

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED
31 DECEMBER 2023**

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 31 DECEMBER 2023

	Note	As at 31 December 2023 RM'000	As at 31 March 2023 RM'000
Assets			
Cash and short-term funds	13	5,488,802	5,909,241
Deposits and placements with banks and other financial institutions	14	3,570,074	1,967,353
Debt instruments at fair value through other comprehensive income ("FVOCI")	15	2,498,677	703,693
Loans, advances and financing	16	14,837,504	15,169,490
Derivative financial assets		725,730	586,949
Other assets	17	120,616	40,489
Statutory deposits with Bank Negara Malaysia	18	650	45,000
Plant and equipment		10,120	7,795
Right-of-use assets		1,278	3,932
Tax recoverable		96,666	144,451
Total assets		<u>27,350,117</u>	<u>24,578,393</u>
Liabilities			
Deposits from customers	19	17,670,082	16,727,819
Deposits and placements of banks and other financial institutions	20	4,505,454	3,199,056
Bills and acceptances payable		214	1,265
Derivative financial liabilities		654,153	508,949
Other liabilities	21	404,820	241,199
Lease liabilities		1,401	4,490
Provision for credit commitments and contingencies	22	3,110	7,481
Deferred tax liabilities		7,216	1,455
Total liabilities		<u>23,246,450</u>	<u>20,691,714</u>
Equity			
Share capital		2,452,605	2,452,605
Reserves		1,651,062	1,434,074
Total equity attributable to owners of the Bank		<u>4,103,667</u>	<u>3,886,679</u>
Total liabilities and equity		<u>27,350,117</u>	<u>24,578,393</u>
Commitments and contingencies	33	<u>39,154,386</u>	<u>33,157,226</u>

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

	Note	3rd Quarter Ended		Nine Months Ended	
		31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Interest income	23	319,653	206,947	882,899	458,121
Interest expense	24	(255,650)	(137,933)	(692,990)	(274,069)
Net interest income		64,003	69,014	189,909	184,052
Other operating income	25	53,920	42,348	165,477	122,076
Net operating income		117,923	111,362	355,386	306,128
Other operating expenses	26	(39,012)	(34,779)	(107,520)	(100,935)
Operating profit		78,911	76,583	247,866	205,193
(Allowance for) / Writeback of impairment on loans, advances and financing	27	(414)	(15,445)	42,306	(26,423)
Writeback of impairment on other financial assets	28	828	325	2,975	931
Profit before taxation		79,325	61,463	293,147	179,701
Tax expense		(22,088)	(21,564)	(74,373)	(45,696)
Profit after taxation		57,237	39,899	218,774	134,005
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		(108)	1,072	(1,323)	(1,148)
- Debt instruments measured at FVOCI - increase / (decrease) in allowance for impairment		50	11	(463)	(113)
Total comprehensive income for the financial period		57,179	40,982	216,988	132,744
Basic earnings per ordinary share (sen)		2.33	1.62	8.92	5.46

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

	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 2023	2,452,605	143,570	2,397	1,288,107	3,886,679
Profit for the period	-	-	-	218,774	218,774
Fair value change and decrease in allowance for impairment of debt instruments measured at FVOCI	-	-	(1,786)	-	(1,786)
Total comprehensive income for the period	-	-	(1,786)	218,774	216,988
Transfer to regulatory reserve	-	28,855	-	(28,855)	-
At 31 December 2023	2,452,605	172,425	611	1,478,026	4,103,667
At 1 April 2022	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)
Total comprehensive income for the period	-	-	(2,344)	94,106	91,762
Transfer to regulatory reserve	-	7,988	-	(7,988)	-
At 31 December 2022	2,452,605	151,558	(219)	1,173,086	3,777,030

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

	31 December 2023 RM'000	31 December 2022 RM'000
Cash flows from operating activities		
Profit from ordinary activities before taxation	293,147	179,701
Adjustments for non-cash items	(17,532)	23,302
Operating profit before working capital changes	<u>275,615</u>	<u>203,003</u>
Changes in working capital:		
Net changes in operating assets	(1,287,227)	(2,761,611)
Net changes in operating liabilities	2,412,716	2,114,461
Cash generated from / (used in) operating activities	<u>1,401,104</u>	<u>(444,147)</u>
Tax paid	(20,409)	(72,754)
Net cash generated from / (used in) operating activities	<u>1,380,695</u>	<u>(516,901)</u>
Net cash used in investing activities	(1,799,199)	(191,734)
Net cash used in financing activities	<u>(3,710)</u>	<u>(3,827)</u>
Net decrease in cash and cash equivalents during the financial period	(422,214)	(712,462)
Cash and cash equivalents at beginning of the financial period	<u>5,911,756</u>	<u>4,721,029</u>
Cash and cash equivalents at end of the financial period	<u><u>5,489,542</u></u>	<u><u>4,008,567</u></u>
Cash and cash equivalents comprise:		
Cash and balances with banks and other financial institutions	139,564	92,957
Money at call and deposit placements maturing within one month	<u>5,349,978</u>	<u>3,915,610</u>
	<u><u>5,489,542</u></u>	<u><u>4,008,567</u></u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

1. Basis of preparation

The unaudited condensed interim financial statements for the third quarter and financial period ended 31 December 2023 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 2023. 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 2023.

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 2023, 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 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 and International Tax Reform – Pillar Two Model Rules*

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 31 DECEMBER 2023

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 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*

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 2023 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 third quarter and financial period ended 31 December 2023.

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 third quarter and financial period ended 31 December 2023.

5. Changes in Estimates

There were no material changes in estimates of amounts reported that have a material effect on the unaudited condensed interim financial statements in the third quarter and financial period ended 31 December 2023.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

6. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the third quarter and financial period ended 31 December 2023.

7. Dividend

No dividend was paid during the third quarter and financial period ended 31 December 2023.

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 third quarter and financial period ended 31 December 2023.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

11. Review of Performance

3rd quarter results ended 31 December 2023

For the third quarter ended 31 December 2023, the Bank registered a profit before taxation of RM79.3 million, an increase of 28.9% (Q3 Dec 2022: RM61.5 million). The improved performance was mainly attributed to the writeback of impairment on loans, advances and financing and other financial assets amounting to RM0.4 million (Q3 Dec 2022: allowance for impairment of RM15.1 million). Consequentially, the Bank recorded a profit after taxation of RM57.2 million, an increase of 43.4% in the third quarter ended 31 December 2023 (Q3 Dec 2022: RM39.9 million).

Nine months financial results ended 31 December 2023

For the nine months financial period ended 31 December 2023, the Bank registered a profit before taxation of RM293.1 million, an increase of 63.1% (9 months ended Dec 2022: RM179.7 million). The improved performance was mainly attributed to the writeback of impairment on loans, advances and financing and other financial assets amounting to RM45.3 million (9 months ended Dec 2022: allowance for impairment of RM25.5 million) largely due to the removal of Management Overlay arising from the COVID-19 affected sectors and Russia-Ukraine conflict potential affected sectors and replaced with the banks' identified vulnerable sectors during the period under review. Significant improvement in the Macro Economic Variables forecast data also contributed to the reversal amount. In addition, the other operating income has increased by 35.5% amounting to RM165.5 million (9 months ended Dec 2022: RM122.1 million) largely from the net gain in foreign exchange. Consequentially, the Bank recorded a profit after taxation of RM218.8 million, an increase of 63.3% (9 months ended Dec 2022: RM134.0 million).

Total assets recorded an increase of 11.3% to RM27,350 million as at 31 December 2023 (31 March 2023: RM24,578 million). This was mainly attributed to the 255.0% increase in debt instruments at fair value through other comprehensive income amounting to RM2,499 million (31 March 2023: RM704 million) and 81.5% increase in deposits and placements with banks and other financial institutions amounting to RM3,570 million (31 March 2023: RM1,967 million).

The total liabilities recorded an increase of 12.3% to RM23,246 million as at 31 December 2023 (31 March 2023: RM20,692 million). This was largely due to the higher deposits and placements of banks and other financial institutions of 40.8% amounting to RM4,505 million (31 March 2023: RM3,199 million) and higher deposits from customers of 5.6% amounting to RM17,670 million (31 March 2023: RM16,728 million).

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

12. Current Year Prospects

Malaysia's Gross Domestic Product ("GDP") in the third quarter of 2023 grew by 3.3 per cent (2Q 2023: 2.9 per cent). The growth was mainly driven by the improvement in domestic demand as economic activity, and further improvement in the labour market conditions. Inbound tourism activities continued to recover, lifting services exports and partially offsetting the slower goods export growth, in addition to continued policy support from the government. The moderate growth in third quarter of 2023 was partly driven by several temporary factors, including the decline in production in the manufacturing sector given the weakness in demand for electrical and electronic (E&E) products and lower production of refined petroleum products.

Domestic demand remained resilient underpinned by continued policy support such as capacity expansion, progress of multi-year projects and higher fixed asset spending by the government which provided additional lift to the economy and stronger private sector recovery supported by improving labour market conditions. Tourist arrivals are expected to continue rising, which would support tourism-related activities.

Nevertheless, the external demand challenges are emerging from global developments. These include faltering global growth, persistent elevated inflation, and the growth prospects of major economies, many of which are Malaysia's leading trading partners. The elevated inflation levels abroad prompting aggressive interest rate hikes in advanced economies which induced capital outflows and exchange rate depreciation. Taken together, these events have resulted in increased cost pressures for companies and households. The upside pressure on inflation continues to be contingent on domestic policy measures, development in the global commodity prices arising from geopolitical conflicts and strained supply chain. Despite the challenging global environment, the Malaysia's economy growth is projected to stay in the range of between 4.0 per cent to 4.5 per cent in 2024, anchored by the firm domestic demand and fiscal policy to be rolled out by the current government.

As the country's economy recovery continue to remain resilient amid the global conditions that are now compounded by regional and local factors, the Bank remains steadfast in building sustainable portfolio with inclusive growth. The Bank continues to maintain its business agenda with both Japanese and Non-Japanese clients while acknowledging the challenges ahead and shall continue to remain responsive to changing environment by adopting a prudent approach in managing costs.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

12. Current Year Prospects (Continued)

Islamic Finance Outlook

The Islamic Banking industry in Malaysia continues to grow in the third quarter of Financial Year 2023, whereby in the month of September 2023, total Islamic Banking assets has grown to RM1,093.5 billion which was contributed mainly by stand-alone Islamic Banks recording a total assets of RM1,069.1 billion (97.8%), followed by Islamic Banking Window ("IBW") operations with a total assets of RM24.4 billion (2.2%). This is an increase of 2.9% from fourth quarter of 2022's total assets of RM1,062.6 billion (stand-alone Islamic Banks' assets of RM1,038.0 billion and IBW assets of RM24.6 billion). Financing makes up the largest contribution at RM803.3 billion which is an increase of 4.8% from the fourth quarter of 2022 of RM766.8 billion.

The Bank's IBW has commenced in January 2023, complementing the already operating International Currency Business Unit ("ICBU") business. IBW is opened for clients seeking financing through Ringgit denominated products with 4 financing products and 2 ESG financing products.

Several factors will impact the continuing demand for 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. Currently, the Bank is working on 2 IBW transactions, which are targetted to be disbursed by this Financial Year. At the same time under ICBU, the Bank has disbursed new facility under GBP financing in October 2023.

The Bank has also appointed a new Shariah Committee member to replace an out-going member, whom has served the maximum tenure allowed by the Shariah Governance Policy of BNM.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

13. Cash and short-term funds

	31 December 2023 RM'000	31 March 2023 RM'000
Cash and balances with banks and other financial institutions	139,564	117,474
Money at call and deposit placements maturing within one month	5,349,978	5,794,282
	<u>5,489,542</u>	<u>5,911,756</u>
Less: Allowance for expected credit losses ("ECL")	(740)	(2,515)
	<u><u>5,488,802</u></u>	<u><u>5,909,241</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 2023	2,515	-	-	2,515
Charge to profit or loss				
- Decrease in ECL	(1,775)	-	-	(1,775)
At 31 December 2023	<u>740</u>	<u>-</u>	<u>-</u>	<u>740</u>
At 1 April 2022	905	-	-	905
Charge to profit or loss				
- Increase in ECL	1,610	-	-	1,610
At 31 March 2023	<u>2,515</u>	<u>-</u>	<u>-</u>	<u>2,515</u>

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14. Deposits and placements with banks and other financial institutions

	31 December 2023 RM'000	31 March 2023 RM'000
Money at call and deposit placements maturing more than one month	3,570,851	1,968,874
Less: Allowance for ECL	(777)	(1,521)
	<u>3,570,074</u>	<u>1,967,353</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 2023	1,521	-	-	1,521
Charge to profit or loss				
- Decrease in ECL	(744)	-	-	(744)
At 31 December 2023	<u>777</u>	<u>-</u>	<u>-</u>	<u>777</u>
At 1 April 2022	325	-	-	325
Charge to profit or loss				
- Increase in ECL	1,196	-	-	1,196
At 31 March 2023	<u>1,521</u>	<u>-</u>	<u>-</u>	<u>1,521</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

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

	31 December 2023 RM'000	31 March 2023 RM'000
At fair value		
Negotiable Instruments of Deposits	251,648	502,348
Malaysian Government Securities	101,051	20,116
Malaysian Government Investment Issues	323,783	181,229
Bank Negara Malaysia Bills	1,822,195	-
	<u>2,498,677</u>	<u>703,693</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 2023	694	-	-	694
- Decrease in ECL	(463)	-	-	(463)
At 31 December 2023	<u>231</u>	<u>-</u>	<u>-</u>	<u>231</u>
At 1 April 2022	226	-	-	226
- Increase in ECL	468	-	-	468
At 31 March 2023	<u>694</u>	<u>-</u>	<u>-</u>	<u>694</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 31 DECEMBER 2023

16. Loans, advances and financing

	31 December 2023 RM'000	31 March 2023 RM'000
(a) By type:		
<u>At amortised cost:</u>		
Overdraft	1,279	2,063
Term loans / financing		
- Syndicated loans / Syndicated Islamic financing	3,675,440	3,477,449
- Factoring receivables	230,281	199,087
- Other term loans / Islamic term financing *	6,688,104	6,733,159
Trade bills discounted	46,261	14,984
Revolving credits / Revolving credit-I *	4,255,994	4,853,185
Trust receipt	12,647	-
Gross loans, advances and financing	<u>14,910,006</u>	<u>15,279,927</u>
Less: Allowance for ECL		
- 12-month ECL (Stage 1)	(4,800)	(6,309)
- Lifetime ECL not credit impaired (Stage 2)	(15,044)	(53,063)
- Lifetime ECL credit impaired (Stage 3)	(52,658)	(51,065)
Net loans, advances and financing	<u><u>14,837,504</u></u>	<u><u>15,169,490</u></u>

* There was reclassification from "Revolving credits" to "Other term loans" during the financial period to better reflect the Loans, advances and financing by type.

(b) By geographical distribution:		
Malaysia	13,910,346	13,841,777
Other countries:		
- Australia	225,536	211,874
- United States of America	-	453,424
- Japan	176,547	178,957
- Hong Kong	52,658	51,065
- Cayman Islands	179,146	200,478
- Netherlands	187,915	177,114
- United Kingdom	177,858	165,238
Gross loans, advances and financing	<u><u>14,910,006</u></u>	<u><u>15,279,927</u></u>

(c) By type of customer:		
Domestic non-bank financial institutions	4,795,070	4,514,972
Domestic business enterprises	9,869,843	10,542,469
Foreign entities	230,516	222,486
Domestic other entities	14,577	-
Gross loans, advances and financing	<u><u>14,910,006</u></u>	<u><u>15,279,927</u></u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023****16. Loans, advances and financing (continued)**

	31 December 2023 RM'000	31 March 2023 RM'000
(d) By interest rate sensitivity:		
Fixed rate		
- Other fixed rate loans	646,340	1,055,269
Variable rate		
- Cost-plus	6,274,567	5,825,500
- Other variable rates	7,989,099	8,399,158
Gross loans, advances and financing	<u>14,910,006</u>	<u>15,279,927</u>
(e) By sector:		
Primary agriculture	13,004	10,005
Mining and Quarrying	971,464	980,532
Manufacturing	2,318,811	2,627,610
Electricity, gas and water	580,099	556,402
Construction	168,511	92,923
Wholesale and retail trade, and restaurants and hotels	648,679	1,237,449
Transport, storage and communication	1,607,443	1,770,388
Finance, insurance and business services	5,776,631	5,456,074
Real estate	1,905,103	1,943,060
Education, health and other services	920,261	605,484
Gross loans, advances and financing	<u>14,910,006</u>	<u>15,279,927</u>
(f) By economic purpose:		
Purchase of securities	179,146	200,478
Purchase of non-residential property		
- Purchase of land	82,603	99,387
Purchase of fixed assets other than land and building	-	332,387
Construction	999,168	1,090,757
Mergers and Acquisition	280,142	-
Working capital	6,195,268	6,346,534
Other purpose	7,173,679	7,210,384
Gross loans, advances and financing	<u>14,910,006</u>	<u>15,279,927</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 31 DECEMBER 2023

16. Loans, advances and financing (continued)

	31 December 2023 RM'000	31 March 2023 RM'000
(g) By residual contractual maturity:		
Maturing within one year	5,487,091	6,053,077
One year to three years	4,657,890	3,888,397
Three years to five years	3,575,252	4,285,659
More than five years	1,189,773	1,052,794
Gross loans, advances and financing	<u>14,910,006</u>	<u>15,279,927</u>

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

	31 December 2023 RM'000	31 March 2023 RM'000
At 1 April 2023 / 1 April 2022	51,065	55,570
Currency translation differences	1,593	-
Other adjustments	-	(9,301)
Impaired during the financial year	-	4,796
At 31 December 2023 / 31 March 2023	<u>52,658</u>	<u>51,065</u>
Less: Lifetime ECL credit impaired (Stage 3)	<u>(52,658)</u>	<u>(51,065)</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>0.35%</u>	<u>0.33%</u>

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

Hong Kong	<u>52,658</u>	<u>51,065</u>
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(j) Credit-impaired loans, advances and financing by sector:

Wholesale and retail trade, and restaurants and hotels	<u>52,658</u>	<u>51,065</u>
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(k) Credit-impaired loans, advances and financing by economic purpose:

Other purpose	<u>52,658</u>	<u>51,065</u>
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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 31 DECEMBER 2023

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 2023	9,487,081	5,741,781	51,065	15,279,927
Transfer to 12-month ECL (Stage 1)	2,476,417	(2,476,417)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(1,543,873)	1,543,873	-	-
Loans, advances and financing derecognised	(2,416,100)	(2,336,258)	-	(4,752,358)
New loans, advances and financing originated or purchased	3,652,467	400,647	-	4,053,114
Other adjustments	268,699	59,031	1,593	329,323
At 31 December 2023	<u>11,924,691</u>	<u>2,932,657</u>	<u>52,658</u>	<u>14,910,006</u>
At 1 April 2022	10,539,396	3,931,835	55,570	14,526,801
Transfer to 12-month ECL (Stage 1)	2,008,356	(2,008,356)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(4,949,560)	4,949,560	-	-
Loans, advances and financing derecognised	(4,856,920)	(2,501,297)	(6,810)	(7,365,027)
New loans, advances and financing originated or purchased	6,667,293	1,317,791	2,305	7,987,389
Other adjustments	78,516	52,248	-	130,764
At 31 March 2023	<u>9,487,081</u>	<u>5,741,781</u>	<u>51,065</u>	<u>15,279,927</u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

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 2023	6,309	53,063	51,065	110,437
Transfer to 12-month ECL (Stage 1)	16,326	(16,326)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(1,590)	1,590	-	-
Loans, advances and financing derecognised	(1,517)	(7,010)	-	(8,527)
New loans, advances and financing originated or purchased	3,893	515	-	4,408
Changes due to change in credit risk	(18,621)	(16,788)	1,593	(33,816)
At 31 December 2023	<u>4,800</u>	<u>15,044</u>	<u>52,658</u>	<u>72,502</u>
At 1 April 2022	4,706	29,979	55,218	89,903
Transfer to 12-month ECL (Stage 1)	16,450	(16,450)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(1,553)	1,553	-	-
Loans, advances and financing derecognised	(1,881)	(4,384)	(6,810)	(13,075)
New loans, advances and financing originated or purchased	1,897	2,941	2,305	7,143
Changes due to change in credit risk	(13,310)	39,424	352	26,466
At 31 March 2023	<u>6,309</u>	<u>53,063</u>	<u>51,065</u>	<u>110,437</u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

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17. Other assets

	31 December 2023 RM'000	31 March 2023 RM'000
Interest receivable	51,933	26,994
Amount due from related corporations	24,720	145
Cash collateral placements	40,859	11,050
Other receivables	668	247
Deposits	1,539	1,877
Prepayments	917	189
	<u>120,636</u>	<u>40,502</u>
Less: Allowance for ECL	(20)	(13)
	<u><u>120,616</u></u>	<u><u>40,489</u></u>

Movement in allowance for ECL on other assets

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2023	13	-	-	13
Charge to profit or loss				
- Increase in ECL	7	-	-	7
At 31 December 2023	<u>20</u>	<u>-</u>	<u>-</u>	<u>20</u>
At 1 April 2022	28	-	-	28
Charge to profit or loss				
- Decrease in ECL	(15)	-	-	(15)
At 31 March 2023	<u>13</u>	<u>-</u>	<u>-</u>	<u>13</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

	31 December 2023 RM'000	31 March 2023 RM'000
(a) By type of deposits:		
Demand deposits	3,494,194	2,235,810
Fixed deposits	10,922,219	11,504,049
Short-term deposits	3,253,669	2,987,960
	<u>17,670,082</u>	<u>16,727,819</u>
<p>The maturity structure of fixed deposits and short-term deposits is as follows:</p>		
Due within six months	7,046,485	6,518,122
Six months to one year	445,779	1,901,511
One year to three years	3,217,450	2,386,673
Three years to five years	2,405,425	2,673,276
Five years to ten years	768,341	611,347
Ten years and above	292,408	401,080
	<u>14,175,888</u>	<u>14,492,009</u>
(b) By type of customers:		
Domestic non-bank financial institutions	258,292	463,875
Domestic business enterprises	8,668,523	7,760,043
Branch of immediate holding corporation	8,481,536	7,884,512
Foreign non-bank entities	255,801	170,004
Domestic other entities	5,930	4,301
Government	-	445,084
	<u>17,670,082</u>	<u>16,727,819</u>

20. Deposits and placements of banks and other financial institutions

	31 December 2023 RM'000	31 March 2023 RM'000
Licensed Malaysian banks	97,294	753,424
Foreign banks		
- Immediate holding corporation	4,408,160	2,445,632
	<u>4,505,454</u>	<u>3,199,056</u>

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21. Other liabilities

	31 December 2023 RM'000	31 March 2023 RM'000
Interest payable	16,579	14,276
Amounts due to immediate holding corporation and related corporations/companies ^	127,988	88,041
Cash collateral placements *	213,510	91,442
Other payables	30,381	28,358
Accruals	16,362	19,082
	<u>404,820</u>	<u>241,199</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

	31 December 2023 RM'000	31 March 2023 RM'000
Provision for credit commitments and contingencies	<u>3,110</u>	<u>7,481</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 2023	365	7,116	-	7,481
Charge to profit or loss				
- Increase / (Decrease) in ECL	643	(5,014)	-	(4,371)
At 31 December 2023	<u>1,008</u>	<u>2,102</u>	<u>-</u>	<u>3,110</u>
At 1 April 2022	1,667	4,756	-	6,423
Charge to profit or loss				
- (Decrease) / Increase in ECL	(1,302)	2,360	-	1,058
At 31 March 2023	<u>365</u>	<u>7,116</u>	<u>-</u>	<u>7,481</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023****23. Interest income**

	3rd Quarter Ended		Nine Months Ended	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Loans, advances and financing				
- Interest income	160,759	127,281	472,901	288,528
- Financing income	19,909	18,899	54,028	43,017
Money at call and deposit placements with banks and other financial institutions	113,545	56,053	317,759	116,920
Debt instruments measured at FVOCI	25,440	4,714	38,211	9,656
	<u>319,653</u>	<u>206,947</u>	<u>882,899</u>	<u>458,121</u>

24. Interest expense

	3rd Quarter Ended		Nine Months Ended	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Deposits from customers	183,301	115,275	511,577	242,133
Deposits and placements of banks and other financial institutions	72,326	22,605	181,325	31,754
Lease liabilities and other	23	53	88	182
	<u>255,650</u>	<u>137,933</u>	<u>692,990</u>	<u>274,069</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023****25. Other operating income**

	3rd Quarter Ended		Nine Months Ended	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Fee and commission income				
- Service charges and guarantee fees	422	772	1,310	1,567
- Loan related fees	2,783	3,039	8,102	9,614
- Commitment fees	591	880	1,746	3,030
	<u>3,796</u>	<u>4,691</u>	<u>11,158</u>	<u>14,211</u>
Realised gain from derivative financial instruments	<u>12,622</u>	<u>6,434</u>	<u>34,527</u>	<u>17,462</u>
Unrealised (loss) / gain on revaluation of derivatives	<u>(6,041)</u>	<u>3,589</u>	<u>(18,746)</u>	<u>5,157</u>
Unrealised loss on hedging activities	<u>(172)</u>	<u>(4,040)</u>	<u>(1,374)</u>	<u>(17,707)</u>
Foreign exchange, net gain	<u>36,223</u>	<u>23,310</u>	<u>110,243</u>	<u>76,116</u>
Other income				
- Management fees	5,488	6,458	24,451	20,504
- Rental of fixed assets	191	196	578	619
- Gain on disposal of plant and equipment	437	-	437	-
- Miscellaneous income	1,376	1,710	4,203	5,714
	<u>7,492</u>	<u>8,364</u>	<u>29,669</u>	<u>26,837</u>
	<u>53,920</u>	<u>42,348</u>	<u>165,477</u>	<u>122,076</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

26. Other operating expenses

	3rd Quarter Ended		Nine Months Ended	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Personnel costs				
Salaries, allowances and bonuses	18,334	15,020	48,387	40,314
Employees' provident fund contributions	2,752	2,225	7,128	5,851
Staff training expenses	91	3	173	50
Staff welfare expenses	64	22	77	22
Other personnel expenses	880	873	3,453	3,615
	<u>22,121</u>	<u>18,143</u>	<u>59,218</u>	<u>49,852</u>
Establishment costs				
Depreciation - Plant and equipment	1,155	1,112	3,176	3,376
Depreciation - Right-of-use assets	1,075	1,011	3,180	3,335
Repair and maintenance	546	41	1,213	167
Other establishment expenses	4,363	5,082	12,174	12,417
	<u>7,139</u>	<u>7,246</u>	<u>19,743</u>	<u>19,295</u>
Marketing expenses				
Advertisement and publicity	130	86	216	172
Other marketing expenses	47	39	114	105
	<u>177</u>	<u>125</u>	<u>330</u>	<u>277</u>
Administration and general expenses				
Auditors' remuneration				
- Statutory audit	108	118	323	301
Professional fees	854	303	1,305	1,617
Communication expenses	131	210	441	467
Management fees	5,264	6,561	16,999	19,810
Licence fees and stamp duties	37	38	112	113
Non-executive directors' fees and allowances	273	215	796	634
Plant and equipment written off	-	-	-	1,483
Other administration and general expenses	2,908	1,820	8,253	7,086
	<u>9,575</u>	<u>9,265</u>	<u>28,229</u>	<u>31,511</u>
	<u>39,012</u>	<u>34,779</u>	<u>107,520</u>	<u>100,935</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023****27. Allowance for / (Writeback of) impairment on loans, advances and financing**

	3rd Quarter Ended		Nine Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
<u>Allowance for / (Writeback of) ECL</u>				
Loans, advances and financing	331	17,897	(37,935)	26,319
Provision for credit commitments and contingencies	83	(2,452)	(4,371)	104
	<u>414</u>	<u>15,445</u>	<u>(42,306)</u>	<u>26,423</u>

28. Writeback of impairment on other financial assets

	3rd Quarter Ended		Nine Months Ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
<u>Writeback of ECL</u>				
Cash and short-term funds	(837)	(135)	(1,775)	(547)
Deposits and placements with banks and other financial institutions	(47)	(174)	(744)	(246)
Debt instruments measured at FVOCI	50	11	(463)	(113)
Other assets	6	(27)	7	(25)
	<u>(828)</u>	<u>(325)</u>	<u>(2,975)</u>	<u>(931)</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

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 #		
31 December 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Cash and short-term funds	5,670,627	-	-	-	-	139,474	-	5,810,101
Deposits and placements with banks and other financial institutions	-	3,162,552	87,000	-	-	(777)	-	3,248,775
Debt instruments measured at FVOCI	1,822,195	251,648	30,136	394,698	-	-	-	2,498,677
Loans, advances and financing								
- non-impaired	2,685,183	1,689,767	1,112,138	8,180,487	1,189,773	(19,844)	-	14,837,504
- impaired	-	-	-	52,658	-	(52,658)	-	-
Derivative financial assets	-	13,041	8,233	696	-	-	703,760	725,730
Other assets [^]	64,420	22,820	5,850	-	-	26,609	-	119,699
Statutory deposits with Bank Negara								
Malaysia	-	-	-	-	-	650	-	650
Total assets	10,242,425	5,139,828	1,243,357	8,628,539	1,189,773	93,454	703,760	27,241,136

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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FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

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			
31 December 2023								
<u>Liabilities</u>								
Deposits from customers	3,465,946	3,160,336	867,121	5,621,736	1,060,749	3,494,194	-	17,670,082
Deposits and placements of banks and other financial institutions	2,866,551	985,674	68,850	573,748	-	10,631	-	4,505,454
Bills and acceptances payable	-	-	214	-	-	-	-	214
Derivative financial liabilities	-	-	-	839	-	-	653,314	654,153
Other liabilities *	60,544	19,787	8,022	31,598	6,084	234,162	-	360,197
Lease liabilities	52	104	467	778	-	-	-	1,401
Total liabilities	6,393,093	4,165,901	944,674	6,228,699	1,066,833	3,738,987	653,314	23,191,501
On balance sheet interest rate gap	3,849,332	973,927	298,683	2,399,840	122,940	(3,645,533)	50,446	4,049,635
Off balance sheet interest rate gap	-	1,508,290	(20,948)	(1,273,494)	(213,848)	-	-	-
Total interest rate gap	3,849,332	2,482,217	277,735	1,126,346	(90,908)	(3,645,533)	50,446	4,049,635

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

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FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

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			
31 March 2023								
<u>Assets</u>								
Cash and short-term funds	5,794,282	-	-	-	-	114,959	-	5,909,241
Deposits and placements with banks and other financial institutions	-	1,534,740	434,134	-	-	(1,521)	-	1,967,353
Debt instruments measured at FVOCI	100,740	461,665	80,424	60,864	-	-	-	703,693
Loans, advances and financing								
- non-impaired	6,862,357	7,130,505	1,132,005	103,995	-	(59,372)	-	15,169,490
- impaired	-	-	-	51,065	-	(51,065)	-	-
Derivative financial assets	-	159	-	4,430	-	-	582,360	586,949
Other assets ^	22,179	10,716	5,170	-	-	2,235	-	40,300
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	45,000	-	45,000
Total assets	12,779,558	9,137,785	1,651,733	220,354	-	50,236	582,360	24,422,026

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
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

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			
31 March 2023								
<u>Liabilities</u>								
Deposits from customers	5,159,990	1,172,389	2,087,255	5,059,949	1,012,426	2,235,810	-	16,727,819
Deposits and placements of banks and other financial institutions	1,100,189	161,000	1,865,431	66,230	-	6,206	-	3,199,056
Bills and acceptances payable	-	-	1,265	-	-	-	-	1,265
Derivative financial liabilities	806	2	112	12,261	-	-	495,768	508,949
Other liabilities *	11,844	3,581	45,667	26,167	4,242	102,520	-	194,021
Lease liabilities	354	708	3,191	237	-	-	-	4,490
Total liabilities	6,273,183	1,337,680	4,002,921	5,164,844	1,016,668	2,344,536	495,768	20,635,600
On balance sheet interest rate gap	6,506,375	7,800,105	(2,351,188)	(4,944,490)	(1,016,668)	(2,294,300)	86,592	3,786,426
Off balance sheet interest rate gap	-	2,684,364	(1,019,409)	(1,445,977)	(218,978)	-	-	-
Total interest rate gap	6,506,375	10,484,469	(3,370,597)	(6,390,467)	(1,235,646)	(2,294,300)	86,592	3,786,426

* 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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30. Use of Financial Instruments (continued)

Interest / profit rate risk (continued)

	31 December 2023		31 March 2023	
	MYR % p.a.	USD % p.a.	MYR % p.a.	USD % p.a.
Financial assets				
Cash and short-term funds	3.15	5.45	2.75	4.93
Deposits and placements with banks and other financial institutions	3.68	5.75	3.61	5.18
Loans, advances and financing	4.67	6.52	4.41	5.91
Financial liabilities				
Deposits from customers	3.31	5.59	2.97	4.90
Deposits and placements of banks and other financial institutions	-	5.51	2.85	4.50

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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:

	31 December 2023 RM'000	31 March 2023 RM'000
Aggregate value of outstanding credit exposures to connected parties	771,400	258,775
As a percentage of total credit exposures	2.22%	0.82%

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:

	31 December 2023 RM'000	31 March 2023 RM'000
<u>Tier 1 capital</u>		
Paid-up ordinary share capital	2,452,605	2,452,605
Retained earnings	1,288,107	1,288,107
Other reserves	173,036	145,967
	<u>3,913,748</u>	<u>3,886,679</u>
Less: 55% of fair value reserve	(336)	(1,318)
Regulatory reserve	(172,425)	(143,570)
Total Common Equity Tier 1 (CET 1) and Tier 1 Capital	<u>3,740,987</u>	<u>3,741,791</u>
<u>Tier 2 capital</u>		
Expected credit losses	24,722	71,596
Regulatory reserve *	160,335	113,958
Tier 2 Capital	<u>185,057</u>	<u>185,554</u>
Total capital base	<u>3,926,044</u>	<u>3,927,345</u>
<u>Capital ratios</u>		
CET 1 and Tier 1 capital ratio	23.504%	23.563%
Total capital ratio	24.667%	24.731%

* 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:

	31 December 2023 RM'000	31 March 2023 RM'000
Credit risk	14,804,579	14,844,282
Market risk	332,537	319,711
Operational risk	779,062	716,237
Total risk-weighted assets	<u>15,916,178</u>	<u>15,880,230</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

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
31 December 2023			
Transaction-related contingent items	400,849	198,349	198,349
Short-term self-liquidating trade-related contingencies	397,249	78,957	78,957
Foreign exchange related contracts:			
- Less than one year	13,604,620	388,314	236,474
- One year to less than five years	11,226,832	1,469,820	896,021
- Five years and above	583,987	121,243	96,815
Interest / Profit rate related contracts:			
- Less than one year	710,357	1,842	1,352
- One year to less than five years	1,273,494	61,930	38,596
- Five years and above	213,848	39,671	28,389
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	962,818	192,560	177,872
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	9,780,332	4,889,713	4,787,357
Total	39,154,386	7,442,398	6,540,182

* 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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33. Commitments and contingencies (continued)

	Principal amount RM'000	Credit equivalent amount * RM'000	Risk- weighted assets * RM'000
31 March 2023			
Transaction-related contingent items	460,598	225,575	225,575
Short-term self-liquidating trade-related contingencies	478,413	93,806	93,806
Foreign exchange related contracts:			
- Less than one year	8,285,597	241,617	167,461
- One year to less than five years	10,475,132	1,468,865	876,433
- Five years and above	573,115	108,756	82,840
Interest / Profit rate related contracts:			
- Less than one year	1,065,117	3,211	2,513
- One year to less than five years	1,445,977	80,854	50,085
- Five years and above	218,978	41,477	29,498
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	995,271	198,909	173,196
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	9,159,028	4,578,779	4,406,016
Total	33,157,226	7,041,849	6,107,423

* 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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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

	31 December 2023 RM'000	31 March 2023 RM'000
(i) By type:		
<u>At amortised cost:</u>		
Term financing		
- Syndicated Islamic financing	542,566	532,309
- Islamic term financing	602,365	426,216
Revolving credit-i	583,892	657,411
Gross financing and advances	1,728,823	1,615,936
Less: Allowance for ECL		
- 12-month ECL (Stage 1)	(476)	(538)
- Lifetime ECL not credit impaired (Stage 2)	-	(5,789)
Net financing and advances	1,728,347	1,609,609
(ii) By contract:		
Murabahah	1,728,823	1,615,936
Gross financing and advances	1,728,823	1,615,936

(b) Deposits from customers

	31 December 2023 RM'000	31 March 2023 RM'000
(i) By type and contract:		
<u>At amortised cost:</u>		
Demand deposits - Qard	380	11,325
	380	11,325

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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 31 December 2023 is summarised as follows:

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	31 December 2023 RM'000	31 March 2023 RM'000
Assets			
Cash and short-term funds	(a)	30,000	30,000
Total assets		<u>30,000</u>	<u>30,000</u>
Liabilities and islamic banking funds			
Other liabilities	(b)	1,101	383
Total liabilities		<u>1,101</u>	<u>383</u>
Capital funds			
Islamic banking funds		<u>28,899</u>	<u>29,617</u>
Total liabilities and islamic banking funds		<u>30,000</u>	<u>30,000</u>

The operations of Islamic Banking is based on internal funding arrangement through Wakalah. Islamic Banking Window provides financing in Ringgit Malaysia through an internal Wakalah (agency) arrangement with Conventional banking. The financing is reported at the entity level. At the time of this report, the Wakalah amount is nil.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
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35. The operations of Islamic Banking Window (continued)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

	Note	3rd Quarter Ended		Nine Months Ended	
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
				RM'000	RM'000
Other operating expenses	(c)	(248)	-	(718)	-
Loss before taxation		(248)	-	(718)	-
Tax expense		-	-	-	-
Loss for the period		(248)	-	(718)	-

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

	Capital funds	Retained earnings	Total
	RM'000	RM'000	RM'000
At 1 April 2023	30,000	(383)	29,617
Capital contribution	-	-	-
Loss for the period	-	(718)	(718)
At 31 December 2023	30,000	(1,101)	28,899
At 1 April 2022	-	-	-
Capital contribution	-	-	-
Loss for the period	-	-	-
At 31 December 2022	-	-	-

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
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35. The operations of Islamic Banking Window (continued)

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

	31 December 2023 RM'000	31 December 2022 RM'000
Cash flows from operating activities		
Loss before taxation	(718)	-
Operating loss before working capital changes	<u>(718)</u>	-
Increase in operating liabilities:		
Other liabilities	718	-
Net cash from operating activities	<u>-</u>	<u>-</u>
Net cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	<u>30,000</u>	-
Cash and cash equivalents at end of the year	<u><u>30,000</u></u>	<u>-</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

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

	31 December 2023 RM'000	31 March 2023 RM'000
Cash and balances with banks and other financial institutions	30,000	30,000

(b) Other liabilities

	31 December 2023 RM'000	31 March 2023 RM'000
Amounts due to conventional banking	1,101	383

(c) Other operating expenses

	3rd Quarter Ended		Nine Months Ended	
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Salaries, allowances and bonuses	248	-	718	-

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MANAGEMENT'S CERTIFICATION

I hereby certify that the attached unaudited condensed interim financial statements for the financial period ended 31 December 2023 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: 29 January 2024