



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 2019

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 2019

	Note	30 Jun 2019 RM'000	31 Dec 2018 RM'000
ASSETS			
Cash and short-term funds	a	2,190,925	4,665,101
Securities purchased under resale agreement		2,484,957	39,166
Financial assets held at fair value through profit and loss	b	1,003,729	2,024,152
Derivative financial instruments		491,928	568,207
Financial assets held at fair value through other comprehensive income	c	884,591	1,356,469
Loans and advances	d	217,526	353,149
Amount due from related parties		415,868	456,667
Statutory deposits with Bank Negara Malaysia		2	2
Other assets	e	627,415	87,514
Tax recoverable		2,420	13,985
Deferred tax assets		3,120	3,120
Fixed assets		11,189	4,085
TOTAL ASSETS		8,333,670	9,571,617
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from customers	f	4,499,180	6,064,237
Deposits and placements of banks and other financial institutions	g	187,618	550,791
Obligations on securities sold under repurchase agreements		-	21,815
Derivative financial instruments		434,096	546,530
Amount due to related parties		816,371	1,137,157
Other liabilities	h	905,112	137,642
Total liabilities		6,842,377	8,458,172
Share capital	i	437,500	127,500
Retained earnings		1,026,255	959,653
Reserves		27,538	26,292
Shareholders' equity		1,491,293	1,113,445
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		8,333,670	9,571,617
COMMITMENTS AND CONTINGENCIES	p	88,516,752	77,516,609

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

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

	<u>Note</u>	<u>30 Jun 2019</u> (Quarter 2 2019) RM'000	<u>30 Jun 2018</u> (Quarter 2 2018) RM'000
Interest income	j	74,132	63,417
Interest expense	k	(36,370)	(26,647)
		<hr/>	<hr/>
Net interest income		37,762	36,770
Other operating income	l	129,283	84,894
		<hr/>	<hr/>
Net income		167,045	121,664
Other operating expenses	m	(77,372)	(74,322)
		<hr/>	<hr/>
Operating profit before allowances		89,673	47,342
Expected credit losses written-back/(allowances) on loans and advances	n	730	(57)
		<hr/>	<hr/>
Profit before taxation		90,403	47,285
Taxation		(22,365)	(11,926)
		<hr/>	<hr/>
Net profit for the financial period		<u>68,038</u>	<u>35,359</u>

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

	Share capital RM'000	Fair value reserves of OCI RM'000	Option reserve RM'000	Regulatory reserve RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 January 2019	127,500	133	11,953	14,206	959,653	1,113,445
Capital contribution	310,000	-	-	-	-	310,000
Net profit for the financial period	-	-	-	-	68,038	68,038
Transfer to regulatory reserve	-	-	-	1,436	(1,436)	-
Other comprehensive income	-	(190)	-	-	-	(190)
At 30 June 2019	<u>437,500</u>	<u>(57)</u>	<u>11,953</u>	<u>15,642</u>	<u>1,026,255</u>	<u>1,491,293</u>
At 1 January 2018	127,500	40	18,053	2,415	896,950	1,044,958
Adjustments arising from adoption of MFRS 9	-	-	-	9,636	185	9,821
Adjusted opening balances	127,500	40	18,053	12,051	897,135	1,054,779
Net profit for the financial year	-	-	-	-	64,673	64,673
Transfer to regulatory reserve	-	-	-	2,155	(2,155)	-
Other comprehensive income	-	93	-	-	-	93
Employee share option expense for the year	-	-	2,358	-	-	2,358
Employee share option expense recharged by JPMorgan Chase & Co	-	-	(8,458)	-	-	(8,458)
At 31 December 2018	<u>127,500</u>	<u>133</u>	<u>11,953</u>	<u>14,206</u>	<u>959,653</u>	<u>1,113,445</u>

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

CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

	<u>30 Jun 2019</u> RM'000	<u>30 Jun 2018</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	90,403	47,285
Adjustments for items not involving the movement of cash and cash equivalents:		
Depreciation of fixed assets	1,474	1,937
Amortisation of lease	1,962	-
Loss on written-off of fixed assets	-	18
(Write back)/ allowance for expected credit losses on loans and advances	(730)	57
Net unrealised (gain)/loss from revaluation of financial assets held at fair value through profit and loss	(892)	3,983
Net loss/(gain) on derivatives	3,202	(5,666)
Net unrealised (gain)/loss on revaluation of derivatives	(18,474)	13,759
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<hr/> 76,945	<hr/> 61,373
Increase in securities purchased under resale agreement	(2,445,791)	(48,156)
Decrease in financial assets held at fair value through profit and loss	1,021,315	294,542
Increase in derivative financial instruments	(20,883)	(71,848)
Decrease/(increase) in financial assets held at fair value through other comprehensive income	471,688	(538,010)
Decrease/(increase) in loans and advances	136,354	(44,105)
(Increase)/decrease in other assets	(549,451)	2,136
Increase in statutory deposits with Bank Negara Malaysia	-	(34)
(Decrease)/increase in deposits from customers	(1,565,057)	860,454
(Decrease)/increase in deposits and placements of banks and other financial institutions	(363,173)	171,541
Increase in other liabilities	767,469	73,785
Decrease in securities sold under repurchase agreements	(21,815)	(48,384)
Decrease in amount due to related parties	(320,786)	(842,016)
 Cash used in operating activities	<hr/> (2,813,185)	<hr/> (128,722)
Income taxes paid	(10,800)	(10,200)
 Net cash used in operating activities	<hr/> (2,823,985) <hr/>	<hr/> (138,922) <hr/>

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

CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONTINUED)

	<u>30 Jun 2019</u> RM'000	<u>30 Jun 2018</u> RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(990)	(247)
Net cash used in investing activities	<u>(990)</u>	<u>(247)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution	310,000	-
Net cash flow from financing activities	<u>310,000</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,514,975)	(139,169)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	5,121,768	4,443,433
CASH AND CASH EQUIVALENT AT END OF FINANCIAL PERIOD	<u><u>2,606,793</u></u>	<u><u>4,304,264</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and short term funds	2,190,925	3,768,302
Amount due from related parties	415,868	535,962
	<u><u>2,606,793</u></u>	<u><u>4,304,264</u></u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2019

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 2018. 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 2018.

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 2018, except for the following:

- MFRS 16: Effective 1 January 2019, the Bank adopted MFRS 16, Leases, supersedes MFRS 117 "Leases". Lessees will recognise a right of use ("ROU") asset and corresponding lease liability on the balance sheet. The asset will be amortised over the length of the lease, and the lease liability measured at amortised cost.

B Auditor's Report on preceding Annual Financial Statements

The auditor's report on the financial statements for the financial year ended 31 December 2018 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 2019, other than the capital contribution from parent company as disclosed in Note i.

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 2019.

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 2019.

G Dividend

No dividend was paid during the financial period ended 30 June 2019.

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 2019

I Review of Bank's Performance

The Bank's profit before taxation for the financial period to June 2019 amounted to RM90.4 million. Net interest income for the period was RM37.8 million. Major contributor for interest income include inter-bank lending (RM53.4 million) and interest earned from financial assets held at fair value through other comprehensive income (RM14.2 million). Interest income from loans and advances for the period amounted to RM6.5 million. As for interest expense, amount incurred on inter-bank borrowings was RM4.7 million and interest incurred on customer deposits was RM31.5 million.

Income generated from the Bank's treasury activities comprises net gain on foreign exchange trading of RM45.4 million, net gain in financial assets held at fair value through profit and loss of RM37.3 million and net gain on derivatives of RM15.3 million. Inter-company charges, commission and fees earned by the Bank amounted to RM31.3 million.

Total overhead expenditure incurred in the 6 months was RM77.4 million. Staff cost and benefits came up to RM28.1 million while establishment expenses amounted to RM5 million. Inter-company management fees and attribution fees incurred during the period was RM38.5 million while administration and general expenses amounted to RM5.0 million.

Performance for year-to-date June 2019 was higher than that of the corresponding period in 2018. In the current period, the profit before taxation was RM90.4 million (YTD June 2018: RM47.3 million). Net interest income for the current period was higher by RM1.0 million while other operating income in the first 6 months of 2019 was RM129.3 million, higher than the amount earned in the corresponding period in 2018 by RM44.4 million. The higher net interest income recorded was attributable to higher interest income from money at call and placements with financial institutions by RM12.5 million, offset by higher interest expense arising from deposits from customers by RM9.8 million. During the current period, there was higher net gain in foreign exchange of RM5.3 million which was offset by a decrease in other operating income earned by RM7.5 million. Net income from financial assets held at fair value through profit and loss for the first half of 2019 amounted to RM37.3 million while RM14.4 million was recorded in the corresponding period for 2018. As for derivatives trading, a net gain of RM15.3 million was recorded in the period against a net loss of RM8.1 million recorded in first half of 2018. Other operating expenses came up to RM77.4 million as compared with RM74.3 million incurred during the corresponding period of 2018, reflecting an increase of RM3.1 million.

J Business outlook for 2019

The macro-economic environment appears challenging in FY 2019. A slowdown in economic growth and possible flare up in the U.S. China Trade War, as well as financial-market volatility, are the main downside risks to the economy. Despite the challenges, J.P. Morgan will remain focused on the quality and stability of the Bank's earnings by investing in transaction services, trade and wholesale banking businesses while also enhancing flow business. J.P. Morgan's target clients, which consist of multi-national corporations, large domestic corporates, financial institutions and non-bank financial institutions, benefit from the Bank's significant competitive advantage in terms of the Bank's broad product mix and global network. Both elements ensure the Bank can effectively service clients that have both domestic and international presence.

Globally, with J.P. Morgan's strong capitalisation, fortress balance sheet and proven track record in meeting the needs of the Bank's clients with exceptional products, innovative solutions and best in class advice, the Bank's revenue will continue to grow. In addition, J.P. Morgan's Corporate and Investment Bank's international businesses are important components of J.P. Morgan's overall global strategy and will remain a significant focus of the Bank. These businesses will continue to contribute positively to the Bank's growth aspirations.

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

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2019

	<u>30 Jun 2019</u> RM '000	<u>31 Dec 2018</u> RM '000
a) Cash and short-term funds		
Cash and balances with banks and other financial institutions	33,030	35,230
Money at call and deposit placements maturing within one month	<u>2,157,895</u>	<u>4,629,871</u>
	<u>2,190,925</u>	<u>4,665,101</u>
b) Financial assets held at fair value through profit or loss		
<u>Money market instruments</u>		
Malaysian Government Securities	494,272	1,223,825
Bank Negara Interbank bills	-	397,942
Malaysian Treasury bills	-	4,943
Malaysian Government Investment Issuance	389,813	192,568
<u>Unquoted securities</u>		
Private debt securities	112,341	197,344
Unquoted shares	<u>7,303</u>	<u>7,530</u>
	<u>1,003,729</u>	<u>2,024,152</u>
c) Financial assets held at fair value through other comprehensive income		
<u>Money market instruments</u>		
Bank Negara Interbank Bills	<u>884,591</u>	<u>1,356,469</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2019

	<u>30 Jun 2019</u> RM '000	<u>31 Dec 2018</u> RM '000
d) Loans and advances		
i) Loans and advances analysed by type of loan are as follows:		
Overdrafts	43,345	27,847
Housing loans	559	600
Staff loans	598	652
Revolving credits	123,038	218,155
Trade finance	<u>50,125</u>	<u>106,099</u>
	217,665	353,353
Less: Allowance for losses on loans and advances:		
- ECL not credit impaired	(117)	(181)
- ECL credit impaired	<u>(22)</u>	<u>(23)</u>
Total net loans and advances	<u><u>217,526</u></u>	<u><u>353,149</u></u>
ii) The maturity structure of loans and advances are as follows:		
Maturity within		
- one year	216,658	352,255
- one year to three years	46	46
- three years to five years	191	169
- over five years	<u>770</u>	<u>883</u>
	<u><u>217,665</u></u>	<u><u>353,353</u></u>
iii) Loans and advances analysed by type of customers are as follows:		
Domestic business enterprises		
- Others	211,977	332,573
Individuals	1,157	1,252
Foreign entities	<u>4,531</u>	<u>19,528</u>
	<u><u>217,665</u></u>	<u><u>353,353</u></u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2019

	30 Jun 2019 RM '000	31 Dec 2018 RM '000
d) Loans and advances (continued)		
iv) Loans and advances analysed by interest sensitivity are as follows:		
Fixed rate		
- Housing loans	1,157	1,252
Variable rate		
- Cost-plus	216,508	352,101
	<u>217,665</u>	<u>353,353</u>
v) Loans and advances analysed by their economic purpose are as follows:		
Purchase of landed properties	1,157	1,252
Working capital	216,508	352,101
	<u>217,665</u>	<u>353,353</u>
vi) Loans and advances analysed by their geographical distribution are as follows:		
In Malaysia	213,134	333,825
Other countries	4,531	19,528
	<u>217,665</u>	<u>353,353</u>
vii) Loans and advances analysed by measurement basis are as follows:		
Amortised cost	<u>217,665</u>	<u>353,353</u>
viii) Impaired loans		
a) Movement in impaired loans and advances are as follows:		
At 1 January	66	111
Classified as impaired during the financial period/year	-	10
Amount recovered	<u>(3)</u>	<u>(55)</u>
At end of financial period/year	63	66
ECL credit impaired	<u>(22)</u>	<u>(23)</u>
Net impaired loans and advances	<u>41</u>	<u>43</u>
Ratio of net impaired loans and advances to net loans and advances	<u>0.02%</u>	<u>0.01%</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2019

	<u>30 Jun 2019</u> RM '000	<u>31 Dec 2018</u> RM '000
d) Loans and advances (continued)		
viii) Impaired loans (continued)		
b) Impaired loans analysed by their economic purpose are as follows:		
Purchase of landed property	<u>63</u>	<u>66</u>
c) Impaired loans analysed by their geographical distribution are as follows:		
In Malaysia	<u>63</u>	<u>66</u>
d) Movement in allowance for impaired loans and advances are as		
<u>ECL credit impaired</u>		
At 1 January		
- as previously reported	23	-
- effects of adoption of MFRS 9	<u>-</u>	<u>39</u>
- as restated	23	39
- Allowance written back during the financial period/year	<u>(1)</u>	<u>(16)</u>
Balance at end of financial period/year	<u>22</u>	<u>23</u>
<u>ECL not credit impaired</u>		
At 1 January		
- as previously reported	181	-
- effects of adoption of MFRS 9	<u>-</u>	<u>85</u>
- as restated	181	85
- Allowance (written back)/ made during the financial period/year	<u>(64)</u>	<u>96</u>
Balance at end of financial period/year	<u>117</u>	<u>181</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2019

	30 Jun 2019 RM '000	31 Dec 2018 RM '000
e) Other assets		
Other receivables	626,368	77,844
Deposits and prepayments	<u>1,047</u>	<u>9,670</u>
	<u>627,415</u>	<u>87,514</u>
f) Deposits from customers		
i) Deposits from customers analysed by type of deposits are as follows:		
Demand deposits	4,475,471	6,036,321
Fixed deposits	<u>23,709</u>	<u>27,916</u>
	<u>4,499,180</u>	<u>6,064,237</u>
Maturity structure of fixed deposits are as follows:		
Due within six months	<u>23,709</u>	<u>27,916</u>
ii) Deposits from customers analysed by type of customers are as follows:		
Business enterprises	4,498,614	6,063,882
Others	<u>566</u>	<u>355</u>
	<u>4,499,180</u>	<u>6,064,237</u>
g) Deposits and placements of banks and other financial institutions		
Licensed banks	186,433	549,063
Other financial institutions	<u>1,185</u>	<u>1,728</u>
	<u>187,618</u>	<u>550,791</u>

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

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2019

	<u>30 Jun 2019</u> RM '000	<u>31 Dec 2018</u> RM '000
h) Other liabilities		
Other payables	899,228	122,461
Accruals and charges	5,669	14,298
Expected credit loss - off-balance sheet lending commitment	215	883
	<u>905,112</u>	<u>137,642</u>

i) Share capital

Movement in share capital during the financial period

At the beginning of financial period	127,500	127,500
Capital contribution from holding company	<u>310,000</u>	<u>-</u>
At the end of the financial period	<u>437,500</u>	<u>127,500</u>

The Bank has on 11 June 2019 issued and fully paid-up 310,000,000 new ordinary shares in capital at an issue price of RM1.00 each for cash to the parent company, J.P. Morgan International Finance Ltd. This increase in capital contribution is qualified as Common Equity Tier-1 for the purpose of capital adequacy requirements.

	<u>30 Jun 2019</u> (Quarter 2 2019) RM '000	<u>30 Jun 2018</u> (Quarter 2 2018) RM '000
j) Interest income		
Loans and advances		
- Interest income other than recoveries from impaired loans	6,533	6,252
- Recoveries from impaired loans	-	10
Money at call and placements with financial institutions	53,406	41,131
Financial assets held at fair value through other comprehensive income	14,193	16,024
	<u>74,132</u>	<u>63,417</u>

k) Interest expense

Deposits from customers	31,528	21,689
Deposits and placements of banks and other financial institutions	4,732	4,958
Lease rental	110	-
	<u>36,370</u>	<u>26,647</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2019

	<u>30 Jun 2019</u> (Quarter 2 2019) RM '000	<u>30 Jun 2018</u> (Quarter 2 2018) RM '000
l) Other operating income		
Fee income:		
Service charges and fees	2,204	2,233
Guarantee fees	<u>2,100</u>	<u>1,783</u>
	4,304	4,016
Net income from securities:		
Net gain/(loss) from sale of financial assets fair value through profit or	11,974	(224)
Unrealised gain/(loss) from revaluation of financial assets fair value	892	(3,983)
through profit or loss		
Interest income from assets held at fair value through profit and loss	24,440	18,607
Derivatives:		
Net (loss)/gain from trading of derivatives	(3,202)	5,666
Unrealised gain/(loss) from revaluation of derivatives	18,474	(13,759)
Other income:		
Foreign exchange gain	45,388	40,099
Other operating income	27,013	34,951
Loss on disposal of fixed assets	-	(18)
Other non-operating income	<u>-</u>	<u>(461)</u>
	<u>129,283</u>	<u>84,894</u>
m) Other operating expenses		
Personnel expenses	28,086	26,487
Establishment expenses	4,988	5,433
Marketing expenses	807	648
Management fee	38,512	35,067
General administrative expenses	<u>4,979</u>	<u>6,687</u>
	<u>77,372</u>	<u>74,322</u>
n) Expected credit losses written-back/(Allowance) for losses on loans and advances:		
ECL - off-balance sheet lending commitment	668	(79)
ECL - loans and advances	65	25
Loans and advances written-off	(3)	(3)
	<u>730</u>	<u>(57)</u>

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

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2019

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 Jun 2019</u>	<u>31 Dec 2018</u>
	RM '000	RM '000
Tier-I capital		
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
	<u>1,409,049</u>	<u>1,099,239</u>
Deferred tax assets	(3,120)	(3,120)
Financial assets at fair value through other comprehensive income	-	(73)
Total Tier I capital	<u>1,405,929</u>	<u>1,096,046</u>
Tier-II capital		
Regulatory reserve	15,642	14,206
ECL not credit impaired	117	181
Total Tier-II capital	<u>15,759</u>	<u>14,387</u>
Total capital	<u>1,421,688</u>	<u>1,110,433</u>
Common Equity Tier 1 capital ratio	27.581%	23.174%
Tier 1 capital ratio	27.581%	23.174%
Total capital ratio	27.890%	23.478%

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

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2019
o) Capital adequacy (continued)
ii) Total risk weighted assets and capital requirements as at 30 June 2019 and 31 December 2018

	30 June 2019				31 December 2018			
<u>Exposure class</u>	<u>Gross exposures</u>	<u>Net exposures</u>	<u>Risk weighted assets</u>	<u>Capital requirements</u>	<u>Gross exposures</u>	<u>Net exposures</u>	<u>Risk weighted assets</u>	<u>Capital requirements</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(a) <u>Credit risk</u>								
On-balance sheet exposures								
Sovereigns/central banks	3,045,276	3,045,276	330,943	26,475	6,054,980	6,054,980	248,235	19,859
Public sector entities	30,809	30,809	6,162	493	158	158	32	3
Banks, development financial institutions	3,222,635	3,222,635	644,547	51,564	261,662	261,662	52,345	4,188
Insurance companies, securities firms and fund managers	309,746	309,746	160,279	12,822	298,911	298,911	149,870	11,990
Corporates	221,555	221,555	220,441	17,635	354,525	354,525	353,312	28,265
Residential mortgages	1,090	1,090	381	30	1,182	1,182	414	33
Higher risk assets	4	4	6	1	4	4	6	1
Other assets	20,895	20,895	20,309	1,625	24,748	24,748	24,594	1,967
Defaulted exposures	41	41	21	2	43	43	21	2
Total on-balance sheet exposures	<u>6,852,051</u>	<u>6,852,051</u>	<u>1,383,089</u>	<u>110,647</u>	<u>6,996,213</u>	<u>6,996,213</u>	<u>828,829</u>	<u>66,308</u>
Off-balance sheet exposures								
over-the-counter ('OTC') derivatives	2,561,659	2,561,659	1,034,643	82,771	2,498,437	2,498,437	951,363	76,108
Off-balance sheet exposures other than OTC derivatives	297,859	297,859	275,285	22,023	600,948	600,948	584,962	46,796
Total off-balance sheet exposures	<u>2,859,518</u>	<u>2,859,518</u>	<u>1,309,928</u>	<u>104,794</u>	<u>3,099,385</u>	<u>3,099,385</u>	<u>1,536,325</u>	<u>122,904</u>
Total on and off-balance sheet exposures	<u>9,711,569</u>	<u>9,711,569</u>	<u>2,693,017</u>	<u>215,441</u>	<u>10,095,598</u>	<u>10,095,598</u>	<u>2,365,154</u>	<u>189,212</u>
(b) <u>Market risk</u>	<u>Long position</u>	<u>Short position</u>			<u>Long position</u>	<u>Short position</u>		
Interest rate risk	114,413,225	113,401,569	1,616,987	129,359	92,387,526	90,369,435	1,446,957	115,756
Equity position risk	-	-	-	-	15,909	-	6,363	509
Foreign currency risk	140,384	99,420	140,388	11,231	1,533	90,754	90,750	7,260
Option risk			147,100	11,768			357,613	28,609
(c) <u>Operational risk</u>			500,041	40,003			462,880	37,030
Total risk weighted assets and capital requirements			<u>5,097,533</u>	<u>407,802</u>			<u>4,729,717</u>	<u>378,376</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2019

p) Commitments and contingencies

	30 June 2019			31 December 2018		
	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	169,553	169,553	152,138	479,113	479,113	467,360
Transaction-related contingent items	74,194	37,097	31,938	69,002	34,500	30,267
Short-term self-liquidating trade related contingencies	20,855	4,171	4,171	1,382	276	276
Foreign exchange related contracts:						
- less than one year	37,678,825	634,803	283,067	33,639,324	579,311	259,452
- one year to less than five years	4,425,992	422,618	193,441	3,461,257	349,180	123,066
- more than five years	124,080	23,788	8,108	206,850	42,236	11,798
Interest rate related contracts:						
- less than one year	7,715,123	21,342	7,030	5,588,611	15,280	4,995
- one year to less than five years	31,319,007	892,116	293,275	27,887,921	763,008	262,044
- more than five years	2,109,000	151,387	39,546	1,049,595	61,787	19,758
Credit derivatives contracts						
- one year to less than five years	472,108	91,817	34,707	374,346	83,572	27,748
- more than five years	31,150	5,210	1,042			
Equity related contracts						
- less than one year	2,001,596	199,304	102,406	2,346,030	439,456	136,257
- one year to less than five years	720,927	119,274	72,021	1,121,817	164,607	106,245
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	174,075	87,038	87,038	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	1,480,267	-	-	1,117,244	-	-
	<u>88,516,752</u>	<u>2,859,518</u>	<u>1,309,928</u>	<u>77,516,609</u>	<u>3,099,385</u>	<u>1,536,325</u>

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