

Company No. 918091-T

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2016

	Note	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
ASSETS			
Cash and short-term funds	2	1,150,177	1,283,074
Reverse repurchase agreements	3	-	203,907
Deposits and placements with banks and other financial institutions	4	-	-
Financial assets held-for-trading	5	280,010	45,182
Financial assets available-for-sale	6	365,944	479,672
Loans and advances	7	870,484	584,765
Derivative financial assets		293,442	948,973
Statutory deposits with Bank Negara Malaysia	8	1,129	-
Other assets	9	326,273	97,271
Property, plant and equipment	10	1,680	2,499
Intangible assets	11	2,729	2,600
Deferred tax assets		902	-
Tax recoverable		596	3,940
TOTAL ASSETS		3,293,366	3,651,883
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from customers	12	1,211,247	1,641,010
Deposits and placements of banks and other financial institutions	13	854,431	1,022,385
Derivative financial liabilities		319,950	328,339
Other liabilities	14	226,432	38,593
Deferred tax liabilities		-	527
			-
TOTAL LIABILITIES		2,612,060	3,030,854

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BNP PARIBAS MALAYSIA BERHAD
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UNAUDITED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2016 (CONTD.)

	Note	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
Share capital	15	650,000	601,920
Accumulated losses		(4,946)	(15,480)
Reserves	16	36,252	34,589
SHAREHOLDER'S EQUITY		681,306	621,029
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		3,293,366	3,651,883
COMMITMENTS AND CONTINGENCIES	24	24,576,014	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 JUNE 2016

	Note	Bank 30-Jun 2016 RM'000	Bank 30-Jun 2015 RM'000
Operating Revenue		<u>63,533</u>	<u>39,629</u>
Interest income	17	34,734	39,515
Interest expenses	18	(12,513)	(18,150)
Net interest income		22,221	21,365
Net income from Islamic banking business	25	915	116
Other operating income	19	28,799	114
Operating expenses	20	(33,567)	(33,080)
Write back/(Allowance made) for impairment on loans and advances	21	(247)	285
Allowance for doubtful debt on other receivables		-	-
Profit/(Loss) before tax		18,121	(11,200)
Taxation		<u>(4,403)</u>	<u>5,546</u>
Net profit/(loss) for the financial quarter		<u>13,718</u>	<u>(5,654)</u>

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UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
AS OF 30 JUNE 2016

	Note	Bank 30-Jun 2016 RM'000	Bank 30-Jun 2015 RM'000
Profit for the period		13,718	(5,654)
Other comprehensive income/(loss):			
Net income/(loss) on revaluation of financial assets available-for-sale		(2,001)	423
Income tax relating to component of other comprehensive income/(loss)		480	(106)
Other comprehensive income/(loss), net of tax		<u>(1,521)</u>	<u>317</u>
Total comprehensive income/(loss) for the quarter		<u>12,197</u>	<u>(5,337)</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 JUNE 2016

	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
Cash Flows from/(Used In) Operating Activities		
Profit/(Loss) before tax	18,121	4,485
Adjustments for:		
Depreciation of property, plant and equipment	697	1,711
Amortisation of intangible assets	56	-
Property, plant and equipment written-off	-	6
(Write back of allowance)/Allowance for impairment on loans and advances	247	(16)
Amortisation of premium less accretion of discount	-	-
(Gain)/loss from sale of securities available-for-sale	(66)	23
(Gain)/loss from sale of securities held-for-trading	(4,742)	(8,820)
Unrealised (gain)/loss on revaluation of securities held-for-trading	(489)	(1,094)
Unrealised foreign exchange (gain)/loss	554,637	(267,722)
Unrealised (gain)/loss on derivatives trading	(1,871)	7,529
(Write back of allowance)/Allowance for doubtful debt on other receivables		(738)
Operating profit before working capital changes	<hr/> 566,590	<hr/> (264,636)

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BNP PARIBAS MALAYSIA BERHAD
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CASH FLOW STATEMENT
AS OF 30 JUNE 2016 (CONTD.)

	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
(Increase)/Decrease in:		
Financial assets held-for-trading	(229,597)	834,200
Financial assets available-for-sale	111,793	174,715
Reverse repurchase agreements	203,907	(184,922)
Loans, advances and financing	(285,966)	(10,358)
Statutory deposits with Bank Negara Malaysia	(1,129)	-
Other assets	(229,002)	61,914
Increase/(Decrease) in:		
Deposits from customers	(429,763)	198,734
Deposits and placements of banks and other financial institutions	(167,954)	(263,906)
Derivative financial assets/liabilities	94,376	(195,309)
Other liabilities	187,838	16,153
Cash (used in)/generated from operations	(178,907)	366,585
Income taxes paid	(2,007)	(8,908)
Net cash (used in)/from operating activities	(180,914)	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 JUNE 2016 (CONTD.)

	Bank 30-Jun 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	(132,897)	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>1,150,177</u>	<u>1,283,074</u>
Cash and cash equivalents comprise the following:		
Cash and short-term funds	1,150,177	1,283,074
Deposits and placements with banks and other financial institutions	<u>-</u>	<u>-</u>
	<u>1,150,177</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-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
At Amortised Cost:		
Cash and balances with banks and other financial institutions	41,844	47,582
Money at call and deposit placements maturing within one month	1,108,333	1,235,492
	<u>1,150,177</u>	<u>1,283,074</u>

3. REVERSE REPURCHASE AGREEMENTS

	Bank 30-Jun 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-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
Licensed banks	-	-
Other financial institutions	-	-
	<u>-</u>	<u>-</u>

5. FINANCIAL ASSETS HELD-FOR-TRADING

	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
At Fair Value:		
Government Securities:		
Government Investment Issues	967	19,350
Malaysian Government Securities	279,043	25,832
	<u>280,010</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-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
At Fair Value:		
Government securities:		
Malaysian Government Securities	224,300	225,865
Malaysian Government Investment Issues	141,644	253,807
	<u>365,944</u>	<u>479,672</u>

7. LOANS AND ADVANCES

	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
At amortised cost:		
(i) By type		
Revolving credits	692,014	459,782
Overdraft	10,702	4,439
Term loan	93,669	46,011
Trust Receipt	28,914	40,902
Other Trade Bills Discounted	24,192	12,298
Bills Discounting	21,523	21,616
	<u>871,014</u>	<u>585,048</u>
Less: Allowance for impaired loans and financing :		
- Collective assessment allowance	(530)	(283)
Net loans, advances and financing	<u>870,484</u>	<u>584,765</u>
(ii) By type of customer		
Domestic business enterprises	830,702	570,970
Financial institutions	40,312	14,078
	<u>871,014</u>	<u>585,048</u>
(iii) By interest rate sensitivity		
Variable rate:	871,014	585,048
Cost plus	<u>871,014</u>	<u>585,048</u>
(iv) By residual contractual maturity		
Maturity within one year	777,345	539,037
More than one year to five years	80,161	32,325
More than five years	13,508	13,686
	<u>871,014</u>	<u>585,048</u>
(v) By geographical distribution		
In Malaysia	871,014	585,048
	<u>871,014</u>	<u>585,048</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

7. LOANS AND ADVANCES

(vi) **By Sector**

Manufacturing	541,327	351,012
Mining & Quarrying	621	-
Wholesale and retail	53,543	3,524
Construction	37,699	24,523
Financial services	40,312	14,078
Transport, Storage & Communication	3,960	2,886
Real estate	13,508	13,686
Other business services	180,044	175,339
	<u>871,014</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-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
Collective Assessment Allowance		
Balance as at 1 January	283	299
Allowance made during the year	247	-
Less: Write back made during the year	-	(16)
Balance as at 30 June	<u>530</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>1,129</u>	<u>-</u>
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9. OTHER ASSETS

	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
Collateral assets	88,649	84,542
Other receivables, deposit and prepayments	239,106	14,211
Less: Allowance for doubtful debt on other receivables	(1,482)	(1,482)
	<u>326,273</u>	<u>97,271</u>

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

	Bank 30-Jun 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 June	<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-Jun 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 June	<u>432</u>	<u>247</u>
Accumulated Amortisation		
At 1 January	247	247
Amortisation for the year	56	-
Write-off	-	-
At 30 June	<u>303</u>	<u>247</u>
Net Book Value	<u>129</u>	<u>-</u>
<u>Interbank Giro license fees</u>		
Cost		
At 1 January	2,600	2,600
Additions	-	-
Write Off	-	-
At 30 June	<u>2,600</u>	<u>2,600</u>
Accumulated Depreciation		
At 1 January	-	-
Amortisation for the year	-	-
Write-off	-	-
At 30 June	<u>-</u>	<u>-</u>
Net Book Value	<u>2,600</u>	<u>2,600</u>
Total Net Book Value	2,729	2,600

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

12. DEPOSITS FROM CUSTOMERS

Type	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
At amortised cost:		
Demand deposits	494,395	329,388
Fixed deposits	626,574	444,441
Collateral deposits	83,707	588,255
Structured deposits	-	258,197
Commodity Murabaha	6,571	20,729
	<u>1,211,247</u>	<u>1,641,010</u>

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

Due within six months	714,156	1,271,284
Six months to one year	2,696	40,338
More than one year	-	-
	<u>716,852</u>	<u>1,311,622</u>

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

Business enterprises	1,101,705	726,215
Non-bank financial institutions	25,835	326,540
Licensed banks	83,707	588,255
Other financial institutions	-	-
	<u>1,211,247</u>	<u>1,641,010</u>

13. DEPOSITS AND PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
At amortised cost:		
Licensed banks	-	-
Other financial institutions	854,431	1,022,385
	<u>854,431</u>	<u>1,022,385</u>

14. OTHER LIABILITIES

	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
Other payables	215,296	31,248
Accruals and charges	11,136	7,345
	<u>226,432</u>	<u>38,593</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

15. SHARE CAPITAL

	Bank 30-Jun 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-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
Non-distributable:		
Statutory reserve	25,766	25,766
Regulatory reserve	9,922	6,738
Revaluation reserve-available-for-sale securities	564	2,085
	36,252	34,589

17. INTEREST INCOME

	Bank 30-Jun 2016 RM'000	Bank 30-Jun 2015 RM'000
Loans, advances and financing	12,032	11,052
Money at call and deposit placements with financial institutions	11,957	16,318
Financial assets - Available-for-sale	6,992	12,308
Financial assets - Held-for-trading	3,211	(966)
Other interest income	1,117	1,007
	35,309	39,719
Amortisation of premium less accretion of discount	(575)	(204)
Total Interest Income	34,734	39,515
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-Jun 2016 RM'000	Bank 30-Jun 2015 RM'000
Deposits and placements from banks and other financial institutions	1,789	1,084
Deposits from customers	10,722	17,052
Other interest expense	2	14
	<u>12,513</u>	<u>18,150</u>

19. OTHER OPERATING INCOME

	Bank 30-Jun 2016 RM'000	Bank 30-Jun 2015 RM'000
Fee income:		
Commissions	142	194
Guarantee fees	379	387
Other fee income	(1,858)	8,119
	<u>(1,337)</u>	<u>8,700</u>
Net gain/(loss) arising from sale of securities:		
Financial assets held-for-trading	4,742	9,352
Financial assets available-for-sale	66	(23)
	<u>4,808</u>	<u>9,329</u>
Unrealised gain/(loss) on revaluation of securities:		
Financial assets held-for-trading	489	758
	<u>489</u>	<u>758</u>
Gross dividend income from:		
Securities available-for-sale	-	-
	<u>-</u>	<u>-</u>
Other income:		
Foreign exchange:		
- Realised gain/(loss)	558,782	(14,759)
- Unrealised gain/(loss)	(554,637)	26,943
Gain/(Loss) on derivatives trading		
- Realised gain/(loss)	12,788	(4,607)
- Unrealised gain/(loss)	1,871	(32,381)
Others	6,035	6,131
	<u>24,839</u>	<u>(18,673)</u>
Total	<u>28,799</u>	<u>114</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

20. OTHER OPERATING EXPENSES

	Bank 30-Jun 2016 RM'000	Bank 30-Jun 2015 RM'000
Personnel costs (Note a)	17,688	17,089
Establishment costs (Note b)	6,302	6,302
Marketing expenses (Note c)	651	522
Administration and general expenses (Note d)	8,926	9,167
	<u>33,567</u>	<u>33,080</u>

(a) Personnel costs

Salaries, bonuses and allowances	12,302	11,722
EPF - defined contribution plan	1,898	1,858
Other staff related expenses	3,488	3,509
	<u>17,688</u>	<u>17,089</u>

(b) Establishment costs

Share of information technology costs	2,573	3,020
Depreciation of property, plant and equipment	697	843
Amortization of intangible asset	56	-
Rental of premises	1,205	1,102
Others	1,771	1,337
	<u>6,302</u>	<u>6,302</u>

(c) Marketing Expenses

Advertising	98	50
Others	553	472
	<u>651</u>	<u>522</u>

(d) Administration and general expenses

Legal and professional fees	851	1,534
Communication & transportation	99	138
Others general expenses	7,976	7,495
	<u>8,926</u>	<u>9,167</u>

21. ALLOWANCE FOR IMPAIRMENT ON LOANS, ADVANCES AND FINANCING

	Bank 30-Jun 2016 RM'000	Bank 30-Jun 2015 RM'000
Allowance for impaired loans, advances and financing:		
Collective Assessment allowance:		
- Made in the financial year	247	
- Written back in the financial year	-	(285)
Other losses		
	<u>247</u>	<u>(285)</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-Jun 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	(902)	-
- 55% of cumulative gains of AFS financial instruments	(310)	(1,147)
- Other disclosed reserves	564	2,085
Total Tier-I capital	<u>659,638</u>	<u>613,285</u>

	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
Tier-II Capital		
Collective assessment allowance	530	283
Regulatory reserve	9,922	6,738
Total Tier-II capital	<u>10,452</u>	<u>7,021</u>
Total capital	<u>670,090</u>	<u>620,306</u>

Capital Ratios

Tier 1 Capital Ratio	32.579%	27.443%
Total Capital Ratio	<u>33.095%</u>	<u>27.757%</u>

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

	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
Credit Risk	1,407,841	1,303,559
Market Risk	442,760	760,770
Operational Risk	174,123	170,419
Total risk-weighted assets	<u>2,024,724</u>	<u>2,234,748</u>

BNP PARIBAS MALAYSIA BERHAD
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1. PERFORMANCE REVIEW

For the half year ended 30 June 2016, the Bank recorded a net profit after taxation of RM13.718 million. This was achieved on the back of net interest income of RM23.136 million, non-interest income of RM28.799 million. This was partially offset by the bank's operating expenses of RM33.567 million plus the allowances for losses on loans and advances of RM0.247 million, resulting in the recording of pre-tax profit of RM18.121 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 by introducing a Goods and Services Tax in 2015. 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 by introducing the Goods and Services Tax in 2015 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
AS OF 30 JUNE 2016

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						13,718	13,718
Transfer to regulatory reserve				3,184		(3,184)	-
Unrealised net gain/(loss) on revaluation of securities available-for-sale					(1,343)		(1,343)
Deferred tax					(178)		(178)
At 30 June 2016	650,000	-	25,766	9,922	564	(4,946)	681,306

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 June 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 June 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	1	19	342	73	262		697
Write-off							
At 30 June 2016	6	133	3,242	1,310	3,601	-	8,292
Net Book Value 30 June 2016	9	79	884	142	566	-	1,680

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 June 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	1,136,368							13,809	1,150,177
Reverse repurchase agreements	-								-
Deposits and placements with banks and other financial institutions									-
Financial assets held-for-trading						280,010			280,010
Financial assets available-for-sale	121,789	121,878	66,578	41,576	-			14,123	365,944
Loans, advances and financing	660,035	95,193	22,117	80,161	13,508		(530)		870,484
Derivatives Financial assets						293,442			293,442
Statutory deposits with Bank Negara Malaysia							1,129		1,129
Other assets							313,259	13,014	326,273
Total Assets	1,918,192	217,071	88,695	121,737	13,508	573,452	313,858	40,946	3,287,459
Liabilities									
Deposits from customers	1,041,823	130,004	21,680					17,740	1,211,247
Deposits and placements from banks and other financial institutions	249,922	604,509							854,431
Derivatives Financial Liabilities						319,950			319,950
Other liabilities							224,744	1,688	226,432
Total Liabilities	1,291,745	734,513	21,680	-	-	319,950	224,744	19,428	2,612,060
Net interest rate gap	626,447	(517,442)	67,015	121,737	13,508	253,502	89,114	21,518	675,399

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	SPL-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 June 2016		
	Principal amount RM'000	Credit equivalent amount * RM'000	Risk- weighted amount RM'000
<u>Commitments and Contingent Liabilities</u>			
Direct credit substitutes	166,695	166,695	153,449
Transaction-related contingent items			
Short-term self-liquidating trade-related contingencies	2,996	599	599
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	25,000	12,500	12,500
Foreign exchange related contracts:			
- one year or less	8,609,618	344,029	175,361
- over one year to five years	2,039,037	207,540	128,666
- over five years			
Interest rate related contracts:			
- one year or less	4,384,925	8,126	3,146
- over one year to five years	7,793,300	182,740	45,957
- over five years	186,000	9,900	1,980
Credit Derivatives Contract			
- one year or less	1,156,184	63,526	12,705
- over one year to five years	212,259	12,131	2,426
- over five years			
	<u>24,576,014</u>	<u>1,007,786</u>	<u>536,789</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 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>

Company No. 918091-T

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

CREDIT TRANSACTIONS AND EXPOSURES WITH CONNECTED PARTIES

	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
Outstanding credit exposures with connected parties	195,776	173,451
Total credit exposures	1,878,800	2,455,878
Percentage of outstanding credit exposures to connected parties:		
as a proportion of total credit exposures	10.42%	7.06%
as a proportion of capital base	29.22%	27.96%
Percentage of outstanding credit exposures with connected parties which is non-performing or in default	-	-

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

25. Islamic Banking Operations

UNAUDITED STATEMENT OF FINANCIAL POSITION
As of 30 June 2016

	Note	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
ASSETS			
Cash and short-term funds	(a)	13,809	43,307
Financial assets held-for-trading	(b)	-	-
Financial assets available-for-sale	(c)	14,123	34,500
Other assets	(d)	13,014	2,107
Property, plant and equipment	(e)	6	8
Intangible assets	(f)	-	-
TOTAL ASSETS		40,952	79,922
LIABILITIES AND ISLAMIC BANKING FUNDS			
Deposits from customers	(g)	17,740	58,279
Other liabilities	(h)	1,688	32
Deferred tax liabilities		138	49
Total liabilities		19,566	58,360
Capital fund	(i)	24,350	24,350
Reserves	(j)	(2,964)	(2,788)
Islamic Banking Funds		21,386	21,562
TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS		40,952	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 June 2016

	Bank 30-Jun 2016 RM'000	Bank 30-Jun 2015 RM'000
	RM'000	
Total income derived from investment of Islamic banking funds and depositors' funds	1,101	611
Income derived from investment of Islamic banking funds and depositors' funds	1,101	611
Profit expense to depositors	(186)	(495)
Net income derived from investment of Islamic Banking funds and depositors' funds	915	116
Other operating income	95	688
Other operating expenses	(953)	(1,074)
Profit/(Loss) for the financial quarter before zakat and taxation	57	(270)
Zakat	-	-
Income tax expense	(124)	-
Profit/(Loss) for the financial quarter after zakat and income tax	(67)	(270)
Other comprehensive income:		
Net income/(loss) on revaluation of financial assets available-for-sale	(144)	68
Income tax relating to component of other comprehensive income/(loss)	35	(17)
Other comprehensive income/(loss), net of tax	(109)	51
Total comprehensive profit/(loss) for the quarter	(176)	(219)

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-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
At Amortised Cost		
Cash and balances with banks and other financial institutions	2,808	15,414
Money at call and deposit placements maturing within one month	11,001	27,893
	<u>13,809</u>	<u>43,307</u>

(b) FINANCIAL ASSETS HELD-FOR-TRADING

	Bank 30-Jun 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-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
At Fair Value		
Government Securities:		
Malaysian Government Investment Issues	14,123	34,500
	<u>14,123</u>	<u>34,500</u>

(d) OTHER ASSETS

	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
Other receivables, deposit and prepayments	13,514	2,607
Less: Allowance for doubtful debt on other receivables	(500)	(500)
	<u>13,014</u>	<u>2,107</u>

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

	Bank 30-Jun 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 June	<u>500</u>	<u>500</u>

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

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

(f) **INTANGIBLE ASSETS**

	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
<u>Computer Software:</u>		
Cost		
At 1 January	34	34
Additions	-	-
Write Off	-	-
At 30 June	<u>34</u>	<u>34</u>
Accumulated Amortisation		
At 1 January	34	34
Amortisation for the year	-	-
Write-off	-	-
At 30 June	<u>34</u>	<u>34</u>
Net Book Value	<u>-</u>	<u>-</u>

(g) **DEPOSITS FROM CUSTOMERS**

	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
Type		
At Amortised Cost:		
Non-Mudharabah Fund		
Demand deposits	11,169	37,550
Commodity Murabahah	6,571	20,729
	<u>17,740</u>	<u>58,279</u>

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

	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
Due within six months	<u>6,571</u>	<u>20,729</u>

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

	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
Business enterprise	5,887	4,290
Domestic non-bank financial institution	11,853	53,989
	<u>17,740</u>	<u>58,279</u>

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(h) OTHER LIABILITIES

	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
Other liabilities	1,688	32

(i) ISLAMIC BANKING FUNDS

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

(j) RESERVES

	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
Revaluation reserve	45	154
Accumulated losses	(3,009)	(2,942)
	<u>(2,964)</u>	<u>(2,788)</u>

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

	Bank 30-Jun 2016 RM'000	Bank 30-Jun 2015 RM'000
Money at call and deposit placement with financial institutions	583	208
Financial assets held-for-trading	-	64
Financial assets available-for-sale	586	360
Amortisation of premium less accretion of discount	(68)	(21)
	<u>1,101</u>	<u>611</u>

(l) OTHER OPERATING INCOME

Fee income:		
Commissions	-	-
Other fee income	-	-
Net gain/(loss) arising from sale of securities:		
Financial assets held-for-trading	-	663
Financial assets available-for-sale	34	-
Unrealised gain/(loss) on revaluation of securities:		
Financial assets held-for-trading	-	(2)
Other income:		
Foreign exchange:		
- Realised gain/(loss)	-	-
- Unrealised gain/(loss)	-	-
Others	61	27
Total	<u>95</u>	<u>688</u>

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(m) OTHER OPERATING EXPENSES

	Bank 30-Jun 2016 RM'000	Bank 30-Jun 2015 RM'000
Personnel costs (Note i)	640	668
Establishment costs (Note ii)	31	162
Marketing expenses (Note iii)	-	-
Administration and general expenses (Note iv)	282	244
	<u>953</u>	<u>1,074</u>
(i) Personnel Costs		
Salaries, bonuses and allowances	515	425
EPF - defined contribution plan	84	72
Other staff related expenses	41	171
	<u>640</u>	<u>668</u>
(ii) Establishment costs		
Depreciation of property, plant and equipment	2	3
Amortization of intangible asset	-	-
Rental of premises	16	128
Others	13	31
	<u>31</u>	<u>162</u>
(iii) Marketing Expenses		
Advertising	-	-
Others	-	-
	<u>-</u>	<u>-</u>
(iv) Administration and general expenses		
Legal and professional fees	180	164
Others general expenses	102	80
	<u>282</u>	<u>244</u>

BNP PARIBAS MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

n. CAPITAL ADEQUACY

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

	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
Tier-I capital		
Capital fund	24,350	24,350
Accumulated losses	(3,009)	(2,942)
	<u>21,341</u>	<u>21,408</u>
Less :		
- Deferred tax assets	-	-
- 55% of cumulative gains of AFS financial instruments	(25)	(85)
- Other disclosed reserves	45	154
Total Tier-I capital	<u>21,361</u>	<u>21,477</u>

	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
Tier-II Capital		
Collective assessment allowance	-	-
Total Tier-II capital	<u>-</u>	<u>-</u>
Capital base	<u>21,361</u>	<u>21,477</u>

Capital Ratios

Tier 1 Capital Ratio	280.108%	349.902%
Total Capital Ratio	<u>280.108%</u>	<u>349.902%</u>

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

	Bank 30-Jun 2016 RM'000	Bank 31-Dec 2015 RM'000
Credit Risk	3,836	2,777
Market Risk	-	-
Operational Risk	3,790	3,361
Total risk-weighted assets	<u>7,626</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 JUNE 2016

Bank	Non-distributable →				Total RM'000
	Share capital RM'000	Statutory reserves RM'000	Revaluation reserve-available -for-sale securities RM'000	Accumulated losses RM'000	
At 1 January 2016	24,350		154	(2,942)	21,562
Profit/(Loss) for the quarter				(67)	(67)
Unrealised net loss on revaluation of securities available-for-sale			(95)		(95)
Deferred tax			(14)		(14)
At 30 June 2016	24,350	-	45	(3,009)	21,386

Bank	Non-distributable →				Total RM'000
	Capital fund RM'000	Statutory reserve RM'000	Revaluation reserve-available -for-sale securities RM'000	Accumulated losses 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

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 June 2016					
Cost					
At 1 January 2016				29	29
Additions				-	-
Disposals				-	-
Write-off				-	-
Reclassification	6		1	(7)	-
At 30 June 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 June 2016	<u>1</u>			<u>22</u>	<u>23</u>
Net Book Value 30 June 2016	<u>5</u>		<u>1</u>	<u>-</u>	<u>6</u>

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 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