

UNAUDITED STATEMENT OF FINANCIAL POSITION as at 31 March 2015

	Note	31 Mar 2015 RM'000	31 Dec 2014 RM'000
ASSETS			
Cash and short-term funds	a	1,829,377	1,538,858
Securities purchased under resale agreement		259,285	256,341
Deposits and placements with banks and other financial institutions	b	502,796	401,960
Financial assets held for trading	c	1,060,977	649,988
Derivative financial instruments		945,154	787,871
Financial assets available-for-sale	d	141,897	-
Loans and advances	e	283,572	272,880
Amount due from related parties		2,927,362	3,012,406
Statutory deposits with Bank Negara Malaysia		2	2
Other assets	f	115,447	54,875
Tax recoverable		25,615	30,037
Deferred tax assets		368	
Fixed assets		18,745	20,077
TOTAL ASSETS		8,110,597	7,025,663
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits from customers	g	3,783,488	4,141,036
Deposits and placements of banks and other financial institutions	h	679,369	681,226
Obligations on securities sold under repurchase agreements		108,896	40,488
Derivative financial instruments		738,887	594,458
Amount due to related parties		1,384,778	645,568
Other liabilities	i	548,820	76,693
Total Liabilities		7,244,238	6,179,469
Share capital		85,500	85,500
Reserves		780,859	760,694
Shareholders' Equity		866,359	846,194
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		8,110,597	7,025,663
COMMITMENTS AND CONTINGENCIES	o	55,856,890	52,396,729

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME for the financial period ended 31 March 2015

	Note	31 Mar 2015 RM'000	31 Mar 2014 (Quarter 1 2015) RM'000	31 Mar 2014 (Quarter 1 2014) RM'000
Interest income	j	26,470	28,988	
Interest expense	k	(9,999)	(8,002)	
Net interest income		16,471	20,986	
Other operating income	l	41,225	15,761	
Net income		57,696	36,747	
Other operating expenses	m	(30,837)	(27,024)	
Operating profit before allowances		26,859	9,723	
Allowances for losses on loans and advances	n	(117)	(81)	
Profit before taxation		26,742	9,642	
Taxation		(7,015)	(3,021)	
Net profit for the financial period		19,727	6,621	

STATEMENT OF CHANGES IN EQUITY for the financial period ended 31 March 2015

	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Fair value reserves - available-for-sale securities RM'000	Option reserve RM'000	Regulatory reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2015	85,500	42,000	97,778	-	9,440	2,590	608,886	846,194
Net profit for the financial period	-	-	-	-	-	-	19,727	19,727
Transfer to regulatory reserve	-	-	-	-	-	14	(14)	-
Other comprehensive income	-	-	-	438	-	-	-	438
At 31 March 2015	85,500	42,000	97,778	438	9,440	2,604	628,599	866,359
At 1 January 2014	85,500	42,000	97,778	(243)	7,702	958	598,673	832,368
Net profit for the financial year	-	-	-	-	-	-	11,845	11,845
Transfer to regulatory reserve	-	-	-	-	-	1,632	(1,632)	-
Other comprehensive income	-	-	-	243	-	-	-	243
Employee share option scheme - Options granted	-	-	-	-	1,738	-	-	1,738
At 31 December 2014	85,500	42,000	97,778	-	9,440	2,590	608,886	846,194

CASH FLOW STATEMENT for the financial period ended 31 March 2015

	31 Mar 2015 RM'000	31 Dec 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	26,742	17,832
Adjustments for items not involving the movement of cash and cash equivalents:		
Depreciation of fixed assets	1,500	5,962
Allowance for losses on loans and advances	117	1,991
Share option expenses	-	1,738
Net gain from sale of financial assets available-for-sale	-	(133)
Net unrealised gain from revaluation of financial assets held for trading	(918)	(78)
Net (gain)/loss on derivative financial instruments	(10,642)	23,908
Net unrealised loss in fair value changes on derivatives	4,128	8,669
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	20,927	59,889
(Increase)/decrease in deposits and placements with banks and other financial institutions	(100,836)	200,118
(Increase)/decrease in securities purchased under resale agreement	(2,944)	59,611
Increase in financial assets held for trading	(410,071)	(481,353)
Increase in derivative financial instruments	(6,340)	(140,712)
(Increase)/decrease in financial assets available-for-sale	(141,459)	363,876
Increase in loans and advances	(10,809)	(106,130)
Increase in other assets	(60,573)	(38,462)
(Decrease)/increase in deposits from customers	(357,548)	477,957
(Decrease)/increase in deposits and placements of banks and other financial institutions	(1,857)	113,833
Increase in securities sold under repurchase agreements	68,408	40,488
Increase in other liabilities	472,127	28,907
Increase/(decrease) in amount due to related parties	739,210	(35,330)
Cash generated from operating activities	208,235	542,692
Income taxes paid	(2,592)	(21,420)
Net cash generated from operating activities	205,643	521,272
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(168)	(1,192)
Net cash used in investing activities	(168)	(1,192)
NET INCREASE IN CASH AND CASH EQUIVALENTS	205,475	520,080
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD/YEAR	4,551,264	4,031,184
CASH AND CASH EQUIVALENT AT END OF FINANCIAL PERIOD/YEAR	4,756,739	4,551,264
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and short-term funds	1,829,377	1,538,858
Amount due from related parties	2,927,362	3,012,406
	4,756,739	4,551,264

NOTES TO THE FINANCIAL STATEMENTS - 31 March 2015

Review of Bank's performance

The Bank's profit before taxation for 3 month period to March 2015 amounted to RM26.7 million. Net interest income for the period was RM16.5 million. Major contributor for interest income include inter-bank lending (RM17.9 million) and interest earned from securities (RM7.0 million). As for interest expense, amount incurred on inter-bank borrowings was RM1.9 million and interest incurred on customer deposits was RM8.1 million.

Income generated from the Bank's trading activities comprises net gain on foreign exchange trading of RM20.2 million as well as net gain from securities trading amounting to RM4.3 million and net gain from derivatives of RM6.5 million. Inter-company charges, commission and fees earned by the Bank amounted to RM10.2 million.

Total overhead expenditure incurred in the 3 months was RM30.8 million. Staff cost and benefits came up to approximately RM10.0 million while establishment expenses amounted to RM2.6 million. Inter-company fees incurred during the period was RM15.0 million, making up the bulk of general administrative expenses.

Performance for year-to-date March 2015 was higher than that of the corresponding period in 2014. In the current period, the profit before taxation was RM26.7 million (YTD March 2014: RM9.6 million). Net interest income for the current period was lower by RM4.5 million while other operating income in the first 3 months of 2015 was RM41.2 million as compared to RM15.8 million in the corresponding period in 2014. The increase was mainly due to higher net foreign exchange gain of RM20.2 million in 2015 as compared to RM8.9 million in 2014, as well as a net gain made on derivatives of RM6.5 million in 2015 as compared to a net loss of RM2.5 million in 2014. Other operating expenses incurred during the first 3 months of 2015 was RM30.8 million, as compared to RM27.0 million in the corresponding period in 2014. The increase was attributed to higher inter-company fees paid whereby RM15.0 million was incurred during quarter 1 of 2015 against RM11.9 million incurred during the first quarter of 2014.

Business outlook for 2015

The macro environment remains challenging in 2015 and volatility in currencies and assets values remains a factor. Despite these conditions, there is optimism that the economic environment will stabilize and the economy will grow. J.P. Morgan will continue to focus on the quality and stability of earnings by investing in its transaction services, trade and wholesale banking businesses while enhancing the flow business.

J.P. Morgan's target clients, consisting of multi-national corporations, large domestic corporates, financial institutions and non-bank financial institutions, benefit from the Bank's significant competitive advantage in terms of a broad product mix and global network which enables us to effectively service clients that have a domestic as well as an international presence.

With the Bank's strong capitalisation and proven strength across product and services, revenue growth will continue as investment in existing client relationships delivers results. The Bank will use its global competitive advantage in order to provide clients with value added solutions and innovative products. The international corporate and investment banking businesses are an important component of J.P. Morgan's overall global strategy and continued investment in these areas will contribute positively to our growth.

a) Cash and short-term funds

	31 Mar 2015 RM'000	31 Dec 2014 RM'000
Cash and balances with banks and other financial institutions	53,509	56,934
Money at call and deposit placements maturing within one month	1,775,868	1,481,924
	1,829,377	1,538,858

b) Deposits and placements with banks and other financial institutions

	31 Mar 2015 RM'000	31 Dec 2014 RM'000
Licensed banks	502,796	401,960

c) Financial assets held for trading

	31 Mar 2015 RM'000	31 Dec 2014 RM'000
Money market instruments		
Malaysian Government Securities	638,099	337,692
Bank Negara Malaysia bills	46,417	157,920
Malaysian Government Investment Issuance	187,682	24,521
Unquoted securities		
Private debt securities	188,779	129,855
	1,060,977	649,988

d) Financial assets available-for-sale

	31 Mar 2015 RM'000	31 Dec 2014 RM'000
Money market instruments		
Malaysian Government Securities	141,897	-
Unquoted securities (in Malaysia)		
Private debt securities	12	12
Shares	193	193
	205	205
Allowance for impairment losses	(205)	(205)
	141,897	-

e) Loans and advances

	31 Mar 2015 RM'000	31 Dec 2014 RM'000
i) Loans and advances analysed by type of loans are as follows:		
Overdrafts	10,022	-
Term loans	1,407	1,451
- Housing loans	-	-
- Other term loans	-	-
Staff loans	1,624	1,732
Revolving credit	223,998	196,279
Trade finance	47,384	74,166
	284,435	273,628
Less: Allowance for losses on loans and advances:		
- Individual assessment	(54)	(56)
- Collective assessment	(809)	(692)
Total net loans and advances	283,572	272,880

Included in loans and advances is revolving credit extended to a related company amounting to RM20,097,000 (31 Dec 2014: RM20,101,000).

ii) The maturity structure of loans and advances are as follows:

Maturity within	31 Mar 2015	31 Dec 2014
- one year	281,423	270,472
- one year to three years	344	431
- three years to five years	303	302
- over five years	2,365	2,423
	284,435	273,628

iii) Loans and advances analysed by type of customers are as follows:

	31 Mar 2015	31 Dec 2014
Domestic business enterprises		
- Small medium enterprises	-	-
- Others	272,188	263,624
Individuals	3,030	3,183
Foreign entities	9,217	6,821
	284,435	273,628

iv) Loans and advances analysed by interest sensitivity are as follows:

	31 Mar 2015	31 Dec 2014
Fixed rate		
- Housing loans	2,762	2,882
- Other fixed rate loans	268	301
Variable rate	281,405	270,445
- Cost-plus	284,435	273,628

	31 Mar 2015 RM'000	31 Dec 2014 RM'000
v) Loans and advances analysed by their economic purpose are as follows:		
Purchase of landed property	2,762	2,882
Purchase of transport vehicles	229	254
Personal use	39	47
Working capital	281,405	270,445
	284,435	273,628
vi) Loans and advances analysed by their geographical distribution are as follows:		
In Malaysia	275,218	266,807
Other countries	9,217	6,821
	284,435	273,628
vii) Impaired loans		
a) Movement in impaired loans and advances are as follows:		
At 1 January	154	451
Classified as impaired during the financial period/year	19	2
Reclassified as performing during the financial period/year	-	(75)
Amount recovered	(6)	(207)
Amount written off	-	(17)
At end of financial period/year	167	154
Individual assessment allowance	(54)	(56)
Net impaired loans and advances	113	98
Ratio of net impaired loans and advances to net loans and advances	0.04%	0.04%
b) Movement in allowance for impaired loans and advances are as follows:		
Individual assessment allowance		
At 1 January	56	185
Allowance written back during the financial period/year	(2)	(129)
Balance at end of financial period/year	54	56
Collective assessment allowance		
At 1 January	692	308
Allowance made during the financial period/year	117	384
Balance at end of financial period/year	809	692
Collective assessment allowance (inclusive of regulatory reserve) as % of gross loans and advances, net of individual assessment allowance	1.20%	1.20%
c) Impaired loans analysed by their economic purpose are as follows:		
Purchase of landed property	167	154
d) Impaired loans analysed by their geographical distribution are as follows:		
In Malaysia	167	154
f) Other assets		
31 Mar 2015		
31 Dec 2014		
Other receivables	110,655	50,579
Deposits and prepayments	4,792	4,296
	115,447	54,875
g) Deposits from customers		
31 Mar 2015		
31 Dec 2014		
RM'000		
RM'000		
i) Deposits from customers analysed by type of deposits are as follows:		
Demand deposits	3,566,047	3,935,224
Fixed deposits	217,441	205,812
	3,783,488	4,141,036
Maturity structure of fixed deposits are as follows:		
Due within six months	217,441	205,812
ii) Deposits from customers analysed by type of customers are as follows:		
Business enterprises	3,783,404	4,140,951
Others	84	85
	3,783,488	4,141,036
h) Deposits and placements of banks and other financial institutions		
31 Mar 2015		
31 Dec 2014		
RM'000		
RM'000		
Licensed banks	674,133	675,452
Other financial institutions	5,236	5,774
	679,369	681,226
i) Other liabilities		
31 Mar 2015		
31 Dec 2014		
RM'000		
RM'000		
Other payables	546,203	66,559
Accruals and charges	2,617	10,134
	548,820	76,693
j) Interest income		
31 Mar 2015		
31 Mar 2014		
(Quarter 1 2015)		
(Quarter 1 2014)		
RM'000		
RM'000		
Loans and advances	-	-
- Interest income other than recoveries		

l) Other operating income

	31 Mar 2015 (Quarter 1 2015) RM'000	31 Mar 2014 (Quarter 1 2014) RM'000
Fee income:		
Service charges and fees	1,261	1,284
Guarantee fees	693	608
	1,954	1,892
Net income from securities:		
Net gain from sale of financial assets held for trading	3,398	826
Unrealised gain from revaluation of financial assets held for trading	918	558
Net gain from sale of financial assets available-for-sale	-	28
Derivatives:		
Net gain/(loss) from trading of derivatives	10,642	(11,544)
Unrealised (loss)/gain from revaluation of derivatives	(4,128)	9,092
Other income:		
Foreign exchange gain	20,207	8,889
Other operating income	8,205	6,020
Other non-operating income	29	-
	41,225	15,761

m) Other operating expenses

	31 Mar 2015 (Quarter 1 2015) RM'000	31 Mar 2014 (Quarter 1 2014) RM'000
Personnel expenses	10,017	9,470
Establishment expenses	2,599	2,659
Marketing expenses	549	470
General administrative expenses	17,672	14,425
	30,837	27,024

n) Allowances for losses on loans and advances

	31 Mar 2015 (Quarter 1 2015) RM'000	31 Mar 2014 (Quarter 1 2014) RM'000
(a) Individual assessment allowance		
- Written back	1	40
(b) Collective assessment allowance		
- Made	(117)	(121)
Bad debts on loans and advances		
- Written off	(1)	-
	(117)	(81)

o) Capital adequacy

The capital adequacy ratios of the Bank are computed in accordance with Bank Negara Malaysia's revised Risk-Weighted Capital Adequacy Framework: Standardised Approach for Credit and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II).

	31 Mar 2015 RM'000	31 Dec 2014 RM'000
i) The capital adequacy ratios of the Bank are as follows:		
Tier-I capital		
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	438	-
Option reserve	9,440	9,440
Statutory reserve	97,778	97,778
	844,042	843,604
Deferred tax assets	(368)	(368)
Available-for-sale securities	(241)	-
Total Tier I capital	843,433	843,236
Tier-II capital		
Regulatory reserve	2,604	2,590
Collective assessment allowance	809	692
Total Tier-II capital	3,413	3,282
Total capital	846,846	846,518
Tier I capital ratio	18.23%	17.41%
Total capital ratio	18.31%	17.48%

ii) Total risk-weighted assets and capital requirements as at 31 March 2015 and 31 December 2014:

Exposure class	31 March 2015				31 December 2014			
	Gross exposures RM'000	Net exposures RM'000	Risk-weighted assets RM'000	Capital requirements RM'000	Gross exposures RM'000	Net exposures RM'000	Risk-weighted assets RM'000	Capital requirements RM'000
(a) Credit risk								
On-balance sheet exposures								
Sovereigns/central banks	1,583,024	1,583,024	-	-	1,513,493	1,513,493	-	-
Banks	4,222,286	4,222,286	844,457	67,557	3,778,562	3,778,562	755,712	60,457
Insurance companies, securities firms								
Insurance companies, securities firms and fund managers	21,395	21,395	21,395	1,712	26,356	26,356	26,356	2,108
Corporates	261,896	261,896	261,816	20,945	250,967	250,967	250,887	20,071
Residential mortgages	2,260	2,260	834	67	2,391	2,391	960	77
Higher risk assets	14	14	21	2	14	14	21	2
Other assets	20,674	20,674	20,523	1,642	21,559	21,559	21,359	1,709
Defaulted exposures	168	168	170	14	154	154	156	12
Total on-balance sheet exposures	6,111,717	6,111,717	1,149,216	91,939	5,593,496	5,593,496	1,055,451	84,436
Off-balance sheet exposures over-the-counter (OTC) derivatives	2,451,116	2,451,116	930,749	74,460	2,190,385	2,190,385	791,131	63,290
Off-balance sheet exposures other than OTC derivatives	721,411	721,411	702,023	56,162	1,786,266	1,786,266	814,947	65,196
Total off-balance sheet exposures	3,172,527	3,172,527	1,632,772	130,622	3,976,651	3,976,651	1,606,078	128,486
Total on and off-balance sheet exposures	9,284,244	9,284,244	2,781,988	222,561	9,570,147	9,570,147	2,661,529	212,922
(b) Market risk								
Interest rate risk	64,429,216	63,994,807	1,272,080	101,766	58,880,092	58,708,184	1,593,428	127,474
Equity position risk			23,688	1,895			9,413	753
Foreign currency risk	408	43,276	43,275	3,462	94,574	5	94,575	7,566
Option risk			185,875	14,870			184,288	14,743
(c) Operational risk			319,147	25,532			300,533	24,043
Total risk-weighted assets and capital requirements			4,626,053	370,086			4,843,766	387,501

Off-balance sheet and counterparty risk:

	31 March 2015			31 December 2014		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk-weighted amount RM'000
Direct credit substitutes	280,315	280,315	266,113	161,269	161,269	146,966
Transaction-related contingent items	105,541	52,771	47,586	111,076	55,538	48,876
Short-term self-liquidating trade related contingencies	122,216	24,443	24,443	-	-	-
Forward asset purchases	-	-	-	1,187,943	1,187,943	237,589
Foreign exchange related contracts:						
- less than one year	20,778,371	937,449	530,437	18,033,800	717,823	410,710
- one year to less than five years	1,488,974	256,863	146,972	1,498,119	225,249	128,632
Interest rate related contracts:						
- less than one year	5,817,317	21,353	4,270	5,950,889	21,883	4,376
- one year to less than five years	22,726,005	774,526	154,906	20,389,531	699,820	139,965
- more than five years	2,375,368	282,271	56,454	2,606,752	308,133	61,626
Credit derivatives contracts:						
- one year to less than five years	58,400	6,169	1,234	51,100	6,502	1,300
Equity related contracts:						
- less than one year	1,328,674	167,396	35,457	1,469,565	195,754	41,478
- one year to less than five years	42,705	5,089	1,018	114,138	15,221	3,044
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	724,272	362,136	362,136	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	8,732	1,746	1,746	99,191	19,838	19,838
	55,856,890	3,172,527	1,632,772	52,396,729	3,976,651	1,606,078

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