

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2021

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (201601032761 (1203702-U))

MANAGEMENT'S CERTIFICATION

I hereby certify that the unaudited interim financial statements for the period from 1 January 2021 to 30 September 2021 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/PD 032-13: Financial Reporting issued by Bank Negara Malaysia on 27 September 2019.

On behalf of

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (201601032761 (1203702-U))

Feng Qi
Chief Executive Officer
Date:

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)
UNAUDITED INTERIM FINANCIAL STATEMENTS
INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	Note	Current quarter ended		Year-to-date ended	
		30-Sep 2021 RM'000	30-Sep 2020 RM'000	30-Sep 2021 RM'000	30-Sep 2020 RM'000
Bank					
Interest income	A6	34,306	37,606	105,897	139,363
Interest expense	A7	(14,336)	(17,305)	(43,490)	(79,095)
Net interest income		19,970	20,301	62,407	60,268
Other operating income/(loss)	A8	15,141	11,805	24,605	31,154
Net income		35,111	32,106	87,012	91,422
Other operating expenses	A9	(13,952)	(13,904)	(43,968)	(42,583)
Operating profit before allowances		21,159	18,202	43,044	48,839
Writeback of/(Allowances for) expected credit losses ("ECL")	A10	874	(7,949)	17,209	(9,636)
Profit before taxation		22,033	10,253	60,253	39,203
Taxation	B3	(5,935)	(2,978)	(16,560)	(10,796)
Net profit for the financial period		16,098	7,275	43,693	28,407
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		3,160	1,566	(30,063)	10,472
Reclassification in debt instruments at FVOCI to the profit or loss		5,393	4,921	5,393	6,578
Income tax effect		(6,546)	(1,665)	1,523	(4,047)
		2,007	4,822	(23,147)	13,003
<u>Cash flow hedge</u>					
Net (loss)/gain in cash flow hedge		(2,258)	838	(3,261)	3,998
Net change in cost of hedging		(2,333)	5,145	(4,324)	4,202
Income tax effect		1,102	(1,435)	1,820	(1,967)
		(3,489)	4,548	(5,765)	6,233
Total other comprehensive (loss)/income, net of tax, for the financial period		(1,482)	9,370	(28,912)	19,236
Total comprehensive income for the financial period		14,616	16,645	14,781	47,643

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)
UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	As at 30-Sep 2021 RM'000	As at 31-Dec 2020 RM'000
Bank			
ASSETS			
Cash and short-term funds	A11	1,214,085	1,041,855
Deposits and placements with banks and other financial institutions	A12	-	-
Debt instruments at fair value through other comprehensive income ("FVOCI")	A13	1,600,358	1,668,132
Loans and advances	A14	1,967,444	2,384,792
Other assets	A15	37,041	113,633
Derivative financial assets	B5	45,050	132,954
Deferred tax assets		11,430	7,282
Tax recoverable		18,071	9,529
Right-of-use assets		1,528	3,194
Property, plant and equipment	A18	4,493	6,886
Intangible assets		5,186	4,879
TOTAL ASSETS		<u>4,904,686</u>	<u>5,373,136</u>
LIABILITIES			
Deposits from customers	A16/B4	2,343,611	2,275,454
Deposits and placements of banks and other financial institutions		644,603	1,021,513
Other liabilities	A17	119,242	248,053
Derivative financial liabilities	B5	44,451	122,302
Lease liabilities		1,525	3,103
Subordinated loans	A19	838,286	804,524
TOTAL LIABILITIES		<u>3,991,718</u>	<u>4,474,949</u>
EQUITY			
Share capital		822,600	822,600
Reserves		90,368	75,587
TOTAL EQUITY		<u>912,968</u>	<u>898,187</u>
TOTAL LIABILITIES AND EQUITY		<u>4,904,686</u>	<u>5,373,136</u>
COMMITMENTS AND CONTINGENCIES	A20	<u>13,441,048</u>	<u>13,211,182</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761
UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2

Bank	Note	Non-Distributable				Distributable		Total Equity RM'000
		Share Capital RM'000	Regulatory Reserves RM'000	FVOCI Reserves RM'000	Cash flow hedge Reserve RM'000	Cost of hedging Reserve RM'000	(Accumulated losses)/ Retained profits RM'000	
Balance as at 1 January 2020		822,600	-	7,429	-	-	21,122	851,151
Net profit for the financial year		-	-	-	-	-	29,534	29,534
Other comprehensive income, net of tax, for the financial year		-	-	6,694	3,491	7,317	-	17,502
Total comprehensive income for the financial year		-	-	6,694	3,491	7,317	29,534	47,036
Balance as at 31 December 2020		822,600	-	14,123	3,491	7,317	50,656	898,187
Balance as at 1 January 2021		822,600	-	14,123	3,491	7,317	50,656	898,187
Net profit for the financial period		-	-	-	-	-	43,693	43,693
Other comprehensive income, net of tax, for the financial period		-	-	(23,147)	(2,479)	(3,286)	-	(28,912)
Total comprehensive income for the financial period		-	-	(23,147)	(2,479)	(3,286)	43,693	14,781
Balance as at 30 September 2021		822,600	-	(9,024)	1,012	4,031	94,349	912,968

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

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)
UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	30-Sep 2021	30-Sep 2020
	RM'000	RM'000
Bank		
Cash flows from operating activities		
Profit before taxation	60,253	39,203
Adjustments for:		
Allowance for impairment on loans and other losses	(17,209)	9,636
Depreciation of property, plant and equipment:	3,096	2,736
Depreciation of right-of-use assets	2,044	2,219
Amortisation of intangible assets	835	585
Gain from sale of debt instruments at FVOCI	(5,393)	(6,578)
Interest expense on subordinated loan	10,406	16,662
Interest income from financial assets designated at fair value through other comprehensive income	(34,381)	(46,934)
Finance cost	73	161
Operating profit before working capital changes	<u>19,724</u>	<u>17,690</u>
Decrease/(Increase) in operating assets:		
Deposits and placements with banks and other financial institutions	-	(30,553)
Statutory deposits with Bank Negara Malaysia	-	(30,000)
Derivative Financial Assets	87,904	(2,029)
Loans and advances	427,740	(64,104)
Other assets	76,592	(29,155)
	<u>592,236</u>	<u>(155,841)</u>
Increase/(Decrease) in operating liabilities:		
Deposits from customers	68,157	(161,022)
Deposits and placements of banks and other financial institutions	(376,910)	(1,044,453)
Derivative Financial Liabilities	(77,851)	(10,028)
Other liabilities	(121,946)	151,989
Subordinated loans	25,892	(1,223)
Obligations on securities sold under Repos	-	(50,069)
	<u>(482,658)</u>	<u>(1,114,806)</u>
Cash used in operations	129,302	(1,252,957)
Net tax paid	<u>(22,260)</u>	<u>(5,790)</u>
Net cash used in from operating activities	<u>107,043</u>	<u>(1,258,747)</u>
Cash flows from investing activities		
Purchase of financial investments FVOCI	(1,538,478)	(3,262,869)
Proceeds from redemption and disposal of financial investments at FVOCI	1,562,575	4,821,301
Interest received from financial investments at FVOCI	47,731	60,175
Purchase of property, plant and equipment:	(703)	(127)
Purchase of intangible assets	(1,142)	(345)
Interest payment of subordinated loan	<u>(2,536)</u>	<u>(4,257)</u>
Net cash used in investing activities	<u>67,447</u>	<u>1,613,878</u>
Cash flows from financing activities		
Payment of lease liabilities	<u>(2,029)</u>	<u>(2,197)</u>
Net cash generated from financing activities	<u>(2,029)</u>	<u>(2,197)</u>
Net increase in cash and cash equivalents	172,460	352,934
Cash and cash equivalents, at gross:		
- at the beginning of the financial period	<u>1,041,897</u>	<u>628,008</u>
- at the end of the financial period	<u>1,214,357</u>	<u>980,942</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

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

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the unaudited interim financial statements. The amendments and interpretations are as below:

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform - Phase 2.

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 2021 to 30 September 2021.

A4. Changes In Estimates

There were no material changes in estimates that have a material effect for the period from 1 January 2021 to 30 September 2021.

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 2021 to 30 September 2021.

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

A6. Interest Income

Bank	Current quarter ended		Year-to-date ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	RM'000	RM'000	RM'000	RM'000
Loans and advances	15,240	20,322	47,320	65,115
Deposits and placements with banks and other financial institutions	5,138	4,762	16,604	27,314
Financial assets designated at FVOCI	11,240	12,522	34,381	46,934
Derivative financial instruments	2,688	-	7,592	-
	<u>34,306</u>	<u>37,606</u>	<u>105,897</u>	<u>139,363</u>

A7. Interest Expense

Bank				
Deposits and placements of banks and other financial institutions	1,864	3,940	7,827	30,655
Deposits from customers	9,001	8,956	25,257	29,702
Subordinated loans	3,471	3,884	10,406	16,662
Derivative financial instruments	-	525	-	2,076
	<u>14,336</u>	<u>17,305</u>	<u>43,490</u>	<u>79,095</u>

A8. Other Operating Income/(Loss)

Bank				
Fee income				
Service charges and fees	18	236	52	689
Less: Fees expense	(73)	(29)	(187)	(103)
	(55)	207	(135)	586
Guarantee fees	469	113	1,354	345
Commitment fees	2	1,505	723	3,587
Syndication fees	4,769	3,723	11,763	10,879
Other fee income	6,061	751	9,188	3,843
	<u>11,246</u>	<u>6,299</u>	<u>22,893</u>	<u>19,240</u>
Trading and investment income:				
Net realised gain/(loss) on derivatives	(500)	55,519	56,808	156,745
Net unrealised fair value (loss)/gain on derivatives	7,163	(15,272)	(36,468)	14,168
Gain from sale of debt instruments at FVOCI	5,393	4,921	5,393	6,578
Less: Brokerage charges	(101)	(155)	(431)	(634)
	<u>11,955</u>	<u>45,013</u>	<u>25,302</u>	<u>176,857</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

A8. Other Operating Income/(Loss) (continued)

	Current quarter ended		Year-to-date ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Bank (continued)	RM'000	RM'000	RM'000	RM'000
Other income:				
Net foreign exchange gain/(loss)	(8,137)	(39,589)	(24,092)	(166,526)
Other non-operating income/(expenses)	77	82	502	1,583
	<u>(8,060)</u>	<u>(39,507)</u>	<u>(23,590)</u>	<u>(164,943)</u>
	<u>15,141</u>	<u>11,805</u>	<u>24,605</u>	<u>31,154</u>

A9. Other Operating Expenses

Bank

Personnel costs

Salaries, allowances and bonuses	7,487	8,954	26,171	25,356
Defined contribution plan	(34)	1,493	2,004	2,733
Other staff related costs	1,687	(369)	2,401	2,194
	<u>9,140</u>	<u>10,078</u>	<u>30,576</u>	<u>30,283</u>

Establishment costs

Depreciation of property, plant and equipment:	1,002	913	3,096	2,736
Depreciation of right-of-use assets	560	740	2,044	2,219
Amortisation of intangible assets	315	206	835	585
Repair and maintenance	1,040	1,027	2,592	2,510
Others	84	88	215	215
	<u>3,001</u>	<u>2,974</u>	<u>8,782</u>	<u>8,265</u>

Promotion and marketing expenses

Advertisement and publicity	168	168	373	664
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Administration and general expenses

Communication expenses	264	(65)	644	722
Legal and professional fees	242	143	639	482
Travelling and accommodation expenses	136	-	170	139
Employee recruitment costs	(9)	17	49	259
Others	1,010	589	2,735	1,769
	<u>1,643</u>	<u>684</u>	<u>4,237</u>	<u>3,371</u>
	<u>13,952</u>	<u>13,904</u>	<u>43,968</u>	<u>42,583</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

A10. Writeback of/(Allowances for) expected credit losses ("ECL")

Bank	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
30 September 2021				
Cash and short-term funds	(230)	-	-	(230)
Deposits and placements with banks and other financial institutions	-	-	-	-
Financial assets at FVOCI	182	-	-	182
Loans and advances	10,392	-	-	10,392
Commitments and contingencies	6,865	-	-	6,865
	<u>17,209</u>	<u>-</u>	<u>-</u>	<u>17,209</u>
30 September 2020				
Cash and short-term funds	(558)	-	-	(558)
Deposits and placements with banks and other financial institutions	(706)	-	-	(706)
Financial assets at FVOCI	(187)	-	-	(187)
Loans and advances	(15,559)	6,414	-	(9,145)
Commitments and contingencies	(1,135)	2,095	-	960
	<u>(18,145)</u>	<u>8,509</u>	<u>-</u>	<u>(9,636)</u>
	Current quarter ended		Year-to-date ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
Bank	RM'000	RM'000	RM'000	RM'000
Writeback of/(Allowances for) expected credit losses ("ECL")	874	(7,949)	17,209	(9,636)
	<u>874</u>	<u>(7,949)</u>	<u>17,209</u>	<u>(9,636)</u>

A11. Cash and short-term funds

Bank	As at	As at
	30 September	31 December
	2021	2020
	RM'000	RM'000
Cash and balances with banks and other financial institutions	64,519	115,836
Money at call and deposit placements maturing within one month	1,149,838	926,061
	<u>1,214,357</u>	<u>1,041,897</u>
Less: ECL Allowance	(272)	(42)
	<u>1,214,085</u>	<u>1,041,855</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

A11. Cash and short-term funds (continued)

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

ECL Allowance	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2021	42	-	-	42
Financial assets derecognised during the financial year	(389)	-	-	(389)
New financial assets purchased	619	-	-	619
Balance as at 30 September 2021	272	-	-	272
Balance as at 1 January 2020	11	-	-	11
Financial assets derecognised during the financial year	(64)	-	-	(64)
New financial assets purchased	95	-	-	95
Balance as at 31 December 2020	42	-	-	42

A12. Deposits and placements with banks and other financial institutions

Bank	As at 30 September 2021	As at 31 December 2020
	RM'000	RM'000
Licensed banks	-	-
Less: ECL allowances	-	-
	-	-

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

ECL Allowance	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2021	-	-	-	-
Financial assets derecognised during the financial year	-	-	-	-
New financial assets purchased	-	-	-	-
Balance as at 30 September 2021	-	-	-	-
Balance as at 1 January 2020	3	-	-	3
Financial assets derecognised during the financial year	(1,524)	-	-	(1,524)
New financial assets purchased	1,521	-	-	1,521
Balance as at 31 December 2020	-	-	-	-

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

A13. Financial assets at FVOCI

	As at 30 September 2021	As at 31 December 2020
	RM'000	RM'000
Bank		
At fair value		
<u>Money market instruments:</u>		
Malaysian Government Securities	328,659	97,075
Malaysian Government Investment Issues	438,084	781,035
Negotiable instruments of deposits	-	300,240
	<u>766,743</u>	<u>1,178,350</u>
<u>Quoted securities:</u>		
In Malaysia		
Corporate bond	339,368	377,738
Cagamas debt securities	245,998	112,044
Government treasury bills	248,249	-
	<u>833,615</u>	<u>489,782</u>
	<u>1,600,358</u>	<u>1,668,132</u>

Movement of allowance for credit loss to comprehensive income

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
ECL Allowance				
Balance as at 1 January 2021	673	-	-	673
Financial assets derecognised during the financial year	(677)	-	-	(677)
New financial assets purchased	495	-	-	495
Balance as at 30 September 2021	<u>491</u>	<u>-</u>	<u>-</u>	<u>491</u>
Balance as at 1 January 2020	559	-	-	559
Financial assets derecognised during the financial year	(523)	-	-	(523)
New financial assets purchased	637	-	-	637
Balance as at 31 December 2020	<u>673</u>	<u>-</u>	<u>-</u>	<u>673</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

A14. Loans and Advances

(a) By type

	As at 30 September 2021	As at 31 December 2020
	RM'000	RM'000
Bank		
At amortised cost		
Overdrafts	4,888	5,243
Term loans		
- Syndicated term loans	786,032	793,173
- Other term loans/financing	576,419	765,634
Bill receivables	82,703	396,125
Trust receipts	-	25,316
Revolving credits	545,420	437,711
Gross loans and advances	<u>1,995,462</u>	<u>2,423,202</u>
Allowances for expected credit losses		
- Stage 1	(28,018)	(38,410)
Net loans and advances	<u><u>1,967,444</u></u>	<u><u>2,384,792</u></u>

(b) By type of customer

Business enterprises	1,938,548	2,368,585
Government and statutory bodies	56,914	54,617
	<u>1,995,462</u>	<u>2,423,202</u>

(c) By geographical distribution

Malaysia	1,602,603	1,683,251
Hong Kong	78,915	127,529
Philippines	-	45,858
United Arab Emirates	56,914	54,617
China	257,030	511,947
	<u>1,995,462</u>	<u>2,423,202</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

A14. Loans and Advances (continued)

Bank	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
(d) By interest/profit rate sensitivity		
Fixed rate loans	106,454	89,017
Variable rate (cost-plus) loans	1,889,008	2,334,185
	<u>1,995,462</u>	<u>2,423,202</u>
(e) By purpose		
Working capital	990,806	1,159,266
Merger and acquisition	78,914	79,293
Purchase of transport vehicle	-	10,081
Purchase of land	33,419	33,423
Construction	621,081	566,415
Trade finance related	-	218,334
Lending to related entities	175,148	170,454
Investments in related entities	9,983	29,422
Other purposes	86,111	156,514
	<u>1,995,462</u>	<u>2,423,202</u>
(f) By remaining contractual maturities		
Maturity within one year	867,427	1,231,651
One year to three years	248,421	505,318
Three years to five years	46,338	6,254
Over five years	833,276	679,979
	<u>1,995,462</u>	<u>2,423,202</u>
(g) By industry		
Manufacturing	676,446	619,187
Electricity, gas and water	153,524	137,540
Construction	337,465	430,362
Real estate	185,131	100,339
Wholesale, retail trade, restaurants and hotels	2,094	2,009
Transport, storage and communication	319,799	443,619
Finance, insurance and business services	56,914	493,543
Others	264,089	196,603
	<u>1,995,462</u>	<u>2,423,202</u>

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A14. Loans and Advances (continued)

(h) Movement of allowance for credit loss

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

	<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>
Gross Carrying Amount				
Balance as at 1 January 2021	2,423,202	-	-	2,423,202
Financial assets derecognised during the financial year	(1,358,794)		-	(1,358,794)
New financial assets originated	931,054		-	931,054
Balance as at 30 September 2021	<u>1,995,462</u>	<u>-</u>	<u>-</u>	<u>1,995,462</u>
Balance as at 1 January 2020	2,631,380	64,365	-	2,695,745
Financial assets derecognised during the financial year	(2,138,819)	(64,365)	-	(2,203,184)
New financial assets originated	1,930,641	-	-	1,930,641
Balance as at 31 December 2020	<u>2,423,202</u>	<u>-</u>	<u>-</u>	<u>2,423,202</u>
ECL Allowance				
Balance as at 1 January 2021	38,410	-	-	38,410
Financial assets derecognised during the financial year	(23,572)	-	-	(23,572)
New financial assets originated	13,180	-	-	13,180
Balance as at 30 September 2021	<u>28,018</u>	<u>-</u>	<u>-</u>	<u>28,018</u>
Balance as at 1 January 2020	15,663	6,414	-	22,077
Financial assets derecognised during the financial year	(27,450)	(6,414)	-	(33,864)
New financial assets originated	50,197	-	-	50,197
Balance as at 31 December 2020	<u>38,410</u>	<u>-</u>	<u>-</u>	<u>38,410</u>

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A15. Other Assets

	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
Other receivables	20,952	11,319
Deposits	1,180	1,025
Prepayments	1,399	2,188
Cash collateral pledged for derivative transactions	13,510	99,101
	<u>37,041</u>	<u>113,633</u>

A16. Deposits from Customers

(a) By type of deposits

Bank

Demand deposits	796,389	1,212,477
Saving deposits	11,696	-
Fixed/investment deposits	1,535,526	1,062,977
	<u>2,343,611</u>	<u>2,275,454</u>

(b) By type of customer

Bank

Business enterprises	2,331,915	2,275,454
Individuals	11,696	-
	<u>2,343,611</u>	<u>2,275,454</u>

(c) By maturity structure of fixed/investment deposits

Bank

Due within six months	1,512,316	1,042,136
Six months to one year	23,210	20,841
	<u>1,535,526</u>	<u>1,062,977</u>

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A17. Other Liabilities

	As at 30 September 2021	As at 31 December 2020
Bank	RM'000	RM'000
Other creditors and accruals	19,309	21,756
Deferred Income	6,166	7,204
Cash collateral received for derivative transactions	19,225	121,966
Cash collateral from corporate customers	72,633	88,353
ECL allowances for irrevocable loan commitments and financial guarantees	1,909	8,774
	<u>119,242</u>	<u>248,053</u>

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
<u>Movement in loss allowance for contingencies and commitments</u>				
Balance as at 1 January 2021	8,774	-	-	8,774
Credit exposures relinquished	(7,678)	-	-	(7,678)
Credit exposures assumed	813	-	-	813
Balance as at 30 September 2021	<u>1,909</u>	<u>-</u>	<u>-</u>	<u>1,909</u>
Balance as at 1 January 2020	470	2,095	-	2,565
Credit exposures relinquished	(1,402)	(2,095)	-	(3,497)
Credit exposures assumed	9,706	-	-	9,706
Balance as at 31 December 2020	<u>8,774</u>	<u>-</u>	<u>-</u>	<u>8,774</u>

A18. Valuation of Property, Plant and Equipment

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

A19. Subordinated Loans

	As at 30 September 2021	As at 31 December 2020
Bank	RM'000	RM'000
At amortised cost		
USD200 million subordinated loan	<u>838,286</u>	<u>804,524</u>

On 29 August 2019, the Bank has issued USD 200 million Tier 2 Subordinated Loan with ten (10) years maturity, non-callable five (5) years.

The issuance of the subordinated loan was approved by BNM as Basel III compliant Tier 2 subordinated loan, and to be classified as Tier 2 capital of the Bank pursuant to BNM's Capital Adequacy Framework (Capital Component).

The interest on subordinate loan is payable every three (3) months throughout the tenor commencing 29 August 2019 on floating rate basis.

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A20. Commitments and Contingencies

Bank	30 September 2021		
	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Short-term self-liquidating trade-related contingencies	56,833	11,367	11,367
Transaction-related contingent items	201,762	100,881	67,111
Irrevocable commitments to extend credit			
- Less than one year	-	-	-
- More than one year	903,692	146,665	146,665
Foreign exchange-related contracts:			
- Less than one year	8,713,352	151,233	49,754
- More than one year	2,206,229	247,262	186,995
Interest rate/profit related contracts:			
- Less than one year	593,000	1,288	310
- More than one year	766,180	7,662	2,663
	<u>13,441,048</u>	<u>666,358</u>	<u>464,865</u>
Bank	31 December 2020		
	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Short-term self-liquidating trade-related contingencies	31,345	6,269	6,269
Transaction-related contingent items	276,973	138,486	91,558
Irrevocable commitments to extend credit			
- Less than one year	125,721	-	-
- More than one year	814,550	204,444	204,444
Foreign exchange-related contracts:			
- Less than one year	7,075,611	104,091	44,610
- More than one year	1,683,542	195,796	142,317
Interest rate related contracts: #			
- Less than one year	1,867,920	1,868	639
- More than one year	1,335,520	20,480	6,566
	<u>13,211,182</u>	<u>671,434</u>	<u>496,403</u>

A21. 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.

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A21. Capital Adequacy Ratio (continued)

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

	As at 30 September 2021 RM'000	As at 31 December 2020 RM'000
Bank		
Common Equity Tier 1 ('CET 1')/Tier 1 Capital		
Paid-up ordinary share capital	822,600	822,600
Retained profits	50,656	50,656
Other reserves	(9,515)	24,931
Regulatory adjustments applied in the calculation of CET1 Capital	(20,018)	(33,606)
Total CET1/Tier 1 Capital	<u>843,723</u>	<u>864,581</u>
Tier II Capital		
Tier II capital instruments meeting all relevant criteria	837,400	803,600
Loss provisions	30,691	47,899
Total Tier II Capital	<u>868,091</u>	<u>851,499</u>
Total Capital	<u>1,711,814</u>	<u>1,716,080</u>
<u>Capital Ratios</u>		
Before proposed dividends:		
CET 1 Capital Ratio	29.565%	28.497%
Tier 1 Capital Ratio	29.565%	28.497%
Total Capital Ratio	59.984%	56.563%

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	2,500,232	2,784,847
Market risk	105,004	70,987
Operational risk	248,541	178,116
Total risk-weighted assets	<u>2,853,777</u>	<u>3,033,950</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).

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B1. Review of Bank's Results

China Construction Bank (Malaysia) Berhad ("CCBM")'s total assets maintained at MYR 4.9 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 1.6 billion). Whilst total liabilities is MYR 4.0 billion mainly consists of MYR2.3 billion deposit and subordinated loan (MYR0.8 billion) as at end of September 2021.

As of the end of September 2021, CCBM recorded net income of MYR 87.0 million, of which net interest income is MYR 62.4 million, and other operating income MYR 24.6 million.

Based on the financial performance quarter to quarter, CCBM continue to strive for the profit growth since the beginning of the year and maintain stable and healthy balance sheet growth.

B2. Prospects for Financial Year 2021

Outlook 2021

The outlook for fourth quarter (Q4 2021) is expected to improve, underscored by a gradual recovery from the reopening of more economic and social sectors as more than 90% adult populations are vaccinated. Currently, efforts are underway to strengthen the strategic levers of the nation in moving towards the reform stage. This includes the new approach adopted by the Ministry of Finance in improving the country's annual budgeting process to make it more transparent and inclusive. With the launch of the National Fourth Industrial Revolution Policy (4IR), digitalisation and technological adoption will be a national priority for boosting Malaysia's longer-term economic prospects and resilience, in accordance with the Malaysian Digital Economy Blueprint. This is also in tandem with the Government's ongoing structural reforms over the medium term through the implementation of, among others, the National Investment Aspirations (NIA) framework.

Additionally, the Twelfth Malaysia Plan (2021-2025) will provide a blueprint for sustainable growth, aimed at strengthening socio-economic inclusivity and environmental sustainability. All these policy initiatives are also aligned with the country's longer-term development policy, the Shared Prosperity Vision 2030. CCBM direction towards achieving sustainable business growth, maintaining reasonable asset size and continue to leverage on CCB Group's regional strength, supporting local as well as international business growth requirement, maintain partnership in bilateral trade between Malaysia and China. CCBM remains its position and continue to capture business opportunities in trade and investments across RCEP.

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 2021, with stable outlook.

B3. Taxation

	Current quarter ended		Year-to-date ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Bank	RM'000	RM'000	RM'000	RM'000
Income tax	5,935	2,978	16,560	10,796
	<u>5,935</u>	<u>2,978</u>	<u>16,560</u>	<u>10,796</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 nine months ended 30 September 2021 was higher than the statutory tax rate due to effects of certain non-deductible expenses.

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

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

Bank	As at	As at
	30 September	31 December
	2021	2020
	RM'000	RM'000
Deposits from customers		
- One year or less	2,343,611	2,254,613
- More than one year	-	20,841
	<u>2,343,611</u>	<u>2,275,454</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

Bank	30 September 2021		
	Contract/ Notional	Fair Value	
	Amount	Assets	Liabilities
	RM'000	RM'000	RM'000
By type			
<u>Trading Derivatives:</u>			
Foreign exchange related contracts			
- Forwards/spot	61,311	-	40
- Currency swaps	10,019,984	35,898	37,077
Interest rate/profit related contracts:			
- Interest rate swaps	1,359,180	1,310	3,883
<u>Hedging derivatives - cash flow hedge</u>			
Foreign exchange related contracts:			
- Cross currency interest rate swaps	838,286	7,842	3,451
Total	<u>12,278,761</u>	<u>45,050</u>	<u>44,451</u>
	31 December 2020		
Bank	Contract/ Notional	Fair Value	
	Amount	Assets	Liabilities
By type	RM'000	RM'000	RM'000
<u>Trading Derivatives:</u>			
Foreign exchange related contracts			
- Forwards/swaps	113,509	61,611	77,791
- Currency swaps	7,842,044	68,327	2,979
Interest rate/profit related contracts:			
- Interest rate swaps	3,203,440	3,016	9,165
<u>Hedging derivatives - cash flow hedge</u>			
Foreign exchange related contracts:			
- Cross currency interest rate swaps	803,600	-	32,367
Total	<u>11,962,593</u>	<u>132,954</u>	<u>122,302</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)

	30 September 2021		
	Contract/ Notional Amount	Fair Value	
		Assets	Liabilities
	RM'000	RM'000	RM'000
By remaining period to maturity/next re-pricing date			
<u>Trading Derivatives:</u>			
Foreign exchange related contracts			
- Less than 1 year	8,713,352	26,759	5,110
- More than 1 years	2,206,229	16,981	35,458
Interest rate/profit related contracts:			
- Less than 1 year	593,000	-	-
- More than one year	766,180	1,310	3,883
	<u>12,278,761</u>	<u>45,050</u>	<u>44,451</u>
31 December 2020			
	Contract/ Notional Amount	Fair Value	
		Assets	Liabilities
	RM'000	RM'000	RM'000
By remaining period to maturity/next re-pricing date			
<u>Trading Derivatives:</u>			
Foreign exchange related contracts			
- Less than 1 year	7,075,611	22,406	7,031
- More than 1 years	1,683,542	107,532	73,739
Interest rate/profit related contracts:			
- Less than one year	1,867,920	817	936
- More than one year	1,335,520	2,199	8,229
	<u>11,962,593</u>	<u>132,954</u>	<u>89,935</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.

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B6. Fair Value of Financial Instruments (continued)

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

Bank	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30 September 2021				
<u>Financial assets</u>				
Financial assets at FVOCI	-	1,600,358	-	1,600,358
- Debt Securities	-	1,600,358	-	1,600,358
Derivative assets	-	45,050	-	45,050
	-	1,645,408	-	1,645,408
<u>Financial liabilities</u>				
Derivative liabilities	-	44,451	-	44,451
31 December 2020				
<u>Financial assets</u>				
Financial assets at FVOCI	-	1,668,132	-	1,668,132
- Debt Securities	-	1,668,132	-	1,668,132
Derivative assets	-	132,954	-	132,954
	-	1,801,086	-	1,801,086
<u>Financial liabilities</u>				
Derivative liabilities	-	122,302	-	122,302

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B6. Fair Value of Financial Instruments (Continued)

(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.

B7. Significant Events During the Financial Year

There were no significant events that had occurred between 1 January 2021 to the date of this announcement.

B8. Dividends

(a) The Directors have not proposed for any dividend for the nine months ended 30 September 2021.