

J.P.Morgan

Pengarah
Jabatan Penyeliaan Perbankan
Tingkat 5B
Bank Negara Malaysia
Jalan Dato' Onn
50480 Kuala Lumpur

Attention: Encik Mohd Zabidi Md Nor

20 December 2018

Dear Madam,

**J.P. MORGAN CHASE BANK BERHAD
PILLAR 3 DISCLOSURE
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

Enclosed Pillar 3 Disclosure for the period ended 30 June 2018.



Yee Mei Yan

Date: 20 December 2018

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 2018

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 2018 (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>30.06.2018</u> RM'000	<u>31.12.2017</u> RM'000
<u>Tier-I capital</u>		
Share capital	127,500	127,500
Retained earnings	896,950	896,950
Fair value reserve – Fair value through other comprehensive income / Available-for-sale securities	29	40
Option reserve	18,053	18,053
	<hr/>	<hr/>
	1,042,532	1,042,543
Deferred tax assets	(3,110)	(3,110)
Available-for-sale securities	<hr/>	<hr/>
Total Tier I capital	1,039,407	1,039,411
<u>Tier-II capital</u>		
Regulatory reserve	6,821	2,415
ECL not credit impaired / Collective assessment allowance	<hr/>	<hr/>
Total Tier II capital	6,883	3,700
	<hr/>	<hr/>
Total capital	1,046,290	1,043,111
	<hr/>	<hr/>
Common Equity Tier 1 capital ratio	25.836%	25.911%
Tier 1 capital ratio	<hr/>	<hr/>
Total capital ratio	26.007%	26.004%
	<hr/>	<hr/>

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

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONTINUED)

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Total risk weighted assets and capital requirements as at 30 June 2018:

<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) Credit Risk				
On-balance sheet exposures				
Sovereigns/central banks	4,545,945	4,545,945	218,019	17,442
Banks	508,471	508,471	101,695	8,136
Insurance companies, securities firms and fund managers	110,356	110,356	56,332	4,507
Corporates	351,537	351,537	350,721	28,058
Residential mortgages	1,235	1,235	434	35
Higher risk assets	4	4	6	-
Other assets	15,887	15,887	15,576	1,246
Defaulted exposures	71	71	71	6
Total on-balance sheet exposures	5,533,506	5,533,506	742,854	59,430
Off-balance sheet exposures				
Over-the-counter ('OTC') derivatives	2,395,654	2,395,654	949,840	75,987
Off-balance sheet exposures other than OTC derivatives	380,259	380,259	365,800	29,264
Total off-balance sheet exposures	2,775,913	2,775,913	1,315,640	105,251
Total on and off-balance sheet exposures	8,309,419	8,309,419	2,058,494	164,681
(b) Market risk		<u>Long position</u>	<u>Short position</u>	
Interest rate risk	86,387,957	86,059,488	1,165,538	93,243
Equity position risk			9,663	773
Foreign currency risk	622	211,594	24,625	1,970
Options risk			313,713	25,097
(c) Operational risk			451,119	36,090
Total risk weighted assets and capital requirements			4,023,152	321,854

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONTINUED)

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Total risk weighted assets and capital requirements as at 31 December 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>Risk Capital requirements</u> RM'000
(a) Credit Risk				
On-balance sheet exposures				
Sovereigns/central banks	4,087,691	4,087,691	81,099	6,488
Banks	594,364	594,364	124,962	9,997
Insurance companies, securities firms and fund managers	32,715	32,715	16,372	1,310
Corporates	306,960	306,960	306,960	24,557
Residential mortgages	1,328	1,328	508	41
Higher risk assets	4	4	6	-
Other assets	10,576	10,576	10,150	812
Defaulted exposures	111	111	111	9
Total on-balance sheet exposures	5,033,749	5,033,749	540,168	43,214
<i>Off-balance sheet exposures</i>				
Over-the-counter ('OTC') derivatives	2,393,520	2,393,520	949,839	75,987
Off balance sheet exposures other than OTC derivatives	310,922	310,922	302,695	24,216
Total off-balance sheet exposures	2,704,442	2,704,442	1,252,534	100,203
Total on and off-balance sheet exposures	7,738,191	7,738,191	1,792,702	143,417
		<u>Long position</u>	<u>Short position</u>	
(b) Market risk				
Interest rate risk	85,484,880	84,242,850	1,274,851	101,988
Equity position risk			-	-
Foreign currency risk	744	184,585	184,588	14,767
(c) Options risk			321,413	25,713
Operational risk			437,854	35,028
Total risk weighted assets and capital requirements			4,011,408	320,913

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (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).

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(i) Geographical Distribution (continued)

							30.06.2018			
		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	Amount due from related parties	Other assets*	On balance sheet total	On commitments and contingencies
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	3,757,932	94,932	588,965	493,812	686,497	323,788	91,734	41,624	6,079,284	2,318,066
United Kingdom	-	-	-	40,842	-	-	91,869	-	132,711	292,309
USA	-	-	-	8,516	-	-	347,624	20	356,160	81,609
Hong Kong	-	-	-	3,840	-	-	3,311	-	7,151	7,738
Singapore	6,679	-	-	15,079	-	-	162	19,228	41,148	40,890
Others	3,380	-	-	20,398	-	27,337	1,262	-	52,377	35,301
	3,767,991	94,932	588,965	582,487	686,497	351,125	535,962	60,872	6,668,831	2,775,913
Assets not subject to credit risk	311	-	-	-	-	-	-	-	26,152	26,463
	3,768,302	94,932	588,965	582,487	686,497	351,125	535,962	87,024	6,695,294	2,775,913

* 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 2018 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(i) Geographical Distribution (continued)

31.12.2017

* 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 2018 (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 2018 (CONTINUED)

CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(ii) Industry Distribution (continued)

										30.06.2018		
										Amount due from related parties	On balance sheet assets**	Commitments and contingencies
										RM'000	RM'000	RM'000
Short term funds and placements with purchased financial under resale institutions	Securities held for trading	Financial assets held for trading	Derivative financial instruments	Financial assets available- for-sale	Loans and advances*	Other assets**				RM'000	RM'000	RM'000
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000						
Manufacturing												
Wholesale and retail	-	-	-	-	40,637	-	212,653	-	-	253,290	275,027	7,756
Finance, insurance and business services					2,791	-	8,827	-	-	11,618		
32,726	-	101,608	513,510	-	128,392	535,962	60,307	1,372,505	2,244,652			
Government and Agencies	3,735,265	94,932	487,357	18,975	686,497	-	-	146	5,023,172	46,296		
Electricity, gas and water	-	-	-	-	4,915	-	-	-	419	5,334	96,967	
Transport, storage and Communication	-	-	-	-	3	-	-	-	3	90,871		

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(ii) Industry Distribution (continued)

30.06.2018						
	Short term funds and placements	Securities with purchased financial instruments	Financial assets held for trading	Derivative financial instruments	Financial assets available-for-sale	Amount due from related parties
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Individual/Purchase of landed property						
- residential						
Others	-	-	-	-	-	-
3,767,991	94,932	588,965	582,487	686,497	351,187	535,962
Assets not subject to credit risk	311	-	-	-	-	-
3,768,302	94,932	588,965	582,487	686,497	351,187	535,962

*	Excludes ECL not credit impaired amounting to RM62,450.
**	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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J.P. MORGAN CHASE BANK BERHAD
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BASEL II PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(ii) Industry Distribution (continued)

31.12.2017

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(ii) Industry Distribution (continued)

							31.12.2017			
	Short-term 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
Transport, storage and communication	-	-	877	-	-	-	-	-	877	1,327
Individual/Purchase of landed property	-	-	-	-	-	-	-	-	-	-
- residential	-	-	-	-	4,470	-	1,403	-	2,803	1,403
Others	3,893,261	46,776	887,490	516,759	148,476	308,362	549,747	-	7,273	1,581
Assets not subject to credit risk	425	-	-	-	-	-	-	-	-	-
	3,893,686	46,776	887,490	516,759	148,476	308,362	549,747	82,761	6,434,057	2,704,442
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

* Excludes collective assessment allowance amounting to RM1,285,000.

** 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 2018 (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 1 year RM'000	1 – 5 years RM'000	Over 5 years RM'000	Total RM'000
<u>30.06.2018</u>				
<i>On-balance sheet exposures</i>				
Cash and short-term funds	3,768,302	-	-	3,768,302
Securities purchased under resale agreement	94,932	-	-	94,932
Financial assets measured at fair value through profit or loss	149,274	134,686	305,005	588,965
Derivative financial instruments	377,230	169,922	35,335	582,487
Financial assets measured at fair value through other comprehensive income	686,497	-	-	686,497
Loans and advances	349,846	348	931	351,125
Amount due from related parties	535,962	-	-	535,962
Total on-balance sheet exposures	5,962,043	304,956	341,271	6,608,270
<i>Off-balance sheet exposures</i>				
Over-the-counter ('OTC') derivatives	864,554	1,343,001	188,099	2,395,654
Off balance sheet exposures other than OTC derivatives	260,181	117,703	2,375	380,259
Total off-balance sheet exposures	1,124,735	1,460,704	190,474	2,775,913
Total on and off-balance sheet exposures	7,086,778	1,765,660	531,745	9,384,183

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(iii) Residual Contractual Maturity (continued)

	Less than 1 year RM'000	1 – 5 years RM'000	Over 5 years RM'000	Total RM'000
<u>31.12.2017</u>				
<i>On-balance sheet exposures</i>				
Cash and short-term funds	3,893,686	-	-	3,893,686
Securities purchased under resale agreement	46,776	-	-	46,776
Financial assets held for trading	125,983	437,781	323,727	887,491
Derivative financial instruments	331,342	160,362	25,055	516,759
Financial assets available-for-sale	148,476	-	-	148,476
Loans and advances	305,647	290	1,140	307,077
Amount due from related parties	549,747	-	-	549,747
Total on-balance sheet exposures	5,401,657	598,433	349,922	6,350,012
 <i>Off-balance sheet exposures</i>				
Over-the-counter ('OTC') derivatives	761,898	1,283,480	348,142	2,393,520
Off balance sheet exposures other than OTC derivatives	194,581	114,968	1,373	310,922
Total off-balance sheet exposures	956,479	1,398,448	349,515	2,704,442
Total on and off-balance sheet exposures	6,358,136	1,996,881	699,437	9,054,454

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (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	ECL credit impaired RM'000	ECL not credit impaired RM'000	Impaired during the year RM'000	ECL credit Write offs during the year RM'000
30 Jun 2018						
Agricultural	-	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Transport, storage and communications	-	-	-	-	-	-
Finance, insurance, business services	-	-	-	-	-	-
Government and Government Agencies	-	-	-	-	-	-
Individual/Purchase of landed property						
– residential	-	71	37	62	(2)	(3)
Electricity, gas and water	-	-	-	-	-	-
Household	-	-	-	-	-	-
Others	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	71	37	62	(2)	(3)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
31 Dec 2017						
Agricultural	-	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Transport, storage and communications	-	-	-	-	-	-
Finance, insurance, business services	-	-	-	-	-	-
Government and Government Agencies	-	-	-	-	-	-
Individual/Purchase of landed property						
– residential	-	111	41	1,285	(4)	-
Electricity, gas and water	-	-	-	-	-	-
Household	-	-	-	-	-	-
Others	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	111	41	1,285	(4)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (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>ECL credit impaired allowance</u> RM'000	<u>ECL not credit impaired allowance</u> RM'000
<u>30 Jun 2018</u>				
Malaysia	—	71	37	62
<u>31 Dec 2017</u>				
Malaysia	—	111	41	1,285

(iii) Movements in allowance for impaired loans and advances

	<u>30.06.2018</u> RM'000	<u>31.12.2017</u> RM'000
<u>Individual assessment allowance</u>		
At 1 January		
- as previously reported	41	45
- effects of adoption of MFRS 9	(41)	-
	<hr/>	<hr/>
Allowance written back during the financial period/year	-	45
	<hr/>	<hr/>
Balance at end of financial period/year	-	41
	<hr/>	<hr/>
<u>ECL credit impaired</u>		
At 1 January		
- as previously reported	-	-
- effects of adoption of MFRS 9	39	-
Allowance written back during the financial period/year	(2)	-
	<hr/>	<hr/>
Balance at end of financial period/year	37	-
	<hr/>	<hr/>
<u>Collective assessment allowance</u>		
At 1 January		
- as previously reported	1,285	1,053
- effects of adoption of MFRS 9	(1,285)	-
	<hr/>	<hr/>
Allowance written back during the financial period/year	-	1,053
	<hr/>	<hr/>
Balance at end of financial period/year	-	232
	<hr/>	<hr/>
	<hr/>	<hr/>
<u>ECL not credit impaired</u>		
At 1 January		
- as previously reported	-	-
- effects of adoption of MFRS 9	85	-
	<hr/>	<hr/>
- as restated	85	-
Allowance written back during the financial period/year	(23)	-
	<hr/>	<hr/>
Balance at end of financial period/year	62	-
	<hr/>	<hr/>

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (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 ("ECAs") 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 2018 for credit risk exposures:

Weighted	Sovereigns & Central bank RM'000	PSE RM'000	Banks RM'000	Corporates RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000	Total exposures after netting and credit risk RM'000
0%	3,455,849	-	-	-	-	-	311	3,456,160
20%	1,090,154	46,238	1,696,920	-	-	-	-	2,833,312
35%	-	-	755,707	296,913	2,003	1,240	-	1,240
50%	-	-	-	-	-	-	-	1,054,623
75%	-	-	-	-	-	-	-	527,311
100%	-	-	-	113,480	834,954	71	15,576	964,081
150%	-	-	-	-	-	4	-	4
Total	4,546,003	46,238	2,452,627	410,393	836,957	1,311	15,887	8,309,420

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.3 Credit Risk Exposures under Standardised Approach (continued)

Risk weight as at 31 December 2017 for credit risk exposures:

Weighted	Insurance companies, securities firms and funds					Residential mortgages	Higher risk assets	Other assets	Total risk weighted assets
	Sovereigns & Central bank	PSE	Banks	managers	Corporates				
0%	3,682,197	-	-	-	-	-	-	-	3,682,196
20%	406,003	34,225	1,700,757	-	-	-	-	-	2,140,985
35%	-	-	-	-	-	1,037	-	-	1,037
50%	-	-	899,023	199,489	7	291	-	-	1,098,810
75%	-	-	-	-	-	-	-	-	549,405
100%	-	-	-	67,796	736,675	111	-	-	814,732
150%	-	-	-	-	-	-	4	-	814,732
Total	4,088,200	34,225	2,599,780	267,285	736,682	1,439	4	10,576	7,738,191
									1,792,702

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (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 ECAs:

(i) Ratings of corporate by approved ECAs

<u>Exposure class</u>	<u>Moody</u> S & P	<u>Aaa to Aa3</u> AAA to AA-	<u>A1 to A3</u> A+ to A-	<u>Baa1 to Ba3</u> BBB+ to BB-	<u>B1 to C</u> B+ to D	<u>Unrated</u> Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A1 to A-	BBB1 to BB3	B to D	Unrated
	<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>
		RM'000	RM'000	RM'000	RM'000	RM'000

30.06.2018

On and Off:

Balance Sheet

Exposures

Public Sector Entities	-	46,238	-	-	-
Insurance companies, securities firms and fund managers	-	323,930	73,499	-	12,964
Corporates	-	94,675	482,021	256,422	3,839
	<u>-</u>	<u>464,843</u>	<u>555,520</u>	<u>256,422</u>	<u>16,803</u>
	<u><u>-</u></u>	<u><u>464,843</u></u>	<u><u>555,520</u></u>	<u><u>256,422</u></u>	<u><u>16,803</u></u>

31.12.2017

On and Off:

Balance Sheet

Exposures

Public Sector Entities	-	34,225	-	-	-
Insurance companies, securities firms and fund managers	-	211,218	56,067	-	-
Corporates	-	75,517	437,813	223,179	173
	<u>-</u>	<u>320,960</u>	<u>493,880</u>	<u>223,179</u>	<u>173</u>
	<u><u>-</u></u>	<u><u>320,960</u></u>	<u><u>493,880</u></u>	<u><u>223,179</u></u>	<u><u>173</u></u>

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (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	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S & P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A1 to A-	BBB1 to BB3	B to D	Unrated
	<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>
			RM'000	RM'000	RM'000	RM'000

30.06.2018

On and Off:

Balance Sheet

Exposures

Sovereigns/Central

Banks

Banks

- 4,546,003

1,038,722 1,054,626

359,276

3 -

1,038,722 5,600,629

359,276

3 -

1,038,722 5,600,629

359,276

3 -

1,038,722 5,600,629

31.12.2017

On and Off:

Balance Sheet

Exposures

Sovereigns/Central

Banks

Banks

- 4,088,200

1,066,315 1,178,234

355,227

4 -

1,066,315 5,266,434

355,227

4 -

1,066,315 5,266,434

355,227

4 -

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (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>30.06.2018</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	4,545,945	-	-
Banks	508,471	-	-
Insurance companies, securities firms and and fund managers	110,356	-	-
Corporates	351,537	-	-
Residential mortgages	1,235	-	-
Higher risk assets	4	-	-
Other assets	15,887	-	-
Defaulted exposures	71	-	-
Total on-balance sheet exposures	5,533,506	-	-
<i>Off-balance sheet exposures</i>			
Over-the-counter ('OTC') derivatives	2,395,654	35,584	187,059
Off balance sheet exposures other than OTC derivatives	380,259	-	-
Total off-balance sheet exposures	2,775,913	35,584	187,059
Total on and off-balance sheet exposures	8,309,419	35,584	187,059

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (CONTINUED)

2 CREDIT RISK (CONTINUED)

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

<u>31.12.2017</u>	<u>Exposures before CRM</u> <u>RM'000</u>	<u>Exposures covered by guarantees/ credit derivatives</u> <u>RM'000</u>	<u>Exposures covered by eligible financial collateral</u> <u>RM'000</u>
<u>Exposure Class</u>			
<i>On-balance sheet exposures</i>			
Sovereigns/central banks	4,087,691	-	-
Banks	594,364	-	-
Insurance companies, securities firms and and fund managers	32,715	-	-
Corporates	306,960	-	-
Residential mortgages	1,328	-	-
Higher risk assets	4	-	-
Other assets	10,576	-	-
Defaulted exposures	111	-	-
<hr/> Total on-balance sheet exposures	<hr/> 5,033,749	<hr/> -	<hr/> -
<i>Off-balance sheet exposures</i>			
Over-the-counter ('OTC') derivatives	2,393,520	11,059	151,344
Off balance sheet exposures other than OTC derivatives	310,922	-	-
<hr/> Total off-balance sheet exposures	<hr/> 2,704,442	<hr/> 11,059	<hr/> 151,344
<hr/> Total on and off-balance sheet exposures	<hr/> 7,738,191	<hr/> 11,059	<hr/> 151,344

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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (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.

	Principal amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
<u>30 Jun 2018</u>				
Direct credit substitutes	277,935	-	277,935	267,324
Transaction-related contingent items	34,704	-	17,352	13,504
Short-term self-liquidating trade				
Related contingencies	-	-	-	-
Foreign exchange related contracts:				
- less than one year	23,635,709	253,374	562,944	269,075
- one year to less than five years	3,205,298	71,667	408,783	148,367
- more than five years	262,405	12,323	56,529	17,482
Interest rate related contracts:				
- less than one year	6,926,338	9,480	25,791	8,880
- one year to less than five years	25,446,323	73,150	725,110	246,489
- more than five years	2,004,744	23,012	131,569	50,211
Equity related contracts				
- less than one year	2,133,486	114,376	275,820	94,389
- one year to less than five years	1,082,352	21,970	173,524	103,703
Credit derivatives contracts				
- one year to less than five years	202,344	3,135	35,584	11,244
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	169,945	-	84,972	84,972
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	1,625,766	-	-	-
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	67,007,349	582,487	2,775,913	1,315,640
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>

* 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 2018 (CONTINUED)

2 CREDIT RISK (CONTINUED)

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

	Principal amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
<u>31 Dec 2017</u>				
Direct credit substitutes	211,350	-	211,350	205,445
Transaction-related contingent items	37,791	-	18,895	16,573
Short-term self-liquidating trade related contingencies	27,485	-	5,497	5,497
Foreign exchange related contracts:				
- less than one year	18,957,817	243,566	524,512	250,330
- one year to less than five years	2,742,824	38,820	295,514	128,328
- more than five years	1,019,626	22,401	190,831	44,370
Interest rate related contracts:				
- less than one year	8,838,712	34,203	43,128	18,100
- one year to less than five years	25,891,420	93,537	848,925	297,510
- more than five years	2,198,070	2,654	157,309	61,996
Equity related contracts				
- less than one year	1,855,696	53,573	194,258	71,575
- one year to less than five years	712,939	23,953	127,984	75,418
Credit derivatives contracts				
- one year to less than five years	50,050	4,052	11,059	2,212
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	150,361	-	75,180	75,180
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	1,431,395	-	-	-
	<u>64,125,536</u>	<u>516,759</u>	<u>2,704,442</u>	<u>1,252,534</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 2018 (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 2018</u>				
	<u>Long position</u>	<u>Short position</u>		
Interest rate risk	86,387,957	86,059,488	1,165,538	93,243
Equity position risk			9,663	773
Foreign currency risk	622	211,594	24,625	1,970
Options risk			313,713	25,097
			<u>1,513,539</u>	<u>121,083</u>
<u>31 Dec 2017</u>				
Interest rate risk	85,484,880	84,242,850	1,274,851	101,988
Equity position risk	-	-	-	-
Foreign currency risk	744	184,585	184,588	14,767
Options risk			321,413	25,713
			<u>1,780,852</u>	<u>142,468</u>

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 (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>Increase/(Decrease)</u>	
	<u>+100bps</u>	<u>-100 bps</u>
	<u>RM'000</u>	<u>RM'000</u>
<u>30 Jun 2018</u>		
<u>Impact on Economic Value</u>		
MYR	12,374	(12,374)
USD	25,280	(25,280)
Other	327	(327)
	<u>37,981</u>	<u>(37,981)</u>
<u>31 Dec 2017</u>		
<u>Impact on Economic Value</u>		
MYR	11,965	(11,965)
USD	18,226	(18,226)
Other	291	(291)
	<u>30,482</u>	<u>(30,482)</u>