

UNAUDITED STATEMENT OF FINANCIAL POSITION
as at 30 June 2015

	Note	30 Jun 2015 RM'000	31 Dec 2014 RM'000
ASSETS			
Cash and short-term funds	a	4,269,306	1,538,858
Securities purchased under resale agreement		201,402	256,341
Deposits and placements with banks and other financial institutions	b	-	401,960
Financial assets held for trading	c	748,638	649,988
Derivative financial instruments		863,600	787,871
Financial assets available-for-sale	d	141,159	-
Loans and advances	e	300,888	272,880
Amount due from related parties		3,493,197	3,012,406
Statutory deposits with Bank Negara Malaysia		2	2
Other assets	f	129,524	54,875
Tax recoverable		25,661	30,307
Deferred tax assets		368	368
Fixed assets		17,409	20,077
TOTAL ASSETS		10,191,154	7,025,663
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from customers	g	3,899,892	4,141,036
Deposits and placements of banks and other financial institutions	h	749,804	681,226
Obligations on securities sold under repurchase agreements		92,851	40,488
Derivative financial instruments		717,324	594,458
Amount due to related parties		3,621,183	645,568
Other liabilities	i	237,449	76,693
Total Liabilities		9,318,503	6,179,469
Share capital		85,500	85,500
Reserves		787,151	760,694
Shareholders' Equity		872,651	846,194
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		10,191,154	7,025,663
COMMITMENTS AND CONTINGENCIES	o	55,738,036	52,396,729

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
for the financial period ended 30 June 2015

	Note	30 Jun 2015 RM'000	30 Jun 2014 (Quarter 2 2014) RM'000
Interest income	j	58,282	60,208
Interest expense	k	(21,003)	(16,069)
Net interest income		37,279	44,139
Other operating income	l	63,140	33,264
Net income		100,419	77,403
Other operating expenses	m	(64,905)	(56,840)
Operating profit before allowances		35,514	20,563
(Allowances for/write back of losses on loans and advances)	n	(318)	121
Profit before taxation		35,196	20,684
Taxation		(9,561)	(6,250)
Net profit for the financial period		25,635	14,434

STATEMENT OF CHANGES IN EQUITY
for the financial period ended 30 June 2015

	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Fair value reserve - available-for-sale securities RM'000	Option reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2015	85,500	42,000	97,778	-	9,440	2,590	608,886	846,194
Net profit for the financial period	-	-	-	-	-	-	25,635	25,635
Transfer to regulatory reserve	-	-	-	-	-	16	(16)	-
Other comprehensive income	-	-	-	822	-	-	-	822
At 30 June 2015	85,500	42,000	97,778	822	9,440	2,606	634,505	872,651
At 1 January 2014	85,500	42,000	97,778	(243)	7,702	958	598,673	832,368
Net profit for the financial year	-	-	-	-	-	-	11,845	11,845
Transfer to regulatory reserve	-	-	-	-	-	1,632	(1,632)	-
Other comprehensive income	-	-	-	243	-	-	-	243
Employee share option scheme - Options granted	-	-	-	-	1,738	-	-	1,738
At 31 December 2014	85,500	42,000	97,778	-	9,440	2,590	608,886	846,194

CASH FLOW STATEMENT
for the financial period ended 30 June 2015

	30 Jun 2015 RM'000	31 Dec 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	35,196	17,832
Adjustments for items not involving the movement of cash and cash equivalents:		
Depreciation of fixed assets	3,011	5,962
Allowance for losses on loans and advances	318	1,991
Share option expenses	-	1,738
Net gain from sale of financial assets available-for-sale	-	(133)
Net unrealised loss/(gain) from revaluation of financial assets held for trading	339	(78)
Net loss on derivative financial instruments	1,511	23,908
Net unrealised (gain)/loss in fair value changes on derivatives	(3,428)	8,669
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	36,947	59,889
Decrease in deposits and placements with banks and other financial institutions	401,960	200,118
Decrease in securities purchased under resale agreement	54,939	59,611
Increase in financial assets held for trading	(98,989)	(481,353)
Decrease/(increase) in derivative financial instruments	49,054	(140,712)
(Increase)/decrease in financial assets available-for-sale	(140,337)	363,876
Increase in loans and advances	(28,326)	(106,130)
Increase in other assets	(74,649)	(38,462)
(Decrease)/increase in deposits from customers	(241,144)	477,957
Increase in deposits and placements of banks and other financial institutions	68,578	113,833
Increase in securities sold under repurchase agreements	52,363	40,488
Increase in other liabilities	160,756	28,907
Increase/(decrease) in amount due to related parties	2,975,615	(35,330)
Cash generated from operating activities	3,216,767	542,692
Income taxes paid	(5,185)	(21,420)
Net cash generated from operating activities	3,211,582	521,272
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(343)	(1,192)
Net cash used in investing activities	(343)	(1,192)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,211,239	520,080
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD/YEAR	4,551,264	4,031,184
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD/YEAR	7,762,503	4,551,264
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and short-term funds	4,269,306	1,538,858
Amount due from related parties	3,493,197	3,012,406
	7,762,503	4,551,264

NOTES TO THE FINANCIAL STATEMENTS - 30 June 2015

Review of Bank's Performance

The Bank's profit before taxation for the financial period to June 2015 amounted to RM35.2 million. Net interest income for the period was RM37.3 million. Major contributor for interest income include inter-bank lending (RM39.6 million) and interest earned from securities (RM15.3 million). As for interest expense, amount incurred on inter-bank borrowings was RM5.3 million and interest incurred on customer deposits was RM15.7 million.

Income generated from the Bank's treasury activities comprises net gain on foreign exchange trading of RM36.1 million as well as net gain from securities trading of RM4.3 million and net gain from derivatives of RM1.9 million. Inter-company charges, commission and fees earned by the Bank amounted to RM20.9 million.

Total overhead expenditure incurred in the 6 months was RM64.9 million. Staff cost and benefits came up to approximately RM20.7 million while establishment expenses amounted to RM5.4 million. Inter-company fees incurred during the period was RM33.1 million, making up the bulk of general administrative expenses.

Performance for year-to-date June 2015 was higher than that of the corresponding period in 2014. In the current period, the profit before taxation was RM35.2 million (YTD June 2014: RM20.7 million). Net interest income for the current period was lower by RM6.9 million while other operating income in the first 6 months of 2015 was RM63.1 million as compared to RM33.3 million in the corresponding period in 2014. The increase was mainly due to higher net foreign exchange gain of RM36.1 million in 2015 as compared to RM27.9 million in 2014, as well as a net gain made on derivatives of RM1.9 million in 2015 as compared to a net loss of RM14.7 million in 2014. Other operating expenses incurred during the first 6 months of 2015 was RM64.9 million, as compared to RM56.8 million in the corresponding period in 2014. The increase was attributed to higher intercompany fees paid whereby RM33.1 million was incurred during the first 6 months of 2015 against RM23.7 million incurred for the corresponding period in 2014.

Business Outlook for 2015

The macro environment remains challenging in 2015 and volatility in currencies and assets values remains a factor. Despite these conditions, there is optimism that the economic environment will stabilize and the economy will grow. J.P. Morgan will continue to focus on the quality and stability of earnings by investing in its transaction services, trade and wholesale banking businesses while enhancing the flow business.

J.P. Morgan's target clients, consisting of multi-national corporations, large domestic corporates, financial institutions and non-bank financial institutions, benefit from the Bank's significant competitive advantage in terms of a broad product mix and global network which enables us to effectively service clients that have a domestic as well as an international presence.

With the Bank's strong capitalisation and proven strength across product and services, revenue growth will continue as investment in existing client relationships delivers results. The Bank will use its global competitive advantage in order to provide clients with value added solutions and innovative products. The international corporate and investment banking businesses is an important component of J.P. Morgan's overall global strategy and continued investment in these areas will contribute positively to our growth.

a) Cash and short-term funds

	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Cash and balances with banks and other financial institutions	38,606	56,934
Money at call and deposit placements maturing within one month	4,230,700	1,481,924
	4,269,306	1,538,858

b) Deposits and placements of banks and other financial institutions

	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Licensed banks	-	401,960

c) Financial assets held for trading

	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Money market instruments		
Malaysian Government Securities	553,724	337,692
Bank Negara Malaysia bills	28,093	157,920
Malaysian Government Investment Issuance	38,331	24,521
Unquoted securities		
Private debt securities	128,490	129,855
	748,638	649,988

d) Financial assets available-for-sale

	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Money market instruments		
Malaysian Government Securities	141,159	-
Unquoted securities (in Malaysia)		
Private debt securities	12	12
Shares	193	193
	205	205
	(205)	(205)
	141,159	-
Allowance for impairment losses	-	-

e) Loans and advances

	30 Jun 2015 RM'000	31 Dec 2014 RM'000
i) Loans and advances analysed by type of loans are as follows:		
Overdrafts	58	-
Term loans	-	-
- Housing loans	1,348	1,451
Staff loans	1,497	1,732
Revolving credit	245,462	196,279
Trade finance	53,588	74,166
	301,953	273,628
Less: Allowance for losses on loans and advances:		
- Individual assessment	(48)	(56)
- Collective assessment	(1,017)	(692)
Total net loans and advances	300,888	272,880
Included in loans and advances is revolving credit extended to a related company amounting to RM20,097,000 (31 Dec 2014: RM20,101,000).		
ii) The maturity structure of loans and advances are as follows:		
Maturity		
- within one year	292,072	270,472
- within one year to three years	7,282	431
- within three years to five years	305	302
- over five years	2,294	2,423
	301,953	273,628
iii) Loans and advances analysed by type of customers are as follows:		
Domestic business enterprises		
- Others	292,069	263,624
Individuals	2,845	3,183
Foreign entities	7,039	6,821
	301,953	273,628
iv) Loans and advances analysed by interest sensitivity are as follows:		
Fixed rate		
- Housing loans	1,329	2,882
- Other fixed rate loans	175	301
Variable rate		
- Cost-plus	300,449	270,445
	301,953	273,628

	30 Jun 2015 RM'000	31 Dec 2014 RM'000
v) Loans and advances analysed by their economic purpose are as follows:		
Purchase of landed property	2,678	2,882
Purchase of transport vehicles	135	254
Personal use	32	47
Working capital	299,108	270,445
	301,953	273,628

vii) Loans and advances analysed by their geographical distribution are as follows:

	30 Jun 2015 RM'000	31 Dec 2014 RM'000
In Malaysia	294,914	266,807
Other countries	7,039	6,821
	301,953	273,628

viii) Impaired loans

a) Movement in impaired loans and advances are as follows:	30 Jun 2015 RM'000	31 Dec 2014 RM'000
At 1 January	154	451
Classified as impaired during the financial period/year	32	2
Reclassified as performing during the financial period/year	(27)	(75)
Amount recovered	(10)	(207)
Amount written off	-	(17)
At end of financial period/year	149	154
Individual assessment allowance	(48)	(56)
Net impaired loans and advances	101	98
Ratio of net impaired loans and advances to net loans and advances	0.03%	0.04%

b) Movement in allowance for impaired loans and advances are as follows:

Individual assessment allowance		30 Jun 2015 RM'000	31 Dec 2014 RM'000
At 1 January		56	185
Allowance written back during the financial period/year		(8)	(129)
Balance at end of financial period/year		48	56
Collective assessment allowance			

At 1 January	692	308
Allowance made during the financial period/year	325	384
Balance at end of financial period/year	1,017	692
Collective assessment allowance (inclusive of regulatory reserve) as % of gross loans and advances, net of individual assessment allowance	1.20%	1.20%

c) Impaired loans analysed by their economic purpose are as follows:

	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Purchase of landed property	149	154

d) Impaired loans analysed by their geographical distribution are as follows:

	30 Jun 2015 RM'000	31 Dec 2014 RM'000
In Malaysia	149	154

f) Other assets

	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Other receivables	124,420	50,579
Other debtors, deposits and prepayments	5,104	4,296
	129,524	54,875

g) Deposits from customers

	30 Jun 2015 RM'000	31 Dec 2014 RM'000
i) Deposits from customers analysed by type of deposits are as follows:		
Demand deposits	3,693,546	3,935,224
Fixed deposits	206,346	205,812
	3,899,892	4,141,036
Maturity structure of fixed deposits are as follows:		
Due within six months	206,346	205,812

ii) Deposits from customers analysed by type of customers are as follows:

	30 Jun 2015 RM'000	31 Dec 2014 RM'000
Business enterprises	3,899,697	4,140,951
Others	195	85
	3,899,892	4,141,036

h) Deposits and placements of banks and other financial institutions

l) Other operating income

	30 Jun 2015 (Quarter 2 2015) RM'000	30 Jun 2014 (Quarter 2 2014) RM'000
Fee income:		
Service charges and fees	2,489	2,565
Guarantee fees	1,535	1,344
	4,024	3,909
Net income from securities:		
Net gain from sale of financial assets held for trading	4,596	3,563
Unrealised (loss)/gain from revaluation of financial assets held for trading	(339)	1,286
Net gain from sale of financial assets available-for-sale	-	42
Derivatives:		
Net loss from trading of derivatives	(1,511)	(23,024)
Unrealised gain from revaluation of derivatives	3,428	8,347
Other income:		
Foreign exchange gain	36,072	27,922
Other operating income	16,840	11,219
Other non-operating income	30	-
	63,140	33,264

m) Other operating expenses

	30 Jun 2015 (Quarter 2 2015) RM'000	30 Jun 2014 (Quarter 2 2014) RM'000
Personnel expenses	20,651	20,723
Establishment expenses	5,352	5,388
Marketing expenses	701	1,060
General administrative expenses	38,201	29,669
	64,905	56,840

n) (Allowances for)/write-back of losses on loans and advances

	30 Jun 2015 (Quarter 2 2015) RM'000	30 Jun 2014 (Quarter 2 2014) RM'000
(a) Individual assessment allowance		
- Written back	8	61
(b) Collective assessment allowance		
- (Made)/written back	(325)	59
Bad debts on loans and advances		
- Recovered	1	1
- Written off	(2)	-
	(318)	121

o) 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).

	30 Jun 2015 RM'000	31 Dec 2014 RM'000
i) The capital adequacy ratios of the Bank are as follows:		
Tier-I capital		
Paid-up share capital	85,500	85,500
Share premium	42,000	42,000
Retained earnings	608,886	608,886
Fair value reserve - available-for-sale securities	822	-
Option reserve	9,440	9,440
Statutory reserve	97,778	97,778
	844,426	843,604
Deferred tax assets	(368)	(368)
Available-for-sale securities	(452)	-
Total Tier-I capital	843,606	843,236
Tier-II capital		
Regulatory reserve	2,606	2,590
Collective assessment allowance	1,017	692
Total Tier-II capital	3,623	3,282
Total capital	847,229	846,518
Tier-I capital ratio	18.84%	17.41%
Total capital ratio	18.92%	17.48%

ii) Total risk weighted assets and capital requirements as at 30 June 2015 and 31 December 2014:

Exposure class	30 June 2015				31 December 2014			
	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Capital requirements RM'000	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Capital requirements RM'000
(a) Credit risk								
On-balance sheet exposures	4,687,599	4,687,599	-	-	1,513,493	1,513,493	-	-
Sovereigns/central banks	3,584,786	3,584,786	716,957	57,357	3,778,562	3,778,562	755,712	60,457
Banks								
Insurance companies, securities firms and fund managers	20,892	20,892	20,892	1,671	26,356	26,356	26,356	2,108
Corporates	279,524	279,524	279,437	22,355	250,967	250,967	250,887	20,071
Residential mortgages	2,167	2,167	798	64	2,391	2,391	960	77
Higher risk assets	14	14	21	2	14	14	21	2
Other assets	20,830	20,830	20,155	1,612	21,559	21,559	21,359	1,709
Defaulted exposures	149	149	170	14	154	154	156	12
Total on-balance sheet exposures	8,595,960	8,595,960	1,038,430	83,076	5,593,496	5,593,496	1,055,451	84,436
Off-balance sheet exposures over-the-counter ("OTC") derivatives	2,350,766	2,350,766	926,382	74,110	2,190,385	2,190,385	791,131	63,290
Off-balance sheet exposures other than OTC derivatives	740,006	740,006	717,636	57,411	1,786,266	1,786,266	814,947	65,196
Total off-balance sheet exposures	3,090,772	3,090,772	1,644,018	131,521	3,976,651	3,976,651	1,606,078	128,486
Total on and off-balance sheet exposures	11,686,732	11,686,732	2,682,448	214,598	9,570,147	9,570,147	2,661,529	212,922
(b) Market risk								
Interest rate risk	66,260,726	66,259,145	1,285,975	102,878	58,880,092	58,708,184	1,593,428	127,474
Equity position risk			13,075	1,046			9,413	753
Foreign currency risk	1,825	30,788	30,788	2,463	94,574	5	94,575	7,566
Option risk			141,013	11,281			184,288	14,743
(c) Operational risk			324,461	25,957			300,533	24,043
Total risk weighted assets and capital requirements			4,477,759	358,222			4,843,766	387,501

Off-balance sheet and counterparty risk:

	30 June 2015			31 December 2014		
	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	277,222	277,222	263,447	161,269	161,269	146,966
Transaction-related contingent items	107,554	53,777	45,421	111,076	55,538	48,876
Short-term self-liquidating trade related contingencies	6,575	1,315	1,076	-	-	-
Forward asset purchases	-	-	-	1,187,943	1,187,943	237,589
Foreign exchange related contracts:						
- less than one year	22,624,757	884,510	458,558	18,033,800	717,823	410,710
- one year to less than five years	1,526,595	265,232	153,167	1,498,119	225,249	128,632
Interest rate related contracts:						
- less than one year	6,718,024	20,119	4,024	5,950,889	21,883	4,376
- one year to less than five years	20,932,874	783,120	178,678	20,389,531	699,820	139,965
- more than five years	1,405,954	206,945	41,389	2,606,752	308,133	61,626
Credit derivatives contracts:						
- one year to less than five years	38,400	4,510	902	51,100	6,502	1,300
Equity related contracts:						
- less than one year	1,109,142	163,875	73,916	1,469,565	195,754	41,478
- one year to less than five years	170,095	22,455	15,748	114,138	15,221	3,044
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	811,744	405,872	405,872	723,356	361,678	361,678
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	9,100	1,820	1,820	99,191	19,838	19,838
	55,738,036	3,090,772	1,644,018	52,396,729	3,976,651	1,606,078

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