

Company No. 918091-T

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2014

	Note	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
ASSETS			
Cash and short-term funds	2	1,083,460	1,577,236
Reverse repurchase agreements		59,239	-
Deposits and placements with banks and other financial institutions	3	525,486	-
Financial assets held-for-trading	4	291,971	59,265
Financial assets available-for-sale	5	509,236	550,765
Loans and advances	6	577,559	392,021
Derivative financial assets		167,781	216,735
Statutory deposits with Bank Negara Malaysia	7	-	-
Other assets	8	143,070	32,965
Property, plant and equipment	9	3,323	3,987
Intangible assets	10	2,600	2,634
Deferred tax assets		2,872	6,464
TOTAL ASSETS		3,366,597	2,842,072
LIABILITIES AND SHAREHOLDERS' FUNDS			
Deposits from customers	11	1,194,846	1,019,209
Deposits and placements from banks and other financial institutions	12	1,316,191	1,054,385
Derivative financial liabilities		177,297	162,410
Other liabilities	13	66,281	20,868
Provision for taxation		8,366	-
Provision for commitment and contingency		3	-
TOTAL LIABILITIES		2,762,984	2,256,872

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UNAUDITED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2014 (CONTD.)

	Note	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
Share capital	15	601,920	601,920
Reserves	16	1,693	(16,720)
SHAREHOLDER'S FUNDS		603,613	585,200
TOTAL LIABILITIES AND SHAREHOLDER'S FUNDS		3,366,597	2,842,072
COMMITMENTS AND CONTINGENCIES	24	26,174,067	19,011,922

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 SEPTEMBER 2014

	Note	Bank 30-Sep 2014 RM'000	Bank 30-Sep 2013 RM'000
Operating Revenue		95,516	64,695
Interest income	17	57,240	38,154
Interest expenses	18	(23,623)	(21,837)
Net interest income		33,617	16,317
Net income from Islamic banking business	25	292	327
Other operating income	19	38,276	26,541
Operating expenses	20	(35,533)	(28,961)
Allowance for impairment on loans, advances and financing and other losses	21	(4,127)	(4,638)
Profit/(Loss) before tax		32,525	9,586
Taxation		(12,496)	(3,158)
Net profit/(loss) for the financial quarter		20,029	6,428

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UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
AS OF 30 SEPTEMBER 2014

	Note	Bank 30-Sep 2014 RM'000	Bank 30-Sep 2013 RM'000
Profit for the period		20,029	6,428
Other comprehensive income/(loss):			
Net income/(loss) on revaluation of financial assets available-for-sale		(2,155)	(939)
Income tax relating to component of other comprehensive income/(loss)		539	235
Other comprehensive income/(loss), net of tax		<u>(1,616)</u>	<u>(704)</u>
Total comprehensive income/(loss) for the quarter		<u>18,413</u>	<u>5,724</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

(Incorporated in Malaysia)

CASH FLOW STATEMENT

AS OF 30 SEPTEMBER 2014

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
Cash Flows from Operating Activities		
Profit/(Loss) before tax	32,525	19,084
Adjustments for:		
Depreciation of property, plant and equipment	1,188	1,672
Amortisation of intangible asset	34	82
Property, plant and equipment written-off	-	-
Allowance for losses on loans and financing and other losses	4,127	5,697
Amortisation of premium less accretion of discount	-	-
(Gain)/loss from sale of securities available-for-sale	127	356
(Gain)/loss from sale of securities held-for-trading	(1,930)	(3,532)
Unrealised (gain)/loss on revaluation of securities held-for-trading	(23)	60
Unrealised foreign exchange (gain)/loss	47,336	9,414
Unrealised (gain)/loss on derivatives trading	12,589	29,648
Write back of provision for diminution for value in shares	-	-
Share of profit of associate	-	-
Operating profit before working capital changes	<u>95,973</u>	<u>62,481</u>

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CASH FLOW STATEMENT
AS OF 30 SEPTEMBER 2014 (CONTD.)

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
(Increase)/Decrease in:		
Securities held for trading	(230,753)	66,806
Securities available-for-sale	39,247	(218,595)
Reverse repurchase agreements	(59,239)	-
Loans, advances and financing	(189,662)	(379,848)
Derivative financial assets/liabilities	3,917	(46,864)
Other assets	(110,105)	(25,833)
Statutory deposits with Bank Negara Malaysia	-	5,721
Increase/(Decrease) in:		
Deposits from customers	175,637	(117,357)
Deposits and placements from banks and other financial institutions	261,806	882,019
Other liabilities	45,413	7,591
Cash (used in)/generated from operations	32,234	236,121
Income taxes paid	-	-
Net cash (used in)/generated from operating activities	32,234	236,121

Cash Flows from Investing Activities

Purchase of property, plant and equipment	(563)	(201)
Disposal of property, plant and equipment	39	
Purchase of intangible asset	-	-
Investment in associated company	-	-
Net cash (used in)/generated from investing activities	(524)	(201)

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CASH FLOW STATEMENT
AS OF 30 SEPTEMBER 2014 (CONTD.)

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
Cash Flows from Financing Activities		
Payment of accrued interest on subordinated debts	-	(1,238)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	31,710	234,682
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,577,236	1,342,554
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,608,946	1,577,236
Cash and cash equivalents comprise the following:		
Cash and short-term funds	1,083,460	1,577,236
Deposits and placements with banks and other financial institutions	525,486	-
	1,608,946	1,577,236

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

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

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-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
At Amortised Cost		
Cash and balances with banks and other financial institutions	20,676	31,222
Money at call and deposit placements maturing within one month	1,062,784	1,546,014
	<u>1,083,460</u>	<u>1,577,236</u>

3. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
Licensed banks	525,486	-
Other financial institutions	-	-
	<u>525,486</u>	<u>-</u>

4. FINANCIAL ASSETS HELD-FOR-TRADING

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
At Fair Value		
Government Securities		
Government Investment Issues	-	-
Malaysian Government Securities	205,373	9,604
Bank Negara Malaysia Debt Securities	86,598	49,661
	<u>291,971</u>	<u>59,265</u>

5. FINANCIAL ASSETS AVAILABLE-FOR-SALE

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
At Fair Value		
Government securities:		
Malaysian Government Securities	31,229	122,837
Treasury Bills	-	-
Malaysian Government Investment Issues	30,336	202,364
Bank Negara Malaysia Debt Securities	149,438	-
Money market instrument:		
Negotiable Instruments of Deposit	298,233	225,564
Unquoted shares in Malaysia	-	-
	<u>509,236</u>	<u>550,765</u>

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

6. LOANS AND ADVANCES

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
At amortised cost		
(i) By type		
Revolving credits	409,908	68,959
Overdraft	3,826	-
Syndicated Term loan	-	93,342
Term loan	30,225	29,735
Bridging loan	-	123,210
Trust Receipt	35,027	4,679
Other Trade Bills Discounted	10,314	-
Bills Discounting	97,054	78,066
	<u>586,354</u>	<u>397,991</u>
Less: Allowance for impaired loans and financing :		
- Collective assessment allowance	(8,795)	(5,970)
Net loans, advances and financing	<u>577,559</u>	<u>392,021</u>
(ii) By type of customer		
Domestic business enterprise	499,337	319,925
Banking institutions	87,017	78,066
	<u>586,354</u>	<u>397,991</u>
(iii) By interest rate sensitivity		
Variable rate		
Cost plus	<u>586,354</u>	<u>397,991</u>
(iv) By residual contractual maturity		
Up to 1 year	586,354	274,914
> 1 - 5 years	-	29,735
> 5 years	-	93,342
	<u>586,354</u>	<u>397,991</u>
(v) By geographical distribution		
In Malaysia	499,338	319,925
In Singapore	23,411	-
In Vietnam	637	-
In China	29,361	-
In Hong Kong	33,607	78,066
	<u>586,354</u>	<u>397,991</u>

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

6. LOANS AND ADVANCES

(vi) By Sector

Manufacturing	260,890	66,462
Mining & Quarrying	140,000	-
Wholesale and retail	3,627	3,204
Construction	6,309	31,736
Financial services	87,017	78,066
Transport, Storage & Communication	53,501	95,313
Other service activities	-	123,210
Other business services	35,010	-
	<u>586,354</u>	<u>397,991</u>

(vii) Movement of impaired loan/movement of allowance of impaired loans

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:

Collective Assessment Allowance

Balance as at 1 January	5,970	273
Allowance made during the year	9,990	5,870
Write back made during the year	(7,165)	(173)
Balance as at 30 September	<u>8,795</u>	<u>5,970</u>

As % of gross loans, advances and financing less
collective assessment allowance

1.5% 1.5%

Bank	Bank
30-Sep	31-Dec
2014	2013
RM'000	RM'000

7. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

Statutory Deposits with Bank Negara Malaysia	<u>-</u>	<u>-</u>
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Bank	Bank
30-Sep	31-Dec
2014	2013
RM'000	RM'000

8. OTHER ASSETS

Collateral assets	58,045	16,740
Other receivables, deposit and prepayments	85,025	16,225
	<u>143,070</u>	<u>32,965</u>

9. PROPERTY, PLANT AND EQUIPMENT

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

10. INTANGIBLE ASSETS

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
<u>Computer Software:</u>		
Cost		
At 1 January	247	247
Additions	-	-
Write Off	-	-
At 30 September	<u>247</u>	<u>247</u>
Accumulated Amortisation		
At 1 January	213	131
Amortisation for the year	34	82
Write-off	-	-
At 30 September	<u>247</u>	<u>213</u>
Net Book Value	<u>-</u>	<u>34</u>
<u>Interbank Giro license fees</u>		
Cost		
At 1 January	2,600	2,600
Additions	-	-
Write Off	-	-
Interbank Giro license fees	<u>2,600</u>	<u>2,600</u>
Accumulated Depreciation		
At 1 January	-	-
Amortisation for the year	-	-
Write-off	-	-
Interbank Giro license fees	<u>-</u>	<u>-</u>
Net Book Value	<u>2,600</u>	<u>2,600</u>
Total Net Book Value	2,600	2,634

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

11. DEPOSITS FROM CUSTOMERS

Type	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
At amortised cost		
Demand deposits	189,545	88,742
Fixed deposits	724,648	460,881
Collateral deposits	9,054	124,308
Structured deposits	265,099	269,417
Commodity Murabaha	6,500	75,861
	<u>1,194,846</u>	<u>1,019,209</u>

(i) Maturity structure of fixed deposits
is as follows:

Due within six months	691,416	661,050
Six months to one year	48,786	-
More than one year	265,099	269,417
	<u>1,005,301</u>	<u>930,467</u>

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

Business enterprises	878,157	456,408
Domestic non-bank financial institutions	307,635	372,843
Licensed bank	8,047	79,885
Other financial institutions	1,007	110,073
	<u>1,194,846</u>	<u>1,019,209</u>

12. DEPOSITS AND PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
Licensed banks	163,526	-
Other financial institutions	1,152,665	1,054,385
	<u>1,316,191</u>	<u>1,054,385</u>

13. OTHER LIABILITIES

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
Other payables	59,066	10,786
Accruals and charges	7,215	10,082
	<u>66,281</u>	<u>20,868</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

15. SHARE CAPITAL

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
Authorised: 650,000,000 ordinary shares of RM1 each	650,000	650,000
Issued and fully paid: Balance as at 30 September	601,920	601,920

16. RESERVES

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
Non-distributable:		
Share premium	-	-
Statutory reserves	-	-
Unrealised reserves	(1,587)	29
Distributable:		
Retained earnings	3,280	(16,749)
	1,693	(16,720)

17. INTEREST INCOME

	Bank 30-Sep 2014 RM'000	Bank 30-Sep 2013 RM'000
Loans, advances and financing	9,489	2,710
Money at call and deposit placements with financial institutions	35,822	23,469
Financial assets - Available-for-sale	11,994	12,138
Financial assets - Held-for-trading	322	444
Reverse repo	214	-
Other interest income	551	-
	58,392	38,761
Amortisation of premium less accretion of discount	(1,152)	(607)
Total Interest Income	57,240	38,154
Of which:		
Interest income earned on impaired loans, advances and financing	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

18. INTEREST EXPENSE

	Bank 30-Sep 2014 RM'000	Bank 30-Sep 2013 RM'000
Deposits and placements from banks and other financial institutions	1,434	1,443
Deposits from customers	22,113	16,029
Subordinated debt capital	-	4,365
Other interest expense	76	-
	<u>23,623</u>	<u>21,837</u>

19. OTHER OPERATING INCOME

	Bank 30-Sep 2014 RM'000	Bank 30-Sep 2013 RM'000
Fee income:		
Commissions	125	284
Guarantee fees	581	282
Other fee income	14,889	24,832
	<u>15,595</u>	<u>25,398</u>
Net gain/(loss) arising from sale of securities:		
Financial assets held-for-trading	1,930	2,944
Financial assets - available-for-sale	(127)	39
	<u>1,803</u>	<u>2,983</u>
Unrealised gain/(loss) on revaluation of securities:		
Financial assets held-for-trading	23	(124)
	<u>23</u>	<u>(124)</u>
Gross dividend income from:		
Securities available-for-sale	-	-
	<u>-</u>	<u>-</u>
Other income:		
Foreign exchange:		
- Realised gain/(loss)	64,904	(21,126)
- Unrealised gain/(loss)	(47,336)	55,398
Gain/(Loss) on derivatives trading		
- Realised gain/(loss)	2,757	(1,786)
- Unrealised gain/(loss)	(12,589)	(47,655)
Others	13,119	13,453
	<u>20,855</u>	<u>(1,716)</u>
Total	<u>-</u>	<u>-</u>
	<u>38,276</u>	<u>26,541</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

20. OTHER OPERATING EXPENSES

	Bank 30-Sep 2014 RM'000	Bank 30-Sep 2013 RM'000
Personnel costs (Note a)	21,588	17,494
Establishment costs (Note b)	6,147	6,230
Marketing expenses (Note c)	943	525
Administration and general expenses (Note d)	6,855	4,712
	<u>35,533</u>	<u>28,961</u>

(a) Personnel costs

Salaries, bonuses and allowances	17,651	12,523
Social security costs	-	-
EPF - defined contribution plan	2,444	2,076
Recruitment fees	-	-
Other staff related expenses	1,493	2,895
	<u>21,588</u>	<u>17,494</u>

(b) Establishment costs

Share of Group costs	-	-
Share of information technology costs	949	1,150
Depreciation of property, plant and equipment	1,214	1,245
Loss on sale of property, plant and equipment	13	-
Property, plant and equipment written-off	-	-
Amortization of intangible asset	34	61
Rental of premises	1,471	1,373
Others	2,466	2,401
	<u>6,147</u>	<u>6,230</u>

(c) Marketing Expenses

Advertising	107	72
Others	836	453
	<u>943</u>	<u>525</u>

(d) Administration and general expenses

Legal and professional fees	1,317	(120)
Communication & transportation	194	237
Others general expenses	5,344	4,595
	<u>6,855</u>	<u>4,712</u>

21. ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	Bank 30-Sep 2014 RM'000	Bank 30-Sep 2013 RM'000
Allowance for impaired loans, advances and financing:		
Individual assessment allowance		
- Made in the financial year	-	-
- Written back	-	-
Collective Assessment allowance		
- Made in the financial year	9,991	4,638
- Written back in the financial year	(7,166)	-
Other losses	1,302	-
	<u>4,127</u>	<u>4,638</u>

BNP PARIBAS MALAYSIA BERHAD
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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-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
Tier-I capital		
Paid-up share capital	601,920	601,920
Share premium	-	-
Statutory reserves	-	-
Accumulated losses	(16,749)	(16,749)
	<u>585,171</u>	<u>585,171</u>
Less :		
- Deferred tax assets	(2,872)	(6,464)
- 55% of cumulative gains of AFS financial instruments	-	(16)
- Other disclosed reserves	(1,587)	29
Total Tier-I capital	<u>580,712</u>	<u>578,720</u>
	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
Tier-II Capital		
Collective assessment allowance	8,795	5,970
Subordinated debt capital	-	-
Total Tier-II capital	<u>8,795</u>	<u>5,970</u>
Total capital funds	589,507	584,690
Less: Investment in subsidiary companies	-	-
Capital base	<u>589,507</u>	<u>584,690</u>
Capital Ratios		
Core capital ratio	24.860%	35.460%
Risk-weighted capital ratio	<u>25.236%</u>	<u>35.826%</u>

The breakdown of risk-weighted assets by each major risk category

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
Credit Risk	1,195,621	774,286
Market Risk	1,018,836	767,866
Operational Risk	121,493	89,876
Total risk-weighted assets	<u>2,335,950</u>	<u>1,632,028</u>

BNP PARIBAS MALAYSIA BERHAD
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1. PERFORMANCE REVIEW

For the quarter ended 30 September 2014, the Bank recorded a net profit after taxation of RM20.029 million. This was achieved on the back of net interest income of RM33.909 million and non-interest income of RM38.276 million. This was partially offset by the bank's operating expenses of RM35.533 million, plus the allowances for losses on loans and advances and other losses RM4.127 million, resulting in the recording of pre-tax profit of RM32.525 million.

2. CURRENT YEAR PROSPECT

With the Malaysian economy expected to register a moderate gross domestic product growth in 2014, the Bank will remain focused on our commitments to our clients by providing specific solutions through the offering of our products and expertise, combined with superior client service.

The outlook for Malaysia's economy remains positive despite the many headwinds in the global markets and sovereign debt crisis in other regions. The Government Economic Transformation Projects, since the rollout in 2010, has resulted in a healthy pipeline of activities and investments for the country.

Creation of new growth corridors, urban development and infrastructure projects has translated into a spur of economic activities, attracting talent and capital inflows.

Several other aspects that complement the positive outlook are seen through changes in the regulatory and legal framework, divestment by government linked companies, introduction of minimum wage and other reforms.

The Bank will target to grow client assets and continue to build and develop the local platform. The bank will also maintain its strong risk and control culture, which are critical to set a strong foundation while embarking on our growth plans. We will grow our client base as well as increasing intensity and deepening client relationships with our existing clients. Apart from advisory, financing and capital market activities, we will continue to focus on growing our market share in the flow business and transactional banking activities. The Bank will target to grow its Islamic products as well.

BNP PARIBAS MALAYSIA BERHAD
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STATEMENT OF CHANGES IN EQUITY
AS OF 30 SEPTEMBER 2014

Bank	←		Non-distributable		→		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Fair Value Reserves AFS Securities RM'000	Accumulated losses RM'000		
At 1 January 2014	601,920	-	-	29	(16,749)	585,200	
Profit for the year	-	-	-		20,029	20,029	
Unrealised net gain on revaluation of securities available-for-sale	-	-	-	(2,145)	-	(2,145)	
Deferred tax				529	-	529	
At 30 September 2014	601,920	-	-	(1,587)	3,280	603,613	

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

Bank	←		Non-distributable		→		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Fair Value Reserves AFS Securities RM'000	Accumulated losses RM'000		
At 1 January 2013	441,920	-	-	(50)	(34,507)	407,363	
Profit for the year	-	-	-		17,758	17,758	
Unrealised net gain on revaluation of securities available-for-sale				88		88	
Deferred tax				(9)		(9)	
Issuance of shares	160,000	-	-	-	-	160,000	
At 31 December 2013	601,920	-	-	29	(16,749)	585,200	

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

9. 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 RM'000	Total RM'000
At 30 September 2014						
Cost						
At 1 January 2014	-	102	3,531	1,372	3,415	8,420
Additions	15	35	184	102	227	563
Disposals	-	-	-	(39)	-	(39)
Write-off	-	-	-	-	-	-
At 30 September 2014	15	137	3,715	1,435	3,642	8,944
Accumulated Depreciation						
At 1 January 2014	-	51	1,601	744	2,037	4,433
Charge for the year	1	18	450	182	537	1,188
Disposals	-	-	-	-	-	-
Write-off	-	-	-	-	-	-
At 30 September 2014	1	69	2,051	926	2,574	5,621
Net Book Value 30 September 2014	14	68	1,664	509	1,068	3,323

PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Bank	Motor Vehicles RM'000	Office equipment RM'000	Renovation and installation RM'000	Furniture, fixtures and fittings RM'000	Computer Equipment and hardware RM'000	Total RM'000
2013						
Cost						
At 1 January 2013	-	100	3,479	1,370	3,270	8,219
Additions	-	2	52	2	145	201
Disposals						
Write-off	-					
At 31 December 2013		102	3,531	1,372	3,415	8,420
2013						
Accumulated Depreciation						
At 1 January 2013	-	31	1,016	470	1,244	2,761
Charge for the year	-	20	585	274	793	1,672
Disposals						
Write-off	-					
At 31 December 2013		51	1,601	744	2,037	4,433
Net Book Value 31 December 2013	-	51	1,930	628	1,378	3,987

23 INTEREST RATE RISK

The following table represents the Bank's carrying assets and liabilities at carrying amounts as at 30 September 2014

	Up to 1 month	1 - 3 months	3 - 12 months	Non-Trading Book		Non-interest sensitive	Allowances	SPI-related items	Trading book	Non-interest sensitive	Total
	RM'000	RM'000	RM'000	1 - 5 years	Over 5 years	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets											
Cash and short-term funds	1,078,158							5,302			1,083,460
Reverse repurchase agreements	59,239										59,239
Deposits and placements with banks and other financial institutions		525,486									-
Financial assets held-for-trading								28,127	263,844		291,971
Financial assets available-for-sale	50,229	397,442	30,336	31,229							509,236
Loans, advances and financing	464,296	113,852	8,206							(8,795)	577,559
Derivatives Financial assets									167,781		167,781
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	-	-	-	-	-
Other assets								1,711		141,359	143,070
Total Assets	1,651,922	1,036,780	38,542	31,229	-	-	-	35,140	431,625	132,564	3,357,802
Liabilities											
Deposits from customers	860,176	3,873	53,892	265,099				11,806			1,194,846
Deposits and placements from banks and other financial institutions	596,630	719,561									1,316,191
Derivatives Financial Liabilities									177,297		177,297
Subordinated Debt Capital											-
Other liabilities								681		65,600	66,281
Total Liabilities	1,456,806	723,434	53,892	265,099	-	-	-	12,487	177,297	65,600	2,754,615
Net interest rate gap	195,116	313,346	(15,350)	(233,870)	-	-	-	22,653	254,328	66,964	603,187

The following table represents the Bank's carrying assets and liabilities at carrying amounts as at 31 December 2013

	Up to 1 month	1 - 3 months	3 - 12 months	Non-Trading Book		Non-interest sensitive	Allowances	SPI-related items	Trading book	Non-interest sensitive	Total
	RM'000	RM'000	RM'000	1 - 5 years	Over 5 years	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets											
Cash and short-term funds	1,507,180	-	-	-	-	-	-	70,056	-	-	1,577,236
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-	-	-	-
Financial assets held-for-trading								11,571	47,694	-	59,265
Financial assets available-for-sale	75,355	150,210	222,582	82,217				20,401	-	-	550,765
Loans, advances and financing	140,074	11,630	123,210	29,735	93,342			-	-	(5,970)	392,021
Derivative Financial assets	-								216,735	-	216,735
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	-	-	-	-	-
Other assets								1,516		31,449	32,965
Total Assets	1,722,609	161,840	345,792	111,952	93,342	-	-	103,544	264,429	25,479	2,828,987
Liabilities											
Deposits from customers	596,326	12,030	62,477	269,417	-	-	-	78,959	-	-	1,019,209
Deposits and placements from banks and other financial institutions	988,732	65,653	-	-	-	-	-	-	-	-	1,054,385
Derivatives Financial Liabilities									162,410		162,410
Subordinated Debt Capital											-
Other liabilities								714		20,154	20,868
Total Liabilities	1,585,058	77,683	62,477	269,417	-	-	-	79,673	162,410	20,154	2,256,872
Net interest rate gap	137,551	84,157	283,315	(157,465)	93,342	-	-	23,871	102,019	5,325	572,115

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 September 2014		
	Principal amount RM'000	Credit equivalent amount * RM'000	Risk- weighted amount RM'000
<u>Commitments and Contingent Liabilities</u>			
Direct credit substitutes	161,335	161,335	142,047
Transaction-related contingent items			
Short-term self-liquidating trade-related contingencies	52,754	10,551	10,551
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	103,000	51,500	51,500
Foreign exchange related contracts:			
- one year or less	10,098,934	175,436	61,991
- over one year to five years	2,311,716	231,045	165,532
- over five years			
Interest rate related contracts:			
- one year or less	3,678,108	9,242	3,414
- over one year to five years	7,019,736	212,452	54,720
- over five years	380,000	24,256	5,451
Credit Derivatives Contract			
- one year or less	812,083	46,845	9,369
- over one year to five years	1,556,401	87,160	18,644
- over five years			
	<u>26,174,067</u>	<u>1,009,822</u>	<u>523,219</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 2013		
	Principal amount RM'000	Credit equivalent amount * RM'000	Risk- weighted amount RM'000
<u>Commitments and Contingent Liabilities</u>			
Direct credit substitutes	133,080	133,080	89,676
Transaction-related contingent items			
Short-term self-liquidating trade-related contingencies	429	86	86
Other assets sold with recourse and commitments with certain drawdown	-	-	-
Irrevocable commitments to extend credit:			
- maturity less than one year	8,098	1,620	1,620
- maturity more than one year	-	-	-
Foreign exchange related contracts:			
- one year or less	7,885,343	187,218	66,772
- over one year to five years	1,305,588	173,862	104,470
Interest rate related contracts:			
- one year or less	835,488	1,868	680
- over one year to five years	6,192,688	225,076	53,150
- over five years	317,000	23,094	7,019
Credit Derivatives Contract			
- one year or less			
- over one year to five years	2,334,208	143,314	29,790
	<u>19,011,922</u>	<u>889,218</u>	<u>353,263</u>

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

25. Islamic Banking Operations

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS OF 30 September 2014

	Note	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
ASSETS			
Cash and short-term funds	(a)	5,302	70,056
Financial assets held-for-trading	(b)	28,127	11,571
Financial assets available-for-sale	(c)	-	20,401
Other assets	(d)	1,732	1,516
Property, plant and equipment	(e)	10	15
Intangible assets	(f)	11	12
TOTAL ASSETS		35,182	103,571
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(g)	11,806	78,959
Other liabilities	(h)	722	714
Deferred tax liabilities		-	6
Total liabilities		12,528	79,679
Capital fund	(i)	24,350	24,350
Reserves	(j)	(1,696)	(458)
Islamic Banking Funds		22,654	23,892
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		35,182	103,571

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

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

25. Islamic Banking Operations

UNAUDITED INCOME STATEMENT
AS OF 30 SEPTEMBER 2014

		Bank	Bank
		30-Sep	30-Sep
		2014	2013
		RM'000	RM'000
		RM'000	
Total income derived from investment of Islamic banking funds and depositors' funds		484	503
Income derived from investment of Islamic banking funds and depositors' funds	(k)	-	503
Profit expense to depositors		(192)	(176)
Net income derived from investment of Islamic Banking funds and depositors' funds		292	327
Other operating income	(l)	956	2,621
Other operating expenses	(m)	(1,824)	(2,070)
Other losses		(644)	-
Profit/(Loss) for the financial quarter before zakat and taxation		(1,220)	878
Zakat		-	-
Income tax expense		-	-
Profit/(Loss) for the financial quarter after zakat and income tax		(1,220)	878
Other comprehensive income:			
Net income/(loss) on revaluation of financial assets available-for-sale		(24)	19
Income tax relating to component of other comprehensive income/(loss)		6	(5)
Other comprehensive income/(loss), net of tax		(18)	14
Total comprehensive profit/(loss) for the quarter		(1,238)	892

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

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-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
At Amortised Cost		
Cash and balances with banks and other financial institutions	5,302	70,056

(b) FINANCIAL ASSETS HELD-FOR-TRADING

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
At Fair Value		
Government Securities		
Bank Negara Malaysia Debt Securities	28,127	11,571

(c) SECURITIES AVAILABLE-FOR-SALE

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
At Fair Value		
Government Securities		
Malaysian Government Investment Issues	-	20,401
Bank Negara Malaysia Debt Securities	-	20,401

(d) OTHER ASSETS

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
Other receivables, deposit and prepayments	1,732	1,516

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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

(f) **INTANGIBLE ASSETS**

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
<u>Computer Software:</u>		
Cost		
At 1 January	31	
Additions	3	31
Write Off	-	-
At 30 September	<u>34</u>	<u>31</u>
Accumulated Amortisation		
At 1 January	19	
Amortisation for the year	4	19
Write-off		
At 30 September	<u>23</u>	<u>19</u>
Net Book Value	<u>11</u>	<u>12</u>

(g) **DEPOSITS FROM CUSTOMERS**

Type	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
Non-Mudharabah Fund		
Demand deposits	5,306	3,098
Commodity Murabahah	6,500	75,861
	<u>11,806</u>	<u>78,959</u>

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

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
Due within six months	<u>6,500</u>	<u>75,861</u>

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

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
Business enterprise	1,152	291
Domestic non-bank financial institution	10,654	78,668
	<u>11,806</u>	<u>78,959</u>

(h) **OTHER LIABILITIES**

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
Other liabilities	<u>722</u>	<u>714</u>

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(i) **ISLAMIC BANKING FUNDS**

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
Issued and fully paid:		
Balance as at 30 September	24,350	24,350

(j) **RESERVES**

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
Unrealised reserves	-	18
Accumulated losses	(1,696)	(476)
	<u>(1,696)</u>	<u>(458)</u>

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

	Bank 30-Sep 2014 RM'000	Bank 30-Sep 2013 RM'000
Money at call and deposit placement with financial institutions	16	1
Financial assets held-for-trading	(11)	53
Financial assets available-for-sale	526	462
Amortisation of premium less accretion of discount	(47)	(13)
	<u>484</u>	<u>516</u>

(l) **OTHER OPERATING INCOME**

Fee income:		
Commissions	-	4
Other fee income	500	-
Net gain/(loss) arising from sale of securities:		
Financial assets held-for-trading	242	135
Unrealised gain/(loss) on revaluation of securities:		
Financial assets held-for-trading	(3)	-
Other income:		
Foreign exchange:		
- Realised gain/(loss)	(5)	-
- Unrealised gain/(loss)	(2)	-
Others	224	2,482
Total	<u>956</u>	<u>2,621</u>

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(m) OTHER OPERATING EXPENSES

	Bank 30-Sep 2014 RM'000	Bank 30-Sep 2013 RM'000
Personnel costs (Note i)	1,255	1,530
Establishment costs (Note ii)	243	322
Marketing expenses (Note iii)	2	-
Administration and general expenses (Note iv)	324	218
	<u>1,824</u>	<u>2,070</u>
(i) Personnel Costs		
Salaries, bonuses and allowances	788	1,285
Social security costs		
EPF - defined contribution plan	147	136
Recruitment fees		
Other staff related expenses	320	109
	<u>1,255</u>	<u>1,530</u>
(ii) Establishment costs		
Share of Group costs		
Share of information technology costs		
Depreciation of property, plant and equipment	5	3
Loss on sale of property, plant and equipment		
Property, plant and equipment written-off		
Amortization of intangible asset	4	108
Rental of premises	158	150
Others	76	61
	<u>243</u>	<u>322</u>
(iii) Marketing Expenses		
Advertising		
Others	2	-
	<u>2</u>	<u>-</u>
(iv) Administration and general expenses		
Legal and professional fees	244	126
Communication & transportation	-	-
Others general expenses	80	92
	<u>324</u>	<u>218</u>

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

I. CAPITAL ADEQUACY

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

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
Tier-I capital		
Capital fund	24,350	24,350
Accumulated losses	(476)	(476)
	<u>23,874</u>	<u>23,874</u>
Less :		
- Deferred tax assets	(1)	-
- 55% of cumulative gains of AFS financial instruments	-	(10)
- Other disclosed reserves	-	18
- Current unaudited loss	(1,220)	-
Total Tier-I capital	<u>22,653</u>	<u>23,882</u>
	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
Tier-II Capital		
Collective assessment allowance		-
Subordinated debt capital		-
Total Tier-II capital	<u>-</u>	<u>-</u>
Capital base	<u>22,653</u>	<u>23,882</u>
Capital Ratios		
Core capital ratio	436.979%	129.428%
Risk-weighted capital ratio	<u>436.979%</u>	<u>129.428%</u>

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

	Bank 30-Sep 2014 RM'000	Bank 31-Dec 2013 RM'000
Credit Risk	1,732	14,828
Market Risk	1,013	972
Operational Risk	2,439	2,652
Total risk-weighted assets	<u>5,184</u>	<u>18,452</u>

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)
Islamic Banking Operations
STATEMENT OF CHANGES IN ISLAMIC BANKING FUNDS
AS OF 30 SEPTEMBER 2014

Bank	Non-distributable →			Distributable	
	Share capital	Statutory reserves	Fair Value Reserves AFS Securities	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014	24,350	-	18	(476)	23,892
Profit/(Loss) for the quarter				(1,220)	(1,220)
Unrealised net loss on revaluation of securities available-for-sale			(18)		(18)
Deferred tax			-		-
Capital reallocation					-
At 30 September 2014	24,350	-	-	(1,696)	22,654

Bank	Non-distributable →			Distributable	
	Capital fund	Statutory reserve	Fair Value Reserves AFS Securities	Accumulated losses	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2013	23,600	-	2	(2,937)	20,665
Profit for the year				2,461	2,461
Unrealised net loss on revaluation of securities available-for-sale			22	-	22
Deferred tax			(6)		(6)
Capital reallocation	750				750
At 31 December 2013	24,350	-	18	(476)	23,892

e. 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 September 2014					
Cost					
At 1 January 2014	-	-	-	22	22
Additions					-
Disposals	-		-	-	-
Write-off	-		-	-	-
At 30 September 2014	-	-	-	22	22
	-	-			-
Accumulated Depreciation					
At 1 January 2014	-	-	-	7	7
Charge for the year				5	5
Disposals	-			-	-
Write-off			-	-	-
At 30 September 2014	-	-	-	12	12
Net Book Value 30 September 2014	-	-	-	10	10

e. 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 2013					
Cost					
At 1 January 2013	-	-	-	-	-
Additions				22	22
Disposals	-		-	-	-
Write-off	-		-	-	-
At 31 December 2013	-	-	-	22	22
	-	-			-
Accumulated Depreciation					
At 1 January 2013	-	-	-		-
Charge for the year				7	7
Disposals	-			-	-
Write-off			-	-	-
At 31 December 2013	-	-	-	7	7
Net Book Value 31 Dec 2013	-	-	-	15	15