

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 SEPTEMBER 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 SEPTEMBER 2016

ASSETS	Note	30 Sep 2016 RM'000	31 Dec 2015 RM'000
Cash and short-term funds	a	1,494,681	5,447,812
Securities purchased under resale agreement		876,715	428,117
Deposits and placements with banks and other financial institutions	b	300,841	-
Financial assets held for trading	c	550,199	20,309
Derivative financial instruments		741,910	987,556
Financial assets available-for-sale	d	143,099	142,192
Loans and advances	e	443,828	330,735
Amount due from related parties		1,286,328	2,589,502
Statutory deposits with Bank Negara Malaysia		2	3,046
Other assets	f	183,757	35,956
Tax recoverable		19,052	24,955
Deferred tax assets		1,177	1,177
Fixed assets		11,520	15,043
TOTAL ASSETS		<u>6,053,109</u>	<u>10,026,400</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from customers	g	2,787,550	3,616,927
Deposits and placements of banks and other financial institutions	h	330,337	825,248
Obligations on securities sold under repurchase agreements		369,760	148,233
Derivative financial instruments		679,213	849,235
Amount due to related parties		634,424	3,613,227
Other liabilities	i	293,592	72,261
Total liabilities		<u>5,094,876</u>	<u>9,125,131</u>
Share capital		85,500	85,500
Share premium		42,000	42,000
Retained earnings		715,423	660,385
Reserves		115,310	113,384
Shareholders' equity		<u>958,233</u>	<u>901,269</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>6,053,109</u>	<u>10,026,400</u>
COMMITMENTS AND CONTINGENCIES	p	<u>58,392,771</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 SEPTEMBER 2016

	<u>Note</u>	<u>30 Sep 2016</u> (Quarter 3 2016) RM'000	<u>30 Sep 2015</u> (Quarter 3 2015) RM'000
Interest income	j	135,838	110,286
Interest expense	k	(81,970)	(56,971)
		<hr/>	<hr/>
Net interest income		53,868	53,315
Other operating income	l	120,910	113,500
		<hr/>	<hr/>
Net income		174,778	166,815
Other operating expenses	m	(98,862)	(98,485)
		<hr/>	<hr/>
Operating profit before allowances		75,916	68,330
Write back of/(allowances for) losses on loans and advances	n	950	(1,178)
		<hr/>	<hr/>
Profit before taxation		76,866	67,152
Taxation		(19,518)	(18,016)
		<hr/>	<hr/>
Net profit for the financial period		<u>57,348</u>	<u>49,136</u>

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	57,348	57,348
Transfer to regulatory reserve	-	-	-	-	-	2,310	(2,310)	-
Other comprehensive income	-	-	-	(384)	-	-	-	(384)
At 30 September 2016	<u>85,500</u>	<u>42,000</u>	<u>97,778</u>	<u>948</u>	<u>11,890</u>	<u>4,694</u>	<u>715,423</u>	<u>958,233</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>

CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	<u>30 Sep 2016</u> RM'000	<u>30 Sep 2015</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	76,866	67,152
Adjustments for items not involving the movement of cash and cash equivalents:		
Depreciation of fixed assets	4,326	4,512
Loss/(gain) on disposal of fixed assets	14	(1)
(Write back of)/allowance for losses on loans and advances	(950)	1,178
Net unrealised gain from revaluation of financial assets held for trading	(1,227)	(1,977)
Net loss on derivatives	26,677	29,089
Net unrealised gain on revaluation of derivatives	(11,074)	(36,244)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>94,632</u>	<u>63,709</u>
(Increase)/decrease in deposits and placements with banks and other financial institutions	(300,841)	401,960
(Increase)/decrease in securities purchased under resale agreement	(448,598)	88,616
Increase in financial assets held for trading	(528,663)	(60,545)
Decrease/(increase) in derivative financial instruments	60,021	(9,702)
Increase in financial assets available-for-sale	(1,291)	(141,543)
Increase in loans and advances	(112,143)	(159,978)
Increase in other assets	(147,801)	(589,468)
Decrease in statutory deposits with Bank Negara Malaysia	3,044	-
(Decrease)/increase in deposits from customers	(829,377)	127,388
(Decrease)/increase in deposits and placements of banks and other financial institutions	(494,911)	129,818
Increase/(decrease) in securities sold under repurchase agreements	221,527	(10,517)
Increase in other liabilities	221,331	445,988
(Decrease)/increase in amount due to related parties	(2,978,803)	2,735,508
Cash (used in)/generated from operating activities	<u>(5,241,873)</u>	<u>3,021,234</u>
Income taxes paid	(13,615)	(6,913)
Net cash (used in)/generated from operating activities	<u>(5,255,488)</u>	<u>3,014,321</u>

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

(Incorporated in Malaysia)

CASH FLOW STATEMENT

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016 (CONTINUED)

	<u>30 Sep 2016</u> RM'000	<u>30 Sep 2015</u> RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(817)	(742)
Net cash used in investing activities	<u>(817)</u>	<u>(742)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,256,305)	3,013,579
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><u>2,781,009</u></u>	<u><u>7,564,843</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and short term funds	1,494,681	4,319,449
Amount due from related parties	1,286,328	3,245,394
	<u><u>2,781,009</u></u>	<u><u>7,564,843</u></u>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 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 September 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 September 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 September 2016.

G Dividend

No dividend was paid during the financial period ended 30 September 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.

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

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NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2016

I Review of Bank's Performance

The Bank's profit before taxation for the financial period to September 2016 amounted to RM76.9 million. Net interest income for the period was RM53.9 million. Major contributor for interest income include inter-bank lending (RM119.3 million) and interest earned from securities (RM9.1 million). Interest earned from loans and advances amounted to RM7.4 million. As for interest expense, amount incurred on inter-bank borrowings was RM63.5 million and interest incurred on customer deposits was RM18.5 million.

Income generated from the Bank's treasury activities comprises net gain on foreign exchange trading of RM70.5 million as well as net gain from securities trading of RM30.6 million and net loss on derivatives of RM15.6 million. Inter-company charges, commission and fees earned by the Bank amounted to RM35.4 million.

Total overhead expenditure incurred in the 9 months was RM98.9 million. Staff cost and benefits came up to RM32.9 million while establishment expenses amounted to RM8.1 million. Inter-company fees incurred during the period was RM49.8 million, making up the bulk of general administrative expenses.

Performance for year-to-date September 2016 was higher than that of the corresponding period in 2015. In the current period, the profit before taxation was RM76.9 million (YTD September 2015: RM67.2 million). Net interest income for the current period was higher by RM0.6 million while other operating income in the first 9 months of 2016 was RM120.9 million as compared to RM113.5 million in the corresponding period in 2015. The increase was mainly due to a net gain of RM30.6 million in securities trading in 2016 as compared to net gain of RM1.6 million in 2015. The gain was however offset by net loss in derivative trading of RM15.6 million for the period under review, versus a net gain of RM7.2 million in 2015. Total gains in foreign exchange trading for period up to September 2016 amounted to RM70.5 million while for the corresponding period in 2015 the gain was RM73.9 million. Other operating expenses incurred during 9 months of 2016 was RM98.9 million as compared to RM98.5 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 SEPTEMBER 2016

	<u>30 Sep 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	704,851	53,331
Money at call and deposit placements maturing within one month	<u>789,830</u>	<u>5,394,481</u>
	<u>1,494,681</u>	<u>5,447,812</u>
b) Deposits and placements of banks and other financial institutions		
Licensed banks	<u>300,841</u>	<u>-</u>
c) Financial assets held for trading		
<u>Money market instruments</u>		
Malaysian Government Securities	246,141	-
Bank Negara Malaysia bills	59,963	-
Malaysian Treasury bills	97,954	-
Malaysia Government Investment Issuance	10,424	-
<u>Unquoted securities</u>		
Private debt securities	<u>135,717</u>	<u>20,309</u>
	<u>550,199</u>	<u>20,309</u>
d) Financial assets available-for-sale		
<u>Money market instruments</u>		
Malaysian Government Securities	<u>143,099</u>	<u>142,192</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2016

	<u>30 Sep 2016</u>	<u>31 Dec 2015</u>
	RM '000	RM '000
e) Loans and advances		
i) Loans and advances analysed by type of loan are as follows:		
Overdrafts	7,827	622
Housing loans	780	1,242
Staff loans	987	1,368
Revolving credits	407,049	227,400
Trade finance	<u>27,871</u>	<u>101,754</u>
	444,514	332,386
Less: Allowance for losses on loans and advances:		
- Individual assessment	(47)	(48)
- Collective assessment	<u>(639)</u>	<u>(1,603)</u>
Total net loans and advances	<u><u>443,828</u></u>	<u><u>330,735</u></u>
ii) The maturity structure of loans and advances are as follows:		
Maturity within		
- one year	442,814	329,798
- one year to three years	237	228
- three years to five years	208	219
- over five years	<u>1,255</u>	<u>2,141</u>
	<u><u>444,514</u></u>	<u><u>332,386</u></u>
iii) Loans and advances analysed by type of customers are as follows:		
Domestic business enterprises		
- Others	414,876	325,078
Individuals	1,767	2,610
Foreign entities	<u>27,871</u>	<u>4,698</u>
	<u><u>444,514</u></u>	<u><u>332,386</u></u>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2016

	<u>30 Sep 2016</u>	<u>31 Dec 2015</u>
	RM '000	RM '000
e) Loans and advances (continued)		
iv) Loans and advances analysed by interest sensitivity are as follows:		
Fixed rate		
- Housing loans	1,718	2,469
- Other fixed rate loan	49	141
Variable rate		
- Cost-plus	<u>442,747</u>	<u>329,776</u>
	<u><u>444,514</u></u>	<u><u>332,386</u></u>
v) Loans and advances analysed by their economic purpose are as follows:		
Purchase of landed property	1,718	2,469
Purchase of transport vehicles	45	100
Personal use	4	41
Working capital	<u>442,747</u>	<u>329,776</u>
	<u><u>444,514</u></u>	<u><u>332,386</u></u>
vi) Loans and advances analysed by their geographical distribution are as follows:		
In Malaysia	416,643	327,688
Other countries	<u>27,871</u>	<u>4,698</u>
	<u><u>444,514</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	7	81
Reclassified as performing during the financial period/year	(42)	(28)
Amount recovered	(10)	(32)
Amount written off	<u>-</u>	<u>(4)</u>
At end of financial period/year	126	171
Individual assessment allowance	<u>(47)</u>	<u>(48)</u>
Net impaired loans and advances	<u><u>79</u></u>	<u><u>123</u></u>
Ratio of net impaired loans and advances to net loans and advances	<u><u>0.02%</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 SEPTEMBER 2016

	<u>30 Sep 2016</u> RM '000	<u>31 Dec 2015</u> RM '000
e) Loans and advances (continued)		
vii) Impaired loans (continued)		
b) Movement in allowance for impaired loans and advances are as follows:		
<u>Individual assessment allowance</u>		
At 1 January	48	56
Allowance written back during the financial period/year	<u>(1)</u>	<u>(8)</u>
Balance at end of financial period/year	<u><u>47</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>(964)</u>	<u>911</u>
Balance at end of financial period/year	<u><u>639</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>126</u></u>	<u><u>171</u></u>
d) Impaired loans analysed by their geographical distribution are as follows:		
In Malaysia	<u><u>126</u></u>	<u><u>171</u></u>
f) Other assets		
Other receivables	175,941	30,016
Deposits and prepayments	<u>7,816</u>	<u>5,940</u>
	<u><u>183,757</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 SEPTEMBER 2016

	<u>30 Sep 2016</u> RM '000	<u>31 Dec 2015</u> RM '000
g) Deposits from customers		
i) Deposits from customers analysed by type of deposits are as follows:		
Demand deposits	2,767,569	3,460,494
Fixed deposits	<u>19,981</u>	<u>156,433</u>
	<u><u>2,787,550</u></u>	<u><u>3,616,927</u></u>
Maturity structure of fixed deposits are as follows:		
Due within six months	<u>19,981</u>	<u>156,433</u>
ii) Deposits from customers analysed by type of customers are as follows:		
Business enterprises	2,787,195	3,616,718
Others	<u>355</u>	<u>209</u>
	<u><u>2,787,550</u></u>	<u><u>3,616,927</u></u>
h) Deposits and placements of banks and other financial institutions		
Licensed banks	326,781	822,580
Other financial institutions	<u>3,556</u>	<u>2,668</u>
	<u><u>330,337</u></u>	<u><u>825,248</u></u>
i) Other liabilities		
Other payables	285,880	59,756
Accruals and charges	<u>7,712</u>	<u>12,505</u>
	<u><u>293,592</u></u>	<u><u>72,261</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2016

	<u>30 Sep 2016</u> (Quarter 3 2016) RM '000	<u>30 Sep 2015</u> (Quarter 3 2015) RM '000
j) Interest income		
Loans and advances		
- Interest income other than recoveries from impaired loans	7,409	4,600
- Recoveries from impaired loans	6	17
Money at call and placements with financial institutions	119,287	83,688
Financial assets		
- Held for trading	5,523	19,038
- Available-for-sale	3,613	2,943
	<u>135,838</u>	<u>110,286</u>
k) Interest expense		
Deposits from customers	18,514	23,366
Deposits and placements of banks and other financial institutions	<u>63,456</u>	<u>33,605</u>
	<u>81,970</u>	<u>56,971</u>
l) Other operating income		
Fee income:		
Service charges and fees	4,562	3,937
Guarantee fees	<u>2,597</u>	<u>2,333</u>
	7,159	6,270
Net income from securities:		
Net gain/(loss) from sale of financial assets held for trading	29,382	(334)
Unrealised gain from revaluation of financial assets held for trading	1,227	1,977
Derivatives:		
Net loss from trading of derivatives	(26,677)	(29,089)
Unrealised gain from revaluation of derivatives	11,074	36,244
Other income:		
Foreign exchange gain	70,534	73,893
Other operating income	28,146	24,430
(Loss)/gain on disposal of fixed assets	(14)	1
Other non-operating income	79	108
	<u>120,910</u>	<u>113,500</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2016

	<u>30 Sep 2016</u> (Quarter 3 2016) RM '000	<u>30 Sep 2015</u> (Quarter 3 2015) RM '000
m) Other operating expenses		
Personnel expenses	32,870	31,334
Establishment expenses	8,081	8,025
Marketing expenses	808	910
General administrative expenses	<u>57,103</u>	<u>58,216</u>
	<u>98,862</u>	<u>98,485</u>
n) Allowance for losses on loans and advances:		
(a) Individual assessment allowance		
- Written back	1	1
(b) Collective assessment allowance		
- Written back/(made)	965	(1,173)
Bad debts on loans and advances		
- Recovered	1	2
- Written off	<u>(17)</u>	<u>(8)</u>
	<u>950</u>	<u>(1,178)</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2016

o) 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 Sep 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	948	1,332
Option reserve	11,890	11,890
Statutory reserve	<u>97,778</u>	<u>97,778</u>
	898,501	898,885
Deferred tax assets	(1,177)	(1,177)
Available-for-sale securities	<u>(521)</u>	<u>(733)</u>
Total Tier I capital	<u>896,803</u>	<u>896,975</u>
Tier-II capital		
Regulatory reserve	4,694	2,384
Collective assessment allowance	<u>639</u>	<u>1,603</u>
Total Tier-II capital	<u>5,333</u>	<u>3,987</u>
Total capital	<u><u>902,136</u></u>	<u><u>900,962</u></u>
Common Equity Tier 1 capital ratio	21.982%	20.960%
Tier 1 capital ratio	21.982%	20.960%
Total capital ratio	22.113%	21.053%

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

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2016
o) Capital adequacy (continued)
ii) Total risk weighted assets and capital requirements as at 30 September 2016 and 31 December 2015

Exposure class	30 September 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	2,717,596	2,717,596	-	-	5,987,358	5,987,358	-	-
Public sector entities	20,541	20,541	4,108	329	-	-	-	-
Banks	1,081,180	1,081,180	219,368	17,549	2,672,540	2,672,540	534,508	42,761
Insurance companies, securities firms and fund managers	483,541	483,541	242,190	19,375	20,273	20,273	20,273	1,622
Corporates	446,056	446,056	445,902	35,672	318,547	318,547	318,469	25,478
Residential mortgages	1,273	1,273	450	36	1,971	1,971	702	56
Higher risk assets	14	14	21	2	14	14	21	2
Other assets	13,504	13,504	13,430	1,074	18,381	18,381	17,924	1,434
Defaulted exposures	126	126	126	10	171	171	191	15
Total on-balance sheet exposures	4,763,831	4,763,831	925,595	74,048	9,019,255	9,019,255	892,088	71,368
Off-balance sheet exposures over-the-counter ("OTC") derivatives	2,355,969	2,355,969	1,053,744	84,299	2,507,704	2,507,704	904,417	72,353
Off-balance sheet exposures other than OTC derivatives	351,678	351,678	279,621	22,370	834,430	834,430	816,291	65,303
Total off-balance sheet exposures	2,707,647	2,707,647	1,333,365	106,669	3,342,134	3,342,134	1,720,708	137,656
Total on and off-balance sheet exposures	7,471,478	7,471,478	2,258,960	180,717	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	74,632,548	74,668,798	1,361,819	108,946	71,951,713	72,864,657	1,034,207	82,737
Equity position risk			738	59			20,950	1,676
Foreign currency risk	2,395	32	2,400	192	19,162	99,507	99,513	7,961
Option risk			97,988	7,839			155,063	12,405
(c) Operational risk								
			357,738	28,619			356,876	28,550
Total risk weighted assets and capital requirements			4,079,643	326,372			4,279,405	342,353

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

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2016

p) Commitments and contingencies

	30 September 2016			31 December 2015		
	Principal	Credit	Risk-	Principal	Credit	Risk-
	amount	equivalent	weighted	amount	equivalent	weighted
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	151,406	151,406	138,012	354,949	354,949	341,431
Transaction-related contingent items	49,847	24,924	19,197	54,541	27,271	23,388
Short-term self-liquidating trade related contingencies	90,981	18,196	18,196	63,119	12,624	11,886
Forward asset purchases	66,168	66,168	13,234	-	-	-
Foreign exchange related contracts:						
- less than one year	20,955,198	635,780	389,254	21,558,902	879,426	379,838
- one year to less than five years	2,119,165	232,292	113,365	1,615,831	343,645	202,708
- more than five years	1,002,777	215,120	46,188	-	-	-
Interest rate related contracts:						
- less than one year	5,073,508	23,852	9,443	9,981,008	103,554	20,711
- one year to less than five years	24,996,505	871,561	332,024	23,375,326	815,639	187,858
- more than five years	801,781	168,420	80,723	701,333	188,033	37,606
Credit derivatives contracts						
- one year to less than five years	260,843	52,247	19,853	75,250	17,278	3,456
Equity related contracts						
- less than one year	820,356	91,185	34,725	828,930	140,725	59,955
- one year to less than five years	403,539	65,511	28,166	131,811	19,404	12,285
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	181,968	90,985	90,985	816,192	408,096	408,096
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	-	-	-	157,450	31,490	31,490
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 a borrower's creditworthiness	1,418,729	-	-	-	-	-
	<u>58,392,771</u>	<u>2,707,647</u>	<u>1,333,365</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.