



BNP PARIBAS

BNP PARIBAS MALAYSIA BERHAD
(Company No.201001034168 (918091 - T))
Incorporated in Malaysia

**UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

1. PERFORMANCE REVIEW

The Bank registered a profit before tax of RM39.13 million for the financial period ended 30 June 2023, compared to RM5.81 million in the corresponding period last year.

Other operating income improved by RM 66.81 million against last year, mainly driven by stronger performance from our Global Markets business.

Net interest income however, saw a reduction of RM23.71 million, attributable to the rising cost of funding.

Other operating expenses were higher by RM8.39 million against last year mostly due to higher transfer pricing expenses in line with stronger Global Markets income.

Provision for Expected Credit Losses was a RM0.97 million charge compared to a writeback of RM0.60 million last year. The higher provision was mainly attributable to the migration of one account to Stage 2 and prudential overlay, partly mitigated by releases from a credit rating upgrade and from repayments.

Loans, advances and financing declined by RM352.00 million to RM1.55 billion due to several seasonal post festive period repayments in first quarter. Deposits from customers showed strong momentum, with growth of RM192 million during the quarter to close at RM2.86 billion.

The Bank remained well capitalised with CET 1 and Total Capital Ratio of 18.373% and 27.981% respectively as of 30 June 2023.

2. CURRENT YEAR PROSPECTS

Malaysia's GDP growth is forecasted at between 4.0% to 5.0% in 2023, while headline and core inflation are forecasted to average between 2.8% and 3.8%. Although World Bank has increased its forecast for this year, predicting that real global GDP will rise by 2.1%, compared with an earlier forecast of 1.7%, the global economy remains gloomy amid technical recession experienced in Eurozone, weaker than expected impact of China's reopening and adverse reactions from bank failures in the United States and Switzerland.

BNM lifted OPR by 25 basis points to 3.0% during the policy meeting on 3 May 2023, restoring it to the pre-pandemic level. A conditional pause to the hike in OPR is expected, predicated on Malaysia's inflation rate remaining moderate for the rest of 2023. Meanwhile, the US Federal Reserve paused its slew of rate hikes for the first time in June 2023. Nonetheless, market consensus is for further rate hikes in the second half of 2023.

The Ringgit weakened to 4.67 against the US Dollar at the end of June 2023, almost matching the lows seen in October 2022.

While the economic outlook remains uncertain, the Bank continues to drive the underlying growth momentum of its loans, financing, deposit taking and Global Market activities by deepening its existing relationships while broadening its client base.

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	Bank 30-Jun 2023 RM'000	Bank 31-Dec 2022 RM'000
ASSETS			
Cash and short-term funds	2	660,774	2,170,758
Reverse repurchase agreements		2,631,824	1,355,409
Financial assets at fair value through Profit or Loss (‘FVTPL’)	3	1,881,389	369,604
Financial assets at fair value through other comprehensive income (‘FVOCI’)	4	1,909,215	1,120,904
Loans, advances and financing	5	1,550,449	1,902,439
Derivative financial assets		1,506,325	1,568,425
Other assets	6	360,509	535,467
Property, plant and equipment	7	6,967	2,688
Intangible assets	8	177	-
Tax recoverable		2,413	8,935
Deferred tax assets		4,465	4,348
TOTAL ASSETS		10,514,507	9,038,977
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from customers	9	2,860,842	2,669,101
Deposits and placements from banks and other financial institutions	10	1,512,185	420,153
Repurchase agreements		2,216,392	1,052,579
Derivative financial liabilities		1,226,611	1,668,958
Subordinated term loan		419,249	386,766
Other liabilities	11	1,374,902	1,912,812
TOTAL LIABILITIES		9,610,181	8,110,369

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2022.

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023 (CONTD.)

	Note	Bank 30-Jun 2023 RM'000	Bank 31-Dec 2022 RM'000
Share capital	12	650,000	650,000
Retained profits		234,884	255,828
Reserves	13	19,442	22,780
SHAREHOLDER'S EQUITY		<u>904,326</u>	<u>928,608</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		<u>10,514,507</u>	<u>9,038,977</u>
COMMITMENTS AND CONTINGENCIES	22	<u>137,651,884</u>	<u>145,291,566</u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2022.

BNP PARIBAS MALAYSIA BERHAD
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UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Note	Bank 30-Jun 2023 RM'000	Bank 30-Jun 2022 RM'000
Interest income	14	121,075	55,201
Interest income for financial asset at FVTPL	14	36,611	14,536
Interest expenses	15	(124,830)	(13,167)
Net interest income		32,856	56,570
Net income from Islamic banking business	23	443	270
Other operating income/(losses)	16	33,299	56,840
Other operating expenses	17	55,522	(11,285)
Expected credit losses	18	(48,729)	(40,342)
Profit before tax		(965)	598
Taxation		39,127	5,811
Profit for the financial period		(9,623)	(1,390)
Other comprehensive income/(loss), net of income tax: Items that may be reclassified subsequently to profit or loss :			
Revaluation reserve - financial investments at FVOCI :			
Net changes in fair value		323	(1,853)
Net change in cash flow hedge		(3,661)	6,199
Other comprehensive (loss)/income		(3,338)	4,346
Total comprehensive income for the financial period		26,166	8,767

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2022.

BNP PARIBAS MALAYSIA BERHAD
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UNAUDITED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Bank 30-Jun 2023 RM'000	Bank 30-Jun 2022 RM'000
Cash Flows from/(Used In) Operating Activities		
Profit before tax	39,127	5,811
Adjustments for:		
Depreciation of property, plant and equipment	1,510	1,597
Expected credit losses on loans, advances and financing	965	(598)
Amortisation of premium less accretion of discount	(3,570)	2,433
Interest income on financial investments at FVOCI	(19,612)	(10,632)
Unrealised loss on derivative financial instrument	39,793	31,067
Unrealised (gain)/loss on foreign exchange	(140,709)	72,456
Unrealised (gain)/loss on financial assets at FVTPL	2,204	3,707
Realised loss/(gain) on financial investments at FVOCI	-	3,143
Unrealised gain on reverse repurchase agreements	(810)	336
Unrealised loss on repurchase agreements	(1,110)	6
Operating (loss)/ profit before working capital changes	(82,199)	109,326

BNP PARIBAS MALAYSIA BERHAD
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UNAUDITED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTD.)

	Bank 30-Jun 2023 RM'000	Bank 30-Jun 2022 RM'000
(Increase)/Decrease in:		
Financial assets at FVTPL	(1,513,989)	(835,998)
Loans, advances and financing	351,025	40,815
Right of use asset	(5,855)	-
Reverse repurchase agreements	(1,275,605)	(1,738,508)
Other assets	174,958	(107,803)
Increase/(Decrease) in:		
Deposits from customers	191,741	192,503
Deposits and placements from banks and other financial institutions	1,092,032	2,113,351
Repurchase agreements	1,164,923	-
Derivative financial assets/liabilities	(251,865)	(66,559)
Subordinated term loan	1,356	38
Other liabilities	(587,076)	362,314
Net cash (used in)/generated from operations	(740,554)	69,479
Income taxes paid	(3,321)	(4,883)
Net cash (used in)/generated from operating activities	(743,875)	64,596
Cash Flows used in Investing Activities		
Purchase of property, plant and equipment	(33)	(170)
Purchase of intangible assets	(91)	-
Net (purchase)/sales of financial investments at FVOCI	(786,957)	377,271
Interest income on financial investments at FVOCI	22,254	13,747
Net cash(used in)/generated from investing activities	(764,827)	390,848

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UNAUDITED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTD.)

	Bank	Bank
	30-Jun	30-Jun
	2023	2022
	RM'000	RM'000
Cash Flows Used In Financing Activities		
Payment for lease liabilities	<u>(1,282)</u>	<u>(939)</u>
Net cash used in financing activities	<u>(1,282)</u>	<u>(939)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,509,984)	454,505
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,170,758</u>	<u>1,435,996</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>660,774</u>	<u>1,890,501</u>
Cash and cash equivalents comprise the following:		
Cash and short-term funds	<u>660,774</u>	<u>1,890,501</u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2022.

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	← Non-distributable →				Retained profits RM'000	Total RM'000
	Share capital RM'000	Hedging reserves RM'000	Regulatory reserves RM'000	Revaluation reserve-financial assets at FVOCI RM'000		
At 1 January 2023	650,000	4,073	18,532	175	255,828	928,608
Profit for the period	-	-	-	-	29,504	29,504
Transfer to regulatory reserve	-	-	-	-	-	-
Other comprehensive (loss)/ income	-	(3,661)	-	323	-	(3,338)
Dividend paid on ordinary shares	-	-	-	-	(50,448)	(50,448)
At 30 June 2023	650,000	412	18,532	498	234,884	904,326

	← Non-distributable →				Retained profits RM'000	Total RM'000
	Share capital RM'000	Hedging reserves RM'000	Regulatory reserves RM'000	Revaluation reserve-financial investments at FVOCI RM'000		
At 1 January 2022	650,000	893	14,369	1,755	210,278	877,295
Profit for the year	-	-	-	-	50,448	50,448
Transfer to regulatory reserve	-	-	4,163	-	(4,163)	-
Other comprehensive income/(loss)	-	3,180	-	(1,580)	-	1,600
Dividend paid on ordinary shares	-	-	-	-	(735)	(735)
At 31 December 2022	650,000	4,073	18,532	175	255,828	928,608

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2022.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2023

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"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

2. CASH AND SHORT-TERM FUNDS

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
At Amortised Cost:		
Cash and balances with banks and other financial institutions	46,149	93,802
Money at call and deposit placements maturing within one month	614,625	2,076,956
	<u>660,774</u>	<u>2,170,758</u>

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ('FVTPL')

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
At Fair Value:		
Government Securities:		
Malaysian Government Securities	878,158	261,121
Malaysian Government Investment Issues	538,934	108,483
Treasury Bills	464,297	-
	<u>1,881,389</u>	<u>369,604</u>

4. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ('FVOCI')

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
At Fair Value:		
Government securities:		
Malaysian Government Securities	-	262,894
Malaysian Government Investment Issues	543,335	-
Bank Negara Malaysia Debt Securities	1,365,878	858,005
Money market instrument:		
Negotiable Instruments of Deposit	2	5
	<u>1,909,215</u>	<u>1,120,904</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTD.)

5. LOANS, ADVANCES AND FINANCING

	30-Jun	31-Dec
	2023	2022
	RM'000	RM'000
At amortised cost:		
(i) By type		
Revolving credit	783,266	898,985
Term loans	607,322	639,861
Trust receipts	564	111,990
Factoring receivables	120,037	235,750
Overdrafts	46,179	21,650
Gross loans, advances and financing	1,557,368	1,908,236
Less: Expected Credit Losses ('ECL')	(6,919)	(5,797)
Net loans, advances and financing	<u>1,550,449</u>	<u>1,902,439</u>
(ii) By type of customer		
Domestic business enterprises	1,456,947	1,791,057
Domestic non-bank financial institutions	49,283	70,033
Financial institutions	51,138	47,146
	<u>1,557,368</u>	<u>1,908,236</u>
(iii) By interest rate sensitivity		
Variable rate:		
Cost plus	1,545,334	1,896,205
Fixed rate	12,034	12,031
	<u>1,557,368</u>	<u>1,908,236</u>
(iv) By residual contractual maturity		
Maturing within one year	986,312	1,290,938
More than one year to five years	347,015	385,784
More than five years	224,041	231,514
	<u>1,557,368</u>	<u>1,908,236</u>
(v) By geographical distribution		
In Malaysia	1,557,368	1,908,236
	<u>1,557,368</u>	<u>1,908,236</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTD.)

5. LOANS, ADVANCES AND FINANCING (CONTD.)

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
(vi) By Sector		
Mining & Quarrying	4,023	4,023
Manufacturing	855,862	1,128,813
Electricity, gas and water supply	224,041	231,514
Construction	6,127	9,827
Wholesale and retail	140,507	142,840
Transport, storage and communication	152,762	251,117
Financial services	100,421	67,169
Real estate activities	5,758	6,513
Other business services	67,867	66,420
	<u>1,557,368</u>	<u>1,908,236</u>

(vii) Movements in ECL on loans, advances and financing are as follows:

	12 mth ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
30 June 2023				
Balance at beginning of financial year	4,539	1,258	-	5,797
Changes in credit risk	(317)	317	-	-
Allowances made during the financial period	396	1,153	-	1,549
Derecognised during the financial period	(427)	-	-	(427)
Exchange differences	-	-	-	-
Balance at end of financial period	<u>4,191</u>	<u>2,728</u>	<u>-</u>	<u>6,919</u>
31 December 2022				
Balance at beginning of financial year	1,388	1,183	-	2,571
Changes in credit risk	43	(43)	-	-
Allowances made during the financial period	3,262	118	-	3,380
Derecognised during the financial period	(154)	-	-	(154)
Balance at end of financial period	<u>4,539</u>	<u>1,258</u>	<u>-</u>	<u>5,797</u>

(viii) Movements on loans, advances and financing are as follows:

	12 mth ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
30 June 2023				
Balance at beginning of financial year	1,839,689	68,547	-	1,908,236
Changes in credit risk	(183,658)	183,658	-	-
Purchases and origination	247,857	7,054	-	254,911
Derecognised during the financial period	(595,832)	(19,563)	-	(615,395)
Exchange fluctuation	9,616	-	-	9,616
Balance at end of financial period	<u>1,317,672</u>	<u>239,696</u>	<u>-</u>	<u>1,557,368</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTD.)

5. LOANS, ADVANCES AND FINANCING (CONTD.)

(viii) Movements on loans, advances and financing are as follows (continued):

	12 mth ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
31 December 2022				
Balance at beginning of financial year	1,221,710	82,746	-	1,304,456
Changes in credit risk	(5,520)	5,520	-	-
Purchases and origination	890,984	4,053	-	895,037
Derecognised during the financial period	(267,450)	(23,772)	-	(291,222)
Exchange fluctuation	(35)	-	-	(35)
Balance at end of financial period	<u>1,839,689</u>	<u>68,547</u>	<u>-</u>	<u>1,908,236</u>

6. OTHER ASSETS

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
Collateral assets	351,479	524,172
Other receivables	7,630	9,906
Deposit	840	803
Prepayments	560	586
	<u>360,509</u>	<u>535,467</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTD.)

7. PROPERTY, PLANT AND EQUIPMENT

	Office equipment and machinery RM'000	Renovation and installation RM'000	Furniture, fixtures and fittings RM'000	Computer equipment and hardware RM'000	Motor vehicles RM'000	Work-in progress RM'000	Right of use asset RM'000	Total RM'000
30 June 2023								
Cost								
At beginning of the financial year	490	4,256	1,855	9,450	6	99	12,088	28,244
Additions	5	-	-	28	-	91	5,855	5,979
Disposals	-	-	-	-	-	-	(12,088)	(12,088)
Reclassification	-	-	-	-	-	(190)	-	(190)
At end of the financial period	495	4,256	1,855	9,478	6	-	5,855	21,945
Accumulated Depreciation								
At beginning of the financial year	342	4,250	1,849	7,404	2	-	11,709	25,556
Depreciation charged for financial period	26	5	3	437	-	-	1,039	1,510
Disposals	-	-	-	-	-	-	(12,088)	(12,088)
At end of the financial period	368	4,255	1,852	7,841	2	-	660	14,978
Net Book Value								
As of 30 June 2023	127	1	3	1,637	4	-	5,195	6,967

*The addition to the Right of use asset during the year mainly comprises of the office premises which was further renewed by 3 years on 1 March 2023.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTD.)

7. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Office equipment and machinery RM'000	Renovation and installation RM'000	Furniture, fixtures and fittings RM'000	Computer equipment and hardware RM'000	Motor vehicles RM'000	Work-in progress RM'000	Right of use asset RM'000	Total RM'000
31 December 2022								
Cost								
At beginning of the financial year	404	4,256	1,855	8,729	6	-	11,935	27,185
Additions	86	-	-	721	-	99	-	906
Lease re-measurement	-	-	-	-	-	-	153	153
At end of the financial year	490	4,256	1,855	9,450	6	99	12,088	28,244
Accumulated Depreciation								
At beginning of the financial year	295	4,228	1,806	6,524	1	-	9,553	22,407
Depreciation charged for financial year	47	22	43	880	1	-	2,156	3,149
At end of the financial year	342	4,250	1,849	7,404	2	-	11,709	25,556
Net Book Value								
As of 31 December 2022	148	6	6	2,046	4	99	379	2,688

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTD.)

8. INTANGIBLE ASSETS

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
<u>Computer Software:</u>		
Cost		
At beginning of the financial year	3,090	3,090
Additions	190	-
At end of the financial period/year	<u>3,280</u>	<u>3,090</u>
Accumulated Amortisation		
At beginning of the financial year	3,090	3,090
Amortisation for the year	13	-
At end of the financial period/year	<u>3,103</u>	<u>3,090</u>
Total Net Book Value	<u>177</u>	<u>-</u>

9. DEPOSITS FROM CUSTOMERS

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
Type		
At amortised cost:		
Demand deposits	2,215,826	2,100,795
Fixed deposits	645,016	568,306
	<u>2,860,842</u>	<u>2,669,101</u>
(i) Maturity structure of fixed deposits are as follows:		
Due within six months	644,963	568,306
Six months to one year	53	-
	<u>645,016</u>	<u>568,306</u>
(ii) The deposits are sourced from the following types of customers:		
Business enterprises	2,838,147	2,636,370
Non-bank financial institutions	22,695	32,731
	<u>2,860,842</u>	<u>2,669,101</u>

10. DEPOSITS AND PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
At amortised cost:		
Other financial institutions	1,512,185	420,153
	<u>1,512,185</u>	<u>420,153</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTD.)

11. OTHER LIABILITIES

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
Collateral deposits	1,260,156	1,849,159
Other payables	45,710	49,943
Accruals and charges	13,169	13,007
Lease Liabilities	5,089	454
Expected credit losses on loans commitment and financial guarantee	330	249
Dividend payable	50,448	-
	<u>1,374,902</u>	<u>1,912,812</u>

(i) Movements in ECL on loans commitments and financial guarantee are as follows:

	12 mth ECL (Stage 1) RM'000	Lifetime ECL not credit impaired (Stage 2) RM'000	Lifetime ECL credit impaired (Stage 3) RM'000	Total RM'000
30 June 2023				
Balance at beginning of financial year	225	24	-	249
Changes in credit risk	5	(5)	-	-
Allowances made/(written back) during the financial period	98	(17)	-	81
At end of financial period	<u>328</u>	<u>2</u>	<u>-</u>	<u>330</u>
31 December 2022				
Balance at beginning of financial year	121	99	-	220
Changes in credit risk	(31)	31	-	-
Allowances made/(written back) during the financial period	135	(106)	-	29
At end of financial period	<u>225</u>	<u>24</u>	<u>-</u>	<u>249</u>

12. SHARE CAPITAL

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
Ordinary shares issued and fully paid:		
Balance as at 30 June/31 December	<u>650,000</u>	<u>650,000</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTD.)

13. RESERVES

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
Non-distributable:		
Revaluation reserve financial assets at FVOCI	498	175
Regulatory reserve	18,532	18,532
Hedging reserve	412	4,073
	<u>19,442</u>	<u>22,780</u>

14. INTEREST INCOME

	30-Jun 2023 RM'000	30-Jun 2022 RM'000
Loans, advances and financing	39,018	17,288
Money at call and deposit placements with financial institutions	22,454	18,648
Financial assets at FVOCI	19,612	10,632
Financial assets at FVTPL	36,611	14,536
Reverse repurchase agreements	30,037	10,443
Other interest income	6,384	623
	<u>154,116</u>	<u>72,170</u>
Amortisation of premium less accretion of discount	3,570	(2,433)
Total Interest Income	<u>157,686</u>	<u>69,737</u>

15. INTEREST EXPENSE

	30-Jun 2023 RM'000	30-Jun 2022 RM'000
Deposits from customers	28,006	8,685
Deposits and placements from banks and other financial institutions	24,087	648
Repurchase agreements	32,018	-
Lease Liabilities	62	35
Subordinated term loan	7,634	1,364
Financial collateral	32,966	2,429
Other interest expense	57	6
	<u>124,830</u>	<u>13,167</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTD.)

16. OTHER OPERATING INCOME/(LOSSES)

	30-Jun 2023 RM'000	30-Jun 2022 RM'000
Fee income:		
Commissions	144	127
Guarantee fees	799	762
Other fee income	969	1,207
	<u>1,912</u>	<u>2,096</u>
Gain/(Loss) arising from sale of:		
Financial assets at FVTPL	260	(8,201)
Financial assets at FVOCI	-	(3,143)
	<u>260</u>	<u>(11,344)</u>
(Loss)/Gain on derivatives trading:		
Realised gain	38,201	39,639
Unrealised loss	(39,793)	(31,067)
	<u>(1,592)</u>	<u>8,572</u>
Unrealised loss on revaluation of:		
FVTPL	(2,204)	(3,707)
Net (loss)/gain arising from hedging activities	(1,311)	970
Unrealised gain/(loss) on reverse repurchase agreements	810	(336)
Unrealised gain/(loss) on repurchase agreements	1,110	(6)
Other income:		
Foreign exchange:		
- Realised (loss)/gain	(89,346)	60,315
- Unrealised gain/(loss)	140,709	(72,456)
Others	5,174	4,611
	<u>56,537</u>	<u>(7,530)</u>
Total	<u>55,522</u>	<u>(11,285)</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTD.)

17. OTHER OPERATING EXPENSES

	30-Jun 2023 RM'000	30-Jun 2022 RM'000
Personnel costs (Note a)	26,139	24,250
Establishment costs (Note b)	10,172	10,852
Marketing expenses (Note c)	668	303
Administration and general expenses (Note d)	11,750	4,937
	<u>48,729</u>	<u>40,342</u>
(a) Personnel costs		
Salaries, bonuses and allowances	21,125	18,972
Defined contribution plan	2,468	3,035
Social security cost	110	41
Other staff related expenses	2,436	2,202
	<u>26,139</u>	<u>24,250</u>
(b) Establishment costs		
Information technology costs	4,468	4,186
Depreciation of property, plant and equipment	1,510	1,597
Amortization of intangible asset	13	-
Others	4,181	5,069
	<u>10,172</u>	<u>10,852</u>
(c) Marketing Expenses		
Advertising	-	32
Others	668	271
	<u>668</u>	<u>303</u>
(d) Administration and general expenses		
Legal and professional fees	1,209	713
Communication & transportation	783	466
Others general expenses	9,758	3,758
	<u>11,750</u>	<u>4,937</u>

18. EXPECTED CREDIT LOSSES

	30-Jun 2023 RM'000	30-Jun 2022 RM'000
Expected credit losses:		
Allowance made/(write-back) during the financial period	965	(598)
	<u>965</u>	<u>(598)</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTD.)

19. CAPITAL ADEQUACY

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

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
Tier-I capital		
Paid-up share capital	650,000	650,000
Retained profits	205,380	255,828
Other disclosed reserves	19,442	22,780
	<u>874,822</u>	<u>928,608</u>
<u>Less : Regulatory adjustments</u>		
Intangible assets	(177)	-
Deferred tax assets	(4,465)	(4,348)
55% of cumulative gains of financial instruments at FVOCI	(274)	(96)
Hedging reserve	(412)	(4,073)
Regulatory reserve	(18,532)	(18,532)
Total Tier-I capital	<u>850,962</u>	<u>901,559</u>
Tier-II Capital		
General provisions (Expected Credit Losses and regulatory reserve)	25,781	24,578
Subordinated term loan	419,249	386,766
Total Tier-II capital	<u>445,030</u>	<u>411,344</u>
Total capital base	<u>1,295,992</u>	<u>1,312,903</u>
Capital Ratios		
Before deducting proposed dividend		
Common Equity Tier 1 Ratio	18.373%	19.630%
Tier 1 Capital Ratio	18.373%	19.630%
Total Capital Ratio	<u>27.981%</u>	<u>28.586%</u>
Capital Ratios		
After deducting proposed dividend*		
Common Equity Tier 1 Ratio	18.373%	18.532%
Tier 1 Capital Ratio	18.373%	18.532%
Total Capital Ratio	<u>27.981%</u>	<u>27.488%</u>

* The proposed dividend is in respect of financial year ended 31 December 2022.

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

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
Credit Risk	2,604,728	3,002,722
Market Risk	1,789,324	1,386,747
Operational Risk	237,656	203,294
Total risk-weighted assets	<u>4,631,708</u>	<u>4,592,763</u>

BNP PARIBAS MALAYSIA BERHAD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTD.)

20. INTEREST RATE RISK

The following table represents the Bank's assets and liabilities at carrying amounts as at 30 June 2023

	Non-Trading Book					Trading book RM'000	Non-interest sensitive RM'000	Total RM'000
	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			
Assets								
Cash and short-term funds	660,709	-	-	-	-	-	65	660,774
Reverse repurchase agreements	-	-	-	-	-	2,622,881	8,943	2,631,824
Financial assets at fair value through profit or loss	-	-	-	-	-	1,881,389	-	1,881,389
Financial investments at fair value through other comprehensive income	1,273,027	291,768	344,420	-	-	-	-	1,909,215
Loans, advances and financing	592,452	614,669	345,763	-	-	-	(2,435)	1,550,449
Derivatives Financial assets	-	-	-	-	-	1,506,325	-	1,506,325
Other assets	-	-	-	-	-	-	359,109	359,109
Total Assets	2,526,188	906,437	690,183	-	-	6,010,595	365,682	10,499,085
Liabilities								
Deposits from customers	2,770,188	83,637	5,975	-	-	-	1,042	2,860,842
Deposits and placements from banks and other financial institutions	640,905	866,443	3,500	-	-	-	1,337	1,512,185
Repurchase agreements	-	-	-	-	-	2,207,701	8,691	2,216,392
Derivatives Financial Liabilities	-	-	-	-	-	1,226,611	-	1,226,611
Subordinated term loan	-	-	-	-	415,942	-	3,307	419,249
Other liabilities	-	-	-	-	-	-	1,374,902	1,374,902
Total Liabilities	3,411,093	950,080	9,475	-	415,942	3,434,312	1,389,279	9,610,181
Net interest rate gap	(884,905)	(43,643)	680,708	-	(415,942)	2,576,283	(1,023,597)	888,904

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTD.)

20. INTEREST RATE RISK (CONTD)

The following table represents the Bank's assets and liabilities at carrying amounts as of 31 December 2022

	Non-Trading Book					Trading book RM'000	Non-interest sensitive RM'000	Total RM'000
	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			
Assets								
Cash and short-term funds	2,170,102	-	-	-	-	-	656	2,170,758
Reverse repurchase agreements	-	-	-	-	-	1,348,246	7,163	1,355,409
Financial assets at fair value through profit or loss	-	-	-	-	-	369,604	-	369,604
Financial assets at fair value through other comprehensive income	659,414	440,273	20,036	-	-	-	1,181	1,120,904
Loans, advances and financing	839,222	858,721	204,176	-	-	-	320	1,902,439
Derivative financial assets	-	-	-	-	-	1,568,425	-	1,568,425
Other assets	-	-	-	-	-	-	534,078	534,078
Total Assets	3,668,738	1,298,994	224,212	-	-	3,286,275	543,398	9,021,617
Liabilities								
Deposits from customers	2,588,304	74,304	5,775	-	-	-	718	2,669,101
Deposits and placements from banks and other financial institutions	413,356	1,300	3,500	-	-	-	1,997	420,153
Repurchase agreements	-	-	-	-	-	1,051,171	1,408	1,052,579
Derivatives financial liabilities	-	-	-	-	-	1,668,958	-	1,668,958
Subordinated term loan	-	-	-	-	384,815	-	1,951	386,766
Other liabilities	-	-	-	-	-	-	1,912,812	1,912,812
Total Liabilities	3,001,660	75,604	9,275	-	384,815	2,720,129	1,918,886	8,110,369
Net interest rate gap	667,078	1,223,390	214,937	-	(384,815)	566,146	(1,375,488)	911,248

BNP PARIBAS MALAYSIA BERHAD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTD.)

21. CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
Outstanding credit exposures with connected parties	70,479	33,127
Total credit exposures	<u>3,508,289</u>	<u>2,589,423</u>
Percentage of outstanding credit exposure to connected parties as a proportion of total credit exposures	<u>2.01%</u>	<u>1.28%</u>
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	<u>0.00%</u>	<u>0.00%</u>

22. 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 principal amount of the commitments and contingencies of the Bank are as follows:

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
<u>Commitments and Contingent Liabilities</u>		
Direct credit substitutes	190,407	212,297
Transaction-related contingent items	93,085	71,840
Short-term self-liquidating trade-related contingencies	3,980	-
Irrevocable commitments to extend credit:		
Maturity up to one year	-	78,971
Maturity more than one year	25,000	7,500
Total credit related commitment and contingencies	<u>312,472</u>	<u>370,608</u>
Foreign exchange derivatives:		
One year or less	63,320,818	80,040,873
Over one year to five years	4,110,470	4,485,225
Over five years	542,700	551,633
Interest rate derivatives:		
One year or less	24,222,689	20,397,682
Over one year to five years	42,244,706	36,243,053
Over five years	1,983,204	2,296,424
Credit Derivatives:		
One year or less	197,301	252,678
Over one year to five years	711,281	653,390
Over five years	6,243	-
Total treasury related commitment and contingencies	<u>137,339,412</u>	<u>144,920,958</u>
Total commitment and contingencies	<u>137,651,884</u>	<u>145,291,566</u>

BNP PARIBAS MALAYSIA BERHAD
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23. Islamic Banking Window

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	30-Jun 2023 RM'000	31-Dec 2022 RM'000
ASSETS			
Cash and short-term funds	(a)	39,049	42,180
Property, plant and equipment	(b)	-	-
Intangible assets	(c)	-	-
TOTAL ASSETS		<u>39,049</u>	<u>42,180</u>
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(d)	10,492	13,763
Other liabilities	(e)	5,762	5,499
Total liabilities		<u>16,254</u>	<u>19,262</u>
Capital fund		26,850	26,850
Accumulated losses		(4,055)	(3,932)
Reserves		-	-
Islamic banking funds		<u>22,795</u>	<u>22,918</u>
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		<u>39,049</u>	<u>42,180</u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2022.

BNP PARIBAS MALAYSIA BERHAD
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23. Islamic Banking Window

UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

		30-Jun 2023 RM'000	30-Jun 2022 RM'000
Income derived from investment of			
Islamic banking funds and depositors' funds	(f)	503	316
Profit expense to depositors		<u>(60)</u>	<u>(46)</u>
Net income derived from investment of Islamic			
banking funds and depositors' funds		443	270
Other operating income	(g)	283	871
Other operating expenses	(h)	(849)	(1,118)
		<u> </u>	<u> </u>
(Loss)/Profit for the financial period before			
 taxation		(123)	23
Taxation		-	-
		<u> </u>	<u> </u>
(Loss)/Profit for the financial period after			
 taxation		<u>(123)</u>	<u>23</u>
		<u> </u>	<u> </u>
Total comprehensive (loss)/profit for the period		<u><u>(123)</u></u>	<u><u>23</u></u>

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2022.

BNP PARIBAS MALAYSIA BERHAD
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Islamic Banking Operations

UNAUDITED STATEMENT OF CHANGES IN EQUITY IN ISLAMIC BANKING FUNDS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Capital fund RM'000	Regulatory reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2023	26,850	-	(3,932)	22,918
Profit for the period	-	-	(123)	(123)
At 30 June 2023	26,850	-	(4,055)	22,795

	Capital fund RM'000	Regulatory reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2022	26,850	-	(4,660)	22,190
Profit for the year	-	-	728	728
At 31 December 2022	26,850	-	(3,932)	22,918

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2022.

BNP PARIBAS MALAYSIA BERHAD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

23. Islamic Banking Window

(a) CASH AND SHORT-TERM FUNDS

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
<u>At Amortised Cost</u>		
Cash and balances with banks and other financial institutions	3,472	3,652
Money at call and deposit placements maturing within one month	35,577	38,528
	<u>39,049</u>	<u>42,180</u>

(b) PROPERTY, PLANT AND EQUIPMENT

	Office Equipment and Machinery RM'000	Computer Equipment RM'000	Total RM'000
30 Jun 2023/31 Dec 2022			
Cost			
At beginning of year/At end of the financial period	<u>6</u>	<u>23</u>	<u>29</u>
Accumulated Depreciation			
At beginning of year/At end of the financial period	<u>6</u>	<u>23</u>	<u>29</u>
Net Book Value			
At end of the financial period	<u>-</u>	<u>-</u>	<u>-</u>

BNP PARIBAS MALAYSIA BERHAD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTD.)

23. Islamic Banking Window

(c) INTANGIBLE ASSETS

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
<u>Computer Software:</u>		
Cost		
At beginning of year/At end of the financial period	41	41
Accumulated Amortisation		
At beginning of year/At end of the financial period	41	41
Net Book Value	-	-

(d) DEPOSITS FROM CUSTOMERS

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
Type		
At Amortised Cost:		
Non-Mudharabah Fund		
Demand deposits	10,492	13,763
Commodity Murabahah	-	-
	10,492	13,763

(i) Maturity structure of Commodity Murabahah is as follows:

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
Due within six months	-	-

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

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
Business enterprises	8	-
Domestic non-bank financial institution	10,484	13,763
	10,492	13,763

(e) OTHER LIABILITIES

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
Other payables	5,762	5,499

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTD.)

23. Islamic Banking Window

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

	30-Jun 2023 RM'000	30-Jun 2022 RM'000
Money at call and deposit placement with financial institutions	503	316

(g) OTHER OPERATING INCOME

	30-Jun 2023 RM'000	30-Jun 2022 RM'000
Foreign exchange:		
- Unrealised gain	122	107
Others	161	764
Total	283	871

(h) OTHER OPERATING EXPENSES

	30-Jun 2023 RM'000	30-Jun 2022 RM'000
Personnel costs (Note i)	658	958
Establishment costs (Note ii)	62	51
Marketing expenses (Note iii)	3	5
Administration and general expenses (Note iv)	126	104
	849	1,118
(i) Personnel Costs		
Salaries, bonuses and allowances	538	784
Defined contribution plan	98	139
Other staff related expenses	22	35
	658	958
(ii) Establishment costs		
Rental of premises	45	34
Information technology costs	4	6
Others	13	11
	62	51
(iii) Marketing Expenses		
Others	3	5
(iv) Administration and general expenses		
Legal and professional fees	92	56
Communication & transportation	8	10
Others	26	38
	126	104

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTD.)

23. Islamic Banking Window

(i) CAPITAL ADEQUACY

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

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
Tier-I capital		
Capital fund	26,850	26,850
Accumulated losses	(4,055)	(3,932)
	<u>22,795</u>	<u>22,918</u>
 Total capital base	 <u>22,795</u>	 <u>22,918</u>
Capital Ratios		
Common Equity Tier 1 Capital Ratio	524.399%	576.408%
Tier 1 Capital Ratio	524.399%	576.408%
Total Capital Ratio	<u>524.399%</u>	<u>576.408%</u>

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

	30-Jun 2023 RM'000	31-Dec 2022 RM'000
Credit Risk	706	628
Market Risk	2,161	2,038
Operational Risk	1,480	1,310
Total risk-weighted assets	<u>4,347</u>	<u>3,976</u>