

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**31 DECEMBER 2016**

# 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 2016

	Note	31 December 2016 RM'000	31 March 2016 RM'000
<b>Assets</b>			
Cash and short-term funds		3,458,689	4,800,811
Deposits and placements with banks and other financial institutions		1,156,388	187,530
Investment securities available-for-sale	10	551,099	160,975
Loans, advances and financing	11	9,716,194	6,368,607
Derivative financial assets		1,094,460	669,079
Other assets		21,037	30,707
Statutory deposits with Bank Negara Malaysia		-	-
Plant and equipment		15,632	17,840
Tax recoverable		12,099	9,188
<b>Total assets</b>		<u>16,025,598</u>	<u>12,244,737</u>
<b>Liabilities</b>			
Deposits from customers	12	9,039,431	6,838,407
Deposits and placements of banks and other financial institutions	13	3,387,802	2,680,274
Bills and acceptances payable		1,040	378
Derivative financial liabilities		987,299	578,483
Other liabilities		794,223	383,651
Deferred tax liabilities		17,982	18,594
<b>Total liabilities</b>		<u>14,227,777</u>	<u>10,499,787</u>
<b>Equity</b>			
Share capital		1,575,000	1,575,000
Reserves		222,821	169,950
<b>Total equity attributable to owners of the Bank</b>		<u>1,797,821</u>	<u>1,744,950</u>
<b>Total liabilities and equity</b>		<u>16,025,598</u>	<u>12,244,737</u>
<b>Commitments and contingencies</b>	24	<u>18,898,474</u>	<u>16,888,946</u>

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016**

	Note	3rd Quarter Ended		Nine Months Ended	
		31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Interest income	14	103,698	64,170	271,162	173,380
Interest expense	15	(61,863)	(33,564)	(162,060)	(92,226)
<b>Net interest income</b>		41,835	30,606	109,102	81,154
Other operating income	16	17,256	20,539	47,921	51,201
Net operating income		59,091	51,145	157,023	132,355
Other operating expenses	17	(18,158)	(19,966)	(60,048)	(51,201)
Operating profit		40,933	31,179	96,975	81,154
Allowance for impairment on loans, advances and financing	18	(12,368)	(7,660)	(33,271)	(18,595)
<b>Profit before taxation</b>		28,565	23,519	63,704	62,559
Tax expense		(2,956)	(5,051)	(11,428)	(14,500)
<b>Profit after taxation</b>		25,609	18,468	52,276	48,059
<b>Other comprehensive income for the period, net of income tax</b>					
Fair value changes of investment securities available-for-sale		(502)	233	591	253
<b>Total comprehensive income for the period</b>		25,107	18,701	52,867	48,312
Basic earnings per ordinary share (sen)		1.63	1.17	3.32	3.74

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016**

	← <i>Non-distributable reserves</i> →				<i>Distributable reserves</i>	
	Share capital RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Available- for-sale reserve RM'000	Retained earnings RM'000	Total RM'000
<b>At 1 April 2016</b>	1,575,000	87,018	41,624	379	40,929	1,744,950
Profit for the period	-	-	-	-	44,980	44,980
Fair value changes of available-for-sale financial assets	-	-	-	591	-	591
<b>Total comprehensive income for the period</b>	-	-	-	591	44,980	45,571
Transfer to regulatory reserve	-	-	7,300	-	-	7,300
<b>At 31 December 2016</b>	<b>1,575,000</b>	<b>87,018</b>	<b>48,924</b>	<b>970</b>	<b>85,909</b>	<b>1,797,821</b>
<b>At 1 April 2015</b>	700,000	49,673	16,751	(8)	28,457	794,873
Issuance of shares	875,000	-	-	-	-	875,000
Profit for the period	-	-	-	-	48,059	48,059
Fair value changes of available-for-sale financial assets	-	-	-	253	-	253
<b>Total comprehensive income for the period</b>	-	-	-	253	48,059	48,312
Transfer to regulatory reserve	-	-	13,157	-	(13,157)	-
<b>At 31 December 2015</b>	<b>1,575,000</b>	<b>49,673</b>	<b>29,908</b>	<b>245</b>	<b>63,359</b>	<b>1,718,185</b>

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016**

	<b>31 December 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit from ordinary activities before taxation	63,704	31,450
Adjustments for non-cash items	20,430	(3,401)
Operating profit before working capital changes	84,134	28,049
Changes in working capital:		
Net changes in operating assets	(4,340,046)	(1,468,532)
Net changes in operating liabilities	3,319,786	2,981,955
Net cash used in from operating activities	(936,126)	1,541,472
Tax paid	(15,158)	(6,881)
<b>Net cash used in from operating activities</b>	<b>(951,284)</b>	<b>1,534,591</b>
Net cash used in investing activities	(390,838)	(50,149)
Net cash generated from financing activities	-	-
<b>Net decrease in cash and cash equivalents during the financial period</b>	<b>(1,342,122)</b>	<b>1,484,442</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>4,800,811</b>	<b>1,661,183</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b>3,458,689</b>	<b>3,145,625</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and balances with banks and other financial institutions	91,925	18,166
Money at call and deposit placements maturing within one month	3,366,764	3,127,459
	<b>3,458,689</b>	<b>3,145,625</b>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016**

**1. Basis of Preparation**

The unaudited condensed interim financial statements for the third quarter and nine months ended 31 December 2016 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”).

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 2016. 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 2016.

The accounting policies and methods of computation in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited financial statements for the year ended 31 March 2016, except for the adoption of the following MFRSs, Amendments to MFRSs and Issues Committee (“IC”) Interpretations that have been issued by the MASB:-

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*

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

- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

The following MFRSs, Amendments to MFRSs and IC Interpretations have been issued by the Malaysian Accounting Standards Board (“MASB”) and are not yet effective for the Bank.

***Effective for annual periods beginning on or after 1 January 2017***

- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

***Effective for annual periods beginning on or after 1 January 2018***

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

***Effective for annual periods beginning on or after 1 January 2019***

- MFRS 16, *Leases*

***MFRSs, Interpretations and amendments effective from a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Bank except as mentioned below:

**MFRS 9, *Financial Instruments***

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

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FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016**

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

**MFRS 15, *Revenue from Contracts with Customers***

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

**MFRS 16, *Leases***

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases - Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Bank is currently assessing the financial impact that may arise from the adoption of the above-mentioned MFRSs.

**2. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2016 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 2016.

**5. Changes in Estimates**

There were 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 2016.



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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016**

**6. Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the third quarter and ended 31 December 2016.

**7. Dividend**

No dividend was paid during the third quarter and ended 31 December 2016.

**8. Review of Performance**

The Bank recorded a profit before tax amounting to RM63.7 million for the nine months ended 31 December 2016, an increase of RM1.1 million or 1.8% compared to the corresponding period last year.

The profit recorded was attributed to a higher net interest income earned amounting to RM271.2 million, which was an increase of RM97.8 million or 56.4% when compared to the previous corresponding period.

Operating expenses increased by RM8.8 million or 17.3% as compared to 31<sup>st</sup> December 2015. This was attributed by the higher personnel costs, information systems and equipment expenses and guarantee fees.

Total assets at 31 December 2016 increased by RM3,780.7 million to RM16,025.6 million, a 30.9% increase when compared against 31 March 2016. Loans, advances and financing recorded an increase of RM3,347.6 million. As a result, there is corresponding increase in customer deposits and interbank borrowing amounting to RM12,427.2 million.

**9. Current Year Prospects**

The global economic environment is expected to be uncertain due to the increased volatility from the financial markets. This is on the back of global events that had occurred towards the last half year in 2016 starting with the Brexit followed by the unexpected results from the US Presidential elections. These events will have significant impact on trade between the large economies of US, China, Japan and the rest of the world.

Malaysia was not unaffected by these events and heightened geo-political risks. The USD/MYR exchange rate was hit as with the rest of the emerging economies currencies.

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**9. Current Year Prospects (continued)**

We expect the uncertainty to prevail well into the fiscal year 2017. However, we will manage our business into the final quarter of our financial year end March 2017 with extreme caution.

We will continue to focus on our strength in offering basic commercial banking services such as loan, deposit, foreign exchange, derivative, cash management services and trade finance in both the conventional and Islamic financing to both Japanese and Non-Japanese clients.

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**10. Investments Securities Available-for-Sale**

	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
<b>At fair value</b>		
Malaysian Government Treasury Bills	551,099	160,975
	551,099	160,975

**11. Loans, Advances and Financing**

	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
<b>(a) By type:</b>		
At amortised cost:		
Overdraft	55,327	45,176
Term loans		
- Syndicated loans	256,089	585,778
- Bridging loans	24,865	17,739
- Factoring receivables	50,987	49,311
- Other term loans	5,637,334	3,393,612
Trade bills discounted	139,610	54,774
Revolving credits	3,620,476	2,257,440
Gross loans, advances and financing	9,784,688	6,403,830
Less: Collective impairment provision	(68,494)	(35,223)
Net loans, advances and financing	9,716,194	6,368,607
<b>(b) By geographical distribution:</b>		
Malaysia	9,060,002	6,176,810
Other countries	724,686	227,020
Gross loans, advances and financing	9,784,688	6,403,830

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

	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
<b>(c) By type of customer:</b>		
Domestic non-bank financial institutions	3,168,132	2,224,492
Domestic business enterprises	6,369,825	3,952,318
Foreign entities	246,731	227,020
Gross loans, advances and financing	<u>9,784,688</u>	<u>6,403,830</u>
<b>(d) By interest rate sensitivity:</b>		
Fixed rate		
- Other fixed rate loans	347,695	235,640
Variable rate		
- Cost-plus	3,409,955	2,137,967
- Other variable rates	6,027,038	4,030,223
Gross loans, advances and financing	<u>9,784,688</u>	<u>6,403,830</u>
<b>(e) By sector:</b>		
Primary agriculture	84,895	80,473
Mining and quarrying	159,715	316,054
Manufacturing	2,495,862	1,726,457
Electricity, gas and water	6,758	126,680
Construction	64,405	24,868
Wholesale and retail trade, and restaurants and hotels	985,605	714,835
Transport, storage and communication	525,708	303,446
Finance, insurance, and business services	4,996,782	2,738,238
Real estate	202,973	159,403
Education, health and others	261,985	213,376
Household		
Gross loans, advances and financing	<u>9,784,688</u>	<u>6,403,830</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
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**11. Loans, Advances and Financing (Continued)**

	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
<b>(f) By economic purposes:</b>		
Purchase of securities	293,201	-
Purchase of residential property	11,005	26,163
Purchase of non-residential property - Commercial complexes	184,754	167,045
Purchase of fixed assets other than land and building	229,401	197,607
Construction	434,393	267,577
Working Capital	6,341,999	4,318,512
Other purpose	2,289,935	1,426,926
Gross loans, advances and financing	<u>9,784,688</u>	<u>6,403,830</u>
<b>(g) By residual contractual maturity:</b>		
Maturing within one year	4,375,731	2,584,692
One year to three years	1,361,845	1,355,503
Three years to five years	3,347,685	2,112,388
More than five years	699,427	351,247
Gross loans, advances and financing	<u>9,784,688</u>	<u>6,403,830</u>
<b>(h) Movements in collective allowance for impairment on loans, advances and financing:</b>		
At beginning of the financial period	35,223	16,751
Allowance made during the financial period	33,271	18,472
At end of the financial period	<u>68,494</u>	<u>35,223</u>
As % of gross loans, advances and financing (inclusive of regulatory reserve)	<u>1.20%</u>	<u>1.20%</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016**

<b>12. Deposits from Customers</b>	<b>31</b>	<b>31</b>
	<b>December</b>	<b>March</b>
	<b>2016</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) By type of deposits:</b>		
Demand deposits	1,778,068	1,107,403
Fixed deposits	4,800,364	2,633,746
Short-term deposits	2,460,999	3,097,258
	<u>9,039,431</u>	<u>6,838,407</u>
* Included in the fixed deposits are deposits amounting to RM 2,905,907,011 (2015 : RM 720,362,025) placed by a branch of the immediate holding company as cash collateral for certain loans, advances and financing.		
<b>(b) By type of customers:</b>		
Domestic non-bank financial institutions	419,849	166,401
Domestic business enterprises	5,506,355	5,258,295
Branch of immediate holding company	2,905,907	1,310,511
Foreign non-bank entities	206,520	103,200
Domestic Other Entities	800	-
	<u>9,039,431</u>	<u>6,838,407</u>
<b>(c) Maturity structure of fixed deposits:</b>		
Due within six months	1,778,379	1,311,789
Six months to one year	86,777	11,447
One year to three years	555,977	371,889
Three years to five years	2,110,121	938,621
More than five years	269,110	-
	<u>4,800,364</u>	<u>2,633,746</u>
<b>13. Deposits and Placements of Banks and Other Financial Institutions</b>	<b>31</b>	<b>31</b>
	<b>December</b>	<b>March</b>
	<b>2016</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed Malaysian Bank	40,367	137,118
Foreign banks		
- Immediate holding company	3,347,435	2,543,156
	<u>3,387,802</u>	<u>2,680,274</u>

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**14. Interest Income**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2016 RM'000</b>	<b>31 December 2015 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Loans, advances and financing				
- Interest income other than from impaired loans	60,831	26,679	151,239	69,332
Money at call and deposit placements with banks and other financial institutions	41,710	35,484	115,582	98,342
Investment securities available-for-sale	1,157	1,911	4,341	5,462
Others	-	96	-	244
	<u>103,698</u>	<u>64,170</u>	<u>271,162</u>	<u>173,380</u>

**15. Interest Expense**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2016 RM'000</b>	<b>31 December 2015 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Deposits and placement of bank and other financial institutions	12,541	7,625	30,458	17,438
Deposits from customers	48,992	25,771	130,749	74,225
Investment securities available-for-sale	302	63	807	300
Others	28	105	46	263
	<u>61,863</u>	<u>33,564</u>	<u>162,060</u>	<u>92,226</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
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**16. Other Operating Income**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2016 RM'000</b>	<b>31 December 2015 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Fee and commission income				
- Service charges/ fees	1	18	15	44
- Guarantee fees	267	(190)	742	51
- Loan related fees	2,816	1,151	4,478	1,478
- Commitment fees	340	397	978	1,075
	<u>3,424</u>	<u>1,376</u>	<u>6,213</u>	<u>2,648</u>
Gain from derivative financial instruments	<u>2,827</u>	<u>2,071</u>	<u>8,943</u>	<u>6,634</u>
Unrealised net loss on revaluation of derivatives	<u>(1,672)</u>	<u>2,537</u>	<u>(3,063)</u>	<u>8,126</u>
Foreign exchange net gain	<u>9,303</u>	<u>11,646</u>	<u>27,537</u>	<u>28,629</u>
Other income				
- Management fees	2,182	1,933	4,716	2,586
- Rental of fixed assets	493	505	1,469	1,468
- Miscellaneous income	699	471	2,106	1,110
	<u>3,374</u>	<u>2,909</u>	<u>8,291</u>	<u>5,164</u>
	<u><u>17,256</u></u>	<u><u>20,539</u></u>	<u><u>47,921</u></u>	<u><u>51,201</u></u>



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**17. Other Operating Expenses**

	3rd Quarter Ended		Nine Months Ended	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
<b>Personnel costs</b>				
Salaries, allowance and bonuses	5,054	5,916	17,955	15,846
Employees' provident fund	496	644	1,842	1,576
Staff training expenses	117	146	317	319
Other personnel expenses	1,344	733	4,265	3,550
	<u>7,011</u>	<u>7,439</u>	<u>24,379</u>	<u>21,291</u>
<b>Establishment costs</b>				
Rental of premises	447	446	1,342	1,341
Depreciation	1,025	1,073	3,037	3,151
Repair and maintenance	176	135	477	360
Other establishment expenses	1,516	4,264	8,782	9,899
	<u>3,164</u>	<u>5,918</u>	<u>13,638</u>	<u>14,751</u>
<b>Marketing expenses</b>				
Advertisement and publicity	128	89	227	121
Other marketing expenses	38	35	88	91
	<u>166</u>	<u>124</u>	<u>315</u>	<u>212</u>

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

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2016 RM'000</b>	<b>31 December 2015 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
<b>Administration and general expenses</b>				
Guarantee fees	3,172	-	6,744	-
Auditors' remuneration				
- Statutory audit	80	53	188	161
- Other services	25	25	75	75
Professional fees	212	(9)	407	211
Communication expenses	80	57	272	190
Management fees	2,980	3,597	10,066	10,613
License fees and stamp duties	38	52	113	120
Non-executive directors' fees and allowances	91	90	285	286
Other administration and general expenses	1,139	2,620	3,566	3,291
	<u>7,817</u>	<u>6,485</u>	<u>21,716</u>	<u>14,947</u>
	<u>18,158</u>	<u>19,966</u>	<u>60,048</u>	<u>51,201</u>

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

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>
	<b>December</b>	<b>December</b>	<b>December</b>	<b>December</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Collective impairment allowance	12,368	7,660	33,271	18,595

**19. 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.

**20. Subsequent Events**

There were no significant events subsequent to the statement of financial position date which have not been disclosed in these unaudited condensed interim financial statements.

**21. Changes in 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 2016.

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**22. 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 →						Non- interest bearing RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000				
<b>31 December 2016</b>									
<b><u>Assets</u></b>									
Cash and short-term funds	3,380,221	-	-	-	-	78,468	-	3,458,689	
Deposits and placements with banks and other financial institutions	-	1,056,388	100,000	-	-	-	-	1,156,388	
Investment securities available-for-sale	-	451,276	99,823	-	-	-	-	551,099	
Loans, advances and financing	2,556,486	885,977	937,248	4,708,345	696,632	(68,494)	-	9,716,194	
Other assets	5,585	4,207	1,514	-	-	9,529	-	20,835	
Derivative assets	6,435	39,070	63,573	55,573	2,255	-	927,554	1,094,460	
<b>Total assets</b>	<b>5,948,727</b>	<b>2,436,918</b>	<b>1,202,158</b>	<b>4,763,918</b>	<b>698,887</b>	<b>19,503</b>	<b>927,554</b>	<b>15,997,665</b>	

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

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

Interest rate risk (continued)

	← Non-trading book →						Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non- interest bearing RM'000		
<b>31 December 2016</b>								
<b><u>Liabilities</u></b>								
Deposits from customers	2,539,443	1,363,633	423,092	2,935,207		1,778,056	-	9,039,431
Deposits and placements of banks and other financial institutions	2,955,012	-	38,886	28,698	110,053	4,664	-	3,137,313
Bills and acceptances payable	-	-	1,040	-	-	-	-	1,040
Other liabilities	750,605	713	2,716	284	534	39,371	-	794,223
Derivative financial liabilities	-	-	-	-	-	-	987,299	987,299
Total liabilities	<u>6,245,060</u>	<u>1,364,346</u>	<u>465,734</u>	<u>2,964,189</u>	<u>110,587</u>	<u>1,822,091</u>	<u>987,299</u>	<u>13,959,306</u>
On balance sheet interest rate gap	(296,333)	1,072,572	736,424	1,799,729	588,300	(1,802,588)	(59,745)	2,038,359
Off balance sheet interest rate gap	-	826,912	(52,852)	(539,710)	(234,350)			-
Total interest rate gap	<u>(296,333)</u>	<u>1,899,484</u>	<u>683,572</u>	<u>1,260,019</u>	<u>353,950</u>	<u>(1,802,588)</u>	<u>(59,745)</u>	<u>2,038,359</u>

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

Interest rate risk (continued)

	← Non-trading book →						Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non- interest bearing RM'000		
<b>31 March 2016</b>								
<b><u>Assets</u></b>								
Cash and short-term funds	4,727,717	-	-	-	-	73,094	-	4,800,811
Deposits and placements with banks and other financial institutions	-	187,530	-	-	-	-	-	187,530
Investment securities available- for-sale	-	100,436	60,539	-	-	-	-	160,975
Loans, advances and financing	1,893,601	314,842	379,347	3,465,410	350,630	(35,223) ^	-	6,368,607
Other assets	23,207	197	1,818	-	-	3,779	-	29,001
Derivative financial assets	20,794	19,178	41,588	49,970	3,778	-	533,771	669,079
<b>Total assets</b>	<b>6,665,319</b>	<b>622,183</b>	<b>483,292</b>	<b>3,515,380</b>	<b>354,408</b>	<b>41,650</b>	<b>533,771</b>	<b>12,216,003</b>

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

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

Interest rate risk (continued)

	← Non-trading book →						Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000	Non- interest bearing RM'000		
<b>31 March 2016</b>								
<b>Liabilities</b>								
Deposits from customers	(2,503,654)	(1,630,743)	(286,096)	(1,310,511)	-	(1,107,403)	-	(6,838,407)
Deposits and placements of banks and other financial institutions	(1,535,702)	(734,355)	(227,466)	(72,821)	(106,952)	(2,978)	-	(2,680,274)
Bills and acceptances payable	-	-	(378)	-	-	-	-	(378)
Other liabilities	(12,635)	(339)	(38)	(36)	(183)	(363,286)	-	(376,517)
Derivative financial liabilities	(14,703)	(14,475)	(39,930)	(45,134)	(1,566)	-	(462,675)	(578,483)
Total liabilities	<u>(4,066,694)</u>	<u>(2,379,912)</u>	<u>(553,908)</u>	<u>(1,428,502)</u>	<u>(108,701)</u>	<u>(1,473,667)</u>	<u>(462,675)</u>	<u>(10,474,059)</u>
On balance sheet interest rate gap	2,598,625	(1,757,729)	(70,616)	2,086,878	245,707	(1,432,017)	71,096	1,741,944
Off balance sheet interest rate gap	-	691,670	(29,118)	(448,648)	(213,904)	-	-	-
Total interest rate gap	<u>2,598,625</u>	<u>(1,066,059)</u>	<u>(99,734)</u>	<u>1,638,230</u>	<u>31,803</u>	<u>(1,432,017)</u>	<u>71,096</u>	<u>1,741,944</u>

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

Interest rate risk (continued)

	<b>31 December 2016</b>		<b>31 March 2016</b>	
	<b>MYR</b>	<b>USD</b>	<b>MYR</b>	<b>USD</b>
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
<b>Financial assets</b>				
Cash and short-term funds	3.63	1.22	3.24	0.41
Deposits and placements with banks and other financial institutions	3.43	1.69	3.65	0.73
Loans, advances and financing	4.10	1.84	4.39	1.61
<b>Financial liabilities</b>				
Deposits from customers	3.47	0.92	3.73	0.60
Deposits and placements of banks and other financial institutions	-	-	-	0.66



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**23. Capital Adequacy**

The total capital and capital adequacy ratios of the Bank are computed based on the Standardised Approach in accordance with the Capital Adequacy Framework (Capital Components).

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

	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
<b><u>Tier-1 capital</u></b>		
Paid-up ordinary share capital	1,575,000	1,575,000
Retained earnings	40,929	40,929
Statutory reserve	87,018	87,018
Available-for-sale reserve	437	171
	<u>1,703,384</u>	<u>1,703,118</u>
Less: Deferred tax assets	-	-
	<u>1,703,384</u>	<u>1,703,118</u>
<b><u>Tier-2 capital</u></b>		
Collective allowance for impairment	68,494	35,223
Regulatory reserves	48,924	41,624
Tier-2 Capital	<u>117,418</u>	<u>76,847</u>
Total capital base	<u>1,820,802</u>	<u>1,779,965</u>
<b><u>Capital ratios</u></b>		
CET 1 and Tier 1 Capital Ratio	14.238%	19.451%
Total Capital Ratio	15.219%	20.329%

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**23. Capital Adequacy (Continued)**

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

	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
Credit risk	11,457,984	8,323,348
Market risk	210,952	193,898
Operational risk	294,755	238,734
Total risk-weighted assets	<u>11,963,691</u>	<u>8,755,980</u>

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**24. 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 2016 →			← 31 March 2016 →		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted assets RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted assets RM'000
Transaction related contingent items	239,846	119,923	108,442	172,497	86,249	74,767
Short-term self-liquidating trade-related contingencies	37,697	7,539	7,539	38,413	7,683	7,683
Foreign exchange related contracts:						
One year or less	5,344,654	461,153	294,610	4,573,626	250,552	159,320
Over one year to five years	8,130,307	1,358,970	733,352	7,236,524	1,050,360	595,096
Over five years	928,534	356,585	168,087	1,392,619	353,301	189,110
Interest/ profit rate related contracts						
One year or less	52,852	215	136	33,118	164	124
Over one year to five years	539,710	19,500	13,529	448,648	17,604	13,606
Over five years	234,350	13,962	10,271	213,904	16,610	13,402
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	2,693,277	1,346,638	1,310,757	2,074,829	1,037,415	1,037,415
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	697,247	139,449	122,552	704,768	140,954	128,417
<b>Total</b>	<b>18,898,474</b>	<b>3,823,934</b>	<b>2,769,275</b>	<b>16,888,946</b>	<b>2,960,892</b>	<b>2,218,940</b>

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

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**MANAGEMENT'S CERTIFICATION**

I hereby certify that the attached unaudited condensed interim financial statements for the financial period ended 31 December 2016 have been prepared from the Bank's accounting and other records and they are in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board and the Revised Guidelines on Financial Reporting issued by Bank Negara Malaysia on 28 January 2015.

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Yoshimi Gunji  
Chief Executive Officer

Date: 27 January 2017