

# J.P.Morgan

**J.P. MORGAN CHASE BANK BERHAD**

(Company number: 316347 D)

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

Domiciled in Malaysia  
Principal place of business:  
Level 18, Integra Tower  
The Intermark  
348, Jalan Tun Razak  
50400 Kuala Lumpur

J.P. MORGAN CHASE BANK BERHAD (316347-D)  
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

ASSETS	Note	30 Jun 2018 RM'000	31 Dec 2017 RM'000
Cash and short-term funds	a	3,768,302	3,893,686
Securities purchased under resale agreement		94,932	46,776
Financial assets measured at fair value through profit or loss / Financial assets held for trading	b	588,965	887,490
Derivative financial instruments		582,487	516,759
Financial assets measured at fair value through other comprehensive income / Financial assets available-for-sale	c	686,497	148,476
Loans and advances	d	351,125	307,077
Amount due from related parties		535,962	549,747
Statutory deposits with Bank Negara Malaysia		36	2
Other assets	e	61,517	53,854
Tax recoverable		18,163	19,889
Deferred tax assets		3,110	3,110
Fixed assets		4,198	5,906
<b>TOTAL ASSETS</b>		<b><u>6,695,294</u></b>	<b><u>6,432,772</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Deposits from customers	f	3,989,987	3,129,533
Deposits and placements of banks and other financial institutions	g	396,303	224,762
Obligations on securities sold under repurchase agreements		-	48,384
Derivative financial instruments		521,941	519,968
Amount due to related parties		510,712	1,352,728
Other liabilities	h	186,224	112,439
<b>Total liabilities</b>		<b><u>5,605,167</u></b>	<b><u>5,387,814</u></b>
Share capital		127,500	127,500
Retained earnings		937,724	896,950
Reserves		24,903	20,508
<b>Shareholders' equity</b>		<b><u>1,090,127</u></b>	<b><u>1,044,958</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b><u>6,695,294</u></b>	<b><u>6,432,772</u></b>
<b>COMMITMENTS AND CONTINGENCIES</b>	o	<b><u>67,007,349</u></b>	<b><u>64,125,536</u></b>

J.P. MORGAN CHASE BANK BERHAD (316347-D)  
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	<u>Note</u>	<u>30 Jun 2018</u> (Quarter 2 2018) RM'000	<u>30 Jun 2017</u> (Quarter 2 2017) RM'000
Interest income	i	82,024	68,446
Interest expense	j	(26,647)	(21,750)
		<hr/>	<hr/>
Net interest income		55,377	46,696
Other operating income	k	66,287	66,314
		<hr/>	<hr/>
Net income		121,664	113,010
Other operating expenses	l	(74,322)	(73,093)
		<hr/>	<hr/>
Operating profit before allowances (Allowance for)/write back of losses on loans and advances	m	47,342 (57)	39,917 (277)
		<hr/>	<hr/>
Profit before taxation		47,285	39,640
Taxation		(11,926)	(10,313)
		<hr/>	<hr/>
Net profit for the financial period		<u>35,359</u>	<u>29,327</u>

STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Fair value reserves- FVOCI / available-for- sale securities RM'000	Option reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2018	127,500	-	-	40	18,053	2,415	896,950	1,044,958
- effects of adoption of MFRS 9	-	-	-	-	-	-	9,821	9,821
- as restated	127,500	-	-	40	18,053	2,415	906,771	1,054,779
Net profit for the financial period	-	-	-	-	-	-	35,359	35,359
Transfer to regulatory reserve	-	-	-	-	-	4,406	(4,406)	-
Other comprehensive income	-	-	-	(11)	-	-	-	(11)
At 30 June 2018	<u>127,500</u>	<u>-</u>	<u>-</u>	<u>29</u>	<u>18,053</u>	<u>6,821</u>	<u>937,724</u>	<u>1,090,127</u>
At 1 January 2017	85,500	42,000	97,778	252	15,914	6,379	734,627	982,450
Net profit for the financial year	-	-	-	-	-	-	60,581	60,581
Transfer (from)/to regulatory reserve	-	-	-	-	-	(3,964)	3,964	-
Transfer to share capital	42,000	(42,000)	-	-	-	-	-	-
Transfer from statutory reserve	-	-	(97,778)	-	-	-	97,778	-
Other comprehensive income	-	-	-	(212)	-	-	-	(212)
Employee share option scheme - Options granted	-	-	-	-	2,139	-	-	2,139
At 31 December 2017	<u>127,500</u>	<u>-</u>	<u>-</u>	<u>40</u>	<u>18,053</u>	<u>2,415</u>	<u>896,950</u>	<u>1,044,958</u>

J.P. MORGAN CHASE BANK BERHAD (316347-D)  
(Incorporated in Malaysia)

CASH FLOW STATEMENT  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	<u>30 Jun 2018</u> RM'000	<u>30 Jun 2017</u> RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	47,285	39,640
Adjustments for items not involving the movement of cash and cash equivalents:		
Depreciation of fixed assets	1,937	2,835
Loss on disposal of fixed assets	18	-
Allowance for losses on loans and advances	57	277
Net unrealised loss from revaluation of financial assets fair value through profit and loss / held for trading	3,983	4,956
Net (gain)/loss on derivatives	(5,666)	5,416
Net unrealised loss/(gain) on revaluation of derivatives	13,759	(7,241)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>61,373</b>	<b>45,883</b>
(Increase)/decrease in securities purchased under resale agreement	(48,156)	602,550
Decrease/(increase) in financial assets measured at fair value through profit and loss / financial assets held for trading	294,542	(382,209)
(Increase)/decrease in derivative financial instruments	(71,848)	134,438
Increase in instruments at fair value through other comprehensive income / financial assets available-for-sale	(538,010)	(84)
(Increase)/decrease in loans and advances	(44,105)	232,369
Decrease in other assets	2,136	184,530
Increase in statutory deposits with Bank Negara Malaysia	(34)	-
Increase/(decrease) in deposits from customers	860,454	(1,896,838)
Increase in deposits and placements of banks and other financial institutions	171,541	13,427
Increase/(decrease) in other liabilities	73,785	(83,542)
Decrease in securities sold under repurchase agreements	(48,384)	(278,001)
(Decrease)/increase in amount due to related parties	(842,016)	271,629
Cash used in operating activities	(128,722)	(1,155,848)
Income taxes paid	(10,200)	(11,986)
<b>Net cash used in operating activities</b>	<b>(138,922)</b>	<b>(1,167,834)</b>

J.P. MORGAN CHASE BANK BERHAD (316347-D)  
(Incorporated in Malaysia)

CASH FLOW STATEMENT  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE (CONTINUED)

	<u>30 Jun 2018</u> RM'000	<u>30 Jun 2017</u> RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(247)	(552)
Net cash used in investing activities	<u>(247)</u>	<u>(552)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(139,169)	(1,168,386)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	4,443,433	5,196,370
CASH AND CASH EQUIVALENT AT END OF FINANCIAL PERIOD	<u><u>4,304,264</u></u>	<u><u>4,027,984</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and short term funds	3,768,302	3,177,373
Amount due from related parties	535,962	850,611
	<u><u>4,304,264</u></u>	<u><u>4,027,984</u></u>

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2018

A Basis of preparation

The unaudited interim financial statements herein have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board.

The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2017. The explanatory notes attached in the unaudited interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2017.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2017, except for the following:

- MFRS 9: Effective 1 January 2018, the Bank adopted MFRS 9, Financial Instruments, which replaces MFRS 139, Financial Instruments: Recognition and Measurement and substantially changes the classification, measurement and impairment of financial assets, income statement and financial position presentation and disclosure of financial instruments and other arrangements in scope.

B Auditor's Report on preceding Annual Financial Statements

The auditor's report on the financial statements for the financial year ended 31 December 2017 was not subject to any qualification.

C Seasonality or Cyclical factors

The business operations of the Bank are not subject to material seasonal or cyclical fluctuation.

D Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Bank for the financial period ended 30 June 2018.

E Change in estimates

There were no changes in estimates of amounts reported in prior financial years that have material effect on the financial results and position of the Bank for the financial period ended 30 June 2018.

F Issuance and repayment of Debts and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period ended 30 June 2018.

G Dividend

No dividend was paid during the financial period ended 30 June 2018.

H Subsequent events

There were no material events subsequent to the end of the reporting date that require disclosure or adjustments to the unaudited interim financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2018

I Review of Bank's Performance

The Bank's profit before taxation for the financial period to June 2018 amounted to RM47.3 million. Net interest income for the period was RM55.4 million. Major contributor for interest income include inter-bank lending (RM41.1 million) and interest earned from securities (RM34.6 million). Interest income from loans and advances for the period amounted to RM6.3 million. As for interest expense, amount incurred on inter-bank borrowings was RM5 million and interest incurred on customer deposits was RM21.7 million.

Income generated from the Bank's treasury activities comprises net gain on foreign exchange trading of RM40.1 million, net loss in securities trading of RM4.2 million and net loss on derivatives of RM8.1 million. Inter-company charges, commission and fees earned by the Bank amounted to RM39 million.

Total overhead expenditure incurred in the 6 months was RM74.3 million. Staff cost and benefits came up to RM26.5 million while establishment expenses amounted to RM5.4 million. Inter-company fees incurred during the period was RM35.1 million, making up the bulk of general administrative expenses of RM41.8 million.

Performance for year-to-date June 2018 was higher than that of the corresponding period in 2017. In the current period, the profit before taxation was RM47.3 million (YTD June 2017: RM39.7 million). Net interest income for the current period was higher by RM8.7 million while other operating income in the first 6 months of 2018 was RM66.3 million, same as that earned in the corresponding period in 2017. During the current period, there was higher net gain in foreign exchange and other operating income by RM16.1 million and RM11.1 million respectively. These were offset by lower net income from securities of RM16.8 million as well as higher losses from derivatives trading by RM8.1 million. Other operating expenses came up to RM74.3 million as compared with RM73.1 million incurred during the corresponding period of 2017. The increase of RM1.2 million was mainly attributed to increase in personnel costs by RM2.2 million, offset by decrease in administration and general expenses of RM1.2 million.

J Business outlook for 2018

The macro-economic environment looks more promising going into 2018. In view of this, the markets in which we operate look reasonably healthy leading to optimism in the outlook and better prospects for the business.

J.P. Morgan's target clients, which consists of multi-national corporations, large domestic corporates, financial institutions and non-bank financial institutions, benefit from our significant competitive advantage in terms of our broad product mix and global network. Both elements ensure we can effectively service clients that have both a domestic and international presence.

Globally, with J.P. Morgan's strong capitalisation, fortress balance sheet and proven track record in meeting the needs of our clients with exceptional products, innovative solutions and best in class advice, our revenue will continue to grow. In addition, J.P. Morgan's Corporate and Investment Bank's international businesses are important components of J.P. Morgan's overall global strategy and remain a significant focus of the firm. They will continue to contribute positively to our growth aspirations.



J.P. MORGAN CHASE BANK BERHAD (316347-D)  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2018

	<u>30 Jun 2018</u> RM '000	<u>31 Dec 2017</u> RM '000
a) Cash and short-term funds		
Cash and balances with banks and other financial institutions	25,108	29,684
Money at call and deposit placements maturing within one month	<u>3,743,194</u>	<u>3,864,002</u>
	<u><u>3,768,302</u></u>	<u><u>3,893,686</u></u>
b) Financial assets measured at fair value through profit or loss / Financial assets held for trading		
<u>Money market instruments</u>		
Malaysian Government Securities	387,104	534,543
Bank Negara Malaysia bills	-	4,948
Malaysian Government Investment Issuance	100,253	246,479
<u>Unquoted securities</u>		
Private debt securities	<u>101,608</u>	<u>101,520</u>
	<u><u>588,965</u></u>	<u><u>887,490</u></u>
c) Financial assets measured at fair value through other comprehensive income / Financial assets available-for-sale		
<u>Money market instruments</u>		
Malaysian Treasury bills	686,497	-
Bank Negara Malaysia bills	<u>-</u>	<u>148,476</u>
	<u><u>686,497</u></u>	<u><u>148,476</u></u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2018

	<u>30 Jun 2018</u>	<u>31 Dec 2017</u>
	RM '000	RM '000
d) Loans and advances		
i) Loans and advances analysed by type of loan are as follows:		
Overdrafts	74,163	37,503
Housing loans	647	703
Staff loans	668	741
Revolving credits	201,163	175,981
Trade finance	<u>74,583</u>	<u>93,475</u>
	351,224	308,403
Less: Allowance for losses on loans and advances:		
- Individual assessment	-	(41)
- Collective assessment	-	(1,285)
- ECL not credit impaired	(62)	-
- ECL credit impaired	<u>(37)</u>	<u>-</u>
Total net loans and advances	<u><u>351,125</u></u>	<u><u>307,077</u></u>
ii) The maturity structure of loans and advances are as follows:		
Maturity within		
- one year	349,946	306,973
- one year to three years	135	172
- three years to five years	213	118
- over five years	<u>930</u>	<u>1,140</u>
	<u><u>351,224</u></u>	<u><u>308,403</u></u>
iii) Loans and advances analysed by type of customers are as follows:		
Domestic business enterprises		
- Others	322,572	273,388
Individuals	1,315	1,444
Foreign entities	<u>27,337</u>	<u>33,571</u>
	<u><u>351,224</u></u>	<u><u>308,403</u></u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2018

	<u>30 Jun 2018</u> RM '000	<u>31 Dec 2017</u> RM '000
d) Loans and advances (continued)		
iv) Loans and advances analysed by interest sensitivity are as follows:		
Fixed rate		
- Housing loans	1,315	1,444
Variable rate		
- Cost-plus	<u>349,909</u>	<u>306,959</u>
	<u><u>351,224</u></u>	<u><u>308,403</u></u>
v) Loans and advances analysed by their economic purpose are as follows:		
Purchase of landed properties	1,315	1,444
Working capital	<u>349,909</u>	<u>306,959</u>
	<u><u>351,224</u></u>	<u><u>308,403</u></u>
vi) Loans and advances analysed by their geographical distribution are as follows:		
In Malaysia	323,887	274,832
Other countries	<u>27,337</u>	<u>33,571</u>
	<u><u>351,224</u></u>	<u><u>308,403</u></u>
vii) Impaired loans		
a) Movement in impaired loans and advances are as follows:		
At 1 January	111	123
Classified as impaired during the financial period/year	10	54
Reclassified as performing during the financial period/year	-	(54)
Amount recovered	<u>(50)</u>	<u>(12)</u>
At end of financial period/year	71	111
Individual assessment allowance	-	(41)
ECL credit impaired	<u>(37)</u>	<u>-</u>
Net impaired loans and advances	<u><u>34</u></u>	<u><u>70</u></u>
Ratio of net impaired loans and advances to net loans and advances	<u><u>0.01%</u></u>	<u><u>0.02%</u></u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2018

	<u>30 Jun 2018</u> RM '000	<u>31 Dec 2017</u> RM '000
d) Loans and advances (continued)		
vii) Impaired loans (continued)		
b) Movement in allowance for impaired loans and advances are as follows:		
<u>Individual assessment allowance</u>		
At 1 January		
- as previously reported	41	45
- effects of adoption of MFRS 9	<u>(41)</u>	<u>-</u>
Allowance written back during the financial period/year	<u>-</u>	<u>45</u>
Balance at end of financial period/year	<u><u>-</u></u>	<u><u>41</u></u>
<u>ECL credit impaired</u>		
At 1 January		
- as previously reported	-	-
- effects of adoption of MFRS 9	39	-
Allowance written back during financial period/year	<u>(2)</u>	<u>-</u>
Balance at end of financial period/year	<u><u>37</u></u>	<u><u>-</u></u>
<u>Collective assessment allowance</u>		
At 1 January		
- as previously reported	1,285	1,053
- effects of adoption of MFRS 9	<u>(1,285)</u>	<u>-</u>
Allowance made during the financial period/year	<u>-</u>	<u>1,053</u>
Balance at end of financial period/year	<u><u>-</u></u>	<u><u>232</u></u>
Collective assessment allowance (inclusive of regulatory reserve) as % of gross loans and advances, net of individual assessment allowance	<u><u>-</u></u>	<u><u>1.20%</u></u>
<u>ECL not credit impaired</u>		
At 1 January		
- as previously reported	-	-
- effects of adoption of MFRS 9	85	-
- as restated	85	-
Allowance written back during the financial period/year	<u>(23)</u>	<u>-</u>
Balance at end of financial period/year	<u><u>62</u></u>	<u><u>-</u></u>
ECL not credit impaired (inclusive of regulatory reserve) as % gross loan and advances, net of MFRS Stage 3 provision	<u><u>1.00%</u></u>	<u><u>-</u></u>
c) Impaired loans analysed by their economic purpose are as follows:		
Purchase of landed property	<u><u>71</u></u>	<u><u>111</u></u>
d) Impaired loans analysed by their geographical distribution are as follows:		
In Malaysia	<u><u>71</u></u>	<u><u>111</u></u>

J.P. MORGAN CHASE BANK BERHAD (316347-D)  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2018

	<u>30 Jun 2018</u> RM '000	<u>31 Dec 2017</u> RM '000
e) Other assets		
Other receivables	50,140	49,612
Deposits and prepayments	<u>11,377</u>	<u>4,242</u>
	<u>61,517</u>	<u>53,854</u>
f) Deposits from customers		
i) Deposits from customers analysed by type of deposits are as follows:		
Demand deposits	3,956,770	3,101,125
Fixed deposits	<u>33,217</u>	<u>28,408</u>
	<u>3,989,987</u>	<u>3,129,533</u>
Maturity structure of fixed deposits are as follows:		
Due within six months	<u>33,217</u>	<u>28,408</u>
ii) Deposits from customers analysed by type of customers are as follows:		
Business enterprises	3,989,499	3,129,157
Others	<u>488</u>	<u>376</u>
	<u>3,989,987</u>	<u>3,129,533</u>
g) Deposits and placements of banks and other financial institutions		
Licensed banks	393,382	220,681
Other financial institutions	<u>2,921</u>	<u>4,081</u>
	<u>396,303</u>	<u>224,762</u>
h) Other liabilities		
Other payables	179,986	99,300
Accruals and charges	<u>6,238</u>	<u>13,139</u>
	<u>186,224</u>	<u>112,439</u>

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2018

	<u>30 Jun 2018</u> (Quarter 2 2018) RM '000	<u>30 Jun 2017</u> (Quarter 2 2017) RM '000
i) Interest income		
Loans and advances		
- Interest income other than recoveries from impaired loans	6,252	4,870
- Recoveries from impaired loans	10	2
Money at call and placements with financial institutions	41,131	31,103
Financial assets		
- Fair value through profit and loss / held for trading	18,607	30,068
- Fair value through other comprehensive income / available-for-sale	16,024	2,403
	<u>82,024</u>	<u>68,446</u>
j) Interest expense		
Deposits from customers	21,689	13,845
Deposits and placements of banks and other financial institutions	4,958	7,905
	<u>26,647</u>	<u>21,750</u>
k) Other operating income		
Fee income:		
Service charges and fees	2,233	2,340
Guarantee fees	1,783	1,723
	4,016	4,063
Net income from securities:		
Net (loss)/gain from sale of financial assets fair value through profit or loss / held for trading	(224)	17,523
Unrealised loss from revaluation of financial assets fair value through profit or loss / held for trading	(3,983)	(4,956)
Derivatives:		
Net gain/(loss) from trading of derivatives	5,666	(5,416)
Unrealised (loss)/gain from revaluation of derivatives	(13,759)	7,241
Other income:		
Foreign exchange gain	40,099	23,960
Other operating income	34,951	23,899
Loss on disposal of fixed assets	(18)	-
Other non-operating income	(461)	-
	<u>66,287</u>	<u>66,314</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2018

	<u>30 Jun 2018</u> (Quarter 2 2018) RM '000	<u>30 Jun 2017</u> (Quarter 2 2017) RM '000
l) Other operating expenses		
Personnel expenses	26,487	24,262
Establishment expenses	5,433	5,751
Marketing expenses	648	774
Management fee	35,067	38,084
General administrative expenses	<u>6,687</u>	<u>4,222</u>
	<u>74,322</u>	<u>73,093</u>
m) Allowance for losses on loans and advances:		
(a) Individual assessment allowance		
- Written back	-	5
(b) Collective assessment allowance		
- Made	-	(282)
(c) Expected credit loss allowance		
- Loans and advances	25	-
- Credit commitments and contingencies	(79)	-
Bad debts on loans and advances		
- Written off	(3)	-
	<u>(57)</u>	<u>(277)</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2018

n) Capital adequacy

The capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II).

i) The capital adequacy ratios of the Bank are as follows:	<u>30 Jun 2018</u>	<u>31 Dec 2017</u>
	RM '000	RM '000
<b>Tier-I capital</b>		
Share capital	127,500	127,500
Retained earnings	896,950	896,950
Fair value reserve - Fair value through other comprehensive income / Available-for-sale securities	29	40
Option reserve	<u>18,053</u>	<u>18,053</u>
	1,042,532	1,042,543
Deferred tax assets	(3,110)	(3,110)
Available-for-sale securities	<u>(15)</u>	<u>(22)</u>
Total Tier I capital	<u>1,039,407</u>	<u>1,039,411</u>
<b>Tier-II capital</b>		
Regulatory reserve	6,821	2,415
ECL not credit impaired / Collective assessment allowance	<u>62</u>	<u>1,285</u>
Total Tier-II capital	<u>6,883</u>	<u>3,700</u>
<b>Total capital</b>	<u>1,046,290</u>	<u>1,043,111</u>
Common Equity Tier 1 capital ratio	25.836%	25.911%
Tier 1 capital ratio	25.836%	25.911%
Total capital ratio	26.007%	26.004%



**J.P. MORGAN CHASE BANK BERHAD (316347-D)**

(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2018**
**n) Capital adequacy (continued)**
**ii) Total risk weighted assets and capital requirements as at 30 June 2018 and 31 December 2017**

Exposure class	30 June 2018				31 December 2017			
	Gross exposures	Net exposures	Risk weighted assets	Capital requirements	Gross exposures	Net exposures	Risk weighted assets	Capital requirements
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>(a) Credit risk</b>								
On-balance sheet exposures								
Sovereigns/central banks	4,545,945	4,545,945	218,019	17,442	4,087,691	4,087,691	81,099	6,488
Banks	508,471	508,471	101,695	8,136	594,364	594,364	124,962	9,997
Insurance companies, securities firms and fund managers	110,356	110,356	56,332	4,507	32,715	32,715	16,372	1,310
Corporates	351,537	351,537	350,721	28,058	306,960	306,960	306,960	24,557
Residential mortgages	1,235	1,235	434	35	1,328	1,328	508	41
Higher risk assets	4	4	6	-	4	4	6	-
Other assets	15,887	15,887	15,576	1,246	10,576	10,576	10,150	812
Defaulted exposures	71	71	71	6	111	111	111	9
<b>Total on-balance sheet exposures</b>	<b>5,533,506</b>	<b>5,533,506</b>	<b>742,854</b>	<b>59,430</b>	<b>5,033,749</b>	<b>5,033,749</b>	<b>540,168</b>	<b>43,214</b>
Off-balance sheet exposures over-the-counter ('OTC') derivatives	2,395,654	2,395,654	949,840	75,987	2,393,520	2,393,520	949,839	75,987
Off-balance sheet exposures other than OTC derivatives	380,259	380,259	365,800	29,264	310,922	310,922	302,695	24,216
<b>Total off-balance sheet exposures</b>	<b>2,775,913</b>	<b>2,775,913</b>	<b>1,315,640</b>	<b>105,251</b>	<b>2,704,442</b>	<b>2,704,442</b>	<b>1,252,534</b>	<b>100,203</b>
<b>Total on and off-balance sheet exposures</b>	<b>8,309,420</b>	<b>8,309,420</b>	<b>2,058,494</b>	<b>164,681</b>	<b>7,738,191</b>	<b>7,738,191</b>	<b>1,792,702</b>	<b>143,417</b>
<b>(b) Market risk</b>								
	<u>Long position</u>	<u>Short position</u>			<u>Long position</u>	<u>Short position</u>		
Interest rate risk	86,387,957	86,059,488	1,165,538	93,243	84,484,880	84,242,850	1,274,851	101,988
Equity position risk			9,663	773			-	-
Foreign currency risk	622	211,594	24,625	1,970	744	184,585	184,588	14,767
Option risk			313,713	25,097			321,413	25,713
<b>(c) Operational risk</b>			451,119	36,090			437,854	35,028
<b>Total risk weighted assets and capital requirements</b>			<b>4,023,152</b>	<b>321,854</b>			<b>4,011,408</b>	<b>320,913</b>

J.P. MORGAN CHASE BANK BERHAD (316347-D)  
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2018

o) Commitments and contingencies

	30 June 2018			31 December 2017		
	Principal	Credit	Risk-	Principal	Credit	Risk-
	<u>amount</u>	<u>equivalent</u>	<u>weighted</u>	<u>amount</u>	<u>equivalent*</u>	<u>weighted</u>
RM'000	RM'000	amount	RM'000	RM'000	amount	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	277,935	277,935	267,324	211,350	211,350	205,445
Transaction-related contingent items	34,704	17,352	13,504	37,791	18,895	16,573
Short-term self-liquidating trade related contingencies	-	-	-	27,485	5,497	5,497
Foreign exchange related contracts:						
- less than one year	23,635,709	562,944	269,075	18,957,817	524,512	250,330
- one year to less than five years	3,205,298	408,783	148,367	2,742,824	295,514	128,328
- more than five years	262,405	56,529	17,482	1,019,626	190,831	44,370
Interest rate related contracts:						
- less than one year	6,926,338	25,791	8,880	8,838,712	43,128	18,100
- one year to less than five years	25,446,323	725,110	246,489	25,891,420	848,925	297,510
- more than five years	2,004,744	131,569	50,211	2,198,070	157,309	61,996
Credit derivatives contracts						
- one year to less than five years	202,344	35,584	11,244	50,050	11,059	2,212
Equity related contracts						
- less than one year	2,133,486	275,820	94,389	1,855,696	194,258	71,575
- one year to less than five years	1,082,352	173,524	103,703	712,939	127,984	75,418
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	169,945	84,972	84,972	150,361	75,180	75,180
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in borrower's creditworthiness	1,625,766	-	-	1,431,395	-	-
	<u>67,007,349</u>	<u>2,775,913</u>	<u>1,315,640</u>	<u>64,125,536</u>	<u>2,704,442</u>	<u>1,252,534</u>

\* The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia guidelines.