

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 2017**

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 2017 (CONTINUED)

**1 CAPITAL STRUCTURE AND 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).

The capital adequacy ratios of the Bank are as follows:

	<u>30.06.2017</u> RM'000	<u>31.12.2016</u> RM'000
<u>Tier-I capital</u>		
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	97,778	97,778
	<u>975,898</u>	<u>976,071</u>
Deferred tax assets	(2,403)	(2,403)
Available-for-sale securities	(43)	(138)
Total Tier I capital	<u>973,452</u>	<u>973,530</u>
<u>Tier-II capital</u>		
Regulatory reserve	3,308	6,379
Collective assessment allowance	1,335	1,053
Total Tier II capital	<u>4,643</u>	<u>7,432</u>
Total capital	<u>978,095</u>	<u>980,962</u>
Common Equity Tier 1 capital ratio	22.448%	19.842%
Tier 1 capital ratio	22.448%	19.842%
Total capital ratio	<u>22.555%</u>	<u>19.993%</u>

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**BASEL 2 PILLAR 3 DISCLOSURES**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

**1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)**

Total risk weighted assets and capital requirements as at 30 June 2017:

<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	3,233,374	3,233,374	300,588	24,047
Banks	1,000,373	1,000,373	213,898	17,112
Insurance companies, securities firms and fund managers	42,419	42,419	24,425	1,954
Corporates	387,444	387,444	386,483	30,919
Residential mortgages	1,358	1,358	520	42
Higher risk assets	4	4	6	-
Other assets	12,497	12,497	11,963	957
Defaulted exposures	107	107	107	9
Total on-balance sheet exposures	<u>4,677,576</u>	<u>4,677,576</u>	<u>937,990</u>	<u>75,040</u>
Off-balance sheet exposures				
Over-the-counter ('OTC') derivatives	2,320,455	2,320,455	887,988	71,039
Off-balance sheet exposures other than OTC derivatives	401,760	401,760	392,473	31,397
Total off-balance sheet exposures	<u>2,722,215</u>	<u>2,722,215</u>	<u>1,280,461</u>	<u>102,436</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>Long position</u>	<u>Short position</u>	
(b) <u>Market risk</u>				
Interest rate risk	85,033,051	83,658,169	1,361,307	108,905
Equity position risk			14,613	1,169
Foreign currency risk	42,963	153,119	153,125	12,250
Options risk			185,125	14,810
(c) <u>Operational risk</u>			<u>403,939</u>	<u>32,315</u>
Total risk weighted assets and capital requirements			<u>4,336,560</u>	<u>346,925</u>

## J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

## BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

**1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)**

Total risk weighted assets and capital requirements as at 31 December 2016:

<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) <u>Credit Risk</u>				
On-balance sheet exposures				
Sovereigns/central banks	4,523,241	4,523,241	89,732	7,179
Banks	1,069,456	1,069,456	213,891	17,111
Insurance companies, securities firms and fund managers	622,541	622,541	314,902	25,192
Corporates	619,312	619,312	618,570	49,486
Residential mortgages	1,229	1,229	434	35
Higher risk assets	17	17	26	2
Other assets	27,989	27,989	27,357	2,189
Defaulted exposures	123	123	123	10
<b>Total on-balance sheet exposures</b>	<b>6,863,908</b>	<b>6,863,908</b>	<b>1,265,035</b>	<b>101,204</b>
<i>Off-balance sheet exposures</i>				
Over-the-counter ('OTC') derivatives	2,717,421	2,717,421	1,266,361	101,309
Off balance sheet exposures other than OTC derivatives	396,105	396,105	381,145	30,492
<b>Total off-balance sheet exposures</b>	<b>3,113,526</b>	<b>3,113,526</b>	<b>1,647,506</b>	<b>131,801</b>
<b>Total on and off-balance sheet exposures</b>	<b>9,977,434</b>	<b>9,977,434</b>	<b>2,912,541</b>	<b>233,005</b>
	<u>Long position</u>	<u>Short position</u>		
(b) Market risk				
Interest rate risk	81,390,360	81,613,133	1,453,306	116,265
Equity position risk			1,000	80
Foreign currency risk	6,214	11	6,213	497
(c) Options risk			150,900	12,072
Operational risk			382,539	30,603
<b>Total risk weighted assets and capital requirements</b>			<b>4,906,499</b>	<b>392,522</b>

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**BASEL 2 PILLAR 3 DISCLOSURES**

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (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 2017 (CONTINUED)

**2 CREDIT RISK (CONTINUED)**

**2.1 Distribution of Credit Exposures (continued)**

(i) Geographical Distribution (continued)

30.06.2017

	Short term funds and placements with financial <u>institutions</u> RM'000	Securities purchased under resale <u>agreement</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
Malaysia	3,145,055	-	1,261,832	437,367	140,874	370,813	-	75,604	5,431,545	2,413,277
United Kingdom	-	-	-	50,350	-	-	10,936	-	61,286	225,137
USA	-	-	-	1,933	-	-	810,168	20	812,121	39,695
Hong Kong	-	-	-	312	-	-	14,603	-	14,915	6,991
Singapore	3,973	-	-	4,326	-	-	-	36,011	44,310	15,006
Others	28,345	-	101,712	10,216	-	14,803	14,904	-	169,980	22,109
	<u>3,177,373</u>	<u>-</u>	<u>1,363,544</u>	<u>504,504</u>	<u>140,874</u>	<u>385,616</u>	<u>850,611</u>	<u>111,635</u>	<u>6,534,157</u>	<u>2,722,215</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 2017 (CONTINUED)

**2 CREDIT RISK (CONTINUED)**

**2.1 Distribution of Credit Exposures (continued)**

(i) Geographical Distribution (continued)

31.12.2016

	Short term funds and placements with financial institutions	Securities purchased under resale agreement	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
Malaysia	3,899,490	602,550	690,442	819,486	140,963	571,614	-	43,430	6,767,975	2,713,087
United Kingdom	-	-	-	35,719	-	-	9,627	-	45,346	223,286
USA	-	-	-	2,801	-	-	891,804	39	894,644	74,794
Hong Kong	-	-	-	7,848	-	-	7,450	12	15,310	14,390
Singapore	7,405	-	-	26,001	-	-	362,290	253,294	648,990	42,552
Others	12,098	-	295,849	25,780	-	46,648	6,206	-	386,581	45,417
	<u>3,918,993</u>	<u>602,550</u>	<u>986,291</u>	<u>917,635</u>	<u>140,963</u>	<u>618,262</u>	<u>1,277,377</u>	<u>296,775</u>	<u>8,758,846</u>	<u>3,113,526</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 2017 (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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**BASEL 2 PILLAR 3 DISCLOSURES**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

**2 CREDIT RISK (CONTINUED)**

**2.1 Distribution of Credit Exposures (continued)**

(ii) Industry Distribution (continued)

30.06.2017

	Short term funds and placements with financial institutions	Securities purchased under resale agreement	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
Manufacturing	-	-	-	17,581	-	167,233	-	-	184,814	244,791
Wholesale and retail	-	-	-	-	-	11,622	-	-	11,622	80
Finance, insurance and business services	105,595	-	267,665	436,434	-	172,092	850,611	88,977	1,921,374	2,155,140
Government and Government Agencies	3,071,244	-	1,095,879	16,007	140,874	-	-	12,348	4,336,352	52,132
Electricity, gas and water	-	-	-	32,424	-	34,571	-	-	66,995	263,812
Transport, storage and Communication	-	-	-	68	-	-	-	-	68	136

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

**2 CREDIT RISK (CONTINUED)**

**2.1 Distribution of Credit Exposures (continued)**

(ii) Industry Distribution (continued)

30.06.2017

	Short term funds and placements with financial institutions RM'000	Securities purchased under resale agreement RM'000	Financial assets held for trading RM'000	Derivative financial instruments RM'000	Financial assets available- for-sale RM'000	Loans and advances* RM'000	Amount due from related parties RM'000	Other assets** RM'000	On balance sheet total RM'000	Commitments and contingencies RM'000
Individual/Purchase of landed property - residential	-	-	-	-	-	1,430	-	-	1,430	214
Consumption credit	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	1,990	-	3	-	-	1,993	5,910
	<u>3,176,839</u>	<u>-</u>	<u>1,363,544</u>	<u>504,504</u>	<u>140,874</u>	<u>386,951</u>	<u>850,611</u>	<u>101,325</u>	<u>6,524,648</u>	<u>2,722,215</u>
Assets not subject to credit risk	534	-	-	-	-	-	-	10,310	10,844	-
	<u>3,177,373</u>	<u>-</u>	<u>1,363,544</u>	<u>504,504</u>	<u>140,874</u>	<u>386,951</u>	<u>850,611</u>	<u>111,635</u>	<u>6,535,492</u>	<u>2,722,215</u>

\* Excludes collective assessment allowance amounting to RM1,335,000

\*\* 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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**BASEL 2 PILLAR 3 DISCLOSURES**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

**2 CREDIT RISK (CONTINUED)**

**2.1 Distribution of Credit Exposures (continued)**

(ii) Industry Distribution (continued)

31.12.2016

	Short-term funds and placements with financial <u>institutions</u>	Securities purchased under resale <u>agreement</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
Manufacturing	-	-	-	43,407	-	270,256	-	-	313,663	240,512
Wholesale and retail	-	-	-	94	-	-	-	-	94	2,307
Finance, insurance and business services	153,426	-	396,398	620,541	-	257,499	1,277,377	261,563	2,966,804	2,286,175
Government and Government Agencies	3,764,935	602,550	589,893	76,923	140,963	-	-	10,727	5,185,991	110,868
Electricity, gas and water	-	-	-	166,218	-	-	-	-	166,218	454,790

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**BASEL 2 PILLAR 3 DISCLOSURES**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

**2 CREDIT RISK (CONTINUED)**

**2.1 Distribution of Credit Exposures (continued)**

(ii) Industry Distribution (continued)

31.12.2016

	Short-term placements with financial <u>institutions</u> RM'000	Securities purchased under resale <u>agreement</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
Transport, storage and communication	-	-	-	3	-	89,897	-	12	89,912	878
Individual/Purchase of landed property - residential	-	-	-	-	-	1,630	-	-	1,630	231
Consumption credit	-	-	-	-	-	31	-	-	31	-
Others	-	-	-	10,449	-	2	-	11,881	22,332	17,765
	<u>3,918,361</u>	<u>602,550</u>	<u>986,291</u>	<u>917,635</u>	<u>140,963</u>	<u>619,315</u>	<u>1,277,377</u>	<u>284,183</u>	<u>8,746,675</u>	<u>3,113,526</u>
Assets not subject to credit risk	632	-	-	-	-	-	-	12,592	13,224	-
	<u>3,918,993</u>	<u>602,550</u>	<u>986,291</u>	<u>917,635</u>	<u>140,963</u>	<u>619,315</u>	<u>1,277,377</u>	<u>296,775</u>	<u>8,759,899</u>	<u>3,113,526</u>

\* Excludes collective assessment allowance amounting to RM1,053,000.

\*\* 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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**BASEL 2 PILLAR 3 DISCLOSURES**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (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.

	<u>Less than</u> <u>1 year</u> RM'000	<u>1 – 5</u> <u>years</u> RM'000	<u>Over 5</u> <u>years</u> RM'000	<u>Total</u> RM'000
<u>30.06.2017</u>				
<i>On-balance sheet exposures</i>				
Cash and short-term funds	3,177,373	-	-	3,177,373
Securities purchased under resale agreement	-	-	-	-
Financial assets held for trading	334,678	222,693	806,173	1,363,544
Derivative financial instruments	296,902	169,822	37,780	504,504
Financial assets available-for-sale	140,874	-	-	140,874
Loans and advances	384,174	276	1,166	385,616
Amount due from related parties	850,611	-	-	850,611
Total on-balance sheet exposures	<u>5,184,612</u>	<u>392,791</u>	<u>845,119</u>	<u>6,422,522</u>
<i>Off-balance sheet exposures</i>				
Over-the-counter ('OTC') derivatives	714,631	1,252,563	353,261	2,320,455
Off balance sheet exposures other than OTC derivatives	299,809	101,951	-	401,760
Total off-balance sheet exposures	<u>1,014,440</u>	<u>1,354,514</u>	<u>353,261</u>	<u>2,722,215</u>
Total on and off-balance sheet exposures	<u><u>6,199,052</u></u>	<u><u>1,747,305</u></u>	<u><u>1,198,380</u></u>	<u><u>9,144,737</u></u>

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**BASEL 2 PILLAR 3 DISCLOSURES**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

**2 CREDIT RISK (CONTINUED)**

**2.1 Distribution of Credit Exposures (continued)**

(iii) Residual Contractual Maturity (continued)

	<u>Less than</u> <u>1 year</u> RM'000	<u>1 – 5</u> <u>years</u> RM'000	<u>Over 5</u> <u>years</u> RM'000	<u>Total</u> RM'000
<u>31.12.2016</u>				
<i>On-balance sheet exposures</i>				
Cash and short-term funds	3,918,993	-	-	3,918,993
Securities purchased under resale agreement	602,550	-	-	602,550
Financial assets held for trading	665,733	174,817	145,741	986,291
Derivative financial instruments	639,865	182,597	95,173	917,635
Financial assets available-for-sale	140,963	-	-	140,963
Loans and advances	616,623	314	1,325	618,262
Amount due from related parties	1,277,377	-	-	1,277,377
Total on-balance sheet exposures	<u>7,862,104</u>	<u>357,728</u>	<u>242,239</u>	<u>8,462,071</u>
<i>Off-balance sheet exposures</i>				
Over-the-counter ('OTC') derivatives	1,075,218	1,313,845	328,358	2,717,421
Off balance sheet exposures other than OTC derivatives	310,164	85,941	-	396,105
Total off-balance sheet exposures	<u>1,385,382</u>	<u>1,399,786</u>	<u>328,358</u>	<u>3,113,526</u>
Total on and off-balance sheet exposures	<u><u>9,247,486</u></u>	<u><u>1,757,514</u></u>	<u><u>570,597</u></u>	<u><u>11,575,597</u></u>

**J.P. MORGAN CHASE BANK BERHAD**  
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**BASEL 2 PILLAR 3 DISCLOSURES**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (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 2017</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	-	107	40	1,335	(5)	-
Electricity, gas and water	-	-	-	-	-	-
Household	-	-	-	-	-	-
Others	-	-	-	-	-	-
	-	107	40	1,335	(5)	-
<u>31 Dec 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	45	1,053	(3)	-
Electricity, gas and water	-	-	-	-	-	-
Household	-	-	-	-	-	-
Others	-	-	-	-	-	-
	-	123	45	1,053	(3)	-

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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 2017 (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:

	Past due loans and <u>advances</u> RM'000	Impaired loans and <u>advances</u> RM'000	Individual impairment <u>allowance</u> RM'000	Collective impairment <u>allowance</u> RM'000
<u>30 Jun 2017</u>				
Malaysia	-	107	40	1,335
<u>31 Dec 2016</u>				
Malaysia	-	123	45	1,053

(iii) Movements in allowance for impaired loans and advances

	<u>30.06.2017</u> RM'000	<u>31.12.2016</u> RM'000
<u>Individual assessment allowance</u>		
At 1 January	45	48
Allowance written back during the financial year	(5)	(3)
Balance at end of financial 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 year	282	(550)
Balance at end of financial year	<u>1,335</u>	<u>1,053</u>



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## J.P. MORGAN CHASE BANK BERHAD

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### BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (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 2017 for credit risk exposures:

<u>Weighted</u>	<u>Sovereigns &amp; 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%	1,730,432	-	-	-	-	-	-	534	1,730,966	-
20%	1,502,948	52,125	2,136,727	-	-	-	-	-	3,691,800	738,360
35%	-	-	-	-	-	1,061	-	-	1,061	371
50%	-	-	860,811	129,460	1,924	297	-	-	992,492	496,246
75%	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	66,729	904,669	107	-	11,963	983,468	983,468
150%	-	-	-	-	-	-	4	-	4	6
<b>Total</b>	<b>3,233,380</b>	<b>52,125</b>	<b>2,997,538</b>	<b>196,189</b>	<b>906,593</b>	<b>1,465</b>	<b>4</b>	<b>12,497</b>	<b>7,399,791</b>	<b>2,218,451</b>

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

**5 CREDIT RISK (CONTINUED)**

**5.3 Credit Risk Exposures under Standardised Approach (continued)**

Risk weight as at 31 December 2016 for credit risk exposures:

<u>Weighted</u>	<u>Sovereigns &amp; 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%	4,074,620	-	-	-	-	-	-	632	4,075,252	-
20%	448,661	110,828	2,069,991	-	-	-	-	-	2,629,480	525,896
35%	-	-	-	-	-	1,201	-	-	1,201	420
50%	-	-	1,067,065	702,003	1,321	28	-	-	1,770,417	885,209
75%	-	-	-	-	306	-	-	-	306	230
100%	-	-	-	125,681	1,347,600	123	-	27,357	1,500,761	1,500,761
150%	-	-	-	-	-	-	17	-	17	25
<b>Total</b>	<b>4,523,281</b>	<b>110,828</b>	<b>3,137,056</b>	<b>827,684</b>	<b>1,349,227</b>	<b>1,352</b>	<b>17</b>	<b>27,989</b>	<b>9,977,434</b>	<b>2,912,541</b>

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**J.P. MORGAN CHASE BANK BERHAD**  
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**BASEL 2 PILLAR 3 DISCLOSURES**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (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 &amp; 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>30.06.2017</u>						
<b>On and Off:</b>						
<b>Balance Sheet</b>						
<b>Exposures</b>						
Public Sector Entities		-	52,125	-	-	-
Insurance companies, securities firms and fund managers		-	149,744	46,445	-	-
Corporates		-	81,602	556,319	268,455	217
			<u>-</u>	<u>602,764</u>	<u>268,455</u>	<u>217</u>
			<u>-</u>	<u>602,764</u>	<u>268,455</u>	<u>217</u>
<u>31.12.2016</u>						
<b>On and Off:</b>						
<b>Balance Sheet</b>						
<b>Exposures</b>						
Public Sector Entities		-	110,828	-	-	-
Insurance companies, securities firms and fund managers		-	716,163	111,521	-	-
Corporates		-	146,499	918,176	283,982	570
			<u>-</u>	<u>1,029,697</u>	<u>283,982</u>	<u>570</u>
			<u>-</u>	<u>1,029,697</u>	<u>283,982</u>	<u>570</u>

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**BASEL 2 PILLAR 3 DISCLOSURES**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (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>30.06.2017</u>						
<b>On and Off:</b>						
<b>Balance Sheet</b>						
<b>Exposures</b>						
Sovereigns/Central						
Banks		-	3,233,380	-	-	-
Banks		1,193,367	1,350,405	453,762	4	-
		<u>1,193,367</u>	<u>4,583,785</u>	<u>453,762</u>	<u>4</u>	<u>-</u>
<u>31.12.2016</u>						
<b>On and Off:</b>						
<b>Balance Sheet</b>						
<b>Exposures</b>						
Sovereigns/Central						
Banks		-	4,523,281	-	-	-
Banks		1,038,642	1,977,741	120,652	-	21
		<u>1,038,642</u>	<u>6,501,022</u>	<u>120,652</u>	<u>-</u>	<u>21</u>

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (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>30.06.2017</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	3,233,374	-	-
Banks	1,000,373	-	-
Insurance companies, securities firms and and fund managers	42,419	-	-
Corporates	387,444	-	-
Residential mortgages	1,358	-	-
Higher risk assets	4	-	-
Other assets	12,497	-	-
Defaulted exposures	107	-	-
Total on-balance sheet exposures	<u>4,677,576</u>	<u>-</u>	<u>-</u>
<i>Off-balance sheet exposures</i>			
Over-the-counter ('OTC') derivatives	2,320,455	-	139,345
Off balance sheet exposures other than OTC derivatives	401,760	-	-
Total off-balance sheet exposures	<u>2,722,215</u>	<u>-</u>	<u>139,345</u>
Total on and off-balance sheet exposures	<u><u>7,399,791</u></u>	<u><u>-</u></u>	<u><u>139,345</u></u>

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**BASEL 2 PILLAR 3 DISCLOSURES**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (CONTINUED)

**2 CREDIT RISK (CONTINUED)**

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

<u>31.12.2016</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	4,523,241	-	-
Banks	1,069,456	-	-
Insurance companies, securities firms and and fund managers	622,541	-	-
Corporates	619,312	-	-
Residential mortgages	1,229	-	-
Higher risk assets	17	-	-
Other assets	27,989	-	-
Defaulted exposures	123	-	-
Total on-balance sheet exposures	<u>6,863,908</u>	<u>-</u>	<u>-</u>
<i>Off-balance sheet exposures</i>			
Over-the-counter ('OTC') derivatives	2,717,421	55,394	157,166
Off balance sheet exposures other than OTC derivatives	396,105	-	-
Total off-balance sheet exposures	<u>3,113,526</u>	<u>55,394</u>	<u>157,166</u>
Total on and off-balance sheet exposures	<u><u>9,977,434</u></u>	<u><u>55,394</u></u>	<u><u>157,166</u></u>

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## J.P. MORGAN CHASE BANK BERHAD

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### BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (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	<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>30 Jun 2017</u>				
Direct credit substitutes	273,844	-	273,844	268,103
Transaction-related contingent items	41,524	-	20,762	17,216
Short-term self-liquidating trade				
Related contingencies	137,504	-	27,501	27,501
Foreign exchange related contracts:				
- less than one year	18,701,570	255,529	537,559	281,364
- one year to less than five years	2,263,902	17,652	267,165	97,486
- more than five years	1,079,856	32,854	185,210	45,228
Interest rate related contracts:				
- less than one year	9,090,944	15,094	50,442	27,774
- one year to less than five years	28,633,156	138,597	928,734	293,601
- more than five years	2,290,699	4,926	168,051	63,290
Equity related contracts				
- less than one year	1,336,685	26,279	126,630	50,603
- one year to less than five years	335,308	13,573	56,664	28,642
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	159,306	-	79,653	79,653
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	-	-	-
	<u>65,615,989</u>	<u>504,504</u>	<u>2,722,215</u>	<u>1,280,461</u>

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

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (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 2016</u>				
Direct credit substitutes	298,477	-	298,477	287,625
Transaction-related contingent items	55,796	-	27,898	23,791
Short-term self-liquidating trade related contingencies	125,042	-	25,008	25,008
Foreign exchange related contracts:				
- less than one year	18,985,033	611,098	948,484	597,791
- one year to less than five years	2,596,930	44,805	338,171	148,128
- more than five years	1,038,420	68,796	205,961	51,392
Interest rate related contracts:				
- less than one year	7,119,002	6,697	36,408	14,912
- one year to less than five years	27,298,029	117,658	853,890	315,059
- more than five years	1,466,299	26,376	122,397	49,329
Equity related contracts				
- less than one year	903,647	22,071	90,326	37,950
- one year to less than five years	373,558	16,286	66,390	29,988
Credit related contracts				
- one year to less than five years	282,082	3,848	55,394	21,811
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	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	1,135,614	-	-	-
	<u>61,767,373</u>	<u>917,635</u>	<u>3,113,526</u>	<u>1,647,506</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 2017 (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 assets RM'000	Capital requirements RM'000
<u>30 Jun 2017</u>				
	<u>Long position</u>	<u>Short position</u>		
Interest rate risk	85,033,051	83,658,169	1,361,307	108,905
Equity position risk			14,613	1,169
Foreign currency risk	42,963	153,119	153,125	12,250
Options risk			185,125	14,810
			<u>1,714,170</u>	<u>137,134</u>
<u>31 Dec 2016</u>				
Interest rate risk	81,390,360	81,613,133	1,453,306	116,265
Equity position risk			1,000	80
Foreign currency risk	6,214	11	6,213	497
Options risk			150,900	12,072
			<u>1,611,419</u>	<u>128,914</u>

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 (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 2017</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	10,799	(10,799)
USD	22,895	(22,895)
Other	1,132	(1,132)
	<u>34,826</u>	<u>(34,826)</u>

<u>31 Dec 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	11,795	(11,795)
USD	40,009	(40,009)
Other	862	(862)
	<u>52,666</u>	<u>(52,666)</u>