

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 2022**

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 2022

		As at 30 June 2022 RM'000	As at 31 March 2022 RM'000
Assets	Note		
Cash and short-term funds	13	4,730,803	4,720,124
Deposits and placements with banks and other financial institutions	14	1,445,980	546,235
Debt instruments at fair value through other comprehensive income ("FVOCI")	15	463,885	485,992
Loans, advances and financing	16	15,685,665	14,436,898
Derivative financial assets		606,426	396,492
Other assets	17	74,471	107,698
Plant and equipment		10,163	12,102
Right-of-use assets		7,723	8,743
Tax recoverable		147,641	130,786
Total assets		<u>23,172,757</u>	<u>20,845,070</u>
Liabilities			
Deposits from customers	18	17,359,485	15,729,117
Deposits and placements of banks and other financial institutions	19	1,339,619	943,649
Bills and acceptances payable		1,432	1,487
Derivative financial liabilities		567,396	344,868
Other liabilities	20	163,159	120,396
Lease liabilities		7,328	8,536
Provision for credit commitments and contingencies	21	4,376	6,423
Deferred tax liabilities		5,205	5,326
Total liabilities		<u>19,448,000</u>	<u>17,159,802</u>
Equity			
Share capital		2,452,605	2,452,605
Reserves		1,272,152	1,232,663
Total equity attributable to owners of the Bank		<u>3,724,757</u>	<u>3,685,268</u>
Total liabilities and equity		<u>23,172,757</u>	<u>20,845,070</u>
Commitments and contingencies	32	<u>32,723,081</u>	<u>30,883,520</u>

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	Note	1st Quarter Ended		Three Months Ended	
		30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Interest income	22	97,082	80,446	97,082	80,446
Interest expense	23	(45,041)	(29,013)	(45,041)	(29,013)
Net interest income		52,041	51,433	52,041	51,433
Other operating income	24	33,039	39,286	33,039	39,286
Net operating income		85,080	90,719	85,080	90,719
Other operating expenses	25	(33,001)	(28,086)	(33,001)	(28,086)
Operating profit		52,079	62,633	52,079	62,633
Writeback of impairment on loans, advances and financing	26	2,550	13,712	2,550	13,712
Writeback of impairment on other financial assets	27	128	3,100	128	3,100
Profit before taxation		54,757	79,445	54,757	79,445
Tax expense		(12,629)	(17,959)	(12,629)	(17,959)
Profit after taxation		42,128	61,486	42,128	61,486
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		(2,602)	365	(2,602)	365
- Debt instruments measured at FVOCI - decrease in allowance for impairment		(37)	(236)	(37)	(236)
Total comprehensive income for the financial period		39,489	61,615	39,489	61,615
Basic earnings per ordinary share (sen)		1.72	2.51	1.72	2.51

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Share capital RM'000	Non-distributable reserves		Distributable reserves	Total RM'000
		Regulatory reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
At 1 April 2022	2,452,605	143,570	2,125	1,086,968	3,685,268
Profit for the period	-	-	-	42,128	42,128
Fair value change and decrease in allowance for impairment of debt instruments measured at FVOCI	-	-	(2,639)	-	(2,639)
Total comprehensive income for the period	-	-	(2,639)	42,128	39,489
Transfer to regulatory reserve	-	15,291	-	(15,291)	-
At 30 June 2022	2,452,605	158,861	(514)	1,113,805	3,724,757
At 1 April 2021	2,452,605	93,220	1,944	959,944	3,507,713
Profit for the period	-	-	-	61,486	61,486
Fair value change and increase in allowance for impairment of debt instruments measured at FVOCI	-	-	129	-	129
Total comprehensive income for the period	-	-	129	61,486	61,615
Transfer to regulatory reserve	-	21,036	-	(21,036)	-
At 30 June 2021	2,452,605	114,256	2,073	1,000,394	3,569,328

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	1st Quarter Ended / Three Months Ended	
	30 June 2022	30 June 2021
	RM'000	RM'000
Cash flows from operating activities		
Profit from ordinary activities before taxation	54,757	79,445
Adjustments for non-cash items	(8,498)	(17,817)
Operating profit before working capital changes	<u>46,259</u>	<u>61,628</u>
Changes in working capital:		
Net changes in operating assets	(2,091,616)	(468,983)
Net changes in operating liabilities	<u>2,069,104</u>	<u>883,364</u>
Net cash generated from operating activities	23,747	476,009
Tax paid	(28,783)	(24,662)
Net cash (used in) / generated from operating activities	<u>(5,036)</u>	<u>451,347</u>
Net cash generated from / (used in) investing activities	17,241	(65,440)
Net cash used in financing activities	<u>(1,483)</u>	<u>(1,161)</u>
Net increase in cash and cash equivalents during the financial period	10,722	384,746
Cash and cash equivalents at beginning of the financial period	<u>4,721,029</u>	<u>4,344,248</u>
Cash and cash equivalents at end of the financial period	<u><u>4,731,751</u></u>	<u><u>4,728,994</u></u>
Cash and cash equivalents comprise:		
Cash and balances with banks and other financial institutions	67,300	139,890
Money at call and deposit placements maturing within one month	<u>4,664,451</u>	<u>4,589,104</u>
	<u><u>4,731,751</u></u>	<u><u>4,728,994</u></u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

1. Basis of preparation

The unaudited condensed interim financial statements for the first quarter and financial period ended 30 June 2022 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 2022. 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 2022.

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 2022, 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 2022:

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*, MFRS 3, *Business Combinations*, MFRS 9, *Financial Instruments*, MFRS 16, *Lease*, MFRS 116, *Property, Plant and Equipment*, MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets* and MFRS 141, *Agriculture*.

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.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

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 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 plans to apply the abovementioned accounting standards, interpretations and amendments, where applicable, except for MFRS 17 which 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 2022 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 first quarter and financial period ended 30 June 2022.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

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 first quarter and financial period ended 30 June 2022.

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 first quarter and financial period ended 30 June 2022.

6. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the first quarter and financial period ended 30 June 2022.

7. Dividend

No dividend was paid during the first quarter and financial period ended 30 June 2022.

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 first quarter and financial period ended 30 June 2022.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

11. Review of Performance

For the first quarter ended 30 June 2022, the Bank recorded an operating profit of RM52.1 million, a decrease of 16.8% compared to the previous comparative period (Q1 June 2021: RM62.6 million). The Bank registered a 31.0% decrease of profit before taxation to RM54.8 million for the first quarter ended 30 June 2022 (Q1 June 2021: RM79.4 million). Consequentially, profit after taxation decreased by 31.5% to RM42.1 million in the first quarter ended 30 June 2022 (Q1 June 2021: RM61.5 million).

The decrease was mainly attributed to the decrease in writeback of impairment on loans, advances and financing of RM11.1 million to RM2.6 million (Q1 June 2021: RM13.7 million) and decrease in other operating income of 16.0% amounting to RM33.0 million (Q1 June 2021: RM39.3 million).

Total assets recorded an increase of 11.2% to RM23,173 million as at 30 June 2022 (31 March 2022: RM20,845 million). This was mainly attributed to the 8.7% increase in net loans, advances and financing amounting to RM15,686 million (31 March 2022: RM14,437 million), 165% increase in deposits and placements with banks and other financial institutions amounting to RM1,446 million (31 March 2022: RM546 million) and 53% increase in derivative financial assets amounting to RM606 million (31 March 2022: RM396 million).

The total liabilities recorded an increase of 13.3% to RM19,448 million as at 30 June 2022 (31 March 2022: RM17,160 million). This was largely due to the higher deposits from customers of 10.4% amounting to RM17,359 million (31 March 2022: RM15,729 million), higher deposits and placements of banks and other financial institutions of 41.9% amounting to RM1,340 million (31 March 2022: RM944 million) and higher derivative financial liabilities of 64.3% amounting to RM567 million (31 March 2022: RM345 million).

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

12. Current Year Prospects

Malaysia's Gross Domestic Product ("GDP") in the first quarter of 2022 grew by 5.0 per cent (4Q 2021: 3.6 per cent). The economic growth was supported by firm domestic demand and the improvement in the labour market conditions as the country is transitioning to endemicity.

Domestic demand continue to gain traction forward with the reopening of international borders since 1 April 2022 which would facilitate the recovery in tourism-related sectors. Furthermore, the investment activities and prospects continue with the realisation of multi-year projects and targeted policy measures will provide further support to economic activity and aggregate demand.

Nevertheless, challenges surrounding the outlook continue to persist due to external and domestic factors, such as consecutive waves of Covid-19, the resulting supply bottlenecks, disruptions to global markets for energy and food and the economic effects of the Russia-Ukraine war. The inflation outlook continues to be subject to global commodity prices, prolonged supply-related disruptions, on-going military conflict in Ukraine and domestic policy measures.

In view of the above evolving developments and its implications on the overall outlook to domestic inflation and the economy, BNM maintains an accommodative stance of monetary policy towards supporting a sustainable economic growth and financial stability. On 6 July 2022, Bank Negara Malaysia ("BNM") decided to increase the Overnight Policy Rate ("OPR") by 25 basis points to 2.25 percent (after the first increase in OPR announced on 11 May 2022).

With the country's economic recovery continue to remain in traction providing supportive environment for businesses, the Bank remains steadfast in building sustainable portfolio with inclusive growth and focus on strengthening its business resilience and to maintain its business agenda with both Japanese and Non-Japanese clients.

Islamic Finance Outlook

The recent increase in rate by US Federal Reserve, followed by revision of OPR locally by BNM may see some impact on the growth of Islamic Finance Financing Asset, as affordability reduces as well as more cautious approach being taken by the market. Nonetheless, despite all these, the outlook for Islamic Finance is still positive. Islamic Finance is expected to outperform its Conventional counter-part in the area of Financing growth.

Currently, the Bank is working its way towards the introduction of Islamic Green Financing, Islamic Social Financing and Islamic Sustainable Linked Financing, which offer among others discounted pricing to those who achieved their Key Performance Indicators.

While the discounted pricing could help Customer in cushioning the increase in overall Financing rate due to the increase of OPR, it is also helping the Bank and its Customers in making positive contributions to the environment, which is in line with BNM's Value Base Intermediation initiative.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

13. Cash and short-term funds

	30 June 2022 RM'000	31 March 2022 RM'000
Cash and balances with banks and other financial institutions	67,300	92,727
Money at call and deposit placements maturing within one month	4,664,451	4,628,302
	<u>4,731,751</u>	<u>4,721,029</u>
Less: Allowance for expected credit losses ("ECL")	(948)	(905)
	<u><u>4,730,803</u></u>	<u><u>4,720,124</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 2022	905	-	-	905
Charge to profit or loss				
- Increase in ECL	43	-	-	43
At 30 June 2022	<u>948</u>	<u>-</u>	<u>-</u>	<u>948</u>
At 1 April 2021	1,978	2,365	-	4,343
Charge to profit or loss				
- Decrease in ECL	(1,073)	(2,365)	-	(3,438)
At 31 March 2022	<u>905</u>	<u>-</u>	<u>-</u>	<u>905</u>

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14. Deposits and placements with banks and other financial institutions

	30 June 2022 RM'000	31 March 2022 RM'000
Money at call and deposit placements maturing more than one month	1,446,196	546,560
Less: Allowance for ECL	(216)	(325)
	<u>1,445,980</u>	<u>546,235</u>

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 2022	325	-	-	325
Charge to profit or loss				
- Decrease in ECL	(109)	-	-	(109)
At 30 June 2022	<u>216</u>	<u>-</u>	<u>-</u>	<u>216</u>
At 1 April 2021	1,212	1,430	-	2,642
Charge to profit or loss				
- Decrease in ECL	(887)	(1,430)	-	(2,317)
At 31 March 2022	<u>325</u>	<u>-</u>	<u>-</u>	<u>325</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

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

	30 June 2022 RM'000	31 March 2022 RM'000
At fair value		
Negotiable instruments of deposits	300,693	303,014
Malaysian Government Investment Issues	163,192	182,978
	<u>463,885</u>	<u>485,992</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 2022	226	-	-	226
- Decrease in ECL	(37)	-	-	(37)
At 30 June 2022	<u>189</u>	<u>-</u>	<u>-</u>	<u>189</u>
At 1 April 2021	36	831	-	867
- Increase/(Decrease) in ECL	190	(831)	-	(641)
At 31 March 2022	<u>226</u>	<u>-</u>	<u>-</u>	<u>226</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 and credit to other comprehensive income.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

16. Loans, advances and financing

	30 June 2022 RM'000	31 March 2022 RM'000
(a) By type:		
<u>At amortised cost:</u>		
Overdraft	11,056	568
Term loans / financing		
- Syndicated loans / Syndicated Islamic financing	3,482,930	3,157,832
- Factoring receivables	150,232	195,573
- Other term loans / Islamic term financing	7,160,760	7,016,907
Trade bills discounted	39,269	28,701
Revolving credits / Revolving credit-i	4,930,818	4,127,220
Gross loans, advances and financing	<u>15,775,065</u>	<u>14,526,801</u>
Less: Allowance for ECL		
- 12-month ECL (Stage 1)	(3,085)	(4,706)
- Lifetime ECL not credit impaired (Stage 2)	(29,843)	(29,979)
- Lifetime ECL credit impaired (Stage 3)	(56,472)	(55,218)
Net loans, advances and financing	<u><u>15,685,665</u></u>	<u><u>14,436,898</u></u>
(b) By geographical distribution:		
Malaysia	13,201,738	12,116,294
Other countries:		
- Australia	1,310,589	1,162,239
- United States of America	443,341	423,223
- Japan	174,677	186,414
- Hong Kong	57,396	55,570
- Cayman Islands	257,835	246,004
- Netherlands	168,811	171,906
- United Kingdom	160,678	165,151
Gross loans, advances and financing	<u><u>15,775,065</u></u>	<u><u>14,526,801</u></u>
(c) By type of customer:		
Domestic non-bank financial institutions	4,348,162	4,192,176
Domestic business enterprises	11,195,609	10,102,131
Foreign entities	231,294	232,494
Gross loans, advances and financing	<u><u>15,775,065</u></u>	<u><u>14,526,801</u></u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

16. Loans, advances and financing (continued)

	30 June 2022 RM'000	31 March 2022 RM'000
(d) By interest rate sensitivity:		
Fixed rate		
- Other fixed rate loans	1,161,596	1,177,976
Variable rate		
- Cost-plus	4,606,854	4,197,865
- Other variable rates	10,006,615	9,150,960
Gross loans, advances and financing	<u>15,775,065</u>	<u>14,526,801</u>
(e) By sector:		
Primary agriculture	276,738	41,561
Manufacturing	2,886,448	2,742,970
Electricity, gas and water	758,766	738,106
Construction	75,030	65,809
Wholesale and retail trade, and restaurants and hotels	1,406,663	1,128,640
Transport, storage and communication	1,438,798	1,193,200
Finance, insurance and business services	5,284,826	5,203,359
Real estate	2,599,569	2,387,021
Education, health and other services	717,547	699,098
Other sectors	330,680	327,037
Gross loans, advances and financing	<u>15,775,065</u>	<u>14,526,801</u>
(f) By economic purpose:		
Purchase of securities	257,835	246,004
Purchase of non-residential property		
- Purchase of land	99,359	99,355
Purchase of fixed assets other than land and building	388,310	391,208
Construction	1,089,730	1,067,980
Working capital	6,421,238	5,685,298
Mergers and acquisition	154,673	168,483
Other purpose	7,363,920	6,868,473
Gross loans, advances and financing	<u>15,775,065</u>	<u>14,526,801</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

16. Loans, advances and financing (continued)

	30 June 2022 RM'000	31 March 2022 RM'000
(g) By residual contractual maturity:		
Maturing within one year	6,317,641	5,512,857
One year to three years	4,412,639	4,053,384
Three years to five years	2,908,551	2,892,376
More than five years	2,136,234	2,068,184
Gross loans, advances and financing	<u>15,775,065</u>	<u>14,526,801</u>

(h) Movements in credit-impaired loans, advances and financing are as follows:

	30 June 2022 RM'000	31 March 2022 RM'000
At 1 April 2022 / 1 April 2021	55,570	54,199
Currency translation differences	1,826	-
Impaired during the financial year	-	1,371
At 30 June 2022 / 31 March 2022	<u>57,396</u>	<u>55,570</u>
Less: Lifetime ECL credit impaired (Stage 3)	<u>(56,472)</u>	<u>(55,218)</u>
Net impaired loans, advances and financing	<u>924</u>	<u>352</u>
Gross credit-impaired loans and financing as a percentage of gross loans, advances and financing	<u>0.36%</u>	<u>0.38%</u>

(i) Credit-impaired loans, advances and financing by geographical distribution:

Hong Kong	<u>57,396</u>	<u>55,570</u>
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(j) Credit-impaired loans, advances and financing by sector:

Other sectors	<u>57,396</u>	<u>55,570</u>
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(k) Credit-impaired loans, advances and financing by economic purpose:

Other purpose	<u>57,396</u>	<u>55,570</u>
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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 2022

16. Loans, advances and financing (continued)

(i) 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 2022	10,539,396	3,931,835	55,570	14,526,801
Transfer to 12-month ECL (Stage 1)	605,370	(605,370)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(1,314,334)	1,314,334	-	-
Transfer to lifetime ECL credit- impaired (Stage 3)	-	-	-	-
Loans, advances and financing derecognised	(828,595)	(254,287)	(3,109)	(1,085,991)
New loans, advances and financing originated or purchased	1,995,705	167,131	2,305	2,165,141
Other adjustments	(146,542)	313,025	2,631	169,114
At 30 June 2022	<u>10,851,000</u>	<u>4,866,668</u>	<u>57,397</u>	<u>15,775,065</u>
At 1 April 2021	9,013,615	5,989,642	54,199	15,057,456
Transfer to 12-month ECL (Stage 1)	1,440,636	(1,440,636)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(1,385,333)	1,385,333	-	-
Transfer to lifetime ECL credit impaired (Stage 3)	-	-	-	-
Loans, advances and financing derecognised	(4,711,466)	(2,727,400)	-	(7,438,866)
New loans, advances and financing originated or purchased	6,228,943	688,715	806	6,918,464
Other adjustments	(46,999)	36,181	565	(10,253)
At 31 March 2022	<u>10,539,396</u>	<u>3,931,835</u>	<u>55,570</u>	<u>14,526,801</u>

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[Company No. 201001042446 (926374-U)]

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

16. Loans, advances and financing (continued)

(m) 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 2022	4,706	29,979	55,218	89,903
Transfer to 12-month ECL (Stage 1)	2,122	(2,122)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(48)	48	-	-
Transfer to lifetime ECL credit- impaired (Stage 3)	-	-	-	-
Loans, advances and financing derecognised	(128)	(154)	-	(282)
New loans, advances and financing originated or purchased	297	1,805	-	2,102
Changes due to change in credit risk	(3,864)	287	1,254	(2,323)
At 30 June 2022	<u>3,085</u>	<u>29,843</u>	<u>56,472</u>	<u>89,400</u>
At 1 April 2021	10,453	59,634	10,384	80,471
Transfer to 12-month ECL (Stage 1)	35,181	(35,181)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(4,752)	4,752	-	-
Transfer to lifetime ECL credit impaired (Stage 3)	-	-	-	-
Loans, advances and financing derecognised	(5,117)	(9,195)	-	(14,312)
New loans, advances and financing originated or purchased	2,454	3,656	-	6,110
Changes due to change in credit risk	(33,513)	6,313	44,834	17,634
At 31 March 2022	<u>4,706</u>	<u>29,979</u>	<u>55,218</u>	<u>89,903</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

17. Other assets

	30 June 2022 RM'000	31 March 2022 RM'000
Interest receivable	10,406	8,218
Amount due from related corporations	7,096	84
Cash collateral placements	53,257	94,346
Other receivables	1,398	2,742
Deposits	1,982	2,035
Prepayments	335	301
	<u>74,474</u>	<u>107,726</u>
Less: Allowance for ECL	(3)	(28)
	<u><u>74,471</u></u>	<u><u>107,698</u></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 2022	28	-	-	28
Charge to profit or loss				
- Decrease in ECL	(25)	-	-	(25)
At 30 June 2022	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>
At 1 April 2021	400	-	-	400
Charge to profit or loss				
- Decrease in ECL	(372)	-	-	(372)
At 31 March 2022	<u>28</u>	<u>-</u>	<u>-</u>	<u>28</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

18. Deposits from customers

	30 June 2022 RM'000	31 March 2022 RM'000
(a) By type of deposits:		
Demand deposits	3,701,189	3,165,016
Fixed deposits	10,291,455	9,847,955
Short-term deposits	3,366,841	2,716,146
	<u>17,359,485</u>	<u>15,729,117</u>

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

Due within six months	5,591,600	4,834,618
Six months to one year	1,622,440	1,520,771
One year to three years	2,915,993	2,359,127
Three years to five years	2,035,564	2,430,086
Five years to ten years	449,392	438,531
Ten years and above	1,043,307	980,968
	<u>13,658,296</u>	<u>12,564,101</u>

(b) By type of customers:

Domestic non-bank financial institutions	251,250	249,994
Domestic business enterprises	8,244,366	7,071,364
Branch of immediate holding corporation	8,197,514	7,816,858
Foreign non-bank entities	176,589	166,315
Domestic other entities	4,223	3,911
Government	485,543	420,675
	<u>17,359,485</u>	<u>15,729,117</u>

19. Deposits and placements of banks and other financial institutions

	30 June 2022 RM'000	31 March 2022 RM'000
Licensed Malaysian banks	371,886	218,484
Foreign banks		
- Immediate holding corporation	967,733	725,165
	<u>1,339,619</u>	<u>943,649</u>

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20. Other liabilities

	30 June 2022 RM'000	31 March 2022 RM'000
Interest payable	10,836	9,651
Amount due to immediate holding corporation and related corporations/companies	25,522	14,422
Cash collateral placements	80,820	48,640
Other payables	28,414	32,353
Accruals	17,567	15,330
	<u>163,159</u>	<u>120,396</u>

21. Provision for credit commitments and contingencies

	30 June 2022 RM'000	31 March 2022 RM'000
Provision for credit commitments and contingencies	<u>4,376</u>	<u>6,423</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 2022	1,667	4,756	-	6,423
Charge to profit or loss				
- Decrease in ECL	(499)	(1,548)	-	(2,047)
At 30 June 2022	<u>1,168</u>	<u>3,208</u>	-	<u>4,376</u>
At 1 April 2021	1,487	6,131	9	7,627
Charge to profit or loss				
- Increase / (Decrease) in ECL	180	(1,375)	(9)	(1,204)
At 31 March 2022	<u>1,667</u>	<u>4,756</u>	-	<u>6,423</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022****22. Interest income**

	1st Quarter Ended		Three Months Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Loans, advances and financing				
- Interest income	64,549	54,912	64,549	54,912
- Financing income	8,675	4,329	8,675	4,329
Money at call and deposit placements with banks and other financial institutions	21,553	18,619	21,553	18,619
Debt instruments measured at FVOCI	2,305	2,586	2,305	2,586
	<u>97,082</u>	<u>80,446</u>	<u>97,082</u>	<u>80,446</u>

23. Interest expense

	1st Quarter Ended		Three Months Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Deposits from customers	41,502	28,309	41,502	28,309
Deposits and placements of banks and other financial institutions	3,469	580	3,469	580
Lease liabilities	70	124	70	124
	<u>45,041</u>	<u>29,013</u>	<u>45,041</u>	<u>29,013</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022****24. Other operating income**

	1st Quarter Ended		Three Months Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Fee and commission income				
- Service charges and guarantee fees	315	289	315	289
- Loan related fees	3,243	4,014	3,243	4,014
- Commitment fees	1,155	535	1,155	535
	<u>4,713</u>	<u>4,838</u>	<u>4,713</u>	<u>4,838</u>
Realised gain from derivative financial instruments	<u>6,840</u>	<u>913</u>	<u>6,840</u>	<u>913</u>
Unrealised (loss)/gain on revaluation of derivatives	<u>(192)</u>	<u>3,174</u>	<u>(192)</u>	<u>3,174</u>
Unrealised (loss)/gain on hedging activities	<u>(10,246)</u>	<u>1,057</u>	<u>(10,246)</u>	<u>1,057</u>
Foreign exchange, net gain	<u>22,415</u>	<u>22,365</u>	<u>22,415</u>	<u>22,365</u>
Other income				
- Management fees	7,022	5,039	7,022	5,039
- Rental of fixed assets	224	371	224	371
- Miscellaneous income	2,263	1,529	2,263	1,529
	<u>9,509</u>	<u>6,939</u>	<u>9,509</u>	<u>6,939</u>
	<u><u>33,039</u></u>	<u><u>39,286</u></u>	<u><u>33,039</u></u>	<u><u>39,286</u></u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

25. Other operating expenses

	1st Quarter Ended		Three Months Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Personnel costs				
Salaries, allowances and bonuses	11,513	11,418	11,513	11,418
Employees' provident fund contributions	1,704	1,560	1,704	1,560
Staff training expenses	21	95	21	95
Other personnel expenses	1,315	762	1,315	762
	<u>14,553</u>	<u>13,835</u>	<u>14,553</u>	<u>13,835</u>
Establishment costs				
Depreciation - Plant and equipment	1,130	1,107	1,130	1,107
Depreciation - Right-of-use assets	1,165	1,437	1,165	1,437
Repair and maintenance	67	68	67	68
Other establishment expenses	3,864	3,827	3,864	3,827
	<u>6,226</u>	<u>6,439</u>	<u>6,226</u>	<u>6,439</u>
Marketing expenses				
Advertisement and publicity	42	42	42	42
Other marketing expenses	23	9	23	9
	<u>65</u>	<u>51</u>	<u>65</u>	<u>51</u>
Administration and general expenses				
Auditors' remuneration				
- Statutory audit	91	86	91	86
Professional fees	1,185	117	1,185	117
Communication expenses	55	160	55	160
Management fees	6,476	5,511	6,476	5,511
Licence fees and stamp duties	38	37	38	37
Non-executive directors' fees and allowances	217	250	217	250
Plant and equipment written off	1,484	-	1,484	-
Other administration and general expenses	2,611	1,600	2,611	1,600
	<u>12,157</u>	<u>7,761</u>	<u>12,157</u>	<u>7,761</u>
	<u>33,001</u>	<u>28,086</u>	<u>33,001</u>	<u>28,086</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022****26. Writeback of impairment on loans, advances and financing**

	1st Quarter Ended		Three Months Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
<u>Writeback of ECL</u>				
Loans, advances and financing	(503)	(11,906)	(503)	(11,906)
Provision for credit commitments and contingencies	(2,047)	(1,806)	(2,047)	(1,806)
	<u>(2,550)</u>	<u>(13,712)</u>	<u>(2,550)</u>	<u>(13,712)</u>

27. Writeback of impairment on other financial assets

	1st Quarter Ended		Three Months Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
<u>Writeback of ECL</u>				
Cash and short-term funds	43	(973)	43	(973)
Deposits and placements with banks and other financial institutions	-	-	(109)	(1,711)
Debt instruments measured at FVOCI	(37)	(236)	(37)	(236)
Other assets	(25)	(180)	(25)	(180)
	<u>(128)</u>	<u>(3,100)</u>	<u>(128)</u>	<u>(3,100)</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

28. Use of Financial Instruments

Interest rate risk

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

	Non-trading book						Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest bearing # RM'000		
30 June 2022								
Assets								
Cash and short-term funds	4,664,451	-	-	-	-	66,352	-	4,730,803
Deposits and placements with banks and other financial institutions	-	1,446,196	-	-	-	(216)	-	1,445,980
Debt instruments measured at FVOCI	322,817	-	60,062	81,006	-	-	-	463,885
Loans, advances and financing								
- non-impaired	2,905,739	1,584,534	1,686,359	7,404,802	2,136,234	(32,928)	-	15,684,740
- impaired	-	-	-	57,397	-	(56,472)	-	925
Derivative financial assets	-	-	241	4,707	-	-	601,478	606,426
Other assets [^]	57,461	3,735	2,532	-	-	10,408	-	74,136
Total assets	7,950,468	3,034,465	1,749,194	7,547,912	2,136,234	(12,856)	601,478	23,006,895

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.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

28. 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			
30 June 2022								
<u>Liabilities</u>								
Deposits from customers	3,924,185	1,502,655	1,787,200	4,951,558	1,492,698	3,701,189	-	17,359,485
Deposits and placements of banks and other financial institutions	626,054	446,098	132,189	132,189	-	3,089	-	1,339,619
Bills and acceptances payable	-	-	1,432	-	-	-	-	1,432
Derivative financial liabilities	-	46	73	20,581	-	-	546,696	567,396
Other liabilities *	4,244	5,599	4,284	5,696	1,630	97,696	-	119,149
Total liabilities	4,554,483	1,954,398	1,925,178	5,110,024	1,494,328	3,801,974	546,696	19,387,081
On balance sheet interest rate gap	3,395,985	1,080,067	(175,984)	2,437,888	641,906	(3,814,830)	54,782	3,619,814
Off balance sheet interest rate gap	-	2,947,615	(63,733)	(2,656,641)	(227,241)	-	-	-
Total interest rate gap	3,395,985	4,027,682	(239,717)	(218,753)	414,665	(3,814,830)	54,782	3,619,814

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

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FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

28. 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			
31 March 2022								
<u>Assets</u>								
Cash and short-term funds	4,628,302	-	-	-	-	91,822	-	4,720,124
Deposits and placements with banks and other financial institutions	-	546,560	-	-	-	(325)	-	546,235
Debt instruments measured at FVOCI	201,234	101,780	40,285	142,693	-	-	-	485,992
Loans, advances and financing								
- non-impaired	2,029,400	1,681,361	1,801,288	6,890,996	2,068,186	(34,685)	-	14,436,546
- impaired	-	-	-	55,570	-	(55,218)	-	352
Derivative financial assets	-	-	-	1,114	-	-	395,378	396,492
Other assets ^	101,335	1,971	1,728	-	-	2,363	-	107,397
Total assets	6,960,271	2,331,672	1,843,301	7,090,373	2,068,186	3,957	395,378	20,693,138

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.

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FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

28. 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			
31 March 2022								
<u>Liabilities</u>								
Deposits from customers	3,308,078	1,008,097	2,039,214	4,789,213	1,419,499	3,165,016	-	15,729,117
Deposits and placements of banks and other financial institutions	612,145	272,082	55,497	-	-	3,925	-	943,649
Bills and acceptances payable	-	-	1,487	-	-	-	-	1,487
Derivative financial liabilities	-	10,801	135	41,435	-	-	292,497	344,868
Other liabilities *	4,382	2,641	3,849	1,466	680	60,556	-	73,574
Total liabilities	3,924,605	1,293,621	2,100,182	4,832,114	1,420,179	3,229,497	292,497	17,092,695
On balance sheet interest rate gap	3,035,666	1,038,051	(256,881)	2,258,259	648,007	(3,225,540)	102,881	3,600,443
Off balance sheet interest rate gap	-	2,696,806	(119,594)	(1,963,595)	(613,617)	-	-	-
Total interest rate gap	3,035,666	3,734,857	(376,475)	294,664	34,390	(3,225,540)	102,881	3,600,443

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

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29. Use of Financial Instruments (continued)

Interest rate risk (continued)

	30 June 2022		31 March 2022	
	MYR % p.a.	USD % p.a.	MYR % p.a.	USD % p.a.
Financial assets				
Cash and short-term funds	2.02	1.52	1.80	0.46
Deposits and placements with banks and other financial institutions	2.05	2.07	-	0.63
Loans, advances and financing	3.62	2.45	3.46	1.54
Financial liabilities				
Deposits from customers	2.15	1.64	2.00	0.59
Deposits and placements of banks and other financial institutions	-	2.52	-	0.10

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

30. Credit Exposures to Connected Parties

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

	30 June 2022 RM'000	31 March 2022 RM'000
Aggregate value of outstanding credit exposures to connected parties	302,284	578,301
As a percentage of total credit exposures	1.01%	2.13%

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

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31. 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:

	30 June 2022 RM'000	31 March 2022 RM'000
<u>Tier 1 capital</u>		
Paid-up ordinary share capital	2,452,605	2,452,605
Retained earnings	1,086,968	1,086,968
Other reserves	158,347	145,695
	<u>3,697,920</u>	<u>3,685,268</u>
Less: 55% of fair value reserve	-	(1,169)
Regulatory reserve	(158,861)	(143,570)
Common Equity Tier 1 (CET 1) and Tier 1 Capital	<u>3,539,059</u>	<u>3,540,529</u>
<u>Tier 2 capital</u>		
Expected credit losses	38,660	42,592
Regulatory reserve *	148,949	126,154
Tier 2 Capital	<u>187,609</u>	<u>168,746</u>
Total capital base	<u><u>3,726,668</u></u>	<u><u>3,709,275</u></u>
<u>Capital ratios</u>		
CET 1 and Tier 1 capital ratio	22.110%	24.306%
Total capital ratio	23.282%	25.464%

* 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:

	30 June 2022 RM'000	31 March 2022 RM'000
Credit risk	15,008,691	13,499,672
Market risk	320,168	379,803
Operational risk	677,888	686,993
Total risk-weighted assets	<u><u>16,006,747</u></u>	<u><u>14,566,468</u></u>

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32. 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:

	Principal amount RM'000	Credit equivalent amount * RM'000	Risk- weighted assets * RM'000
30 June 2022			
Transaction-related contingent items	639,209	316,886	311,145
Short-term self-liquidating trade-related contingencies	623,132	124,219	124,219
Foreign exchange related contracts:			
- Less than one year	8,907,963	254,966	169,152
- One year to less than five years	9,083,197	1,284,114	761,906
- Five years and above	1,068,859	233,460	166,636
Interest / Profit rate related contracts:			
- Less than one year	180,060	892	703
- One year to less than five years	2,656,641	101,481	67,172
- Five years and above	227,241	47,747	33,531
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	672,291	134,453	134,453
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	8,664,488	4,330,998	4,140,873
Total	32,723,081	6,829,216	5,909,790

* 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.

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32. Commitments and contingencies (continued)

	Principal amount RM'000	Credit equivalent amount * RM'000	Risk- weighted assets * RM'000
31 March 2022			
Transaction-related contingent items	551,387	272,465	266,724
Short-term self-liquidating trade-related contingencies	394,632	78,207	78,207
Foreign exchange related contracts:			
- Less than one year	8,613,483	212,009	128,279
- One year to less than five years	8,570,737	1,138,878	664,667
- Five years and above	1,053,957	204,990	151,806
Interest / Profit rate related contracts:			
- Less than one year	119,594	566	528
- One year to less than five years	1,963,595	58,809	41,193
- Five years and above	613,617	73,264	51,120
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	611,283	122,222	122,222
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	8,391,235	4,193,177	4,021,831
Total	30,883,520	6,354,587	5,526,577

* 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.

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33. The operations of International Currency Business Unit (ICBU)

The Bank had obtained approval from BNM to set up an International Currency Business Unit ("ICBU") to promote Islamic Banking business. The ICBU is permitted to conduct a wide range of Islamic banking business in international currencies other than Malaysian Ringgit and the currency of Israel as per the Guidelines on the Establishment of International Currency Business Unit issued by BNM.

The following breakdown shows the Bank's financing and advances and deposits from customers which are conducted through the ICBU.

(a) Financing and advances

	30 June 2022 RM'000	31 March 2022 RM'000
(i) By type:		
<u>At amortised cost:</u>		
Term financing		
- Syndicated Islamic financing	505,352	499,305
- Islamic term financing	617,509	642,674
Revolving credit-i	1,422,379	1,041,597
Gross financing and advances	<u>2,545,240</u>	<u>2,183,576</u>
Less: Allowance for ECL		
- 12-month ECL (Stage 1)	(477)	(671)
- Lifetime ECL not credit impaired (Stage 2)	(5,410)	(6,323)
Net financing and advances	<u><u>2,539,353</u></u>	<u><u>2,176,582</u></u>
(ii) By contract:		
Murabahah	<u>2,545,240</u>	<u>2,183,576</u>
Gross financing and advances	<u><u>2,545,240</u></u>	<u><u>2,183,576</u></u>

(b) Deposits from customers

	30 June 2022 RM'000	31 March 2022 RM'000
(i) By type and contract:		
<u>At amortised cost:</u>		
Demand deposits - Qard	<u>14,470</u>	<u>3,693</u>
	<u><u>14,470</u></u>	<u><u>3,693</u></u>

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MANAGEMENT'S CERTIFICATION

I hereby certify that the attached unaudited condensed interim financial statements for the financial period ended 30 June 2022 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 latest Revised Guidelines on Financial Reporting issued by Bank Negara Malaysia.

[Signed]

Hiroshi Okawa
Chief Executive Officer

Date: 28 July 2022