



BNP PARIBAS

BNP PARIBAS MALAYSIA BERHAD

(Company No. 918091 - T)

Incorporated in Malaysia

**UNAUDITED STATEMENT OF FINANCIAL POSITION
FOR THE QUARTER ENDED 30 JUNE 2017**

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

1. PERFORMANCE REVIEW

For the second quarter ended 30 June 2017, the Bank recorded a net profit after taxation of RM26.9 million. This was achieved on the back of net interest income of RM37.52 million, non-interest income of RM35.38 million. This was partially offset by the bank's operating expenses of RM36.95 million plus the allowances for losses on loans and advances of RM0.84 million, resulting in the recording of pre-tax profit of RM36.79 million.

2. CURRENT YEAR PROSPECT

The year 2017 continue to be a challenging year for Malaysia. The current global economic conditions point to a prolonged weak external demand. Both China and Japan (two of Malaysia's main trading partners) economic growth is moderating while uncertainty in Trump's economic policy will continue to have an impact on the trade scenario.

The Malaysian economy has been increasingly diversified away from reliance on commodities and the Government has taken steps to broaden the revenue base. Short-term risks include further decline in oil and commodity prices and continuous volatility on the currency. However, these would be mitigated by the increased diversification of the Malaysian economy and by the steps taken by the Government to increase budget revenues together with the reduction of some expenses, among others include the removal of fuel subsidies. Other risks are related to the volatility in capital flows and from the US monetary policy. The longer-term overall favourable prospects for Malaysia's well diversified and competitive economy hinges on pursuing structural reforms to strengthen medium-term fiscal planning, and boosting capabilities such as in terms of developing a sufficiently skilled pool of manpower in the country.

Attractiveness of the Malaysian economy would remain an asset for BNP Paribas Malaysia Berhad well positioned to support and accompany multinational corporations.

The Bank would not compromise on selectivity and risk profile, remaining focussed on Malaysian champions both from the Corporate and Financial Institutions spheres. Global Market will keep on servicing the customers with suitable products and services while flow banking would remain a strategic component to finance the real economy. Investment Banking will contribute to anchoring and developing the franchise of the Bank.

In an even more challenging environment, BNP Paribas Malaysia Berhad is aiming at delivering higher value addition to all stakeholders and is budgeting a significantly higher profit for the year of 2017.

Islamic Banking is gaining popularity in emerging markets with increasing interest in Islamic banking beyond Islamic investors. Governments and regulators in a variety of countries have already recognised the importance of Islamic banking as an attractive complement to conventional banking.

BNPP Malaysia operates, through its Islamic Banking Window, as an Islamic banking hub for Asia Pacific with dedicated specialist teams offering Islamic tailor-made products and solutions. Now that long awaited approvals have been received, Najmah is well positioned to tap into this increased interest in Islamic Banking.

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UNAUDITED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2017

	Note	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
ASSETS			
Cash and short-term funds	2	1,834,182	2,077,547
Reverse repurchase agreements	3	29,616	-
Deposits and placements with banks and other financial institutions	4	200,277	-
Financial assets held-for-trading	5	712,569	118,413
Financial assets available-for-sale	6	363,634	81,608
Loans and advances	7	877,710	849,848
Derivative financial assets		350,643	799,074
Statutory deposits with Bank Negara Malaysia	8	-	-
Other assets	9	346,197	235,795
Property, plant and equipment	10	1,233	1,518
Intangible assets	11	2,705	2,735
Deferred tax assets		584	378
Tax recoverable		-	1,484
TOTAL ASSETS		4,719,350	4,168,400
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from customers	12	1,372,519	1,008,106
Deposits and placements of banks and other financial institutions	13	1,740,749	1,488,959
Derivative financial liabilities		648,021	448,808
Other liabilities	14	245,354	543,048
Deferred tax liabilities		-	-
Tax Liabilities		5,802	-
TOTAL LIABILITIES		4,012,445	3,488,921

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UNAUDITED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2017 (CONTD.)

	Note	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Share capital	15	650,000	650,000
Accumulated losses		14,735	(11,989)
Reserves	16	42,170	41,468
SHAREHOLDER'S EQUITY		706,905	679,479
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		4,719,350	4,168,400
COMMITMENTS AND CONTINGENCIES	24	58,639,857	34,376,513

The accompanying notes form an integral part of the financial statements.

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BNP PARIBAS MALAYSIA BERHAD
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UNAUDITED INCOME STATEMENT
AS OF 30 JUNE 2017

	Note	Bank 30-Jun 2017 RM'000	Bank 30-Jun 2016 RM'000
Operating Revenue		<u>91,627</u>	<u>63,533</u>
Interest income	17	56,248	34,734
Interest expenses	18	(19,057)	(12,513)
Net interest income		37,191	22,221
Net income from Islamic banking business	25	325	915
Other operating income	19	35,379	28,799
Operating expenses	20	(36,948)	(33,567)
Write back/(Allowance made) for impairment on loans and advances	21	842	(247)
Allowance for doubtful debt on other receivables		-	-
Profit/(Loss) before tax		36,789	18,121
Taxation		<u>(9,890)</u>	<u>(4,403)</u>
Net profit/(loss) for the financial quarter		<u>26,899</u>	<u>13,718</u>

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BNP PARIBAS MALAYSIA BERHAD
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UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
AS OF 30 JUNE 2017

	Note	Bank 30-Jun 2017 RM'000	Bank 30-Jun 2016 RM'000
Profit for the period		26,899	13,718
Other comprehensive (loss)/income, net of income tax: Items that may be reclassified subsequently to profit or loss :			
Fair value reserve (from Investment AFS) :			
Net changes in fair value		527	(1,521)
Total comprehensive income/(loss) for the quarter		<u>27,426</u>	<u>12,197</u>

The accompanying notes form an integral part of the financial statements.

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STATEMENT OF CHANGES IN EQUITY

BNP PARIBAS MALAYSIA BERHAD

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CASH FLOW STATEMENT

AS OF 30 JUNE 2017

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Cash Flows from/(Used In) Operating Activities		
Profit/(Loss) before tax	36,789	18,301
Adjustments for:		
Depreciation of property, plant and equipment	361	1,271
Amortisation of intangible assets	31	50
(Write back of allowance)/Allowance for impairment on loans and advances	160	287
(Write back)/Allowance for doubtful debt on other receivables	(1,002)	28
Amortisation of premium less accretion of discount	162	-
(Gain)/loss from sale of securities available-for-sale	-	3,424
(Gain)/loss from sale of securities held-for-trading	(7,795)	382
Unrealised (gain)/loss on revaluation of securities held-for-trading	1,583	(151)
Unrealised foreign exchange (gain)/loss	493,402	355,971
Unrealised (gain)/loss on derivatives trading	62,222	(42,211)
Write back of provision for diminution for value in shares	-	-
Share of profit of associate	-	-
Operating profit before working capital changes	<hr/> 585,913	<hr/> 337,352

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CASH FLOW STATEMENT
AS OF 30 JUNE 2017 (CONTD.)

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
(Increase)/Decrease in:		
Securities held for trading	(588,106)	(73,462)
Securities available-for-sale	(281,724)	391,472
Loans, advances and financing	(28,022)	(265,370)
Reverse repurchase agreements	(29,616)	203,907
Statutory deposits with Bank Negara Malaysia	-	-
Other assets	(109,400)	(138,552)
Increase/(Decrease) in:		
Deposits from customers	364,413	(44,649)
Deposits and placements of banks and other financial institutions	251,790	466,574
Derivative financial asstes/liabilities	92,020	(43,392)
Other liabilities	(297,696)	(83,678)
Cash (used in)/generated from operations	(40,428)	750,202
Income taxes paid	(2,585)	(3,212)
Net cash (used in)/from operating activities	(43,013)	746,990
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(344)	(597)
Reclassification of property, plant and equipment	269	-
Purchase of intangible asset	-	-
Investment in associated company	-	-
Net cash (used in)/generated from investing activities	(75)	(597)

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CASH FLOW STATEMENT
AS OF 30 JUNE 2017 (CONTD.)

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Cash Flows from / (Used In) Financing Activities		
Proceeds from issuance of subordinated debt capital, representing net cash generated from financing activities	-	48,080
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(43,088)	794,473
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,077,547</u>	<u>1,283,074</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>2,034,459</u>	<u>2,077,547</u>
Cash and cash equivalents comprise the following:		
Cash and short-term funds	1,834,182	2,077,547
Deposits and placements with banks and other financial institutions	<u>200,277</u>	<u>-</u>
	<u>2,034,459</u>	<u>2,077,547</u>

The accompanying notes form an integral part of the financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

Bank	← Non-distributable →				Revaluation reserve-available -for-sale securities RM'000	Accumulated losses RM'000	Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000			
At 1 January 2017	650,000	-	32,155	9,636	(323)	(11,989)	679,479
Issuance of shares							-
Profit/(Loss) for the year						26,899	26,899
Statutory Reserve							-
Transfer to regulatory reserve				175		(175)	-
Other comprehensive loss					527		527
At 30 June 2017	650,000	-	32,155	9,811	204	14,735	706,905

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

Bank	← Non-distributable →				Revaluation reserve-available -for-sale securities RM'000	Accumulated losses RM'000	Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000			
At 1 January 2016	601,920	-	25,766	6,738	2,085	(15,480)	621,029
Issuance of shares	48,080	-	-	-	-	-	48,080
Profit/(Loss) for the year						12,778	12,778
Statutory Reserve			6,389			(6,389)	-
Transfer to regulatory reserve				2,898		(2,898)	-
Other comprehensive loss					(2,408)		(2,408)
At 31 December 2016	650,000	-	32,155	9,636	(323)	(11,989)	679,479

The accompanying notes form an integral part of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of the Financial Statements

The financial statement of the Bank have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), Bank Negara Malaysia Guidelines, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

2. CASH AND SHORT-TERM FUNDS

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
At Amortised Cost:		
Cash and balances with banks and other financial institutions	42,666	54,853
Money at call and deposit placements maturing within one month	1,791,516	2,022,694
	<u>1,834,182</u>	<u>2,077,547</u>

3. REVERSE REPURCHASE AGREEMENTS

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
At Amortised Cost:		
Government Securities:		
Malaysian Government Securities	29,616	-
	<u>29,616</u>	<u>-</u>

4. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Licensed banks	200,277	-
Other financial institutions	-	-
	<u>200,277</u>	<u>-</u>

5. FINANCIAL ASSETS HELD-FOR-TRADING

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
At Fair Value:		
Government Securities:		
Government Investment Issues	-	5,731
Malaysian Government Securities	7,195	112,682
Bank Negara Malaysia Debt Securities	-	-
Treasury Bills	705,374	-
	<u>712,569</u>	<u>118,413</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6. FINANCIAL ASSETS AVAILABLE-FOR-SALE

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
At Fair Value:		
Government securities:		
Malaysian Government Securities	353,575	51,346
Bank Negara Malaysia Debt Securities	-	-
Malaysian Government Investment Issues	10,059	30,262
Treasury Bills	-	-
Money market instrument:		
Negotiable Instruments of Deposit	-	-
	<u>363,634</u>	<u>81,608</u>

7. LOANS AND ADVANCES

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
At amortised cost:		
(i) By type		
Revolving credits	653,700	618,526
Overdraft	7,576	8,429
Term loan	150,082	130,984
Bridging loan	-	-
Trust Receipt	34,390	50,315
Bills Discounting	-	19,316
Other Trade Bills Discounted	32,692	22,848
	<u>878,440</u>	<u>850,418</u>
Less: Allowance for impaired loans and financing :		
- Collective assessment allowance	(730)	(570)
Net loans, advances and financing	<u>877,710</u>	<u>849,848</u>
(ii) By type of customer		
Domestic business enterprises	878,440	822,102
Financial institutions	-	28,316
	<u>878,440</u>	<u>850,418</u>
(iii) By interest rate sensitivity		
Variable rate:		
BLR-minus	-	1,491
BLR-plus	-	19
Cost plus	878,440	848,908
	<u>878,440</u>	<u>850,418</u>
(iv) By residual contractual maturity		
Up to 1 year	7,576	719,434
> 1 - 5 years	137,303	117,828
> 5 years	733,561	13,156
	<u>878,440</u>	<u>850,418</u>
(v) By geographical distribution		
In Malaysia	878,440	850,418
	<u>878,440</u>	<u>850,418</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

7. LOANS AND ADVANCES

(vi) By Sector

Manufacturing	685,096	602,252
Mining & Quarrying	3,017	-
Wholesale and retail	60,000	-
Construction	13,000	36,625
Financial services	-	28,316
Transport, Storage & Communication	-	3,616
Other business services	104,548	166,453
Real estate activities	12,779	13,156
	<u>878,440</u>	<u>850,418</u>

(vii) Movements in allowance for impaired loans and advances are as follows:

The Bank has not identified any impaired loans for the current financial year.

(viii) Movements in allowance for impaired loans and advances are as follows:

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Collective Assessment Allowance		
Balance as at 1 January	570	283
Allowance made during the year	160	287
Less: Write back made during the year	-	-
Balance as at 31 March	<u>730</u>	<u>570</u>
Collective impairment (inclusive of regulatory reserve) as % of gross loans, advances and financing after deduction of individual assessment allowance	<u>1.20%</u>	<u>1.20%</u>

8. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

Statutory Deposits with Bank Negara Malaysia

-	-
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9. OTHER ASSETS

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Other receivables	118,542	62,309
Less: Allowance for doubtful debt on other receivables	(9)	(1,510)
	<u>118,533</u>	<u>60,799</u>
Collateral assets	226,742	173,553
Deposits	-	985
Prepayments	922	458
	<u>346,197</u>	<u>235,795</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

10. PROPERTY, PLANT AND EQUIPMENT

11. INTANGIBLE ASSETS

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
<u>Computer Software:</u>		
Cost		
At 1 January	432	247
Additions	-	185
Write Off	-	-
At 31 March	432	432
Accumulated Amortisation		
At 1 January	297	247
Amortisation for the year	30	50
Write-off	-	-
At 31 March	327	297
Net Book Value	105	135
<u>Interbank Giro license fees</u>		
Cost		
At 1 January	2,600	2,600
Additions	-	-
Write Off	-	-
At 31 March	2,600	2,600
Accumulated Depreciation		
At 1 January	-	-
Amortisation for the year	-	-
Write-off	-	-
At 31 March	-	-
Net Book Value	2,600	2,600
Total Net Book Value	2,705	2,735

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12. DEPOSITS FROM CUSTOMERS

Type	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
At amortised cost:		
Demand deposits	485,529	519,040
Fixed deposits	877,079	488,913
Structured deposits	-	-
Commodity Murabaha	9,911	153
	<u>1,372,519</u>	<u>1,008,106</u>
 (i) Maturity structure of fixed deposits is as follows:		
Due within six months	886,989	484,820
Six months to one year	-	4,246
More than one year	-	-
	<u>886,989</u>	<u>489,066</u>
 (ii) The deposits are sourced from the following types of customers:		
Business enterprises	1,354,512	967,718
Non-bank financial institutions	18,007	40,388
Licensed banks	-	-
Other financial institutions	-	-
	<u>1,372,519</u>	<u>1,008,106</u>

13. DEPOSITS AND PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
At amortised cost:		
Licensed banks	-	-
Other financial institutions	1,740,749	1,488,959
	<u>1,740,749</u>	<u>1,488,959</u>

14. OTHER LIABILITIES

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Other payables	177,625	58,426
Accruals and charges	2,088	10,051
Collateral deposits	65,641	474,571
	<u>245,354</u>	<u>543,048</u>

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15 SHARE CAPITAL

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Authorised:		
Ordinary shares of RM1 each	650,000	650,000
Issued and fully paid:		
Balance as at 31 March	650,000	650,000

16 RESERVES

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Non-distributable:		
Revaluation reserve-available-for-sale securities	204	(323)
Statutory reserve	32,155	32,155
Regulatory reserve	9,811	9,636
	42,170	41,468

17 INTEREST INCOME

	Bank 30-Jun 2017 RM'000	Bank 30-Jun 2016 RM'000
Loans, advances and financing	18,616	12,032
Money at call and deposit placements with financial institutions	17,798	11,957
Financial assets - Available-for-sale	4,669	6,992
Financial assets - Held-for-trading	8,189	3,211
Other interest income	7,138	1,117
	56,410	35,309
Amortisation of premium less accretion of discount	(162)	(575)
Total Interest Income	56,248	34,734
Of which:		
Interest income earned on impaired loans, advances and financing	-	-

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18 INTEREST EXPENSE

	Bank 30-Jun 2017 RM'000	Bank 30-Jun 2016 RM'000
Deposits and placements from banks and other financial institutions	9,682	1,789
Deposits from customers	9,373	10,722
Other interest expense	2	2
	<u>19,057</u>	<u>12,513</u>

19 OTHER OPERATING INCOME

	Bank 30-Jun 2017 RM'000	Bank 30-Jun 2016 RM'000
Fee income:		
Commissions	207	142
Guarantee fees	801	379
Other fee income :	2,769	(1,858)
	<u>3,777</u>	<u>(1,337)</u>
Net gain/(loss) arising from sale of securities:		
Financial assets held-for-trading	7,795	4,742
Financial assets available-for-sale	-	66
	<u>7,795</u>	<u>4,808</u>
Unrealised gain/(loss) on revaluation of securities:		
Financial assets held-for-trading	(1,583)	489
	<u>(1,583)</u>	<u>489</u>
Gross dividend income from:		
Securities available-for-sale	-	-
	<u>-</u>	<u>-</u>
Other income:		
Foreign exchange:		
- Realised gain/(loss)	510,418	558,782
- Unrealised gain/(loss)	(493,402)	(554,637)
Gain/(Loss) on derivatives trading		
- Realised gain/(loss)	65,549	12,788
- Unrealised gain/(loss)	(62,222)	1,871
Others	5,047	6,035
	<u>25,390</u>	<u>24,839</u>
Total	<u>35,379</u>	<u>28,799</u>

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20 OTHER OPERATING EXPENSES

	Bank 30-Jun 2017 RM'000	Bank 30-Jun 2016 RM'000
Personnel costs (Note a)	19,727	17,688
Establishment costs (Note b)	6,236	6,302
Marketing expenses (Note c)	463	651
Administration and general expenses (Note d)	10,522	8,926
	<u>36,948</u>	<u>33,567</u>

(a) Personnel costs

Salaries, bonuses and allowances	13,694	12,302
EPF - defined contribution plan	2,098	1,898
Other staff related expenses	3,935	3,488
	<u>19,727</u>	<u>17,688</u>

(b) Establishment costs

Share of information technology costs	3,282	2,573
Depreciation of property, plant and equipment	361	697
Amortization of intangible asset	31	56
Rental of premises	960	1,205
Others	1,602	1,771
	<u>6,236</u>	<u>6,302</u>

(c) Marketing Expenses

Advertising	50	98
Others	413	553
	<u>463</u>	<u>651</u>

(d) Administration and general expenses

Legal and professional fees	570	851
Communication & transportation	150	99
Others general expenses	9,802	7,976
	<u>10,522</u>	<u>8,926</u>

21 ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	Bank 30-Jun 2017 RM'000	Bank 30-Jun 2016 RM'000
Allowance for impaired loans, advances and financing:		
Collective Assessment allowance:		
- Made in the financial year	160	247
- Written back in the financial year	(1,002)	-
	<u>(842)</u>	<u>247</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

22 CAPITAL ADEQUACY

The components of Tier I and Tier II capital are as follows:

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Tier-I capital		
Paid-up share capital	650,000	650,000
Share premium		-
Statutory reserves	32,155	32,155
Accumulated losses	(12,164)	(11,989)
	<u>669,991</u>	<u>670,166</u>
Less :		
- Deferred tax assets	(584)	(378)
- 55% of cumulative gains of AFS financial instruments		-
- Other disclosed reserves	204	(323)
Total Tier-I capital	<u>669,611</u>	<u>669,465</u>
	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Tier-II Capital		
Collective assessment allowance	730	570
Regulatory reserve	9,811	9,636
Total Tier-II capital	<u>10,541</u>	<u>10,206</u>
Total capital funds	680,208	679,671
Less: Investment in subsidiary companies		-
Capital base	<u>680,152</u>	<u>679,671</u>
Capital Ratios		
Tier 1 Capital Ratio	23.785%	28.097%
Total Capital Ratio	<u>24.159%</u>	<u>28.525%</u>

The breakdown of risk-weighted assets by each major risk category is as follows:

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Credit Risk	1,685,788	1,620,598
Market Risk	775,184	577,134
Operational Risk	354,303	184,994
Total risk-weighted assets	<u>2,815,275</u>	<u>2,382,726</u>

10. PROPERTY, PLANT AND EQUIPMENT

Bank	Motor Vehicles RM'000	Office Equipment and Machinery RM'000	Renovation and Installation RM'000	Furniture, Fixtures and Fittings RM'000	Computer equipment and hardware RM'000	Renovation work-in progress RM'000	Total RM'000
At 30 June 2017							
Cost							
At 1 January 2017	15	212	4,126	1,456	4,306	269	10,384
Additions	-	1	65	-	-	12	78
Disposals							-
Write-off						(2)	(2)
Reclassification	-	-	41	189	37	(267)	-
At 30 June 2017	15	213	4,191	1,456	4,343	12	10,460
Accumulated Depreciation							
At 1 January 2017	8	145	3,588	1,344	3,781	-	8,866
Charge for the year	1	12	163	39	146	-	361
Disposals							
Write-off							
At 30 June 2017	9	157	3,751	1,383	3,927	-	9,227
Net Book Value 30 June 2017	6	56	440	73	416	12	1,233

PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Bank	Motor vehicle RM'000	Office equipment and machinery RM'000	Renovation and installation RM'000	Furniture, fixtures and fittings RM'000	Computer Equipment RM'000	Renovation work-in progress RM'000	Total RM'000
At 31 December 2016							
Cost							
At 1 January 2016	15	195	4,126	1,450	3,921	387	10,094
Additions		17		6	305	269	597
Disposals							-
Write-off						(122)	(122)
Reclassification					80	(80)	-
Transfer to intangible asset						(185)	(185)
At 31 December 2016	15	212	4,126	1,456	4,306	269	10,384
Accumulated Depreciation							
At 1 January 2016	5	114	2,900	1,237	3,339	-	7,595
Charge for the year	3	31	688	107	442		1,271
Disposals							-
Write-off							-
At 31 December 2016	8	145	3,588	1,344	3,781	-	8,866
Net Book Value 31 December 2016	7	67	538	112	525	269	1,518

23 INTEREST RATE RISK

The following table represents the Bank's assets and liabilities at carrying amounts as at 30 June 2017

		Non-Trading Book								
	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Trading book RM'000	Non-interest sensitive RM'000	SPI-related business RM'000	Total RM'000	
Assets										
Cash and short-term funds	1,813,331							20,851	1,834,182	
Reverse repurchase agreements	29,616								29,616	
Deposits and placements with banks and other financial institutions		200,277							-	
Financial assets held-for-trading						712,569			200,277	
Financial assets available-for-sale		50,678	302,897					10,059	712,569	
Loans, advances and financing	527,616	171,374	29,993	136,757	12,700		(730)		363,634	
Derivatives Financial assets						350,643			877,710	
Statutory deposits with Bank Negara Malaysia									350,643	
Other assets							338,082	8,115	-	
Total Assets	2,370,563	422,329	332,890	136,757	12,700	1,063,212	337,352	39,025	4,714,828	
Liabilities										
Deposits from customers	1,221,116	121,655	12,921					16,827	1,372,519	
Deposits and placements from banks and other financial institutions	1,095,943	644,806							-	
Derivatives Financial Liabilities						648,021			1,740,749	
Other liabilities							245,222	168	648,021	
Total Liabilities	2,317,059	766,461	12,921	-	-	648,021	245,222	16,995	4,006,679	
Net interest rate gap	53,504	(344,132)	319,969	136,757	12,700	415,191	92,130	22,030	708,149	

23 INTEREST RATE RISK (CONTD)

The following table represents the Bank's assets and liabilities at carrying amounts as of 31 December 2016

	Non-Trading Book					Trading book	Non-interest sensitive	SPL-related business	Total
	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets									
Cash and short-term funds	2,043,556							33,991	2,077,547
Reverse repurchase agreements	-								-
Financial assets held-for-trading						118,413			118,413
Financial assets available-for-sale			51,346	30,262				-	81,608
Loans, advances and financing	587,621	114,367	17,446	117,828	13,156		(570)		849,848
Derivative financial assets						799,074			799,074
Other assets							230,438	5,357	235,795
Total Assets	2,631,177	114,367	68,792	148,090	13,156	917,487	229,868	39,348	4,162,285
Liabilities									
Deposits from customers	860,477	126,606	4,280					16,743	1,008,106
Deposits and placements from banks and other financial institutions	591,007	897,952							1,488,959
Derivatives financial liabilities						448,808			448,808
Other liabilities							542,383	665	543,048
Total Liabilities	1,451,484	1,024,558	4,280	-	-	448,808	542,383	17,408	3,488,921
Net interest rate gap	1,179,693	(910,191)	64,512	148,090	13,156	468,679	(312,515)	21,940	673,364

24 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The commitments and contingencies and their related counterparty credit risk of the Bank are as follows:

	30 June 2017		
	Principal amount RM'000	Credit equivalent amount * RM'000	Risk- weighted amount RM'000
<u>Commitments and Contingent Liabilities</u>			
Direct credit substitutes	320,767	320,767	292,568
Transaction-related contingent items			
Short-term self-liquidating trade-related contingencies	7,000	1,400	1,400
Other assets sold with recourse and commitments with certain drawdown			
Irrevocable commitments to extend credit:			
- maturity less than one year			
- maturity more than one year	11,437	5,719	5,719
Foreign exchange related contracts:			
- one year or less	37,051,124	771,124	316,147
- over one year to five years	1,263,900	122,488	72,157
- over five years			
Interest rate related contracts:			
- one year or less	13,035,890	21,915	7,629
- over one year to five years	6,313,900	165,587	43,427
- over five years	-	-	-
Credit Derivatives Contract			
- one year or less	490	8	2
- over one year to five years	635,349	38,392	7,678
- over five years			
	<u>58,639,857</u>	<u>1,447,400</u>	<u>746,727</u>

* The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia guidelines.

24 COMMITMENTS AND CONTINGENCIES (CONTD.)

	31 December 2016		
	Principal amount RM'000	Credit equivalent amount * RM'000	Risk- weighted amount RM'000
<u>Commitments and Contingent Liabilities</u>			
Direct credit substitutes	250,145	250,145	222,513
Transaction-related contingent items			
Short-term self-liquidating trade-related contingencies	1,474	295	295
Other assets sold with recourse and commitments with certain drawdown	-	-	-
Irrevocable commitments to extend credit:			
- maturity less than one year			
- maturity more than one year	98,107	49,053	49,053
Foreign exchange related contracts:			
- one year or less	18,052,648	1,048,227	389,704
- over one year to five years	1,795,422	164,933	101,493
- over five years	-	-	-
Interest rate related contracts:			
- one year or less	6,301,900	12,982	5,036
- over one year to five years	7,413,460	158,888	38,136
- over five years	50,000	2,500	500
Credit Derivatives Contract			
- one year or less	178,686	4,630	926
- over one year to five years	234,671	13,558	2,712
- over five years			
	34,376,513	1,705,211	810,368

BNP PARIBAS MALAYSIA BERHAD
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25. Islamic Banking Operations

UNAUDITED STATEMENT OF FINANCIAL POSITION
As of 30 June 2017

	Note	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
ASSETS			
Cash and short-term funds	(a)	20,851	33,991
Financial assets held-for-trading	(b)	-	-
Financial assets available-for-sale	(c)	10,059	-
Loans, advances and financing	(d)	-	-
Other assets	(e)	8,107	5,357
Property, plant and equipment	(f)	4	4
Intangible assets	(g)	4	5
TOTAL ASSETS		<u>39,025</u>	<u>39,357</u>
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(h)	16,827	16,743
Other liabilities	(i)	171	665
Deferred tax liabilities		-	-
Tax Liabilities		147	131
Total liabilities		<u>17,145</u>	<u>17,539</u>
Capital fund	(j)	24,350	24,350
Reserves	(k)	(2,470)	(2,532)
Islamic Banking Funds		<u>21,880</u>	<u>21,818</u>
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		<u>39,025</u>	<u>39,357</u>

The accompanying notes form an integral part of the financial statements.

BNP PARIBAS MALAYSIA BERHAD
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25. Islamic Banking Operations

UNAUDITED INCOME STATEMENT
As of 30 June 2017

		Bank 30-Jun 2017 RM'000	Bank 30-Jun 2016 RM'000
Total income derived from investment of Islamic banking funds and depositors' funds		481	1,101
Income derived from investment of Islamic banking funds and depositors' funds	(l)	481	1,101
Profit expense to depositors		(156)	(186)
Net income derived from investment of Islamic Banking funds and depositors' funds		325	915
Other operating income	(m)	777	95
Other operating expenses	(n)	(1,033)	(953)
Write back/(Allowance made) for impairment on loans, advances and financing	(o)	-	-
Profit/(Loss) for the financial quarter before zakat and taxation		69	57
Zakat		-	-
Income tax expense		(16)	(124)
Profit/(Loss) for the financial quarter after zakat and income tax		53	(67)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss :			
Fair value reserve (from Investment AFS) :			
Net changes in fair value		9	(109)
Total comprehensive profit/(loss) for the quarter		62	(176)

BNP PARIBAS MALAYSIA BERHAD
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25. Islamic Banking Operations

NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of the Financial Statements

(a) CASH AND SHORT-TERM FUNDS

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
At Amortised Cost		
Cash and balances with banks and other financial institutions	1,849	1,986
Money at call and deposit placements maturing within one month	19,002	32,005
	<u>20,851</u>	<u>33,991</u>

(b) FINANCIAL ASSETS HELD-FOR-TRADING

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
At Fair Value		
Government Securities:		
Bank Negara Malaysia Debt Securities	-	-
	<u>-</u>	<u>-</u>

(c) SECURITIES AVAILABLE-FOR-SALE

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
At Fair Value		
Government Securities:		
Malaysian Government Investment Issues	10,059	-
	<u>10,059</u>	<u>-</u>

(d) LOANS, ADVANCES AND FINANCING

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
At amortised cost:		
By type		
Term loan	-	-
Less: Allowance for impaired loans and financing :		
- Collective assessment allowance	-	-
Net loans, advances and financing	<u>-</u>	<u>-</u>
By type of customer		
Domestic business enterprises	<u>-</u>	<u>-</u>
By profit rate sensitivity		
Variable rate:	-	-
Cost plus	<u>-</u>	<u>-</u>
By residual contractual maturity		
More than one year to five years	-	-
More than five years	<u>-</u>	<u>-</u>
By geographical distribution		
In Malaysia	<u>-</u>	<u>-</u>

(e) **OTHER ASSETS**

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Other receivables, deposit and prepayments	8,107	5,857
Less: Allowance for doubtful debt on other receivables	-	(500)
	<u>8,107</u>	<u>5,357</u>

Movements of allowance for doubtful debt on other receivables are as follows:

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Individual impairment allowance		
Balance as at 1 January	-	500
Add: Allowance made during the year	-	-
Less: Write back made during the year	-	-
Balance as at 31 March	<u>-</u>	<u>500</u>

BNP PARIBAS MALAYSIA BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(f) **PROPERTY, PLANT AND EQUIPMENT**

(g) **INTANGIBLE ASSETS**

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
<u>Computer Software:</u>		
Cost		
At 1 January	41	34
Additions	-	7
Write Off	-	-
At 31 June	<u>41</u>	<u>41</u>
Accumulated Amortisation		
At 1 January	36	34
Amortisation for the year	1	2
Write-off	-	-
At 31 June	<u>37</u>	<u>36</u>
Net Book Value	<u>4</u>	<u>5</u>

(h) **DEPOSITS FROM CUSTOMERS**

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Type		
At Amortised Cost:		
Non-Mudharabah Fund		
Demand deposits	6,916	16,590
Commodity Murabahah	9,911	153
	<u>16,827</u>	<u>16,743</u>

(i) Maturity structure of deposit from customers is as follows:

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Due within six months	<u>9,911</u>	<u>153</u>

(ii) The deposits are sourced from the following types of customers:

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Business enterprise	6,554	6,288
Domestic non-bank financial institution	10,273	10,455
	<u>16,827</u>	<u>16,743</u>

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(i) OTHER LIABILITIES

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Other liabilities	171	665

(j) ISLAMIC BANKING FUNDS

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Capital fund	24,350	24,350
Revaluation reserve	9	-
Accumulated losses	(2,479)	(2,532)
	<u>21,880</u>	<u>21,818</u>

(l) INCOME DERIVED FROM INVESTMENT OF ISLAMIC BANKING FUNDS AND DEPOSITORS' FUNDS

	Bank 30-Jun 2017 RM'000	Bank 30-Jun 2016 RM'000
Loans, advances and financing	-	-
Money at call and deposit placement with financial institutions	386	583
Financial assets held-for-trading	-	-
Financial assets available-for-sale	104	586
	-	-
Amortisation of premium less accretion of discount	(9)	(68)
	<u>481</u>	<u>1,101</u>

(m) OTHER OPERATING INCOME

Fee income:		
Commissions	-	-
Other fee income	782	-
Net gain/(loss) arising from sale of securities:		
Financial assets held-for-trading	-	-
Financial assets available-for-sale	-	34
Unrealised gain/(loss) on revaluation of securities:		
Financial assets held-for-trading	-	-
Other income:		
Foreign exchange:		
- Realised gain/(loss)	-	-
- Unrealised gain/(loss)	(11)	-
Others	6	61
Total	<u>777</u>	<u>95</u>

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(n) OTHER OPERATING EXPENSES

	Bank 30-Jun 2017 RM'000	Bank 30-Jun 2016 RM'000
Personnel costs (Note i)	765	640
Establishment costs (Note ii)	49	31
Marketing expenses (Note iii)	-	-
Administration and general expenses (Note iv)	219	282
	<u>1,033</u>	<u>953</u>
(i) Personnel Costs		
Salaries, bonuses and allowances	582	515
EPF - defined contribution plan	105	84
Other staff related expenses	78	41
	<u>765</u>	<u>640</u>
(ii) Establishment costs		
Rental of premises	37	2
Amortisation of intangible assets	-	-
Depreciation of property, plant and equipment	1	16
Others	11	13
	<u>49</u>	<u>31</u>
(iii) Marketing Expenses		
Others	-	-
	<u>-</u>	<u>-</u>
(iv) Administration and general expenses		
Legal and professional fees	181	180
Others	38	102
	<u>219</u>	<u>282</u>

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(p) **CAPITAL ADEQUACY**

The components of Tier I and Tier II capital are as follows:

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Tier-I capital		
Capital fund	24,350	24,350
Accumulated losses	(2,532)	(2,532)
	<u>21,818</u>	<u>21,818</u>
Less :		
- 55% of cumulative gains of AFS financial instruments	-	-
- Other disclosed reserves	9	-
Total Tier-I capital	<u>21,827</u>	<u>21,818</u>
	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Tier-II Capital		
Collective assessment allowance	-	-
Regulatory reserve	-	-
Total Tier-II capital	<u>-</u>	<u>-</u>
Capital base	<u>21,827</u>	<u>21,818</u>
Capital Ratios		
Tier 1 Capital Ratio	195.198%	272.589%
Total Capital Ratio	<u>195.198%</u>	<u>272.589%</u>

The breakdown of risk-weighted assets by each major risk category is as follows:

	Bank 30-Jun 2017 RM'000	Bank 31-Dec 2016 RM'000
Credit Risk	7,896	4,853
Market Risk	-	-
Operational Risk	3,286	3,151
Total risk-weighted assets	<u>11,182</u>	<u>8,004</u>

BNP PARIBAS MALAYSIA BERHAD
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Islamic Banking Operations
STATEMENT OF CHANGES IN ISLAMIC BANKING FUNDS
AS OF 30 JUNE 2017

Bank	Non-distributable →				Accumulated losses RM'000	Total RM'000
	Share capital RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Revaluation reserve-available -for-sale securities RM'000		
At 1 January 2017	24,350				(2,532)	21,818
Profit/(Loss) for the quarter					53	53
Transfer to regulatory reserve						-
Other comprehensive loss				9		9
At 30 June 2017	24,350	-	-	9	(2,479)	21,880

Bank	Non-distributable →				Accumulated losses RM'000	Total RM'000
	Capital fund RM'000	Statutory reserve RM'000		Revaluation reserve-available -for-sale securities RM'000		
At 1 January 2016	24,350	-		154	(2,942)	21,562
Profit/(Loss) for the year	-	-		-	410	410
Other comprehensive loss				(154)		(154)
At 31 December 2016	24,350	-		-	(2,532)	21,818

f. PROPERTY, PLANT AND EQUIPMENT

Bank	Office Equipment and Machinery RM'000	Renovation and Installation RM'000	Furniture, Fixtures and Fittings RM'000	Computer Equipment RM'000	Total RM'000
At 30 June 2017					
Cost					
At 1 January 2017	6	-	-	23	29
Additions					-
Disposals					-
Write-off					-
Reclassification	-	-	-	-	-
At 30 June 2017	<u>6</u>	<u>-</u>	<u>-</u>	<u>23</u>	<u>29</u>
Accumulated Depreciation					
At 1 January 2017	2	-	-	23	25
Charge for the year	-			-	-
Disposals					-
Write-off					-
Reclassification	-	-	-	-	-
At 30 June 2017	<u>2</u>	<u>-</u>	<u>-</u>	<u>23</u>	<u>25</u>
Net Book Value 30 June 2017	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>

f. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Bank	Office Equipment and Machinery RM'000	Renovation and Installation RM'000	Furniture, Fixtures and Fittings RM'000	Computer Equipment RM'000	Total RM'000
At 31 December 2016					
Cost					
At 1 January 2016	6	-	-	23	29
Additions					
Disposals					
Write-off					
At 31 December 2016	6	-	-	23	29
Accumulated Depreciation					
At 1 January 2016	1	-	-	20	21
Charge for the year	1	-	-	3	4
Disposals					
Write-off					
At 31 December 2016	2	-	-	23	25
Net Book Value 31 Dec 2016	4	-	-	-	4