

Registration No.

199401030666 (316347-D)

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

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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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 2022

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>30.06.2022</u> RM'000	<u>31.12.2021</u> RM'000
<u>Tier-I capital</u>		
Paid-up share capital	437,500	437,500
Retained earnings	1,340,841	1,340,841
Fair value reserve through other comprehensive income	(521)	317
Option reserve	11,953	11,953
	<u>1,789,773</u>	<u>1,790,611</u>
Deferred tax assets	(5,042)	(5,834)
Financial Assets at fair value through other comprehensive income	-	(174)
Total Tier I capital	<u>1,784,731</u>	<u>1,784,603</u>
<u>Tier-II capital</u>		
Regulatory reserve	2,394	5,893
ECL not credit impaired	13,466	6,839
Total Tier II capital	<u>15,860</u>	<u>12,732</u>
Total capital	<u>1,800,591</u>	<u>1,797,335</u>
Common Equity Tier 1 capital ratio	18.500%	24.042%
Tier 1 capital ratio	18.500%	24.042%
Total capital ratio	<u>18.664%</u>	<u>24.214%</u>

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Total risk weighted assets and capital requirements as at 30 June 2022:

<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) <u>Credit Risk</u>				
On-balance sheet exposures				
Sovereigns/central banks	6,336,874	6,336,874	334,983	26,799
Public Sector Entities	9,776	9,776	1,955	156
Banks	5,039,361	5,039,361	1,007,904	80,632
Insurance companies, securities firms and fund managers	1,386,054	1,386,054	386,651	30,932
Corporates	738,469	738,469	738,469	59,077
Regulatory retail	385	385	385	31
Residential mortgages	350	350	123	10
Higher Risk Assets	4	4	6	-
Other assets	34,867	34,867	29,357	2,349
Defaulted exposures	116	116	58	5
Total on-balance sheet exposures	13,546,256	13,546,256	2,499,891	199,991
Off-balance sheet exposures				
Over-the-counter ('OTC') derivatives	3,931,296	3,931,296	1,624,371	129,950
Off balance sheet exposures other than OTC derivatives	177,337	177,337	171,101	13,688
Total off-balance sheet exposures	4,108,633	4,108,633	1,795,472	143,638
Total on and off-balance sheet exposures	17,654,889	17,654,889	4,295,363	343,629
(b) <u>Market Risk</u>				
Interest rate risk	130,125,372	129,220,762	4,397,958	351,837
Foreign currency risk	112,126	1	112,126	8,970
Options risk			177,306	14,184
(c) <u>Operational Risk</u>			664,700	53,176
Total risk weighted assets and capital requirements			9,647,453	771,796

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Total risk weighted assets and capital requirements as at 31 December 2021:

<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) <u>Credit Risk</u>				
On-balance sheet exposures				
Sovereigns/central banks	5,635,681	5,635,681	41,660	3,333
Public Sector Entities	19,946	19,946	3,989	319
Banks	2,331,968	2,331,968	466,394	37,311
Insurance companies, securities firms and fund managers	540,995	540,995	156,689	12,535
Corporates	467,253	467,253	467,253	37,380
Regulatory retail	407	407	407	33
Residential mortgages	334	334	122	10
Other assets	93,400	93,400	766,087	61,287
Defaulted exposures	159	159	145	12
Total on-balance sheet exposures	9,090,143	9,090,143	1,902,746	152,220
Off-balance sheet exposures				
Over-the-counter ('OTC') derivatives	3,197,678	3,197,678	1,295,165	103,613
Off balance sheet exposures other than OTC derivatives	288,428	288,428	281,115	22,489
Total off-balance sheet exposures	3,486,106	3,486,106	1,576,280	126,102
Total on and off-balance sheet exposures	12,576,249	12,576,249	3,479,026	278,322
(b) <u>Market Risk</u>				
Interest rate risk	119,338,039	118,012,168	3,159,354	252,748
Foreign currency risk	1,279	24,730	24,730	1,978
Option risk			109,775	8,782
(c) <u>Operational Risk</u>			649,901	51,992
Total risk weighted assets and capital requirements			7,422,786	593,822

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (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 2022 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(i) Geographical Distribution (continued)

30.06.2022

	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 fair value through 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	5,664,774	4,926,047	1,045,355	1,229,728	249,338	690,757	7,987	426,434	14,240,420	3,209,840
United Kingdom	-	-	-	87,157	-	-	871,219	-	958,376	453,666
USA	-	-	-	15,582	-	22,122	62,105	-	99,809	101,578
Hong Kong	-	-	-	11,648	-	-	7,482	-	19,130	81,973
Singapore	10,849	-	-	53,444	-	1,467	39,267	221,873	326,900	206,010
Others	34,444	-	-	20,941	-	19,775	4,864	5	80,029	55,566
	<u>5,710,067</u>	<u>4,926,047</u>	<u>1,045,355</u>	<u>1,418,500</u>	<u>249,338</u>	<u>734,121</u>	<u>992,924</u>	<u>648,312</u>	<u>15,724,664</u>	<u>4,108,633</u>
Assets not subject to credit risk	404	-	-	-	-	(13,505)	-	47,442	34,341	-
	<u>5,710,471</u>	<u>4,926,047</u>	<u>1,045,355</u>	<u>1,418,500</u>	<u>249,338</u>	<u>720,616</u>	<u>992,924</u>	<u>695,754</u>	<u>15,759,005</u>	<u>4,108,633</u>

*Other assets include statutory deposits with Bank Negara Malaysia, tax recoverable, deferred tax assets, right-of-use assets, fixed assets and other assets.

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

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2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(i) Geographical Distribution (continued)

31.12.2021

	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 fair value through 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	4,534,678	2,442,786	611,164	707,187	377,948	462,786	9,251	215,092	9,360,892	2,699,849
United Kingdom	-	-	-	36,159	-	-	372,709	137	409,005	424,557
USA	-	-	-	25,597	-	303	176,954	-	202,854	125,288
Hong Kong	-	-	-	6,130	-	-	4,255	-	10,385	58,809
Singapore	6,989	-	-	31,813	-	523	496	158,875	198,696	130,196
Others	82,877	-	-	14,847	-	4,561	3,264	7	105,556	47,407
	<u>4,624,544</u>	<u>2,442,786</u>	<u>611,164</u>	<u>821,733</u>	<u>377,948</u>	<u>468,173</u>	<u>566,929</u>	<u>374,111</u>	<u>10,287,388</u>	<u>3,486,106</u>
Assets not subject to credit risk	392	-	-	-	-	(6,885)	-	65,989	59,496	-
	<u>4,624,936</u>	<u>2,442,786</u>	<u>611,164</u>	<u>821,733</u>	<u>377,948</u>	<u>461,288</u>	<u>566,929</u>	<u>440,100</u>	<u>10,346,884</u>	<u>3,486,106</u>

*Other assets include statutory deposits with Bank Negara Malaysia, tax recoverable, deferred tax assets, right-of-use assets, fixed assets and other assets.

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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)

30.06.2022

	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 fair value through 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	-	-	-	43,557	-	407,924	-	230	451,711	200,366
Wholesale and retail	-	-	-	11,851	-	151,271	-	-	163,122	37,069
Finance, insurance and business services	252,755	4,337,635	6,409	1,205,895	-	173,280	992,924	635,405	7,604,303	3,443,633
Government and Government Agencies	5,457,312	588,412	1,038,946	116,566	249,338	-	-	9,776	7,460,350	195,264
Electricity, gas and water	-	-	-	6,532	-	748	-	93	7,373	127,699
Transport, storage and communication	-	-	-	87	-	-	-	122	209	8,275

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2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(ii) Industry Distribution (continued)

30.06.2022

	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 fair value through 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	-	-	-	-	-	895	-	-	895	151
Others	-	-	-	34,012	-	3	-	2,686	36,701	96,176
	<u>5,710,067</u>	<u>4,926,047</u>	<u>1,045,355</u>	<u>1,418,500</u>	<u>249,338</u>	<u>734,121</u>	<u>992,924</u>	<u>648,312</u>	<u>15,724,664</u>	<u>4,108,633</u>
Assets not subject to credit risk	404	-	-	-	-	(13,505)	-	47,442	34,341	-
	<u><u>5,710,471</u></u>	<u><u>4,926,047</u></u>	<u><u>1,045,355</u></u>	<u><u>1,418,500</u></u>	<u><u>249,338</u></u>	<u><u>720,616</u></u>	<u><u>992,924</u></u>	<u><u>695,754</u></u>	<u><u>15,759,005</u></u>	<u><u>4,108,633</u></u>

** Other assets include tax recoverable, deferred tax assets, fixed assets, right-of-use assets, statutory deposits with Bank Negara Malaysia and other 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 2022 (CONTINUED)

2 CREDIT RISK (CONTINUED)

(ii) Industry Distribution (continued)

	31.12.2021									
	Short-term funds and placements with financial <u>institutions</u>	Securities purchased under resale <u>agreement</u>	Financial assets held at fair value through <u>profit and loss</u>	Derivative financial <u>instruments</u>	Financial assets held at fair value through other comprehensive <u>income</u>	Loans and <u>advances</u>	Amount due from related <u>parties</u>	Other <u>assets**</u>	On balance <u>sheet total</u>	Commitments and <u>contingencies</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Manufacturing	-	-	-	18,257	-	221,338	-	108	239,703	219,163
Wholesale and retail	-	-	-	3,438	-	85,209	-	-	88,647	20,804
Finance, insurance and business services	98,016	1,777,370	6,555	775,652	-	148,551	566,929	352,501	3,725,574	2,907,900
Government and Government Agencies	4,526,528	665,416	604,609	5,155	377,948	-	-	19,946	6,199,602	98,467
Electricity, gas and water	-	-	-	2,307	-	1,082	-	121	3,510	144,630
Transport, storage and communication	-	-	-	-	-	11,055	-	2	11,057	6,257

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(ii) Industry Distribution (continued)

31.12.2021

	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 fair value through 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	-	-	-	-	-	938	-	-	938	151
Others	-	-	-	16,924	-	-	-	1,433	18,357	88,734
	<u>4,624,544</u>	<u>2,442,786</u>	<u>611,164</u>	<u>821,733</u>	<u>377,948</u>	<u>468,173</u>	<u>566,929</u>	<u>374,111</u>	<u>10,287,388</u>	<u>3,486,106</u>
Assets not subject to credit risk	392	-	-	-	-	(6,885)	-	65,989	59,496	-
	<u>4,624,936</u>	<u>2,442,786</u>	<u>611,164</u>	<u>821,733</u>	<u>377,948</u>	<u>461,288</u>	<u>566,929</u>	<u>440,100</u>	<u>10,346,884</u>	<u>3,486,106</u>

** Other assets include tax recoverable, deferred tax assets, fixed assets, right-of-use assets, statutory deposits with Bank Negara Malaysia and other 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 2022 (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 <u>1 year</u> RM'000	1 – 5 <u>years</u> RM'000	Over 5 <u>years</u> RM'000	<u>Total</u> RM'000
<u>30.06.2022</u>				
<i>On-balance sheet exposures</i>				
Cash and short-term funds	5,710,471	-	-	5,710,471
Securities purchased under resale agreement	4,926,047	-	-	4,926,047
Financial assets held at fair value through profit and loss ("FVTPL")	358,974	256,139	430,242	1,045,355
Derivative financial instruments	717,129	577,768	123,603	1,418,500
Financial assets held at fair value through other comprehensive income ("FVOCI")	198,586	50,752	-	249,338
Loans and advances	719,789	318	509	720,616
Amount due from related parties	992,924	-	-	992,924
Other Assets	695,754	-	-	695,754
Total on-balance sheet exposures	<u>14,319,674</u>	<u>884,977</u>	<u>554,354</u>	<u>15,759,005</u>
<i>Off-balance sheet exposures</i>				
Over-the-counter ("OTC") derivatives	1,694,962	1,957,921	278,413	3,931,296
Off balance sheet exposures other than OTC derivatives	164,403	12,934	-	177,337
Total off-balance sheet exposures	<u>1,859,365</u>	<u>1,970,855</u>	<u>278,413</u>	<u>4,108,633</u>
Total on and off-balance sheet exposures	<u>16,179,039</u>	<u>2,855,832</u>	<u>832,767</u>	<u>19,867,638</u>

*Other assets include statutory deposits with Bank Negara Malaysia, tax recoverable, deferred tax assets, right-of-use assets, fixed assets and other assets.

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2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(iii) Residual Contractual Maturity

	<u>Less than 1 year RM'000</u>	<u>1 – 5 years RM'000</u>	<u>Over 5 years RM'000</u>	<u>Total RM'000</u>
<u>31.12.2021</u>				
<i>On-balance sheet exposures</i>				
Cash and short-term funds	4,624,936	-	-	4,624,936
Securities purchased under resale agreement	2,442,786	-	-	2,442,786
Financial assets held at fair value through profit and loss ("FVTPL")	93,275	174,807	343,082	611,164
Derivative financial instruments	408,459	344,733	68,541	821,733
Financial assets held at fair value through other comprehensive income ("FVOCI")	326,185	51,763	-	377,948
Loans and advances	460,393	358	537	461,288
Amount due from related parties	566,929	-	-	566,929
Other Assets	440,100			440,100
Total on-balance sheet exposures	<u>9,363,063</u>	<u>571,661</u>	<u>412,160</u>	<u>10,346,884</u>
<i>Off-balance sheet exposures</i>				
Over-the-counter ('OTC') derivatives	1,325,191	1,475,490	396,997	3,197,678
Off balance sheet exposures other than OTC derivatives	275,584	12,844	-	288,428
Total off-balance sheet exposures	<u>1,600,775</u>	<u>1,488,334</u>	<u>396,997</u>	<u>3,486,106</u>
Total on and off-balance sheet exposures	<u>10,963,838</u>	<u>2,059,995</u>	<u>809,157</u>	<u>13,832,990</u>

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BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (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 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 not credit impaired allowance RM'000	ECL credit impaired allowance during the year RM'000	Write offs during the year RM'000
<u>30 Jun 2022</u>						
Individual/Purchase of landed property - residential	-	155	39	-	(7)	-
	-	155	39	-	(7)	-
<u>31 Dec 2021</u>						
Individual/Purchase of landed property - residential	-	198	46	-	23	-
	-	198	46	-	23	-

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.2 Past Due and Impaired Loans and Advances (continued)

(ii) Geographical Distribution

The geographical analysis of past due and impaired loans and advances and the ECL allowance are set out in the following table:

	Stage 2 credit not impaired loans and <u>advances</u> RM'000	Stage 3 credit impaired loans and <u>advances</u> RM'000	ECL credit impaired <u>allowance</u> RM'000	ECL not credit impaired <u>allowance</u> RM'000
<u>30 Jun 2022</u>				
Malaysia	-	155	39	-
	=====	=====	=====	=====
	Stage 2 credit not impaired loans and <u>advances</u> RM'000	Stage 3 credit impaired loans and <u>advances</u> RM'000	ECL credit impaired <u>allowance</u> RM'000	ECL not credit impaired <u>allowance</u> RM'000
<u>31 Dec 2021</u>				
Malaysia	-	198	46	-
	=====	=====	=====	=====

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (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>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12 months	Lifetime ECL	Lifetime	
	ECL	not credit	ECL	
	<u>RM'000</u>	<u>impaired</u>	<u>impaired</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
As at 1 January 2022	1,171	5,668	46	6,885
Loans derecognised or repaid	(12)	-	(2)	(14)
New originated or purchased	2,332	-	-	2,332
Changes due to change in credit risk	3,039	1,260	3	4,302
Transfer:				
Transfer from Stage 3 to Stage 2	-	8	(8)	-
As at 30 June 2022	<u>6,530</u>	<u>6,936</u>	<u>39</u>	<u>13,505</u>

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	12 months	Lifetime ECL	Lifetime	
	ECL	not credit	ECL	
	<u>RM'000</u>	<u>impaired</u>	<u>impaired</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
As at 1 January 2021	3,346	4,818	23	8,187
New originated	175	-	-	175
Changes due to change in credit risk	(2,350)	855	(4)	(1,499)
Transfers:				
Transfer from Stage 2 to Stage 3	-	(5)	27	22
As at 31 December 2021	<u>1,171</u>	<u>5,668</u>	<u>46</u>	<u>6,885</u>

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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 2022 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>Regulatory Retail</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%	4,661,956	-	-	-	-	-	-	-	404	4,662,360	-
20%	1,719,710	160,248	6,616,427	1,080,140	-	-	-	-	6,383	9,582,908	1,916,581
35%	-	-	-	-	-	-	350	-	-	350	123
50%	-	-	1,646,746	344,863	69,506	-	116	-	-	2,061,231	1,030,616
100%	-	-	-	179,701	1,139,871	385	-	-	28,079	1,348,036	1,348,037
150%	-	-	-	-	-	-	-	4	-	4	6
Total	6,381,666	160,248	8,263,173	1,604,704	1,209,377	385	466	4	34,866	17,654,889	4,295,363

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2 CREDIT RISK (CONTINUED)

2.3 Credit Risk Exposures under Standardised Approach (continued)

Risk weight as at 31 December 2021 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>Regulatory Retail</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%	5,427,382	-	-	-	-	-	-	-	392	5,427,774	-
20%	241,629	85,085	3,689,626	381,078	-	-	-	-	6,528	4,403,946	880,789
35%	-	-	-	-	-	-	333	-	-	333	117
50%	-	-	1,368,721	254,619	25,400	-	21	-	-	1,648,761	824,381
100%	-	-	-	84,775	923,635	407	134	-	27,497	1,036,448	1,036,448
150%	-	-	-	-	-	-	-	4	-	4	6
1250%	-	-	-	-	-	-	-	-	58,983	58,983	737,285
Total	5,669,011	85,085	5,058,347	720,472	949,035	407	488	4	93,400	12,576,249	3,479,026

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2 CREDIT RISK (CONTINUED)

2.3 Credit Risk Exposures under Standardised Approach (continued)

The following tables set out the rated exposures according to rating by ECAs:

(i) Ratings of corporate by approved ECAs

<u>Exposure class</u>	<u>Moody</u>	<u>Aaa to Aa3</u>	<u>A1 to A3</u>	<u>Baa1 to Ba3</u>	<u>B1 to C</u>	<u>Unrated</u>
	<u>S & P</u>	<u>AAA to AA-</u>	<u>A+ to A-</u>	<u>BBB+ to BB-</u>	<u>B+ to D</u>	<u>Unrated</u>
	<u>Fitch</u>	<u>AAA to AA-</u>	<u>A+ to A-</u>	<u>BBB+ to BB-</u>	<u>B+ to D</u>	<u>Unrated</u>
	<u>RAM</u>	<u>AAA to AA3</u>	<u>A1 to A-</u>	<u>BBB1 to BB3</u>	<u>B to D</u>	<u>Unrated</u>
	<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>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>30.06.2022</u>						
On and Off:						
Balance Sheet						
Exposures						
Public Sector Entities		-	160,248	-	-	-
Insurance companies, securities firms and fund managers		-	1,437,909	136,726	30,069	-
Corporates		-	346,052	450,236	413,086	3
			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
			<u>-</u>	<u>586,962</u>	<u>443,155</u>	<u>3</u>
			<u><u>-</u></u>	<u><u>586,962</u></u>	<u><u>443,155</u></u>	<u><u>3</u></u>
<u>31.12.2021</u>						
On and Off:						
Balance Sheet						
Exposures						
Public Sector Entities		-	85,085	-	-	-
Insurance companies, securities firms and fund managers		-	653,736	66,736	-	-
Corporates		-	164,473	388,395	396,161	6
			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
			<u>-</u>	<u>455,131</u>	<u>396,161</u>	<u>6</u>
			<u><u>-</u></u>	<u><u>455,131</u></u>	<u><u>396,161</u></u>	<u><u>6</u></u>

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2 CREDIT RISK (CONTINUED)

2.3 Credit Risk Exposures under Standardised Approach (continued)

(ii) Ratings of Sovereigns/Central Banks and Banking Institutions by approved ECAIs

<u>Exposure class</u>	Moody S & P Fitch RAM <u>MARC</u>	Aaa to Aa3 AAA to AA- AAA to AA- AAA to AA3 <u>AAA to AA-</u> RM'000	A1 to A3 A+ to A- A+ to A- A1 to A- <u>A+ to A-</u> RM'000	Baa1 to Ba3 BBB+ to BB- BBB+ to BB- BBB1 to BB3 <u>BBB+ to BB-</u> RM'000	B1 to C B+ to D B+ to D B to D <u>B+ to D</u> RM'000	Unrated Unrated Unrated Unrated <u>Unrated</u> RM'000
<u>30.06.2022</u>						
On and Off:						
Balance Sheet						
Exposures						
Sovereigns/Central		-	6,381,666	-	-	-
Banks		14,180	5,175,209	3,073,680	104	-
		<u>14,180</u>	<u>11,556,875</u>	<u>3,073,680</u>	<u>104</u>	<u>-</u>
<u>31.12.2021</u>						
On and Off:						
Balance Sheet						
Exposures						
Sovereigns/Central		-	5,669,011	-	-	-
Banks		10,684	3,683,150	1,364,413	100	-
		<u>10,684</u>	<u>9,352,161</u>	<u>1,364,413</u>	<u>100</u>	<u>-</u>

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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>30.06.2022</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>Exposures covered by other eligible collateral</u> RM'000
<u>Exposure Class</u>				
<i>On-balance sheet exposures</i>				
Sovereigns/central banks	6,336,874	-	600,898	-
Public Sector Entities	9,776	-	-	-
Banks	5,039,361	-	4,627,804	-
Insurance companies, securities firms and fund managers	1,386,054	-	840,575	-
Corporates	738,469	-	-	-
Regulatory retail	385	-	-	-
Residential mortgages	350	-	-	2,992
Higher Risk assets	4	-	-	-
Other assets	34,867	-	-	-
Defaulted exposures	116	-	-	-
Total on-balance sheet exposures	<u>13,546,256</u>	<u>-</u>	<u>6,069,277</u>	<u>2,992</u>
<i>Off-balance sheet exposures</i>				
Over-the-counter ('OTC') derivatives	3,931,296	97,267	405,659	-
Off balance sheet exposures other than OTC derivatives	177,337	-	-	-
Total off-balance sheet exposures	<u>4,108,633</u>	<u>97,267</u>	<u>405,659</u>	<u>-</u>
Total on and off-balance sheet exposures	<u>17,654,889</u>	<u>97,267</u>	<u>6,474,936</u>	<u>2,992</u>

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2 CREDIT RISK (CONTINUED)

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

<u>31.12.2021</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>Exposures covered by other eligible collateral</u> RM'000
<u>Exposure Class</u>				
<i>On-balance sheet exposures</i>				
Sovereigns/central banks	5,635,681	-	680,188	-
Public Sector Entities	19,946	-	-	-
Banks	2,331,968	-	1,843,285	-
Insurance companies, securities firms and fund managers	540,995	-	179,604	-
Corporates	467,253	-	-	-
Regulatory retail	407	-	-	-
Residential mortgages	334	-	-	2,992
Other assets	93,400	-	-	-
Defaulted exposures	159	-	-	-
Total on-balance sheet exposures	<u>9,090,143</u>	<u>-</u>	<u>2,703,077</u>	<u>2,992</u>
<i>Off-balance sheet exposures</i>				
Over-the-counter ('OTC') derivatives	3,197,678	60,474	268,276	-
Off balance sheet exposures other than OTC derivatives	288,428	-	-	-
Total off-balance sheet exposures	<u>3,486,106</u>	<u>60,474</u>	<u>268,276</u>	<u>-</u>
Total on and off-balance sheet exposures	<u>12,576,249</u>	<u>60,474</u>	<u>2,971,353</u>	<u>2,992</u>

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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 <u>amount</u> RM'000	Positive fair value of derivative <u>contracts</u> RM'000	Credit equivalent <u>amount*</u> RM'000	Risk weighted <u>amount</u> RM'000
<u>30.06.2022</u>				
Direct credit substitutes	165,316	-	165,316	160,918
Transaction-related contingent items	16,405	-	8,202	6,364
Foreign exchange related contracts:				
- less than one year	59,048,695	541,460	1,346,601	621,976
- one year to less than five years	1,680,126	29,144	172,209	89,167
Interest rate related contracts:				
- less than one year	20,174,242	49,948	92,305	38,181
- one year to less than five years	42,275,845	522,202	1,703,287	612,609
- more than five years	2,079,950	123,603	278,413	127,490
Equity related contracts				
- less than one year	1,380,059	124,591	226,302	91,681
- one year to less than five years	80,233	5,645	14,912	7,456
Credit related contracts				
- less than one year	225,367	1,130	29,754	14,877
- one year to less than five years	294,018	20,777	67,513	20,934
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year				
	7,637	-	3,819	3,819
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				
	1,685,648	-	-	-
	<u>129,113,541</u>	<u>1,418,500</u>	<u>4,108,633</u>	<u>1,795,472</u>

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

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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>31.12.2021</u>				
Direct credit substitutes	263,690	-	263,690	259,553
Transaction-related contingent items	26,062	-	13,031	9,855
Self-liquidating trade-related contingencies	308	-	62	62
Foreign exchange related contracts:				
- less than one year	47,588,914	224,611	949,229	462,954
- one year to less than five years	2,531,462	42,728	231,757	86,204
Interest rate related contracts:				
- less than one year	23,555,312	67,026	122,893	47,427
- one year to less than five years	38,398,314	294,120	1,182,563	407,879
- more than five years	3,121,393	68,541	396,997	173,807
Equity related contracts				
- less than one year	1,633,094	116,440	243,303	88,054
- one year to less than five years	72,223	1,317	10,462	4,988
Credit related contracts				
- less than one year	70,822	382	9,766	4,883
- one year to less than five years	291,545	6,568	50,708	18,969
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	23,290	-	11,645	11,645
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	1,571,828	-	-	-
	<u>119,148,257</u>	<u>821,733</u>	<u>3,486,106</u>	<u>1,576,280</u>

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

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2 CREDIT RISK (CONTINUED)

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

The table below shows the credit derivative contracts for client intermediation activities:

	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
<u>30.06.2022</u>			
Credit related contracts			
Credit default swap			
- Protection bought	166,200	42,743	8,549
- Protection sold	353,185	54,524	27,262
	<u>519,385</u>	<u>97,267</u>	<u>35,811</u>
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
<u>31.12.2021</u>			
Credit related contracts			
Credit default swap			
- Protection bought	122,000	21,283	4,257
- Protection sold	240,367	39,191	19,595
	<u>362,367</u>	<u>60,474</u>	<u>23,852</u>

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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>30.06.2022</u>				
	<u>Long position</u>	<u>Short position</u>		
Interest rate risk	130,125,372	129,220,762	4,397,958	351,837
Foreign currency risk	112,126	1	112,126	8,970
Options risk			177,306	14,184
			<u>4,687,390</u>	<u>374,991</u>
<u>31.12.2021</u>				
Interest rate risk	119,338,039	118,012,168	3,159,354	252,748
Foreign currency risk	1,279	24,730	24,730	1,979
Option risk			109,775	8,782
			<u>3,293,859</u>	<u>263,508</u>

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4 EQUITY EXPOSURES

The following tables present the equity exposures, stated at fair value, in the banking book and the gains and losses on equity exposures in the banking book of the Bank. There is no exposure to quoted equity as at 30 June 2022.

(a) Equity Exposures in the Banking Book

	<u>Gross Credit Exposure</u> RM'000	<u>Risk weighted Asset</u> RM'000
Jun 2022		
<u>Privately Held</u>		
For socio-economic purpose	6,409	1,304
	<u>6,409</u>	<u>1,304</u>
Dec 2021		
<u>Privately Held</u>		
For socio-economic purpose	6,555	1,333
	<u>6,555</u>	<u>1,333</u>

(b) Gains and Losses on Equity Exposures in the Banking Book

	<u>Jun 2022</u> RM'000	<u>Jun 2021</u> RM'000
Realised gain recognised in profit or loss	-	61
Unrealised (loss)/gain recognised in profit or loss	(146)	63
	<u>(146)</u>	<u>124</u>

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5 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>30.06.2022</u>	<u>BCBS Parallel*</u>	
	<u>Up</u>	<u>Down</u>
	RM'000	RM'000
<u>Impact in Earnings</u>		
MYR	69,349	(69,349)
USD	(1,741)	(1,993)
Other	(252)	416
	<u>67,356</u>	<u>(70,926)</u>
	<u><u>67,356</u></u>	<u><u>(70,926)</u></u>
<u>31.12.2021</u>	<u>BCBS Parallel*</u>	
	<u>Up</u>	<u>Down</u>
	RM'000	RM'000
<u>Impact in Earnings</u>		
MYR	66,037	(81,748)
USD	38,163	(40,852)
Other	3,662	(1,569)
	<u>107,862</u>	<u>(124,169)</u>
	<u><u>107,862</u></u>	<u><u>(124,169)</u></u>

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5 INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK (CONTINUED)

The sensitivity of the Bank's positions in banking book to interest rate changes are set out in the following table (continued):

<u>30.06.2022</u>	<u>BCBS Parallel*</u>	
	<u>Up</u>	<u>Down</u>
	RM'000	RM'000
<u>Impact in Economic Value</u>		
MYR	77,615	(95,958)
USD	25,566	(37,490)
Other	3,251	(2,310)
	<u>106,432</u>	<u>(135,758)</u>

<u>31.12.2021</u>	<u>BCBS Parallel*</u>	
	<u>Up</u>	<u>Down</u>
	RM'000	RM'000
<u>Impact in Economic Value</u>		
MYR	57,794	(56,116)
USD	9,015	4,652
Other	(439)	739
	<u>66,370</u>	<u>(50,725)</u>

* Under BCBS Parallel Up and Down scenario, the Bank is applying 200 bps shock for both USD and MYR under Earning at Risk (EaR), while 200 bps shock for USD and 300 bps shock for MYR under Economic Value Sensitivity (EVS).