaysia	45,737	-
	<u>45,737</u>	<u>-</u>
(c) Loans, advances and financing analysed by type of customer:		
Domestic non-bank financial institutions	35,208	-
Domestic business enterprises	10,529	-
	<u>45,737</u>	<u>-</u>
(d) Loans, advances and financing analysed by interest/profit rate sensitivity:		
Variable rate		
- Cost Plus	45,737	-
	<u>45,737</u>	<u>-</u>
(e) Loans, advances and financing analysed by economic purpose:		
Working Capital	45,737	-
	<u>45,737</u>	<u>-</u>
(f) Loans, advances and financing analysed by sector:		
Manufacturing	10,529	-
Finance, insurance and business services	35,208	-
	<u>45,737</u>	<u>-</u>

EXPLANATORY NOTES

11 LOANS, ADVANCES AND FINANCING (CONTINUED)

	<u>30 June 2011</u> RM'000	<u>31 March 2011</u> RM'000
(g) Loans, advances and financing analysed by residual contractual maturity:		
Maturity up to one year	45,737	-
One year to five years	-	-
More than five years	-	-
	<u>45,737</u>	<u>-</u>
(h) Movements in collective allowance for impairment on loans, advances and financing:		
At beginning of financial period/year	-	-
Allowance made during the financial period	686	-
At end of financial period/year	<u>686</u>	<u>-</u>
(as % of gross loans, advances and financing (net of individual allowance))	<u>1.5 %</u>	<u>-</u>

12 DEPOSITS FROM CUSTOMERS

	<u>30 June 2011</u> RM'000	<u>31 March 2011</u> RM'000
(a) By type of deposit:		
Demand deposits	305,368	-
Fixed deposits	36,431	-
Others	424,530	-
	<u>766,329</u>	<u>-</u>
Maturity structure of fixed deposits is as follows:		
Due within six months	30,431	-
Six months to one year	6,000	-
More than one year	-	-
	<u>36,431</u>	<u>-</u>

EXPLANATORY NOTES

12	DEPOSITS FROM CUSTOMERS (CONTINUED)		
		<u>30 June 2011</u>	<u>31 March 2011</u>
		RM'000	RM'000
(b)	By type of customers:		
	Domestic business enterprises	522,058	-
	Domestic non-bank financial institutions	24,088	-
	Foreign non-bank entities	220,183	-
		<u>766,329</u>	<u>-</u>
13	DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS		
		<u>30 June 2011</u>	<u>31 March 2011</u>
		RM'000	RM'000
	Other financial institutions	<u>91,385</u>	<u>-</u>
14	INTEREST INCOME		
		First	Three
		quarter ended	months ended
		<u>30 June 2011</u>	<u>30 June 2011</u>
		RM'000	RM'000
	Loans, advances and financing		
	- Interest income other than from impaired loans	98	98
	Money at call and deposit placements with banks and other financial institutions	<u>4,308</u>	<u>4,308</u>
		<u>4,406</u>	<u>4,406</u>
15	INTEREST EXPENSE		
	Deposits and placement of bank and other financial institutions	21	21
	Deposits from customers	<u>1,605</u>	<u>1,605</u>
		<u>1,626</u>	<u>1,626</u>

EXPLANATORY NOTES

16 OTHER OPERATING INCOME

	First quarter ended <u>30 June 2011</u> RM'000	Three months ended <u>30 June 2011</u> RM'000
Fee income		
- Service charges/fees	5	5
- Guarantee fees	1	1
Net unrealised gain on revaluation of derivatives	1,303	1,303
Foreign exchange gain		
- realised	2,206	2,206
- unrealised	429	429
Other income	12	12
	3,956	3,956
	3,956	3,956

17 OTHER OPERATING EXPENSES

Personnel costs		
Salaries, allowance and bonuses	1,362	1,362
Defined contribution plan	150	150
Other employee benefits	360	360
Establishment costs		
Rental of premises	310	310
Depreciation	695	695
Information system and equipment	1,369	1,369
Other establishment expenses	204	204
Marketing expenses		
Advertisement and publicity	309	309
Other marketing expenses	43	43
Administration and general expenses		
Professional fees	194	194
Communication expenses	70	70
Membership fees	392	392
Employment expenses	131	131
Other administration and general expenses	1,856	1,856
	7,445	7,445
	7,445	7,445

EXPLANATORY NOTES

18 ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	First quarter ended <u>30 June 2011</u>	Three months ended <u>30 June 2011</u> RM'000
	RM'000	
Collective allowance for impairment made during the financial period	<u>686</u>	<u>686</u>

19 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

There were no significant events during the first quarter ended 30 June 2011 that have not been disclosed in these unaudited condensed interim financial statements.

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 COMPOSITION OF THE BANK

There were no significant changes in the composition of the Bank for the first quarter ended 30 June 2011.

22 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.

23 There were no dividends paid or declared for the first quarter ended 30 June 2011.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD  
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EXPLANATORY NOTES

24 USE OF FINANCIAL INSTRUMENTS

(a) Interest rate risk

The table 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			
30 June 2011								
<u>Assets</u>								
Cash and short- term funds	998,903	-	-	-	-	2,989	-	1,001,892
Deposits and placements with banks and other financial institutions	-	141,918	-	-	-	-	-	141,918
Loans, advances and financing	18,670	25,067	2,000	-	-	(686) <sup>^</sup>	-	45,051
Other assets	1,802	136	-	-	-	1,805	-	3,743
Derivative assets	1,290	-	-	-	-	-	460	1,750
Property, plant and equipment	-	-	-	-	-	12,967	-	12,967
<b>Total assets</b>	<b>1,020,665</b>	<b>167,121</b>	<b>2,000</b>	<b>-</b>	<b>-</b>	<b>17,075</b>	<b>460</b>	<b>1,207,321</b>

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



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EXPLANATORY NOTES

24 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Interest rate risk (continued)

	← Non-trading book →					Non- interest bearing	Trading Book	Total
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2011								
<u>Liabilities</u>								
Deposits from customers	320,553	134,408	6,000	-	-	305,368	-	766,329
Deposits and placements of banks and other financial institutions	-	90,559	-	-	-	826	-	91,385
Bills and acceptances payable	-	-	-	-	-	1,477	-	1,477
Other liabilities	841	82	12	-	-	2,526	-	3,461
Derivative liabilities	292	-	-	-	-	-	155	447
Provision for taxation	-	-	-	-	-	80	-	80
Total liabilities	<u>321,686</u>	<u>225,049</u>	<u>6,012</u>	<u>-</u>	<u>-</u>	<u>310,277</u>	<u>155</u>	<u>863,179</u>
Shareholders' equity	-	-	-	-	-	344,142	-	344,142
Total liabilities and shareholders' equity	<u>321,686</u>	<u>225,049</u>	<u>6,012</u>	<u>-</u>	<u>-</u>	<u>654,419</u>	<u>155</u>	<u>1,207,321</u>
On balance sheet-interest rate gap	<u>698,979</u>	<u>(57,928)</u>	<u>(4,012)</u>	<u>-</u>	<u>-</u>	<u>(637,344)</u>	<u>305</u>	<u>-</u>

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EXPLANATORY NOTES

24 USE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Interest rate risk (continued)

	← Non-trading book →					Non- interest bearing RM'000	Total RM'000
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000		
31 March 2011							
<u>Assets</u>							
Cash and short - term funds	300,000	-	-	-	-	31,553	331,553
Other assets	23	-	-	-	-	893	916
Property, 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>
<u>Liabilities</u>							
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	-	-	-	-	-	345,537	345,537
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>

EXPLANATORY NOTES

24 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:

	30 June 2011		31 March 2011	
	MYR	USD	MYR	USD
	%	%	%	%
<u>Financial assets</u>				
Cash and short-term funds	3.08%	0.23%	2.90%	-
Deposits and placements with banks and other financial institutions	3.25%	0.59%	-	-
Loans, advances and financing	3.92%	-	-	-
<u>Financial liabilities</u>				
Deposits from customers	2.70%	0.15%	-	-
Deposits and placements of banks and other financial institutions	-	0.27%	-	-

EXPLANATORY NOTES

25 CAPITAL ADEQUACY

The component of Tier-I and Tier-II capital are as follows:

	30 June 2011
	RM'000
<u>Tier-I Capital</u>	
Share capital	350,000
Accumulated losses	(4,463)
Net loss for the period	(1,395)
	344,142
<u>Tier-II Capital</u>	
Collective allowance for impairment	686
	344,828
	344,828

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

	30 June 2011	
	<u>Principal</u>	<u>Risk-weighted</u>
	RM'000	RM'000
(i) Credit Risk		
0%	332,100	-
10%	-	-
20%	817,067	163,413
35%	-	-
50%	10,241	5,121
75%	-	-
100%	92,247	92,247
	1,251,655	260,781
(ii) Market Risk	-	4,949
(iii) Operational Risk	-	12,579
	1,251,655	278,309
	1,251,655	278,309
<u>Capital ratios</u>		
Core capital ratio		123.65%
Risk-weighted capital ratio		123.90%
		123.90%

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).

EXPLANATORY NOTES

26 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 2011 Description	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted assets RM'000
Transaction related contingent Items	694	347	347
Foreign exchange related contracts			
One year or less	85,220	1,413	873
Over one year to five years	301,480	25,865	18,386
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	10,306	5,153	5,153
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	54,350	10,870	10,870
Total	452,050	43,648	35,629

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

STATEMENT OF DECLARATION

To the best of our knowledge, the accompanying Statement of Financial Position of Sumitomo Mitsui Banking Corporation Malaysia Berhad as at 30 June 2011, and the related Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and explanatory notes for the first quarter 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