

Company No.

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

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

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 Jun 2015</u> RM'000	<u>31 Dec 2014</u> RM'000
<u>Tier-I capital</u>		
Paid-up share capital	85,500	85,500
Share premium	42,000	42,000
Retained earnings	608,886	608,886
Fair value reserve – available-for-sale securities	822	-
Option reserve	9,440	9,440
Statutory reserve	97,778	97,778
	<u>844,426</u>	<u>843,604</u>
Deferred tax assets	(368)	(368)
Available-for-sale securities	(452)	-
	<u>843,606</u>	<u>843,236</u>
<u>Tier-II capital</u>		
Regulatory reserve	2,606	2,590
Collective assessment allowance	1,017	692
	<u>3,623</u>	<u>3,282</u>
<u>Tier II capital</u>		
	<u>847,229</u>	<u>846,518</u>
<u>Total capital</u>		
	<u>847,229</u>	<u>846,518</u>
Common Equity Tier 1 capital ratio	18.84%	17.41%
Tier 1 capital ratio	18.84%	17.41%
Total capital ratio	<u>18.92%</u>	<u>17.48%</u>

J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Total risk weighted assets and capital requirements as at 30 June 2015:

<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>				
<i>On-balance sheet exposures</i>				
Sovereigns/central banks	4,687,599	4,687,599	-	-
Banks	3,584,786	3,584,786	716,957	57,357
Insurance companies, securities firms and fund managers	20,892	20,892	20,892	1,671
Corporates	279,524	279,524	279,524	22,355
Residential mortgages	2,167	2,167	798	64
Higher risk assets	14	14	21	2
Other assets	20,830	20,830	20,155	1,612
Defaulted exposures	149	149	170	14
Total on-balance sheet exposures	8,595,960	8,595,960	1,038,430	83,076
<i>Off-balance sheet exposures</i>				
Over-the-counter ('OTC') derivatives	2,650,766	2,350,766	926,382	74,110
Off balance sheet exposures other than OTC derivatives	740,006	740,006	717,636	57,411
Total off-balance sheet exposures	3,390,772	3,090,772	1,644,018	131,521
Total on and off-balance sheet exposures	11,986,732	11,986,732	2,682,448	214,598
	<u>Long position</u>	<u>Short position</u>		
(b) <u>Market risk</u>				
Interest rate risk	66,260,726	66,259,145	1,285,975	102,878
Equity position risk			13,075	1,046
Foreign currency risk	1,825	30,788	30,788	2,463
Options risk			141,013	11,281
(c) <u>Operational risk</u>			324,461	25,957
Total risk weighted assets and capital requirements			4,477,759	358,222

J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

1 CAPITAL STRUCTURE AND ADEQUACY (CONTINUED)

Total risk weighted assets and capital requirements as at 31 December 2014:

<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>				
<i>On-balance sheet exposures</i>				
Sovereigns/central banks	1,513,493	1,513,493	-	-
Banks	3,778,562	3,778,562	755,712	60,457
Insurance companies, securities firms and fund managers	26,356	26,356	26,356	2,108
Corporates	250,967	250,967	250,887	20,071
Residential mortgages	2,391	2,391	960	77
Higher risk assets	14	14	21	2
Other assets	21,559	21,559	21,359	1,709
Defaulted exposures	154	154	156	12
Total on-balance sheet exposures	5,593,496	5,593,496	1,055,451	84,436
<i>Off-balance sheet exposures</i>				
Over-the-counter ('OTC') derivatives	2,190,385	2,190,385	791,131	63,290
Off balance sheet exposures other than OTC derivatives	1,786,266	1,786,266	814,947	65,196
Total off-balance sheet exposures	3,976,651	3,976,651	1,606,078	128,486
Total on and off-balance sheet exposures	9,570,147	9,570,147	2,661,529	212,922
	<u>Long position</u>	<u>Short position</u>		
(b) <u>Market risk</u>				
Interest rate risk	58,880,092	58,708,184	1,593,428	127,474
Equity position risk			9,413	753
Foreign currency risk	94,574	5	94,575	7,566
Options risk			184,288	14,743
(c) <u>Operational risk</u>			300,533	24,043
Total risk weighted assets and capital requirements			4,843,766	387,501

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

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (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).

Company No.

316347	D
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J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(i) Geographical Distribution (continued)

30.06.2015

	Short term funds and placements with financial institutions	Securities purchased under resale agreement	Deposits and placements with financial institutions	Financial assets held for trading	Derivative financial instruments	Financial assets available- for-sale	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	RM'000
Malaysia	4,251,853	201,402	-	620,149	742,263	141,159	293,849	-	172,964	6,423,639	2,552,150
United Kingdom	-	-	-	-	56,775	-	-	2,404	-	59,179	206,945
USA	-	-	-	-	4,446	-	-	3,467,149	-	3,471,595	181,549
Hong Kong	-	-	-	-	832	-	-	1,642	-	2,474	3,644
Singapore	5,972	-	-	-	50,800	-	-	935	-	57,707	91,419
Others	11,481	-	-	128,489	8,484	-	7,039	21,067	-	176,560	55,065
	<u>4,269,306</u>	<u>201,402</u>	<u>-</u>	<u>748,638</u>	<u>863,600</u>	<u>141,159</u>	<u>300,888</u>	<u>3,493,197</u>	<u>172,964</u>	<u>10,191,154</u>	<u>3,090,772</u>

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

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

J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

2 CREDIT RISK (CONTINUED)**2.1 Distribution of Credit Exposures (continued)****(i) Geographical Distribution (continued)**

31.12.2014

	Short term funds and placements with financial institutions	Securities purchased under resale agreement	Deposits and placements with financial institutions	Financial assets held for trading	Derivative financial instruments	Financial assets available- for-sale	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	RM'000
Malaysia	1,523,792	256,341	401,960	520,133	670,729	-	266,059	10,490	105,359	3,754,863	3,487,018
United Kingdom	-	-	-	-	63,088	-	-	1,641	-	64,729	229,866
USA	-	-	-	-	7,261	-	-	2,974,215	-	2,981,476	147,338
Hong Kong	-	-	-	-	1,100	-	-	39	-	1,139	3,483
Singapore	5,840	-	-	-	27,871	-	-	186	-	33,897	61,369
Others	9,226	-	-	129,855	17,822	-	6,821	25,835	-	189,559	47,577
	<u>1,538,858</u>	<u>256,341</u>	<u>401,960</u>	<u>649,988</u>	<u>787,871</u>	<u>-</u>	<u>272,880</u>	<u>3,012,406</u>	<u>105,359</u>	<u>7,025,663</u>	<u>3,976,651</u>

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

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

Company No.

316347	D
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J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(ii) Industry Distribution

Credit risk exposure analysed by industry sectors in respect of the Bank's financial assets, including off-balance sheet financial instruments, are set out in the following table.

The industry sector exposure analysis is based on the industry sector of the borrowers and counterparties. In respect of derivatives financial instruments, the amount subject to, and hence disclosed as, credit risk is limited to the current fair value of the instruments that are favourable to the Bank (i.e. assets).

Company No.

316347	D
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J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(ii) Industry Distribution (continued)

30.06.2015

	Short term funds and placements with financial institutions RM'000	Securities purchased under resale agreement RM'000	Deposits and placements with financial institutions RM'000	Financial assets held for trading RM'000	Derivative financial instruments RM'000	Financial assets available- for-sale RM'000	Loans and advances* RM'000	Amount due from related parties RM'000	Other assets** RM'000	On balance sheet total RM'000	Commitments and contingencies RM'000
Manufacturing	-	-	-	-	114,056	-	163,196	-	-	277,252	456,681
Wholesale and retail	-	-	-	-	-	-	-	-	-	-	5,317
Finance, insurance and business services	86,816	-	-	128,489	518,901	-	135,911	3,493,197	3,487	4,366,801	1,869,950
Government and Government Agencies	4,181,815	201,402	-	620,149	69,823	141,159	-	-	150,422	5,364,770	98,164
Electricity, gas and water	-	-	-	-	156,983	-	-	-	-	156,983	613,886

Company No.

316347	D
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J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(ii) Industry Distribution (continued)

30.06.2015

	Short term funds and placements with financial institutions RM'000	Securities purchased under resale agreement RM'000	Deposits and placements with financial institutions RM'000	Financial assets held for trading RM'000	Derivative financial instruments RM'000	Financial assets available- for-sale RM'000	Loans and advances* RM'000	Amount due from related parties RM'000	Other assets** RM'000	On balance sheet total RM'000	Commitments and contingencies RM'000
Individual/Purchase of landed property											
- residential	-	-	-	-	-	-	2,623	-	-	2,623	249
Consumption credit	-	-	-	-	-	-	39	-	-	39	-
Others	-	-	-	-	3,837	-	136	-	1,278	5,251	46,525
	<u>4,268,631</u>	<u>201,402</u>	<u>-</u>	<u>748,638</u>	<u>863,600</u>	<u>141,159</u>	<u>301,905</u>	<u>3,493,197</u>	<u>155,187</u>	<u>10,173,719</u>	<u>3,090,772</u>
Assets not subject to credit risk	675	-	-	-	-	-	-	-	17,777	18,452	-
	<u>4,269,306</u>	<u>201,402</u>	<u>-</u>	<u>748,638</u>	<u>863,600</u>	<u>141,159</u>	<u>301,905</u>	<u>3,493,197</u>	<u>172,964</u>	<u>10,192,171</u>	<u>3,090,772</u>

* Excludes collective assessment allowance amounting to RM1,017,000.

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

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

Company No.

316347	D
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J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(ii) Industry Distribution (continued)

31.12.2014

	Short term funds and placements with financial institutions RM'000	Securities purchased under resale agreement RM'000	Deposits and placements with financial institutions RM'000	Financial assets held for trading RM'000	Derivative financial instruments RM'000	Financial assets available- for-sale RM'000	Loans and advances* RM'000	Amount due from related parties RM'000	Other assets** RM'000	On balance sheet total RM'000	Commitments and contingencies RM'000
Manufacturing	-	-	-	-	108,380	-	175,668	-	-	284,048	404,504
Wholesale and retail	-	-	-	-	-	-	-	-	-	-	11,619
Finance, insurance and business services	400,396	-	401,960	129,855	495,577	-	94,777	3,012,406	10,398	4,545,369	2,965,941
Government and Government Agencies	1,138,262	256,341	-	520,133	22,618	-	-	-	74,516	2,011,870	38,159
Electricity, gas and water	-	-	-	-	161,296	-	-	-	-	161,296	554,370
Individual/Purchase of landed property - residential	-	-	-	-	-	-	2,812	-	-	2,812	282

Company No.

316347	D
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J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.1 Distribution of Credit Exposures (continued)

(ii) Industry Distribution (continued)

31.12.2014

	Short term funds and placements with financial institutions RM'000	Securities purchased under resale agreement RM'000	Deposits and placements with financial institutions RM'000	Financial assets held for trading RM'000	Derivative financial instruments RM'000	Financial assets available- for-sale RM'000	Loans and advances* RM'000	Amount due from related parties RM'000	Other assets** RM'000	On balance sheet total RM'000	Commitments and contingencies RM'000
Consumption credit	-	-	-	-	-	-	61	-	-	61	-
Others	-	-	-	-	-	-	254	-	-	254	1,776
	<u>1,538,658</u>	<u>256,341</u>	<u>401,960</u>	<u>649,988</u>	<u>787,871</u>	<u>-</u>	<u>273,572</u>	<u>3,012,406</u>	<u>84,914</u>	<u>7,005,710</u>	<u>3,976,651</u>
Assets not subject to credit risk	200	-	-	-	-	-	-	-	20,445	20,645	-
	<u>1,538,858</u>	<u>256,341</u>	<u>401,960</u>	<u>649,988</u>	<u>787,871</u>	<u>-</u>	<u>273,572</u>	<u>3,012,406</u>	<u>105,359</u>	<u>7,026,355</u>	<u>3,976,651</u>

* Excludes collective assessment allowance amounting to RM692,000.

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

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

J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (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 Jun 2015</u>				
<i>On-balance sheet exposures</i>				
Cash and short-term funds	4,269,306	-	-	4,269,306
Securities purchased under resale agreement	201,402	-	-	201,402
Financial assets held for trading	129,710	354,522	264,406	748,638
Derivative financial instruments	589,889	222,699	51,012	863,600
Financial assets available-for-sale	-	141,159	-	141,159
Loans and advances	75,822	222,899	2,167	300,888
Amount due from related parties	3,493,197	-	-	3,493,197
Total on-balance sheet exposures	<u>8,759,326</u>	<u>941,279</u>	<u>317,585</u>	<u>10,018,190</u>
<i>Off-balance sheet exposures</i>				
Over-the-counter ('OTC') derivatives	1,068,504	1,075,317	206,945	2,350,766
Off balance sheet exposures other than OTC derivatives	307,352	387,790	44,864	740,006
Total off-balance sheet exposures	<u>1,375,856</u>	<u>1,463,107</u>	<u>251,809</u>	<u>3,090,772</u>
Total on and off-balance sheet exposures	<u>10,135,182</u>	<u>2,404,385</u>	<u>569,394</u>	<u>13,108,962</u>

J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

2 CREDIT RISK (CONTINUED)**2.1 Distribution of Credit Exposures (continued)****(iii) Residual Contractual Maturity (continued)**

	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>31 Dec 2014</u>				
<i>On-balance sheet exposures</i>				
Cash and short-term funds	1,538,858	-	-	1,538,858
Securities purchased under resale agreement	256,341	-	-	256,341
Deposits and placements with banks and other financial institutions	401,960	-	-	401,960
Financial assets held for trading	455,603	100,466	93,919	649,988
Derivative financial instruments	527,176	163,564	97,131	787,871
Loans and advances	269,806	1,304	1,770	272,880
Amount due from related parties	3,012,406	-	-	3,012,406
Total on-balance sheet exposures	6,462,150	265,334	192,820	6,920,304
<i>Off-balance sheet exposures</i>				
Over-the-counter ('OTC') derivatives	935,460	946,792	308,133	2,190,385
Off balance sheet exposures other than OTC derivatives	1,396,846	374,708	14,712	1,786,266
Total off-balance sheet exposures	2,332,306	1,321,500	322,845	3,976,651
Total on and off-balance sheet exposures	8,794,456	1,586,834	515,665	10,896,955

J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

2 CREDIT RISK (CONTINUED)**2.2 Past Due and Impaired Loans and Advances****(i) Industry Distribution**

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

	Past due loans and advances	Impaired loans and advances	Individual impairment allowance	Collective impairment allowance	Individual impairment allowance during the period/year	Write offs during the period/year
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2015						
Agricultural	-	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Transport, storage and communications	-	-	-	-	-	-
Finance, insurance, business services	-	-	-	-	-	-
Government and Government Agencies	-	-	-	-	-	-
Individual/Purchase of landed property – residential	16	149	48	1,017	(8)	-
Electricity, gas and water	-	-	-	-	-	-
Household	-	-	-	-	-	-
Others	-	-	-	-	-	-
	<u>16</u>	<u>149</u>	<u>48</u>	<u>1,017</u>	<u>(8)</u>	<u>-</u>
31 Dec 2014						
Agricultural	-	-	-	-	-	-
Mining and Quarrying	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Transport, storage and communications	-	-	-	-	-	-
Finance, insurance, business services	-	-	-	-	-	-
Government and Government Agencies	-	-	-	-	-	-
Individual/Purchase of landed property – residential	56	154	56	692	(129)	17
Electricity, gas and water	-	-	-	-	-	-
Household	-	-	-	-	-	-
Others	-	-	-	-	-	-
	<u>56</u>	<u>154</u>	<u>56</u>	<u>692</u>	<u>(129)</u>	<u>17</u>

J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (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 individual and collective assessment allowance are set out in the following table:

	Past due loans and advances RM'000	Impaired loans and advances RM'000	Individual impairment allowance RM'000	Collective impairment allowance RM'000
<u>30 Jun 2015</u>				
Malaysia	16	149	48	1,017
	<u>16</u>	<u>149</u>	<u>48</u>	<u>1,017</u>
<u>31 Dec 2014</u>				
Malaysia	56	154	56	692
	<u>56</u>	<u>154</u>	<u>56</u>	<u>692</u>

(iii) Movements in allowance for impaired loans and advances

	<u>30 Jun 2015</u> RM'000	<u>31 Dec 2014</u> RM'000
<u>Individual assessment allowance</u>		
At 1 January	56	185
Allowance written back during the financial period/year	(8)	(129)
Balance at end of financial period/year	<u>48</u>	<u>56</u>
<u>Collective assessment allowance</u>		
At 1 January	692	308
Allowance made during the financial period/year	325	384
Balance at end of financial period/year	<u>1,017</u>	<u>692</u>

Company No.

316347	D
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J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.3 Credit Risk Exposures under Standardised Approach

The Bank applies external ratings assigned by recognised External Credit Assessment Institutions ("ECAIs") in determining risk weight for credit exposure classes and are recognised by BNM in RWCAF. The Bank uses ratings assigned by Standard & Poor's ("S&P"), Moody's Investors Service ("Moody's") and Fitch Ratings ("Fitch").

The following tables set out the credit exposures by risk weights and after credit risk mitigation:

Risk weight as at 30 June 2015 for credit risk exposures:

Risk Weighted	Sovereigns & Central bank RM'000	PSE RM'000	Banks RM'000	Insurance companies, Securities firms and fund managers RM'000	Corporates RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000	Total exposures after netting and credit risk RM'000	Total risk weighted assets RM'000
0%	4,687,598	-	-	-	-	-	-	675	4,688,273	-
20%	-	98,164	5,295,066	-	-	-	-	-	5,393,230	1,078,646
35%	-	-	-	-	-	1,906	-	-	1,906	668
50%	-	-	-	-	-	261	-	-	261	131
75%	-	-	-	-	347	-	-	-	347	260
100%	-	-	-	134,591	1,446,814	99	-	20,155	1,602,659	1,602,659
150%	-	-	-	-	38	-	18	-	56	84
Total	4,687,598	98,164	5,295,066	134,591	1,447,199	2,266	18	20,830	11,686,732	2,682,448

Company No.

316347	D
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J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

2 CREDIT RISK (CONTINUED)

2.3 Credit Risk Exposures under Standardised Approach (continued)

Risk weight as at 31 December 2014 for credit risk exposures:

<u>Risk Weighted</u>	<u>Sovereigns & Central bank</u> RM'000	<u>Banks</u> RM'000	<u>Insurance companies, Securities firms and fund managers</u> RM'000	<u>Corporates</u> RM'000	<u>Residential mortgages</u> RM'000	<u>Higher risk assets</u> RM'000	<u>Other assets</u> RM'000	<u>Total exposures after netting and credit risk</u> RM'000	<u>Total risk weighted assets</u> RM'000
0%	1,551,652	-	-	-	-	-	200	1,551,852	-
20%	-	6,615,981	78,098	-	-	-	-	6,694,079	1,338,815
35%	-	-	-	-	1,571	-	-	1,571	550
50%	-	-	-	-	820	-	-	820	410
75%	-	-	-	322	-	-	-	322	242
100%	-	-	51,786	1,248,204	136	-	21,359	1,321,485	1,321,485
150%	-	-	-	-	-	18	-	18	27
Total	1,551,652	6,615,981	129,884	1,248,526	2,527	18	21,559	9,570,147	2,661,529

J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

2 CREDIT RISK (CONTINUED)**2.3 Credit Risk Exposures under Standardised Approach (continued)**

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

(i) Ratings of corporate by approved ECALs

	Moody	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S & P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A1 to A-	BBB1 to BB3	B to D	Unrated
	<u>MARC</u>	<u>AAA to AA-</u>	<u>A+ to A-</u>	<u>BBB+ to BB-</u>	<u>B+ to D</u>	<u>Unrated</u>
<u>Exposure class</u>		RM'000	RM'000	RM'000	RM'000	RM'000

30 Jun 2015**On and Off:****Balance Sheet****Exposures**

Public Sector Entities	-	98,164	-	-	-
Insurance companies, securities firms and fund managers	-	89,172	46,419	-	-
Corporate	-	14,361	1,123,610	306,600	2,628
	-	201,697	1,170,029	306,600	2,628

31 Dec 2014**On and Off:****Balance Sheet****Exposures**

Insurance companies, securities firms and fund managers	-	106,731	23,153	-	-
Corporates	-	39,435	946,390	260,345	2,356
	-	146,166	969,543	260,345	2,356

J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

2 CREDIT RISK (CONTINUED)**2.3 Credit Risk Exposures under Standardised Approach (continued)**

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

	Moody	Aaa to Aa3	A1 to A3	Baa1 to Ba3	B1 to C	Unrated
	S & P	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	Fitch	AAA to AA-	A+ to A-	BBB+ to BB-	B+ to D	Unrated
	RAM	AAA to AA3	A1 to A-	BBB1 to BB3	B to D	Unrated
<u>Exposure class</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>
		RM'000	RM'000	RM'000	RM'000	RM'000

30 Jun 2015**On and Off:****Balance Sheet****Exposures**Sovereigns/Central Banks
Banks

-	4,687,598	-	-	-
7,509	4,919,012	352,303	16,242	-
7,509	9,606,610	352,303	16,242	-

31 Dec 2014**On and Off:****Balance Sheet****Exposures**Sovereigns/Central Banks
Banks

-	1,551,652	-	-	-
7,016	6,145,335	443,195	20,435	-
7,016	7,696,987	443,195	20,435	-

J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

2 CREDIT RISK (CONTINUED)**2.4 Credit Risk Mitigation ("CRM")**

The following tables set out the credit exposures that are covered by eligible guarantees and collaterals as allowed under the RWCAF.

<u>30 Jun 2015</u>	<u>Exposures before CRM RM'000</u>	<u>Exposures covered by guarantees/ credit derivatives RM'000</u>	<u>Exposures covered by eligible financial collateral RM'000</u>
<u>Exposure Class</u>			
<i>On-balance sheet exposures</i>			
Sovereigns/central banks	4,687,598	-	-
Banks	3,584,786	-	-
Insurance companies, securities firms and fund managers	20,892	-	-
Corporates	279,524	-	-
Residential mortgages	2,167	-	-
Higher risk assets	14	-	-
Other assets	20,830	-	-
Defaulted exposures	149	-	-
Total on-balance sheet exposures	8,595,960	-	-
<i>Off-balance sheet exposures</i>			
Over-the-counter ('OTC') derivatives	2,350,766	4,510	197,064
Off balance sheet exposures other than OTC derivatives	740,006	-	-
Total off-balance sheet exposures	3,090,772	4,510	197,064
Total on and off-balance sheet exposures	11,686,732	4,510	197,064

J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

2 CREDIT RISK (CONTINUED)**2.4 Credit Risk Mitigation ("CRM") (continued)**

<u>31 Dec 2014</u>	<u>Exposures before CRM RM'000</u>	<u>Exposures covered by guarantees/ credit derivatives RM'000</u>	<u>Exposures covered by eligible financial collateral RM'000</u>
<u>Exposure Class</u>			
<i>On-balance sheet exposures</i>			
Sovereigns/central banks	1,513,493	-	-
Banks	3,778,562	-	-
Insurance companies, securities firms and fund managers	26,356	-	-
Corporates	250,967	-	-
Residential mortgages	2,391	-	-
Higher risk assets	14	-	-
Other assets	21,559	-	-
Defaulted exposures	154	-	-
Total on-balance sheet exposures	5,593,496	-	-
<i>Off-balance sheet exposures</i>			
Over-the-counter ('OTC') derivatives	2,190,385	6,502	167,639
Off balance sheet exposures other than OTC derivatives	1,786,266	-	-
Total off-balance sheet exposures	3,976,651	6,502	167,639
Total on and off-balance sheet exposures	9,570,147	6,502	167,639

J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

2 CREDIT RISK (CONTINUED)**2.5 Off-Balance Sheet Exposures and Counterparty Credit Risk**

The following tables set out the off-balance sheet exposures and counterparty credit risk.

	Principal amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
<u>30 Jun 2015</u>				
Direct credit substitutes	277,222	-	277,222	263,447
Transaction-related contingent items	107,554	-	53,777	45,421
Short-term self-liquidating trade related contingencies	6,575	-	1,315	1,076
Foreign exchange related contracts:				
- less than one year	22,624,757	501,686	884,510	458,558
- one year to less than five years	1,526,595	134,676	265,232	153,167
Interest rate related contracts:				
- less than one year	6,718,024	3,017	20,119	4,024
- one year to less than five years	20,932,874	83,244	783,120	178,678
- more than five years	1,405,954	51,012	206,945	41,389
Equity related contracts				
- less than one year	1,109,142	85,187	163,875	73,916
- one year to less than five years	170,095	3,725	22,455	15,748
Credit related contracts				
- one year to less than five years	38,400	1,054	4,510	902
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	811,744	-	405,872	405,872
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	9,100	-	1,820	1,820
	<u>55,738,036</u>	<u>863,600</u>	<u>3,090,772</u>	<u>1,644,018</u>

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

J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

2 CREDIT RISK (CONTINUED)**2.5 Off-Balance Sheet Exposures and Counterparty Credit Risk (continued)**

	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>31 Dec 2014</u>				
Direct credit substitutes	161,269	-	161,269	146,966
Transaction-related contingent items	111,076	-	55,538	48,876
Forward asset purchases	1,187,943	-	1,187,943	237,589
Foreign exchange related contracts:				
- less than one year	18,033,800	425,104	717,823	410,710
- one year to less than five years	1,498,119	86,369	225,249	128,632
Interest rate related contracts:				
- less than one year	5,950,889	6,772	21,883	4,376
- one year to less than five years	20,389,531	72,003	699,820	139,965
- more than five years	2,606,752	97,131	308,133	61,626
Equity related contracts				
- less than one year	1,469,565	95,300	195,754	41,478
- one year to less than five years	114,138	3,089	15,221	3,044
Credit related contracts				
- one year to less than five years	51,100	2,103	6,502	1,300
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	723,356	-	361,678	361,678
Other commitments, such as formal standby facilities and credit lines, with an original maturity of up to one year	99,191	-	19,838	19,838
	<u>52,396,729</u>	<u>787,871</u>	<u>3,976,651</u>	<u>1,606,078</u>

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

J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

3 MARKET RISK

The risk weighted assets and capital requirements for the various categories of risk under Market risk are set out in the following table:

			Risk weighted assets RM'000	Capital requirements RM'000
<u>30 Jun 2015</u>				
	<u>Long position</u>	<u>Short position</u>		
Interest rate risk	66,260,726	66,259,145	1,285,975	102,878
Equity position risk			13,075	1,046
Foreign currency risk	1,825	30,788	30,788	2,463
Options risk			141,013	11,281
			<u>1,470,851</u>	<u>117,668</u>
<u>31 Dec 2014</u>				
Interest rate risk	58,880,092	58,708,184	1,593,428	127,474
Equity position risk			9,413	753
Foreign currency risk	94,574	5	94,575	7,566
Options risk			184,288	14,743
			<u>1,881,704</u>	<u>150,536</u>

J.P. MORGAN CHASE BANK BERHAD

(Incorporated in Malaysia)

BASEL 2 PILLAR 3 DISCLOSURES

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

4 INTEREST RATE RISK/RATE OF RETURN RISK IN THE BANKING BOOK

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

<u>30 Jun 2015</u>	<u>Increase/(Decrease)</u>	
	<u>+100 bps</u>	<u>-100 bps</u>
	<u>RM'000</u>	<u>RM'000</u>
<u>Impact on Economic Value</u>		
MYR	(12,536)	12,536
USD	(26,764)	26,764
Other	(309)	309
	<u>(39,609)</u>	<u>39,609</u>

<u>31 Dec 2014</u>	<u>Increase/(Decrease)</u>	
	<u>+100 bps</u>	<u>-100 bps</u>
	<u>RM'000</u>	<u>RM'000</u>
<u>Impact on Economic Value</u>		
MYR	(11,427)	11,427
USD	(29,866)	29,866
Other	(348)	348
	<u>(41,641)</u>	<u>41,641</u>