

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**30 JUNE 2019**

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**

**MANAGEMENT'S CERTIFICATION**

I hereby certify that the unaudited interim financial statements for the period from 1 January 2019 to 30 June 2019 have been prepared from the Bank's accounting and other records and that they are in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ('MASB') and the BNM/RH/STD 032-5: Financial Reporting issued by Bank Negara Malaysia on 2 February 2018.

On behalf of

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**

**Feng Qi**

Chief Executive Officer

Date:

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**INCOME STATEMENT**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	Note	Current quarter ended		Year-to-date ended	
		30-Jun 2019 RM'000	30-Jun 2018 RM'000	30-Jun 2019 RM'000	30-Jun 2018 RM'000
<b>Bank</b>					
Interest income	A6	45,637	33,396	89,957	63,019
Interest expense	A7	(26,819)	(18,713)	(54,753)	(36,171)
Net interest income		18,818	14,683	35,204	26,848
Other operating income	A8	1,633	1,724	6,232	2,632
Net income		20,451	16,407	41,436	29,480
Other operating expenses	A9	(12,739)	(12,425)	(26,087)	(22,828)
Operating profit before allowances Allowance for impairment on loans, and other losses	A10	7,712 (804)	3,982 (3,035)	15,349 (1,310)	6,652 (4,653)
Profit before taxation		6,908	947	14,039	1,999
Taxation	B3	(1,998)	(600)	(3,872)	(745)
Net profit for the financial period		4,910	347	10,167	1,254
Other comprehensive income in respect of:					
(i) Items that will be reclassified subsequently to profit or loss:					
Unrealised net (loss)/gain on revaluation of FVOCI		3,669	(476)	5,583	(803)
Income tax relating to components of other comprehensive income/(loss)		(868)	136	(1,270)	169
Other comprehensive (loss)/income, net of tax, for the financial period		2,801	(340)	4,313	(634)
Total comprehensive income for the financial period		7,711	7	14,480	620

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	Note	As at 30-Jun 2019 <u>RM'000</u>	As at 31-Dec 2018 <u>RM'000</u>
<b>Bank</b>			
<b>ASSETS</b>			
Cash and short-term funds	A11	523,587	758,544
Deposits and placements with banks and other financial institutions	A11	660,707	461,943
Financial assets at FVOCI	A12	891,462	801,465
Loans and advances	A13	2,025,004	2,310,287
Other assets	A14	27,722	7,305
Derivative assets	B5	21,906	27,682
Deferred tax assets		5,247	5,293
Tax recoverable		-	778
Statutory deposits with Bank Negara Malaysia		-	300
Right-of-use assets		7,680	-
Property, plant and equipment	A17	10,150	11,651
Intangible assets		4,661	4,930
<b>TOTAL ASSETS</b>		<u>4,178,126</u>	<u>4,390,178</u>
<b>LIABILITIES</b>			
Deposits from customers	A15/B4	1,028,313	1,445,126
Deposits and placements of banks and other financial institutions		2,218,343	2,053,433
Other liabilities	A16	40,215	45,039
Derivative liabilities	B5	41,500	18,591
Lease liabilities		7,283	-
Provision for taxation		3	-
<b>TOTAL LIABILITIES</b>		<u>3,335,657</u>	<u>3,562,189</u>
<b>EQUITY</b>			
Share capital		822,600	822,600
Reserves		19,869	5,389
<b>TOTAL EQUITY</b>		<u>842,469</u>	<u>827,989</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>4,178,126</u>	<u>4,390,178</u>
<b>COMMITMENTS AND CONTINGENCIES</b>	A18	<u>9,994,646</u>	<u>6,609,280</u>

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

Bank	Note	Non-Distributable			Distributable		Total Equity RM'000
		Share Capital RM'000	Regulatory Reserves RM'000	AFS Reserves RM'000	FVOCI Reserves RM'000	(Accumulated losses)/ Retained profits RM'000	
<b>Balance as at 1 January 2018</b>		<b>822,600</b>	-	<b>840</b>	-	<b>(4,535)</b>	<b>818,905</b>
Changes on initial application of MFRS 9		-	-	(840)	840	(2,220)	(2,220)
<b>Restated balance as at 1 January 2018</b>		<b>822,600</b>	-	-	<b>840</b>	<b>(6,755)</b>	<b>816,685</b>
Net profit for the financial year		-	-	-	-	11,456	11,456
Other comprehensive income, net of tax, for the financial year		-	-	-	(152)	-	(152)
Total comprehensive income for the financial year		-	-	-	(152)	11,456	11,304
<b>Balance as at 31 December 2018</b>		<b>822,600</b>	-	-	<b>688</b>	<b>4,701</b>	<b>827,989</b>
<b>Balance as at 1 January 2019</b>		<b>822,600</b>	-	-	<b>688</b>	<b>4,701</b>	<b>827,989</b>
Net profit for the financial period		-	-	-	-	10,167	10,167
Other comprehensive income, net of tax, for the financial period		-	-	-	4,313	-	4,313
Total comprehensive income for the financial period		-	-	-	4,313	10,167	14,480
<b>Balance as at 30 June 2019</b>		<b>822,600</b>	-	-	<b>5,001</b>	<b>14,868</b>	<b>842,469</b>

\* On date of incorporation, 2 subscribers' shares were issued for cash consideration of RM1 each

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	<b>30-Jun 2019</b>	<b>30-Jun 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	14,039	1,999
Adjustments for:		
Allowance for impairment on loans and other losses	1,310	4,653
Depreciation of property, plant and equipment:	1,703	1,424
Depreciation of right-of-use assets	1,475	-
Amortisation of intangible assets	338	232
Interest income from financial investments available-for-sale (AFS)	-	(4,376)
Interest income from financial assets designated at fair value through other comprehensive income	(18,442)	-
Finance cost	178	-
Operating profit before working capital changes	601	3,932
 (Increase)/Decrease in operating assets:		
Deposits and placements with banks and other financial institutions	(198,764)	45,568
Statutory deposits with Bank Negara Malaysia	300	-
Derivative Assets	5,776	(3,260)
Loans and advances	283,689	(871,144)
Other assets	(20,417)	3,302
	70,584	(825,534)
 Increase/(Decrease) in operating liabilities:		
Deposits from customers	(416,813)	597,625
Deposits and placements of banks and other financial institutions	164,910	142,003
Derivative Liabilities	22,909	(14,465)
Other liabilities	(5,333)	29,398
	(234,327)	754,561
 Cash used in operations	(163,142)	(67,041)
Net tax paid	(4,325)	(6,325)
Net cash used in from operating activities	(167,467)	(73,366)
<b>Cash flows from investing activities</b>		
Purchase of financial investments AFS	(665,428)	(242,411)
Proceeds from redemption of financial investments at FVOCI	580,000	-
Interest received from financial investments AFS	-	4,133
Interest received from financial investments at FVOCI	19,359	-
Purchase of property, plant and equipment:	(202)	(2,295)
Purchase of intangible assets	(69)	-
Net cash used in investing activities	(66,340)	(240,573)
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(1,398)	-
Net cash generated from financing activities	(1,398)	-
 Net increase in cash and cash equivalents	(235,205)	(313,939)
Cash and cash equivalents, at gross:		
- at the beginning of the financial period	758,795	819,618
- at the end of the financial period	523,590	505,679

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**A1. Basis Of Preparation**

The interim financial statements are unaudited and have been prepared in compliance with Malaysian Financial Reporting Standard ('MFRS') 134, and 'Interim Financial Reporting' issued by Malaysian Accounting Standards Board ('MASB').

The explanatory notes attached to the 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 incorporation. The interim financial statements does not include notes of the type normally included in an annual financial report.

The adoption of the new standards, amendments to published standards and interpretations are not expected to have significant impact on the financial results of the Bank.

The preparation of unaudited interim financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Bank's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

**Changes in accounting policies**

CCBM had adopted MFRS 16 *Leases* from its mandatory adoption date of 1 January 2019. CCBM did not early adopt any of MFRS 16 in previous years. The Bank intend to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

The following table presents the impact of changes to the statement of financial position resulting from the adoption of MFRS 16 *Leases* as at 1 January 2019:

		<b>As at 31 December 2018 RM'000</b>	<b>Changes RM'000</b>	<b>As at 1 January 2019 RM'000</b>
Right-of-use assets	(a)	-	9,155	9,155
Lease liabilities	(b)	-	8,503	8,503

**Note:**

- (a) The right-of-use assets comprises leased properties, leased printer and car park which recognised during the financial year. Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities.
- (b) The lease liabilities arising from the leased properties, leased printer and car park are recognised and discounted using the respective lease term and borrowing rate. Subsequent to initial recognition, CCBM measures the lease liabilities by increasing the carrying amount to reflect the interest on the lease liabilities, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modification.

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**A2. Seasonal Or Cyclical Factors**

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

**A3. Exceptional Or Unusual Items**

There were no exceptional or unusual items for the period from 1 January 2019 to 30 June 2019.

**A4. Changes In Estimates**

There were no material changes in estimates that have a material effect for the period from 1 January 2019 to 30 June 2019.

**A5. 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 from 1 January 2019 to 30 June 2019.



**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**A6. Interest Income**

	Current quarter ended		Year-to-date ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans and advances	25,214	20,037	50,136	33,566
Deposits and placements with banks and other financial institutions	10,850	10,674	21,379	25,077
Financial investments AFS	-	2,685	-	4,376
Financial assets designated at FVOCI	9,573	-	18,442	-
	<u>45,637</u>	<u>33,396</u>	<u>89,957</u>	<u>63,019</u>

**A7. Interest Expense**

<b>Bank</b>				
Deposits and placements of banks and other financial institutions	18,027	10,323	35,064	19,731
Deposits from customers	8,792	8,390	19,689	16,440
	<u>26,819</u>	<u>18,713</u>	<u>54,753</u>	<u>36,171</u>

**A8. Other Operating Income**

<b>Bank</b>				
<b>Fee income</b>				
- Service charges and fees	121	65	241	132
- Guarantee fees	-	31	6	31
- Commitment fees	348	675	491	1,034
- Other fee income/(expenses)	320	450	731	682
	<u>789</u>	<u>1,221</u>	<u>1,469</u>	<u>1,879</u>
<b>Net gain/(loss) arising from derivatives</b>				
- Realised	12,727	(2,059)	22,113	(33,490)
- Unrealised	(15,734)	12,363	(28,687)	17,724
	<u>(3,007)</u>	<u>10,304</u>	<u>(6,574)</u>	<u>(15,766)</u>

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**A8. Other Operating Income (continued)**

	Current quarter ended		Year-to-date ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	RM'000	RM'000	RM'000	RM'000
<b>Bank (continued)</b>				
<b>Other income</b>				
Foreign exchange gain/(loss):				
- Realised	3,535	(9,827)	10,897	16,426
Other non-operating income/(expenses)	316	26	440	93
	<u>3,851</u>	<u>(9,801)</u>	<u>11,337</u>	<u>16,519</u>
	<u>1,633</u>	<u>1,724</u>	<u>6,232</u>	<u>2,632</u>

**A9. Other Operating Expenses**

**Bank**

**Personnel costs**

- Salaries, allowances and bonuses	7,472	7,287	14,814	12,132
- Defined contribution plan	606	571	1,239	992
- Other staff related costs	283	175	992	343
	<u>8,361</u>	<u>8,033</u>	<u>17,045</u>	<u>13,467</u>

**Establishment costs**

- Depreciation of property, plant and equipment:	854	763	1,703	1,424
- Depreciation of right-of-use assets	737	-	1,475	-
- Amortisation of intangible assets	170	117	338	232
- Rental	-	692	-	1,355
- Insurance	14	10	23	35
- Water and electricity	29	15	53	21
- Repair and maintenance	714	1,337	1,239	2,381
- Security and escorting expenses	27	17	54	41
	<u>2,545</u>	<u>2,951</u>	<u>4,885</u>	<u>5,489</u>

**Marketing expenses**

- Advertisement and publicity	58	15	311	267
- Others	232	191	420	361
	<u>290</u>	<u>206</u>	<u>731</u>	<u>628</u>

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**A9. Other Operating Expenses (continued)**

	Current quarter ended		Year-to-date ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Administration and general expenses</b>				
- Communication expenses	171	221	452	451
- Legal and professional fee	251	217	496	562
- Others	1,121	797	2,478	2,231
	<u>1,543</u>	<u>1,235</u>	<u>3,426</u>	<u>3,244</u>
	<u>12,739</u>	<u>12,425</u>	<u>26,087</u>	<u>22,828</u>

**A10. Allowance for Impairment on Loans and Other Losses**

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>				
<b>30 June 2019</b>				
Cash and short-term funds	(248)	-	-	(248)
Financial assets at FVOCI	107	-	-	107
Loans and advances	1,594	-	-	1,594
Commitments and contingencies	(143)	-	-	(143)
	<u>1,310</u>	<u>-</u>	<u>-</u>	<u>1,310</u>
<b>30 June 2018</b>				
Cash and short-term funds	(171)	-	-	(171)
Financial assets at FVOCI	250	-	-	250
Loans and advances	4,787	-	-	4,787
Commitments and contingencies	(213)	-	-	(213)
	<u>4,653</u>	<u>-</u>	<u>-</u>	<u>4,653</u>
	Current quarter ended		Year-to-date ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Allowance for impaired loans and other losses:				
- Collective impairment allowance	804	3,035	1,310	4,653
	<u>804</u>	<u>3,035</u>	<u>1,310</u>	<u>4,653</u>

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**A11. Cash and short-term funds**

	<b>As at 30 June 2019</b>	<b>As at 31 December 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>		
Cash and short-term funds	523,590	758,795
Deposits and placements with banks and other financial institutions	660,707	461,943
	<u>1,184,297</u>	<u>1,220,738</u>
Less: ECL Allowance	(3)	(251)
	<u>1,184,294</u>	<u>1,220,487</u>

**Movement of allowance for credit loss on cash and short-term funds and deposit and placements with banks and other financial institutions**

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ECL Allowance</b>				
Balance as at 1 January 2019	251	-	-	251
Financial assets derecognised during the financial year	(860)	-	-	(860)
New financial assets purchased	612	-	-	612
Balance as at 30 June 2019	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>
Balance as at 1 January 2018	-	-	-	-
Effect of adoption of MFRS 9	174	-	-	174
<b>Restated balance as at 1 January 2018</b>	<u>174</u>	<u>-</u>	<u>-</u>	<u>174</u>
Financial assets derecognised during the financial year	(628)	-	-	(628)
New financial assets purchased	705	-	-	705
Balance as at 31 December 2018	<u>251</u>	<u>-</u>	<u>-</u>	<u>251</u>

**A12. Financial assets at FVOCI**

	<b>As at 30 June 2019</b>	<b>As at 31 December 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>		
<b>At fair value</b>		
<b><u>Money market instruments:</u></b>		
Malaysian Government Securities	152,508	153,386
Malaysian Government Investment Issues	617,295	305,624
Negotiable instruments of deposits	80,254	301,276
	<u>850,057</u>	<u>760,286</u>
<b><u>Quoted securities:</u></b>		
<b>In Malaysia</b>		
Corporate bond	41,405	41,179
	<u>891,462</u>	<u>801,465</u>

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**A12. Financial assets at FVOCI (continued)**

**Movement of allowance for credit loss to comprehensive income (continued)**

<b>ECL Allowance</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January 2019	251	-	-
Financial assets derecognised during the financial year	(17)	-	-
New financial assets purchased	124	-	-
Balance as at 30 June 2019	<b>358</b>	<b>-</b>	<b>-</b>
Financial assets derecognised during the financial year	(6)	-	-
New financial assets purchased	257	-	-
Balance as at 31 December 2018	<b>251</b>	<b>-</b>	<b>-</b>

**A13. Loans and Advances**

**(a) By type**

<b>Bank</b>	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
Overdrafts	5,152	5,137
Term loans		
- Syndicated term loans	1,000,369	980,928
- Other term loans/financing	430,602	430,317
Trust receipts	-	427,753
Revolving credits/financing	603,913	479,590
Gross loans and advances	<u>2,040,036</u>	<u>2,323,725</u>
Allowance for impaired loans and advances		
- ECL allowance	(15,032)	(13,438)
Net loans and advances	<u>2,025,004</u>	<u>2,310,287</u>

**(b) By type of customer**

Business enterprises	1,980,306	2,264,021
Government and statutory bodies	59,730	59,704
	<u>2,040,036</u>	<u>2,323,725</u>

**(c) By geographical distribution**

Malaysia	1,007,539	1,295,023
Hong Kong	264,209	271,855
Philippines	118,219	157,229
United Arab Emirates	59,730	59,704
China	382,558	293,813
Indonesia	159,080	163,318
Singapore	48,701	82,783
	<u>2,040,036</u>	<u>2,323,725</u>

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

**A13. Loans and Advances (continued)**

<b>Bank</b>	<b>As at 30 June 2019 RM'000</b>	<b>As at 31 December 2018 RM'000</b>
<b>(d) By interest/profit rate sensitivity</b>		
Fixed rate		
- Fixed rate loans	213,523	783,728
Variable rate		
- Cost-plus	1,826,513	1,539,997
	<u>2,040,036</u>	<u>2,323,725</u>
<b>(e) By purpose</b>		
Working capital	894,168	974,070
Merger and acquisition	82,112	81,526
Purchase of transport vehicle	273,606	286,075
Other purposes	790,150	982,054
	<u>2,040,036</u>	<u>2,323,725</u>
<b>(f) By remaining contractual maturities</b>		
Maturity within one year	928,368	1,103,261
One year to three years	579,639	393,628
Three years to five years	240,543	522,881
Over five years	291,486	303,955
	<u>2,040,036</u>	<u>2,323,725</u>

**(g) Movement of allowance for credit loss**

An analysis of changes in the gross carrying amount and the corresponding ECL allowance is as follows:

	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
<b>Gross Carrying Amount</b>				
Balance as at 1 January 2019	2,323,725	-	-	2,323,725
Financial assets derecognised during the financial year	(1,202,865)	-	-	(1,202,865)
New financial assets originated	919,176	-	-	919,176
Balance as at 30 June 2019	<u>2,040,036</u>	<u>-</u>	<u>-</u>	<u>2,040,036</u>
Balance as at 1 January 2018	1,297,747	-	-	1,297,747
Financial assets derecognised during the financial year	(1,114,260)	-	-	(1,114,260)
New financial assets originated	2,140,238	-	-	2,140,238
Balance as at 31 December 2018	<u>2,323,725</u>	<u>-</u>	<u>-</u>	<u>2,323,725</u>
<b>ECL Allowance</b>				
Balance as at 1 January 2019	13,438	-	-	13,438
Financial assets derecognised during the financial year	(4,446)	-	-	(4,446)
New financial assets originated	6,040	-	-	6,040
Balance as at 30 June 2019	<u>15,032</u>	<u>-</u>	<u>-</u>	<u>15,032</u>

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**A13. Loans and Advances (continued)**

**(g) Movement of allowance for credit loss (continued)**

An analysis of changes in the gross carrying amount and the corresponding ECL allowance is as follows:

<b>ECL Allowance</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January 2018	6,520	-	-	6,520
Effect of adoption of MFRS 9	809	-	-	809
Restated balance as at 1 January 2018	7,329	-	-	7,329
Financial assets derecognised during the financial year	(8,997)	-	-	(8,997)
New financial assets originated	15,106	-	-	15,106
Balance as at 31 December 2018	13,438	-	-	13,438

**A14. Other Assets**

	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Other receivables	3,330	4,073
Deposits	782	782
Prepayments	1,379	1,230
Cash collateral pledged for derivative transactions	22,231	1,220
	27,722	7,305

**A15. Deposits from Customers**

**(a) By type of deposits**

**Bank**

Demand deposits	395,476	279,684
Fixed/investment deposits	632,837	1,165,442
	1,028,313	1,445,126

**(b) By type of customer**

**Bank**

Business enterprises	1,028,313	1,445,126
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**(c) By maturity structure of fixed/investment deposits**

**Bank**

Due within six months	627,444	1,157,654
Six months to one year	5,236	7,788
One year to three years	157	-
	632,837	1,165,442

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**A16. Other Liabilities**

	<b>As at 30 June 2019</b>	<b>As at 31 December 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Bank</b>		
Other creditors and accruals	9,363	5,826
Deferred Income	10,185	7,784
Expected credit loss - loan commitments	746	889
Cash collateral pledged for derivative transactions	19,921	30,540
	<u>40,215</u>	<u>45,039</u>

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Movement in loss allowance for contingencies and commitments</u></b>				
Balance as at 1 January 2019	889	-	-	889
Financial assets derecognised during the financial year	(212)	-	-	(212)
New financial assets originated	69	-	-	69
Balance as at 30 June 2019	<u>746</u>	<u>-</u>	<u>-</u>	<u>746</u>
Balance as at 1 January 2018	-	-	-	-
Effect of adoption of MFRS 9	1,237	-	-	1,237
<b>Restated balance as at 1 January 2018</b>	<b>1,237</b>	<b>-</b>	<b>-</b>	<b>1,237</b>
Financial assets derecognised during the financial year	(952)	-	-	(952)
New financial assets originated	604	-	-	604
Balance as at 31 December 2018	<u>889</u>	<u>-</u>	<u>-</u>	<u>889</u>

**A17. Valuation of Property, Plant and Equipment**

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

**A18. Commitments and Contingencies**

<b>Bank</b>	<b>30 June 2019</b>		
	<b>Principal Amount</b>	<b>Credit Equivalent Amount</b>	<b>Risk Weighted Assets</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Short-term self-liquidating trade-related contingencies	-	-	-
Transaction-related contingent items	69	35	35
Irrevocable commitments to extend credit			
- Less than one year	15,398	3,080	3,080
- More than one year	761,325	125,322	88,858
Foreign exchange-related contracts:			
- Less than one year	8,917,854	141,516	48,174
Interest rate/profit related contracts:			
- Less than one year	300,000	750	225
	<u>9,994,646</u>	<u>270,703</u>	<u>140,372</u>



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**A18. Commitments and Contingencies (Continued)**

<b>Bank</b>	<b>31 December 2018</b>		
	<b>Principal Amount</b>	<b>Credit</b>	<b>Risk Weighted</b>
	<b>RM'000</b>	<b>Amount</b>	<b>Assets</b>
		<b>RM'000</b>	<b>RM'000</b>
Short-term self-liquidating trade-related contingencies	343	171	171
Transaction-related contingent items	124,945	62,473	36,942
Irrevocable commitments to extend credit			
- Less than one year	9,942	1,988	1,988
- More than one year	376,293	125,045	125,045
Foreign exchange-related contracts:			
- Less than one year	6,097,757	99,251	37,416
	<u>6,609,280</u>	<u>288,928</u>	<u>201,562</u>

**A19. Capital Adequacy Ratio**

BNM Guidelines on capital adequacy requires the Bank to maintain an adequate level of capital to withstand any losses which may result from credit and other risks associated with financing operations. The capital adequacy ratio is computed based on the eligible capital in relation to the total risk-weighted assets as determined by BNM.

(a) The capital adequacy ratios of the Bank is as follow:

<b>Bank</b>	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Common Equity Tier 1 ('CET 1')/Tier 1 Capital</b>		
Ordinary shares	822,600	822,600
Retained profits	4,701	4,701
Unrealised gain and losses of financial instruments measured at fair value through other comprehensive income	5,001	688
	<u>832,302</u>	<u>827,989</u>
<b>Regulatory adjustments applied on CET 1 Capital</b>		
(Less): 55% of cumulative gains of FVOCI financial instruments	(2,750)	(378)
(Less): Other Intangibles	(6,028)	(5,957)
(Less): Deferred tax assets	(5,247)	(5,293)
	<u>818,277</u>	<u>816,361</u>
<b>Common Equity Tier 1 (CET1) and Tier 1 Capital</b>		
<b>Tier 2 Capital</b>		
Loss provisions	16,139	14,829
Total Tier 2 Capital	<u>16,139</u>	<u>14,829</u>
<b>Total Capital</b>	<u>834,416</u>	<u>831,190</u>

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**A19. Capital Adequacy Ratio (continued)**

(a) The capital adequacy ratios of the Bank is as follow (continued):

<b>Bank</b>	<b>As at 30 June 2019 RM'000</b>	<b>As at 31 December 2018 RM'000</b>
<u>Capital Ratios</u>		
Before proposed dividends:		
CET 1 Capital Ratio	31.535%	34.397%
Tier 1 Capital Ratio	31.535%	34.397%
Total Capital Ratio	32.157%	35.022%

# Pursuant to Basel II Market Risk para 5.19 & 5.20 - Valuation Adjustments, the Capital Adequacy Framework (Basel II - RWA) calculation shall account for the ageing, liquidity and holding back adjustments on its trading portfolio.

^ Excludes expected credit loss attributable to loans and advances classified as impaired but not individually assessed for impairment pursuant to BNM's Guideline on 'Classification and Impairment Provisions for Loans/Financing'.

(b) The breakdown of risk-weighted assets in the various categories of risk-weights are as follows;

Credit risk	2,380,796	2,225,234
Market risk	113,530	36,197
Operational risk	100,509	111,916
Total risk-weighted assets	<u>2,594,835</u>	<u>2,373,347</u>

The total risk-weighted assets of the Bank are computed based on BNM's Guideline on Risk Weighted Capital Adequacy Framework: Standardised Approach for Credit Risk and Market Risk and Basic Indicator Approach for Operational Risk (Basel II).

**A20. Credit exposures arising from transactions with connected parties**

Credit exposures with connected parties as per BNM's revised Guidelines on Credit Transactions and Exposures with Connected Parties are as follows:

<b>Bank</b>	<b>As at 30 June 2019</b>	<b>As at 31 December 2018</b>
Outstanding credit exposures with connected parties (RM'000)	<u>77,348</u>	<u>293,739</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	<u>4.39%</u>	<u>6.29%</u>
Percentage of outstanding credit exposures to connected parties which is non-performing or in default (%)	<u>-</u>	<u>-</u>

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008.

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**B1. Review of Bank's Results**

China Construction Bank (Malaysia) Berhad ("CCBM")'s total assets stood at MYR 4.2 billion with stable execution progress. The main assets components are loans (MYR 2.0 billion), interbank placement (MYR 1.2 billion) and debt securities (MYR 891 million). Whilst total liabilities is MYR 3.3 billion mainly consists of corporate deposit (MYR 1.0 billion) and interbank borrowing (MYR 2.2 billion).

As of the end of June 2019, CCBM recorded operating income of MYR 41.4 million, of which net interest income is MYR 35.2 million, and non interest income MYR 6.2 million.

Based on the average of incremental assets quarter to quarter, the return on assets and return on equity are expected to gradually improve following the growth of the asset size of CCBM.

**B2. Prospects for Financial Year 2019**

**Outlook 2019**

Global economic outlook for 2019 is expected to soften with the slowdown of major's economies. Malaysia's economy estimated to remain positive on a steady growth path, driven mainly by domestic demand and accommodative policies to stimulate growth through stable labour market conditions, capital spending and technology. Bilateral trade between Malaysia and China remain strong. China Construction Bank (Malaysia) Berhad (CCBM) will continue to leverage on our parent bank CCB Head Office and CCB Group of companies' regional strength, supporting local as well as international business growth and requirement. CCBM remains optimistic that the bank is well positioned to capture business opportunities in trade and investment across ASEAN.

**Rating by External Rating Agency**

Malaysian Rating Corporation Berhad ("MARC") has assigned long- and short-term Financial Institution's Rating of AA+ and MARC-1 to China Construction Bank (Malaysia) Berhad in May 2019, with stable outlook.

**B3. Taxation**

	Current quarter ended		Year-to-date ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Bank	RM'000	RM'000	RM'000	RM'000
Income tax	1,998	600	3,872	745
	<u>1,998</u>	<u>600</u>	<u>3,872</u>	<u>745</u>

Domestic income tax for the Bank is calculated at the Malaysian statutory tax rate of 24% of the estimated chargeable profit for the financial period. The effective tax rate of the Bank for the six months ended 30 June 2019 was higher than the statutory tax rate due to effects of certain non-deductible expenses.

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**B4. Deposits from Customers and Placements of Banks and Other Financial Institutions**

**(a) Deposits from customers and placements of banks  
and other financial institutions**

	As at 30 June 2019	As at 31 December 2018
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers		
- One year or less	1,022,920	1,437,338
- More than one year	5,393	7,788
	<u>1,028,313</u>	<u>1,445,126</u>

**B5. Derivative Financial Instruments**

Details of derivative financial instruments outstanding are as follows:

**(a) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts**

	<u>As at 30 June 2019</u>		
<b>Bank</b>	<b>Contract/ Notional Amount</b>	<b>Fair Value</b>	
<b>By type</b>	<b>RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<u>Trading Derivatives:</u>			
Foreign exchange related contracts			
- Forwards/swaps	8,917,854	21,906	41,500
Total	<u>8,917,854</u>	<u>21,906</u>	<u>41,500</u>

	<u>As at 31 December 2018</u>		
<b>Bank</b>	<b>Contract/ Notional Amount</b>	<b>Fair Value</b>	
<b>By type</b>	<b>RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<u>Trading Derivatives:</u>			
Foreign exchange related contracts			
- Forwards/swaps	6,097,757	27,682	18,591
Total	<u>6,097,757</u>	<u>27,682</u>	<u>18,591</u>

	<u>As at 30 June 2019</u>		
<b>Bank</b>	<b>Contract/ Notional Amount</b>	<b>Fair Value</b>	
<b>By remaining period to maturity/next re-pricing date</b>	<b>RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<u>Trading Derivatives:</u>			
Foreign exchange related contracts			
- Less than 1 year	8,917,854	21,906	41,500
	<u>8,917,854</u>	<u>21,906</u>	<u>41,500</u>

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**B5. Derivative Financial Instruments (Continued)**

- (a) Derivative financial instruments measured at their fair values together with their corresponding contract/notional amounts (continued)

	<b>As at 31 December 2018</b>		
	<b>Contract/ Notional Amount</b>	<b>Fair Value Assets</b>	<b>Liabilities</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>By remaining period to maturity/next re-pricing date</b>		
<u>Trading Derivatives:</u>			
Foreign exchange related contracts			
- Less than 1 year	6,097,757	27,682	18,591
	<u>6,097,757</u>	<u>27,682</u>	<u>18,591</u>

**B6. Fair Value of Financial Instruments**

The Group and 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:

<b>Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 June 2019</b>				
<u><b>Financial assets</b></u>				
Financial assets at FVOCI	-	891,462	-	891,462
- Debt Securities	-	891,462	-	891,462
Derivative assets	-	21,906	-	21,906
	<u>-</u>	<u>913,368</u>	<u>-</u>	<u>913,368</u>
<u><b>Financial liabilities</b></u>				
Derivative liabilities	-	41,500	-	41,500

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**B6. Fair Value of Financial Instruments (Continued)**

<b>Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2018</b>				
<b><u>Financial assets</u></b>				
Financial assets at FVOCI	-	801,465	-	801,465
- Debt Securities	-	801,465	-	801,465
Derivative assets	-	27,682	-	27,682
	-	829,147	-	829,147
<b><u>Financial liabilities</u></b>				
Derivative liabilities	-	18,591	-	18,591

(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 are 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.

**B7. Significant Events During the Financial Year**

There were no significant events that had occurred between 1 January 2019 to the date of this announcement.

**B8. Dividends**

(a) The Directors have not proposed for any dividend for the six months ended 30 June 2019.