

**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

(Company No. 926374-U)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR  
THE THIRD QUARTER ENDED  
31 DECEMBER 2018**

# SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

(Company No. 926374-U)

(Incorporated in Malaysia)

## UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS STATEMENT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018

	Note	31 December 2018 RM'000	31 March 2018 RM'000
<b>Assets</b>			
Cash and short-term funds	13	4,423,540	3,616,844
Deposits and placements with banks and other financial institutions	14	985,933	639,783
Debt instruments at fair value through other comprehensive income ("FVOCI")	15	781,985	-
Investment securities available-for-sale	16	-	550,770
Loans, advances and financing	17	12,837,260	11,496,753
Derivative financial assets		439,319	554,223
Other assets	18	23,999	195,759
Statutory deposits with Bank Negara Malaysia		51,350	40,700
Plant and equipment		16,541	13,936
Tax recoverable		10,540	627
<b>Total assets</b>		<u>19,570,467</u>	<u>17,109,395</u>
<b>Liabilities</b>			
Deposits from customers	19	13,280,880	11,151,646
Deposits and placements of banks and other financial institutions	20	2,440,623	2,327,691
Bills and acceptances payable		2,111	9,589
Derivative financial liabilities		384,001	538,844
Other liabilities	21	382,241	197,901
Tax payable		-	-
Deferred tax liabilities		46,798	26,531
<b>Total liabilities</b>		<u>16,536,654</u>	<u>14,252,202</u>
<b>Equity</b>			
Share capital		2,452,605	2,452,605
Reserves		581,208	404,588
<b>Total equity attributable to owners of the Bank</b>		<u>3,033,813</u>	<u>2,857,193</u>
<b>Total liabilities and equity</b>		<u>19,570,467</u>	<u>17,109,395</u>
<b>Commitments and contingencies</b>	34	<u>28,254,260</u>	<u>26,928,827</u>

**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

(Company No. 926374-U)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

	Note	3rd Quarter Ended		Nine Months Ended	
		31 December 2018 RM'000	31 December 2017 RM'000	31 December 2018 RM'000	31 December 2017 RM'000
Interest income	22	171,579	98,352	485,717	312,710
Interest expense	23	(108,001)	(49,366)	(300,916)	(165,280)
<b>Net interest income</b>		<u>63,578</u>	<u>48,986</u>	<u>184,801</u>	<u>147,430</u>
Other operating income	24	28,063	33,742	81,033	91,836
Net operating income		<u>91,641</u>	<u>82,728</u>	<u>265,834</u>	<u>239,266</u>
Other operating expenses	25	(30,917)	(25,865)	(88,442)	(85,233)
Operating profit		<u>60,724</u>	<u>56,863</u>	<u>177,392</u>	<u>154,033</u>
Allowance for expected credit losses	26	12,656	-	8,462	-
Allowance for impairment on loans, advances and financing	27	-	7,762	-	11,460
<b>Profit before taxation</b>		<u>73,380</u>	<u>64,625</u>	<u>185,854</u>	<u>165,493</u>
Tax expense		<u>(13,927)</u>	<u>(18,298)</u>	<u>(41,558)</u>	<u>(42,078)</u>
<b>Profit after taxation</b>		<u>59,453</u>	<u>46,327</u>	<u>144,296</u>	<u>123,415</u>
<b>Other comprehensive income for the period, net of income tax</b>					
Fair value changes of debt instruments in FVOCI		(1,000)	-	1,026	-
Fair value changes of investment securities available-for-sale		-	226	-	349
<b>Total comprehensive income for the period</b>		<u>58,453</u>	<u>46,553</u>	<u>145,322</u>	<u>123,764</u>
Basic earnings per ordinary share (sen)		<u>2.45</u>	<u>1.85</u>	<u>5.95</u>	<u>5.98</u>

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

	←————— <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	FVOCI reserve RM'000	Retained earnings RM'000	Total RM'000
<b>Balance as at 31 March 2018</b>	2,452,605	-	75,142	814	-	328,632	2,857,193
Effect of adopting MFRS 9 Financial instruments	-	-	47,399	(814)	960	(16,247)	31,298
<b>At 1 April 2018</b>	2,452,605	-	122,541	-	960	312,385	2,888,491
Profit for the period	-	-	-	-	-	144,296	144,296
Fair value changes of available-for-sale financial assets	-	-	-	-	1,026	-	1,026
<b>Total comprehensive income for the period</b>	-	-	-	-	1,026	144,296	145,322
Transfer to regulatory reserve	-	-	26,751	-	-	(26,751)	-
<b>At 31 December 2018</b>	2,452,605	-	149,292	-	1,986	429,930	3,033,813
<b>At 1 April 2017</b>	1,575,000	126,963	55,349	1,590	-	67,150	1,826,052
Issuance of shares	877,605	-	-	-	-	-	877,605
Loss for the period	-	-	-	-	-	123,417	123,417
Fair value changes of available-for-sale financial assets	-	-	-	349	-	-	349
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	-
Transfer to regulatory reserve	-	-	9,608	-	-	(9,608)	-
<b>At 31 December 2017</b>	2,452,605	126,963	64,957	1,939	-	180,959	2,827,423

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit from ordinary activities before taxation	185,854	165,493
Adjustments for non-cash items	35,322	(7,833)
Operating profit before working capital changes	221,176	157,660
Changes in working capital:		
Net changes in operating assets	(1,557,025)	(100,824)
Net changes in operating liabilities	2,419,028	(3,102,490)
Net cash used in from operating activities	1,083,179	(3,045,654)
Tax paid	(39,521)	(10,123)
<b>Net cash used in from operating activities</b>	1,043,658	(3,055,777)
Net cash used in investing activities	(236,631)	(73,317)
Net cash generated from financing activities	-	877,605
<b>Net increase/(decrease) in cash and cash equivalents during the financial period</b>	807,027	(2,251,489)
<b>Cash and cash equivalents at beginning of the financial period</b>	3,616,844	4,704,896
<b>Cash and cash equivalents at end of the financial period</b>	4,423,871	2,453,407
<b>Cash and cash equivalents comprise:</b>		
Cash and balances with banks and other financial institutions	82,062	57,364
Money at call and deposit placements maturing within one month	4,341,809	2,396,043
	4,423,871	2,453,407

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**1. Basis of Preparation**

The unaudited condensed interim financial statements for the third quarter and nine months ended 31 December 2018 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 2018. 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 2018.

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 2018, except for the adoption of the following MFRSs, Amendments to MFRSs and Issues Committee (“IC”) Interpretations that have been issued by the MASB:-

- 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*
- 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*

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 accounting policy and the impact of MFRS are disclosed under Note 2 and 4.

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**1. Basis of Preparation (Continued)**

The following MFRSs, Amendments to MFRSs and IC Interpretations have been issued by the Malaysian Accounting Standards Board (“MASB”). However, its effective dates applicable to the Bank are as follows:-

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019***

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021***

- MFRS 17, *Insurance Contracts*

***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*

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**2. Accounting policy changes**

Following the Bank's adoption of MFRS 9 on 1 April 2018, the following accounting policies changes were made.

Summary of accounting policy changes

a) Classification and measurement of financial assets and liabilities

The Bank classifies its financial assets into the following measurement categories:

- Amortised Cost;
- Fair Value Through Other Comprehensive Income (FVOCI); and
- Fair Value Through Profit or Loss (FVTPL).

Financial liabilities are classified as either:-

- Amortised Cost; or
- Held at Fair Value Through Profit or Loss.

Management determines the classification of its financial assets and liabilities at initial recognition of the instruments or, where applicable, at the time of reclassification.

*Financial assets held at amortised cost and fair value through other comprehensive income*

Debt instruments held at amortised cost or held at FVOCI have contractual terms that give rise to cash flows that are solely payments of principal and interest ("SPPI" characteristics). Principal is the fair value of the financial asset at initial recognition but this may change over the life of the instrument as amounts are repaid. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cashflows have SPPI characteristics, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains contractual terms that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Whether financial assets are held at amortised cost or at FVOCI depend on the objectives of the business models under which the assets are held. A business model refers to how the Bank manages financial assets to generate cash flows.



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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**2. Accounting policy changes (continued)**

Summary of accounting policy changes (continued)

a) Classification and measurement of financial assets and liabilities (continued)

*Financial assets held at amortised cost and fair value through other comprehensive income (continued)*

The Bank makes an assessment of the objective of a business model in which an asset is held at the individual product business line, and where applicable within business lines depending on the way the business is managed and information is provided to management.

Financial assets which have SPPI characteristics and that are held within a business model whose objective is to hold financial assets to collect contractual cash flows (“hold to collect”) are recorded at amortised cost. Conversely, financial assets which have SPPI characteristics but are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (“hold to collect and sell”) are classified as held at FVOCI.

*Financial assets and liabilities held at fair value through profit or loss*

Financial assets which are not held at amortised cost or that are not held at fair value through other comprehensive income are held at fair value through profit or loss. Financial assets and liabilities held at fair value through profit or loss are either mandatorily classified at fair value through profit or loss or irrevocably designated at fair value through profit or loss at initial recognition.

*Mandatorily classified at fair value through profit or loss*

Financial assets and liabilities which are mandatorily held at fair value through profit or loss include:

- Financial assets and liabilities held for trading, which are those acquired principally for the purpose of selling in the short term;
- hybrid financial assets that contain one or more embedded derivatives;
- financial assets that would otherwise be measured at amortised cost or FVOCI but which do not have SPPI characteristics;
- equity instruments that have not been designated as held at FVOCI; and
- financial liabilities that constitute contingent consideration in a business combination.

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**2. Accounting policy changes (continued)**

Summary of accounting policy changes (continued)

a) Classification and measurement of financial assets and liabilities (continued)

*Designated at fair value through profit or loss*

Financial assets and liabilities may be designated at fair value through profit or loss when the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on a different basis ("accounting mismatch").

Interest rate swaps have been acquired with the intention of significantly reducing interest rate risk on certain loans and advances and debt securities with fixed rates of interest. To significantly reduce the accounting mismatch between assets and liabilities and measurement bases, these loans and advances and debt securities have been designated at fair value through profit or loss.

Financial liabilities may also be designated at fair value through profit or loss where they are managed on a fair value basis or have a bifurcately embedded derivative where the Bank is not able to separately value the embedded derivative component.

*Financial liabilities held at amortised cost*

Financial liabilities that are not financial guarantees or loan commitments and that are not classified as financial liabilities held at fair value through profit or loss are classified as financial liabilities held at amortised cost.

*Financial guarantee contracts and loan commitments*

The Bank issues financial guarantee contracts and loan commitments in return for fees. Under a financial guarantee contract, the Bank undertakes to meet a customer's obligations under the terms of a debt instrument if the customer fails to do so. Loan commitments are firm commitments to provide credit under prespecified terms and conditions. Financial guarantee contracts and loan commitments issued at below market interest rates are initially recognised as liabilities at fair value and subsequently at the higher of the expected credit loss provision, and the amount initially recognised less the cumulative amount of income recognised in accordance with the principles of MFRS15 Revenue from Contracts with Customers.

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**2. Accounting policy changes (continued)**

Summary of accounting policy changes (continued)

a) Classification and measurement of financial assets and liabilities (continued)

*Fair value of financial assets and liabilities*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market to which the Bank has access at that date. The fair value of a liability includes the risk that the Bank will not be able to honour its obligations.

The fair value of financial instruments is generally measured on the basis of the individual financial instrument. However, when a group of financial assets and financial liabilities is managed on the basis of its net exposure to either market risk or credit risk, the fair value of the Bank of financial instruments is measured on a net basis.

The fair values of quoted financial assets and liabilities in active markets are based on current prices. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If the market for a financial instrument, and for unlisted securities, is not active, the Bank establishes fair value by using valuation techniques.

*Initial recognition*

Purchases and sales of financial assets and liabilities held at fair value through profit or loss, and debt securities classified as financial assets held at fair value through other comprehensive income are initially recognised on the trade date (the date on which the Bank commits to purchase or sell the asset). Loans and advances and other financial assets held at amortised cost are recognised on settlement date (the date on which cash is advanced to the borrowers).

All financial instruments are initially recognised at fair value, which is normally the transaction price, plus directly attributable transaction costs for financial assets which are not subsequently measured at fair value through profit or loss.

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**2. Accounting policy changes (continued)**

Summary of accounting policy changes (continued)

a) Classification and measurement of financial assets and liabilities (continued)

*Initial recognition (continued)*

In certain circumstances, the initial fair value may be based on a valuation technique which may lead to the recognition of profits or losses at the time of initial recognition. However, these profits or losses can only be recognised when the valuation technique use disbased solely on observable market data. In those cases where the initially recognised fair value is based on a valuation model that uses unobservable inputs, the difference between the transaction price and the valuation model is not recognised immediately in profit or loss but is amortised or released to profit or loss as the inputs become observable, or the transaction matures or is terminated.

*Subsequent measurement*

i) Financial assets and financial liabilities held at amortised cost

Financial assets and financial liabilities held at amortised cost are subsequently carried at amortised cost using the effective interest rate method. Foreign exchange gains and losses are recognised in profit or loss.

Where a financial instrument carried at amortised cost is the hedged item in a qualifying fair value hedge relationship, its carrying value is adjusted by the fair value gain or loss attributable to the hedged risk.

ii) Financial assets held at FVOCI

Debt instruments held at FVOCI are subsequently carried at fair value, with all unrealised gains and losses arising from changes in fair value (including any related foreign exchange gains or losses) recognised in other comprehensive income and accumulated in a separate component of equity. Foreign exchange gains and losses on the amortised cost are recognised in profit or loss. Changes in expected credit losses are recognised in profit or loss and are accumulated in a separate component of equity. On derecognition, the cumulative fair value gains or losses, net of the cumulative expected credit loss reserve, are transferred to profit or loss.

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**2. Accounting policy changes (continued)**

Summary of accounting policy changes (continued)

a) Classification and measurement of financial assets and liabilities (continued)

*Subsequent measurement (continued)*

iii) Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities mandatorily held at fair value through profit or loss and financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the net trading income line in profit or loss unless the instrument is part of a cash flow hedging relationship. Contractual interest income on financial assets held at fair value through profit or loss is recognised as interest income in a separate line in profit or loss.

iv) Financial liabilities designated at fair value through profit or loss

Financial liabilities designated at fair value through profit or loss are held at fair value, with changes in fair value recognised in the net trading income line in profit or loss, other than that attributable to changes in credit risk. Fair value changes attributable to credit risk are recognised in other comprehensive income and recorded in a separate category of reserves unless this is expected to create or enlarge an accounting mismatch, in which case the entire change in fair value of the financial liability designated fair value through profit or loss is recognised in profit or loss.

*Reclassifications*

Financial liabilities are not reclassified subsequent to initial recognition.

Reclassifications of financial assets are made when, and only when, the business model for those assets changes. Such changes are expected to be infrequent and arise as a result of significant external or internal changes such as the termination of a line of business or the purchase of a subsidiary whose business model is to realise the value of pre-existing held for trading financial assets through a hold to collect model.

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**2. Accounting policy changes (continued)**

Summary of accounting policy changes (continued)

a) Classification and measurement of financial assets and liabilities (continued)

*Reclassifications (continued)*

Financial assets are reclassified at their fair value on the date of reclassification and previously recognised gains and losses are not restated. Moreover, reclassifications of financial assets between financial assets held at amortised cost and financial assets held at fair value through other comprehensive income do not affect effective interest rate or expected credit loss computations.

i) Reclassified from amortised cost

Where financial assets held at amortised cost are reclassified to financial assets held at fair value through profit or loss, the difference between the fair value of the assets at the date of reclassification and the previously recognised amortised cost is recognised in profit or loss.

For financial assets held at amortised cost that are reclassified to fair value through other comprehensive income, the difference between the fair value of the assets at the date of reclassification and the previously recognised gross carrying value is recognised in other comprehensive income. Additionally, the related cumulative expected credit loss amounts relating to the classified financial assets are reclassified from loan loss provisions to a separate reserve in other comprehensive income at the date of reclassification.

ii) Reclassified from fair value through other comprehensive income

Where financial assets held at fair value through other comprehensive income are reclassified to financial assets held at fair value through profit or loss, the cumulative gain or loss previously recognised in other comprehensive income is transferred to profit or loss.

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**2. Accounting policy changes (continued)**

Summary of accounting policy changes (continued)

a) Classification and measurement of financial assets and liabilities (continued)

*Reclassifications (continued)*

ii) Reclassified from fair value through other comprehensive income (continued)

For financial assets held at fair value through other comprehensive income that are reclassified to financial assets held at amortised cost, the cumulative gain or loss previously recognised in other comprehensive income is adjusted against the fair value of the financial asset such that the financial asset is recorded at a value as if it had always held at amortised cost. In addition, the related cumulative expected credit losses held within other comprehensive income are reversed against the gross carrying value of the reclassified assets at the date of reclassification.

iii) Reclassified from fair value through profit or loss

Where financial assets held at fair value through profit or loss are reclassified to financial assets held at fair value through other comprehensive income or financial assets held at amortised cost, the fair value at the date of reclassification is used to determine the effective interest rate on the financial asset going forward. In addition, the date of reclassification is used as the date of initial recognition for the calculation of expected credit losses. Where financial assets held at fair value through profit or loss are reclassified to financial assets held at amortised cost, the fair value at the date of reclassification becomes the gross carrying value of the financial asset.

*Derecognition of financial instruments*

Financial assets are derecognised when the rights to receive cashflows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred and the Bank has retained control, the assets continue to be recognised to the extent of the Bank's continuing involvement.

Where financial assets have been modified, the modified terms are assessed on a qualitative and quantitative basis to determine whether a fundamental change in the nature of the instrument has occurred, such as whether the derecognition of the pre-existing instrument and the recognition of a new instrument is appropriate.

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**2. Accounting policy changes**

Summary of accounting policy changes (continued)

(b) Impairment of financial assets

Expected credit losses ("ECL") are determined for all financial debt instruments that are classified at amortised cost or fair value through other comprehensive income, undrawn commitments and financial guarantees.

An expected credit loss represents the present value of expected cash shortfalls over the residual term of a financial asset, undrawn commitment or financial guarantee.

A cash shortfall is the difference between the cashflows that are due in accordance with the contractual terms of the instrument and the cash flows that the Bank expects to receive over the contractual life of the instrument.

*Measurement*

For material portfolios, the estimate of expected cash shortfalls is determined by multiplying the probability of default ("PD") with the loss given default ("LGD") with the expected exposure at the time of default ("EAD"). There may be multiple default events over the life time of an instrument.

Forward looking economic assumptions are incorporated into the PD, LGD and EAD where relevant and where they influence credit risk, such as GDP growth rates, KLCI and 5 years Government Bond yield. These assumptions are incorporated using the Bank's most likely forecast for a range of macroeconomic assumptions. These forecasts are determined using all reasonable and supportable information, which includes those available externally.

To account for the potential non-linearity in credit losses, multiple forward looking scenarios are incorporated into the range of reasonably possible outcomes for all material portfolios. For example, where there is aggregate risk of downside credit losses than upside gains, multiple forward looking economic scenarios are incorporated into the range of reasonably possible outcomes, both in respect of determining the PD (and where relevant, the LGD and EAD) and in determining the overall expected credit loss amounts.

The period over which cash short falls are determined is generally limited to the maximum contractual period for which the Bank is exposed to credit risk.



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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**2. Accounting policy changes**

Summary of accounting policy changes (continued)

(b) Impairment of financial assets (continued)

*Measurement (continued)*

For credit-impaired financial instruments, the estimate of cash shortfalls may require the use of expert credit judgement. As a practical expedient, the Bank may also measure credit impairment on the basis of an instrument' fair value using an observable market price.

Cashflows from unfunded credit enhancements held are included within the measurement of expected credit losses if they are part of, or integral to the contractual terms of the instrument (this includes financial guarantees, unfunded risk participations and other non-derivative credit insurance). Although non-integral credit enhancements do not impact the measurement of expected credit losses, a reimbursement asset is recognised to the extent of the expected credit losses recorded.

*Recognition*

i) 12 months expected credit losses (Stage 1)

Expected credit losses are recognised at the time of initial recognition of a financial instrument and represent the life time cash shortfalls arising from possible default events up to 12 months into the future from the balance sheet date. Expected credit losses continue to be determined on this basis until there is either a significant increase in the credit risk of an instrument or the instrument becomes credit-impaired. If an instrument is no longer considered to exhibit a significant increase in credit risk, expected credit losses will revert to being determined on a 12-month basis.

ii) Significant increase in credit risk (Stage 2)

If a financial asset experiences a significant increase in credit risk ("SICR") since initial recognition, an expected credit loss provision is recognised for default events that may occur over the lifetime of the asset.

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**2. Accounting policy changes**

Summary of accounting policy changes (continued)

(b) Impairment of financial assets (continued)

*Recognition (continued)*

ii) Significant increase in credit risk (Stage 2) (continued)

Significant increase in credit risk is assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination (after taking into account the passage of time). Significant does not mean statistically significant nor is it assessed in the context of changes in ECL. Whether a change in the risk of default is significant or not is assessed using a number of quantitative and qualitative factors, the weight of which depends on the type of product and counterparty. Financial assets that are 30 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk.

Quantitative factors include an assessment of whether there has been significant increase in the forward-looking probability of default ("PD") since origination. A forward-looking PD is one that is adjusted for future economic conditions to the extent these are correlated to changes in credit risk. We compare the residual life time PD at the balance sheet date to the residual life time PD that was expected at the time of origination for the same point in the term structure and determine whether both the absolute and relative change between the two exceeds predetermined thresholds. To the extent that the differences between the measures of default outlined exceed the defined thresholds, the instrument is considered to have experienced a significant increase in credit risk.

Qualitative factors assessed include those linked to current credit risk management processes, such as lending placed on "watchlist" (and subject to closer monitoring).

A "watchlist" account is one which exhibits risk or potential weaknesses of a material nature requiring closer monitoring, supervision, or attention by management. Weaknesses in such a borrower's account, if left uncorrected, could result in deterioration of repayment prospects and the likelihood of being downgraded. Indicators could include a rapid erosion of position within the industry, concerns over management's ability to manage operations, weak/deteriorating operating results, liquidity strain and overdue balances amongst other factors.

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**2. Accounting policy changes**

Summary of accounting policy changes (continued)

(b) Impairment of financial assets (continued)

*Recognition (continued)*

iii) Credit impaired (or defaulted) exposures (Stage 3)

Financial assets that are credit impaired (or in default) represent those that are at least 90 days past due in respect of principal and/or interest. Financial assets are also considered to be credit impaired where the obligors are unlikely to pay on the occurrence of one or more observable events that have a detrimental impact on the estimated future cash flows of the financial asset. It may not be possible to identify a single discrete event but instead the combined effect of several events may cause financial assets to become credit impaired.

Irrevocable lending commitments to a credit impaired obligor that have not yet been drawdown are also included within the Stage 3 credit impairment provision to the extent that the commitment cannot be withdrawn.

Loss provisions against credit impaired financial assets are determined based on an assessment of the recoverable cashflows under a range of scenarios, including the realisation of any collateral held where appropriate. The loss provisions held represent the difference between the present value of the cashflows expected to be recovered, discounted at the instrument's original effective interest rate, and the gross carrying value of the instrument prior to any credit impairment.

**3. Revised Policy Document on Financial Reporting**

Bank Negara Malaysia ("BNM") had issued a Revised Policy Document on Financial Reporting and Financial Reporting on 2 February 2018 in which is applicable to all licensed banks, licensed investment bank and licensed Islamic banks in Malaysia. The issuance of this Revised Policy Document superseded previous guidelines issued by BNM previously namely Financial Reporting and Financial Reporting for Islamic Banking Institutions dated 5 February 2016 as well as Classification and Impairment Provisions for Loans / Financing dated 6 April 2015.

The key change in the Revised Policy Document is to maintain, in aggregate, loss allowance for non-credit-impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**4. Impact of MFRS 9**

The following table shows the original measurement categories in accordance with MFRS 139 and the new measurement categories under MFRS 9 for the financial assets and financial liabilities as at 1 April 2018.

<b>Financial assets/liabilities</b>	<b>Original classification under MFRS 139</b>	<b>New Classification under MFRS 9</b>	<b>Original carrying amount under MFRS 139 RM'000</b>	<b>New carrying amount under MFRS 9 RM'000</b>
<b><i>Financial assets</i></b>				
Cash and short term funds	Loans and receivables	Amortised cost	3,616,844	3,616,421
Deposits and placements with banks and other financial institution	Loans and receivables	Amortised cost	639,783	639,520
Investment securities – debt securities	Available for sale	FVOCI	550,770	550,770
Loans, advances and financing	Loans and receivables	Amortised cost	11,496,753	11,544,924
Derivative financial assets	FVTPL	FVTPL	554,223	554,223
Other assets	Loans and receivables	Amortised cost	195,759	195,726
Statutory deposits with Bank Negara Malaysia	Loans and receivables	Amortised cost	40,700	40,700
<b><i>Financial liabilities</i></b>				
Deposits from customers	Amortised cost	Amortised cost	11,151,646	11,151,646
Deposits and placements of banks and other financial institutions	Amortised cost	Amortised cost	2,327,691	2,327,691
Bills and acceptances payable	Amortised cost	Amortised cost	9,589	9,589
Derivative financial liabilities	FVTPL	FVTPL	538,844	538,844
Other liabilities	Amortised cost	Amortised cost	197,901	206,072

**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

(Company No. 926374-U)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**4. Impact of MFRS 9 (continued)**

A reconciliation between the balances under MFRS 139 and MFRS 9 as at 1 April 2018, as follows:-

<b>Statement of Financial Position</b>	<b>Original carrying amount under MFRS 139 RM'000</b>	<b>Reclassification RM'000</b>	<b>Expected credit losses RM'000</b>	<b>New carrying amount under MFRS 9 RM'000</b>
<i>Assets</i>				
Cash and short term funds	3,616,844	-	(423)	3,616,421
Deposits and placements with banks and other financial institution	639,783	-	(263)	639,520
Debt instruments at FVOCI	-	550,770	-	550,770
Investment securities – debt securities	550,770	(550,770)	-	-
Loans, advances and financing	11,496,753	-	48,171*	11,544,924
Derivative financial assets	554,223	-	-	554,223
Other assets	195,759	-	(33)	195,726
Statutory deposits with Bank Negara Malaysia	40,700	-	-	40,700
Plant and equipment	13,936	-	-	13,936
Tax recoverable	627	-	-	627
<b>Total assets</b>	<b>17,109,395</b>	<b>-</b>	<b>47,452</b>	<b>17,156,847</b>

\*Loans, advances and financing includes the impact of MFRS 9 Expected Credit Losses amounting to RM15.413 million and a reversal of Collective Impairment Provision of RM63.584 million under MFRS 139.

**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

(Company No. 926374-U)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**4. Impact of MFRS 9 (continued)**

A reconciliation between the balances under MFRS 139 and MFRS 9 as at 1 April 2018, as follows:-

<b>Statement of Financial Position</b>	<b>Original carrying amount under MFRS 139 RM'000</b>	<b>Reclassification RM'000</b>	<b>Expected credit losses RM'000</b>	<b>New carrying amount under MFRS 9 RM'000</b>
<i>Liabilities</i>				
Deposits from customers	11,151,646	-	-	11,151,646
Deposits and placements of banks and other financial institutions	2,327,691	-	-	2,327,691
Bills and acceptances payable	9,589	-	-	9,589
Derivative financial liabilities	538,844	-	-	538,844
Other liabilities	197,901	-	8,171	206,072
Deferred tax liabilities	26,531	-	7,983	34,514
<b>Total liabilities</b>	<b>14,252,202</b>	<b>-</b>	<b>16,154</b>	<b>14,268,356</b>
<i>Equity</i>				
Share capital	2,452,605	-	-	2,452,605
Reserves	404,588	-	31,298	435,886
<b>Total equity attributable to owners of the Bank</b>	<b>2,857,193</b>	<b>-</b>	<b>31,298</b>	<b>2,888,491</b>
<b>Total liabilities and equity</b>	<b>17,109,395</b>	<b>-</b>	<b>47,452</b>	<b>17,156,847</b>

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**5. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2018 was not subject to any qualification.

**6. Seasonal or Cyclical Factors**

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

**7. Unusual Items Due to Their Nature, Size or Incidence**

The Bank has adopted MFRS 9 with effect from 1 April 2018. The first day impact resulting from the adoption of MFRS 9 is the write back of allowance for expected credit losses amounting to RM39.1 million, causing an increase in reserve. Apart from that, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank in the third quarter and nine months ended 31 December 2018.

**8. 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 third quarter and nine months ended 31 December 2018.

**9. Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the third quarter and nine months ended 31 December 2018.

**10. Dividend**

No dividend was paid during the third quarter and nine months ended 31 December 2018.

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**11. Review of Performance**

Quarter on Quarter Financial Performance as at 31 December 2018

For the current quarter under review, the Bank registered a 14% increase in Profit Before Taxation of RM73.4 million as compared to RM64.6 million recorded in the Third Quarter FY2017 and a 28% increase in Profit After Taxation of RM59.5 million compared to RM46.3 million achieved in the same Quarter in FY2017.

The improved performance was mainly attributed to improved Net Interest Income of RM63.6 million achieved in the quarter under review as compared with the RM49.0 million recorded in the same Quarter for FY 2017. This is despite the lower Other Operating Income of RM28.1 million achieved in the Quarter as compared with RM33.7 million recorded in the same Quarter FY 2017.

Notwithstanding, the Allowance for Expected Credit Loss (ECL) under the MFRS 9, which took effect on 1 April 2018 recorded a 63% increase amounting to RM12.7 million for the Quarter under review as compared with RM7.8 million recorded in the same Quarter FY 2017 under the previous MFRS 139 accounting treatment.

Financial Performance for Nine Months ended 31 December 2018

The Bank recorded a significant improvement in financial performance for the Nine Months ended 31 December 2018 with Profit Before Taxation amounting to RM185.9 million. This was a 12.3% increase from RM165.5 million as recorded in the similar Nine Months ended FY 2017. Profit After Taxation recorded an achievement of RM144.3 million as compared to RM123.4 million in the same Nine Months ended FY 2017 – an increase of 17.0%. The positive result was mainly attributed to the increase in Net Interest Income amounting to RM184.8 million as compared to RM147.4 million recorded in the same Nine Months ended FY 2017..

Total Assets registered an increase of 14.4% amounting to RM19,570 million as at 31 December 2018. This was mainly attributed by the 11.7% increase in Loans, Advances and Financing amounting to RM12,837 million. Correspondingly, Total Liabilities registered an increase by 16.0% amounting to RM16,536 million, which is in line with the increase in Total Assets and funded by the increase in Deposits From Customers from RM11,152 million at the beginning of the financial year to RM13,281 million at the end of the Nine Months period in review.



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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**12. Current Year Prospects**

The Malaysian economy continued to record resilient economic performance registering a gross domestic product (“GDP”) growth of 4.4% in the third quarter ended 30 September 2018 as compared to 4.5% in second quarter ended 30 June 2018. This is on the back of Bank Negara Malaysia forecast for a full year GDP growth rate of 4.8% for 2018.

Private sector activities continued to be the primary driver of economic growth. Private consumption expanded strongly consistent with strong employment rate and wage growths as well as positive consumer sentiments. In addition, growth was also supported by higher private investment, which expanded by 6.9% from both Foreign Direct Investment (“FDI”) and domestic direct investment in diverse sectors of the economy.

Despite the resilient economic performance, Malaysia remains subject to heightening uncertainties from external factors such as rising protectionism, trade tensions in major economies, geopolitical development and commodity price volatility as well as re-ignition of financial market volatility and rising debts levels in the global market.

The Bank remains cautiously optimistic in doing business and is steadfast in achieving our business targets for the financial year ending 31 March 2019. Our strategies in place remain focused to increase our presence to enhance processes with improved productivity and to continue to build up a portfolio of assets with good profitability.

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**13. Cash and Short-Term Funds**

	<b>31 December 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
Cash and balances with banks and other financial institution	82,062	80,061
Money at call and deposit placements maturing within one month	4,341,809	3,536,783
	4,423,871	3,616,844
Less: Allowance for ECL	(331)	-
	4,423,540	3,616,844

**Movement in ECL for Cash and Short-Term Funds**

As at 31 March 2018	-	-
Effect of adopting MFRS 9 Financial Statements 1 April 2018, as restated	423	-
	423	-
Charges to income statement		
Increase/(Decrease) in ECL	(92)	-
At end of financial period	331	-

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**14. Deposits and Placement with Banks and Other Financial Institutions**

	<b>31 December 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
Money at call and deposit placements maturing more than one month	986,138	639,783
Less: Allowance for ECL	(205)	-
	985,933	639,783

**Movement in ECL on Deposits and Placement  
with Banks and Other Financial Institutions**

As at 31 March 2018	-	-
Effect of adopting MFRS 9 Financial Statements 1 April 2018, as restated	263	-
Charges to income statement Increase/(Decrease) in ECL	(58)	-
At end of financial period	205	-

**15. Debt Instruments at FVOCI**

	<b>31 December 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
<b>At fair value</b>		
Negotiable instruments of deposits	602,177	-
Malaysian Government treasury bills	179,808	-
Malaysian Government sukuk	-	-
	781,985	-

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**16. Investments Securities Available-for-Sale**

	<b>31 December 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
<b>At fair value</b>		
Negotiable instruments of deposits	-	401,292
Malaysian Government treasury bills	-	129,473
Malaysian Government sukuk	-	20,005
	<u>-</u>	<u>550,770</u>

**17. Loans, Advances and Financing**

	<b>31 December 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
<b>(a) By type:</b>		
At amortised cost:		
Overdraft	99,432	24,262
Term loans		
- Syndicated loans	1,198,583	897,646
- Syndicated Islamic financing	207,502	116,173
- Bridging loans	-	-
- Factoring receivables	72,161	71,211
- Other term loans	5,591,124	4,933,908
- Other Islamic term financing	1,251,238	1,431,642
Trade bills discounted	62,247	164,506
Revolving credits	3,658,144	3,248,427
Islamic revolving credit	707,839	672,562
Gross loans, advances and financing	<u>12,848,270</u>	<u>11,560,337</u>
Less: Allowance for ECL	(11,010)	-
Less: Collective impairment provision	-	(63,584)
Net loans, advances and financing	<u>12,837,260</u>	<u>11,496,753</u>
<b>(b) By geographical distribution:</b>		
Malaysia	10,948,918	9,885,884
Other countries	1,899,352	1,674,453
Gross loans, advances and financing	<u>12,848,270</u>	<u>11,560,337</u>

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**17. Loans, Advances and Financing (Continued)**

	<b>31 December 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
<b>(c) By type of customer:</b>		
Domestic non-bank financial institutions	3,719,597	3,365,088
Domestic business enterprises	9,095,279	8,159,917
Foreign entities	33,394	35,332
Gross loans, advances and financing	<u>12,848,270</u>	<u>11,560,337</u>
<b>(d) By interest rate sensitivity:</b>		
Fixed rate		
- Other fixed rate loans	1,455,510	933,224
Variable rate		
- Cost-plus	3,760,004	3,455,220
- Other variable rates	7,632,756	7,171,893
Gross loans, advances and financing	<u>12,848,270</u>	<u>11,560,337</u>
<b>(e) By sector:</b>		
Primary agriculture	50,039	-
Mining and quarrying	41,395	38,629
Manufacturing	3,313,816	3,205,237
Electricity, gas and water	1,037,622	969,335
Construction	72,495	41,942
Wholesale and retail trade, and restaurants and hotels	977,984	1,010,962
Transport, storage and communication	520,670	536,331
Finance, insurance, and business services	5,492,985	4,838,430
Real estate	956,274	911,469
Education, health and others	384,990	8,002
Gross loans, advances and financing	<u>12,848,270</u>	<u>11,560,337</u>

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**17. Loans, Advances and Financing (Continued)**

	<b>31 December 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
<b>(f) By economic purposes:</b>		
Purchase of securities	34,792	34,726
Purchase of non-residential property - Commercial complexes	204,763	202,015
Purchase of fixed assets other than land and building	409,127	212,913
Construction	652,285	688,435
Working Capital	7,020,183	6,277,521
Other purpose	4,527,120	4,144,727
Gross loans, advances and financing	<u>12,848,270</u>	<u>11,560,337</u>
<b>(g) By residual contractual maturity:</b>		
Maturing within one year	4,803,827	4,722,617
One year to three years	3,904,850	2,927,555
Three years to five years	3,331,567	3,263,428
More than five years	808,026	646,737
Gross loans, advances and financing	<u>12,848,270</u>	<u>11,560,337</u>

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**17. Loans, Advances and Financing (Continued)**

	<b>31 December 2018</b>			<b>Total</b>
	<b>12 months</b>	<b>Lifetime</b>	<b>Lifetime</b>	
	<b>ECL</b>	<b>ECL (not</b>	<b>ECL</b>	
	<b>(Stage 1)</b>	<b>credit</b>	<b>(credit</b>	
		<b>impaired)</b>	<b>impaired)</b>	
		<b>(Stage 2)</b>	<b>(Stage 3)</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(h) Change in gross Loans, Advances and Financing carrying amount</b>				
As at 31 March 2018	-	-	-	-
Effect of adopting MFRS 9 Financial Instruments	11,024,419	535,918	-	11,560,337
As at 1 April 2018, restated	11,024,419	535,918	-	11,560,337
Transfer to 12-month ECL (Stage 1)	260,726	(260,726)	-	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	(10,159)	10,159	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)			-	-
Loans, advances and financing derecognized during the period	(2,963,213)	(63,066)	-	(3,026,279)
New loans, advances and financing originated or purchased	3,871,393	3,512	-	3,874,905
Other adjustments	414,814	24,493	-	439,307
Gross carrying amount at the end of period	12,597,980	250,290	-	12,848,270

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**17. Loans, Advances and Financing (Continued)**

	<b>31 December 2018</b>			<b>Total</b>
	<b>12 months ECL (Stage 1)</b>	<b>Lifetime ECL (not credit impaired) (Stage 2)</b>	<b>Lifetime ECL (credit impaired) (Stage 3)</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(i) Movements in ECL on loans, advances and financing measured at amortised cost</b>				
As at 31 March 2018	-	-	-	-
Effect of adopting MFRS 9 Financial Instruments	54,494	9,090	-	63,584
As at 1 April 2018, restated	54,494	9,090	-	63,584
Transfer to 12-month ECL (Stage 1)	2,578	(2,578)	-	-
Transfer to Lifetime ECL not credit impaired (Stage 2)	-	-	-	-
Transfer to Lifetime ECL credit impaired (Stage 3)	-	-	-	-
Loans, advances and financing derecognized during the period	(1,195)	(568)	-	(1,763)
New loans, advances and financing originated or purchased	2,615	34	-	2,649
Changes due to change in credit risk	(3,059)	(1,948)	-	(5,007)
Changes in models/risk parameters	(47,986)	(467)	-	(48,453)
<b>Total Provision at the end of period</b>	<b>7,447</b>	<b>3,563</b>	<b>-</b>	<b>11,010</b>



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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**17. Loans, Advances and Financing (Continued)**

	<b>31 March 2018 RM'000</b>
<b>(j) Movements in collective allowance for impairment on loans, advances and financing:</b>	
At beginning of the financial period	76,417
Allowance made during the financial period	(12,833)
At end of financial period	63,584
 As % of gross loans, advances and financing (inclusive of regulatory reserve)	 1.21%

**18. Other Assets**

	<b>31 December 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
Interest receivables	15,064	7,554
Amount due from related corporations/companies	3,571	124
Cash collateral placements	1,655	182,354
Other receivables	1,256	3,411
Deposits	2,103	2,000
Prepayments	350	316
	23,999	195,759
Less: Allowance for ECL	-	-
	23,999	195,759
<b><u>Movement in ECL for Other Assets</u></b>		
As at 31 March 2018	-	-
Effect of adopting MFRS 9 Financial Statements 1 April 2018, as restated	33	-
	33	-
Charges to income statement Increase/(Decrease) in ECL	(33)	-
At end of financial period	-	-

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
 FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**19. Deposits from Customers**

	<b>31 December 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
<b>(a) By type of deposits:</b>		
Demand deposits	2,368,874	2,019,719
Fixed deposits	6,840,721	5,843,075
Short-term deposits	4,071,285	3,288,852
	<u>13,280,880</u>	<u>11,151,646</u>
<b>(b) By type of customers:</b>		
Domestic non-bank financial institutions	408,911	481,458
Domestic business enterprises	7,448,583	5,893,506
Branch of immediate holding company	5,159,565	4,679,660
Foreign non-bank entities	262,515	96,192
Domestic other entities	1,306	830
	<u>13,280,880</u>	<u>11,151,646</u>
<b>(c) Maturity structure of fixed deposits:</b>		
Due within six months	1,871,176	1,105,912
Six months to one year	150,423	495,205
One year to three years	2,036,017	1,355,372
Three years to five years	2,066,592	2,329,397
Five years to ten years	327,611	305,749
Ten years and above	388,902	251,440
	<u>6,840,721</u>	<u>5,843,075</u>

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**20. Deposits and Placements of Banks and Other Financial Institutions**

	<b>31 December 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
Licensed Malaysian Bank	-	69,075
Foreign banks		
- Immediate holding company	2,440,623	2,258,616
	<u>2,440,623</u>	<u>2,327,691</u>

**21. Other Liabilities**

	<b>31 December 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
Interest payable	28,194	14,851
Amount due to related corporations/companies	29,657	13,039
Cash collateral placement by interbank counterparty	280,823	122,129
Other payables	29,791	34,249
Accruals	9,452	13,633
Allowance for ECL on commitments and contingencies	4,324	-
	<u>382,241</u>	<u>197,901</u>

**Movement in allowance for ECL on commitments and contingencies**

As at 31 March 2018	-	-
Effect of adopting MFRS 9 Financial Statements 1 April 2018, as restated	8,171	-
Charges to income statement		
Increase/(Decrease) in ECL	(3,847)	-
At end of financial period	<u>4,324</u>	<u>-</u>

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**22. Interest Income**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
Loans, advances and financing				
- Interest income	98,044	61,306	275,073	190,040
- Financing income	20,002	9,829	59,832	30,154
Money at call and deposit placements with banks and other financial institutions	47,677	21,011	132,317	74,086
Debt instrument at FVOCI	5,856	-	18,487	-
Investment securities available-for-sale	-	6,047	-	17,985
Others	-	158	8	444
	<u>171,579</u>	<u>98,351</u>	<u>485,717</u>	<u>312,709</u>

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**23. Interest Expense**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
Deposits and placement of bank and other financial institutions	16,166	8,168	46,913	35,184
Deposits from customers	91,771	41,041	253,801	129,525
Debt instrument at FVOCI	62	-	198	-
Investment securities available-for-sale	-	143	-	461
Others	2	13	4	109
	<u>108,001</u>	<u>49,365</u>	<u>300,916</u>	<u>165,279</u>

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**24. Other Operating Income**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
Fee and commission income				
- Service charges/fees	12	18	32	35
- Guarantee fees	463	242	1,360	1,866
- Loan related fees	3,705	9,157	10,499	22,243
- Commitment fees	874	277	2,562	887
	<u>5,054</u>	<u>9,694</u>	<u>14,453</u>	<u>25,031</u>
Gain from derivative financial instruments	<u>1,415</u>	<u>1,802</u>	<u>5,325</u>	<u>7,689</u>
Unrealised net loss on revaluation of derivatives	<u>(3,303)</u>	<u>(2,960)</u>	<u>(5,706)</u>	<u>(5,948)</u>
Foreign exchange net gain	<u>20,948</u>	<u>20,781</u>	<u>55,318</u>	<u>54,067</u>
Other income				
- Management fees	1,295	2,903	5,700	6,358
- Rental of fixed assets	704	572	1,618	1,621
- Miscellaneous income	1,950	949	4,325	3,018
	<u>3,949</u>	<u>4,424</u>	<u>11,643</u>	<u>10,997</u>
	<u><u>28,063</u></u>	<u><u>33,741</u></u>	<u><u>81,033</u></u>	<u><u>91,836</u></u>

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**25. Other Operating Expenses**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
<b>Personnel costs</b>				
Salaries, allowance and bonuses	8,877	7,860	24,507	20,711
Employees' provident fund	1,156	919	3,023	2,476
Staff training expenses	123	91	384	246
Other personnel expenses	791	838	2,564	3,348
	<u>10,947</u>	<u>9,708</u>	<u>30,478</u>	<u>26,781</u>
<b>Establishment costs</b>				
Rental of premises	117	447	1,263	1,342
Depreciation	1,157	1,104	2,812	3,162
Repair and maintenance	267	135	556	519
Other establishment expenses	4,232	3,986	12,152	9,721
	<u>5,773</u>	<u>5,672</u>	<u>16,783</u>	<u>14,744</u>
<b>Marketing expenses</b>				
Advertisement and publicity	115	133	240	240
Other marketing expenses	46	40	101	91
	<u>161</u>	<u>173</u>	<u>341</u>	<u>331</u>

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**25. Other Operating Expenses (Continued)**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
<b>Administration and general expenses</b>				
Guarantee fees	6,830	4,201	20,105	22,808
Auditors' remuneration				
- Statutory audit	107	62	230	185
- Other services	37	38	113	113
Professional fees	(137)	90	54	436
Communication expenses	211	117	418	310
Management fees	5,121	3,800	13,452	11,037
License fees and stamp duties	38	(112)	113	113
Non-executive directors' fees and allowances	350	144	647	454
Other administration and general expenses	1,479	1,972	5,708	7,921
	<u>14,036</u>	<u>10,312</u>	<u>40,840</u>	<u>43,377</u>
	<u>30,917</u>	<u>25,865</u>	<u>88,442</u>	<u>85,233</u>



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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**26. Allowance for Expected Credit Losses**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
Loans, advances and financing	(341)	-	(4,403)	-
Credit commitments and contingencies	(12,280)	-	(3,847)	-
Other assets	(35)	-	(212)	-
	<u>(12,656)</u>	<u>-</u>	<u>(8,462)</u>	<u>-</u>

**27. Allowance for Impairment on Loans, Advances and Financing**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>	<b>31 December 2018 RM'000</b>	<b>31 December 2017 RM'000</b>
Collective impairment allowance made	-	(7,762)	-	(11,460)

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
 FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**28. Credit Exposures to Connected Parties**

The credit exposures of the Bank to connected parties, as defined by Bank Negara Malaysia's Guidelines on Credit Transactions and Exposures with Connected Parties' are as follows:-

	<b>31 December 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
Aggregate value of outstanding credit exposures to connected parties (RM'000)	1,269,333	882,538
As a percentage of total credit exposures	5.22%	4.07%

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

**29. 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.

**30. Subsequent Events**

There were no significant events subsequent to the statement of financial position date which have not been disclosed in these unaudited condensed interim financial statements.

**31. Changes in the Composition of the Bank**

There were no changes in the composition of the Bank during the third quarter and nine months ended 31 December 2018.

**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

(Company No. 926374-U)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**32. 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	Trading book	Total
	Up to 1 month	>1-3 months	>3-12 months	1-5 years	Over 5 years				
31 December 2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b><u>Assets</u></b>									
Cash and short-term funds	4,341,809	-	-	-	-	81,731	-	4,423,540	
Deposits and placements with banks and other financial institutions	-	462,745	523,393	-	-	(205)	^	985,933	
Debt instruments at FVOCI	100,575	350,971	280,336	50,103	-	-	-	781,985	
Loans, advances and financing	2,353,801	1,590,302	859,720	7,236,421	808,026	(11,010)	^	12,837,260	
Derivative financial assets	-	-	28,994	7,699	-	-	402,626	439,319	
Other assets	8,293	2,082	4,704	-	-	7,914	-	22,993	
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	51,350	-	51,350	
<b>Total assets</b>	<b>6,804,478</b>	<b>2,406,100</b>	<b>1,697,147</b>	<b>7,294,223</b>	<b>808,026</b>	<b>129,780</b>	<b>402,626</b>	<b>19,542,380</b>	

^ The negative balance represents allowance for ECL.

**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

(Company No. 926374-U)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**32. 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		
<b>31 December 2018</b>								
<b><u>Liabilities</u></b>								
Deposits from customers	3,374,159	1,123,177	1,595,548	4,102,615	716,514	2,368,867	-	13,280,880
Deposits and placements of banks and other financial institutions	1,007,433	1,170,073	165,491	93,812	-	3,814	-	2,440,623
Bills and acceptances payable	-	-	2,111	-	-	-	-	2,111
Derivative financial liabilities	-	7	619	914	28,399	-	354,062	384,001
Other liabilities	13,476	7,694	40,019	7,255	658	300,936	-	370,038
Total liabilities	<u>4,395,068</u>	<u>2,300,951</u>	<u>1,803,788</u>	<u>4,204,596</u>	<u>745,571</u>	<u>2,673,617</u>	<u>354,062</u>	<u>16,477,653</u>
On balance sheet interest rate gap	2,409,410	105,149	(106,641)	3,089,627	62,455	(2,543,837)	48,564	3,064,727
Off balance sheet interest rate gap		1,221,091	(55,700)	(1,165,391)	-	-	-	-
Total interest rate gap	<u>2,409,410</u>	<u>1,326,240</u>	<u>(162,341)</u>	<u>1,924,236</u>	<u>62,455</u>	<u>(2,543,837)</u>	<u>-</u>	<u>3,064,727</u>

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**32. 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		
<b>31 March 2018</b>								
<b><u>Assets</u></b>								
Cash and short-term funds	3,536,783	-	-	-	-	80,061	-	3,616,844
Deposits and placements with banks and other financial institutions	-	639,783	-	-	-	-	-	639,783
Investment securities available- for-sale	-	431,195	39,471	40,011	40,093	-	-	550,770
Loans, advances and financing	2,305,064	1,294,635	1,122,918	6,190,983	646,737	(63,584) ^	-	11,496,753
Other assets	3,424	2,605	1,535	-	-	3,965	-	11,529
Derivative financial assets	2,588	13	6	22,948	310	-	528,358	554,223
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	40,700	-	40,700
<b>Total assets</b>	<b>5,847,859</b>	<b>2,368,231</b>	<b>1,163,930</b>	<b>6,253,942</b>	<b>687,137</b>	<b>61,142</b>	<b>528,358</b>	<b>16,910,602</b>

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

**SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD**

(Company No. 926374-U)

(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**32. 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		
<b>31 March 2018</b>								
<b><u>Liabilities</u></b>								
Deposits from customers	2,153,958	1,261,183	1,474,827	3,684,763	557,188	2,019,727	-	11,151,646
Deposits and placements of banks and other financial institutions	984,774	1,100,936	145,180	93,899	-	2,902	-	2,327,691
Bills and acceptances payable	-	-	9,589	-	-	-	-	9,589
Other liabilities	6,980	6,281	4,138	5,053	236	172,569	-	195,257
Derivative financial liabilities	-	-	8,167	4,109	49,259	-	477,309	538,844
<b>Total liabilities</b>	<b>3,145,712</b>	<b>2,368,400</b>	<b>1,641,901</b>	<b>3,787,824</b>	<b>606,683</b>	<b>2,195,198</b>	<b>477,309</b>	<b>14,223,027</b>
On balance sheet interest rate gap	2,702,147	(169)	(477,969)	2,466,119	80,453	(2,134,056)	51,050	2,687,575
Off balance sheet interest rate gap	-	858,399	(22,605)	(755,794)	(80,000)	-	-	-
<b>Total interest rate gap</b>	<b>2,702,147</b>	<b>858,230</b>	<b>(500,574)</b>	<b>1,710,325</b>	<b>453</b>	<b>(2,134,056)</b>	<b>51,051</b>	<b>2,687,575</b>

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
 FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**32. Use of Financial Instruments (Continued)**

Interest rate risk (continued)

	<b>31 December 2018</b>		<b>31 March 2018</b>	
	<b>MYR</b>	<b>USD</b>	<b>MYR</b>	<b>USD</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Financial assets</b>				
Cash and short-term funds	3.29	2.65	3.26	1.91
Deposits and placements with banks and other financial institutions	3.68	3.06	3.40	2.18
Loans, advances and financing	4.56	3.55	4.47	2.94
<b>Financial liabilities</b>				
Deposits from customers	3.67	2.69	3.70	2.04
Deposits and placements of banks and other financial institutions	-	2.59	-	2.03

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**33. 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:

	<b>31 December 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
<b><u>Tier-1 capital</u></b>		
Paid-up ordinary share capital	2,452,605	2,452,605
Retained earnings	429,930	328,632
Statutory reserve	-	-
Available-for-sale reserve	894	366
	<u>2,883,429</u>	<u>2,781,603</u>
Less: Deferred tax assets	-	-
Common Equity Tier 1 (CET 1) and Tier-1 Capital	<u>2,883,429</u>	<u>2,781,603</u>
<b><u>Tier-2 capital</u></b>		
Collective allowance for impairment	15,987	63,584
Regulatory reserves	149,292	75,142
Tier-2 Capital	<u>165,279</u>	<u>138,726</u>
Total capital base	<u>3,048,708</u>	<u>2,920,329</u>
<b><u>Capital ratios</u></b>		
CET 1 and Tier 1 Capital Ratio	21.480%	22.498%
Total Capital Ratio	22.711%	23.620%



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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**33. Capital Adequacy (Continued)**

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

	<b>31 December 2018 RM'000</b>	<b>31 March 2018 RM'000</b>
Credit risk	12,693,929	11,634,674
Market risk	226,423	296,185
Operational risk	503,627	432,769
Total risk-weighted assets	<u>13,423,979</u>	<u>12,363,628</u>

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018**

**34. 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:

	← 31 December 2018 →			← 31 March 2018 →		
	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	758,570	378,716	368,799	489,289	244,644	238,904
Short-term self-liquidating trade-related contingencies	138,774	27,645	27,645	281,079	56,216	56,216
Foreign exchange related contracts:						
One year or less	11,434,076	332,403	159,947	12,316,700	445,427	259,135
Over one year to five years	7,805,925	832,409	515,109	6,377,068	881,539	543,615
Over five years	899,195	250,193	108,084	887,498	229,436	97,843
Interest/ profit rate related contracts						
One year or less	57,700	1,349	656	63,605	800	384
Over one year to five years	1,165,391	37,234	21,536	755,794	27,795	17,971
Over five years	-	-	-	80,000	4,309	2,154
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	5,636,022	2,814,368	2,603,139	4,949,487	2,474,744	2,423,583
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	358,607	71,719	71,719	728,307	145,661	127,128
<b>Total</b>	<b>28,254,260</b>	<b>4,746,036</b>	<b>3,876,634</b>	<b>26,928,827</b>	<b>4,510,571</b>	<b>3,766,933</b>

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

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

**MANAGEMENT'S CERTIFICATION**

I hereby certify that the attached unaudited condensed interim financial statements for the financial period ended 31 December 2018 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 2 February 2018.

.....  
Tasuku Tanaka  
Head of Reporting

Date: 25 January 2019