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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS **30 SEPTEMBER 2020**

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 2020 to 30 September 2020 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:

$\begin{tabular}{ c c c c c c c c c c c c c c c c c c c$			Current quart	er ended	Year-to-date	ended
RM'000RM'000RM'000RM'000RM'000BankInterest incomeA6 $37,606$ $46,467$ $139,363$ $136,424$ Interest expenseA7 $(17,305)$ $(28,228)$ $(79,095)$ $(82,981)$ Net interest income $20,301$ $18,239$ $60,268$ $53,443$ Other operating incomeA8 $11,805$ $2,488$ $31,154$ $8,452$ Net income $32,106$ $20,727$ $91,422$ $61,895$ Other operating profit before allowancesA9 $(13,904)$ $(14,711)$ $(42,583)$ $(40,531)$ Operating profit before allowances $18,202$ $6,016$ $48,839$ $21,364$ Allowances for expected credit losses ("ECL")A10 $(7,949)$ 979 $(9,636)$ (331) Profit before taxation $10,253$ $6,995$ $39,203$ $21,033$ TaxationB3 $(2,978)$ $(1,591)$ $(10,796)$ $(5,463)$ Net profit for the financial period $7,275$ $5,404$ $28,407$ $15,570$ Other comprehensive income in respect of: $1,566$ $3,062$ $10,472$ $8,645$ (i) Items that will be reclassified subsequently to profit or loss: $1,566$ $3,062$ $10,472$ $8,645$ (a) Urrealised net (loss)/gain on revaluation of FVOCI $1,566$ $3,062$ $10,472$ $8,645$ (b) Net transfer to income statements on disposal of financial investments FVOCI $4,921$ (355) $6,578$ (355) Income tax relating to components of other c			30-Sep	30-Sep	30-Sep	30-Sep
Bank Interest income A6 $37,606$ $46,467$ $139,363$ $136,424$ Interest income A7 $(17,305)$ $(28,228)$ $(79,095)$ $(82,981)$ Net interest income 20,301 $18,239$ $60,268$ $53,443$ Other operating income A8 $11,805$ $2,488$ $31,154$ $8,452$ Net income 32,106 $20,727$ $91,422$ $61,895$ Operating expenses A9 $(13,904)$ $(14,711)$ $(42,583)$ $(40,531)$ Operating profit before allowances 18,202 $6,016$ $48,839$ $21,364$ Allowances for expected credit losses ("ECL") A10 $(7,949)$ 979 $(9,636)$ (331) Profit before taxation 10,253 $6,995$ $39,203$ $21,033$ Taxation B3 $(2,978)$ $(1,591)$ $(10,796)$ $(5,463)$ Net profit for the financial period 7,275 $5,404$ $28,407$ $15,570$ Other comprehensive income istatements on disposal of financi		Note				
Interest incomeA6 $37,606$ $46,467$ $139,363$ $136,424$ Interest expenseA7 $(17,305)$ $(28,228)$ $(79,095)$ $(82,981)$ Net interest income20,301 $18,239$ $60,268$ $53,443$ Other operating incomeA8 $11,805$ $2,488$ $31,154$ $8,452$ Net income $32,106$ $20,727$ $91,422$ $61,895$ Other operating expensesA9 $(13,904)$ $(14,711)$ $(42,583)$ $(40,531)$ Operating profit before allowances $18,202$ $6,016$ $48,839$ $21,364$ Allowances for expected credit losses ("ECL")A10 $(7,949)$ 979 $(9,636)$ (331) Profit before taxation $10,253$ $6,995$ $39,203$ $21,003$ TaxationB3 $(2,978)$ $(1,591)$ $(10,796)$ $(5,463)$ Net profit for the financial period $7,275$ $5,404$ $28,407$ $15,570$ Other comprehensive income in respect of: $1,566$ $3,062$ $10,472$ $8,645$ (i) Items that will be reclassified subsequently to profit or loss: $4,921$ (355) $6,578$ (355) Income tax relating to components of other comprehensive income statements on disposal of financial investments FVOCI $4,921$ (355) $6,578$ (355) Income tax relating to components of other comprehensive income/(loss) $(3,100)$ (626) $(6,014)$ $(1,896)$			RM'000	RM'000	RM'000	RM'000
Interest expenseA7 $(17,305)$ $(28,228)$ $(79,095)$ $(82,981)$ Net interest income20,30118,23960,26853,443Other operating incomeA8 $11,805$ $2,488$ $31,154$ $8,452$ Net income $32,106$ $20,727$ $91,422$ $61,895$ Other operating expensesA9 $(13,904)$ $(14,711)$ $(42,583)$ $(40,531)$ Operating profit before allowances $18,202$ $6,016$ $48,839$ $21,364$ Allowances for expected credit losses ("ECL")A10 $(7,949)$ 979 $(9,636)$ (331) Profit before taxation $10,253$ $6,995$ $39,203$ $21,033$ TaxationB3 $(2,978)$ $(1,591)$ $(10,796)$ $(5,463)$ Net profit for the financial period $7,275$ $5,404$ $28,407$ $15,570$ Other comprehensive income in respect of: $1,566$ $3,062$ $10,472$ $8,645$ Net gain/(loss) on cashflow hedge $5,983$ - $8,200$ -(b) Net transfer to income statements on disposal of financial investments FVOCI $4,921$ (355) $6,578$ (355) Income tax relating to components of other comprehensive income/(loss) $(6,014)$ $(1,896)$ Other comprehensive (loss)/income, net of tax, for the $3,100$ (626) $(6,014)$ $(1,896)$	Bank					
Net interest income $20,301$ $18,239$ $60,268$ $53,443$ Other operating incomeA8 $11,805$ $2,488$ $31,154$ $8,452$ Net income $32,106$ $20,727$ $91,422$ $61,895$ Other operating expensesA9 $(13,904)$ $(14,711)$ $(42,583)$ $(40,531)$ Operating profit before allowances $18,202$ $6,016$ $48,839$ $21,364$ Allowances for expected credit losses ("ECL")A10 $(7,949)$ 979 $(9,636)$ (331) Profit before taxation $10,253$ $6,995$ $39,203$ $21,033$ TaxationB3 $(2,978)$ $(1,591)$ $(10,796)$ $(5,463)$ Net profit for the financial period $7,275$ $5,404$ $28,407$ $15,570$ Other comprehensive income in respect of: $1,566$ $3,062$ $10,472$ $8,645$ (i) Items that will be reclassified subsequently to profit or loss: $1,566$ $3,062$ $10,472$ $8,645$ (b) Net transfer to income statements on disposal of financial investments FVOCI $4,921$ (355) $6,578$ (355) Income tax relating to components of other comprehensive income/(loss) $(3,100)$ (626) $(6,014)$ $(1,896)$ Other comprehensive (loss)/income, net of tax, for the $3,100$ (626) $(6,014)$ $(1,896)$	Interest income	A6	37,606	46,467	139,363	136,424
Other operating incomeA8 $11,805$ $2,488$ $31,154$ $8,452$ Net income $32,106$ $20,727$ $91,422$ $61,895$ Other operating expensesA9 $(13,904)$ $(14,711)$ $(42,583)$ $(40,531)$ Operating profit before allowances $18,202$ $6,016$ $48,839$ $21,364$ Allowances for expected credit losses ("ECL")A10 $(7,949)$ 979 $(9,636)$ (331) Profit before taxation $10,253$ $6,995$ $39,203$ $21,033$ TaxationB3 $(2,978)$ $(1,591)$ $(10,796)$ $(5,463)$ Net profit for the financial period $7,275$ $5,404$ $28,407$ $15,570$ Other comprehensive income in respect of: $1,566$ $3,062$ $10,472$ $8,645$ (i) Items that will be reclassified subsequently to profit or loss: $1,566$ $3,062$ $10,472$ $8,645$ (b) Net transfer to income statements on disposal of financial investments FVOCI $4,921$ (355) $6,578$ (355) Income tax relating to components of other comprehensive income/(loss) $(3,100)$ (626) $(6,014)$ $(1,896)$	Interest expense	A7	(17,305)	(28,228)	(79,095)	(82,981)
Net income $32,106$ $20,727$ $91,422$ $61,895$ Other operating expensesA9 $(13,904)$ $(14,711)$ $(42,583)$ $(40,531)$ Operating profit before allowances $18,202$ $6,016$ $48,839$ $21,364$ Allowances for expected credit losses ("ECL")A10 $(7,949)$ 979 $(9,636)$ (331) Profit before taxation $10,253$ $6,995$ $39,203$ $21,033$ TaxationB3 $(2,978)$ $(1,591)$ $(10,796)$ $(5,463)$ Net profit for the financial period $7,275$ $5,404$ $28,407$ $15,570$ Other comprehensive income in respect of: $1,566$ $3,062$ $10,472$ $8,645$ (a) Unrealised net (loss)/gain on revaluation of FVOCI $1,566$ $3,062$ $10,472$ $8,645$ Net gain/(loss) on cashflow hedge (b) Net transfer to income statements on disposal of financial investments FVOCI $4,921$ (355) $6,578$ (355) Income tax relating to components of other comprehensive income/(loss) $(3,100)$ (626) $(6,014)$ $(1,896)$	Net interest income	-	20,301	18,239	60,268	53,443
Other operating expensesA9 $(13,904)$ $(14,711)$ $(42,583)$ $(40,531)$ Operating profit before allowances18,2026,01648,83921,364Allowances for expected credit losses ("ECL")A10 $(7,949)$ 979 $(9,636)$ (331) Profit before taxation10,2536,99539,20321,033TaxationB3 $(2,978)$ $(1,591)$ $(10,796)$ $(5,463)$ Net profit for the financial period $7,275$ $5,404$ $28,407$ $15,570$ Other comprehensive income in respect of: $7,275$ $5,404$ $28,407$ $15,570$ (i) Items that will be reclassified subsequently to profit or loss: (a) Unrealised net (loss)/gain on revaluation of FVOCI $1,566$ $3,062$ $10,472$ $8,645$ Net gain/(loss) on cashflow hedge of financial investments on disposal of financial investments of other comprehensive income (loss) $(3,100)$ (626) $(6,014)$ $(1,896)$ Other comprehensive (loss)/income, net of tax, for the $(3,100)$ (626) $(6,014)$ $(1,896)$	Other operating income	A8	11,805	2,488	31,154	8,452
Operating profit before allowances $18,202$ $6,016$ $48,839$ $21,364$ Allowances for expected credit losses ("ECL")A10 $(7,949)$ 979 $(9,636)$ (331) Profit before taxation $10,253$ $6,995$ $39,203$ $21,033$ TaxationB3 $(2,978)$ $(1,591)$ $(10,796)$ $(5,463)$ Net profit for the financial period $7,275$ $5,404$ $28,407$ $15,570$ Other comprehensive income in respect of: (1) $11,566$ $3,062$ $10,472$ $8,645$ (a) Unrealised net (loss)/gain on revaluation of FVOCI $1,566$ $3,062$ $10,472$ $8,645$ Net gain/(loss) on cashflow hedge of financial investments FVOCI $4,921$ (355) $6,578$ (355) Income tax relating to components of other comprehensive income/(loss) $(3,100)$ (626) $(6,014)$ $(1,896)$	Net income	-	32,106	20,727	91,422	61,895
Allowances for expected credit losses ("ECL")A10 $(7,949)$ 979 $(9,636)$ (331) Profit before taxation10,2536,99539,20321,033TaxationB3 $(2,978)$ $(1,591)$ $(10,796)$ $(5,463)$ Net profit for the financial period7,2755,40428,40715,570Other comprehensive income in respect of:7,2755,40428,40715,570(i) Items that will be reclassified subsequently to profit or loss: (a) Unrealised net (loss)/gain on revaluation of FVOCI1,5663,06210,4728,645Net gain/(loss) on cashflow hedge of financial investments FVOCI1,5663,06210,4728,645Income tax relating to components of other comprehensive income/(loss)(3,100)(626)(6,014)(1,896)Other comprehensive (loss)/income, net of tax, for the000000	Other operating expenses	A9	(13,904)	(14,711)	(42,583)	(40,531)
Profit before taxation $10,253$ $6,995$ $39,203$ $21,033$ TaxationB3 $(2,978)$ $(1,591)$ $(10,796)$ $(5,463)$ Net profit for the financial period $7,275$ $5,404$ $28,407$ $15,570$ Other comprehensive income in respect of: $7,275$ $5,404$ $28,407$ $15,570$ (i) Items that will be reclassified subsequently to profit or loss: (a) Unrealised net (loss)/gain on revaluation of FVOCI $1,566$ $3,062$ $10,472$ $8,645$ Net gain/(loss) on cashflow hedge of financial investments FVOCI $1,566$ $3,062$ $10,472$ $8,645$ Income tax relating to components of other comprehensive income/(loss) $(3,100)$ (626) $(6,014)$ $(1,896)$ Other comprehensive (loss)/income, net of tax, for the $(3,100)$ (626) $(6,014)$ $(1,896)$	Operating profit before allowances	-	18,202	6,016	48,839	21,364
TaxationB3(2,978)(1,591)(10,796)(5,463)Net profit for the financial period7,2755,40428,40715,570Other comprehensive income in respect of: (i) Items that will be reclassified subsequently to profit or loss: (a) Unrealised net (loss)/gain on revaluation of FVOCI7,2755,40428,40715,570(a) Unrealised net (loss)/gain on revaluation of FVOCI1,5663,06210,4728,645Net gain/(loss) on cashflow hedge of financial investments FVOCI5,983-8,200-(b) Net transfer to income statements on disposal of financial investments FVOCI4,921(355)6,578(355)Income tax relating to components of other comprehensive income/(loss)(3,100)(626)(6,014)(1,896)Other comprehensive (loss)/income, net of tax, for the	Allowances for expected credit losses ("ECL")	A10	(7,949)	979	(9,636)	(331)
Net profit for the financial period7,2755,40428,40715,570Other comprehensive income in respect of: (i) Items that will be reclassified subsequently to profit or loss: (a) Unrealised net (loss)/gain on revaluation of FVOCI7,2755,40428,40715,570(a) Unrealised net (loss)/gain on revaluation of FVOCI1,5663,06210,4728,645Net gain/(loss) on cashflow hedge of financial investments on disposal of financial investments FVOCI1,5663,06210,4728,645Income tax relating to components of other comprehensive income/(loss)4,921(355)6,578(355)Other comprehensive (loss)/income, net of tax, for the00000	Profit before taxation	-	10,253	6,995	39,203	21,033
Other comprehensive income in respect of: (i) Items that will be reclassified subsequently to profit or loss: (a) Unrealised net (loss)/gain on revaluation of FVOCI 1,566 3,062 10,472 8,645 Net gain/(loss) on cashflow hedge 5,983 - 8,200 - (b) Net transfer to income statements on disposal of financial investments FVOCI 4,921 (355) 6,578 (355) Income tax relating to components of other comprehensive income/(loss) (3,100) (626) (6,014) (1,896)	Taxation	B3	(2,978)	(1,591)	(10,796)	(5,463)
 (i) Items that will be reclassified subsequently to profit or loss: (a) Unrealised net (loss)/gain on revaluation of FVOCI 1,566 3,062 10,472 8,645 5,983 8,200 (b) Net transfer to income statements on disposal of financial investments FVOCI Income tax relating to components of other comprehensive income/(loss) Other comprehensive (loss)/income, net of tax, for the 	Net profit for the financial period	-	7,275	5,404	28,407	15,570
profit or loss: (a) Unrealised net (loss)/gain on revaluation of FVOCI Net gain/(loss) on cashflow hedge (b) Net transfer to income statements on disposal of financial investments FVOCI Income tax relating to components of other comprehensive income/(loss) Other comprehensive (loss)/income, net of tax, for the	Other comprehensive income in respect of:					
(a) Unrealised net (loss)/gain on revaluation of FVOCI1,5663,06210,4728,645Net gain/(loss) on cashflow hedge5,983-8,200-(b) Net transfer to income statements on disposal of financial investments FVOCI4,921(355)6,578(355)Income tax relating to components of other comprehensive income/(loss)(3,100)(626)(6,014)(1,896)Other comprehensive (loss)/income, net of tax, for the	(i) Items that will be reclassified subsequently to					
FVOCI1,5663,06210,4728,645Net gain/(loss) on cashflow hedge5,983-8,200-(b) Net transfer to income statements on disposal of financial investments FVOCI4,921(355)6,578(355)Income tax relating to components of other comprehensive income/(loss)(3,100)(626)(6,014)(1,896)Other comprehensive (loss)/income, net of tax, for the-	profit or loss:					
Net gain/(loss) on cashflow hedge5,983-8,200(b) Net transfer to income statements on disposal of financial investments FVOCI4,921(355)6,578(355)Income tax relating to components of other comprehensive income/(loss)(3,100)(626)(6,014)(1,896)Other comprehensive (loss)/income, net of tax, for the	(a) Unrealised net (loss)/gain on revaluation of					
(b) Net transfer to income statements on disposal of financial investments FVOCI4,921(355)6,578(355)Income tax relating to components of other comprehensive income/(loss)(3,100)(626)(6,014)(1,896)Other comprehensive (loss)/income, net of tax, for the	FVOCI		1,566	3,062	10,472	8,645
of financial investments FVOCI4,921(355)6,578(355)Income tax relating to components of other comprehensive income/(loss)(3,100)(626)(6,014)(1,896)Other comprehensive (loss)/income, net of tax, for the	Net gain/(loss) on cashflow hedge		5,983	-	8,200	-
Income tax relating to components of other comprehensive income/(loss) (3,100) (626) (6,014) (1,896) Other comprehensive (loss)/income, net of tax, for the (3,100) (626) (6,014) (1,896)	(b) Net transfer to income statements on disposal					
income/(loss) (3,100) (626) (6,014) (1,896) Other comprehensive (loss)/income, net of tax, for the	of financial investments FVOCI		4,921	(355)	6,578	(355)
Other comprehensive (loss)/income, net of tax, for the	Income tax relating to components of other comprehense	sive				
1	income/(loss)		(3,100)	(626)	(6,014)	(1,896)
	Other comprehensive (loss)/income, net of tax, for the	Ţ				
financial period 9,370 2,081 19,236 6,394	financial period		9,370	2,081	19,236	6,394
Total comprehensive income for the financial period16,6457,48547,64321,964	Total comprehensive income for the financial period	_	16,645	7,485	47,643	21,964

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U) UNAUDITED INTERIM FINANCIAL STATEMENTS STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

	Note	As at 30-Sep 2020 RM'000	As at 31-Dec 2019
Bank		RM 000	RM'000
ASSETS			
Cash and short-term funds	A11	980,373	627,997
Deposits and placements with banks and		200,275	021,551
other financial institutions	A12	292,874	263,027
Financial assets at FVOCI	A13	1,102,247	2,642,279
Loans and advances	A14	2,728,627	2,673,668
Other assets	A15	87,110	57,955
Derivative assets	B5	62,603	60,574
Deferred tax assets		2,847	8,181
Statutory deposits with Bank Negara Mala	ysia	30,000	-
Right-of-use assets		3,902	6,121
Property, plant and equipment	A18	6,729	9,338
Intangible assets		4,380	4,620
TOTAL ASSETS		5,301,692	6,353,760
LIABILITIES			
Deposits from customers	A16/B4	1,909,830	2,070,852
Deposits and placements of banks and			
other financial institutions		1,354,553	2,399,006
Other liabilities	A17	215,434	64,405
Derivative liabilities	B5	80,033	90,061
Tax payable		7,324	1,638
Lease liabilities		3,778	5,814
Subordinated loans	A19	831,946	820,764
Obligations on securities sold under repur	chase		
agreements ("Repos")			50,069
TOTAL LIABILITIES		4,402,898	5,502,609
FOURY			
EQUITY		822 (00	822 (00
Share capital		822,600	822,600
Reserves		<u> </u>	28,551 851,151
TOTAL EQUITY		698,794	051,131
TOTAL LIABILITIES AND EQUITY		5,301,692	6,353,760
COMMITMENTS AND CONTINGEN	CIES A20	10,338,653	9,129,875

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U) UNAUDITED INTERIM FINANCIAL STATEMENTS STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

Bank	Note	Share Capital RM'000	Nor Regulatory <u>Reserves</u> RM'000	n-Distributable FVOCI <u>Reserves</u> RM'000	e Cashflow Hedge <u>Reserves</u> RM'000	Distributable (Accumulated losses)/ Retained profits RM'000	Total Equity RM'000
Balance as at 1 January 2019		822,600	-	688	-	4,701	827,989
Net profit for the financial year Other comprehensive income, net of tax, for the financial year		-	-	- 6,741	-	16,421	16,421 6,741
Total comprehensive income for the financial year		-	-	6,741	-	16,421	23,162
Balance as at 31 December 2019	_	822,600	-	7,429	-	21,122	851,151
Balance as at 1 January 2020		822,600	-	7,429	-	21,122	851,151
Net profit for the financial period Other comprehensive income,		-	-	- 13,004	- 6,232	28,407	28,407 19,236
net of tax, for the financial period Total comprehensive income for the financial period	L			13,004	6,232	28,407	47,643
Balance as at 30 September 2020	_	822,600	-	20,433	6,232	49,529	898,794

* 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 2020

Bank Second Description operating activities Cash flows from operating activities 39,203 21,033 Adjustments for: 31 31 Adjustments for: 2,735 2,590 Depreciation of property, plant and equipment: 2,735 2,590 Depreciation of right of use assets 2,219 2,219 Cash flows from innecial assets designated at fair value through other comprehensive income from financial assets designated at fair value through other comprehensive (46,934) (30,427) Finance cost 161 255 Operating profit before working capital changes 17,690 (1,071) Charteneus with banks and other financial institutions (30,553) (191,561) Statuatory deposits with Bank Negara Malaysia (30,000) 30000 101 Other assets (2,191) (22,101) (22,155) (9,153) Louns and davances (161,022) 147,388 (42,267) Deposits on placements with banks and other financial institutions (10,023) (6,797) (22,155) Dots and davances (161,022) 147,388 Subordinated loans (1,223)	_	30-Sep 2020 RM'000	30-Sep 2019 RM'000
Cash flows from operating activitiesProfit before taxation $39,203$ $21,033$ Allowance for impriment on loans and other losses $9,636$ 331 Depreciation of right-of-use assets $2,719$ $2,219$ Amoritsation of intangible assets 585 516 Gain from sale of debt instruments at FVOCI $(6,578)$ (350) Interest expense on subordinated loan $16,662$ $2,773$ Interest expense on subordinated loan $16,662$ $2,773$ Interest expense on subordinated loan $16,662$ $2,773$ Interest expense on subordinated loan $16,662$ $2,273$ Interest expense on subordinate loanges $(161,020)$ $(10,71)$ (Increase)/Decrease in operating assets:Deposits on the Bank Negarn Malaysia $(30,000)$ Derivative Assets $(2,229)$ $(2,210)$ Loans and advances $(64,104)$ $(60,059)$ Other assets $(162,2515)$ $(9,155)$ (Increase//Decrease) in operating liabilities:Deposits from extendersDeposits from extenders $(161,022)$ $147,388$ Deposits and placements of banks and other financial institutions $(1,044,453)$ $571,797$ Derivative Labilities $(1,223,97)$ $(2,570,274)$ Deposits and placements of banks and other financial institutions $(1,224,57)$ $(3,533,16)$	Bank	KIVI UUU	
Profit before taxation 39,203 21,033 Adjustments for: 2,736 331 Depreciation of property, plant and equipment: 2,736 2,390 Depreciation of right of use assets 2,219 2,213 Annotisation of intangible assets 385 516 Gain from subordinated loan 16,662 2,773 Interest income from financial assets designated at fair value through other comprehensive income from financial assets 330,003 300 Operating profit before working capital changes 17,690 (10,71) (Increase)/Decrease in operating asset: 0,000 300 Deposits and placements with banks and other financial institutions (30,000) 300 Detatutory deposits with Bank Negara Malaysia (30,000) 300 Detatutory deposits with Bank Negara Malaysia (20,00) (20,155) Other assets (22,155) (9,155) Increase/(Decrease) in operating liabilities: Deposits from customers (161,022) Deposits from customers (161,022) 147,388 Deposits and placements of banks and other financial institutions (1,124,867) 57,797<			
Ållowance for inpairment on loans and other isses 9,636 331 Depreciation of right of size assets 2,736 2,290 Depreciation of right of size assets 585 516 Gain from side of debt instruments at FVOCI (6,578) (1,555) Interest income from francial assets designated at fair value through other comprehensive income 16,662 2,773 Finance cost 161 255 Operating profit before working capital changes 17,690 (10,71) (Increase)/Decrease in operating assets: (2,029) (2,107) Constand davances (64,104) (60,009) 300 Derivative Assets (2,029) (2,214) (142,2557) Loans and davances (161,022) 147,388 Deposits from customers (161,022) 147,388 Deposits and placements of banks and other financial institutions (1,024,357) (1,713) Other assets (50,009) - (1,142,357) Deposits from customers (161,022) 147,388 24,958 Deposits from customers (1,028) (6,577) (1,114,806) <td></td> <td>39,203</td> <td>21,033</td>		39,203	21,033
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Cash used in operations(1,114,806)737,346Cash used in operating activities(1,252,957)593,708Net tax paid(5,790)(6,155)Net cash used in from operating activities(1,258,747)587,553Cash flows from investing activities(3,262,869)(2,570,274)Proceeds from redemption and disposal of financial investments at FVOCI4,821,3011,350,819Interest received from financial investments at FVOCI60,17534,228Purchase of property, plant and equipment:(127)(546)Purchase of investing activities(345)(144)Interest payment of subordinated loan(4,257)-Net cash used in investing activities(2,197)(2,204)Proceeds from financing activities(2,197)835,696Net cash generated from financing activities352,934237,332Cash and cash equivalents352,934237,332Cash and cash equivalents, at gross:-628,008758,795	Subordinated loans	(1,223)	-
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Net tax paid(5,790)(6,155)Net cash used in from operating activities(1,258,747)587,553Cash flows from investing activities(3,262,869)(2,570,274)Proceeds from redemption and disposal of financial investments at FVOCI(3,262,869)(2,570,274)Proceeds from redemption and disposal of financial investments at FVOCI(3,262,869)(2,570,274)Purchase of property, plant and equipment:(127)(546)Purchase of intangible assets(345)(114)Interest payment of subordinated loan(4,257)-Net cash used in investing activities1,613,878(1,185,917)Proceeds from financing activities(2,197)(2,204)Proceeds from financing activities-837,900Net cash generated from financing activities352,934237,332Cash and cash equivalents352,934237,332Cash and cash equivalents, at gross:-628,008758,795	_	(1,114,806)	737,346
Net tax paid(5,790)(6,155)Net cash used in from operating activities(1,258,747)587,553Cash flows from investing activities(3,262,869)(2,570,274)Proceeds from redemption and disposal of financial investments at FVOCI(3,262,869)(2,570,274)Proceeds from redemption and disposal of financial investments at FVOCI(3,262,869)(2,570,274)Purchase of property, plant and equipment:(127)(546)Purchase of intangible assets(345)(114)Interest payment of subordinated loan(4,257)-Net cash used in investing activities1,613,878(1,185,917)Proceeds from financing activities(2,197)(2,204)Proceeds from financing activities-837,900Net cash generated from financing activities352,934237,332Cash and cash equivalents352,934237,332Cash and cash equivalents, at gross:-628,008758,795	Cash used in operations	(1.252.957)	593,708
Net cash used in from operating activities(1,258,747)587,553Cash flows from investing activities(3,262,869)(2,570,274)Proceeds from redemption and disposal of financial investments at FVOCI4,821,3011,350,819Interest received from financial investments at FVOCI60,17534,228Purchase of property, plant and equipment:(127)(546)Purchase of intangible assets(345)(144)Interest payment of subordinated loan(4,257)-Net cash used in investing activities1,613,878(1,185,917)Cash flows from financing activities2,204)-Proceeds from issuance of subordinated loans-837,900Net cash generated from financing activities352,934237,332Cash and cash equivalents, at gross:-628,008758,795	1		,
Purchase of financial investments FVOCI(3,262,869)(2,570,274)Proceeds from redemption and disposal of financial investments at FVOCI4,821,3011,350,819Interest received from financial investments at FVOCI60,17534,228Purchase of property, plant and equipment:(127)(546)Purchase of intangible assets(345)(144)Interest payment of subordinated loan(4,257)-Net cash used in investing activities1,613,878(1,185,917)Cash flows from financing activitiesPayment of lease liabilities(2,197)(2,204)Proceeds from issuance of subordinated loans-837,900Net cash generated from financing activities(2,197)835,696Net increase in cash and cash equivalents352,934237,332Cash and cash equivalents, at gross:-628,008758,795		(1,258,747)	
Purchase of financial investments FVOCI(3,262,869)(2,570,274)Proceeds from redemption and disposal of financial investments at FVOCI4,821,3011,350,819Interest received from financial investments at FVOCI60,17534,228Purchase of property, plant and equipment:(127)(546)Purchase of intangible assets(345)(144)Interest payment of subordinated loan(4,257)-Net cash used in investing activities1,613,878(1,185,917)Cash flows from financing activitiesPayment of lease liabilities(2,197)(2,204)Proceeds from issuance of subordinated loans-837,900Net cash generated from financing activities(2,197)835,696Net increase in cash and cash equivalents352,934237,332Cash and cash equivalents, at gross:-628,008758,795	Cash flows from investing activities		
Proceeds from redemption and disposal of financial investments at FVOCI4,821,3011,350,819Interest received from financial investments at FVOCI60,17534,228Purchase of property, plant and equipment:(127)(546)Purchase of intangible assets(345)(144)Interest payment of subordinated loan(4,257)-Net cash used in investing activities1,613,878(1,185,917)Cash flows from financing activitiesPayment of lease liabilities(2,197)(2,204)Proceeds from issuance of subordinated loans-837,900Net cash generated from financing activities(2,197)835,696Net increase in cash and cash equivalents352,934237,332Cash and cash equivalents, at gross:-628,008758,795		(3.262.869)	(2.570.274)
Interest received from financial investments at FVOCI60,17534,228Purchase of property, plant and equipment:(127)(546)Purchase of intangible assets(345)(144)Interest payment of subordinated loan(4,257)-Net cash used in investing activities1,613,878(1,185,917)Cash flows from financing activitiesPayment of lease liabilities(2,197)(2,204)Proceeds from issuance of subordinated loans-837,900Net cash generated from financing activities(2,197)835,696Net increase in cash and cash equivalents352,934237,332Cash and cash equivalents, at gross:-628,008758,795	Proceeds from redemption and disposal of financial investments at FVOCI		,
Purchase of property, plant and equipment:(127)(546)Purchase of intangible assets(345)(144)Interest payment of subordinated loan(4,257)-Net cash used in investing activities1,613,878(1,185,917)Cash flows from financing activitiesPayment of lease liabilities(2,197)(2,204)Proceeds from issuance of subordinated loans-837,900Net cash generated from financing activities(2,197)835,696Net increase in cash and cash equivalents352,934237,332Cash and cash equivalents, at gross:-628,008758,795	Interest received from financial investments at FVOCI		
Interest payment of subordinated loan(4,257)-Net cash used in investing activities1,613,878(1,185,917)Cash flows from financing activitiesPayment of lease liabilities(2,197)(2,204)Proceeds from issuance of subordinated loans-837,900Net cash generated from financing activities(2,197)835,696Net increase in cash and cash equivalents352,934237,332Cash and cash equivalents, at gross:-628,008758,795	Purchase of property, plant and equipment:	(127)	(546)
Net cash used in investing activities1,613,878(1,185,917)Cash flows from financing activities(2,197)(2,204)Payment of lease liabilities(2,197)(2,204)Proceeds from issuance of subordinated loans-837,900Net cash generated from financing activities(2,197)835,696Net increase in cash and cash equivalents352,934237,332Cash and cash equivalents, at gross:-628,008758,795		(345)	(144)
Cash flows from financing activitiesPayment of lease liabilitiesProceeds from issuance of subordinated loans-837,900Net cash generated from financing activities(2,197)835,696Net increase in cash and cash equivalents352,934237,332Cash and cash equivalents, at gross:-at the beginning of the financial period628,008758,795	Interest payment of subordinated loan	(4,257)	-
Payment of lease liabilities(2,197)(2,204)Proceeds from issuance of subordinated loans-837,900Net cash generated from financing activities(2,197)835,696Net increase in cash and cash equivalents352,934237,332Cash and cash equivalents, at gross:-628,008758,795	Net cash used in investing activities	1,613,878	(1,185,917)
Payment of lease liabilities(2,197)(2,204)Proceeds from issuance of subordinated loans-837,900Net cash generated from financing activities(2,197)835,696Net increase in cash and cash equivalents352,934237,332Cash and cash equivalents, at gross:-628,008758,795			
Proceeds from issuance of subordinated loans-837,900Net cash generated from financing activities(2,197)835,696Net increase in cash and cash equivalents352,934237,332Cash and cash equivalents, at gross:-628,008758,795		/	
Net cash generated from financing activities(2,197)835,696Net increase in cash and cash equivalents352,934237,332Cash and cash equivalents, at gross:628,008758,795	-	(2,197)	
Net increase in cash and cash equivalents352,934237,332Cash and cash equivalents, at gross:at the beginning of the financial period628,008758,795		(2.107)	
Cash and cash equivalents, at gross:- at the beginning of the financial period628,008758,795	iver cash generated from financing activities	(2,197)	833,696
- at the beginning of the financial period 628,008 758,795	Net increase in cash and cash equivalents	352,934	237,332
- at the end of the financial period 980,942 996,127			
	- at the end of the financial period	980,942	996,127

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 2020, but do not have an impact on the unaudited interim financial statements. The amendments and interpretations are as below:

- Amendments to IFRS 3 Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8 Definition of Material
- Conceptual Framework for Financial Reporting

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 2020 to 30 September 2020.

A4. Changes In Estimates

There were no material changes in estimates that have a material effect for the period from 1 January 2020 to 30 September 2020.

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 2020 to 30 September 2020.

A6. Interest Income

	Current quarter ended		Year-to-date ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Bank	RM'000	RM'000	RM'000	RM'000
Loans and advances Deposits and placements with banks and other financial	20,322	24,041	65,115	74,177
institutions	4,762	10,441	27,314	31,820
Financial assets designated at FVOCI	12,522	11,985	46,934	30,427
	37,606	46,467	139,363	136,424

A7. Interest Expense

Bank

Deposits and placements of banks and other				
financial institutions	3,940	17,322	30,655	52,386
Deposits from customers	8,956	8,133	29,702	27,822
Subordinated loans	3,884	2,773	16,662	2,773
Derivative financial instruments	525	-	2,076	-
	17,305	28,228	79,095	82,981

A8. Other Operating Income

Bank

Fee income				
Service charges and fees	236	178	689	419
Less: Fees expense	(29)	(224)	(103)	(542)
	207	(46)	586	(123)
Guarantee fees	113	24	345	30
Commitment fees	1,505	800	3,587	1,291
Syndication fees	3,723	935	10,879	1,983
Other fee income	751	-	3,843	1
	6,299	1,713	19,240	3,182
Trading and investment income:				
Net realised gain/(loss) on derivatives	55,519	(21,832)	156,745	281
Net unrealised fair value (loss)/gain on derivatives	(15,272)	37,693	14,168	9,006
Gain from sale of debt instruments at FVOCI	4,921	355	6,578	355
Less: Brokerage charges	(155)	(182)	(634)	(450)
	45,013	16,034	176,857	9,192

A8. Other Operating Income (continued)

Bank (continued) I Other income: I Net foreign exchange gain/(loss) (Other non-operating income/(expenses) (tember 2020 RM'000 39,589) 82	30 September 2019 RM'000	30 September 2020 RM'000	30 September 2019 RM'000
Other income: Net foreign exchange gain/(loss) Other non-operating income/(expenses)	2M'000 39,589)			
Other income: Net foreign exchange gain/(loss) Other non-operating income/(expenses)	39,589)	RM'000	RM'000	RM'000
Net foreign exchange gain/(loss) (Other non-operating income/(expenses) (
Other non-operating income/(expenses)				
	82	(15,171)	(166,526)	(4,274)
((88)	1,583	352
	39,507)	(15,259)	(164,943)	(3,922)
	11,805	2,488	31,154	8,452
A9. Other Operating Expenses				
Bank				
Personnel costs				
Salaries, allowances and bonuses	8,954	8,526	25,356	23,340
Defined contribution plan	1,493	634	2,733	1,873
Other staff related costs	(369)	694	2,194	1,686
	10,078	9,854	30,283	26,899
Establishment costs				
Depreciation of property, plant and equipment:	913	887	2,736	2,590
Depreciation of right-of-use assets	740	738	2,219	2,213
Amortisation of intangible assets	206	178	585	516
Repair and maintenance	1,027	1,058	2,510	2,297
Others	88	81	215	211
	2,974	2,942	8,265	7,827
Promotion and marketing expenses				
Advertisement and publicity	168	540	664	1,271
Administration and general expenses				
Communication expenses	(65)	304	722	756
Legal and professional fees	143	142	482	638
Travelling and accommodation expenses	-	483	139	1,346
Employee recruitment costs	17	38	259	410
Others	589	408	1,769	1,384
	684	1,375	3,371	4,534
	13,904	14,711	42,583	40,531

A10. Allowance for Impairment on Loans and Other Losses

Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
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)
	18,145	(8,509)	-	9,636
30 September 2019				
Cash and short-term funds	425	-	-	425
Financial assets at FVOCI	86	-	-	86
Loans and advances	(46)	-	-	(46)
Commitments and contingencies	(134)		-	(134)
	331			331
	Current qu	arter ended	Year-to-d	late ended
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
Bank	RM'000	RM'000	RM'000	RM'000

Allowances for expected credit losses ("ECL") 7,949

A11. Cash and short-term funds

Bank	As at 30 September 2020 RM'000	As at 31 December 2019 RM'000
Cash and balances with banks and other financial institutions	93,623	21,767
Money at call and deposit placements maturing within		
one month	887,319	606,241
	980,942	628,008
Less: ECL Allowance	(569)	(11)
	980,373	627,997

7,949

(979)

(979)

9,636

9,636

331

331

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 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Balance as at 1 January 2020	11	-	-	11
Financial assets derecognised during the financial year	(6)	-	-	(6)
New financial assets purchased	564	-	-	564
Balance as at 30 September 2020	569	-	-	569
Balance as at 1 January 2019 Financial assets derecognised during the financial year New financial assets purchased Balance as at 31 December 2019	251 (853) 613 11	- - - -	- - -	251 (853) 613 11

A12. Deposits and placements with banks and other financial institutions

Bank	As at 30 September 2020 RM'000	As at 31 December 2019 RM'000
Licensed banks Less: ECL allowances	293,583 (709) 292,874	263,030 (3) 263,027

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

	Stage 1	Stage 2	Stage 3	Total
ECL Allowance	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2020	3	-	-	3
Financial assets derecognised during the financial year	(3)	-	-	(3)
New financial assets purchased	709			709
Balance as at 30 September 2020	709	-	-	709
Balance as at 1 January 2019	-	-	-	-
Financial assets derecognised during the financial year	(674)	-	-	(674)
New financial assets purchased	677	-	-	677
Balance as at 31 December 2019	3	-	-	3

A13. Financial assets at FVOCI

	As at 30 September <u>2020</u>	As at 31 December 2019
Bank At fair value	RM'000	RM'000
Money market instruments:	125.049	71 102
Malaysian Government Securities	135,048	71,192
Malaysian Government Investment Issues	474,221	753,206
Negotiable instruments of deposits	-	1,776,462
	609,269	2,600,860
Quoted securities:		
In Malaysia		
Corporate bond	381,563	41,419
Cagamas debt securities	111,415	-
-	492,978	41,419
	1,102,247	2,642,279

Movement of allowance for credit loss to comprehensive income

	Stage 1	Stage 2	Stage 3	Total
ECL Allowance	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2020	559	-	-	559
Financial assets derecognised during the financial year	(450)	-	-	(450)
New financial assets purchased	637	-	-	637
Balance as at 30 September 2020	746	-	-	746
Balance as at 1 January 2019	251	-	-	251
Remeasurement of financial assets	308	-	-	308
Balance as at 31 December 2019	559	-	-	559

A14. Loans and Advances

(a) By type

	Bank	As at 30 September 2020 RM'000	As at 31 December 2019 RM'000
	At amortised cost		
	Overdrafts Term loans	5,171	5,274
	- Syndicated term loans	938,028	1,025,321
	- Other term loans/financing	1,092,290	851,080
	Trust receipts	3,688	-
	Revolving credits/financing	720,672	814,070
	Gross loans and advances	2,759,849	2,695,745
	Allowances for expected credit losses		
	- Stage 1	(31,222)	(15,663)
	- Stage 2		(6,414)
	Net loans and advances	2,728,627	2,673,668
(b)	By type of customer		
	Business enterprises	2,635,129	2,639,280
	Government and statutory bodies	124,720	56,465
		2,759,849	2,695,745
(c)	By geographical distribution		
	Malaysia	1,832,973	1,579,303
	Hong Kong	131,918	253,127
	Philipines	47,426	107,153
	United Arab Emirates	56,486	56,465
	China	690,314	551,960
	Singapore	-	147,737
	United States	732	
		2,759,849	2,695,745

A14. Loans and Advances (continued)

		As at 30 September 2020	As at 31 December 2019
	Bank	RM'000	RM'000
(d)	By interest/profit rate sensitivity		
	Fixed rate loans	134,540	264,620
	Variable rate (cost-plus) loans	2,625,309	2,431,125
		2,759,849	2,695,745
(e)	By purpose		
	Working capital	1,482,315	1,394,180
	Merger and acquisition	82,033	81,158
	Purchase of transport vehicle	-	122,810
	Construction	577,493	221,179
	Trade finance related	277,192	572,717
	Other purposes	340,816 2,759,849	303,701 2,695,745
		2,759,049	2,093,743
(f)	By remaining contractual maturities		
	Maturity within one year	2,636,779	1,853,561
	One year to three years	123,070	265,049
	Three years to five years	-	232,623
	Over five years	-	344,512
		2,759,849	2,695,745
(g)	By industry		
	Agricultural, forestry, hunting and fishing	-	102,336
	Mining and quarrying	-	-
	Manufacturing	775,766	834,812
	Electricity, gas and water	165,405	38,031
	Construction	490,283	340,899
	Real Estate	-	101,377
	Wholesale, retail trade, restaurants and hotels	-	79,928
	Transport, storage and communication	411,417	212,506
	Finance, insurance and business services	477,946	634,594
	Household Others	439,032	351,262
	Oulds	2,759,849	2,695,745
		2,137,849	2,093,743

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:

_	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Gross Carrying Amount				
Balance as at 1 January 2020	2,631,380	64,365	-	2,695,745
Financial assets derecognised during the financial year	(1,882,936)	(64,365)	-	(1,947,301)
New financial assets originated	2,011,405	-	-	2,011,405
Balance as at 30 September 2020	2,759,849	-		2,759,849
Balance as at 1 January 2019	2,323,725	-	-	2,323,725
Financial assets derecognised during the financial year	(1,227,229)	-	-	(1,227,229)
New financial assets originated	1,599,249	-	-	1,599,249
Transferred to Stage 2	(64,365)	64,365	-	-
Balance as at 31 December 2019	2,631,380	64,365	-	2,695,745
ECL Allowance				
Balance as at 1 January 2020	15,663	6,414	-	22,077
Financial assets derecognised during the financial year	(15,506)	(6,414)	-	(21,920)
New financial assets originated	31,065	-	-	31,065
Balance as at 30 September 2020	31,222	-	-	31,222
Balance as at 1 January 2019	13,438	_	_	13,438
Financial assets derecognised during the financial year	(14,540)	-	-	(14,540)
New financial assets originated	17,698	-	-	17,698
Transferred to Stage 2	(933)	6,414	-	5,481
Balance as at 31 December 2019	15,663	6,414		22,077
=				

A15. Other Assets

	As at 30 September <u>2020</u> RM'000	As at 31 December 2019 RM'000
Other receivables	13,671	21,127
Deposits	982	817
Prepayments	984	1,748
Cash collateral pledged for derivative transactions	71,473	34,263
	87,110	57,955
A16. Deposits from Customers		
(a) By type of deposits		
Bank		
Demand deposits	543,146	920,060
Fixed/investment deposits	1,366,684	1,150,792
	1,909,830	2,070,852
(b) By type of customer		
Bank		
Business enterprises	1,909,830	2,070,852
(c) By maturity structure of fixed/investment deposits		
Bank		
Due within six months	1,244,676	1,140,245
Six months to one year	122,008	10,387
One year to three years	, -	160
	1,366,684	1,150,792

A17. Other Liabilities

Bank	As at 30 September 2020 RM'000	As at 31 December 2019 RM'000
Other payables and accruals	19,674	15,778
Deferred Income	10,590	19,326
Cash collateral pledged for derivative transactions	124,087	1,970
Cash collateral from corporate customers	59,478	24,766
ECL allowances for irrevocable loan commitments and financial guarantees	1,605	2,565
	215,434	64,405

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Movement in loss allowance for contingencies and				
<u>commitments</u>				
Balance as at 1 January 2020	470	2,095	-	2,565
Credit exposures relinquished	(1,146)	(2,182)	-	(3,328)
Credit exposures assumed	2,281	87	-	2,368
Balance as at 30 September 2020	1,605	-	-	1,605
Balance as at 1 January 2019	889	-	-	889
Credit exposures relinquished	(373)	-	-	(373)
Credit exposures assumed	85	-	-	85
Transferred to Stage 2	(131)	2,095		1,964
Balance as at 31 December 2019	470	2,095	-	2,565

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

Bank	As at 30 September <u>2020</u> RM'000	As at 31 December 2019 RM'000
At amortised cost		
USD200 million subordinated loan	831,946	820,764

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.

A20. Commitments and Contingencies

Bank	3	0 September 2020 Credit	
	Principal Amount RM'000	Equivalent Amount RM'000	Risk Weighted Assets RM'000
Short-term self-liquidating trade-related contingencies	32,916	6,583	6,583
Transaction-related contingent items	247,153	123,577	76,835
Irrevocable commitments to extend credit			
- Less than one year	183,094	1,400	1,400
- More than one year	681,813	109,035	109,035
Foreign exchange-related contracts:			
- Less than one year	4,747,001	64,831	34,111
- More than one year	1,163,486	137,885	80,498
Interest rate/profit related contracts:			
- Less than one year	1,928,420	4,821	1,650
- More than one year	1,354,770	21,165	6,777
	10,338,653	469,297	316,889

Bank	3 Principal Amount RM'000	1 December 2019 Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Short-term self-liquidating trade-related contingencies	20,171	4,034	4,034
Transaction-related contingent items	193,324	96,662	49,768
Irrevocable commitments to extend credit			
- Less than one year	6,549	1,310	1,310
- More than one year	528,821	48,128	48,128
Foreign exchange-related contracts:			
- Less than one year	5,576,074	72,757	21,679
- More than one year	2,174,936	88,567	37,861
Interest rate related contracts: #			
- Less than one year	600,000	1,050	240
- More than one year	30,000	900	180
	9,129,875	313,408	163,200

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.

A21. Capital Adequacy Ratio (continued)

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

	As at 30 September 2020	As at 31 December 2019
Bank	RM'000	RM'000
Common Equity Tier 1 ('CET 1')/Tier 1 Capital		
Paid-up ordinary share capital	822,600	822,600
Retained profits	21,122	21,122
FVOCI reserves	20,432	7,429
Cashflow hedge reserve	6,232	-
Regulatory adjustments applied in the calculation of CET1 Capital	(27,355)	(18,877)
Total CET1/Tier 1 Capital	843,031	832,274
Tier II Capital Tier II capital instruments meeting all relevant criteria	831,100	818,600
Loss provisions	34,850	25,215
Total Tier II Capital	865,950	843,815
Total Capital	1,708,981	1,676,089
<u>Capital Ratios</u> Before proposed dividends: CET 1 Capital Ratio Tier 1 Capital Ratio Total Capital Ratio	25.379% 25.379% 51.449%	24.306% 24.306% 48.950%

[#] 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	3,109,424	3,261,554
Market risk	48,356	30,589
Operational risk	163,928	131,945
Total risk-weighted assets	3,321,708	3,424,088

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).

B1. Review of Bank's Results

China Construction Bank (Malaysia) Berhad ("CCBM")'s total assets maintained at MYR 5.3 billion with stable execution progress. The main assets components are loans (MYR 2.7 billion), interbank placement (MYR 1.3 billion) and debt securities (MYR 1.1 billion). Whilst total liabilities is MYR 4.4 billion mainly consists of MYR1.9 billion corporate deposit and interbank borrowing (MYR1.4 billion); as at end of September 2020.

As of the end of September 2020, CCBM recorded operating income of MYR 91.4 million, of which net interest income is MYR 60.2 million, and other operating income MYR 31.2 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 2020

Outlook 2020

Following the global epidemic outbreak of Coronavirus (COVID-19) since the beginning of year 2020, the drop in international crude oil prices and global financial market turmoil, year 2020 is expected to be a challenging year with anticipated slowdown trend. In line with the global monetary trend, the rate cutting policy is expected to cushion the national economy as well as to boost overall economic growth. CCBM will continue to leverage on CCB Group's regional strength, supporting local as well as international business growth and requirement, maintain partnership in bilateral trade between Malaysia and China. CCBM remains its position and continue to capture business opportunities in trade and investment across ASEAN.

Rating by External Rating Agency

Malaysian Rating Corporation Berhad ("MARC") has assigned long- and short-term Financial Institution's Rating of AA+ and MARC-1 to China Construction Bank (Malaysia) Berhad in April 2020, with stable outlook.

B3. Taxation

	Current quarter ended		Year-to-date ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
Bank	RM'000	RM'000	RM'000	RM'000
Income tax	2,978	1,591	10,796	5,463
	2,978	1,591	10,796	5,463

Domestic income tax for the Bank is calculated at the Malaysian statutory tax rate of 24% of the estimated chargable profit for the financial period. The effective tax rate of the Bank for the six months ended 30 September 2020 was higher than the statutory tax rate due to effects of certain non-deductable 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

	As at 30 September 2020	As at 31 December 2019
Bank	RM'000	RM'000
Deposits from customers		
- One year or less	1,787,822	2,060,305
- More than one year	122,008	10,547
	1,909,830	2,070,852

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

	30 S	30 September 2020		
	Contract/			
Bank	Notional	Fair V	alue	
	Amount	Assets	Liabilities	
By type	RM'000	RM'000	RM'000	
Trading Derivatives:				
Foreign exchange related contracts				
- Forwards/swaps	5,910,487	58,629	68,939	
Interest rate/profit related contracts:	3,283,190	3,974	11,094	
Total	9,193,677	62,603	80,033	
	31 I	December 2019)	
	Contract/			
Bank	Notional	Fair Value		
	Amount	Assets	Liabilities	
By type	RM'000	RM'000	RM'000	
Trading Derivatives:				
Foreign exchange related contracts				
- Forwards/swaps	7,751,010	60,359	89,962	
Interest rate/profit related contracts:	630,000	215	99	
Total	8,381,010	60,574	90,061	

B5. Derivative Financial Instruments (Continued)

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

	30 September 2020		
	Contract/	•	
	Notional	Fair Value	
	Amount	Assets	Liabilities
	RM'000	RM'000	RM'000
By remaining period to maturity/next re-pricing date			
Trading Derivatives:			
Foreign exchange related contracts			
- Less than 1 year	4,747,001	31,981	58,643
- More than 1 years	1,163,486	26,648	10,296
Interest rate/profit related contracts:			
- Less than 1 year	1,928,420	3,974	11,094
- More than one year	1,354,770	-	
,	9,193,677	62,603	80,033
	31 December 2019		
	Contract/		
	Notional	Fair Value	
	Amount	Assets	Liabilities
	RM'000	RM'000	RM'000
By remaining period to maturity/next re-pricing date			
Trading Derivatives:			
Foreign exchange related contracts			
- Less than 1 year	5,576,074	22,996	88,856
- More than 1 years	2,174,936	37,363	1,106
Interest rate/profit related contracts:			
	600,000	215	99
- Less than one year	000,000		
Less than one yearMore than one year	30,000		

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.

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
30 September 2020	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at FVOCI		1,102,247	-	1,102,247
- Debt Securities	-	1,102,247	-	1,102,247
Derivative assets	-	62,603	-	62,603
		1,164,850	-	1,164,850
Financial liabilities Derivative liabilities 31 December 2019 Financial assets		80,033		80,033
Financial assets at FVOCI	-	2,642,279	-	2,642,279
- Debt Securities	-	2,642,279		2,642,279
Derivative assets		60,574 2,702,853		60,574 2,702,853
<u>Financial liabilities</u> Derivative liabilities		90,061		90,061

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 2020 to the date of this announcement.

B8. Dividends

(a) The Directors have not proposed for any dividend for the nine months ended 30 September 2020.