

**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 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 SEPTEMBER 2022

	Note	As at 30 September 2022 RM'000	As at 31 March 2022 RM'000
<b>Assets</b>			
Cash and short-term funds	13	4,363,506	4,720,124
Deposits and placements with banks and other financial institutions	14	1,979,203	546,235
Debt instruments at fair value through other comprehensive income ("FVOCI")	15	601,791	485,992
Loans, advances and financing	16	15,878,152	14,436,898
Derivative financial assets		833,157	396,492
Other assets	17	123,364	107,698
Plant and equipment		9,624	12,102
Right-of-use assets		5,552	8,743
Tax recoverable		157,475	130,786
<b>Total assets</b>		<u>23,951,824</u>	<u>20,845,070</u>
<b>Liabilities</b>			
Deposits from customers	18	17,316,432	15,729,117
Deposits and placements of banks and other financial institutions	19	1,759,264	943,649
Bills and acceptances payable		6,121	1,487
Derivative financial liabilities		719,069	344,868
Other liabilities	20	353,894	120,396
Lease liabilities		6,358	8,536
Provision for credit commitments and contingencies	21	8,979	6,423
Deferred tax liabilities		4,677	5,326
<b>Total liabilities</b>		<u>20,174,794</u>	<u>17,159,802</u>
<b>Equity</b>			
Share capital		2,452,605	2,452,605
Reserves		1,324,425	1,232,663
<b>Total equity attributable to owners of the Bank</b>		<u>3,777,030</u>	<u>3,685,268</u>
<b>Total liabilities and equity</b>		<u>23,951,824</u>	<u>20,845,070</u>
<b>Commitments and contingencies</b>	32	<u>32,937,382</u>	<u>30,883,520</u>

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(Incorporated in Malaysia)

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

	Note	2nd Quarter Ended		Six Months Ended	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
		RM'000	RM'000	RM'000	RM'000
Interest income	22	154,092	76,523	251,174	156,969
Interest expense	23	(91,095)	(24,567)	(136,136)	(53,580)
<b>Net interest income</b>		<u>62,997</u>	<u>51,956</u>	<u>115,038</u>	<u>103,389</u>
Other operating income	24	46,689	43,581	79,728	82,867
Net operating income		109,686	95,537	194,766	186,256
Other operating expenses	25	(33,155)	(28,576)	(66,156)	(56,662)
Operating profit		<u>76,531</u>	<u>66,961</u>	<u>128,610</u>	<u>129,594</u>
(Allowance for)/ Writeback of impairment on loans, advances and financing	26	(13,528)	5,880	(10,978)	19,592
Writeback of impairment on other financial assets	27	478	2,058	606	5,158
<b>Profit before taxation</b>		<u>63,481</u>	<u>74,899</u>	<u>118,238</u>	<u>154,344</u>
Tax expense		(11,503)	(19,051)	(24,132)	(37,010)
<b>Profit after taxation</b>		<u>51,978</u>	<u>55,848</u>	<u>94,106</u>	<u>117,334</u>
<b>Other comprehensive income for the financial period, net of income tax</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Movement in fair value reserve (FVOCI debt instruments):					
- Debt instruments measured at FVOCI - net change in fair value		382	178	(2,220)	543
- Debt instruments measured at FVOCI - decrease in allowance for impairment		(87)	(245)	(124)	(481)
<b>Total comprehensive income for the financial period</b>		<u><u>52,273</u></u>	<u><u>55,781</u></u>	<u><u>91,762</u></u>	<u><u>117,396</u></u>
<b>Basic earnings per ordinary share (sen)</b>		<u><u>2.12</u></u>	<u><u>2.27</u></u>	<u><u>3.84</u></u>	<u><u>4.78</u></u>

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(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	
<b>At 1 April 2022</b>	2,452,605	143,570	2,125	1,086,968	3,685,268
Profit for the period	-	-	-	94,106	94,106
Fair value change and decrease in allowance for impairment of debt instruments measured at FVOCI	-	-	(2,344)	-	(2,344)
<b>Total comprehensive income for the period</b>	-	-	(2,344)	94,106	91,762
Transfer to regulatory reserve	-	7,988	-	(7,988)	-
<b>At 30 September 2022</b>	2,452,605	151,558	(219)	1,173,086	3,777,030
<b>At 1 April 2021</b>	2,452,605	93,220	1,944	959,944	3,507,713
Profit for the period	-	-	-	117,334	117,334
Fair value change and increase in allowance for impairment of debt instruments measured at FVOCI	-	-	62	-	62
<b>Total comprehensive income for the period</b>	-	-	62	117,334	117,396
Transfer to regulatory reserve	-	41,546	-	(41,546)	-
<b>At 30 September 2021</b>	2,452,605	134,766	2,006	1,035,732	3,625,109

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

	<b>30 September 2022 RM'000</b>	<b>30 September 2021 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit from ordinary activities before taxation	118,238	154,344
Adjustments for non-cash items	5,878	(7,389)
Operating profit before working capital changes	<u>124,116</u>	<u>146,955</u>
Changes in working capital:		
Net changes in operating assets	(2,948,605)	(1,147,990)
Net changes in operating liabilities	2,642,265	935,877
Net cash used in operating activities	<u>(182,224)</u>	<u>(65,158)</u>
Tax paid	(50,769)	(39,270)
Net cash used in operating activities	<u>(232,993)</u>	<u>(104,428)</u>
Net cash used in investing activities	(121,395)	(216,875)
Net cash used in financing activities	<u>(2,642)</u>	<u>(2,614)</u>
<b>Net decrease in cash and cash equivalents during the financial period</b>	<b>(357,030)</b>	<b>(323,917)</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>4,721,029</b>	<b>4,344,248</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b><u>4,363,999</u></b>	<b><u>4,020,331</u></b>
<b>Cash and cash equivalents comprise:</b>		
Cash and balances with banks and other financial institutions	107,649	123,213
Money at call and deposit placements maturing within one month	4,256,350	3,897,118
	<u>4,363,999</u>	<u>4,020,331</u>

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

### 1. Basis of preparation

The unaudited condensed interim financial statements for the second quarter and financial period ended 30 September 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 SEPTEMBER 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 second quarter and financial period ended 30 September 2022.

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

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

Other than the impact of COVID-19 outbreak and Ukraine crisis that affected the provision of impairment, 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 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 second quarter and financial period ended 30 September 2022.

### 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 2022.

### 7. Dividend

No dividend was paid during the second quarter and financial period ended 30 September 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 second quarter and financial period ended 30 September 2022.



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

### 11. Review of Performance

#### 2nd quarter results ended 30 September 2022

For the second quarter ended 30 September 2022, the Bank registered a net operating income of RM109.7 million, an increase of 14.8% (Q2 Sep 2021: RM95.5 million). The Bank's profit before taxation decreased by 15.2% to RM63.5 million (Q2 Sep 2021: RM74.9 million) and profit after taxation decreased by 6.9% to RM52.0 million in the quarter under review (Q2 Sep 2021: RM55.8 million).

The decrease was mainly attributed to the allowance for impairment on loans, advances and financing amounting to RM13.5 million (Q2 Sep 2021: writeback of impairment of RM5.9 million). This was partially offset by the increase in the net interest income of 21.3% to RM63 million (Q2 Sep 2021: RM52 million).

#### Six months financial results ended 30 September 2022

For the six months financial period ended 30 September 2022, the Bank registered a net operating income of RM194.8 million, an increase of 4.6% (6 months ended Sep 2021: RM 186.3 million). The Bank recorded a profit before taxation of RM118.2 million, a decrease of 23.4% (6 months ended Sep 2021: RM154.3 million). Consequentially, profit after taxation has decreased by 19.8% to RM94.1 million (6 months ended Sep 2021: RM117.3 million).

The decrease was mainly attributed to the allowance for impairment on loans, advances and financing amounting to RM11 million (6 months ended Sep 2021: writeback of impairment of RM19.6 million), whereby the increase in impairment allowance was partly contributed by the additional Management Overlay arising from inclusion of customers under the identified sectors to be impacted by the Ukraine-Russia conflict which the credit rating of the customers were downgraded by 1 notch for the application of Management Overlay. Nonetheless, this was partially offset by the increase in the net interest income of 11.3% to RM115 million (6 months ended Sep 2021: RM103.4 million).

Total assets recorded an increase of 14.9% to RM23,952 million as at 30 September 2022 (31 March 2022: RM20,845 million). This was mainly attributed to the 10% increase in net loans, advances and financing amounting to RM15,878 million (31 March 2022: RM14,437 million) and 262.3% increase in deposits and placements with banks and other financial institutions amounting to RM1,979 million (31 March 2022: RM546 million).

The total liabilities recorded an increase of 17.6% to RM20,175 million as at 30 September 2022 (31 March 2022: RM17,160 million). This was largely due to the higher deposits from customers of 10.1% amounting to RM17,316 million (31 March 2022: RM15,729 million) and higher deposits and placements of banks and other financial institutions of 86.4% amounting to RM1,759 million (31 March 2022: RM944 million).

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

### **12. Current Year Prospects**

Malaysia's Gross Domestic Product ("GDP") in the second quarter of 2022 grew by 8.9 per cent (1Q 2022: 5.0 per cent). The strength in the economic growth was reflective of the normalising of economic activity as the country moved towards transitioning to endemicity and reopened international borders.

Domestic demand continued to remain strong, underpinned by the steady recovery in labour market conditions and targeted policy measures which provide further support to economic activity and aggregate demand. Malaysia's exports remain supported by strong demand for electrical and electronic products as well as growth in the services and manufacturing sectors.

Nevertheless, challenges are intensifying due to external and domestic factors, such as global economic slowdown, inflation abroad prompting an increase in interest rates inducing capital outflows, exchange rate depreciation and households lowering consumption. The upside pressure on inflation continues to be contingent on domestic policy measures, development in the global commodity prices arising from geopolitical conflicts and prolonged supply chain disruptions.

In view of the above evolving developments and its implications on the overall outlook to domestic inflation and the economy, Bank Negara Malaysia ("BNM")'s Monetary Policy Committee ("MPC") maintains an accommodative stance of monetary policy towards supporting a sustainable economic growth and price stability. On 8 September 2022, BNM has raised its Overnight Policy Rate ("OPR") by 25 basis points to 2.50 per cent from 2.25 per cent which was the third consecutive 25 basis points of OPR hike in year 2022 (this followed a 25 basis points hike on 11 May 2022 and 6 July 2022 previously), bringing year-to-date increase to 75 basis points and it inched closer to its pre-pandemic level of 3.0 per cent.

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 adopt prudent approach in managing cost.

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

### **12. Current Year Prospects (Continued)**

#### **Islamic Finance Outlook**

Following the relaxation of COVID-19 by the Malaysian Government, two International Islamic Finance Forums were organised, namely Kuala Lumpur Islamic Finance Forum ("KLIFF") which was held in August 2022 and Global Islamic Finance Forum 2022 ("GIFF2022") held in October 2022. The latter was organised by the Association of Islamic Banking and Finance Institutions Malaysia ("AIBIM") with the support from BNM. SMBCMY being the member of AIBIM has participated in the event, which was last held in 2019.

As for the Bank, it has recently launched its Islamic Environmental, Social & Governance ("ESG") product as one of its initiatives to promote ESG, which is in-line with Shariah as well as BNM Value-Base Intermediation (VBI) initiative.

The Bank is also moving closer to its aspiration in establishing its own Islamic Banking Window ("IBW") operations. This will allow the Banks' customers to have access to Islamic Ringgit Financing Facilities aside from the already operating International Currency Business Unit ("ICBU"). We anticipate that the IBW Phase I to fully go live before the end of 2022.

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

### 13. Cash and short-term funds

	<b>30 September 2022 RM'000</b>	<b>31 March 2022 RM'000</b>
Cash and balances with banks and other financial institutions	107,649	92,727
Money at call and deposit placements maturing within one month	4,256,350	4,628,302
	<u>4,363,999</u>	<u>4,721,029</u>
Less: Allowance for expected credit losses ("ECL")	(493)	(905)
	<u><u>4,363,506</u></u>	<u><u>4,720,124</u></u>

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

	<b>12-month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit- impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit- impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
At 1 April 2022	905	-	-	905
Charge to profit or loss				
- Decrease in ECL	(412)	-	-	(412)
At 30 September 2022	<u>493</u>	<u>-</u>	<u>-</u>	<u>493</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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## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

### 14. Deposits and placements with banks and other financial institutions

	<b>30 September 2022 RM'000</b>	<b>31 March 2022 RM'000</b>
Money at call and deposit placements maturing more than one month	1,979,456	546,560
Less: Allowance for ECL	<u>(253)</u>	<u>(325)</u>
	<u><u>1,979,203</u></u>	<u><u>546,235</u></u>

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

	<b>12-month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit- impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit- impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
At 1 April 2022	325	-	-	325
Charge to profit or loss				
- Decrease in ECL	(72)	-	-	(72)
At 30 September 2022	<u>253</u>	<u>-</u>	<u>-</u>	<u>253</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 SEPTEMBER 2022

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

	<b>30 September 2022 RM'000</b>	<b>31 March 2022 RM'000</b>
<b>At fair value</b>		
Negotiable instruments of deposits	451,006	303,014
Malaysian Government Investment Issues	150,785	182,978
	<u>601,791</u>	<u>485,992</u>

#### Movement in allowance for ECL on debt instruments measured at FVOCI

	<b>12-month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit- impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit- impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
At 1 April 2022	226	-	-	226
- Decrease in ECL	(124)	-	-	(124)
At 30 September 2022	<u>102</u>	<u>-</u>	<u>-</u>	<u>102</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 SEPTEMBER 2022

### 16. Loans, advances and financing

	<b>30 September 2022 RM'000</b>	<b>31 March 2022 RM'000</b>
<b>(a) By type:</b>		
<u>At amortised cost:</u>		
Overdraft	2,066	568
Term loans / financing		
- Syndicated loans / Syndicated Islamic financing	3,615,837	3,157,832
- Factoring receivables	175,871	195,573
- Other term loans / Islamic term financing	7,028,678	7,016,907
Trade bills discounted	40,854	28,701
Revolving credits / Revolving credit-i	5,113,171	4,127,220
Gross loans, advances and financing	<u>15,976,477</u>	<u>14,526,801</u>
Less: Allowance for ECL		
- 12-month ECL (Stage 1)	(2,846)	(4,706)
- Lifetime ECL not credit impaired (Stage 2)	(40,579)	(29,979)
- Lifetime ECL credit impaired (Stage 3)	(54,900)	(55,218)
Net loans, advances and financing	<u><u>15,878,152</u></u>	<u><u>14,436,898</u></u>
<b>(b) By geographical distribution:</b>		
Malaysia	13,280,580	12,116,294
Other countries:		
- Australia	1,398,876	1,162,239
- United States of America	468,487	423,223
- Japan	173,004	186,414
- Hong Kong	60,223	55,570
- Cayman Islands	272,540	246,004
- Netherlands	167,037	171,906
- United Kingdom	155,730	165,151
Gross loans, advances and financing	<u><u>15,976,477</u></u>	<u><u>14,526,801</u></u>
<b>(c) By type of customer:</b>		
Domestic non-bank financial institutions	4,369,996	4,192,176
Domestic business enterprises	11,377,580	10,102,131
Foreign entities	228,901	232,494
Gross loans, advances and financing	<u><u>15,976,477</u></u>	<u><u>14,526,801</u></u>

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[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022****16. Loans, advances and financing (continued)**

	<b>30 September 2022 RM'000</b>	<b>31 March 2022 RM'000</b>
<b>(d) By interest rate sensitivity:</b>		
Fixed rate		
- Other fixed rate loans	1,146,299	1,177,976
Variable rate		
- Cost-plus	4,727,906	4,197,865
- Other variable rates	10,102,272	9,150,960
Gross loans, advances and financing	<u>15,976,477</u>	<u>14,526,801</u>
<b>(e) By sector:</b>		
Primary agriculture	97,932	41,561
Manufacturing	2,871,794	2,742,970
Electricity, gas and water	784,648	738,106
Construction	90,849	65,809
Wholesale and retail trade, and restaurants and hotels	1,460,323	1,128,640
Transport, storage and communication	1,405,538	1,193,200
Finance, insurance and business services	5,451,064	5,203,359
Real estate	2,752,177	2,387,021
Education, health and other services	731,579	699,098
Other sectors	330,573	327,037
Gross loans, advances and financing	<u>15,976,477</u>	<u>14,526,801</u>
<b>(f) By economic purpose:</b>		
Purchase of securities	272,540	246,004
Purchase of non-residential property		
- Purchase of land	99,376	99,355
Purchase of fixed assets other than land and building	385,468	391,208
Construction	1,068,062	1,067,980
Working capital	6,281,590	5,685,298
Mergers and acquisition	139,311	168,483
Other purpose	7,730,130	6,868,473
Gross loans, advances and financing	<u>15,976,477</u>	<u>14,526,801</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 2022

### 16. Loans, advances and financing (continued)

	<b>30 September 2022 RM'000</b>	<b>31 March 2022 RM'000</b>
<b>(g) By residual contractual maturity:</b>		
Maturing within one year	6,724,839	5,512,857
One year to three years	4,137,118	4,053,384
Three years to five years	3,080,294	2,892,376
More than five years	2,034,226	2,068,184
Gross loans, advances and financing	<u>15,976,477</u>	<u>14,526,801</u>

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

	<b>30 September 2022 RM'000</b>	<b>31 March 2022 RM'000</b>
At 1 April 2022 / 1 April 2021	55,570	54,199
Currency translation differences	4,654	-
Impaired during the financial year	-	1,371
At 30 September 2022 / 31 March 2022	<u>60,224</u>	<u>55,570</u>
Less: Lifetime ECL credit impaired (Stage 3)	<u>(54,900)</u>	<u>(55,218)</u>
Net impaired loans, advances and financing	<u>5,324</u>	<u>352</u>
Gross credit-impaired loans and financing as a percentage of gross loans, advances and financing	<u>0.38%</u>	<u>0.38%</u>

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

Hong Kong	<u>60,224</u>	<u>55,570</u>
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### (j) Credit-impaired loans, advances and financing by sector:

Other sectors	<u>60,224</u>	<u>55,570</u>
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### (k) Credit-impaired loans, advances and financing by economic purpose:

Other purpose	<u>60,224</u>	<u>55,570</u>
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# SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

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

### 16. Loans, advances and financing (continued)

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

	<b>12-month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit- impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit- impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
At 1 April 2022	10,539,396	3,931,835	55,570	14,526,801
Transfer to 12-month ECL (Stage 1)	826,413	(826,413)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(2,344,411)	2,344,411	-	-
Transfer to lifetime ECL credit- impaired (Stage 3)	-	-	-	-
Loans, advances and financing derecognised	(1,986,395)	(723,245)	(3,109)	(2,712,749)
New loans, advances and financing originated or purchased	3,304,303	412,849	2,305	3,719,457
Other adjustments	63,337	374,174	5,457	442,968
At 30 September 2022	<u>10,402,643</u>	<u>5,513,611</u>	<u>60,223</u>	<u>15,976,477</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>

# 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 2022

### 16. Loans, advances and financing (continued)

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

	<b>12-month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit- impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit- impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
At 1 April 2022	4,706	29,979	55,218	89,903
Transfer to 12-month ECL (Stage 1)	5,287	(5,287)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(284)	284	-	-
Transfer to lifetime ECL credit- impaired (Stage 3)	-	-	-	-
Loans, advances and financing derecognised	(156)	(3,569)	-	(3,725)
New loans, advances and financing originated or purchased	347	1,986	-	2,333
Changes due to change in credit risk	(7,054)	17,186	(318)	9,814
At 30 September 2022	<u>2,846</u>	<u>40,579</u>	<u>54,900</u>	<u>98,325</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>

# SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

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(Incorporated in Malaysia)

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

### 17. Other assets

	<b>30 September 2022 RM'000</b>	<b>31 March 2022 RM'000</b>
Interest receivable	10,920	8,218
Amount due from related corporations	14,152	84
Cash collateral placements	87,625	94,346
Other receivables	8,125	2,742
Deposits	2,004	2,035
Prepayments	568	301
	<u>123,394</u>	<u>107,726</u>
Less: Allowance for ECL	(30)	(28)
	<u><u>123,364</u></u>	<u><u>107,698</u></u>

#### Movement in allowance for ECL on other assets

	<b>12-month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit- impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit- impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
At 1 April 2022	28	-	-	28
Charge to profit or loss				
- Increase in ECL	2	-	-	2
At 30 September 2022	<u>30</u>	<u>-</u>	<u>-</u>	<u>30</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 SEPTEMBER 2022

### 18. Deposits from customers

	<b>30 September 2022 RM'000</b>	<b>31 March 2022 RM'000</b>
<b>(a) By type of deposits:</b>		
Demand deposits	3,345,753	3,165,016
Fixed deposits	10,618,997	9,847,955
Short-term deposits	3,351,682	2,716,146
	<u>17,316,432</u>	<u>15,729,117</u>

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

Due within six months	6,881,523	4,834,618
Six months to one year	174,108	1,520,771
One year to three years	3,379,566	2,359,127
Three years to five years	2,134,858	2,430,086
Five years to ten years	307,104	438,531
Ten years and above	1,093,520	980,968
	<u>13,970,679</u>	<u>12,564,101</u>

### (b) By type of customers:

Domestic non-bank financial institutions	254,342	249,994
Domestic business enterprises	8,101,356	7,071,364
Branch of immediate holding corporation	8,534,817	7,816,858
Foreign non-bank entities	189,764	166,315
Domestic other entities	4,256	3,911
Government	231,897	420,675
	<u>17,316,432</u>	<u>15,729,117</u>

### 19. Deposits and placements of banks and other financial institutions

	<b>30 September 2022 RM'000</b>	<b>31 March 2022 RM'000</b>
Licensed Malaysian banks	120,100	218,484
Foreign banks		
- Immediate holding corporation	1,639,164	725,165
	<u>1,759,264</u>	<u>943,649</u>

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

### 20. Other liabilities

	<b>30 September 2022 RM'000</b>	<b>31 March 2022 RM'000</b>
Interest payable	9,949	9,651
Amount due to immediate holding corporation and related corporations/companies	44,357	14,422
Cash collateral placements	243,470	48,640
Other payables	48,168	32,353
Accruals	7,950	15,330
	<u>353,894</u>	<u>120,396</u>

### 21. Provision for credit commitments and contingencies

	<b>30 September 2022 RM'000</b>	<b>31 March 2022 RM'000</b>
Provision for credit commitments and contingencies	<u>8,979</u>	<u>6,423</u>

#### Movement in allowance for ECL on credit commitments and contingencies

	<b>12-month ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit- impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit- impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
At 1 April 2022	1,667	4,756	-	6,423
Charge to profit or loss				
- (Decrease) / Increase in ECL	(1,125)	3,681	-	2,556
At 30 September 2022	<u>542</u>	<u>8,437</u>	<u>-</u>	<u>8,979</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>-</u>	<u>6,423</u>

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

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2022</b>	<b>30 September 2021</b>	<b>30 September 2022</b>	<b>30 September 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing				
- Interest income	96,698	53,666	161,247	108,578
- Financing income	15,443	4,181	24,118	8,510
Money at call and deposit placements with banks and other financial institutions	39,314	15,819	60,867	34,438
Debt instruments measured at FVOCI	2,637	2,857	4,942	5,443
	<u>154,092</u>	<u>76,523</u>	<u>251,174</u>	<u>156,969</u>

**23. Interest expense**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2022</b>	<b>30 September 2021</b>	<b>30 September 2022</b>	<b>30 September 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers	85,356	24,101	126,858	52,410
Deposits and placements of banks and other financial institutions	5,680	342	9,149	922
Lease liabilities	59	124	129	248
	<u>91,095</u>	<u>24,567</u>	<u>136,136</u>	<u>53,580</u>

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

	2nd Quarter Ended		Six Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Fee and commission income				
- Service charges and guarantee fees	480	313	795	602
- Loan related fees	3,332	3,063	6,575	7,077
- Commitment fees	995	690	2,150	1,225
	<u>4,807</u>	<u>4,066</u>	<u>9,520</u>	<u>8,904</u>
Realised gain from derivative financial instruments	<u>4,188</u>	<u>898</u>	<u>11,028</u>	<u>1,811</u>
Unrealised gain on revaluation of derivatives	<u>1,760</u>	<u>11,947</u>	<u>1,568</u>	<u>15,121</u>
Unrealised loss on hedging activities	<u>(3,421)</u>	<u>(5,118)</u>	<u>(13,667)</u>	<u>(4,061)</u>
Foreign exchange, net gain	<u>30,391</u>	<u>22,846</u>	<u>52,806</u>	<u>45,211</u>
Other income				
- Management fees	7,024	4,624	14,046	9,663
- Rental of fixed assets	199	332	423	703
- Miscellaneous income	1,741	3,986	4,004	5,515
	<u>8,964</u>	<u>8,942</u>	<u>18,473</u>	<u>15,881</u>
	<u>46,689</u>	<u>43,581</u>	<u>79,728</u>	<u>82,867</u>



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

### 25. Other operating expenses

	2nd Quarter Ended		Six Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
<b>Personnel costs</b>				
Salaries, allowances and bonuses	13,781	10,506	25,294	21,924
Employees' provident fund contributions	1,922	1,357	3,626	2,917
Staff training expenses	26	20	47	115
Other personnel expenses	1,427	2,022	2,742	2,784
	<u>17,156</u>	<u>13,905</u>	<u>31,709</u>	<u>27,740</u>
<b>Establishment costs</b>				
Depreciation - Plant and equipment	1,134	1,175	2,264	2,282
Depreciation - Right-of-use assets	1,159	1,228	2,324	2,665
Repair and maintenance	59	180	126	248
Other establishment expenses	3,471	3,994	7,335	7,821
	<u>5,823</u>	<u>6,577</u>	<u>12,049</u>	<u>13,016</u>
<b>Marketing expenses</b>				
Advertisement and publicity	44	45	86	87
Other marketing expenses	43	4	66	13
	<u>87</u>	<u>49</u>	<u>152</u>	<u>100</u>
<b>Administration and general expenses</b>				
Auditors' remuneration				
- Statutory audit	92	87	183	173
Professional fees	129	439	1,314	556
Communication expenses	202	138	257	298
Management fees	6,773	5,373	13,249	10,884
Licence fees and stamp duties	37	38	75	75
Non-executive directors' fees and allowances	202	217	419	467
Plant and equipment written off	-	-	1,484	-
Other administration and general expenses	2,654	1,753	5,265	3,353
	<u>10,089</u>	<u>8,045</u>	<u>22,246</u>	<u>15,806</u>
	<u>33,155</u>	<u>28,576</u>	<u>66,156</u>	<u>56,662</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022****26. Allowance for / (Writeback of) impairment on loans, advances and financing**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2022</b>	<b>30 September 2021</b>	<b>30 September 2022</b>	<b>30 September 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Allowance for / (Writeback of) ECL</u>				
Loans, advances and financing	8,925	(5,498)	8,422	(17,404)
Provision for credit commitments and contingencies	4,603	(382)	2,556	(2,188)
	<u>13,528</u>	<u>(5,880)</u>	<u>10,978</u>	<u>(19,592)</u>

**27. Writeback of impairment on other financial assets**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2022</b>	<b>30 September 2021</b>	<b>30 September 2022</b>	<b>30 September 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Writeback of ECL</u>				
Cash and short-term funds	(455)	(1,384)	(412)	(2,357)
Deposits and placements with banks and other financial institutions	37	(303)	(72)	(2,014)
Debt instruments measured at FVOCI	(87)	(245)	(124)	(481)
Other assets	27	(126)	2	(306)
	<u>(478)</u>	<u>(2,058)</u>	<u>(606)</u>	<u>(5,158)</u>

# 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 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		
<b>30 September 2022</b>								
<b>Assets</b>								
Cash and short-term funds	4,256,350	-	-	-	-	107,156	-	4,363,506
Deposits and placements with banks and other financial institutions	-	1,979,456	-	-	-	(253)	-	1,979,203
Debt instruments measured at FVOCI	150,216	300,790	110,481	40,304	-	-	-	601,791
Loans, advances and financing								
- non-impaired	2,504,456	1,638,677	2,581,711	7,157,184	2,034,226	(43,425)	-	15,872,829
- impaired	-	-	-	60,223	-	(54,900)	-	5,323
Derivative financial assets	-	66	295	22,905	-	-	809,891	833,157
Other assets <sup>^</sup>	91,865	5,363	1,520	-	-	24,048	-	122,796
<b>Total assets</b>	<b>7,002,887</b>	<b>3,924,352</b>	<b>2,694,007</b>	<b>7,280,616</b>	<b>2,034,226</b>	<b>32,626</b>	<b>809,891</b>	<b>23,778,605</b>

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

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

**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 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			
<b>30 September 2022</b>								
<b><u>Liabilities</u></b>								
Deposits from customers	4,238,365	934,432	1,882,833	5,514,424	1,400,624	3,345,754	-	17,316,432
Deposits and placements of banks and other financial institutions	256,676	154,647	858,931	485,447	-	3,563	-	1,759,264
Bills and acceptances payable	-	-	6,121	-	-	-	-	6,121
Derivative financial liabilities	-	-	13,649	-	-	-	705,420	719,069
Other liabilities *	6,555	1,933	12,052	12,996	3,656	276,527	-	313,719
Total liabilities	4,501,596	1,091,012	2,773,586	6,012,867	1,404,280	3,625,844	705,420	20,114,605
On balance sheet interest rate gap	2,501,291	2,833,340	(79,579)	1,267,749	629,946	(3,593,218)	104,471	3,664,000
Off balance sheet interest rate gap	-	2,401,643	(437,458)	(1,507,461)	(456,724)	-	-	-
Total interest rate gap	2,501,291	5,234,983	(517,037)	(239,712)	173,222	(3,593,218)	104,471	3,664,000

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

**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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			
<b>31 March 2022</b>								
<b><u>Assets</u></b>								
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 <sup>^</sup>	101,335	1,971	1,728	-	-	2,363	-	107,397
<b>Total assets</b>	<b>6,960,271</b>	<b>2,331,672</b>	<b>1,843,301</b>	<b>7,090,373</b>	<b>2,068,186</b>	<b>3,957</b>	<b>395,378</b>	<b>20,693,138</b>

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

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

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**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			
<b>31 March 2022</b>								
<b><u>Liabilities</u></b>								
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
<b>Total liabilities</b>	<b>3,924,605</b>	<b>1,293,621</b>	<b>2,100,182</b>	<b>4,832,114</b>	<b>1,420,179</b>	<b>3,229,497</b>	<b>292,497</b>	<b>17,092,695</b>
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)	-	-	-
<b>Total interest rate gap</b>	<b>3,035,666</b>	<b>3,734,857</b>	<b>(376,475)</b>	<b>294,664</b>	<b>34,390</b>	<b>(3,225,540)</b>	<b>102,881</b>	<b>3,600,443</b>

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

# SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

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

### 29. Use of Financial Instruments (continued)

#### Interest rate risk (continued)

	30 September 2022		31 March 2022	
	MYR % p.a.	USD % p.a.	MYR % p.a.	USD % p.a.
<b>Financial assets</b>				
Cash and short-term funds	2.53	3.07	1.80	0.46
Deposits and placements with banks and other financial institutions	2.86	3.40	-	0.63
Loans, advances and financing	3.98	3.88	3.46	1.54
<b>Financial liabilities</b>				
Deposits from customers	2.55	3.07	2.00	0.59
Deposits and placements of banks and other financial institutions	-	5.38	-	0.10

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

	<b>30 September 2022 RM'000</b>	<b>31 March 2022 RM'000</b>
Aggregate value of outstanding credit exposures to connected parties	751,295	578,301
As a percentage of total credit exposures	2.38%	2.13%

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



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

### 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:

	<b>30 September 2022 RM'000</b>	<b>31 March 2022 RM'000</b>
<b><u>Tier 1 capital</u></b>		
Paid-up ordinary share capital	2,452,605	2,452,605
Retained earnings	1,086,968	1,086,968
Other reserves	151,339	145,695
	<u>3,690,912</u>	<u>3,685,268</u>
Less: 55% of fair value reserve	-	(1,169)
Regulatory reserve	(151,558)	(143,570)
Common Equity Tier 1 (CET 1) and Tier 1 Capital	<u>3,539,354</u>	<u>3,540,529</u>
<b><u>Tier 2 capital</u></b>		
Expected credit losses	53,282	42,592
Regulatory reserve *	146,689	126,154
Tier 2 Capital	<u>199,971</u>	<u>168,746</u>
Total capital base	<u><u>3,739,325</u></u>	<u><u>3,709,275</u></u>
<b><u>Capital ratios</u></b>		
CET 1 and Tier 1 capital ratio	20.704%	24.306%
Total capital ratio	21.874%	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:

	<b>30 September 2022 RM'000</b>	<b>31 March 2022 RM'000</b>
Credit risk	15,997,717	13,499,672
Market risk	410,411	379,803
Operational risk	686,917	686,993
Total risk-weighted assets	<u><u>17,095,045</u></u>	<u><u>14,566,468</u></u>

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

### 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:

	<b>Principal amount RM'000</b>	<b>Credit equivalent amount * RM'000</b>	<b>Risk- weighted assets * RM'000</b>
<b>30 September 2022</b>			
Transaction-related contingent items	615,146	303,317	297,577
Short-term self-liquidating trade-related contingencies	437,842	86,133	86,133
Foreign exchange related contracts:			
- Less than one year	7,615,804	289,204	210,182
- One year to less than five years	9,633,287	1,500,731	870,132
- Five years and above	976,712	220,676	159,420
Interest / Profit rate related contracts:			
- Less than one year	437,658	1,389	694
- One year to less than five years	2,297,291	114,510	72,881
- Five years and above	224,040	48,418	33,731
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	728,767	145,753	145,753
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	9,970,835	4,982,131	4,713,994
<b>Total</b>	<b>32,937,382</b>	<b>7,692,262</b>	<b>6,590,497</b>

\* 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  
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**32. Commitments and contingencies (continued)**

	<b>Principal amount RM'000</b>	<b>Credit equivalent amount * RM'000</b>	<b>Risk- weighted assets * RM'000</b>
<b>31 March 2022</b>			
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
<b>Total</b>	<b>30,883,520</b>	<b>6,354,587</b>	<b>5,526,577</b>

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

# SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

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

### 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 September 2022 RM'000	31 March 2022 RM'000
<b>(i) By type:</b>		
<u>At amortised cost:</u>		
Term financing		
- Syndicated Islamic financing	510,062	499,305
- Islamic term financing	599,139	642,674
Revolving credit-i	1,210,264	1,041,597
Gross financing and advances	2,319,465	2,183,576
Less: Allowance for ECL		
- 12-month ECL (Stage 1)	(301)	(671)
- Lifetime ECL not credit impaired (Stage 2)	(11,843)	(6,323)
Net financing and advances	2,307,321	2,176,582
<b>(ii) By contract:</b>		
Murabahah	2,319,465	2,183,576
Gross financing and advances	2,319,465	2,183,576

#### (b) Deposits from customers

	30 September 2022 RM'000	31 March 2022 RM'000
<b>(i) By type and contract:</b>		
<u>At amortised cost:</u>		
Demand deposits - Qard	772	3,693
	772	3,693

**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

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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 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 October 2022