

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED
30 JUNE 2021**

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	30 June 2021 RM'000	31 March 2021 RM'000
Assets			
Cash and short-term funds	14	4,725,624	4,339,905
Deposits and placements with banks and other financial institutions	15	1,287,690	975,724
Debt instruments at fair value through other comprehensive income ("FVOCI")	16	456,233	392,745
Loans, advances and financing	17	15,132,932	14,976,985
Derivative financial assets		389,119	395,700
Other assets	18	201,494	190,963
Plant and equipment		12,140	12,594
Right-of-use assets		13,346	14,704
Tax recoverable		88,494	78,045
Deferred tax assets		11,202	15,062
Total assets		<u>22,318,274</u>	<u>21,392,427</u>
Liabilities			
Deposits from customers	19	17,025,926	16,301,368
Deposits and placements of banks and other financial institutions	20	1,230,901	1,067,903
Bills and acceptances payable		1,235	775
Derivative financial liabilities		344,010	359,158
Other liabilities	21	127,039	132,832
Lease liabilities		14,014	15,051
Provision for credit commitments and contingencies	22	5,821	7,627
Total liabilities		<u>18,748,946</u>	<u>17,884,714</u>
Equity			
Share capital		2,452,605	2,452,605
Reserves		1,116,723	1,055,108
Total equity attributable to owners of the Bank		<u>3,569,328</u>	<u>3,507,713</u>
Total liabilities and equity		<u>22,318,274</u>	<u>21,392,427</u>
Commitments and contingencies	33	<u>29,548,648</u>	<u>28,973,196</u>

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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 2021**

	Note	1st Quarter Ended		Three Months Ended	
		30 June 2021 RM'000	30 June 2020 RM'000 Restated	30 June 2021 RM'000	30 June 2020 RM'000 Restated
Interest income	23	80,446	110,926	80,446	110,926
Interest expense	24	(29,013)	(55,804)	(29,013)	(55,804)
Net interest income		<u>51,433</u>	<u>55,122</u>	<u>51,433</u>	<u>55,122</u>
Other operating income	25	39,286	32,202	39,286	32,202
Net operating income		90,719	87,324	90,719	87,324
Other operating expenses	26	(28,086)	(25,840)	(28,086)	(25,840)
Operating profit		62,633	61,484	62,633	61,484
Writeback/(Allowance) of impairment on loans, advances and financing	27	13,712	(33,216)	13,712	(33,216)
Writeback/(Allowance) of impairment on other financial assets	28	3,100	(1,349)	3,100	(1,349)
Profit before taxation		<u>79,445</u>	<u>26,919</u>	<u>79,445</u>	<u>26,919</u>
Tax expense		(17,959)	(4,485)	(17,959)	(4,485)
Profit after taxation		<u>61,486</u>	<u>22,434</u>	<u>61,486</u>	<u>22,434</u>
Other comprehensive income for the financial period, net of income tax Items that may be reclassified subsequently to profit or loss					
Movement in fair value reserve (FVOCI debt instruments):					
- Debt instruments measured at FVOCI - net change in fair value		365	217	365	217
- Debt instruments measured at FVOCI - (decrease)/increase in allowance for impairment		(236)	816	(236)	816
Total comprehensive income for the financial period		<u>61,615</u>	<u>23,467</u>	<u>61,615</u>	<u>23,467</u>
Basic earnings per ordinary share (sen)		<u>2.51</u>	<u>0.91</u>	<u>2.51</u>	<u>0.91</u>

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	<i>Non-distributable reserves</i>			<i>Distributable</i>	Total RM'000
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
At 1 April 2021	2,452,605	93,220	1,944	959,944	3,507,713
Profit for the period	-	-	-	61,486	61,486
Fair value change and increase in allowance for impairment of debt instruments measured at FVOCI	-	-	129	-	129
Total comprehensive income for the period	-	-	129	61,486	61,615
Transfer to regulatory reserve	-	21,036	-	(21,036)	-
At 30 June 2021	2,452,605	114,256	2,073	1,000,394	3,569,328
At 1 April 2020	2,452,605	80,480	4,353	732,626	3,270,064
Profit for the period	-	-	-	22,434	22,434
Fair value and allowance for impairment change of debt instruments measured at FVOCI	-	-	1,033	-	1,033
Total comprehensive income for the period	-	-	1,033	22,434	23,467
Transfer from regulatory reserve	-	(38,675)	-	38,675	-
At 30 June 2020	2,452,605	41,805	5,386	793,735	3,293,531

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	1st Quarter Ended / Three Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000 Restated
Cash flows from operating activities		
Profit from ordinary activities before taxation	79,445	26,919
Adjustments for non-cash items	(17,817)	28,666
Operating profit before working capital changes	61,628	55,585
Changes in working capital:		
Net changes in operating assets	(468,983)	927,154
Net changes in operating liabilities	883,364	(777,945)
Net cash generated from operating activities	476,009	204,794
Tax paid	(24,662)	(11,263)
Net cash generated from operating activities	451,347	193,531
Net cash used in investing activities	(65,440)	29,476
Net cash generated from financing activities	(1,161)	(1,506)
Net increase in cash and cash equivalents during the financial period	384,746	221,501
Cash and cash equivalents at beginning of the financial period	4,344,248	4,246,465
Cash and cash equivalents at end of the financial period	4,728,994	4,467,966
Cash and cash equivalents comprise:		
Cash and balances with banks and other financial institutions	139,890	73,306
Money at call and deposit placements maturing within one month	4,589,104	4,394,660
	4,728,994	4,467,966

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

1. Basis of preparation

The unaudited condensed interim financial statements for the first quarter and financial period ended 30 June 2021 have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”).

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

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 March 2021. 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 2021.

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

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 March 2021, except for the adoption of the following new MFRSs, amendments to MFRSs and Issues Committee (“IC”) Interpretations which are effective for annual periods beginning on or after 1 January 2021:

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

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

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

Effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16, *Leases – Covid-19 - Related Rent Concessions beyond 30 June 2021*

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

1. Basis of preparation (continued)

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

Effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Lease (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

Effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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

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

The Bank plans to apply the abovementioned accounting standards, interpretations and amendments, where applicable, except for MFRS 17 which is not applicable to the Bank.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2021 was not qualified.

3. Seasonal or Cyclical Factors

The business operations of the Bank were not materially affected by any seasonal or cyclical factors in the first quarter and financial period ended 30 June 2021.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

Other than the impact of COVID-19 outbreak that affects the provision of impairment, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank in the first quarter and financial period ended 30 June 2021.

5. Changes in Estimates

There were no material changes in estimates of amounts reported that have a material effect on the unaudited condensed interim financial statements in the first quarter and financial period ended 30 June 2021.

6. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the first quarter and financial period ended 30 June 2021.

7. Dividend

No dividend was paid during the first quarter and financial period ended 30 June 2021.

8. Segmental Reporting on Revenue, Profit and Assets

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

9. Subsequent Events

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

10. Changes in the Composition of the Bank

There were no changes in the composition of the Bank during the first quarter and financial period ended 30 June 2021.

11. Changes in comparatives

Certain comparatives in the financial statements have been restated to align with the current financial period presentation in accordance with the latest accounting standards and disclosure requirements.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

11. Changes in comparatives (continued)

Reclassifications:

In the current financial period, guarantee fees payable to Sumitomo Mitsui Banking Corporation Labuan Branch, a related company, (as a consideration for participation of risk through the deposits placed with the Bank as cash collateral) are included in interest income. For comparability purposes, the guarantee fees which were included in other operating expenses in the previous financial period ended 30 June 2020 are included in interest income accordingly.

Statement of profit or loss and other comprehensive income for the financial period ended 30 June 2020	As restated RM'000	Differences RM'000	As previously reported RM'000
Interest income	110,926	(9,903)	120,829
Other operating expenses	(25,840)	9,903	(35,743)

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

12. Review of Performance

For the first quarter ended 30 June 2021, the Bank registered a 195.2% increase of profit before taxation to RM79.4 million (Q1 June 2020: RM26.9 million). Consequentially, profit after taxation increased by 174.6% to RM61.5 million in the first quarter ended 30 June 2021 (Q1 June 2020: RM22.4 million).

The increase was mainly attributed to the writeback of impairment on loans, advances and financing amounting to RM13.7 million (Q1 June 2020: allowance of impairment of RM33.2 million) and increase in other operating income of 22.0% amounting to RM39.3 million (Q1 June 2020: RM32.2 million) mainly due to higher net gain of foreign exchange.

Total assets recorded a 4.3% increase amounting to RM22,318 million as at 30 June 2021 (31 March 2021: RM21,392 million). This was mainly attributed to the 8.9% increase in cash and short-term funds amounting to RM4,726 million (31 March 2021: RM4,340 million), 32.0% increase in deposits and placements with banks and other financial institutions amounting to RM1,288 million (31 March 2021: RM976 million) and 1.0% increase in net loans, advances and financing amounting to RM15,133 million (31 March 2021: RM14,977 million).

The total liabilities recorded an increase of 4.8% to RM18,749 million as at 30 June 2021 (31 March 2021: RM17,885 million). This was largely due to the higher deposits from customers of 4.4% amounting to RM17,026 million (31 March 2021: RM16,301 million) and higher deposits and placements of banks and other financial institutions of 15.3% amounting to RM1,231 million (31 March 2021: RM1,068 million).

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

13. Current Year Prospects

Malaysia's Gross Domestic Product ("GDP") in the first quarter of 2021 recorded minus 0.5 per cent compared to minus 3.4 per cent in the fourth quarter of 2020 supported by domestic demand and export-driven sectors. The Malaysian economy is expected to gradually recover in line with expectations for positive global economic and trade activities. Following the Ministry of Finance of Malaysia's decision to revise downward its GDP growth forecasts to about 4.0 per cent for 2021, lower than the 6.0 per cent to 7.5 per cent target forecasted by Bank Negara Malaysia ("BNM") earlier and the World Bank's downward revision of GDP growth for the second time to 4.5 per cent in 2021 from 6 per cent estimated in March 2021 and 6.7 per cent in December 2020, the growth trajectory is expected to be challenging amid tighter domestic containment measures as part of wider efforts to quell the spread of COVID-19 infections. The negative impact on growth is moderated with some economic sectors allowed to open subject to strict operating procedure as well as supported by rapid rollout of the national vaccination program.

The Bank will continue to support its customers in doing business through these challenging times. Since April 2020, in support of the Government's call to sustain the economy and BNM's initiatives, the Bank had put in place the loan repayment moratorium to relieve customers' repayment difficulty. However, the Bank is not significantly affected as customers continued to repay their loans on scheduled. The Bank has also put in place the loan repayment assistance program to support customers who faced financial difficulties amid this unprecedented crisis.

The Bank is mindful of the ongoing downside risks that could pose further disruptions to the banking business. Thus, strategic business direction to increase presence with raised profiles and positions, process improvement initiatives to increase productivity will remain on the Bank's business agenda so that the Bank can continue to be resilient and to build up a profitable portfolio.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

14. Cash and short-term funds

	30 June 2021 RM'000	31 March 2021 RM'000
Cash and balances with banks and other financial institutions	139,890	91,167
Money at call and deposit placements maturing within one month	4,589,104	4,253,081
	<u>4,728,994</u>	<u>4,344,248</u>
Less: Allowance for expected credit losses ("ECL")	(3,370)	(4,343)
	<u><u>4,725,624</u></u>	<u><u>4,339,905</u></u>

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

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2021	1,978	2,365	-	4,343
Charge to profit or loss				
- Decrease in ECL	(190)	(783)	-	(973)
At 30 June 2021	<u>1,788</u>	<u>1,582</u>	<u>-</u>	<u>3,370</u>
At 1 April 2020	7,069	-	-	7,069
Charge to profit or loss				
- (Decrease)/Increase in ECL	(5,091)	2,365	-	(2,726)
At 31 March 2021	<u>1,978</u>	<u>2,365</u>	<u>-</u>	<u>4,343</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

15. Deposits and placements with banks and other financial institutions

	30 June 2021 RM'000	31 March 2021 RM'000
Money at call and deposit placements maturing more than one month	1,288,621	978,366
Less: Allowance for ECL	(931)	(2,642)
	<u>1,287,690</u>	<u>975,724</u>

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

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2021	1,212	1,430	-	2,642
Charge to profit or loss				
- Decrease in ECL	(890)	(821)	-	(1,711)
At 30 June 2021	<u>322</u>	<u>609</u>	<u>-</u>	<u>931</u>
At 1 April 2020	514	-	-	514
Charge to profit or loss				
- Increase in ECL	698	1,430	-	2,128
At 31 March 2021	<u>1,212</u>	<u>1,430</u>	<u>-</u>	<u>2,642</u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

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

	30 June 2021 RM'000	31 March 2021 RM'000
At fair value		
Negotiable instruments of deposits	251,082	250,734
Malaysian Government Securities	20,151	20,238
Malaysian Government Investment Issues	185,000	121,773
	<u>456,233</u>	<u>392,745</u>

Movement in allowance for ECL on debt instruments measured at FVOCI

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2021	36	831	-	867
- Decrease in ECL	(22)	(214)	-	(236)
At 30 June 2021	<u>14</u>	<u>617</u>	<u>-</u>	<u>631</u>
At 1 April 2020	1,449	-	-	1,449
- (Decrease)/Increase in ECL	(1,413)	831	-	(582)
At 31 March 2021	<u>36</u>	<u>831</u>	<u>-</u>	<u>867</u>

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

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

17. Loans, advances and financing

	30 June 2021 RM'000	31 March 2021 RM'000
(a) By type:		
<u>At amortised cost:</u>		
Overdraft	2,372	2,128
Term loans / financing		
- Syndicated loans / Syndicated Islamic financing	2,831,786	2,533,056
- Factoring receivables	53,772	49,554
- Other term loans / Islamic term financing	7,533,540	7,689,206
Trade bills discounted	35,730	43,175
Revolving credits / Revolving credit-i	4,594,279	4,590,041
Other loans	150,018	150,296
Gross loans, advances and financing	<u>15,201,497</u>	<u>15,057,456</u>
Less: Allowance for ECL		
- 12-month ECL (Stage 1)	(5,419)	(10,453)
- Lifetime ECL not credit impaired (Stage 2)	(52,648)	(59,634)
- Lifetime ECL credit impaired (Stage 3)	(10,498)	(10,384)
Net loans, advances and financing	<u><u>15,132,932</u></u>	<u><u>14,976,985</u></u>
(b) By geographical distribution:		
Malaysia	12,060,508	12,010,889
Other countries:		
- Jordan	1,037,697	1,038,068
- Australia	820,160	727,828
- United States of America	416,395	418,146
- Japan	202,809	202,576
- Germany	-	-
- Hong Kong	54,305	54,199
- Cayman Islands	256,335	256,427
- Netherlands	181,148	178,676
- United Kingdom	172,140	170,647
Gross loans, advances and financing	<u><u>15,201,497</u></u>	<u><u>15,057,456</u></u>
(c) By type of customer:		
Domestic non-bank financial institutions	4,275,491	4,461,467
Domestic business enterprises	10,688,769	10,361,177
Foreign entities	237,237	234,812
Gross loans, advances and financing	<u><u>15,201,497</u></u>	<u><u>15,057,456</u></u>

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

17. Loans, advances and financing (continued)

	30 June 2021 RM'000	31 March 2021 RM'000
(d) By interest rate sensitivity:		
Fixed rate		
- Other fixed rate loans	1,147,656	1,164,613
Variable rate		
- Cost-plus	4,531,806	4,403,751
- Other variable rates	9,522,035	9,489,092
Gross loans, advances and financing	<u>15,201,497</u>	<u>15,057,456</u>
(e) By sector:		
Primary agriculture	124,576	-
Mining and quarrying	166,623	188,839
Manufacturing	2,136,963	2,360,094
Electricity, gas and water	1,769,342	1,749,648
Construction	81,989	71,173
Wholesale and retail trade, and restaurants and hotels	1,260,813	1,152,663
Transport, storage and communication	1,055,604	1,021,691
Finance, insurance and business services	5,355,477	5,547,025
Real estate	2,200,041	1,968,852
Education, health and other services	718,901	668,926
Other sectors	331,168	328,545
Gross loans, advances and financing	<u>15,201,497</u>	<u>15,057,456</u>
(f) By economic purpose:		
Purchase of securities	436,964	437,447
Purchase of non-residential property		
- Purchase of land	142,709	142,714
Purchase of fixed assets other than land and building	397,560	397,949
Construction	1,045,225	899,264
Working capital	6,415,840	6,477,069
Mergers and acquisition	228,648	249,501
Other purpose	6,534,551	6,453,512
Gross loans, advances and financing	<u>15,201,497</u>	<u>15,057,456</u>

SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD

[Company No. 201001042446 (926374-U)]

(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

17. Loans, advances and financing (continued)

	30 June 2021	31 March 2021
	RM'000	RM'000
(g) By residual contractual maturity:		
Maturing within one year	6,664,565	6,640,915
One year to three years	4,498,167	4,063,338
Three years to five years	2,108,858	2,349,882
More than five years	1,929,907	2,003,321
Gross loans, advances and financing	<u>15,201,497</u>	<u>15,057,456</u>

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

	30 June 2021	31 March 2021
	RM'000	RM'000
At 1 April 2021 / 1 April 2020	54,199	-
Currency translation differences	(459)	-
Impaired during the financial year	-	54,199
At 30 June 2021 / 31 March 2021	<u>53,740</u>	<u>54,199</u>
Less: Lifetime ECL credit impaired (Stage 3)	<u>(10,498)</u>	<u>(10,384)</u>
Net impaired loans, advances and financing	<u>43,242</u>	<u>43,815</u>
Gross credit-impaired loans and financing as a percentage of gross loans, advances and financing	<u>0.35%</u>	<u>0.36%</u>

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

Hong Kong	<u>53,740</u>	<u>54,199</u>
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(j) Credit-impaired loans, advances and financing by sector:

Other sectors	<u>53,740</u>	<u>54,199</u>
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(k) Credit-impaired loans, advances and financing by economic purpose:

Other purpose	<u>53,740</u>	<u>54,199</u>
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17. Loans, advances and financing (continued)

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

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2021	9,013,615	5,989,642	54,199	15,057,456
Transfer to 12-month ECL (Stage 1)	56,538	(56,538)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(57,124)	57,124	-	-
Transfer to lifetime ECL credit- impaired (Stage 3)	-	-	-	-
Loans, advances and financing derecognised	(372,995)	(130,898)	(8,303)	(512,196)
New loans, advances and financing originated or purchased	360,984	36,751	-	397,735
Other adjustments	199,193	59,201	108	258,502
At 30 June 2021	<u>9,200,211</u>	<u>5,955,282</u>	<u>46,004</u>	<u>15,201,497</u>
At 1 April 2020	13,178,998	2,214,836	-	15,393,834
Transfer to 12-month ECL (Stage 1)	119,442	(119,442)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(4,577,456)	4,577,456	-	-
Transfer to lifetime ECL credit impaired (Stage 3)	-	(52,780)	52,780	-
Loans, advances and financing derecognised	(4,340,183)	(1,184,545)	-	(5,524,728)
New loans, advances and financing originated or purchased	4,927,916	552,810	-	5,480,726
Other adjustments	(295,101)	1,306	1,419	(292,376)
At 31 March 2021	<u>9,013,615</u>	<u>5,989,642</u>	<u>54,199</u>	<u>15,057,456</u>

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17. Loans, advances and financing (continued)

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

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2021	10,453	59,634	10,384	80,471
Transfer to 12-month ECL (Stage 1)	27,575	(27,575)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(4,696)	4,696	-	-
Transfer to lifetime ECL credit- impaired (Stage 3)	-	-	-	-
Loans, advances and financing derecognised	(206)	(2,219)	-	(2,425)
New loans, advances and financing originated or purchased	292	1,154	-	1,446
Changes due to change in credit risk	(27,999)	16,958	114	(10,927)
At 30 June 2021	<u>5,419</u>	<u>52,648</u>	<u>10,498</u>	<u>68,565</u>
At 1 April 2020	42,425	40,296	-	82,721
Transfer to 12-month ECL (Stage 1)	396	(396)	-	-
Transfer to lifetime ECL not credit- impaired (Stage 2)	(14,282)	14,282	-	-
Transfer to lifetime ECL credit impaired (Stage 3)	-	(9,804)	9,804	-
Loans, advances and financing derecognised	(12,280)	(9,339)	-	(21,619)
New loans, advances and financing originated or purchased	9,177	2,460	-	11,637
Changes due to change in credit risk	(14,983)	22,135	580	7,732
At 31 March 2021	<u>10,453</u>	<u>59,634</u>	<u>10,384</u>	<u>80,471</u>

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18. Other assets

	30 June 2021 RM'000	31 March 2021 RM'000
Interest receivable	9,168	6,188
Amount due from related corporations	2,422	123
Cash collateral placements	183,990	181,320
Other receivables	3,220	979
Deposits	1,943	1,943
Prepayments	971	810
	<u>201,714</u>	<u>191,363</u>
Less: Allowance for ECL	(220)	(400)
	<u><u>201,494</u></u>	<u><u>190,963</u></u>

Movement in allowance for ECL on other assets

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2021	400	-	-	400
Charge to profit or loss				
- Decrease in ECL	(180)	-	-	(180)
At 30 June 2021	<u>220</u>	<u>-</u>	<u>-</u>	<u>220</u>
At 1 April 2020	114	-	-	114
Charge to profit or loss				
- Increase in ECL	286	-	-	286
At 31 March 2021	<u>400</u>	<u>-</u>	<u>-</u>	<u>400</u>

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19. Deposits from customers

	30 June 2021 RM'000	31 March 2021 RM'000
(a) By type of deposits:		
Demand deposits	3,908,113	3,584,651
Fixed deposits	10,286,707	9,214,084
Short-term deposits	2,831,106	3,502,633
	<u>17,025,926</u>	<u>16,301,368</u>

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

Due within six months	5,394,755	5,127,521
Six months to one year	1,375,434	1,821,425
One year to three years	3,190,741	2,428,029
Three years to five years	1,824,571	1,933,213
Five years to ten years	596,295	697,952
Ten years and above	736,017	708,577
	<u>13,117,813</u>	<u>12,716,717</u>

(b) By type of customers:

Domestic non-bank financial institutions	212,910	212,732
Domestic business enterprises	7,781,313	7,954,323
Branch of immediate holding corporation	8,260,075	7,676,162
Foreign non-bank entities	228,076	247,165
Domestic other entities	3,834	3,334
Government	539,718	207,652
	<u>17,025,926</u>	<u>16,301,368</u>

20. Deposits and placements of banks and other financial institutions

	30 June 2021 RM'000	31 March 2021 RM'000
Licensed Malaysian banks	412,730	213,307
Foreign banks		
- Immediate holding corporation	818,171	854,596
	<u>1,230,901</u>	<u>1,067,903</u>

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21. Other liabilities

	30 June 2021 RM'000	31 March 2021 RM'000
Interest payable	9,161	9,676
Amount due to immediate holding corporation and related corporations/companies	17,760	10,122
Cash collateral placements	51,930	65,295
Other payables	31,126	33,396
Accruals	17,062	14,343
	<u>127,039</u>	<u>132,832</u>

22. Provision for credit commitments and contingencies

	30 June 2021 RM'000	31 March 2021 RM'000
Provision for credit commitments and contingencies	<u>5,821</u>	<u>7,627</u>

Movement in allowance for ECL on credit commitments and contingencies

	12-month ECL (Stage 1) RM'000	Lifetime ECL not credit- impaired (Stage 2) RM'000	Lifetime ECL credit- impaired (Stage 3) RM'000	Total RM'000
At 1 April 2021	1,487	6,131	9	7,627
Charge to profit or loss				
- Decrease in ECL	(731)	(1,075)	-	(1,806)
At 30 June 2021	<u>756</u>	<u>5,056</u>	<u>9</u>	<u>5,821</u>
At 1 April 2020	5,250	149	-	5,399
Charge to profit or loss				
- (Decrease)/Increase in ECL	(3,763)	5,982	9	2,228
At 31 March 2021	<u>1,487</u>	<u>6,131</u>	<u>9</u>	<u>7,627</u>

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FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021****23. Interest income**

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Loans, advances and financing				
- Interest income	54,912	75,958	54,912	75,958
- Financing income	4,329	8,948	4,329	8,948
Money at call and deposit placements with banks and other financial institutions	18,619	21,607	18,619	21,607
Debt instruments measured at FVOCI	2,586	4,413	2,586	4,413
	<u>80,446</u>	<u>110,926</u>	<u>80,446</u>	<u>110,926</u>

24. Interest expense

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	580	3,093	580	3,093
Deposits from customers	28,309	52,664	28,309	52,664
Lease liabilities	124	47	124	47
	<u>29,013</u>	<u>55,804</u>	<u>29,013</u>	<u>55,804</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021****25. Other operating income**

	1st Quarter Ended		Three Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Fee and commission income				
- Service charges and guarantee fees	291	500	291	500
- Loan related fees	4,014	3,033	4,014	3,033
- Commitment fees	535	517	535	517
	<u>4,840</u>	<u>4,050</u>	<u>4,840</u>	<u>4,050</u>
Realised gain from derivative financial instruments	<u>913</u>	<u>1,364</u>	<u>913</u>	<u>1,364</u>
Unrealised gain on revaluation of derivatives	<u>3,174</u>	<u>12,232</u>	<u>3,174</u>	<u>12,232</u>
Unrealised gain/(loss) on hedging activities	<u>1,057</u>	<u>(4,533)</u>	<u>1,057</u>	<u>(4,533)</u>
Foreign exchange, net gain	<u>22,365</u>	<u>14,277</u>	<u>22,365</u>	<u>14,277</u>
Other income				
- Management fees	5,039	2,505	5,039	2,505
- Rental of fixed assets	371	516	371	516
- Miscellaneous income	1,527	1,791	1,527	1,791
	<u>6,937</u>	<u>4,812</u>	<u>6,937</u>	<u>4,812</u>
	<u>39,286</u>	<u>32,202</u>	<u>39,286</u>	<u>32,202</u>

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26. Other operating expenses

	1st Quarter Ended		Three Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000 Restated	30 June 2021 RM'000	30 June 2020 RM'000 Restated
Personnel costs				
Salaries, allowances and bonuses	11,418	9,714	11,418	9,714
Employees' provident fund contributions	1,560	1,259	1,560	1,259
Staff training expenses	95	20	95	20
Staff welfare expenses	-	16	-	16
Other personnel expenses	762	1,104	762	1,104
	<u>13,835</u>	<u>12,113</u>	<u>13,835</u>	<u>12,113</u>
Establishment costs				
Depreciation - Plant and equipment	1,107	1,158	1,107	1,158
Depreciation - Right-of-use assets	1,437	1,437	1,437	1,437
Repair and maintenance	68	29	68	29
Other establishment expenses	3,827	3,934	3,827	3,934
	<u>6,439</u>	<u>6,558</u>	<u>6,439</u>	<u>6,558</u>
Marketing expenses				
Advertisement and publicity	42	42	42	42
Other marketing expenses	9	-	9	-
	<u>51</u>	<u>42</u>	<u>51</u>	<u>42</u>
Administration and general expenses				
Auditors' remuneration				
- Statutory audit	86	79	86	79
- Other services	-	25	-	25
Professional fees	117	113	117	113
Communication expenses	160	170	160	170
Management fees	5,511	4,841	5,511	4,841
Licence fees and stamp duties	37	38	37	38
Non-executive directors' fees and allowances	250	217	250	217
Other administration and general expenses	1,600	1,644	1,600	1,644
	<u>7,761</u>	<u>7,127</u>	<u>7,761</u>	<u>7,127</u>
	<u>28,086</u>	<u>25,840</u>	<u>28,086</u>	<u>25,840</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021****27. Allowance for impairment on loans, advances and financing**

	1st Quarter Ended		Three Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
<u>Allowance/(writeback) of ECL</u>				
Loans, advances and financing	(11,906)	29,012	(11,906)	29,012
Provision for credit commitments and contingencies	(1,806)	4,204	(1,806)	4,204
	<u>(13,712)</u>	<u>33,216</u>	<u>(13,712)</u>	<u>33,216</u>

28. Allowance for impairment on other financial assets

	1st Quarter Ended		Three Months Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
<u>Allowance/(writeback) of ECL</u>				
Cash and short-term funds	(973)	989	(973)	989
Deposits and placements with banks and other financial institutions	(1,711)	(514)	(1,711)	(514)
Debt instruments measured at FVOCI	(236)	816	(236)	816
Other assets	(180)	58	(180)	58
	<u>(3,100)</u>	<u>1,349</u>	<u>(3,100)</u>	<u>1,349</u>

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29. Use of Financial Instruments

Interest rate risk

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

	Non-trading book						Trading book	Total
	Up to 1 month	>1 - 3 months	>3 - 12 months	1 - 5 years	Over 5 years	Non- interest bearing #		
30 June 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Cash and short-term funds	4,589,103	-	-	-	-	136,521	-	4,725,624
Deposits and placements with banks and other financial institutions	-	1,184,855	103,766	-	-	(931)	-	1,287,690
Debt instruments measured at FVOCI	-	150,467	151,197	154,569	-	-	-	456,233
Loans, advances and financing	2,656,449	1,828,143	2,179,972	6,607,025	1,929,908	(68,565)	-	15,132,932
Other assets ^	188,082	2,551	2,670	-	-	7,220	-	200,523
Derivative financial assets	-	-	-	-	-	-	389,119	389,119
Total assets	7,433,634	3,166,016	2,437,605	6,761,594	1,929,908	74,245	389,119	22,192,121

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

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

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29. Use of Financial Instruments (continued)

Interest rate risk (continued)

	Non-trading book					Non- interest bearing RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000			
30 June 2021								
Liabilities								
Deposits from customers	3,313,779	1,524,659	1,931,752	5,015,311	1,332,312	3,908,113	-	17,025,926
Deposits and placements of banks and other financial institutions	876,349	284,242	-	64,542	-	5,768	-	1,230,901
Bills and acceptances payable	-	-	1,235	-	-	-	-	1,235
Derivative financial liabilities	-	59	5,911	58,472	-	-	279,568	344,010
Other liabilities *	3,376	4,064	2,885	819	198	67,573	-	78,915
Total liabilities	4,193,504	1,813,024	1,941,783	5,139,144	1,332,510	3,981,454	279,568	18,680,987
On balance sheet interest rate gap	3,240,130	1,352,992	495,822	1,622,450	597,398	(3,907,209)	109,551	3,511,134
Off balance sheet interest rate gap	-	2,125,854	(487,471)	(1,411,142)	(227,241)	-	-	-
Total interest rate gap	3,240,130	3,478,846	8,351	211,308	370,157	(3,907,209)	109,551	3,511,134

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

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29. Use of Financial Instruments (continued)

Interest rate risk (continued)

	Non-trading book						Trading book	Total
	Up to 1 month	>1 - 3 months	>3 - 12 months	1 - 5 years	Over 5 years	Non-interest bearing #		
31 March 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>								
Cash and short-term funds	4,253,081	-	-	-	-	86,824	-	4,339,905
Deposits and placements with banks and other financial institutions	-	249,999	728,367	-	-	(2,642)	-	975,724
Debt instruments measured at FVOCI	50,103	250,734	50,785	41,123	-	-	-	392,745
Loans, advances and financing								
- non-impaired	2,516,193	1,902,031	2,189,387	6,392,325	2,003,321	(70,087)	-	14,933,170
- impaired	-	-	33,303	20,896	-	(10,384)	-	43,815
Derivative financial assets	-	-	-	74	-	-	395,626	395,700
Other assets ^	184,334	1,741	1,783	-	-	2,295	-	190,153
Total assets	7,003,711	2,404,505	3,003,625	6,454,418	2,003,321	6,006	395,626	21,271,212

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

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

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29. Use of Financial Instruments (continued)

Interest rate risk (continued)

	Non-trading book					Non- interest bearing RM'000	Trading book RM'000	Total RM'000
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000			
31 March 2021								
Liabilities								
Deposits from customers	3,252,055	1,396,047	2,300,843	4,361,242	1,406,530	3,584,651	-	16,301,368
Deposits and placements of banks and other financial institutions	715,932	283,100	-	64,565	-	4,306	-	1,067,903
Bills and acceptances payable	-	-	775	-	-	-	-	775
Derivative financial liabilities	126	-	934	62,441	-	-	295,657	359,158
Other liabilities *	3,973	3,270	3,130	532	324	75,107	-	86,336
Total liabilities	3,972,086	1,682,417	2,305,682	4,488,780	1,406,854	3,664,064	295,657	17,815,540
On balance sheet interest rate gap	3,031,625	722,088	697,943	1,965,638	596,467	(3,658,058)	99,969	3,455,672
Off balance sheet interest rate gap	2,104,924	-	(504,498)	(1,373,185)	(227,241)	-	-	-
Total interest rate gap	5,136,549	722,088	193,445	592,453	369,226	(3,658,058)	99,969	3,455,672

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

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30. Use of Financial Instruments (continued)

Interest rate risk (continued)

	30 June 2021		31 March 2021	
	MYR % p.a.	USD % p.a.	MYR % p.a.	USD % p.a.
Financial assets				
Cash and short-term funds	1.79	0.15	1.79	0.19
Deposits and placements with banks and other financial institutions	1.93	0.25	1.97	0.38
Loans, advances and financing	3.52	1.12	3.57	1.18
Financial liabilities				
Deposits from customers	2.02	0.15	2.04	0.20

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31. Credit Exposures to Connected Parties

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

	30 June 2021 RM'000	31 March 2021 RM'000
Aggregate value of outstanding credit exposures to connected parties	1,012,116	1,005,042
As a percentage of total credit exposures	3.69%	3.70%

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

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32. Capital Adequacy

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

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

	30 June 2021 RM'000	31 March 2021 RM'000
<u>Tier 1 capital</u>		
Paid-up ordinary share capital	2,452,605	2,452,605
Retained earnings	938,908	959,944
Other reserves	116,329	95,164
	<u>3,507,842</u>	<u>3,507,713</u>
Less: Deferred tax assets	(11,202)	(15,062)
55% of fair value reserve	(1,140)	(1,069)
Regulatory reserve	(114,256)	(93,220)
Common Equity Tier 1 (CET 1) and Tier 1 Capital	<u>3,381,244</u>	<u>3,398,362</u>
<u>Tier 2 capital</u>		
Expected credit losses	69,031	85,957
Regulatory reserve *	104,074	86,391
Tier 2 Capital	<u>173,105</u>	<u>172,348</u>
Total capital base	<u>3,554,349</u>	<u>3,570,710</u>
<u>Capital ratios</u>		
CET 1 and Tier 1 capital ratio	22.722%	22.876%
Total capital ratio	23.886%	24.036%

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

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

	30 June 2021 RM'000	31 March 2021 RM'000
Credit risk	13,848,389	13,787,858
Market risk	350,298	393,141
Operational risk	682,002	674,596
Total risk-weighted assets	<u>14,880,689</u>	<u>14,855,595</u>

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021****33. Commitments and contingencies**

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

The commitment and contingencies are as follows:

	Principal amount RM'000	Credit equivalent amount * RM'000	Risk- weighted assets * RM'000
30 June 2021			
Transaction-related contingent items	401,258	197,563	189,728
Short-term self-liquidating trade-related contingencies	199,816	39,342	39,342
Foreign exchange related contracts:			
- Less than one year	9,149,206	254,483	182,767
- One year to less than five years	7,079,203	887,484	530,475
- Five years and above	2,343,521	481,643	320,682
Interest / Profit rate related contracts:			
- Less than one year	497,433	3,867	3,562
- One year to less than five years	1,349,728	42,368	33,117
- Five years and above	188,341	36,589	27,583
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	7,839,388	3,917,555	3,690,329
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	500,755	100,151	100,151
Total	29,548,648	5,961,045	5,117,736

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

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33. Commitments and contingencies (continued)

	Principal amount RM'000	Credit equivalent amount * RM'000	Risk- weighted assets * RM'000
31 March 2021			
Transaction-related contingent items	493,254	242,386	234,550
Short-term self-liquidating trade-related contingencies	137,937	27,153	27,153
Foreign exchange related contracts:			
- Less than one year	9,440,347	303,878	215,356
- One year to less than five years	7,176,944	878,545	523,234
- Five years and above	1,845,388	397,290	258,946
Interest / Profit rate related contracts:			
- Less than one year	526,989	4,622	4,270
- One year to less than five years	1,241,286	40,103	31,169
- Five years and above	157,573	31,319	22,750
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	7,560,446	3,777,267	3,565,453
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	393,032	78,606	72,356
Total	28,973,196	5,781,169	4,955,237

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

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34. The operations of International Currency Business Unit (ICBU)

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

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

(a) Financing and advances

	30 June 2021 RM'000	31 March 2021 RM'000
(i) By type:		
<u>At amortised cost:</u>		
Term financing		
- Syndicated Islamic financing	458,891	422,983
- Islamic term financing	424,389	549,310
Revolving credit-i	1,190,836	1,077,176
Gross financing and advances	2,074,116	2,049,469
Less: Allowance for ECL		
- 12-month ECL (Stage 1)	(433)	(623)
- Lifetime ECL not credit impaired (Stage 2)	(7,816)	(9,686)
Net financing and advances	2,065,867	2,039,160
(ii) By contract:		
Murabahah	2,074,116	2,049,469
Gross financing and advances	2,074,116	2,049,469

(b) Deposits from customers

	30 June 2021 RM'000	31 March 2021 RM'000
(i) By type and contract:		
<u>At amortised cost:</u>		
Demand deposits - Qard	19,316	3,723
	19,316	3,723

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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 2021 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 27 September 2019.

[Signed]

Hiroshi Okawa
Chief Executive Officer

Date: 30 July 2021