

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 2019

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 2019 (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>30.06.2019</u> RM'000	<u>31.12.2018</u> RM'000
<u>Tier-I capital</u>		
Share capital	437,500	127,500
Retained earnings	959,653	959,653
Fair value reserve through other comprehensive income	(57)	133
Option reserve	11,953	11,953
	<hr/> 1,409,049	<hr/> 1,099,239
Deferred tax assets	(3,120)	(3,120)
Financial assets at fair value through other comprehensive income	-	(73)
Total Tier I capital	<hr/> 1,405,929	<hr/> 1,096,046
<u>Tier-II capital</u>		
Regulatory reserve	15,642	14,206
ECL not credit impaired	117	181
Total Tier II capital	<hr/> 15,759	<hr/> 14,387
Total capital	<hr/> 1,421,688	<hr/> 1,110,433
Common Equity Tier 1 capital ratio	27.581%	23.174%
Tier 1 capital ratio	27.581%	23.174%
Total capital ratio	<hr/> 27.890%	<hr/> 23.478%
	<hr/> <hr/>	<hr/> <hr/>

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Total risk weighted assets and capital requirements as at 30 June 2019:

<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	3,045,276	3,045,276	330,943	26,475
Public sector entities	30,809	30,809	6,162	493
Banks	3,222,635	3,222,635	644,547	51,564
Insurance companies, securities firms and fund managers	309,746	309,746	160,279	12,822
Corporates	221,555	221,555	220,441	17,635
Residential mortgages	1,090	1,090	381	30
Higher risk assets	4	4	6	1
Other assets	20,895	20,895	20,309	1,625
Defaulted exposures	41	41	21	2
 Total on-balance sheet exposures	 6,852,051	 6,852,051	 1,383,089	 110,647
 Off-balance sheet exposures	 2,561,659	 2,561,659	 1,034,643	 82,771
Over-the-counter ('OTC') derivatives				
Off-balance sheet exposures other than OTC derivatives	297,859	297,859	275,285	22,023
 Total off-balance sheet exposures	 2,859,518	 2,859,518	 1,309,928	 104,794
 Total on and off-balance sheet exposures	 9,711,569	 9,711,569	 2,693,017	 215,441
 (b) Market risk	 <u>Long position</u>	 <u>Short position</u>		
Interest rate risk	114,413,225	113,401,569	1,616,987	129,359
Foreign currency risk	140,384	99,420	140,388	11,231
Options risk			147,100	11,768
 (c) Operational risk			500,041	40,003
 Total risk weighted assets and capital requirements			 5,097,533	 407,802

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1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Total risk weighted assets and capital requirements as at 31 December 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	6,054,980	6,054,980	248,235	19,859
Public sector entities	158	158	32	3
Banks	261,662	261,662	52,345	4,188
Insurance companies, securities firms and fund managers	298,911	298,911	149,870	11,990
Corporates	354,525	354,525	353,312	28,265
Residential mortgages	1,182	1,182	414	33
Higher risk assets	4	4	6	1
Other assets	24,748	24,748	24,594	1,967
Defaulted exposures	43	43	21	2
 Total on-balance sheet exposures	 6,996,213	 6,996,213	 828,829	 66,308
Off-balance sheet exposures				
Over-the-counter ('OTC')				
Derivatives	2,498,437	2,498,437	951,363	76,108
Off balance sheet exposures other than OTC derivatives	600,948	600,948	584,962	46,796
 Total off-balance sheet exposures	 3,099,385	 3,099,385	 1,536,325	 122,904
 Total on and off-balance sheet exposures	 10,095,598	 10,095,598	 2,365,154	 189,212
 (b) Market risk				
Interest rate risk	92,387,526	90,369,435	1,446,957	115,756
Equity position risk	15,909	-	6,363	509
Foreign currency risk	1,533	90,754	90,750	7,260
Options risk			357,613	28,609
 (c) Operational risk			462,880	37,030
 Total risk weighted assets and capital requirements			4,729,717	378,376

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (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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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(i) Geographical Distribution (continued)

	30.06.2019									
	Short term funds and placements with financial institutions	Securities purchased under resale agreement	Financial assets at fair value through profit and loss	Derivative financial instruments	Financial assets held at other comprehensive income	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	2,181,871	2,484,957	1,003,729	403,102	884,591	213,133	105,862	331,618	7,608,863	2,357,833
United Kingdom	-	-	-	52,874	-	-	5,291	-	58,165	268,866
USA	-	-	-	11,422	-	-	300,184	34	311,640	113,017
Hong Kong	-	-	-	623	-	-	3,206	1	3,830	24,427
Singapore	3,089	-	-	22,919	-	-	274	295,279	321,561	82,467
Others	5,379	-	-	988	-	4,532	1,051	-	11,950	12,908
	2,190,339	2,484,957	1,003,729	491,928	884,591	217,665	415,868	626,932	8,316,009	2,859,518
Assets not subject to credit risk	586	-	-	-	-	(139)	-	17,214	17,661	-
	2,190,925	2,484,957	1,003,729	491,928	884,591	217,526	415,868	644,146	8,333,670	2,859,518

* 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 2019 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(i) Geographical Distribution (continued)

31.12.2018

	Short term funds and placements with financial institutions										On balance sheet total	Commitments and contingencies		
	Securities purchased under resale agreement		Financial assets at fair value through profit and loss		Derivative financial instruments		Financial assets held at other comprehensive income		Loans and advances					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000				
Malaysia	4,654,069	39,166	2,024,152	503,745	1,356,469	333,825	95,191	39,599	9,046,216	2,643,754				
United Kingdom	-	-	-	24,297	-	-	254,706	-	279,003	272,369				
USA	-	-	-	20,295	-	-	101,416	19	121,730	101,298				
Hong Kong	-	-	-	334	-	-	4,361	-	4,695	5,106				
Singapore	3,055	-	-	7,179	-	-	123	47,236	57,593	56,485				
Others	7,823	-	-	12,357	-	19,528	870	-	40,578	20,373				
	4,664,947	39,166	2,024,152	568,207	1,356,469	353,353	456,667	86,854	9,549,815	3,099,385				
Assets not subject to credit risk	154	-	-	-	-	(204)	-	21,852	21,802	-				
	4,665,101	39,166	2,024,152	568,207	1,356,469	353,149	456,667	108,706	9,571,617	3,099,385				

* 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 2019 (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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2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(ii) Industry Distribution (continued)

	30.06.2019									
	Short term funds and placements with financial institutions	Securities purchased under resale agreement	Financial assets at fair value through profit and loss	Derivative financial instruments	Financial assets held at other comprehensive income	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	-	-	-	34,154	-	172,327	-	75	206,556	252,613
Wholesale and retail	-	-	-	2,502	-	-	-	4	5,326	18,271
Finance, insurance and business services	38,717	2,484,957	289,697	439,992	-	40,015	415,868	595,686	1,817,155	2,392,810
Government and Government Agencies	2,151,622	-	714,032	9,287	884,591	-	-	30,825	6,275,314	38,187
Electricity, gas and water	-	-	-	134	-	-	-	66	200	1,261
Transport, storage and Communication	-	-	-	3	-	4,166	-	73	4,242	88,719

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2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(ii) Industry Distribution (continued)

	30.06.2019									
	Short term funds and placements with financial institutions	Securities purchased under resale agreement	Financial assets at fair value through profit and loss	Derivative financial instruments	Financial assets held at other comprehensive income	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
Individual/Purchase of landed property										
- residential	-	-	-	-	-	1,157	-	-	1,157	182
Others	-	-	-	5,856	-	-	-	203	6,059	67,475
	2,190,339	2,484,957	1,003,729	491,928	884,591	217,665	415,868	626,932	8,316,009	2,859,518
Assets not subject to credit risk	586	-	-	-	-	(139)	-	17,214	17,661	-
	2,190,925	2,484,957	1,003,729	491,928	884,591	217,526	415,868	644,146	8,333,670	2,859,518

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

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

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(ii) Industry Distribution (continued)

	31.12.2018									
	Short-term funds and placements with financial institutions RM'000	Securities purchased under resale agreement RM'000	Financial assets held at fair value through profit and loss RM'000	Derivative financial instruments RM'000	Financial assets held at other comprehensive income 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
Manufacturing	-	-	-	24,771	-	208,776	-	-	233,547	420,446
Wholesale and retail	-	-	-	1,285	-	4,606	-	-	5,891	5,690
Finance, insurance and business services	29,294	-	204,946	526,385	-	60,045	453,435	79,559	1,353,664	2,377,584
Government and Government Agencies	4,635,653	39,166	1,819,206	12,165	1,356,469	-	-	60	7,862,719	44,489
Electricity, gas and water	-	-	-	1,673	-	75,208	-	3	76,884	147,197

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2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(ii) Industry Distribution (continued)

	31.12.2018									
	Short-term funds and placements with financial institutions	Securities purchased under resale agreement	Financial assets held at fair value through profit and loss	Derivative financial instruments	Financial assets held at other comprehensive income	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	-	-	-	12	-	3,466	-	-	3,478	88,750
Individual/Purchase of landed property										
- residential	-	-	-	-	-	1,252	-	-	1,252	182
Others	-	-	-	1,916	-	-	3,232	7,232	12,380	15,047
	4,664,947	39,166	2,024,152	568,207	1,356,469	353,353	456,667	86,854	9,549,815	3,099,385
Assets not subject to credit risk	154	-	-	-	-	(204)	-	21,852	21,802	-
	4,665,101	39,166	2,024,152	568,207	1,356,469	353,149	456,667	108,706	9,571,617	3,099,385

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

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

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (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>30.06.2019</u>				
<i>On-balance sheet exposures</i>				
Cash and short-term funds	2,190,925	-	-	2,190,925
Securities purchased under resale agreement	2,484,957	-	-	2,484,957
Financial assets measured at fair value through profit or loss ("FVTPL")	318,608	333,236	351,884	1,003,729
Derivative financial instruments	202,513	261,517	27,898	491,928
Financial assets measured at fair value through other comprehensive income	884,591	-	-	884,591
Loans and advances	216,519	237	770	217,526
Amount due from related parties	415,868	-	-	415,868
Total on-balance sheet exposures	6,713,981	594,990	380,552	7,689,524
<i>Off-balance sheet exposures</i>				
Over-the-counter ('OTC') derivatives	855,449	1,525,825	180,385	2,561,659
Off balance sheet exposures other than OTC derivatives	164,204	132,280	1,375	297,859
Total off-balance sheet exposures	1,019,653	1,658,105	181,760	2,859,518
Total on and off-balance sheet exposures	7,733,634	2,253,095	562,312	10,549,042

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (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>31.12.2018</u>				
<i>On-balance sheet exposures</i>				
Cash and short-term funds	4,665,101	-	-	4,665,101
Securities purchased under resale agreement	39,166	-	-	39,166
Financial assets held at fair value through profit and loss ("FVTPL")	1,313,369	303,909	406,874	2,024,152
Derivative financial instruments	415,579	141,189	11,439	568,207
Financial assets held at fair value through other comprehensive income ("FVOCI")	1,356,469	-	-	1,356,469
Loans and advances	352,051	216	882	353,149
Amount due from related parties	456,667	-	-	456,667
Total on-balance sheet exposures	8,598,402	445,314	419,195	9,462,911
<i>Off-balance sheet exposures</i>				
Over-the-counter ('OTC') derivatives	1,034,047	1,360,367	104,023	2,498,437
Off balance sheet exposures other than OTC derivatives	467,356	130,604	2,988	600,948
Total off-balance sheet exposures	1,501,403	1,490,971	107,011	3,099,385
Total on and off-balance sheet exposures	10,099,805	1,936,285	526,206	12,562,296

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.2 Past Due and Impaired Loans and Advances

(i) Industry Distribution

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

	Stage 2 credit not impaired loans and advances RM'000	Stage 3 credit impaired loans and advances RM'000	ECL credit impaired allowance RM'000	ECL credit not credit impaired allowance RM'000	ECL credit allowance during the year RM'000	Write offs during the year RM'000
<u>30 Jun 2019</u>						
Individual/Purchase of landed property						
- residential	-	63	22	117	(1)	-
	_____	_____	_____	_____	_____	_____
	-	63	22	117	(1)	-
	_____	_____	_____	_____	_____	_____
<u>31 Dec 2018</u>						
Individual/Purchase of landed property						
- residential	-	66	23	181	(18)	-
	_____	_____	_____	_____	_____	_____
	-	66	23	181	(18)	-
	_____	_____	_____	_____	_____	_____

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (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 impairment allowances are set out in the following table:

	Stage 2 credit not impaired loans and advances RM'000	Stage 3 credit impaired loans and advances RM'000	ECL credit impaired allowance RM'000	ECL not credit impaired allowance RM'000
<u>30 Jun 2019</u> Malaysia	-	63	22	117
<u>31 Dec 2018</u> Malaysia	-	66	23	181

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.2 Past Due and Impaired Loans and Advances (continued)

(iii) Movement in expected credit losses for loans and advances

	<u>30.06.2019</u> RM'000	<u>31.12.2018</u> RM'000
<u>ECL credit impaired</u>		
At 1 January		
- as previously reported	23	-
- effects of adoption of MFRS 9	-	39
	<hr/>	<hr/>
- as restated	23	39
Allowance written back during the financial period/year	(1)	(16)
	<hr/>	<hr/>
Balance at end of financial period/year	22	23
	<hr/>	<hr/>
<u>ECL not credit impaired</u>		
At 1 January		
- as previously reported	181	-
- effects of adoption of MFRS 9	-	85
	<hr/>	<hr/>
- as restated	181	85
Allowance (written back)/made during the financial period/year	(64)	96
	<hr/>	<hr/>
Balance at end of financial period/year	117	181
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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (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 2019 for credit risk exposures:

Weighted	Sovereigns & Central bank RM'000	Insurance companies, securities firms and funds managers						Other assets RM'000	Total exposures after netting and credit risk RM'000	Total risk weighted assets RM'000
		PSE RM'000	Banks RM'000	Corporates RM'000	Residential mortgages RM'000	Higher risk assets RM'000				
0%	1,390,566	-	-	-	-	-	-	586	1,391,152	-
20%	1,654,710	68,997	4,489,574	-	-	-	-	-	6,213,281	1,242,656
35%	-	-	-	-	-	1,090	-	-	1,090	382
50%	-	-	828,085	481,786	2,227	41	-	-	1,312,139	656,070
75%	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	117,447	656,147	-	-	20,309	793,903	793,903
150%	-	-	-	-	-	4	-	-	4	6
Total	3,045,276	68,997	5,317,659	599,233	658,374	1,131	4	20,895	9,711,569	2,693,017

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.3 Credit Risk Exposures under Standardised Approach (continued)

Risk weight as at 31 December 2018 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%	4,813,802	-	-	-	-	-	-	154	4,813,956	-
20%	1,241,436	44,389	1,567,748	-	-	-	-	-	-	2,853,573
35%	-	-	-	-	-	1,182	-	-	1,182	414
50%	-	-	773,084	488,650	3,950	43	-	-	1,265,727	632,864
100%	-	-	-	104,838	1,031,724	-	-	24,594	1,161,156	1,161,155
150%	-	-	-	-	-	-	4	-	4	6
Total	6,055,238	44,389	2,340,832	593,488	1,035,674	1,225	4	24,748	10,095,598	2,365,154

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

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (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>	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	RM'000

30.06.2019

On and Off:

Balance Sheet

Exposures

Public sector entities	-	68,997	-	-	-	-
Insurance companies, securities firms and fund managers	-	500,577	88,579	10,077	-	-
Corporates	-	96,640	289,717	272,017	-	-
	<u>-</u>	<u>666,214</u>	<u>378,296</u>	<u>282,094</u>	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>666,214</u></u>	<u><u>378,296</u></u>	<u><u>282,094</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

31.12.2018

On and Off:

Balance Sheet

Exposures

Public sector entities	-	44,231	-	-	-	158
Insurance companies, securities firms and fund managers	-	514,730	78,758	-	-	-
Corporates	-	95,494	502,782	437,398	-	-
	<u>-</u>	<u>654,455</u>	<u>581,540</u>	<u>437,398</u>	<u>-</u>	<u>158</u>
	<u><u>-</u></u>	<u><u>654,455</u></u>	<u><u>581,540</u></u>	<u><u>437,398</u></u>	<u><u>-</u></u>	<u><u>158</u></u>

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (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	Aaa to Aa3 AAA to AA-	A1 to A3 A+ to A-	Baa1 to Ba3 BBB+ to BB-	B1 to C B+ to D	Unrated 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

30.06.2019

On and Off:

Balance Sheet

Exposures

Sovereigns/Central

Banks

Banks

- 3,045,276

- 4,384,992

881,584

51,083

- 7,430,268

881,584

51,083

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31.12.2018

On and Off:

Balance Sheet

Exposures

Sovereigns/Central

Banks

Banks

- 6,055,238

- 1,984,129

356,662

- 41

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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 2019 (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>30.06.2019</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	3,045,276	-	-
Public sector entities	30,809	-	-
Banks	3,222,635	-	-
Insurance companies, securities firms and and fund managers	309,746	-	-
Corporates	221,555	-	-
Residential mortgages	1,090	-	-
Higher risk assets	4	-	-
Other assets	20,895	-	-
Defaulted exposures	41	-	-
<u>Total on-balance sheet exposures</u>	<u>6,852,051</u>	<u>-</u>	<u>-</u>
<i>Off-balance sheet exposures</i>			
Over-the-counter ('OTC') derivatives	2,561,659	97,027	109,476
Off balance sheet exposures other than OTC derivatives	297,859	-	-
<u>Total off-balance sheet exposures</u>	<u>2,859,518</u>	<u>97,027</u>	<u>109,476</u>
<u>Total on and off-balance sheet exposures</u>	<u>9,711,569</u>	<u>97,027</u>	<u>109,476</u>

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (CONTINUED)

2 CREDIT RISK (CONTINUED)

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

<u>31.12.2018</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	6,054,980	-	-
Public sector entities	158	-	-
Banks	261,662	-	-
Insurance companies, securities firms and fund managers	298,911	-	-
Corporates	354,525	-	-
Residential mortgages	1,182	-	-
Higher risk assets	4	-	-
Other assets	24,748	-	-
Defaulted exposures	43	-	-
<u>Total on-balance sheet exposures</u>	<u>6,996,213</u>	<u>-</u>	<u>-</u>
<i>Off-balance sheet exposures</i>			
Over-the-counter ('OTC') derivatives	2,498,437	83,572	350,990
Off balance sheet exposures other than OTC derivatives	600,948	-	-
<u>Total off-balance sheet exposures</u>	<u>3,099,385</u>	<u>83,572</u>	<u>350,990</u>
<u>Total on and off-balance sheet exposures</u>	<u>10,095,598</u>	<u>83,572</u>	<u>350,990</u>

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (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 2019</u>				
Direct credit substitutes	169,553	-	169,553	152,138
Transaction-related contingent items	74,194	-	37,097	31,938
Short-term self-liquidating trade related contingencies	20,855	-	4,171	4,171
Foreign exchange related contracts:				
- less than one year	37,678,825	150,287	634,803	283,067
- one year to less than five years	4,425,992	60,232	422,618	193,441
- more than five years	124,080	1,453	23,788	8,108
Interest rate related contracts:				
- less than one year	7,715,123	6,635	21,342	7,030
- one year to less than five years	31,319,007	165,632	892,116	293,275
- more than five years	2,109,000	25,907	151,387	39,546
Equity related contracts				
- less than one year	2,001,596	45,591	199,304	102,406
- one year to less than five years	720,927	27,850	119,274	72,021
Credit derivatives contracts				
- one year to less than five years	472,108	7,804	91,817	34,707
- more than five years	31,150	537	5,210	1,042
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	174,075	-	87,038	87,038
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	1,480,267	-	-	-
	88,516,752	491,928	2,859,518	1,309,928

* 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 2019 (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 2018</u>				
Direct credit substitutes	479,113	-	479,113	467,360
Transaction-related contingent items	69,002	-	34,500	30,267
Short-term self-liquidating trade related contingencies	1,382	-	276	276
Foreign exchange related contracts:				
- less than one year	33,639,324	145,076	579,311	259,452
- one year to less than five years	3,461,257	37,847	349,180	123,066
- more than five years	206,850	7,485	42,236	11,798
Interest rate related contracts:				
- less than one year	5,588,611	3,782	15,280	4,995
- one year to less than five years	27,887,921	72,487	763,008	262,044
- more than five years	1,049,595	3,954	61,787	19,758
Equity related contracts				
- less than one year	2,346,030	266,721	439,456	136,257
- one year to less than five years	1,121,817	12,803	164,607	106,245
Credit related contracts				
- one year to less than five years	374,346	18,052	83,572	27,748
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	174,117	-	87,059	87,059
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in borrower's creditworthiness	1,117,244	-	-	-
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	77,516,609	568,207	3,099,385	1,536,325
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* 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 2019 (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 2019</u>				
		<u>Long position</u>	<u>Short position</u>	
Interest rate risk	114,413,225		113,401,569	1,616,987
Foreign currency risk	140,384		99,420	140,388
Options risk				147,100
				<u>1,904,475</u>
				<u>152,358</u>
<u>31 Dec 2018</u>				
Interest rate risk	92,387,526		90,369,435	1,446,957
Equity position risk	15,909		-	6,363
Foreign currency risk	1,533		90,754	90,750
Options risk				357,613
				<u>1,901,683</u>
				<u>152,134</u>

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (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> RM'000	<u>-100 bps</u> RM'000
<u>30 Jun 2019</u>		
<u>Impact on Economic Value</u>		
MYR	8,804	(8,804)
USD	33,148	(33,148)
Other	278	(278)
	<u>42,230</u>	<u>(42,230)</u>
	<u><u>42,230</u></u>	<u><u>(42,230)</u></u>
<u>31 Dec 2018</u>		
<u>Impact on Economic Value</u>		
MYR	15,867	(15,867)
USD	40,665	(40,665)
Other	463	(463)
	<u>56,995</u>	<u>(56,995)</u>
	<u><u>56,995</u></u>	<u><u>(56,995)</u></u>