

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 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 30 JUNE 2017

ASSETS	Note	30 Jun 2017 RM'000	31 Dec 2016 RM'000
Cash and short-term funds	a	3,177,373	3,918,993
Securities purchased under resale agreement		-	602,550
Financial assets held for trading	b	1,363,544	986,291
Derivative financial instruments		504,504	917,635
Financial assets available-for-sale	c	140,874	140,963
Loans and advances	d	385,616	618,262
Amount due from related parties		850,611	1,277,377
Statutory deposits with Bank Negara Malaysia		2	2
Other assets	e	89,062	273,591
Tax recoverable		12,263	10,590
Deferred tax assets		2,403	2,403
Fixed assets		7,905	10,189
TOTAL ASSETS		<u>6,534,157</u>	<u>8,758,846</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from customers	f	3,560,352	5,457,190
Deposits and placements of banks and other financial institutions	g	253,737	240,310
Obligations on securities sold under repurchase agreements		-	278,001
Derivative financial instruments		518,855	799,373
Amount due to related parties		885,369	613,740
Other liabilities	h	304,240	387,782
Total liabilities		<u>5,522,553</u>	<u>7,776,396</u>
Share capital		85,500	85,500
Share premium		42,000	42,000
Retained earnings		767,025	734,627
Reserves		117,079	120,323
Shareholders' equity		<u>1,011,604</u>	<u>982,450</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>6,534,157</u>	<u>8,758,846</u>
 COMMITMENTS AND CONTINGENCIES	 o	 <u>65,615,989</u>	 <u>61,767,373</u>

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

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	<u>Note</u>	<u>30 Jun 2017</u> (Quarter 2 2017) RM'000	<u>30 Jun 2016</u> (Quarter 2 2016) RM'000
Interest income	i	68,446	97,807
Interest expense	j	(21,750)	(62,433)
		<hr/>	<hr/>
Net interest income		46,696	35,374
Other operating income	k	66,314	71,495
		<hr/>	<hr/>
Net income		113,010	106,869
Other operating expenses	l	(73,093)	(66,293)
		<hr/>	<hr/>
Operating profit before allowances (Allowance for)/write back of losses on loans and advances	m	39,917 (277)	40,576 706
		<hr/>	<hr/>
Profit before taxation		39,640	41,282
Taxation		(10,313)	(10,630)
		<hr/>	<hr/>
Net profit for the financial period		<u>29,327</u>	<u>30,652</u>

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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	-	-	-	-	-	-	29,327	29,327
Transfer (from)/to regulatory reserve	-	-	-	-	-	(3,071)	3,071	-
Other comprehensive income	-	-	-	(173)	-	-	-	(173)
At 30 June 2017	<u>85,500</u>	<u>42,000</u>	<u>97,778</u>	<u>79</u>	<u>15,914</u>	<u>3,308</u>	<u>767,025</u>	<u>1,011,604</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 30 JUNE 2017

	<u>30 Jun 2017</u> RM'000	<u>30 Jun 2016</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	39,640	41,282
Adjustments for items not involving the movement of cash and cash equivalents:		
Depreciation of fixed assets	2,835	2,878
Allowance for/(write back) of losses on loans and advances	277	(706)
Net unrealised loss/(gain) from revaluation of financial assets held for trading	4,956	(555)
Net loss on derivatives	5,416	7,625
Net unrealised (gain)/loss on revaluation of derivatives	(7,241)	14,794
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<hr/> 45,883	<hr/> 65,318
Decrease/(increase) in securities purchased under resale agreement	602,550	(1,134,099)
Increase in financial assets held for trading	(382,209)	(759,250)
Decrease in derivative financial instruments	134,438	50,123
Increase in financial assets available-for-sale	(84)	(85)
Decrease/(increase) in loans and advances	232,369	(138,365)
Decrease/(increase) in other assets	184,530	(48,924)
Decrease in statutory deposits with Bank Negara Malaysia	-	3,044
Decrease in deposits from customers	(1,896,838)	(222,629)
Increase/(decrease) in deposits and placements of banks and other financial institutions	13,427	(588,275)
(Decrease)/increase in securities sold under repurchase agreements	(278,001)	1,331,796
(Decrease)/increase in other liabilities	(83,542)	302,979
Increase/(decrease) in amount due to related parties	271,629	(1,967,060)
	<hr/>	<hr/>
Cash used in operating activities	(1,155,848)	(3,105,427)
Income taxes paid	(11,986)	(10,140)
	<hr/>	<hr/>
Net cash used in operating activities	<u>(1,167,834)</u>	<u>(3,115,567)</u>

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

(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017 (CONTINUED)

	<u>30 Jun 2017</u> RM'000	<u>30 Jun 2016</u> RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(552)	(809)
Net cash used in investing activities	<u>(552)</u>	<u>(809)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,168,386)	(3,116,376)
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>4,027,984</u></u>	<u><u>4,920,938</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and short term funds	3,177,373	2,977,355
Amount due from related parties	850,611	1,943,583
	<u><u>4,027,984</u></u>	<u><u>4,920,938</u></u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 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 30 June 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 30 June 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 30 June 2017.

G Dividend

No dividend was paid during the financial period ended 30 June 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 - 30 JUNE 2017

I Review of Bank's Performance

The Bank's profit before taxation for the financial period to June 2017 amounted to RM39.6 million. Net interest income for the period was RM46.7 million. Major contributor for interest income include inter-bank lending (RM31.1 million) and interest earned from securities (RM32.4 million). As for interest expense, amount incurred on inter-bank borrowings was RM7.9 million and interest incurred on customer deposits was RM13.8 million.

Income generated from the Bank's treasury activities comprises net gain on foreign exchange trading of RM24.0 million as well as net gain from securities trading of RM12.6 million and net gain on derivatives of RM1.8 million. Inter-company charges, commission and fees earned by the Bank amounted to RM28.0 million.

Total overhead expenditure incurred in the 6 months was RM73.1 million. Staff cost and benefits came up to RM24.3 million while establishment expenses amounted to RM5.8 million. Inter-company fees incurred during the period was RM38.1 million, making up the bulk of general administrative expenses.

Performance for year-to-date June 2017 was lower than that of the corresponding period in 2016. In the current period, the profit before taxation was RM39.6 million (YTD June 2016: RM41.3 million). Net interest income for the current period was higher by RM11.3 million while other operating income in the first 6 months of 2017 was RM66.3 million as compared to RM71.5 million in the corresponding period in 2016. The decrease was mainly due to a lower net gain in foreign exchange and in securities trading by RM25.4 and RM8.4 million respectively. These were offset by higher other operating income of RM5.7 million and a net gain of RM1.8 million in derivatives trading versus a loss of RM22.4 recorded during the same period in 2016. Other operating expenses came up to RM73.1 million as compared with RM66.3 million incurred during the corresponding period of 2016. The increase of RM6.8 million was mainly attributed to increase in personnel costs by RM3.0 million as well as increase in administration and general expenses by RM3.2 million.

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 capitalization, 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 - 30 JUNE 2017

	<u>30 Jun 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	46,037	31,646
Money at call and deposit placements maturing within one month	<u>3,131,336</u>	<u>3,887,347</u>
	<u><u>3,177,373</u></u>	<u><u>3,918,993</u></u>
b) Financial assets held for trading		
<u>Money market instruments</u>		
Malaysian Government Securities	885,576	362,321
Bank Negara Malaysia bills	15,912	145,810
Malaysian Treasury bills	110,895	5,805
Malaysian Government Investment Issuance	83,496	75,957
<u>Unquoted securities</u>		
Private debt securities	<u>267,665</u>	<u>396,398</u>
	<u><u>1,363,544</u></u>	<u><u>986,291</u></u>
c) Financial assets available-for-sale		
<u>Money market instruments</u>		
Malaysian Government Securities	<u>140,874</u>	<u>140,963</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2017

	<u>30 Jun 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	23,918	46,478
Housing loans	699	758
Staff loans	773	949
Revolving credits	279,682	511,053
Trade finance	<u>81,919</u>	<u>60,122</u>
	386,991	619,360
Less: Allowance for losses on loans and advances:		
- Individual assessment	(40)	(45)
- Collective assessment	<u>(1,335)</u>	<u>(1,053)</u>
Total net loans and advances	<u><u>385,616</u></u>	<u><u>618,262</u></u>
ii) The maturity structure of loans and advances are as follows:		
Maturity within		
- one year	385,549	617,722
- one year to three years	168	209
- three years to five years	108	104
- over five years	<u>1,166</u>	<u>1,325</u>
	<u><u>386,991</u></u>	<u><u>619,360</u></u>
iii) Loans and advances analysed by type of customers are as follows:		
Domestic business enterprises		
- Others	370,717	571,005
Individuals	1,472	1,707
Foreign entities	<u>14,802</u>	<u>46,648</u>
	<u><u>386,991</u></u>	<u><u>619,360</u></u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2017

	<u>30 Jun 2017</u> RM '000	<u>31 Dec 2016</u> RM '000
d) Loans and advances (continued)		
iv) Loans and advances analysed by interest sensitivity are as follows:		
Fixed rate		
- Housing loans	1,469	1,675
- Other fixed rate loans	3	32
Variable rate		
- Cost-plus	<u>385,519</u>	<u>617,653</u>
	<u><u>386,991</u></u>	<u><u>619,360</u></u>
v) Loans and advances analysed by their economic purpose are as follows:		
Purchase of landed properties	1,469	1,675
Purchase of transport vehicles	3	30
Personal use	-	2
Working capital	<u>385,519</u>	<u>617,653</u>
	<u><u>386,991</u></u>	<u><u>619,360</u></u>
vi) Loans and advances analysed by their geographical distribution are as follows:		
In Malaysia	372,189	572,712
Other countries	<u>14,802</u>	<u>46,648</u>
	<u><u>386,991</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	(54)	(91)
Amount recovered	<u>(6)</u>	<u>(13)</u>
At end of financial period/year	107	123
Individual assessment allowance	<u>(40)</u>	<u>(45)</u>
Net impaired loans and advances	<u><u>67</u></u>	<u><u>78</u></u>
Ratio of net impaired loans and advances to net loans and advances	<u><u>0.02%</u></u>	<u><u>0.01%</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2017

	<u>30 Jun 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 written back during the financial period/year	<u>(5)</u>	<u>(3)</u>
Balance at end of financial period/year	<u>40</u>	<u>45</u>
<u>Collective assessment allowance</u>		
At 1 January	1,053	1,603
Allowance made/(written back) during the financial period/year	<u>282</u>	<u>(550)</u>
Balance at end of financial period/year	<u>1,335</u>	<u>1,053</u>
Collective assessment allowance (inclusive of regulatory reserve) as % of gross loans and advances, net of individual assessment allowance	<u>1.20%</u>	<u>1.20%</u>
c) Impaired loans analysed by their economic purpose are as follows:		
Purchase of landed property	<u>107</u>	<u>123</u>
d) Impaired loans analysed by their geographical distribution are as follows:		
In Malaysia	<u>107</u>	<u>123</u>
e) Other assets		
Other receivables	82,063	253,294
Deposits and prepayments	<u>6,999</u>	<u>20,297</u>
	<u>89,062</u>	<u>273,591</u>

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

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2017

	<u>30 Jun 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	3,534,348	5,438,611
Fixed deposits	<u>26,004</u>	<u>18,579</u>
	<u><u>3,560,352</u></u>	<u><u>5,457,190</u></u>
Maturity structure of fixed deposits are as follows:		
Due within six months	<u>26,004</u>	<u>18,579</u>
ii) Deposits from customers analysed by type of customers are as follows:		
Business enterprises	3,560,028	5,456,896
Others	<u>324</u>	<u>294</u>
	<u><u>3,560,352</u></u>	<u><u>5,457,190</u></u>
g) Deposits and placements of banks and other financial institutions		
Licensed banks	249,022	236,171
Other financial institutions	<u>4,715</u>	<u>4,139</u>
	<u><u>253,737</u></u>	<u><u>240,310</u></u>
h) Other liabilities		
Other payables	298,230	373,817
Accruals and charges	<u>6,010</u>	<u>13,965</u>
	<u><u>304,240</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 - 30 JUNE 2017

	<u>30 Jun 2017</u> (Quarter 2 2017) RM '000	<u>30 Jun 2016</u> (Quarter 2 2016) RM '000
i) Interest income		
Loans and advances		
- Interest income other than recoveries from impaired loans	4,870	5,048
- Recoveries from impaired loans	2	5
Money at call and placements with financial institutions	31,103	87,134
Financial assets		
- Held for trading	30,068	3,215
- Available-for-sale	2,403	2,405
	<u>68,446</u>	<u>97,807</u>
j) Interest expense		
Deposits from customers	13,845	12,287
Deposits and placements of banks and other financial institutions	7,905	50,146
	<u>21,750</u>	<u>62,433</u>
k) Other operating income		
Fee income:		
Service charges and fees	2,340	3,639
Guarantee fees	1,723	1,773
	<u>4,063</u>	<u>5,412</u>
Net income from securities:		
Net gain from sale of financial assets held for trading	17,523	20,434
Unrealised (loss)/gain from revaluation of financial assets held for trading	(4,956)	555
Derivatives:		
Net (loss)/gain from trading of derivatives	(5,416)	(7,625)
Unrealised gain/(loss) from revaluation of derivatives	7,241	(14,794)
Other income:		
Foreign exchange gain	23,960	49,318
Other operating income	23,899	18,195
	<u>66,314</u>	<u>71,495</u>

J.P. MORGAN CHASE BANK BERHAD (316347-D)
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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2017

	<u>30 Jun 2017</u> (Quarter 2 2017) RM '000	<u>30 Jun 2016</u> (Quarter 2 2016) RM '000
l) Other operating expenses		
Personnel expenses	24,262	21,259
Establishment expenses	5,751	5,393
Marketing expenses	774	514
General administrative expenses	<u>42,306</u>	<u>39,127</u>
	<u>73,093</u>	<u>66,293</u>
m) Allowance for losses on loans and advances:		
(a) Individual assessment allowance - Written back/(made)	5	(7)
(b) Collective assessment allowance - (Made)/written back	(282)	712
Bad debts on loans and advances - Recovered	<u>-</u>	<u>1</u>
	<u>(277)</u>	<u>706</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 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>30 Jun 2017</u>	<u>31 Dec 2016</u>
	RM '000	RM '000
Tier-I capital		
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	79	252
Option reserve	15,914	15,914
Statutory reserve	<u>97,778</u>	<u>97,778</u>
	975,898	976,071
Deferred tax assets	(2,403)	(2,403)
Available-for-sale securities	<u>(43)</u>	<u>(138)</u>
Total Tier I capital	<u>973,452</u>	<u>973,530</u>
Tier-II capital		
Regulatory reserve	3,308	6,379
Collective assessment allowance	<u>1,335</u>	<u>1,053</u>
Total Tier-II capital	<u>4,643</u>	<u>7,432</u>
Total capital	<u><u>978,095</u></u>	<u><u>980,962</u></u>
Common Equity Tier 1 capital ratio	22.448%	19.842%
Tier 1 capital ratio	22.448%	19.842%
Total capital ratio	22.555%	19.993%

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

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2017
n) Capital adequacy (continued)
ii) Total risk weighted assets and capital requirements as at 30 June 2017 and 31 December 2016

Exposure class	30 June 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	3,233,374	3,233,374	300,588	24,047	4,523,241	4,523,241	89,732	7,179
Banks	1,000,373	1,000,373	213,898	17,112	1,069,456	1,069,456	213,891	17,111
Insurance companies, securities firms and fund managers	42,419	42,419	24,425	1,954	622,541	622,541	314,902	25,192
Corporates	387,444	387,444	386,483	30,919	619,312	619,312	618,570	49,486
Residential mortgages	1,358	1,358	520	42	1,229	1,229	434	35
Higher risk assets	4	4	6	-	17	17	26	2
Other assets	12,497	12,497	11,963	957	27,989	27,989	27,357	2,189
Defaulted exposures	107	107	107	9	123	123	123	10
Total on-balance sheet exposures	<u>4,677,576</u>	<u>4,677,576</u>	<u>937,990</u>	<u>75,040</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	2,320,455	2,320,455	887,988	71,039	2,717,421	2,717,421	1,266,361	101,309
Off-balance sheet exposures other than OTC derivatives	401,760	401,760	392,473	31,397	396,105	396,105	381,145	30,492
Total off-balance sheet exposures	<u>2,722,215</u>	<u>2,722,215</u>	<u>1,280,461</u>	<u>102,436</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>7,399,791</u>	<u>7,399,791</u>	<u>2,218,451</u>	<u>177,476</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>								
Interest rate risk	85,033,051	83,658,169	1,361,307	108,905	81,390,360	81,613,133	1,453,306	116,265
Equity position risk			14,613	1,169			1,000	80
Foreign currency risk	42,963	153,119	153,125	12,250	6,214	11	6,213	497
Option risk			185,125	14,810			150,900	12,072
(c) <u>Operational risk</u>			403,939	32,315			382,539	30,603
Total risk weighted assets and capital requirements			<u>4,336,560</u>	<u>346,925</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 - 30 JUNE 2017

o) Commitments and contingencies

	30 June 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	273,844	273,844	268,103	298,477	298,477	287,625
Transaction-related contingent items	41,524	20,762	17,216	55,796	27,898	23,791
Short-term self-liquidating trade related contingencies	137,504	27,501	27,501	125,042	25,008	25,008
Foreign exchange related contracts:						
- less than one year	18,701,570	537,559	281,364	18,985,033	948,484	597,791
- one year to less than five years	2,263,902	267,165	97,486	2,596,930	338,171	148,128
- more than five years	1,079,856	185,210	45,228	1,038,420	205,961	51,392
Interest rate related contracts:						
- less than one year	9,090,944	50,442	27,774	7,119,002	36,408	14,912
- one year to less than five years	28,633,156	928,734	293,601	27,298,029	853,890	315,059
- more than five years	2,290,699	168,051	63,290	1,466,299	122,397	49,329
Credit derivatives contracts						
- one year to less than five years	-	-	-	282,082	55,394	21,811
Equity related contracts						
- less than one year	1,336,685	126,630	50,603	903,647	90,326	37,950
- one year to less than five years	335,308	56,664	28,642	373,558	66,390	29,988
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	159,306	79,653	79,653	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	1,271,691	-	-	1,135,614	-	-
	<u>65,615,989</u>	<u>2,722,215</u>	<u>1,280,461</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.