

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

30 JUNE 2012

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 2012

	Note	30 June 2012 RM'000	31 March 2012 RM'000
Assets			
Cash and short-term funds		720,700	741,953
Deposits and placements with banks and other financial institutions		478,362	251,532
Investment securities available-for-sale	11	39,927	19,825
Loans, advances and financing	12	458,270	363,686
Derivative financial assets		48,856	18,384
Other assets		13,071	10,520
Statutory deposits with Bank Negara Malaysia		1,753	674
Plant and equipment		11,133	11,551
Deferred tax assets		820	236
Total assets		<u>1,772,892</u>	<u>1,418,361</u>
Liabilities			
Deposits from customers	13	861,372	876,464
Deposits and placements of banks and other financial institutions	14	156,213	173,156
Bills and acceptances payable		6,386	2,973
Derivative financial liabilities		20,192	8,336
Other liabilities		10,894	7,256
Tax payable		4,823	381
Total liabilities		<u>1,059,880</u>	<u>1,068,566</u>
Equity			
Share capital		700,000	350,000
Reserves		13,012	(205)
Total equity attributable to equity holder of the Bank		<u>713,012</u>	<u>349,795</u>
Total liabilities and equity		<u>1,772,892</u>	<u>1,418,361</u>
Commitments and contingencies	25	<u>2,689,340</u>	<u>1,532,484</u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD
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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 JUNE 2012

	Note	1 st Quarter Ended		Three Months Ended	
		30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Interest income	15	9,379	4,406	9,379	4,406
Interest expense	16	(4,989)	(1,626)	(4,989)	(1,626)
Net interest income		<u>4,390</u>	<u>2,780</u>	<u>4,390</u>	<u>2,780</u>
Other operating income	17	<u>25,693</u>	<u>3,956</u>	<u>25,693</u>	<u>3,956</u>
Net operating income		30,083	6,736	30,083	6,736
Other operating expenses	18	<u>(11,062)</u>	<u>(7,445)</u>	<u>(11,062)</u>	<u>(7,445)</u>
Operating profit / (loss)		19,021	(709)	19,021	(709)
Provision for loans, advances and financing	19	<u>(1,440)</u>	<u>(686)</u>	<u>(1,440)</u>	<u>(686)</u>
Profit/ (loss) before taxation		17,581	(1,395)	17,581	(1,395)
Tax expense		<u>(4,383)</u>	-	<u>(4,383)</u>	-
Profit / (loss) after taxation		13,198	(1,395)	13,198	(1,395)
Other comprehensive income for the year/ period, net of income tax					
Fair value changes of investment securities available-for-sale		19	-	19	-
Total comprehensive income / (loss) for the period		<u>13,217</u>	<u>(1,395)</u>	<u>13,217</u>	<u>(1,395)</u>
Basic earnings / (loss) per share (sen)		<u>1.89</u>	-	<u>1.89</u>	-

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

FOR THE FIRST QUARTER ENDED 30 JUNE 2012

	<i>← Non-distributable reserves →</i>			<i>Distributable reserves</i>	
	Share Capital RM'000	Statutory reserve RM'000	Available- for-sale reserve RM'000	Retained earnings/ (Accumulated losses) RM'000	Total RM'000
At 1 April 2012	350,000	2,132	(5)	(2,332)	349,795
Issuance of shares	350,000	-	-	-	350,000
Profit for the period	-	-	-	13,198	13,198
Fair value of available-for-sale financial assets	-	-	19	-	19
Total comprehensive income for the period	-	-	19	13,198	13,217
At 30 June 2012	<u>700,000</u>	<u>2,132</u>	<u>14</u>	<u>10,866</u>	<u>713,012</u>
At 1 April 2011	350,000	-	-	(4,463)	345,537
Loss for the period	-	-	-	(1,395)	(1,395)
Total comprehensive income for the period	-	-	-	(1,395)	(1,395)
At 30 June 2011	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>(5,858)</u>	<u>344,142</u>

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 JUNE 2012

	30 June 2012 RM'000	30 June 2011 RM'000
Cash flows from operating activities		
Profit/ (loss) from ordinary activities before taxation	17,581	(1,395)
Adjustments for non-cash items	(19,513)	78
Operating loss before working capital changes	(1,932)	(1,317)
Changes in working capital:		
Net changes in operating assets	(323,604)	(190,482)
Net changes in operating liabilities	(24,984)	862,580
Net cash generated from / (used in) operating activities	(350,520)	670,781
Taxation paid	(532)	-
Net cash (used in)/ generated from operating activities	(351,052)	670,781
Net cash used in investing activities	(20,201)	(442)
Net cash generated from financing activities	350,000	-
Net (decrease)/ increase in cash and cash equivalents during the financial period	(21,253)	670,339
Cash and cash equivalents at beginning of the financial period	741,953	331,553
Cash and cash equivalents at end of financial period	720,700	1,001,892

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2012**

1. Basis of Preparation

The unaudited condensed interim financial statements for the first quarter ended 30 June 2012 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 unaudited interim financial statements should be read in conjunction with the audited annual financial statements for the Bank for the financial year ended 31 March 2012.

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 2012.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited financial statement for the financial year ended 31 March 2012, except for the adoption of the following new FRSs, amendments and interpretations which 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 2012

- Amendments to FRS 101, Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

Effective for annual periods commencing on or after 1 January 2013

- FRS 10, Consolidated Financial Statements
- FRS 11, Joint Arrangements
- FRS 12, Disclosure of Interests in Other Entities
- FRS 13, Fair Value Measurement
- FRS 119, Employee Benefits (as amended in June 2011)
- FRS 127, Separate Financial Statements (as amended by IASB in May 2011)
- FRS 128, Investments in Associates and Joint Ventures (as amended by IASB in May 2011)
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
- Amendments to FRS 7, Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2012**

1. Basis of Preparation (Continued)

Effective for annual periods commencing on or after 1 January 2014

- Amendments to FRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

Effective for annual periods commencing on or after 1 January 2015

- FRS 9, Financial Instruments (issued by IASB in November 2009)
- FRS 9, Financial Instruments (issued by IASB in October 2010)

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2012 was not qualified.

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 ended 30 June 2012.

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 ended 30 June 2012.

6. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the first quarter ended 30 June 2012.

7. Dividend

No dividend was paid during the first quarter ended 30 June 2012.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2012**

8. Issuance of Shares

The issued and paid-up share capital of the Bank was increased from RM350,000,000 as at 31 March 2012 to RM700,000,000 as at 30 June 2012 by the issuance of additional 350,000,000 new Ordinary Shares of RM1 each in the share capital of the Bank to its holding company, Sumitomo Mitsui Banking Corporation.

9. Review of Performance

The Bank recorded a profit before taxation for the first quarter ended 30 June 2012 of RM17.6 million, an increase of RM19 million compared to loss of RM1.4 million in the corresponding quarter last year. Net profit attributable to equity holders improved by RM14.6 million to RM13.2 million. The improved earnings were mainly due to higher net operating income by RM23.3 million. These were partially offset by higher other operating expenses of RM3.6 million which was mainly due to the increase in personnel, and administration and general expenses.

Total assets increased to RM1.8 billion from RM1.4 billion mainly due to increase in call loans at 30 June 2012.

The Bank's core capital ratio and risk-weighted capital ratio stood high at 67.82% and 68.50% respectively.

10. Current Year Prospects

Malaysia's GDP is expected to grow moderately at 4%-5% in 2012 despite the uncertainties arising from the sovereign debt crisis in Europe. The Bank foresees that the growth of Malaysian banking industry to also remain stable for coming few years. For the financial year ending 31 March 2013, the Bank will continue to offer basic commercial banking services such as loan, deposit, foreign exchange, derivatives and cash management service 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 the clients. The Bank continues to make efforts to support the trade and investment between Japan and Malaysia which will contribute to further growth of Malaysian economy.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2012**

11. Investments Securities Available-for-Sale

	30 June 2012 RM'000	31 March 2012 RM'000
At fair value		
Bank Negara Monetary Notes	39,927	19,825

12. Loans, Advances and Financing

	30 June 2012 RM'000	31 March 2012 RM'000
(a) By type:		
At amortised cost:		
Syndicated term loans	143,068	83,227
Other term loans	122,228	97,016
Revolving credits	199,845	188,982
Overdraft loans	108	-
Gross loans, advances and financing	465,249	369,225
Less: Impairment provision		
- Collective impairment provision	(6,979)	(5,539)
Net loans, advances and financing	458,270	363,686
(b) By type of customer:		
Domestic non-bank financial institutions	69,805	91,404
Domestic business enterprises	395,444	277,821
Gross loans, advances and financing	465,249	369,225
(c) By geographical distribution:		
Malaysia	465,249	369,225
(d) By interest rate sensitivity:		
Fixed rate		
- other fixed rate loans	41,067	26,974
Variable rate	424,182	342,251
Gross loans, advances and financing	465,249	369,225

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2012**

12. Loans, Advances and Financing (Continued)

	30 June 2012 RM'000	31 March 2012 RM'000
(e) By sector:		
Primary agriculture	-	1,003
Manufacturing	171,535	122,047
Electricity, gas and water	153,252	153,269
Wholesale and retail trade, and restaurants and hotels	10,816	1,502
Finance, insurance, real estate and business services	129,646	91,404
Gross loans, advances and financing	<u>465,249</u>	<u>369,225</u>
(f) By residual contractual maturity:		
Maturing within one year	362,155	279,702
One year to three years	102,093	89,523
Three years to five years	1,001	-
Gross loans, advances and financing	<u>465,249</u>	<u>369,225</u>
(g) By economic purposes:		
Working Capital	405,408	369,225
Purchase of non-residential property - Commercial complexes	59,841	-
Gross loans, advances and financing	<u>465,249</u>	<u>369,225</u>
(h) Movements in collective impairment provision on loans, advances and financing:		
At beginning of financial period	5,539	-
Made during the financial period	1,440	5,539
At end of financial period	<u>6,979</u>	<u>5,539</u>
 (As % of gross loans, advances and financing (net of individual allowance))	 <u>1.5%</u>	 <u>1.5%</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2012**

13. Deposits from Customers

	30 June 2012 RM'000	31 March 2012 RM'000
(a) By type of deposits:		
Demand deposits	295,755	473,832
Fixed deposits	184,336	151,665
Short-term deposits	381,281	250,967
	<u>861,372</u>	<u>876,464</u>
(b) Maturity structure of fixed deposits:		
Due within six months	176,336	149,665
Six months to one year	8,000	2,000
	<u>184,336</u>	<u>151,665</u>
(c) By type of customers:		
Domestic non-bank financial institutions	20,564	20,281
Domestic business enterprises	840,078	855,673
Foreign non-bank entities	730	510
	<u>861,372</u>	<u>876,464</u>

14. Deposits and Placements of Banks and Other Financial Institutions

	30 June 2012 RM'000	31 March 2012 RM'000
Licensed Malaysian banks	-	80,000
Foreign banks	156,213	93,156
	<u>156,213</u>	<u>173,156</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2012**

15. Interest Income

	1st Quarter Ended		Three Months Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Loans, advances and financing				
- Interest income	3,664	98	3,664	98
Money at call and deposit placements with banks and other financial institutions	5,491	4,308	5,491	4,308
Accretion of discount on debt securities held	224	-	224	-
	<u>9,379</u>	<u>4,406</u>	<u>9,379</u>	<u>4,406</u>

16. Interest Expense

	1st Quarter Ended		Three Months Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Deposits and placements of bank and other financial institutions	623	21	623	21
Deposits from customers	4,316	1,605	4,316	1,605
Sundry interest	50	-	50	-
	<u>4,989</u>	<u>1,626</u>	<u>4,989</u>	<u>1,626</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2012**

17. Other Operating Income

	1st Quarter Ended		Three Months Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Fee and commission income				
- Service charges/ fees	5	5	5	5
- Guarantee fees	35	1	35	1
Gain from derivative financial instruments	1,106	-	1,106	-
Unrealised net gain on revaluation of derivatives	18,945	1,303	18,945	1,303
Foreign exchange net gain	3,250	2,635	3,250	2,635
Other income				
- Management fees	1,024	-	1,024	-
- Arranger fees	930	-	930	-
- Rental of fixed assets	364	-	364	-
- Miscellaneous income	34	12	34	12
	<u>25,693</u>	<u>3,956</u>	<u>25,693</u>	<u>3,956</u>

18. Other Operating Expenses

	1st Quarter Ended		Three Months Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Personnel costs				
Salaries, allowance and bonuses	2,712	1,362	2,712	1,362
Defined contribution plan	197	150	197	150
Other employee benefits	1,500	360	1,500	360
	<u>4,409</u>	<u>1,872</u>	<u>4,409</u>	<u>1,872</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2012**

18. Other Operating Expenses (Continued)

	1st Quarter Ended		Three Months Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Establishment costs				
Rental of premises	231	310	231	310
Depreciation	767	695	767	695
Information system and equipment	1,386	1,369	1,386	1,369
Other establishment expenses	131	204	131	204
	<u>2,515</u>	<u>2,578</u>	<u>2,515</u>	<u>2,578</u>
Marketing expenses				
Advertisement and publicity	15	309	15	309
Other marketing expenses	25	43	25	43
	<u>40</u>	<u>352</u>	<u>40</u>	<u>352</u>
Administration and general expenses				
Professional fees	81	194	81	194
Communication expenses	96	70	96	70
Membership fees	37	392	37	392
Employment expenses	116	131	116	131
Other administration and general expenses	3,768	1,856	3,768	1,856
	<u>4,098</u>	<u>2,643</u>	<u>4,098</u>	<u>2,643</u>
	<u>11,062</u>	<u>7,445</u>	<u>11,062</u>	<u>7,445</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2012**

19. Provision for Loans, Advances and Financing

	1st Quarter Ended		Three Months Ended	
	30 June 2012 RM'000	30 June 2011 RM'000	30 June 2012 RM'000	30 June 2011 RM'000
Collective impairment provision	<u>1,440</u>	<u>686</u>	<u>1,440</u>	<u>686</u>

20. 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.

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 the Composition of the Bank

There were no significant changes in the composition of the Bank in the first quarter ended 30 June 2012.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2012**

23. 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	Non- interest bearing RM'000		
30 June 2012							
Assets							
Cash and short-term funds	708,589	-	-	-	12,111	-	720,700
Deposits and placements with banks and other financial institutions	-	378,362	100,000	-	-	-	478,362
Financial investments available-for-sale	-	-	39,927	-	-	-	39,927
Loans, advances and financing	297,136	112,592	14,521	41,000	(6,979) ^	-	458,270
Other assets	6,119	425	31	-	6,084	-	12,659
Derivative assets	27	-	-	-	-	48,829	48,856
Statutory deposits with BNM	-	-	-	-	1,753	-	1,753
Total assets	<u>1,011,871</u>	<u>491,379</u>	<u>154,479</u>	<u>41,000</u>	<u>12,969</u>	<u>48,829</u>	<u>1,760,527</u>

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

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2012**

23. 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	Non- interest bearing RM'000		
30 June 2012							
Liabilities							
Deposits from customers	346,982	208,130	10,500	-	295,760	-	861,372
Deposits and placements of banks and other financial institutions	96,583	59,630	-	-	-	-	156,213
Other liabilities	6,731	438	50	-	2,922	-	10,141
Derivative liabilities	-	-	-	-	-	20,192	20,192
Total liabilities	450,296	268,198	10,550	-	298,682	20,192	1,047,918
On balance sheet interest rate gap	561,575	223,181	143,929	41,000	(285,713)	28,637	712,609
Off balance sheet interest rate gap	-	-	41,000	(41,000)	-	-	-
Total interest rate gap	561,575	223,181	184,929	-	(285,713)	28,637	712,609

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2012**

23. 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	Non- interest bearing RM'000		
31 March 2012							
Assets							
Cash and short-term funds	736,184	-	-	-	5,769	-	741,953
Deposits and placements with banks and other financial institutions	-	251,532	-	-	-	-	251,532
Financial investments available-for-sale	-	-	19,825	-	-	-	19,825
Loans, advances and financing	281,981	58,879	1,365	27,000	(5,539) ^	-	363,686
Other assets	4,470	-	-	-	5,875	-	10,345
Derivative assets	-	46	-	-	-	18,338	18,384
Statutory deposits with BNM	-	-	-	-	674	-	674
Total assets	1,022,635	310,457	21,190	27,000	6,779	18,338	1,406,399

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

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 JUNE 2012**

23. Use of Financial Instruments (continued)

Interest rate risk (continued)

	← 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			
31 March 2012							
Liabilities							
Deposits from customers	(309,697)	(75,434)	(17,500)	-	(473,833)	-	(876,464)
Deposits and placements of banks and other financial institutions	(171,921)	-	-	-	(1,235)	-	(173,156)
Other liabilities	-	-	-	-	(6,510)	-	(6,510)
Derivative liabilities	-	(8)	-	-	-	(8,328)	(8,336)
Total liabilities	(481,618)	(75,442)	(17,500)	-	(481,578)	(8,328)	(1,064,466)
On balance sheet interest rate gap	541,017	235,015	3,690	27,000	(474,799)	10,010	341,933
Off balance sheet interest rate gap	-	27,000	-	(27,000)	-	-	-
Total interest rate gap	541,017	262,015	3,690	-	(474,799)	10,010	341,933

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
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23. Use of Financial Instruments (Continued)

Interest rate risk (continued)

	30 June 2012		31 March 2012	
	MYR	USD	MYR	USD
	%	%	%	%
Financial assets				
Cash and short-term funds	3.12	0.27	3.03	0.18
Deposits and placements with banks and other financial institutions	3.10	0.19	3.14	0.40
Loans, advances and financing	3.96	1.45	3.95	1.60
Financial liabilities				
Deposits from customers	3.03	0.15	3.07	0.14
Deposits and placements of banks and other financial institutions	-	0.28	3.04	0.28

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24. Capital Adequacy

The capital adequacy ratios of the Bank are analysed as follows

	30 June 2012 RM'000	31 March 2012 RM'000
<u>Tier-1 capital</u>		
Paid-up ordinary share capital	700,000	350,000
Accumulated losses	(2,332)	(2,332)
Statutory Reserve	2,132	2,132
	699,800	349,800
Less: Deferred tax assets	(236)	(236)
Total Tier-1 Capital	699,564	349,564
<u>Tier-2 capital</u>		
Collective allowance for impairment	6,979	5,539
Total Tier-2 Capital	6,979	5,539
Total capital base	706,543	355,103
<u>Capital ratios</u>		
Core capital ratio	67.82%	40.63%
Risk-weighted capital ratio	68.50%	41.27%

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

	30 June 2012 RM'000	31 March 2012 RM'000
Credit risk	893,023	681,237
Market risk	62,487	83,620
Operational risk	75,958	95,511
Total risk-weighted assets	1,031,468	860,368

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24. Capital Adequacy (Continued)

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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25. 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 2012 →			← 31 March 2012 →		
	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	32,097	16,049	14,490	18,770	9,635	9,635
Short-term self-liquidating trade-related contingencies	542	108	108	-	-	-
Foreign exchange related contracts:						
One year or less	1,439,751	30,438	20,487	516,759	11,243	7,445
Over one year to five years	968,266	153,206	100,945	829,743	122,110	81,572
Interest/ profit rate related contracts						
Over one year to five years	41,000	507	101	27,000	350	70
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	13,943	6,972	6,972	44,753	22,377	22,377
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	193,741	38,748	38,748	95,459	19,092	19,092
Total	2,689,340	246,028	181,851	1,532,484	184,807	140,191

* 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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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 2012, 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