

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD
(Company Registration No. 201601032761 (1203702-U))
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2023

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

MANAGEMENT'S CERTIFICATION

I hereby certify that the unaudited condensed interim financial statements for the period from 1 January 2023 to 30 September 2023 have been prepared from the Bank's accounting and other records and that they are in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and the Guidelines on Financial Reporting issued by Bank Negara Malaysia.

On behalf of

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

Wang Qijie

Chief Executive Officer

Date: 25 October 2023

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

	Note	As at 30 September 2023 <u>RM'000</u>	As at 31 December 2022 <u>RM'000</u>
Assets			
Cash and short-term funds	A8	876,465	585,056
Deposits and placements with banks and other financial institutions	A9	581,247	897,025
Debt instruments at fair value through other comprehensive income ("FVOCI")	A10	2,869,624	3,071,739
Other assets	A11	20,379	72,992
Derivative financial assets	A12	153,613	150,725
Loans and advances	A13	1,520,613	1,221,217
Tax recoverable		34,638	37,698
Statutory deposits with Bank Negara Malaysia		500	46,001
Right-of-use assets		35,499	38,937
Property and equipment		3,700	3,235
Intangible assets		8,069	8,808
Deferred tax assets		14,359	17,113
Total assets		<u>6,118,706</u>	<u>6,150,546</u>
Liabilities			
Deposits from customers	A14	2,637,032	3,195,291
Deposits and placements of banks and other financial institutions	A15	1,094,699	807,232
Other liabilities	A16	354,527	132,049
Derivative financial liabilities	A12	111,623	180,064
Lease liabilities		36,088	39,101
Subordinated loan	A17	943,765	882,813
Total liabilities		<u>5,177,734</u>	<u>5,236,550</u>
Equity attributable to equity holder of the Bank			
Share capital		822,600	822,600
Reserves		118,372	91,396
Total equity		<u>940,972</u>	<u>913,996</u>
Total liabilities and equity		<u>6,118,706</u>	<u>6,150,546</u>
Commitments and contingencies	A23	<u>8,161,603</u>	<u>14,289,665</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 December 2022.

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

	Note	Current quarter ended		Year-to-date ended	
		30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Interest income	A18	63,335	54,021	179,420	122,567
Interest expense	A19	(55,574)	(31,141)	(153,153)	(62,559)
Net interest income		7,761	22,880	26,267	60,008
Other operating income	A20	16,276	4,834	52,426	(3,879)
Net income		24,037	27,714	78,693	56,129
Other operating expenses	A21	(17,881)	(15,831)	(51,729)	(46,746)
Operating profit before allowances (Allowance for)/ writeback of expected credit losses ("ECL")	A22	6,156	11,883	26,964	9,383
Profit before taxation		3,440	20,878	22,985	17,266
Taxation		(1,801)	(6,324)	(7,882)	(6,639)
Net profit for the financial period		1,639	14,554	15,103	10,627
Other comprehensive income in respect of:					
Items that will be reclassified subsequently to profit or loss:					
<u>Debt instruments at FVOCI</u>					
Net fair value change in debt instruments at FVOCI		(1,476)	(4,588)	14,517	(24,358)
Net gain on debt instruments measured at FVOCI reclassified to profit or loss on disposal		532	204	270	-
Income tax effect		490	1,241	(3,555)	5,838
		(454)	(3,143)	11,232	(18,520)
<u>Cash flow hedge</u>					
Net change in cash flow hedge		(1,661)	185	(2,063)	(3,811)
Net change in cost of hedging		2,231	(4,777)	1,453	(752)
Income tax effect		967	1,102	1,251	1,095
		1,537	(3,490)	641	(3,468)
Total other comprehensive income/(loss), net of tax, for the financial period		1,083	(6,633)	11,873	(21,988)
Total comprehensive income/(loss) for the financial period		2,722	7,921	26,976	(11,361)

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 December 2022.

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

Note	← Non-Distributable →					Distributable	
	Share Capital	Regulatory Reserve	FVOCI Reserve	Cash flow hedge Reserve	Cost of hedging Reserve	Retained Profits	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2023	822,600	2,800	(28,022)	(103)	1,764	114,957	913,996
Net profit for the financial period	-	-	-	-	-	15,103	15,103
Other comprehensive income, net of tax, for the financial period	-	-	11,232	(463)	1,104	-	11,873
Total comprehensive income for the financial period	-	-	11,232	(463)	1,104	15,103	26,976
Transfer to regulatory reserve	-	4,300	-	-	-	(4,300)	-
Balance as at 30 September 2023	<u>822,600</u>	<u>7,100</u>	<u>(16,790)</u>	<u>(566)</u>	<u>2,868</u>	<u>125,760</u>	<u>940,972</u>
Balance as at 1 January 2022	822,600	-	(17,686)	2,425	4,090	105,486	916,915
Net profit for the financial year	-	-	-	-	-	12,271	12,271
Other comprehensive income/(loss), net of tax, for the financial year	-	-	(10,336)	(2,528)	(2,326)	-	(15,190)
Total comprehensive income/(loss) for the financial year	-	-	(10,336)	(2,528)	(2,326)	12,271	(2,919)
Transfer to regulatory reserve	-	2,800	-	-	-	(2,800)	-
Balance as at 31 December 2022	<u>822,600</u>	<u>2,800</u>	<u>(28,022)</u>	<u>(103)</u>	<u>1,764</u>	<u>114,957</u>	<u>913,996</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 December 2022.

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

	30 September 2023	30 September 2022
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	22,985	17,266
Adjustments for:		
Allowance for/ (writeback of) expected credit losses	3,979	(7,883)
Net unrealised fair value gain on derivatives	(11,730)	(41,240)
Depreciation of property and equipment	983	1,010
Depreciation of right-of-use assets	3,341	3,387
Amortisation of intangible assets	1,389	1,308
Interest income from debt instruments at FVOCI	(67,211)	(37,423)
Net gain from sale of debt instruments at FVOCI	(270)	-
Interest expense from subordinated loan	45,818	17,350
Net foreign exchange loss on subordinated loan	59,900	81,104
Interest expense from lease liabilities	964	1,063
Operating profit before working capital changes	60,148	35,942
Change in derivative financial assets and financial liabilities	(59,036)	(122,478)
Change in loans and advances	(298,830)	378,125
Change in statutory deposits with Bank Negara Malaysia	45,501	-
Change in other assets	52,613	20,347
Change in deposits from customers	(558,259)	374,408
Change in deposits and placements of banks and other financial institutions	287,467	121,118
Change in other liabilities	217,839	329,173
	<u>(312,705)</u>	<u>1,100,693</u>
Cash (used in)/generated from operations	(252,557)	1,136,635
Net tax paid	(5,824)	(15,885)
Net cash (used in)/generated from operating activities	<u>(258,381)</u>	<u>1,120,750</u>
Cash flows from investing activities		
Change in deposits and placements with banks and other financial institutions		
with original maturity of more than 3 months	19,169	-
Purchase of debt investments at FVOCI	(4,010,370)	(3,002,494)
Proceeds from redemption and disposal of debt investments at FVOCI	4,220,429	1,889,145
Interest received from debt investments at FVOCI	74,809	81,546
Purchase of property and equipment	(1,448)	(1,008)
Purchase of intangible assets	(650)	(1,064)
Net cash generated from/(used in) investing activities	<u>301,939</u>	<u>(1,033,875)</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 December 2022.

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

	30 September 2023	30 September 2022
	RM'000	RM'000
Cash flows from financing activities		
Interest payment of subordinated loan	(44,766)	(3,407)
Lease payments	(3,880)	(3,927)
Net cash used in financing activities	<u>(48,646)</u>	<u>(7,334)</u>
Net (decrease)/increase in cash and cash equivalents	(5,088)	79,541
Cash and cash equivalents, at gross:		
- at the beginning of the financial year	730,150	1,492,018
- at the end of the financial period	<u>725,062</u>	<u>1,571,559</u>
Cash and cash equivalents comprise:		
Cash and short-term funds	876,805	819,853
Deposits and placements with banks and other financial institutions	581,247	751,706
	<u>1,458,052</u>	<u>1,571,559</u>
Less: Deposits and placements with banks and other financial institutions with original maturity of more than 3 months	(732,990)	-
	<u>725,062</u>	<u>1,571,559</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 December 2022.

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting issued by Malaysian Accounting Standards Board ("MASB") and the Guidelines on Financial Reporting issued by Bank Negara Malaysia ("BNM").

The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 December 2022. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2022.

All 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 annual financial statements for the financial year ended 31 December 2022. The following are the accounting standards, interpretations and amendments that have been issued by the MASB but have not been adopted by the Bank:

Effective for financial periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts;

Amendments to MFRS 101 Classification of Liabilities as Current or Non-current;

Amendments to MFRS 108 Definition of accounting estimates;

Amendments to MFRS 101 Presentation of Financial Statement - Disclosure of Accounting Policies; and

Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reforms - Pillar Two Model Rules

Effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 16 Leases - Lease Liability in a Sale and Leaseback

Amendments to MFRS 101 Presentation of Financial Statements - Non-current Liabilities with Covenants

Effective for financial periods to be determined by the MASB

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The Bank plans to adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are expected to have no significant impact to the financial statements of the Bank upon their initial application.

A2. Auditors' Report on Preceding Annual Financial Statements

The audit report on the audited annual financial statements for the financial year ended 31 December 2022 was not subject to any qualification.

A3. Seasonal or Cyclical Factors

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

A4. Exceptional or Unusual Items

There were no exceptional or unusual items for the period from 1 January 2023 to 30 September 2023.

A5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial year that have a material effect in the current financial period.

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023****A6. Changes In Debt and Equity Securities**

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period under review.

A7. Dividend Paid

No dividend was paid during the period from 1 January 2023 to 30 September 2023.

A8. Cash and Short-Term Funds

	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
Cash and balances with banks and other financial institutions	59,422	258,510
Money at call and deposit placements maturing within one month	817,383	326,774
	<u>876,805</u>	<u>585,284</u>
Less: ECL allowances	(340)	(228)
	<u>876,465</u>	<u>585,056</u>

Movements in ECL allowances for cash and short-term funds are as follows:

	Stage 1	Stage 2	Stage 3	
	12-month ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	Total ECL RM'000
ECL Allowances				
At 1 January 2023	228	-	-	228
Financial assets derecognised during the financial period	(213)	-	-	(213)
New financial assets acquired	325	-	-	325
Net total	<u>112</u>	<u>-</u>	<u>-</u>	<u>112</u>
At 30 September 2023	<u>340</u>	<u>-</u>	<u>-</u>	<u>340</u>
At 1 January 2022	356	-	-	356
Financial assets derecognised during the financial year	(597)	-	-	(597)
New financial assets acquired	469	-	-	469
Net total	<u>(128)</u>	<u>-</u>	<u>-</u>	<u>(128)</u>
At 31 December 2022	<u>228</u>	<u>-</u>	<u>-</u>	<u>228</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023****A9. Deposits and Placements with Banks and Other Financial Institutions**

	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
Licensed banks	581,247	897,025

A10. Debt Instruments at Fair Value Through Other Comprehensive Income ("FVOCI")

	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
At fair value		
<u>Money market instruments</u>		
Malaysian Government Securities	101,384	579,886
Malaysian Government Investment Issues	497,884	446,927
Government Treasury Bills	-	174,186
Negotiable Instruments of Deposits	1,377,293	800,842
	<u>1,976,561</u>	<u>2,001,841</u>
<u>Unquoted securities</u>		
Corporate bonds within Malaysia	576,559	670,363
Cagamas debt securities	316,504	399,535
	<u>893,063</u>	<u>1,069,898</u>
	<u>2,869,624</u>	<u>3,071,739</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023****A10. Debt Instruments at Fair Value Through Other Comprehensive Income ("FVOCI") (cont'd.)**

The following ECL for debt instruments are not recognised in the statement of financial position as the carrying amount of debt instruments at FVOCI is equivalent to their fair value:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	Total
	12-month	Lifetime	Lifetime	
ECL Allowances	ECL	ECL	ECL	ECL
	RM'000	non credit-	credit-	RM'000
		impaired	impaired	
		RM'000	RM'000	RM'000
At 1 January 2023	1,513	-	-	1,513
Financial assets derecognised during the financial period	(281)	-	-	(281)
New financial assets purchased	75	-	-	75
Net total	(206)	-	-	(206)
At 30 September 2023	<u>1,307</u>	<u>-</u>	<u>-</u>	<u>1,307</u>
At 1 January 2022	625	-	-	625
Financial assets derecognised during the financial year	(290)	-	-	(290)
New financial assets purchased	1,178	-	-	1,178
Net total	888	-	-	888
At 31 December 2022	<u>1,513</u>	<u>-</u>	<u>-</u>	<u>1,513</u>

A11. Other Assets

	<u>As at</u>	<u>As at</u>
	30 September	31 December
	2023	2022
	RM'000	RM'000
Deposits	2,777	2,794
Prepayments	1,432	1,234
Cash collateral pledged for derivative transactions	129	52,090
Amount due from ultimate holding company	10,000	7,525
Other receivables	6,041	9,349
	<u>20,379</u>	<u>72,992</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023****A12. Derivative Financial Assets/(Liabilities)**

The Bank's derivative financial instruments are measured at their fair values together with their corresponding contract/notional amounts as at reporting date. The notional amounts of these derivative financial instruments refer to the underlying contract value on which changes in the value of the derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the financial period but are not indicative of either the market risk or credit risk inherent in the derivative contracts.

30 September 2023

	Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>			
Foreign exchange related contracts:			
- Currency forwards/spot	29,845	67	13
- Currency swaps	4,129,369	56,743	111,610
Interest rate related contracts:			
- Interest rate swaps	75,000	1,474	-
<u>Hedging derivatives - cash flow hedge</u>			
Foreign exchange related contracts:			
- Cross currency interest rate swaps	937,900	95,329	-
	<u>5,172,114</u>	<u>153,613</u>	<u>111,623</u>

31 December 2022

	Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>			
Foreign exchange related contracts:			
- Currency forwards/spot	213,995	2,422	189
- Currency swaps	10,401,782	102,876	177,232
Interest rate related contracts:			
- Interest rate swaps	1,139,600	5,554	2,643
<u>Hedging derivatives - cash flow hedge</u>			
Foreign exchange related contracts:			
- Cross currency interest rate swaps	878,000	39,873	-
	<u>12,633,377</u>	<u>150,725</u>	<u>180,064</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

A12. Derivative Financial Assets/(Liabilities) (cont'd)

	<u>30 September 2023</u>		
	<u>Contract/ Notional Amount</u>	<u>Fair Value</u>	
		<u>Assets</u>	<u>Liabilities</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
By remaining period to maturity/next re-pricing date			
<u>Trading derivatives</u>			
Foreign exchange related contracts			
- Less than one year	4,322,675	152,139	4,352
- More than one year	774,439	-	107,271
Interest rate related contracts:			
- More than one year	75,000	1,474	-
	<u>5,172,114</u>	<u>153,613</u>	<u>111,623</u>
	<u>31 December 2022</u>		
	<u>Contract/ Notional Amount</u>	<u>Fair Value</u>	
		<u>Assets</u>	<u>Liabilities</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
By remaining period to maturity/next re-pricing date			
<u>Trading derivatives</u>			
Foreign exchange related contracts			
- Less than one year	9,822,457	105,501	124,239
- More than one year	1,671,320	39,670	53,182
Interest rate related contracts:			
- Less than one year	1,064,600	3,834	2,643
- More than one year	75,000	1,720	-
	<u>12,633,377</u>	<u>150,725</u>	<u>180,064</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023****A13. Loans and Advances**

	As at 30 September 2023 <u>RM'000</u>	As at 31 December 2022 <u>RM'000</u>
(i) By type:		
At amortised cost		
Overdrafts	4,963	5,171
Term loans:		
- Syndicated term loans	487,967	609,586
- Factoring receivables	153,604	-
- Other term loans	520,368	363,161
Trust receipts	141,439	-
Revolving credits	226,977	258,570
Gross loans and advances	<u>1,535,318</u>	<u>1,236,488</u>
Less: ECL allowances		
- Stage 1	<u>(14,705)</u>	<u>(15,271)</u>
Net loans and advances	<u><u>1,520,613</u></u>	<u><u>1,221,217</u></u>
(ii) Gross loans and advances by type of customers:		
Business enterprises	<u><u>1,535,318</u></u>	<u><u>1,236,488</u></u>
(iii) Gross loans and advances by geographical distribution:		
Malaysia	1,437,723	1,038,952
China	97,595	131,929
Singapore	-	65,607
	<u><u>1,535,318</u></u>	<u><u>1,236,488</u></u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023****A13. Loans and Advances (cont'd)**

	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
(iv) Gross loans and advances by interest rate sensitivity:		
Fixed rate	71,968	142,157
Variable rate (cost-plus)	1,463,350	1,094,331
	<u>1,535,318</u>	<u>1,236,488</u>
(v) Gross loans and advances by economic purpose:		
Working capital	376,419	170,775
Merger and acquisition	-	149,786
Purchase of land	24,324	29,241
Construction	446,279	476,844
Lending to related entities	138,806	150,672
Purchase of machinery and equipments	91,650	91,642
Other purposes	457,840	167,528
	<u>1,535,318</u>	<u>1,236,488</u>
(vi) Gross loans and advances by remaining contractual maturity:		
Maturity within one year	551,307	320,535
One year to three years	91,650	74,745
Three years to five years	480,291	245,325
Over five years	412,070	595,883
	<u>1,535,318</u>	<u>1,236,488</u>
(vii) Gross loans and advances by industry:		
Agriculture, hunting, forestry and fishing	45,125	35,600
Manufacturing	683,924	531,241
Electricity, gas and water	97,595	180,448
Construction	159,553	29,241
Wholesale and retail trade; repair of motor vehicle and motorcycles	25,622	-
Transport, storage and communication	344,282	159,501
Finance, insurance and business services	153,813	234,850
Others	25,404	65,607
	<u>1,535,318</u>	<u>1,236,488</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023****A13. Loans and Advances (cont'd)****(viii) Movements in the gross carrying amount of loans and advances that contributed to changes in the ECL allowances:**

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 January 2023	1,236,488	-	-	1,236,488
Financial assets derecognised during the financial period	(2,271,027)	-	-	(2,271,027)
New financial assets originated	2,569,857	-	-	2,569,857
At 30 September 2023	<u>1,535,318</u>	<u>-</u>	<u>-</u>	<u>1,535,318</u>
At 1 January 2022	1,629,588	-	-	1,629,588
Financial assets derecognised during the financial year	(3,080,240)	-	-	(3,080,240)
New financial assets originated	2,687,140	-	-	2,687,140
At 31 December 2022	<u>1,236,488</u>	<u>-</u>	<u>-</u>	<u>1,236,488</u>

(ix) Movements in ECL allowances for loans and advances:

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-month ECL</u>	<u>Lifetime ECL non credit-impaired</u>	<u>Lifetime ECL credit-impaired</u>	<u>Total ECL</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 January 2023	15,271	-	-	15,271
Financial assets derecognised during the financial period	(11,861)	-	-	(11,861)
New financial assets originated	11,295	-	-	11,295
Net total	(566)	-	-	(566)
At 30 September 2023	<u>14,705</u>	<u>-</u>	<u>-</u>	<u>14,705</u>
At 1 January 2022	24,719	-	-	24,719
Financial assets derecognised during the financial year	(21,682)	-	-	(21,682)
New financial assets originated	12,234	-	-	12,234
Net total	(9,448)	-	-	(9,448)
At 31 December 2022	<u>15,271</u>	<u>-</u>	<u>-</u>	<u>15,271</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

	As at 30 September 2023 <u>RM'000</u>	As at 31 December 2022 <u>RM'000</u>
A14. Deposits from Customers		
(i) By type of deposits:		
Demand deposits	1,033,028	1,628,297
Saving deposits	18,711	17,917
Fixed/investment deposits	1,585,293	1,549,077
	<u>2,637,032</u>	<u>3,195,291</u>
(ii) By type of customer:		
Business enterprises	2,357,652	2,719,830
Domestic non-banking financial institutions	258,220	369,831
Local government and statutory authorities	-	73,705
Individuals	21,160	31,925
	<u>2,637,032</u>	<u>3,195,291</u>
(iii) By maturity structure of fixed deposits:		
Due within six months	1,583,828	1,548,967
Six months to one year	670	110
One year to three years	795	-
	<u>1,585,293</u>	<u>1,549,077</u>
A15. Deposits and Placements of Banks and Other Financial Institutions		
Licensed banks in Malaysia	1,094,606	807,215
Other financial institutions	93	17
	<u>1,094,699</u>	<u>807,232</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023****A16. Other Liabilities**

	As at 30 September 2023	As at 31 December 2022
	RM'000	RM'000
Other payables and accruals	19,746	20,260
Deferred Income	9,229	6,940
Cash collateral received for derivative transactions	154,893	85,525
Cash collateral placements	163,270	16,574
ECL allowances for loan commitments and financial guarantees	7,389	2,750
	<u>354,527</u>	<u>132,049</u>

Movements in ECL allowances for loan commitments and financial guarantees are as follows:

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	Total ECL RM'000
At 1 January 2023	2,750	-	-	2,750
Credit exposures relinquished	(2,361)	-	-	(2,361)
Credit exposures assumed	7,000	-	-	7,000
Net total	4,639	-	-	4,639
At 30 September 2023	<u>7,389</u>	<u>-</u>	<u>-</u>	<u>7,389</u>
At 1 January 2022	1,703	-	-	1,703
Credit exposures relinquished	(1,251)	-	-	(1,251)
Credit exposures assumed	2,298	-	-	2,298
Net total	1,047	-	-	1,047
At 31 December 2022	<u>2,750</u>	<u>-</u>	<u>-</u>	<u>2,750</u>

	As at 30 September 2023	As at 31 December 2022
	RM'000	RM'000

A17. Subordinated Loan

At amortised cost

USD200 million subordinated loan 2019/2029, at par	<u>943,765</u>	<u>882,813</u>
--	----------------	----------------

On 29 August 2019, the Bank has issued an USD200 million Tier II subordinated loan with 10 years maturity, non-callable 5 years and the interest payable every 3 months throughout the tenure. The USD200 million subordinated loan bear an interest rate at SOFR plus 1.75% (31 December 2022: LIBOR plus 1.49%).

The issuance of the subordinated loan was approved by BNM as Basel III compliant Tier II subordinated loan, and to be classified as Tier II capital of the Bank pursuant to BNM's Capital Adequacy Framework (Capital Components).

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

	Current quarter ended		Year-to-date ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
A18. Interest Income				
Loans and advances	22,729	25,902	59,988	51,823
Deposits and placements with banks and other financial institutions	17,331	12,603	48,778	30,831
Debt instruments at FVOCI	22,226	16,150	67,211	37,423
Derivative financial instruments	1,049	(634)	3,443	2,490
	<u>63,335</u>	<u>54,021</u>	<u>179,420</u>	<u>122,567</u>
A19. Interest Expense				
Deposits and placements of banks and other financial institutions	15,573	5,042	43,590	8,367
Deposits from customers	23,189	17,398	62,781	35,779
Subordinated loan	16,499	8,355	45,818	17,350
Lease liabilities	313	346	964	1,063
	<u>55,574</u>	<u>31,141</u>	<u>153,153</u>	<u>62,559</u>
A20. Other Operating Income				
Fee income:				
Service charges and fees	104	14	168	51
Guarantee fees	537	434	1,407	1,056
Commitment fees	(72)	(1,640)	590	1,303
Syndication fees	624	(1,770)	1,305	5,431
Management fees	4,000	2,300	10,156	9,290
	<u>5,193</u>	<u>(662)</u>	<u>13,626</u>	<u>17,131</u>
Less: Fees expense	(83)	(71)	(260)	(203)
Net fee income	<u>5,110</u>	<u>(733)</u>	<u>13,366</u>	<u>16,928</u>
Trading and investment income:				
Net realised gain/(loss) on derivatives	67,533	(7,927)	121,701	62,305
Net unrealised fair value (loss)/gain on derivatives	(48,058)	52,589	11,730	41,240
Net foreign exchange loss	(8,421)	(39,012)	(95,617)	(124,433)
	<u>11,054</u>	<u>5,650</u>	<u>37,814</u>	<u>(20,888)</u>
Net gain/(loss) from sale of debt instruments at FVOCI	9	(205)	270	-
Less: Brokerage charges	(129)	(111)	(327)	(255)
	<u>10,934</u>	<u>5,334</u>	<u>37,757</u>	<u>(21,143)</u>
Other income:				
Rental income	212	178	635	178
Other non-operating income	20	55	668	158
	<u>232</u>	<u>233</u>	<u>1,303</u>	<u>336</u>
	<u>16,276</u>	<u>4,834</u>	<u>52,426</u>	<u>(3,879)</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

	Current quarter ended		Year-to-date ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
A21. Other Operating Expenses				
Personnel costs				
Salaries, bonuses, wages and allowances	11,106	8,683	31,121	26,691
Defined contribution plan	918	748	2,614	2,167
Other staff related costs	1,224	1,061	3,228	3,046
	<u>13,248</u>	<u>10,492</u>	<u>36,963</u>	<u>31,904</u>
Establishment costs				
Depreciation of property and equipment	331	319	983	1,010
Depreciation of right-of-use assets	1,102	1,129	3,341	3,387
Amortisation of intangible assets	465	473	1,389	1,308
Repair and maintenance	1,063	1,040	3,443	3,009
Short-term leases expenses	424	581	1,610	1,745
Others	123	97	309	240
	<u>3,508</u>	<u>3,639</u>	<u>11,075</u>	<u>10,699</u>
Promotion and marketing expenses				
Advertisement and publicity	76	174	426	413
Administration and general expenses				
Communication expenses	99	222	540	640
Auditors' remuneration				
- Statutory audit fees	93	42	279	222
- Regulatory audit fees	-	-	105	-
Legal and professional fees	128	556	196	631
Travelling and accommodation expenses	265	109	467	228
Subscription fees	182	156	687	680
Directors' fees and allowances	158	158	465	469
Insurance premium	39	14	140	107
Printing, stationery and postage	25	80	119	163
Others	60	189	267	590
	<u>1,049</u>	<u>1,526</u>	<u>3,265</u>	<u>3,730</u>
	<u>17,881</u>	<u>15,831</u>	<u>51,729</u>	<u>46,746</u>
A22. Allowance for/(Writeback of) Expected Credit Losses ("ECL")				
Stage 1:				
- Cash and short-term funds	302	11	112	(332)
- Debt instruments at FVOCI	3	91	(206)	79
- Loans and advances	1,646	(9,120)	(566)	(9,506)
- Loan commitments and financial guarantees	765	23	4,639	1,876
	<u>2,716</u>	<u>(8,995)</u>	<u>3,979</u>	<u>(7,883)</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023****A23. Commitments and Contingencies**

	As at 30 September 2023 <u>RM'000</u>	As at 31 December 2022 <u>RM'000</u>
The notional amounts of the commitments and contingencies are as follows:		
Short-term self-liquidating trade-related contingencies	93,790	18,819
Transaction-related contingent items	211,302	185,970
Irrevocable commitments to extend credit:		
- Less than one year	117,241	244,229
- More than one year	2,567,156	1,207,270
Foreign exchange related contracts:		
- Less than one year	4,322,675	9,822,457
- More than one year	774,439	1,671,320
Interest rate related contracts:		
- Less than one year	-	1,064,600
- More than one year	75,000	75,000
	<u>8,161,603</u>	<u>14,289,665</u>

A24. Capital Adequacy Ratio

The total capital and capital adequacy ratios of the Bank is computed in accordance with BNM's Capital Adequacy Framework (Capital Components). The Bank is currently adopting the Standardised Approach for Credit Risk and Market Risk while adopting the Basic Indicator Approach for Operational Risk. In line with the transitional arrangements under the BNM's Capital Adequacy Framework (Capital Components), the minimum capital adequacy and capital buffer requirement for Common Equity Tier I Capital Ratio ("CET I"), Tier I Capital Ratio and Total Capital Ratio are 7.000%, 8.500% and 10.500% respectively.

As allowed under the BNM's Capital Adequacy Frameworks (Capital Components), financial institutions which elect to apply the transitional arrangements for regulatory capital treatment of accounting provisions are allowed to add back a portion of the Stage 1 and Stage 2 provisions for expected credit losses to CET I capital over a four-year period from financial year beginning 2020, or a three-year period from financial year beginning 2021. The Bank has elected the said transitional arrangements over a three-years period since 1 January 2021.

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023****A24. Capital Adequacy Ratio (cont'd)**

	As at 30 September 2023 RM'000	As at 31 December 2022 RM'000
CET I/Tier I Capital		
Paid-up ordinary share capital	822,600	822,600
Retained profits	125,760	114,957
Regulatory reserve	7,100	2,800
Other reserves	(14,488)	(26,361)
Regulatory adjustments applied in the calculation of CET I Capital	(40,035)	(37,401)
Total CET I/Tier I Capital	<u>900,937</u>	<u>876,595</u>
Tier II Capital		
Tier II capital instruments meeting all relevant criteria	937,900	878,000
Loss provisions	23,741	19,763
Regulatory reserve	7,100	2,800
Total Tier II Capital	<u>968,741</u>	<u>900,563</u>
Total Capital	<u><u>1,869,678</u></u>	<u><u>1,777,158</u></u>
Analysis of risk-weighted assets		
Credit risk	3,002,546	2,275,368
Market risk	228,047	127,371
Operational risk	302,813	203,581
Total risk-weighted assets	<u><u>3,533,406</u></u>	<u><u>2,606,320</u></u>
With and without transitional arrangements:		
Capital adequacy ratio (before proposed dividends)		
CET I Capital Ratio	25.498%	33.633%
Tier I Capital Ratio	25.498%	33.633%
Total Capital Ratio	52.914%	68.186%
Capital adequacy ratio (after proposed dividends)		
CET I Capital Ratio	25.498%	33.633%
Tier I Capital Ratio	25.498%	33.633%
Total Capital Ratio	52.914%	68.186%

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

B1. Performance Review

For the third quarter ended 30 September 2023, China Construction Bank (Malaysia) Berhad's (the Bank) registered higher profit before tax ("PBT") of RM23.0 million. The higher PBT was mainly attributable to higher operating income of RM52.4 million, which was partially offset by lower net interest income of RM33.7 million and higher operating expenses of RM5.0 million. The Bank recorded a profit after tax ("PAT") of RM15.1 million up to the current quarter under review.

As at 30 September 2023, the Bank's total assets remained at RM6.1 billion level, consist of FVOCI RM2.9 billion, loans and advances RM1.5 billion and interbank lending of RM1.5 billion. Gross impaired loan ratio remained at 0% as at 30 September 2023. The Bank's deposits from customers stood at RM2.6 billion, decreased of RM0.6 billion or 17.5% as compared to previous financial year.

The Bank maintained healthy capital position and ample liquidity buffer. The Bank's Common Equity Tier I capital ratio/Tier I capital ratio and Total capital ratio stood at 25.50% and 52.91% respectively as at 30 September 2023, which remained above the minimum regulatory requirements.

B2. Prospects for 2023

The Malaysian economy grew by 5.6% in the 1st quarter of 2023 but slowed to 2.9% in the 2nd quarter of 2023 due to slower external demand. Exports in the 1st and 2nd quarter of 2023 contracted by 3.3% and 9.4% respectively. The government of Malaysia maintained the Gross Domestic Product ("GDP") projection of 4.0% to 5.0% for 2023, however the World Bank has revised Malaysia's 2023 GDP growth downward to 3.9% from 4.30% citing weaker external factors.

In the last 5 Monetary Policy Committee ("MPC") meetings in 2023, the central bank raised the overnight policy rate once by 25 basis point in May 2023 to 3.0%, restoring the pre-pandemic rate. Adjustments in monetary policy help manage inflation and promote financial stability. BNM Governor quoted in early October that BNM expect domestic economy to stay resilient and rule out any rate cut in the near future. The next and final MPC will be held on 1st and 2nd November 2023.

Domestic demand remains the key driver of growth, supported by private consumption and investment. Household spending is supported by further growth in employment and wages. Meanwhile, investment activity was underpinned by capacity expansion, progress of multi-year projects and higher fixed asset spending by the government. The continued recovery in inbound tourism to support domestic businesses will partially offset the slower goods export growth.

The risk to the inflation outlook remains within the range of 2.0% to 3.0%. Nonetheless, risks to the inflation outlook are subject to the changes to domestic policy on subsidies and price controls which will be announce in the coming 2024 budget, as well as global commodity prices and financial market developments. For the 2nd half of 2023, both headline and core inflation are projected to trend lower within expected range, partly due to the higher base in the corresponding period last year.

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

B2. Prospects for 2023 (cont'd)

The key headwinds which may impact this overall economic outlook are weaker-than-expected global growth arising from higher financial market volatility and tighter monetary policy; further escalation of geopolitical conflicts which affect Malaysian trade; and elevated costs of living and input that dampen domestic household and business spending. It is estimated that every 1.0 % drop in China economy will translate into a 0.45 % reduction in Malaysia GDP where China has been the biggest trading partner for Malaysia for 14 consecutive years.

Malaysia's competitiveness as a global electronics hub has been highlighted by the decision of a number of electronics multinationals to invest in large-scale new projects. Intel is investing USD 7.0 billion in a new semiconductors packaging plant in Penang, which is estimated to be completed by 2024 and create thousands of new jobs in Malaysia. Infineon Technologies is constructing a new state-of-the-art wafer fab module in Kulim, with around RM 8.0 billion of investment. The new module, which is expected to be completed in 2024, will add significant manufacturing capacity in power semiconductors.

The further strengthening of relations between China and Malaysia following the recent visit of Malaysia Prime Minister to China (in March and September) and fruitful meetings held between the top leaders and business communities of both countries, is likely to contribute positively to the Malaysian economy, be it in trade, investment and tourism sectors. China Construction Bank (Malaysia) Berhad ("the Bank") will continue with its trajectory to expand business in relevant sectors, given the Bank's strong linkages with corporations in China and Malaysia and a customer base which cut across several key economic growth sectors like infrastructure projects, Integrated Circuits , Petroleum & Gas , Iron Ore, Palm Oil , Automobile etc. The Bank should be able to ride on this opportunity to further grow its business and expand the provision of financing and financial services, including Renminbi ("RMB") settlements and clearings as well as China Interbank Bond Market services.

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023****B3. Rating by External Rating Agency**

Malaysian Rating Corporation Berhad ("MARC") has affirmed the Bank's long-term and short-term financial institution ratings of AA+ and MARC-1, respectively with stable outlook.

B4. Fair Value of Financial Instruments

The Bank analyses its financial instruments measured at fair value into three categories as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

The table below analyses financial instruments carried at fair value analysed by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30 September 2023				
Financial assets				
Debt instruments at FVOCI	-	2,869,624	-	2,869,624
Derivative financial assets	-	153,613	-	153,613
	<u>-</u>	<u>3,023,237</u>	<u>-</u>	<u>3,023,237</u>
Financial liabilities				
Derivative financial liabilities	<u>-</u>	<u>111,623</u>	<u>-</u>	<u>111,623</u>
31 December 2022				
Financial assets				
Debt instruments at FVOCI	-	3,071,739	-	3,071,739
Derivative financial assets	-	150,725	-	150,725
	<u>-</u>	<u>3,222,464</u>	<u>-</u>	<u>3,222,464</u>
Financial liabilities				
Derivative financial liabilities	<u>-</u>	<u>180,064</u>	<u>-</u>	<u>180,064</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company Registration No. 201601032761 (1203702-U))

(Incorporated in Malaysia)

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

B4. Fair Value of Financial Instruments (cont'd)

(i) Valuation techniques

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Bank then determines fair value based upon valuation techniques that use market parameters including but not limited to yield curves, volatilities and foreign exchange rates as inputs. The majority of valuation techniques employ only observable market data.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

B5. Valuation of Property and Equipment

The property and equipment are stated at cost less accumulated depreciation on straight line method.

B6. Significant Events

There were no material events subsequent to the end of the reporting date that require disclosure or adjustments to the unaudited interim financial statements.

B7. Changes in the Composition

There were no significant change in the composition of the Bank in the current financial period.

B8. Dividends

No dividend has been proposed for the quarter under review.