

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
31 MARCH 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 31 March 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: 23 April 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 31 MARCH 2024**

	Note	As at 31 March 2024 <u>RM'000</u>	As at 31 December 2023 <u>RM'000</u>
Assets			
Cash and short-term funds	A8	1,959,707	1,744,813
Deposits and placements with banks and other financial institutions	A9	401,178	690,275
Debt instruments at fair value through other comprehensive income ("FVOCI")	A10	2,245,365	1,916,122
Other assets	A11	38,136	49,842
Derivative financial assets	A12	65,250	97,624
Loans and advances	A13	3,297,397	3,096,965
Tax recoverable		31,269	28,923
Statutory deposits with Bank Negara Malaysia		10,000	2,000
Right-of-use assets		33,970	35,093
Property and equipment		4,830	5,169
Intangible assets		7,161	7,604
Deferred tax assets		13,550	13,443
Total assets		<u>8,107,813</u>	<u>7,687,873</u>
Liabilities			
Deposits from customers	A14	3,676,141	3,205,936
Deposits and placements of banks and other financial institutions	A15	1,556,590	1,785,159
Other liabilities	A16	113,331	191,986
Derivative financial liabilities	A12	135,223	139,941
Lease liabilities		34,693	35,693
Borrowings	A17	686,018	451,759
Subordinated loan	A18	950,478	921,542
Total liabilities		<u>7,152,474</u>	<u>6,732,016</u>
Equity attributable to equity holder of the Bank			
Share capital		822,600	822,600
Reserves		132,739	133,257
Total equity		<u>955,339</u>	<u>955,857</u>
Total liabilities and equity		<u>8,107,813</u>	<u>7,687,873</u>
Commitments and contingencies	A24	<u>8,062,360</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 31 MARCH 2024**

	Note	Current quarter ended		Year-to-date ended	
		31 March	31 March	31 March	31 March
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Interest income	A19	75,149	58,791	75,149	58,791
Interest expense	A20	(67,036)	(46,027)	(67,036)	(46,027)
Net interest income		8,113	12,764	8,113	12,764
Other operating income	A21	9,736	23,954	9,736	23,954
Net income		17,849	36,718	17,849	36,718
Other operating expenses	A22	(17,941)	(16,572)	(17,941)	(16,572)
Operating profit before allowances (Allowance for)/ writeback of		(92)	20,146	(92)	20,146
expected credit losses ("ECL")	A23	(1,777)	3,862	(1,777)	3,862
(Loss)/profit before taxation		(1,869)	24,008	(1,869)	24,008
Taxation		243	(5,950)	243	(5,950)
Net (loss)/profit for the financial period		(1,626)	18,058	(1,626)	18,058
Other comprehensive income in respect of:					
Items that will be reclassified subsequently to profit or loss:					
<u>Debt instruments at FVOCI</u>					
Net fair value change in debt instruments at FVOCI		3,275	15,393	3,275	15,393
Net (loss)/gain on debt instruments measured at FVOCI reclassified to profit or loss on disposal		(270)	110	(270)	110
Income tax effect		(730)	(3,703)	(730)	(3,703)
		2,275	11,800	2,275	11,800
<u>Cash flow hedge</u>					
Net change in cash flow hedge		(153)	(179)	(153)	(179)
Net change in cost of hedging		(1,409)	(3,044)	(1,408)	(3,044)
Income tax effect		394	775	394	775
		(1,168)	(2,448)	(1,167)	(2,448)
Total other comprehensive income, net of tax, for the financial period		1,107	9,352	1,108	9,352
Total comprehensive (loss)/income for the financial period		(519)	27,410	(518)	27,410

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.

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 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 loss for the financial period	-	-	-	-	-	(1,626)	(1,626)
Other comprehensive income/(loss), net of tax, for the financial period	-	-	2,275	(97)	(1,070)	-	1,108
Total comprehensive income/(loss) for the financial period	-	-	2,275	(97)	(1,070)	(1,626)	(518)
Transfer to regulatory reserve	-	-	-	-	-	-	-
Balance as at 31 March 2024	<u>822,600</u>	<u>4,700</u>	<u>(10,315)</u>	<u>(160)</u>	<u>573</u>	<u>137,941</u>	<u>955,339</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.

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024**

	31 March 2024	31 March 2023
	RM'000	RM'000
Cash flows from operating activities		
(Loss)/profit before taxation	(1,869)	24,008
Adjustments for:		
Allowance for/ (writeback of) expected credit losses	1,777	(3,862)
Net unrealised fair value gain on derivatives	6,363	(71,009)
Depreciation of property and equipment	351	320
Depreciation of right-of-use assets	1,124	1,129
Amortisation of intangible assets	448	464
Interest income from debt instruments at FVOCI	(15,980)	(24,431)
Net gain from sale of debt instruments at FVOCI	-	110
Interest expense from subordinated loan	17,010	13,717
Net foreign exchange loss on subordinated loan	26,917	4,600
Interest expense from lease liabilities	302	330
Operating profit/(loss) before working capital changes	36,443	(54,624)
Change in derivative financial assets and financial liabilities	(61,232)	(5,705)
Change in loans and advances	(200,707)	136,621
Change in statutory deposits with Bank Negara Malaysia	(8,000)	42,000
Change in other assets	11,706	28,824
Change in deposits from customers	470,205	(83,791)
Change in deposits and placements of banks and other financial institutions	(228,569)	107,291
Change in other liabilities	(79,573)	(1,993)
	<u>(96,170)</u>	<u>223,247</u>
Cash (used in)/generated from operations	(59,727)	168,623
Net tax paid	(2,572)	(4,674)
Net cash (used in)/generated from operating activities	<u>(62,299)</u>	<u>163,949</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	936,006	146,708
Purchase of debt investments at FVOCI	(1,066,188)	(1,301,788)
Proceeds from redemption and disposal of debt investments at FVOCI	741,197	1,606,858
Interest received from debt investments at FVOCI	94,906	33,017
Purchase of property and equipment	(12)	(268)
Purchase of intangible assets	(5)	-
Net cash generated from investing activities	<u>705,904</u>	<u>484,527</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.

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024**

	31 March 2024	31 March 2023
	RM'000	RM'000
Cash flows from financing activities		
Interest payment of subordinated loan	(14,991)	(13,765)
Proceeds from borrowings	234,707	-
Lease payments	(1,303)	(1,307)
Net cash used in financing activities	<u>218,413</u>	<u>(15,072)</u>
Net increase in cash and cash equivalents	862,018	633,404
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><u>2,161,271</u></u>	<u><u>1,363,554</u></u>
Cash and cash equivalents comprise:		
Cash and short-term funds	1,960,220	870,932
Deposits and placements with banks and other financial institutions	<u>401,178</u>	<u>1,098,073</u>
	2,361,398	1,969,005
Less: Deposits and placements with banks and other financial institutions with original maturity of more than 3 months	<u>(200,127)</u>	<u>(605,451)</u>
	<u><u>2,161,271</u></u>	<u><u>1,363,554</u></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.

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NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 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 2024

*Amendments to MFRS 7 and MFRS 107 - Supplier Finance Arrangements;
Amendments to MFRS 16 Leases - Lease Liability in a Sale and Leaseback; and
Amendments to MFRS 101 - Non-Current Liabilities with Covenants*

Effective for financial periods beginning on or after 1 January 2025

Amendments to MFRS 121 - Lack of Exchangeability

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 31 March 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.

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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 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 31 March 2024.

A8. Cash and Short-Term Funds

	As at 31 March 2024 RM'000	As at 31 December 2023 RM'000
Cash and balances with banks and other financial institutions	56,055	319,364
Money at call and deposit placements maturing within one month	1,904,165	1,425,747
	1,960,220	1,745,111
Less: ECL allowances	(513)	(298)
	<u>1,959,707</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	(255)	-	-	(255)
New financial assets acquired	470	-	-	470
Net total	215	-	-	215
At 31 March 2024	<u>513</u>	<u>-</u>	<u>-</u>	<u>513</u>
At 1 January 2023	228	-	-	228
Financial assets derecognised during the financial year	(552)	-	-	(552)
New financial assets acquired	622	-	-	622
Net total	70	-	-	70
At 31 December 2023	<u>298</u>	<u>-</u>	<u>-</u>	<u>298</u>

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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024**

	As at 31 March 2024 RM'000	As at 31 December 2023 RM'000
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A9. Deposits and Placements with Banks and Other Financial Institutions

Licensed banks	401,178	690,275
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A10. Debt Instruments at Fair Value Through Other Comprehensive Income ("FVOCI")**At fair value****Money market instruments**

Malaysian Government Securities	101,233	101,438
Malaysian Government Investment Issues	530,414	376,175
Negotiable Instruments of Deposits	701,633	600,689
	<u>1,333,280</u>	<u>1,078,302</u>

Unquoted securities

Corporate bonds within Malaysia	583,779	585,151
Cagamas debt securities	328,306	252,669
	<u>912,085</u>	<u>837,820</u>
	<u>2,245,365</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 RM'000	Lifetime non credit- impaired RM'000	Lifetime ECL credit- impaired RM'000	
ECL Allowances				
At 1 January 2024	962	-	-	962
Financial assets derecognised during the financial period	(462)	-	-	(462)
New financial assets purchased	830	-	-	830
Net total	<u>368</u>	<u>-</u>	<u>-</u>	<u>368</u>
At 31 March 2024	<u>1,330</u>	<u>-</u>	<u>-</u>	<u>1,330</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	<u>(553)</u>	<u>-</u>	<u>-</u>	<u>(553)</u>
At 31 December 2023	<u>962</u>	<u>-</u>	<u>-</u>	<u>962</u>

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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024****A11. Other Assets**

	As at 31 March 2024 <u>RM'000</u>	As at 31 December 2023 <u>RM'000</u>
Deposits	2,780	2,776
Prepayments	3,049	1,855
Cash collateral pledged for derivative transactions	3,767	11,194
Amount due from ultimate holding company	24,593	18,293
Other receivables	3,947	15,724
	<u>38,136</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.

	<u>31 March 2024</u>		
	<u>Contract/ Notional Amount RM'000</u>	<u>Fair Value</u>	
		<u>Assets RM'000</u>	<u>Liabilities RM'000</u>
<u>Trading derivatives</u>			
Foreign exchange related contracts:			
- Currency forwards/spot	147,821	451	189
- Currency swaps	5,068,871	15,322	135,034
Interest rate related contracts:			
- Interest rate swaps	75,000	875	-
<u>Hedging derivatives - cash flow hedge</u>			
Foreign exchange related contracts:			
- Cross currency interest rate swaps	90,000	48,602	-
	<u>5,381,692</u>	<u>65,250</u>	<u>135,223</u>

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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 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
- Currency swaps	4,805,125	22,781	139,809
Interest rate related contracts:			
- Interest rate swaps	75,000	755	-
<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>
	31 March 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	4,533,046	29,881	13,641
- More than one year	773,646	34,494	121,582
Interest rate related contracts:			
- More than one year	75,000	875	-
	<u>5,381,692</u>	<u>65,250</u>	<u>135,223</u>
	31 December 2023		
	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>

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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024****A13. Loans and Advances**

	As at 31 March 2024 RM'000	As at 31 December 2023 RM'000
(i) By type:		
At amortised cost		
Overdrafts	5,215	5,150
Term loans:		
- Syndicated term loans	299,691	390,159
- Factoring receivables	960,118	544,899
- Other term loans	763,530	766,311
Bill receivables	1,585	-
Trust receipts	75,508	359,762
Revolving credits	1,212,346	1,051,005
Gross loans and advances	<u>3,317,993</u>	<u>3,117,286</u>
Less: ECL allowances		
- Stage 1	(15,829)	(15,554)
- Stage 2	(4,767)	(4,767)
Net loans and advances	<u>3,297,397</u>	<u>3,096,965</u>
(ii) Gross loans and advances by type of customers:		
Business enterprises	<u>3,317,993</u>	<u>3,117,286</u>
(iii) Gross loans and advances by geographical distribution:		
Malaysia	3,235,592	3,038,912
China	82,401	78,374
	<u>3,317,993</u>	<u>3,117,286</u>

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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024****A13. Loans and Advances (cont'd)**

	As at 31 March 2024 RM'000	As at 31 December 2023 RM'000
(iv) Gross loans and advances by interest rate sensitivity:		
Fixed rate	882,499	341,679
Variable rate (cost-plus)	2,435,494	2,775,607
	<u>3,317,993</u>	<u>3,117,286</u>
(v) Gross loans and advances by economic purpose:		
Working capital	2,318,681	2,018,173
Purchase of land	117,543	126,488
Construction	387,029	378,785
Lending to related entities	131,419	135,837
Purchase of fixed assets other than land and building	235,794	229,376
Other purposes	127,527	228,627
	<u>3,317,993</u>	<u>3,117,286</u>
(vi) Gross loans and advances by remaining contractual maturity:		
Maturity within one year	2,148,329	1,971,435
One year to three years	73,263	78,949
Three years to five years	502,738	478,123
Over five years	593,663	588,779
	<u>3,317,993</u>	<u>3,117,286</u>
(vii) Gross loans and advances by industry:		
Agriculture, hunting, forestry and fishing	45,126	45,134
Mining and quarrying	23,855	202,945
Manufacturing	527,418	633,093
Electricity, gas and water	232,821	228,802
Construction	843,202	464,765
Wholesale, retail trade, restaurants and hotels	112,780	78,854
Transport, storage and communication	1,155,510	1,141,892
Real estate	117,543	115,869
Finance, insurance and business services	161,447	150,846
Others	98,291	55,086
	<u>3,317,993</u>	<u>3,117,286</u>

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**NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 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	(4,133,862)	(1,138)	-	(4,135,000)
New financial assets originated	4,335,707	-	-	4,335,707
At 31 March 2024	<u>3,255,160</u>	<u>62,833</u>	<u>-</u>	<u>3,317,993</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 ECL</u>	<u>Lifetime ECL non credit-impaired</u>	<u>Lifetime ECL credit-impaired</u>	<u>Total ECL</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	(1,962)	-	-	(1,962)
New financial assets originated	2,237	-	-	2,237
Net total	<u>275</u>	<u>-</u>	<u>-</u>	<u>275</u>
At 31 March 2024	<u>15,829</u>	<u>4,767</u>	<u>-</u>	<u>20,596</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	<u>283</u>	<u>4,767</u>	<u>-</u>	<u>5,050</u>
At 31 December 2023	<u>15,554</u>	<u>4,767</u>	<u>-</u>	<u>20,321</u>

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	As at 31 March 2024 RM'000	As at 31 December 2023 RM'000
A14. Deposits from Customers		
(i) By type of deposits:		
Demand deposits	1,548,770	1,741,041
Saving deposits	21,213	19,490
Fixed/investment deposits	2,106,158	1,445,405
	<u>3,676,141</u>	<u>3,205,936</u>
(ii) By type of customer:		
Business enterprises	2,747,116	2,955,453
Government and statutory authorities	-	485
Individuals	33,621	22,212
Others	895,404	227,786
	<u>3,676,141</u>	<u>3,205,936</u>
(iii) By maturity structure of fixed deposits:		
Due within six months	2,001,853	1,444,127
Six months to one year	37,982	502
One year to three years	66,323	776
	<u>2,106,158</u>	<u>1,445,405</u>
A15. Deposits and Placements of Banks and Other Financial Institutions		
Licensed banks in Malaysia	1,556,121	1,785,065
Other financial institutions	469	94
	<u>1,556,590</u>	<u>1,785,159</u>

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	As at 31 March 2024 RM'000	As at 31 December 2023 RM'000
Other payables and accruals	15,413	79,678
Deferred Income	9,428	9,429
Cash collateral received for derivative transactions	64,796	77,812
Cash collateral placements	20,350	22,641
ECL allowances for loan commitments and financial guarantees	3,344	2,426
	<u>113,331</u>	<u>191,986</u>

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

	Stage 1	Stage 2	Stage 3	Total
	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	(25)	-	-	(25)
Credit exposures assumed	943	-	-	943
Net total	918	-	-	918
At 31 March 2024	<u>3,344</u>	<u>-</u>	<u>-</u>	<u>3,344</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	(324)	-	-	(324)
At 31 December 2023	<u>2,426</u>	<u>-</u>	<u>-</u>	<u>2,426</u>

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	As at 31 March 2024 <u>RM'000</u>	As at 31 December 2023 <u>RM'000</u>
A17. Borrowings		
Unsecured borrowings	<u>686,018</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

USD200 million subordinated loan 2019/2029, at par	<u>950,478</u>	<u>921,542</u>
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On 29 August 2019, the Bank has issued an USD200 million Tier II subordinated loan with 10 years maturity, non-callable 5 years and the interest payable every 3 months throughout the tenure. The USD200 million subordinated loan bear an interest rate at SOFR plus 1.75% (31 December 2023: SOFR plus 1.75%).

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

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	Current quarter ended		Year-to-date ended	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	RM'000	RM'000	RM'000	RM'000
A19. Interest Income				
Loans and advances	38,265	17,863	38,265	17,863
Deposits and placements with banks and other financial institutions	20,904	14,868	20,904	14,868
Debt instruments at FVOCI	15,980	24,431	15,980	24,431
Derivative financial instruments	-	1,629	-	1,629
	<u>75,149</u>	<u>58,791</u>	<u>75,149</u>	<u>58,791</u>
A20. Interest Expense				
Deposits and placements of banks and other financial institutions	21,355	12,496	21,355	12,496
Deposits from customers	27,766	19,484	27,766	19,484
Subordinated loan	17,010	13,717	17,010	13,717
Lease liabilities	302	330	302	330
Derivative financial instruments	603	-	603	-
	<u>67,036</u>	<u>46,027</u>	<u>67,036</u>	<u>46,027</u>
A21. Other Operating Income				
Fee income:				
Service charges and fees	45	18	45	18
Guarantee fees	539	197	539	197
Commitment fees	77	474	77	474
Syndication fees	35	373	35	373
Management fees	6,300	3,000	6,300	3,000
	<u>6,996</u>	<u>4,062</u>	<u>6,996</u>	<u>4,062</u>
Less: Fees expense	(83)	(92)	(83)	(92)
Net fee income	<u>6,913</u>	<u>3,970</u>	<u>6,913</u>	<u>3,970</u>
Trading and investment income:				
Net realised gain/(loss) on derivatives	89,596	(35,559)	89,596	(35,559)
Net unrealised fair value (loss)/gain on derivatives	(6,363)	71,009	(6,363)	71,009
Net foreign exchange loss	(80,589)	(16,078)	(80,589)	(16,078)
	<u>2,644</u>	<u>19,372</u>	<u>2,644</u>	<u>19,372</u>
Net loss from sale of debt instruments at FVOCI	-	(110)	-	(110)
Less: Brokerage charges	(80)	(70)	(80)	(70)
	<u>2,564</u>	<u>19,192</u>	<u>2,564</u>	<u>19,192</u>
Other income:				
Rental income	212	212	212	212
Other non-operating income	47	580	47	580
	<u>259</u>	<u>792</u>	<u>259</u>	<u>792</u>
	<u>9,736</u>	<u>23,954</u>	<u>9,736</u>	<u>23,954</u>

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	Current quarter ended		Year-to-date ended	
	31 March	31 March	31 March	31 March
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
A22. Other Operating Expenses				
Personnel costs				
Salaries, bonuses, wages and allowances	10,436	9,818	10,436	9,818
Defined contribution plan	940	811	940	811
Other staff related costs	795	1,041	795	1,041
	<u>12,171</u>	<u>11,670</u>	<u>12,171</u>	<u>11,670</u>
Establishment costs				
Depreciation of property and equipment	351	320	351	320
Depreciation of right-of-use assets	1,124	1,129	1,124	1,129
Amortisation of intangible assets	448	464	448	464
Repair and maintenance	1,282	1,150	1,282	1,150
Short-term leases expenses	74	578	74	578
Others	34	88	34	88
	<u>3,313</u>	<u>3,729</u>	<u>3,313</u>	<u>3,729</u>
Promotion and marketing expenses				
Advertisement and publicity	124	103	124	103
Administration and general expenses				
Communication expenses	372	282	372	282
Auditors' remuneration	95	93	95	93
Legal and professional fees	111	25	111	25
Travelling and accommodation expenses	161	66	161	66
Subscription fees	163	306	163	306
Directors' fees and allowances	150	151	150	151
Insurance premium	30	38	30	38
Printing, stationery and postage	31	37	31	37
Others	1,220	72	1,220	72
	<u>2,333</u>	<u>1,070</u>	<u>2,333</u>	<u>1,070</u>
	<u>17,941</u>	<u>16,572</u>	<u>17,941</u>	<u>16,572</u>
A23. Allowance for/(Writeback of) Expected Credit Losses ("ECL")				
Stage 1:				
- Cash and short-term funds	215	(185)	215	(185)
- Debt instruments at FVOCI	369	(207)	369	(207)
- Loans and advances	275	(3,357)	275	(3,357)
- Loan commitments and financial guarantees	918	(113)	918	(113)
	<u>1,777</u>	<u>(3,862)</u>	<u>1,777</u>	<u>(3,862)</u>

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	As at 31 March 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	166,022	99,481
Transaction-related contingent items	234,094	207,045
Irrevocable commitments to extend credit:		
- Less than one year	160,708	101,854
- More than one year	2,119,844	1,720,626
Foreign exchange related contracts:		
- Less than one year	4,533,046	5,158,454
- More than one year	773,646	774,439
Interest rate related contracts:		
- More than one year	75,000	75,000
	<u>8,062,360</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.

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

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	As at 31 March 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	137,941	139,567
Regulatory reserve	4,700	4,700
Other reserves	(9,902)	(11,010)
Regulatory adjustments applied in the calculation of CET I Capital	(34,962)	(35,650)
Total CET I/Tier I Capital	<u>920,377</u>	<u>920,207</u>
Tier II Capital		
Tier II capital instruments meeting all relevant criteria	944,650	915,700
Loss provisions	25,783	24,008
Regulatory reserve	4,700	4,700
Total Tier II Capital	<u>975,133</u>	<u>944,408</u>
Total Capital	<u>1,895,510</u>	<u>1,864,615</u>
Analysis of risk-weighted assets		
Credit risk	3,139,850	2,859,751
Market risk	44,704	227,250
Operational risk	388,097	357,018
Total risk-weighted assets	<u>3,572,651</u>	<u>3,444,019</u>
With and without transitional arrangements:		
Capital adequacy ratio (before proposed dividends)		
CET I Capital Ratio	25.762%	26.719%
Tier I Capital Ratio	25.762%	26.719%
Total Capital Ratio	53.056%	54.141%
Capital adequacy ratio (after proposed dividends)		
CET I Capital Ratio	25.762%	26.719%
Tier I Capital Ratio	25.762%	26.719%
Total Capital Ratio	53.056%	54.141%

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B1. Performance Review

For the first quarter ended 31 March 2024, China Construction Bank (Malaysia) Berhad's ("CCBM or the Bank") registered a loss before tax ("LBT") of RM1.87 million. The LBT was mainly attributable to lower operating income of RM9.7 million driven by unrealised fair value loss from derivatives and lower net interest income of RM4.7 million and slight increment in operating expenses by RM1.4 million.

As at 31 March 2024, the Bank's total assets increased to RM8.1 billion, consist of loans and advances RM3.3 billion, debt instruments at FVOCI RM2.2 billion and cash and short term funds of RM2.0 billion. Gross impaired loan ratio remained at 0% as at 31 March 2024. The Bank's deposits from customers grew to RM3.7 billion an increased of RM0.5 billion or 14.7% as compared to previous financial year end.

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 25.76% and 53.06% respectively as at 31 March 2024, which remained above the minimum regulatory requirements.

B2. Prospects for 2024

Malaysia GDP is expected to expand at circa 4.5% in 2024 (2023: +3.7%) supported by domestic demand amid improvement in trade activities and favorable labor market conditions couple with wage growth to support household spending activities. Looking ahead, growth in regional economies, particularly that of ASEAN member countries is expected to outpace the average global growth rate of between 2.4% - 3.1% lead by electronic export, global tech upcycles momentum and steady private consumption. Prospects of monetary easing in some countries in the 2nd half of the year to further stimulate sustainable growth further support this view. Nonetheless the growth outlook is subject to downside risks, mainly from an escalation of geopolitical and intensify trade tensions or surprises in inflation outturns due to supply chain disruption and volatility in global financial markets.

A slightly expansionary budget announced by government for 2024 is expected to help support the growth momentum along with several growth catalysts such as those outlined in national master plan, on-going multi-year infrastructure projects and realization of earlier approved foreign direct investments.

At the current OPR level of 3.0%, the monetary policy stance remains accommodative and supportive of a sustainable economic growth and price stability amid talk of subsidies rationalization and reform undertaken by government, likely to begin with diesel and RON 95 which potentially save the government between RM45.0 billion to RM50.0 billion p.a.

On the other hand, Malaysia Tourists arrivals and spending are also poised to rise further, especially from China and India with the free visa privilege arrangement until 31 December 2024. Malaysia aims to welcome 27.3 million tourists generating RM102.7 billion in revenue in 2024 which will be a strong boost for domestic economic activities. The forthcoming Visit Malaysia Year 2026 has also set an ambitious target of 35.6 million foreign tourist arrivals which is one of the main pillars for growth and foreign exchange revenue.

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B2. Prospects for 2024 (cont'd)

China who is Malaysia's biggest trading partner for the last 15 years is expected to grow at 5.0% in 2024 after a stronger than expected growth story of 5.2% in 2023. Decisive policy actions from Beijing with stimulus contents will fuel investors' confidence and spur rebound in consumption confidence which made up of approximately 55.0% of GDP component. Continued easy monetary policies will further support the growth momentum especially in household debt segment with cheaper mortgage financing to spur property sector activities.

The additional RMB1.0 trillion stimulus bond issuances to fund projects related to food, energy, supply chains, and urbanization and the special local government bond program of RMB3.9 trillion will intensify reform efforts and shore up investors' confidence as well as household spending should see the growth to remain at 5.0%.

On the global front, inflationary pressure has peaked paving way for most central banks to consider start easing cycle with market calling for European Central Bank and the Federal Reserve Bank to start cutting rate in June 2024 (from May) with quantum ranging from 75 bps to 100 bps. IMF and World Bank has revised GDP growth for the U.S. to 2.1% and 0.9% for E.U. from earlier forecast of 1.5% and 0.8% respectively on account of greater-than-expected resilience economic data and better prospect of China growth along with several large emerging market and developing economies.

CCBM will continues to grow its loan book and explore new facilities to support customers' financial needs, both from Malaysia and China. The Bank will continue to focus on several key growth sectors of the economy from both private and public sector taking advantage of the realization of initiatives rolled out under national master plans, multi-year projects implementation of Belt and Road initiatives, RCEP as well as Environmental, Social and Governance related financing as reflected in the Bank's pipe line facilities draw down by the Bank's clients and work in progress documentation. CCBM will continue to embark on providing innovative financial products and services along with Renminbi ("RMB") settlements and clearings services to improve our customer experience in achieving the desired key result areas, financial performance and market presence.

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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
31 March 2024				
Financial assets				
Debt instruments at FVOCI	-	2,245,365	-	2,245,365
Derivative financial assets	-	65,250	-	65,250
	<u>-</u>	<u>2,310,615</u>	<u>-</u>	<u>2,310,615</u>
Financial liabilities				
Derivative financial liabilities	<u>-</u>	<u>135,223</u>	<u>-</u>	<u>135,223</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>

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

(i) Valuation techniques

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

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

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