

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD
(Company No. 926374-U)
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
30 JUNE 2017

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	30 June 2017 RM'000	31 March 2017 RM'000
Assets			
Cash and short-term funds		2,916,070	4,704,896
Deposits and placements with banks and other financial institutions		1,044,437	626,193
Investment securities available-for-sale	10	652,762	682,204
Loans, advances and financing	11	10,954,701	10,840,094
Derivative financial assets		712,521	919,869
Other assets		20,819	18,704
Statutory deposits with Bank Negara Malaysia		22,064	2,228
Plant and equipment		14,467	14,835
Tax recoverable		12,802	11,621
Total assets		<u>16,350,643</u>	<u>17,820,644</u>
Liabilities			
Deposits from customers	12	9,917,350	11,185,916
Deposits and placements of banks and other financial institutions	13	3,373,876	3,217,924
Bills and acceptances payable		1,476	1,723
Derivative financial liabilities		630,667	828,339
Other liabilities		553,608	742,252
Deferred tax liabilities		20,668	18,438
Total liabilities		<u>14,497,645</u>	<u>15,994,592</u>
Equity			
Share capital		1,575,000	1,575,000
Reserves		277,998	251,052
Total equity attributable to owners of the Bank		<u>1,852,998</u>	<u>1,826,052</u>
Total liabilities and equity		<u>16,350,643</u>	<u>17,820,644</u>
Commitments and contingencies			
	24	<u>20,447,127</u>	<u>20,151,147</u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD
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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Note	1st Quarter Ended		Three Months Ended	
		30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Interest income	14	108,796	79,723	108,796	79,723
Interest expense	15	(61,708)	(46,668)	(61,708)	(46,668)
Net interest income		<u>47,088</u>	<u>33,055</u>	<u>47,088</u>	<u>33,055</u>
Other operating income	16	15,320	14,580	15,320	14,580
Net operating income		<u>62,408</u>	<u>47,635</u>	<u>62,408</u>	<u>47,635</u>
Other operating expenses	17	(26,276)	(19,987)	(26,276)	(19,987)
Operating profit		<u>36,132</u>	<u>27,648</u>	<u>36,132</u>	<u>27,648</u>
Allowance for impairment on loans, advances and financing	18	(808)	(27,714)	(808)	(27,714)
(Loss)/ Profit before taxation		<u>35,324</u>	<u>(66)</u>	<u>35,324</u>	<u>(66)</u>
Tax expense		(8,809)	(115)	(8,809)	(115)
(Loss)/ Profit after taxation		<u>26,515</u>	<u>(181)</u>	<u>26,515</u>	<u>(181)</u>
Other comprehensive income for the period, net of income tax					
Fair value changes of investment securities available-for-sale		<u>430</u>	<u>(231)</u>	<u>430</u>	<u>(231)</u>
Total comprehensive income for the period		<u><u>26,945</u></u>	<u><u>(412)</u></u>	<u><u>26,945</u></u>	<u><u>(412)</u></u>
Basic earnings per ordinary share (sen)		<u>1.68</u>	<u>(0.01)</u>	<u>1.68</u>	<u>(0.01)</u>

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	← <i>Non-distributable reserves</i> →				<i>Distributable reserves</i>	
	Share Capital RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Available- for-sale reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 April 2017	1,575,000	126,963	55,349	1,590	67,150	1,826,052
Profit for the period	-	-	-	-	26,515	26,515
Fair value changes of available-for-sale financial assets	-	-	-	431	-	431
Total comprehensive income for the period	-	-	-	431	26,515	26,946
Transfer to regulatory reserve	-	-	14,897	-	(14,897)	-
At 30 June 2017	<u>1,575,000</u>	<u>126,963</u>	<u>70,246</u>	<u>2,021</u>	<u>78,768</u>	<u>1,852,998</u>
At 1 April 2016	1,575,000	87,018	41,624	379	40,929	1,744,950
Loss for the period	-	-	-	-	(181)	(181)
Fair value changes of available-for-sale financial assets	-	-	-	(231)	-	(231)
Total comprehensive income for the period	-	-	-	(231)	(181)	(412)
Transfer to regulatory reserve	-	-	-	-	-	-
At 30 June 2016	<u>1,575,000</u>	<u>87,018</u>	<u>41,624</u>	<u>148</u>	<u>40,748</u>	<u>1,744,538</u>

*The new Companies Act 2016 (“the Act”), which came into operation on 31 January 2017, abolished the concept of authorized share capital and par value of share capital.

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	30 June 2017 RM'000	30 June 2016 RM'000
Cash flows from operating activities		
(Loss)/ Profit from ordinary activities before taxation	35,324	(66)
Adjustments for non-cash items	1,976	33,224
Operating profit before working capital changes	37,300	33,158
Changes in working capital:		
Net changes in operating assets	(545,933)	(1,472,355)
Net changes in operating liabilities	(1,300,994)	729,227
Net cash used in from operating activities	(1,809,627)	(709,970)
Tax paid	(7,895)	(5,550)
Net cash used in from operating activities	(1,817,522)	(715,520)
Net cash used in investing activities	28,696	(40,725)
Net cash generated from financing activities	-	-
Net decrease in cash and cash equivalents during the financial period	(1,788,826)	(756,245)
Cash and cash equivalents at beginning of the financial period		
	4,704,896	4,800,811
Cash and cash equivalents at end of the financial period	2,916,070	4,044,566
Cash and cash equivalents comprise:		
Cash and balances with banks and other financial institutions	74,162	87,159
Money at call and deposit placements maturing within one month	2,841,908	3,957,407
	2,916,070	4,044,566

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

1. Basis of Preparation

The unaudited condensed interim financial statements for the first quarter and three months ended 30 June 2017 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 should be read in conjunction with the audited annual financial statements of the Bank as at and for the financial year ended 31 March 2017. 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 2017.

The accounting policies and methods of computation in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited financial statements for the year ended 31 March 2017, except for the adoption of the following MFRSs, Amendments to MFRSs and Issues Committee (“IC”) Interpretations that have been issued by the MASB:-

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

The following MFRSs, Amendments to MFRSs and IC Interpretations have been issued by the Malaysian Accounting Standards Board (“MASB”) and are not yet effective for the Bank.

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

1. Basis of Preparation (Continued)

Effective for annual periods beginning on or after 1 January 2018 (Continued)

- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

Effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments 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 initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Bank except as mentioned below:

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Bank is currently assessing the financial impact that may arise from the adoption of MFRS 9.

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Bank will assess the financial impact that may arise from the adoption of MFRS 15.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

1. Basis of Preparation (Continued)

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases - Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Bank will assess the financial impact that may arise from the adoption of MFRS 16.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2017 was not subject to any qualification.

3. Seasonal or Cyclical Factors

The business operations of the Bank have not been affected by any material seasonal or cyclical factors.

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 first quarter and three months ended 30 June 2017.

5. Changes in Estimates

There was no material changes in estimates of amounts reported that have a material effect on the unaudited condensed interim financial statements in the first quarter and three months ended 30 June 2017.

6. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the first quarter and three months ended 30 June 2017.

7. Dividend

No dividend was paid during the first quarter and three months ended 30 June 2017.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

8. Review of Performance

For the first quarter ended 30 June 2017, the Bank registered a Profit Before Taxation of RM35.3 million, which is a significantly improved performance as compared to the reported Loss Before Taxation of RM0.07 million in the corresponding period last year. The positive results was mainly attributed to the significantly reduced Allowance for Impairment on Loans, Advances and Financing of RM0.81 million from the RM27.7 million as reported in the previous corresponding quarter. In addition, the improved Net Interest Income for the period amounting to RM47.1 million, which is a 42.5% increase as compared to the previous quarter recorded amount of RM33.05 million also contributed to the improved financial performance of the Bank.

Total Assets registered a decrease of 8.2% amounting to RM16,350.6 million as at 30 June 2017. This was mainly due to the 38.0% decrease in Cash and Short Term Funds amounting to RM2,916.1 million during the quarter in review. Total Liabilities registered a reduction by 9.4% amounting to RM14,497.6 million, which is in line with reduction in Deposits From Customers from RM11,185.9 million to RM9,917.4 million.

9. Current Year Prospects

The Malaysian economy recorded a gross domestic product (“GDP”) growth of 5.6% in the first quarter of 2017. With the robust 5.6% GDP growth in the first quarter, it had resulted with an upward revision of the full year 2017 GDP growth to 4.9% from 4.3%.

The Ringgit and domestic foreign exchange market is expected to continue to stabilise in this year. While the global trade conditions has improved, the uncertainties from other external factors such as rising protectionism, geopolitical development and commodity price volatility as well as re-ignition of financial market volatility and rising debts levels in the global market may cause some volatility in the market from time to time during the year.

The Bank remains cautiously optimistic in doing business to achieve the targets for the financial year ending 31 March 2018. The Bank has strategies in place to increase its presence with raised profiles and positions, to enhance processes with improved productivities and to build up portfolio with good profitability. With the strategies and the increase of issued and paid-up share capital via capital injection by the shareholder of the Bank as disclosed in Note 20 below, the Bank is confident in doing more business moving forward and expects that it will continue to be able to achieve its key financial targets similar to previous financial years.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

10. Investments Securities Available-for-Sale

	30 June 2017 RM'000	31 March 2017 RM'000
At fair value		
Negotiable instruments of deposits	502,712	552,358
Malaysian Government treasury bills	130,044	109,851
Malaysian Government sukuk	20,006	19,995
	652,762	682,204

11. Loans, Advances and Financing

	30 June 2017 RM'000	31 March 2017 RM'000
(a) By type:		
At amortised cost:		
Overdraft	104,942	93,147
Term loans		
- Syndicated loans	687,147	463,278
- Syndicated Islamic financing	129,127	133,062
- Bridging loans	15,527	15,524
- Factoring receivables	60,220	56,936
- Other term loans	5,169,753	5,479,371
- Other Islamic term financing	1,392,858	1,412,891
Trade bills discounted	221,455	119,407
Revolving credits	2,721,534	2,518,381
Islamic revolving credit	529,363	624,514
Gross loans, advances and financing	11,031,926	10,916,511
Less: Collective impairment provision	(77,225)	(76,417)
Net loans, advances and financing	10,954,701	10,840,094
(b) By geographical distribution:		
Malaysia	9,337,976	9,240,693
Other countries	1,693,950	1,675,818
Gross loans, advances and financing	11,031,926	10,916,511

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

11. Loans, Advances and Financing (Continued)

	30 June 2017 RM'000	31 March 2017 RM'000
(c) By type of customer:		
Domestic non-bank financial institutions	3,411,556	3,427,396
Domestic business enterprises	7,538,276	7,404,539
Foreign entities	82,094	84,576
Gross loans, advances and financing	<u>11,031,926</u>	<u>10,916,511</u>
(d) By interest rate sensitivity:		
Fixed rate		
- Other fixed rate loans	671,471	484,874
Variable rate		
- Cost-plus	3,317,011	3,134,322
- Other variable rates	7,043,444	7,297,315
Gross loans, advances and financing	<u>11,031,926</u>	<u>10,916,511</u>
(e) By sector:		
Primary agriculture	29,412	54,180
Mining and quarrying	152,602	157,578
Manufacturing	2,545,741	2,535,097
Electricity, gas and water	1,079,386	1,112,626
Construction	29,413	64,598
Wholesale and retail trade, and restaurants and hotels	993,478	895,371
Transport, storage and communication	526,739	520,811
Finance, insurance, and business services	5,199,153	5,147,686
Real estate	383,472	417,327
Education, health and others	92,530	11,237
Gross loans, advances and financing	<u>11,031,926</u>	<u>10,916,511</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

11. Loans, Advances and Financing (Continued)

	30 June 2017 RM'000	31 March 2017 RM'000
(f) By economic purposes:		
Purchase of securities	324,150	332,412
Purchase of residential property	1,694	7,982
Purchase of non-residential property - Commercial complexes	193,196	195,711
Purchase of fixed assets other than land and building	231,066	225,256
Construction	416,917	462,641
Working Capital	6,463,089	6,372,264
Other purpose	3,401,814	3,320,245
Gross loans, advances and financing	<u>11,031,926</u>	<u>10,916,511</u>
(g) By residual contractual maturity:		
Maturing within one year	4,328,488	3,912,619
One year to three years	2,361,411	1,898,842
Three years to five years	3,622,974	4,375,142
More than five years	719,053	729,908
Gross loans, advances and financing	<u>11,031,926</u>	<u>10,916,511</u>
(h) Movements in collective allowance for impairment on loans, advances and financing:		
At beginning of the financial period	76,417	35,223
Allowance made during the financial period	808	41,194
At end of the financial period	<u>77,225</u>	<u>76,417</u>
As % of gross loans, advances and financing (inclusive of regulatory reserve)	<u>1.34%</u>	<u>1.21%</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

12. Deposits from Customers

	30 June 2017 RM'000	31 March 2017 RM'000
(a) By type of deposits:		
Demand deposits	1,695,327	1,605,312
Fixed deposits	6,331,661	6,931,647
Short-term deposits	1,890,362	2,648,957
	<u>9,917,350</u>	<u>11,185,916</u>
(b) By type of customers:		
Domestic non-bank financial institutions	335,547	416,464
Domestic business enterprises	5,177,263	6,271,333
Branch of immediate holding company	4,266,541	4,374,536
Foreign non-bank entities	800	122,783
Domestic other entities	137,199	800
	<u>9,917,350</u>	<u>11,185,916</u>
(c) Maturity structure of fixed deposits:		
Due within six months	2,013,926	2,507,446
Six months to one year	21,893	20,362
One year to three years	1,223,178	1,035,237
Three years to five years	2,768,695	3,055,348
Five years to ten years	303,969	313,254
	<u>6,331,661</u>	<u>6,931,647</u>

13. Deposits and Placements of Banks and Other Financial Institutions

	30 June 2017 RM'000	31 March 2017 RM'000
Licensed Malaysian Bank	445,000	-
Foreign banks		
- Immediate holding company	2,928,876	3,217,924
	<u>3,373,876</u>	<u>3,217,924</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

14. Interest Income

	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Loans, advances and financing				
- Interest income	62,918	34,075	62,918	34,075
- Financing income	10,195	7,905	10,195	7,905
Money at call and deposit placements with banks and other financial institutions	29,572	36,044	29,572	36,044
Investment securities available-for-sale	6,024	1,699	6,024	1,699
Others	87	-	87	-
	<u>108,796</u>	<u>79,723</u>	<u>108,796</u>	<u>79,723</u>

15. Interest Expense

	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Deposits and placement of bank and other financial institutions	15,880	8,393	15,880	8,393
Deposits from customers	45,617	38,018	45,617	38,018
Investment securities available-for-sale	163	249	163	249
Others	48	8	48	8
	<u>61,708</u>	<u>46,668</u>	<u>61,708</u>	<u>46,668</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

16. Other Operating Income

	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Fee and commission income				
- Service charges/ fees	6	-	6	-
- Guarantee fees	287	223	287	223
- Loan related fees	2,669	797	2,669	797
- Commitment fees	304	349	304	349
	<u>3,266</u>	<u>1,369</u>	<u>3,266</u>	<u>1,369</u>
Gain from derivative financial instruments	<u>2,802</u>	<u>2,786</u>	<u>2,802</u>	<u>2,786</u>
Unrealised net loss on revaluation of derivatives	<u>(3,431)</u>	<u>(25)</u>	<u>(3,431)</u>	<u>(25)</u>
Foreign exchange net gain	<u>9,604</u>	<u>8,272</u>	<u>9,604</u>	<u>8,272</u>
Other income				
- Management fees	1,683	1,376	1,683	1,376
- Rental of fixed assets	505	487	505	487
- Miscellaneous income	891	315	891	315
	<u>3,079</u>	<u>2,178</u>	<u>3,079</u>	<u>2,178</u>
	<u>15,320</u>	<u>14,580</u>	<u>15,320</u>	<u>14,580</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

17. Other Operating Expenses

	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Personnel costs				
Salaries, allowance and bonuses	7,374	5,896	7,374	5,896
Employees' provident fund	886	610	886	610
Staff training expenses	56	79	56	79
Other personnel expenses	1,675	1,982	1,675	1,982
	<u>9,991</u>	<u>8,567</u>	<u>9,991</u>	<u>8,567</u>
Establishment costs				
Rental of premises	447	447	447	447
Depreciation	991	990	991	990
Repair and maintenance	188	116	188	116
Other establishment expenses	2,807	3,255	2,807	3,255
	<u>4,433</u>	<u>4,808</u>	<u>4,433</u>	<u>4,808</u>
Marketing expenses				
Advertisement and publicity	42	43	42	43
Other marketing expenses	24	22	24	22
	<u>66</u>	<u>65</u>	<u>66</u>	<u>65</u>

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17. Other Operating Expenses (Continued)

	1st Quarter Ended		Three Months Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Administration and general expenses				
Guarantee fees	5,424	1,699	5,424	1,699
Auditors' remuneration				
- Statutory audit	47	54	47	54
- Other services	20	25	20	25
Professional fees	158	52	158	52
Communication expenses	135	114	135	114
Management fees	2,599	3,571	2,599	3,571
License fees and stamp duties	188	38	188	38
Non-executive directors' fees and allowances	157	94	157	94
Other administration and general expenses	3,058	900	3,058	900
	<u>11,786</u>	<u>6,547</u>	<u>11,786</u>	<u>6,547</u>
	<u>26,276</u>	<u>19,987</u>	<u>26,276</u>	<u>19,987</u>

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18. Allowance for Impairment on Loans, Advances and Financing

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Collective impairment allowance made	808	27,714	808	27,714

19. 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.

20. Subsequent Events

On 25 July 2017, the Board of Directors has approved the increase of the issued and paid-up share capital from RM1,575,000,000 to RM2,452,605,000 by way of issue and allotment of 877,605,000 new ordinary share fully paid at an issue price of RM1.00 per ordinary share for cash consideration.

21. Changes in the Composition of the Bank

There were no significant changes in the composition of the Bank during the first quarter and three months ended 30 June 2017.

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22. Use of Financial Instruments

Interest rate risk

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

	← Non-trading book →					Non-interest bearing RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1-3 months RM'000	>3-12 months RM'000	1-5 years RM'000	Over 5 years RM'000			
30 June 2017								
<u>Assets</u>								
Cash and short-term funds	2,841,908	-	-	-	-	74,162	-	2,916,070
Deposits and placements with banks and other financial institutions	-	629,485	414,952	-	-	-	-	1,044,437
Investment securities available-for-sale	-	582,563	70,199	-	-	-	-	652,762
Loans, advances and financing	2,685,459	632,011	1,011,012	5,984,387	719,057	(77,225) [^]	-	10,954,701
Other assets	4,621	1,889	6,381	-	-	6,693	-	19,584
Derivative assets	-	-	4,372	37,689	-	-	670,460	712,521
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	22,064	-	22,064
Total assets	5,531,988	1,845,948	1,506,916	6,022,076	719,057	25,694	670,460	16,322,139

[^] The negative balance represents collective allowance for impairment on loans, advances and financing.

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22. Use of Financial Instruments (Continued)

Interest 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		
30 June 2017								
<u>Liabilities</u>								
Deposits from customers	2,838,587	542,629	544,967	3,991,871	303,969	1,695,327	-	9,917,350
Deposits and placements of banks and other financial institutions	2,283,437	839,454	131,465	9,392	107,124	3,004	-	3,373,876
Bills and acceptances payable	-	-	1,476	-	-	-	-	1,476
Other liabilities	10,814	6,877	1,780	4,376	728	528,219	-	552,794
Derivative financial liabilities	-	-	-	3,197	10,901	-	616,569	630,667
Total liabilities	5,132,838	1,388,960	679,688	4,008,836	422,722	2,226,550	616,569	14,476,163
On balance sheet interest rate gap	399,150	456,988	827,228	2,013,240	296,335	(2,200,856)	53,891	1,845,976
Off balance sheet interest rate gap	-	906,387	(47,000)	(645,139)	(214,248)	-	-	-
Total interest rate gap	399,150	1,363,375	780,228	1,368,101	82,087	(2,200,856)	53,891	1,845,976

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22. Use of Financial Instruments (Continued)

Interest 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 2017								
<u>Assets</u>								
Cash and short-term funds	4,633,255	-	-	-	-	71,641	-	4,704,896
Deposits and placements with banks and other financial institutions	-	526,193	100,000	-	-	-	-	626,193
Investment securities available- for-sale	150,494	351,745	179,965	-	-	-	-	682,204
Loans, advances and financing	2,297,914	784,041	830,670	5,167,744	1,836,142	(76,417) ^	-	10,840,094
Other assets	3,896	1,535	4,924	-	-	6,728	-	17,083
Derivative financial assets	-	-	221	49,073	-	-	870,575	919,869
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	2,228	-	2,228
Total assets	7,085,559	1,663,514	1,115,780	5,216,817	1,836,142	4,180	870,575	17,792,567

^ The negative balance represents collective allowance for impairment on loans, advances and financing.

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22. Use of Financial Instruments (Continued)

Interest 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 2017								
<u>Liabilities</u>								
Deposits from customers	3,781,458	848,224	547,085	2,984,411	1,419,426	1,605,312	-	11,185,916
Deposits and placements of banks and other financial institutions	1,829,674	1,189,917	55,955	29,425	110,396	2,557	-	3,217,924
Bills and acceptances payable	-	-	1,723	-	-	-	-	1,723
Other liabilities	8,172	4,682	6,819	3,797	413	714,390	-	738,273
Derivative financial liabilities	-	1	11	791	3,479	-	824,057	828,339
Total liabilities	5,619,304	2,042,824	611,593	3,018,424	1,533,714	2,322,259	824,057	15,972,175
On balance sheet interest rate gap	1,466,255	(379,310)	504,187	2,198,393	302,428	(2,318,079)	46,518	1,820,392
Off balance sheet interest rate gap	-	842,914	(38,998)	(583,124)	(220,792)	-	-	-
Total interest rate gap	1,466,255	463,604	465,189	1,615,269	81,636	(2,318,079)	46,518	1,820,392

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22. Use of Financial Instruments (Continued)

Interest rate risk (continued)

	30 June 2017		31 March 2017	
	MYR	USD	MYR	USD
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Financial assets				
Cash and short-term funds	3.07	1.33	3.05	1.19
Deposits and placements with banks and other financial institutions	3.43	1.66	3.41	1.53
Loans, advances and financing	4.21	2.17	4.26	2.02
Financial liabilities				
Deposits from customers	3.38	1.24	3.46	1.06
Deposits and placements of banks and other financial institutions	3.05	1.19	-	1.10

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23. Capital Adequacy

The total capital and capital adequacy ratios of the Bank are computed based on the Standardised Approach in accordance with the Capital Adequacy Framework (Capital Components).

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

	30 June 2017 RM'000	31 March 2017 RM'000
<u>Tier-1 capital</u>		
Paid-up ordinary share capital	1,575,000	1,575,000
Retained earnings	78,768	67,150
Statutory reserve	126,963	126,963
Available-for-sale reserve	909	716
	<u>1,781,640</u>	<u>1,769,829</u>
Less: Deferred tax assets	<u>-</u>	<u>-</u>
Common Equity Tier 1 (CET 1) and Tier-1 Capital	<u>1,781,640</u>	<u>1,769,829</u>
<u>Tier-2 capital</u>		
Collective allowance for impairment	77,225	76,417
Regulatory reserves	70,246	55,349
Tier-2 Capital	<u>147,471</u>	<u>131,766</u>
Total capital base	<u><u>1,929,111</u></u>	<u><u>1,901,595</u></u>
<u>Capital ratios</u>		
CET 1 and Tier 1 Capital Ratio	15.159%	15.293%
Total Capital Ratio	16.413%	16.432%

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23. Capital Adequacy (Continued)

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

	30 June 2017 RM'000	31 March 2017 RM'000
Credit risk	11,221,485	11,040,792
Market risk	188,130	210,958
Operational risk	343,608	321,004
Total risk-weighted assets	<u>11,753,223</u>	<u>11,572,754</u>

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24. 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:

	← 30 June 2017 →			← 31 March 2017 →		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted assets RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk- weighted assets RM'000
Transaction related contingent items	367,588	183,794	172,313	348,655	174,328	162,846
Short-term self-liquidating trade-related contingencies	43,451	8,690	8,690	52,505	10,501	10,501
Foreign exchange related contracts:						
One year or less	5,135,851	372,803	220,731	5,299,673	391,607	234,413
Over one year to five years	8,238,196	1,096,327	624,159	8,571,990	1,314,041	730,722
Over five years	936,410	291,477	125,441	984,034	319,343	140,564
Interest/ profit rate related contracts						
One year or less	64,312	146	46	39,998	91	53
Over one year to five years	645,139	19,605	12,883	583,124	22,556	15,665
Over five years	214,248	12,630	9,427	220,792	13,304	9,554
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	3,680,041	1,840,020	1,765,672	3,130,007	1,565,004	1,529,606
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	1,121,891	224,378	223,401	920,369	184,074	156,427
Total	20,447,127	4,049,870	3,162,763	20,151,147	3,994,849	2,990,351

* The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factor as per Bank Negara Malaysia Guidelines.

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MANAGEMENT'S CERTIFICATION

I hereby certify that the attached unaudited condensed interim financial statements for the financial period ended 30 June 2017 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 Revised Guidelines on Financial Reporting issued by Bank Negara Malaysia on 28 January 2015.

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Yoshimi Gunji
Chief Executive Officer

Date: 26 July 2017