

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 2024**

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

		As at 31 December 2024 RM'000	As at 31 March 2024 RM'000
	Note		
Assets			
Cash and short-term funds	13	5,255,970	5,767,894
Deposits and placements with banks and other financial institutions	14	1,858,887	2,033,895
Debt instruments at fair value through other comprehensive income ("FVOCI")	15	2,981,291	3,373,882
Loans, advances and financing	16	13,903,857	14,353,388
Derivative financial assets		844,097	812,730
Other assets	17	366,112	92,338
Statutory deposits with Bank Negara Malaysia	18	650	650
Plant and equipment		15,736	9,661
Right-of-use assets		10,014	10,434
Tax recoverable		106,894	101,495
Total assets		<u>25,343,508</u>	<u>26,556,367</u>
Liabilities			
Deposits from customers	19	16,183,512	17,689,286
Deposits and placements of banks and other financial institutions	20	3,756,766	3,609,436
Bills and acceptances payable		1,243	392
Derivative financial liabilities		810,874	700,856
Other liabilities	21	198,589	386,127
Lease liabilities		9,976	10,679
Provision for credit commitments and contingencies	22	2,853	4,875
Deferred tax liabilities		11,915	6,574
Total liabilities		<u>20,975,728</u>	<u>22,408,225</u>
Equity			
Share capital		2,452,605	2,452,605
Reserves		1,915,175	1,695,537
Total equity attributable to owners of the Bank		<u>4,367,780</u>	<u>4,148,142</u>
Total liabilities and equity		<u>25,343,508</u>	<u>26,556,367</u>
Commitments and contingencies	33	<u>36,522,986</u>	<u>41,548,626</u>

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

	Note	3rd Quarter Ended		Nine Months Ended	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
		RM'000	RM'000	RM'000	RM'000
Interest income	23	255,522	319,653	816,278	882,899
Interest expense	24	(188,045)	(255,650)	(612,605)	(692,990)
Net interest income		<u>67,477</u>	<u>64,003</u>	<u>203,673</u>	<u>189,909</u>
Other operating income	25	62,448	53,920	180,488	165,477
Net operating income		<u>129,925</u>	<u>117,923</u>	<u>384,161</u>	<u>355,386</u>
Other operating expenses	26	(38,449)	(39,012)	(112,184)	(107,520)
Operating profit		<u>91,476</u>	<u>78,911</u>	<u>271,977</u>	<u>247,866</u>
(Allowance for) / Writeback of impairment on loans, advances and financing	27	(1,921)	(414)	21,869	42,306
Writeback of impairment on other financial assets	28	303	828	2,088	2,975
Profit before taxation		<u>89,858</u>	<u>79,325</u>	<u>295,934</u>	<u>293,147</u>
Tax expense		(22,979)	(22,088)	(76,292)	(74,373)
Profit after taxation		<u>66,879</u>	<u>57,237</u>	<u>219,642</u>	<u>218,774</u>
Other comprehensive income for the financial period, net of income tax					
Items that may be reclassified subsequently to profit or loss					
Movement in fair value reserve (FVOCI debt instruments):					
- Debt instruments measured at FVOCI - net change in fair value		(1,755)	(108)	428	(1,323)
- Debt instruments measured at FVOCI - (decrease) / increase in allowance for impairment		(105)	50	(432)	(463)
Total comprehensive income for the financial period		<u>65,019</u>	<u>57,179</u>	<u>219,638</u>	<u>216,988</u>
Basic earnings per ordinary share (sen)		<u>2.73</u>	<u>2.33</u>	<u>8.96</u>	<u>8.92</u>

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

		<i>Non-distributable reserves</i>		<i>Distributable reserves</i>	
	Share capital	Regulatory reserve	Fair value reserve	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2024	2,452,605	155,926	1,726	1,537,885	4,148,142
Profit for the period	-	-	-	219,642	219,642
Fair value change and decrease in allowance for impairment of debt instruments measured at FVOCI	-	-	(4)	-	(4)
Total comprehensive income for the period	-	-	(4)	219,642	219,638
Transfer to regulatory reserve	-	7,045	-	(7,045)	-
At 31 December 2024	<u>2,452,605</u>	<u>162,971</u>	<u>1,722</u>	<u>1,750,482</u>	<u>4,367,780</u>
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	<u>2,452,605</u>	<u>172,425</u>	<u>611</u>	<u>1,478,026</u>	<u>4,103,667</u>

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024**

	31 December 2024 RM'000	31 December 2023 RM'000
Cash flows from operating activities		
Profit from ordinary activities before taxation	295,934	293,147
Adjustments for non-cash items	6,311	(17,532)
Net decrease in cash and cash equivalents	302,245	275,615
Changes in working capital:		
Net changes in operating assets	428,877	(1,287,227)
Net changes in operating liabilities	(1,539,934)	2,412,716
Cash (used in) / generated from operating activities	(808,812)	1,401,104
Tax paid	(72,614)	(20,409)
Net cash (used in) / generated from operating activities	(881,426)	1,380,695
Net cash generated from / (used in) investing activities	373,039	(1,799,199)
Net cash used in financing activities	(4,251)	(3,710)
Net decrease in cash and cash equivalents during the financial period	(512,638)	(422,214)
Cash and cash equivalents at beginning of the financial period	5,769,489	5,911,756
Cash and cash equivalents at end of the financial period	5,256,851	5,489,542
Cash and cash equivalents comprise:		
Cash and balances with banks and other financial institutions	119,102	139,564
Money at call and deposit placements maturing within one month	5,137,749	5,349,978
	5,256,851	5,489,542

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

1. Basis of preparation

The unaudited condensed interim financial statements for the third quarter and financial period ended 31 December 2024 have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”).

The unaudited condensed interim financial statements have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair values: financial assets and liabilities at fair value through profit or loss (“FVTPL”), financial assets at fair value through other comprehensive income (“FVOCI”) and derivative financial instruments.

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 March 2024. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 March 2024.

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

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 March 2024, except for the adoption of the following new MFRSs, amendments to MFRSs and Issues Committee (“IC”) Interpretations which are effective for annual periods beginning on or after 1 January 2024:

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

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

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

1. Basis of preparation (continued)

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

Effective for annual periods beginning on or after 1 January 2025

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

Effective for annual periods beginning on or after 1 January 2026

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

Effective for annual periods beginning on or after 1 January 2027

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

Effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Bank plans to apply the abovementioned accounting standards, interpretations and amendments, where applicable.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2024 was not qualified.

3. Seasonal or Cyclical Factors

The business operations of the Bank were not materially affected by any seasonal or cyclical factors in the third quarter and financial period ended 31 December 2024.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank in the third quarter and financial period ended 31 December 2024.

5. Changes in Estimates

There were no material changes in estimates of amounts reported that have a material effect on the unaudited condensed interim financial statements in the third quarter and financial period ended 31 December 2024.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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 2024.

7. Dividend

No dividend was paid during the third quarter and financial period ended 31 December 2024.

8. Segmental Reporting on Revenue, Profit and Assets

Segmental reporting has not been prepared as there are no other segments other than the commercial banking segment.

9. Subsequent Events

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

10. Changes in the Composition of the Bank

There were no changes in the composition of the Bank during the third quarter and financial period ended 31 December 2024.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

11. Review of Performance

3rd quarter results ended 31 December 2024

For the third quarter ended 31 December 2024, the Bank registered profit before taxation of RM89.9 million, an increase of 13.4% (Q3 Dec 2023: RM79.3 million). The improved performance was mainly attributed to the higher net operating income amounting to RM129.9 million (Q3 Dec 2023: RM117.9 million). Consequentially, the Bank recorded a profit after taxation of RM66.9 million, an increase of 17.0% in the third quarter ended 31 December 2024 (Q3 Dec 2023: RM57.2 million).

Nine months financial results ended 31 December 2024

For the nine months financial period ended 31 December 2024, the Bank registered profit before taxation of RM295.9 million, an increase of 1.0% (9 months ended Dec 2023: RM293.1 million). Consequentially, profit after taxation has increased by 0.4% to RM219.6 million (9 months ended Dec 2023: RM218.8 million). The increase was mainly attributed to the increase in the net operating income of 8.1% to RM384.2 million (9 months ended Dec 2023: RM247.9 million). Nonetheless, this was partially offset by the lower writeback of impairment on loans, advances and financing and other financial assets amounting to RM24.0 million (9 months ended Dec 2023: RM45.3 million).

Total assets recorded a decrease of 4.6% to RM25,344 million as at 31 December 2024 (31 March 2024: RM26,556 million). This was mainly attributed to 8.9% decrease in cash and short-term funds amounting to RM5,256 million (31 March 2024: RM5,768 million), 3.1% decrease in loans, advances and financing amounting to RM13,904 million (31 March 2024: RM14,353 million) and 11.6% decrease in debt instruments at fair value through other comprehensive income ("FVOCI") amounting to RM2,981 million (31 March 2024: RM3,374 million). The decrease was partially offset by 297.8% increase in other assets amounting to RM366 million (31 March 2024: RM92 million).

Total liabilities recorded a decrease of 6.4% to RM20,976 million as at 31 December 2024 (31 March 2024: RM22,408 million). This was mainly attributed to the 8.5% decrease in deposits from customers amounting to RM16,184 million (31 March 2024: RM17,689 million). The decrease was partially offset by the 4.1% increase in deposits and placements of banks and other financial institutions amounting to RM3,757 million (31 March 2024: RM3,609 million).

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

12. Current Year Prospects

Malaysia's Gross Domestic Product ("GDP") in the third quarter of 2024 grew by 5.2% (3Q 2023: 3.1%). The growth was supported mainly by improving investment activity and continued improvement in exports. In turn, the robust investment activity was driven by the ongoing multi-year development projects and realization of approved investment.

The Malaysian economy is expected to sustain its growth strength led by resilient domestic expenditure and higher exports driven mainly by electrical and electronics sector in line with global tech upcycle. In addition, positive wage growth as well as catalytic initiatives under the national master plan would continue to support economic growth.

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

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

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

12. Current Year Prospects (Continued)

Islamic Finance Outlook

The Islamic Banking industry in Malaysia continues to grow in the third quarter of Financial Year 2024, whereby in the month of September 2024, total Islamic Banking assets has grown to RM1,174.6 billion which was contributed mainly by stand-alone Islamic Banks recording a total assets of RM1,149.2 billion (97.8%), followed by Islamic Banking Window ("IBW") operations with a total assets of RM25.4 billion (2.2%). This is an increase of 7.4% from fourth quarter of 2023's total assets of RM1,093.5 billion (stand-alone Islamic Banks' assets of RM1,069.7 billion and IBW assets of RM24.4 billion). Financing makes up the largest contribution at RM869.6 billion which is an increase of 8.3% from the fourth quarter of 2023 of RM803.3 billion.

The Bank's IBW operation which commenced in January 2023, to complement International Currency Business Unit ("ICBU") business, has been getting encouraging traction. To date, the Bank has financed two new IBW deals, which has supported the Bank in achieving its IBW target for FY2024 three months before the financial year-end.

Notwithstanding the above, several factors will continue to 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. In addition to IBW deals, the Bank has also secured one ICBU deal with several promising projects underway until the end of FY2024.

Apart from the above, the Bank has engaged with sister companies across regions to pave the way for Islamic Finance within the Group.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

13. Cash and short-term funds

	31 December 2024 RM'000	31 March 2024 RM'000
Cash and balances with banks and other financial institutions	119,102	157,202
Money at call and deposit placements maturing within one month	5,137,749	5,612,287
	5,256,851	5,769,489
Less: Allowance for expected credit losses ("ECL")	(881)	(1,595)
	5,255,970	5,767,894

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

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2024	1,595	-	-	1,595
Charge to profit or loss				
- Decrease in ECL	(714)	-	-	(714)
At 31 December 2024	881	-	-	881
At 1 April 2023	2,515	-	-	2,515
Charge to profit or loss				
- Decrease in ECL	(920)	-	-	(920)
At 31 March 2024	1,595	-	-	1,595

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

14. Deposits and placements with banks and other financial institutions

	31 December 2024 RM'000	31 March 2024 RM'000
Money at call and deposit placements maturing more than one month	1,859,271	2,035,228
Less: Allowance for ECL	(384)	(1,333)
	<u>1,858,887</u>	<u>2,033,895</u>

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

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2024	1,333	-	-	1,333
Charge to profit or loss				
- Decrease in ECL	(949)	-	-	(949)
At 31 December 2024	<u>384</u>	<u>-</u>	<u>-</u>	<u>384</u>
At 1 April 2023	1,521	-	-	1,521
Charge to profit or loss				
- Decrease in ECL	(188)	-	-	(188)
At 31 March 2024	<u>1,333</u>	<u>-</u>	<u>-</u>	<u>1,333</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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

	31 December 2024 RM'000	31 March 2024 RM'000
At fair value		
Negotiable Instruments of Deposits	351,708	402,173
Malaysian Government Securities	1,269,328	101,077
Malaysian Government Investment Issues	1,360,255	323,650
Bank Negara Malaysia Debt Securities	-	2,546,982
	<u>2,981,291</u>	<u>3,373,882</u>

Movement in allowance for ECL on debt instruments measured at FVOCI

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2024	641	-	-	641
- Decrease in ECL	(432)	-	-	(432)
At 31 December 2024	<u>209</u>	<u>-</u>	<u>-</u>	<u>209</u>
At 1 April 2023	694	-	-	694
- Decrease in ECL	(53)	-	-	(53)
At 31 March 2024	<u>641</u>	<u>-</u>	<u>-</u>	<u>641</u>

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

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024****16. Loans, advances and financing**

	31 December 2024 RM'000	31 March 2024 RM'000
(a) By type:		
<u>At amortised cost:</u>		
Overdraft	2,236	2,293
Term loans / financing		
- Syndicated loans / Syndicated Islamic financing	3,142,093	3,471,584
- Factoring receivables	198,746	182,069
- Other term loans / Islamic term financing	5,667,762	6,432,092
Trade bills discounted	25,656	68,666
Revolving credits / Revolving credit-I	4,939,114	4,285,311
Trust receipt	-	2,970
Gross loans, advances and financing	<u>13,975,607</u>	<u>14,444,985</u>
Less: Allowance for ECL		
- 12-month ECL (Stage 1)	(3,918)	(5,948)
- Lifetime ECL not credit impaired (Stage 2)	(17,074)	(32,064)
- Lifetime ECL credit impaired (Stage 3)	(50,758)	(53,585)
Net loans, advances and financing	<u><u>13,903,857</u></u>	<u><u>14,353,388</u></u>
(b) By geographical distribution:		
Malaysia	13,387,732	13,449,567
Other countries:		
- Australia	200,223	221,069
- Japan	166,233	169,825
- Hong Kong	50,758	53,585
- Cayman Islands	-	184,376
- Netherlands	-	188,167
- United Kingdom	170,661	178,396
Gross loans, advances and financing	<u><u>13,975,607</u></u>	<u><u>14,444,985</u></u>
(c) By type of customer:		
Domestic non-bank financial institutions	5,352,941	4,999,524
Domestic business enterprises	8,388,960	9,199,046
Foreign entities	221,419	231,981
Domestic other entities	12,287	14,434
Gross loans, advances and financing	<u><u>13,975,607</u></u>	<u><u>14,444,985</u></u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024****16. Loans, advances and financing (continued)**

	31 December 2024 RM'000	31 March 2024 RM'000
(d) By interest rate sensitivity:		
Fixed rate		
- Other fixed rate loans	825,244	875,835
Variable rate		
- Cost-plus	5,771,564	5,652,972
- Other variable rates	7,378,799	7,916,178
Gross loans, advances and financing	<u>13,975,607</u>	<u>14,444,985</u>
(e) By sector:		
Primary agriculture	5,001	15,005
Mining and quarrying	785,326	890,826
Manufacturing	1,807,019	1,889,649
Electricity, gas and water	922,030	584,744
Construction	17,402	171,036
Wholesale and retail trade, and restaurants and hotels	659,826	669,102
Transport, storage and communication	1,036,996	1,612,865
Finance, insurance and business services	6,202,135	5,974,951
Real estate	1,828,429	1,726,745
Education, health and other services	711,443	910,062
Gross loans, advances and financing	<u>13,975,607</u>	<u>14,444,985</u>
(f) By economic purpose:		
Purchase of securities	-	184,376
Purchase of non-residential property		
- Purchase of land	82,561	82,571
Construction	340,471	377,547
Working capital	6,375,879	5,871,025
Mergers and acquisition	280,066	280,104
Other purpose	6,896,630	7,649,362
Gross loans, advances and financing	<u>13,975,607</u>	<u>14,444,985</u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

16. Loans, advances and financing (continued)

	31 December 2024	31 March 2024
	RM'000	RM'000
(g) By residual contractual maturity:		
Maturing within one year	4,848,297	4,390,529
One year to three years	5,429,567	4,474,185
Three years to five years	2,238,307	4,387,279
More than five years	1,459,436	1,192,992
Gross loans, advances and financing	<u>13,975,607</u>	<u>14,444,985</u>

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

	31 December 2024	31 March 2024
	RM'000	RM'000
At 1 April 2024 / 1 April 2023	53,585	51,065
Currency translation differences	(2,827)	2,520
At 31 December 2024 / 31 March 2024	<u>50,758</u>	<u>53,585</u>
Less: Lifetime ECL credit impaired (Stage 3)	<u>(50,758)</u>	<u>(53,585)</u>
Net impaired loans, advances and financing	<u>-</u>	<u>-</u>
Gross credit-impaired loans and financing as a percentage of gross loans, advances and financing	<u>0.36%</u>	<u>0.37%</u>

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

Hong Kong	<u>50,758</u>	<u>53,585</u>
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(j) Credit-impaired loans, advances and financing by sector:

Wholesale and retail trade, and restaurants and hotels	<u>50,758</u>	<u>53,585</u>
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(k) Credit-impaired loans, advances and financing by economic purpose:

Other purpose	<u>50,758</u>	<u>53,585</u>
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SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

16. Loans, advances and financing (continued)

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

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2024	11,161,875	3,229,525	53,585	14,444,985
Transfer to 12-month ECL (Stage 1)	836,963	(836,963)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(1,030,886)	1,030,886	-	-
Loans, advances and financing derecognised	(4,013,264)	(1,179,389)	-	(5,192,653)
New loans, advances and financing originated or purchased	4,872,226	306,570	-	5,178,796
Other adjustments	(447,708)	(4,986)	(2,827)	(455,521)
At 31 December 2024	<u>11,379,206</u>	<u>2,545,643</u>	<u>50,758</u>	<u>13,975,607</u>
At 1 April 2023	9,487,081	5,741,781	51,065	15,279,927
Transfer to 12-month ECL (Stage 1)	2,591,545	(2,591,545)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(2,600,468)	2,600,468	-	-
Loans, advances and financing derecognised	(4,351,532)	(3,131,292)	-	(7,482,824)
New loans, advances and financing originated or purchased	5,654,794	504,458	-	6,159,252
Other adjustments	380,455	105,655	2,520	488,630
At 31 March 2024	<u>11,161,875</u>	<u>3,229,525</u>	<u>53,585</u>	<u>14,444,985</u>

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 2024

16. Loans, advances and financing (continued)

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

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2024	5,948	32,064	53,585	91,597
Transfer to 12-month ECL (Stage 1)	11,047	(11,047)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(626)	626	-	-
Loans, advances and financing derecognised	(2,721)	(7,216)	-	(9,937)
New loans, advances and financing originated or purchased	2,925	5,281	-	8,206
Changes due to change in credit risk	(12,655)	(2,634)	(2,827)	(18,116)
At 31 December 2024	<u>3,918</u>	<u>17,074</u>	<u>50,758</u>	<u>71,750</u>
At 1 April 2023	6,309	53,063	51,065	110,437
Transfer to 12-month ECL (Stage 1)	17,467	(17,467)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(1,759)	1,759	-	-
Loans, advances and financing derecognised	(2,309)	(12,341)	-	(14,650)
New loans, advances and financing originated or purchased	4,182	5,702	-	9,884
Changes due to change in credit risk	(17,942)	1,348	2,520	(14,074)
At 31 March 2024	<u>5,948</u>	<u>32,064</u>	<u>53,585</u>	<u>91,597</u>

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17. Other assets

	31 December 2024 RM'000	31 March 2024 RM'000
Interest receivable	52,449	26,783
Amount due from related corporations	37,873	351
Cash collateral placements	271,832	53,514
Other receivables	1,131	9,588
Deposits	1,538	1,542
Prepayments	1,334	598
	<u>366,157</u>	<u>92,376</u>
Less: Allowance for ECL	(45)	(38)
	<u>366,112</u>	<u>92,338</u>

The cash collaterals are placed in respect of derivative balances pursuant to agreements in accordance with International Swaps and Derivatives Association ("ISDA") and Credit Support Annex ("CSA") entered into with respective counterparties amounting to RM271,832,000 (31 March 2024: RM53,514,000).

Movement in allowance for ECL on other assets

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2024	38	-	-	38
Charge to profit or loss				
- Increase in ECL	7	-	-	7
At 31 December 2024	<u>45</u>	<u>-</u>	<u>-</u>	<u>45</u>
At 1 April 2023	13	-	-	13
Charge to profit or loss				
- Increase in ECL	25	-	-	25
At 31 March 2024	<u>38</u>	<u>-</u>	<u>-</u>	<u>38</u>

18. Statutory deposits with Bank Negara Malaysia

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

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024****19. Deposits from customers**

	31 December 2024 RM'000	31 March 2024 RM'000
(a) By type of deposits:		
Demand deposits	3,193,199	2,613,351
Fixed deposits	9,987,442	12,158,622
Short-term deposits	3,002,871	2,917,313
	<u>16,183,512</u>	<u>17,689,286</u>
The maturity structure of fixed deposits and short-term deposits is as follows:		
Due within six months	5,515,303	6,898,441
Six months to one year	939,981	709,001
One year to three years	3,852,815	3,496,576
Three years to five years	1,223,791	2,903,571
Five years to ten years	1,190,133	774,541
Ten years and above	268,290	293,805
	<u>12,990,313</u>	<u>15,075,935</u>
(b) By type of customers:		
Domestic non-bank financial institutions	391,649	510,835
Domestic business enterprises	7,830,738	8,798,325
Branch of immediate holding corporation	7,735,484	8,196,285
Foreign non-bank entities	219,473	173,446
Domestic other entities	6,168	10,395
	<u>16,183,512</u>	<u>17,689,286</u>

20. Deposits and placements of banks and other financial institutions

	31 December 2024 RM'000	31 March 2024 RM'000
Licensed Malaysian banks	100,136	-
Foreign banks		
- Immediate holding corporation	3,656,630	3,609,436
	<u>3,756,766</u>	<u>3,609,436</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

21. Other liabilities

	31 December 2024 RM'000	31 March 2024 RM'000
Interest payable	17,144	19,741
Amounts due to immediate holding corporation and related corporations/companies ^	99,629	66,325
Cash collateral placements *	16,830	224,720
Other payables	48,251	49,771
Accruals	16,735	25,570
	<u>198,589</u>	<u>386,127</u>

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

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

22. Provision for credit commitments and contingencies

	31 December 2024 RM'000	31 March 2024 RM'000
Provision for credit commitments and contingencies	<u>2,853</u>	<u>4,875</u>

Movement in allowance for ECL on credit commitments and contingencies

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2024	1,589	3,286	-	4,875
Charge to profit or loss				
- Decrease in ECL	(1,179)	(843)	-	(2,022)
At 31 December 2024	<u>410</u>	<u>2,443</u>	<u>-</u>	<u>2,853</u>
At 1 April 2023	365	7,116	-	7,481
Charge to profit or loss				
- Increase / (Decrease) in ECL	1,224	(3,830)	-	(2,606)
At 31 March 2024	<u>1,589</u>	<u>3,286</u>	<u>-</u>	<u>4,875</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024****23. Interest income**

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income	132,408	160,759	436,743	472,901
- Financing income	19,747	19,909	62,033	54,028
Money at call and deposit placements with banks and other financial institutions	76,773	113,545	242,191	317,759
Debt instruments measured at FVOCI	26,594	25,440	75,311	38,211
	<u>255,522</u>	<u>319,653</u>	<u>816,278</u>	<u>882,899</u>

24. Interest expense

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	143,004	183,301	481,893	511,577
Deposits and placements of banks and other financial institutions	44,948	72,326	130,405	181,325
Lease liabilities	93	23	307	88
	<u>188,045</u>	<u>255,650</u>	<u>612,605</u>	<u>692,990</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024****25. Other operating income**

	3rd Quarter Ended		Nine Months Ended	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	RM'000	RM'000	RM'000	RM'000
Fee and commission income				
- Service charges and guarantee fees	460	422	1,506	1,310
- Loan related fees	3,012	2,783	8,795	8,102
- Commitment fees	354	591	1,174	1,746
	<u>3,826</u>	<u>3,796</u>	<u>11,475</u>	<u>11,158</u>
Realised gain from derivative financial instruments	<u>11,034</u>	<u>12,622</u>	<u>36,403</u>	<u>34,527</u>
Unrealised loss on revaluation of derivatives	<u>(5,116)</u>	<u>(6,041)</u>	<u>(12,297)</u>	<u>(18,746)</u>
Unrealised gain /(loss) on hedging activities	<u>904</u>	<u>(172)</u>	<u>46</u>	<u>(1,374)</u>
Foreign exchange, net gain	<u>32,797</u>	<u>36,223</u>	<u>102,428</u>	<u>110,243</u>
Other income				
- Management fees	17,235	5,488	37,771	24,451
- Rental of fixed assets	162	191	480	578
- Gain on disposal of plant and equipment	-	437	-	437
- Miscellaneous income	1,606	1,376	4,182	4,203
	<u>19,003</u>	<u>7,492</u>	<u>42,433</u>	<u>29,669</u>
	<u>62,448</u>	<u>53,920</u>	<u>180,488</u>	<u>165,477</u>

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26. Other operating expenses

	3rd Quarter Ended		Nine Months Ended	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, allowances and bonuses	17,965	18,334	52,246	48,387
Employees' provident fund contributions	2,743	2,752	7,822	7,128
Staff training expenses	38	91	184	173
Staff welfare expenses	123	64	167	77
Other personnel expenses	1,258	880	4,502	3,453
	<u>22,127</u>	<u>22,121</u>	<u>64,921</u>	<u>59,218</u>
Establishment costs				
Depreciation - Plant and equipment	1,473	1,155	4,170	3,176
Depreciation - Right-of-use assets	1,193	1,075	3,660	3,180
Repair and maintenance	704	546	1,482	1,213
Other establishment expenses	3,893	4,363	12,119	12,174
	<u>7,263</u>	<u>7,139</u>	<u>21,431</u>	<u>19,743</u>
Marketing expenses				
Advertisement and publicity	64	130	133	216
Other marketing expenses	44	47	87	114
	<u>108</u>	<u>177</u>	<u>220</u>	<u>330</u>
Administration and general expenses				
Auditors' remuneration				
- Statutory audit	106	108	317	323
Professional fees	216	854	650	1,305
Communication expenses	144	131	496	441
Management fees	5,452	5,264	16,462	16,999
Licence fees and stamp duties	37	37	112	112
Non-executive directors' fees and allowances	250	273	773	796
Plant and equipment written off	-	-	3	-
Other administration and general expenses	2,746	2,908	6,799	8,253
	<u>8,951</u>	<u>9,575</u>	<u>25,612</u>	<u>28,229</u>
	<u>38,449</u>	<u>39,012</u>	<u>112,184</u>	<u>107,520</u>

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27. Allowance for / (Writeback of) impairment on loans, advances and financing

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<u>Allowance for / (Writeback of) ECL</u>				
Loans, advances and financing	2,463	331	(19,847)	(37,935)
Provision for credit commitments and contingencies	(542)	83	(2,022)	(4,371)
	<u>1,921</u>	<u>414</u>	<u>(21,869)</u>	<u>(42,306)</u>

28. Writeback of impairment on other financial assets

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<u>Writeback of ECL</u>				
Cash and short-term funds	(469)	(837)	(714)	(1,775)
Deposits and placements with banks and other financial institutions	294	(47)	(949)	(744)
Debt instruments measured at FVOCI	(105)	50	(432)	(463)
Other assets	(23)	6	7	7
	<u>(303)</u>	<u>(828)</u>	<u>(2,088)</u>	<u>(2,975)</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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					Non-interest bearing #	Trading book	Total
	Up to 1 month	>1 - 3 months	>3 - 12 months	1 - 5 years	Over 5 years			
31 December 2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Cash and short-term funds	5,137,099	-	-	-	-	118,871	-	5,255,970
Deposits and placements with banks and other financial institutions	-	1,859,271	-	-	-	(384)	-	1,858,887
Debt instruments measured at FVOCI	-	782,235	1,385,918	813,138	-	-	-	2,981,291
Loans, advances and financing								
- non-impaired	2,505,853	1,203,303	1,139,146	7,617,110	1,459,437	(20,992)	-	13,903,857
- impaired	-	-	-	50,758	-	(50,758)	-	-
Derivative financial assets	-	45	-	1,607	-	-	842,445	844,097
Other assets ^	284,844	9,587	30,333	-	-	40,014	-	364,778
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	650	-	650
Total assets	7,927,796	3,854,441	2,555,397	8,482,613	1,459,437	87,401	842,445	25,209,530

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

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

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29. Use of Financial Instruments (continued)

Interest / profit rate risk (continued)

	Non-trading book					Non-interest bearing	Trading book	Total
	Up to 1 month	>1 - 3 months	>3 - 12 months	1 - 5 years	Over 5 years			
31 December 2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities								
Deposits from customers	3,290,796	1,481,100	1,683,387	5,076,607	1,458,423	3,193,199	-	16,183,512
Deposits and placements of banks and other financial institutions	2,291,439	227,447	559,234	671,081	-	7,565	-	3,756,766
Bills and acceptances payable	-	-	1,243	-	-	-	-	1,243
Derivative financial liabilities	-	1,710	-	30,757	-	-	778,407	810,874
Other liabilities *	8,113	7,084	49,464	28,866	4,973	35,157	-	133,657
Lease liabilities	196	391	1,760	7,629	-	-	-	9,976
Total liabilities	5,590,544	1,717,732	2,295,088	5,814,940	1,463,396	3,235,921	778,407	20,896,028
On balance sheet interest rate gap	2,337,252	2,136,709	260,309	2,667,673	(3,959)	(3,148,520)	64,038	4,313,502
Off balance sheet interest rate gap	-	1,599,959	(75,713)	(1,320,940)	(203,306)	-	-	-
Total interest rate gap	2,337,252	3,736,668	184,596	1,346,733	(207,265)	(3,148,520)	64,038	4,313,502

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

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29. Use of Financial Instruments (continued)

Interest / profit rate risk (continued)

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

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

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

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29. Use of Financial Instruments (continued)

Interest / profit rate risk (continued)

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

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

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024****30. Use of Financial Instruments (continued)****Interest / profit rate risk (continued)**

	31 December 2024		31 March 2024	
	MYR	USD	MYR	USD
	% p.a.	% p.a.	% p.a.	% p.a.
Financial assets				
Cash and short-term funds	3.08	4.52	3.05	5.34
Deposits and placements with banks and other financial institutions	3.64	4.87	3.56	5.54
Loans, advances and financing	4.72	5.68	4.70	6.48
Financial liabilities				
Deposits from customers	3.34	4.70	3.28	5.47
Deposits and placements of banks and other financial institutions	-	4.79	-	5.53

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

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 2024 RM'000	31 March 2024 RM'000
Aggregate value of outstanding credit exposures to connected parties	539,057	743,635
As a percentage of total credit exposures	1.64%	2.18%

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

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32. Capital Adequacy

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

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

	31 December 2024 RM'000	31 March 2024 RM'000
<u>Tier 1 capital</u>		
Paid-up ordinary share capital	2,452,605	2,452,605
Retained earnings	1,537,885	1,537,885
Other reserves	164,693	157,652
	<u>4,155,183</u>	<u>4,148,142</u>
Less: 55% of fair value reserve	(947)	(949)
Regulatory reserve	<u>(162,971)</u>	<u>(155,926)</u>
Total Common Equity Tier 1 (CET 1) and Tier 1 Capital	<u>3,991,265</u>	<u>3,991,267</u>
<u>Tier 2 capital</u>		
Expected credit losses	27,766	46,494
Regulatory reserve *	152,908	133,865
Tier 2 Capital	<u>180,674</u>	<u>180,359</u>
	<u>4,171,939</u>	<u>4,171,626</u>
Total capital base		
<u>Capital ratios</u>		
CET 1 and Tier 1 capital ratio	25.577%	25.593%
Total capital ratio	26.735%	26.749%

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

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

	31 December 2024 RM'000	31 March 2024 RM'000
Credit risk	14,453,956	14,428,701
Market risk	275,903	358,060
Operational risk	874,756	808,459
Total risk-weighted assets	<u>15,604,615</u>	<u>15,595,220</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024****33. Commitments and contingencies**

In the ordinary course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The commitment and contingencies are as follows:

	Principal amount RM'000	Credit equivalent amount * RM'000	Risk- weighted assets * RM'000
31 December 2024			
Transaction-related contingent items	460,202	227,511	227,511
Short-term self-liquidating trade-related contingencies	246,495	49,218	49,218
Foreign exchange related contracts:			
- Less than one year	12,295,474	578,701	295,171
- One year to less than five years	11,005,326	1,418,808	871,062
- Five years and above	162,840	35,561	28,055
Interest / Profit rate related contracts:			
- Less than one year	100,713	2,856	2,043
- One year to less than five years	1,320,940	107,062	75,607
- Five years and above	203,306	32,376	23,304
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	445,927	89,185	78,066
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	10,281,763	5,140,699	4,911,969
Total	36,522,986	7,681,977	6,562,006

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

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024****33. Commitments and contingencies (continued)**

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

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

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024****34. The operations of International Currency Business Unit (ICBU)**

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

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

(a) Financing and advances

	31 December 2024 RM'000	31 March 2024 RM'000
(i) By type:		
<u>At amortised cost:</u>		
Term financing		
- Syndicated Islamic financing	439,547	472,474
- Islamic term financing	337,880	595,878
Revolving credit-i	1,063,443	575,716
Gross financing and advances	1,840,870	1,644,068
Less: Allowance for ECL		
- 12-month ECL (Stage 1)	(442)	(848)
- Lifetime ECL not credit impaired (Stage 2)	-	-
Net financing and advances	1,840,428	1,643,220
(ii) By contract:		
Murabahah	1,840,870	1,644,068
Gross financing and advances	1,840,870	1,644,068

(b) Deposits from customers

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

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024****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 2024 is summarised as follows:

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

		31 December 2024 RM'000	31 March 2024 RM'000
	Note		
Assets			
Cash and short-term funds	(a)	30,000	50,900
Other assets	(b)	3,677	1
Total assets		<u>33,677</u>	<u>50,901</u>
 Liabilities and islamic banking funds			
Other liabilities	(c)	5,618	22,251
Total liabilities		<u>5,618</u>	<u>22,251</u>
 Capital funds		<u>28,059</u>	<u>28,650</u>
Islamic banking funds		<u>28,059</u>	<u>28,650</u>
 Total liabilities and islamic banking funds		<u>33,677</u>	<u>50,901</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

35. The operations of Islamic Banking Window (continued)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

	Note	3rd Quarter Ended		Nine Months Ended	
		31 December 2024	31 December 2023	31 December 2024	31 December 2023
				RM'000	RM'000
Other operating income	(d)	70	-	104	-
Other operating expenses	(e)	(262)	(248)	(695)	(718)
Loss before taxation		(192)	(248)	(591)	(718)
Tax expense		-	-	-	-
Loss for the period		(192)	(248)	(591)	(718)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024

	Capital funds RM'000	Retained earnings RM'000	Total RM'000
At 1 April 2024	30,000	(1,350)	28,650
Loss for the period	-	(591)	(591)
At 31 December 2024	30,000	(1,941)	28,059
At 1 April 2023	30,000	(383)	29,617
Loss for the period	-	(718)	(718)
At 31 December 2023	30,000	(1,101)	28,899

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024****35. The operations of Islamic Banking Window (continued)****STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024**

	31 December 2024 RM'000	31 December 2023 RM'000
Cash flows from operating activities		
Loss before taxation	(591)	(718)
Operating loss before working capital changes	<u>(591)</u>	<u>(718)</u>
Changes in working capital:		
Net changes in operating assets	(3,676)	-
Net changes in operating liabilities	(16,633)	718
Cash used in operating activities	<u>(20,900)</u>	<u>-</u>
Net decrease in cash and cash equivalents during the financial period	(20,900)	-
Cash and cash equivalents at beginning of the financial period	50,900	30,000
Cash and cash equivalents at end of the financial period	<u><u>30,000</u></u>	<u><u>30,000</u></u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024****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 2024 RM'000	31 March 2024 RM'000
Cash and balances with banks and other financial institutions	30,000	50,900

(b) Other assets

	31 December 2024 RM'000	31 March 2024 RM'000
Other receivables	12	1
Amounts due from conventional banking	3,665	-
	<u>3,677</u>	<u>1</u>

(c) Other liabilities

	31 December 2024 RM'000	31 March 2024 RM'000
Amounts due to conventional banking	5,618	1,351
Converted funds	-	20,900
	<u>5,618</u>	<u>22,251</u>

35. The operations of Islamic Banking Window (continued)

(d) Other operating income

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Fee income	70	-	104	-

(e) Other operating expenses

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Salaries, allowances and bonuses	262	248	695	718

(f) Assets under management

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

	31 December	31 March
	2024	2024
	RM'000	RM'000
Total gross financing and advances	444,571	20,900
Less: Allowance for ECL	(122)	(202)
Total net financing and advances	444,449	20,698

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

35. The operations of Islamic Banking Window (continued)

(g) Shariah Committee

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

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

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

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

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

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

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

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

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

38. The operations of Islamic Banking Window (continued)

(h) Capital adequacy

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

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

	31 December 2024 RM'000	31 March 2024 RM'000
<u>Tier 1 capital</u>		
Paid-up ordinary share capital	30,000	30,000
Retained earnings	(1,941)	(1,350)
	<u>28,059</u>	<u>28,650</u>
Less: 55% of fair value reserve	-	-
Regulatory reserve	-	-
Total Common Equity Tier 1 (CET 1) and Tier 1 capital	<u>28,059</u>	<u>28,650</u>
<u>Tier 2 capital</u>		
Expected credit losses (Stage 1 and Stage 2)	-	-
Regulatory reserve	-	-
Total Tier 2 capital	<u>-</u>	<u>-</u>
Total capital base	<u>28,059</u>	<u>28,650</u>
<u>Capital ratios</u>		
CET 1 and Tier 1 capital ratio	724.103%	955000.000%
Total capital ratio	724.103%	955000.000%

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

	31 December 2024 RM'000	31 March 2024 RM'000
Credit risk	3,678	1
Market risk	-	-
Operational risk	197	2
Total risk-weighted assets	<u>3,875</u>	<u>3</u>

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MANAGEMENT'S CERTIFICATION

I hereby certify that the attached unaudited condensed interim financial statements for the financial period ended 31 December 2024 have been prepared from the Bank's accounting and other records and they are in accordance with the requirements of MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and the latest Revised Guidelines on Financial Reporting issued by Bank Negara Malaysia.

[Signed]

Atsuhide Shiojiri
Chief Executive Officer

Date: 24 January 2025