

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2024

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

MANAGEMENT'S CERTIFICATION

I hereby certify that the unaudited condensed interim financial statements for the period from 1 January 2024 to 30 September 2024 have been prepared from the Bank's accounting and other records and that they are in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and the Guidelines on Financial Reporting issued by Bank Negara Malaysia.

On behalf of

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

Wang Qijie

Chief Executive Officer

Date: 24 October 2024

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024**

	Note	As at 30 September 2024 <u>RM'000</u>	As at 31 December 2023 <u>RM'000</u>
Assets			
Cash and short-term funds	A8	745,639	1,744,813
Deposits and placements with banks and other financial institutions	A9	802,953	690,275
Debt instruments at fair value through other comprehensive income ("FVOCI")	A10	4,118,249	1,916,122
Other assets	A11	511,052	49,842
Derivative financial assets	A12	124,931	97,624
Loans and advances	A13	2,732,552	3,096,965
Tax recoverable		17,454	28,923
Statutory deposits with Bank Negara Malaysia		3,000	2,000
Right-of-use assets		31,722	35,093
Property and equipment		5,352	5,169
Intangible assets		6,634	7,604
Deferred tax assets		11,127	13,443
Total assets		<u>9,110,665</u>	<u>7,687,873</u>
Liabilities			
Deposits from customers	A14	3,222,487	3,205,936
Deposits and placements of banks and other financial institutions	A15	2,193,497	1,785,159
Other liabilities	A16	90,221	191,986
Derivative financial liabilities	A12	485,941	139,941
Lease liabilities		32,668	35,693
Borrowings	A17	1,234,901	451,759
Subordinated loan	A18	841,140	921,542
Total liabilities		<u>8,100,855</u>	<u>6,732,016</u>
Equity attributable to equity holder of the Bank			
Share capital		822,600	822,600
Reserves		187,210	133,257
Total equity		<u>1,009,810</u>	<u>955,857</u>
Total liabilities and equity		<u>9,110,665</u>	<u>7,687,873</u>
Commitments and contingencies	A24	<u>11,439,716</u>	<u>8,136,899</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 December 2023.

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

	Note	Current quarter ended		Year-to-date ended	
		30 September	30 September	30 September	30 September
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Interest income	A19	89,447	63,335	247,790	179,420
Interest expense	A20	(81,365)	(55,574)	(227,817)	(153,153)
Net interest income		8,082	7,761	19,973	26,267
Other operating income	A21	71,005	16,276	105,751	52,426
Net income		79,087	24,037	125,724	78,693
Other operating expenses	A22	(23,723)	(17,881)	(56,870)	(51,729)
Operating profit before allowances		55,364	6,156	68,854	26,964
Write-back of /(Allowance for) expected credit losses ("ECL")	A23	2,172	(2,716)	(172)	(3,979)
Profit before taxation		57,536	3,440	68,682	22,985
Taxation		(18,391)	(1,801)	(21,816)	(7,882)
Net profit for the financial period		39,145	1,639	46,866	15,103
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		7,083	(1,476)	11,480	14,517
Net gain/(loss) on debt instruments measured at FVOCI reclassified to profit or loss on disposal		-	532	(270)	270
Income tax effect		(1,545)	490	(2,543)	(3,555)
		5,538	(454)	8,667	11,232
<u>Cash flow hedge</u>					
Net change in cash flow hedge		3	(1,661)	58	(2,063)
Net change in cost of hedging		(241)	2,231	(2,162)	1,453
Income tax effect		57	967	524	1,251
		(181)	1,537	(1,580)	641
Total other comprehensive income, net of tax, for the financial period		5,357	1,083	7,087	11,873
Total comprehensive income for the financial period		44,502	2,722	53,953	26,976

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 December 2023.

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

Note	← Non-Distributable →					Distributable	
	Share Capital	Regulatory Reserve	FVOCI Reserve	Cash flow hedge Reserve	Cost of hedging Reserve	Retained Profits	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2024	822,600	4,700	(12,590)	(63)	1,643	139,567	955,857
Net profit for the financial period	-	-	-	-	-	46,866	46,866
Other comprehensive income/(loss), net of tax, for the financial period	-	-	8,667	63	(1,643)	-	7,087
Total comprehensive income/(loss) for the financial period	-	-	8,667	63	(1,643)	46,866	53,953
Transfer to regulatory reserve	-	600	-	-	-	(600)	-
Balance as at 30 September 2024	<u>822,600</u>	<u>5,300</u>	<u>(3,923)</u>	<u>-</u>	<u>-</u>	<u>185,833</u>	<u>1,009,810</u>
Balance as at 1 January 2023	822,600	2,800	(28,022)	(103)	1,764	114,957	913,996
Net profit for the financial year	-	-	-	-	-	26,510	26,510
Other comprehensive income/(loss), net of tax, for the financial year	-	-	15,432	40	(121)	-	15,351
Total comprehensive income/(loss) for the financial year	-	-	15,432	40	(121)	26,510	41,861
Transfer to regulatory reserve	-	1,900	-	-	-	(1,900)	-
Balance as at 31 December 2023	<u>822,600</u>	<u>4,700</u>	<u>(12,590)</u>	<u>(63)</u>	<u>1,643</u>	<u>139,567</u>	<u>955,857</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 December 2023.

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

	30 September 2024	30 September 2023
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	68,682	22,985
Adjustments for:		
Allowance for expected credit losses	172	3,979
Net unrealised fair value gain/(loss) on derivatives	242,325	(11,730)
Depreciation of property and equipment	1,076	983
Depreciation of right-of-use assets	3,371	3,341
Amortisation of intangible assets	1,348	1,389
Interest income from debt instruments at FVOCI	(79,626)	(67,211)
Net gain from sale of debt instruments at FVOCI	-	(270)
Interest expense from subordinated loan	46,606	45,818
Net foreign exchange gain/(loss) on subordinated loan	(91,200)	59,900
Interest expense from lease liabilities	880	964
Operating profit before working capital changes	193,634	60,148
Change in derivative financial assets and financial liabilities	71,183	(59,036)
Change in loans and advances	366,393	(298,830)
Change in statutory deposits with Bank Negara Malaysia	(1,000)	45,501
Change in other assets	(461,210)	52,613
Change in deposits from customers	16,551	(558,259)
Change in deposits and placements of banks and other financial institutions	408,338	287,467
Change in other liabilities	(103,408)	217,839
	<u>296,847</u>	<u>(312,705)</u>
Cash generated/(used in) from operations	490,481	(252,557)
Net tax paid	(33,015)	(5,824)
Net cash generated/(used in) from operating activities	<u>457,466</u>	<u>(258,381)</u>
Cash flows from investing activities		
Change in deposits and placements with banks and other financial institutions with original maturity of more than 3 months	333,180	19,169
Purchase of debt investments at FVOCI	(6,189,204)	(4,010,370)
Proceeds from redemption and disposal of debt investments at FVOCI	4,019,031	4,220,429
Interest received from debt investments at FVOCI	84,576	74,809
Purchase of property and equipment	(1,259)	(1,448)
Purchase of intangible assets	(378)	(650)
Net cash (used in)/generated from investing activities	<u>(1,754,054)</u>	<u>301,939</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 December 2023.

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

	30 September 2024	30 September 2023
	RM'000	RM'000
Cash flows from financing activities		
Interest payment of subordinated loan	(35,808)	(44,766)
Proceeds from borrowings	783,142	-
Lease payments	(3,905)	(3,880)
Net cash generated/(used in) financing activities	<u>743,429</u>	<u>(48,646)</u>
Net decrease in cash and cash equivalents	(553,159)	(5,088)
Cash and cash equivalents, at gross:		
- at the beginning of the financial year	<u>1,299,253</u>	<u>730,150</u>
- at the end of the financial period	<u>746,094</u>	<u>725,062</u>
Cash and cash equivalents comprise:		
Cash and short-term funds	746,094	876,805
Deposits and placements with banks and other financial institutions	<u>802,953</u>	<u>581,247</u>
	1,549,047	1,458,052
Less: Deposits and placements with banks and other financial institutions with original maturity of more than 3 months	<u>(802,953)</u>	<u>-</u>
	<u>746,094</u>	<u>1,458,052</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 December 2023.

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

A1. Basis of Preparation

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

The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited annual financial statements of the Bank for the financial year ended 31 December 2023. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2023.

All the significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2023. The following are the accounting standards, interpretations and amendments that have been issued by the MASB but have not been adopted by the Bank:

Effective for financial periods beginning on or after 1 January 2025

Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

Effective for financial periods beginning on or after 1 January 2026

Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Statements: Disclosures - Classification and Measurement of Financial Instruments

Effective for financial periods beginning on or after 1 January 2027

MFRS 18 - Presentation and Disclosure in Financial Statements

MFRS 19 - Subsidiaries without Public Accountability: Disclosures

Effective for financial periods to be determined by the MASB

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

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

A2. Auditors' Report on Preceding Annual Financial Statements

The audit report on the audited annual financial statements for the financial year ended 31 December 2023 was not subject to any qualification.

A3. Seasonal or Cyclical Factors

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

A4. Exceptional or Unusual Items

There were no exceptional or unusual items for the period from 1 January 2024 to 30 September 2024.

A5. Changes in Estimates

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

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024****A6. Changes In Debt and Equity Securities**

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

A7. Dividend Paid

No dividend was paid during the period from 1 January 2024 to 30 September 2024.

A8. Cash and Short-Term Funds

	As at 30 September 2024 RM'000	As at 31 December 2023 RM'000
Cash and balances with banks and other financial institutions	444,930	319,364
Money at call and deposit placements maturing within one month	301,164	1,425,747
	<u>746,094</u>	<u>1,745,111</u>
Less: ECL allowances	(455)	(298)
	<u>745,639</u>	<u>1,744,813</u>

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

	Stage 1 12-month ECL RM'000	Stage 2 Lifetime non credit- impaired RM'000	Stage 3 Lifetime credit- impaired RM'000	Total ECL RM'000
At 1 January 2024	298	-	-	298
Financial assets derecognised during the financial period	(164)	-	-	(164)
New financial assets acquired	321	-	-	321
Net total	<u>157</u>	<u>-</u>	<u>-</u>	<u>157</u>
At 30 September 2024	<u>455</u>	<u>-</u>	<u>-</u>	<u>455</u>
At 1 January 2023	228	-	-	228
Financial assets derecognised during the financial year	(552)	-	-	(552)
New financial assets acquired	622	-	-	622
Net total	<u>70</u>	<u>-</u>	<u>-</u>	<u>70</u>
At 31 December 2023	<u>298</u>	<u>-</u>	<u>-</u>	<u>298</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

	As at 30 September 2024	As at 31 December 2023
	RM'000	RM'000

A9. Deposits and Placements with Banks and Other Financial Institutions

Licensed banks	802,953	690,275
----------------	---------	---------

A10. Debt Instruments at Fair Value Through Other Comprehensive Income ("FVOCI")**At fair value****Money market instruments**

Malaysian Government Securities	313,392	101,438
Malaysian Government Investment Issues	1,409,174	376,175
Negotiable Instruments of Deposits	1,504,328	600,689
	<u>3,226,894</u>	<u>1,078,302</u>

Unquoted securities

Corporate bonds within Malaysia	587,219	585,151
Cagamas debt securities	304,136	252,669
	<u>891,355</u>	<u>837,820</u>
	<u>4,118,249</u>	<u>1,916,122</u>

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12-month ECL	Lifetime non credit- impaired	Lifetime ECL credit- impaired	Total ECL
ECL Allowances	RM'000	RM'000	RM'000	RM'000
At 1 January 2024	962	-	-	962
Financial assets derecognised during the financial period	(674)	-	-	(674)
New financial assets purchased	1,026	-	-	1,026
Net total	352	-	-	352
At 30 September 2024	<u>1,314</u>	<u>-</u>	<u>-</u>	<u>1,314</u>
At 1 January 2023	1,515	-	-	1,515
Financial assets derecognised during the financial year	(839)	-	-	(839)
New financial assets purchased	286	-	-	286
Net total	(553)	-	-	(553)
At 31 December 2023	<u>962</u>	<u>-</u>	<u>-</u>	<u>962</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024****A11. Other Assets**

	As at 30 September 2024	As at 31 December 2023
	RM'000	RM'000
Deposits	2,151	2,776
Prepayments	1,386	1,855
Cash collateral pledged for derivative transactions	479,662	11,194
Amount due from ultimate holding company	19,600	18,293
Other receivables	8,253	15,724
	<u>511,052</u>	<u>49,842</u>

A12. Derivative Financial Assets/(Liabilities)

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

	30 September 2024		
	Contract/ Notional Amount	Fair Value	
	RM'000	Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>			
Foreign exchange related contracts:			
- Currency forwards/spot	539,567	10,234	7,339
- Currency swaps	8,744,349	114,314	478,559
Interest rate related contracts:			
- Interest rate swaps	105,000	383	43
	<u>9,388,916</u>	<u>124,931</u>	<u>485,941</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024****A12. Derivative Financial Assets/(Liabilities) (cont'd)**

	31 December 2023		
	Contract/ Notional Amount	Fair Value	
		Assets	Liabilities
	RM'000	RM'000	RM'000
<u>Trading derivatives</u>			
Foreign exchange related contracts:			
- Currency forwards/spot	212,068	1,350	132
Interest rate related contracts:			
- Interest rate swaps	75,000	756	-
<u>Hedging derivatives - cash flow hedge</u>			
Foreign exchange related contracts:			
- Cross currency interest rate swaps	915,700	72,738	-
	<u>6,007,893</u>	<u>97,624</u>	<u>139,941</u>

	30 September 2024		
	Contract/ Notional Amount	Fair Value	
		Assets	Liabilities
	RM'000	RM'000	RM'000
By remaining period to maturity/next re-pricing date			
<u>Trading derivatives</u>			
Foreign exchange related contracts			
- Less than one year	8,511,064	114,050	484,865
- More than one year	772,852	10,498	1,033
Interest rate related contracts:			
- Less than one year	-	-	-
- More than one year	105,000	383	43
	<u>9,388,916</u>	<u>124,931</u>	<u>485,941</u>

	30 September 2024		
	Contract/ Notional Amount	Fair Value	
		Assets	Liabilities
	RM'000	RM'000	RM'000
By remaining period to maturity/next re-pricing date			
<u>Trading derivatives</u>			
Foreign exchange related contracts			
- Less than one year	5,158,454	96,868	52,043
- More than one year	774,439	-	87,898
Interest rate related contracts:			
- Less than one year	-	-	-
- More than one year	75,000	756	-
	<u>6,007,893</u>	<u>97,624</u>	<u>139,941</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024****A13. Loans and Advances**

	As at 30 September 2024 <u>RM'000</u>	As at 31 December 2023 <u>RM'000</u>
(i) By type:		
At amortised cost		
Overdrafts	5,374	5,150
Term loans:		
- Syndicated term loans	273,379	390,159
- Factoring receivables	335,020	544,899
- Other term loans	679,737	766,311
Trust receipts	271,885	359,762
Revolving credits	1,185,498	1,051,005
Gross loans and advances	<u>2,750,893</u>	<u>3,117,286</u>
Less: ECL allowances		
- Stage 1	(15,420)	(15,554)
- Stage 2	(2,921)	(4,767)
Net loans and advances	<u><u>2,732,552</u></u>	<u><u>3,096,965</u></u>
(ii) Gross loans and advances by type of customers:		
Business enterprises	<u><u>2,750,893</u></u>	<u><u>3,117,286</u></u>
(iii) Gross loans and advances by geographical distribution:		
Malaysia	2,692,813	3,038,912
China	58,080	78,374
	<u><u>2,750,893</u></u>	<u><u>3,117,286</u></u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024****A13. Loans and Advances (cont'd)**

	As at 30 September 2024 RM'000	As at 31 December 2023 RM'000
(iv) Gross loans and advances by interest rate sensitivity:		
Fixed rate	319,021	341,679
Variable rate (cost-plus)	2,431,872	2,775,607
	<u>2,750,893</u>	<u>3,117,286</u>
(v) Gross loans and advances by economic purpose:		
Working capital	1,849,602	2,018,173
Purchase of land	76,345	126,488
Construction	285,927	378,785
Lending to related entities	122,933	135,837
Purchase of fixed assets other than land and building	260,106	229,376
Other purposes	155,980	228,627
	<u>2,750,893</u>	<u>3,117,286</u>
(vi) Gross loans and advances by remaining contractual maturity:		
Maturity within one year	1,820,438	1,971,435
One year to three years	299,672	78,949
Three years to five years	153,127	478,123
Over five years	477,656	588,779
	<u>2,750,893</u>	<u>3,117,286</u>
(vii) Gross loans and advances by industry:		
Agriculture, hunting, forestry and fishing	45,125	45,134
Mining and quarrying	-	202,945
Manufacturing	565,844	633,093
Electricity, gas and water	208,448	228,802
Construction	242,552	464,765
Wholesale, retail trade, restaurants and hotels	176,839	78,854
Transport, storage and communication	1,146,924	1,141,892
Real estate	41,211	115,869
Finance, insurance and business services	152,961	150,846
Information and Communication	170,989	55,086
	<u>2,750,893</u>	<u>3,117,286</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024****A13. Loans and Advances (cont'd)****(viii) Movements in the gross carrying amount of loans and advances that contributed to changes in the ECL allowances:**

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 January 2024	3,053,315	63,971	-	3,117,286
Financial assets derecognised during the financial period	8,334,831	(1,263)	-	8,333,568
New financial assets originated	(8,699,961)	-	-	(8,699,961)
At 30 September 2024	<u>2,688,185</u>	<u>62,708</u>	<u>-</u>	<u>2,750,893</u>
At 1 January 2023	1,236,488	-	-	1,236,488
Financial assets derecognised during the financial year	(4,182,051)	-	-	(4,182,051)
New financial assets originated	6,062,848	-	-	6,062,848
Transferred to Stage 2	(63,971)	63,971	-	-
At 31 December 2023	<u>3,053,315</u>	<u>63,971</u>	<u>-</u>	<u>3,117,286</u>

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-month</u>	<u>Lifetime</u>	<u>Lifetime</u>	<u>Total</u>
	<u>ECL</u>	<u>ECL non</u>	<u>ECL</u>	<u>ECL</u>
	<u>RM'000</u>	<u>credit-</u>	<u>credit-</u>	<u>RM'000</u>
	<u>RM'000</u>	<u>impaired</u>	<u>impaired</u>	<u>RM'000</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At 1 January 2024	15,554	4,767	-	20,321
Financial assets derecognised during the financial period	(12,042)	(1,846)	-	(13,888)
New financial assets originated	11,908	-	-	11,908
Net total	(134)	(1,846)	-	(1,980)
At 30 September 2024	<u>15,420</u>	<u>2,921</u>	<u>-</u>	<u>18,341</u>
At 1 January 2023	15,271	-	-	15,271
Financial assets derecognised during the financial year	(16,301)	-	-	(16,301)
New financial assets originated	17,619	-	-	17,619
Transferred to Stage 2	(1,035)	4,767	-	3,732
Net total	283	4,767	-	5,050
At 31 December 2023	<u>15,554</u>	<u>4,767</u>	<u>-</u>	<u>20,321</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

	As at 30 September 2024 RM'000	As at 31 December 2023 RM'000
A14. Deposits from Customers		
(i) By type of deposits:		
Demand deposits	1,517,181	1,741,041
Saving deposits	22,212	19,490
Fixed/investment deposits	1,683,094	1,445,405
	<u>3,222,487</u>	<u>3,205,936</u>
(ii) By type of customer:		
Business enterprises	2,416,225	2,955,453
Government and statutory authorities	677,094	485
Individuals	100,061	22,212
Others	29,107	227,786
	<u>3,222,487</u>	<u>3,205,936</u>
(iii) By maturity structure of fixed deposits:		
Due within six months	1,612,939	1,444,127
Six months to one year	69,166	502
One year to three years	989	776
	<u>1,683,094</u>	<u>1,445,405</u>
A15. Deposits and Placements of Banks and Other Financial Institutions		
Licensed banks in Malaysia	2,192,651	1,785,065
Other financial institutions	846	94
	<u>2,193,497</u>	<u>1,785,159</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024****A16. Other Liabilities**

	As at 30 September 2024 RM'000	As at 31 December 2023 RM'000
Other payables and accruals	47,294	79,678
Deferred Income	9,115	9,429
Cash collateral received for derivative transactions	3,814	77,812
Cash collateral placements	25,929	22,641
ECL allowances for loan commitments and financial guarantees	4,069	2,426
	<u>90,221</u>	<u>191,986</u>

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

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	12-month ECL RM'000	Lifetime ECL non credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	Total ECL RM'000
At 1 January 2024	2,426	-	-	2,426
Credit exposures relinquished	(1,504)	-	-	(1,504)
Credit exposures assumed	3,146	-	-	3,146
Net total	<u>1,642</u>	<u>-</u>	<u>-</u>	<u>1,642</u>
At 30 September 2024	<u>4,068</u>	<u>-</u>	<u>-</u>	<u>4,068</u>
At 1 January 2023	2,750	-	-	2,750
Credit exposures relinquished	(7,905)	-	-	(7,905)
Credit exposures assumed	7,581	-	-	7,581
Net total	<u>(324)</u>	<u>-</u>	<u>-</u>	<u>(324)</u>
At 31 December 2023	<u>2,426</u>	<u>-</u>	<u>-</u>	<u>2,426</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

	As at 30 September 2024	As at 31 December 2023
	<u>RM'000</u>	<u>RM'000</u>
A17. Borrowings		
Unsecured borrowings	<u>1,234,901</u>	<u>451,759</u>

The borrowings undertaken by the Bank is denominated in Chinese Yuan with remaining maturities of 2 to 3 years.

A18. Subordinated Loan

At amortised cost

RMB 1.425 billion subordinated loan 2024/2034, at par	<u>841,140</u>	<u>921,542</u>
-------------------------------------------------------	----------------	----------------

On 29 August 2024, the Bank has issued a new RMB 1.425 billion Tier II subordinated loan equivalent to USD200 million and redeemed the existing USD200 million Tier II subordinated loan.

The RMB 1.425 billion Tier II subordinated loan has a 10 years maturity, non-callable 5 years and the interest payable every 6 months throughout the tenure. Interest rate at 1-year LPR minus 0.55%.

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

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

	Current quarter ended		Year-to-date ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	RM'000	RM'000	RM'000	RM'000
A19. Interest Income				
Loans and advances	33,715	22,729	107,847	59,988
Deposits and placements with banks and other financial institutions	23,029	17,331	60,317	48,778
Debt instruments at FVOCI	32,703	22,226	79,626	67,211
Derivative financial instruments	-	1,049	-	3,443
	<u>89,447</u>	<u>63,335</u>	<u>247,790</u>	<u>179,420</u>
A20. Interest Expense				
Deposits and placements of banks and other financial institutions	39,058	15,573	88,947	43,590
Deposits from customers	24,601	23,189	82,207	62,781
Subordinated loan	12,606	16,499	46,606	45,818
Lease liabilities	285	313	880	964
Derivative financial instruments	4,815	-	9,177	-
	<u>81,365</u>	<u>55,574</u>	<u>227,817</u>	<u>153,153</u>
A21. Other Operating Income				
Fee income:				
Service charges and fees	64	104	137	168
Guarantee fees	819	537	2,264	1,407
Commitment fees	22	(72)	135	590
Syndication fees	36	624	570	1,305
Management fees	7,228	4,000	19,846	10,156
	<u>8,169</u>	<u>5,193</u>	<u>22,952</u>	<u>13,626</u>
Less: Fees expense	(353)	(83)	(516)	(260)
Net fee income	<u>7,816</u>	<u>5,110</u>	<u>22,436</u>	<u>13,366</u>
Trading and investment income:				
Net realised (loss)/gain on derivatives	(190,739)	67,533	(84,853)	121,701
Net unrealised fair value (loss)/gain on derivatives	(215,927)	(48,058)	(242,325)	11,730
Net foreign exchange gain/(loss)	469,082	(8,421)	409,455	(95,617)
	<u>62,416</u>	<u>11,054</u>	<u>82,277</u>	<u>37,814</u>
Net loss from sale of debt instruments at FVOCI	-	9	-	270
Less: Brokerage charges	(185)	(129)	(429)	(327)
	<u>62,231</u>	<u>10,934</u>	<u>81,848</u>	<u>37,757</u>
Other income:				
Rental income	212	212	636	635
Other non-operating income	746	20	831	668
	<u>958</u>	<u>232</u>	<u>1,467</u>	<u>1,303</u>
	<u>71,005</u>	<u>16,276</u>	<u>105,751</u>	<u>52,426</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

	Current quarter ended		Year-to-date ended	
	30 September	30 September	30 September	30 September
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
A22. Other Operating Expenses				
Personnel costs				
Salaries, bonuses, wages and allowances	16,480	11,106	37,357	31,121
Defined contribution plan	1,262	918	3,143	2,614
Other staff related costs	707	1,224	2,381	3,228
	<u>18,449</u>	<u>13,248</u>	<u>42,881</u>	<u>36,963</u>
Establishment costs				
Depreciation of property and equipment	378	331	1,076	983
Depreciation of right-of-use assets	1,124	1,102	3,371	3,341
Amortisation of intangible assets	456	465	1,348	1,389
Repair and maintenance	1,113	1,063	2,904	3,443
Short-term leases expenses	59	424	193	1,610
Others	78	123	206	309
	<u>3,208</u>	<u>3,508</u>	<u>9,098</u>	<u>11,075</u>
Promotion and marketing expenses				
Advertisement and publicity	305	76	599	426
Administration and general expenses				
Communication expenses	383	99	1,048	540
Auditors' remuneration	95	-	265	-
Legal and professional fees	236	128	407	196
Travelling and accommodation expenses	205	265	649	467
Subscription fees	59	182	367	687
Directors' fees and allowances	159	158	467	465
Insurance premium	48	39	142	140
Printing, stationery and postage	18	25	75	119
Others	558	60	872	267
	<u>1,761</u>	<u>1,049</u>	<u>4,292</u>	<u>3,265</u>
	<u>23,723</u>	<u>17,881</u>	<u>56,870</u>	<u>51,729</u>
A23. Allowance for/(Writeback of) Expected Credit Losses ("ECL")				
Stage 1:				
- Cash and short-term funds	427	302	157	112
- Debt instruments at FVOCI	60	3	352	(206)
- Loans and advances	(575)	1,646	(134)	(566)
- Loan commitments and financial guarantees	(238)	765	1,643	4,639
	<u>(326)</u>	<u>2,716</u>	<u>2,018</u>	<u>3,979</u>
Stage 2:				
- Loans and advances	(1,846)	-	(1,846)	-

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024****A24. Commitments and Contingencies**

	As at 30 September 2024 <u>RM'000</u>	As at 31 December 2023 <u>RM'000</u>
The notional amounts of the commitments and contingencies are as follows:		
Short-term self-liquidating trade-related contingencies	286,485	99,481
Transaction-related contingent items	299,259	207,045
Irrevocable commitments to extend credit:		
- Less than one year	43,044	101,854
- More than one year	1,422,012	1,720,626
Foreign exchange related contracts:		
- Less than one year	8,511,064	5,158,454
- More than one year	772,852	774,439
Interest rate related contracts:		
- More than one year	105,000	75,000
	<u>11,439,716</u>	<u>8,136,899</u>

A25. Capital Adequacy Ratio

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

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024****A25. Capital Adequacy Ratio (cont'd)**

	As at 30 September 2024 RM'000	As at 31 December 2023 RM'000
CET I/Tier I Capital		
Paid-up ordinary share capital	822,600	822,600
Retained profits	138,967	139,567
Regulatory reserve	5,300	4,700
Other reserves	(3,923)	(11,010)
Regulatory adjustments applied in the calculation of CET I Capital	(33,083)	(35,650)
Total CET I/Tier I Capital	<u>929,861</u>	<u>920,207</u>
Tier II Capital		
Tier II capital instruments meeting all relevant criteria	839,068	915,700
Loss provisions	24,178	24,008
Regulatory reserve	5,300	4,700
Total Tier II Capital	<u>868,546</u>	<u>944,408</u>
Total Capital	<u><u>1,798,407</u></u>	<u><u>1,864,615</u></u>
Analysis of risk-weighted assets		
Credit risk	2,992,333	2,859,751
Market risk	328,112	227,250
Operational risk	368,992	357,018
Total risk-weighted assets	<u><u>3,689,437</u></u>	<u><u>3,444,019</u></u>
With and without transitional arrangements:		
Capital adequacy ratio (before proposed dividends)		
CET I Capital Ratio	25.203%	26.719%
Tier I Capital Ratio	25.203%	26.719%
Total Capital Ratio	48.745%	54.141%
Capital adequacy ratio (after proposed dividends)		
CET I Capital Ratio	25.203%	26.719%
Tier I Capital Ratio	25.203%	26.719%
Total Capital Ratio	48.745%	54.141%

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

B1. Performance Review

For the third quarter ended 30 September 2024, China Construction Bank (Malaysia) Berhad's ("CCBM or the Bank") registered a profit before tax ("PBT") of RM68.7 million. The PBT was mainly attributable to higher operating income of RM34.7 million driven by lower net foreign exchange loss and higher net interest income of RM11.9 million.

As at 30 September 2024, the Bank's total assets increased to RM9.1 billion, consist of loans and advances RM2.7 billion, debt instruments at FVOCI RM4.1 billion and deposit and placement with banks and other financial institutions of RM0.8 billion. Gross impaired loan ratio remained at 0% as at 30 September 2024. The Bank's deposits from customers steady at RM3.2 billion with borrowings increased to RM1.2 billion.

The Bank maintained healthy capital position and ample liquidity buffer. The Bank's Common Equity Tier I capital ratio/Tier I capital ratio and Total capital ratio stood at 25.20% and 48.75% respectively as at 30 September 2024, which remained above the minimum regulatory requirements.

B2. Prospects for 2024

Stronger than expected economy growth in the second quarter driven by domestic demand, export sectors and a vibrant tourism industry which is likely to carry GDP growth at higher end of forecasted range.

The Malaysian economy expanded at 5.90% in Q2 of 2024 (Q1: 4.20%) bringing the growth rate for 1H 2024 to 5.10% against 4.10% registered in 1H 2023. As such, Malaysia is in a comfortable position to achieve the upper band of the forecast range of 4.0% to 5.0% for 2024.

The rousing economy performance was anchored by strong domestic demand which accelerated by 6.90% (Q1: 6.10%) driven by higher consumer spending over both Aidilfitri and Eid al-Adha festive seasons supported by Employee Provident Fund (EPF) Account 3 withdrawal which sustained retail sales. The encouraging labour market continued its positive momentum to drive consumer confident where total employment grew at 2.80% to 16.6 million which help to keep unemployment rate low at 3.30%. The expectation of government salary adjustment is likely to spur additional spending as well. Construction sector also showed a steady growth with value of work done jumped by 20.2% to RM38.90 billion compared to RM36.8 billion in Q1 2024 driven by strong performance in civil engineering (25.2%) and residential buildings (19.7%) with higher economic multiplying factors.

On the external front, Malaysia's total trade continue to grow by 10% to RM705.6 billion whereby gross exports rose 5.8% to RM368.8 billion while gross imports rose 15.5% to RM336.8 billion. Malaysia continue to register trade surplus for Q2 amounting to RM32.0 billion.

A total of 17.5 million tourist arrival were recorded in the first half of 2024, marking a 28.9% increase compared to the same period last year which is well within Ministry of Tourism projected tourist arrival of 27.3 million with an estimated tourism expenditure of RM102.7 billion for 2024.

Foreign direct investment (FDI) continue to see positive trend with Q2 registering RM9.1 billion compare to RM5.5 billion in Q1 2024, particularly from China, Singapore, U.S., Japan and Hong Kong.

The Ringgit strengthened by circa 14% against the USD attributed to the strong economic performance as well as coordinated efforts by the government and BNM to shore up demand and confident level of the local currency unit. The expectation of Federal Open Market Committee (FOMC) to start easing monetary policy provided further support to emerging market currencies, including Ringgit as market participants begin to unwind their long USD positions.

Federal Reserve Bank finally pull trigger to start monetary easing cycle

At the 17-18 September 2024 Federal Open Market Committee (FOMC) meeting, Federal Fund rate was lowered by 50 bps to target range of 4.75%-5.0% amid cooling inflationary pressure, softening labour market outlook and as a pre-emptive move by FOMC to avoid a hard landing of the U.S. economy. It is widely expected that more rate cuts until 1H 2026 with the eventual Federal Fund target rate of 2.75% to 3.00%. The narrowing interest rate gap should give a lift to emerging market currencies, including the Ringgit.

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

B2. Prospects for 2024 (cont'd)

China Announced Massive Stimulus Package to Maintain Growth Target

China Government launched its biggest economic stimulus since the pandemic which is reverberating in stock and commodity markets, especially those housing and property development related companies. Likewise, global companies related to luxury goods also benefitted from the stimulus hype. While the stimulus packages are mostly via monetary measures as oppose to fiscal measures, it is with the ultimate aim to sustain and meet 2024 growth target of 5.0% amid a sluggish property sector downturn, rising local debt and weak consumer spending. It was also reported that China Government will issue additional bond of circa RMB 2 trillion to make up for the spending gap. This massive stimulus package includes policy rate cuts, lowering bank's reserve requirement and mortgage rate and a structural monetary policy facility of RMB 500 billion. This is to provide liquidity to security houses, fund management firms and insurance companies to tap on when purchasing stocks and relending facility of RMB 300 billion at 1.75%. Banks will in turn support listed companies for stocks purchases and buy back which are expected to boost consumers and investors confidence which is much needed to support the ailing economy.

The recent renewal of a 5-year Program for Economic and Trade Cooperation (2024-2028) between China and Malaysia during China Premier Li Qiang's visit to Malaysia in conjunction with the 50th anniversary of diplomatic tie is expected to provide more bilateral businesses between Malaysia and China. This program was renewed with the objective to deepen co-operation in existing areas of trade and investment, manufacturing, agriculture, infrastructure, digital economy, logistics, SMEs development as well as to promote new economic segments including innovation, startups and financial services. Single Window Cooperation in Cross Border Trade to facilitate cross border trade by streamlining trade regulatory processes and simplifying document to enable seamless digital exchange.

Additional Digital Economy MOU to explore cooperation in digital economy infrastructure which includes communication network and infrastructure, smart infrastructure and smart cities, artificial intelligent and 5G connectivity in modern manufacturing, transportation, business finance, education and healthcare.

Green Development MOU was added to explore co-operation in clean energy, new energy vehicles, green finance, sustainable infrastructure construction and green technology to accelerate both countries' green technology transformation initiatives.

These trade initiatives and co-operation are expected to enhance bilateral business activities between Malaysia and China and provide lending opportunities for financial institutions in related sectors.

China Construction Bank (Malaysia) Berhad ("CCBM or the bank") will continue to focus and support infrastructure, transportation, manufacturing, data centres constructions industries and green financing by leveraging on the experience and capabilities of our Parent Bank and CCB Group regional strength and extensive networking.

Several key growth areas from higher realisation of approved foreign direct investments (FDIs), Belt and Road & initiatives within the RCEP region, offering of green credit to Environmental, Social and Governance (ESG) related businesses such as solar panels manufacturer, waste and sewerage treatment companies, green building financing etc will be CCBM's key focus areas as well as taking advantages of global tech up cycle and its related supporting industries where we can leverage on to grow our balance sheet.

CCBM will continue to embark on providing innovative financial products, foreign exchange hedging solutions along with Renminbi ("RMB") settlement and clearings services capabilities to the abovementioned targeted customer segments to further improve our customer experience in achieving the desired key result areas including that of financial performance, market presence and improving customer satisfaction scores.

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024****B3. Rating by External Rating Agency**

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

B4. Fair Value of Financial Instruments

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30 September 2024				
Financial assets				
Debt instruments at FVOCI	-	4,118,249	-	4,118,249
Derivative financial assets	-	124,931	-	124,931
	<u>-</u>	<u>4,243,180</u>	<u>-</u>	<u>4,243,180</u>
Financial liabilities				
Derivative financial liabilities	<u>-</u>	<u>485,941</u>	<u>-</u>	<u>485,941</u>
31 December 2023				
Financial assets				
Debt instruments at FVOCI	-	1,916,122	-	1,916,122
Derivative financial assets	-	97,624	-	97,624
	<u>-</u>	<u>2,013,746</u>	<u>-</u>	<u>2,013,746</u>
Financial liabilities				
Derivative financial liabilities	<u>-</u>	<u>139,941</u>	<u>-</u>	<u>139,941</u>

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

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

(Incorporated in Malaysia)

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

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

(i) Valuation techniques

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

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

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

B5. Valuation of Property and Equipment

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

B6. Significant Events

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

B7. Changes in the Composition

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

B8. Dividends

No dividend has been proposed for the quarter under review.