

J.P.Morgan

J.P. MORGAN CHASE BANK BERHAD

(Company number: 316347 D)

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

Domiciled in Malaysia
Principal place of business:
Level 18, Integra Tower
The Intermark
348, Jalan Tun Razak
50400 Kuala Lumpur

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

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

ASSETS	Note	30 Jun 2016 RM'000	31 Dec 2015 RM'000
Cash and short-term funds	a	2,977,355	5,447,812
Securities purchased under resale agreement		1,562,216	428,117
Financial assets held for trading	b	780,114	20,309
Derivative financial instruments		746,113	987,556
Financial assets available-for-sale	c	141,830	142,192
Loans and advances	d	469,806	330,735
Amount due from related parties		1,943,583	2,589,502
Statutory deposits with Bank Negara Malaysia		2	3,046
Other assets	e	84,880	35,956
Tax recoverable		24,465	24,955
Deferred tax assets		1,177	1,177
Fixed assets		12,974	15,043
TOTAL ASSETS		<u>8,744,515</u>	<u>10,026,400</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from customers	f	3,394,298	3,616,927
Deposits and placements of banks and other financial institutions	g	236,973	825,248
Obligations on securities sold under repurchase agreements		1,480,029	148,233
Derivative financial instruments		680,334	849,235
Amount due to related parties		1,646,167	3,613,227
Other liabilities	h	375,240	72,261
Total liabilities		<u>7,813,041</u>	<u>9,125,131</u>
Share capital		85,500	85,500
Share premium		42,000	42,000
Retained earnings		686,280	660,385
Reserves		117,694	113,384
Shareholders' equity		<u>931,474</u>	<u>901,269</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>8,744,515</u>	<u>10,026,400</u>
 COMMITMENTS AND CONTINGENCIES	 n	 <u>60,524,759</u>	 <u>59,714,642</u>

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

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	<u>Note</u>	<u>30 Jun 2016</u> (Quarter 2 2016) RM'000	<u>30 Jun 2015</u> (Quarter 2 2015) RM'000
Interest income	i	97,807	58,282
Interest expense	j	(62,433)	(21,003)
		<hr/>	<hr/>
Net interest income		35,374	37,279
Other operating income	k	71,495	63,140
		<hr/>	<hr/>
Net income		106,869	100,419
Other operating expenses	l	(66,293)	(64,905)
		<hr/>	<hr/>
Operating profit before allowances		40,576	35,514
Write back of/(allowances for) losses on loans and advances	m	706	(318)
		<hr/>	<hr/>
Profit before taxation		41,282	35,196
Taxation		(10,630)	(9,561)
		<hr/>	<hr/>
Net profit for the financial period		<u><u>30,652</u></u>	<u><u>25,635</u></u>

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Fair value reserves- available-for- sale securities RM'000	Option reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2016	85,500	42,000	97,778	1,332	11,890	2,384	660,385	901,269
Net profit for the financial period	-	-	-	-	-	-	30,652	30,652
Transfer to regulatory reserve	-	-	-	-	-	2,373	(2,373)	-
Other comprehensive income	-	-	-	(447)	-	-	-	(447)
At 30 June 2016	<u>85,500</u>	<u>42,000</u>	<u>97,778</u>	<u>885</u>	<u>11,890</u>	<u>4,757</u>	<u>688,664</u>	<u>931,474</u>
At 1 January 2015	85,500	42,000	97,778	-	9,440	2,590	608,886	846,194
Net profit for the financial year	-	-	-	-	-	-	51,293	51,293
Transfer from regulatory reserve	-	-	-	-	-	(206)	206	-
Other comprehensive income	-	-	-	1,332	-	-	-	1,332
Employee share option scheme - Options granted	-	-	-	-	2,450	-	-	2,450
At 31 December 2015	<u>85,500</u>	<u>42,000</u>	<u>97,778</u>	<u>1,332</u>	<u>11,890</u>	<u>2,384</u>	<u>660,385</u>	<u>901,269</u>

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

CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	<u>30 Jun 2016</u> RM'000	<u>30 Jun 2015</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	41,282	35,196
Adjustments for items not involving the movement of cash and cash equivalents:		
Depreciation of fixed assets	2,878	3,011
(Write back of)/allowance for losses on loans and advances	(706)	318
Net unrealised (gain)/loss from revaluation of financial assets held for trading	(555)	339
Net loss on derivatives	7,625	1,511
Net unrealised loss/(gain) on revaluation of derivatives	14,794	(3,428)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<hr/> 65,318	<hr/> 36,947
Decrease in deposits and placements with banks and other financial institutions	-	401,960
(Increase)/decrease in securities purchased under resale agreement	(1,134,099)	54,939
Increase in financial assets held for trading	(759,250)	(98,989)
Decrease in derivative financial instruments	50,123	49,054
Increase in financial assets available-for-sale	(85)	(140,337)
Increase in loans and advances	(138,365)	(28,326)
Increase in other assets	(48,924)	(74,649)
Decrease in statutory deposits with Bank Negara Malaysia	3,044	-
Decrease in deposits from customers	(222,629)	(241,144)
(Decrease)/increase in deposits and placements of banks and other financial institutions	(588,275)	68,578
Increase in securities sold under repurchase agreements	1,331,796	52,363
Increase in other liabilities	302,979	160,756
(Decrease)/increase in amount due to related parties	(1,967,060)	2,975,615
	<hr/>	<hr/>
Cash (used in)/generated from operating activities	(3,105,427)	3,216,767
Income taxes paid	(10,140)	(5,185)
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	(3,115,567)	3,211,582

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

(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016 (CONTINUED)

	<u>30 Jun 2016</u> RM'000	<u>30 Jun 2015</u> RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(809)	(343)
Net cash used in investing activities	<u>(809)</u>	<u>(343)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,116,376)	3,211,239
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	8,037,314	4,551,264
CASH AND CASH EQUIVALENT AT END OF FINANCIAL PERIOD	<u>4,920,938</u>	<u>7,762,503</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and short term funds	2,977,355	4,269,306
Amount due from related parties	1,943,583	3,493,197
	<u>4,920,938</u>	<u>7,762,503</u>

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

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016

A Basis of preparation

The unaudited interim financial statements herein have been prepared in accordance with MFRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board.

The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2015. The explanatory notes attached in the unaudited interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2015.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2015.

B Auditor's Report on preceding Annual Financial Statements

The auditor's report on the financial statements for the financial year ended 31 December 2015 was not subject to any qualification.

C Seasonality or Cyclical factors

The business operations of the Bank are not subject to material seasonal or cyclical fluctuation.

D Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Bank for the financial period ended 30 June 2016.

E Change in estimates

There were no changes in estimates of amounts reported in prior financial years that have material effect on the financial results and position of the Bank for the financial period ended 30 June 2016.

F Issuance and repayment of Debts and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period ended 30 June 2016.

G Dividend

No dividend was paid during the financial period ended 30 June 2016.

H Subsequent events

There were no material events subsequent to the end of the reporting date that require disclosure or adjustments to the unaudited interim financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016

I Review of Bank's Performance

The Bank's profit before taxation for the financial period to June 2016 amounted to RM41.3 million. Net interest income for the period was RM35.4 million. Major contributor for interest income include inter-bank lending (RM87.1 million) and interest earned from securities (RM5.6 million). Interest earned from loans and advances amounted to RM5.0 million. As for interest expense, amount incurred on inter-bank borrowings was RM50.1 million and interest incurred on customer deposits was RM12.3 million.

Income generated from the Bank's treasury activities comprises net gain on foreign exchange trading of RM49.3 million as well as net gain from securities trading of RM21.0 million and net loss on derivatives of RM22.4 million. Inter-company charges, commission and fees earned by the Bank amounted to RM23.6 million.

Total overhead expenditure incurred in the 6 months was RM66.3 million. Staff cost and benefits came up to RM21.3 million while establishment expenses amounted to RM5.4 million. Inter-company fees incurred during the period was RM33.7 million, making up the bulk of general administrative expenses.

Performance for year-to-date June 2016 was higher than that of the corresponding period in 2015. In the current period, the profit before taxation was RM41.3 million (YTD June 2015: RM35.2 million). Net interest income for the current period was lower by RM1.9 million while other operating income in the first 6 months of 2016 was RM71.5 million as compared to RM63.1 million in the corresponding period in 2015. The increase was mainly due to a net gain of RM49.3 million in foreign exchange trading in 2016 as compared to net gain of RM36.1 million in 2015. The gain was however offset by net loss in derivative trading of RM22.4 million for the period under review, versus a net gain of RM1.9 million in 2015. Total gains in securities trading for period up to June 2016 amounted to RM21.0 million while for the corresponding period in 2015 the gain was RM4.3 million. Other operating expenses incurred during 6 months of 2016 was RM66.3 million as compared to RM64.9 million in the corresponding period in 2015.

J Business outlook for 2016

While the macro-economic environment will remain challenging in 2016 due to the continued volatility in currencies and assets values, we remain optimistic that the economic environment will stabilize and the economy will continue to grow. J.P. Morgan will remain focused on the quality and stability of our earnings by investing in its transaction services, trade and wholesale banking businesses while also enhancing the flow business.

J.P. Morgan's target clients, consisting of multi-national corporations, large domestic corporates, financial institutions and non-bank financial institutions, benefit from our significant competitive advantage in terms of our broad mix and global network. Both elements ensure we can effectively service clients that have both domestic and international presence.

With the J.P. Morgan's strong capitalisation, fortress balance sheet and proven track record in meeting the needs of our clients with exceptional products, innovative solutions and best in class advice, our revenue will continue to grow. In addition, the international corporate and investment banking business is an important component in J.P. Morgan's overall global strategy and remaining a significant focus of the firm, this will also continue to contribute positively to our growth aspirations.

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

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016

	<u>30 Jun 2016</u> RM '000	<u>31 Dec 2015</u> RM '000
a) Cash and short-term funds		
Cash and balances with banks and other financial institutions	73,897	53,331
Money at call and deposit placements maturing within one month	<u>2,903,458</u>	<u>5,394,481</u>
	<u><u>2,977,355</u></u>	<u><u>5,447,812</u></u>
b) Financial assets held for trading		
<u>Money market instruments</u>		
Malaysian Government Securities	764,859	-
<u>Unquoted securities</u>		
Private debt securities	<u>15,255</u>	<u>20,309</u>
	<u><u>780,114</u></u>	<u><u>20,309</u></u>
c) Financial assets available-for-sale		
<u>Money market instruments</u>		
Malaysian Government Securities	<u>141,830</u>	<u>142,192</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016

	<u>30 Jun 2016</u>	<u>31 Dec 2015</u>
	RM '000	RM '000
d) Loans and advances		
i) Loans and advances analysed by type of loan are as follows:		
Overdrafts	1,150	622
Housing loans	802	1,242
Staff loans	1,091	1,368
Revolving credits	418,716	227,400
Trade finance	<u>48,993</u>	<u>101,754</u>
	470,752	332,386
Less: Allowance for losses on loans and advances:		
- Individual assessment	(55)	(48)
- Collective assessment	<u>(891)</u>	<u>(1,603)</u>
Total net loans and advances	<u><u>469,806</u></u>	<u><u>330,735</u></u>
Included in loans and advances is revolving credit extended to a related company amounting to RM20,003,000 (31 Dec 2015: RM20,102,000).		
ii) The maturity structure of loans and advances are as follows:		
Maturity within		
- one year	468,895	329,798
- one year to three years	171	228
- three years to five years	199	219
- over five years	<u>1,487</u>	<u>2,141</u>
	<u><u>470,752</u></u>	<u><u>332,386</u></u>
iii) Loans and advances analysed by type of customers are as follows:		
Domestic business enterprises		
- Others	444,988	325,078
Individuals	1,893	2,610
Foreign entities	<u>23,871</u>	<u>4,698</u>
	<u><u>470,752</u></u>	<u><u>332,386</u></u>

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016

	<u>30 Jun 2016</u>	<u>31 Dec 2015</u>
	RM '000	RM '000
d) Loans and advances (continued)		
iv) Loans and advances analysed by interest sensitivity are as follows:		
Fixed rate		
- Housing loans	1,803	2,469
- Other fixed rate loan	90	141
Variable rate		
- Cost-plus	<u>468,859</u>	<u>329,776</u>
	<u><u>470,752</u></u>	<u><u>332,386</u></u>
v) Loans and advances analysed by their economic purpose are as		
Purchase of landed property	1,803	2,469
Purchase of transport vehicles	58	100
Personal use	32	41
Working capital	<u>468,859</u>	<u>329,776</u>
	<u><u>470,752</u></u>	<u><u>332,386</u></u>
vi) Loans and advances analysed by their geographical distribution are as follows:		
In Malaysia	446,881	327,688
Other countries	<u>23,871</u>	<u>4,698</u>
	<u><u>470,752</u></u>	<u><u>332,386</u></u>
vii) Impaired loans		
a) Movement in impaired loans and advances are as follows:		
At 1 January	171	154
Classified as impaired during the financial period/year	-	81
Reclassified as performing during the financial period/year	(42)	(28)
Amount recovered	(6)	(32)
Amount written off	<u>-</u>	<u>(4)</u>
At end of financial period/year	123	171
Individual assessment allowance	<u>(55)</u>	<u>(48)</u>
Net impaired loans and advances	<u><u>68</u></u>	<u><u>123</u></u>
Ratio of net impaired loans and advances to net loans and advances	<u><u>0.01%</u></u>	<u><u>0.04%</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016

	<u>30 Jun 2016</u> RM '000	<u>31 Dec 2015</u> RM '000
d) Loans and advances (continued)		
vii) Impaired loans (continued)		
b) Movement in allowance for impaired loans and advances are as		
<u>Individual assessment allowance</u>		
At 1 January	48	56
Allowance made/(written back) during the financial period/year	<u>7</u>	<u>(8)</u>
Balance at end of financial period/year	<u><u>55</u></u>	<u><u>48</u></u>
<u>Collective assessment allowance</u>		
At 1 January	1,603	692
Allowance (written back)/made during the financial period/year	<u>(712)</u>	<u>911</u>
Balance at end of financial period/year	<u><u>891</u></u>	<u><u>1,603</u></u>
Collective assessment allowance (inclusive of regulatory reserve) as % of gross loans and advances, net of individual assessment allowance	<u><u>1.20%</u></u>	<u><u>1.20%</u></u>
c) Impaired loans analysed by their economic purpose are as follows:		
Purchase of landed property	<u><u>123</u></u>	<u><u>171</u></u>
d) Impaired loans analysed by their geographical distribution are as follows:		
In Malaysia	<u><u>123</u></u>	<u><u>171</u></u>
e) Other assets		
Other receivables	76,993	30,016
Deposits and prepayments	<u>7,887</u>	<u>5,940</u>
	<u><u>84,880</u></u>	<u><u>35,956</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016

	<u>30 Jun 2016</u> RM '000	<u>31 Dec 2015</u> RM '000
f) Deposits from customers		
i) Deposits from customers analysed by type of deposits are as follows:		
Demand deposits	3,237,629	3,460,494
Fixed deposits	<u>156,669</u>	<u>156,433</u>
	<u><u>3,394,298</u></u>	<u><u>3,616,927</u></u>
Maturity structure of fixed deposits are as follows:		
Due within six months	<u>156,669</u>	<u>156,433</u>
ii) Deposits from customers analysed by type of customers are as follows:		
Business enterprises	3,394,041	3,616,718
Others	<u>257</u>	<u>209</u>
	<u><u>3,394,298</u></u>	<u><u>3,616,927</u></u>
g) Deposits and placements of banks and other financial institutions		
Licensed banks	231,915	822,580
Other financial institutions	<u>5,058</u>	<u>2,668</u>
	<u><u>236,973</u></u>	<u><u>825,248</u></u>
h) Other liabilities		
Other payables	370,226	59,756
Accruals and charges	<u>5,014</u>	<u>12,505</u>
	<u><u>375,240</u></u>	<u><u>72,261</u></u>

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016

	<u>30 Jun 2016</u> (Quarter 2 2016) RM '000	<u>30 Jun 2015</u> (Quarter 2 2015) RM '000
i) Interest income		
Loans and advances		
- Interest income other than recoveries from impaired loans	5,048	3,383
- Recoveries from impaired loans	5	13
Money at call and placements with financial institutions	87,134	39,593
Financial assets		
- Held for trading	3,215	13,556
- Available-for-sale	2,405	1,737
	<u>97,807</u>	<u>58,282</u>
j) Interest expense		
Deposits from customers	12,287	15,676
Deposits and placements of banks and other financial institutions	<u>50,146</u>	<u>5,327</u>
	<u>62,433</u>	<u>21,003</u>
k) Other operating income		
Fee income:		
Service charges and fees	3,639	2,489
Guarantee fees	<u>1,773</u>	<u>1,535</u>
	5,412	4,024
Net income from securities:		
Net gain from sale of financial assets held for trading	20,434	4,596
Unrealised gain/(loss) from revaluation of financial assets held for trading	555	(339)
Derivatives:		
Net loss from trading of derivatives	(7,625)	(1,511)
Unrealised (loss)/gain from revaluation of derivatives	(14,794)	3,428
Other income:		
Foreign exchange gain	49,318	36,072
Other operating income	18,195	16,840
Other non-operating income	-	30
	<u>71,495</u>	<u>63,140</u>

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NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016

	<u>30 Jun 2016</u> (Quarter 2 2016) RM '000	<u>30 Jun 2015</u> (Quarter 2 2015) RM '000
l) Other operating expenses		
Personnel expenses	21,259	20,651
Establishment expenses	5,393	5,352
Marketing expenses	514	701
General administrative expenses	<u>39,127</u>	<u>38,201</u>
	<u>66,293</u>	<u>64,905</u>
m) Allowance for losses on loans and advances:		
(a) Individual assessment allowance - (Made)/written back	(7)	8
(b) Collective assessment allowance - Written back/(made)	712	(325)
Bad debts on loans and advances		
- Recovered	1	1
- Written off	<u>-</u>	<u>(2)</u>
	<u>706</u>	<u>(318)</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016

n) Capital adequacy

The capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II).

i) The capital adequacy ratios of the Bank are as follows:	<u>30 Jun 2016</u>	<u>31 Dec 2015</u>
	RM '000	RM '000
Tier-I capital		
Paid-up share capital	85,500	85,500
Share premium	42,000	42,000
Retained earnings	660,385	660,385
Fair value reserve - available-for-sale securities	885	1,332
Option reserve	11,890	11,890
Statutory reserve	<u>97,778</u>	<u>97,778</u>
	898,438	898,885
Deferred tax assets	(1,177)	(1,177)
Available-for-sale securities	<u>(487)</u>	<u>(733)</u>
Total Tier I capital	<u>896,774</u>	<u>896,975</u>
Tier-II capital		
Regulatory reserve	4,757	2,384
Collective assessment allowance	<u>891</u>	<u>1,603</u>
Total Tier-II capital	<u>5,648</u>	<u>3,987</u>
Total capital	<u><u>902,422</u></u>	<u><u>900,962</u></u>
Common Equity Tier 1 capital ratio	20.588%	20.960%
Tier 1 capital ratio	20.588%	20.960%
Total capital ratio	20.718%	21.053%

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

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016

n) Capital adequacy (continued)

ii) Total risk weighted assets and capital requirements as at 30 June 2016 and 31 December 2015

Exposure class	30 June 2016				31 December 2015			
	Gross exposures	Net exposures	Risk weighted assets	Capital requirements	Gross exposures	Net exposures	Risk weighted assets	Capital requirements
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(a) Credit risk								
On-balance sheet exposures								
Sovereigns/central banks	4,635,679	4,635,679	-	-	5,987,358	5,987,358	-	-
Banks	2,098,670	2,098,670	419,734	33,579	2,672,540	2,672,540	534,508	42,761
Insurance companies, securities firms and fund managers	21,737	21,737	21,737	1,739	20,273	20,273	20,273	1,622
Corporates	449,255	449,255	449,178	35,934	318,547	318,547	318,469	25,478
Residential mortgages	1,358	1,358	480	38	1,971	1,971	702	56
Higher risk assets	14	14	21	2	14	14	21	2
Other assets	17,931	17,931	17,759	1,421	18,381	18,381	17,924	1,434
Defaulted exposures	124	124	143	11	171	171	191	15
Total on-balance sheet exposures	7,224,768	7,224,768	909,052	72,724	9,019,255	9,019,255	892,088	71,368
Off-balance sheet exposures over-the-counter ('OTC') derivatives	2,187,920	2,187,920	706,759	56,541	2,507,704	2,507,704	904,417	72,353
Off-balance sheet exposures other than OTC derivatives	916,277	916,277	897,248	71,780	834,430	834,430	816,291	65,303
Total off-balance sheet exposures	3,104,197	3,104,197	1,604,007	128,321	3,342,134	3,342,134	1,720,708	137,656
Total on and off-balance sheet exposures	10,328,965	10,328,965	2,513,059	201,045	12,361,389	12,361,389	2,612,796	209,024
(b) Market risk								
	<u>Long position</u>	<u>Short position</u>			<u>Long position</u>	<u>Short position</u>		
Interest rate risk	76,071,699	76,629,550	1,357,157	108,573	71,951,713	72,864,657	1,034,207	82,737
Equity position risk			19,238	1,539			20,950	1,676
Foreign currency risk	344	25,135	25,138	2,011	19,162	99,507	99,513	7,961
Option risk			81,225	6,498			155,063	12,405
(c) Operational risk			360,000	28,800			356,876	28,550
Total risk weighted assets and capital requirements			4,355,817	348,466			4,279,405	342,353

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2016

o) Commitments and contingencies

	30 June 2016			31 December 2015		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount RM'000
Direct credit substitutes	270,829	270,829	254,103	354,949	354,949	341,431
Transaction-related contingent items	49,155	24,578	22,275	54,541	27,271	23,388
Short-term self-liquidating trade related contingencies	19,112	3,822	3,822	63,119	12,624	11,886
Foreign exchange related contracts:						
- less than one year	22,376,652	743,184	327,289	21,558,902	879,426	379,838
- one year to less than five years	1,219,297	165,329	52,429	1,615,831	343,645	202,708
Interest rate related contracts:						
- less than one year	9,502,199	61,495	12,299	9,981,008	103,554	20,711
- one year to less than five years	23,919,250	863,555	190,273	23,375,326	815,639	187,858
- more than five years	409,559	138,803	27,761	701,333	188,033	37,606
Credit derivatives contracts						
- one year to less than five years	276,753	58,904	11,781	75,250	17,278	3,456
Equity related contracts						
- less than one year	844,396	114,947	54,590	828,930	140,725	59,955
- one year to less than five years	234,920	41,703	30,337	131,811	19,404	12,285
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	1,121,736	560,868	560,868	816,192	408,096	408,096
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	280,901	56,180	56,180	157,450	31,490	31,490
	<u>60,524,759</u>	<u>3,104,197</u>	<u>1,604,007</u>	<u>59,714,642</u>	<u>3,342,134</u>	<u>1,720,708</u>

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