

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 SEPTEMBER 2024**

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 SEPTEMBER 2024

		As at 30 September 2024 RM'000	As at 31 March 2024 RM'000
	Note		
Assets			
Cash and short-term funds	13	5,007,066	5,767,894
Deposits and placements with banks and other financial institutions	14	1,948,499	2,033,895
Debt instruments at fair value through other comprehensive income ("FVOCI")	15	3,258,945	3,373,882
Loans, advances and financing	16	13,054,071	14,353,388
Derivative financial assets		1,105,371	812,730
Other assets	17	543,760	92,338
Statutory deposits with Bank Negara Malaysia	18	650	650
Plant and equipment		13,472	9,661
Right-of-use assets		11,207	10,434
Tax recoverable		106,495	101,495
Total assets		<u>25,049,536</u>	<u>26,556,367</u>
Liabilities			
Deposits from customers	19	15,202,569	17,689,286
Deposits and placements of banks and other financial institutions	20	4,119,599	3,609,436
Bills and acceptances payable		739	392
Derivative financial liabilities		1,207,123	700,856
Other liabilities	21	188,136	386,127
Lease liabilities		11,271	10,679
Provision for credit commitments and contingencies	22	3,395	4,875
Deferred tax liabilities		13,943	6,574
Total liabilities		<u>20,746,775</u>	<u>22,408,225</u>
Equity			
Share capital		2,452,605	2,452,605
Reserves		1,850,156	1,695,537
Total equity attributable to owners of the Bank		<u>4,302,761</u>	<u>4,148,142</u>
Total liabilities and equity		<u>25,049,536</u>	<u>26,556,367</u>
Commitments and contingencies	33	<u>36,887,929</u>	<u>41,548,626</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 SEPTEMBER 2024

	Note	2nd Quarter Ended		Six Months Ended	
		30 September 2024	30 September 2023	30 September 2024	30 September 2023
		RM'000	RM'000	RM'000	RM'000
Interest income	23	277,168	306,533	560,756	563,246
Interest expense	24	(206,450)	(248,992)	(424,560)	(437,340)
Net interest income		<u>70,718</u>	<u>57,541</u>	<u>136,196</u>	<u>125,906</u>
Other operating income	25	59,993	61,828	118,040	111,557
Net operating income		<u>130,711</u>	<u>119,369</u>	<u>254,236</u>	<u>237,463</u>
Other operating expenses	26	(38,976)	(33,746)	(73,735)	(68,508)
Operating profit		<u>91,735</u>	<u>85,623</u>	<u>180,501</u>	<u>168,955</u>
Writeback of impairment on loans, advances and financing	27	26,900	35,226	23,790	42,720
Writeback of impairment on other financial assets	28	561	737	1,785	2,147
Profit before taxation		<u>119,196</u>	<u>121,586</u>	<u>206,076</u>	<u>213,822</u>
Tax expense		(30,965)	(30,252)	(53,313)	(52,285)
Profit after taxation		<u>88,231</u>	<u>91,334</u>	<u>152,763</u>	<u>161,537</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		(259)	239	2,183	(1,215)
- Debt instruments measured at FVOCI - decrease in allowance for impairment		(188)	(221)	(327)	(513)
Total comprehensive income for the financial period		<u>87,784</u>	<u>91,352</u>	<u>154,619</u>	<u>159,809</u>
Basic earnings per ordinary share (sen)		<u>3.60</u>	<u>3.72</u>	<u>6.23</u>	<u>6.59</u>

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

	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 2024	2,452,605	155,926	1,726	1,537,885	4,148,142
Profit for the period	-	-	-	152,763	152,763
Fair value change and increase in allowance for impairment of debt instruments measured at FVOCI	-	-	1,856	-	1,856
Total comprehensive income for the period	-	-	1,856	152,763	154,619
Transfer to regulatory reserve	-	1,228	-	(1,228)	-
At 30 September 2024	2,452,605	157,154	3,582	1,689,420	4,302,761
At 1 April 2023	2,452,605	143,570	2,397	1,288,107	3,886,679
Profit for the period	-	-	-	161,537	161,537
Fair value change and decrease in allowance for impairment of debt instruments measured at FVOCI	-	-	(1,728)	-	(1,728)
Total comprehensive income for the period	-	-	(1,728)	161,537	159,809
Transfer to regulatory reserve	-	21,997	-	(21,997)	-
At 30 September 2023	2,452,605	165,567	669	1,427,647	4,046,488

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

	30 September 2024 RM'000	30 September 2023 RM'000
Cash flows from operating activities		
Profit from ordinary activities before taxation	206,076	213,822
Adjustments for non-cash items	(6,067)	(25,699)
Operating profit before working capital changes	<u>200,009</u>	<u>188,123</u>
Changes in working capital:		
Net changes in operating assets	1,151,850	(957,351)
Net changes in operating liabilities	(2,162,631)	5,075,287
Cash (used in) / generated from operating activities	<u>(810,772)</u>	<u>4,306,059</u>
Tax paid	(47,762)	(20,409)
Net (used in) / generated from operating activities	<u>(858,534)</u>	<u>4,285,650</u>
Net cash generated from / (used in) investing activities	100,324	(730,322)
Net cash used in financing activities	<u>(2,863)</u>	<u>(2,457)</u>
Net (decrease) / increase in cash and cash equivalents during the financial period	(761,073)	3,552,871
Cash and cash equivalents at beginning of the financial period	5,769,489	5,911,756
Cash and cash equivalents at end of the financial period	<u>5,008,416</u>	<u>9,464,627</u>
Cash and cash equivalents comprise:		
Cash and balances with banks and other financial institutions	140,114	179,536
Money at call and deposit placements maturing within one month	<u>4,868,302</u>	<u>9,285,091</u>
	<u>5,008,416</u>	<u>9,464,627</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

1. Basis of preparation

The unaudited condensed interim financial statements for the second quarter and financial period ended 30 September 2024 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 2024. 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 2024.

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 2024, 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 2024:

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements*

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 SEPTEMBER 2024

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 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

Effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments*

Effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

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.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2024 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 second quarter and financial period ended 30 September 2024.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank in the second quarter and financial period ended 30 September 2024.

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 second quarter and financial period ended 30 September 2024.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

6. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the second quarter and financial period ended 30 September 2024.

7. Dividend

No dividend was paid during the second quarter and financial period ended 30 September 2024.

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 second quarter and financial period ended 30 September 2024.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

11. Review of Performance

2nd quarter results ended 30 September 2024

For the second quarter ended 30 September 2024, the Bank registered an operating profit of RM91.7 million, an increase of 7.1% (Q2 Sep 2023: RM85.6 million). The Bank's profit before taxation decreased by 2.0% to RM119.2 million (Q2 Sep 2023: RM121.6 million) and profit after taxation decreased by 3.4% to RM88.2 million in the quarter under review (Q2 Sep 2023: RM91.3 million).

The decrease was mainly attributed to the lower writeback of impairment on loans, advances and financing and other financial assets amounting to RM27.5 million (Q2 Sep 2023: RM35.9 million). This was partially offset by the increase in the net operating income of 9.5% to RM130.7 million (Q2 Sep 2023: RM119.4 million).

Six months financial results ended 30 September 2024

For the six months financial period ended 30 September 2024, the Bank registered an operating profit of RM180.5 million, an increase of 6.8% (6 months ended Sep 2024: RM169.0 million). The Bank recorded profit before taxation of RM206.1 million, a decrease of 3.6% (6 months ended Sep 2023: RM213.8 million). Consequentially, profit after taxation has decreased by 5.4% to RM152.8 million (6 months ended Sep 2023: RM161.5 million).

The decrease was mainly attributed to the lower writeback of impairment on loans, advances and financing and other financial assets amounting to RM25.6 million (6 months ended Sep 2023: RM44.8 million). Nonetheless, this was partially offset by the increase in the net operating income of 7.0% to RM254.2 million (6 months ended Sep 2023: RM237.5 million).

Total assets recorded a decrease of 5.7% to RM25,050 million as at 30 September 2024 (31 March 2024: RM26,556 million). This was mainly attributed to the 9.1% decrease in loans, advances and financing amounting to RM13,054 million (31 March 2024: RM14,353 million) and 13.2% decrease in cash and short-term funds amounting to RM5,007 million (31 March 2024: RM5,768 million). The decrease was partially offset by 488.9% increase in other assets amounting to RM544 million (31 March 2024: RM92 million).

Total liabilities recorded a decrease of 7.4% to RM20,747 million as at 30 September 2024 (31 March 2024: RM22,408 million). This was mainly attributed to the 14.1% decrease in deposits from customers amounting to RM15,203 million (31 March 2024: RM17,689 million). The decrease was partially offset by the 14.1% increase in deposits and placements of banks and other financial institutions amounting to RM4,120 million (31 March 2024: RM3,609 million) and 72.2% increase in derivative financial liabilities amounting to RM1,207 million (31 March 2024: RM701 million).

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

12. Current Year Prospects

Malaysia's Gross Domestic Product ("GDP") in the second quarter of 2024 grew by 5.9% (2Q 2023: 2.8%). The growth was supported mainly by stronger domestic demand, improving labour market conditions, inbound tourism activities, exports growth amid higher external demand and coupled with continued policy support from the government. Furthermore, the ongoing public and private investment driven by multi-year national development projects and realization of approved investment leading to more robust investment expenditure.

The growth momentum in the Malaysian economy is expected to achieve the upper range of the BNM's official target of 4.0% to 5.0% in 2024. The economic growth is underpinned by positive trade outlook and resilience domestic demand. Manufacturing sector is forecasted to contribute to further economic growth as foreign investment in the sector will begin production and export towards the end of the year. The domestic demand will continue to drive growth, supported by the continued recovery in the labour market and the realisation of multi-year investment projects implementation. In addition, the introduction of EPF Account 3, where members may withdraw to meet emergency needs, is anticipated to support domestic consumption.

Bank Negara Malaysia ("BNM")'s Monetary Policy Committee ("MPC") left Overnight Policy Rate ("OPR") unchanged at 3.00% for the eighth consecutive meetings since May 2023. MPC cited muted inflation of under 2.00% as one of the key reasons for the decision. Inflation outlook however depends on Malaysia government policy measures. Upside risk to inflation would depend on spillover effect from domestic policy measures on subsidies, price control as well as global commodity prices and financial market conditions.

With the country's economic development on track, the Bank remains steadfast in building sustainable portfolio with inclusive growth and focus on strengthening its business resilience. The Bank continues to maintain its business agenda with both Japanese and Non-Japanese clients while acknowledging the challenges ahead and continue to remain responsive to changing environment by adopting prudent approach in managing costs.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

12. Current Year Prospects (Continued)

Islamic Finance Outlook

The Islamic Banking industry in Malaysia continues to grow in the second quarter of 2024, whereby in the month of June 2024, total Islamic Banking assets has grown to RM1,150.4 billion which was contributed mainly by stand-alone Islamic Banks recording a total assets of RM1,124.5 billion (97.8%), followed by Islamic Banking Window ("IBW") operations with a total assets of RM25.8 billion (2.2%). This is an increase of 2.7% from fourth quarter of 2023's total assets of RM1,120.3 billion (stand-alone Islamic Banks' assets of RM1,095.3 billion and IBW assets of RM24.9 billion). Financing makes up the largest contribution at RM854.7 billion which is an increase of 9.0% from the fourth quarter of 2023 of RM783.8 billion.

The Bank will continue to expand its Malaysian Ringgit products within IBW to promote diverse range of financial solutions to customers.

Several factors will impact the continuing demand for International Currency Business Unit ("ICBU") and IBW respectively. These include the growth of the domestic and international economy, inflationary pressures, credit market conditions, strength of the Ringgit and advances in fintech and technology.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

13. Cash and short-term funds

	30 September 2024 RM'000	31 March 2024 RM'000
Cash and balances with banks and other financial institutions	140,114	157,202
Money at call and deposit placements maturing within one month	4,868,302	5,612,287
	<u>5,008,416</u>	<u>5,769,489</u>
Less: Allowance for expected credit losses ("ECL")	(1,350)	(1,595)
	<u><u>5,007,066</u></u>	<u><u>5,767,894</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 2024	1,595	-	-	1,595
Charge to profit or loss				
- Decrease in ECL	(245)	-	-	(245)
At 30 September 2024	<u>1,350</u>	<u>-</u>	<u>-</u>	<u>1,350</u>
At 1 April 2023	2,515	-	-	2,515
Charge to profit or loss				
- Decrease in ECL	(920)	-	-	(920)
At 31 March 2024	<u>1,595</u>	<u>-</u>	<u>-</u>	<u>1,595</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

14. Deposits and placements with banks and other financial institutions

	30 September 2024 RM'000	31 March 2024 RM'000
Money at call and deposit placements maturing more than one month	1,948,589	2,035,228
Less: Allowance for ECL	(90)	(1,333)
	<u>1,948,499</u>	<u>2,033,895</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 2024	1,333	-	-	1,333
Charge to profit or loss				
- Decrease in ECL	(1,243)	-	-	(1,243)
At 30 September 2024	<u>90</u>	<u>-</u>	<u>-</u>	<u>90</u>
At 1 April 2023	1,521	-	-	1,521
Charge to profit or loss				
- Decrease in ECL	(188)	-	-	(188)
At 31 March 2024	<u>1,333</u>	<u>-</u>	<u>-</u>	<u>1,333</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

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

	30 September 2024 RM'000	31 March 2024 RM'000
At fair value		
Negotiable Instruments of Deposits	701,950	402,173
Malaysian Government Securities	669,744	101,077
Malaysian Government Investment Issues	1,887,251	323,650
Bank Negara Malaysia Debt Securities	-	2,546,982
	<u>3,258,945</u>	<u>3,373,882</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 2024	641	-	-	641
- Decrease in ECL	(327)	-	-	(327)
At 30 September 2024	<u>314</u>	<u>-</u>	<u>-</u>	<u>314</u>
At 1 April 2023	694	-	-	694
- Decrease in ECL	(53)	-	-	(53)
At 31 March 2024	<u>641</u>	<u>-</u>	<u>-</u>	<u>641</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 SEPTEMBER 2024

16. Loans, advances and financing

	30 September 2024 RM'000	31 March 2024 RM'000
(a) By type:		
<u>At amortised cost:</u>		
Overdraft	6,805	2,293
Term loans / financing		
- Syndicated loans / Syndicated Islamic financing	3,202,107	3,471,584
- Factoring receivables	169,985	182,069
- Other term loans / Islamic term financing	4,865,717	6,432,092
Trade bills discounted	7,233	68,666
Revolving credits / Revolving credit-I	4,871,511	4,285,311
Trust receipt	-	2,970
Gross loans, advances and financing	<u>13,123,358</u>	<u>14,444,985</u>
Less: Allowance for ECL		
- 12-month ECL (Stage 1)	(5,063)	(5,948)
- Lifetime ECL not credit impaired (Stage 2)	(17,486)	(32,064)
- Lifetime ECL credit impaired (Stage 3)	(46,738)	(53,585)
Net loans, advances and financing	<u><u>13,054,071</u></u>	<u><u>14,353,388</u></u>
(b) By geographical distribution:		
Malaysia	12,424,270	13,449,567
Other countries:		
- Australia	205,297	221,069
- Japan	167,976	169,825
- Hong Kong	46,738	53,585
- Cayman Islands	111,300	184,376
- Netherlands	-	188,167
- United Kingdom	167,777	178,396
Gross loans, advances and financing	<u><u>13,123,358</u></u>	<u><u>14,444,985</u></u>
(c) By type of customer:		
Domestic non-bank financial institutions	4,988,670	4,999,524
Domestic business enterprises	7,906,743	9,199,046
Foreign entities	214,515	231,981
Domestic other entities	13,430	14,434
Gross loans, advances and financing	<u><u>13,123,358</u></u>	<u><u>14,444,985</u></u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

16. Loans, advances and financing (continued)

	30 September 2024 RM'000	31 March 2024 RM'000
(d) By interest rate sensitivity:		
Fixed rate		
- Other fixed rate loans	857,356	875,835
Variable rate		
- Cost-plus	5,272,529	5,652,972
- Other variable rates	6,993,473	7,916,178
Gross loans, advances and financing	<u>13,123,358</u>	<u>14,444,985</u>
(e) By sector:		
Primary agriculture	5,000	15,005
Mining and quarrying	761,685	890,826
Manufacturing	1,708,981	1,889,649
Electricity, gas and water	521,428	584,744
Construction	27,403	171,036
Wholesale and retail trade, and restaurants and hotels	784,181	669,102
Transport, storage and communication	958,556	1,612,865
Finance, insurance and business services	5,743,621	5,974,951
Real estate	1,788,655	1,726,745
Education, health and other services	823,848	910,062
Gross loans, advances and financing	<u>13,123,358</u>	<u>14,444,985</u>
(f) By economic purpose:		
Purchase of securities	111,300	184,376
Purchase of non-residential property		
- Purchase of land	82,551	82,571
Construction	343,782	377,547
Working capital	6,050,138	5,871,025
Mergers and acquisition	280,035	280,104
Other purpose	6,255,552	7,649,362
Gross loans, advances and financing	<u>13,123,358</u>	<u>14,444,985</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 SEPTEMBER 2024

16. Loans, advances and financing (continued)

	30 September 2024	31 March 2024
	RM'000	RM'000
(g) By residual contractual maturity:		
Maturing within one year	4,752,632	4,390,529
One year to three years	4,301,437	4,474,185
Three years to five years	3,065,095	4,387,279
More than five years	1,004,194	1,192,992
Gross loans, advances and financing	<u>13,123,358</u>	<u>14,444,985</u>

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

	30 September 2024	31 March 2024
	RM'000	RM'000
At 1 April 2024 / 1 April 2023	53,585	51,065
Currency translation differences	(6,847)	2,520
At 30 September 2024 / 31 March 2024	<u>46,738</u>	<u>53,585</u>
Less: Lifetime ECL credit impaired (Stage 3)	<u>(46,738)</u>	<u>(53,585)</u>
Net impaired loans, advances and financing	<u>-</u>	<u>-</u>
Gross credit-impaired loans and financing as a percentage of gross loans, advances and financing	<u>0.36%</u>	<u>0.37%</u>

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

Hong Kong	<u>46,738</u>	<u>53,585</u>
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(j) Credit-impaired loans, advances and financing by sector:

Wholesale and retail trade, and restaurants and hotels	<u>46,738</u>	<u>53,585</u>
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(k) Credit-impaired loans, advances and financing by economic purpose:

Other purpose	<u>46,738</u>	<u>53,585</u>
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SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

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 2024	11,161,875	3,229,525	53,585	14,444,985
Transfer to 12-month ECL (Stage 1)	633,912	(633,912)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(972,015)	972,015	-	-
Loans, advances and financing derecognised	(2,969,615)	(1,085,286)	-	(4,054,901)
New loans, advances and financing originated or purchased	3,415,092	175,031	-	3,590,123
Other adjustments	(798,044)	(51,958)	(6,847)	(856,849)
At 30 September 2024	<u>10,471,205</u>	<u>2,605,415</u>	<u>46,738</u>	<u>13,123,358</u>
At 1 April 2023	9,487,081	5,741,781	51,065	15,279,927
Transfer to 12-month ECL (Stage 1)	2,591,545	(2,591,545)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(2,600,468)	2,600,468	-	-
Loans, advances and financing derecognised	(4,351,532)	(3,131,292)	-	(7,482,824)
New loans, advances and financing originated or purchased	5,654,794	504,458	-	6,159,252
Other adjustments	380,455	105,655	2,520	488,630
At 31 March 2024	<u>11,161,875</u>	<u>3,229,525</u>	<u>53,585</u>	<u>14,444,985</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

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 2024	5,948	32,064	53,585	91,597
Transfer to 12-month ECL (Stage 1)	10,374	(10,374)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(556)	556	-	-
Loans, advances and financing derecognised	(2,278)	(7,147)	-	(9,425)
New loans, advances and financing originated or purchased	2,772	5,270	-	8,042
Changes due to change in credit risk	(11,197)	(2,883)	(6,847)	(20,927)
At 30 September 2024	<u>5,063</u>	<u>17,486</u>	<u>46,738</u>	<u>69,287</u>
At 1 April 2023	6,309	53,063	51,065	110,437
Transfer to 12-month ECL (Stage 1)	17,467	(17,467)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(1,759)	1,759	-	-
Loans, advances and financing derecognised	(2,309)	(12,341)	-	(14,650)
New loans, advances and financing originated or purchased	4,182	5,702	-	9,884
Changes due to change in credit risk	(17,942)	1,348	2,520	(14,074)
At 31 March 2024	<u>5,948</u>	<u>32,064</u>	<u>53,585</u>	<u>91,597</u>

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17. Other assets

	30 September 2024 RM'000	31 March 2024 RM'000
Interest receivable	43,938	26,783
Amount due from related corporations	20,627	351
Cash collateral placements	473,913	53,514
Other receivables	927	9,588
Deposits	1,603	1,542
Prepayments	2,820	598
	<u>543,828</u>	<u>92,376</u>
Less: Allowance for ECL	(68)	(38)
	<u><u>543,760</u></u>	<u><u>92,338</u></u>

The cash collaterals are placed in respect of derivative balances pursuant to agreements in accordance with International Swaps and Derivatives Association ("ISDA") and Credit Support Annex ("CSA") entered into with respective counterparties amounting to RM473,913,000 (31 March 2024: RM53,514,000).

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 2024	38	-	-	38
Charge to profit or loss				
- Increase in ECL	30	-	-	30
At 30 September 2024	<u>68</u>	<u>-</u>	<u>-</u>	<u>68</u>
At 1 April 2023	13	-	-	13
Charge to profit or loss				
- Increase in ECL	25	-	-	25
At 31 March 2024	<u>38</u>	<u>-</u>	<u>-</u>	<u>38</u>

18. Statutory deposits with Bank Negara Malaysia

The non-interest bearing statutory deposits are maintained with Bank Negara Malaysia in compliance with Sections 26(2)(c) and 26(3) of the Central Bank of Malaysia Act 2009, the amounts of which are determined as set percentages of total eligible liabilities.

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19. Deposits from customers

	30 September 2024 RM'000	31 March 2024 RM'000
(a) By type of deposits:		
Demand deposits	2,537,847	2,613,351
Fixed deposits	10,337,121	12,158,622
Short-term deposits	2,327,601	2,917,313
	<u>15,202,569</u>	<u>17,689,286</u>
The maturity structure of fixed deposits and short-term deposits is as follows:		
Due within six months	6,115,970	6,898,441
Six months to one year	964,865	709,001
One year to three years	3,287,267	3,496,576
Three years to five years	1,401,304	2,903,571
Five years to ten years	648,277	774,541
Ten years and above	247,039	293,805
	<u>12,664,722</u>	<u>15,075,935</u>
(b) By type of customers:		
Domestic non-bank financial institutions	775,378	510,835
Domestic business enterprises	7,596,540	8,798,325
Branch of immediate holding corporation	6,641,610	8,196,285
Foreign non-bank entities	181,326	173,446
Domestic other entities	7,715	10,395
	<u>15,202,569</u>	<u>17,689,286</u>

20. Deposits and placements of banks and other financial institutions

	30 September 2024 RM'000	31 March 2024 RM'000
Licensed Malaysian banks	245,751	-
Foreign banks		
- Immediate holding corporation	3,873,848	3,609,436
	<u>4,119,599</u>	<u>3,609,436</u>

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21. Other liabilities

	30 September 2024 RM'000	31 March 2024 RM'000
Interest payable	17,988	19,741
Amounts due to immediate holding corporation and related corporations/companies ^	76,516	66,325
Cash collateral placements *	34,620	224,720
Other payables	46,781	49,771
Accruals	12,231	25,570
	<u>188,136</u>	<u>386,127</u>

^ The amounts due to immediate holding corporation and related corporations / companies are unsecured, interest free and repayable on demand.

* The cash collaterals are received in respect of derivative balances pursuant to agreements in accordance with ISDA and CSA entered into with respective counterparties.

22. Provision for credit commitments and contingencies

	30 September 2024 RM'000	31 March 2024 RM'000
Provision for credit commitments and contingencies	<u>3,395</u>	<u>4,875</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 2024	1,589	3,286	-	4,875
Charge to profit or loss				
- Decrease in ECL	(962)	(518)	-	(1,480)
At 30 September 2024	<u>627</u>	<u>2,768</u>	<u>-</u>	<u>3,395</u>
At 1 April 2023	365	7,116	-	7,481
Charge to profit or loss				
- Increase / (Decrease) in ECL	1,224	(3,830)	-	(2,606)
At 31 March 2024	<u>1,589</u>	<u>3,286</u>	<u>-</u>	<u>4,875</u>

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23. Interest income

	2nd Quarter Ended		Six Months Ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income	147,808	158,427	304,335	312,142
- Financing income	21,401	17,671	42,286	34,119
Money at call and deposit placements with banks and other financial institutions	81,916	123,348	165,418	204,214
Debt instruments measured at FVOCI	26,043	7,087	48,717	12,771
	<u>277,168</u>	<u>306,533</u>	<u>560,756</u>	<u>563,246</u>

24. Interest expense

	2nd Quarter Ended		Six Months Ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	164,673	174,348	338,889	328,276
Deposits and placements of banks and other financial institutions	41,653	74,610	85,457	108,995
Lease liabilities	124	34	214	69
	<u>206,450</u>	<u>248,992</u>	<u>424,560</u>	<u>437,340</u>

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25. Other operating income

	2nd Quarter Ended		Six Months Ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	RM'000	RM'000	RM'000	RM'000
Fee and commission income				
- Service charges and guarantee fees	415	389	1,046	888
- Loan related fees	2,748	2,455	5,783	5,319
- Commitment fees	338	529	820	1,155
	<u>3,501</u>	<u>3,373</u>	<u>7,649</u>	<u>7,362</u>
Realised gain from derivative financial instruments	<u>12,279</u>	<u>11,362</u>	<u>25,369</u>	<u>21,905</u>
Unrealised loss on revaluation of derivatives	<u>(2,062)</u>	<u>(7,537)</u>	<u>(7,181)</u>	<u>(12,705)</u>
Unrealised (loss) / gain on hedging activities	<u>(91)</u>	<u>1,143</u>	<u>(858)</u>	<u>(1,202)</u>
Foreign exchange, net gain	<u>34,611</u>	<u>41,783</u>	<u>69,631</u>	<u>74,020</u>
Other income				
- Management fees	10,309	10,040	20,536	18,963
- Rental of fixed assets	160	193	318	387
- Miscellaneous income	1,286	1,471	2,576	2,827
	<u>11,755</u>	<u>11,704</u>	<u>23,430</u>	<u>22,177</u>
	<u>59,993</u>	<u>61,828</u>	<u>118,040</u>	<u>111,557</u>

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26. Other operating expenses

	2nd Quarter Ended		Six Months Ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, allowances and bonuses	19,058	15,227	34,281	30,053
Employees' provident fund contributions	2,875	2,187	5,079	4,376
Staff training expenses	105	68	146	82
Staff welfare expenses	-	-	44	13
Other personnel expenses	1,584	1,029	3,244	2,573
	<u>23,622</u>	<u>18,511</u>	<u>42,794</u>	<u>37,097</u>
Establishment costs				
Depreciation - Plant and equipment	1,303	1,035	2,697	2,021
Depreciation - Right-of-use assets	1,375	1,061	2,467	2,105
Repair and maintenance	507	316	778	667
Other establishment expenses	4,207	4,218	8,226	7,811
	<u>7,392</u>	<u>6,630</u>	<u>14,168</u>	<u>12,604</u>
Marketing expenses				
Advertisement and publicity	33	45	69	86
Other marketing expenses	21	41	43	67
	<u>54</u>	<u>86</u>	<u>112</u>	<u>153</u>
Administration and general expenses				
Auditors' remuneration				
- Statutory audit	105	115	211	215
Professional fees	402	267	434	451
Communication expenses	185	168	352	310
Management fees	5,073	5,031	11,010	11,735
Licence fees and stamp duties	37	37	75	75
Non-executive directors' fees and allowances	258	266	523	523
Plant and equipment written off	-	-	3	-
Other administration and general expenses	1,848	2,635	4,053	5,345
	<u>7,908</u>	<u>8,519</u>	<u>16,661</u>	<u>18,654</u>
	<u>38,976</u>	<u>33,746</u>	<u>73,735</u>	<u>68,508</u>

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27. Writeback of impairment on loans, advances and financing

	2nd Quarter Ended		Six Months Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
<u>Writeback of ECL</u>				
Loans, advances and financing	(24,869)	(30,616)	(22,310)	(38,266)
Provision for credit commitments and contingencies	(2,031)	(4,610)	(1,480)	(4,454)
	<u>(26,900)</u>	<u>(35,226)</u>	<u>(23,790)</u>	<u>(42,720)</u>

28. Writeback of impairment on other financial assets

	2nd Quarter Ended		Six Months Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
<u>Writeback of ECL</u>				
Cash and short-term funds	(256)	(997)	(245)	(938)
Deposits and placements with banks and other financial institutions	(144)	483	(1,243)	(697)
Debt instruments measured at FVOCI	(188)	(221)	(327)	(513)
Other assets	27	(2)	30	1
	<u>(561)</u>	<u>(737)</u>	<u>(1,785)</u>	<u>(2,147)</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
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29. Use of Financial Instruments

Interest / profit 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 #		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 September 2024								
<u>Assets</u>								
Cash and short-term funds	4,867,652	-	-	-	-	139,414	-	5,007,066
Deposits and placements with banks and other financial institutions	-	1,948,589	-	-	-	(90)	-	1,948,499
Debt instruments measured at FVOCI	1,015,416	401,666	704,197	1,137,666	-	-	-	3,258,945
Loans, advances and financing								
- non-impaired	2,683,796	507,044	1,561,792	7,319,794	1,004,194	(22,549)	-	13,054,071
- impaired	-	-	-	46,738	-	(46,738)	-	-
Derivative financial assets	1	-	67	341	-	-	1,104,962	1,105,371
Other assets ^	486,228	7,918	24,402	-	-	22,392	-	540,940
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	650	-	650
Total assets	9,053,093	2,865,217	2,290,458	8,504,539	1,004,194	93,079	1,104,962	24,915,542

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

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

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29. Use of Financial Instruments (continued)

Interest / profit 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 September 2024								
<u>Liabilities</u>								
Deposits from customers	4,688,289	942,603	1,449,943	4,688,570	895,317	2,537,847	-	15,202,569
Deposits and placements of banks and other financial institutions	2,450,711	266,279	774,108	617,928	-	10,573	-	4,119,599
Bills and acceptances payable	-	-	739	-	-	-	-	739
Derivative financial liabilities	-	628	4,267	84,385	-	-	1,117,843	1,207,123
Other liabilities *	13,152	7,331	36,314	19,947	2,847	49,619	-	129,210
Lease liabilities	209	418	1,879	8,765	-	-	-	11,271
Total liabilities	7,152,361	1,217,259	2,267,250	5,419,595	898,164	2,598,039	1,117,843	20,670,511
On balance sheet interest rate gap	1,900,732	1,647,958	23,208	3,084,944	106,030	(2,504,960)	(12,881)	4,245,031
Off balance sheet interest rate gap	-	1,611,274	(98,963)	(1,309,005)	(203,306)	-	-	-
Total interest rate gap	1,900,732	3,259,232	(75,755)	1,775,939	(97,276)	(2,504,960)	(12,881)	4,245,031

* 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 / profit rate risk (continued)

	Non-trading book						Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest bearing # RM'000		
31 March 2024								
<u>Assets</u>								
Cash and short-term funds	5,612,287	-	-	-	-	155,607	-	5,767,894
Deposits and placements with banks and other financial institutions	-	2,035,228	-	-	-	(1,333)	-	2,033,895
Debt instruments measured at FVOCI	2,798,366	150,790	30,079	394,647	-	-	-	3,373,882
Loans, advances and financing								
- non-impaired	2,385,517	752,262	1,292,569	8,827,352	1,133,700	(38,012)	-	14,353,388
- impaired	-	-	-	53,585	-	(53,585)	-	-
Derivative financial assets	-	8,153	4,301	7,138	-	-	793,138	812,730
Other assets [^]	64,035	9,976	6,748	-	-	10,981	-	91,740
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	650	-	650
Total assets	10,860,205	2,956,409	1,333,697	9,282,722	1,133,700	74,308	793,138	26,434,179

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

[^] Other assets exclude prepayments as these items are classified as non-financial assets.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
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29. Use of Financial Instruments (continued)

Interest / profit rate risk (continued)

	Non-trading book						Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non- interest bearing RM'000		
31 March 2024								
<u>Liabilities</u>								
Deposits from customers	5,301,150	1,242,062	1,064,231	6,400,147	1,068,346	2,613,350	-	17,689,286
Deposits and placements of banks and other financial institutions	1,498,898	1,217,316	293,485	590,383	-	9,354	-	3,609,436
Bills and acceptances payable	-	-	392	-	-	-	-	392
Derivative financial liabilities	-	-	-	7	-	-	700,849	700,856
Other liabilities *	16,435	9,785	6,621	41,373	3,739	233,436	-	311,389
Lease liabilities	319	637	2,867	6,856	-	-	-	10,679
Total liabilities	6,816,802	2,469,800	1,367,596	7,038,766	1,072,085	2,856,140	700,849	22,322,038
On balance sheet interest rate gap	4,043,403	486,609	(33,899)	2,243,956	61,615	(2,781,832)	92,289	4,112,141
Off balance sheet interest rate gap	-	1,478,421	(51,783)	(1,218,023)	(208,615)	-	-	-
Total interest rate gap	4,043,403	1,965,030	(85,682)	1,025,933	(147,000)	(2,781,832)	92,289	4,112,141

* 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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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

30. Use of Financial Instruments (continued)

Interest / profit rate risk (continued)

	30 September 2024		31 March 2024	
	MYR % p.a.	USD % p.a.	MYR % p.a.	USD % p.a.
Financial assets				
Cash and short-term funds	3.00	5.01	3.05	5.34
Deposits and placements with banks and other financial institutions	3.50	5.29	3.56	5.54
Loans, advances and financing	4.73	6.31	4.70	6.48
Financial liabilities				
Deposits from customers	3.30	5.21	3.28	5.47
Deposits and placements of banks and other financial institutions	-	5.15	-	5.53

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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:

	30 September 2024 RM'000	31 March 2024 RM'000
Aggregate value of outstanding credit exposures to connected parties	584,843	743,635
As a percentage of total credit exposures	1.81%	2.18%

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

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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:

	30 September 2024 RM'000	31 March 2024 RM'000
<u>Tier 1 capital</u>		
Paid-up ordinary share capital	2,452,605	2,452,605
Retained earnings	1,537,885	1,537,885
Other reserves	160,736	157,652
	<u>4,151,226</u>	<u>4,148,142</u>
Less: 55% of fair value reserve	(1,970)	(949)
Regulatory reserve	(157,154)	(155,926)
Total Common Equity Tier 1 (CET 1) and Tier 1 Capital	<u>3,992,102</u>	<u>3,991,267</u>
<u>Tier 2 capital</u>		
Expected credit losses	27,766	46,494
Regulatory reserve *	152,723	133,865
Tier 2 Capital	<u>180,489</u>	<u>180,359</u>
	<u>4,172,591</u>	<u>4,171,626</u>
<u>Capital ratios</u>		
CET 1 and Tier 1 capital ratio	25.602%	25.593%
Total capital ratio	26.760%	26.749%

* 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 September 2024 RM'000	31 March 2024 RM'000
Credit risk	14,439,133	14,428,701
Market risk	302,535	358,060
Operational risk	851,010	808,459
Total risk-weighted assets	<u>15,592,678</u>	<u>15,595,220</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024****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:

	Principal amount RM'000	Credit equivalent amount * RM'000	Risk- weighted assets * RM'000
30 September 2024			
Transaction-related contingent items	467,518	230,958	230,958
Short-term self-liquidating trade-related contingencies	450,484	89,855	89,855
Foreign exchange related contracts:			
- Less than one year	13,237,729	741,048	400,574
- One year to less than five years	11,257,521	1,583,933	969,174
- Five years and above	156,200	37,506	30,000
Interest / Profit rate related contracts:			
- Less than one year	99,401	561	327
- One year to less than five years	1,309,005	49,324	33,605
- Five years and above	203,306	33,905	24,577
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	707,504	141,390	133,878
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	8,999,261	4,499,390	4,319,130
Total	36,887,929	7,407,870	6,232,078

* 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. Commitments and contingencies (continued)

	Principal amount RM'000	Credit equivalent amount * RM'000	Risk- weighted assets * RM'000
31 March 2024			
Transaction-related contingent items	477,057	235,217	235,217
Short-term self-liquidating trade-related contingencies	472,994	93,836	93,836
Foreign exchange related contracts:			
- Less than one year	15,368,344	393,731	234,709
- One year to less than five years	12,630,186	1,742,328	1,044,440
- Five years and above	178,188	36,899	28,354
Interest / Profit rate related contracts:			
- Less than one year	11,783	234	117
- One year to less than five years	1,258,023	56,494	34,007
- Five years and above	208,615	36,997	26,321
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	971,098	193,841	174,100
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	9,972,338	4,985,748	4,722,511
Total	41,548,626	7,775,325	6,593,612

* 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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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

34. 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 September	31 March
	2024	2024
	RM'000	RM'000
(i) By type:		
<u>At amortised cost:</u>		
Term financing		
- Syndicated Islamic financing	439,982	472,474
- Islamic term financing	337,781	595,878
Revolving credit-i	1,031,631	575,716
Gross financing and advances	<u>1,809,394</u>	<u>1,644,068</u>
Less: Allowance for ECL		
- 12-month ECL (Stage 1)	(570)	(848)
Net financing and advances	<u><u>1,808,824</u></u>	<u><u>1,643,220</u></u>
(ii) By contract:		
Murabahah	1,809,394	1,644,068
Gross financing and advances	<u>1,809,394</u>	<u>1,644,068</u>

(b) Deposits from customers

	30 September	31 March
	2024	2024
	RM'000	RM'000
(i) By type and contract:		
<u>At amortised cost:</u>		
Demand deposits - Qard	-	381
	<u>-</u>	<u>381</u>

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35. The operations of Islamic Banking Window

Islamic Banking Window ("IBW") was launched on 10 January 2023 after obtaining BNM approval to expand Islamic businesses in Malaysian Ringgit. This initiative is part of the Bank's strategy to grow Shariah compliant assets and complement ICBU offerings in Malaysia market. IBW offers financing products and the Bank embarks in expanding more products to serve customers better. All Islamic operations are supervised by the independent Shariah Committee and will be reported on annual basis.

The financial statement as at 30 September 2024 is summarised as follows:

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024

	Note	30 September 2024 RM'000	31 March 2024 RM'000
Assets			
Cash and short-term funds	(a)	30,000	50,900
Other assets	(b)	35	1
Total assets		<u>30,035</u>	<u>50,901</u>
Liabilities and islamic banking funds			
Other liabilities	(c)	1,784	22,251
Total liabilities		<u>1,784</u>	<u>22,251</u>
Capital funds		<u>28,251</u>	<u>28,650</u>
Islamic banking funds		<u>28,251</u>	<u>28,650</u>
Total liabilities and islamic banking funds		<u>30,035</u>	<u>50,901</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

35. The operations of Islamic Banking Window (continued)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

	Note	2nd Quarter Ended		Six Months Ended	
		30 September 2024	30 September 2023	30 September 2024	30 September 2023
				RM'000	RM'000
Other operating income	(d)	17	-	34	-
Other operating expenses	(e)	(261)	(235)	(433)	(470)
Loss before taxation		(244)	(235)	(399)	(470)
Tax expense		-	-	-	-
Loss for the period		(244)	(235)	(399)	(470)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

	Capital funds RM'000	Retained earnings RM'000	Total RM'000
At 1 April 2024	30,000	(1,350)	28,650
Loss for the period	-	(399)	(399)
At 30 September 2024	30,000	(1,749)	28,251
At 1 April 2023	30,000	(383)	29,617
Loss for the period	-	(470)	(470)
At 30 September 2023	30,000	(853)	29,147

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024****35. The operations of Islamic Banking Window (continued)****STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

	30 September 2024 RM'000	30 September 2023 RM'000
Cash flows from operating activities		
Loss before taxation	(399)	(470)
Operating loss before working capital changes	<u>(399)</u>	<u>(470)</u>
Changes in working capital:		
Net changes in operating assets	(34)	-
Net changes in operating liabilities	(20,467)	470
Cash used in operating activities	<u>(20,900)</u>	<u>-</u>
Net decrease in cash and cash equivalents during the financial period	(20,900)	-
Cash and cash equivalents at beginning of the financial period	50,900	30,000
Cash and cash equivalents at end of the financial period	<u>30,000</u>	<u>30,000</u>

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35. The operations of Islamic Banking Window (continued)

Basis of Preparation

The financial statements of the Islamic Banking business have been prepared on the basis consistent with that of the Bank as disclosed in Note 1.

(a) Cash and short-term funds

	30 September 2024 RM'000	31 March 2024 RM'000
Cash and balances with banks and other financial institutions	30,000	50,900

(b) Other assets

	30 September 2024 RM'000	31 March 2024 RM'000
Other receivables	35	1

(c) Other liabilities

	30 September 2024 RM'000	31 March 2024 RM'000
Amounts due to conventional banking	1,784	1,351
Converted funds	-	20,900
	<u>1,784</u>	<u>22,251</u>

35. The operations of Islamic Banking Window (continued)

(d) Other operating income

	2nd Quarter Ended		Six Months Ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	RM'000	RM'000	RM'000	RM'000
Fee income	17	-	34	-

(e) Other operating expenses

	2nd Quarter Ended		Six Months Ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	261	235	433	470

(f) Assets under management

The details of asset under management in respect of the Internal Wakalah scheme are as below.

	30 September 2024	31 March 2024
	RM'000	RM'000
Total gross financing and advances	19,402	20,900
Less: Allowance for ECL	(119)	(202)
Total net financing and advances	19,283	20,698

The IBW is financed based on Internal Wakalah scheme. Whereby, financing and income are reported at entity level as total risks associated with the financing are borne at entity level instead of at IBW. As part of the Internal Wakalah scheme, IBW will earn Wakalah fees for managing the Internal Wakalah structure. Hence, the underlying assets and allowance for impairment arising thereon, if any, are recognised and accounted for at entity level only.

35. The operations of Islamic Banking Window (continued)

(g) Shariah Committee

The Shariah Committee was established under BNM's Shariah Governance Policy Document ("the SGP").

The Board is ultimately responsible for the oversight over the functioning of the Bank's overall Shariah Governance structure and Shariah compliance. Additionally, the Board promotes Shariah compliance in accordance with the expectations set out in the Bank's Shariah governance policies and ensure its integration with the Bank's business and risk strategies.

The Shariah Committee ("ShC") is supported on a functional basis by the Shariah Secretariat and the Shariah control functions namely Shariah Review, Shariah Risk Management and Shariah Audit.

The main duties and responsibilities of the Shariah Secretariat are to provide a secretariat function to the ShC, conducting research on Shariah issues and providing day-to-day Shariah advice to the Bank's internal parties based on the rulings of the BNM Shariah Advisory Council (SAC) and the decisions or advice of the ShC.

Meanwhile, the Shariah Review function conducts regular assessments on the compliance of the Bank's operations, business, affairs and activities with Shariah requirements.

Shariah Risk Management systematically assess, measures, monitors, and reports Shariah non-compliance risks in the operations, business, affairs and activities of the Bank.

Finally, Shariah Audit provides an independent assessment of the adequacy and effectiveness of the Bank's internal control, risk management systems, and governance processes. The Shariah Audit scope covers the overall compliance of the Bank's operations, business, affairs and activities with Shariah.

In addition to the above, the Management is responsible for providing adequate resources across every function involved in Shariah governance implementation to ensure end-to-end compliance with Shariah principles. The Management expects the various functions to be responsible for and to manage the implementation of any or all rulings of the SAC and they are complying with the said

As of March 2024, Shariah Committee ("ShC") comprises: Assoc. Prof. Dr. Mushaddad bin Hasbullah, Assoc. Prof. Dr. Abdul Manan bin Ismail, Dr. Mohamad Rizal bin Mohamed Nor and Wan Rizaidy bin W Mamat Saufi.

38. The operations of Islamic Banking Window (continued)

(h) Capital adequacy

The capital adequacy ratios of the Islamic Banking Window are computed in accordance with the requirements of the Bank Negara Malaysia's Capital Framework for Islamic Banks (Capital Components) and Capital Adequacy Framework for Islamic Banks (Risk Weighted Assets).

The capital adequacy ratios of the Bank's Islamic Banking Window are analysed as follows:

	30 September 2024 RM'000	31 March 2024 RM'000
<u>Tier 1 capital</u>		
Paid-up ordinary share capital	30,000	30,000
Retained earnings	(1,749)	(1,350)
	<u>28,251</u>	<u>28,650</u>
Less: 55% of fair value reserve	-	-
Regulatory reserve	-	-
Total Common Equity Tier 1 (CET 1) and Tier 1 capital	<u>28,251</u>	<u>28,650</u>
<u>Tier 2 capital</u>		
Expected credit losses (Stage 1 and Stage 2)	-	-
Regulatory reserve	-	-
Total Tier 2 capital	<u>-</u>	<u>-</u>
Total capital base	<u>28,251</u>	<u>28,650</u>
<u>Capital ratios</u>		
CET 1 and Tier 1 capital ratio	27971.287%	955000.000%
Total capital ratio	27971.287%	955000.000%

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

	30 September 2024 RM'000	31 March 2024 RM'000
Credit risk	35	1
Market risk	-	-
Operational risk	66	2
Total risk-weighted assets	<u>101</u>	<u>3</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 September 2024 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]

Atsuhide Shiojiri
Chief Executive Officer

Date: 30 October 2024