

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

UNAUDITED PILLAR 3 DISCLOSURE
31 MARCH 2015

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED PILLAR 3 DISCLOSURE

31 MARCH 2015

1. OVERVIEW

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

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

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

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

2. CAPITAL MANAGEMENT

The objective of the Bank's capital management policy is to maintain an adequate level of capital to support business growth strategies under an acceptable risk framework, and to meet its regulatory minimum. The Bank's capital management process includes analysis of the risk appetite and the capital requirement for the business growth and periodical monitoring of capital adequacy ratios.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED PILLAR 3 DISCLOSURE

31 MARCH 2015

3. CAPITAL MANAGEMENT FRAMEWORK

The Bank has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established a Risk Management Committee (RMC), which is responsible for developing the risk management policies and assessing the implementation of risk management by the management of the Bank. The Bank has also established ALM/Risk Management Committee as one of the management committees to formulate the policies, procedures and risk limits and conduct periodical monitoring on risk exposure, risk portfolio and risk management activities.

4. CAPITAL ADEQUACY

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

	31 March 2015	31 March 2014
Core capital ratio	15.341%	28.327%
Risk-weighted capital ratio	16.001%	28.733%

The capital adequacy ratios consist of capital base and risk-weighted assets derived from balances of the Bank. The minimum regulatory capital adequacy requirement is 8.00% (March 2014: 8.00%) for the risk-weighted capital ratio.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED PILLAR 3 DISCLOSURE

31 MARCH 2015

4. CAPITAL ADEQUACY (CONTINUED)

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

31 March 2015

Exposure class	Gross exposures RM'000	Net exposures RM'000	Risk-weighted assets RM'000	Capital requirements RM'000
(i) Credit risk				
On-balance sheet exposures:				
Sovereigns/ central banks	1,454,971	1,454,971	-	-
Banks, development financial institutions and MDBs	3,353,093	3,353,093	670,619	53,650
Corporates	2,791,721	2,791,721	2,591,721	207,338
Other assets	405,347	405,347	404,982	32,398
Total on-balance sheet exposures	8,005,132	8,005,132	3,667,322	293,386
Off-balance sheet exposures:				
Credit-related exposure	1,687,259	1,687,259	1,094,214	87,537
Total off-balance sheet exposures	1,687,259	1,687,259	1,094,214	87,537
Total on and off-balance sheet exposures	9,692,391	9,692,391	4,761,536	380,923
(ii) Large exposure risk requirement				
	-	-	-	-
(iii) Market Risk				
	Long position	Short position		
Interest rate risk	9,105,146	9,057,316	47,830	128,248
Foreign exchange risk	346	(264)	610	28
	9,105,492	9,057,052	48,440	128,594
(iv) Operational risk			182,109	14,569
Total RWA and Capital Requirements			5,072,239	405,780

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED PILLAR 3 DISCLOSURE

31 MARCH 2015

4. CAPITAL ADEQUACY (CONTINUED)

31 March 2014

Exposure class	Gross exposures RM'000	Net exposures RM'000	Risk-weighted assets RM'000	Capital requirements RM'000
(i) Credit risk				
On-balance sheet exposures:				
Sovereigns/ central banks	627,956	627,956	-	-
Banks, development financial institutions and MDBs	1,456,538	1,456,538	291,308	23,305
Corporates	1,456,694	1,456,694	1,456,694	116,535
Other assets	121,569	121,569	121,213	9,697
Total on-balance sheet exposures	3,662,757	3,662,757	1,869,215	149,537
Off-balance sheet exposures:				
Credit-related exposure	900,567	900,567	584,900	46,792
Total off-balance sheet exposures	900,567	900,567	584,900	46,792
Total on and off-balance sheet exposures	4,563,324	4,563,324	2,454,115	196,329
(ii) Large exposure risk requirement				
	-	-	-	-
(iii) Market Risk				
	Long position	Short position		
Interest rate risk	5,619,631	5,576,395	43,236	87,939
Foreign exchange risk	768	(541)	1,309	768
	5,620,399	5,575,854	44,545	88,707
(iv) Operational risk			145,444	11,636
Total RWA and Capital Requirements			2,688,266	215,062

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED PILLAR 3 DISCLOSURE

31 MARCH 2015

5. CAPITAL STRUCTURE

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

	31 March 2015	31 March 2014
<u>Tier-I Capital</u>		
Paid-up ordinary share capital	700,000	700,000
Accumulated profit / (losses)	28,457	28,542
Statutory Reserve	49,673	33,006
Available-for-sale reserve	(8)	(47)
	<hr/> 778,122	<hr/> 761,501
Less: Deferred tax assets	-	-
Total Tier-I Capital	<hr/> 778,122	<hr/> 761,501
<u>Tier-II Capital</u>		
Collective allowance for impairment	16,751	10,925
Regulatory reserve	16,751	-
Tier-2 Capital	<hr/> 33,502	<hr/> 10,925
Total capital base	<hr/> 811,624	<hr/> 772,426

6. CREDIT RISK

Credit risk is the risk of a financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Bank's exposure to credit risk arises principally from loans and advances to customers and placements with other banks.

Bank has established Credit Committee as one of the management committees with following objectives:

- (i) To discuss, formulate, review and implement the credit policy, procedures and manuals; and
- (ii) To review, analyse and approve credit proposals by ensuring effective credit limit control and monitoring.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED PILLAR 3 DISCLOSURE

31 MARCH 2015

6. CREDIT RISK (CONTINUED)

The Bank has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are required to be performed on customers requiring credit.

As at the end of the reporting period, the maximum exposure to credit risk arising from loans, advances and receivables are represented by the carrying amounts of cash and short-term funds, deposits and placements with banks and other financial institutions, and loans, advances and financing as shown in the statement of financial position.

The Bank has taken reasonable steps to ensure that loans, advances and receivables that are neither past due nor impaired are stated at its realisable values. A significant portion of these loans, advances and receivables are regular customers that have been transacting with the Bank.

The ALM/Risk Management Committee conducts periodical monitoring on credit exposure trend, asset quality by obligor grading/impaired loans, portfolio concentration analysis and credit related limits control such as single counterparty exposure limit, large loan limit, exposure to connected parties, exposure to broad property sector and exposure for financing share/unit trust.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD
(Company No. 926374-U)
(Incorporated in Malaysia)
UNAUDITED PILLAR 3 DISCLOSURE
31 MARCH 2015

6. CREDIT RISK (CONTINUED)

General Disclosure

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

	Cash and short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial Investments available-for-sale RM'000	Loans, advances and financing (*) RM'000	Statutory Deposits with BNM RM'000	Derivative Financial assets RM'000	Plant and equipment RM'000	Other assets RM'000	Total on-balance sheet exposures RM'000	Total off-balance sheet exposures RM'000	Total exposures RM'000
31 March 2015											
Agriculture	-	-	-	28,805	-	-	-	-	28,805	30,297	59,102
Mining	-	-	-	325,946	-	-	-	-	325,946	-	325,946
Manufacturing	-	-	-	724,565	-	17,646	-	-	742,211	2,153,600	2,895,811
Electricity	-	-	-	127,311	-	-	-	-	127,311	7,211	134,522
Construction	-	-	-	32,839	-	28,701	-	-	61,540	995,266	1,056,806
Wholesale and retail trade, and restaurants and hotel	-	-	-	177,140	-	1,150	-	-	178,290	362,386	540,676
Finance, insurance and business services	4,038,925	637,033	129,654	1,102,352	-	332,753	20,253	7,315	6,268,285	6,311,663	12,579,948
Transport, storage and communication	-	-	-	96,646	-	-	-	-	96,646	240,245	336,891
Rea Estate	-	-	-	156,020	-	-	-	-	156,020	178,184	334,204
Education, health and others	-	-	-	20,078	-	-	-	-	20,078	442,656	462,734
	4,038,925	637,033	129,654	2,791,702	-	380,250	20,253	7,315	8,005,132	10,721,508	18,726,640
Allowance for collective impairment	-	-	-	(16,751)	-	-	-	-	(16,751)	-	(16,751)
Other Assets not subject to credit risk	-	-	-	-	-	-	-	-	7,685	-	7,685
	4,038,925	637,033	129,654	2,774,951	-	380,250	20,253	7,315	7,996,066	10,721,508	18,717,574

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

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

UNAUDITED PILLAR 3 DISCLOSURE
31 MARCH 2015

6. CREDIT RISK (CONTINUED)

General Disclosure (Continued)

	Cash and short- term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial Investments available-for- sale RM'000	Loans, advances and financing (* RM'000	Statutory Deposits with BNM RM'000	Derivative Financial assets RM'000	Plant and equipment RM'000	Other assets RM'000	Total on- balance sheet exposures RM'000	Total off- balance sheet exposures RM'000	Total exposures RM'000
31 March 2014											
Agriculture	-	-	-	25,407	-	651	-	-	26,058	29,899	55,957
Mining	-	-	-	65,354	-	-	-	-	65,354	-	65,354
Manufacturing	-	-	-	620,761	-	14,217	-	-	634,978	1,430,542	2,065,520
Electricity	-	-	-	127,266	-	13	-	-	127,279	7,190	134,469
Construction	-	-	-	7,743	-	537	-	-	8,280	312,512	320,792
Wholesale and retail trade, and restaurants and hotel	-	-	-	50,028	-	690	-	-	50,718	437,044	487,762
Finance, insurance and business services	1,661,183	335,158	79,630	478,109	-	96,970	6,234	10,939	2,668,223	4,049,680	6,717,903
Transport, storage and communication	-	-	-	57,607	-	-	-	-	57,607	205,269	262,876
Real Estate	-	-	-	-	-	-	-	-	-	-	-
Education, health and others	-	-	-	24,260	-	-	-	-	24,260	180,987	205,247
	1,661,183	335,158	79,630	1,456,535	-	113,078	6,234	10,939	3,662,757	6,653,123	10,315,880
Allowance for collective impairment	-	-	-	(10,925)	-	-	-	-	(10,925)	-	(10,925)
Other Assets not subject to credit risk	-	-	-	-	-	-	-	-	5,103	-	5,103
	1,661,183	335,158	79,630	1,445,610	-	113,078	6,234	10,939	3,656,935	6,653,123	10,310,058

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

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

UNAUDITED PILLAR 3 DISCLOSURE
31 MARCH 2015

6. CREDIT RISK (CONTINUED)

General Disclosure (continued)

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

	Cash and short- term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial Investments available- for-sale RM'000	Loans, advances and financing (*) RM'000	Statutory Deposits with BNM RM'000	Derivative Financial assets RM'000	Plant and equipment RM'000	Other assets RM'000	Total on- balance sheet exposures RM'000	Total off- balance sheet exposures RM'000	Total exposures RM'000
31 March 2015											
Malaysia	3,124,045	637,033	129,654	2,427,653	-	375,419	20,253	7,186	6,721,243	10,614,454	17,335,697
Other countries	914,880	-	-	364,049	-	4,831	-	129	1,283,889	107,054	1,390,943
	4,038,925	637,033	129,654	2,791,702	-	380,250	20,253	7,315	8,005,132	10,721,508	18,726,640
31 March 2014											
Malaysia	1,344,907	335,158	79,630	1,249,458	-	110,561	6,234	10,929	3,136,877	6,271,149	9,408,026
Other countries	316,276	-	-	207,077	-	2,517	-	10	525,880	381,974	907,854
	1,661,183	335,158	79,630	1,456,535	-	113,078	6,234	10,939	3,662,757	6,653,123	10,315,880

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

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

UNAUDITED PILLAR 3 DISCLOSURE
31 MARCH 2015

6. CREDIT RISK (CONTINUED)

General Disclosure (continued)

(c) The following table presents the residual contractual maturity breakdown by major types of gross credit exposures for on-balance sheet exposures of financial assets. Approximately 70% of the Bank's exposures to customers is short term, having contractual maturity of one year or less:-

	Cash and short- term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial Investments available- for-sale RM'000	Loans, advances and financing (*) RM'000	Statutory Deposits with BNM RM'000	Derivative Financial assets RM'000	Plant and equipment RM'000	Other assets RM'000	Total on- balance sheet exposures RM'000
31 March 2015									
Up to 1 month	4,038,925	-	34,954	29,396	-	-	-	3,993	4,107,268
>1-3 months	-	637,033	94,700	19,289	-	-	-	902	751,924
>3-12 months	-	-	-	654,444	-	63,724	-	2,420	720,588
>1-5 years	-	-	-	2,088,573	-	316,526	20,253	-	2,425,352
	<u>4,038,925</u>	<u>637,033</u>	<u>129,654</u>	<u>2,791,702</u>	<u>-</u>	<u>380,250</u>	<u>20,253</u>	<u>7,315</u>	<u>8,005,132</u>

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

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

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

UNAUDITED PILLAR 3 DISCLOSURE
31 MARCH 2015

6. CREDIT RISK (CONTINUED)

General Disclosure (continued)

	Cash and short-term funds RM'000	Deposits and placements with banks and other financial institutions RM'000	Financial Investments available- for-sale RM'000	Loans, advances and financing (* RM'000	Statutory Deposits with BNM RM'000	Derivative Financial assets RM'000	Plant and equipment RM'000	Other assets RM'000	Total on- balance sheet exposures RM'000
31 March 2014									
Up to 1 month	1,661,183	-	-	655	-	1,951	-	9,040	1,672,829
>1-3 months	-	335,158	-	1,376	-	2,704	-	782	340,020
>3-12 months	-	-	79,630	220,498	-	10,752	-	-	310,880
>1-5 years	-	-	-	1,234,006	-	97,671	6,234	1,117	1,339,028
	<u>1,661,183</u>	<u>335,158</u>	<u>79,630</u>	<u>1,456,535</u>	<u>-</u>	<u>113,078</u>	<u>6,234</u>	<u>10,939</u>	<u>3,662,757</u>

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

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

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

UNAUDITED PILLAR 3 DISCLOSURE
31 MARCH 2015

6. CREDIT RISK (CONTINUED)

General Disclosure (continued)

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

	Agriculture RM'000	Mining RM'000	Manufacturing RM'000	Electricity RM'000	Construction	Wholesale and retail trade, and restaurants and hotel RM'000	Finance, insurance and business services RM'000	Transport, storage and communication RM'000	Education, health and others RM'000	Real Estate RM'000	Total RM'000
31 March 2015											
Loans, advances and financing	173	1,956	4,347	764	197	1,064	6,614	580	120	936	16,751
	173	1,956	4,347	764	197	1,064	6,614	580	120	936	16,751
31 March 2014											
Loans, advances and financing	191	490	4,656	954	58	376	3,586	432	182	-	10,925
	191	490	4,656	954	58	376	3,586	432	182	-	10,925

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

UNAUDITED PILLAR 3 DISCLOSURE
31 MARCH 2015

6. CREDIT RISK (CONTINUED)

General Disclosure (Continued)

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

	Malaysia RM'000	Other countries RM'000	Total RM'000
31 March 2015			
Loans, advances and financing	14,567	2,184	16,751
	14,567	2,184	16,751

	Malaysia RM'000	Other countries RM'000	Total RM'000
31 March 2014			
Loans, advances and financing	9,372	1,553	10,925
	9,372	1,553	10,925

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

	31 March 2015 RM'000	31 March 2014 RM'000
At beginning of the financial period	8,283	8,283
Allowance made during the financial period	8,468	2,642
At end of the financial period	16,751	10,925
As % of gross loans, advances and financing (net of individual allowance)	0.60%	0.75%

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED PILLAR 3 DISCLOSURE

31 MARCH 2015

6. CREDIT RISK (CONTINUED)

Disclosure for portfolios under Standardised Approach

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

- (a) Standard & Poor's Rating Services ("S & P")
- (b) Moody's Investors Service ("Moody's")
- (c) Fitch Ratings ("Fitch")
- (d) RAM Rating Services Berhad ("RAM")
- (e) Malaysian Rating Corporation Berhad ("MARC")
- (f) Rating and Investment Information, Inc. ("R&I")

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

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

Rated and Unrated Counterparties

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

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

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

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

UNAUDITED PILLAR 3 DISCLOSURE
31 MARCH 2015

6. CREDIT RISK (CONTINUED)

Disclosure for portfolios under Standardised Approach (Continued)

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

Sovereigns and Central Banks

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

Banking Institutions

Rating Category	S&P	Moody's	Fitch	RAM	MARC	R&I	Risk Weight	Risk weight (original maturity of <=6 months)	Risk weight (original maturity of <=3 months)
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA3	AAA to AA-	AAA to AA-	20%	20%	20%
2	A+ to A-	A1 to A3	A+ to A-	A1 to A3	A+ to A-	A+ to A-	50%	20%	
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB1 to BBB3	BBB+ to BBB-	BBB+ to BBB-	50%	20%	
4	BB+ to B-	Ba1 to B3	BB+ to B-	BB1 to B3	BB+ to B-	BB+ to B-	100%	50%	
5	CCC+ to D	Caa1 to C	CCC+ to D	C1 to D	C+ to D	CCC+ to C	150%	150%	
Unrated							50%	20%	

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED PILLAR 3 DISCLOSURE

31 MARCH 2015

6. CREDIT RISK (CONTINUED)

Disclosure for portfolios under Standardised Approach (Continued)

Corporate

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

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

UNAUDITED PILLAR 3 DISCLOSURE
31 MARCH 2015

6. CREDIT RISK (CONTINUED)

Disclosure for portfolios under Standardised Approach (Continued)

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

31 March 2015	← Exposure after Netting and Credit Risk Mitigation →				Total Exposure after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns/ Central Banks	Banks, Development Financial Institutions and MDBs	Corporates	Other Assets		
Risk Weights	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	1,454,971	-	-	365	1,455,336	-
20%	-	3,944,678	273,762	-	4,218,440	843,688
50%	-	25,740	175,795	-	201,535	100,768
100%	-	-	3,412,098	404,982	3,817,080	3,817,080
Total	1,454,971	3,970,418	3,861,655	405,347	9,692,391	4,761,536
Risk-Weighted assets by exposure	-	801,806	3,554,748	404,982	4,761,536	
Average Risk Weight	0.0%	20.2%	92.1%	99.9%	49.1%	
Deduction from capital base	-	-	-	-		

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

UNAUDITED PILLAR 3 DISCLOSURE
31 MARCH 2015

6. CREDIT RISK (CONTINUED)

Disclosure for portfolios under Standardised Approach (Continued)

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

31 March 2014	← Exposure after Netting and Credit Risk Mitigation →				Total Exposure after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns/ Central Banks RM'000	Banks, Development Financial Institutions and MDBs RM'000	Corporates RM'000	Other Assets RM'000		
Risk Weights						
0%	627,956	-	-	356	628,312	-
20%	-	1,710,093	123,494	-	1,833,587	366,717
50%	-	28,055	-	-	28,055	14,028
100%	-	-	1,952,157	121,213	2,073,370	2,073,370
Total	627,956	1,738,148	2,075,651	121,569	4,563,324	2,454,115
Risk-Weighted assets by exposure	-	356,046	1,976,856	121,213	2,454,115	
Average Risk Weight	0.0%	20.5%	95.2%	99.7%	53.8%	
Deduction from capital base	-	-	-	-	-	

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED PILLAR 3 DISCLOSURE

31 MARCH 2015

6. CREDIT RISK (CONTINUED)

Disclosure for portfolios under Standardised Approach (Continued)

The following table presents the on and off balance sheet credit exposures, categorized according to the credit quality rating:

	Rating Categories					
	1	2	3	4	5	Unrated (*)
31 March 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sovereign and Central Bank	1,454,971	-	-	-	-	-
Banks, Development Financial Institutions and MDBs	-	3,944,568	25,740	-	-	-
Corporates	273,762	175,795	-	-	-	3,412,098
Other assets	-	-	-	-	-	405,347

	Rating Categories					
	1	2	3	4	5	Unrated (#)
31 March 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sovereign and Central Bank	627,956	-	-	-	-	-
Banks, Development Financial Institutions and MDBs	-	1,710,093	28,055	-	-	-
Corporates	123,494	-	-	-	-	1,952,157
Other assets	-	-	-	-	-	121,569

(*) Total cash of other assets at RM365 thousand was rated at 0% risk. The remaining balance was classified under 100% risk.

(#) Total cash of other assets at RM356 thousand was rated at 0% risk. The remaining balance was classified under 100% risk.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED PILLAR 3 DISCLOSURE

31 MARCH 2015

6. CREDIT RISK (CONTINUED)

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

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

31 March 2015 Description	Principal amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Transaction related contingent Items	131,972		65,986	54,505
Short Term Self Liquidating trade related contingencies	18,070		3,614	3,614
Foreign exchange related contracts				
Less than one year	3,666,400		134,979	67,634
One year to less than five years	4,401,367		620,932	271,771
Five years and above	602,100		184,599	58,652
Interest/Profit rate related contracts				
Less than one year	10,000		51	10
One year to less than five years	189,322		4,012	2,448
Five years and above	219,607		17,888	11,445
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,195,547		597,774	566,710
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	287,123		57,425	57,425
Total	10,721,508		1,687,260	1,094,214

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED PILLAR 3 DISCLOSURE

31 MARCH 2015

6. CREDIT RISK (CONTINUED)

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

31 March 2014 Description	Principal amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
Transaction related contingent Items	104,852		52,426	40,945
Short Term Self Liquidating trade related contingencies	433		87	87
Foreign exchange related contracts				
Less than one year	2,111,271	-	49,032	34,248
One year to less than five years	2,637,290	-	316,394	102,453
Five years and above	273,537	-	83,054	26,732
Interest/Profit rate related contracts				
Less than one year	25,510		65	13
One year to less than five years	224,492		7,169	4,237
Five years and above	209,058		20,557	10,801
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	528,161		264,080	264,080
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	538,519		107,704	101,304
Total	6,653,123	-	900,568	584,900

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED PILLAR 3 DISCLOSURE

31 MARCH 2015

7. MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Bank's financial position or cash flows. The objective of market risk management is to manage and control market risk exposures within the predetermined limits which are in line with the risk appetite of the Bank.

The Risk Management Committee approves the Bank's market risk appetite taking account of market volatility, the range of traded products and assets classes, the business volumes and transaction sizes. Market risk appetite has remained broadly stable in 2011 and to date.

The Risk Management Committee is responsible for the setting limit at a business level. The Risk Management Committee is also responsible for policies and other standards for the control of market risk and overseeing their effective implementation. These policies cover both trading and non-trading books of the Bank.

All permanent limits are approved by the Board/ the Risk Management Committee prior to implementation. Exceptions are escalated to the Board/the Risk Management Committee.

Interest rate risk management

Interest rate risk refers to the volatility in net interest incomes as a result of changes in the levels of interest rate and shifts in the composition of the assets and liabilities. Bank's ALM/Risk Management Committee regularly reviews the interest rate outlook, assessed the vulnerability of net interest income and develops strategies to mitigate interest rate risk.

Foreign exchange risk management

Foreign currency exchange risk arises from exchange rate movements, which affects the profit of the Bank from its foreign exchange open positions taken from the time to time. This risk is principally managed by setting predetermined limits on open foreign exchange positions against these limits and the setting and monitoring of cut-loss mechanisms. To mitigate this risk the Bank's foreign exchange positions with customers are normally hedged with counter deals in the market and the Bank does not keep any large open currency positions. The Bank enters into foreign exchange related derivatives, namely spot and forward contracts, as part of its strategies to manage foreign currency risk.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED PILLAR 3 DISCLOSURE

31 MARCH 2015

7. MARKET RISK (CONTINUED)

The following tables present the minimum disclosure on regulatory capital requirements on market risk:

31 March 2015	Long position RM'000	Short position RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
Interest rate risk	9,105,146	9,057,316	128,248	10,260
Foreign exchange risk	346	(264)	346	28
	<u>9,105,492</u>	<u>9,057,052</u>	<u>128,594</u>	<u>10,288</u>

31 March 2014	Long position RM'000	Short position RM'000	Risk- Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
Interest rate risk	5,619,631	5,576,395	87,939	7,036
Foreign exchange risk	768	(541)	768	61
	<u>5,620,399</u>	<u>5,575,854</u>	<u>88,707</u>	<u>7,097</u>

8. LIQUIDITY RISK

Liquidity risk is the risk when the Bank fails to raise funds to meet the present or future demand of customers or counterparties at a reasonable cost. The potential liquidity risks of the Bank mainly include customers' premature and collective withdrawal, overdue payment of the debtors, mismatched asset-liability maturity structure and difficulties in realisation of assets.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED PILLAR 3 DISCLOSURE

31 MARCH 2015

8. LIQUIDITY RISK (CONTINUED)

The primary tool used for monitoring liquidity is the Bank Negara Malaysia New Liquidity Framework ("NLF"). The NLF is further supplemented with the internal liquidity risk management policies set by the Board of Directors and incorporated in the Asset and Liability Management policies and procedures. These policies ensure that the liquidity surpluses are within the limit. The ALM/Risk Management Committee is responsible for the liquidity risk management. The liquidity risk management activities are carried out through a combination of Cash Flow Reports that can readily converted to cash, diversification of the funding base and proactive management of Bank's customer deposits.

9. OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal process, human behaviour and systems, or from external events. Operational risk is inherent in each of the Bank's business activities. These include breakdowns, error, business interruption and inappropriate behaviour of employees, and can potentially result in financial losses and other damage to the Bank.

Operational risks are managed and controlled within the individual business lines. The ALM/Risk Management Committees monitors the predetermined items to assess the trend of operational risks.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED PILLAR 3 DISCLOSURE

31 MARCH 2015

9. OPERATIONAL RISK (CONTINUED)

The Calculation of Value Equivalent to Operational Risk-weighted Asset

The Bank currently uses Basic Indicator Approach (BIA) to calculate its value equivalent to operational risk-weighted asset as at 31 March 2015.

The following tables present the minimum disclosure on regulatory capital requirements on operational risk.

31 March 2015	Risk-Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
Operational Risk	182,109	14,569

31 March 2014	Risk-Weighted Assets RM'000	Minimum Capital Requirements at 8% RM'000
Operational Risk	145,444	11,636

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED PILLAR 3 DISCLOSURE

31 MARCH 2015

CHIEF EXECUTIVE OFFICER ATTESTATION

In accordance with Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3), I hereby attest that to the best of my knowledge, the disclosures contained in Sumitomo Mitsui Banking Corporation Malaysia Berhad's Pillar 3 Disclosure report for the financial period ended 31 March 2015 are consistent with the manner the Bank assesses and manages its risk, accurate, complete and not misleading in any particular way.

Yoshimi Gunji
Chief Executive Officer