

Company No. 918091-T

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2016

	Note	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
ASSETS			
Cash and short-term funds	2	1,254,983	1,283,074
Reverse repurchase agreements	3	-	203,907
Deposits and placements with banks and other financial institutions	4	200,308	-
Financial assets held-for-trading	5	396,186	45,182
Financial assets available-for-sale	6	267,639	479,672
Loans and advances	7	1,113,734	584,765
Derivative financial assets		325,333	948,973
Statutory deposits with Bank Negara Malaysia	8	-	-
Other assets	9	225,227	97,271
Property, plant and equipment	10	1,389	2,499
Intangible assets	11	2,682	2,600
Deferred tax assets		-	-
Tax recoverable		581	3,940
TOTAL ASSETS		3,788,062	3,651,883
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from customers	12	934,454	1,641,010
Deposits and placements of banks and other financial institutions	13	1,523,523	1,022,385
Derivative financial liabilities		350,034	328,339
Other liabilities	14	296,015	38,593
Deferred tax liabilities		767	527
			-
TOTAL LIABILITIES		3,104,793	3,030,854

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UNAUDITED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2016 (CONTD.)

	Note	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
Share capital	15	650,000	601,920
Accumulated losses		(5,554)	(15,480)
Reserves	16	38,823	34,589
SHAREHOLDER'S EQUITY		683,269	621,029
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		3,788,062	3,651,883
COMMITMENTS AND CONTINGENCIES	24	32,513,859	35,054,742

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 2016

	Note	Bank 30-Sep 2016 RM'000	Bank 30-Sep 2015 RM'000
Operating Revenue		89,845	64,695
Interest income	17	57,396	61,162
Interest expenses	18	(18,450)	(27,502)
Net interest income		38,946	33,660
Net income from Islamic banking business	25	1,121	261
Other operating income	19	32,449	3,533
Operating expenses	20	(48,895)	(52,624)
Write back/(Allowance made) for impairment on loans and advances	21	(433)	265
Allowance for doubtful debt on other receivables		-	-
Profit/(Loss) before tax		23,188	(14,905)
Taxation		(7,343)	3,091
Net profit/(loss) for the financial quarter		15,845	(11,814)

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UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
AS OF 30 SEPTEMBER 2016

	Note	Bank 30-Sep 2016 RM'000	Bank 30-Sep 2015 RM'000
Profit for the period		15,845	(11,814)
Other comprehensive income/(loss):			
Net income/(loss) on revaluation of financial assets available-for-sale		(2,217)	724
Income tax relating to component of other comprehensive income/(loss)		<u>532</u>	<u>(181)</u>
Other comprehensive income/(loss), net of tax		<u>(1,685)</u>	<u>543</u>
Total comprehensive income/(loss) for the quarter		<u>14,160</u>	<u>(11,271)</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 2016

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
Cash Flows from/(Used In) Operating Activities		
Profit/(Loss) before tax	23,188	4,485
Adjustments for:		
Depreciation of property, plant and equipment	988	1,711
Amortisation of intangible assets	103	-
Property, plant and equipment written-off	-	6
(Write back of allowance)/Allowance for impairment on loans and advances	433	(16)
Amortisation of premium less accretion of discount	-	-
(Gain)/loss from sale of securities available-for-sale	(109)	23
(Gain)/loss from sale of securities held-for-trading	(7,262)	(8,820)
Unrealised (gain)/loss on revaluation of securities held-for-trading	(92)	(1,094)
Unrealised foreign exchange (gain)/loss	573,617	(267,722)
Unrealised (gain)/loss on derivatives trading	1,761	7,529
(Write back of allowance)/Allowance for doubtful debt on other receivables	-	(738)
Operating profit before working capital changes	592,627	(264,636)

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CASH FLOW STATEMENT
AS OF 30 SEPTEMBER 2016 (CONTD.)

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
(Increase)/Decrease in:		
Financial assets held-for-trading	(343,650)	834,200
Financial assets available-for-sale	209,925	174,715
Reverse repurchase agreements	203,907	(184,922)
Loans, advances and financing	(529,402)	(10,358)
Statutory deposits with Bank Negara Malaysia	-	-
Other assets	(127,956)	61,914
Increase/(Decrease) in:		
Deposits from customers	(706,556)	198,734
Deposits and placements of banks and other financial institutions	501,138	(263,906)
Derivative financial assets/liabilities	69,957	(195,309)
Other liabilities	257,421	16,153
Cash (used in)/generated from operations	127,411	366,585
Income taxes paid	(3,211)	(8,908)
Net cash (used in)/from operating activities	124,200	357,677

Cash Flows from Investing Activities

Purchase of property, plant and equipment	(265)	(947)
Reclassification of property, plant and equipment	387	
Purchase of intangible asset	(185)	-
Investment in associated company	-	-
Net cash (used in)/generated from investing activities	(63)	(947)

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CASH FLOW STATEMENT
AS OF 30 SEPTEMBER 2016 (CONTD.)

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
Cash Flows from / (Used In) Financing Activities	-	-
Proceeds from issuance of share capital	48,080	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	172,217	356,730
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,283,074</u>	<u>926,344</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>1,455,291</u>	<u>1,283,074</u>
Cash and cash equivalents comprise the following:		
Cash and short-term funds	1,254,983	1,283,074
Deposits and placements with banks and other financial institutions	<u>200,308</u>	<u>-</u>
	<u>1,455,291</u>	<u>1,283,074</u>

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

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BNP PARIBAS MALAYSIA BERHAD
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NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of the Financial Statements

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

2. CASH AND SHORT-TERM FUNDS

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
At Amortised Cost:		
Cash and balances with banks and other financial institutions	54,241	47,582
Money at call and deposit placements maturing within one month	1,200,742	1,235,492
	<u>1,254,983</u>	<u>1,283,074</u>

3. REVERSE REPURCHASE AGREEMENTS

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
At Amortised Cost:		
Government Securities:		
Malaysian Government Securities	-	203,907
	<u>-</u>	<u>203,907</u>

4. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
Licensed banks	200,308	-
Other financial institutions	-	-
	<u>200,308</u>	<u>-</u>

5. FINANCIAL ASSETS HELD-FOR-TRADING

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
At Fair Value:		
Government Securities:		
Government Investment Issues	63,880	19,350
Malaysian Government Securities	332,306	25,832
	<u>396,186</u>	<u>45,182</u>

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

6. FINANCIAL ASSETS AVAILABLE-FOR-SALE

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
At Fair Value:		
Government securities:		
Malaysian Government Securities	135,167	225,865
Malaysian Government Investment Issues	132,472	253,807
	<u>267,639</u>	<u>479,672</u>

7. LOANS AND ADVANCES

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
At amortised cost:		
(i) By type		
Revolving credits	799,550	459,782
Overdraft	8,700	4,439
Term loan	216,406	46,011
Trust Receipt	44,140	40,902
Other Trade Bills Discounted	37,300	12,298
Bills Discounting	8,354	21,616
	<u>1,114,450</u>	<u>585,048</u>
Less: Allowance for impaired loans and financing :		
- Collective assessment allowance	(716)	(283)
Net loans, advances and financing	<u>1,113,734</u>	<u>584,765</u>
(ii) By type of customer		
Domestic business enterprises	1,086,641	570,970
Financial institutions	27,809	14,078
	<u>1,114,450</u>	<u>585,048</u>
(iii) By interest rate sensitivity		
Variable rate:	1,114,450	585,048
Cost plus	<u>1,114,450</u>	<u>585,048</u>
(iv) By residual contractual maturity		
Maturity within one year	898,043	539,037
More than one year to five years	114,546	32,325
More than five years	101,861	13,686
	<u>1,114,450</u>	<u>585,048</u>
(v) By geographical distribution		
In Malaysia	1,114,450	585,048
	<u>1,114,450</u>	<u>585,048</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

7. LOANS AND ADVANCES

(vi) **By Sector**

Manufacturing	597,678	351,012
Wholesale and retail	80,000	3,524
Construction	24,510	24,523
Financial services	27,809	14,078
Transport, Storage & Communication	4,264	2,886
Real estate	13,328	13,686
Other business services	366,861	175,339
	<u>1,114,450</u>	<u>585,048</u>

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

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

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
Collective Assessment Allowance		
Balance as at 1 January	283	299
Allowance made during the year	433	-
Less: Write back made during the year	-	(16)
Balance as at 30 September	<u>716</u>	<u>283</u>
 Collective impairment (inclusive of regulatory reserve) as % of gross loans, advances and financing after deduction of individual assessment allowance	 <u>1.20%</u>	 <u>1.20%</u>

8. STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

Statutory Deposits with Bank Negara Malaysia

<u>-</u>	<u>-</u>
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9. OTHER ASSETS

Collateral assets	66,890	84,542
Other receivables, deposit and prepayments	159,819	14,211
Less: Allowance for doubtful debt on other receivables	(1,482)	(1,482)
	<u>225,227</u>	<u>97,271</u>

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

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
Individual impairment allowance		
Balance as at 1 January	1,482	2,220
Add: Allowance made during the year	-	-
Less: Write back made during the year	-	(738)
Balance as at 30 September	<u>1,482</u>	<u>1,482</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

10. PROPERTY, PLANT AND EQUIPMENT

11. INTANGIBLE ASSETS

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
<u>Computer Software:</u>		
Cost		
At 1 January	247	247
Additions	185	-
Write Off	-	-
At 30 September	<u>432</u>	<u>247</u>
Accumulated Amortisation		
At 1 January	247	247
Amortisation for the year	103	-
Write-off	-	-
At 30 September	<u>350</u>	<u>247</u>
Net Book Value	<u>82</u>	<u>-</u>
<u>Interbank Giro license fees</u>		
Cost		
At 1 January	2,600	2,600
Additions	-	-
Write Off	-	-
At 30 September	<u>2,600</u>	<u>2,600</u>
Accumulated Depreciation		
At 1 January	-	-
Amortisation for the year	-	-
Write-off	-	-
At 30 September	<u>-</u>	<u>-</u>
Net Book Value	<u>2,600</u>	<u>2,600</u>
Total Net Book Value	2,682	2,600

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

12. DEPOSITS FROM CUSTOMERS

Type	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
At amortised cost:		
Demand deposits	425,256	329,388
Fixed deposits	444,670	444,441
Collateral deposits	57,489	588,255
Structured deposits	-	258,197
Commodity Murabaha	7,039	20,729
	<u>934,454</u>	<u>1,641,010</u>
 (i) Maturity structure of fixed deposits is as follows:		
Due within six months	504,988	1,271,284
Six months to one year	4,210	40,338
More than one year	-	-
	<u>509,198</u>	<u>1,311,622</u>
 (ii) The deposits are sourced from the following types of customers:		
Business enterprises	853,359	726,215
Non-bank financial institutions	23,606	326,540
Licensed banks	57,489	588,255
	<u>934,454</u>	<u>1,641,010</u>

13. DEPOSITS AND PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
At amortised cost:		
Licensed banks	20,002	-
Other financial institutions	1,503,521	1,022,385
	<u>1,523,523</u>	<u>1,022,385</u>

14. OTHER LIABILITIES

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
Other payables	287,184	31,248
Accruals and charges	8,831	7,345
	<u>296,015</u>	<u>38,593</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

15. SHARE CAPITAL

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
Authorised:		
Ordinary shares of RM1 each	650,000	650,000
Issued and fully paid:		
Ordinary shares of RM1 each	650,000	601,920

16. RESERVES

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
Non-distributable:		
Statutory reserve	25,766	25,766
Regulatory reserve	12,657	6,738
Revaluation reserve-available-for-sale securities	400	2,085
	38,823	34,589

17. INTEREST INCOME

	Bank 30-Sep 2016 RM'000	Bank 30-Sep 2015 RM'000
Loans, advances and financing	20,526	17,446
Money at call and deposit placements with financial institutions	20,293	24,017
Financial assets - Available-for-sale	9,470	16,976
Financial assets - Held-for-trading	5,472	2,087
Other interest income	2,528	1,040
	58,289	61,566
Amortisation of premium less accretion of discount	(893)	(404)
Total Interest Income	57,396	61,162
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 2016 RM'000	Bank 30-Sep 2015 RM'000
Deposits and placements from banks and other financial institutions	3,732	2,361
Deposits from customers	14,712	25,026
Other interest expense	6	115
	<u>18,450</u>	<u>27,502</u>

19. OTHER OPERATING INCOME

	Bank 30-Sep 2016 RM'000	Bank 30-Sep 2015 RM'000
Fee income:		
Commissions	247	237
Guarantee fees	594	699
Other fee income	1,010	9,383
	<u>1,851</u>	<u>10,319</u>
Net gain/(loss) arising from sale of securities:		
Financial assets held-for-trading	7,262	6,029
Financial assets available-for-sale	109	(23)
	<u>7,371</u>	<u>6,006</u>
Unrealised gain/(loss) on revaluation of securities:		
Financial assets held-for-trading	92	2,244
	<u>92</u>	<u>2,244</u>
Gross dividend income from:		
Securities available-for-sale	-	-
	<u>-</u>	<u>-</u>
Other income:		
Foreign exchange:		
- Realised gain/(loss)	572,308	(75,331)
- Unrealised gain/(loss)	(573,617)	99,521
Gain/(Loss) on derivatives trading		
- Realised gain/(loss)	17,957	(10,043)
- Unrealised gain/(loss)	(1,761)	(35,616)
Others	8,248	6,433
	<u>23,135</u>	<u>(15,036)</u>
Total	<u>32,449</u>	<u>3,533</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

20. OTHER OPERATING EXPENSES

	Bank 30-Sep 2016 RM'000	Bank 30-Sep 2015 RM'000
Personnel costs (Note a)	28,120	25,718
Establishment costs (Note b)	10,369	10,150
Marketing expenses (Note c)	708	682
Administration and general expenses (Note d)	9,698	16,074
	<u>48,895</u>	<u>52,624</u>

(a) Personnel costs

Salaries, bonuses and allowances	20,476	17,903
EPF - defined contribution plan	3,293	3,061
Other staff related expenses	4,351	4,754
	<u>28,120</u>	<u>25,718</u>

(b) Establishment costs

Share of information technology costs	4,481	4,947
Depreciation of property, plant and equipment	988	1,272
Amortization of intangible asset	103	-
Rental of premises	1,815	1,687
Others	2,982	2,244
	<u>10,369</u>	<u>10,150</u>

(c) Marketing Expenses

Advertising	31	40
Others	677	642
	<u>708</u>	<u>682</u>

(d) Administration and general expenses

Legal and professional fees	1,137	1,931
Communication & transportation	180	214
Others general expenses	8,381	13,929
	<u>9,698</u>	<u>16,074</u>

21. ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	Bank 30-Sep 2016 RM'000	Bank 30-Sep 2015 RM'000
Allowance for impaired loans, advances and financing:		
Collective Assessment allowance:		
- Made in the financial year	433	
- Written back in the financial year	-	(265)
Other losses		
	<u>433</u>	<u>(265)</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 2016 RM'000	Bank 31-Dec 2015 RM'000
Tier-I capital		
Paid-up share capital	650,000	601,920
Statutory reserves	25,766	25,766
Accumulated losses	(15,480)	(15,339)
	<u>660,286</u>	<u>612,347</u>
Less :		
- Deferred tax assets	-	-
- 55% of cumulative gains of AFS financial instruments	(220)	(1,147)
- Other disclosed reserves	400	2,085
Total Tier-I capital	<u>660,466</u>	<u>613,285</u>
Tier-II Capital		
Collective assessment allowance	716	283
Regulatory reserve	12,657	6,738
Total Tier-II capital	<u>13,373</u>	<u>7,021</u>
Total capital	<u>673,839</u>	<u>620,306</u>
Capital Ratios		
Tier 1 Capital Ratio	27.813%	27.443%
Total Capital Ratio	<u>28.377%</u>	<u>27.757%</u>

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

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
Credit Risk	1,712,873	1,303,559
Market Risk	487,112	760,770
Operational Risk	174,647	170,419
Total risk-weighted assets	<u>2,374,633</u>	<u>2,234,748</u>

BNP PARIBAS MALAYSIA BERHAD
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1. PERFORMANCE REVIEW

For the third quarter ended 30 September 2016, the Bank recorded a net profit after taxation of RM15.845 million. This was achieved on the back of net interest income of RM40.067 million, non-interest income of RM32.449 million. This was partially offset by the bank's operating expenses of RM48.895 million plus the allowances for losses on loans and advances of RM0.433 million, resulting in the recording of pre-tax profit of RM23.188 million.

2. CURRENT YEAR PROSPECT

The year 2016 is expected to be a challenging year for the Malaysian economy, as downside risks on the external front have increased at a time when global growth forecasts have been revised downwards by both the IMF and World Bank. Oil-exporting and commodity-dependent economies, encompassing both developing as well as developed countries, will be adversely affected not just by plunging commodity export prices, but also by rising borrowing costs and debt servicing charges.

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

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

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

In an even more challenging environment, BNP Paribas Malaysia Berhad is aiming at delivering higher value addition to all stakeholders and is budgeting a significantly higher profit for the year for 2016.

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

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

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STATEMENT OF CHANGES IN EQUITY

Bank	←		Non-distributable		→		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Revaluation reserve-available -for-sale securities RM'000	Accumulated losses RM'000	
At 1 January 2016	601,920		25,766	6,738	2,085	(15,480)	621,029
Issuance of shares	48,080						48,080
Profit/(Loss) for the year						15,845	15,845
Transfer to regulatory reserve				5,919		(5,919)	-
Unrealised net gain/(loss) on revaluation of securities available-for-sale					(1,558)		(1,558)
Deferred tax					(127)		(127)
At 30 September 2016	650,000	-	25,766	12,657	400	(5,554)	683,269

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

Bank	←		Non-distributable		→		Total RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Revaluation reserve-available -for-sale securities RM'000	Accumulated losses RM'000	
At 1 January 2015	601,920		24,366	6,597	155	(16,739)	616,299
Profit for the year						2,800	2,800
Transfer to statutory reserve			1,400			(1,400)	-
Transfer to regulatory reserve				141		(141)	-
Other comprehensive income					1,930		1,930
At 31 December 2015	601,920	-	25,766	6,738	2,085	(15,480)	621,029

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

10. PROPERTY, PLANT AND EQUIPMENT

Bank	Motor Vehicles RM'000	Office Equipment and Machinery RM'000	Renovation and Installation RM'000	Furniture, Fixtures and Fittings RM'000	Computer equipment and hardware RM'000	Renovation work-in progress RM'000	Total RM'000
At 30 September 2016							
Cost							
At 1 January 2016	15	195	4,126	1,450	3,921	387	10,094
Additions		17	-	2	246		265
Write-off							
Reclassification					-	(387)	(387)
At 30 September 2016	15	212	4,126	1,452	4,167	-	9,972
Accumulated Depreciation							
At 1 January 2016	5	114	2,900	1,237	3,339	-	7,595
Charge for the year	2	25	515	94	352		988
Write-off							
At 30 September 2016	7	139	3,415	1,331	3,691	-	8,583
Net Book Value 30 September 2016	8	73	711	121	476	-	1,389

PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Bank	Motor vehicle RM'000	Office equipment and machinery RM'000	Renovation and installation RM'000	Furniture, fixtures and fittings RM'000	Computer equipment and hardware RM'000	Renovation work-in progress RM'000	Total RM'000
2015							
Cost							
At 1 January 2015	15	154	3,715	1,435	3,746	252	9,317
Additions	-	41	159	82	278	387	947
Write-off	-	-	-	(67)	(103)		(170)
Reclassification			252			(252)	-
At 31 December 2015	15	195	4,126	1,450	3,921	387	10,094
2015							
Accumulated Depreciation							
At 1 January 2015	2	76	2,219	1,000	2,751	-	6,048
Charge for the year	3	38	681	300	689	-	1,711
Write-off	-	-		(63)	(101)	-	(164)
At 31 December 2015	5	114	2,900	1,237	3,339	-	7,595
Net Book Value 31 December 2015	10	81	1,226	213	582	387	2,499

23 INTEREST RATE RISK

The following table represents the Bank's assets and liabilities at carrying amounts as at 30 September 2016

	Up to 1 month RM'000	Non-Trading Book			Over 5 years RM'000	Trading book RM'000	Non-interest sensitive RM'000	SPI-related business RM'000	Total RM'000
		1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000					
Assets									
Cash and short-term funds	1,239,711						15,272	1,254,983	
Reverse repurchase agreements	-							-	
Deposits and placements with banks and other financial institutions		200,308						200,308	
Financial assets held-for-trading					396,186			396,186	
Financial assets available-for-sale		67,061		186,353			14,225	267,639	
Loans, advances and financing	741,185	135,461	21,398	113,491	98,884	(712)	4,027	1,113,734	
Derivatives Financial assets					325,333			325,333	
Statutory deposits with Bank Negara Malaysia						-		-	
Other assets						221,827	3,400	225,227	
Total Assets	1,980,896	402,830	21,398	299,844	98,884	721,519	221,115	3,783,410	
Liabilities									
Deposits from customers	705,313	193,091	22,465				13,585	934,454	
Deposits and placements from banks and other financial institutions	735,771	787,752						1,523,523	
Derivatives Financial Liabilities					350,034			350,034	
Other liabilities						294,332	1,683	296,015	
Total Liabilities	1,441,084	980,843	22,465	-	-	350,034	294,332	3,104,026	
Net interest rate gap	539,812	(578,013)	(1,067)	299,844	98,884	371,485	(73,217)	679,384	

23 INTEREST RATE RISK (CONTD)

The following table represents the Bank's assets and liabilities at carrying amounts as of 31 December 2015

	Non-Trading Book					Trading book RM'000	Non-interest sensitive RM'000	SPI-related business 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	1,239,767							43,307	1,283,074
Reverse repurchase agreements	203,907								203,907
Financial assets held-for-trading						45,182			45,182
Financial assets available-for-sale		101,358	312,378	31,436				34,500	479,672
Loans, advances and financing	462,709	63,184	13,144	32,325	13,686		(283)		584,765
Derivative financial assets						948,973			948,973
Other assets							95,164	2,107	97,271
Total Assets	1,906,383	164,542	325,522	63,761	13,686	994,155	94,881	79,914	3,642,844
Liabilities									
Deposits from customers	1,217,666	271,029	94,036					58,279	1,641,010
Deposits and placements from banks and other financial institutions	161,460	645,349	215,576						1,022,385
Derivatives financial liabilities						328,339			328,339
Other liabilities							38,561	32	38,593
Total Liabilities	1,379,126	916,378	309,612	-	-	328,339	38,561	58,311	3,030,327
Net interest rate gap	527,257	(751,836)	15,910	63,761	13,686	665,816	56,320	21,603	612,517

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 2016		
	Principal amount RM'000	Credit equivalent amount * RM'000	Risk- weighted amount RM'000
<u>Commitments and Contingent Liabilities</u>			
Direct credit substitutes	200,127	200,127	176,604
Transaction-related contingent items			
Short-term self-liquidating trade-related contingencies	2,039	408	408
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	54,073	27,036	27,037
Foreign exchange related contracts:			
- one year or less	15,185,340	462,791	214,059
- over one year to five years	2,497,020	207,878	111,930
- over five years			
Interest rate related contracts:			
- one year or less	5,665,625	10,170	4,276
- over one year to five years	8,496,790	200,023	50,938
- over five years	50,000	2,500	500
Credit Derivatives Contract			
- one year or less	174,848	5,053	1,011
- over one year to five years	187,997	9,459	1,892
- over five years			
	32,513,859	1,125,445	588,655

* 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 2015		
	Principal amount RM'000	Credit equivalent amount * RM'000	Risk- weighted amount RM'000
<u>Commitments and Contingent Liabilities</u>			
Direct credit substitutes	147,107	147,107	133,535
Transaction-related contingent items			
Short-term self-liquidating trade-related contingencies	-	-	-
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	-	-	-
Foreign exchange related contracts:			
- one year or less	15,237,185	982,810	407,097
- over one year to five years	2,075,812	280,392	146,597
Interest rate related contracts:			
- one year or less	7,331,439	14,267	4,918
- over one year to five years	8,205,050	211,113	51,649
- over five years	186,000	9,800	1,960
Credit Derivatives Contract			
- one year or less	1,282,849	89,295	17,859
- over one year to five years	589,300	20,133	4,027
	<u>35,054,742</u>	<u>1,754,917</u>	<u>767,642</u>

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

25. Islamic Banking Operations

UNAUDITED STATEMENT OF FINANCIAL POSITION
As of 30 September 2016

	Note	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
ASSETS			
Cash and short-term funds	(a)	15,272	43,307
Financial assets held-for-trading	(b)	-	-
Financial assets available-for-sale	(c)	14,225	34,500
Loans, advances and financing	(d)	4,027	-
Other assets	(e)	3,400	2,107
Property, plant and equipment	(f)	6	8
Intangible assets	(g)	3	-
TOTAL ASSETS		36,933	79,922
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(h)	13,585	58,279
Other liabilities	(i)	1,693	32
Deferred tax liabilities		39	49
Total liabilities		15,317	58,360
Capital fund	(j)	24,350	24,350
Reserves	(k)	(2,734)	(2,788)
Islamic Banking Funds		21,616	21,562
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		36,933	79,922

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 2016

		Bank 30-Sep 2016 RM'000	Bank 30-Sep 2015 RM'000
		RM'000	
Total income derived from investment of Islamic banking funds and depositors' funds		1,357	1,145
Income derived from investment of Islamic banking funds and depositors' funds	(l)	1,357	1,145
Profit expense to depositors		(236)	(884)
Net income derived from investment of Islamic Banking funds and depositors' funds		1,121	261
Other operating income	(m)	357	837
Other operating expenses	(n)	(1,247)	(1,595)
Write back/(Allowance made) for impairment on loans, advances and financing	(o)	(44)	-
Profit/(Loss) for the financial quarter before zakat and taxation		231	(497)
Zakat		-	-
Income tax expense		(35)	-
Profit/(Loss) for the financial quarter after zakat and income tax		196	(497)
Other comprehensive income:			
Net income/(loss) on revaluation of financial assets available-for-sale		(187)	37
Income tax relating to component of other comprehensive income/(loss)		45	(9)
Other comprehensive income/(loss), net of tax		(142)	28
Total comprehensive profit/(loss) for the quarter		54	(469)

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 2016 RM'000	Bank 31-Dec 2015 RM'000
At Amortised Cost		
Cash and balances with banks and other financial institutions	3,271	15,414
Money at call and deposit placements maturing within one month	12,001	27,893
	<u>15,272</u>	<u>43,307</u>

(b) FINANCIAL ASSETS HELD-FOR-TRADING

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
At Fair Value		
Government Securities:		
Bank Negara Malaysia Debt Securities	-	-
	<u>-</u>	<u>-</u>

(c) SECURITIES AVAILABLE-FOR-SALE

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
At Fair Value		
Government Securities:		
Malaysian Government Investment Issues	14,225	34,500
	<u>14,225</u>	<u>34,500</u>

(d) LOANS, ADVANCES AND FINANCING

	Bank Bank 42643 RM'000	Bank Bank 42004 RM'000
At amortised cost:		
By type		
Term loan	4,031	-
Less: Allowance for impaired loans and financing :		
- Collective assessment allowance	(4)	-
Net loans, advances and financing	<u>4,027</u>	<u>-</u>
By type of customer		
Domestic business enterprises	4,031	-
	<u>4,031</u>	<u>-</u>
By profit rate sensitivity		
Variable rate:	4,031	-
Cost plus	4,031	-
	<u>4,031</u>	<u>-</u>
By residual contractual maturity		
More than one year to five years	1,055	-
More than five years	2,976	-
	<u>4,031</u>	<u>-</u>
By geographical distribution		
In Malaysia	4,031	-
	<u>4,031</u>	<u>-</u>

(e) **OTHER ASSETS**

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
Other receivables, deposit and prepayments	3,900	2,607
Less: Allowance for doubtful debt on other receivables	(500)	(500)
	<u>3,400</u>	<u>2,107</u>

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

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
Individual impairment allowance		
Balance as at 1 January	500	1,238
Add: Allowance made during the year	-	-
Less: Write back made during the year	-	(738)
Balance as at 30 September	<u>500</u>	<u>500</u>

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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

(g) **INTANGIBLE ASSETS**

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
<u>Computer Software:</u>		
Cost		
At 1 January	34	34
Additions	7	-
Write Off	-	-
At 30 September	<u>41</u>	<u>34</u>
Accumulated Amortisation		
At 1 January	34	34
Amortisation for the year	4	-
Write-off	-	-
At 30 September	<u>38</u>	<u>34</u>
Net Book Value	<u>3</u>	<u>-</u>

(h) **DEPOSITS FROM CUSTOMERS**

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
Type		
At Amortised Cost:		
Non-Mudharabah Fund		
Demand deposits	6,546	37,550
Commodity Murabahah	7,039	20,729
	<u>13,585</u>	<u>58,279</u>

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

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
Due within six months	<u>7,039</u>	<u>20,729</u>

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

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
Business enterprise	5,642	4,290
Domestic non-bank financial institution	7,943	53,989
	<u>13,585</u>	<u>58,279</u>

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(i) **OTHER LIABILITIES**

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
Other liabilities	1,693	32

(j) **ISLAMIC BANKING FUNDS**

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
Issued and fully paid: Balance as at 30 September	24,350	24,350

(k) **RESERVES**

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
Revaluation reserve-available-for-sale securities	12	154
Regulatory reserve	44	-
Accumulated losses	(2,790)	(2,942)
	<u>(2,734)</u>	<u>(2,788)</u>

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

	Bank 30-Sep 2016 RM'000	Bank 30-Sep 2015 RM'000
Loans, advances and financing	31	-
Money at call and deposit placement with financial institutions	689	590
Financial assets held-for-trading	-	(72)
Financial assets available-for-sale	720	685
Amortisation of premium less accretion of discount	(83)	(58)
	<u>1,357</u>	<u>1,145</u>

(m) **OTHER OPERATING INCOME**

Fee income:		
Commissions	-	-
Other fee income	-	-
Net gain/(loss) arising from sale of securities:		
Financial assets held-for-trading	-	801
Financial assets available-for-sale	61	-
Unrealised gain/(loss) on revaluation of securities:		
Financial assets held-for-trading	-	(3)
Other income:		
Foreign exchange:		
- Realised gain/(loss)	-	-
- Unrealised gain/(loss)	-	-
Others	296	39
Total	<u>357</u>	<u>837</u>

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(n) OTHER OPERATING EXPENSES

	Bank 30-Sep 2016 RM'000	Bank 30-Sep 2015 RM'000
Personnel costs (Note i)	852	1,018
Establishment costs (Note ii)	55	238
Marketing expenses (Note iii)	-	-
Administration and general expenses (Note iv)	340	339
	<u>1,247</u>	<u>1,595</u>

(i) Personnel Costs

Salaries, bonuses and allowances	673	707
EPF - defined contribution plan	121	123
Other staff related expenses	58	188
	<u>852</u>	<u>1,018</u>

(ii) Establishment costs

Depreciation of property, plant and equipment	3	4
Amortization of intangible asset	4	-
Rental of premises	36	198
Others	12	36
	<u>55</u>	<u>238</u>

(iii) Marketing Expenses

Advertising		
Others	-	-
	<u>-</u>	<u>-</u>

(iv) Administration and general expenses

Legal and professional fees	215	238
Others general expenses	125	101
	<u>340</u>	<u>339</u>

(o) ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	Bank 30-Sep 2016 RM'000	Bank 30-Sep 2015 RM'000
Allowance for impaired loans, advances and financing:		
Collective Assessment allowance:		
- Made in the financial year	44	-
- Written back in the financial year		
Other losses		
	<u>44</u>	<u>-</u>

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(p) CAPITAL ADEQUACY

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

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
Tier-I capital		
Capital fund	24,350	24,350
Accumulated losses	(2,942)	(2,942)
	<u>21,408</u>	<u>21,408</u>
Less :		
- Deferred tax assets	-	-
- 55% of cumulative gains of AFS financial instruments	(7)	(85)
- Other disclosed reserves	12	154
Total Tier-I capital	<u>21,413</u>	<u>21,477</u>
Tier-II Capital		
Collective assessment allowance	4	-
Regulatory reserve	44	-
Total Tier-II capital	<u>48</u>	<u>-</u>
Capital base	<u>21,461</u>	<u>21,477</u>
Capital Ratios		
Tier I Capital Ratio	177.478%	349.902%
Total Capital Ratio	<u>177.876%</u>	<u>349.902%</u>

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

	Bank 30-Sep 2016 RM'000	Bank 31-Dec 2015 RM'000
Credit Risk	8,130	2,777
Market Risk	121	-
Operational Risk	3,814	3,361
Total risk-weighted assets	<u>12,065</u>	<u>6,138</u>

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)
Islamic Banking Operations
STATEMENT OF CHANGES IN ISLAMIC BANKING FUNDS
AS OF 30 SEPTEMBER 2016

Bank	Non-distributable →				Accumulated losses	Total
	Share capital	Statutory reserves	Regulatory reserves	Revaluation reserve-available -for-sale securities		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	24,350			154	(2,942)	21,562
Profit/(Loss) for the quarter					196	196
Transfer to regulatory reserve			44		(44)	-
Unrealised net loss on revaluation of securities available-for-sale				(138)		(138)
Deferred tax				(4)		(4)
At 30 September 2016	24,350	-	44	12	(2,790)	21,616

Bank	Non-distributable →				Accumulated losses	Total
	Capital fund	Statutory reserve		Revaluation reserve-available -for-sale securities		
	RM'000	RM'000		RM'000	RM'000	RM'000
At 1 January 2015	24,350	-		-	(2,814)	21,536
Profit/(Loss) for the year	-	-		-	(128)	(128)
Unrealised net gain on revaluation of securities available-for-sale				154		154
At 31 December 2015	24,350	-		154	(2,942)	21,562

f. PROPERTY, PLANT AND EQUIPMENT

Bank	Office Equipment and Machinery RM'000	Renovation and Installation RM'000	Furniture, Fixtures and Fittings RM'000	Computer Equipment RM'000	Total RM'000
At 30 September 2016					
Cost					
At 1 January 2016				29	29
Additions				-	-
Disposals				-	-
Write-off				-	-
Reclassification	6		1	(7)	-
At 30 September 2016	<u>6</u>		<u>1</u>	<u>22</u>	<u>29</u>
Accumulated Depreciation					
At 1 January 2016				21	21
Charge for the year				2	2
Disposals					
Write-off					
Reclassification	1			(1)	-
At 30 September 2016	<u>1</u>			<u>22</u>	<u>23</u>
Net Book Value 30 September 2016	<u>5</u>		<u>1</u>	<u>-</u>	<u>6</u>

f. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Bank	Office Equipment and Machinery RM'000	Renovation and Installation RM'000	Furniture, Fixtures and Fittings RM'000	Computer Equipment RM'000	Total RM'000
At 31 December 2015					
Cost					
At 1 January 2015				22	22
Additions				7	7
Disposals					
Write-off					
At 31 December 2015	-	-	-	29	29
Accumulated Depreciation					
At 1 January 2015				14	14
Charge for the year				7	7
Disposals					
Write-off					
At 31 December 2015	-	-	-	21	21
Net Book Value 31 Dec 2015	-	-	-	8	8