

J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED

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

30TH SEPTEMBER 2020

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 September 2020	30th June 2020	31st March 2020	31st December 2019	30th September 2019
	Regulatory capital (amount)					
1	Common Equity Tier 1 (CET1)	1,131,460	1,092,753	977,576	940,665	964,884
2	Tier 1	1,131,460	1,092,753	977,576	940,665	964,884
3	Total capital	1,131,460	1,092,753	977,576	940,665	964,884
	RWA (amount)					
4	Total RWA	2,456,817	2,418,680	2,305,673	2,242,695	2,245,524
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	46.1%	45.3%	42.4%	41.8%	43.0%
6	Tier 1 ratio (%)	46.1%	45.3%	42.4%	41.8%	43.0%
7	Total capital ratio (%)	46.1%	45.3%	42.4%	41.8%	43.0%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical capital buffer requirement (%)	0.257%	0.461%	0.345%	0.185%	0.292%
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 (%)	2.757%	2.961%	2.845%	2.685%	2.792%
12	CET1 available after meeting the AI's minimum capital requirements (%)	38.1%	37.3%	34.4%	33.8%	35.0%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	1,924,235	1,765,691	1,714,308	1,507,051	1,714,568
14	LR (%)	58.8%	62.0%	57.0%	62.2%	56.3%
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	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 (%)	309.8%	654.3%	268.3%	253.4%	314.1%
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	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

The decrease in LMR when compared to 30th June 2020 was due to decrease in trading securities position held and increase in intercompany payable balance.

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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 2020	30th June 2020	30th September 2020
1	Credit risk for non-securitization exposures	646,332	611,348	51,707
2	Of which STC approach	646,332	611,348	51,707
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	18	36	1
7	Of which SA-CCR	N/A	N/A	N/A
7a	Of which CEM	18	36	1
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	19	39	2
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	-	-	-
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	18,280	17,415	1,463
21	Of which STM approach	18,280	17,415	1,463
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

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2. Overview of RWA (continued)

		RWA		Minimum capital requirements
		30th September 2020	30th June 2020	30th September 2020
24	Operational risk	1,792,168	1,789,842	143,373
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	-	-	-
27	Total	2,456,817	2,418,680	196,546
N/A: Not applicable in the case of Hong Kong				

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3. Leverage ratio (“LR”)

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

		30th September 2020	30th June 2020
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	1,949,140	1,791,446
2	Less: Asset amounts deducted in determining Tier 1 capital	(24,994)	(25,926)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	1,924,146	1,765,520
Exposures arising from derivative contracts			
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	89	167
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	Total exposures arising from derivative contracts	89	171
Exposures arising from SFTs			
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	Total exposures arising from SFTs	-	-
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	-	-
18	Less: Adjustments for conversion to credit equivalent amounts	-	-
19	Off-balance sheet items	-	-
Capital and total exposures			
20	Tier 1 capital	1,131,460	1,092,753
20a	Total exposures before adjustments for specific and collective provisions	1,924,235	1,765,691
20b	Adjustments for specific and collective provisions	-	-
21	Total exposures after adjustments for specific and collective provisions	1,924,235	1,765,691
Leverage ratio			
22	Leverage ratio	58.8%	62.0%

As of 30th September 2020, the leverage ratio was 58.8%, decreased by 3.2% when compared to 30th June 2020. This is mainly driven by increase in total exposure from account receivables.