

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

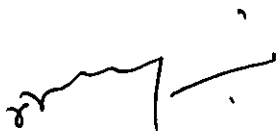
**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**31 MARCH 2021**

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

**MANAGEMENT'S CERTIFICATION**

I hereby certify that the unaudited interim financial statements for the period from 1 January 2021 to 31 March 2021 have been prepared from the Bank's accounting and other records and that they are in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ('MASB') and the BNM/RH/PD 032-13: Financial Reporting issued by Bank Negara Malaysia on 27 September 2019.

On behalf of  
**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD (1203702-U)**



**Lim Fong Fong**  
Head of Reporting

Date:

**28042021**

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)  
 UNAUDITED INTERIM FINANCIAL STATEMENTS  
 INCOME STATEMENT  
 FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

	Note	Current quarter ended		Year-to-date ended	
		31-Mar	31-Mar	31-Mar	31-Mar
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
<b>Bank</b>					
Interest income	A6	36,971	56,335	36,971	56,335
Interest expense	A7	(14,723)	(35,848)	(14,723)	(35,848)
Net interest income		22,248	20,487	22,248	20,487
Other operating income/(loss)	A8	(294)	(5,541)	(294)	(5,541)
Net income		21,954	14,946	21,954	14,946
Other operating expenses	A9	(13,254)	(13,715)	(13,254)	(13,715)
Operating profit before allowances		8,700	1,231	8,700	1,231
Allowances for expected credit losses ("ECL")	A10	13,485	4,313	13,485	4,313
Profit before taxation		22,185	5,544	22,185	5,544
Taxation	B3	(6,771)	(1,596)	(6,771)	(1,596)
Net profit for the financial period		15,414	3,948	15,414	3,948
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		(7,109)	1,450	(7,109)	1,450
Reclassification in debt instruments at FVOCI to the profit or loss		-	1,534	-	1,534
Income tax effect		2,000	(1,470)	2,000	(1,470)
		(5,109)	1,514	(5,109)	1,514
<u>Cash flow hedge</u>					
Net gain in cash flow hedge		(1,083)	-	(1,083)	-
Net change in cost of hedging		(281)	-	(281)	-
Income tax effect		570	-	570	-
		(794)	-	(794)	-
Total other comprehensive income, net of tax, for the financial period		(5,903)	1,514	(5,903)	1,514
Total comprehensive income for the financial period		9,511	5,462	9,511	5,462

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)  
 UNAUDITED INTERIM FINANCIAL STATEMENTS  
 STATEMENTS OF FINANCIAL POSITION  
 AS AT 31 MARCH 2021

	Note	As at 31-Mar 2021 RM'000	As at 31-Dec 2020 RM'000
<b>Bank</b>			
<b>ASSETS</b>			
Cash and short-term funds	A11	1,222,598	1,041,855
Deposits and placements with banks and other financial institutions	A12	82,931	-
Debt instruments at fair value through other comprehensive income ("FVOCI")	A13	1,618,492	1,668,132
Loans and advances	A14	2,567,675	2,384,792
Other assets	A15	41,354	113,633
Derivative assets	B5	75,208	132,954
Deferred tax assets		5,628	7,282
Tax recoverable		14,902	9,529
Statutory deposits with Bank Negara Malaysia		-	-
Right-of-use assets		2,521	3,194
Property, plant and equipment	A18	6,087	6,886
Intangible assets		4,684	4,879
<b>TOTAL ASSETS</b>		<b>5,642,080</b>	<b>5,373,136</b>
<b>LIABILITIES</b>			
Deposits from customers	A16/B4	2,462,384	2,275,454
Deposits and placements of banks and other financial institutions		979,469	1,021,513
Other liabilities	A17	264,194	248,053
Derivative liabilities	B5	46,866	122,302
Tax payable		-	-
Lease liabilities		2,467	3,103
Subordinated loans	A19	830,005	804,524
Obligations on securities sold under repurchase agreements ("Repos")		148,996	-
<b>TOTAL LIABILITIES</b>		<b>4,734,381</b>	<b>4,474,949</b>
<b>EQUITY</b>			
Share capital		822,600	822,600
Reserves		85,099	75,587
<b>TOTAL EQUITY</b>		<b>907,699</b>	<b>898,187</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>5,642,080</b>	<b>5,373,136</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A20	<b>13,444,276</b>	<b>13,211,182</b>

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021**

Bank	Note	Non-Distributable			Distributable		Total Equity RM'000	
		Share Capital RM'000	Regulatory Reserves RM'000	FVOCI Reserves RM'000	Cash flow hedge reserve RM'000	Cost of hedging reserve RM'000		(Accumulated losses)/ Retained profits RM'000
Balance as at 1 January 2020		822,600	-	7,429	-	-	21,122	851,151
Net profit for the financial year		-	-	-	-	-	29,534	29,534
Other comprehensive income, net of tax, for the financial year		-	-	6,694	3,491	7,317	-	17,502
Total comprehensive income for the financial year		-	-	6,694	3,491	7,317	29,534	47,036
Balance as at 31 December 2020		822,600	-	14,123	3,491	7,317	50,656	898,187
Balance as at 1 January 2021		822,600	-	14,123	3,491	7,317	50,656	898,187
Net profit for the financial period		-	-	-	-	-	15,414	15,414
Other comprehensive income, net of tax, for the financial period		-	-	(5,109)	(579)	(214)	-	(5,902)
Total comprehensive income for the financial period		-	-	(5,109)	(579)	(214)	15,414	9,512
Balance as at 31 March 2021		822,600	-	9,014	2,912	7,103	66,070	907,699

\* 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 31 MARCH 2021**

	31-Mar 2021	31-Mar 2020
	RM'000	RM'000
<b>Bank</b>		
<b>Cash flows from operating activities</b>		
Profit before taxation	22,185	5,544
Adjustments for:		
Allowance for impairment on loans and other losses	(13,485)	(4,313)
Depreciation of property, plant and equipment:	1,042	913
Depreciation of right-of-use assets	741	740
Amortisation of intangible assets	245	188
Gain from sale of debt instruments at FVOCI	-	(1,534)
Interest expense on subordinated loan	3,471	6,998
Interest income from financial assets designated at fair value through other comprehensive income	(11,634)	(18,868)
Finance cost	31	61
Operating profit before working capital changes	2,596	(10,271)
(Increase)/Decrease in operating assets:		
Deposits and placements with banks and other financial institutions	(82,980)	(215,400)
Derivative Assets	57,746	(45,161)
Loans and advances	(175,396)	152,607
Other assets	72,279	4,902
	(128,351)	(103,052)
Increase/(Decrease) in operating liabilities:		
Deposits from customers	186,930	(235,954)
Deposits and placements of banks and other financial institutions	(42,044)	287,176
Derivative Liabilities	(75,436)	(5,063)
Other liabilities	22,472	112,100
Subordinated loans	22,848	37,499
Obligations on securities sold under Repos	148,996	(50,069)
	263,766	145,689
Cash used in operations	138,011	32,366
Net tax paid	(1,830)	(2,130)
Net cash used in from operating activities	136,181	30,236
<b>Cash flows from investing activities</b>		
Purchase of financial investments FVOCI	(606,425)	(1,680,513)
Proceeds from redemption and disposal of financial investments at FVOCI	641,434	2,342,746
Interest received from financial investments at FVOCI	11,459	24,697
Purchase of property, plant and equipment:	(243)	(139)
Purchase of intangible assets	(50)	(1)
Interest payment of subordinated loan	(838)	(1,721)
Net cash used in investing activities	45,337	685,069
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(735)	(730)
Net cash generated from financing activities	(735)	(730)
Net increase in cash and cash equivalents	180,783	714,575
Cash and cash equivalents, at gross:		
- at the beginning of the financial period	1,041,897	628,008
- at the end of the financial period	1,222,680	1,342,583

**CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021**

**A1. Basis Of Preparation**

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

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank since incorporation. The interim financial statements does not include notes of the type normally included in an annual financial report.

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

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

**Changes in accounting policies**

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

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

**A2. Seasonal Or Cyclical Factors**

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

**A3. Exceptional Or Unusual Items**

There were no exceptional or unusual items for the period from 1 January 2021 to 31 March 2021.

**A4. Changes In Estimates**

There were no material changes in estimates that have a material effect for the period from 1 January 2021 to 31 March 2021.

**A5. Changes In Debt and Equity Securities**

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period from 1 January 2021 to 31 March 2021.

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)  
 NOTES TO INTERIM FINANCIAL STATEMENTS  
 FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

**A6. Interest Income**

	Current quarter ended		Year-to-date ended	
	31 March	31 March	31 March	31 March
	2021	2020	2021	2020
Bank	RM'000	RM'000	RM'000	RM'000
Loans and advances	16,947	24,954	16,947	24,954
Deposits and placements with banks and other financial institutions	5,860	12,513	5,860	12,513
Financial assets designated at FVOCI	11,634	18,868	11,634	18,868
Derivative financial instruments	2,530	-	2,530	-
	<u>36,971</u>	<u>56,335</u>	<u>36,971</u>	<u>56,335</u>

**A7. Interest Expense**

<b>Bank</b>				
Deposits and placements of banks and other financial institutions	3,785	16,222	3,785	16,222
Deposits from customers	7,467	11,789	7,467	11,789
Subordinated loans	3,471	6,998	3,471	6,998
Derivative financial instruments	-	839	-	839
	<u>14,723</u>	<u>35,848</u>	<u>14,723</u>	<u>35,848</u>

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

<b>Bank</b>				
<b>Fee income</b>				
Service charges and fees	19	233	19	233
Less: Fees expense	(53)	(36)	(53)	(36)
	(34)	197	(34)	197
Guarantee fees	457	35	457	35
Commitment fees	294	949	294	949
Syndication fees	3,090	3,703	3,090	3,703
Other fee income	3,125	1,000	3,125	1,000
	<u>6,932</u>	<u>5,884</u>	<u>6,932</u>	<u>5,884</u>
<b>Trading and investment income:</b>				
Net realised gain/(loss) on derivatives	17,781	80,884	17,781	80,884
Net unrealised fair value (loss)/gain on derivatives	(6,566)	50,224	(6,566)	50,224
Gain from sale of debt instruments at FVOCI	-	1,534	-	1,534
Less: Brokerage charges	(163)	(267)	(163)	(267)
	<u>11,052</u>	<u>132,375</u>	<u>11,052</u>	<u>132,375</u>



CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)  
 NOTES TO INTERIM FINANCIAL STATEMENTS  
 FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

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

	Current quarter ended		Year-to-date ended	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	RM'000	RM'000	RM'000	RM'000
<b>Bank (continued)</b>				
<b>Other income:</b>				
Net foreign exchange gain/(loss)	(18,566)	(144,089)	(18,566)	(144,089)
Other non-operating income/(expenses)	288	289	288	289
	<u>(18,278)</u>	<u>(143,800)</u>	<u>(18,278)</u>	<u>(143,800)</u>
	<u>(294)</u>	<u>(5,541)</u>	<u>(294)</u>	<u>(5,541)</u>

A9. Other Operating Expenses

**Bank**

**Personnel costs**

Salaries, allowances and bonuses	7,907	7,747	7,907	7,747
Defined contribution plan	746	767	746	626
Other staff related costs	415	1,321	415	1,462
	<u>9,068</u>	<u>9,835</u>	<u>9,068</u>	<u>9,835</u>

**Establishment costs**

Depreciation of property, plant and equipment:	1,042	913	1,042	913
Depreciation of right-of-use assets	741	740	741	740
Amortisation of intangible assets	245	188	245	188
Repair and maintenance	865	502	865	502
Others	48	55	48	55
	<u>2,941</u>	<u>2,398</u>	<u>2,941</u>	<u>2,398</u>

**Promotion and marketing expenses**

Advertisement and publicity	127	56	127	56
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**Administration and general expenses**

Communication expenses	142	360	142	360
Legal and professional fees	159	126	159	126
Travelling and accommodation expenses	7	169	7	169
Employee recruitment costs	10	213	10	213
Others	800	558	800	558
	<u>1,118</u>	<u>1,426</u>	<u>1,118</u>	<u>1,426</u>
	<u>13,254</u>	<u>13,715</u>	<u>13,254</u>	<u>13,715</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)  
 NOTES TO INTERIM FINANCIAL STATEMENTS  
 FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

A10. Allowance/(Write-back) for Impairment on Loans and Other Losses

Bank	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
<b>31 March 2021</b>				
Cash and short-term funds	40	-	-	40
Deposits and placements with banks and other financial institutions	49	-	-	49
Financial assets at FVOCI	244	-	-	244
Loans and advances	(7,487)	-	-	(7,487)
Commitments and contingencies	(6,331)	-	-	(6,331)
	<u>(13,485)</u>	<u>-</u>	<u>-</u>	<u>(13,485)</u>
<b>31 March 2020</b>				
Cash and short-term funds	(5)	-	-	(5)
Deposits and placements with banks and other financial institutions	(1)	-	-	(1)
Financial assets at FVOCI	225	-	-	225
Loans and advances	(371)	(3,195)	-	(3,566)
Commitments and contingencies	428	(1,394)	-	(966)
	<u>276</u>	<u>(4,589)</u>	<u>-</u>	<u>(4,313)</u>
	Current quarter ended		Year-to-date ended	
	31 March	31 March	31 March	31 March
	2021	2020	2021	2020
<b>Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Allowance/(Write-back) for expected credit losses ("ECL")	(13,485)	(4,313)	(13,485)	(4,313)
	<u>(13,485)</u>	<u>(4,313)</u>	<u>(13,485)</u>	<u>(4,313)</u>

A11. Cash and short-term funds

Bank	As at	As at
	31 March	31 December
	2021	2020
	RM'000	RM'000
Cash and balances with banks and other financial institutions	59,210	115,836
Money at call and deposit placements maturing within one month	1,163,470	926,061
	<u>1,222,680</u>	<u>1,041,897</u>
Less: ECL Allowance	(82)	(42)
	<u>1,222,598</u>	<u>1,041,855</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)  
 NOTES TO INTERIM FINANCIAL STATEMENTS  
 FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

**A11. Cash and short-term funds (continued)**

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

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>ECL Allowance</b>				
Balance as at 1 January 2021	42	-	-	42
Financial assets derecognised during the financial year	(25)	-	-	(25)
New financial assets purchased	65	-	-	65
Balance as at 31 March 2021	<u>82</u>	<u>-</u>	<u>-</u>	<u>82</u>
Balance as at 1 January 2020	11	-	-	11
Financial assets derecognised during the financial year	(64)	-	-	(64)
New financial assets purchased	95	-	-	95
Balance as at 31 December 2020	<u>42</u>	<u>-</u>	<u>-</u>	<u>42</u>

**A12. Deposits and placements with banks and other financial institutions**

	As at 31 March 2021 RM'000	As at 31 December 2020 RM'000
<b>Bank</b>		
Licensed banks	82,980	-
Less: ECL allowances	(49)	-
	<u>82,931</u>	<u>-</u>

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

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>ECL Allowance</b>				
Balance as at 1 January 2021	-	-	-	-
Financial assets derecognised during the financial year	-	-	-	-
New financial assets purchased	49	-	-	49
Balance as at 31 March 2021	<u>49</u>	<u>-</u>	<u>-</u>	<u>49</u>
Balance as at 1 January 2020	3	-	-	3
Financial assets derecognised during the financial year	(1,524)	-	-	(1,524)
New financial assets purchased	1,521	-	-	1,521
Balance as at 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)  
 NOTES TO INTERIM FINANCIAL STATEMENTS  
 FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

A13. Financial assets at FVOCI

	As at 31 March 2021 RM'000	As at 31 December 2020 RM'000
Bank		
At fair value		
<b>Money market instruments:</b>		
Malaysian Government Securities	95,008	97,075
Malaysian Government Investment Issues	771,951	781,035
Negotiable instruments of deposits	150,632	300,240
	<u>1,017,591</u>	<u>1,178,350</u>
<b>Quoted securities:</b>		
<b>In Malaysia</b>		
Corporate bond	374,216	377,738
Cagamas debt securities	226,685	112,044
	<u>600,901</u>	<u>489,782</u>
	<u>1,618,492</u>	<u>1,668,132</u>

Movement of allowance for credit loss to comprehensive income

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>ECL Allowance</b>				
Balance as at 1 January 2021	673	-	-	673
Financial assets derecognised during the financial year	(12)	-	-	(12)
New financial assets purchased	256	-	-	256
Balance as at 31 March 2021	<u>917</u>	<u>-</u>	<u>-</u>	<u>917</u>
Balance as at 1 January 2020	559	-	-	559
Financial assets derecognised during the financial year	(523)	-	-	(523)
New financial assets purchased	637	-	-	637
Balance as at 31 December 2020	<u>673</u>	<u>-</u>	<u>-</u>	<u>673</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)  
 NOTES TO INTERIM FINANCIAL STATEMENTS  
 FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

**A14. Loans and Advances**

**(a) By type**

	As at 31 March 2021 RM'000	As at 31 December 2020 RM'000
<b>Bank</b>		
<b>At amortised cost</b>		
Overdrafts	3,263	5,243
Term loans		
- Syndicated term loans	815,163	793,173
- Other term loans/financing	672,569	765,634
Bill receivables	561,267	396,125
Trust receipts	-	25,316
Revolving credits	546,336	437,711
Gross loans and advances	<u>2,598,598</u>	<u>2,423,202</u>
Allowances for expected credit losses		
- Stage 1	(30,923)	(38,410)
Net loans and advances	<u><u>2,567,675</u></u>	<u><u>2,384,792</u></u>

**(b) By type of customer**

Business enterprises	2,542,255	2,368,585
Government and statutory bodies	56,343	54,617
	<u>2,598,598</u>	<u>2,423,202</u>

**(c) By geographical distribution**

Malaysia	1,624,595	1,683,251
Hong Kong	131,545	127,529
Philippines	47,303	45,858
United Arab Emirates	56,343	54,617
China	726,963	511,947
Indonesia	-	-
Singapore	9,355	-
Vietnam	2,494	-
	<u>2,598,598</u>	<u>2,423,202</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD 201601032761 (1203702-U)  
 NOTES TO INTERIM FINANCIAL STATEMENTS  
 FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

A14. Loans and Advances (continued)

Bank	As at 31 March 2021 RM'000	As at 31 December 2020 RM'000
<b>(d) By interest/profit rate sensitivity</b>		
Fixed rate loans	122,558	89,017
Variable rate (cost-plus) loans	2,476,040	2,334,185
	<u>2,598,598</u>	<u>2,423,202</u>
<b>(e) By purpose</b>		
Working capital	1,247,474	1,159,266
Merger and acquisition	81,787	79,293
Purchase of transport vehicle	10,575	10,081
Purchase of land	33,413	33,423
Construction	580,514	566,415
Trade finance related	356,181	218,334
Lending to related entities	168,974	170,454
Investments in related entities	19,995	29,422
Other purposes	99,685	156,514
	<u>2,598,598</u>	<u>2,423,202</u>
<b>(f) By remaining contractual maturities</b>		
Maturity within one year	1,353,525	1,231,651
One year to three years	409,629	505,318
Three years to five years	10,068	6,254
Over five years	825,376	679,979
	<u>2,598,598</u>	<u>2,423,202</u>
<b>(g) By industry</b>		
Manufacturing	703,958	619,187
Electricity, gas and water	303,423	137,540
Construction	274,258	430,362
Real estate	98,859	100,339
Wholesale, retail trade, restaurants and hotels	2,073	2,009
Transport, storage and communication	464,610	443,619
Finance, insurance and business services	502,634	493,543
Others	248,783	196,603
	<u>2,598,598</u>	<u>2,423,202</u>

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A14. Loans and Advances (continued)

(h) Movement of allowance for credit loss

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

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Gross Carrying Amount</b>				
Balance as at 1 January 2021	2,423,202	-	-	2,423,202
Financial assets derecognised during the financial year	(211,478)	-	-	(211,478)
New financial assets originated	386,874	-	-	386,874
Balance as at 31 March 2021	<u>2,598,598</u>	<u>-</u>	<u>-</u>	<u>2,598,598</u>
Balance as at 1 January 2020	2,631,380	64,365	-	2,695,745
Financial assets derecognised during the financial year	(2,138,819)	(64,365)	-	(2,203,184)
New financial assets originated	1,930,641	-	-	1,930,641
Balance as at 31 December 2020	<u>2,423,202</u>	<u>-</u>	<u>-</u>	<u>2,423,202</u>
<b>ECL Allowance</b>				
Balance as at 1 January 2021	38,410	-	-	38,410
Financial assets derecognised during the financial year	(11,541)	-	-	(11,541)
New financial assets originated	4,054	-	-	4,054
Balance as at 31 March 2021	<u>30,923</u>	<u>-</u>	<u>-</u>	<u>30,923</u>
Balance as at 1 January 2020	15,663	6,414	-	22,077
Financial assets derecognised during the financial year	(27,450)	(6,414)	-	(33,864)
New financial assets originated	50,197	-	-	50,197
Balance as at 31 December 2020	<u>38,410</u>	<u>-</u>	<u>-</u>	<u>38,410</u>

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A15. Other Assets

	As at 31 March 2021 RM'000	As at 31 December 2020 RM'000
Other receivables	21,533	11,319
Deposits	1,197	1,025
Prepayments	2,649	2,188
Cash collateral pledged for derivative transactions	15,975	99,101
	<u>41,354</u>	<u>113,633</u>

A16. Deposits from Customers

(a) By type of deposits

Bank

Demand deposits	720,687	1,212,477
Fixed/investment deposits	1,741,697	1,062,977
	<u>2,462,384</u>	<u>2,275,454</u>

(b) By type of customer

Bank

Business enterprises	<u>2,462,384</u>	<u>2,275,454</u>
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(c) By maturity structure of fixed/investment deposits

Bank

Due within six months	1,710,631	1,042,136
Six months to one year	31,066	20,841
	<u>1,741,697</u>	<u>1,062,977</u>



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A17. Other Liabilities

	As at 31 March 2021	As at 31 December 2020
	RM'000	RM'000
<b>Bank</b>		
Other creditors and accruals	24,348	21,756
Deferred Income	6,994	7,204
Cash collateral received for derivative transactions	150,757	121,966
Cash collateral from corporate customers	79,652	88,353
ECL allowances for irrevocable loan commitments and financial guarantees	2,443	8,774
	<u>264,194</u>	<u>248,053</u>

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b><u>Movement in loss allowance for contingencies and commitments</u></b>				
Balance as at 1 January 2021	8,774	-	-	8,774
Credit exposures relinquished	(6,558)	-	-	(6,558)
Credit exposures assumed	227	-	-	227
Balance as at 31 March 2021	<u>2,443</u>	<u>-</u>	<u>-</u>	<u>2,443</u>
Balance as at 1 January 2020	470	2,095	-	2,565
Credit exposures relinquished	(1,402)	(2,095)	-	(3,497)
Credit exposures assumed	9,706	-	-	9,706
Balance as at 31 December 2020	<u>8,774</u>	<u>-</u>	<u>-</u>	<u>8,774</u>

A18. Valuation of Property, Plant and Equipment

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

A19. Subordinated Loans

	As at 31 March 2021	As at 31 December 2020
	RM'000	RM'000
<b>Bank</b>		
At amortised cost		
USD200 million subordinated loan	<u>830,005</u>	<u>804,524</u>

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

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

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

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**A20. Commitments and Contingencies**

Bank	31 March 2021		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Short-term self-liquidating trade-related contingencies	44,161	8,832	8,832
Transaction-related contingent items	295,925	147,962	90,715
Irrevocable commitments to extend credit			
- Less than one year	71,350	-	-
- More than one year	723,566	133,201	133,201
Foreign exchange-related contracts:			
- Less than one year	6,867,060	147,283	55,080
- More than one year	2,165,329	246,669	183,276
Interest rate/profit related contracts:			
- Less than one year	1,923,637	1,924	658
- More than one year	1,353,248	20,835	6,705
	<u>13,444,276</u>	<u>706,706</u>	<u>478,467</u>

Bank	31 December 2020		
	Principal Amount RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Short-term self-liquidating trade-related contingencies	31,345	6,269	6,269
Transaction-related contingent items	276,973	138,486	91,558
Irrevocable commitments to extend credit			
- Less than one year	125,721	-	-
- More than one year	814,550	204,444	204,444
Foreign exchange-related contracts:			
- Less than one year	7,075,611	104,091	44,610
- More than one year	1,683,542	195,796	142,317
Interest rate related contracts: #			
- Less than one year	1,867,920	1,868	639
- More than one year	1,335,520	20,480	6,566
	<u>13,211,182</u>	<u>671,434</u>	<u>496,403</u>

**A21. Capital Adequacy Ratio**

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

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A21. Capital Adequacy Ratio (continued)

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

	As at 31 March 2021 RM'000	As at 31 December 2020 RM'000
<b>Bank</b>		
<b>Common Equity Tier 1 ('CET 1')/Tier 1 Capital</b>		
Paid-up ordinary share capital	822,600	822,600
Retained profits	50,656	50,656
Other reserves	19,028	24,931
Regulatory adjustments applied in the calculation of CET1 Capital	<u>(28,508)</u>	<u>(33,606)</u>
Total CET1/Tier 1 Capital	<u>863,776</u>	<u>864,581</u>
<b>Tier II Capital</b>		
Tier II capital instruments meeting all relevant criteria	829,000	803,600
Loss provisions	<u>34,415</u>	<u>47,899</u>
Total Tier II Capital	<u>863,415</u>	<u>851,499</u>
<b>Total Capital</b>	<u>1,727,191</u>	<u>1,716,080</u>
<b>Capital Ratios</b>		
Before proposed dividends:		
CET 1 Capital Ratio	27.015%	28.497%
Tier 1 Capital Ratio	27.015%	28.497%
Total Capital Ratio	54.019%	56.563%

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

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

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

Credit risk	2,908,530	2,784,847
Market risk	105,175	70,987
Operational risk	<u>183,666</u>	<u>178,116</u>
Total risk-weighted assets	<u>3,197,371</u>	<u>3,033,950</u>

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

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

China Construction Bank (Malaysia) Berhad ("CCBM")'s total assets maintained at MYR 5.6 billion with stable execution progress. The main assets components are loans (MYR 2.6 billion), interbank placement (MYR 1.3 billion) and debt securities (MYR 1.6 billion). Whilst total liabilities is MYR 4.7 billion mainly consists of MYR2.5 billion corporate deposit and interbank borrowing (MYR1.0 billion); as at end of March 2021.

As of the end of March 2021, CCBM recorded operating income of MYR 22.0 million, of which net interest income is MYR 22.3 million, and other operating loss MYR 0.3 million.

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

**B2. Prospects for Financial Year 2021**

**Outlook 2021**

Several economic recovery plans have been implemented such as "Strategic Programme to Empower the People and Economy (PEMERKASA)" and rollout of the COVID-19 vaccines will lend support to global growth in 2021. Business strategy and direction that is adaptable towards achieving sustainable business growth by maintaining reasonable asset growth and optimising business structure. 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 RCEP.

**Rating by External Rating Agency**

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

**B3. Taxation**

	Current quarter ended		Year-to-date ended	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Bank	RM'000	RM'000	RM'000	RM'000
Income tax	6,771	1,596	6,771	1,596
	<u>6,771</u>	<u>1,596</u>	<u>6,771</u>	<u>1,596</u>

Domestic income tax for the Bank is calculated at the Malaysian statutory tax rate of 24% of the estimated chargeable profit for the financial period. The effective tax rate of the Bank for the three months ended 31 March 2021 was higher than the statutory tax rate due to effects of certain non-deductible expenses.

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

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

	As at 31 March 2021	As at 31 December 2019
	RM'000	RM'000
<b>Bank</b>		
Deposits from customers		
- One year or less	2,431,318	2,254,613
- More than one year	31,066	20,841
	<u>2,462,384</u>	<u>2,275,454</u>

**B5. Derivative Financial Instruments**

Details of derivative financial instruments outstanding are as follows:

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

	<u>31 March 2021</u>		
<b>Bank</b>	<b>Contract/ Notional Amount</b>	<b>Fair Value</b>	
<b>By type</b>	<b>RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<u>Trading Derivatives:</u>			
Foreign exchange related contracts			
- Forwards/spot	30,131	81	7
- Currency swaps	8,172,253	71,899	33,447
Interest rate/profit related contracts:			
- Interest rate swaps	3,276,885	1,873	5,234
<u>Hedging derivatives - cash flow hedge</u>			
Foreign exchange related contracts:			
- Cross currency interest rate swaps	830,005	1,355	8,177
<b>Total</b>	<u>12,309,274</u>	<u>75,208</u>	<u>46,865</u>
	<u>31 December 2020</u>		
<b>Bank</b>	<b>Contract/ Notional Amount</b>	<b>Fair Value</b>	
<b>By type</b>	<b>RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<u>Trading Derivatives:</u>			
Foreign exchange related contracts			
- Forwards/swaps	113,509	61,611	77,791
- Currency swaps	7,842,044	68,327	2,979
Interest rate/profit related contracts:			
- Interest rate swaps	3,203,440	3,016	9,165
<u>Hedging derivatives - cash flow hedge</u>			
Foreign exchange related contracts:			
- Cross currency interest rate swaps	803,600	-	32,367
<b>Total</b>	<u>11,962,593</u>	<u>132,954</u>	<u>122,302</u>

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

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

	<b>31 March 2021</b>		
	<b>Contract/ Notional Amount</b>	<b>Fair Value Assets</b>	<b>Liabilities</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>By remaining period to maturity/next re-pricing date</b>			
<u>Trading Derivatives:</u>			
Foreign exchange related contracts			
- Less than 1 year	6,867,060	52,796	9,536
- More than 1 years	2,165,329	20,539	32,095
Interest rate/profit related contracts:			
- Less than 1 year	1,923,637	186	189
- More than one year	1,353,248	1,687	5,044
	<u>12,309,274</u>	<u>75,208</u>	<u>46,864</u>
<b>31 December 2020</b>			
	<b>Contract/ Notional Amount</b>	<b>Fair Value Assets</b>	<b>Liabilities</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>By remaining period to maturity/next re-pricing date</b>			
<u>Trading Derivatives:</u>			
Foreign exchange related contracts			
- Less than 1 year	7,075,611	22,406	7,031
- More than 1 years	1,683,542	107,532	73,739
Interest rate/profit related contracts:			
- Less than one year	1,867,920	817	936
- More than one year	1,335,520	2,199	8,229
	<u>11,962,593</u>	<u>132,954</u>	<u>89,935</u>

**B6. Fair Value of Financial Instruments**

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

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B6. Fair Value of Financial Instruments (continued)

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

<b>Bank</b>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
<b>31 March 2021</b>				
<b><u>Financial assets</u></b>				
Financial assets at FVOCI	-	1,618,492	-	1,618,492
- Debt Securities	-	1,618,492	-	1,618,492
Derivative assets	-	75,208	-	75,208
	-	1,693,700	-	1,693,700
<b><u>Financial liabilities</u></b>				
Derivative liabilities	-	46,866	-	46,866
<b>31 December 2020</b>				
<b><u>Financial assets</u></b>				
Financial assets at FVOCI	-	1,668,132	-	1,668,132
- Debt Securities	-	1,668,132	-	1,668,132
Derivative assets	-	132,954	-	132,954
	-	1,801,086	-	1,801,086
<b><u>Financial liabilities</u></b>				
Derivative liabilities	-	122,302	-	122,302

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

(i) Valuation techniques

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

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

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

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

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

**B8. Dividends**

(a) The Directors have not proposed for any dividend for the three months ended 31 March 2021.