

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 SEPTEMBER 2019

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 SEPTEMBER 2019

ASSETS	Note	30 Sep 2019 RM'000	31 Dec 2018 RM'000
Cash and short-term funds	a	4,967,965	4,665,101
Securities purchased under resale agreement		288,496	39,166
Financial assets held at fair value through profit and loss	b	581,260	2,024,152
Derivative financial instruments		505,836	568,207
Financial assets held at fair value through other comprehensive income	c	399,409	1,356,469
Loans and advances	d	239,917	353,149
Amount due from related parties		279,105	456,667
Statutory deposits with Bank Negara Malaysia		2	2
Other assets	e	557,068	87,514
Tax recoverable		-	13,985
Deferred tax assets		3,120	3,120
Fixed assets		11,519	4,085
TOTAL ASSETS		<u>7,833,697</u>	<u>9,571,617</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from customers	f	4,786,800	6,064,237
Deposits and placements of banks and other financial institutions	g	280,108	550,791
Obligations on securities sold under repurchase agreements		67,989	21,815
Derivative financial instruments		439,154	546,530
Amount due to related parties		178,875	1,137,157
Other liabilities	h	556,390	137,642
Tax payable		1,428	-
Total liabilities		<u>6,310,744</u>	<u>8,458,172</u>
Share capital	i	437,500	127,500
Retained earnings		1,058,335	959,653
Reserves		27,118	26,292
Shareholders' equity		<u>1,522,953</u>	<u>1,113,445</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>7,833,697</u>	<u>9,571,617</u>
COMMITMENTS AND CONTINGENCIES	p	<u>83,862,807</u>	<u>77,516,609</u>

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

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	<u>Note</u>	<u>30 Sep 2019</u> (Quarter 3 2019) RM'000	<u>30 Sep 2018</u> (Quarter 3 2018) RM'000
Interest income	j	115,040	100,916
Interest expense	k	(52,754)	(46,133)
		<hr/>	<hr/>
Net interest income		62,286	54,783
Other operating income	l	189,455	144,759
		<hr/>	<hr/>
Net income		251,741	199,542
Other operating expenses	m	(115,845)	(115,090)
		<hr/>	<hr/>
Operating profit before allowances		135,896	84,452
Expected credit losses written-back on loans and advances	n	79	77
		<hr/>	<hr/>
Profit before taxation		135,975	84,529
Taxation		(36,285)	(23,344)
		<hr/>	<hr/>
Net profit for the financial period		<u>99,690</u>	<u>61,185</u>

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	Share capital RM'000	Fair value reserves of OCI RM'000	Option reserve RM'000	Regulatory reserve RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 January 2019	127,500	133	11,953	14,206	959,653	1,113,445
Capital contribution	310,000	-	-	-	-	310,000
Net profit for the financial period	-	-	-	-	99,690	99,690
Transfer to regulatory reserve	-	-	-	1,008	(1,008)	-
Other comprehensive income	-	(182)	-	-	-	(182)
At 30 September 2019	<u>437,500</u>	<u>(49)</u>	<u>11,953</u>	<u>15,214</u>	<u>1,058,335</u>	<u>1,522,953</u>
At 1 January 2018	127,500	40	18,053	2,415	896,950	1,044,958
Adjustments arising from adoption of MFRS 9	-	-	-	9,636	185	9,821
Adjusted opening balances	127,500	40	18,053	12,051	897,135	1,054,779
Net profit for the financial year	-	-	-	-	64,673	64,673
Transfer to regulatory reserve	-	-	-	2,155	(2,155)	-
Other comprehensive income	-	93	-	-	-	93
Employee share option expense for the year	-	-	2,358	-	-	2,358
Employee share option expense recharged by JPMorgan Chase & Co	-	-	(8,458)	-	-	(8,458)
At 31 December 2018	<u>127,500</u>	<u>133</u>	<u>11,953</u>	<u>14,206</u>	<u>959,653</u>	<u>1,113,445</u>

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

(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	<u>30 Sep 2019</u> RM'000	<u>30 Sep 2018</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	135,975	84,529
Adjustments for items not involving the movement of cash and cash equivalents:		
Depreciation of fixed assets	1,973	2,642
Amortisation of lease	2,932	-
Loss on disposal of fixed assets	-	18
(Write back)/ allowance for expected credit losses on loans and advances	(79)	(77)
Net unrealised (gain)/loss from revaluation of financial assets held at fair value through profit and loss	(1,816)	1,690
Net loss/(gain) on derivatives	4,479	(8,265)
Net unrealised (gain)/loss on revaluation of derivatives	(31,409)	13,198
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>112,055</u>	<u>93,735</u>
Increase in securities purchased under resale agreement	(249,330)	(183,832)
Decrease/(increase) in financial assets held at fair value through profit and loss	1,444,708	(286,667)
Increase in derivative financial instruments	(18,075)	(74,798)
Decrease/(increase) in financial assets held at fair value through other comprehensive income	956,878	(399,810)
Decrease/(increase) in loans and advances	113,311	(124,793)
Increase in other assets	(479,102)	(77,962)
(Decrease)/increase in deposits from customers	(1,277,437)	3,898,978
(Decrease)/increase in deposits and placements of banks and other financial institutions	(270,683)	140,500
Increase in other liabilities	418,748	64,844
Increase in securities sold under repurchase agreements	46,174	71,704
Decrease in amount due to related parties	(958,282)	(1,178,484)
Cash (used in)/generated from operating activities	(161,035)	1,943,415
Income taxes paid	(20,872)	(15,600)
Net cash (used in)/generated from operating activities	<u>(181,907)</u>	<u>1,927,815</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(2,791)	(264)
Net cash used in investing activities	<u>(2,791)</u>	<u>(264)</u>

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

CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (CONTINUED)

	<u>30 Sep 2019</u> RM'000	<u>30 Sep 2018</u> RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution	310,000	-
Net cash flow from financing activities	<u>310,000</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	125,302	1,927,551
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD		
	5,121,768	4,443,433
CASH AND CASH EQUIVALENT AT END OF FINANCIAL PERIOD	<u>5,247,070</u>	<u>6,370,984</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and short term funds	4,967,965	4,369,456
Amount due from related parties	279,105	2,001,528
	<u>5,247,070</u>	<u>6,370,984</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

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 2018. 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 2018.

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 2018, except for the following:

- MFRS 16: Effective 1 January 2019, the Bank adopted MFRS 16, Leases, supersedes MFRS 117 "Leases". Lessees will recognise a right of use ("ROU") asset and corresponding lease liability on the balance sheet. The asset will be amortised over the length of the lease, and the lease liability measured at amortised cost.

B Auditor's Report on preceding Annual Financial Statements

The auditor's report on the financial statements for the financial year ended 31 December 2018 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 September 2019, other than the capital contribution from parent company as disclosed in Note i.

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 September 2019.

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 September 2019.

G Dividend

No dividend was paid during the financial period ended 30 September 2019.

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 SEPTEMBER 2019

I Review of Bank's Performance

The Bank's profit before taxation for the financial period to September 2019 amounted to RM136.0 million. Net interest income for the period was RM62.3 million. Major contributor for interest income include inter-bank lending (RM83.2 million) and interest earned from financial assets held at fair value through other comprehensive income (RM23.1 million). Interest income from loans and advances for the period amounted to RM8.7 million. As for interest expense, amount incurred on inter-bank borrowings was RM6.4 million and interest incurred on customer deposits was RM46.1 million.

Income generated from the Bank's treasury activities comprises net gain on foreign exchange trading of RM52.1 million, net gain in financial assets held at fair value through profit and loss of RM62.0 million and net gain on derivatives of RM26.9 million. Inter-company charges, commission and fees earned by the Bank amounted to RM48.4 million.

Total overhead expenditure incurred in the 9 months was RM115.8 million. Staff cost and benefits came up to RM42.9 million while establishment expenses amounted to RM7.1 million. Inter-company management fees and attribution fees incurred during the period was RM56.6 million while administration and general expenses amounted to RM7.9 million.

Performance for year-to-date September 2019 was higher than that of the corresponding period in 2018. In the current period, the profit before taxation was RM136.0 million (YTD September 2018: RM84.5 million). Net interest income for the current period was higher by RM7.5 million while other operating income in the first 9 months of 2019 was RM189.5 million, higher than the amount earned in the corresponding period in 2018 by RM44.7 million. The higher net interest income recorded was attributable to higher interest income from money at call and placements with financial institutions by RM14.5 million, offset by higher interest expense arising from deposits from customers by RM7.4 million. During the current period, there was lower net gain in foreign exchange and other operating income earned by RM6.5 million and RM12.2 million respectively. Net income from financial assets held at fair value through profit and loss for the first 9 months of 2019 amounted to RM62.0 million while RM30.9 million was recorded in the corresponding period for 2018. As for derivatives trading, a net gain of RM26.9 million was recorded in the period against a net loss of RM4.9 million recorded in first 9 months of 2018. Other operating expenses came up to RM115.8 million as compared with RM115.1 million incurred during the corresponding period of 2018, reflecting an increase of RM0.7 million.

J Business outlook for 2019

The macro-economic environment appears challenging in FY 2019. A slowdown in economic growth and possible flare up in the U.S. China Trade War, as well as financial-market volatility, are the main downside risks to the economy. Despite the challenges, J.P. Morgan will remain focused on the quality and stability of the Bank's earnings by investing in transaction services, trade and wholesale banking businesses while also enhancing flow business. J.P. Morgan's target clients, which consist 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 the Bank's broad product mix and global network. Both elements ensure the Bank can effectively service clients that have both domestic and international presence.

Globally, with J.P. Morgan's strong capitalisation, fortress balance sheet and proven track record in meeting the needs of the Bank's clients with exceptional products, innovative solutions and best in class advice, the Bank's 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 will remain a significant focus of the Bank. These businesses will continue to contribute positively to the Bank's growth aspirations.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

	<u>30 Sep 2019</u>	<u>31 Dec 2018</u>
	RM '000	RM '000
a) Cash and short-term funds		
Cash and balances with banks and other financial institutions	54,954	35,230
Money at call and deposit placements maturing within one month	<u>4,913,011</u>	<u>4,629,871</u>
	<u>4,967,965</u>	<u>4,665,101</u>
b) Financial assets held at fair value through profit or loss		
<u>Money market instruments</u>		
Malaysian Government Securities	384,660	1,223,825
Bank Negara Interbank bills	-	397,942
Malaysian Treasury bills	-	4,943
Malaysian Government Investment Issuance	100,056	192,568
Malaysian Government Guaranteed Bonds	90,323	-
<u>Unquoted securities</u>		
Private debt securities	-	197,344
Unquoted shares	<u>6,221</u>	<u>7,530</u>
	<u>581,260</u>	<u>2,024,152</u>
c) Financial assets held at fair value through other comprehensive income		
<u>Money market instruments</u>		
Bank Negara Interbank Bills	<u>399,409</u>	<u>1,356,469</u>
d) Loans and advances		
i) Loans and advances analysed by type of loan are as follows:		
Overdrafts	26,611	27,847
Housing loans	548	600
Staff loans	585	652
Revolving credits	161,612	218,155
Trade finance	<u>50,692</u>	<u>106,099</u>
	240,048	353,353
Less: Allowance for losses on loans and advances:		
- ECL not credit impaired	(100)	(181)
- ECL credit impaired	<u>(31)</u>	<u>(23)</u>
Total net loans and advances	<u>239,917</u>	<u>353,149</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

	<u>30 Sep 2019</u> RM '000	<u>31 Dec 2018</u> RM '000
d) Loans and advances (continued)		
ii) The maturity structure of loans and advances are as follows:		
Maturity within		
- one year	239,061	352,255
- one year to three years	58	46
- three years to five years	234	169
- over five years	695	883
	<u>240,048</u>	<u>353,353</u>
iii) Loans and advances analysed by type of customers are as follows:		
Domestic business enterprises		
- Others	228,169	332,573
Individuals	1,133	1,252
Foreign entities	10,746	19,528
	<u>240,048</u>	<u>353,353</u>
iv) Loans and advances analysed by interest sensitivity are as follows:		
Fixed rate		
- Housing loans	1,133	1,252
Variable rate		
- Cost-plus	238,915	352,101
	<u>240,048</u>	<u>353,353</u>
v) Loans and advances analysed by their economic purpose are as follows:		
Purchase of landed properties	1,133	1,252
Working capital	238,915	352,101
	<u>240,048</u>	<u>353,353</u>
vi) Loans and advances analysed by their geographical distribution are as follows:		
In Malaysia	229,302	333,825
Other countries	10,746	19,528
	<u>240,048</u>	<u>353,353</u>
vii) Loans and advances analysed by measurement basis are as follows:		
Amortised cost	<u>240,048</u>	<u>353,353</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

	<u>30 Sep 2019</u> RM '000	<u>31 Dec 2018</u> RM '000
d) Loans and advances (continued)		
viii) Impaired loans		
a) Movement in impaired loans and advances are as follows:		
At 1 January	66	111
Classified as impaired during the financial period/year	27	10
Amount recovered	<u>(6)</u>	<u>(55)</u>
At end of financial period/year	87	66
ECL credit impaired	<u>(31)</u>	<u>(23)</u>
Net impaired loans and advances	<u><u>56</u></u>	<u><u>43</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>
b) Impaired loans analysed by their economic purpose are as follows:		
Purchase of landed property	<u><u>87</u></u>	<u><u>66</u></u>
c) Impaired loans analysed by their geographical distribution are as follows:		
In Malaysia	<u><u>87</u></u>	<u><u>66</u></u>
d) Movement in allowance for impaired loans and advances are as follows:		
<u>ECL credit impaired</u>		
At 1 January		
- as previously reported	23	-
- effects of adoption of MFRS 9	<u>-</u>	<u>39</u>
- as restated	23	39
- Allowance made/(written back) during the financial period/year	<u>8</u>	<u>(16)</u>
Balance at end of financial period/year	<u><u>31</u></u>	<u><u>23</u></u>
<u>ECL not credit impaired</u>		
At 1 January		
- as previously reported	181	-
- effects of adoption of MFRS 9	<u>-</u>	<u>85</u>
- as restated	181	85
- Allowance (written back)/ made during the financial period/year	<u>(81)</u>	<u>96</u>
Balance at end of financial period/year	<u><u>100</u></u>	<u><u>181</u></u>
e) Other assets		
Other receivables	556,550	77,844
Deposits and prepayments	<u>518</u>	<u>9,670</u>
	<u><u>557,068</u></u>	<u><u>87,514</u></u>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

	<u>30 Sep 2019</u>	<u>31 Dec 2018</u>
	RM '000	RM '000
f) Deposits from customers		
i) Deposits from customers analysed by type of deposits are as follows:		
Demand deposits	4,766,302	6,036,321
Fixed deposits	<u>20,498</u>	<u>27,916</u>
	<u>4,786,800</u>	<u>6,064,237</u>
Maturity structure of fixed deposits are as follows:		
Due within six months	<u>20,498</u>	<u>27,916</u>
ii) Deposits from customers analysed by type of customers are as follows:		
Business enterprises	4,786,363	6,063,882
Others	<u>437</u>	<u>355</u>
	<u>4,786,800</u>	<u>6,064,237</u>
g) Deposits and placements of banks and other financial institutions		
Licensed banks	160,034	549,063
Other financial institutions	<u>120,074</u>	<u>1,728</u>
	<u>280,108</u>	<u>550,791</u>
h) Other liabilities		
Other payables	547,073	122,461
Accruals and charges	8,441	14,298
Expected credit loss - off-balance sheet lending commitment	<u>876</u>	<u>883</u>
	<u>556,390</u>	<u>137,642</u>
i) Share capital		
Movement in share capital during the financial period		
At the beginning of financial period/year	127,500	127,500
Capital contribution from holding company	<u>310,000</u>	<u>-</u>
At the end of the financial period/year	<u>437,500</u>	<u>127,500</u>

The Bank has on 11 June 2019 issued and fully paid-up 310,000,000 new ordinary shares in capital at an issue price of RM1.00 each for cash to the parent company, J.P. Morgan International Finance Ltd. This increase in capital contribution is qualified as Common Equity Tier-1 for the purpose of capital adequacy requirements.

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

	<u>30 Sep 2019</u> (Quarter 3 2019) RM '000	<u>30 Sep 2018</u> (Quarter 3 2018) RM '000
j) Interest income		
Loans and advances		
- Interest income other than recoveries from impaired loans	8,674	10,034
- Recoveries from impaired loans	2	11
Money at call and placements with financial institutions	83,218	68,692
Financial assets held at fair value through other comprehensive income	<u>23,146</u>	<u>22,179</u>
	<u>115,040</u>	<u>100,916</u>
k) Interest expense		
Deposits from customers	46,146	38,701
Deposits and placements of banks and other financial institutions	6,437	7,432
Lease rental	<u>171</u>	<u>-</u>
	<u>52,754</u>	<u>46,133</u>
l) Other operating income		
Fee income:		
Service charges and fees	3,277	3,432
Guarantee fees	<u>3,047</u>	<u>2,581</u>
	6,324	6,013
Net income from securities:		
Net gain from sale of financial assets fair value through profit or loss	29,625	3,693
Unrealised gain/(loss) from revaluation of financial assets fair value through profit or loss	1,816	(1,690)
Interest income from assets held at fair value through profit and loss	30,570	28,899
Derivatives:		
Net (loss)/gain from trading of derivatives	(4,478)	8,265
Unrealised gain/(loss) from revaluation of derivatives	31,409	(13,198)
Other income:		
Foreign exchange gain	52,109	58,572
Other operating income	42,034	54,256
Loss on disposal of fixed assets	-	(18)
Other non-operating income	<u>46</u>	<u>(33)</u>
	<u>189,455</u>	<u>144,759</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

	<u>30 Sep 2019</u> (Quarter 3 2019) RM '000	<u>30 Sep 2018</u> (Quarter 3 2018) RM '000
m) Other operating expenses		
Personnel expenses	42,883	39,924
Establishment expenses	7,077	7,477
Marketing expenses	1,413	976
Management fee	56,584	56,485
General administrative expenses	<u>7,888</u>	<u>10,228</u>
	<u>115,845</u>	<u>115,090</u>
n) Expected credit losses written-back/(made) for losses on loans and advances:		
ECL - off-balance sheet lending commitment	7	24
ECL - loans and advances	74	55
Loans and advances written-off	(2)	(2)
	<u>79</u>	<u>77</u>

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).

i) The capital adequacy ratios of the Bank are as follows:	<u>30 Sep 2019</u> RM '000	<u>31 Dec 2018</u> RM '000
Tier-I capital		
Share capital	437,500	127,500
Retained earnings	959,653	959,653
Fair value reserve through other comprehensive income	(49)	133
Option reserve	<u>11,953</u>	<u>11,953</u>
	1,409,057	1,099,239
Deferred tax assets	(3,120)	(3,120)
Financial assets at fair value through other comprehensive income	<u>-</u>	<u>(73)</u>
Total Tier I capital	<u>1,405,937</u>	<u>1,096,046</u>
Tier-II capital		
Regulatory reserve	15,214	14,206
ECL not credit impaired	<u>100</u>	<u>181</u>
Total Tier-II capital	<u>15,314</u>	<u>14,387</u>
Total capital	<u>1,421,251</u>	<u>1,110,433</u>
Common Equity Tier 1 capital ratio	29.017%	23.174%
Tier 1 capital ratio	29.017%	23.174%
Total capital ratio	29.333%	23.478%

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

o) Capital adequacy (continued)

ii) Total risk weighted assets and capital requirements as at 30 September 2019 and 31 December 2018

Exposure class	30 September 2019				31 December 2018			
	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								
Sovereigns/central banks	5,619,307	5,619,307	209,485	16,759	6,054,980	6,054,980	248,235	19,859
Public sector entities	74,418	74,418	14,884	1,192	158	158	32	3
Banks, development financial institutions and fund managers	534,119	534,119	160,427	12,834	261,662	261,662	52,345	4,188
Insurance companies, securities firms and fund managers	263,688	263,688	132,566	10,605	298,911	298,911	149,870	11,990
Corporates	242,122	242,122	242,122	19,370	354,525	354,525	353,312	28,265
Residential mortgages	1,041	1,041	365	29	1,182	1,182	414	33
Higher risk assets	4	4	6	1	4	4	6	1
Other assets	22,304	22,304	21,753	1,740	24,748	24,748	24,594	1,967
Defaulted exposures	56	56	28	2	43	43	21	2
Total on-balance sheet exposures	<u>6,757,059</u>	<u>6,757,059</u>	<u>781,636</u>	<u>62,532</u>	<u>6,996,213</u>	<u>6,996,213</u>	<u>828,829</u>	<u>66,308</u>
Off-balance sheet exposures over-the-counter ('OTC') derivatives	2,615,503	2,615,503	1,078,193	86,255	2,498,437	2,498,437	951,363	76,108
Off-balance sheet exposures other than OTC derivatives	502,252	502,252	474,941	37,995	600,948	600,948	584,962	46,796
Total off-balance sheet exposures	<u>3,117,755</u>	<u>3,117,755</u>	<u>1,553,134</u>	<u>124,250</u>	<u>3,099,385</u>	<u>3,099,385</u>	<u>1,536,325</u>	<u>122,904</u>
Total on and off-balance sheet exposures	<u>9,874,814</u>	<u>9,874,814</u>	<u>2,334,770</u>	<u>186,782</u>	<u>10,095,598</u>	<u>10,095,598</u>	<u>2,365,154</u>	<u>189,212</u>
(b) Market risk								
	<u>Long</u>	<u>Short</u>			<u>Long</u>	<u>Short</u>		
Interest rate risk	111,172,904	110,905,411	1,517,961	121,437	92,387,526	90,369,435	1,446,957	115,756
Equity position risk	-	-	-	-	15,909	-	6,363	509
Foreign currency risk	112,579	223,642	223,642	17,891	1,533	90,754	90,750	7,260
Option risk			258,413	20,673			357,613	28,609
(c) Operational risk								
			510,373	40,830			462,880	37,030
Total risk weighted assets and capital			<u>4,845,159</u>	<u>387,613</u>			<u>4,729,717</u>	<u>378,376</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

p) Commitments and contingencies

	30 September 2019			31 December 2018		
	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	376,782	376,782	353,094	479,113	479,113	467,360
Transaction-related contingent items	64,548	32,274	28,651	69,002	34,500	30,267
Short-term self-liquidating trade related contingencies	25,176	5,035	5,035	1,382	276	276
Foreign exchange related contracts:						
- less than one year	30,452,734	556,717	253,230	33,639,324	579,311	259,452
- one year to less than five years	4,806,382	463,736	217,564	3,461,257	349,180	123,066
- more than five years	125,685	23,228	8,090	206,850	42,236	11,798
Interest rate related contracts:						
- less than one year	8,823,000	27,553	9,768	5,588,611	15,280	4,995
- one year to less than five years	32,394,827	938,702	319,240	27,887,921	763,008	262,044
- more than five years	2,305,168	187,198	51,277	1,049,595	61,787	19,758
Credit derivatives contracts						
- less than one year	503,793	101,219	37,930	-	-	-
- one year to less than five years	33,050	5,797	1,159	374,346	83,572	27,748
Equity related contracts						
- less than one year	1,374,334	134,941	73,748	2,346,030	439,456	136,257
- one year to less than five years	1,054,792	176,411	106,185	1,121,817	164,607	106,245
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	176,322	88,161	88,161	174,117	87,059	87,059
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	1,346,214	-	-	1,117,244	-	-
	<u>83,862,807</u>	<u>3,117,754</u>	<u>1,553,132</u>	<u>77,516,609</u>	<u>3,099,385</u>	<u>1,536,325</u>

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