CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company No: 1203702-U)
(Incorporated In Malaysia)

Risk-Weighted Capital Adequacy Framework (Basel II) Pillar 3 Disclosure as at 31 December 2017

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PILLAR 3 DISCLOSURE
31 DECEMBER 2017

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1.0 Introduction

China Construction Bank (Malaysia) Berhad ("CCBM" or "the Bank") computes capital adequacy ratios pursuant to the requirements of the Bank Negara Malaysia's ("BNM") Risk - Weighted Capital Adequacy Framework ("RWCAF") , and provide Pillar 3 disclosure for financial reporting twice a year (i.e. semi-annual and annual), which is equivalent to the Basel II issued by the Basel Committee on Banking. The following information is provided in order to highlight CCBM capital adequacy and details of risk exposures.

2.0 Scope of Application

CCBM is a wholly-owned subsidiary of China Construction Bank, Corporation., China ("CCB"). The Bank is mainly engaged in commercial banking and related financial services in Malaysia. The Bank does not offer Islamic financial services nor involved in Islamic banking operations.

The Bank Negara Malaysia's ("BNM") disclosure requirement ("Pillar 3") is applicable to all banking institutions licensed under the Financial Services Act 2013 ("FSA") and Islamic Financial Services Act 2013 ("IFSA"). The purpose of Pillar 3 disclosure requirements is to enhance the transparency of banks' risk management practices and capital adequacy.

CCBM adopts the Standardised Approach ("SA") in computing the capital requirement for credit risk and market risk while adopting Basic Indicator Approach ("BIA") in computing the operational risk of the Pillar 1 under BNM's RWCAF.

Standard risk weights under SA are used to assess the capital requirements for credit risk and market risk exposures. The capital requirement for operational risk under BIA is computed based on the fixed percentage over average gross income.

The following information have been reviewed by the independent party, i.e. internal auditors and certified by the Bank's Chief Executive Officer.

3.0 Capital

CCBM uses stress testing and scenario analysis to assess capital adequacy under wide range of extreme but plausible scenarios. This exercise provides insight into potential vulnerabilities and allows CCBM implement mitigation measures.

CCBM risk appetite is closely integrated with its strategy, business planning and capital assessment processes. CCBM risk appetite incorporates senior management's views on the level of capital required to support business activities.

The Bank uses a capital model to assess the capital requirements for each material risk. Each material risk is assessed to identify relevant mitigation actions and appropriate levels of capital determined.

The Bank has in place processes and controls to monitor and manage capital adequacy across the organisation.

3.1 Capital Adequacy

The Bank's capital adequacy ratio is computed in accordance with the BNM's Capital Adequacy Framework. The following information shows the capital adequacy ratio of the Bank and the breakdown of RWA as of 31 December 2017.

Before/after payment of dividends	**31 December 2017**	**30 June 2017**
CET1 Ratio	51.598%	139.595%
Tier 1 Capital Ratio	51.598%	139.595%
Total Capital Ratio	52.013%	140.197%

The risk-weighted asset ("RWA") by exposures break down based on the following major risk category:

31 December 2017 **Risk Type**	**Gross exposure/ EAD before CRM**	**Net exposures/ EAD**	**Risk-weighted Assets**	**Capital requirement at 8%**
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**
Credit Risk				
On-balance sheet exposure				
Sovereigns & central banks	467,419	467,419	-	-
Banks, development financial institutions & MDBs[1]	994,523	994,523	227,101	18,168
Corporates	1,203,814	1,134,911	1,049,603	83,968
Other assets	26,368	26,368	26,368	2,109
Total on-balance sheet exposure	**2,692,125**	**2,623,222**	**1,303,072**	**104,246**
Off-balance sheet exposures				
OTC derivatives	27,073	22,409	6,694	535
Credit-related off-balance sheet exposure	183,597	170,580	147,592	11,807
Total off-balance sheet exposure	**210,670**	**192,989**	**154,286**	**12,343**
Total credit risk	**2,902,795**	**2,816,210**		

[1] Multilateral Development Banks

3.1 Capital Adequacy (continued)

	Gross exposure/ EAD before CRM (RM'000)		Risk-weighted Assets (RM'000)	Capital requirement at 8% (RM'000)
Market Risk	*long position*	*short position*		
Interest rate risk	1,709,093	1,719,277	16,954	1,356
Foreign currency risk	4,862	0	4,862	389
Operational Risk		-	91,672	7,334
Total RWA and capital requirement			**1,570,846**	**125,668**

30 June 2017 **Risk Type**	**Gross exposure/ EAD before CRM (RM'000)**	**Net exposures/ EAD after CRM (RM'000)**	**Risk-weighted Assets (RM'000)**	**Capital requirement at 8% (RM'000)**
Credit Risk				
On-balance sheet exposure				
Sovereigns & central banks	134,092	134,092	-	-
Banks, development financial institutions & MDBs[2]	718,354	718,354	143,671	11,494
Corporates	294,112	272,664	271,058	21,685
Other assets	9,631	9,631	9,631	770
Total on-balance sheet exposure	**1,156,189**	**1,134,741**	**424,360**	**33,949**
Off-balance sheet exposures				
OTC derivatives	10,245	6,795	1,359	109
Credit-related off-balance sheet exposure	31,319	13,046	12,402	992
Total off-balance sheet exposure	**41,564**	**19,841**	**13,761**	**1,101**
Total credit risk	**1,197,753**	**1,154,582**		

[2] Multilateral Development Banks

3.1 Capital Adequacy (continued)

	Gross exposure/ EAD before CRM (RM'000)		Risk-weighted Assets (RM'000)	Capital requirement at 8% (RM'000)
Market Risk	*long position*	*short position*		
Interest rate risk	1,129,416	749,699	6,087	487
Foreign currency risk	10,576	93,790	93,790	7,503
Operational Risk		-	48,505	3,880
Total RWA and capital requirement			**586,503**	**46,920**

3.2 Capital Structure

Paid-up ordinary share capital is the capital issued by an entity to an investor, which is full paid-up where the proceeds of issue are available and received immediately by the entity. The entity has no obligation to pay a coupon or dividend to the equity holder of ordinary shares. The capital is available for unrestricted and immediate use to over risks and losses, and enable the entity to continue trading.

The bank's total capital according to BNM's Capital Adequacy Framework (Capital Components) are as follows:

	31 December 2017 (RM'000)	30 June 2017 (RM'000)
CET1 capital		
Paid-up ordinary share capital	822,600	822,600
Interim unaudited profits	-	6,047
Accumulated losses	(4,535)	-
AFS reserves	840	103
Less:		
- Intangible assets	(5,013)	(1,992)
- Total gross value of deferred tax assets	(2,911)	
- 55% of cumulative gains of financial investments AFS	(462)	(57)
- Regulatory reserve attributable to loans/financing	-	(1,923)
Total CET I Capital	**810,519**	**818,731**
Total Tier I Capital	**810,519**	**818,731**
Tier 2 Capital		
Collective impairment allowance and regulatory reserve	6,520	3,529

Total Tier II Capital	**6,520**	**3,529**
Total Capital	**817,039**	**822,260**

4.0 Risk Management

The Bank's risk management framework sets the overarching principles to enable the identification, measurement, and continuous monitoring of all relevant and material risks on a bankwide basis, supported by robust management information systems that facilitate timely and reliable reporting of risks and the integration of information across the bank.

The Bank's risk management framework emphasizes on strong risk culture and a well-developed risk appetite. Effective and efficient risk management safeguards the bank's continued existence and enables it to achieve its long term corporate goals.

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Board Risk Management Committee which is responsible for developing risk management strategies and policies, monitoring the implementation and evaluating the bank's overall risk profile on a regular basis.

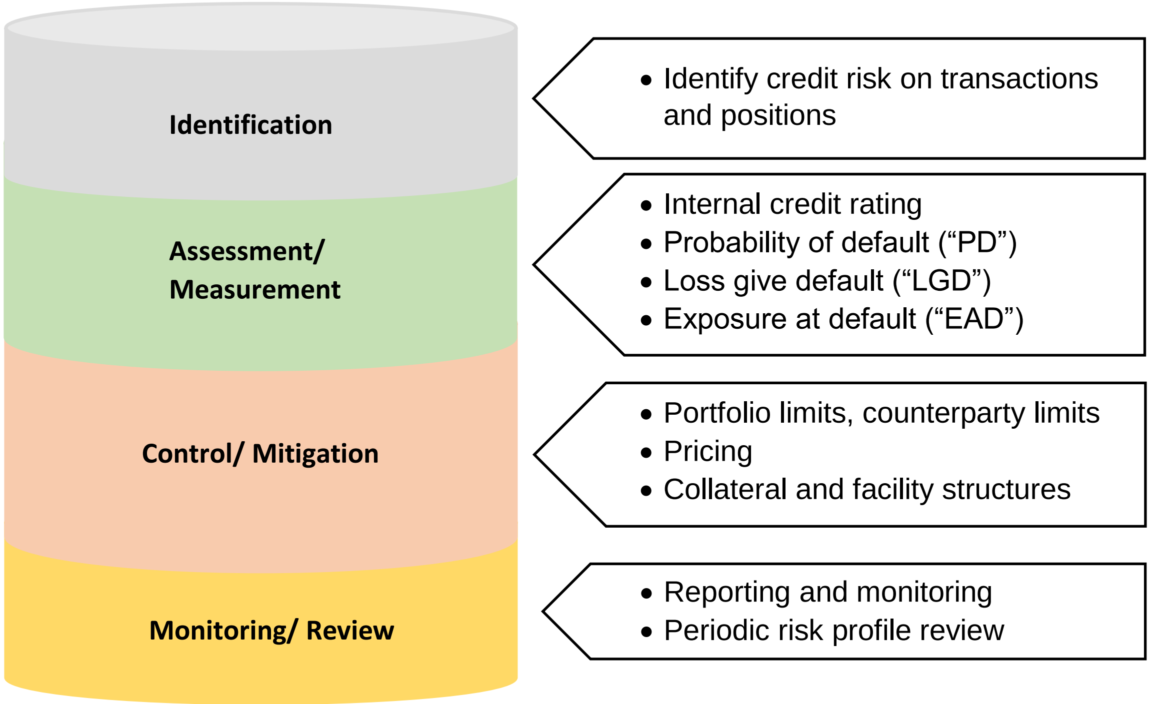
The Senior Management is responsible for establishing the risk management framework and provides input to assist the BOD in discharging its oversight responsibilities. Management Committees i.e. Assets and Liabilities Committee ("ALCO") and the Management Risk Management Committee ("MRMC") play a significant role in reviewing the development of risk management policies, defining the strategies and ensuring the risk management results are align with the Bank's business strategies.

The Bank is exposed to the following risks:
Credit risk
Market risk
Operational risk
Credit concentration risk ("CCR")
Interest rate risk in banking book ("IRRBB")

The Internal Audit Department provides an independent review on Risk Management Framework and to evaluate the reliability of risk management process and internal control of the Bank. The Risk Management Division ("RMD") provides support to the BOD and MRMC by monitoring, reviewing and reporting associated risks and implementing and coordinating the risk management policies. RMD is also responsible to ensure, and the Bank's risk management objectives are aligned to the current business operating environment.

5.0 Credit Risk

The credit risk management process is depicted as follows,



Credit risk is the risk of loss that arises from the failure of a debtor or counterparty to discharge its contractual obligations or commitments to the bank. The Bank's exposure to credit risk arises primarily from the Bank's lending, trade finance and its funding, investment and trading activities from both on- and off- balance sheet transactions.

The Bank has established the Management Risk Management Committee ("MRMC") to monitor on credit risk exposure trends, asset quality, portfolio concentration analysis and credit related limits controls. The MRMC ensures that the bank practices prudent underwriting standards that are consistent with the Bank's risk appetite and lending strategies.

The Bank has also established the Credit Committee to review and evaluate the borrowers' credit ratings based on internal rating criteria and the suitability of credit risk mitigation such as specific types of collaterals. Pre-emptive risk management tool such as collateral management, watch list and management-action-triggers have been put in place to proactively monitor for signs of possible credit deterioration.

The Bank's credit risk management process is independent of the business to protect integrity of the risk assessment process and decision making. Credit risk in respect of exposures to corporate borrowers is measured and managed at both individual counterparty level as well as at a portfolio level.

5.0 Credit Risk (continued)

The Bank controls its concentration risk by means of appropriate structural limits and borrower limits based on creditworthiness. The exposures to individual clients or group are based on the internal rating of the borrower as well as group-wide borrowing limits and capped by the regulatory ceiling.

In addition, the Bank has established limits to mitigate concentration risk within different industry sectors so that the bank's exposures are evenly spread over various sectors with refrain to undesirable sectors.

A loan is considered past due when the counterparty has failed to make a principal or interest payment when contractually due, where Individual loan of more than 90 days past due is classified as impaired and any other events occurred as per the policies. The classification of impaired loans/financing and provision of the Bank for loans/financing impairment is consistent with the standard under Malaysian Financial Reporting Standards.

Where individual loans are impaired, the individual impairment provision is set aside where the estimated recoverable amount is lower than the net book value of the loan. Additionally, the Bank has applied the Collective Impairment Provision based on local regulatory requirements.

The BOD plays a crucial role in ensuring the proper oversight of the credit risk management in CCBM, in line with the Bank's capital strength, management expertise, risk appetite, business strategies and lending strategies. The BRMC assists the BOD in evaluating and assessing the adequacy of strategies to manage the risk management associated with CCBM's activities. The BRMC is also responsible to review and evaluate the credit products engaged by CCBM to ensure that it is conducted within the standards and policies set by the BOD.

The MRMC is responsible in reviewing the development of credit risk management policies, defining the strategies and ensuring the results are align with the Bank's business strategies. The RMD constantly monitor the credit limit and assess the risks within credit proposals, as well as preparing credit risk management related reporting to BODs/management, Head Office and BNM as required.

The internal audit office is responsible to provide ongoing focus on the internal control system and periodic reviews, i.e. regular review on the credit risk management processes and in compliance with approved policies.

The effective credit monitoring and review process is vital to ensure that CCBM is current in its understanding of the condition of its credit exposures via-a-vis its approved risk appetite and to facilitate early identification of potential problem credits on a timely basis. All credit exposures will go through a review process at least once a year. The RMD may initiate an ad-hoc review on any existing borrower if the market conditions associated with the borrower change in a way that may affect the borrower's risk profile.

5.1 Geographical Analysis

The gross credit exposures of financial assets are broken down based on the geographical location where the credit risk resides, as follows:

31 December 2017

Credit Exposure	Malaysia (RM'000)	Hong Kong (RM'000)	PR China (RM'000)	The Philippines (RM'000)	UAE (RM'000)	Indonesia (RM'000)	Others (RM'000)
Sovereigns/Central Banks	467,419	-	-	-	-	-	-
Banks, development financial institutions and MDBs	761,657	-	300,644	-	-	-	1
Corporates	640,823	330,533	79,388	162,155	64,248	69,559	-
Other assets	26,368	-	-	-	-	-	-
Total	**1,896,267**	**330,533**	**380,032**	**162,155**	**64,248**	**69,559**	**1**

30 June 2017

Credit Exposure	Malaysia (RM'000)	*UAE (RM'000)*	*Others (RM'000)*
Sovereigns/Central Banks	134,092	-	-
Banks, development financial institutions and MDBs	724,585	-	1,852
Corporates	250,276	77,317	-
Other assets	9,631	-	-
Total	**1,118,584**	**77,317**	**1,852**

5.2 Industry/Sector Analysis

Distribution of exposures by industry/sector, broken down by the following gross credit exposures.

31 December 2017

Credit Exposure		**Category**			**Total**
Sector	**Sovereigns & Central Banks** (RM'000)	**Banks, development financial institutions & MDBs** (RM'000)	**Corporates** (RM'000)	**Other assets** (RM'000)	(RM'000)
Agriculture, hunting, forestry and fishing	-	-	79,388	-	79,388
Electricity, gas and water	-	-	69,559	-	69,559
Construction	-	-	160,263	-	160,263
Real estate	-	-	123,895	-	123,895
Wholesale and retail trade, and restaurant and hotels	-	-	435,732	-	435,732
Finance, insurance, real estate and business activities	467,419	1,062,302	330,533	-	1,860,255
Government and government agencies			64,248		64,248
Education, health & others			75,162		75,162
Manufacturing			7,926		7,926
Others				26,368	26,368
Total	**467,419**	**1,062,302**	**1,346,706**	**26,368**	**2,902,795**

5.2 Industry/Sector Analysis (continued)

30 June 2017

Credit Exposure	Category				Total
Sector	**Sovereigns & Central Banks (RM'000)**	**Banks, development financial institutions & MDBs (RM'000)**	**Corporates (RM'000)**	**Other assets (RM'000)**	**(RM'000)**
Finance, insurance, real estate and business activities	134,092	726,437	-	-	**860,529**
Manufacturing	-	-	15,670	-	**15,670**
Construction	-	-	20,217	-	**20,217**
Wholesale and retail trade, and restaurant and hotels	-	-	136,990	-	**136,990**
Government and government agencies	-	-	77,317	-	**77,317**
Education, health & others	-	-	77,399	-	**77,399**
Others	-	-	-	9,631	**9,631**
Total	**134,092**	**726,437**	**327,593**	**9,631**	**1,197,753**

5.3 Maturity Analysis (Residual Contractual Maturity)

Contractual maturity breakdown by the following types of gross credit exposures:

31 December 2017

Credit Exposure Category	Up to one year (RM'000)	Maturity 1-5 years (RM'000)	> 5 years (RM'000)	Total (RM'000)
Sovereigns/Central Banks	312,120	155,300	-	467,419
Banks, development financial institutions and MDBs	1,016,982	45,321	-	1,062,302
Corporates	491,984	604,169	250,552	1,346,705
Other assets	26,368	-	-	26,368
Total	**1,847,453**	**804,789**	**250,552**	**2,905,795**

30 June 2017

Credit Exposure Category	Up to one year (RM'000)	Maturity 1-5 years (RM'000)	> 5 years (RM'000)	Total (RM'000)
Sovereigns/Central Banks	35,070	99,022	-	134,092
Banks, development financial institutions and MDBs	726,437	-	-	726,437
Corporates	116,322	180,911	30,360	327,593
Other assets	9,631	-	-	9,631
Total	**887,460**	**279,933**	**30,360**	**1,197,753**

5.4 Impaired loans and impairment provision by economic sector

The tables below breakdown impairment and provision industry/sector,

a) Impaired loans by sector

	31 December 2017 (RM'000)
Finance, insurance, real estate and business activities	-
Manufacturing	-
Construction	-
Wholesale and retail trade, and restaurant and hotels	-
Government and government agencies	-
Education, health & others	-
Others	-
Total	-

	30 June 2017 (RM'000)
Finance, insurance, real estate and business activities	-
Manufacturing	-
Construction	-
Wholesale and retail trade, and restaurant and hotels	-
Government and government agencies	-
Education, health & others	-
Others	-
Total	-

b) Past due loans by sector

	31 December 2017 (RM'000)
Finance, insurance, real estate and business activities	-
Manufacturing	-
Construction	-
Wholesale and retail trade, and restaurant and hotels	-
Government and government agencies	-
Education, health & others	
Others	
Total	-

5.4 Impaired loans and impairment provision by economic sector (continued)

	30 June 2017 (RM'000)
Finance, insurance, real estate and business activities	-
Manufacturing	-
Construction	-
Wholesale and retail trade, and restaurant and hotels	-
Government and government agencies	-
Education, health & others	
Others	
Total	-

c) Individual impairment provisions by sector

	31 December 2017 (RM'000)
Finance, insurance, real estate and business activities	-
Manufacturing	-
Construction	-
Wholesale and retail trade, and restaurant and hotels	-
Government and government agencies	-
Education, health & others	
Others	
Total	-

	30 June 2017 (RM'000)
Finance, insurance, real estate and business activities	-
Manufacturing	-
Construction	-
Wholesale and retail trade, and restaurant and hotels	-
Government and government agencies	-
Education, health & others	
Others	
Total	-

5.4 Impaired loans and impairment provision by economic sector (continued)

d) Collective impairment provisions by sector

	31 December 2017 (RM'000)
Finance, insurance, real estate and business activities	1,777
Manufacturing	-
Construction	434
Agriculture, hunting, forestry and fishing	547
Wholesale and retail trade, and restaurant and hotels	1,377
Government and government agencies	262
Education, health & others	699
Real estate	1,352
Electricity, gas and water	71
Total	6,520

	30 June 2017 (RM'000)
Finance, insurance, real estate and business activities	-
Manufacturing	-
Construction	143
Wholesale and retail trade, and restaurant and hotels	418
Government and government agencies	313
Education, health & others	731
Others	-
Total	1,606

5.5 Impaired loans and impairment provision by geographical area

a) Impaired loans by geographical area

	31 December 2017 (RM'000)
Malaysia	-
Hong Kong	-
PR China	-
The Philippines	-
UAE	-
Indonesia	-
Others	-
Total	-

	30 June 2017 (RM'000)
Malaysia	-
UAE	-
Others	-
Total	-

5.5 Impaired loans and impairment provision by geographical area (continued)

b) Past due loans by geographical area

	31 December 2017 (RM'000)
Malaysia	-
Hong Kong	-
PR China	-
The Philippines	-
UAE	-
Indonesia	-
Others	-
Total	-

	30 June 2017 (RM'000)
Malaysia	-
UAE	-
Others	-
Total	-

c) Individual provision by geographical area

	31 December 2017 (RM'000)
Malaysia	-
Hong Kong	-
PR China	-
The Philippines	-
UAE	-
Indonesia	-
Others	-
Total	-

	30 June 2017 (RM'000)
Malaysia	-
UAE	-
Others	-
Total	-

5.5 Impaired loans and impairment provision by geographical area (continued)

d) The table breakdown the collective impairment provision by geographic location

	31 December 2017 (RM'000)
Malaysia	3,576
Hong Kong	1,649
PR China	675
The Philippines	287
UAE	262
Indonesia	71
Others	-
Total	6,520

	30 June 2017 (RM'000)
Malaysia	1,293
UAE	313
Others	-
Total	1,606

5.6 Reconciliation of changes to loan impairment provisions

	31 December 2017 (RM'000)
<u>Impaired loans and advances</u>	
At the beginning of the financial year	-
Classified as impaired during the financial year	-
Amount recovered	-
Amount written-off	-
Amount reclassified as performing	-
At end of the financial year	-
Individual impairment allowance	-
Net impaired loans and advances	-
<u>Individual impairment allowance</u>	
At the beginning of the financial year	-
Allowance made during the financial year	-
Allowance written back during the financial year	-
At the end of the financial year	-
<u>Collective impairment allowance</u>	
At the beginning of the financial year	-
Allowance made during the financial year	6,520
Allowance written back during the financial year	-
At the end of the financial year	6,520

5.6 Reconciliation of changes to loan impairment provisions (continued)

	30 June 2017 (RM'000)
Impaired loans and advances	
At the beginning of the financial year	-
Classified as impaired during the financial year	-
Amount recovered	-
Amount written-off	-
Amount reclassified as performing	-
At end of the financial year	-
Individual impairment allowance	-
Net impaired loans and advances	-
Individual impairment allowance	
At the beginning of the financial year	-
Allowance made during the financial year	-
Allowance written back during the financial year	-
At the end of the financial year	-
Collective impairment allowance	
At the beginning of the financial year	-
Allowance made during the financial year	1,606
Allowance written back during the financial year	-
At the end of the financial year	1,606

6.0 Credit Rating

CCBM applies the credit ratings assigned by the External Credit Assessment Institutions (“ECAIs”), i.e. Standard & Poor’s Rating Services (S&P) and Moody’s Investors Service (Moody’s), that are recognized by BNM in its calculation of credit risk weighted assets for capital adequacy purposes. The Bank applies the use of external ratings for capital adequacy purposes on a consistent basis as stipulate in BNM’s Capital Adequacy Framework (Basel II – Risk-weighted Assets).

In addition, CCBM uses internal rating model which is the Credit Risk Rating system to assist with the credit decision process. The Credit Risk Rating system has been developed by the China Construction Bank Head Office (CCB HO) and is used across its global operations. It uses a combination of quantitative and qualitative measures to determine the applicant’s credit rating.

6.1 Disclosure on Credit Risk: Disclosure on risk weights under Standardised Approach

31 December 2017

Risk Weights	Exposures after Netting and Credit Risk Mitigation						Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	Banks, development financial institutions & MDBs	Corporates	Regulatory Retails	Residential mortgages	Other assets		
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
0%	467,419	-	86,584	-	-	-	554,004	-
20%	-	916,580	-	-	-	-	916,580	183,316
35%	-	-	-	-	-	-	-	-
50%	-	145,722	170,617	-	-	-	316,339	158,170
75%	-	-	-	-	-	-	-	-
100%	-	-	1,082,984	-	-	26,368	1,115,872	1,115,872
150%	-	-	-	-	-	-	-	-
Average Risk Weights							**2,902,795**	**1,457,358**
Deduction from Capital Base	**-**	**-**	**-**	**-**	**-**	**-**		

6.1 Disclosure on Credit Risk: Disclosure on risk weights under Standardised Approach (continued)

30 June 2017

Risk Weights	Exposures after Netting and Credit Risk Mitigation						Total Exposures after Netting & Credit Risk Mitigation	Total Risk Weighted Assets
	Sovereigns & Central Banks	Banks, development financial institutions & MDBs	Corporates	Regulatory Retails	Residential mortgages	Other assets		
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
0%	134,092	-	43,170	-	-	-	177,262	-
20%	-	725,150	-	-	-	-	725,150	145,030
35%	-	-	-	-	-	-	-	-
50%	-	1,288	-	-	-	-	1,288	644
75%	-	-	-	-	-	-	-	-
100%	-	-	282,816	-	-	9,631	292,447	292,447
150%	-	-	-	-	-	-	-	-
Average Risk Weights							**1,196,147**	**438,121**
Deduction from Capital Base	**-**	**-**	**-**	**-**	**-**	**-**		

6.2 Rated Exposures according to Ratings by ECAIs

31 December 2017

Exposure Class		**Ratings of Sovereigns and Central Banks by approved ECAIs**					
	Moodys	**Aaa to Aaa3**	**A1 to A3**	**Baa1 to Baa3**	**Ba1 to B3**	**Caa1 to C**	**Unrated**
	S&P	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**CCC+ to D**	**Unrated**
	Fitch	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**CCC+ to D**	**Unrated**
		(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**	**(RM'000)**	**(RM'000)**
On and Off Balance Sheet Exposures							
Sovereigns/Central Banks		-	467,419	-	-	-	-
Total		-	467,419	-	-	-	-

6.2 Rated Exposures according to Ratings by ECAIs (continued)

31 December 2017

Exposure Class	Ratings of Banking Institutions and Corporate by approved ECAIs						
	Moodys	**Aaa to Aaa3**	**A1 to A3**	**Baa1 to Baa3**	**Ba1 to B3**	**Caa1 to C**	**Unrated**
	S&P	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**CCC+ to D**	**Unrated**
	Fitch	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**CCC+ to D**	**Unrated**
	RAM	**AAA to AA3**	**A to A3**	**BBB+ to BBB-**	**BB1 to B3**	**C1 to D**	**Unrated**
	MARC	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**C+ to D**	**Unrated**
		(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**	**(RM'000)**	**(RM'000)**
<u>On and Off Balance Sheet Exposures</u>							
Banks, MDBs and FDIs		256,011	570,096	236,195	-	-	-
Total		256,011	570,096	236,195	-	-	-

6.2 Rated Exposures according to Ratings by ECAIs (continued)

Exposure Class		**Ratings of Banking Institutions and Corporate by approved ECAIs**					
	Moodys	**Aaa to Aaa3**	**A1 to A3**	**Baa1 to Baa3**	**Ba1 to B3**	**Caa1 to C**	**Unrated**
	S&P	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**CCC+ to D**	**Unrated**
	Fitch	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**CCC+ to D**	**Unrated**
	RAM	**AAA to AA3**	**A to A3**	**BBB+ to BBB-**	**BB1 to B3**	**C1 to D**	**Unrated**
	MARC	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**C+ to D**	**Unrated**
		(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**	**(RM'000)**	**(RM'000)**
On and Off Balance Sheet Exposures							
Corporates		-	-	-	-	-	1,346,705
Total		-	-	-	-	-	1,346,705

6.2 Rated Exposures according to Ratings by ECAIs (continued)

30 June 2017

Exposure Class		**Ratings of Sovereigns and Central Banks by approved ECAIs**					
	Moodys	**Aaa to Aaa3**	**A1 to A3**	**Baa1 to Baa3**	**Ba1 to B3**	**Caa1 to C**	**Unrated**
	S&P	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**CCC+ to D**	**Unrated**
	Fitch	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**CCC+ to D**	**Unrated**
		(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**	**(RM'000)**	**(RM'000)**
<u>On and Off Balance Sheet Exposures</u>							
Sovereigns/Central Banks		-	134,092	-	-	-	-
Total		-	134,092	-	-	-	-

6.2 Rated Exposures according to Ratings by ECAIs (continued)

30 June 2017

Exposure Class		Ratings of Banking Institutions and Corporate by approved ECAIs					
	Moodys	**Aaa to Aaa3**	**A1 to A3**	**Baa1 to Baa3**	**Ba1 to B3**	**Caa1 to C**	**Unrated**
	S&P	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**CCC+ to D**	**Unrated**
	Fitch	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**CCC+ to D**	**Unrated**
	RAM	**AAA to AA3**	**A to A3**	**BBB+ to BBB-**	**BB1 to B3**	**C1 to D**	**Unrated**
	MARC	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**C+ to D**	**Unrated**
		(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**	**(RM'000)**	**(RM'000)**
On and Off Balance Sheet Exposures							
Banks, MDBs and FDIs		609,015	117,422	-	-	-	-
Total		609,015	117,422	-	-	-	-

6.2 Rated Exposures according to Ratings by ECAIs (continued)

30 June 2017

Exposure Class		**Ratings of Banking Institutions and Corporate by approved ECAIs**					
	Moodys	**Aaa to Aaa3**	**A1 to A3**	**Baa1 to Baa3**	**Ba1 to B3**	**Caa1 to C**	**Unrated**
	S&P	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**CCC+ to D**	**Unrated**
	Fitch	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**CCC+ to D**	**Unrated**
	RAM	**AAA to AA3**	**A to A3**	**BBB+ to BBB-**	**BB1 to B3**	**C1 to D**	**Unrated**
	MARC	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**C+ to D**	**Unrated**
		(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**	**(RM'000)**	**(RM'000)**
On and Off Balance Sheet Exposures							
Credit Exposure (using Corporate Risk Weights)							
Corporates		-	-	-	-	-	327,593
Total		-	-	-	-	-	327,593

7.0 Credit Risk Mitigation

The Bank has established sound internal processes and procedures that support reliable valuation, adequate monitoring of the collateral's allocation and utilization, and timely liquidation, marketability as well as identify any potential encumbrances in securing control over the collateral. All processes and procedures are reviewed at least annually.

Credit risk identified during the risk identification process must be adequately mitigated to control the risk of loss. CCBM established a few methods in order to mitigate credit risks, such as lending criteria, collateral acceptance criteria, limits setting and loan covenants.

The repayment ability of the borrower is of paramount importance. The acceptance of acceptable collateral/securities must never be regarded as a substitute for repayment ability and collaterals are taken as secondary source of repayment in case counterparty cannot meet its contractual obligations.

The acceptable collaterals/securities for CCBM are, but not limited to,
- Cash security
- Freely tradable Malaysia Quoted Shares
- Freely tradeable Malaysia Government Securities
- Freely tradeable Corporate Bonds
- Residential, Commercial or Industrial Property
- Plant and machineries
- Motor vehicles, planes and vessel

Financing or loan may also be granted by the Bank on clean basis if the customer risk profile is acceptable within the risk appetite of the Bank.

Guarantee support

Guarantee support is accepted as risk mitigating measure to improve the risk profile of the borrower and to mitigate inherent risk. The Bank ensures proper assessment on the correlation between the value of collateral and the strength of the guarantor, vis-à-vis the creditworthiness of the original counterparty.

Guarantees that are recognised by the bank include personal guarantee, corporate guarantee and bank guarantee. The strength of the guarantor is subject to the financial standing and internal credit rating model. The bank has in place sound and well-defined credit acceptance criteria for the guarantee support.

7.0 Credit Risk Mitigation (continued)

Loan structuring techniques to mitigate identified credit risks

Apart from the collateral requirement and guarantee support, the bank emphasizes sound structuring techniques to fulfil the financing requirements of the borrower while simultaneously attempting to protect the Bank against loss resulting from the failure of the borrower in repayment. These include but not limited to loan/financing covenant, repayment schedule and the type of loan.

Simple Approach

CCBM adopts Simple Approach within the banking book on a consistent basis in granting credit facilities to customers. As at the reporting date, the main types of collateral obtained to mitigate credit risks are in the form of cash deposit and bank guarantee.

In applying the credit risk mitigation, CCBM adopts clear and robust procedures for timely liquidation of collateral to ensure it meets minimum conditions for the Recognition of Credit Risk Mitigation Techniques, as guided by the BNM's guideline "Capital Adequacy Framework (Basel II – Risk-Weighted Assets)".

7.1 Disclosure on Credit Risk Mitigation

The tables below illustrates the credit mitigation condition,

31 December 2017

Exposure Class	**Gross Exposure before CRM**	**Exposures covered by guarantees/ credit derivatives**	**Exposures covered by eligible financial collateral**	**Exposures covered by other eligible collateral**
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**
<u>Credit Risk</u>				
On-Balance Sheet Exposure				
Sovereigns/Central Banks	467,419	-	-	-
Banks, development financial institutions and MDBs	994,523	-	-	-
Corporates	1,203,814	170,617	68,903	

7.0 Credit Risk Mitigation (continued)

Exposure Class	Gross Exposure before CRM (RM'000)	Exposures covered by guarantees/ credit derivatives (RM'000)	Exposures covered by eligible financial collateral (RM'000)	Exposures covered by other eligible collateral (RM'000)
Credit Risk				
Regulatory retails	-	-	-	-
Residential mortgages	-	-	-	-
Higher risk assets	-	-	-	-
Other assets	26,368	-	-	-
Specialised Financing/Investment	-	-	-	-
Equity exposures	-	-	-	-
Securitisation exposures	-	-	-	-
Defaulted exposures	-	-	-	-
Total On-Balance Sheet exposure	2,692,125	170,617	68,903	-
Off-Balance sheet exposure				
OTC derivatives	27,073	-	4,664	-
Credit derivatives	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	183,597	-	13,017	-
Defaulted exposures	-	-	-	-
Total Off-Balance Sheet exposure	210,670	-	17,681	-
Total On and Off balance sheet exposure	2,902,794	170,617	86,584	-

7.0 Credit Risk Mitigation (continued)

30 June 2017

Exposure Class	**Gross Exposure before CRM**	**Exposures covered by guarantees/ credit derivatives**	**Exposures covered by eligible financial collateral**	**Exposures covered by other eligible collateral**
	(RM'000)	**(RM'000)**	**(RM'000)**	**(RM'000)**
<u>Credit Risk</u>				
On-Balance Sheet Exposure				
Sovereigns/Central Banks	134,092	-	-	-
Banks, development financial institutions and MDBs	718,354	-	-	-
Corporates	293,520	-	21,448	-
Regulatory retails	-	-	-	-
Residential mortgages	-	-	-	-
Higher risk assets	-	-	-	-
Other assets	9,631	-	-	-
Specialised Financing/Investment	-	-	-	-
Equity exposures	-	-	-	-
Securitisation exposures	-	-	-	-
Defaulted exposures	-	-	-	-
Total On-Balance Sheet exposure	1,155,598	-	21,448	-
Off-Balance sheet exposure				
OTC derivatives	10,245	-	3,450	-
Credit derivatives	-	-	-	-
Off-balance sheet exposures other than OTC derivatives or credit derivatives	31,319	-	18,273	-

7.0 Credit Risk Mitigation (continued)

30 June 2017

Exposure Class	Gross Exposure before CRM	Exposures covered by guarantees/ credit derivatives	Exposures covered by eligible financial collateral	Exposures covered by other eligible collateral
Defaulted exposures	-	-	-	-
Total Off-Balance Sheet exposure	41,564	-	-	-
Total On and Off balance sheet exposure	1,197,162	-	43,170	-

8.0 Off-balance sheet exposures and counterparty credit risk (CCR)

Off-Balance sheet exposures are granted according to counterparty credit limit granted. In the event where credit limit is insufficient or not granted, the Bank will require counterparty to provide collateral, typically cash.

Off-Balance Sheet exposures of the Bank are mainly composed of the following:

- Bank Guarantee and Standby Letter of Credit
- Documentary Letter of Credit
- Commitments to extend credit including the unutilized or undrawn portion of credit facilities
- Derivative financial instruments e.g. FX contracts

To mitigate the CCR, the creditworthiness of the counterparty is thoroughly assessed, coupled with the establishment and monitoring of credit limits for counterparty credit exposure that are in line and consistent with CCBM’s overall credit risk strategy and appetite.

However, the Bank engages in netting and margining agreements with major trading counterparties to mitigate CCR. Under these agreements CCBM levies on collateral (cash only) from counterparty whenever the exposures exceed the threshold.

8.0 Off-balance sheet exposures and counterparty credit risk (CCR) (continued)

Off-balance sheet and CCR – 31 December 2017

Description	Principal Amount (RM'000)	Gross Positive Fair Value of Contracts (RM'000)	Credit Equivalent Amount (RM'000)	Risk Weighted Assets (RM'000)
Direct credit substitutes				
Transaction related contingent items				
Short term self-liquidating trade related contingencies	61,390	-	12,278	1,590
Foreign exchange related contracts				
One year or less	1,728,996	14,222	27,073	6,694
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Interest/Profit rate related contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Equity related contracts	-	-	-	-
One year or less				
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Credit Derivatives contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
OTC derivative transactions and credit derivatives contracts subject to valid bilateral netting agreements	-	-	-	-

8.0 Off-balance sheet exposures and counterparty credit risk (CCR) (continued)

Off-balance sheet and CCR – 31 December 2017

Description	Principal Amount	Gross Positive Fair Value of Contracts	Credit Equivalent Amount	Risk Weighted Assets
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	39,534	-	7,907	5,494
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over to one year	326,825	-	163,412	140,507
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	152,694	-	-	-
Unutilised credit card lines	-	-	-	-
Off-balance sheet items for securitisation exposures	-	-	-	-
Off-balance sheet exposures due to early amortization provisions	-	-	-	-
Total	2,309,439	14,222	210,670	154,286

8.0 Off-balance sheet exposures and counterparty credit risk (CCR) (continued)

Off-balance sheet and CCR – 30 June 2017

Description	Principal Amount (RM'000)	Gross Positive Fair Value of Contracts (RM'000)	Credit Equivalent Amount (RM'000)	Risk Weighted Assets (RM'000)
Direct credit substitutes	-	-	-	-
Transaction related contingent items	-	-	-	-
Short term self-liquidating trade related contingencies	69,251	-	13,850	1,598
Foreign exchange related contracts				
One year or less	776,118	3,185	10,245	1,359
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Interest/Profit rate related contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Equity related contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
Credit Derivatives contracts				
One year or less	-	-	-	-
Over one year to five years	-	-	-	-
Over five years	-	-	-	-
OTC derivative transactions and credit derivatives contracts subject to valid bilateral netting agreements	-	-	-	-

8.0 Off-balance sheet exposures and counterparty credit risk (CCR) (continued)

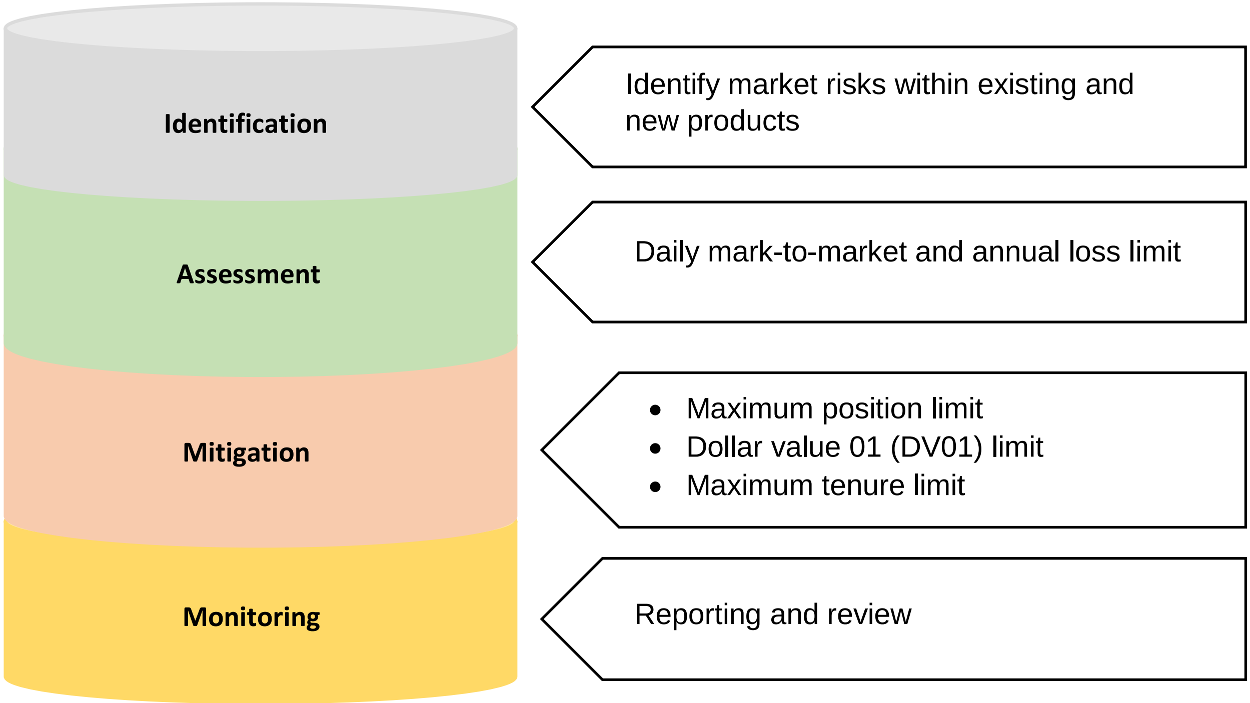
Off-balance sheet and CCR – 30 June 2017

Description	Principal Amount	Gross Positive Fair Value of Contracts	Credit Equivalent Amount	Risk Weighted Assets
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	6,542	-	1,308	-
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over to one year	32,322	-	16,161	-
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	-	-	-	-
Unutilised credit card lines	-	-	-	-
Off-balance sheet items for securitisation exposures	-	-	-	-
Off-balance sheet exposures due to early amortization provisions	-	-	-	-
Total	884,233		41,564	13,761

9.0 Securitisation

The Bank does not engage in securitisation activities.

10.0 Market Risk



Market risk is the risk of loss in respect of the Bank's on- and off- balance sheet activities arising from adverse movements in market rates including interest rates, foreign exchange rates, commodity prices and stock prices. Market risk arises from both trading and non-trading business.

The MRMC is responsible for leading the establishment of market risk management policies and rules, developing market risk measurement tools, monitoring and reporting the market risk. In addition, the Assets and Liabilities Committee (ALCO) is responsible for managing interest rate risk, exchange rate risk and the size and structure of the Bank's assets and liabilities in response to structural market risk.

The Bank's interest rate risk mainly comprises repricing risk and basis risk arising from mismatch of term structure and pricing basis of assets and liabilities. The Bank uses multiple tools such as repricing gap analysis, sensitivity analysis, scenario analysis and stress testing, etc to monitor the interest rate risk on regular basis.

The Bank's foreign exchange exposure mainly comprises exposures from customers driven portfolios and manages this risk by entering into back-to-back transactions with other banks and non-bank financial institutions.

The BOD has the ultimate responsibility to ensure that market risks are properly governed and managed within CCBM, as well as deciding on the overall framework for management and controlling market risks. The ALCO and RMC are responsible in reviewing the development of market risk management policies, defining the strategies and ensuring the results are align with the Bank's business strategies.

10.0 Market Risk (continued)

The RMD plays a key role in supporting and guiding the business units in the implementation of CCBM's market risk management policy and tools, particularly in promoting and inculcating market risk awareness culture across the Bank.

Financial Markets is responsible for daily managing of the interest rate and foreign currency position of CCBM within the predetermined limits and is responsible for initiating all required hedging transactions. The internal audit office is responsible to provide ongoing focus on the internal control system and periodic reviews, i.e. regular review of the market risk management processes, in compliance with approved policies.

Among the methods adopted in the monitoring and management of market risk is portfolio analysis, limits setting, open positions monitoring and stress testing. Any anomalies observed will be discussed with the front office and where relevant escalated to Senior Management for exception management.

For capital requirement, the Bank has adopted the Standardised Approach.

Capital Charge Requirement for:	31 December 2017 (RM'000)
Interest rate risk	1,356
Equity position risk	-
Foreign exchange risk	389
Commodity risk	-
Others	-
Total RWA for Market Risk	21,816

Capital Charge Requirement for:	30 June 2017 (RM'000)
Interest rate risk	487
Equity position risk	-
Foreign exchange risk	7,503
Commodity risk	-
Others	-
Total RWA for Market Risk	99,877

11.0 Liquidity risk

Liquidity risk is the risk that occurs when the Bank cannot obtain sufficient funds in time and at a reasonable cost to repay debts when they are due, fulfil other payment obligations, or meet the other funding needs in its regular business.

11.0 Liquidity risk (continued)

The Bank's objective for liquidity risk management is to ensure the bank's payment and settlement security and maintain an optimal balance between liquidity position and profitability.

The Bank's ALCO takes the lead in managing the bank's liquidity risks and works alongside primarily with Financial Market Department to ensure proper execution of liquidity risk management actions. ALCO is responsible to ensure the formulation of liquidity risk management guidelines including limit management and contingency planning. Stress testing are conducted periodically to gauge the bank's risk tolerance in adverse situations including extreme scenarios. The Bank uses a variety of liquidity risk measurement tools including liquidity coverage ratio ("LCR"), cashflow analysis, remaining contractual maturities and deposits concentration analysis

12.0 Operational Risk

Operational risk is the risk of loss due to inadequate or flawed internal processes, people, systems or external events. Operational risk is inherent in each of the Bank's business and operational activities.

The MRMC is responsible to develop the operational risk management policies, framework and methodologies, and put in place operational risk management tools such as Key Risk Indicators, and incident and loss event management. The bank adopts the 3-lines of defence model for holistic oversight operational risk oversight.

The Bank carries out periodical risk and business impact analysis through its material risk assessment and established its Business Continuity and Disaster Recovery plans which are subject to regular testing.

The Bank has established risk appetite to monitor and control operational risk lapses including those related to system availability.

The BOD is responsible for the management of all risks of CCBM including any operational risk that arises and ensure that operational risks are properly governed and managed within CCBM. The BRMC is responsible for, and provides the overall direction and supervision for the operational risk management of CCBM. Senior Management is responsible to ensure that all necessary risk management tools, methodologies, policies, operational manuals and technology infrastructure are in place and applied through the combination of top-down and bottom-up approach in risk identification and assessment methodologies.

The RMD plays a key role in supporting and guiding the business/ support units in the implementation of CCBM's operational risk management policy and tools, particularly in promoting and inculcating operational risk awareness culture across the Bank. Regular operational risk reporting is submitted to Senior Management and BOD on timely basis.

12.0 Operational Risk (continued)

The internal audit office is responsible to provide ongoing focus on the internal control system and periodic reviews, i.e. regular review of the operational risk management processes, in compliance with approved policies, applicable laws and regulation. The review by internal audit must include an assessment of the effectiveness of risk management

activities undertaken by business and functional lines and bank wide operational risk management function.

The Bank currently adopts Basic Indicator Approach (BIA) for the computation of Operational Risk is in line with BNM's guidelines.

13.0 Interest Rate Risk in the Banking Book

Interest rate risk in the Banking Book (IRRBB) is the risk to earnings or capital arising from movement of interest rates. In order to maintain interest rate risk at prudent level, it is essential for CCBM to maintain an effective measurement system.

The Bank's Interest Rate Risk is managed through the Board Risk Management Committee which is developing risk management strategies and policies, monitoring the implementation and evaluating the bank's overall risk profile on a regular basis.

The Senior Management is responsible for establishing the Interest rate risk framework and provides input to assist the BOD in discharging its oversight responsibilities. Management Committees i.e. Assets and Liabilities Committee ("ALCO") and the Management Risk Management Committee ("MRMC") reviewed the development of risk management policies, defining the strategies and ensuring the risk management results are aligns with the Bank's business strategies.

In monitoring the Bank's earnings resulting from interest rate risk framework, the Bank's used the re-pricing gap analysis as the primary tool. The rate sensitive assets and liabilities are compared based on the re-price dates. The monitoring is focused on the risk arises if interest rates are settled on liabilities for periods which differ from those on offsetting assets.

In addition, the bank's also monitoring the re-pricing risk arise from timing differences in the maturity for fixed-rate and repricing for floating-rate bank assets, liabilities and off-balance-sheet positions.

The primary tool is also used to monitor the interest rate risk impact on the net assets value is the economic value of equity (EVE) analysis.

Interest rate risk in the banking book is computed based on the projection made with the assumption that interest rate moves up and down parallel by 100 basis points ("bps") across all maturities buckets for all the interest bearing assets and liabilities. The loan profile was projected based on earlier of its repricing or final maturity date.

13.0 Interest Rate Risk in the Banking Book (continued)

31 December 2017

Currency	Increase/ (Decrease) in Economic Value		Increase/ (Decrease) in Earnings	
	+100 bps	-100 bps	+100 bps	-100 bps
	RM '000	RM '000	RM '000	RM '000
MYR	172	(172)	7,878	(7,878)
USD	246	(246)	129	(129)
CNY	(1,193)	1,193	(143)	143
Total	**(775)**	**775**	**7,864**	**(7,864)**

30 June 2017

Currency	Increase/ (Decrease) in Economic Value		Increase/ (Decrease) in Earnings	
	+100 bps	-100 bps	+100 bps	-100 bps
	RM '000	RM '000	RM '000	RM '000
MYR	2,769	(2,769)	6,769	(6,769)
USD	(701)	701	1,513	(1,513)
CNY	(1,053)	1,053	(337)	337
Total	**1,015**	**(1,015)**	**7,944**	**(7,944)**

14.0 Internal Capital Adequacy Assessment Process ("ICAAP")

ICAAP is a Pillar 2 process where CCBM conducts internal capital adequacy requirements under 3-year forward looking scenarios. The Bank's ICAAP is guided by the ICAAP manual detailing the roles and responsibilities, approaches, and methodologies for identifying and measuring risks. Stress testing, governance and capital planning are also part of the process. In addition, an independent party is appointed to review the process.

The stress testing scenarios are baseline, exceptional but plausible and worst case. These scenarios incorporate the Bank 3 year business plan and forward looking macro-economic conditions. This exercise enables the Bank to have an insight into its risk profile and allows it to implement mitigation measures. ICAAP is conducted annually.

CHINA CONSTRUCTION BANK (MALAYSIA) BERHAD

(Company No. 1203702-U)
(Incorporated in Malaysia)

PILLAR 3 DISCLOSURE
31 DECEMBER 2017

CHIEF EXECUTIVE OFFICER ATTESTATION

In accordance with Bank Negara Malaysia's Risk Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3), I hereby attest that to the best of my knowledge, the disclosures contained in China Construction Bank (Malaysia) Berhad Pillar 3 Disclosure report for the financial period ended 31 December 2017 are consistent with the manner the Bank assesses and manages its risk, accurate, complete and not misleading in any particular way.

Felix Feng Qi
Chief Executive Officer

Date: