

Company No.

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

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Company No.

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

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

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).

The capital adequacy ratios of the Bank are as follows:

	<u>30.06.2016</u> RM'000	<u>31.12.2015</u> RM'000
<u>Tier-I capital</u>		
Paid-up share capital	85,500	85,500
Share premium	42,000	42,000
Retained earnings	660,385	660,385
Fair value reserve – available-for-sale securities	885	1,332
Option reserve	11,890	11,890
Statutory reserve	97,778	97,778
	<u>898,438</u>	<u>898,885</u>
Deferred tax assets	(1,177)	(1,177)
Available-for-sale securities	(487)	(733)
Total Tier I capital	<u>896,774</u>	<u>896,975</u>
<u>Tier-II capital</u>		
Regulatory reserve	4,757	2,384
Collective assessment allowance	891	1,603
Total Tier II capital	<u>5,648</u>	<u>3,987</u>
Total capital	<u>902,422</u>	<u>900,962</u>
Common Equity Tier 1 capital ratio	20.588%	20.960%
Tier 1 capital ratio	20.588%	20.960%
Total capital ratio	<u>20.718%</u>	<u>21.053%</u>

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Total risk weighted assets and capital requirements as at 30 June 2016:

<u>Exposure Class</u>	<u>Gross exposures</u> RM'000	<u>Net exposures</u> RM'000	<u>Risk weighted assets</u> RM'000	<u>Capital requirements</u> RM'000
(a) <u>Credit Risk</u>				
On-balance sheet exposures				
Sovereigns/central banks	4,635,679	4,635,679	-	-
Banks	2,098,670	2,098,670	419,734	33,579
Insurance companies, securities firms and fund managers	21,737	21,737	21,737	1,739
Corporates	449,255	449,255	449,178	35,934
Residential mortgages	1,358	1,358	480	38
Higher risk assets	14	14	21	2
Other assets	17,931	17,931	17,759	1,421
Defaulted exposures	124	124	143	11
Total on-balance sheet exposures	7,224,768	7,224,768	909,052	72,724
Off-balance sheet exposures				
Over-the-counter ('OTC') derivatives	2,187,920	2,187,920	706,759	56,541
Off-balance sheet exposures other than OTC derivatives	916,277	916,277	897,248	71,780
Total off-balance sheet exposures	3,104,197	3,104,197	1,604,007	128,321
Total on and off-balance sheet exposures	10,328,965	10,328,965	2,513,059	201,045
	<u>Long position</u>	<u>Short position</u>		
(b) <u>Market risk</u>				
Interest rate risk	76,071,699	76,629,550	1,357,157	108,573
Equity position risk			19,238	1,539
Foreign currency risk	344	25,135	25,138	2,011
Options risk			81,225	6,498
(c) <u>Operational risk</u>			360,000	28,800
Total risk weighted assets and capital requirements			4,355,817	348,466

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Total risk weighted assets and capital requirements as at 31 December 2015:

<u>Exposure Class</u>	<u>Gross exposures</u> RM'000	<u>Net exposures</u> RM'000	<u>weighted assets</u> RM'000	<u>Risk Capital requirements</u> RM'000
(a) Credit Risk				
On-balance sheet exposures				
Sovereigns/central banks	5,987,358	5,987,358	-	-
Banks	2,672,540	2,672,540	534,508	42,761
Insurance companies, securities firms and fund managers	20,273	20,273	20,273	1,622
Corporates	318,547	318,547	318,469	25,478
Residential mortgages	1,971	1,971	702	56
Higher risk assets	14	14	21	2
Other assets	18,381	18,381	17,924	1,434
Defaulted exposures	171	171	191	15
Total on-balance sheet exposures	9,019,255	9,019,255	892,088	71,368
Off-balance sheet exposures				
Over-the-counter ('OTC') derivatives	2,507,704	2,507,704	904,417	72,353
Off balance sheet exposures other than OTC derivatives	834,430	834,430	816,291	65,303
Total off-balance sheet exposures	3,342,134	3,342,134	1,720,708	137,656
Total on and off-balance sheet exposures	12,361,389	12,361,389	2,612,796	209,024
(b) Market risk				
Interest rate risk	71,951,713	72,864,657	1,034,207	82,737
Equity position risk			20,950	1,676
Foreign currency risk	19,162	99,507	99,513	7,961
Options risk			155,063	12,405
(c) Operational risk			356,876	28,550
Total risk weighted assets and capital requirements			4,279,405	342,353

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

2 CREDIT RISK

2.1 Distribution of Credit Exposures

(i) Geographical Distribution

Credit risk exposure analysed by country in respect of the Bank's financial assets, including off-balance sheet financial instruments, are set out in the following table.

The country exposure analysis is based on the residency of the borrowers and counterparties. In respect of derivatives financial instruments, the amount subject to, and hence disclosed as, credit risk is limited to the current fair value of the instruments that are favourable to the Bank (i.e. assets).

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(i) Geographical Distribution (continued)

30.06.2016

	Short term funds and placements with financial <u>institutions</u>	Securities purchased under resale <u>agreement</u>	Deposits and placements with financial <u>institutions</u>	Financial assets held for <u>trading</u>	Derivative financial <u>instruments</u>	Financial assets available- <u>for-sale</u>	Loans and <u>advances</u>	Amount due from related <u>parties</u>	Other <u>assets*</u>	On balance <u>sheet total</u>	Commitments and <u>contingencies</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	2,919,021	1,562,216	-	780,114	588,227	141,830	445,935	-	123,498	6,560,841	2,544,967
United Kingdom	-	-	-	-	92,974	-	-	7,779	-	100,753	245,501
USA	-	-	-	-	3,139	-	-	1,890,553	-	1,893,692	120,640
Hong Kong	-	-	-	-	547	-	-	3,921	-	4,468	3,124
Singapore	32,488	-	-	-	26,542	-	-	104	-	59,134	70,789
Others	25,846	-	-	-	34,684	-	23,871	41,226	-	125,627	119,176
	<u>2,977,355</u>	<u>1,562,216</u>	<u>-</u>	<u>780,114</u>	<u>746,113</u>	<u>141,830</u>	<u>469,806</u>	<u>1,943,583</u>	<u>123,498</u>	<u>8,744,515</u>	<u>3,104,197</u>

* Other assets include statutory deposits with Bank Negara Malaysia, tax recoverable, deferred tax assets and fixed assets.

Risk concentrations for commitments and contingencies are based on the credit equivalent balances.

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(i) Geographical Distribution (continued)

31.12.2015

	Short term funds and placements with financial institutions	Securities purchased under resale agreement	Deposits and placements with financial institutions	Financial assets held for trading	Derivative financial instruments	Financial assets available- for-sale	Loans and advances	Amount due from related parties	Other assets*	On balance sheet total	Commitments and contingencies
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	5,399,140	428,117	-	20,309	872,659	142,192	326,037	-	80,177	7,268,631	2,822,866
United Kingdom	-	-	-	-	66,991	-	-	8,063	-	75,054	229,429
USA	-	-	-	-	5,104	-	-	2,438,948	-	2,444,052	154,196
Hong Kong	-	-	-	-	2,293	-	-	171	-	2,464	5,817
Singapore	15,334	-	-	-	34,433	-	-	292	-	50,059	87,798
Others	33,338	-	-	-	6,076	-	4,698	142,028	-	186,140	42,028
	<u>5,447,812</u>	<u>428,117</u>	<u>-</u>	<u>20,309</u>	<u>987,556</u>	<u>142,192</u>	<u>330,735</u>	<u>2,589,502</u>	<u>80,177</u>	<u>10,026,400</u>	<u>3,342,134</u>

* Other assets include statutory deposits with Bank Negara Malaysia, tax recoverable, deferred tax assets and fixed assets.

Risk concentrations for commitments and contingencies are based on the credit equivalent balances.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(ii) Industry Distribution

Credit risk exposure analysed by industry sectors in respect of the Bank's financial assets, including off-balance sheet financial instruments, are set out in the following table.

The industry sector exposure analysis is based on the industry sector of the borrowers and counterparties. In respect of derivatives financial instruments, the amount subject to, and hence disclosed as, credit risk is limited to the current fair value of the instruments that are favourable to the Bank (i.e. assets).

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(ii) Industry Distribution (continued)

30.06.2016

	Short term funds and placements with financial <u>institutions</u> RM'000	Securities purchased under resale <u>agreement</u> RM'000	Deposits and placements with financial <u>institutions</u> RM'000	Financial assets held for <u>trading</u> RM'000	Derivative financial <u>instruments</u> RM'000	Financial assets available- <u>for-sale</u> RM'000	Loans and <u>advances*</u> RM'000	Amount due from related <u>parties</u> RM'000	Other <u>assets**</u> RM'000	On balance <u>sheet total</u> RM'000	Commitments and <u>contingencies</u> RM'000
Manufacturing	-	-	-	-	41,102	-	179,375	-	-	220,477	595,665
Wholesale and retail	-	-	-	-	5,487	-	80,857	-	-	86,344	7,581
Finance, insurance and business services	74,706	839,557	-	780,114	621,959	-	127,716	1,943,583	84,608	4,472,243	2,004,568
Government and Government Agencies	2,902,477	722,659	-	-	9,635	141,830	-	-	24,739	3,801,340	39,559
Electricity, gas and water	-	-	-	-	62,921	-	-	-	-	62,921	383,994
Transport, storage and Communication	-	-	-	-	310	-	80,911	-	-	81,221	40,978

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2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(ii) Industry Distribution (continued)

30.06.2016

	Short term funds and placements with financial institutions	Securities purchased under resale agreement	Deposits and placements with financial institutions	Financial assets held for trading	Derivative financial instruments	Financial assets available- for-sale	Loans and advances*	Amount due from related parties	Other assets**	On balance sheet total	Commitments and contingencies
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Individual/Purchase of landed property - residential	-	-	-	-	-	-	1,748	-	-	1,748	226
Consumption credit	-	-	-	-	-	-	58	-	-	58	-
Others	-	-	-	-	4,699	-	32	-	-	4,731	31,626
	<u>2,977,183</u>	<u>1,562,216</u>	<u>-</u>	<u>780,114</u>	<u>746,113</u>	<u>141,830</u>	<u>470,697</u>	<u>1,943,583</u>	<u>109,347</u>	<u>8,731,083</u>	<u>3,104,197</u>
Assets not subject to credit risk	172	-	-	-	-	-	-	-	14,151	14,323	-
	<u>2,977,355</u>	<u>1,562,216</u>	<u>-</u>	<u>780,114</u>	<u>746,113</u>	<u>141,830</u>	<u>470,697</u>	<u>1,943,583</u>	<u>123,498</u>	<u>8,745,406</u>	<u>3,104,197</u>

* Excludes collective assessment allowance amounting to RM891,000.

** Other assets include statutory deposits with Bank Negara Malaysia, tax recoverable, deferred tax assets and fixed assets.

Risk concentrations for commitments and contingencies are based on the credit equivalent balances.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(ii) Industry Distribution (continued)

31.12.2015

	Short term funds and placements with financial <u>institutions</u> RM'000	Securities purchased under resale <u>agreement</u> RM'000	Deposits and placements with financial <u>institutions</u> RM'000	Financial assets held for <u>trading</u> RM'000	Derivative financial <u>instruments</u> RM'000	Financial assets available- <u>for-sale</u> RM'000	Loans and <u>advances*</u> RM'000	Amount due from related <u>parties</u> RM'000	Other <u>assets**</u> RM'000	On balance <u>sheet total</u> RM'000	Commitments and <u>contingencies</u> RM'000
Manufacturing	-	-	-	-	110,574	-	190,470	-	-	301,044	570,124
Wholesale and retail	-	-	-	-	8,107	-	-	-	-	8,107	17,118
Finance, insurance and business services	100,929	-	-	20,309	635,673	-	139,306	2,589,502	5,661	3,491,380	2,031,980
Government and Government Agencies	5,346,426	428,117	-	-	97,770	142,192	-	-	58,296	6,072,801	135,973
Electricity, gas and water	-	-	-	-	127,267	-	-	-	-	127,267	571,123
Transport, storage and Communication	-	-	-	-	-	-	-	-	-	-	-

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(ii) Industry Distribution (continued)

31.12.2015

	Short term funds and placements with financial institutions	Securities purchased under resale agreement	Deposits and placements with financial institutions	Financial assets held for trading	Derivative financial instruments	Financial assets available- for-sale	Loans and advances*	Amount due from related parties	Other assets**	On balance sheet total	Commitments and contingencies
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Individual/Purchase of landed property - residential	-	-	-	-	-	-	2,418	-	-	2,418	226
Consumption credit	-	-	-	-	-	-	45	-	-	45	-
Others	-	-	-	-	8,165	-	99	-	-	8,265	15,590
	5,447,355	428,117	-	20,309	987,556	142,192	332,338	2,589,502	63,957	10,011,326	3,342,134
Assets not subject to credit risk	457	-	-	-	-	-	-	-	16,220	16,677	-
	5,447,812	428,117	-	20,309	987,556	142,192	332,338	2,589,502	80,177	10,028,003	3,342,134

* Excludes collective assessment allowance amounting to RM692,000.

** Other assets include statutory deposits with Bank Negara Malaysia, tax recoverable, deferred tax assets and fixed assets.

Risk concentrations for commitments and contingencies are based on the credit equivalent balances.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

2 CREDIT RISK (CONTINUED)**2.1 Distribution of Credit Exposures (continued)****(iii) Residual Contractual Maturity**

Credit risk exposure analysed by residual contractual maturity in respect of the Bank's financial assets, including off-balance sheet financial instruments, are set out in the following table.

	Less than <u>1 year</u> RM'000	1 – 5 <u>years</u> RM'000	Over 5 <u>years</u> RM'000	<u>Total</u> RM'000
<u>30.06.2016</u>				
<i>On-balance sheet exposures</i>				
Cash and short-term funds	2,977,355	-	-	2,977,355
Securities purchased under resale agreement	1,562,216	-	-	1,562,216
Financial assets held for trading	6,699	15,044	758,371	780,114
Derivative financial instruments	445,374	234,005	66,734	746,113
Financial assets available-for-sale	-	141,830	-	141,830
Loans and advances	467,948	371	1,487	469,806
Amount due from related parties	1,943,583	-	-	1,943,583
Total on-balance sheet exposures	<u>7,403,175</u>	<u>391,250</u>	<u>826,592</u>	<u>8,621,017</u>
<i>Off-balance sheet exposures</i>				
Over-the-counter ('OTC') derivatives	919,626	1,129,491	138,803	2,187,920
Off balance sheet exposures other than OTC derivatives	322,782	538,616	54,879	916,277
Total off-balance sheet exposures	<u>1,242,408</u>	<u>1,668,107</u>	<u>193,682</u>	<u>3,104,197</u>
Total on and off-balance sheet exposures	<u><u>8,645,583</u></u>	<u><u>2,059,357</u></u>	<u><u>1,020,274</u></u>	<u><u>11,725,214</u></u>

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(iii) Residual Contractual Maturity (continued)

	<u>Less than 1 year</u> RM'000	<u>1 – 5 years</u> RM'000	<u>Over 5 years</u> RM'000	<u>Total</u> RM'000
<u>31.12.2015</u>				
<i>On-balance sheet exposures</i>				
Cash and short-term funds	5,447,812	-	-	5,447,812
Securities purchased under resale agreement	428,117	-	-	428,117
Financial assets held for trading	20,309	-	-	20,309
Derivative financial instruments	591,934	336,423	59,199	987,556
Financial assets available-for-sale	-	142,192	-	142,192
Loans and advances	328,147	447	2,141	330,735
Amount due from related parties	2,589,502	-	-	2,589,502
Total on-balance sheet exposures	<u>9,405,821</u>	<u>479,062</u>	<u>61,340</u>	<u>9,946,223</u>
<i>Off-balance sheet exposures</i>				
Over-the-counter ('OTC') derivatives	1,123,705	1,195,966	188,033	2,507,704
Off balance sheet exposures other than OTC derivatives	406,730	361,501	66,199	834,430
Total off-balance sheet exposures	<u>1,530,435</u>	<u>1,557,467</u>	<u>254,232</u>	<u>3,342,134</u>
Total on and off-balance sheet exposures	<u><u>10,936,256</u></u>	<u><u>2,036,529</u></u>	<u><u>315,572</u></u>	<u><u>13,288,357</u></u>

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.2 Past Due and Impaired Loans and Advances (continued)

(i) Industry Distribution

The sectoral analysis of past due and impaired loans and advances and the individual and collective assessment allowance by sectors are set out in the following table:

	Past due loans and advances RM'000	Impaired loans and advances RM'000	Individual impairment allowance RM'000	Collective impairment allowance RM'000	Individual impairment allowance during the year RM'000	Write offs during the year RM'000
<u>30 Jun 2016</u>						
Agricultural	-	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Transport, storage and communications	-	-	-	-	-	-
Finance, insurance, business services	-	-	-	-	-	-
Government and Government Agencies	-	-	-	-	-	-
Individual/Purchase of landed property – residential	-	123	55	891	7	-
Electricity, gas and water	-	-	-	-	-	-
Household	-	-	-	-	-	-
Others	-	-	-	-	-	-
	-	123	55	891	7	-
<u>31 Dec 2015</u>						
Agricultural	-	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Transport, storage and communications	-	-	-	-	-	-
Finance, insurance, business services	-	-	-	-	-	-
Government and Government Agencies	-	-	-	-	-	-
Individual/Purchase of landed property – residential	-	171	48	1,603	(8)	4
Electricity, gas and water	-	-	-	-	-	-
Household	-	-	-	-	-	-
Others	-	-	-	-	-	-
	-	171	48	1,603	(8)	4

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.2 Past Due and Impaired Loans and Advances (continued)

(ii) Geographical Distribution

The geographical analysis of past due and impaired loans and advances and the individual and collective assessment allowance are set out in the following table:

	<u>Past due loans and advances</u> RM'000	<u>Impaired loans and advances</u> RM'000	<u>Individual impairment allowance</u> RM'000	<u>Collective impairment allowance</u> RM'000
<u>30 Jun 2016</u>				
Malaysia	-	123	55	891
<u>31 Dec 2015</u>				
Malaysia	-	171	48	1,603

(iii) Movements in allowance for impaired loans and advances

	<u>30.06.2016</u> RM'000	<u>31.12.2015</u> RM'000
<u>Individual assessment allowance</u>		
At 1 January	48	56
Allowance made/(written back) during the financial year	7	(8)
Balance at end of financial year	55	48
<u>Collective assessment allowance</u>		
At 1 January	1,603	692
Allowance made during the financial year	(712)	911
Balance at end of financial year	891	1,603

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.3 Credit Risk Exposures under Standardised Approach

The Bank applies external ratings assigned by recognised External Credit Assessment Institutions (“ECAIs”) in determining risk weight for credit exposure classes and are recognised by BNM in RWCAF. The Bank uses ratings assigned by Standard & Poor’s (“S&P”), Moody’s Investors Service (“Moody’s”) and Fitch Ratings (“Fitch”).

The following tables set out the credit exposures by risk weights and after credit risk mitigation:

Risk weight as at 30 June 2016 for credit risk exposures:

<u>Weighted</u>	<u>Sovereigns & Central bank</u> RM'000	<u>PSE</u> RM'000	<u>Banks</u> RM'000	<u>Insurance companies, securities firms and funds managers</u> RM'000	<u>Corporates</u> RM'000	<u>Residential mortgages</u> RM'000	<u>Higher risk assets</u> RM'000	<u>Other assets</u> RM'000	<u>Total exposures after netting and credit risk</u> RM'000	<u>Total risk weighted assets</u> RM'000
0%	4,635,679	-	-	-	-	-	-	172	4,635,851	-
20%	-	39,559	3,934,349	-	-	-	-	-	3,973,908	794,782
35%	-	-	-	-	-	1,329	-	-	1,329	465
50%	-	-	-	-	-	29	-	-	29	15
75%	-	-	-	-	307	-	-	-	307	230
100%	-	-	-	130,300	1,569,344	86	-	17,759	1,717,489	1,717,489
150%	-	-	-	-	38	-	14	-	52	78
Total	4,635,679	39,559	3,934,349	130,300	1,569,689	1,444	14	17,931	10,328,965	2,513,059

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

5 CREDIT RISK (CONTINUED)

5.3 Credit Risk Exposures under Standardised Approach (continued)

Risk weight as at 31 December 2015 for credit risk exposures:

<u>Weighted</u>	<u>Sovereigns & Central bank</u> RM'000	<u>PSE</u> RM'000	<u>Banks</u> RM'000	<u>Insurance companies, securities firms and funds managers</u> RM'000	<u>Corporates</u> RM'000	<u>Residential mortgages</u> RM'000	<u>Higher risk assets</u> RM'000	<u>Other assets</u> RM'000	<u>Total exposures after netting and credit risk</u> RM'000	<u>Total risk weighted assets</u> RM'000
0%	5,987,358	-	-	-	-	-	-	457	5,987,815	-
20%	-	135,973	4,563,348	-	-	-	-	-	4,699,321	939,864
35%	-	-	-	-	-	1,888	-	-	1,888	661
50%	-	-	-	-	-	83	-	-	83	42
75%	-	-	-	-	312	-	-	-	315	236
100%	-	-	-	108,940	1,544,924	131	-	17,923	1,671,915	1,671,915
150%	-	-	-	-	38	-	14	-	52	78
Total	5,987,358	135,973	4,563,348	108,940	1,545,274	2,102	14	18,380	12,361,389	2,612,796

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.3 Credit Risk Exposures under Standardised Approach (continued)

The following tables set out the rated exposures according to rating by ECAIs:

(i) Ratings of corporate by approved ECAIs

<u>Exposure class</u>	<u>Moody</u>	<u>Aaa to Aa3</u>	<u>A1 to A3</u>	<u>Baa1 to Ba3</u>	<u>B1 to C</u>	<u>Unrated</u>
	<u>S & P</u>	<u>AAA to AA-</u>	<u>A+ to A-</u>	<u>BBB+ to BB-</u>	<u>B+ to D</u>	<u>Unrated</u>
	<u>Fitch</u>	<u>AAA to AA-</u>	<u>A+ to A-</u>	<u>BBB+ to BB-</u>	<u>B+ to D</u>	<u>Unrated</u>
	<u>RAM</u>	<u>AAA to AA3</u>	<u>A1 to A-</u>	<u>BBB1 to BB3</u>	<u>B to D</u>	<u>Unrated</u>
	<u>MARC</u>	<u>AAA to AA-</u>	<u>A+ to A-</u>	<u>BBB+ to BB-</u>	<u>B+ to D</u>	<u>Unrated</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>30.06.2016</u>						
On and Off:						
Balance Sheet						
Exposures						
Public Sector Entities		-	39,559	-	-	-
Insurance companies, securities firms and fund managers		-	94,457	35,843	-	-
Corporates		-	158,875	1,050,949	359,204	661
			<u>-</u>	<u>1,086,792</u>	<u>359,204</u>	<u>661</u>
			<u>-</u>	<u>1,086,792</u>	<u>359,204</u>	<u>661</u>
<u>31.12.2015</u>						
On and Off:						
Balance Sheet						
Exposures						
Public Sector Entities		-	135,973	-	-	-
Insurance companies, securities firms and fund managers		-	70,662	38,278	-	-
Corporates		-	8,485	1,036,235	499,834	720
			<u>-</u>	<u>1,074,513</u>	<u>499,834</u>	<u>720</u>
			<u>-</u>	<u>1,074,513</u>	<u>499,834</u>	<u>720</u>

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.3 Credit Risk Exposures under Standardised Approach (continued)

(ii) Ratings of Sovereigns/Central Banks and Banking Institutions by approved ECAs

<u>Exposure class</u>	Moody S & P Fitch RAM <u>MARC</u>	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 <u>AAA to AA-</u> RM'000	A1 to A3 A+ to A- A+ to A- A1 to A- <u>A+ to A-</u> RM'000	Baa1 to Ba3 BBB+ to BB- BBB+ to BB- BBB1 to BB3 <u>BBB+ to BB-</u> RM'000	B1 to C B+ to D B+ to D B to D <u>B+ to D</u> RM'000	Unrated Unrated Unrated Unrated <u>Unrated</u> RM'000
<u>30.06.2016</u>						
On and Off:						
Balance Sheet						
Exposures						
Sovereigns/Central						
Banks		-	4,635,679	-	-	-
Banks		34,213	3,448,714	451,239	183	-
		<u>34,213</u>	<u>8,084,393</u>	<u>451,239</u>	<u>183</u>	<u>-</u>
<u>31.12.2015</u>						
On and Off:						
Balance Sheet						
Exposures						
Sovereigns/Central						
Banks		-	5,987,358	-	-	-
Banks		17,866	4,085,435	444,979	15,068	-
		<u>17,866</u>	<u>10,072,793</u>	<u>444,979</u>	<u>15,068</u>	<u>-</u>

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.4 Credit Risk Mitigation (“CRM”)

The following tables set out the credit exposures that are covered by eligible guarantees and collaterals as allowed under the RWCAF.

<u>30.06.2016</u>	<u>Exposures before CRM</u> RM'000	<u>Exposures covered by guarantees/ credit derivatives</u> RM'000	<u>Exposures covered by eligible financial collateral</u> RM'000
<u>Exposure Class</u>			
<i>On-balance sheet exposures</i>			
Sovereigns/central banks	4,635,679	-	-
Banks	2,098,670	-	-
Insurance companies, securities firms and and fund managers	21,737	-	-
Corporates	449,255	-	-
Residential mortgages	1,358	-	-
Higher risk assets	14	-	-
Other assets	17,931	-	-
Defaulted exposures	124	-	-
Total on-balance sheet exposures	<u>7,224,768</u>	<u>-</u>	<u>-</u>
<i>Off-balance sheet exposures</i>			
Over-the-counter ('OTC') derivatives	2,187,920	58,904	170,325
Off balance sheet exposures other than OTC derivatives	916,277	-	-
Total off-balance sheet exposures	<u>3,104,197</u>	<u>58,904</u>	<u>170,325</u>
Total on and off-balance sheet exposures	<u><u>10,328,965</u></u>	<u><u>58,904</u></u>	<u><u>170,325</u></u>

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.4 Credit Risk Mitigation (“CRM”) (continued)

<u>31.12.2015</u>	<u>Exposures before CRM RM'000</u>	<u>Exposures covered by guarantees/ credit derivatives RM'000</u>	<u>Exposures covered by eligible financial collateral RM'000</u>
<u>Exposure Class</u>			
<i>On-balance sheet exposures</i>			
Sovereigns/central banks	5,987,358	-	-
Banks	2,672,540	-	-
Insurance companies, securities firms and and fund managers	20,273	-	-
Corporates	318,547	-	-
Residential mortgages	1,971	-	-
Higher risk assets	14	-	-
Other assets	18,381	-	-
Defaulted exposures	171	-	-
Total on-balance sheet exposures	<u>9,019,255</u>	<u>-</u>	<u>-</u>
<i>Off-balance sheet exposures</i>			
Over-the-counter ('OTC') derivatives	2,507,704	17,278	194,776
Off balance sheet exposures other than OTC derivatives	834,430	-	-
Total off-balance sheet exposures	<u>3,342,134</u>	<u>17,278</u>	<u>194,776</u>
Total on and off-balance sheet exposures	<u><u>12,361,389</u></u>	<u><u>17,278</u></u>	<u><u>194,776</u></u>

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.5 Off-Balance Sheet Exposures and Counterparty Credit Risk

The following tables set out the off-balance sheet exposures and counterparty credit risk.

	<u>Principal amount</u> RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
<u>30 Jun 2016</u>				
Direct credit substitutes	270,829	-	270,829	254,103
Transaction-related contingent items	49,155	-	24,578	22,275
Short-term self-liquidating trade				
Related contingencies	19,112	-	3,822	3,822
Foreign exchange related contracts:				
- less than one year	22,376,652	381,087	743,184	327,289
- one year to less than five years	1,219,297	73,409	165,329	52,429
Interest rate related contracts:				
- less than one year	9,502,199	12,297	61,495	12,299
- one year to less than five years	23,919,250	143,473	863,555	190,273
- more than five years	409,559	66,734	138,803	27,761
Equity related contracts				
- less than one year	844,396	51,990	114,947	54,590
- one year to less than five years	234,920	8,581	41,703	30,337
Credit related contracts				
- one year to less than five years	276,753	8,542	58,904	11,781
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year				
	1,121,736	-	560,868	560,868
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year				
	280,901	-	56,180	56,180
	<u>60,524,759</u>	<u>746,113</u>	<u>3,104,197</u>	<u>1,604,007</u>

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

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.5 Off-Balance Sheet Exposures and Counterparty Credit Risk (continued)

	<u>Principal amount</u> RM'000	<u>Positive fair value of derivative contracts</u> RM'000	<u>Credit equivalent amount*</u> RM'000	<u>Risk weighted amount</u> RM'000
<u>31 Dec 2015</u>				
Direct credit substitutes	354,949	-	354,949	341,431
Transaction-related contingent items	54,541	-	27,271	23,388
Short-term self-liquidating trade Related contingencies	63,119	-	12,624	11,886
Foreign exchange related contracts:				
- less than one year	21,558,902	504,603	879,426	379,838
- one year to less than five years	1,615,831	229,840	343,645	202,708
Interest rate related contracts:				
- less than one year	9,981,008	7,779	103,554	20,711
- one year to less than five years	23,375,326	96,148	815,639	187,858
- more than five years	701,333	59,199	188,033	37,606
Equity related contracts				
- less than one year	828,930	79,552	140,725	59,955
- one year to less than five years	131,811	3,384	19,404	12,285
Credit related contracts				
- one year to less than five years	75,250	7,051	17,278	3,456
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year				
	816,192	-	408,096	408,096
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year				
	157,450	-	31,490	31,490
	<u>59,714,642</u>	<u>987,556</u>	<u>3,342,134</u>	<u>1,720,708</u>

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

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

3 MARKET RISK

The risk weighted assets and capital requirements for the various categories of risk under Market risk are set out in the following table:

			Risk weighted <u>assets</u> RM'000	Capital <u>requirements</u> RM'000
<u>30 Jun 2016</u>				
	<u>Long position</u>	<u>Short position</u>		
Interest rate risk	76,071,699	76,629,550	1,357,157	108,573
Equity position risk			19,238	1,539
Foreign currency risk	344	25,135	25,138	2,011
Options risk			81,225	6,498
			<u>1,482,758</u>	<u>118,621</u>
<u>31 Dec 2015</u>				
Interest rate risk	71,951,713	72,864,657	1,034,207	82,737
Equity position risk			20,950	1,676
Foreign currency risk	19,162	99,507	99,513	7,961
Options risk			155,063	12,405
			<u>1,309,733</u>	<u>104,779</u>

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (CONTINUED)

4 INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK

The sensitivity of the Bank's positions in banking book to interest rate changes are set out in the following table:

<u>30 Jun 2016</u>	<u>Increase/(Decrease)</u>	
	<u>+100bps</u>	<u>-100 bps</u>
	<u>RM'000</u>	<u>RM'000</u>
<u>Impact on Economic Value</u>		
MYR	(6,977)	6,977
USD	(20,515)	20,515
Other	(1,015)	1,015
	<u>(28,507)</u>	<u>28,507</u>

<u>31 Dec 2015</u>	<u>Increase/(Decrease)</u>	
	<u>+100bps</u>	<u>-100 bps</u>
	<u>RM'000</u>	<u>RM'000</u>
<u>Impact on Economic Value</u>		
MYR	(9,966)	9,966
USD	(21,983)	21,983
Other	(1,677)	1,677
	<u>(33,626)</u>	<u>33,626</u>