

**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

(Company No. 926374-U)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**31 DECEMBER 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 31 DECEMBER 2012**

|   | Note | 31 December<br>2012<br>RM'000 | 31 March<br>2012<br>RM'000 |
|---|------|-------------------------------|----------------------------|
| <b>Assets</b>   |      |                               |                            |
| Cash and short-term funds   |      | 942,223                       | 741,953                    |
| Deposits and placements with banks and other financial institutions |      | 604,587                       | 251,532                    |
| Investment securities available-for-sale                            | 11   | 64,744                        | 19,825                     |
| Loans, advances and financing                                       | 12   | 1,049,243                     | 363,686                    |
| Derivative financial assets   |      | 81,772                        | 18,384                     |
| Other assets  |      | 17,359                        | 10,520                     |
| Statutory deposits with Bank Negara Malaysia                        |      | -                             | 674                        |
| Plant and equipment   |      | 9,724                         | 11,551                     |
| Deferred tax assets   |      | 3,222                         | 236                        |
| <b>Total assets</b>   |      | 2,772,874                     | 1,418,361                  |
| <b>Liabilities</b>  |      |                               |                            |
| Deposits from customers   | 13   | 1,374,950                     | 876,464                    |
| Deposits and placements of banks and other financial institutions   | 14   | 603,344                       | 173,156                    |
| Bills and acceptances payable                                       |      | 8,873                         | 2,973                      |
| Derivative financial liabilities                                    |      | 39,681                        | 8,336                      |
| Other liabilities   |      | 9,593                         | 7,256                      |
| Tax payable   |      | 10,320                        | 381                        |
| <b>Total liabilities</b>  |      | 2,046,761                     | 1,068,566                  |
| <b>Equity</b>   |      |                               |                            |
| Share capital   |      | 700,000                       | 350,000                    |
| Reserves  |      | 26,113                        | (205)                      |
| <b>Total equity attributable to equity holder of the Bank</b>       |      | 726,113                       | 349,795                    |
| <b>Total liabilities and equity</b>                                 |      | 2,772,874                     | 1,418,361                  |
| <b>Commitments and contingencies</b>                                | 25   | 4,141,763                     | 1,532,484                  |

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012**

|   | Note | 3rd Quarter Ended                |                                  | Nine Months Ended                |                                  |
|---|------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|   |      | 31<br>December<br>2012<br>RM'000 | 31<br>December<br>2011<br>RM'000 | 31<br>December<br>2012<br>RM'000 | 31<br>December<br>2011<br>RM'000 |
| Interest income   | 15   | 16,406                           | 8,937                            | 39,423                           | 20,198                           |
| Interest expense  | 16   | (6,084)                          | (4,641)                          | (16,515)                         | (9,506)                          |
| <b>Net interest income</b>  |      | 10,322                           | 4,296                            | 22,908                           | 10,692                           |
| Other operating income  | 17   | 11,454                           | 12,884                           | 52,438                           | 26,109                           |
| Net operating income  |      | 21,776                           | 17,180                           | 75,346                           | 36,801                           |
| Other operating expenses  | 18   | (9,697)                          | (8,950)                          | (30,360)                         | (24,099)                         |
| Operating profit  |      | 12,079                           | 8,230                            | 44,986                           | 12,702                           |
| Allowance for impairment<br>on loans, advances and<br>financing             | 19   | (742)                            | (2,008)                          | (10,440)                         | (5,089)                          |
| <b>Profit before taxation</b>   |      | 11,337                           | 6,222                            | 34,546                           | 7,613                            |
| Tax expense   |      | (1,063)                          | (1,312)                          | (8,220)                          | (1,796)                          |
| <b>Profit after taxation</b>  |      | 10,274                           | 4,910                            | 26,326                           | 5,817                            |
| <b>Other comprehensive<br/>income for the period,<br/>net of income tax</b> |      |                                  |                                  |                                  |                                  |
| Fair value changes of<br>investment securities<br>available-for-sale        |      | (39)                             | -                                | (8)                              | -                                |
| <b>Total comprehensive<br/>income for the period</b>                        |      | 10,235                           | 4,910                            | 26,318                           | 5,817                            |
| Basic earnings per<br>ordinary share (sen)                                  |      | 1.46                             | 1.40                             | 3.76                             | 1.66                             |

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012**

|   | <i>← Non-distributable reserves →</i> |   |   | <i>Distributable reserves</i>   | <b>Total<br/>RM'000</b> |
|---|---------------------------------------|---|---|---|-------------------------|
|   | <b>Share<br/>Capital<br/>RM'000</b>   | <b>Statutory<br/>reserve<br/>RM'000</b> | <b>Available-<br/>for-sale<br/>reserve<br/>RM'000</b> | <b>Retained<br/>earnings/<br/>(Accumulated<br/>losses)<br/>RM'000</b> |                         |
| <b>At 1 April 2012</b>                            | 350,000                               | 2,132                                   | (5)   | (2,332)   | 349,795                 |
| Issuance of shares                                | 350,000                               | -                                       | -   | -   | 350,000                 |
| Profit for the period                             | -                                     | -                                       | -   | 26,326  | 26,326                  |
| Fair value of available-for-sale financial assets | -                                     | -                                       | (8)   | -   | (8)                     |
| <b>Total comprehensive income for the period</b>  | -                                     | -                                       | (8)   | 26,326  | 26,318                  |
| <b>At 31 December 2012</b>                        | <u>700,000</u>                        | <u>2,132</u>                            | <u>(13)</u>   | <u>23,994</u>   | <u>726,113</u>          |
| <b>At 1 April 2011</b>                            | 350,000                               | -                                       | -   | (4,463)   | 345,537                 |
| Profit for the period                             | -                                     | -                                       | -   | 5,817   | 5,817                   |
| <b>Total comprehensive income for the period</b>  | -                                     | -                                       | -   | 5,817   | 5,817                   |
| <b>At 31 December 2011</b>                        | <u>350,000</u>                        | -                                       | -   | <u>1,354</u>  | <u>351,354</u>          |

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012**

|  | <b>31 December<br/>2012<br/>RM'000</b> | <b>31 December<br/>2011<br/>RM'000</b> |
|--|--|--|
| <b>Cash flows from operating activities</b>                                  |  |  |
| Profit from ordinary activities before taxation                              | 34,546                                 | 7,613                                  |
| Adjustments for non-cash items   | (41,281)                               | (2,888)                                |
| Operating (loss)/ profit before working capital changes                      | (6,735)                                | 4,725                                  |
| Changes in working capital:  |  |  |
| Net changes in operating assets  | (1,034,337)                            | (572,942)                              |
| Net changes in operating liabilities   | 936,911                                | 681,385                                |
| Net cash (used in)/ generated from operating activities                      | (104,161)                              | 113,168                                |
| Tax paid   | (1,266)                                | (397)                                  |
| <b>Net cash (used in)/ generated from operating activities</b>               | <b>(105,427)</b>                       | <b>112,771</b>                         |
| Net cash used in investing activities  | (44,303)                               | (933)                                  |
| Net cash generated from financing activities                                 | 350,000                                | -                                      |
| <b>Net increase in cash and cash equivalents during the financial period</b> | <b>200,270</b>                         | <b>111,838</b>                         |
| <b>Cash and cash equivalents at beginning of the financial period</b>        | <b>741,953</b>                         | <b>331,553</b>                         |
| <b>Cash and cash equivalents at end of financial period</b>                  | <b>942,223</b>                         | <b>443,391</b>                         |
| <b>Cash and cash equivalents comprise:</b>                                   |  |  |
| Cash and short-term funds  | 942,223                                | 443,391                                |

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012**

**1. Basis of Preparation**

The unaudited condensed interim financial statements for the third quarter and nine months ended 31 December 2012 have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Bank Negara Malaysia (“BNM”) Guidelines.

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Bank as at and 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 audited financial statements of the Bank for the year ended 31 March 2012 were prepared under Financial Reporting Standards (“FRS”). Since the previous annual audited financial statements as at 31 March 2012 were issued, the Bank has adopted the MFRS framework issued by the MASB with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge with Malaysia’s existing FRS framework with International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standard Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework.

This is the Bank’s nine months ended condensed interim financial statements covered by the MFRS framework and MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards has been applied. The MFRS did not result in any material financial impact to the Bank.

The following MFRSs, amendments and interpretations have been issued by the MASB and are not yet effective:

Effective for annual periods commencing on or after 1 July 2012

- Amendments to MFRS 101, Presentation of Items of Other Comprehensive Income

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012**

**1. Basis of Preparation (Continued)**

Effective for annual periods commencing on or after 1 January 2013

- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- MFRS 13, Fair Value Measurement
- MFRS 119, Employee Benefits (as amended in June 2011)
- MFRS 127, Separate Financial Statements (as amended by IASB in May 2011)
- MFRS 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 MFRS 7, Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

Effective for annual periods commencing on or after 1 January 2014

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

Effective for annual periods commencing on or after 1 January 2015

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

IC Interpretation 20 will not have any financial impact to the Bank as it is not relevant to the Bank's operations. The initial application of the other standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Bank.

***Impairment of collectively assessed loans, advances and financing***

Prior to the transition to MFRS 139, the Bank maintained its collective impairment provision at 1.5% of total outstanding loans, net of individual impairment provision, in line with Bank Negara Malaysia's transitional provisions under its Guidelines on Classification and Impairment Provisions for Loans/Financing. Upon the transition to MFRS 139 on 1 January 2012, these transitional provisions, which were allowed under the previous FRS framework ceased to apply where requirements of MFRS 139 in the determination of collective impairment provision shall be performed on "collective basis" on the Bank's loan portfolio using statistical techniques with the necessary model risk adjustments to the credit grades and probability of defaults.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012**

**1. Basis of Preparation (Continued)**

*Impairment of collectively assessed loans, advances and financing (continued)*

The Bank is in the midst of finalising its model and accordingly, had maintained its collective impairment provision at 1.5% of total outstanding loans, net of individual impairment provision. The collective impairment provision may be materially different when the internally developed model is applied.

Except for the potential effects arising from the Bank's finalisation of its collective impairment provision model, the MFRS did not result in any material financial impact to the Bank

**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 subject to any qualification.

**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 third quarter and nine months ended 31 December 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 third quarter and nine months ended 31 December 2012.

**6. Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the third quarter and nine months ended 31 December 2012.



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FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012**

**7. Dividend**

No dividend was paid during the third quarter and nine months ended 31 December 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 nine months ended 31 December 2012 of RM34.5 million was RM26.9 million or 354% higher than previous corresponding period of RM7.6 million. Net profit attributable to equity holders improved by RM20.5 million or 353% to RM26.3 million. The improved earnings were mainly due to higher net operating income by RM38.5 million (104%), attributable to the growth of net interest income by RM12.2 million (114%), driven by strong loan growth and higher deposit placements with financial institutions. These were partially offset by higher collective impairment on loans, advances and financing of RM5.3 million (104%) and other operating expenses of RM6.3 million (26%) which was mainly due to the increase in personnel, and administration and general expenses to support higher business volume.

Total assets increased to RM2.77 billion from RM1.04 billion mainly due to increase in loans, advances and financing by 214% to RM1.05 billion as at 31 December 2012 as compared to RM334.1 million as at 31 December 2011.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012**

**9. Review of Performance (Continued)**

(b) Current Quarter vs. Previous Year Corresponding Quarter

The Bank recorded a profit before taxation for the third quarter ended 31 December 2012 of RM11.3 million, an increase of RM5.1 million or 82% compared to RM6.2 million in the previous corresponding quarter. Net profit attributable to equity holders improved by RM5.4 million (108%) to RM10.3 million. The improved earnings were mainly due to higher net interest income by RM6.0 million (140%), driven by strong loan growth and higher deposit placements with financial institutions. These were partially offset by higher other operating expenses of RM0.7 million (8%) which was mainly due to the increase in personnel, and administration and general expenses.

**10. Current Year Prospects**

Malaysia's GDP is expected to grow moderately at 4%-5% in year 2012-2013 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**

|                                     | <b>31<br/>December<br/>2012<br/>RM'000</b> | <b>31<br/>March<br/>2012<br/>RM'000</b> |
|-------------------------------------|--|---|
| <b>At fair value</b>                |  |   |
| Bank Negara Malaysia Bills          | 44,762                                     | 19,825                                  |
| Malaysian Government Treasury Bills | 19,982                                     | -                                       |
|                                     | 64,744                                     | 19,825                                  |

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012**

**12. Loans, Advances and Financing**

|  | <b>31<br/>December<br/>2012<br/>RM'000</b> | <b>31<br/>March<br/>2012<br/>RM'000</b> |
|--|--|---|
| <b>(a) By type:</b>                      |  |   |
| At amortised cost:                       |  |   |
| Syndicated term loans                    | 302,686                                    | 83,227                                  |
| Other term loans                         | 441,314                                    | 97,016                                  |
| Revolving credits                        | 318,044                                    | 188,982                                 |
| Foreign bills bought                     | 3,178                                      | -                                       |
| Gross loans, advances and financing      | <u>1,065,222</u>                           | <u>369,225</u>                          |
| Less: Allowance for impairment           |  |   |
| - Collective allowance for impairment    | <u>(15,979)</u>                            | <u>(5,539)</u>                          |
| Net loans, advances and financing        | <u>1,049,243</u>                           | <u>363,686</u>                          |
| <b>(b) By type of customer:</b>          |  |   |
| Domestic non-bank financial institutions | 208,775                                    | 91,404                                  |
| Domestic business enterprises            | 634,667                                    | 277,821                                 |
| Foreign entities                         | 221,780                                    | -                                       |
| Gross loans, advances and financing      | <u>1,065,222</u>                           | <u>369,225</u>                          |
| <b>(c) By geographical distribution:</b> |  |   |
| Malaysia                                 | 843,442                                    | 369,225                                 |
| Other countries                          | 221,780                                    | -                                       |
| Gross loans, advances and financing      | <u>1,065,222</u>                           | <u>369,225</u>                          |
| <b>(d) By interest rate sensitivity:</b> |  |   |
| Fixed rate                               |  |   |
| - Other fixed rate loans                 | 97,337                                     | 26,974                                  |
| Variable rate                            |  |   |
| - Cost-plus                              | 467,426                                    | 342,251                                 |
| - Other variable rates                   | 500,459                                    | -                                       |
| Gross loans, advances and financing      | <u>1,065,222</u>                           | <u>369,225</u>                          |

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012**

**12. Loans, Advances and Financing (Continued)**

|   | <b>31<br/>December<br/>2012<br/>RM'000</b> | <b>31<br/>March<br/>2012<br/>RM'000</b> |
|---|--|---|
| <b>(e) By sector:</b>                                   |  |   |
| Primary agriculture                                     | -  | 1,003                                   |
| Manufacturing   | 415,620                                    | 122,047                                 |
| Electricity, gas and water                              | 77,721                                     | 153,269                                 |
| Wholesale and retail trade, and restaurants and hotels  | 57,395                                     | 1,502                                   |
| Transport, storage and communication                    | 80,906                                     | -                                       |
| Finance, insurance, real estate and business services   | 211,800                                    | 91,404                                  |
| Other sectors   | 221,780                                    | -                                       |
| Gross loans, advances and financing                     | <u>1,065,222</u>                           | <u>369,225</u>                          |
| <b>(f) By economic purposes:</b>                        |  |   |
| Working Capital   | 809,386                                    | 369,225                                 |
| Purchase of non-residential property                    |  |   |
| - Commercial complexes                                  | 124,764                                    | -                                       |
| - Purchase of fixed assets other than land and building | 7,713                                      | -                                       |
| Purchase of consumer durables                           | 1,010                                      | -                                       |
| Construction  | 10,041                                     | -                                       |
| Other purpose   | 112,308                                    | -                                       |
| Gross loans, advances and financing                     | <u>1,065,222</u>                           | <u>369,225</u>                          |
| <b>(g) By residual contractual maturity:</b>            |  |   |
| Maturing within one year                                | 366,410                                    | 279,702                                 |
| One year to three years                                 | 114,804                                    | 89,523                                  |
| Three years to five years                               | 389,048                                    | -                                       |
| More than five years                                    | 194,960                                    | -                                       |
| Gross loans, advances and financing                     | <u>1,065,222</u>                           | <u>369,225</u>                          |

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012**

**12. Loans, Advances and Financing (Continued)**

|   | <b>31<br/>December<br/>2012<br/>RM'000</b> | <b>31<br/>March<br/>2012<br/>RM'000</b> |
|---|--|---|
| <b>(h) Movements in collective allowance for impairment on loans, advances and financing:</b> |  |   |
| At beginning of the financial period  | 5,539                                      | -                                       |
| Allowance made during the financial period  | 10,440                                     | 5,539                                   |
| At end of the financial period  | 15,979                                     | 5,539                                   |
| <br>(As % of gross loans, advances and financing (net of individual allowance))*              | <br>1.5%                                   | <br>1.5%                                |

\* Refer to Note 1.

**13. Deposits from Customers**

|  | <b>31<br/>December<br/>2012<br/>RM'000</b> | <b>31<br/>March<br/>2012<br/>RM'000</b> |
|--|--|---|
| <b>(a) By type of deposits:</b>          |  |   |
| Demand deposits                          | 545,975                                    | 473,832                                 |
| Fixed deposits                           | 311,607                                    | 151,665                                 |
| Short-term deposits                      | 517,368                                    | 250,967                                 |
|  | 1,374,950                                  | 876,464                                 |
| <b>(b) By type of customers:</b>         |  |   |
| Domestic non-bank financial institutions | 62,732                                     | 20,281                                  |
| Domestic business enterprises            | 1,297,200                                  | 855,673                                 |
| Foreign non-bank entities                | 15,018                                     | 510                                     |
|  | 1,374,950                                  | 876,464                                 |

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
 FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012**

**13. Deposits from Customers (Continued)**

|  | <b>31<br/>December<br/>2012<br/>RM'000</b> | <b>31<br/>March<br/>2012<br/>RM'000</b> |
|--|--|---|
| <b>(c) Maturity structure of fixed deposits:</b> |  |   |
| Due within six months                            | 283,707                                    | 149,665                                 |
| Six months to one year                           | 27,900                                     | 2,000                                   |
|  | 311,607                                    | 151,665                                 |

**14. Deposits and Placements of Banks and Other Financial Institutions**

|                          | <b>31<br/>December<br/>2012<br/>RM'000</b> | <b>31<br/>March<br/>2012<br/>RM'000</b> |
|--------------------------|--|---|
| Licensed Malaysian banks | 100,000                                    | 80,000                                  |
| Foreign banks            | 503,344                                    | 93,156                                  |
|                          | 603,344                                    | 173,156                                 |

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012**

**15. Interest Income**

|  | <b>3rd Quarter Ended</b>                   |  | <b>Nine Months Ended</b>                   |  |
|--|--|--|--|--|
|  | <b>31<br/>December<br/>2012<br/>RM'000</b> | <b>31<br/>December<br/>2011<br/>RM'000</b> | <b>31<br/>December<br/>2012<br/>RM'000</b> | <b>31<br/>December<br/>2011<br/>RM'000</b> |
| Loans, advances and financing  |  |  |  |  |
| - Interest income other than from impaired loans                                 | 7,374                                      | 2,830                                      | 16,043                                     | 4,388                                      |
| Money at call and deposit placements with banks and other financial institutions | 8,443                                      | 6,107                                      | 22,275                                     | 15,810                                     |
| Accretion of discount on debt securities held                                    | 589  | -  | 1,105                                      | -  |
|  | <u>16,406</u>                              | <u>8,937</u>                               | <u>39,423</u>                              | <u>20,198</u>                              |

**16. Interest Expense**

|   | <b>3rd Quarter Ended</b>                   |  | <b>Nine Months Ended</b>                   |  |
|---|--|--|--|--|
|   | <b>31<br/>December<br/>2012<br/>RM'000</b> | <b>31<br/>December<br/>2011<br/>RM'000</b> | <b>31<br/>December<br/>2012<br/>RM'000</b> | <b>31<br/>December<br/>2011<br/>RM'000</b> |
| Deposits and placement of bank and other financial institutions | 755  | 1,479                                      | 1,745                                      | 1,641                                      |
| Deposits from customers   | 5,321                                      | 3,162                                      | 14,712                                     | 7,865                                      |
| Sundry interest   | 8  | -  | 58   | -  |
|   | <u>6,084</u>                               | <u>4,641</u>                               | <u>16,515</u>                              | <u>9,506</u>                               |

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**17. Other Operating Income**

|   | <b>3rd Quarter Ended</b>                   |  | <b>Nine Months Ended</b>                   |  |
|---|--|--|--|--|
|   | <b>31<br/>December<br/>2012<br/>RM'000</b> | <b>31<br/>December<br/>2011<br/>RM'000</b> | <b>31<br/>December<br/>2012<br/>RM'000</b> | <b>31<br/>December<br/>2011<br/>RM'000</b> |
| Fee and commission income                         |  |  |  |  |
| - Service charges/fees                            | 23   | 17   | 40   | 36   |
| - Guarantee fees                                  | 32   | 17   | 47   | 26   |
| - Loan related fees                               | 107  | -  | 1,023                                      | -  |
| - Commitment fees                                 | 78   | -  | 78   | -  |
|   | <u>240</u>                                 | <u>34</u>                                  | <u>1,188</u>                               | <u>62</u>                                  |
| Gain from derivative financial instruments        | <u>1,859</u>                               | <u>-</u>                                   | <u>3,338</u>                               | <u>-</u>                                   |
| Unrealised net gain on revaluation of derivatives | <u>1,779</u>                               | <u>3,299</u>                               | <u>30,229</u>                              | <u>10,315</u>                              |
| Foreign exchange net gain                         | <u>6,381</u>                               | <u>9,551</u>                               | <u>15,179</u>                              | <u>15,678</u>                              |
| Other income                                      |  |  |  |  |
| - Management fees                                 | 774  | -  | 1,270                                      | -  |
| - Rental of fixed assets                          | 372  | -  | 1,108                                      | -  |
| - Miscellaneous income                            | 49   | -  | 126  | 54   |
|   | <u>1,195</u>                               | <u>-</u>                                   | <u>2,504</u>                               | <u>54</u>                                  |
|   | <u>11,454</u>                              | <u>12,884</u>                              | <u>52,438</u>                              | <u>26,109</u>                              |



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**18. Other Operating Expenses**

|                                  | <b>3rd Quarter Ended</b>                   |  | <b>Nine Months Ended</b>                   |  |
|----------------------------------|--|--|--|--|
|                                  | <b>31<br/>December<br/>2012<br/>RM'000</b> | <b>31<br/>December<br/>2011<br/>RM'000</b> | <b>31<br/>December<br/>2012<br/>RM'000</b> | <b>31<br/>December<br/>2011<br/>RM'000</b> |
| <b>Personnel costs</b>           |  |  |  |  |
| Salaries, allowance and bonuses  | 2,789                                      | 2,745                                      | 8,266                                      | 6,422                                      |
| Defined contribution plan        | 203  | 213  | 662  | 529  |
| Other employee benefits          | 793  | 407  | 2,821                                      | 1,109                                      |
|                                  | <u>3,785</u>                               | <u>3,365</u>                               | <u>11,749</u>                              | <u>8,060</u>                               |
| <b>Establishment costs</b>       |  |  |  |  |
| Rental of premises               | 231  | 231  | 692  | 611  |
| Depreciation                     | 770  | 701  | 2,307                                      | 2,125                                      |
| Information system and equipment | 1,098                                      | 977  | 3,783                                      | 3,230                                      |
| Other establishment expenses     | 60   | 236  | 202  | 550  |
|                                  | <u>2,159</u>                               | <u>2,145</u>                               | <u>6,984</u>                               | <u>6,516</u>                               |
| <b>Marketing expenses</b>        |  |  |  |  |
| Advertisement and publicity      | 66   | 17   | 96   | 326  |
| Other marketing expenses         | 23   | 22   | 64   | 263  |
|                                  | <u>89</u>                                  | <u>39</u>                                  | <u>160</u>                                 | <u>589</u>                                 |

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**18. Other Operating Expenses (Continued)**

|   | <b>3rd Quarter Ended</b>                   |  | <b>Nine Months Ended</b>                   |  |
|---|--|--|--|--|
|   | <b>31<br/>December<br/>2012<br/>RM'000</b> | <b>31<br/>December<br/>2011<br/>RM'000</b> | <b>31<br/>December<br/>2012<br/>RM'000</b> | <b>31<br/>December<br/>2011<br/>RM'000</b> |
| <b>Administration and<br/>general expenses</b>  |  |  |  |  |
| Professional fees                               | 73   | 208  | 274  | 533  |
| Communication<br>expenses                       | 43   | 42   | 177  | 132  |
| Membership fees                                 | 44   | 337  | 133  | 1,112                                      |
| Employment<br>expenses                          | (7)  | 171  | 237  | 358  |
| Other administration<br>and general<br>expenses | 3,511                                      | 2,643                                      | 10,646                                     | 6,799                                      |
|   | <u>3,664</u>                               | <u>3,401</u>                               | <u>11,467</u>                              | <u>8,934</u>                               |
|   | <u>9,697</u>                               | <u>8,950</u>                               | <u>30,360</u>                              | <u>24,099</u>                              |

**19. Allowance for Impairment on Loans, Advances and Financing**

|  | <b>3rd Quarter Ended</b>                   |  | <b>Nine Months Ended</b>                   |  |
|--|--|--|--|--|
|  | <b>31<br/>December<br/>2012<br/>RM'000</b> | <b>31<br/>December<br/>2011<br/>RM'000</b> | <b>31<br/>December<br/>2012<br/>RM'000</b> | <b>31<br/>December<br/>2011<br/>RM'000</b> |
| Collective allowance<br>for impairment | <u>742</u>                                 | <u>2,008</u>                               | <u>10,440</u>                              | <u>5,089</u>                               |

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**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 during the third quarter and nine months ended 31 December 2012.

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**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<br>RM'000 | Total<br>RM'000  |
|---|-------------------------------|--------------------------|---------------------------|------------------------|------------------------------|---------------------------------------|------------------------|------------------|
|   | Up to<br>1<br>month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-12<br>months<br>RM'000 | 1-5<br>years<br>RM'000 | Over<br>5<br>years<br>RM'000 | Non-<br>interest<br>bearing<br>RM'000 |                        |                  |
| <b>31 December 2012</b>   |                               |                          |                           |                        |                              |                                       |                        |                  |
| <b>Assets</b>   |                               |                          |                           |                        |                              |                                       |                        |                  |
| Cash and short-term funds   | 931,644                       | -                        | -                         | -                      | -                            | 10,579                                | -                      | 942,223          |
| Deposits and placements with<br>banks and other financial<br>institutions | -                             | 404,587                  | 200,000                   | -                      | -                            | -                                     | -                      | 604,587          |
| Financial investments<br>available-for-sale                               | 24,978                        | 39,766                   | -                         | -                      | -                            | -                                     | -                      | 64,744           |
| Loans, advances and financing   | 69,598                        | 551,122                  | 44,669                    | 161,301                | 238,532                      | (15,979) ^                            | -                      | 1,049,243        |
| Other assets  | 13,867                        | 987                      | 314                       | -                      | -                            | 1,958                                 | -                      | 17,126           |
| Derivative assets   | 1                             | -                        | 13                        | 5,369                  | -                            | -                                     | 76,389                 | 81,772           |
| <b>Total assets</b>   | <u>1,040,088</u>              | <u>996,462</u>           | <u>244,996</u>            | <u>166,670</u>         | <u>238,532</u>               | <u>(3,442)</u>                        | <u>76,389</u>          | <u>2,759,695</u> |

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

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**23. Use of Financial Instruments (Continued)**

Interest rate risk (continued)

|   | ←————— Non-trading book —————→ |                          |                           |                        |                              |                                       | Trading<br>book<br>RM'000 | Total<br>RM'000    |
|---|--------------------------------|--------------------------|---------------------------|------------------------|------------------------------|---------------------------------------|---------------------------|--------------------|
|   | Up to<br>1<br>month<br>RM'000  | >1-3<br>months<br>RM'000 | >3-12<br>months<br>RM'000 | 1-5<br>years<br>RM'000 | Over<br>5<br>years<br>RM'000 | Non-<br>interest<br>bearing<br>RM'000 |                           |                    |
| <b>31 December 2012</b>   |                                |                          |                           |                        |                              |                                       |                           |                    |
| <b>Liabilities</b>  |                                |                          |                           |                        |                              |                                       |                           |                    |
| Deposits from customers   | (673,954)                      | (98,415)                 | (56,600)                  | -                      | -                            | (545,981)                             | -                         | (1,374,950)        |
| Deposits and placements of<br>banks and other financial<br>institutions | (120,427)                      | (158,860)                | -                         | (324,057)              | -                            | -                                     | -                         | (603,344)          |
| Other liabilities   | (2,358)                        | (303)                    | (545)                     | (1,182)                | (78)                         | (5,127)                               | -                         | (9,593)            |
| Derivative liabilities  | -                              | -                        | -                         | (1,216)                | -                            | -                                     | (38,465)                  | (39,681)           |
| Total liabilities   | <u>(796,739)</u>               | <u>(257,578)</u>         | <u>(57,145)</u>           | <u>(326,455)</u>       | <u>(78)</u>                  | <u>(551,108)</u>                      | <u>(38,465)</u>           | <u>(2,027,568)</u> |
| On balance sheet interest rate<br>gap                                   | 243,349                        | 738,884                  | 187,851                   | (159,785)              | 238,454                      | (554,550)                             | 37,924                    | 732,127            |
| Off balance sheet interest rate<br>gap                                  | 244,532                        | 155,301                  | -                         | (161,301)              | (238,532)                    | -                                     | -                         | -                  |
| Total interest rate gap   | <u>487,881</u>                 | <u>894,185</u>           | <u>187,851</u>            | <u>(321,086)</u>       | <u>(78)</u>                  | <u>(554,550)</u>                      | <u>37,924</u>             | <u>732,127</u>     |

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**23. Use of Financial Instruments (continued)**

Interest rate risk (continued)

|   | ← Non-trading book →          |                          |                        |                        |                                       | Trading book<br>RM'000 | Total<br>RM'000  |
|---|-------------------------------|--------------------------|------------------------|------------------------|---------------------------------------|------------------------|------------------|
|   | Up to<br>1<br>month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-12 months<br>RM'000 | 1-5<br>years<br>RM'000 | Non-<br>interest<br>bearing<br>RM'000 |                        |                  |
| <b>31 March 2012</b>  |                               |                          |                        |                        |                                       |                        |                  |
| <b>Assets</b>   |                               |                          |                        |                        |                                       |                        |                  |
| Cash and short-term funds   | 736,184                       | -                        | -                      | -                      | 5,769                                 | -                      | 741,953          |
| Deposits and placements with<br>banks and other financial<br>institutions | -                             | 251,532                  | -                      | -                      | -                                     | -                      | 251,532          |
| Financial investments available-<br>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              |
| <b>Total assets</b>   | <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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**23. Use of Financial Instruments (continued)**

Interest rate risk (continued)

|   | ← Non-trading book →          |                          |                        |                        |                                       | Trading book<br>RM'000 | Total<br>RM'000    |
|---|-------------------------------|--------------------------|------------------------|------------------------|---------------------------------------|------------------------|--------------------|
|   | Up to<br>1<br>month<br>RM'000 | >1-3<br>months<br>RM'000 | >3-12 months<br>RM'000 | 1-5<br>years<br>RM'000 | Non-<br>interest<br>bearing<br>RM'000 |                        |                    |
| <b>31 March 2012</b>  |                               |                          |                        |                        |                                       |                        |                    |
| <b>Liabilities</b>  |                               |                          |                        |                        |                                       |                        |                    |
| Deposits from customers   | (309,697)                     | (75,434)                 | (17,500)               | -                      | (473,833)                             | -                      | (876,464)          |
| Deposits and placements of<br>banks and other financial<br>institutions | (171,921)                     | -                        | -                      | -                      | (1,235)                               | -                      | (173,156)          |
| Other liabilities   | -                             | -                        | -                      | -                      | (6,510)                               | -                      | (6,510)            |
| Derivative liabilities  | -                             | (8)                      | -                      | -                      | -                                     | (8,328)                | (8,336)            |
| Total liabilities   | <u>(481,618)</u>              | <u>(75,442)</u>          | <u>(17,500)</u>        | <u>-</u>               | <u>(481,578)</u>                      | <u>(8,328)</u>         | <u>(1,064,466)</u> |
| On balance sheet interest rate<br>gap                                   | 541,017                       | 235,015                  | 3,690                  | 27,000                 | (474,799)                             | 10,010                 | 341,933            |
| Off balance sheet interest rate<br>gap                                  | -                             | 27,000                   | -                      | (27,000)               | -                                     | -                      | -                  |
| Total interest rate gap   | <u>541,017</u>                | <u>262,015</u>           | <u>3,690</u>           | <u>-</u>               | <u>(474,799)</u>                      | <u>10,010</u>          | <u>341,933</u>     |

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**23. Use of Financial Instruments (Continued)**

Interest rate risk (continued)

|   | <b>31 December 2012</b> |            | <b>31 March 2012</b> |            |
|---|-------------------------|------------|----------------------|------------|
|   | <b>MYR</b>              | <b>USD</b> | <b>MYR</b>           | <b>USD</b> |
|   | %                       | %          | %                    | %          |
| <b>Financial assets</b>   |                         |            |                      |            |
| Cash and short-term funds   | 3.07                    | 0.16       | 3.03                 | 0.18       |
| Deposits and placements with banks and other financial institutions | 3.17                    | 0.20       | 3.14                 | 0.40       |
| Loans, advances and financing                                       | 4.12                    | 1.56       | 3.95                 | 1.60       |
| <b>Financial liabilities</b>  |                         |            |                      |            |
| Deposits from customers   | 3.03                    | 0.16       | 3.07                 | 0.14       |
| Deposits and placements of banks and other financial institutions   | 3.05                    | 0.37       | 3.04                 | 0.28       |



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**24. Capital Adequacy**

The capital adequacy ratios of the Bank are analysed as follows:

|                                     | <b>31 December<br/>2012<br/>RM'000</b> | <b>31 March<br/>2012<br/>RM'000</b> |
|-------------------------------------|--|-------------------------------------|
| <b><u>Tier-1 capital</u></b>        |  |                                     |
| 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                             |
| <b><u>Tier-2 capital</u></b>        |  |                                     |
| Collective allowance for impairment | 15,979                                 | 5,539                               |
| Total Tier-2 Capital                | 15,979                                 | 5,539                               |
| Total capital base                  | 715,543                                | 355,103                             |
| <b><u>Capital ratios</u></b>        |  |                                     |
| Core capital ratio                  | 38.94%                                 | 40.63%                              |
| Risk-weighted capital ratio         | 39.83%                                 | 41.27%                              |

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

|                            | <b>31 December<br/>2012<br/>RM'000</b> | <b>31 March<br/>2012<br/>RM'000</b> |
|----------------------------|--|-------------------------------------|
| Credit risk                | 1,613,116                              | 681,237                             |
| Market risk                | 65,106                                 | 83,620                              |
| Operational risk           | 118,392                                | 95,511                              |
| Total risk-weighted assets | 1,796,614                              | 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:

|  | ← 31 December 2012 →          |   |                                       | ← 31 March 2012 →             |  |                                       |
|--|-------------------------------|---|---------------------------------------|-------------------------------|--|---------------------------------------|
|  | Principal<br>amount<br>RM'000 | Credit<br>equivalent<br>amount*<br>RM'000 | Risk-<br>weighted<br>assets<br>RM'000 | Principal<br>amount<br>RM'000 | Credit<br>equivalent*<br>amount*<br>RM'000 | Risk-<br>weighted<br>assets<br>RM'000 |
| Transaction related contingent items   | 84,819                        | 42,410                                    | 29,429                                | 18,770                        | 9,635                                      | 9,635                                 |
| Short-term self-liquidating trade-related contingencies  | 400                           | 80  | 80                                    | -                             | -  | -                                     |
| Foreign exchange related contracts:  |                               |   |                                       |                               |  |                                       |
| One year or less   | 1,724,512                     | 55,762                                    | 41,973                                | 516,759                       | 11,243                                     | 7,445                                 |
| Over one year to five years  | 1,523,663                     | 191,800                                   | 108,624                               | 829,743                       | 122,110                                    | 81,572                                |
| Over five years  | 72,517                        | 36,504                                    | 29,876                                | -                             | -  | -                                     |
| Interest/ profit rate related contracts  |                               |   |                                       |                               |  |                                       |
| One year or less   | 19,000                        | 46  | 9                                     | -                             | -  | -                                     |
| Over one year to five years  | 185,114                       | 7,417                                     | 4,384                                 | 27,000                        | 350  | 70                                    |
| Over five years  | 195,719                       | 21,715                                    | 14,670                                | -                             | -  | -                                     |
| Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year  | 86,010                        | 43,005                                    | 27,006                                | 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 | 250,009                       | 50,002                                    | 50,002                                | 95,459                        | 19,092                                     | 19,092                                |
| <b>Total</b>   | <b>4,141,763</b>              | <b>448,741</b>                            | <b>306,053</b>                        | <b>1,532,484</b>              | <b>184,807</b>                             | <b>140,191</b>                        |

\* The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factor as per Bank Negara Malaysia Guidelines.

**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**  
(Company No. 926374-U)  
(Incorporated in Malaysia)

**STATEMENT OF DECLARATION**

To the best of our knowledge, the accompanying Statement of Financial Position of Sumitomo Mitsui Banking Corporation Malaysia Berhad as at 31 December 2012, and the related Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and explanatory notes for the financial period 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