

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2020**

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	Unaudited 30 June 2020 RM'000	Audited 31 March 2020 RM'000
Assets			
Cash and short-term funds	14	4,459,908	4,239,396
Deposits and placements with banks and other financial institutions	15	321,282	869,486
Debt instruments at fair value through other comprehensive income ("FVOCI")	16	564,764	596,080
Loans, advances and financing	17	14,869,115	15,311,113
Derivative financial assets		542,656	620,808
Other assets	18	156,905	61,468
Statutory deposits with Bank Negara Malaysia		-	51,463
Plant and equipment		13,713	12,961
Right-of-use assets		4,175	5,404
Tax recoverable		54,380	53,446
Total assets		20,986,898	21,821,625
Liabilities			
Deposits from customers	19	15,865,979	15,436,734
Deposits and placements of banks and other financial institutions	20	1,139,892	2,271,747
Bills and acceptances payable		1,241	2,150
Derivative financial liabilities		483,900	560,269
Other liabilities	21	161,323	236,817
Lease liabilities		4,245	5,487
Provision for credit commitments and contingencies	22	9,603	5,399
Deferred tax payable		27,184	32,958
Total liabilities		17,693,367	18,551,561
Equity			
Share capital		2,452,605	2,452,605
Reserves		840,926	817,459
Total equity attributable to owners of the Bank		3,293,531	3,270,064
Total liabilities and equity		20,986,898	21,821,625
Commitments and contingencies	33	32,531,449	33,701,525

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	Note	1st Quarter Ended		Three Months Ended	
		30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Interest income	23	120,829	174,959	120,829	174,959
Interest expense	24	(55,804)	(111,520)	(55,804)	(111,520)
Net interest income		<u>65,025</u>	<u>63,439</u>	<u>65,025</u>	<u>63,439</u>
Other operating income	25	32,202	44,520	32,202	44,520
Net operating income		<u>97,227</u>	<u>107,959</u>	<u>97,227</u>	<u>107,959</u>
Other operating expenses	26	(35,743)	(32,571)	(35,743)	(32,571)
Operating profit		<u>61,484</u>	<u>75,388</u>	<u>61,484</u>	<u>75,388</u>
(Allowance)/writeback of impairment on loans, advances and financing	27	(33,216)	3,320	(33,216)	3,320
(Allowance)/writeback of impairment on other financial assets	28	(1,349)	(346)	(1,349)	(346)
Profit before taxation		<u>26,919</u>	<u>78,362</u>	<u>26,919</u>	<u>78,362</u>
Tax expense		(4,485)	(19,193)	(4,485)	(19,193)
Profit after taxation		<u>22,434</u>	<u>59,169</u>	<u>22,434</u>	<u>59,169</u>
Other comprehensive income for the financial period, net of income tax					
Items that may be reclassified subsequently to profit or loss					
Movement in fair value reserve (FVOCI debt instruments):					
- Debt instruments measured at FVOCI - net change in fair value		217	(1,476)	217	(1,476)
- Debt instruments measured at FVOCI - increase/(decrease) in allowance for impairment		816	(11)	816	(11)
Total comprehensive income for the financial period		<u><u>23,467</u></u>	<u><u>57,682</u></u>	<u><u>23,467</u></u>	<u><u>57,682</u></u>
Basic earnings per ordinary share (sen)		<u><u>0.91</u></u>	<u><u>2.41</u></u>	<u><u>0.91</u></u>	<u><u>2.41</u></u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	<i>Non-distributable reserves</i>			<i>Distributable</i>	Total RM'000
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
At 1 April 2020	2,452,605	80,480	4,353	732,626	3,270,064
Profit for the period	-	-	-	22,434	22,434
Fair value change and increase in allowance for impairment of debt instruments measured at FVOCI	-	-	1,033	-	1,033
Total comprehensive income for the period	-	-	1,033	22,434	23,467
Transfer from regulatory reserve	-	(38,675)	-	38,675	-
At 30 June 2020	2,452,605	41,805	5,386	793,735	3,293,531
At 1 April 2019	2,452,605	111,598	2,872	514,958	3,082,033
Profit for the period	-	-	-	59,169	59,169
Fair value and allowance for impairment change of debt instruments measured at FVOCI	-	-	(1,487)	-	(1,487)
Total comprehensive income for the period	-	-	(1,487)	59,169	57,682
Transfer to regulatory reserve	-	7,587	-	(7,587)	-
At 30 June 2019	2,452,605	119,185	1,385	566,540	3,139,715

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	1st Quarter Ended / Three Months Ended	
	30 June 2020	30 June 2019
	RM'000	RM'000
Cash flows from operating activities		
Profit from ordinary activities before taxation	26,919	78,362
Adjustments for non-cash items	28,666	(9,251)
Operating profit before working capital changes	<u>55,585</u>	<u>69,111</u>
Changes in working capital:		
Net changes in operating assets	927,154	(323,781)
Net changes in operating liabilities	(777,945)	1,610,227
Net cash generated from operating activities	<u>204,794</u>	<u>1,355,557</u>
Tax paid	(11,263)	(20,871)
Net cash generated from operating activities	<u>193,531</u>	<u>1,334,686</u>
Net cash used in investing activities	29,476	118,442
Net cash generated from financing activities	(1,506)	-
Net increase in cash and cash equivalents during the financial period	<u>221,501</u>	<u>1,453,128</u>
Cash and cash equivalents at beginning of the financial period	<u>4,246,465</u>	<u>4,378,459</u>
Cash and cash equivalents at end of the financial period	<u><u>4,467,966</u></u>	<u><u>5,831,587</u></u>
Cash and cash equivalents comprise:		
Cash and balances with banks and other financial institutions	73,306	48,389
Money at call and deposit placements maturing within one month	<u>4,394,660</u>	<u>5,783,198</u>
	<u><u>4,467,966</u></u>	<u><u>5,831,587</u></u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

1. Basis of preparation

The unaudited condensed interim financial statements for the 1st quarter and financial period ended 30 June 2020 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 have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial assets and liabilities at fair value through profit or loss ("FVTPL"), financial assets at fair value through other comprehensive income ("FVOCI") and derivative financial instruments.

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 March 2020. 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 2020.

The unaudited condensed interim financial statements incorporated those activities relating to the Islamic banking business which have been undertaken by the Bank. Islamic banking business refers generally to the acceptance of deposits and granting of financing under the principles of Shariah.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 March 2020, except for the adoption of the following new MFRSs, amendments to MFRSs and Issues Committee ("IC") Interpretations which are effective for annual periods beginning on or after 1 January 2020:

- Amendments to MFRS 3, *Business Combinations - Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures - Interest Rate Benchmark Reform*

The initial application of the abovementioned accounting standards, amendments and interpretations do not have any material financial impact to the financial statements of the Bank.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

1. Basis of preparation (continued)

The following MFRSs and amendments have been issued by the MASB and are not yet effective to the Bank.

Effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

Effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*

Effective for annual periods beginning on or after 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 Bank does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual period beginning on 1 January 2021 as it is not applicable 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 2020 was not qualified.

3. Seasonal or Cyclical Factors

The business operations of the Bank were not materially affected by any seasonal or cyclical factors in the 1st quarter and financial period ended 30 June 2020.

4. Unusual Items Due to Their Nature, Size or Incidence

Other than the impact of COVID-19 outbreak that affects the provision of impairment, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank in the 1st quarter and financial period ended 30 June 2020.

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 1st quarter and financial period ended 30 June 2020.

6. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the 1st quarter and financial period ended 30 June 2020.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

7. Dividend

No dividend was paid during the 1st quarter and financial period ended 30 June 2020.

8. 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.

9. Subsequent Events

There were no significant events subsequent to the statement of financial position date that require disclosure or adjustments to the unaudited condensed interim financial statements.

10. Changes in the Composition of the Bank

There were no changes in the composition of the Bank during the 1st quarter and financial period ended 30 June 2020.

11. Change in comparatives

Certain comparatives in the financial statements have been restated to align with the current period presentation consistent with the latest disclosure requirements.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

12. Review of Performance

For the first quarter ended 30 June 2020, the Bank registered profit before taxation of RM26.9 million, a decrease of 65.7% as compared to RM78.4 million recorded in the corresponding quarter last year. Profit after taxation decreased by 62.2% to RM22.4 million in the quarter under review as compared to RM59.2 million in the corresponding quarter last year.

The decrease was mainly attributed to the allowance of impairment on loans, advances and financing amounting to RM33.2 million as compared to writeback of impairment of RM3.3 million in the corresponding quarter last year. In addition, the decrease was also attributed to the decrease in other operating income of 27.6% amounting to RM32.2 million as compared to RM44.5 million recorded in the corresponding quarter last year mainly due to lower unrealised net gain on revaluation of derivatives and lower net gain of foreign exchange.

Total assets recorded a 3.8% decrease amounting to RM20,987 million as at 30 June 2020 as compared to RM21,822 million as at the financial year ended 31 March 2020. This was mainly attributed to the 63.1% decrease in deposits and placements with banks and other financial institutions amounting to RM321 million as compared to RM869 million as at 31 March 2020 and the decrease in net loans, advances and financing of 2.9% amounting to RM14,869 million as compared to RM15,311 million as at 31 March 2020.

The total liabilities recorded a decrease of 4.6% to RM17,693 million as at 30 June 2020 as compared to RM18,552 million as at financial year ended 31 March 2020. This was largely due to the lower deposits and placements of banks and other financial institutions of 49.8% amounting to RM1,140 million as at 30 June 2020 as compared to RM2,272 million as at financial year ended 31 March 2020.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

13. Current Year Prospects

The Covid-19 pandemic that crept into Malaysia at the start of the 2020 had affected the Malaysian economy. Due to the sudden increase in Covid-19 cases, the Government had introduced the Movement Control Order (“MCO”) in Malaysia on 18 March 2020. As a result, Malaysia recorded a gross domestic product (“GDP”) growth of 0.7% in the first quarter of 2020, the lowest since third quarter of 2009 at -1.1%. The economic activities contracted with a sharp downshift from a steady expansion in the first two months of the year, as evidenced by the declines of the Industry Production Index and the Index on Wholesale and Retail Trade from the average growths of 3.4% and 5.5% respectively in January-February to -4.9% and -6.1% respectively in March 2020.

To cushion the economic impact following the COVID-19 pandemic, the Government had introduced various economic fiscal measures while BNM had cut the Overnight Policy Rate (“OPR”) by a total of 100 basis points over three occasions from 3.00% at the start of year to 2.0% by 30 June 2020. BNM, as at 30 June 2020, maintained its forecast of GDP growth to be between -2.0% to 0.5% for the full year of 2020.

As the Covid-19 economic measures take effect and the MCO if lifted in the third quarter, the economic activity is expected to gradually improve in second half of calendar year 2020 and is expected to register a positive recovery in 2021, in line with the projected improvement in global growth.

The Bank will be supportive of customers in doing business during this challenging period and will take the opportunities in the expected recovery to achieve the targets for the financial year ending 31 March 2021. The Bank will remain with the strategies in place to increase its presence with raised profiles and positions, to enhance processes with improved productivities and to build up portfolio with good profitability. The Bank is confident in its ability of doing more business moving forward and expects that it will continue to be able to achieve its key financial targets similar to previous financial years.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

14. Cash and short-term funds

	Unaudited 30 June 2020 RM'000	Audited 31 March 2020 RM'000
Cash and balances with banks and other financial institutions	73,306	52,275
Money at call and deposit placements maturing within one month	4,394,660	4,194,190
	<u>4,467,966</u>	<u>4,246,465</u>
Less: Allowance for expected credit losses ("ECL")	(8,058)	(7,069)
	<u><u>4,459,908</u></u>	<u><u>4,239,396</u></u>

Movement in allowance for ECL on cash and short-term funds

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2020	7,069	-	-	7,069
Charge to income statement:				
- Increase in ECL	989	-	-	989
At 30 June 2020	<u>8,058</u>	-	-	<u>8,058</u>
At 1 April 2019	701	-	-	701
Charge to income statement:				
- Increase in ECL	6,368	-	-	6,368
At 31 March 2020	<u>7,069</u>	-	-	<u>7,069</u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

15. Deposits and placements with banks and other financial institutions

	Unaudited 30 June 2020 RM'000	Audited 31 March 2020 RM'000
Money at call and deposit placements maturing more than one month	321,282	870,000
Less: Allowance for ECL	-	(514)
	321,282	869,486

Movement in allowance for ECL on deposits and placements with banks and other financial institutions

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2020	514	-	-	514
Charge to income statement:				
- Decrease in ECL	(514)	-	-	(514)
At 30 June 2020	-	-	-	-
At 1 April 2019	555	-	-	555
Charge to income statement:				
- Decrease in ECL	(41)	-	-	(41)
At 31 March 2020	514	-	-	514

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

16. Debt instruments measured at fair value through other comprehensive income ("FVOCI")

	Unaudited 30 June 2020 RM'000	Audited 31 March 2020 RM'000
At fair value		
Negotiable instruments of deposits	301,801	351,981
Malaysian Government Securities	70,543	70,546
Malaysian Government Investment Issues	192,420	173,553
	<u>564,764</u>	<u>596,080</u>

Movement in allowance for ECL on debt instruments measured at FVOCI

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2020	1,449	-	-	1,449
- Increase in ECL	816	-	-	816
At 30 June 2020	<u>2,265</u>	-	-	<u>2,265</u>
At 1 April 2019	377	-	-	377
- Increase in ECL	1,072	-	-	1,072
At 31 March 2020	<u>1,449</u>	-	-	<u>1,449</u>

The carrying amount of a debt instrument measured at FVOCI is its fair value. Accordingly, the recognition of an impairment loss does not affect the carrying amount of those assets, but is reflected as a debit to profit or loss or retained earnings and credit to other comprehensive income.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

17. Loans, advances and financing

	Unaudited 30 June 2020 RM'000	Audited 31 March 2020 RM'000
(a) By type:		
<u>At amortised cost:</u>		
Overdraft	31,132	57,704
Term loans / financing		
- Syndicated loans / Syndicated Islamic financing	2,353,709	2,497,022
- Factoring receivables	44,144	112,804
- Other term loans / Islamic term financing	7,965,180	7,958,484
Trade bills discounted	43,650	396,635
Revolving credits / Revolving credit-i	4,392,736	4,220,856
Other loans	150,297	150,329
Gross loans, advances and financing	<u>14,980,848</u>	<u>15,393,834</u>
Less: Allowance for ECL		
- 12-month ECL (Stage 1)	(62,860)	(42,425)
- Lifetime ECL not credit impaired (Stage 2)	(48,873)	(40,296)
- Lifetime ECL credit impaired (Stage 3)	-	-
Net loans, advances and financing	<u><u>14,869,115</u></u>	<u><u>15,311,113</u></u>
(b) By geographical distribution:		
Malaysia	11,991,023	12,374,229
Other countries:		
- Jordan	1,070,556	1,077,014
- Australia	532,803	556,470
- United States of America	430,535	431,273
- Japan	214,728	214,722
- Germany	72,125	71,047
- Hong Kong	56,283	56,549
- Cayman Islands	278,359	280,044
- Netherlands	176,379	173,742
- United Kingdom	158,057	158,744
Gross loans, advances and financing	<u><u>14,980,848</u></u>	<u><u>15,393,834</u></u>
(c) By type of customer:		
Domestic non-bank financial institutions	4,228,838	4,168,306
Domestic business enterprises	10,529,104	11,001,619
Foreign entities	222,906	223,909
Gross loans, advances and financing	<u><u>14,980,848</u></u>	<u><u>15,393,834</u></u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

17. Loans, advances and financing (continued)

	Unaudited 30 June 2020 RM'000	Audited 31 March 2020 RM'000
(d) By interest rate sensitivity:		
Fixed rate		
- Other fixed rate loans	1,290,826	1,358,867
Variable rate		
- Cost-plus	4,299,185	4,390,165
- Other variable rates	9,390,837	9,644,802
Gross loans, advances and financing	<u>14,980,848</u>	<u>15,393,834</u>
(e) By sector:		
Primary agriculture	98,101	50,006
Mining and quarrying	314,061	213,421
Manufacturing	2,964,068	3,111,093
Electricity, gas and water	1,815,346	2,189,634
Construction	204,508	194,176
Wholesale and retail trade, and restaurants and hotels	1,531,514	1,656,354
Transport, storage and communication	387,317	388,362
Finance, insurance and business services	5,140,903	5,278,551
Real estate	1,621,737	1,406,126
Education, health and other services	680,387	682,202
Other sectors	222,906	223,909
Gross loans, advances and financing	<u>14,980,848</u>	<u>15,393,834</u>
(f) By economic purpose:		
Purchase of securities	464,157	465,835
Purchase of non-residential property		
- Purchase of land	142,731	142,787
- Commercial complexes	-	191,268
Purchase of fixed assets other than land and building	405,066	406,368
Construction	621,419	642,417
Working capital	6,736,828	6,709,108
Mergers and acquisition	321,782	345,644
Other purpose	6,288,865	6,490,407
Gross loans, advances and financing	<u>14,980,848</u>	<u>15,393,834</u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

17. Loans, advances and financing (continued)

	Unaudited 30 June 2020 RM'000	Audited 31 March 2020 RM'000
(g) By residual contractual maturity:		
Maturing within one year	5,657,887	6,008,659
One year to three years	4,305,587	4,501,199
Three years to five years	3,801,863	3,647,464
More than five years	1,215,511	1,236,512
Gross loans, advances and financing	<u>14,980,848</u>	<u>15,393,834</u>

(h) Change in gross loans, advances and financing carrying amount

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2020	13,178,998	2,214,836	-	15,393,834
Transfer to 12-month ECL (Stage 1)	9,676	(9,676)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(10,368)	10,368	-	-
Transfer to lifetime ECL credit- impaired (Stage 3)	-	-	-	-
Loans, advances and financing derecognised	(1,471,218)	(379,721)	-	(1,850,939)
New loans, advances and financing originated or purchased	1,343,553	47,926	-	1,391,479
Other adjustments	4,089	42,385	-	46,474
At 30 June 2020	<u>13,054,730</u>	<u>1,926,118</u>	<u>-</u>	<u>14,980,848</u>
At 1 April 2019	12,325,321	728,335	-	13,053,656
Transfer to 12-month ECL (Stage 1)	1,208,584	(1,208,584)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(3,268,264)	3,268,264	-	-
Transfer to lifetime ECL credit impaired (Stage 3)	(7,710)	-	7,710	-
Loans, advances and financing derecognised	(4,536,768)	(101,723)	(6,309)	(4,644,800)
New loans, advances and financing originated or purchased	6,477,456	46,358	-	6,523,814
Other adjustments	980,379	(517,814)	(1,401)	461,164
At 31 March 2020	<u>13,178,998</u>	<u>2,214,836</u>	<u>-</u>	<u>15,393,834</u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

17. Loans, advances and financing (continued)

(i) Movements in allowance for ECL on loans, advances and financing measured at amortised cost

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2020	42,425	40,296	-	82,721
Transfer to 12-month ECL (Stage 1)	6	(6)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(2)	2	-	-
Transfer to lifetime ECL credit- impaired (Stage 3)	-	-	-	-
Loans, advances and financing derecognised	(666)	(3,406)	-	(4,072)
New loans, advances and financing originated or purchased	4,334	-	-	4,334
Changes due to change in credit risk	16,763	11,987	-	28,750
At 30 June 2020	<u>62,860</u>	<u>48,873</u>	<u>-</u>	<u>111,733</u>
At 1 April 2019	14,026	19,236	-	33,262
Transfer to 12-month ECL (Stage 1)	17,206	(17,206)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(12,570)	12,570	-	-
Transfer to lifetime ECL credit impaired (Stage 3)	(7)	-	7	-
Loans, advances and financing derecognised	(7,093)	(5,397)	(3,565)	(16,055)
New loans, advances and financing originated or purchased	18,140	4,040	-	22,180
Changes due to change in credit risk	12,723	27,053	3,558	43,334
At 31 March 2020	<u>42,425</u>	<u>40,296</u>	<u>-</u>	<u>82,721</u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

18. Other assets

	Unaudited 30 June 2020 RM'000	Audited 31 March 2020 RM'000
Interest receivable	7,157	10,322
Amount due from related corporations	2,677	174
Cash collateral placements	144,443	46,783
Other receivables	582	2,234
Deposits	2,049	2,028
Prepayments	169	41
	<u>157,077</u>	<u>61,582</u>
Less: Allowance for ECL	(172)	(114)
	<u>156,905</u>	<u>61,468</u>

Movement in allowance for ECL on other assets

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2020	114	-	-	114
Charge to income statement:				
- Increase in ECL	58	-	-	58
At 30 June 2020	<u>172</u>	<u>-</u>	<u>-</u>	<u>172</u>
At 1 April 2019	18	-	-	18
Charge to income statement:				
- Increase in ECL	96	-	-	96
At 31 March 2020	<u>114</u>	<u>-</u>	<u>-</u>	<u>114</u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

19. Deposits from customers

	Unaudited	Audited
	30 June	31 March
	2020	2020
	RM'000	RM'000
(a) By type of deposits:		
Demand deposits	3,283,182	3,468,661
Fixed deposits	9,066,848	8,381,772
Short-term deposits	3,515,949	3,586,301
	<u>15,865,979</u>	<u>15,436,734</u>

The maturity structure of fixed deposits and short-term deposits is as follows:

Due within six months	5,574,300	4,910,471
Six months to one year	385,583	981,029
One year to three years	3,263,535	3,143,885
Three years to five years	2,145,910	1,699,005
Five years to ten years	471,426	474,260
Ten years and above	742,043	759,423
	<u>12,582,797</u>	<u>11,968,073</u>

(b) By type of customers:

Domestic non-bank financial institutions	247,402	256,069
Domestic business enterprises	7,303,374	7,572,915
Branch of immediate holding corporation	7,531,358	7,303,658
Foreign non-bank entities	353,951	302,421
Domestic other entities	1,671	1,671
Government	428,223	-
	<u>15,865,979</u>	<u>15,436,734</u>

20. Deposits and placements of banks and other financial institutions

	Unaudited	Audited
	30 June	31 March
	2020	2020
	RM'000	RM'000
Licensed Malaysian banks	407,076	399,548
Foreign banks		
- Immediate holding corporation	556,724	1,698,739
- Other related corporations / companies	176,092	173,460
	<u>1,139,892</u>	<u>2,271,747</u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

21. Other liabilities

	Unaudited 30 June 2020 RM'000	Audited 31 March 2020 RM'000
Interest payable	15,363	13,774
Amount due to immediate holding corporation and related corporations/companies	17,827	15,186
Cash collateral placements	81,242	157,328
Other payables	32,738	37,834
Accruals	14,153	12,695
	<u>161,323</u>	<u>236,817</u>

22. Provision for credit commitments and contingencies

	Unaudited 30 June 2020 RM'000	Audited 31 March 2020 RM'000
Provision for credit commitments and contingencies	<u>9,603</u>	<u>5,399</u>

Movement in allowance for ECL on credit commitments and contingencies

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2020	5,250	149	-	5,399
Charge to income statement:				
- Increase in ECL	2,687	1,517	-	4,204
At 30 June 2020	<u>7,937</u>	<u>1,666</u>	<u>-</u>	<u>9,603</u>
At 1 April 2019	2,006	14,010	-	16,016
Charge to income statement:				
- Increase/(Decrease) in ECL	3,244	(13,861)	-	(10,617)
At 31 March 2020	<u>5,250</u>	<u>149</u>	<u>-</u>	<u>5,399</u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020****23. Interest income**

	1st Quarter Ended		Three Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Loans, advances and financing				
- Interest income	84,618	100,385	84,618	100,385
- Financing income	10,191	19,992	10,191	19,992
Money at call and deposit placements with banks and other financial institutions	21,607	48,067	21,607	48,067
Debt instruments measured at FVOCI	4,413	6,515	4,413	6,515
Others	-	-	-	-
	<u>120,829</u>	<u>174,959</u>	<u>120,829</u>	<u>174,959</u>

24. Interest expense

	1st Quarter Ended		Three Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Deposits and placements of banks and other financial institutions	3,093	10,285	3,093	10,285
Deposits from customers	52,664	101,149	52,664	101,149
Lease liabilities	47	86	47	86
	<u>55,804</u>	<u>111,520</u>	<u>55,804</u>	<u>111,520</u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020****25. Other operating income**

	1st Quarter Ended		Three Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Fee and commission income				
- Service charges/fees	10	9	10	9
- Guarantee fees	490	330	490	330
- Loan related fees	3,033	3,630	3,033	3,630
- Commitment fees	517	860	517	860
	<u>4,050</u>	<u>4,829</u>	<u>4,050</u>	<u>4,829</u>
Gain from derivative financial instruments	<u>1,364</u>	<u>1,634</u>	<u>1,364</u>	<u>1,634</u>
Unrealised net gain on revaluation of derivatives	<u>7,699</u>	<u>14,269</u>	<u>7,699</u>	<u>14,269</u>
Foreign exchange, net gain	<u>14,277</u>	<u>19,899</u>	<u>14,277</u>	<u>19,899</u>
Other income				
- Management fees	2,505	2,286	2,505	2,286
- Rental of fixed assets	516	560	516	560
- Miscellaneous income	1,791	1,043	1,791	1,043
	<u>4,812</u>	<u>3,889</u>	<u>4,812</u>	<u>3,889</u>
	<u>32,202</u>	<u>44,520</u>	<u>32,202</u>	<u>44,520</u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

26. Other operating expenses

	1st Quarter Ended		Three Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Personnel costs				
Salaries, allowances and bonuses	9,714	9,198	9,714	9,198
Employees' provident fund contributions	1,259	1,173	1,259	1,173
Staff training expenses	20	147	20	147
Staff welfare expenses	16	73	16	73
Other personnel expenses	1,104	1,101	1,104	1,101
	<u>12,113</u>	<u>11,692</u>	<u>12,113</u>	<u>11,692</u>
Establishment costs				
Depreciation - Plant and equipment	1,158	1,041	1,158	1,041
Depreciation - Right-of-use assets	1,437	1,393	1,437	1,393
Repair and maintenance	29	(130)	29	(130)
Other establishment expenses	3,934	4,000	3,934	4,000
	<u>6,558</u>	<u>6,304</u>	<u>6,558</u>	<u>6,304</u>
Marketing expenses				
Advertisement and publicity	42	42	42	42
Other marketing expenses	-	24	-	24
	<u>42</u>	<u>66</u>	<u>42</u>	<u>66</u>
Administration and general expenses				
Guarantee fees	9,903	8,397	9,903	8,397
Auditors' remuneration				
- Statutory audit	79	77	79	77
- Other services	25	25	25	25
Professional fees	113	94	113	94
Communication expenses	170	147	170	147
Management fees	4,841	4,551	4,841	4,551
Licence fees and stamp duties	38	38	38	38
Non-executive directors' fees and allowances	217	247	217	247
Other administration and general expenses	1,644	933	1,644	933
	<u>17,030</u>	<u>14,509</u>	<u>17,030</u>	<u>14,509</u>
	<u>35,743</u>	<u>32,571</u>	<u>35,743</u>	<u>32,571</u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020****27. Allowance for impairment on loans, advances and financing**

	1st Quarter Ended		Three Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
<u>Allowance/(writeback) of ECL</u>				
Loans, advances and financing	29,012	(2,122)	29,012	(2,122)
Provision for credit commitments and contingencies	4,204	(1,198)	4,204	(1,198)
	<u>33,216</u>	<u>(3,320)</u>	<u>33,216</u>	<u>(3,320)</u>

28. Allowance for impairment on other financial assets

	1st Quarter Ended		Three Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
<u>Allowance/(writeback) of ECL</u>				
Cash and short-term funds	989	795	989	795
Deposits and placements with banks and other financial institutions	(514)	(420)	(514)	(420)
Debt instruments measured at FVOCI	816	(11)	816	(11)
Other assets	58	(18)	58	(18)
	<u>1,349</u>	<u>346</u>	<u>1,349</u>	<u>346</u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

29. 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	Total
	Up to 1 month	>1 - 3 months	>3 - 12 months	1 - 5 years	Over 5 years	Non- interest bearing #		
Unaudited 30 June 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Cash and short-term funds	4,394,660	-	-	-	-	65,248	-	4,459,908
Deposits and placements with banks and other financial institutions	-	171,282	150,000	-	-	-	-	321,282
Debt instruments measured at FVOCI	151,318	210,650	151,584	51,212	-	-	-	564,764
Loans, advances and financing	2,716,559	1,251,414	1,689,911	8,107,453	1,215,511	(111,733)	-	14,869,115
Other assets ^	147,138	322	2,659	-	-	6,617	-	156,736
Derivative financial assets	4,450	2,271	-	434	-	-	535,501	542,656
Total assets	7,414,125	1,635,939	1,994,154	8,159,099	1,215,511	(39,868)	535,501	20,914,461

The negative balance represents allowance for expected credit losses on financial assets.

^ Other assets exclude prepayments and deferred expenses as these items are classified as non-financial assets.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

29. Use of Financial Instruments (continued)

Interest rate risk (continued)

	Non-trading book					Non- interest bearing RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000			
Unaudited 30 June 2020								
Liabilities								
Deposits from customers	2,972,812	1,891,193	1,095,870	5,409,444	1,213,470	3,283,190	-	15,865,979
Deposits and placements of banks and other financial institutions	599,327	458,135	1,338	76,649	-	4,443	-	1,139,892
Bills and acceptances payable	-	-	1,241	-	-	-	-	1,241
Derivative financial liabilities	-	-	318	67,525	-	-	416,057	483,900
Other liabilities *	6,761	5,556	5,332	2,563	899	93,476	-	114,587
Total liabilities	3,578,900	2,354,884	1,104,099	5,556,181	1,214,369	3,381,109	416,057	17,605,599
On balance sheet interest rate gap	3,835,225	(718,945)	890,055	2,602,918	1,142	(3,420,977)	119,444	3,308,862
Off balance sheet interest rate gap	-	1,651,600	(25,138)	(1,626,462)	-	-	-	-
Total interest rate gap	3,835,225	932,655	864,917	976,456	1,142	(3,420,977)	119,444	3,308,862

* Other liabilities exclude other provisions and accruals as well as deferred income as these items are classified as non-financial liabilities.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

29. Use of Financial Instruments (continued)

Interest rate risk (continued)

	Non-trading book						Trading book	Total
	Up to 1 month	>1 - 3 months	>3 - 12 months	1 - 5 years	Over 5 years	Non-interest bearing #		
Audited	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 March 2020								
<u>Assets</u>								
Cash and short-term funds	4,194,190	-	-	-	-	45,206	-	4,239,396
Deposits and placements with banks and other financial institutions	-	800,000	70,000	-	-	(514)	-	869,486
Debt instruments measured at FVOCI	-	150,626	201,354	30,557	232,156	(18,613)	-	596,080
Loans, advances and financing	2,728,462	1,745,517	1,534,681	8,148,662	1,236,512	(82,721)	-	15,311,113
Other assets ^	49,400	4,090	2,500	-	-	5,437	-	61,427
Derivative financial assets	6,634	-	7,255	646	-	-	606,273	620,808
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	51,463	-	51,463
Total assets	6,978,686	2,700,233	1,815,790	8,179,865	1,468,668	258	606,273	21,749,773

The negative balance represents allowance for expected credit losses on financial assets.

^ Other assets exclude prepayments and deferred expenses as these items are classified as non-financial assets.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

29. Use of Financial Instruments (continued)

Interest rate risk (continued)

	Non-trading book						Trading book	Total
	Up to 1 month	>1 - 3 months	>3 - 12 months	1 - 5 years	Over 5 years	Non-interest bearing		
Audited	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 March 2020								
Liabilities								
Deposits from customers	2,930,689	1,430,876	1,529,941	4,842,882	1,233,683	3,468,663	-	15,436,734
Deposits and placements of banks and other financial institutions	1,775,986	374,127	40,789	77,110	-	3,735	-	2,271,747
Bills and acceptances payable	-	-	2,150	-	-	-	-	2,150
Derivative financial liabilities	-	59	-	63,492	-	-	496,718	560,269
Other liabilities *	6,853	3,331	6,289	3,789	1,723	164,585	-	186,570
Total liabilities	4,713,528	1,808,393	1,579,169	4,987,273	1,235,406	3,636,983	496,718	18,457,470
On balance sheet interest rate gap	2,265,158	891,840	236,621	3,192,592	233,262	(3,636,725)	109,555	3,292,303
Off balance sheet interest rate gap	-	1,527,810	-	(238)	(1,527,572)	-	-	-
Total interest rate gap	2,265,158	2,419,650	236,621	3,192,354	(1,294,310)	(3,636,725)	109,555	3,292,303

* Other liabilities exclude other provisions and accruals as well as deferred income as these items are classified as non-financial liabilities.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020****30. Use of Financial Instruments (continued)****Interest rate risk (continued)**

	Unaudited		Audited	
	30 June 2020		31 March 2020	
	MYR	USD	MYR	USD
	% p.a.	% p.a.	% p.a.	% p.a.
Financial assets				
Cash and short-term funds	2.07	0.26	2.59	1.85
Deposits and placements with banks and other financial institutions	2.46	0.52	2.86	-
Loans, advances and financing	3.82	1.50	4.16	2.24
Financial liabilities				
Deposits from customers	2.54	0.43	3.00	1.36
Deposits and placements of banks and other financial institutions	-	0.32	-	0.71

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

31. Credit Exposures to Connected Parties

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

	Unaudited	Audited
	30 June	31 March
	2020	2020
	RM'000	RM'000
Aggregate value of outstanding credit exposures to connected parties	984,396	1,066,549
As a percentage of total credit exposures	3.69%	3.89%

There are currently no exposures to connected parties which are classified as impaired.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

32. Capital Adequacy

The capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's Guidelines on Capital Adequacy Framework (Capital Components and Basel II - Risk Weighted Assets). The Bank adopted the Standardised Approach for credit risk and market risk and the Basic Indicator Approach for operational risk.

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

	Unaudited	Audited
	30 June	31 March
	2020	2020
	RM'000	RM'000
<u>Tier 1 capital</u>		
Paid-up ordinary share capital	2,452,605	2,452,605
Retained earnings	793,735	732,626
Other reserves	47,191	84,833
	<u>3,293,531</u>	<u>3,270,064</u>
Less: Deferred tax assets	-	-
55% of fair value reserve	(2,962)	(2,394)
Regulatory reserve	(41,805)	(80,480)
Common Equity Tier 1 (CET 1) and Tier 1 Capital	<u>3,248,764</u>	<u>3,187,190</u>
<u>Tier 2 capital</u>		
Expected credit losses	131,831	97,266
Regulatory reserve *	34,269	78,083
Tier 2 Capital	<u>166,100</u>	<u>175,349</u>
Total capital base	<u><u>3,414,864</u></u>	<u><u>3,362,539</u></u>
<u>Capital ratios</u>		
CET 1 and Tier 1 capital ratio	22.768%	21.199%
Total capital ratio	23.932%	22.365%

* Collective ECL on non-credit impaired exposure and regulatory reserves is subject to a maximum of 1.25% of total credit risk-weighted assets.

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

	Unaudited	Audited
	30 June	31 March
	2020	2020
	RM'000	RM'000
Credit risk	13,288,040	14,027,952
Market risk	325,670	370,237
Operational risk	655,397	636,404
Total risk-weighted assets	<u><u>14,269,107</u></u>	<u><u>15,034,593</u></u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

33. 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:

Unaudited 30 June 2020	Principal amount RM'000	Credit equivalent amount * RM'000	Risk- weighted assets * RM'000
Transaction-related contingent items	446,018	218,344	210,442
Short-term self-liquidating trade-related contingencies	121,125	22,647	22,647
Foreign exchange related contracts:			
- Less than one year	12,680,102	430,825	242,338
- One year to less than five years	8,252,259	918,082	587,530
- Five years and above	2,015,527	472,801	317,822
Interest / Profit rate related contracts:			
- Less than one year	25,138	63	31
- One year to less than five years	1,626,462	62,891	49,852
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	6,767,935	3,381,033	3,338,351
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	596,883	118,972	87,059
Total	32,531,449	5,625,658	4,856,072

* The credit equivalent amount and the risk-weighted amount are derived at using the credit conversion factors and risk weights respectively as per Bank Negara Malaysia Guidelines.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020****33. Commitments and contingencies (continued)**

Audited 31 March 2020	Principal amount RM'000	Credit equivalent amount * RM'000	Risk- weighted assets * RM'000
Transaction-related contingent items	395,088	194,859	184,770
Short-term self-liquidating trade-related contingencies	148,710	29,008	29,008
Foreign exchange related contracts:			
- Less than one year	14,023,563	512,164	273,498
- One year to less than five years	8,117,375	871,802	569,035
- Five years and above	2,132,258	510,364	351,887
Interest / Profit rate related contracts:			
- Less than one year	333,715	1,154	1,048
- One year to less than five years	1,527,572	57,704	45,501
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	6,523,113	3,259,577	3,225,117
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	500,131	100,026	67,718
Total	33,701,525	5,536,658	4,747,582

* The credit equivalent amount and the risk-weighted amount are derived at using the credit conversion factors and risk weights respectively as per Bank Negara Malaysia Guidelines.

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

MANAGEMENT'S CERTIFICATION

I hereby certify that the attached unaudited condensed interim financial statements for the financial period ended 30 June 2020 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 27 September 2019.

Tetsuya Kainaka
Chief Executive Officer

Date: 28 September 2020