

**J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED**

**QUARTERLY REGULATORY DISCLOSURE PREPARED UNDER THE BANKING  
(DISCLOSURE) RULES**

**30TH SEPTEMBER 2019**

## J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED (UNAUDITED)

### 1. Key prudential ratios

Key prudential ratios disclosures as required by section 16AB of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

|     |   | 30th<br>September<br>2019 | 30th June<br>2019 | 31st March<br>2019 | 31st<br>December<br>2018 | 30th<br>September<br>2018 |
|-----|---|---------------------------|-------------------|--------------------|--------------------------|---------------------------|
|     | <b>Regulatory capital (amount)</b>  |                           |                   |                    |                          |                           |
| 1   | Common Equity Tier 1 (CET1)   | 964,884                   | 987,416           | 987,055            | 999,241                  | 1,006,667                 |
| 2   | Tier 1  | 964,884                   | 987,416           | 987,055            | 999,241                  | 1,006,667                 |
| 3   | Total capital   | 964,884                   | 987,416           | 987,055            | 999,241                  | 1,006,667                 |
|     | <b>RWA (amount)</b>   |                           |                   |                    |                          |                           |
| 4   | Total RWA   | 2,245,524                 | 2,347,397         | 2,437,841          | 2,355,231                | 2,334,147                 |
|     | <b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>          |                           |                   |                    |                          |                           |
| 5   | CET1 ratio (%)  | 43.0%                     | 41.8%             | 40.5%              | 42.1%                    | 43.1%                     |
| 6   | Tier 1 ratio (%)  | 43.0%                     | 41.8%             | 40.5%              | 42.1%                    | 43.1%                     |
| 7   | Total capital ratio (%)   | 43.0%                     | 41.8%             | 40.5%              | 42.1%                    | 43.1%                     |
|     | <b>Additional CET1 buffer requirements (as a percentage of RWA)</b>           |                           |                   |                    |                          |                           |
| 8   | Capital conservation buffer requirement (%)                                   | 2.500%                    | 2.500%            | 2.500%             | 1.875%                   | 1.875%                    |
| 9   | Countercyclical capital buffer requirement (%)                                | 0.292%                    | 0.460%            | 0.057%             | 0.073%                   | 0.277%                    |
| 10  | Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs) | N/A                       | N/A               | N/A                | N/A                      | N/A                       |
| 11  | Total AI-specific CET1 buffer requirements (%)                                | 2.792%                    | 2.960%            | 2.557%             | 1.948%                   | 2.152%                    |
| 12  | CET1 available after meeting the AI's minimum capital requirements (%)        | 35.0%                     | 33.8%             | 32.5%              | 34.1%                    | 35.1%                     |
|     | <b>Basel III leverage ratio</b>   |                           |                   |                    |                          |                           |
| 13  | Total leverage ratio (LR) exposure measure                                    | 1,714,568                 | 1,671,096         | 1,850,171          | 1,648,453                | 1,641,618                 |
| 14  | LR (%)  | 56.3%                     | 58.8%             | 53.3%              | 60.1%                    | 61.3%                     |
|     | <b>Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)</b>     |                           |                   |                    |                          |                           |
|     | Applicable to category 1 institution only:                                    |                           |                   |                    |                          |                           |
| 15  | Total high quality liquid assets (HQLA)                                       | N/A                       | N/A               | N/A                | N/A                      | N/A                       |
| 16  | Total net cash outflows   | N/A                       | N/A               | N/A                | N/A                      | N/A                       |
| 17  | LCR (%)   | N/A                       | N/A               | N/A                | N/A                      | N/A                       |
|     | Applicable to category 2 institution only:                                    |                           |                   |                    |                          |                           |
| 17a | LMR (%)   | 314.1%                    | 368.3%            | 336.6%             | 227.9%                   | 252.3%                    |
|     | <b>Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)</b>             |                           |                   |                    |                          |                           |
|     | Applicable to category 1 institution only:                                    |                           |                   |                    |                          |                           |
| 18  | Total available stable funding  | N/A                       | N/A               | N/A                | N/A                      | N/A                       |
| 19  | Total required stable funding   | N/A                       | N/A               | N/A                | N/A                      | N/A                       |
| 20  | NSFR (%)  | N/A                       | N/A               | N/A                | N/A                      | N/A                       |
|     | Applicable to category 2A institution only:                                   |                           |                   |                    |                          |                           |
| 20a | CFR (%)   | N/A                       | N/A               | N/A                | N/A                      | N/A                       |

## J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED (UNAUDITED)

### 2. Overview of RWA

Overview of RWA disclosures as required by section 16C of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

|     |   | RWA                 |                | Minimum capital requirements |
|-----|---|---------------------|----------------|------------------------------|
|     |   | 30th September 2019 | 30th June 2019 | 30th September 2019          |
| 1   | Credit risk for non-securitization exposures  | 532,630             | 558,949        | 42,610                       |
| 2   | Of which STC approach   | 532,630             | 558,949        | 42,610                       |
| 2a  | Of which BSC approach   | -                   | -              | -                            |
| 3   | Of which foundation IRB approach  | -                   | -              | -                            |
| 4   | Of which supervisory slotting criteria approach   | -                   | -              | -                            |
| 5   | Of which advanced IRB approach  | -                   | -              | -                            |
| 6   | Counterparty default risk and default fund contributions  | 6                   | 18             | -                            |
| 7   | Of which SA-CCR   | N/A                 | N/A            | N/A                          |
| 7a  | Of which CEM  | 6                   | 18             | -                            |
| 8   | Of which IMM(CCR) approach  | -                   | -              | -                            |
| 9   | Of which others   | -                   | -              | -                            |
| 10  | CVA risk  | 6                   | 14             | -                            |
| 11  | Equity positions in banking book under the simple risk-weight method and internal models method   | -                   | -              | -                            |
| 12  | Collective investment scheme ("CIS") exposures – LTA  | N/A                 | N/A            | N/A                          |
| 13  | CIS exposures – MBA   | N/A                 | N/A            | N/A                          |
| 14  | CIS exposures – FBA   | N/A                 | N/A            | N/A                          |
| 14a | CIS exposures – combination of approaches   | N/A                 | N/A            | N/A                          |
| 15  | Settlement risk   | -                   | 10,541         | -                            |
| 16  | Securitization exposures in banking book  | -                   | -              | -                            |
| 17  | Of which SEC-IRBA   | -                   | -              | -                            |
| 18  | Of which SEC-ERBA   | -                   | -              | -                            |
| 19  | Of which SEC-SA   | -                   | -              | -                            |
| 19a | Of which SEC-FBA  | -                   | -              | -                            |
| 20  | Market risk   | 13,607              | 44,561         | 1,089                        |
| 21  | Of which STM approach   | 13,607              | 44,561         | 1,089                        |
| 22  | Of which IMM approach   | -                   | -              | -                            |
| 23  | Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect) | N/A                 | N/A            | N/A                          |

## J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED (UNAUDITED)

### 2. Overview of RWA (continued)

|  |  | RWA                 |                  | Minimum capital requirements |
|--|--|---------------------|------------------|------------------------------|
|  |  | 30th September 2019 | 30th June 2019   | 30th September 2019          |
| 24   | Operational risk   | 1,699,275           | 1,733,314        | 135,942                      |
| 24a  | Sovereign concentration risk   | N/A                 | N/A              | N/A                          |
| 25   | Amounts below the thresholds for deduction (subject to 250% RW)  | -                   | -                | -                            |
| 26   | Capital floor adjustment   | -                   | -                | -                            |
| 26a  | Deduction to RWA   | -                   | -                | -                            |
| 26b  | Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital         | -                   | -                | -                            |
| 26c  | Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital | -                   | -                | -                            |
| <b>27</b>                                    | <b>Total</b>   | <b>2,245,524</b>    | <b>2,347,397</b> | <b>179,641</b>               |
| N/A: Not applicable in the case of Hong Kong |  |                     |                  |                              |

The decrease in RWA of settlement risk when compared to 30th June 2019 was driven by decrease in unsettled non-delivery-versus-payment transaction in securities.

The decrease in RWA of market risk when compared to 30th June 2019 was due to decrease in trading securities held.

## J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED (UNAUDITED)

### 3. Leverage ratio (“LR”)

Leverage ratio as required by section 16FI of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

|  |  | 30th<br>September<br>2019 | 30th June<br>2019 |
|--|--|---------------------------|-------------------|
| <b>On-balance sheet exposures</b>                  |  |                           |                   |
| 1  | On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)                                | 1,734,854                 | 1,869,153         |
| 2  | Less: Asset amounts deducted in determining Tier 1 capital   | (20,315)                  | (19,058)          |
| 3  | <b>Total on-balance sheet exposures (excluding derivative contracts and SFTs)</b>  | <b>1,714,539</b>          | <b>1,850,095</b>  |
| <b>Exposures arising from derivative contracts</b> |  |                           |                   |
| 4  | Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting) | -                         | 4                 |
| 5  | Add-on amounts for PFE associated with all derivative contracts  | 29                        | 67                |
| 6  | Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework        | -                         | -                 |
| 7  | Less: Deductions of receivables assets for cash variation margin provided under derivative contracts   | -                         | -                 |
| 8  | Less: Exempted CCP leg of client-cleared trade exposures   | -                         | -                 |
| 9  | Adjusted effective notional amount of written credit derivative contracts  | -                         | -                 |
| 10   | Less: Adjusted effective notional offsets and add-on deductions for written credit derivative contracts  | -                         | -                 |
| 11   | <b>Total exposures arising from derivative contracts</b>   | <b>29</b>                 | <b>71</b>         |
| <b>Exposures arising from SFTs</b>                 |  |                           |                   |
| 12   | Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions  | -                         | -                 |
| 13   | Less: Netted amounts of cash payables and cash receivables of gross SFT assets   | -                         | -                 |
| 14   | CCR exposure for SFT assets  | -                         | -                 |
| 15   | Agent transaction exposures  | -                         | -                 |
| 16   | <b>Total exposures arising from SFTs</b>   | <b>-</b>                  | <b>-</b>          |
| <b>Other off-balance sheet exposures</b>           |  |                           |                   |
| 17   | Off-balance sheet exposure at gross notional amount  | -                         | -                 |
| 18   | Less: Adjustments for conversion to credit equivalent amounts  | -                         | -                 |
| 19   | <b>Off-balance sheet items</b>   | <b>-</b>                  | <b>-</b>          |
| <b>Capital and total exposures</b>                 |  |                           |                   |
| 20   | <b>Tier 1 capital</b>  | <b>964,884</b>            | <b>987,416</b>    |
| 20a  | <b>Total exposures before adjustments for specific and collective provisions</b>   | <b>1,714,568</b>          | <b>1,671,096</b>  |
| 20b  | <b>Adjustments for specific and collective provisions</b>  | <b>-</b>                  | <b>-</b>          |
| 21   | <b>Total exposures after adjustments for specific and collective provisions</b>  | <b>1,714,568</b>          | <b>1,671,096</b>  |
| <b>Leverage ratio</b>                              |  |                           |                   |
| 22   | <b>Leverage ratio</b>  | <b>56.3%</b>              | <b>58.8%</b>      |