

# 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 31 MARCH 2017

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 31 MARCH 2017

ASSETS	Note	31 Mar 2017 RM'000	31 Dec 2016 RM'000
Cash and short-term funds	a	3,537,129	3,918,993
Securities purchased under resale agreement		29,546	602,550
Financial assets held for trading	b	1,370,841	986,291
Derivative financial instruments		614,826	917,635
Financial assets available-for-sale	c	141,995	140,963
Loans and advances	d	387,680	618,262
Amount due from related parties		119,622	1,277,377
Statutory deposits with Bank Negara Malaysia		2	2
Other assets	e	170,432	273,591
Tax recoverable		9,416	10,590
Deferred tax assets		2,403	2,403
Fixed assets		8,841	10,189
<b>TOTAL ASSETS</b>		<b><u>6,392,733</u></b>	<b><u>8,758,846</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Deposits from customers	f	3,292,253	5,457,190
Deposits and placements of banks and other financial institutions	g	470,351	240,310
Obligations on securities sold under repurchase agreements		-	278,001
Derivative financial instruments		588,933	799,373
Amount due to related parties		711,325	613,485
Other liabilities	h	326,245	387,782
<b>Total liabilities</b>		<b><u>5,389,107</u></b>	<b><u>7,776,141</u></b>
Share capital		85,500	85,500
Share premium		42,000	42,000
Retained earnings		758,364	724,882
Reserves		117,762	120,323
<b>Shareholders' equity</b>		<b><u>1,003,626</u></b>	<b><u>972,705</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b><u>6,392,733</u></b>	<b><u>8,748,846</u></b>
<b>COMMITMENTS AND CONTINGENCIES</b>	o	<b><u>63,340,137</u></b>	<b><u>61,767,373</u></b>

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

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

	<u>Note</u>	<u>31 Mar 2017</u> (Quarter 1 2017) RM'000	<u>31 Mar 2016</u> (Quarter 1 2016) RM'000
Interest income	i	37,589	51,702
Interest expense	j	(12,636)	(33,385)
		<hr/>	<hr/>
Net interest income		24,953	18,317
Other operating income	k	38,466	26,884
		<hr/>	<hr/>
Net income		63,419	45,201
Other operating expenses	l	(35,280)	(33,290)
		<hr/>	<hr/>
Operating profit before allowances		28,139	11,911
Write back of losses on loans and advances	m	366	42
		<hr/>	<hr/>
Profit before taxation		28,505	11,953
Taxation		(7,161)	(3,220)
		<hr/>	<hr/>
Net profit for the financial period		<u>21,344</u>	<u>8,733</u>

STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Fair value reserves- available-for- sale securities RM'000	Option reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2017	85,500	42,000	97,778	252	15,914	6,379	734,627	982,450
Net profit for the financial period	-	-	-	-	-	-	21,344	21,344
Transfer to regulatory reserve	-	-	-	-	-	(2,393)	2,393	-
Other comprehensive income	-	-	-	(168)	-	-	-	(168)
At 31 March 2017	<u>85,500</u>	<u>42,000</u>	<u>97,778</u>	<u>84</u>	<u>15,914</u>	<u>3,986</u>	<u>758,364</u>	<u>1,003,626</u>
At 1 January 2016	85,500	42,000	97,778	1,332	11,890	2,384	660,385	901,269
Net profit for the financial year	-	-	-	-	-	-	78,237	78,237
Transfer to regulatory reserve	-	-	-	-	-	3,995	(3,995)	-
Other comprehensive income	-	-	-	(1,080)	-	-	-	(1,080)
Employee share option scheme - Options granted	-	-	-	-	4,024	-	-	4,024
At 31 December 2016	<u>85,500</u>	<u>42,000</u>	<u>97,778</u>	<u>252</u>	<u>15,914</u>	<u>6,379</u>	<u>734,627</u>	<u>982,450</u>

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

CASH FLOW STATEMENT  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

	<u>31 Mar 2017</u> RM'000	<u>31 Mar 2016</u> RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	28,505	11,953
Adjustments for items not involving the movement of cash and cash equivalents:		
Depreciation of fixed assets	1,409	1,406
Write back of losses on loans and advances	(366)	(42)
Net unrealised loss/( gain) from revaluation of financial assets held for trading	2,500	(990)
Net loss/(gain) on derivatives	1,837	(6,117)
Net unrealised (gain)/loss on revaluation of derivatives	(12,023)	15,733
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<hr/> 21,862	<hr/> 21,943
Increase in deposits and placements with banks and other financial institutions	-	(300,026)
Decrease/(increase) in securities purchased under resale agreement	573,004	(1,260,681)
Increase in financial assets held for trading	(387,050)	(60,557)
Decrease in derivative financial instruments	102,555	17,765
Increase in financial assets available-for-sale	(1,200)	(1,206)
Decrease/(increase) in loans and advances	230,948	(22,336)
Decrease/(increase) in other assets	103,158	(380,565)
Decrease in statutory deposits with Bank Negara Malaysia	-	3,044
Decrease in deposits from customers	(2,164,937)	(418,657)
Increase in deposits and placements of banks and other financial institutions	230,041	22,674
(Decrease)/increase in securities sold under repurchase agreements	(278,001)	1,418,825
(Decrease)/increase in other liabilities	(61,537)	384,992
Increase/(decrease) in amount due to related parties	97,585	(1,113,502)
	<hr/>	<hr/>
Cash used in operating activities	(1,533,572)	(1,688,287)
Income taxes paid	(5,986)	(3,475)
	<hr/>	<hr/>
Net cash used in operating activities	<u>(1,539,558)</u>	<u>(1,691,762)</u>

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

(Incorporated in Malaysia)

CASH FLOW STATEMENT  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017 (CONTINUED)

	<u>31 Mar 2017</u> RM'000	<u>31 Mar 2016</u> RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(61)	(51)
Net cash used in investing activities	<u>(61)</u>	<u>(51)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,539,619)	(1,691,813)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	5,196,370	8,037,314
CASH AND CASH EQUIVALENT AT END OF FINANCIAL PERIOD	<u><u>3,656,751</u></u>	<u><u>6,345,501</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and short term funds	3,537,129	4,190,612
Amount due from related parties	119,622	2,154,889
	<u><u>3,656,751</u></u>	<u><u>6,345,501</u></u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2017

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 2016. 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 2016.

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 2016.

B Auditor's Report on preceding Annual Financial Statements

The auditor's report on the financial statements for the financial year ended 31 December 2016 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 31 March 2017.

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 31 March 2017.

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 31 March 2017.

G Dividend

No dividend was paid during the financial period ended 31 March 2017.

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 - 31 MARCH 2017

I Review of Bank's Performance

The Bank's profit before taxation for the financial period to March 2017 amounted to RM28.5 million. Net interest income for the period was RM25.0 million. Major contributor for interest income include inter-bank lending (RM16.8 million) and interest earned from securities (RM18.1 million). As for interest expense, amount incurred on inter-bank borrowings was RM5.6 million and interest incurred on customer deposits was RM7.0 million.

Income generated from the Bank's treasury activities comprises net gain on foreign exchange trading of RM9.0 million as well as net gain from securities trading of RM5.3 million and net gain on derivatives of RM10.2 million. Inter-company charges, commission and fees earned by the Bank amounted to RM14.0 million.

Total overhead expenditure incurred in the 3 months was RM35.3 million. Staff cost and benefits came up to RM11.7 million while establishment expenses amounted to RM2.7 million. Inter-company fees incurred during the period was RM18.1 million, making up the bulk of general administrative expenses.

Performance for year-to-date March 2017 was higher than that of the corresponding period in 2016. In the current period, the profit before taxation was RM28.5 million (YTD March 2016: RM12.0 million). Net interest income for the current period was higher by RM6.6 million while other operating income in the first 3 months of 2017 was RM38.5 million as compared to RM26.9 million in the corresponding period in 2016. The increase was mainly due to a net gain of RM10.2 million in derivatives trading in 2017 as compared to net loss of RM9.6 million in 2016. Other operating expenses incurred during 3 months of 2017 was RM35.3 million as compared to RM33.3 million in the corresponding period in 2016. The increase of RM2.0 million was mainly attributed to increase in personnel costs of RM1.3 million whereby, the personnel costs incurred during the first quarter of 2017 amounted to RM11.7 million vis-a-vis RM10.4 million incurred during the first quarter of 2016.

J Business outlook for 2017

The macro-economic environment remains challenging in 2017 due to the continued volatility in currencies and asset value. Despite these conditions, we remain optimistic that the economic environment will stabilize and the economy will continue to grow. J.P. Morgan will remain focused on the quality and stability of our earnings by investing in transaction services, trade and wholesale banking businesses while also enhancing flow 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 mix and global network. Both elements ensure we can effectively service clients that have both domestic and international presence.

With the 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 business are important components of J.P. Morgan's overall global strategy and remain a significant focus of the firm. They will also continue to contribute positively to our growth aspirations.



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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2017

	<u>31 Mar 2017</u> RM '000	<u>31 Dec 2016</u> RM '000
a) Cash and short-term funds		
Cash and balances with banks and other financial institutions	30,599	31,646
Money at call and deposit placements maturing within one month	<u>3,506,530</u>	<u>3,887,347</u>
	<u><u>3,537,129</u></u>	<u><u>3,918,993</u></u>
b) Financial assets held for trading		
<u>Money market instruments</u>		
Malaysian Government Securities	683,460	362,321
Bank Negara Malaysia bills	36,512	145,810
Malaysian Treasury bills	303,856	5,805
Malaysian Government Investment Issuance	81,708	75,957
<u>Unquoted securities</u>		
Private debt securities	<u>265,305</u>	<u>396,398</u>
	<u><u>1,370,841</u></u>	<u><u>986,291</u></u>
c) Financial assets available-for-sale		
<u>Money market instruments</u>		
Malaysian Government Securities	<u>141,995</u>	<u>140,963</u>

J.P. MORGAN CHASE BANK BERHAD (316347-D)  
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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2017

	<u>31 Mar 2017</u>	<u>31 Dec 2016</u>
	RM '000	RM '000
d) Loans and advances		
i) Loans and advances analysed by type of loan are as follows:		
Overdrafts	32,155	46,478
Housing loans	720	758
Staff loans	825	949
Revolving credits	285,048	511,053
Trade finance	<u>69,664</u>	<u>60,122</u>
	388,412	619,360
Less: Allowance for losses on loans and advances:		
- Individual assessment	(57)	(45)
- Collective assessment	<u>(675)</u>	<u>(1,053)</u>
Total net loans and advances	<u><u>387,680</u></u>	<u><u>618,262</u></u>
ii) The maturity structure of loans and advances are as follows:		
Maturity within		
- one year	386,920	617,722
- one year to three years	174	209
- three years to five years	102	104
- over five years	<u>1,216</u>	<u>1,325</u>
	<u><u>388,412</u></u>	<u><u>619,360</u></u>
iii) Loans and advances analysed by type of customers are as follows:		
Domestic business enterprises		
- Others	359,074	571,005
Individuals	1,545	1,707
Foreign entities	<u>27,793</u>	<u>46,648</u>
	<u><u>388,412</u></u>	<u><u>619,360</u></u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2017

	<u>31 Mar 2017</u>	<u>31 Dec 2016</u>
	RM '000	RM '000
d) Loans and advances (continued)		
iv) Loans and advances analysed by interest sensitivity are as follows:		
Fixed rate		
- Housing loans	1,528	1,675
- Other fixed rate loan	17	32
Variable rate		
- Cost-plus	<u>386,867</u>	<u>617,653</u>
	<u><u>388,412</u></u>	<u><u>619,360</u></u>
v) Loans and advances analysed by their economic purpose are as follows:		
Purchase of landed property	1,528	1,675
Purchase of transport vehicles	17	30
Personal use	-	2
Working capital	<u>386,867</u>	<u>617,653</u>
	<u><u>388,412</u></u>	<u><u>619,360</u></u>
vi) Loans and advances analysed by their geographical distribution are as follows:		
In Malaysia	360,619	572,712
Other countries	<u>27,793</u>	<u>46,648</u>
	<u><u>388,412</u></u>	<u><u>619,360</u></u>
vii) Impaired loans		
a) Movement in impaired loans and advances are as follows:		
At 1 January	123	171
Classified as impaired during the financial period/year	44	56
Reclassified as performing during the financial period/year	-	(91)
Amount recovered	<u>(3)</u>	<u>(13)</u>
At end of financial period/year	164	123
Individual assessment allowance	<u>(57)</u>	<u>(45)</u>
Net impaired loans and advances	<u><u>107</u></u>	<u><u>78</u></u>
Ratio of net impaired loans and advances to net loans and advances	<u><u>0.03%</u></u>	<u><u>0.01%</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2017

	<u>31 Mar 2017</u> RM '000	<u>31 Dec 2016</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	45	48
Allowance made/(written back) during the financial period/year	<u>12</u>	<u>(3)</u>
Balance at end of financial period/year	<u><u>57</u></u>	<u><u>45</u></u>
<u>Collective assessment allowance</u>		
At 1 January	1,053	1,603
Allowance written back during the financial period/year	<u>(378)</u>	<u>(550)</u>
Balance at end of financial period/year	<u><u>675</u></u>	<u><u>1,053</u></u>
Collective assessment allowance (inclusive of regulatory reserve) as % of gross loans and advances, net of individual assessment allowance	<u><u>1.20%</u></u>	<u><u>1.20%</u></u>
c) Impaired loans analysed by their economic purpose are as follows:		
Purchase of landed property	<u><u>164</u></u>	<u><u>123</u></u>
d) Impaired loans analysed by their geographical distribution are as follows:		
In Malaysia	<u><u>164</u></u>	<u><u>123</u></u>
e) Other assets		
Other receivables	59,539	253,294
Deposits and prepayments	<u>110,893</u>	<u>20,297</u>
	<u><u>170,432</u></u>	<u><u>273,591</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2017

	<u>31 Mar 2017</u> RM '000	<u>31 Dec 2016</u> RM '000
f) Deposits from customers		
i) Deposits from customers analysed by type of deposits are as follows:		
Demand deposits	3,264,476	5,438,611
Fixed deposits	<u>27,777</u>	<u>18,579</u>
	<u><u>3,292,253</u></u>	<u><u>5,457,190</u></u>
Maturity structure of fixed deposits are as follows:		
Due within six months	<u><u>27,777</u></u>	<u><u>18,579</u></u>
ii) Deposits from customers analysed by type of customers are as follows:		
Business enterprises	3,291,969	5,456,896
Others	<u>284</u>	<u>294</u>
	<u><u>3,292,253</u></u>	<u><u>5,457,190</u></u>
g) Deposits and placements of banks and other financial institutions		
Licensed banks	465,448	236,171
Other financial institutions	<u>4,903</u>	<u>4,139</u>
	<u><u>470,351</u></u>	<u><u>240,310</u></u>
h) Other liabilities		
Other payables	323,032	373,817
Accruals and charges	<u>3,213</u>	<u>13,965</u>
	<u><u>326,245</u></u>	<u><u>387,782</u></u>

J.P. MORGAN CHASE BANK BERHAD (316347-D)  
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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2017

	<u>31 Mar 2017</u> (Quarter 1 2017) RM '000	<u>31 Mar 2016</u> (Quarter 1 2016) RM '000
i) Interest income		
Loans and advances		
- Interest income other than recoveries from impaired loans	2,726	1,991
- Recoveries from impaired loans	1	4
Money at call and placements with financial institutions	16,732	46,526
Financial assets		
- Held for trading	16,929	1,975
- Available-for-sale	1,201	1,206
	<u>37,589</u>	<u>51,702</u>
j) Interest expense		
Deposits from customers	7,045	5,808
Deposits and placements of banks and other financial institutions	5,591	27,577
	<u>12,636</u>	<u>33,385</u>
k) Other operating income		
Fee income:		
Service charges and fees	1,237	1,947
Guarantee fees	856	744
	<u>2,093</u>	<u>2,691</u>
Net income from securities:		
Net gain from sale of financial assets held for trading	7,773	6,820
Unrealised (loss)/gain from revaluation of financial assets held for trading	(2,500)	990
Derivatives:		
Net (loss)/gain from trading of derivatives	(1,837)	6,117
Unrealised gain/(loss) from revaluation of derivatives	12,023	(15,733)
Other income:		
Foreign exchange gain	8,995	19,183
Other operating income	11,919	6,816
Other non-operating income	-	-
	<u>38,466</u>	<u>26,884</u>

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NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2017

	<u>31 Mar 2017</u> (Quarter 1 2017) RM '000	<u>31 Mar 2016</u> (Quarter 1 2016) RM '000
l) Other operating expenses		
Personnel expenses	11,651	10,362
Establishment expenses	2,744	2,832
Marketing expenses	321	101
General administrative expenses	<u>20,564</u>	<u>19,995</u>
	<u>35,280</u>	<u>33,290</u>
m) Write back of losses on loans and advances:		
(a) Individual assessment allowance - Made	(12)	(5)
(b) Collective assessment allowance - Written back	378	46
Bad debts on loans and advances - Recovered	<u>-</u>	<u>1</u>
	<u>366</u>	<u>42</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2017

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>31 Mar 2017</u>	<u>31 Dec 2016</u>
	RM '000	RM '000
<b>Tier-I capital</b>		
Paid-up share capital	85,500	85,500
Share premium	42,000	42,000
Retained earnings	734,627	734,627
Fair value reserve - available-for-sale securities	84	252
Option reserve	15,914	15,914
Statutory reserve	<u>97,778</u>	<u>97,778</u>
	975,903	976,071
Deferred tax assets	(2,403)	(2,403)
Available-for-sale securities	<u>(45)</u>	<u>(138)</u>
Total Tier I capital	<u>973,455</u>	<u>973,530</u>
<b>Tier-II capital</b>		
Regulatory reserve	3,986	6,379
Collective assessment allowance	<u>675</u>	<u>1,053</u>
Total Tier-II capital	<u>4,661</u>	<u>7,432</u>
<b>Total capital</b>	<u><u>978,116</u></u>	<u><u>980,962</u></u>
Common Equity Tier 1 capital ratio	22.269%	19.842%
Tier 1 capital ratio	22.269%	19.842%
Total capital ratio	22.376%	19.993%



NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2017

n) Capital adequacy (continued)

ii) Total risk weighted assets and capital requirements as at 31 March 2017 and 31 December 2016

Exposure class	31 March 2017				31 December 2016			
	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
(a) <u>Credit risk</u>								
On-balance sheet exposures								
Sovereigns/central banks	3,612,042	3,612,042	176,924	14,154	4,523,241	4,523,241	89,732	7,179
Banks	251,028	251,028	53,235	4,259	1,069,456	1,069,456	213,891	17,111
Insurance companies, securities firms and fund managers	51,902	51,902	27,182	2,175	622,541	622,541	314,902	25,192
Corporates	387,742	387,742	387,387	30,991	619,312	619,312	618,570	49,486
Residential mortgages	1,061	1,061	371	30	1,229	1,229	434	35
Higher risk assets	4	4	6	-	17	17	26	2
Other assets	117,410	117,410	116,831	9,346	27,989	27,989	27,357	2,189
Defaulted exposures	164	164	164	13	123	123	123	10
Total on-balance sheet exposures	<u>4,421,353</u>	<u>4,421,353</u>	<u>762,100</u>	<u>60,969</u>	<u>6,863,908</u>	<u>6,863,908</u>	<u>1,265,035</u>	<u>101,204</u>
Off-balance sheet exposures over-the-counter ('OTC') derivatives	2,463,462	2,463,462	1,059,171	84,734	2,717,421	2,717,421	1,266,361	101,309
Off-balance sheet exposures other than OTC derivatives	425,401	425,401	411,107	32,889	396,105	396,105	381,145	30,492
Total off-balance sheet exposures	<u>2,888,863</u>	<u>2,888,863</u>	<u>1,470,278</u>	<u>117,621</u>	<u>3,113,526</u>	<u>3,113,526</u>	<u>1,647,506</u>	<u>131,801</u>
Total on and off-balance sheet exposures	<u>7,310,216</u>	<u>7,310,216</u>	<u>2,232,378</u>	<u>178,590</u>	<u>9,977,434</u>	<u>9,977,434</u>	<u>2,912,541</u>	<u>233,005</u>
(b) <u>Market risk</u>	<u>Long position</u>	<u>Short position</u>			<u>Long position</u>	<u>Short position</u>		
Interest rate risk	83,879,133	82,921,678	1,395,185	111,615	81,390,360	81,613,133	1,453,306	116,265
Equity position risk			13,000	1,040			1,000	80
Foreign currency risk	450	171,042	171,038	13,683	6,214	11	6,213	497
Option risk			161,413	12,913			150,900	12,072
(c) <u>Operational risk</u>			398,340	31,867			382,539	30,603
Total risk weighted assets and capital requirements			<u>4,371,354</u>	<u>349,708</u>			<u>4,906,499</u>	<u>392,522</u>

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

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2017

o) Commitments and contingencies

	31 March 2017			31 December 2016		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount RM'000
Direct credit substitutes	314,102	314,102	303,355	298,477	298,477	287,625
Transaction-related contingent items	50,381	25,191	21,645	55,796	27,898	23,791
Short-term self-liquidating trade related contingencies	23,754	4,751	4,750	125,042	25,008	25,008
Foreign exchange related contracts:						
- less than one year	17,173,547	604,337	372,352	18,985,033	948,484	597,791
- one year to less than five years	2,469,854	315,425	125,374	2,596,930	338,171	148,128
- more than five years	1,112,297	198,920	49,429	1,038,420	205,961	51,392
Interest rate related contracts:						
- less than one year	7,295,268	53,449	30,065	7,119,002	36,408	14,912
- one year to less than five years	29,256,073	914,034	323,901	27,298,029	853,890	315,059
- more than five years	1,996,152	158,967	63,442	1,466,299	122,397	49,329
Credit derivatives contracts						
- one year to less than five years	255,801	42,850	18,306	282,082	55,394	21,811
Equity related contracts						
- less than one year	1,177,682	108,996	43,369	903,647	90,326	37,950
- one year to less than five years	395,340	66,484	32,933	373,558	66,390	29,988
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	162,713	81,357	81,357	89,444	44,722	44,722
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	1,357,173	-	-	1,135,614	-	-
	<u>63,040,137</u>	<u>2,888,863</u>	<u>1,470,278</u>	<u>61,767,373</u>	<u>3,113,526</u>	<u>1,647,506</u>

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