

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
30 JUNE 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 June 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 (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 JUNE 2021

	Note	Current quarter ended		Year-to-date ended	
		30-Jun 2021 RM'000	30-Jun 2020 RM'000	30-Jun 2021 RM'000	30-Jun 2020 RM'000
Bank					
Interest income	A6	34,621	45,422	71,592	101,757
Interest expense	A7	(14,431)	(25,942)	(29,155)	(61,790)
Net interest income		20,190	19,480	42,437	39,967
Other operating income/(loss)	A8	9,755	24,890	9,464	19,349
Net income		29,945	44,370	51,901	59,316
Other operating expenses	A9	(16,760)	(14,964)	(30,013)	(28,679)
Operating profit before allowances		13,185	29,406	21,888	30,637
Writeback of/(Allowances for) expected credit losses ("ECL")	A10	2,850	(6,000)	16,335	(1,687)
Profit before taxation		16,035	23,406	38,223	28,950
Taxation	B3	(3,854)	(6,222)	(10,625)	(7,818)
Net profit for the financial period		12,181	17,184	27,598	21,132
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		(26,113)	7,457	(33,221)	8,906
Reclassification in debt instruments at FVOCI to the profit or loss		-	123	-	1,657
Income tax effect		6,069	(912)	8,069	(2,382)
		(20,044)	6,668	(25,152)	8,181
<u>Cash flow hedge</u>					
Net gain in cash flow hedge		80	3,160	(1,003)	3,160
Net change in cost of hedging		(2,272)	(943)	(1,991)	(943)
Income tax effect		148	(532)	718	(532)
		(2,044)	1,685	(2,276)	1,685
Total other comprehensive income, net of tax, for the financial period		(22,088)	8,353	(27,428)	9,866
Total comprehensive income for the financial period		(9,907)	25,537	170	30,998

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

	Note	As at 30-Jun 2021 RM'000	As at 31-Dec 2020 RM'000
Bank			
ASSETS			
Cash and short-term funds	A11	1,407,630	1,041,855
Deposits and placements with banks and other financial institutions	A12	-	-
Debt instruments at fair value through other comprehensive income ("FVOCI")	A13	1,717,008	1,668,132
Loans and advances	A14	2,121,642	2,384,792
Other assets	A15	51,418	113,633
Derivative assets	B5	42,975	132,954
Deferred tax assets		12,164	7,282
Tax recoverable		17,159	9,529
Right-of-use assets		2,088	3,194
Property, plant and equipment	A18	5,160	6,886
Intangible assets		5,088	4,879
TOTAL ASSETS		<u>5,382,332</u>	<u>5,373,136</u>
LIABILITIES			
Deposits from customers	A16/B4	2,444,532	2,275,454
Deposits and placements of banks and other financial institutions		1,043,725	1,021,513
Other liabilities	A17	109,745	248,053
Derivative liabilities	B5	52,747	122,302
Tax payable		-	-
Lease liabilities		2,063	3,103
Subordinated loans	A19	831,163	804,524
TOTAL LIABILITIES		<u>4,483,975</u>	<u>4,474,949</u>
EQUITY			
Share capital		822,600	822,600
Reserves		75,757	75,587
TOTAL EQUITY		<u>898,357</u>	<u>898,187</u>
TOTAL LIABILITIES AND EQUITY		<u>5,382,332</u>	<u>5,373,136</u>
COMMITMENTS AND CONTINGENCIES	A20	<u>11,377,930</u>	<u>13,211,182</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)
UNAUDITED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Bank	Note	Non-Distributable			Cash flow hedge reserve	Cost of hedging reserve	Distributable	Total Equity
		Share Capital	Regulatory Reserves	FVOCI Reserves			(Accumulated losses)/ Retained profits	
		RM'000	RM'000	RM'000	RM'000	RM'000	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		-	-	-	-	-	27,598	27,598
Other comprehensive income, net of tax, for the financial period		-	-	(25,152)	(763)	(1,513)	-	(27,428)
Total comprehensive income for the financial period		-	-	(25,152)	(763)	(1,513)	27,598	170
Balance as at 30 June 2021		822,600	-	(11,029)	2,728	5,804	78,254	898,357

* 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 JUNE 2021

	30-Jun 2021	30-Jun 2020
	RM'000	RM'000
Bank		
Cash flows from operating activities		
Profit before taxation	38,223	28,950
Adjustments for:		
Allowance for impairment on loans and other losses	(16,335)	1,687
Depreciation of property, plant and equipment:	2,094	1,823
Depreciation of right-of-use assets	1,484	1,479
Amortisation of intangible assets	519	379
Gain from sale of debt instruments at FVOCI	-	(1,657)
Interest expense on subordinated loan	6,935	12,778
Interest income from financial assets designated at fair value through other comprehensive income	(23,142)	(34,412)
Finance cost	55	115
Operating profit before working capital changes	9,833	11,142
 (Increase)/Decrease in operating assets:		
Deposits and placements with banks and other financial institutions	-	(253,607)
Derivative Assets	89,979	3,355
Loans and advances	273,363	(147,235)
Other assets	62,215	32,501
	<u>425,557</u>	<u>(364,986)</u>
 Increase/(Decrease) in operating liabilities:		
Deposits from customers	169,078	(45,855)
Deposits and placements of banks and other financial institutions	22,212	(385,095)
Derivative Liabilities	(69,555)	(50,102)
Other liabilities	(131,590)	25,753
Subordinated loans	21,391	25,840
Obligations on securities sold under Repos	-	(50,069)
	<u>11,536</u>	<u>(479,528)</u>
 Cash used in operations	446,926	(833,372)
Net tax paid	(16,150)	(3,960)
Net cash used in from operating activities	<u>430,776</u>	<u>(837,332)</u>
Cash flows from investing activities		
Purchase of financial investments FVOCI	(1,007,249)	(2,279,153)
Proceeds from redemption and disposal of financial investments at FVOCI	922,257	3,150,000
Interest received from financial investments at FVOCI	24,571	38,849
Purchase of property, plant and equipment:	(368)	(127)
Purchase of intangible assets	(728)	(83)
Interest payment of subordinated loan	(1,687)	(3,290)
Net cash used in investing activities	<u>(63,204)</u>	<u>906,196</u>
Cash flows from financing activities		
Payment of lease liabilities	(1,473)	(1,470)
Net cash generated from financing activities	<u>(1,473)</u>	<u>(1,470)</u>
 Net increase in cash and cash equivalents	366,099	67,394
Cash and cash equivalents, at gross:		
- at the beginning of the financial period	1,041,897	628,008
- at the end of the financial period	<u>1,407,996</u>	<u>695,402</u>

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

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

A6. Interest Income

	Current quarter ended		Year-to-date ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Bank	RM'000	RM'000	RM'000	RM'000
Loans and advances	15,133	19,839	32,080	44,793
Deposits and placements with banks and other financial institutions	5,606	10,039	11,466	22,552
Financial assets designated at FVOCI	11,508	15,544	23,142	34,412
Derivative financial instruments	2,374	-	4,904	-
	<u>34,621</u>	<u>45,422</u>	<u>71,592</u>	<u>101,757</u>

A7. Interest Expense

Bank				
Deposits and placements of banks and other financial institutions	2,178	10,493	5,963	26,715
Deposits from customers	8,789	8,957	16,257	20,746
Subordinated loans	3,464	5,780	6,935	12,778
Derivative financial instruments	-	712	-	1,551
	<u>14,431</u>	<u>25,942</u>	<u>29,155</u>	<u>61,790</u>

A8. Other Operating Income/(Loss)

Bank				
Fee income				
Service charges and fees	14	220	33	453
Less: Fees expense	(62)	(38)	(115)	(74)
	(48)	182	(82)	379
Guarantee fees	428	197	885	232
Commitment fees	428	1,133	722	2,082
Syndication fees	3,905	3,452	6,995	7,156
Other fee income	1	2,093	3,126	3,092
	<u>4,714</u>	<u>7,057</u>	<u>11,646</u>	<u>12,941</u>
Trading and investment income:				
Net realised gain/(loss) on derivatives	39,527	20,342	57,310	101,226
Net unrealised fair value (loss)/gain on derivatives	(37,065)	(20,784)	(43,631)	29,440
Gain from sale of debt instruments at FVOCI	-	123	-	1,657
Less: Brokerage charges	(168)	(212)	(330)	(479)
	<u>2,294</u>	<u>(531)</u>	<u>13,349</u>	<u>131,844</u>

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

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

	Current quarter ended		Year-to-date ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000
Bank (continued)				
Other income:				
Net foreign exchange gain/(loss)	2,610	17,152	(15,956)	(126,937)
Other non-operating income/(expenses)	137	1,212	425	1,501
	<u>2,747</u>	<u>18,364</u>	<u>(15,531)</u>	<u>(125,436)</u>
	<u>9,755</u>	<u>24,890</u>	<u>9,464</u>	<u>19,349</u>

A9. Other Operating Expenses

Bank

Personnel costs

Salaries, allowances and bonuses	10,777	8,655	18,684	16,402
Defined contribution plan	1,055	614	2,038	1,240
Other staff related costs	537	1,100	714	2,563
	<u>12,369</u>	<u>10,369</u>	<u>21,436</u>	<u>20,205</u>

Establishment costs

Depreciation of property, plant and equipment:	1,052	910	2,094	1,823
Depreciation of right-of-use assets	742	740	1,484	1,479
Amortisation of intangible assets	275	191	519	379
Repair and maintenance	688	982	1,553	1,483
Others	82	72	131	127
	<u>2,839</u>	<u>2,895</u>	<u>5,781</u>	<u>5,291</u>

Promotion and marketing expenses

Advertisement and publicity	78	440	205	496
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Administration and general expenses

Communication expenses	238	427	379	787
Legal and professional fees	237	213	397	339
Travelling and accommodation expenses	27	(30)	34	139
Employee recruitment costs	48	30	57	243
Others	924	620	1,724	1,179
	<u>1,474</u>	<u>1,260</u>	<u>2,591</u>	<u>2,687</u>
	<u>16,760</u>	<u>14,964</u>	<u>30,013</u>	<u>28,679</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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 June 2021				
Cash and short-term funds	(324)	-	-	(324)
Deposits and placements with banks and other financial institutions	-	-	-	-
Financial assets at FVOCI	(272)	-	-	(272)
Loans and advances	10,213	-	-	10,213
Commitments and contingencies	6,718	-	-	6,718
	<u>16,335</u>	<u>-</u>	<u>-</u>	<u>16,335</u>
30 June 2020				
Cash and short-term funds	(1,549)	-	-	(1,549)
Deposits and placements with banks and other financial institutions	3	-	-	3
Financial assets at FVOCI	(637)	-	-	(637)
Loans and advances	(4,925)	5,333	-	408
Commitments and contingencies	(1,219)	1,307	-	88
	<u>(8,327)</u>	<u>6,640</u>	<u>-</u>	<u>(1,687)</u>
	Current quarter ended		Year-to-date ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
Bank	RM'000	RM'000	RM'000	RM'000
Writeback of/(Allowances for) expected credit losses ("ECL")	2,850	(6,000)	16,335	(1,687)
	<u>2,850</u>	<u>(6,000)</u>	<u>16,335</u>	<u>(1,687)</u>

A11. Cash and short-term funds

Bank	As at	As at
	30 June	31 December
	2021	2020
	RM'000	RM'000
Cash and balances with banks and other financial institutions	46,482	115,836
Money at call and deposit placements maturing within one month	1,361,514	926,061
	<u>1,407,996</u>	<u>1,041,897</u>
Less: ECL Allowance	(366)	(42)
	<u>1,407,630</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 JUNE 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	(91)	-	-	(91)
New financial assets purchased	415	-	-	415
Balance as at 30 June 2021	366	-	-	366
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

	As at 30 June 2021	As at 31 December 2020
	RM'000	RM'000
Bank		
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 June 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 JUNE 2021

A13. Financial assets at FVOCI

	As at 30 June 2021	As at 31 December 2020
	RM'000	RM'000
Bank		
At fair value		
<u>Money market instruments:</u>		
Malaysian Government Securities	232,350	97,075
Malaysian Government Investment Issues	834,867	781,035
Negotiable instruments of deposits	50,005	300,240
	<u>1,117,222</u>	<u>1,178,350</u>
<u>Quoted securities:</u>		
In Malaysia		
Corporate bond	350,443	377,738
Cagamas debt securities	237,583	112,044
Government treasury bills	11,760	-
	<u>599,786</u>	<u>489,782</u>
	<u>1,717,008</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	(140)	-	-	(140)
New financial assets purchased	412	-	-	412
Balance as at 30 June 2021	<u>945</u>	<u>-</u>	<u>-</u>	<u>945</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 JUNE 2021

A14. Loans and Advances

(a) By type

	As at 30 June 2021	As at 31 December 2020
Bank	RM'000	RM'000
At amortised cost		
Overdrafts	4,839	5,243
Term loans		
- Syndicated term loans	865,076	793,173
- Other term loans/financing	560,880	765,634
Bill receivables	129,447	396,125
Trust receipts	-	25,316
Revolving credits	589,597	437,711
Gross loans and advances	<u>2,149,839</u>	<u>2,423,202</u>
Allowances for expected credit losses		
- Stage 1	(28,197)	(38,410)
Net loans and advances	<u><u>2,121,642</u></u>	<u><u>2,384,792</u></u>

(b) By type of customer

Business enterprises	2,093,414	2,368,585
Government and statutory bodies	56,425	54,617
	<u>2,149,839</u>	<u>2,423,202</u>

(c) By geographical distribution

Malaysia	1,684,999	1,683,251
Hong Kong	131,718	127,529
Philippines	23,629	45,858
United Arab Emirates	56,425	54,617
China	253,068	511,947
	<u>2,149,839</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 JUNE 2021

A14. Loans and Advances (continued)

Bank	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
(d) By interest/profit rate sensitivity		
Fixed rate loans	74,033	89,017
Variable rate (cost-plus) loans	2,075,806	2,334,185
	<u>2,149,839</u>	<u>2,423,202</u>
(e) By purpose		
Working capital	1,133,609	1,159,266
Merger and acquisition	81,889	79,293
Purchase of transport vehicle	-	10,081
Purchase of land	33,419	33,423
Construction	583,012	566,415
Trade finance related	19,028	218,334
Lending to related entities	176,479	170,454
Investments in related entities	18,694	29,422
Other purposes	103,709	156,514
	<u>2,149,839</u>	<u>2,423,202</u>
(f) By remaining contractual maturities		
Maturity within one year	987,912	1,231,651
One year to three years	316,796	505,318
Three years to five years	19,029	6,254
Over five years	826,102	679,979
	<u>2,149,839</u>	<u>2,423,202</u>
(g) By industry		
Manufacturing	724,843	619,187
Electricity, gas and water	170,299	137,540
Construction	341,446	430,362
Real estate	195,172	100,339
Wholesale, retail trade, restaurants and hotels	2,076	2,009
Transport, storage and communication	402,078	443,619
Finance, insurance and business services	56,425	493,543
Others	257,500	196,603
	<u>2,149,839</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 JUNE 2021

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	(685,533)	-	-	(685,533)
New financial assets originated	412,170	-	-	412,170
Balance as at 30 June 2021	<u>2,149,839</u>	<u>-</u>	<u>-</u>	<u>2,149,839</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	(19,956)	-	-	(19,956)
New financial assets originated	9,743	-	-	9,743
Balance as at 30 June 2021	<u>28,197</u>	<u>-</u>	<u>-</u>	<u>28,197</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 June 2021 RM'000	As at 31 December 2020 RM'000
Other receivables	12,986	11,319
Deposits	1,197	1,025
Prepayments	1,923	2,188
Cash collateral pledged for derivative transactions	35,312	99,101
	<u>51,418</u>	<u>113,633</u>

A16. Deposits from Customers

(a) By type of deposits

Bank

Demand deposits	1,067,139	1,212,477
Saving deposits	1,767	-
Fixed/investment deposits	1,375,626	1,062,977
	<u>2,444,532</u>	<u>2,275,454</u>

(b) By type of customer

Bank

Business enterprises	2,442,765	2,275,454
Individuals	1,767	-
	<u>2,444,532</u>	<u>2,275,454</u>

(c) By maturity structure of fixed/investment deposits

Bank

Due within six months	1,355,320	1,042,136
Six months to one year	20,306	20,841
	<u>1,375,626</u>	<u>1,062,977</u>

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A17. Other Liabilities

	As at 30 June 2021	As at 31 December 2020
Bank	RM'000	RM'000
Other creditors and accruals	17,998	21,756
Deferred Income	7,277	7,204
Cash collateral received for derivative transactions	10,426	121,966
Cash collateral from corporate customers	71,988	88,353
ECL allowances for irrevocable loan commitments and financial guarantees	2,056	8,774
	<u>109,745</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	(7,465)	-	-	(7,465)
Credit exposures assumed	747	-	-	747
Balance as at 30 June 2021	<u>2,056</u>	<u>-</u>	<u>-</u>	<u>2,056</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 June 2021	As at 31 December 2020
Bank	RM'000	RM'000
At amortised cost		
USD200 million subordinated loan	<u>831,163</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 June 2021		
	Principal Amount	Credit Equivalent Amount	Risk Weighted Assets
	RM'000	RM'000	RM'000
Short-term self-liquidating trade-related contingencies	67,255	13,451	13,451
Transaction-related contingent items	295,461	147,731	90,455
Irrevocable commitments to extend credit			
- Less than one year	62,597	-	-
- More than one year	758,435	127,517	127,517
Foreign exchange-related contracts:			
- Less than one year	6,828,532	98,377	40,192
- More than one year	2,011,510	239,492	190,219
Interest rate/profit related contracts:			
- Less than one year	593,000	1,483	372
- More than one year	761,140	7,611	2,643
	<u>11,377,930</u>	<u>635,662</u>	<u>464,849</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 June 2021 <u>RM'000</u>	As at 31 December 2020 <u>RM'000</u>
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	(2,496)	24,931
Regulatory adjustments applied in the calculation of CET1 Capital	(29,817)	(33,606)
Total CET1/Tier 1 Capital	<u>840,943</u>	<u>864,581</u>
Tier II Capital		
Tier II capital instruments meeting all relevant criteria	830,200	803,600
Loss provisions	31,565	47,899
Total Tier II Capital	<u>861,765</u>	<u>851,499</u>
Total Capital	<u>1,702,708</u>	<u>1,716,080</u>
<u>Capital Ratios</u>		
Before proposed dividends:		
CET 1 Capital Ratio	27.614%	28.497%
Tier 1 Capital Ratio	27.614%	28.497%
Total Capital Ratio	55.912%	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	2,734,206	2,784,847
Market risk	105,256	70,987
Operational risk	205,851	178,116
Total risk-weighted assets	<u>3,045,313</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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A22. 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:

Bank	As at 30 June 2021	As at 31 December 2020
Outstanding credit exposures with connected parties (RM'000)	<u>368,241</u>	<u>310,574</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures (%)	<u>11.22%</u>	<u>8.16%</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 maintained at MYR 5.4 billion with stable execution progress. The main assets components are loans (MYR 2.1 billion), interbank placement (MYR 1.4 billion) and debt securities (MYR 1.7 billion). Whilst total liabilities is MYR 4.5 billion mainly consists of MYR3.0 billion deposit and interbank borrowing (MYR0.4 billion) as at end of June 2021.

As of the end of June 2021, CCBM recorded operating income of MYR 21.9 million, of which net interest income is MYR 51.9 million, and other operating expenses MYR 30.0 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 anticipation of the prolonged pandemic, the government vaccination deployment status, the disruption of supply chain due to lock-down, the slow-down on the investment activities, and with the outflow of foreign fund that has broaden the uncertainties, the market remained volatile and further delay the economic recovery. With the government implementation of several economic recovery plan, such as "Strategic Programme to Empower the People and Economy" ("PEMERKASA"), and the speeding up of the vaccination program would lend support to the direction for the economic recovery. 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 June 2021	30 June 2020	30 June 2021	30 June 2020
Bank	RM'000	RM'000	RM'000	RM'000
Income tax	3,854	6,222	10,625	7,818
	<u>3,854</u>	<u>6,222</u>	<u>10,625</u>	<u>7,818</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 2021 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

Bank	As at	As at
	30 June	31 December
	2021	2020
	RM'000	RM'000
Deposits from customers		
- One year or less	2,424,226	2,254,613
- More than one year	20,306	20,841
	<u>2,444,532</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 June 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	3,760	6	-
- Currency swaps	8,005,119	38,517	39,340
Interest rate/profit related contracts:			
- Interest rate swaps	1,354,140	1,434	4,711
<u>Hedging derivatives - cash flow hedge</u>			
Foreign exchange related contracts:			
- Cross currency interest rate swaps	831,163	3,018	8,696
Total	<u>10,194,182</u>	<u>42,975</u>	<u>52,747</u>
	31 December 2020		
Bank	Contract/ Notional	Fair Value	
	Amount	Assets	Liabilities
	RM'000	RM'000	RM'000
By type			
<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 June 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	6,828,532	16,615	15,052
- More than 1 years	2,011,510	24,926	32,984
Interest rate/profit related contracts:			
- Less than 1 year	593,000	-	-
- More than one year	761,140	1,434	4,711
	<u>10,194,182</u>	<u>42,975</u>	<u>52,747</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 June 2021				
<u>Financial assets</u>				
Financial assets at FVOCI	-	1,717,008	-	1,717,008
- Debt Securities	-	1,717,008	-	1,717,008
Derivative assets	-	42,975	-	42,975
	-	1,759,983	-	1,759,983
<u>Financial liabilities</u>				
Derivative liabilities	-	52,747	-	52,747
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 six months ended 30 June 2021.