

# 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 SEPTEMBER 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 SEPTEMBER 2023

ASSETS	Note	30 Sep 2023 RM'000	31 Dec 2022 RM'000
Cash and short-term funds	a	12,280,339	13,485,341
Securities purchased under resale agreement		11,842,093	5,200,208
Financial assets held at fair value through profit and loss	b	1,522,114	1,432,671
Derivative financial instruments		1,343,106	1,242,354
Financial assets held at fair value through other comprehensive income	c	1,248,933	374,354
Loans and advances	d	679,837	428,047
Amount due from related parties		1,185,317	1,423,097
Statutory deposits with Bank Negara Malaysia		2	2
Other assets	e	527,130	158,582
Deferred tax assets		7,399	7,440
Fixed assets		7,764	7,011
Right-of-use assets		6,731	10,557
<b>TOTAL ASSETS</b>		<b>30,650,765</b>	<b>23,769,664</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Deposits from customers	f	13,899,036	13,093,388
Deposits and placements of banks and other financial institutions	g	929,756	1,035,929
Financial liabilities designated as fair value through profit and loss	i	248,039	252,343
Obligations on securities sold under repurchase agreements		160,048	101,268
Derivative financial instruments		1,021,806	1,272,148
Amount due to related parties	h	11,599,167	5,324,590
Other liabilities	j	594,587	725,824
Tax payable		29,375	18,639
<b>Total liabilities</b>		<b>28,481,814</b>	<b>21,824,129</b>
Share capital		437,500	437,500
Retained earnings		1,719,417	1,490,242
Reserves		12,034	17,793
<b>Shareholders' equity</b>		<b>2,168,951</b>	<b>1,945,535</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>30,650,765</b>	<b>23,769,664</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	s	<b>142,725,378</b>	<b>128,919,221</b>

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

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

	<u>Note</u>	<u>30 Sep 2023</u> (Quarter 3 2023) RM'000	<u>30 Sep 2022</u> (Quarter 3 2022) RM'000
Interest income	k	613,646	183,844
Interest expense	l	(536,272)	(72,668)
		<hr/>	<hr/>
Net interest income		77,374	111,176
Other operating income	m	388,282	176,141
		<hr/>	<hr/>
Net income		465,656	287,317
Other operating expenses	n	(161,690)	(148,626)
		<hr/>	<hr/>
Operating profit before allowances		303,966	138,691
Expected credit losses made on loans and advances	o	(5,277)	(12,015)
		<hr/>	<hr/>
Profit before taxation		298,689	126,676
Taxation		(75,610)	(37,436)
		<hr/>	<hr/>
Net profit for the financial period		<u>223,079</u>	<u>89,240</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 SEPTEMBER 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	-	-	-	-	223,079	223,079
Other comprehensive income (net of tax)	-	337	-	-	-	337
Net unrealised gain on revaluation of financial assets at fair value through other comprehensive income	-	443	-	-	-	443
Income tax relating to component of other comprehensive income	-	(106)	-	-	-	(106)
Total comprehensive income for the financial period	-	337	-	-	223,079	223,416
Transfer from regulatory reserve	-	-	-	(6,096)	6,096	-
At 30 September 2023	<u>437,500</u>	<u>81</u>	<u>11,953</u>	<u>-</u>	<u>1,719,417</u>	<u>2,168,951</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 SEPTEMBER 2023

	<u>30 Sep 2023</u> RM'000	<u>30 Sep 2022</u> RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	298,689	126,676
Adjustments for items not involving the movement of cash and cash equivalents:		
Depreciation of fixed assets	2,060	4,735
Depreciation of right-of-use of assets	3,826	3,854
Expected credit losses on loans and advances	5,277	12,015
Interest expense on lease liabilities	94	144
Net unrealised gain on revaluation of financial assets held at fair value through profit and loss	(5,323)	(3,313)
Net (gain)/loss on derivatives	(41,897)	24,809
Net unrealised loss/(gain) in revaluation on derivatives	28,690	(81,680)
Net unrealised gain in revaluation of structured deposits	(4,304)	(10,573)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<u>287,112</u>	<u>76,667</u>
Increase in securities purchased under resale agreement	(6,641,885)	(2,510,938)
Decrease/(increase) in amount due from related parties	169,568	(434,754)
Increase in financial assets held at fair value through profit and loss	(84,120)	(1,313,440)
Increase in derivative financial instruments	(337,887)	(192,365)
Increase in financial assets held at fair value through other comprehensive income	(874,242)	(23,090)
Increase in loans and advances	(257,067)	(170,667)
Increase in other assets	(440,180)	(79,292)
Increase in deposits from customers	805,648	17,872,086
(Decrease)/increase in deposits and placements of banks and other financial institutions	(106,173)	679,565
Increase in financial liabilities designated as fair value through profit or loss	-	250,000
(Decrease)/increase in other liabilities	(55,562)	22,604
Increase in securities sold under repurchase agreements	58,780	171,308
Increase in amount due to related parties	6,274,577	2,597,323
	<u>(1,201,431)</u>	<u>16,945,007</u>
Cash (used in)/generated from operating activities		
Income taxes paid	(64,939)	(14,494)
Net cash (used in)/generated from operating activities	<u>(1,266,370)</u>	<u>16,930,513</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(2,813)	(3,338)
Net cash used in investing activities	<u>(2,813)</u>	<u>(3,338)</u>

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

(Incorporated in Malaysia)

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

	<u>30 Sep 2023</u> RM'000	<u>30 Sep 2022</u> RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rental payment	(4,031)	(3,717)
Net cash flow used in financing activities	<u>(4,031)</u>	<u>(3,717)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,273,214)	16,923,458
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>12,975,034</u>	<u>21,729,733</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and short term funds	12,280,339	19,201,155
Amount due from related parties	694,695	2,528,578
	<u>12,975,034</u>	<u>21,729,733</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 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 September 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 September 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 September 2023.

G Dividend

No dividend was paid during the financial period ended 30 September 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 SEPTEMBER 2023

I Review of Bank's performance

The Bank's profit before taxation for the financial period to September 2023 amounted to RM298.7 million. Net interest income for the period was RM77.4 million. Major contributors for interest income include interest income from inter-bank lending (RM317.4 million), interest income from financial assets held at fair value through profit and loss (RM264.1 million) and interest income from loans and advances (RM22.4 million). As for interest expense, amount incurred on customer deposits was RM252.4 million and interest incurred on inter-bank borrowings was RM283.8 million.

Income generated from the Bank's treasury activities comprises net gain from foreign exchange transaction of RM266.1 million, net gain from financial assets held at fair value through profit and loss of RM17.3 million, net gain on derivatives of RM13.2 million, and net gain from financial liabilities designated as fair value through profit and loss of RM4.3 million.

Total overhead expenditure incurred in the 9 months was RM161.7 million. Staff cost and benefits came up to RM55.8 million while establishment expenses amounted to RM7.3 million. Inter-company management fees and attribution fees incurred during the period was RM86.4 million while administration and general expenses amounted to RM10.5 million. Expected credit losses made on loans and advances for the period was RM5.3 million, mainly contributed by higher exposures.

Performance for year-to-date September 2023 was higher than that of the corresponding period in 2022. In the current period, the profit before taxation was RM298.7 million (YTD September 2022: RM126.7 million). Net interest income for the current period was lower by RM33.8 million while other operating income in the first 9 months of 2023 was RM388.3 million, higher than the amount earned in the corresponding period in 2022 by RM212.1 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 RM227.3 million and RM236.3 million respectively, offset by higher interest income from money at call and placements with financial institutions, financial assets held at fair value through profit and loss, and loans and advances by RM234.5 million, RM179.0 million and RM12.1 million respectively. During the current period, there was higher foreign exchange gain by RM226.3 million. Net gain from financial assets held at fair value through profit and loss for the first 9 months of 2023 amounted to RM17.3 million against a net gain of RM6.0 million recorded in the corresponding period of 2022, and the Bank made net gain from financial liabilities designated as fair value through profit and loss during the current period amounted to RM4.3 million. As for derivatives trading, a net gain of RM13.2 million was recorded in the period against a net gain of RM56.9 million recorded in first 9 months of 2022. Other operating expenses increased to RM161.7 million as compared with RM148.6 million incurred during the corresponding period of 2022, reflecting an increase of RM13.1 million.

J Business outlook for 2023

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.



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(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2023

	<u>30 Sep 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	99,465	91,743
Money at call and deposit placements maturing within one month	<u>12,180,874</u>	<u>13,393,598</u>
	<u>12,280,339</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	793,666	961,622
Negotiable Instruments of Deposits	351,976	-
Malaysian Treasury Bills	75,235	196,882
Malaysian Government Investment Issuance	217,560	242,642
Malaysian Government Guaranteed Bonds	-	24,477
Corporate Bonds	76,104	-
<u>Unquoted securities</u>		
Unquoted shares	<u>7,573</u>	<u>7,048</u>
	<u>1,522,114</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	50,759	50,545
Bank Negara Interbank Bills	998,550	129,033
Malaysian Treasury Bills	<u>199,624</u>	<u>194,776</u>
	<u>1,248,933</u>	<u>374,354</u>
d) Loans and advances		
i) Loans and advances analysed by type of loan are as follows:		
Overdrafts	106,006	140,241
Housing loans	541	702
Staff loans	336	361
Revolving credits	453,545	179,470
Trade finance	<u>140,046</u>	<u>122,583</u>
	700,474	443,357
Less: Allowance for losses on loans and advances:		
- ECL not credit impaired	(20,599)	(15,264)
- ECL credit impaired	<u>(38)</u>	<u>(46)</u>
Total net loans and advances	<u>679,837</u>	<u>428,047</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2023

	<u>30 Sep 2023</u>	<u>31 Dec 2022</u>
	RM '000	RM '000
d) Loans and advances (continued)		
ii) The maturity structure of loans and advances are as follows:		
Maturity within		
- one year	699,857	442,305
- one year to three years	97	413
- three years to five years	98	146
- over five years	422	493
	<u>700,474</u>	<u>443,357</u>
iii) Loans and advances analysed by type of customers are as follows:		
Domestic business enterprises		
- Others	672,616	420,713
Individuals	877	1,063
Foreign entities	26,981	21,581
	<u>700,474</u>	<u>443,357</u>
iv) Loans and advances analysed by interest sensitivity are as follows:		
Fixed rate		
- Housing loans	877	1,063
Variable rate		
- Cost-plus	699,597	442,294
	<u>700,474</u>	<u>443,357</u>
v) Loans and advances analysed by their economic purpose are as follows:		
Purchase of landed properties	877	1,063
Working capital	699,597	442,294
	<u>700,474</u>	<u>443,357</u>
vi) Loans and advances analysed by their geographical distribution are as follows:		
In Malaysia	673,493	421,776
Other countries	26,981	21,581
	<u>700,474</u>	<u>443,357</u>
vii) Loans and advances analysed by measurement basis are as follows:		
Amortised cost	<u>700,474</u>	<u>443,357</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2023

	<u>30 Sep 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	25	61
Reclassified as performing during the financial period/year	(56)	(65)
Amount recovered	(4)	(8)
At end of financial period/year	<u>151</u>	<u>186</u>
ECL credit impaired	(38)	(46)
Net impaired loans and advances	<u><u>113</u></u>	<u><u>140</u></u>
b) Impaired loans analysed by their economic purpose are as follows:		
Purchase of landed property	<u>151</u>	<u>186</u>
c) Impaired loans analysed by their geographical distribution are as follows:		
In Malaysia	<u>151</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	(8)	-
Balance at end of financial period/year	<u>38</u>	<u>46</u>
<u>ECL not credit impaired</u>		
At 1 January	15,264	6,839
- Allowance made during the financial period/year	5,335	8,425
Balance at end of financial period/year	<u>20,599</u>	<u>15,264</u>
e) Other assets		
Receivable from securities sold pending settlement	517,158	87,379
Other receivable, deposits and prepayments	9,972	71,203
	<u>527,130</u>	<u>158,582</u>

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(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2023

	<u>30 Sep 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	13,781,616	12,912,152
Fixed deposits	117,420	181,236
	<u>13,899,036</u>	<u>13,093,388</u>
Maturity structure of fixed deposits are as follows:		
Due within six months	<u>117,420</u>	<u>181,236</u>
ii) Deposits from customers analysed by type of customers are as follows:		
Business enterprises	13,898,001	13,092,667
Others	1,035	721
	<u>13,899,036</u>	<u>13,093,388</u>
g) Deposits and placements of banks and other financial institutions		
Licensed banks	739,034	890,600
Other financial institutions	190,722	145,329
	<u>929,756</u>	<u>1,035,929</u>
h) Amounts due to related parties		
Current deposits	312,497	729,805
Interbank taking	187,555	-
Fixed deposits	27,549	27,064
Securities sold under repurchase agreement	11,050,190	4,257,992
Other payables	21,376	309,729
	<u>11,599,167</u>	<u>5,324,590</u>
i) Financial liabilities designated as fair value through profit and loss		
Structured deposits	<u>248,039</u>	<u>252,343</u>
j) Other liabilities		
Other payables	572,990	694,462
Accruals and charges	13,155	18,936
Lease liabilities	7,151	11,088
Expected credit loss - off-balance sheet lending commitment	1,291	1,338
	<u>594,587</u>	<u>725,824</u>

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(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2023

	<u>30 Sep 2023</u> (Quarter 3 2023) RM '000	<u>30 Sep 2022</u> (Quarter 3 2022) RM '000
k) Interest income		
Loans and advances		
- Interest income other than recoveries from impaired loans	22,419	10,365
- Recoveries from impaired loans	6	4
Money at call and placements with financial institutions	317,422	82,942
Financial assets held at fair value through profit and loss	264,144	85,143
Financial assets held at fair value through other comprehensive income	9,642	5,227
Other interest income	13	163
	<u>613,646</u>	<u>183,844</u>
l) Interest expense		
Deposits from customers	252,443	25,094
Deposits and placements of banks and other financial institutions	<u>283,829</u>	<u>47,574</u>
	<u>536,272</u>	<u>72,668</u>
m) Other operating income		
Fee income:		
Service charges and fees	4,911	4,801
Guarantee fees	<u>1,585</u>	<u>1,368</u>
	6,496	6,169
Net income from securities:		
Net gain from sale of financial assets fair value through profit or loss	11,974	2,723
Unrealised gain from revaluation of financial assets fair value through profit or loss	5,323	3,313
Net gain from financial liabilities designated as fair value through profit or loss	4,304	10,573
Derivatives:		
Net gain/(loss) from trading of derivatives	41,897	(24,809)
Unrealised (loss)/gain from revaluation of derivatives	(28,690)	81,680
Other income:		
Foreign exchange gain	266,097	39,843
Management and attribution income	<u>80,881</u>	<u>56,649</u>
	<u>388,282</u>	<u>176,141</u>
n) Other operating expenses		
Personnel expenses	55,798	52,625
Establishment expenses	7,321	8,776
Marketing expenses	1,679	1,481
Management and attribution fees paid	86,400	76,886
General administrative expenses	<u>10,492</u>	<u>8,858</u>
	<u>161,690</u>	<u>148,626</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2023

	<u>30 Sep 2023</u> (Quarter 3 2023) RM '000	<u>30 Sep 2022</u> (Quarter 3 2022) RM '000
o) Expected credit losses made on loans and advances:		
ECL - off-balance sheet lending commitment	47	306
ECL - loans and advances	(5,327)	(12,323)
Loans and advances recovered	3	2
	<u>(5,277)</u>	<u>(12,015)</u>

	<u>30 Sep 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>589,846</u>	<u>318,790</u>
Percentage of outstanding credit exposures to connected parties as proportion of total credit exposures	<u>12.55%</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 Sep 2023</u> RM '000	<u>31 Dec 2022</u> RM '000
<b>Tier-I capital</b>		
Share capital	437,500	437,500
Retained earnings	1,490,242	1,490,242
Fair value reserve through other comprehensive income	81	(256)
Option reserve	11,953	11,953
	<u>1,939,776</u>	<u>1,939,439</u>
Deferred tax assets	(7,399)	(7,440)
Financial assets at fair value through other comprehensive income	(44)	-
Total Tier I capital	<u>1,932,333</u>	<u>1,931,999</u>
<b>Tier-II capital</b>		
Regulatory reserve	-	6,096
ECL not credit impaired	21,890	15,264
Total Tier-II capital	<u>21,890</u>	<u>21,360</u>
<b>Total capital</b>	<u>1,954,223</u>	<u>1,953,359</u>
Common Equity Tier 1 capital ratio	22.763%	21.111%
Tier 1 capital ratio	22.763%	21.111%
Total capital ratio	23.021%	21.345%

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2023

r) Capital adequacy (continued)

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

Exposure class	30 September 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	13,501,675	13,364,768	768,968	61,517	13,938,923	13,756,334	1,409,121	112,730
Public Sector Entities	20,796	20,796	4,159	332	-	-	-	-
Banks, development financial institutions	12,893,988	1,238,114	248,045	19,845	6,544,196	1,565,019	320,624	25,649
Insurance companies, securities firms								
and fund managers	1,185,500	1,013,273	432,439	34,595	793,067	740,856	166,163	13,293
Corporates	709,751	709,751	699,021	55,922	442,410	442,410	442,410	35,393
Regulatory retail	336	336	336	27	361	361	361	29
Residential mortgages	351	351	151	12	397	397	167	13
Higher risk assets	-	-	-	-	4	4	6	-
Other assets	25,547	25,547	19,091	1,527	97,326	97,326	97,995	7,840
Defaulted exposures	113	113	57	5	142	142	71	6
Total on-balance sheet exposures	<u>28,338,057</u>	<u>16,373,049</u>	<u>2,172,267</u>	<u>173,782</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	3,842,112	3,842,112	1,588,700	127,096	3,605,300	3,605,300	1,416,495	113,320
Off-balance sheet exposures								
other than OTC derivatives	159,228	159,228	152,664	12,213	312,399	312,399	305,653	24,452
Total off-balance sheet exposures	<u>4,001,340</u>	<u>4,001,340</u>	<u>1,741,364</u>	<u>139,309</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>32,339,397</u>	<u>20,374,389</u>	<u>3,913,631</u>	<u>313,091</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	154,486,023	153,389,229	3,475,674	278,054	133,954,699	131,314,216	3,970,356	317,628
Foreign currency risk	49,797	64,017	64,017	5,121	930	43,129	43,129	3,450
Option risk			262,135	20,971			272,910	21,833
(c) Operational risk								
Total risk weighted assets and capital requirements			<u>773,322</u>	<u>61,866</u>			<u>705,970</u>	<u>56,478</u>
			<u>8,488,779</u>	<u>679,103</u>			<u>9,151,431</u>	<u>732,114</u>

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2023

s) Commitments and contingencies

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

	30 September 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	140,435	140,435	135,747	255,826	255,826	251,109
Transaction-related contingent items	18,294	9,147	7,271	33,858	16,929	14,900
Foreign exchange related contracts:						
- less than one year	50,694,750	1,151,391	476,675	50,843,001	1,213,204	495,286
- one year to less than five years	2,296,318	230,803	155,321	1,791,304	175,510	91,983
- more than five years	197,366	40,536	18,303	185,366	47,391	21,899
Interest rate related contracts:						
- less than one year	28,649,625	91,045	37,931	24,382,683	95,118	35,344
- one year to less than five years	54,761,557	1,832,937	694,429	47,225,165	1,753,163	634,473
- more than five years	2,605,614	295,447	144,948	1,189,875	116,071	51,504
Equity related contracts						
- less than one year	965,039	116,459	34,046	644,289	101,699	47,251
- one year to less than five years	97,591	13,282	4,498	67,803	14,751	7,375
Credit derivatives contracts						
- less than one year	23,438	3,143	1,572	151,784	17,656	8,828
- one year to less than five years	364,157	67,069	20,977	336,823	70,737	22,552
Other commitments, such as formal standby facilities and credit lines, with an original maturity of over one year	19,292	9,646	9,646	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	1,891,902	-	-	1,732,157	-	-
	<u>142,725,378</u>	<u>4,001,340</u>	<u>1,741,364</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.