

J.P.Morgan

J.P. MORGAN CHASE BANK BERHAD

(Company number: 199401030666 (316347-D))

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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 (199401030666 (316347-D))

(Incorporated in Malaysia)

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

ASSETS	<u>Note</u>	<u>30 Jun 2023</u> RM'000	<u>31 Dec 2022</u> RM'000
Cash and short-term funds	a	11,068,770	13,485,341
Securities purchased under resale agreement		8,676,917	5,200,208
Financial assets held at fair value through profit and loss	b	4,403,760	1,432,671
Derivative financial instruments		1,760,251	1,242,354
Financial assets held at fair value through other comprehensive income	c	248,374	374,354
Loans and advances	d	551,788	428,047
Amount due from related parties		873,720	1,423,097
Statutory deposits with Bank Negara Malaysia		2	2
Other assets	e	698,324	158,582
Deferred tax assets		6,013	7,440
Fixed assets		6,661	7,011
Right-of-use assets		8,006	10,557
TOTAL ASSETS		<u>28,302,586</u>	<u>23,769,664</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from customers	f	12,801,965	13,093,388
Deposits and placements of banks and other financial institutions	g	1,082,849	1,035,929
Financial liabilities designated as fair value through profit and loss	i	254,676	252,343
Obligations on securities sold under repurchase agreements		496,666	101,268
Derivative financial instruments		1,119,653	1,272,148
Amount due to related parties	h	9,886,639	5,324,590
Other liabilities	j	518,086	725,824
Tax payable		47,204	18,639
Total liabilities		<u>26,207,738</u>	<u>21,824,129</u>
Share capital		437,500	437,500
Retained earnings		1,644,307	1,490,242
Reserves		13,041	17,793
Shareholders' equity		<u>2,094,848</u>	<u>1,945,535</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>28,302,586</u>	<u>23,769,664</u>
 COMMITMENTS AND CONTINGENCIES	 s	 <u>153,941,405</u>	 <u>128,919,221</u>

J.P. MORGAN CHASE BANK BERHAD (199401030666 (316347-D))
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	<u>Note</u>	<u>30 Jun 2023</u> (Quarter 2 2023) RM'000	<u>30 Jun 2022</u> (Quarter 2 2022) RM'000
Interest income	k	315,440	84,009
Interest expense	l	(301,518)	(30,844)
		<hr/>	<hr/>
Net interest income		13,922	53,165
Other operating income	m	288,193	137,148
		<hr/>	<hr/>
Net income		302,115	190,313
Other operating expenses	n	(102,222)	(95,484)
		<hr/>	<hr/>
Operating profit before allowances		199,893	94,829
Expected credit losses made on loans and advances	o	(1,743)	(6,544)
		<hr/>	<hr/>
Profit before taxation		198,150	88,285
Taxation		(49,052)	(22,912)
		<hr/>	<hr/>
Net profit for the financial period		<u>149,098</u>	<u>65,373</u>

J.P. MORGAN CHASE BANK BERHAD (199401030666 (316347-D))
(Incorporated in Malaysia)

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	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 2023	437,500	(256)	11,953	6,096	1,490,242	1,945,535
Net profit for the financial period	-	-	-	-	149,098	149,098
Other comprehensive income (net of tax)	-	215	-	-	-	215
Net unrealised gain on revaluation of financial assets at fair value through other comprehensive income	-	283	-	-	-	283
Income tax relating to component of other comprehensive income	-	(68)	-	-	-	(68)
Total comprehensive income for the financial period	-	215	-	-	149,098	149,313
Transfer from regulatory reserve	-	-	-	(4,967)	4,967	-
At 30 June 2023	<u>437,500</u>	<u>(41)</u>	<u>11,953</u>	<u>1,129</u>	<u>1,644,307</u>	<u>2,094,848</u>
At 1 January 2022	437,500	317	11,953	5,893	1,340,841	1,796,504
Net profit for the financial year	-	-	-	-	149,604	149,604
Other comprehensive loss (net of tax)	-	(573)	-	-	-	(573)
Net unrealised loss on revaluation of financial assets at fair value through other comprehensive income	-	(755)	-	-	-	(755)
Income tax relating to component of other comprehensive income	-	182	-	-	-	182
Total comprehensive income for the financial year	-	(573)	-	-	149,604	149,031
Transfer to regulatory reserve	-	-	-	203	(203)	-
At 31 December 2022	<u>437,500</u>	<u>(256)</u>	<u>11,953</u>	<u>6,096</u>	<u>1,490,242</u>	<u>1,945,535</u>

J.P. MORGAN CHASE BANK BERHAD (199401030666 (316347-D))

(Incorporated in Malaysia)

UNAUDITED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	<u>30 Jun 2023</u> RM'000	<u>30 Jun 2022</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	198,150	88,285
Adjustments for items not involving the movement of cash and cash equivalents:		
Depreciation of fixed assets	1,356	3,323
Depreciation of right-of-use of assets	2,550	2,585
Expected credit losses on loans and advances	1,743	6,544
Interest expense on lease liabilities	67	100
Net unrealised gain on revaluation of financial assets held at fair value through profit and loss	(7,200)	(4,777)
Net (gain)/loss on derivatives	(20,830)	31,194
Net unrealised loss/(gain) in revaluation on derivatives	8,761	(85,402)
Net unrealised loss in revaluation of structured deposits	2,333	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>186,930</u>	<u>41,852</u>
Increase in securities purchased under resale agreement	(3,476,709)	(2,483,261)
Increase in amount due from related parties	(77,777)	(602,857)
Increase in financial assets held at fair value through profit and loss	(2,963,889)	(429,414)
Increase in derivative financial instruments	(658,323)	(106,950)
Decrease in financial assets held at fair value through other comprehensive income	126,195	127,772
Increase in loans and advances	(125,484)	(265,872)
Increase in other assets	(565,618)	(269,831)
(Decrease)/increase in deposits from customers	(291,423)	1,366,100
Increase in deposits and placements of banks and other financial institutions	46,920	220,043
(Decrease)/increase in other liabilities	(179,173)	164,267
Increase in securities sold under repurchase agreements	395,398	334,377
Increase in amount due to related parties	4,562,049	2,827,190
Cash (used in)/generated from operating activities	(3,020,904)	923,416
Income taxes paid	(19,128)	(9,410)
Net cash (used in)/generated from operating activities	<u>(3,040,032)</u>	<u>914,006</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,006)	(2,714)
Net cash used in investing activities	<u>(1,006)</u>	<u>(2,714)</u>

J.P. MORGAN CHASE BANK BERHAD (199401030666 (316347-D))

(Incorporated in Malaysia)

UNAUDITED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONTINUED)

	<u>30 Jun 2023</u> RM'000	<u>30 Jun 2022</u> RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rental payment	(2,687)	(2,619)
Net cash flow used in financing activities	<u>(2,687)</u>	<u>(2,619)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,043,725)	908,673
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	14,248,248	4,806,275
CASH AND CASH EQUIVALENT AT END OF FINANCIAL PERIOD	<u>11,204,523</u>	<u>5,714,948</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and short term funds	11,068,770	5,710,471
Amount due from related parties	135,753	4,477
	<u>11,204,523</u>	<u>5,714,948</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2023

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 2022. 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 2022.

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 2022.

B Auditor's report on preceding annual financial statements

The auditor's report on the financial statements for the financial year ended 31 December 2022 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 2023.

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 2023.

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 2023.

G Dividend

No dividend was paid during the financial period ended 30 June 2023.

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 2023

I Review of Bank's performance

The Bank's profit before taxation for the financial period to June 2023 amounted to RM198.2 million. Net interest income for the period was RM13.9 million. Major contributor for interest income include interest income from inter-bank lending (RM296.7 million) and interest income from loans and advances (RM14.0 million). As for interest expense, amount incurred on customer deposits was RM154.5 million and interest incurred on inter-bank borrowings was RM147.0 million.

Income generated from the Bank's treasury activities comprises net gain from foreign exchange transaction of RM147.6 million, net gain from financial assets held at fair value through profit and loss of RM72.0 million, net gain on derivatives of RM12.1 million, and net loss from financial liabilities designated as fair value through profit and loss of RM2.3 million.

Total overhead expenditure incurred in the 6 months was RM102.2 million. Staff cost and benefits came up to RM37.1 million while establishment expenses amounted to RM4.8 million. Inter-company management fees and attribution fees incurred during the period was RM52.0 million while administration and general expenses amounted to RM7.2 million. Expected credit losses made on loans and advances for the period was RM1.7 million, mainly contributed by higher exposures.

Performance for year-to-date June 2023 was higher than that of the corresponding period in 2022. In the current period, the profit before taxation was RM198.2 million (YTD June 2022: RM88.3 million). Net interest income for the current period was lower by RM39.2 million while other operating income in the first 6 months of 2023 was RM288.2 million, higher than the amount earned in the corresponding period in 2022 by RM151.0 million. The lower net interest income recorded was attributable to higher interest expense arising from deposits from customers, and deposits and placements of banks and other financial institutions by RM145.7 million and RM125.0 million respectively, offset by higher interest income from money at call and placements with financial institutions, and loans and advances by RM221.7 million and RM8.6 million respectively. During the current period, there was higher foreign exchange gain by RM135.8 million. Net income from financial assets held at fair value through profit and loss for the first 6 months of 2023 amounted to RM72.0 million against a net gain of RM23.1 million recorded in the corresponding period of 2022, and the Bank made net loss from financial liabilities designated as fair value through profit and loss during the current period amounted to RM2.3 million. As for derivatives trading, a net gain of RM12.1 million was recorded in the period against a net gain of RM54.2 million recorded in first 6 months of 2022. Other operating expenses increased to RM102.2 million as compared with RM95.5 million incurred during the corresponding period of 2022, reflecting an increase of RM6.7 million.

J Business outlook for 2023

In 2023, the global economic growth is projected to be moderate as financial conditions tighten and Europe's natural gas problems persist. For equity markets, the S&P 500 may re-test the lows of 2022 in the near term, but a less-hawkish pivot by the U.S. Federal reserve could well push the index to 4,200 by the year-end.

Malaysia is an open, export-orientated economy, hence its growth will be influenced by macro factors. The Bank will remain focused on the quality and stability of the Bank by investing in transaction services, trade and wholesale banking businesses while enhancing flow business. The Bank's target clients, which consist of multi-national corporations, large domestic corporates, financial institutions and non-bank financial institutions, will continue to benefit from the Bank's significant competitive advantage of a broad product mix and an expansive global network.

Our commitment to developing our business in Malaysia has allowed us to become a leader among foreign banks in the country, and we are confident of further growth with the support of the Bank's strong capitalisation, global network and fortress balance sheet.

J.P. MORGAN CHASE BANK BERHAD (199401030666 (316347-D))
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2023

	<u>30 Jun 2023</u> RM '000	<u>31 Dec 2022</u> RM '000
a) Cash and short-term funds		
Cash and balances with banks and other financial institutions	149,607	91,743
Money at call and deposit placements maturing within one month	<u>10,919,163</u>	<u>13,393,598</u>
	<u>11,068,770</u>	<u>13,485,341</u>
b) Financial assets held at fair value through profit or loss		
<u>Money market instruments</u>		
Malaysian Government Securities	1,114,388	961,622
Negotiable Instruments of Deposits	2,259,982	-
Malaysian Treasury Bills	337,437	196,882
Malaysian Government Investment Issuance	253,220	242,642
Malaysian Government Guaranteed Bonds	24,906	24,477
Corporate Bonds	406,672	-
<u>Unquoted securities</u>		
Unquoted shares	<u>7,155</u>	<u>7,048</u>
	<u>4,403,760</u>	<u>1,432,671</u>
c) Financial assets held at fair value through other comprehensive income		
<u>Money market instruments</u>		
Malaysian Government Investment Issuance	50,353	50,545
Bank Negara Interbank Bills	-	129,033
Malaysian Treasury Bills	<u>198,021</u>	<u>194,776</u>
	<u>248,374</u>	<u>374,354</u>
d) Loans and advances		
i) Loans and advances analysed by type of loan are as follows:		
Overdrafts	77,621	140,241
Housing loans	582	702
Staff loans	341	361
Revolving credits	356,561	179,470
Trade finance	<u>133,146</u>	<u>122,583</u>
	568,251	443,357
Less: Allowance for losses on loans and advances:		
- ECL not credit impaired	(16,418)	(15,264)
- ECL credit impaired	<u>(45)</u>	<u>(46)</u>
Total net loans and advances	<u>551,788</u>	<u>428,047</u>

J.P. MORGAN CHASE BANK BERHAD (199401030666 (316347-D))
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2023

	<u>30 Jun 2023</u> RM '000	<u>31 Dec 2022</u> RM '000
d) Loans and advances (continued)		
ii) The maturity structure of loans and advances are as follows:		
Maturity within		
- one year	567,468	442,305
- one year to three years	231	413
- three years to five years	109	146
- over five years	443	493
	<u>568,251</u>	<u>443,357</u>
iii) Loans and advances analysed by type of customers are as follows:		
Domestic business enterprises		
- Others	537,197	420,713
Individuals	923	1,063
Foreign entities	30,131	21,581
	<u>568,251</u>	<u>443,357</u>
iv) Loans and advances analysed by interest sensitivity are as follows:		
Fixed rate		
- Housing loans	923	1,063
Variable rate		
- Cost-plus	567,328	442,294
	<u>568,251</u>	<u>443,357</u>
v) Loans and advances analysed by their economic purpose are as follows:		
Purchase of landed properties	923	1,063
Working capital	567,328	442,294
	<u>568,251</u>	<u>443,357</u>
vi) Loans and advances analysed by their geographical distribution are as follows:		
In Malaysia	538,120	421,776
Other countries	30,131	21,581
	<u>568,251</u>	<u>443,357</u>
vii) Loans and advances analysed by measurement basis are as follows:		
Amortised cost	<u>568,251</u>	<u>443,357</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2023

	<u>30 Jun 2023</u> RM '000	<u>31 Dec 2022</u> RM '000
d) Loans and advances (continued)		
viii) Impaired loans		
a) Movement in impaired loans and advances are as follows:		
At 1 January	186	198
Classified as impaired during the financial period/year	8	61
Reclassified as performing during the financial period/year	(19)	(65)
Amount recovered	<u>(3)</u>	<u>(8)</u>
At end of financial period/year	172	186
ECL credit impaired	<u>(45)</u>	<u>(46)</u>
Net impaired loans and advances	<u><u>127</u></u>	<u><u>140</u></u>
b) Impaired loans analysed by their economic purpose are as follows:		
Purchase of landed property	<u>172</u>	<u>186</u>
c) Impaired loans analysed by their geographical distribution are as follows:		
In Malaysia	<u>172</u>	<u>186</u>
d) Movement in allowance for impaired loans and advances are as follows:		
<u>ECL credit impaired</u>		
At 1 January	46	46
- Allowance written back during the financial period/year	<u>(1)</u>	<u>-</u>
Balance at end of financial period/year	<u>45</u>	<u>46</u>
<u>ECL not credit impaired</u>		
At 1 January	15,264	6,839
- Allowance made during the financial period/year	<u>1,154</u>	<u>8,425</u>
Balance at end of financial period/year	<u>16,418</u>	<u>15,264</u>
e) Other assets		
Receivable from securities sold pending settlement	666,424	87,379
Other receivable, deposits and prepayments	<u>31,900</u>	<u>71,203</u>
	<u>698,324</u>	<u>158,582</u>

J.P. MORGAN CHASE BANK BERHAD (199401030666 (316347-D))
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2023

	<u>30 Jun 2023</u> RM '000	<u>31 Dec 2022</u> RM '000
f) Deposits from customers		
i) Deposits from customers analysed by type of deposits are as follows:		
Demand deposits	12,669,944	12,912,152
Fixed deposits	132,021	181,236
	<u>12,801,965</u>	<u>13,093,388</u>
Maturity structure of fixed deposits are as follows:		
Due within six months	<u>132,021</u>	<u>181,236</u>
ii) Deposits from customers analysed by type of customers are as follows:		
Business enterprises	12,801,172	13,092,667
Others	793	721
	<u>12,801,965</u>	<u>13,093,388</u>
g) Deposits and placements of banks and other financial institutions		
Licensed banks	890,258	890,600
Other financial institutions	192,591	145,329
	<u>1,082,849</u>	<u>1,035,929</u>
h) Amounts due to related parties		
Current deposits	498,425	729,805
Interbank taking	513,827	-
Fixed deposits	27,377	27,064
Securities sold under repurchase agreement	8,834,303	4,257,992
Other payables	12,707	309,729
	<u>9,886,639</u>	<u>5,324,590</u>
i) Financial liabilities designated as fair value through profit and loss		
Structured deposits	<u>254,676</u>	<u>252,343</u>
j) Other liabilities		
Other payables	498,183	694,462
Accruals and charges	9,506	18,936
Lease liabilities	8,467	11,088
Expected credit loss - off-balance sheet lending commitment	1,930	1,338
	<u>518,086</u>	<u>725,824</u>

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(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2023

	<u>30 Jun 2023</u> (Quarter 2 2023) RM '000	<u>30 Jun 2022</u> (Quarter 2 2022) RM '000
k) Interest income		
Loans and advances		
- Interest income other than recoveries from impaired loans	14,002	5,436
- Recoveries from impaired loans	5	2
Money at call and placements with financial institutions	296,664	74,919
Financial assets held at fair value through other comprehensive income	4,761	3,516
Other interest income	8	136
	<u>315,440</u>	<u>84,009</u>
l) Interest expense		
Deposits from customers	154,474	8,778
Deposits and placements of banks and other financial institutions	147,044	22,066
	<u>301,518</u>	<u>30,844</u>
m) Other operating income		
Fee income:		
Service charges and fees	3,231	3,059
Guarantee fees	1,021	914
	<u>4,252</u>	<u>3,973</u>
Net income from securities:		
Net gain from sale of financial assets fair value through profit or loss	9,360	4,987
Unrealised gain from revaluation of financial assets fair value through profit or loss	7,200	4,777
Interest income from assets held at fair value through profit and loss	55,431	13,322
Net loss from financial liabilities designated as fair value through profit or loss	(2,333)	-
Derivatives:		
Net gain/(loss) from trading of derivatives	20,830	(31,194)
Unrealised (loss)/gain from revaluation of derivatives	(8,761)	85,402
Other income:		
Foreign exchange gain	147,580	11,762
Management and attribution income	54,634	44,119
	<u>288,193</u>	<u>137,148</u>
n) Other operating expenses		
Personnel expenses	37,115	34,869
Establishment expenses	4,763	5,823
Marketing expenses	1,211	558
Management and attribution fees paid	51,970	48,554
General administrative expenses	7,163	5,680
	<u>102,222</u>	<u>95,484</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2023

	<u>30 Jun 2023</u> (Quarter 2 2023) RM '000	<u>30 Jun 2022</u> (Quarter 2 2022) RM '000
o) Expected credit losses made on loans and advances:		
ECL - off-balance sheet lending commitment	(592)	76
ECL - loans and advances	(1,153)	(6,620)
Loans and advances recovered	<u>2</u>	<u>-</u>
	<u>(1,743)</u>	<u>(6,544)</u>

	<u>30 Jun 2023</u> RM '000	<u>31 Dec 2022</u> RM '000
p) Credit exposures arising from transactions with connected parties		
Outstanding credit exposures with connected parties	<u>549,255</u>	<u>318,790</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>10.99%</u>	<u>7.31%</u>
Percentage of outstanding credit exposures to connected parties which is non-performing or in default	<u>0%</u>	<u>0%</u>

q) 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 2023</u> RM '000	<u>31 Dec 2022</u> RM '000
Tier-I capital		
Share capital	437,500	437,500
Retained earnings	1,490,242	1,490,242
Fair value reserve through other comprehensive income	(41)	(256)
Option reserve	<u>11,953</u>	<u>11,953</u>
	1,939,654	1,939,439
Deferred tax assets	<u>(6,013)</u>	<u>(7,440)</u>
Total Tier I capital	<u>1,933,641</u>	<u>1,931,999</u>
Tier-II capital		
Regulatory reserve	1,129	6,096
ECL not credit impaired	18,348	15,264
Total Tier-II capital	<u>19,477</u>	<u>21,360</u>
Total capital	<u>1,953,118</u>	<u>1,953,359</u>
Common Equity Tier 1 capital ratio	23.547%	21.111%
Tier 1 capital ratio	23.547%	21.111%
Total capital ratio	23.784%	21.345%

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2023

r) Capital adequacy (continued)

ii) Total risk weighted assets and capital requirements as at 30 June 2023 and 31 December 2022

Exposure class	30 June 2023				31 December 2022			
	Gross exposures	Net exposures	Risk weighted assets	Capital requirements	Gross exposures	Net exposures	Risk weighted assets	Capital requirements
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(a) Credit risk								
On-balance sheet exposures								
Sovereigns/central banks	11,139,915	11,079,926	280,268	22,421	13,938,923	13,756,334	1,409,121	112,730
Banks, development financial institutions	9,182,917	597,766	120,615	9,651	6,544,196	1,565,019	320,624	25,649
Insurance companies, securities firms and fund managers	1,502,056	1,209,323	411,221	32,898	793,067	740,856	166,163	13,293
Corporates	584,974	584,974	573,222	45,858	442,410	442,410	442,410	35,393
Regulatory retail	341	341	341	27	361	361	361	29
Residential mortgages	410	410	176	14	397	397	167	13
Higher risk assets	-	-	-	-	4	4	6	-
Other assets	47,574	47,574	79,855	6,388	97,326	97,326	97,995	7,840
Defaulted exposures	127	127	64	5	142	142	71	6
Total on-balance sheet exposures	<u>22,458,314</u>	<u>13,520,441</u>	<u>1,465,762</u>	<u>117,261</u>	<u>21,816,826</u>	<u>16,602,849</u>	<u>2,436,918</u>	<u>194,953</u>
Off-balance sheet exposures								
over-the-counter ("OTC") derivatives	4,261,100	4,261,100	1,715,444	137,236	3,605,301	3,605,300	1,416,495	113,320
Off-balance sheet exposures other than OTC derivatives	168,399	168,399	162,143	12,971	312,398	312,399	305,653	24,452
Total off-balance sheet exposures	<u>4,429,499</u>	<u>4,429,499</u>	<u>1,877,587</u>	<u>150,207</u>	<u>3,917,699</u>	<u>3,917,699</u>	<u>1,722,148</u>	<u>137,772</u>
Total on and off-balance sheet exposures	<u>26,887,813</u>	<u>17,949,940</u>	<u>3,343,349</u>	<u>267,468</u>	<u>25,734,525</u>	<u>20,520,548</u>	<u>4,159,066</u>	<u>332,725</u>
(b) Market risk	<u>Long position</u>	<u>Short position</u>			<u>Long position</u>	<u>Short position</u>		
Interest rate risk	157,684,712	154,407,273	3,660,532	292,842	133,954,699	131,314,216	3,970,356	317,628
Foreign currency risk	253,096	8,092	253,096	20,248	930	43,129	43,129	3,450
Option risk			213,359	17,069			272,910	21,833
(c) Operational risk			741,426	59,314			705,970	56,478
Total risk weighted assets and capital requirements			<u>8,211,762</u>	<u>656,941</u>			<u>9,151,431</u>	<u>732,114</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2023

s) Commitments and contingencies

Total risk weighted assets and capital requirements as at 30 June 2023 and 31 December 2022

	30 June 2023			31 December 2022		
	Principal amount	Credit equivalent amount*	Risk-weighted amount	Principal amount	Credit equivalent amount*	Risk-weighted amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	131,818	131,818	127,510	255,826	255,826	251,109
Transaction-related contingent items	17,845	8,923	6,975	33,858	16,929	14,900
Foreign exchange related contracts:						
- less than one year	60,160,951	1,739,185	681,237	50,843,001	1,213,204	495,286
- one year to less than five years	2,295,507	229,386	149,826	1,791,304	175,510	91,983
- more than five years	196,650	42,038	19,114	185,366	47,391	21,899
Interest rate related contracts:						
- less than one year	34,092,301	122,924	49,013	24,382,683	95,118	35,344
- one year to less than five years	51,871,643	1,785,033	667,567	47,225,165	1,753,163	634,473
- more than five years	1,969,195	179,710	85,415	1,189,875	116,071	51,504
Equity related contracts						
- less than one year	724,426	86,695	36,215	644,289	101,699	47,251
- one year to less than five years	85,005	11,312	5,656	67,803	14,751	7,375
Credit derivatives contracts						
- less than one year	23,353	3,145	1,572	151,784	17,656	8,828
- one year to less than five years	334,183	61,672	19,829	336,823	70,737	22,552
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	55,316	27,658	27,658	79,287	39,644	39,644
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	1,983,212	-	-	1,732,157	-	-
	<u>153,941,405</u>	<u>4,429,499</u>	<u>1,877,587</u>	<u>128,919,221</u>	<u>3,917,699</u>	<u>1,722,148</u>

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