

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
31 MARCH 2022

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

MANAGEMENT'S CERTIFICATION

I hereby certify that the unaudited condensed interim financial statements for the period from 1 January 2022 to 31 March 2022 have been prepared from the Bank's accounting and other records and that they are in accordance with the requirements of Malaysian Financial Reporting Standard ("MASB") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and the Guidelines on Financial Reporting issued by Bank Negara Malaysia.

On behalf of

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

Wang Qijie

Chief Executive Officer

Date:

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2022**

	Note	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
Assets			
Cash and short-term funds	A8	441,115	1,491,662
Deposits and placements with banks and other financial institutions	A9	1,101,432	-
Debt instruments at fair value through other comprehensive income ("FVOCI")	A10	1,596,485	1,711,307
Other assets	A11	38,649	52,825
Derivative financial assets	A12	28,225	46,623
Loans and advances	A13	1,560,169	1,604,869
Tax recoverable		24,269	20,853
Right-of-use assets		42,320	43,449
Property and equipment		3,934	3,425
Intangible assets		9,066	9,256
Deferred tax assets		13,591	14,872
Total assets		<u>4,859,255</u>	<u>4,999,141</u>
Liabilities			
Deposits from customers	A14	2,714,467	2,964,641
Deposits and placements of banks and other financial institutions	A15	224,924	56,631
Other liabilities	A16	69,610	121,451
Derivative financial liabilities	A12	44,435	62,057
Lease liabilities		41,987	42,933
Subordinated loan	A17	842,232	834,513
Total liabilities		<u>3,937,655</u>	<u>4,082,226</u>
Equity attributable to equity holder of the Bank			
Share capital		822,600	822,600
Reserves		99,000	94,315
Total equity		<u>921,600</u>	<u>916,915</u>
Total liabilities and equity		<u>4,859,255</u>	<u>4,999,141</u>
Commitments and contingencies	A23	<u>15,160,539</u>	<u>15,275,794</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 December 2021.

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

	Note	Current quarter ended		Year-to-date ended	
		31 March	31 March	31 March	31 March
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Interest income	A18	31,981	36,971	31,981	36,971
Interest expense	A19	(12,678)	(14,754)	(12,678)	(14,754)
Net interest income		19,303	22,217	19,303	22,217
Other operating income/(loss)	A20	3,735	(294)	3,735	(294)
Net income		23,038	21,923	23,038	21,923
Other operating expenses	A21	(14,187)	(13,223)	(14,187)	(13,223)
Operating profit before allowances		8,851	8,700	8,851	8,700
(Allowances)/Written-back for expected credit losses ("ECL")	A22	(66)	13,485	(66)	13,485
Profit before taxation		8,785	22,185	8,785	22,185
Taxation		(2,439)	(6,771)	(2,439)	(6,771)
Net profit for the financial period		6,346	15,414	6,346	15,414
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		(3,026)	(7,109)	(3,026)	(7,109)
Net gain on debt instruments measured at FVOCI reclassified to profit or loss on disposal		(204)	-	(204)	-
Income tax effect		(327)	2,000	(327)	2,000
		(3,557)	(5,109)	(3,557)	(5,109)
<u>Cash flow hedge</u>					
Net change in cash flow hedge		(1,130)	(1,083)	(1,130)	(1,083)
Net change in cost of hedging		3,624	(281)	3,624	(281)
Income tax effect		(598)	570	(598)	570
		1,896	(794)	1,896	(794)
Total other comprehensive loss, net of tax, for the financial period		(1,661)	(5,903)	(1,661)	(5,903)
Total comprehensive income for the financial period		4,685	9,511	4,685	9,511

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 December 2021.

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

Note	← Non-Distributable →				Distributable	
	Share Capital	FVOCI Reserves	Cash flow hedge Reserve	Cost of hedging Reserve	Retained Profits	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2022	822,600	(17,686)	2,425	4,090	105,486	916,915
Net profit for the financial period	-	-	-	-	6,346	6,346
Other comprehensive (loss)/income, net of tax, for the financial period	-	(3,557)	(858)	2,754	-	(1,661)
Total comprehensive (loss)/income for financial period	-	(3,557)	(858)	2,754	6,346	4,685
Balance as at 31 March 2022	822,600	(21,243)	1,567	6,844	111,832	921,600
Balance as at 1 January 2021	822,600	14,123	3,491	7,317	50,656	898,187
Net profit for the financial year	-	-	-	-	54,830	54,830
Other comprehensive loss, net of tax, for the financial year	-	(31,809)	(1,066)	(3,227)	-	(36,102)
Total comprehensive (loss)/income for the financial year	-	(31,809)	(1,066)	(3,227)	54,830	18,728
Balance as at 31 December 2021	822,600	(17,686)	2,425	4,090	105,486	916,915

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 December 2021.

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

	31 March 2022	31 March 2021
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	8,785	22,185
Adjustments for:		
Allowance/(Written-back) for expected credit losses	66	(13,485)
Net unrealised fair value loss on derivatives	10,769	6,566
Depreciation of property and equipment:	336	1,042
Depreciation of right-of-use assets	1,129	741
Amortisation of intangible assets	416	245
Interest income from debt instruments at FVOCI	(9,920)	(11,634)
Net gain from sale of debt instruments at FVOCI	(204)	-
Interest expense on subordinated loan	3,743	3,471
Net foreign exchange loss on subordinated loan	4,818	16,282
Interest expense on lease liabilities	363	31
Operating profit before working capital changes	<u>20,301</u>	<u>25,444</u>
Change in deposits and placements with banks and other financial institutions with original maturity of more than 3 months	(1,001,754)	(82,980)
Change in derivative financial assets and financial liabilities	776	(17,690)
Change in loans and advances	45,611	(175,396)
Change in other assets	14,176	72,279
Change in deposits from customers	(250,174)	186,930
Change in deposits and placements of banks and other financial institutions	168,293	(42,044)
Change in other liabilities	(52,742)	22,472
Change in obligations on securities sold under Repos	-	148,996
	<u>(1,075,814)</u>	<u>112,567</u>
Cash (used in)/generated from operations	(1,055,513)	138,011
Net tax paid	(5,499)	(1,830)
Net cash (used in)/generated from operating activities	<u>(1,061,012)</u>	<u>136,181</u>
Cash flows from investing activities		
Purchase of debt investments at FVOCI	(508,000)	(606,425)
Proceeds from redemption and disposal of debt investments at FVOCI	611,700	641,434
Interest received from debt investments at FVOCI	9,582	11,459
Purchase of property and equipment	(845)	(243)
Purchase of intangible assets	(226)	(50)
Net cash generated from investing activities	<u>112,211</u>	<u>46,175</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 December 2021.

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

	31 March 2022	31 March 2021
	RM'000	RM'000
Cash flows from financing activities		
Interest payment of subordinated loan	(842)	(838)
Lease payments	(1,309)	(735)
Net cash used in financing activities	<u>(2,151)</u>	<u>(1,573)</u>
Net (decrease)/increase in cash and cash equivalents	(950,952)	180,783
Cash and cash equivalents, at gross:		
- at the beginning of the financial period	1,492,018	1,041,897
- at the end of the financial period	<u>541,066</u>	<u>1,222,680</u>
Cash and cash equivalents comprise:		
Cash and short-term funds	441,388	1,222,680
Deposits and placements with banks and other financial institutions	1,101,432	82,980
	<u>1,542,820</u>	<u>1,305,660</u>
Less: Deposits and placements with banks and other financial institutions with original maturity of more than 3 months	(1,001,754)	(82,980)
	<u>541,066</u>	<u>1,222,680</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 December 2021.

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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

A1. Basis Of Preparation

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

The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 December 2021. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2021.

All the significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2021. The following are the accounting standards, interpretations and amendments that have been issued by the MASB but have not been adopted by the Bank:

Effective for financial periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts;

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

Amendments to MFRS 108 Definition of accounting estimates; and

Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

Effective for financial periods to be determined by the MASB

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

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

A2. Auditors' Report on Preceding Annual Financial Statements

The audit report on the audited annual financial statements for the financial year ended 31 December 2021 was not subject to any qualification.

A3. Seasonal Or Cyclical Factors

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

A4. Exceptional Or Unusual Items

There were no exceptional or unusual items for the period from 1 January 2022 to 31 March 2022.

A5. Changes In Estimates

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

A6. Changes In Debt and Equity Securities

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

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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022****A7. Dividend Paid**

No dividend was paid during the period from 1 January 2022 to 31 March 2022.

A8. Cash and short-term funds

	As at 31 March 2022	As at 31 December 2021
	RM'000	RM'000
Cash and balances with banks and other financial institutions	42,952	262,875
Money at call and deposit placements maturing within one month	398,436	1,229,143
	441,388	1,492,018
Less: ECL allowances	(273)	(356)
	<u>441,115</u>	<u>1,491,662</u>

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

	Stage 1	Stage 2	Stage 3	
	12-month ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	Total ECL RM'000
ECL Allowances				
At 1 January 2022	356	-	-	356
Financial assets derecognised during the financial period	(337)	-	-	(337)
New financial assets acquired	254	-	-	254
Net total	(83)	-	-	(83)
At 31 March 2022	<u>273</u>	<u>-</u>	<u>-</u>	<u>273</u>
At 1 January 2021	42	-	-	42
Financial assets derecognised during the financial year	(623)	-	-	(623)
New financial assets purchased	937	-	-	937
Net total	314	-	-	314
At 31 December 2021	<u>356</u>	<u>-</u>	<u>-</u>	<u>356</u>

A9. Deposits and placements with banks and other financial institutions

	As at 31 March 2022	As at 31 December 2021
	RM'000	RM'000
Licensed banks	1,101,432	-
Less: ECL allowances	-	-
	<u>1,101,432</u>	<u>-</u>

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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

A10. Debt instruments at fair value through other comprehensive income ("FVOCI")

	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
At fair value		
<u>Money market instruments</u>		
Malaysian Government Securities	222,974	278,752
Malaysian Government Investment Issues	432,897	434,363
Government treasury bills	147,350	368,650
	<u>803,221</u>	<u>1,081,765</u>
<u>Unquoted securities</u>		
Corporate bonds within Malaysia	526,891	332,287
Cagamas debt securities	266,373	297,255
	<u>793,264</u>	<u>629,542</u>
	<u>1,596,485</u>	<u>1,711,307</u>

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

	Stage 1	Stage 2	Stage 3	
	12-month ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	Total ECL RM'000
ECL Allowances				
At 1 January 2022	625	-	-	625
Financial assets derecognised during the financial period	(41)	-	-	(41)
New financial assets purchased	200	-	-	200
Net total	<u>159</u>	<u>-</u>	<u>-</u>	<u>159</u>
At 31 March 2022	<u>784</u>	<u>-</u>	<u>-</u>	<u>784</u>
At 1 January 2021	673	-	-	673
Financial assets derecognised during the financial year	(772)	-	-	(772)
New financial assets purchased	724	-	-	724
Net total	<u>(48)</u>	<u>-</u>	<u>-</u>	<u>(48)</u>
At 31 December 2021	<u>625</u>	<u>-</u>	<u>-</u>	<u>625</u>

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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022****A11. Other Assets**

	As at 31 March 2022	As at 31 December 2021
	RM'000	RM'000
Deposits	3,129	3,143
Prepayments	3,710	2,007
Cash collateral pledged for derivative transactions	8,395	34,938
Amount due from ultimate holding company	6,700	6,209
Other receivables	16,715	6,528
	<u>38,649</u>	<u>52,825</u>

A12. Derivative financial assets/(liabilities)

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

	<u>31 March 2022</u>		
	<u>Contract/ Notional Amount</u>	<u>Fair Value Assets</u>	<u>Liabilities</u>
	RM'000	RM'000	RM'000
<u>Trading derivatives</u>			
Foreign exchange related contracts:			
- Currency forwards/spot	103,266	16	188
- Currency swaps	11,150,830	15,205	37,386
Interest rate related contracts:			
- Interest rate swaps	1,556,700	4,323	4,353
<u>Hedging derivatives - cash flow hedge</u>			
Foreign exchange related contracts:			
- Cross currency interest rate swaps	842,232	8,681	2,508
Total	<u>13,653,028</u>	<u>28,225</u>	<u>44,435</u>

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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

A12. Derivative financial assets/(liabilities) (cont'd)

	31 December 2021		
	Contract/ Notional Amount	Fair Value Assets	Liabilities
	RM'000	RM'000	RM'000
<u>Trading derivatives</u>			
Foreign exchange related contracts:			
- Currency forwards/spot	4,584	7	5
- Currency swaps	11,955,276	43,254	53,835
Interest rate related contracts:			
- Interest rate swaps	1,356,450	255	1,366
<u>Hedging derivatives - cash flow hedge</u>			
Foreign exchange related contracts:			
- Cross currency interest rate swaps	833,500	3,107	6,851
Total	<u>14,149,810</u>	<u>46,623</u>	<u>62,057</u>

	31 March 2022		
	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 one year	10,431,342	7,490	10,381
- More than one year	1,664,986	16,412	29,701
Interest rate related contracts:			
- Less than one year	1,431,700	14	23
- More than one year	125,000	4,309	4,330
	<u>13,653,028</u>	<u>28,225</u>	<u>44,435</u>

	31 December 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 one year	10,618,901	26,509	32,818
- More than one year	2,174,459	19,859	27,873
Interest rate related contracts:			
- Less than one year	623,000	-	-
- More than one year	733,450	255	1,366
	<u>14,149,810</u>	<u>46,623</u>	<u>62,057</u>

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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022****A13. Loans and Advances**

	As at 31 March 2022 <u>RM'000</u>	As at 31 December 2021 <u>RM'000</u>
At amortised cost		
Overdrafts	4,984	4,938
Term loans:		
- Syndicated term loans	499,518	538,360
- Other term loans	487,277	544,702
Bill receivables	215,627	140,702
Trust receipts	-	-
Revolving credits	376,571	400,886
Gross loans and advances	<u>1,583,977</u>	<u>1,629,588</u>
Less: ECL allowances		
- Stage 1	(23,808)	(24,719)
Net loans and advances	<u><u>1,560,169</u></u>	<u><u>1,604,869</u></u>
 (i) Gross loans and advances by type of customers:		
Business enterprises	1,583,977	1,572,937
Government and statutory bodies	-	56,651
	<u><u>1,583,977</u></u>	<u><u>1,629,588</u></u>
 (ii) Gross loans and advances by geographical distribution:		
Malaysia	1,245,464	1,235,976
Hong Kong	75,516	78,531
United Arab Emirates	-	56,651
China	262,997	258,430
	<u><u>1,583,977</u></u>	<u><u>1,629,588</u></u>

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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022****A13. Loans and Advances (cont'd)**

	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
(iii) Gross loans and advances by interest rate sensitivity:		
Fixed rate loans	71,644	71,026
Variable rate (cost-plus) loans	1,512,333	1,558,562
	<u>1,583,977</u>	<u>1,629,588</u>
(iv) Gross loans and advances by economic purpose:		
Working capital	929,306	917,525
Merger and acquisition	75,516	78,531
Purchase of land	33,434	33,421
Construction	372,251	371,397
Lending to related entities	159,664	162,330
Investments in related entities	-	9,732
Other purposes	13,806	56,652
	<u>1,583,977</u>	<u>1,629,588</u>
(v) Gross loans and advances by remaining contractual maturity:		
Maturity within one year	854,925	746,263
One year to three years	95,560	249,191
Three years to five years	46,334	46,342
Over five years	587,158	587,792
	<u>1,583,977</u>	<u>1,629,588</u>
(vi) Gross loans and advances by industry:		
Manufacturing	586,205	522,296
Electricity, gas and water	126,887	125,092
Construction	241,795	339,254
Real estate	159,664	172,062
Wholesale, retail trade, restaurants and hotels	-	2,084
Transport, storage and communication	444,117	387,464
Finance, insurance and business services	-	56,652
Others	25,309	24,684
	<u>1,583,977</u>	<u>1,629,588</u>

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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022****A13. Loans and Advances (cont'd)****(vii) Movements in the gross carrying amount of loans and advances that contributed to changes in the ECL allowances:**

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	1,629,588	-	-	1,629,588
Financial assets derecognised during the financial period	(763,385)	-	-	(763,385)
New financial assets originated	717,774	-	-	717,774
At 31 March 2022	<u>1,583,977</u>	<u>-</u>	<u>-</u>	<u>1,583,977</u>
At 1 January 2021	2,423,202	-	-	2,423,202
Financial assets derecognised during the financial year	(3,687,646)	-	-	(3,687,646)
New financial assets originated	2,894,032	-	-	2,894,032
At 31 December 2021	<u>1,629,588</u>	<u>-</u>	<u>-</u>	<u>1,629,588</u>

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

	Stage 1	Stage 2	Stage 3	
	12-month ECL RM'000	Lifetime ECL non credit-impaired RM'000	Lifetime ECL credit-impaired RM'000	Total ECL RM'000
At 1 January 2022	24,719	-	-	24,719
Financial assets derecognised during the financial period	(4,320)	-	-	(4,320)
New financial assets originated	3,409	-	-	3,409
Net total	(911)	-	-	(911)
At 31 March 2022	<u>23,808</u>	<u>-</u>	<u>-</u>	<u>23,808</u>
At 1 January 2021	38,410	-	-	38,410
Financial assets derecognised during the financial year	(39,583)	-	-	(39,583)
New financial assets originated	25,892	-	-	25,892
Net total	(13,691)	-	-	(13,691)
At 31 December 2021	<u>24,719</u>	<u>-</u>	<u>-</u>	<u>24,719</u>

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	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
A14. Deposits from Customers		
(a) By type of deposits:		
Demand deposits	693,208	1,105,160
Saving deposits	14,827	14,139
Fixed/investment deposits	2,006,432	1,845,342
	<u>2,714,467</u>	<u>2,964,641</u>
(b) By type of customer:		
Business enterprises	2,139,435	2,533,915
Local government and statutory authorities	560,205	416,587
Individuals	14,827	14,139
	<u>2,714,467</u>	<u>2,964,641</u>
(c) By maturity structure of fixed deposits:		
Due within six months	1,996,139	1,811,877
Six months to one year	10,293	33,465
	<u>2,006,432</u>	<u>1,845,342</u>
A15. Deposits and placements of banks and other financial institutions		
Licensed banks in Malaysia	224,551	56,580
Other financial institutions	373	51
	<u>224,924</u>	<u>56,631</u>

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	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
Other creditors and accruals	18,770	22,391
Deferred Income	11,147	12,426
Cash collateral received for derivative transactions	24,248	12,071
Cash collateral from corporate customers	12,841	72,860
ECL allowances for loan commitments and financial guarantees	2,604	1,703
	<u>69,610</u>	<u>121,451</u>

A16. Other Liabilities

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

	Stage 1 12-month ECL RM'000	Stage 2 Lifetime ECL non credit- impaired RM'000	Stage 3 Lifetime ECL credit- impaired RM'000	Total Total ECL RM'000
At 1 January 2022	1,703	-	-	1,703
Credit exposures relinquished	(161)	-	-	(161)
Credit exposures assumed	1,062	-	-	1,062
Net total	901	-	-	901
At 31 March 2022	<u>2,604</u>	<u>-</u>	<u>-</u>	<u>2,604</u>
At 1 January 2021	8,774	-	-	8,774
Credit exposures relinquished	(8,029)	-	-	(8,029)
Credit exposures assumed	958	-	-	958
Net total	(7,071)	-	-	(7,071)
At 31 December 2021	<u>1,703</u>	<u>-</u>	<u>-</u>	<u>1,703</u>

	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
At amortised cost		
USD200 million subordinated loan 2019/2029, at par	<u>842,232</u>	<u>834,513</u>

A17. Subordinated Loan

At amortised cost

USD200 million subordinated loan 2019/2029, at par	<u>842,232</u>	<u>834,513</u>
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On 29 August 2019, the Bank has issued an USD200 million Tier II subordinated loan with 10 years maturity, non-callable 5 years which bears interest rate equal to 3-month USD LIBOR plus 1.49%, payable every 3 months throughout the tenure.

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

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	Current quarter ended		Year-to-date ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	RM'000	RM'000	RM'000	RM'000
A18. Interest Income				
Loans and advances	11,907	16,947	11,907	16,947
Deposits and placements with banks and other financial institutions	7,925	5,860	7,925	5,860
Debt instruments at FVOCI	9,920	11,634	9,920	11,634
Derivative financial instruments	2,229	2,530	2,229	2,530
	<u>31,981</u>	<u>36,971</u>	<u>31,981</u>	<u>36,971</u>
A19. Interest Expense				
Deposits and placements of banks and other financial institutions	488	3,625	488	3,625
Deposits from customers	8,084	7,467	8,084	7,467
Obligations on securities sold under repurchase agreements ("Repos")	-	160	-	160
Subordinated loan	3,743	3,471	3,743	3,471
Lease liabilities	363	31	363	31
	<u>12,678</u>	<u>14,754</u>	<u>12,678</u>	<u>14,754</u>
A20. Other Operating Income/(Loss)				
Fee income:				
Service charges and fees	24	19	24	19
Less: Fees expense	(70)	(53)	(70)	(53)
	(46)	(34)	(46)	(34)
Guarantee fees	370	457	370	457
Commitment fees	219	294	219	294
Syndication fees	3,779	3,090	3,779	3,090
Management fees	6,700	3,125	6,700	3,125
	<u>11,022</u>	<u>6,932</u>	<u>11,022</u>	<u>6,932</u>
Trading and investment income:				
Net realised gain on derivatives	3,039	17,781	3,039	17,781
Net unrealised fair value loss on derivatives	(10,769)	(6,566)	(10,769)	(6,566)
Net gain from sale of debt instruments at FVOCI	204	-	204	-
Less: Brokerage charges	(17)	(163)	(17)	(163)
	<u>(7,543)</u>	<u>11,052</u>	<u>(7,543)</u>	<u>11,052</u>
Other income:				
Net foreign exchange gain/(loss)	188	(18,566)	188	(18,566)
Other non-operating income	68	288	68	288
	<u>256</u>	<u>(18,278)</u>	<u>256</u>	<u>(18,278)</u>
	<u>3,735</u>	<u>(294)</u>	<u>3,735</u>	<u>(294)</u>

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	Current quarter ended		Year-to-date ended	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
A21. Other Operating Expenses				
Personnel costs				
Salaries, bonuses, wages and allowances	7,827	7,907	7,827	7,907
Defined contribution plan	678	746	678	746
Other staff related costs	1,002	415	1,002	415
	<u>9,507</u>	<u>9,068</u>	<u>9,507</u>	<u>9,068</u>
Establishment costs				
Depreciation of property and equipment	336	1,042	336	1,042
Depreciation of right-of-use assets	1,129	741	1,129	741
Amortisation of intangible assets	416	245	416	245
Repair and maintenance	977	865	977	865
Short-term leases expenses	565	218	565	218
Others	54	48	54	48
	<u>3,477</u>	<u>3,159</u>	<u>3,477</u>	<u>3,159</u>
Promotion and marketing expenses				
Advertisement and publicity	55	127	55	127
Administration and general expenses				
Communication expenses	157	151	157	151
Auditors' remuneration				
- Audit related fees	85	104	85	104
Legal and professional fees	37	56	37	56
Travelling and accommodation expenses	44	34	44	34
Employee recruitment costs	51	10	51	10
Subscription fees	259	215	259	215
Directors' fees and allowances	156	152	156	152
Insurance premium	40	40	40	40
Printing, stationery and postage	52	41	52	41
Others	267	66	267	66
	<u>1,148</u>	<u>869</u>	<u>1,148</u>	<u>869</u>
	<u>14,187</u>	<u>13,223</u>	<u>14,187</u>	<u>13,223</u>
A22. Allowances/(Written-back) for expected credit losses ("ECL")				
ECL allowances made/(written-back) on:				
Stage 1:				
- Cash and short-term funds	(83)	40	(83)	40
- Deposits and placements with banks and other financial institutions	-	49	-	49
- Debt instruments at FVOCI	159	244	159	244
- Loans and advances	(911)	(7,487)	(911)	(7,487)
- Loan commitments and financial guarantees	901	(6,331)	901	(6,331)
	<u>66</u>	<u>(13,485)</u>	<u>66</u>	<u>(13,485)</u>

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	As at 31 March 2022 RM'000	As at 31 December 2021 RM'000
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A23. Commitments and Contingencies

The notional amounts of the commitments and contingencies are as follows:

Short-term self-liquidating trade-related contingencies	13,003	64,260
Transaction-related contingent items	263,359	232,520
Irrevocable commitments to extend credit:		
- Less than one year	294,955	-
- More than one year	936,194	829,204
Foreign exchange related contracts:		
- Less than one year	10,431,342	10,618,901
- More than one year	1,664,986	2,174,459
Interest rate related contracts:		
- Less than one year	1,431,700	623,000
- More than one year	125,000	733,450
	<u>15,160,539</u>	<u>15,275,794</u>

A24. Capital Adequacy Ratio

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

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

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	As at 31 March 2022 <u>RM'000</u>	As at 31 December 2021 <u>RM'000</u>
CET I/Tier I Capital		
Paid-up ordinary share capital	822,600	822,600
Retained profits	105,486	105,486
Other reserves	(12,832)	(11,171)
Regulatory adjustments applied in the calculation of CET I Capital	<u>(36,002)</u>	<u>(35,004)</u>
Total CET I/Tier I Capital	<u>879,252</u>	<u>881,911</u>
Tier II Capital		
Tier II capital instruments meeting all relevant criteria	841,000	833,500
Loss provisions	<u>27,469</u>	<u>27,403</u>
Total Tier II Capital	<u>868,469</u>	<u>860,903</u>
Total Capital	<u>1,747,721</u>	<u>1,742,814</u>
Analysis of risk-weighted assets		
Credit risk	2,438,565	2,230,290
Market risk	111,434	115,364
Operational risk	<u>204,866</u>	<u>203,485</u>
Total risk-weighted assets	<u>2,754,865</u>	<u>2,549,139</u>
With and without transitional arrangements:		
Capital adequacy ratio (before proposed dividends)		
CET I Capital Ratio	31.916%	34.596%
Tier I Capital Ratio	31.916%	34.596%
Total Capital Ratio	63.441%	68.369%
Capital adequacy ratio (after proposed dividends)		
CET I Capital Ratio	31.916%	34.596%
Tier I Capital Ratio	31.916%	34.596%
Total Capital Ratio	63.441%	68.369%

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B1. Performance Review

For the first quarter ended 31 March 2022, the Bank registered profit before tax ("PBT") of RM8.8 million, a decrease of RM13.4 million as compared to the previous corresponding period. The lower PBT mainly attributable to the lower net interest income of RM2.9 million and higher written-back of expected credit losses of RM13.5 million in the previous corresponding period. However, this was mitigated by the higher other operating income of RM3.7 million. The Bank's profit after tax ("PAT") for the first quarter ended 31 March 2022 was RM6.3 million.

Total assets stood at RM4.9 billion as at 31 March 2022, a decrease of RM140 million or 2.8% as compared to the previous financial year, mainly attributable to the lower debt instruments at FVOCI and loans and advances of RM115 million and RM45 million respectively. Gross impaired loans ratio remained at 0% as at 31 March 2022. Deposit from customers stood at RM2.7 billion as at 31 March 2022, a decrease of RM250 million or 8.4% as compared to previous financial year.

The Bank's Common Equity Tier I capital ratio/Tier I capital ratio and Total capital ratio stood at a healthy level of 31.916% and 63.441% respectively. The Bank's liquidity position also remained stable and healthy with liquidity coverage ratio maintained at above the minimum regulatory requirements of 100% as at 31 March 2022.

B2. Prospects for 2022

Malaysia economy is expected to register a stronger growth in 2022, driven mainly by continue expansion in exports, recent reopening of international borders, further improvement in employment prospects and commitment by the Government for targeted assistance. Gross export is expected to strengthen, underpinned by expansion in global demand arising from tech-upcycle, and higher commodity prices. The reopening of international borders as countries move towards the endemic state, particularly by Malaysia and Singapore with effect 1 April 2022, will expedite the recovery of the tourism sector, including business travels. The employment prospect is anticipated to improve further as businesses resume activities, including investment, to meet both domestic and global demand as well as to address supply chain disruptions caused earlier by pandemic.

However, the downside risks that may impact this favorable economic outlook include the emergence of new more severe Variants of Concern ("VOC"), uncertainty in domestic policy focus and direction in view of political dynamics, prolonged and/or further escalation in geopolitical conflicts which destabilise the global financial market and trade activities, worsening supply disruptions which exert price pressures, and heightened financial market volatility.

China Construction Bank (Malaysia) Berhad ("CCBM or the Bank"), with strong network with CCB Group and close relations with the Chinese-based companies operating or planning to invest in Malaysia and region, will be able to ride on this positive outlook in Malaysia and across the world, particularly the ASEAN, to continue with its growth path and expand the provision of financing and financial services, including Renminbi ("RMB") settlements and clearings. The Government's plan to continue with large construction and infrastructure projects and the emergence of the new requirements for automation and digitalisation of operations, as well as strong interests in the Environmental, Social and Governance ("ESG") initiatives offer new business opportunities for the Bank.

B3. Rating by External Rating Agency

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

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 March 2022				
Financial assets				
Debt instruments at FVOCI	-	1,596,485	-	1,596,485
Derivative financial assets	-	28,225	-	28,225
	<u>-</u>	<u>1,624,710</u>	<u>-</u>	<u>1,624,710</u>
Financial liabilities				
Derivative financial liabilities	<u>-</u>	<u>44,435</u>	<u>-</u>	<u>44,435</u>
31 December 2021				
Financial assets				
Debt instruments at FVOCI	-	1,711,307	-	1,711,307
Derivative financial assets	-	46,623	-	46,623
	<u>-</u>	<u>1,757,930</u>	<u>-</u>	<u>1,757,930</u>
Financial liabilities				
Derivative financial liabilities	<u>-</u>	<u>62,057</u>	<u>-</u>	<u>62,057</u>

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

(i) Valuation techniques

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

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

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

B5. Valuation of Property and Equipment

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

B6. Significant Events

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

B7. Changes in the Composition

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

B8. Dividends

No dividend has been proposed for the quarter under review.