

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 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 SEPTEMBER 2012

	Note	30 September 2012 RM'000	31 March 2012 RM'000
Assets			
Cash and short-term funds		932,840	741,953
Deposits and placements with banks and other financial institutions		408,267	251,532
Investment securities available-for-sale	11	35,528	19,825
Loans, advances and financing	12	1,000,553	363,686
Derivative financial assets		72,017	18,384
Other assets		23,754	10,520
Statutory deposits with Bank Negara Malaysia		-	674
Plant and equipment		10,381	11,551
Deferred tax assets		1,610	236
Total assets		<u>2,484,950</u>	<u>1,418,361</u>
Liabilities			
Deposits from customers	13	1,185,929	876,464
Deposits and placements of banks and other financial institutions	14	530,058	173,156
Bills and acceptances payable		6,065	2,973
Derivative financial liabilities		31,647	8,336
Other liabilities		7,348	7,256
Tax payable		8,025	381
Total liabilities		<u>1,769,072</u>	<u>1,068,566</u>
Equity			
Share capital		700,000	350,000
Reserves		15,878	(205)
Total equity attributable to equity holder of the Bank		<u>715,878</u>	<u>349,795</u>
Total liabilities and equity		<u>2,484,950</u>	<u>1,418,361</u>
Commitments and contingencies	26	<u>4,230,302</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 FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2012

	Note	2nd Quarter Ended		Half Year Ended	
		30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Interest income	15	13,638	6,855	23,017	11,261
Interest expense	16	(5,442)	(3,239)	(10,431)	(4,865)
Net interest income		<u>8,196</u>	<u>3,616</u>	<u>12,586</u>	<u>6,396</u>
Other operating income	17	15,291	9,269	40,984	13,225
Net operating income		23,487	12,885	53,570	19,621
Other operating expenses	18	(9,601)	(7,704)	(20,663)	(15,149)
Operating profit		13,886	5,181	32,907	4,472
Provision for loans, advances and financing	19	(8,258)	(2,395)	(9,698)	(3,081)
Profit before taxation		<u>5,628</u>	<u>2,786</u>	<u>23,209</u>	<u>1,391</u>
Tax expense		(2,774)	(484)	(7,157)	(484)
Profit after taxation		<u>2,854</u>	<u>2,302</u>	<u>16,052</u>	<u>907</u>
Other comprehensive income for the year/ period, net of income tax					
Fair value changes of investment securities available-for-sale		12	-	31	-
Total comprehensive income for the period		<u>2,866</u>	<u>2,302</u>	<u>16,083</u>	<u>907</u>
Basic earnings per share (sen)		<u>0.41</u>	<u>0.66</u>	<u>2.30</u>	<u>0.26</u>

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2012**

	<i>← Non-distributable reserves →</i>			<i>Distributable reserves</i>	Total RM'000
	Share Capital RM'000	Statutory reserve RM'000	Available- for-sale reserve RM'000	Retained earnings/ (Accumulated losses) 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	-	-	-	16,052	16,052
Fair value of available-for-sale financial assets	-	-	31	-	31
Total comprehensive income for the period	-	-	31	16,052	16,083
At 30 September 2012	<u>700,000</u>	<u>2,132</u>	<u>26</u>	<u>13,720</u>	<u>715,878</u>
At 1 April 2011	350,000	-	-	(4,463)	345,537
Profit for the period	-	-	-	907	907
Total comprehensive income for the period	-	-	-	907	907
At 30 September 2011	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>(3,556)</u>	<u>346,444</u>

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2012

	30 September 2012 RM'000	30 September 2011 RM'000
Cash flows from operating activities		
Profit from ordinary activities before taxation	23,209	1,391
Adjustments for non-cash items	(38,683)	(2,489)
Operating loss before working capital changes	(15,474)	(1,098)
Changes in working capital:		
Net changes in operating assets	(796,464)	(454,073)
Net changes in operating liabilities	669,551	667,821
Net cash generated from / (used in) operating activities	(142,387)	212,650
Taxation paid	(898)	(15)
Net cash (used in)/ generated from operating activities	(143,285)	212,635
Net cash used in investing activities	(15,828)	(906)
Net cash generated from financing activities	350,000	-
Net increase in cash and cash equivalents during the financial period	190,887	211,729
Cash and cash equivalents at beginning of the financial period	741,953	331,553
Cash and cash equivalents at end of financial period	932,840	543,282

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2012**

1. Basis of Preparation

The unaudited condensed interim financial statements for the second quarter and financial half year ended 30 September 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 FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 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 second quarter and financial half year ended 30 September 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 second quarter and financial half year ended 30 September 2012.

6. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the second quarter and financial half year ended 30 September 2012.

7. Dividend

No dividend was paid during the second quarter and financial half year ended 30 September 2012.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 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 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 on 28 June 2012.

9. Review of Performance

(a) Current Year-to-date vs. Previous Year-to-date

The Bank's profit before taxation for the financial half year ended 30 September 2012 of RM23.2 million was RM21.8 million or 1,557% higher than previous corresponding half year of RM1.4 million. Net profit attributable to equity holders improved by RM15.2 million or 1,689% to RM16.1 million. The improved earnings were mainly due to higher net operating income by RM34 million (170%). These were partially offset by higher collective impairment on loans, advances and financing of RM6.6 million (213%) and other operating expenses of RM5.6 million (37%) which was mainly due to the increase in personnel, and administration and general expenses to support higher business volume.

Total assets increased to RM2.48 billion from RM1.03 billion mainly due to increase in loans, advances and financing by 395% to RM1 billion as at 30 September 2012 as compared to RM202.3 million as at 30 September 2011.

(b) Current Quarter vs. Previous Year Corresponding Quarter

The Bank recorded a profit before taxation for the second quarter ended 30 September 2012 of RM5.6 million, an increase of RM2.8 million or 100% compared to RM2.8 million in the previous corresponding quarter. Net profit attributable to equity holders improved by RM0.6 million (26%) to RM2.9 million. The improved earnings were mainly due to higher net operating income by RM10.6 million (82%). These were partially offset by higher collective impairment on loans, advances and financing of RM5.9 million (246%) and other operating expenses of RM1.9 million (25%) which was mainly due to the increase in personnel, and administration and general expenses.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
 FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2012**

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.

11. Investments Securities Available-for-Sale

	30 September 2012 RM'000	31 March 2012 RM'000
At fair value		
Bank Negara Monetary Notes	35,528	19,825

12. Loans, Advances and Financing

	30 September 2012 RM'000	31 March 2012 RM'000
(a) By type:		
At amortised cost:		
Syndicated term loans	369,514	83,227
Other term loans	354,225	97,016
Revolving credits	292,051	188,982
Overdraft loans	-	-
Gross loans, advances and financing	1,015,790	369,225
Less: Impairment provision		
- Collective impairment provision	(15,237)	(5,539)
Net loans, advances and financing	1,000,553	363,686

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FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2012**

12. Loans, Advances and Financing (Continued)

	30 September 2012 RM'000	31 March 2012 RM'000
(b) By type of customer:		
Domestic non-bank financial institutions	180,559	91,404
Domestic business enterprises	628,973	277,821
Foreign entities	206,258	-
Gross loans, advances and financing	<u>1,015,790</u>	<u>369,225</u>
(c) By geographical distribution:		
Malaysia	809,532	369,225
Other countries	206,258	-
	<u>1,015,790</u>	<u>369,225</u>
(d) By interest rate sensitivity:		
Fixed rate		
- other fixed rate loans	53,568	26,974
Variable rate	962,222	342,251
Gross loans, advances and financing	<u>1,015,790</u>	<u>369,225</u>
(e) By sector:		
Primary agriculture	-	1,003
Manufacturing	322,582	122,047
Electricity, gas and water	157,145	153,269
Wholesale and retail trade, and restaurants and hotels	69,217	1,502
Transport, storage and communication	80,029	-
Finance, insurance, real estate and business services	180,559	91,404
Other sectors	206,258	-
Gross loans, advances and financing	<u>1,015,790</u>	<u>369,225</u>

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12. Loans, Advances and Financing (Continued)

	30 September 2012 RM'000	31 March 2012 RM'000
(f) By residual contractual maturity:		
Maturing within one year	397,515	279,702
One year to three years	111,078	89,523
Three years to five years	367,305	-
More than five years	139,892	-
Gross loans, advances and financing	1,015,790	369,225
(g) By economic purposes:		
Working Capital	805,639	369,225
Purchase of non-residential property		
- Commercial complexes	124,551	-
- Purchase of fixed assets other than land and building	3,893	-
Other purpose	81,707	-
Gross loans, advances and financing	1,015,790	369,225
(h) Movements in collective impairment provision on loans, advances and financing:		
At beginning of financial period	5,539	-
Made during the financial period	9,698	5,539
At end of financial period	15,237	5,539
 (As % of gross loans, advances and financing (net of individual allowance))	 1.5%	 1.5%

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FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2012**

13. Deposits from Customers

	30 September 2012 RM'000	31 March 2012 RM'000
(a) By type of deposits:		
Demand deposits	457,602	473,832
Fixed deposits	326,730	151,665
Short-term deposits	401,597	250,967
	<u>1,185,929</u>	<u>876,464</u>
(b) Maturity structure of fixed deposits:		
Due within six months	295,530	149,665
Six months to one year	31,200	2,000
	<u>326,730</u>	<u>151,665</u>
(c) By type of customers:		
Domestic non-bank financial institutions	21,864	20,281
Domestic business enterprises	1,163,394	855,673
Foreign non-bank entities	671	510
	<u>1,185,929</u>	<u>876,464</u>

14. Deposits and Placements of Banks and Other Financial Institutions

	30 September 2012 RM'000	31 March 2012 RM'000
Licensed Malaysian banks	61,240	80,000
Foreign banks	468,818	93,156
	<u>530,058</u>	<u>173,156</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2012**

15. Interest Income

	2nd Quarter Ended		Half Year Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Loans, advances and financing				
- Interest income other than from impaired loans	5,005	1,460	8,669	1,558
Money at call and deposit placements with banks and other financial institutions	8,341	5,395	13,832	9,703
Accretion of discount on debt securities held	292	-	516	-
	<u>13,638</u>	<u>6,855</u>	<u>23,017</u>	<u>11,261</u>

16. Interest Expense

	2nd Quarter Ended		Half Year Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Deposits and placements of bank and other financial institutions	367	141	990	162
Deposits from customers	5,075	3,098	9,391	4,703
Sundry interest	-	-	50	-
	<u>5,442</u>	<u>3,239</u>	<u>10,431</u>	<u>4,865</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2012**

17. Other Operating Income

	2nd Quarter Ended		Half Year Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Fee and commission income				
- Service charges/fees	12	14	17	19
- Guarantee fees	(20)	8	15	9
- Loan related fees	(14)	-	916	-
	<u>(22)</u>	<u>22</u>	<u>948</u>	<u>28</u>
Gain from derivative financial instruments	<u>373</u>	<u>-</u>	<u>1,479</u>	<u>-</u>
Unrealised net gain on revaluation of derivatives	<u>9,505</u>	<u>5,713</u>	<u>28,450</u>	<u>7,016</u>
Foreign exchange net gain	<u>5,548</u>	<u>3,492</u>	<u>8,798</u>	<u>6,127</u>
Other income				
- Management fees	(528)	-	496	-
- Rental of fixed assets	372	-	736	-
- Miscellaneous income	43	42	77	54
	<u>(113)</u>	<u>42</u>	<u>1,309</u>	<u>54</u>
	<u>15,291</u>	<u>9,269</u>	<u>40,984</u>	<u>13,225</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2012**

18. Other Operating Expenses

	2nd Quarter Ended		Half Year Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Personnel costs				
Salaries, allowance and bonuses	2,765	2,315	5,477	3,677
Defined contribution plan	262	166	459	316
Other employee benefits	528	342	2,028	702
	<u>3,555</u>	<u>2,823</u>	<u>7,964</u>	<u>4,695</u>
Establishment costs				
Rental of premises	230	70	461	380
Depreciation	770	729	1,537	1,424
Information system and equipment	1,299	884	2,685	2,253
Other establishment expenses	11	110	142	314
	<u>2,310</u>	<u>1,793</u>	<u>4,825</u>	<u>4,371</u>
Marketing expenses				
Advertisement and publicity	15	-	30	309
Other marketing expenses	16	198	41	241
	<u>31</u>	<u>198</u>	<u>71</u>	<u>550</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2012**

18. Other Operating Expenses (Continued)

	2nd Quarter Ended		Half Year Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Administration and general expenses				
Professional fees	120	131	201	325
Communication expenses	38	20	134	90
Membership fees	52	383	89	775
Employment expenses	128	56	244	187
Other administration and general expenses	3,367	2,300	7,135	4,156
	<u>3,705</u>	<u>2,890</u>	<u>7,803</u>	<u>5,533</u>
	<u>9,601</u>	<u>7,704</u>	<u>20,663</u>	<u>15,149</u>

19. Provision for Loans, Advances and Financing

	2nd Quarter Ended		Half Year Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
Collective impairment provision	<u>8,258</u>	<u>2,395</u>	<u>9,698</u>	<u>3,081</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2012**

20. Credit Exposures to Connected Parties

The credit exposures of the Bank to connected parties, as defined by Bank Negara Malaysia's Guidelines on Credit Transactions and Exposures with Connected Parties' are as follows:-

	30 September 2012	31 March 2012
Aggregate value of outstanding credit exposures with connected parties (RM'000)	73,974	44,864
Percentage of outstanding credit exposures to connected parties as a proportion of total credit exposures (%)	7.28	12.15

21. 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.

22. 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.

23. Changes in the Composition of the Bank

There were no significant changes in the composition of the Bank during the second quarter and financial half year ended 30 September 2012.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2012**

24. Use of Financial Instruments

Interest rate risk

The tables below summarise the Bank's financial instruments at carrying amounts, categorised by contractual re-pricing or maturity dates.

	← Non-trading book →						Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non- interest bearing RM'000		
30 September 2012								
Assets								
Cash and short-term funds	921,672	-	-	-	-	11,168	-	932,840
Deposits and placements with banks and other financial institutions	-	353,062	55,205	-	-	-	-	408,267
Financial investments available-for-sale	-	-	35,528	-	-	-	-	35,528
Loans, advances and financing	349,534	207,231	166,688	53,500	238,837	(15,237) [^]	-	1,000,553
Other assets	19,973	661	31	-	-	-	-	20,665
Derivative assets	-	-	5	3,402	-	-	68,610	72,017
Total assets	1,291,179	560,954	257,457	56,902	238,837	(4,069)	68,610	2,469,870

[^] 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 FINANCIAL HALF YEAR ENDED 30 SEPTEMBER 2012**

24. Use of Financial Instruments (Continued)

Interest rate risk (continued)

	← Non-trading book →						Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non- interest bearing RM'000		
30 September 2012								
Liabilities								
Deposits from customers	(589,695)	(104,724)	(33,907)	-	-	(457,603)	-	(1,185,929)
Deposits and placements of banks and other financial institutions	(108,267)	(81,654)	(74,575)	(265,562)	-	-	-	(530,058)
Other liabilities	(1,553)	(186)	(268)	(800)	-	(4,541)	-	(7,348)
Derivative liabilities	-	-	-	(772)	-	-	(30,875)	(31,647)
Total liabilities	<u>(699,515)</u>	<u>(186,564)</u>	<u>(108,750)</u>	<u>(267,134)</u>	<u>-</u>	<u>(462,144)</u>	<u>(30,875)</u>	<u>(1,754,982)</u>
On balance sheet interest rate gap	591,664	374,390	148,707	(210,232)	238,837	(466,213)	37,735	714,888
Off balance sheet interest rate gap	2,000	150,980	139,357	(53,500)	(238,837)	-	-	-
Total interest rate gap	<u>593,664</u>	<u>525,370</u>	<u>288,064</u>	<u>(263,732)</u>	<u>-</u>	<u>(466,213)</u>	<u>37,735</u>	<u>714,888</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
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24. 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	<u>1,022,635</u>	<u>310,457</u>	<u>21,190</u>	<u>27,000</u>	<u>6,779</u>	<u>18,338</u>	<u>1,406,399</u>

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

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24. 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							
Liabilities							
Deposits from customers	(309,697)	(75,434)	(17,500)	-	(478,833)	-	(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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24. Use of Financial Instruments (Continued)

Interest rate risk (continued)

	30 September 2012		31 March 2012	
	MYR	USD	MYR	USD
	%	%	%	%
Financial assets				
Cash and short-term funds	3.11	0.22	3.03	0.18
Deposits and placements with banks and other financial institutions	3.17	0.27	3.14	0.40
Loans, advances and financing	4.02	1.67	3.95	1.60
Financial liabilities				
Deposits from customers	3.04	0.16	3.07	0.14
Deposits and placements of banks and other financial institutions	-	0.57	3.04	0.28

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25. Capital Adequacy

The capital adequacy ratios of the Bank are analysed as follows

	30 September 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	15,237	5,539
Total Tier-2 Capital	15,237	5,539
Total capital base	714,801	355,103
<u>Capital ratios</u>		
Core capital ratio	42.24%	40.63%
Risk-weighted capital ratio	43.16%	41.27%

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

	30 September 2012 RM'000	31 March 2012 RM'000
Credit risk	1,493,777	681,237
Market risk	64,468	83,620
Operational risk	97,977	95,511
Total risk-weighted assets	1,656,222	860,368

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25. 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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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
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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 September 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	29,759	14,879	13,378	18,770	9,635	9,635
Short-term self-liquidating trade-related contingencies	1,349	270	270	-	-	-
Foreign exchange related contracts:						
One year or less	2,158,645	39,626	24,169	516,759	11,243	7,445
Over one year to five years	1,441,506	214,765	131,828	829,743	122,110	81,572
Interest/ profit rate related contracts						
Over one year to five years	292,337	13,574	9,224	27,000	350	70
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	96,795	48,398	32,398	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	209,911	41,982	41,982	95,459	19,092	19,092
Total	4,230,302	373,494	253,249	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 September 2012, and the related Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and explanatory notes for the financial half year 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