



BNP PARIBAS

BNP PARIBAS MALAYSIA BERHAD

(Company No. 918091 - T)

Incorporated in Malaysia

**UNAUDITED STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

1. PERFORMANCE REVIEW

For the first quarter ended 31 March 2020, the Bank recorded a net profit after taxation of RM43.62 million. This was contributed by net interest income of RM26.14 million and non-interest income of RM48.46 million. Operating expenses was RM18.79 million whilst write back of expected credit losses on financial assets was RM1.71 million, resulting in pre-tax profit of RM57.65 million.

2. CURRENT YEAR PROSPECT

Bank Negara Malaysia in its 2019 annual report highlighted that Malaysia's GDP growth is projected between -2% to 0.5%. This was mainly due to the challenging environment posed by the COVID-19 pandemic, coupled with volatile crude oil prices.

The Movement Control Order has also impacted private consumption and dampened economic activity.

Globally, the International Monetary Fund expects a recession in 2020.

In spite of these challenges, the Bank aims to continuously improve and provide the best level of service and support to its customers during this challenging period.

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UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
ASSETS			
Cash and short-term funds	2	1,999,817	1,431,636
Deposits and placements with banks and other financial institutions	3	-	-
Reverse repurchase agreements	4	1,146,452	-
Financial assets at fair value through Profit or Loss ("FVTPL")	5	117,384	100,233
Financial investments at fair value through other comprehensive income ("FVOCI")	6	1,354,199	957,509
Loans, advances and financing	7	1,187,984	1,189,887
Derivative financial assets		1,409,265	459,442
Other assets	8	26,862	29,072
Property, plant and equipment	9	8,610	9,705
Intangible assets	10	690	910
Tax recoverable		6,384	13,959
Deferred tax assets		11,475	3,721
TOTAL ASSETS		7,269,122	4,196,074
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from customers	11	2,007,167	1,638,737
Deposits and placements from banks and other financial institutions	12	2,276,881	940,422
Derivative financial liabilities		1,198,364	431,077
Other liabilities	13	968,679	399,550
TOTAL LIABILITIES		6,451,091	3,409,786

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 2019.

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UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020 (CONTD.)

	Note	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
Share capital	14	650,000	650,000
Retained profits		178,027	125,086
Reserves	15	(9,996)	11,202
SHAREHOLDER'S EQUITY		<u>818,031</u>	<u>786,288</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		<u>7,269,122</u>	<u>4,196,074</u>
COMMITMENTS AND CONTINGENCIES	23	<u>107,008,970</u>	<u>90,352,648</u>

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Company No. 918091-T
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UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020

	Note	Bank 31-Mar 2020 RM'000	Bank 31-Mar 2019 RM'000
Interest income	16	36,544	34,760
Interest income for financial asset at FVTPL	16	3,827	11,126
Interest expenses	17	(14,229)	(18,051)
Net interest income		26,142	27,835
Net income from Islamic banking business	24	124	112
		26,266	27,947
Other operating income	18	48,458	32,772
Operating expenses	19	(18,791)	(31,472)
Expected credit losses	20	1,714	102
Profit before tax		57,647	29,349
Taxation		(14,027)	(7,698)
Profit for the financial period		43,620	21,651

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UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020

	Note	Bank 31-Mar 2020 RM'000	Bank 31-Mar 2019 RM'000
Profit for the financial period		<u>43,620</u>	<u>21,651</u>
Other comprehensive income, 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		<u>(11,614)</u>	<u>322</u>
Other comprehensive (loss)/ income		<u>(11,614)</u>	<u>322</u>
Total comprehensive income for the financial period		<u>32,006</u>	<u>21,973</u>

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UNAUDITED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020

	Bank 31-Mar 2020 RM'000	Bank 31-Mar 2019 RM'000
Cash Flows from/(Used In) Operating Activities		
Profit before tax	57,647	29,349
Adjustments for:		
Depreciation of property, plant and equipment	107	838
Amortisation of intangible assets	220	556
Expected credit losses on loans, advances and financing	(1,714)	(102)
Amortisation of premium less accretion of discount	1,514	518
Realised gain on financial investments at FVOCI	(498)	-
Interest income on financial investments at FVOCI	(11,031)	(4,739)
Unrealised gain on derivative financial instrument	(30,089)	(743)
Unrealised (gain)/loss on foreign exchange	(67,369)	37,792
Unrealised loss/(gain) on financial assets at FVTPL	319	(2,638)
Unrealised gain on financial investments at FVOCI	(15,806)	-
Operating profit before working capital changes	(66,700)	60,831

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UNAUDITED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 (CONTD.)

	Bank	Bank
	31-Mar	31-Mar
	2020	2019
	RM'000	RM'000
(Increase)/Decrease in:		
Deposits and placements with banks and other financial institutions	-	(300,166)
Financial assets at FVTPL	(17,470)	977,558
Financial investments at FVOCI	-	-
Loans, advances and financing	3,617	(8,222)
Right of use asset	859	(2,977)
Reverse repurchase agreements	(1,146,452)	39,639
Other assets	2,209	34,575
Increase/(Decrease) in:		
Deposits from customers	368,430	(250,312)
Deposits and placements from banks and other financial institutions	1,336,459	(791,627)
Derivative financial assets/liabilities	(85,077)	54,898
Other liabilities	569,641	216,774
	<u>965,516</u>	<u>30,971</u>
Net cash generated from operations	965,516	30,971
Income taxes paid	(14,206)	(2,377)
	<u>951,310</u>	<u>28,594</u>
Net cash generated from operating activities		
	<u>951,310</u>	<u>28,594</u>
Cash Flows used in Investing Activities		
Purchase of property, plant and equipment	(133)	(298)
Net purchase of financial investments at FVOCI	(383,836)	(471,222)
Interest income on financial investments at FVOCI	1,353	(1,185)
	<u>(382,616)</u>	<u>(472,705)</u>
Net cash used in investing activities	(382,616)	(472,705)

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UNAUDITED STATEMENTS OF CASH FLOW
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 (CONTD.)

	Bank	Bank
	31-Mar	31-Mar
	2020	2019
	RM'000	RM'000
Cash Flows Used In Financing Activities		
Payment for lease liabilities	<u>(513)</u>	<u>(694)</u>
Net cash used in financing activities	<u>(513)</u>	<u>(694)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	568,181	(444,805)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,431,636</u>	<u>2,003,833</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>1,999,817</u>	<u>1,559,028</u>
Cash and cash equivalents comprise the following:		
Cash and short-term funds	<u>1,999,817</u>	<u>1,559,028</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 2019.

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UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020

	←—Non-distributable —→				Total RM'000
	Share capital RM'000	Regulatory reserves RM'000	Revaluation reserve- financial investments at FVOCI RM'000	Retained profits RM'000	
At 1 January 2020	650,000	9,584	1,618	125,086	786,288
Profit for the quarter ended	-	-	-	43,620	43,620
Transfer to regulatory reserve	-	(9,584)	-	9,584	-
Other comprehensive income	-	-	(11,614)	-	(11,614)
IFRS 16 adjustment	-	-	-	(263)	(263)
At 31 March 2020	<u>650,000</u>	<u>-</u>	<u>(9,996)</u>	<u>178,027</u>	<u>818,031</u>

	←—Non-distributable —→				Total RM'000
	Share capital RM'000	Regulatory reserves RM'000	Revaluation reserve- financial investments at FVOCI RM'000	Retained profits RM'000	
At 1 January 2019	650,000	15,234	98	124,329	789,661
Profit for the year	-	-	-	60,107	60,107
Transfer to retained profits	-	(5,650)	-	5,650	-
Other comprehensive income	-	-	1,520	-	1,520
Dividend on ordinary shares	-	-	-	(65,000)	(65,000)
At 31 December 2019	<u>650,000</u>	<u>9,584</u>	<u>1,618</u>	<u>125,086</u>	<u>786,288</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 2019.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020

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

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
At Amortised Cost:		
Cash and balances with banks and other financial institutions	63,341	36,029
Money at call and deposit placements maturing within one month	1,936,476	1,395,607
	<u>1,999,817</u>	<u>1,431,636</u>

3. DEPOSITS AND PLACEMENTS WITH BANK AND OTHER FINANCIAL INSTITUTIONS

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
Bank Negara Malaysia	<u>-</u>	<u>-</u>

4. REVERSE REPURCHASE AGREEMENTS

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
At Amortised Cost:		
Government Securities:		
Malaysian Government Securities	741,028	-
Malaysian Government Investment Issues	405,424	-
	<u>1,146,452</u>	<u>-</u>

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

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
At Fair Value:		
Government Securities:		
Malaysian Government Securities	95,455	87,387
Malaysian Government Investment Issues	21,929	12,846
	<u>117,384</u>	<u>100,233</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 (CONTD.)

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

	Bank	Bank
	31-Mar	31-Dec
	2020	2019
	RM'000	RM'000
At Fair Value:		
Government securities:		
Malaysian Government Securities	409,075	316,310
Malaysian Government Investment Issues	945,117	232,980
Bank Negara Malaysia Debt Securities	-	408,219
Money market instrument:		
Negotiable Instruments of Deposit	7	-
	<u>1,354,199</u>	<u>957,509</u>

7. LOANS, ADVANCES AND FINANCING

	Bank	Bank
	31-Mar	31-Dec
	2020	2019
	RM'000	RM'000
At amortised cost:		
(i) By type		
Revolving credit	681,125	669,493
Term loans	484,036	420,681
Trust receipts	8,301	80,289
Other trade bills discounted	-	6,695
Overdrafts	19,369	18,500
	<u>1,192,831</u>	<u>1,195,658</u>
Less: Expected Credit Losses ('ECL')	(4,847)	(5,771)
Net loans, advances and financing	<u>1,187,984</u>	<u>1,189,887</u>
(ii) By type of customer		
Domestic business enterprises	<u>1,192,831</u>	<u>1,195,658</u>
(iii) By interest rate sensitivity		
Variable rate:		
Cost plus	<u>1,192,831</u>	<u>1,195,658</u>

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7. LOANS, ADVANCES AND FINANCING (CONTD.)

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
(iv) By residual contractual maturity		
Maturing within one year	842,714	903,471
More than one year to five years	228,504	154,829
More than five years	121,613	137,358
	<u>1,192,831</u>	<u>1,195,658</u>
(v) By geographical distribution		
In Malaysia	<u>1,192,831</u>	<u>1,195,658</u>
	<u>1,192,831</u>	<u>1,195,658</u>
(vi) By Sector		
Manufacturing	916,371	924,316
Mining & Quarrying	6,150	10,301
Construction	10,001	10,001
Wholesale and retail	29,210	28,375
Other business services	220,945	212,255
Real estate activities	10,154	10,410
	<u>1,192,831</u>	<u>1,195,658</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 (CONTD.)

7. LOANS, ADVANCES AND FINANCING (CONTD.)

(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
31 March 2020				
Balance at beginning of financial year	1,168	4,603	-	5,771
Changes in credit risk	39	(39)	-	-
Allowances made/(written back) during the financial period	180	(593)	-	(413)
Derecognised during the financial period	(95)	-	-	(95)
Exchange differences	(54)	(362)	-	(416)
At end of financial period	<u>1,238</u>	<u>3,609</u>	<u>-</u>	<u>4,847</u>
31 December 2019				
Balance at beginning of financial year	1,243	176	-	1,419
Changes in credit risk	(100)	100	-	-
Allowances made during the financial period	545	4,432	-	4,977
Derecognised during the financial period	(491)	(1)	-	(492)
Exchange differences	(29)	(104)	-	(133)
At end of financial period	<u>1,168</u>	<u>4,603</u>	<u>-</u>	<u>5,771</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 (CONTD.)

7. LOANS, ADVANCES AND FINANCING (CONTD.)

(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
31 March 2020				
Balance at beginning of financial year	1,061,318	134,340	-	1,195,658
Changes in credit risk	53,347	(53,347)	-	-
Purchases and origination	248,247	1,129	-	249,376
Derecognised during the financial period	(255,065)	(1,839)	-	(256,904)
Exchange fluctuation	4,613	88	-	4,701
At end of financial period	<u>1,112,460</u>	<u>80,371</u>	<u>-</u>	<u>1,192,831</u>
31 December 2019				
Balance at beginning of financial year	1,100,317	69,404	-	1,169,721
Changes in credit risk	(131,419)	131,419	-	-
Purchases and origination	489,782	-	-	489,782
Derecognised during the financial period	(397,362)	(66,483)	-	(463,845)
At end of financial period	<u>1,061,318</u>	<u>134,340</u>	<u>-</u>	<u>1,195,658</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 (CONTD.)

8. OTHER ASSETS

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
Other receivables	8,904	7,608
Collateral assets	16,351	19,643
Deposit	824	824
Prepayments	783	997
	<u>26,862</u>	<u>29,072</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 (CONTD.)

9. 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
2020								
Cost								
At beginning of the financial year	310	4,256	1,851	6,236	15	228	13,231	26,127
Additions	28	-	5	97	-	-	-	130
Disposals	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	-	-	-	-
Remeasurement	-	-	-	-	-	-	(834)	(834)
At end of the financial period	<u>338</u>	<u>4,256</u>	<u>1,856</u>	<u>6,333</u>	<u>15</u>	<u>228</u>	<u>12,397</u>	<u>25,423</u>
Accumulated Depreciation								
At beginning of the financial year	227	4,109	1,642	4,789	15	-	5,640	16,422
Depreciation charged for financial period	7	23	22	154	-	-	(99)	107
Disposals	-	-	-	-	-	-	-	-
Remeasurement	-	-	-	-	-	-	284	284
At end of the financial period	<u>234</u>	<u>4,132</u>	<u>1,664</u>	<u>4,943</u>	<u>15</u>	<u>-</u>	<u>5,825</u>	<u>16,813</u>
Net Book Value								
At end of the financial period	<u>104</u>	<u>124</u>	<u>192</u>	<u>1,390</u>	<u>-</u>	<u>228</u>	<u>6,572</u>	<u>8,610</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 (CONTD.)

9. 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
2019								
Cost								
At beginning of the financial year	269	4,256	1,847	4,936	15	455	13,134	24,912
Additions	41	-	4	1,255	-	228	1,565	3,093
Matured during the year	-	-	-	-	-	-	(1,468)	(1,468)
Reclassification	-	-	-	45	-	(45)	-	-
Expensed off	-	-	-	-	-	(410)	-	(410)
At end of the financial year	<u>310</u>	<u>4,256</u>	<u>1,851</u>	<u>6,236</u>	<u>15</u>	<u>228</u>	<u>13,231</u>	<u>26,127</u>
Accumulated Depreciation								
At beginning of the financial year	197	3,984	1,536	4,317	14	-	4,666	14,714
Depreciation charged for financial year	30	125	106	472	1	-	2,442	3,176
Matured during the year	-	-	-	-	-	-	(1,468)	(1,468)
At end of the financial year	<u>227</u>	<u>4,109</u>	<u>1,642</u>	<u>4,789</u>	<u>15</u>	<u>-</u>	<u>5,640</u>	<u>16,422</u>
Net Book Value								
At end of the financial year	<u>83</u>	<u>147</u>	<u>209</u>	<u>1,447</u>	<u>-</u>	<u>228</u>	<u>7,591</u>	<u>9,705</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 (CONTD.)

10. INTANGIBLE ASSETS

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
<u>Computer Software:</u>		
Cost		
At beginning of the financial year	3,090	3,090
Additions	-	-
At end of the financial period/year	<u>3,090</u>	<u>3,090</u>
Accumulated Amortisation		
At beginning of the financial year	2,180	1,283
Amortisation for the year	220	897
At end of the financial period/year	<u>2,400</u>	<u>2,180</u>
Total Net Book Value	<u>690</u>	<u>910</u>

11. DEPOSITS FROM CUSTOMERS

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
Type		
At amortised cost:		
Demand deposits	810,187	827,347
Fixed deposits	1,196,980	811,390
Commodity Murabahah	-	-
	<u>2,007,167</u>	<u>1,638,737</u>
(i) Maturity structure of fixed deposits and Commodity Murabahah are as follows:		
Due within six months	1,189,519	807,516
Six months to one year	7,461	3,874
	<u>1,196,980</u>	<u>811,390</u>
(ii) The deposits are sourced from the following types of customers:		
Business enterprises	1,987,558	1,622,909
Non-bank financial institutions	19,609	15,828
	<u>2,007,167</u>	<u>1,638,737</u>

12. DEPOSITS AND PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
At amortised cost:		
Other financial institutions	2,276,881	940,422
	<u>2,276,881</u>	<u>940,422</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 (CONTD.)

13. OTHER LIABILITIES

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
Collateral deposits	892,503	320,753
Other payables	59,793	61,815
Accruals and charges	8,020	7,410
Lease Liabilities	6,674	7,428
Expected credit losses	1,689	2,144
	<u>968,679</u>	<u>399,550</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
31 March 2020				
Balance at beginning of financial year	244	1,900	-	2,144
Changes in credit risk	-	-	-	-
Allowances made/(written back) during the financial period	70	(48)	-	22
Exchange differences	(61)	(416)	-	(477)
At end of financial period	<u>253</u>	<u>1,436</u>	<u>-</u>	<u>1,689</u>
31 December 2019				
Balance at beginning of financial year	86	332	-	418
Changes in credit risk	(45)	45	-	-
Allowances made/(written back) during the financial period	202	1,401	-	1,603
Exchange differences	1	122	-	123
At end of financial period	<u>244</u>	<u>1,900</u>	<u>-</u>	<u>2,144</u>

14. SHARE CAPITAL

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
Ordinary shares issued and fully paid:		
Balance as at 31 March/December	<u>650,000</u>	<u>650,000</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 (CONTD.)

15. RESERVES

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
Non-distributable:		
Revaluation reserve financial investments at FVOCI	(9,996)	1,618
Regulatory reserve	-	9,584
	<u>(9,996)</u>	<u>11,202</u>

16. INTEREST INCOME

	Bank 31-Mar 2020 RM'000	Bank 31-Mar 2019 RM'000
Loans, advances and financing	10,797	11,997
Money at call and deposit placements with financial institutions	11,839	12,708
Financial investment at FVOCI	11,031	4,675
Financial assets at FVTPL	3,827	11,126
Other interest income	4,391	5,898
	<u>41,885</u>	<u>46,404</u>
Amortisation of premium less accretion of discount	(1,514)	(518)
Total Interest Income	<u>40,371</u>	<u>45,886</u>

17. INTEREST EXPENSE

	Bank 31-Mar 2020 RM'000	Bank 31-Mar 2019 RM'000
Deposits and placements from banks and other financial institutions	3,863	6,435
Deposits from customers	10,250	11,529
Lease Liabilities	18	-
Other interest expense	98	87
	<u>14,229</u>	<u>18,051</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 (CONTD.)

18. OTHER OPERATING INCOME

	Bank 31-Mar 2020 RM'000	Bank 31-Mar 2019 RM'000
Fee income:		
Commissions	387	212
Guarantee fees	462	338
Other fee income	753	814
	<u>1,602</u>	<u>1,364</u>
Gain arising from sale of:		
Financial assets at FVTPL	7,970	12,568
Financial investments at FVOCI	498	-
	<u>8,468</u>	<u>12,568</u>
Gain on derivatives trading		
Realised gain	4,403	13,602
Unrealised gain	30,089	743
	<u>34,492</u>	<u>14,345</u>
Unrealised (loss)/gain on revaluation of:		
FVTPL	(319)	2,638
FVOCI	15,806	-
	<u>15,487</u>	<u>2,638</u>
Other income:		
Foreign exchange:		
- Realised (loss)/gain	(75,152)	37,448
- Unrealised gain/(loss)	67,369	(37,792)
Others	(3,808)	2,201
	<u>(11,591)</u>	<u>1,857</u>
Total	<u>48,458</u>	<u>32,772</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 (CONTD.)

19. OTHER OPERATING EXPENSES

	Bank 31-Mar 2020 RM'000	Bank 31-Mar 2019 RM'000
Personnel costs (Note a)	11,056	9,733
Establishment costs (Note b)	3,037	4,748
Marketing expenses (Note c)	161	242
Administration and general expenses (Note d)	4,537	16,749
	<u>18,791</u>	<u>31,472</u>
(a) Personnel costs		
Salaries, bonuses and allowances	8,475	6,745
Defined contribution plan	856	973
Social security cost	40	488
Other staff related expenses	1,685	1,527
	<u>11,056</u>	<u>9,733</u>
(b) Establishment costs		
Information technology costs	2,044	2,400
Depreciation of property, plant and equipment	107	838
Amortization of intangible asset	220	556
Others	666	954
	<u>3,037</u>	<u>4,748</u>
(c) Marketing Expenses		
Advertising	21	12
Others	140	230
	<u>161</u>	<u>242</u>
(d) Administration and general expenses		
Legal and professional fees	545	587
Communication & transportation	261	64
Others general expenses	3,731	16,098
	<u>4,537</u>	<u>16,749</u>

20. EXPECTED CREDIT LOSSES FOR IMPAIRMENT ON FINANCIAL ASSETS

	Bank 31-Mar 2020 RM'000	Bank 31-Mar 2019 RM'000
Expected credit losses:		
Allowance made during the financial year	-	-
Allowance written back during the financial year	(1,714)	(102)
	<u>(1,714)</u>	<u>(102)</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 (CONTD.)

21. CAPITAL ADEQUACY

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

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
Tier-I capital		
Paid-up share capital	650,000	650,000
Retained profits	134,407	125,086
Other disclosed reserves	(9,996)	1,618
	<u>774,411</u>	<u>776,704</u>
<u>Less : Regulatory adjustments</u>		
Intangible assets	(690)	(910)
Deferred tax assets	(11,475)	(3,721)
55% of cumulative gains of financial instruments at FVOCI	-	(890)
Total Tier-I capital	<u>762,246</u>	<u>771,183</u>
Tier-II Capital		
Expected Credit Losses	6,536	7,915
Regulatory reserve	-	9,584
Total Tier-II capital	<u>6,536</u>	<u>17,499</u>
Total capital funds	<u>768,782</u>	<u>788,682</u>
Total capital base	<u><u>768,782</u></u>	<u><u>788,682</u></u>
Capital Ratios		
Common Equity Tier 1 Ratio	17.648%	18.685%
Tier 1 Capital Ratio	17.648%	18.685%
Total Capital Ratio	<u>17.799%</u>	<u>19.109%</u>

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

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
Credit Risk	2,170,906	2,026,388
Market Risk	1,722,594	1,657,388
Operational Risk	425,713	443,555
Total risk-weighted assets	<u>4,319,213</u>	<u>4,127,331</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 (CONTD.)

22. INTEREST RATE RISK

The following table represents the Bank's assets and liabilities at carrying amounts as at 31 March 2020

	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	1,999,441	-	-	-	-	-	376	1,999,817
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Reverse repurchase agreements	441,393	398,919	302,299	-	-	-	3,841	1,146,452
Financial assets at fair value through profit or loss	-	-	-	-	-	117,384	-	117,384
Financial investments at fair value through other comprehensive income	82,258	30,035	129,423	1,104,531	-	-	7,952	1,354,199
Loans, advances and financing	661,043	328,118	199,498	-	-	-	(675)	1,187,984
Derivatives Financial assets	-	-	-	-	-	1,409,265	-	1,409,265
Other assets	-	-	-	-	-	-	25,256	25,256
Total Assets	3,184,135	757,072	631,220	1,104,531	-	1,526,649	36,750	7,240,357
Liabilities								
Deposits from customers	1,700,866	234,663	69,676	-	-	-	1,962	2,007,167
Deposits and placements from banks and other financial institutions	1,840,910	431,750	4,200	-	-	-	21	2,276,881
Derivatives Financial Liabilities	-	-	-	-	-	1,198,364	-	1,198,364
Other liabilities	-	-	-	-	-	-	968,679	968,679
Total Liabilities	3,541,776	666,413	73,876	-	-	1,198,364	970,662	6,451,091
Net interest rate gap	(357,641)	90,659	557,344	1,104,531	-	328,285	(933,912)	789,266

Company No. 918091-T

BNP PARIBAS MALAYSIA BERHAD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 (CONTD.)

22. INTEREST RATE RISK (CONTD)

The following table represents the Bank's assets and liabilities at carrying amounts as of 31 December 2019

	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	1,430,029	-	-	-	-	-	1,607	1,431,636
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Reverse repurchase agreements	-	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-	-	100,233	-	100,233
Financial investments at fair value through other comprehensive income	3	438,272	229,436	284,162	-	-	5,636	957,509
Loans, advances and financing	744,125	308,845	139,404	-	-	-	(2,487)	1,189,887
Derivative financial assets	-	-	-	-	-	459,442	-	459,442
Other assets	-	-	-	-	-	-	27,251	27,251
Total Assets	2,174,157	747,117	368,840	284,162	-	559,675	32,007	4,165,958
Liabilities								
Deposits from customers	1,453,397	180,113	3,886	-	-	-	1,341	1,638,737
Deposits and placements from banks and other financial institutions	530,364	409,250	-	-	-	-	808	940,422
Derivatives financial liabilities	-	-	-	-	-	431,077	-	431,077
Other liabilities	-	-	-	-	-	-	399,550	399,550
Total Liabilities	1,983,761	589,363	3,886	-	-	431,077	401,699	3,409,786
Net interest rate gap	190,396	157,754	364,954	284,162	-	128,598	(369,692)	756,172

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 (CONTD.)

23. 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 are not secured against the Bank's assets.

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

	Bank 31-Mar 2019 RM'000	Bank 31-Dec 2019 RM'000
<u>Commitments and Contingent Liabilities</u>		
Direct credit substitutes	363,760	387,830
Short-term self-liquidating trade-related contingencies	52,668	1,006
Irrevocable commitments to extend credit:		
Maturity more than one year	205,398	261,504
Total credit related commitment and contingencies	<u>621,826</u>	<u>650,340</u>
Foreign exchange derivatives:		
One year or less	66,354,847	54,493,027
Over one year to five years	2,355,710	1,157,092
Interest rate derivatives:		
One year or less	9,472,400	10,016,250
Over one year to five years	26,029,006	21,849,881
Over five years	1,113,118	1,113,118
Credit Derivatives:		
One year or less	150,420	78,229
Over one year to five years	902,573	994,711
Over five years	9,070	-
Total treasury related commitment and contingencies	<u>106,387,144</u>	<u>89,702,308</u>
Total commitment and contingencies	<u>107,008,970</u>	<u>90,352,648</u>

BNP PARIBAS MALAYSIA BERHAD
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24. Islamic Banking Window

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	31-Mar 2020 RM'000	31-Dec 2019 RM'000
ASSETS			
Cash and short-term funds	(a)	19,667	29,079
Financial investments at fair value through other comprehensive income ('FVOCI')	(b)	-	-
Other assets	(c)	9,733	9,668
Property, plant and equipment	(d)	-	-
Intangible assets	(e)	-	-
TOTAL ASSETS		<u>29,400</u>	<u>38,747</u>
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(f)	7,068	16,312
Other liabilities		149	152
Tax Liabilities		-	-
Total liabilities		<u>7,217</u>	<u>16,464</u>
Capital fund		26,850	26,850
Accumulated losses		(4,667)	(4,567)
Reserves		-	-
Islamic banking funds		<u>22,183</u>	<u>22,283</u>
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		<u>29,400</u>	<u>38,747</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 2019.

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24. Islamic Banking Window

UNAUDITED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020		Bank 31-Mar 2020 RM'000	Bank 31-Mar 2019 RM'000
Income derived from investment of Islamic banking funds and depositors' funds	(g)	145	189
Profit expense to depositors		(21)	(77)
Net income derived from investment of Islamic banking funds and depositors' funds		124	112
Other operating income	(h)	205	27
Other operating expenses	(i)	(429)	(459)
Expected credit losses for impairment on financial asset		-	-
Loss for the financial period before zakat and taxation		(100)	(320)
Zakat		-	-
Taxation		-	-
Loss for the financial period after zakat and taxation		(100)	(320)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss :			
Financial investments at FVOCI :			
Net unrealised loss on changes in fair value		-	-
Other comprehensive loss		-	-
Total comprehensive loss for the period		(100)	(320)

BNP PARIBAS MALAYSIA BERHAD**(Incorporated in Malaysia)****Islamic Banking Operations****UNAUDITED STATEMENT OF CHANGES IN EQUITY IN ISLAMIC BANKING FUNDS****FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020**

	Capital fund RM'000	Regulatory reserve RM'000	Revaluation reserve- financial investments at FVOCI RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2020	26,850	-	-	(4,567)	22,283
Loss for the financial period	-	-	-	(100)	(100)
At 31 March 2020	<u>26,850</u>	<u>-</u>	<u>-</u>	<u>(4,667)</u>	<u>22,183</u>
	Capital fund RM'000	Regulatory reserve RM'000	Revaluation reserve- financial investments at FVOCI RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2019	25,750	48	-	(4,185)	21,613
Additional capital fund	1,100	-	-	-	1,100
Loss for the financial year	-	-	-	(430)	(430)
Transfer from regulatory reserve	-	(48)	-	48	-
At 31 December 2019	<u>26,850</u>	<u>-</u>	<u>-</u>	<u>(4,567)</u>	<u>22,283</u>

BNP PARIBAS MALAYSIA BERHAD
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24. Islamic Banking Window

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020

(a) CASH AND SHORT-TERM FUNDS

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
<u>At Amortised Cost</u>		
Cash and balances with banks and other financial institutions	2,670	6,081
Money at call and deposit placements maturing within one month	16,997	22,998
	<u>19,667</u>	<u>29,079</u>

(b) FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
<u>At Fair Value</u>		
Government Securities:		
Bank Negara Malaysia Debt Securities	-	-
	<u>-</u>	<u>-</u>

(c) OTHER ASSETS

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
Other receivables, deposit and prepayments	9,733	9,668
	<u>9,733</u>	<u>9,668</u>

BNP PARIBAS MALAYSIA BERHAD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED
31 MARCH 2020 (CONTD.)

24. Islamic Banking Window

(d) PROPERTY, PLANT AND EQUIPMENT

	Office Equipment and Machinery RM'000	Computer Equipment RM'000	Total RM'000
2020			
Cost			
At beginning of the financial year	6	23	29
At end of the financial period	<u>6</u>	<u>23</u>	<u>29</u>
Accumulated Depreciation			
At beginning of the financial year	6	23	29
At end of the financial period	<u>6</u>	<u>23</u>	<u>29</u>
Carrying amount			
At end of the financial period	<u>-</u>	<u>-</u>	<u>-</u>
	Office Equipment and Machinery RM'000	Computer Equipment RM'000	Total RM'000
2019			
Cost			
At beginning of the financial year	6	23	29
At end of the financial year	<u>6</u>	<u>23</u>	<u>29</u>
Accumulated Depreciation			
At beginning of the financial year	5	23	28
Charge for the year	1	-	1
At end of the financial year	<u>6</u>	<u>23</u>	<u>29</u>
Carrying amount			
At end of the financial year	<u>-</u>	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 (CONTD.)

24. Islamic Banking Window

(e) INTANGIBLE ASSETS

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
<u>Computer Software:</u>		
Cost		
At 1 January	41	41
Additions	-	-
Write Off	-	-
At 31 March/31 Dec	<u>41</u>	<u>41</u>
Accumulated Amortisation		
At 1 January	41	37
Amortisation for the year	-	4
Write-off	-	-
At 31 March/31 Dec	<u>41</u>	<u>41</u>
Net Book Value	<u>-</u>	<u>-</u>

(f) DEPOSITS FROM CUSTOMERS

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
Type		
At Amortised Cost:		
Non-Mudharabah Fund		
Demand deposits	7,068	16,312
Commodity Murabahah	-	-
	<u>7,068</u>	<u>16,312</u>

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

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
Due within six months	<u>-</u>	<u>-</u>

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

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
Business enterprise	537	8,552
Domestic non-bank financial institution	6,531	7,760
	<u>7,068</u>	<u>16,312</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 (CONTD.)

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

	Bank 31-Mar 2020 RM'000	Bank 31-Mar 2019 RM'000
Money at call and deposit placement with financial institutions	145	128
Financial investment at FVOCI	-	65
	<u>145</u>	<u>193</u>
Amortisation of premium less accretion of discount	-	(4)
	<u>145</u>	<u>189</u>

(h) OTHER OPERATING INCOME

	Bank 31-Mar 2020 RM'000	Bank 31-Mar 2019 RM'000
Fee income:		
Other fee income	9	9
Other income:		
Foreign exchange:		
- Unrealised Gain	116	(28)
Others	80	46
Total	<u>205</u>	<u>27</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 (CONTD.)

24. Islamic Banking Window

(i) OTHER OPERATING EXPENSES

	Bank 31-Mar 2020 RM'000	Bank 31-Mar 2019 RM'000
Personnel costs (Note i)	339	300
Establishment costs (Note ii)	21	30
Marketing expenses (Note iii)	-	-
Administration and general expenses (Note iv)	69	129
	<u>429</u>	<u>459</u>
(i) Personnel Costs		
Salaries, bonuses and allowances	281	224
Defined contribution plan	48	43
Other staff related expenses	10	33
	<u>339</u>	<u>300</u>
(ii) Establishment costs		
Rental of premises	14	26
Information technology costs	2	-
Depreciation of property, plant and equipment	-	-
Others	5	4
	<u>21</u>	<u>30</u>
(iii) Marketing Expenses		
Advertising	-	-
Others	-	-
	<u>-</u>	<u>-</u>
(iv) Administration and general expenses		
Legal and professional fees	39	68
Communication & transportation	4	-
Others	26	61
	<u>69</u>	<u>129</u>

BNP PARIBAS MALAYSIA BERHAD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2020 (CONTD.)

24. Islamic Banking Window

(j) CAPITAL ADEQUACY

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

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
Tier-I capital		
Capital fund	26,850	26,850
Accumulated losses	(4,667)	(4,567)
Other disclosed reserves	-	-
	<u>22,183</u>	<u>22,283</u>
Less :		
- Intangible assets	-	-
- 55% of cumulative gains of AFS financial instruments	-	-
Total Tier-I capital	<u>22,183</u>	<u>22,283</u>
	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
Tier-II Capital		
Regulatory reserve	-	-
Total Tier-II capital	<u>-</u>	<u>-</u>
Total capital base	<u>22,183</u>	<u>22,283</u>
Capital Ratios		
Tier 1 Capital Ratio	164.905%	169.144%
Tier 1 Capital Ratio	164.905%	169.144%
Total Capital Ratio	<u>164.905%</u>	<u>169.144%</u>

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

	Bank 31-Mar 2020 RM'000	Bank 31-Dec 2019 RM'000
Credit Risk	8,688	8,550
Market Risk	2,265	2,133
Operational Risk	2,499	2,491
Total risk-weighted assets	<u>13,452</u>	<u>13,174</u>