

J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED

REGULATORY DISCLOSURE PREPARED UNDER THE BANKING (DISCLOSURE) RULES

31ST DECEMBER 2025

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).

		31st December 2025	30th September 2025	30th June 2025	31st March 2025	31st December 2024
	Regulatory capital (amount)					
1 & 1a	Common Equity Tier 1 (CET1)	1,938,318	1,959,245	1,865,106	1,769,600	1,872,444
2 & 2a	Tier 1	1,938,318	1,959,245	1,865,106	1,769,600	1,872,444
3 & 3a	Total capital	1,938,318	1,959,245	1,865,106	1,769,600	1,872,444
	RWA (amount)					
4	Total RWA	2,113,192	2,100,431	2,220,116	2,158,711	2,447,947
4a	Total RWA (pre-floor)	2,113,192	2,100,431	2,220,116	2,158,711	2,447,947
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5 & 5a	CET1 ratio (%)	91.6 %	93.3 %	83.3 %	82.0 %	76.6 %
5b	CET1 ratio (%) (pre-floor ratio)	91.6 %	93.3 %	83.3 %	82.0 %	76.6 %
6 & 6a	Tier 1 ratio (%)	91.6 %	93.3 %	83.3 %	82.0 %	76.6 %
6b	Tier 1 ratio (%) (pre-floor ratio)	91.6 %	93.3 %	83.3 %	82.0 %	76.6 %
7 & 7a	Total capital ratio (%)	91.6 %	93.3 %	83.3 %	82.0 %	76.6 %
7b	Total capital ratio (%) (pre-floor ratio)	91.6 %	93.3 %	83.3 %	82.0 %	76.6 %
	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 (%)	0.083 %	0.173 %	0.125 %	0.121 %	0.064 %
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 (%)	2.583 %	2.673 %	2.625 %	2.621 %	2.564 %
12	CET1 available after meeting the AI's minimum capital requirements (%)	83.6 %	85.3 %	75.3 %	74.0 %	68.6 %
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure	2,569,781	2,556,910	3,377,624	2,543,088	2,461,199
13a	LR exposure measure based on mean values of gross assets of SFTs	2,569,281	2,560,789	3,373,503	2,543,241	N/A*
14, 14a & 14b	LR (%)	75.3 %	76.6 %	54.7 %	69.6 %	76.1 %
14c & 14d	LR (%) based on mean values of gross assets of SFTs	75.4 %	76.5 %	54.8 %	69.6 %	N/A*
	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 (%)	215.9 %	276.4 %	276.0 %	247.9 %	324.2 %

Footnote:

* This disclosure line is required under the revised package of standard disclosure templates and tables (with accompanying explanatory notes) pursuant to section 6(1)(ab) of the Banking (Disclosure) Rules ("BDR"), effective from 1st January 2025. Comparative information for this disclosure line has not been disclosed.

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1 Key prudential ratios (continued)

		31st December 2025	30th September 2025	30th June 2025	31st March 2025	31st December 2024
	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 countercyclical capital buffer requirement when compared to 30th September 2025 was mainly due to increased RWA for private sector credit exposures in the United States.

The decrease in LMR when compared to 30th September 2025 was mainly due to increase in qualifying liabilities driven by increase in intercompany payables during the quarter.

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2 Overview of risk management

Risk is an inherent part of business activities of JPMorgan Chase & Co. ("JPMorgan Chase", the "Group" or the "Firm"), the ultimate holding company of J.P. Morgan Securities (Asia Pacific) Limited ("JPMSAPL" or the "Company"). When the Firm extends a consumer or wholesale loan, advises customers and clients on their investment decisions, makes markets in securities or offers other products or services, the Firm takes on some degree of risk. The Firm's overall objective is to manage its businesses, and the associated risks, in a manner that balances serving the interests of its clients, customers and investors and protects the safety and soundness of the Firm.

The Firm believes that effective risk management requires, among other things:

- Acceptance of responsibility, including identification and escalation of risk by all individuals within the Firm;
- Ownership of risk identification, assessment, data and management within each of the lines of business ("LOBs") and corporate functions ("CFs"); and
- A firmwide risk governance and oversight structure.

The Firm follows a disciplined and balanced compensation framework with strong internal governance and independent oversight by the Board of Directors ("BODs" or the "Board").

The Firm's risk governance and oversight framework is managed on a Firmwide basis. The Firm has an Independent Risk Management ("IRM") function, which is comprised of Risk Management and Compliance. The Firm's Chief Executive Officer ("CEO") appoints, subject to approval by the Risk Committee of the Board of Directors ("Board Risk Committee"), the Firm's Chief Risk Officer ("CRO") to lead the IRM function and maintain the risk governance framework of the Firm.

Each area of the Firm that gives rise to risk is expected to operate within the parameters identified by the IRM function, and within the risk and control standards established by its own management. The first line of defense consists of each LOB, Treasury and CIO, and certain Other Corporate initiatives, including their aligned Operations, Technology and Control Management. The first line of defense owns the risks, and identification of risks, associated with their respective activities and the design and execution of controls to manage those risks. Responsibilities also include adherence to applicable laws, rules and regulations, and implementation of the risk governance framework established by IRM, which may include policies, standards, limits, thresholds and controls.

The second line of defense is the IRM function, which is separate from the first line of defense and is responsible for independently measuring risk, as well as assessing and challenging the risk management activities of the first line of defense. IRM is also responsible for the identification of risks within its organization, its own adherence to applicable laws, rules and regulations and for the development and implementation of policies and standards with respect to its own processes.

The third line of defense is Internal Audit, an independent function that provides objective assessment of the adequacy and effectiveness of Firmwide processes, controls, governance and risk management. The Internal Audit Function is led by the General Auditor, who reports to the Audit Committee and administratively to the CEO.

In addition, there are other functions that contribute to the Firmwide control environment but are not considered part of a particular line of defense, including Corporate Finance, Human Resources and Legal. These other functions are responsible for the identification of risks within their respective organizations, adherence to applicable laws, rules and regulations and implementation of the risk governance framework established by IRM.

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2 Overview of risk management (continued)

The JPMSAPL BODs act as a central governing committee at the Company level and is the primary oversight and escalation point for the Company's sub-committees including the:

- Review of business performance, progress of key initiatives, growth and cross LOB initiatives;
- Review of country performance, strategies and opportunities across LOBs and platforms;
- Review of significant Risk and Control issues and monitoring progress resolution plans;
- Review of significant Business support and Infrastructure matters; and
- Oversight for any business conducted or booked into the Company to ensure compliance with existing global and legal entity governance framework.

Hong Kong Risk Asset and Liability Committee ("HK RALCO") of the Company is delegated by the JPMSAPL BODs to provide the oversight of risks inherent in the Company's business in Hong Kong, including but not limited to:

- Risks: Market, credit, liquidity, structural interest rate, model and country risks, also operational, compliance and reputation risk framework
- Asset and Liability committee ("ALCO"): Funding, capital, liquidity management, financial statements and interest rate risk in banking book and relevant ALCO related regulatory/compliance matters

The HK RALCO is co-chaired by the CRO and the Senior Financial Officer ("SFO").

Other key committee is the Hong Kong Location Operating Committee ("LOC"). LOC is responsible for the oversight and control of operational risk within the location. Hong Kong LOC meetings are held on a monthly basis to review operational risk and controls ensuring adherence to the applicable regulatory requirements, the relevant policies and procedures; and the design and the operation of controls are effective. The respective operation area managers are responsible to escalate to their line regional managers and the Hong Kong Senior Country Business Manager.

Risk Appetite is a high-level statement of the Firm's tolerance for risk. The Firm's overall appetite for risk is governed by Risk Appetite Frameworks for quantitative and qualitative risks. Quantitative and qualitative risks are assessed to monitor and measure the Firm's capacity to take risk consistent with its stated risk appetite.

Quantitative risk appetite is set and evaluated in the context of the Firm's business strategy and risk taking, as well as capital and liquidity planning as determined during the periodic assessment process. Quantitative risk appetite is set for quantitative parameters across the following risk types: profitability risk, capital risk, wholesale credit risk, consumer credit risk, market risk, structural interest rate risk, and liquidity risk. Quantitative risk appetite is designed to assess performance under normal and moderately stressed conditions. Firm level quantitative risk appetite is set such that profitability of the Firm is the primary loss absorbing mechanism. Quantitative risk appetite is part of the Firm's ongoing capital management process, including the assessment of planned capital actions through the quarterly review of Risk Appetite results.

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2 Overview of risk management (continued)

The Firmwide Risk Executives ("FREs") of Qualitative Risk Appetite is responsible for developing the Firmwide Qualitative Risk Appetite framework, inclusive of the Qualitative Risk Appetite statement, which includes the following risk areas: Compliance, Conduct, Reputational and Operational. The framework outlines a qualitative evaluation that is supported by quantitative measures (metrics). Risk appetite for qualitative risks is set firmwide and evaluated in the context of the firm's business strategy and risk taking, and considers a broad range of constraints and associated objectives (e.g., financial, regulatory, reputational). The quarterly assessment results are shared with the Firmwide Risk Committee, providing opportunity for raising issues or challenge, prior to presentation to the Board Risk Committee.

The Firm's Quantitative Risk Appetite policy is applicable to JPMSAPL. The legal entity's risk appetite governance and selection of quantitative parameters reflect local regulations, operations and business strategy.

With respect to qualitative risks, JPMSAPL performs a separate Legal Entity Qualitative Risk Appetite assessment in accordance with the 'Legal Entity Qualitative Risk Appetite Standard'.

Credit risk measurement

Refer to note 14 - General information about credit risk for details.

Liquidity risk measurement

Refer to note 13 - Liquidity risk management for details.

Market risk measurement

Refer to note 31 - Qualitative disclosures related to market risk for details.

Credit Valuation Adjustment ("CVA") risk measurement

Refer to note 29 - Qualitative disclosures related to CVA risk for details.

Interest rate risk in banking book ("IRRBB") measurement

Refer to note 33 - Interest rate risk in banking book - risk management objectives and policies for details.

Operational risk measurement

Refer to note 36 - General information on operational risk framework for details.

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3 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
		31st December 2025	30th September 2025	31st December 2025
1	Credit risk for non-securitization exposures	455,715	455,194	36,457
2	Of which STC approach	455,715	455,194	36,457
2a	Of which BSC approach	—	—	—
3	Of which foundation IRB approach	—	—	—
4	Of which supervisory slotting criteria approach	—	—	—
5	Of which advanced IRB approach	—	—	—
5a	Of which retail IRB approach	—	—	—
5b	Of which specific risk-weight approach	—	—	—
6	Counterparty credit risk and default fund contributions	5,739	5,143	459
7	Of which SA-CCR approach	64	—	5
7a	Of which CEM	—	—	—
8	Of which IMM(CCR) approach	—	—	—
9	Of which others	5,675	5,143	454
10	CVA risk	64	—	5
11	Equity positions in banking book under the simple risk-weight method and internal models method	N/A	N/A	N/A
12	Collective investment scheme ("CIS") exposures – look-through approach / third-party approach	—	—	—
13	CIS exposures – mandate-based approach	—	—	—
14	CIS exposures – fall-back approach	—	—	—
14a	CIS exposures – combination of approaches	—	—	—
15	Settlement risk	—	—	—
16	Securitization exposures in banking book	—	—	—
17	Of which SEC-IRBA	—	—	—
18	Of which SEC-ERBA (including IAA)	—	—	—
19	Of which SEC-SA	—	—	—
19a	Of which SEC-FBA	—	—	—
20	Market risk	17,002	16,067	1,360
21	Of which STM approach	17,002	16,067	1,360
22	Of which IMA	—	—	—
22a	Of which SSTM approach	—	—	—
23	Capital charge for moving exposures between trading book and banking book	—	—	—

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3 Overview of RWA (continued)

		RWA		Minimum capital requirements
		31st December 2025	30th September 2025	31st December 2025
24	Operational risk	1,634,672	1,624,027	130,774
24a	Sovereign concentration risk	—	—	—
25	Amounts below the thresholds for deduction (subject to 250% RW)	—	—	—
26	Output floor level applied	Not applicable	Not applicable	
27	Floor adjustment (before application of transitional cap)	Not applicable	Not applicable	
28	Floor adjustment (after application of transitional cap)	N/A	N/A	N/A
28a	Deduction to RWA	—	—	—
28b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	—	—	—
28c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	—	—	—
29	Total	2,113,192	2,100,431	169,055

N/A: Not applicable in the case of Hong Kong

Standardized approach is used for the calculation of risk-weighted assets for credit risk, market risk and operational risk. Risk-weighted assets for CVA risk is calculated as 100% of the risk-weighted amount for counterparty credit risk as aggregate notional amount of non-centrally cleared derivatives is less than HKD 1 trillion on a permanent basis.

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4 Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories as required by section 16D of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				
			subject to credit risk framework	subject to counterparty credit risk framework	subject to the securitization framework	subject to market risk framework	not subject to capital requirements or subject to deduction from capital
Assets							
Balances with banks	1,486,161	1,486,161	1,486,161	—	—	—	—
Financial assets at fair value through profit or loss	7,153	7,153	—	—	—	7,153	—
Deferred tax assets	18,982	18,982	—	—	—	—	18,982
Other assets	346,126	346,126	233,108	79	—	26	112,913
Securities purchased under agreements to resell	730,000	730,000	—	730,000	—	—	—
Fixed assets	3	3	3	—	—	—	—
Total assets	2,588,425	2,588,425	1,719,272	730,079	—	7,179	131,895
Liabilities							
Balances from banks	103,043	103,043	—	—	—	—	103,043
Other liabilities	505,732	505,732	—	—	—	—	505,732
Taxation payable	22,350	22,350	—	—	—	—	22,350
Total liabilities	631,125	631,125	—	—	—	—	631,125

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5 Main sources of differences between regulatory exposure amounts and carrying values in financial statements

Main sources of differences between regulatory exposure amounts and carrying values in financial statements as required by section 16E of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

	Total	Items subject to:			
		credit risk framework	securitization framework	counterparty credit risk framework	market risk framework
1 Asset carrying value amount under scope of regulatory consolidation	2,456,530	1,719,272	—	730,079	7,179
2 Liabilities carrying value amount under regulatory scope of consolidation	—	—	—	—	—
3 Total net amount under regulatory scope of consolidation	2,456,530	1,719,272	—	730,079	7,179
4 Default Risk Exposures	322	—	—	322	
5 <i>Differences due to non-positive current exposure</i>	(274)	(274)	—	—	
6 <i>Differences due to consideration of provisions</i>	2,889	2,889	—	—	
7 <i>Differences due to foreign exchange translation differences on share capital and reserves</i>	—	—	—	—	
8 Exposure amounts considered for regulatory purposes	2,459,467	1,721,887	—	730,401	

Explanations of differences between accounting and regulatory exposure amounts

The key differences between accounting carrying amounts and regulatory exposure amounts are:

- i. Default risk exposures: Derivative regulatory exposures include potential future exposure and replacement cost ;
- ii. The carrying values of assets in financial statement are net of provisions. From regulatory perspective, non-defaulted exposure are reported in gross value.

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6 Prudent valuation adjustments

Prudent valuation adjustments as required by section 16FA of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

		Equity	Interest rates	FX	Credit	Commodities	Total	Of which: In the trading book	Of which: In the banking book
1	Close-out uncertainty, of which:	—	—	—	—	—	—	—	—
2	<i>Mid-market value</i>	—	—	—	—	—	—	—	—
3	<i>Close-out costs</i>	—	—	—	—	—	—	—	—
4	<i>Concentration</i>	—	—	—	—	—	—	—	—
5	Early termination	—	—	—	—	—	—	—	—
6	Model risk	—	—	—	—	—	—	—	—
7	Operational risks	—	—	—	—	—	—	—	—
8	Investing and funding costs	—	—	—	—	—	—	—	—
9	Unearned credit spreads	—	—	—	—	—	—	—	—
10	Future administrative costs	—	—	—	—	—	—	—	—
11	Other adjustments	—	—	—	—	—	—	—	—
12	Total adjustments	—	—	—	—	—	—	—	—

As of 31st December 2025, no additional prudent valuation adjustment is deemed required as the Firm's valuation policy is materially consistent with prudential valuation requirements.

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7 Composition of regulatory capital

Composition of regulatory capital disclosures as required by section 16FB of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	527,000	[a]
2	Retained earnings	1,360,581	[b]
3	Disclosed reserves	69,719	[c]
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	—	
6	CET1 capital before regulatory adjustments	1,957,300	
CET1 capital: regulatory deductions			
7	Valuation adjustments	—	
8	Goodwill (net of associated deferred tax liabilities)	—	
9	Other intangible assets (net of associated deferred tax liabilities)	—	
10	Deferred tax assets (net of associated deferred tax liabilities)	18,982	[d]
11	Cash flow hedge reserve	—	
12	Excess of total EL amount over total eligible provisions under the IRB approach	—	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	—	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	—	
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	—	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	—	
17	Reciprocal cross-holdings in CET1 capital instruments	—	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	—	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	—	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable

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7 Composition of regulatory capital (continued)

		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
26	National specific regulatory adjustments applied to CET1 capital	—	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	—	
26b	Regulatory reserve for general banking risks	—	
26c	Securitization exposures specified in a notice given by the MA	—	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	—	
26e	Capital shortfall of regulated non-bank subsidiaries	—	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	—	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	—	
28	Total regulatory deductions to CET1 capital	18,982	
29	CET1 capital	1,938,318	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	—	
31	of which: classified as equity under applicable accounting standards	—	
32	of which: classified as liabilities under applicable accounting standards	—	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	—	
36	AT1 capital before regulatory deductions	—	
	AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments	—	
38	Reciprocal cross-holdings in AT1 capital instruments	—	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	—	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	—	
41	National specific regulatory adjustments applied to AT1 capital	—	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	—	
43	Total regulatory deductions to AT1 capital	—	
44	AT1 capital	—	
45	Tier 1 capital (T1 = CET1 + AT1)	1,938,318	

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7 Composition of regulatory capital (continued)

		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Tier 2 capital: instruments and provisions			
46	Qualifying Tier 2 capital instruments plus any related share premium	—	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	—	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	—	
51	Tier 2 capital before regulatory deductions	—	
Tier 2 capital: regulatory deductions			
52	Investments in own Tier 2 capital instruments	—	
53	Reciprocal cross-holdings in Tier 2 capital instruments	—	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	—	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	—	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	—	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	—	
56	National specific regulatory adjustments applied to Tier 2 capital	—	
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	—	
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within BCR §48(1)(g)	—	
57	Total regulatory adjustments to Tier 2 capital	—	
58	Tier 2 capital (T2)	—	
59	Total regulatory capital (TC = T1 + T2)	1,938,318	
60	Total RWA	2,113,192	
Capital ratios (as a percentage of RWA)			
61	CET1 capital ratio	91.6 %	
62	Tier 1 capital ratio	91.6 %	
63	Total capital ratio	91.6 %	

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7 Composition of regulatory capital (continued)

		Amount	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	2.583 %	
65	of which: capital conservation buffer requirement	2.500 %	
66	of which: bank specific countercyclical capital buffer requirement	0.083 %	
67	of which: higher loss absorbency requirement	N/A	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	83.6 %	
	National minima (if different from Basel 3 minimum)		
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
	Amounts below the thresholds for deduction (before risk weighting)		
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	—	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	—	
74	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
	Applicable caps on the inclusion of provisions in Tier 2 capital		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	—	
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	—	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	—	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	—	

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7 Composition of regulatory capital (continued)

Notes to the template:

Elements where a more conservative definition has been applied in the BCR relative to that set out in Basel III capital standards:

	Description	Hong Kong basis	Basel III basis
10	Deferred tax assets (net of associated deferred tax liabilities)	18,982	—
	<u>Explanation</u> As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.		

Remarks:

The amount of the 10% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.

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8 Reconciliation of regulatory capital to balance sheet

Reconciliation of regulatory capital to balance sheet as required by section 16FC of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at 31st December 2025 US\$'000	As at 31st December 2025 US\$'000	
ASSETS			
Balances with banks	1,486,161	1,486,161	
Financial assets at fair value through profit or loss	7,153	7,153	
Deferred tax assets	18,982	18,982	[d]
Other assets	346,126	346,126	
Securities purchased under agreements to resell	730,000	730,000	
Fixed assets	3	3	
Total assets	<u>2,588,425</u>	<u>2,588,425</u>	
EQUITY			
Share capital	527,000	527,000	[a]
Reserves	1,430,300	1,430,300	
<i>of which: retained earnings</i>		1,360,581	[b]
<i>disclosed reserves</i>		69,719	[c]
Total equity	<u>1,957,300</u>	<u>1,957,300</u>	
LIABILITIES			
Balances from banks	103,043	103,043	
Other liabilities	505,732	505,732	
Taxation payable	22,350	22,350	
Total liabilities	<u>631,125</u>	<u>631,125</u>	
Total equity and liabilities	<u>2,588,425</u>	<u>2,588,425</u>	

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9 Main features of regulatory capital instruments

Main features of regulatory capital instruments as required by section 16FE of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated). The full terms and conditions of the capital instruments can be found in the website:

<https://www.jpmorgan.com/content/dam/jpm/global/disclosures/hk/common-equity-tier1-capital.pdf>

		Share capital
1	Issuer	J.P. Morgan Securities (Asia Pacific) Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	NA
3	Governing law(s) of the instrument	Hong Kong Law
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules	NA
5	Basel III rules	Common Equity Tier 1 capital
6	Eligible at solo / group / solo and group	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (as of most recent reporting date)	US\$527,000
9	Par value of instrument	NA
10	Accounting classification	Shareholders' equity
11	Original date of issuance	Shares were issued in the following years: 1987, 2001, 2002, 2008, 2017
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend / coupon	Floating
18	Coupon rate and any related index	NA
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step-up or other incentive to redeem	No
22	Non-cumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	No
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	NA
36	Non-compliant transitioned features	NA
37	If yes, specify non-compliant features	NA

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

10 Geographical distribution of credit exposures used in countercyclical capital buffer (“CCyB”)

Geographical distribution of credit exposures used in countercyclical capital buffer as required by section 16FG of the Banking (Disclosure) Rules (expressed in US\$’000 unless otherwise stated).

		As at 31st December 2025			
	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect (%)	RWA used in computation of CcyB ratio	AI-specific CCyB ratio (%)	CCyB amount
1	Hong Kong SAR	0.5 %	9,477		
2	Australia	1 %	4,139		
3	Germany	0.75 %	—		
4	United Kingdom	2 %	55		
5	Sum		13,671		
6	Total		107,989	0.083 %	1,754

11 Summary comparison of accounting assets against leverage ratio (“LR”) exposure measure

Summary comparison of accounting assets against leverage ratio (“LR”) exposure measure as required by section 16FH of the Banking (Disclosure) Rules (expressed in US\$’000 unless otherwise stated).

	Item	Value under the LR framework
1	Total consolidated assets as per published financial statements	2,588,425
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	—
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	—
4	Adjustments for temporary exemption of central bank reserves	Not applicable
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	—
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	—
7	Adjustments for eligible cash pooling transactions	—
8	Adjustments for derivative contracts	338
9	Adjustment for SFTs (i.e. repos and similar secured lending)	—
10	Adjustment for off-balance sheet (“OBS”) items (i.e. conversion to credit equivalent amounts of OBS exposures)	—
11	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from LR exposure measure	—
12	Other adjustments	(18,982)
13	Leverage ratio exposure measure	2,569,781

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12 Leverage ratio (“LR”)

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

		31st December 2025	30th September 2025
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivative contracts and SFTs, but including related on-balance sheet collateral)	1,858,346	1,843,480
2	Gross-up for derivative contracts collateral provided where deducted from balance sheet assets pursuant to the applicable accounting standard	—	—
3	Less: Deductions of receivables assets for cash variation margin provided under derivative contracts	—	—
4	Less: Adjustment for securities received under SFTs that are recognised as an asset	—	—
5	Less: Specific and collective provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital	—	—
6	Less: Asset amounts deducted in determining Tier 1 capital	(18,982)	(16,658)
7	Total on-balance sheet exposures (excluding derivative contracts and SFTs) (sum of rows 1 to 6)	1,839,364	1,826,822
Exposures arising from derivative contracts			
8	Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting)	—	—
9	Add-on amounts for PFE associated with all derivative contracts	338	—
10	Less: Exempted CCP leg of client-cleared trade exposures	—	—
11	Adjusted effective notional amount of written credit-related derivative contracts	—	—
12	Less: Permitted reductions in effective notional amount and permitted deductions from add-on amounts for PFE of written credit-related derivative contracts	—	—
13	Total exposures arising from derivative contracts (sum of rows 8 to 12)	338	—
Exposures arising from SFTs			
14	Gross amount of SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	730,079	730,088
15	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	—	—
16	CCR exposure for SFT assets	—	—
17	Agent transaction exposures	—	—
18	Total exposures arising from SFTs (sum of rows 14 to 17)	730,079	730,088
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	—	—
20	Less: Adjustments for conversion to credit equivalent amounts	—	—
21	Less: Specific and collective provisions associated with off-balance sheet exposures that are deducted from Tier 1 capital	—	—
22	Off-balance sheet items (sum of rows 19 to 21)	—	—
Capital and total exposures			
23	Tier 1 capital	1,938,318	1,959,245
24	Total exposures (sum of rows 7, 13, 18 and 22)	2,569,781	2,556,910

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12 Leverage ratio (“LR”) (continued)

		31st December 2025	30th September 2025
Leverage ratio			
25 & 25a	Leverage ratio	75.3 %	76.6 %
26	Minimum leverage ratio requirement	3.0 %	3.0 %
27	Applicable leverage buffers	Not applicable	Not applicable
Disclosure of mean values			
28	Mean value of gross assets of SFTs, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	729,579	733,967
29	Quarter-end value of gross amount of SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	730,079	730,088
30 & 30a	Total exposures based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)	2,569,281	2,560,789
31 & 31a	Leverage ratio based on mean values from row 28 of gross assets of SFTs (after adjustment for sale accounting transactions and netted amounts of associated cash payables and cash receivables)	75.4 %	76.5 %

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

13 Liquidity risk management

Liquidity risk is the risk that the Firm will be unable to meet its contractual and contingent obligations as they arise or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its asset and liabilities.

Liquidity Risk Management

The Firm has a Liquidity Risk Management ("LRM") function whose primary objective is to provide independent oversight of liquidity risk across the Firm. The International Asset and Liability Management ("IALM") Risk group within LRM is responsible for providing independent liquidity risk oversight to the Firm's legal entities in APAC.

LRM and IALM Risk are responsible for the independent assessment, measurement, monitoring, and control of liquidity risk across the Firm and its legal entities respectively. LRM/ IALM Risk's responsibilities include, but are not limited to:

- Defining, monitoring and reporting liquidity risk metrics;
- Independently establishing and monitoring limits and indicators, including liquidity risk appetite;
- Developing a process to classify, monitor and report limit breaches;
- Performing independent review of liquidity risk management processes to evaluate their adequacy and effectiveness based on LRM's Independent Review Framework;
- Monitoring and reporting internal firmwide and legal entity stress tests and regulatory defined metrics, as well as liquidity positions, balance sheet variances, and funding activities;
- Approving or escalating for review new or updated liquidity stress assumptions.

Risk Governance and Measurement

Specific committees responsible for liquidity governance include firmwide ALCO as well as LOB and regional ALCOs, and the Chief Investment Office, Treasury and Corporate Risk Committee ("CTC RC"). In addition, the JPMSAPL Risk Committee reviews and recommends to the BOD, for formal approval, the Firm's liquidity risk tolerances, liquidity strategy and liquidity policy at least annually.

The BODs of JPMSAPL has delegated oversight of liquidity risk to HK RALCO. Liquidity risk Management is governed by HK RALCO, co-chaired by the CRO and SFO.

As governed by the HK RALCO Terms of Reference, where required, matters will be escalated from HK RALCO to JPMSAPL Risk Committee, BOD, Asia Pacific Risk Committee ("APRC"), or Asia Pacific Capital and Liquidity Committee ("APCALC").

Internal Stress Testing

Liquidity stress tests are intended to ensure sufficient liquidity for JPMSAPL under a variety of adverse scenarios. Results of stress tests are therefore considered in the formulation of JPMSAPL's funding plan assessment of its liquidity position. Liquidity outflow assumptions are modelled across a range of time horizons and contemplate both market and idiosyncratic stress. Standard stress tests are performed on a regular basis and ad hoc stress tests are performed in response to specific market events or concerns.

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13 Liquidity risk management (continued)

Liquidity stress tests assume JPMSAPL's contractual obligations are met and then take into consideration:

- Varying levels of access to unsecured and secured funding markets,
- Estimated non-contractual and contingent outflows, and
- Potential impediments to the availability and transferability of liquidity between jurisdictions and legal entities such as regulatory, legal, or other restrictions.

Contingency Funding Plan ("CFP")

The Firm's CFP sets out the strategies for addressing and managing liquidity resource needs during a liquidity stress event and incorporates liquidity risk limits, indicators and risk appetite tolerances that make up Liquidity Escalation Points. The CFP also identifies the alternative contingent funding and liquidity resources available to the Firm and its legal entities (including JPMSAPL) in a period of stress. JPMSAPL is an integral part of the firmwide CFP framework.

Treasury and Chief Investment Office ("TCIO") maintains a legal entity addendum to the firmwide CFP, which is reviewed and approved by the HK RALCO and the JPMSAPL BOD, at least annually.

Liquidity Management

The primary objectives of the Firm's liquidity management are to:

- Ensure that the Firm's core businesses and material legal entities are able to operate in support of client needs and meet contractual and contingent financial obligations through normal economic cycles as well as during stress events, and
- Manage an optimal funding mix and availability of liquidity sources.

In the context of the Firm's liquidity management, TCIO is responsible for:

- Analyzing and understanding the liquidity characteristics of the assets and liabilities of the Firm, LOBs and legal entities, taking into account legal, regulatory, and operational restrictions;
- Developing internal liquidity stress testing assumptions;
- Defining and monitoring Firmwide and legal entity-specific liquidity strategies, policies, reporting and contingency funding plans;
- Managing liquidity within the Firm's approved liquidity risk appetite tolerances and limits;
- Managing compliance with regulatory requirements related to funding and liquidity risk; and
- Setting transfer pricing in accordance with underlying liquidity characteristics of balance sheet assets and liabilities as well as certain off-balance sheet items.

As part of the Firm's overall liquidity management strategy, the Firm manages liquidity and funding using a centralized, global approach in order to:

- Optimize liquidity sources and uses;
- Monitor exposures;
- Identify constraints on the transfer of liquidity between the Firm's legal entities; and
- Maintain the appropriate amount of surplus liquidity at a firmwide and legal entity level, where relevant.

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13 Liquidity risk management (continued)

Liquidity ratio

31st December
2025

Average Liquidity Maintenance Ratio 254.05 %

The average LMR as of 31st December 2025 is calculated as the simple average of each calendar month's average LMR for the relevant period computed in accordance with the Banking (Liquidity) Rules.

Liquidity exposures and balance sheet items, broken down into maturity buckets are disclosed in note 24 "Undiscounted cash flows by contractual maturities" in the Company's Financial Statements.

14 General information about credit risk

Credit Risk Organization and management framework

Credit Risk Management monitors and measures credit risk throughout the J.P. Morgan group and defines credit risk policies and procedures.

The Firm's credit risk management governance includes the following activities:

- Maintaining a credit risk policy framework;
- Monitoring and measuring credit risk across all portfolio segments, including transaction and exposure approval;
- Setting industry and geographic concentration limits as appropriate, and setting guidelines for credit review and analysis;
- Assigning and managing credit approval authorities in connection with the approval of credit exposure;
- Monitoring and independent assessment of criticised exposures and delinquent loans; and
- Estimating credit losses and supporting appropriate credit risk-based capital management.

The Credit Risk function is overseen in Hong Kong by the Credit Risk Officer for Greater China, who reports to the Head of Greater China Credit Risk and ultimately to the APAC Head of Credit Risk.

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14 General information about credit risk (continued)

Risk monitoring

The Firm has developed policies and practices that are designed to preserve the independence and integrity of the approval and decision-making process for extending credit so that credit risks are assessed accurately, approved properly, monitored regularly and actively at both the transaction and portfolio levels. The policy framework establishes credit approval authorities, concentration limits, risk-rating methodologies, portfolio review parameters and guidelines for the oversight of distressed exposures. In addition, certain models, assumptions and inputs used in evaluating and monitoring credit risk are independently validated by groups that are separate from the LOBs.

Stress Testing

Stress testing is important in measuring credit risk in the Firm's credit portfolio. The stress testing process assesses the potential impact of alternative economic and business scenarios on estimated credit losses for the Firm. Economic scenarios and the underlying parameters are defined centrally, articulated in terms of macroeconomic factors, and applied across the businesses. The stress test results may indicate credit migration, changes in delinquency trends and potential losses in the credit portfolio. In addition to the periodic stress testing processes, management also considers additional stresses outside these scenarios, including industry and country-specific stress scenarios, as appropriate. The Firm uses stress testing to inform decisions on setting risk appetite both at a Firm and LOB level, as well as to assess the impact of stress on individual counterparties.

Risk reporting

To enable monitoring of credit risk and effective decision-making, aggregate credit exposure, credit quality forecasts, concentration levels and risk profile changes are reported regularly to senior members of Credit Risk Management. Detailed portfolio reporting of industry, clients, counterparties and customers, product and geography are prepared and reviewed by senior management at least on a quarterly basis. Through the risk reporting and governance structure, credit risk trends and limit exceptions are provided regularly to, and discussed with, risk committees, senior management and the BODs.

The firmwide approach to concentration risk and settlement risk oversight is summarized below.

Concentration risk - Concentrations of credit risk arise when a number of clients, counterparties or customers are engaged in similar business activities or activities in the same geographic region, or when they have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic conditions. The Firm regularly monitors various segments of its credit portfolios to assess potential credit risk concentrations and to obtain additional collateral when deemed necessary and permitted under the Firm's agreements. Senior management is involved in the credit approval and review process, and risk levels are adjusted as needed to reflect the Firm's risk appetite. Credit risk concentrations are evaluated primarily by industry and monitored regularly on both an aggregate portfolio level and on an individual client or counterparty basis.

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

14 General information about credit risk (continued)

Credit Family Thresholds - Large concentrations of credit exposure to a credit family can subject the Firm to the risk of credit losses. The Wholesale Credit Family Thresholds Standard (Standard) sets minimum requirements for establishing, assessing, reporting, and escalating wholesale credit family concentration across the Firm. Credit Family Exposure that exceeds the Firmwide Threshold levels will result in an over threshold situation and will require action in accordance with the governance set forth in this Standard. The primary responsibility for over threshold management rests with the LOB that owns the credit family relationship including families where exposure is spread across multiple LOBs. Credit Family Threshold exposures that are over the Firmwide Threshold are reported monthly by Wholesale Credit Risk Reporting and distributed to Credit Risk Management. The report covers details on credit families that are over-threshold, as well as Name Specific Thresholds that have been established during the month. In addition to this Monthly Report, Wholesale Credit Risk Reporting is responsible for sharing the over threshold credit family list with Credit Portfolio Group ("CPG"). CPG actively monitors and manages exposure to families that are over threshold via secondary market activities.

Portfolio level credit risk - Credit Risk Portfolio limits and thresholds are used to manage the Firm's concentration of credit exposures that can subject the firm to the risk of credit losses. The portfolio limits and thresholds are governed under the Wholesale Credit Portfolio Limits and Threshold Standard that sets out the minimum requirements for establishing, reporting and assessing credit risk limits and thresholds at portfolio level. Wholesale Credit Risk or LOB Credit Risk are responsible for establishing, defining criteria, monitoring, and reviewing credit risk limits and thresholds, including validating the limit breaches and thresholds and providing the commentary for valid breaches in accordance with the Standard. Credit risk limits and thresholds are reviewed on an annual basis by the limit owners. Presently there are no legal entity specific portfolio thresholds or limits applicable to JPMSAPL.

JPMSAPL specific risk management

JPMSAPL Large Exposures and Risk Concentrations - At a local level, JPMSAPL monitors large exposures on a stand-alone basis in accordance with the Banking (Exposure Limits) Rules ("BELR") and the HKMA Supervisory Policy Manual ("SPM") CR-G-8 Large Exposures and Risk Concentrations and Exposures to Connected Parties (CR-G-9). The purpose of the large exposure regime is to ensure that JPMSAPL manages its exposure to connected and third-party counterparties within appropriate limits set in relation to its capital resources.

Settlement Risk and Delivery Risk - JPMSAPL engages in equity brokerage and is a client facing entity. It is a market-maker for Hong Kong Government Bills and Notes. JPMSAPL also places funds with, and borrows funds from, JPMorgan Chase Bank, N.A. ("JPMCB") and other banks.

The majority of securities trades are settled via recognized clearing houses and exchanges, within standard settlement periods, on a Delivery versus Payment ("DVP") basis.

Products not settled on Delivery After Payment ("DAP"), DVP or Payment vs. Payment ("PvP") terms require settlement exposure to be quantified, monitored and controlled. Settlement risk is calculated using the Duration Based Settlement Risk ("DBSE") metric.

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15 Credit quality of exposures

Credit quality of exposures as required by section 16H of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

		Gross carrying amounts of		Allowances / impairments	Of which ECL accounting provisions for credit losses on STC approach exposures		Of which ECL accounting provisions for credit losses on IRB approach exposures	Net values
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provisions	Allocated in regulatory category of collective provisions		
1	Loan	—	—	—	—	—	—	—
2	Debt Securities	—	6,356	—	—	—	—	6,356
3	Off-balance sheet exposures	—	—	—	—	—	—	—
4	Total	—	6,356	—	—	—	—	6,356

The meaning of "defaulted exposures" is defined in section 51(1) of the Banking (Capital) Rules.

16 Changes in defaulted loans and debt securities

Changes in defaulted loans and debt securities as required by section 16I of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

	Amount
1 Defaulted loans and debt securities at end of the previous reporting period	—
2 Loans and debt securities that have defaulted since the last reporting period	—
3 Returned to non-defaulted status	—
4 Amounts written off	—
5 Other changes	—
6 Defaulted loans and debt securities at end of the current reporting period	—

17 Additional disclosure related to credit quality of exposures

The Company classifies the debt securities as fair value through profit or loss ("FVTPL") in accordance to applicable accounting standards and the Company's accounting policies.

Financial assets measured at FVTPL is measured at fair market value. The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and option pricing models, and other valuation techniques commonly used by market participants. Financial assets measured at FVTPL does not have past due or impaired exposure.

For determining impairments, the Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

17 Additional disclosure related to credit quality of exposures (continued)

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

Restructured exposure means the original terms of repayment of the exposure have been revised because of the inability of the obligor to meet the original repayment terms. It does not include an exposure where the exposure has subsequently been serviced by the obligor in accordance with the revised repayment terms continuously for (i) in the case of an exposure with monthly payments (including both interest and principal), a period of not less than 6 months; or (ii) in any other case, a period of not less than 12 months.

There were no exposures which are past due for more than 90 days but are not impaired.

There were no impaired exposures, accounting past due exposures and restructured exposures as at 31st December 2025.

a. Breakdown by geographical areas

	In US\$'000 Amount
Hong Kong	1,762
Asia Pacific excluding Hong Kong	4,594
Total	6,356

b. Breakdown by industry

	In US\$'000 Amount
Government	6,356
Financial institutions	—
Corporates	—
Total	6,356

c. Breakdown by residual maturity

	In US\$'000 Amount
Up to 3 months	97
Over 3 months - 1 year	3,803
Over 1 year - 5 years	2,456
Over 5 years	—
Total	6,356

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

18 Qualitative disclosures related to credit risk mitigation

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Company has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

Management of the Firm's wholesale credit risk exposure is accomplished through a number of means, including collateral and other risk-reduction techniques. There was no credit risk mitigation used by the Company.

19 Overview of recognized credit risk mitigation

Overview of recognized credit risk mitigation as required by section 16L of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

		Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by recognized collateral	Exposures secured by recognized guarantees	Exposures secured by recognized credit derivative contracts
1	Loans	—	—	—	—	—
2	Debt securities	6,356	—	—	—	—
3	Total	6,356	—	—	—	—
4	Of which defaulted	—	—	—	—	—

20 Qualitative disclosures on use of ECAI ratings under STC approach

Standard & Poor's Ratings Services, Moody's Investors Service and Fitch Ratings are the external credit assessment institutions ("ECAIs") that the Company has used to determine the risk weights of the exposures from banks, securities firms and other corporates.

The process it used to map ECAI issuer ratings to exposures booked in its banking book is a process as prescribed in Part 4 of the Banking (Capital) Rules.

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

21 Credit risk exposures and effects of recognized credit risk mitigation - for STC approach

Credit risk exposures and effects of recognized credit risk mitigation - for STC approach as required by section 16N of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

	Exposure classes	Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereign exposures	—	—	—	701,704	—	—
2	Public sector entity exposures	—	—	—	—	—	—
3	Multilateral development bank exposures	—	—	—	—	—	—
3a	Unspecified multilateral body exposures	—	—	—	—	—	—
4	Bank exposures	1,574,374	322	1,574,374	322	323,656	20.6 %
4a	Qualifying non-bank financial institution exposures	9,098	—	9,098	—	4,549	50.0 %
5	Eligible covered bond exposures	—	—	—	—	—	—
6	General corporate exposures	108,300	730,079	108,300	28,375	97,395	71.3 %
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	51,294	730,079	51,294	28,375	40,488	50.8 %
6b	Specialized lending	—	—	—	—	—	—
7	Equity exposures	—	—	—	—	—	—
7a	Significant capital investments in commercial entities	—	—	—	—	—	—
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	—	—	—	—	—	—
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	—	—	—	—	—	—
8	Retail exposures	—	—	—	—	—	—
8a	Exposures arising from IPO financing	—	—	—	—	—	—

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**21 Credit risk exposures and effects of recognized credit risk mitigation - for STC approach
(continued)**

	Exposure classes	Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
9	Real estate exposures	—	—	—	—	—	—
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	—	—	—	—	—	—
9b	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	—	—	—	—	—	—
9c	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	—	—	—	—	—	—
9d	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)	—	—	—	—	—	—
9e	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	—	—	—	—	—	—
9f	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)	—	—	—	—	—	—
9g	Of which: land acquisition, development and construction exposures	—	—	—	—	—	—
10	Defaulted exposures	—	—	—	—	—	—
11	Other exposures	30,115	—	30,115	—	30,115	100.0 %
11a	Cash and gold	—	—	—	—	—	—
11b	Items in the process of clearing or settlement	—	—	—	—	—	—
12	Total	1,721,887	730,401	1,721,887	730,401	455,715	18.6 %

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22 Credit risk exposures by exposure classes and by risk weights - for STC approach

Credit risk exposures by exposure classes and by risk weights - for STC approach as required by section 16O of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

1		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)		
	Sovereign exposures	701,704	—	—	—	—	—	701,704		
2		0%	20%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)		
	Public sector entity exposures	—	—	—	—	—	—	—		
3		0%	20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)	
	Multilateral development bank exposures	—		—	—	—	—	—		
3a		20%	30%	50%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)		
	Unspecified multilateral body exposures	—	—	—	—	—	—	—		
4		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
	Bank exposures	1,567,825	—	—	151	—	—	6,720	—	1,574,696
4a		20%	30%	40%	50%	75%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
	Qualifying non-bank financial institution exposures	—	—	—	9,098	—	—	—	—	9,098

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22 Credit risk exposures by exposure classes and by risk weights - for STC approach (continued)

		10%	15%	20%	25%	35%	50%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
5	Eligible covered bond exposures	—	—	—	—	—	—	—	—	—

		20%	30%	50%	65%	75%	85%	100%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
6	General corporate exposures	35,664	—	10,148		—	—	90,863	—	—	136,675
6a	Of which: non-bank financial institution exposures excluding those reported under row 4a	35,664	—	9,949		—	—	34,056	—	—	79,669

		20%	50%	75%	80%	100%	130%	150%	Other	Total credit exposure amount (post-CCF and post-CRM)
6b	Specialized lending	—	—	—	—	—	—	—	—	—

		100%	250%	400%	Other	Total credit exposure amount (post-CCF and post-CRM)
7	Equity exposures		—	—	—	—

		250%	400%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
7a	Significant capital investments in commercial entities	—	—	—	—	—

		150%	250%	400%	Other	Total credit exposure amount (post-CCF and post-CRM)
7b	Holdings of capital instruments issued by, and non-capital LAC liabilities of, financial sector entities	—	—	—	—	—

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22 Credit risk exposures by exposure classes and by risk weights - for STC approach (continued)

		150%	Other	Total credit exposure amount (post-CCF and post-CRM)
7c	Subordinated debts issued by banks, qualifying non-bank financial institutions and corporates	—	—	—

		45%	75%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
8	Retail exposures	—	—	—	—	—

		0%	Other	Total credit exposure amount (post-CCF and post-CRM)
8a	Exposures arising from IPO financing	—	—	—

		0 %	20 %	25 %	30 %	35 %	40 %	45 %	50 %	60 %	65 %	70 %	75 %	85 %	90 %	100 %	105 %	110 %	150 %	Other	Total credit exposure amount (post-CCF and post-CRM)
9	Real estate exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9a	Of which: regulatory residential real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9b	Of which: no loan splitting applied	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9c	Of which: loan splitting applied (secured)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9d	Of which: loan splitting applied (unsecured)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9e	Of which: regulatory residential real estate exposures (materially dependent on cash flows generated by mortgaged properties)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

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

22 Credit risk exposures by exposure classes and by risk weights - for STC approach (continued)

		0 %	20 %	25 %	30 %	35 %	40 %	45 %	50 %	60 %	65 %	70 %	75 %	85 %	90 %	100 %	105 %	110 %	150 %	Other	Total credit exposure amount (post-CCF and post-CRM)		
9f	Of which: regulatory commercial real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	—	—		—		—		—				—	—		—				—	—	—	
9g	Of which: no loan splitting applied	—	—		—		—		—				—	—		—				—	—	—	
9h	Of which: loan splitting applied (secured)																						
9i	Of which: loan splitting applied (unsecured)																						
9j	Of which: regulatory commercial real estate exposures (materially dependent on cash flows generated by mortgaged properties)											—			—				—			—	
9k	Of which: other real estate exposures (not materially dependent on cash flows generated by mortgaged properties)	—	—		—		—		—				—	—		—				—	—	—	
9l	Of which: no loan splitting applied	—	—		—		—		—				—	—		—				—	—	—	
9m	Of which: loan splitting applied (secured)																						
9n	Of which: loan splitting applied (unsecured)																						
9o	Of which: other real estate exposures (materially dependent on cash flows generated by mortgaged properties)																				—	—	—
9p	Of which: land acquisition, development and construction exposures															—				—	—	—	

		50%			100%			150%			Other			Total credit exposure amount (post-CCF and post-CRM)	
10	Defaulted exposures							—					—	—	—

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

22 Credit risk exposures by exposure classes and by risk weights - for STC approach (continued)

		100%	1250%	Other	Total credit exposure amount (post-CCF and post-CRM)
11	Other exposures	30,115	—	—	30,115

		0%	100%	Other	Total credit exposure amount (post-CCF and post-CRM)
11a	Cash and gold	—	—	—	—

		0%	20%	Other	Total credit exposure amount (post-CCF and post-CRM)
11b	Items in the process of clearing or settlement	—	—	—	—

The table below shows exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures.

	Risk Weight	On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF*	Exposure (post-CCF and post-CRM)
1	Less than 40%	1,574,792	730,401	100%	2,305,193
2	40-70%	19,397	—	—	19,397
3	75%	—	—	—	—
4	85%	—	—	—	—
5	90-100%	120,978	—	—	120,978
6	105-130%	—	—	—	—
7	150%	6,720	—	—	6,720
8	250%	—	—	—	—
9	400%	—	—	—	—
10	1250%	—	—	—	—
11	Total exposures	1,721,887	730,401	100%	2,452,288

* Weighting is based on off-balance sheet exposure (pre-CCF).

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23 Qualitative disclosures related to counterparty credit risk (including those arising from clearing through CCPs)

The Company has adopted the Standardized approach for regulatory capital calculation of its counterparty credit risk ("CCR") arising from its exposure in the banking and trading book.

As previously discussed, the Firm has developed policies and practices that are designed to preserve the independence and integrity of the approval and decision-making process of extending credit to ensure credit risks are assessed accurately, approved properly, monitored regularly and managed actively at both the transaction and portfolio levels. The policy framework establishes credit approval authorities, concentration limits, risk-rating methodologies, portfolio review parameters and guidelines for management of distressed exposures. In addition, certain models, assumptions and inputs used in evaluating and monitoring credit risk are independently validated by groups that are separate from the LOBs.

As at 31st December 2025, no recognised credit derivative contract is applied as credit risk mitigation and no valid bilateral netting agreement is taken into account in the calculation of regulatory capital. The Company does not use guarantees and other forms of credit risk mitigation.

Wrong-way risk - is broadly defined as the risk that exposure to a counterparty is positively correlated with the impact of a default by the same counterparty, which could cause exposure to increase at the same time as the counterparty's capacity to meet its obligations is decreasing.

24 Analysis of counterparty credit risk exposures (other than those to CCPs) by approaches

Analysis of counterparty credit risk exposures (other than those to CCPs) by approaches as required by section 16W of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
1	SA-CCR approach (for derivative contracts)	—	230		1.4	322	64
1a	CEM (for derivative contracts)	—	—		1.4	—	—
2	IMM (CCR) approach			—	—	—	—
3	Simple approach (for SFTs)					—	—
4	Comprehensive approach (for SFTs)					730,079	5,675
5	VaR (for SFTs)					—	—
6	Total						5,739

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

25 Counterparty credit risk exposures (other than those to CCPs) by exposure classes and by risk weights - for STC approach

Counterparty credit risk exposures (other than those to CCPs) by exposure classes and by risk weights - for STC approach as required by section 16Y of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

	Risk Weight	0%	10%	20%	30%	40%	50%	75%	85%	100%	150%	Others	Total default risk exposure after CRM
	Exposure class												
1	Sovereign exposures	701,704	—	—	—	—	—	—	—	—	—	—	701,704
2	Public sector entity exposures	—	—	—	—	—	—	—	—	—	—	—	—
3	Multilateral development bank exposures	—	—	—	—	—	—	—	—	—	—	—	—
4	Unspecified multilateral body exposures	—	—	—	—	—	—	—	—	—	—	—	—
5	Bank exposures	—	—	322	—	—	—	—	—	—	—	—	322
6	Qualifying non-bank financial institution exposures	—	—	—	—	—	—	—	—	—	—	—	—
7	General corporate exposures	—	—	28,375	—	—	—	—	—	—	—	—	28,375
8	Retail exposures	—	—	—	—	—	—	—	—	—	—	—	—
9	Defaulted exposures	—	—	—	—	—	—	—	—	—	—	—	—
10	Other exposures	—	—	—	—	—	—	—	—	—	—	—	—
11	Total	701,704	—	28,697	—	—	—	—	—	—	—	—	730,401

26 Composition of collateral for counterparty credit risk exposures (including those for contracts or transactions cleared through CCPs)

Composition of collateral for counterparty credit risk exposures (including those for contracts or transactions cleared through CCPs) as required by section 16ZA of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

	Derivative contracts				SFTs	
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	—	—	—	—	—	—
Cash - other currencies	—	—	—	—	—	—
Domestic sovereign debt	—	—	—	—	—	—
Other sovereign debt	—	—	—	—	701,704	—
Government agency debt	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—
Equity securities	—	—	—	—	—	—
Other collateral	—	—	—	—	—	—
Total	—	—	—	—	701,704	—

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27 Credit-related derivatives contracts

Credit-related derivatives contracts as required by section 16ZB of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

	Protection bought	Protection sold
Notional amounts		
Single-name credit default swaps	—	—
Index credit default swaps	—	—
Total return swaps	—	—
Credit-related options	—	—
Other credit-related derivative contracts	—	—
Total notional amounts	—	—
Fair values		
Positive fair value (asset)	—	—
Negative fair value (liability)	—	—

28 Exposures to CCPs

Credit-related derivatives contracts as required by section 16ZD of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

		Exposure after CRM	RWA
1	Exposures of the AI as clearing member or clearing client to qualifying CCPs (total)		—
2	Default risk exposures to qualifying CCPs (excluding items disclosed in rows 7 to 10), of which:	—	—
3	(i) OTC derivative transactions	—	—
4	(ii) Exchange-traded derivative contracts	—	—
5	(iii) Securities financing transactions	—	—
6	(iv) Netting sets subject to valid cross-product netting agreements	—	—
7	Segregated initial margin	—	
8	Unsegregated initial margin	—	—
9	Funded default fund contributions	—	—
10	Unfunded default fund contributions	—	—
11	Exposures of the AI as clearing member or clearing client to non-qualifying CCPs (total)		—
12	Default risk exposures to non-qualifying CCPs (excluding items disclosed in rows 17 to 20), of which:	—	—
13	(i) OTC derivative transactions	—	—
14	(ii) Exchange-traded derivative contracts	—	—
15	(iii) Securities financing transactions	—	—
16	(iv) Netting sets subject to valid cross-product netting agreements	—	—
17	Segregated initial margin	—	
18	Unsegregated initial margin	—	—
19	Funded default fund contributions	—	—
20	Unfunded default fund contributions	—	—

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

29 Qualitative disclosures related to CVA risk

JPMorgan Chase's approach to Credit Valuation Adjustment ("CVA") risk is governed by a centralized risk management model, where the Credit Portfolio Group Derivatives ("CPG") acts as the central risk manager for CVA exposures arising from derivative transactions with external counterparties.

CVA risks are identified and measured using the firm's credit risk calculation engine which generates exposure profiles and calculates CVA reserves based on market data, credit spreads, and legal agreements.

Hedging policies require that CVA-related trading activities are designed to offset specific, identifiable risks, using permitted instruments such as single-name and index CDS, bonds, and vanilla derivatives across different asset classes.

The effectiveness of CVA hedges is monitored through daily sensitivity analyses (e.g., CS01, Delta, Gamma, Vega), ongoing recalibration, and regular correlation analysis between hedge trades and risk positions.

Oversight is maintained via Market Risk Management Policy and Procedures, which set market risk limits, require daily reporting, and mandate immediate remediation of limit breaches.

Product Control and Market Risk teams track P&L predictability, validate hedge effectiveness, and ensure compliance with firmwide controls, while periodic reviews and forums ensure that hedging strategies remain robust and aligned with regulatory requirements.

JPMSAPL is qualified and has chosen to set its RWA for CVA risk at 100% of its RWA for counterparty credit risk exposures as prescribed under the Banking (Capital) Rules ("BCR"), since the aggregate notional amount of non-centrally cleared derivatives is less than HKD 1 trillion on a permanent basis.

30 Securitization Exposures

The Company has no securitization exposures as at 31st December 2025.

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

31 Qualitative disclosures related to market risk

(a) Firmwide Market Risk Management

Market Risk Management Definition and Governance

Market risk is the risk associated with the effect of changes in market factors, such as interest and foreign exchange rates, equity and commodity prices, credit spreads or implied volatilities, on the value of assets and liabilities held for both the short and long term.

Market Risk Management monitors market risks throughout the Firm and defines market risk policies, procedures and frameworks. The Market Risk Management function reports to the Firm's CRO, and seeks to manage risk, facilitate efficient risk/return decisions, reduce volatility in operating performance and provide transparency into the Firm's market risk profile.

The HK RALCO is responsible for the application of this framework to JPMSAPL and delegates the responsibility to the Hong Kong Legal Entity Risk Manager ("LERM") for establishing the market risk framework to measure, monitor and control market risk leveraging information provided by the firm's risk infrastructure and relying on the accuracy and completeness of the information provided. The LERM may delegate responsibility for authorizing and controlling market risk activities to the JPMSAPL Market Risk Officer ("MRO").

Approach to Risk Management

Market Risk Measurement

There is no single measure to capture market risk and therefore the Firm uses various metrics both statistical and non-statistical to assess risk. The appropriate set of risk measures utilised for a given business activity is tailored based on business mandate, risk horizon, materiality, market volatility and other factors.

(i) Value-At-Risk ("VaR")

The Firm utilises VaR, a statistical risk measure, to estimate the potential loss from adverse market moves in the current market environment. The framework is employed across the Firm using historical simulation based on data for the previous 12 months.

VaR is calculated assuming a one-day holding period and an expected tail-loss methodology which approximates a 95% confidence level. These VaR results are reported to senior management and regulators.

(ii) Stress Testing

Along with VaR, stress testing is an important tool to assess risk. While VaR reflects the risk of loss due to adverse changes in markets using recent historical market behavior, stress testing reflects the risk of loss from hypothetical changes in the value of market risk sensitive positions applied simultaneously.

The Firm runs weekly stress tests on market-related risks across the LOB using multiple scenarios that assume significant changes in risk factors such as credit spreads, equity prices, interest rates, currency rates or commodity prices.

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

31 Qualitative disclosures related to market risk (continued)

(a) Firmwide Market Risk Management (continued)

(ii) Stress Testing (continued)

The Firm uses a number of standard scenarios that capture different risk factors across asset classes including geographical factors, specific idiosyncratic factors and extreme tail events. The stress testing framework calculates multiple magnitudes of potential stress for both market rallies and market sell-offs for each risk factor and combines them in multiple ways to capture different market scenarios. The flexibility of the stress testing framework allows risk managers to construct new, specific scenarios that can be used to form decisions about future possible stress events.

Stress testing complements VaR by allowing risk managers to shock current market prices to more extreme levels relative to those historically realized, and to stress test the relationships between market prices under extreme scenarios.

Stress-test results, trends and qualitative explanations based on current market risk positions are reported to the respective LOBs and Firm's senior management to allow them to better understand the sensitivity of positions to certain defined events and to enable them to manage their risks with more transparency. In addition, results are reported to the senior management and regulators.

Stress scenarios are defined and reviewed by Market Risk, and significant changes are reviewed by the relevant LOB Risk Committees and may be redefined on a periodic basis to reflect current market conditions.

(iii) Permitted Instruments ("PI")

Permitted Instruments are financial products that each trading desk within a business unit is authorized to transact for trading or hedging purposes. Front Office trading desks ("FO") are prohibited from trading any product that has not been authorized by Market Risk ("MR"). Each business unit must enforce its approved PIs. In the event of a PI breach, if instructed by Market Risk, the business must unwind the position. The Market Risk Control Sub-Committee reviews updates to each business unit's PI inventory, at least annually.

Risk Monitoring and Control

Market risk limits are employed as the primary control to align the Firm's market risk with certain quantitative parameters within the Firm's Risk Appetite framework.

Market Risk sets limits and regularly reviews and updates them as appropriate, with any changes approved by Firm or LOB or Company management, as appropriate, and Market Risk. Limits that have not been reviewed within a specified time period by Market Risk Management are escalated to senior management.

Limit breaches are required to be reported in a timely manner to limit approvers, which include Market Risk and senior management. In the event of a limit breach, Market Risk consults with senior management to determine the course of action required to return to Compliance, which may include a reduction in risk in order to remedy the breach or the granting a temporary increase in limits to accommodate an expected increase in client activity and/or market volatility. Certain Firm, LOB or legal entity limits that have been breached are escalated to senior management, the LOB Risk Committee, Regional Risk Committee and/or the Firmwide Risk Committee, as appropriate.

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

31 Qualitative disclosures related to market risk (continued)

(b) Legal Entity Market Risk Management: JPMSAPL

Risk Governance & Policy framework

JPMSAPL's approach to market risk governance mirrors the firmwide approach is outlined in the Market Risk Management, JPMSAPL Policy ("Policy"). The Policy outlines the following:

- Responsibilities of the Legal Entity Risk Manager ("LERM") and the Market Risk Officer ("MRO");
- Market risk measures utilized such as VaR, Stress and non-statistical measures; and
- Controls such as JPMSAPL's market risk limits framework (limit levels, limit signatories, limit reviews, limit breach reporting and limit breach escalation).

JPMSAPL's BOD approves substantive changes to the Policy annually.

Risk Appetite

Market risk limits are set in accordance with the Firm's Risk Appetite Framework.

Approach to Risk Management

Specific areas of how the broader market risk framework is applied at Legal Entity level are described below.

VaR

JPMSAPL applies the firmwide approach for Risk Management VaR as described in the Firmwide Market Risk Management section.

Stress Testing

JPMSAPL applies the firmwide stress testing approach, including applying stress scenarios assigned on account of local regulatory requirements.

JPMSAPL's market risk profile during 2025 was primarily driven by:

- 1) IR Basis Point Value ("BPV")
- 2) FX Delta
- 3) Equity Delta

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

31 Qualitative disclosures related to market risk (continued)

(b) Legal Entity Market Risk Management: JPMSAPL (continued)

Risk Monitoring and Control

Limits

LOBs and their business within LOB ("Business Areas") operating out of JPMSAPL are subject to two sets of limits, i.e. Enterprise wide market risk LOB/Business Area limits and the Company specific market risk limits.

The structure and framework of JPMSAPL-specific limits is based on the complexity of activities managed within the Company and the categories of related market risk exposures arising from these activities.

JPMSAPL's legal entity limits include:

- Legal Entity Wide - VaR and Stress L1 Limits

JPMSAPL Chief Executive Officer, LERM and MRO are signatories to the limits on behalf of the HK RALCO. Aged and significant limit breaches are escalated to the HK RALCO as well as the APRC.

Market Risk reviews all market risk limits at least semi-annually. Limits are established in accordance with the minimum standards outlined in the firmwide Legal Entity Market Risk Framework. The limit structure applied depends on the category of limit control being applied within the Company and the risk tier of the Company.

Risk Reporting

JPMSAPL has its own set of regular market risk reports and where applicable, comprise of market risk metrics for management to review and action, as appropriate.

Policy Framework on Trading Book Designation

JPMSAPL leverages the firmwide processes on the review of covered position designations where covered position definition at firmwide is consistent with that of trading book definition under the HKMA, as set out in HKMA SPM MR-1 Market Risk Capital Charge.

There are no cases for JPMSAPL where instruments are assigned to the trading or banking book contrary to the general presumptions of their instrument category as set out in Part 8 of the BCR, nor any cases where instruments have been moved between the banking book and the trading book since the last reporting period.

Positions booked Offshore

Most of the positions in JPMSAPL are booked off-shore while the revenue and risks are attributed back from the booking entities to JPMSAPL for derivative market making activities and related transactions under the Firmwide global transfer pricing policy. Regulatory capital, if required, is held either in the offshore regulated entities or at the JPMCB consolidated level and in addition, JPMSAPL has entered into a hedge agreement internally to ensure sufficient capital is maintained to cover the risks of the off-shore positions. Local management will continuously re-assess if additional capital is needed due to changes in regulations or change in operating model.

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

32 Market risk under STM approach

Market risk under STM approach as required by section 16ZL of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

		Market risk capital charges under STM approach
1	General interest rate risk	97
2	Equity risk	558
3	Commodity risk	—
4	Foreign exchange risk	641
5	Credit spread risk (non-securitization)	35
6	Credit spread risk (securitization: non-correlation trading portfolio ("CTP"))	—
7	Credit spread risk (securitization: CTP)	—
8	Standardized default risk charge ("SA-DRC") (non-securitization)	29
9	SA-DRC (securitization: non-CTP)	—
10	SA-DRC (securitization: CTP)	—
11	Residual risk add-on	—
12	Total	1,360

33 Interest rate risk in banking book - risk management objectives and policies

Interest rate risk in the banking book is defined as Interest Rate Risk ("IRR") resulting from the Firm's traditional banking activities as a result of movements in interest rates. IRRBB can occur due to a variety of factors, including but not limited to:

- Differences in timing among the maturity or re-pricing of assets, liabilities and off-balance sheet instruments;
- Differences in the amounts of assets, liabilities and off-balance sheet instruments that are maturing or re-pricing at the same time;
- Differences in the amounts by which short-term and long-term market interest rates change;
- The impact of changes in the maturity of various assets, liabilities or off-balance sheet instruments as interest rates change.

Risk Governance

The HK RALCO, co-chaired by the CRO and SFO, is responsible for providing IRR oversight at legal entity level and ensuring appropriate governance, controls and limits (as applicable) are in place.

As governed by the HK RALCO Terms of Reference, where required, matters will be escalated from HK RALCO to the JPMSAPL Risk Committee, BODs, APRC, or APCALC. As governed by the JPMSAPL Risk Committee Terms of Reference, where required, matters will be escalated from JPMSAPL Risk Committee to the Hong Kong Location Management Committee or APRC.

Risk Measurement & Internal Stress Testing

TCIO manages IRRBB exposure on behalf of the Firm by identifying, measuring, modeling and monitoring IRR across the Firm's balance sheet. TCIO works with the LOBs in defining methodologies for measuring IRRBB. TCIO identifies and understands material balance sheet impacts of new initiatives and products and executes market transactions to manage IRRBB.

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

33 Interest rate risk in banking book - risk management objectives and policies (continued)

Risk Measurement & Internal Stress Testing (continued)

IRRBB is evaluated using two primary metrics, impact to the Company's earnings through Earnings at Risk ("EaR") metric, and impact to the Company's equity through Economic Value Sensitivity ("EVS") metric:

- EaR measures the extent to which changes in interest rates will affect the Company's net interest income ("NII") over the following 12 months period under four parallel shift scenarios in interest rate curve.
- EVS determines changes in Economic Value of Equity ("EVE") due to changes in interest rates under two parallel and four non-parallel shift scenarios in interest rate curve.

In JPMSAPL, the business activities exposed to interest rate risk in the banking book are confined to the Company's non-trading portfolio ("the banking book"). These activities are minimal and short-dated, and largely involve inter-group takings and placings with JPMCB Hong Kong Branch or other JPMCB bank entities. These activities are risk captured according to their contractual characteristics. JPMSAPL does not engage in deposit and loan activities.

The IRRBB metrics are regularly monitored, reported on a regular basis and presented in the HK RALCO meeting on monthly basis.

34 Quantitative information on interest rate risk in banking book

Quantitative information on interest rate risk in banking book as required by section 16ZQ of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

Period	ΔEVE		ΔNII	
	31st December 2025	30th September 2025	31st December 2025	30th September 2025
1 Parallel up	2,459	2,364	(42,930)	(36,984)
2 Parallel down	—	14	—	—
3 Steepener	—	11		
4 Flattener	2,341	2,295		
5 Short rate up	3,128	3,054		
6 Short rate down	—	17		
7 Maximum	3,128	3,054	(42,930)	(36,984)
Period	31st December 2025		30th September 2025	
8 Tier 1 capital	1,938,318		1,959,245	

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35 Remuneration

Governance and Oversight

The Company is part of the JPMorgan Chase & Co. group of companies ("The Firm"). As part of the Firm, the Company is governed by the Firmwide compensation philosophy.

The Firm strongly believes that its Firmwide compensation philosophy and its implementation fosters proper governance and regulatory compliance. That philosophy is subject to independent oversight and control by the Compensation and Management Development Committee ("CMDC"), a committee of the Board of JPMorgan Chase & Co.

The CMDC oversees the Firm's compensation programs throughout the year, which enables the Committee to be proactive in its compensation planning to address both current and emerging developments or challenges. Key committee responsibilities related to the compensation programs include but not limited to:

- Periodically reviewing and approving a statement of the Firm's compensation philosophy, principles and practices
- Reviewing the Firm's compensation practices and the relationship among risk, risk management and compensation (including safety and soundness and avoiding practices that could encourage excessive risk-taking)
- Adopting pay practices and approving any necessary formulas, performance metrics or pool calculations in compliance with applicable U.S. and global regulatory, statutory or governance requirements
- Reviewing and approving overall incentive compensation pools (including equity/cash mix)
- Reviewing and approving the design and terms of compensation awards, including recovery/ clawback provisions

The Board of the Company is responsible for the remuneration policies and practices as they apply to the Company, while the Company's Remuneration Committee (the "Committee") advises and assists the Board in discharging its responsibility for the design and operation of the Company's remuneration policies and system, including overseeing compliance of those policies with applicable remuneration guidelines. In discharging its primary purpose, the Committee will uphold the interests of the Firm. In so doing, the Committee recognizes that the Firm's Board CMDC defines the Firm's compensation philosophy, and reviews and approves its overall incentive compensation pools.

Senior Management & Key Personnel

The Company's remuneration policies set out the definition for Senior Management and Key Personnel. According to the remuneration policies, Senior Management are defined as those who are responsible for oversight of the Company's firm-wide strategy or activities or those of the Company's material business lines. Individuals designated as Senior Management in the Company include the Board of Directors (Executive Directors only), Chief Executive, Alternate Chief Executive, other senior executives as required under local regulations, and Managers appointed under Section 72B of the Banking Ordinance, and Principally Responsible Person regime (including Chief Risk Officer, Head of Internal Audit). Key Personnel comprises of all other designated material risk takers.

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35 Remuneration (continued)

Compensation philosophy

The Firm's compensation philosophy promotes a fair and well-governed long-term approach to compensation, including pay-for-performance practices that are designed to attract and retain talent from all backgrounds, to be responsive to and aligned with shareholders, to mitigate excessive risk-taking, and to encourage a culture that supports our Purpose, Values, Business Principles and strategic framework. The Firm's compensation philosophy provides the guiding principles that drive compensation-related decisions. The key tenets of the Firm's compensation philosophy are:

- Paying for performance and aligning with shareholders' interests
- Encouraging a culture of shared success
- Attracting and retaining talent from all backgrounds
- Integrating risk management and compensation
- No special perquisites and non-performance based compensation
- Maintaining strong governance
- Transparency with shareholders

Link between Pay and Performance

The Firm uses a disciplined pay-for-performance framework to make decisions about compensation so that compensation is commensurate with the overall performance of the Firm, the respective businesses, and individual performance.

In performance year 2025, in accordance with our compensation philosophy, the Firm uses a balanced and holistic approach to assess performance throughout the year against four broad performance dimensions:

- Business Results
- Client/Customer/Stakeholder
- Teamwork & Leadership
- Risk, Controls and Conduct

The Firm has specific expectations under each performance dimension which differ depending on the employee's level and/or role. Demonstrating the expected behaviors consistent with the Firm's Business Principles and Code of Conduct is an important factor in the performance development process and these expectations are generally incorporated into these standard expectations which are available to employees in the Firm's performance development system. Our Purpose and Business Principles and practices should form a significant part of the overall assessment of employees each year. Qualitative performance considerations such as risk, controls and conduct standards should be as expected for the role.

These performance dimensions appropriately consider short-, and medium-term priorities that drive sustained shareholder value, while accounting for risk, controls and conduct objectives. To promote a proper pay-for-performance alignment, the Firm does not assign relative weightings to these dimensions and also considers other relevant factors, including market practices. No single performance dimension in isolation determines total compensation; however, it is possible for a single significant shortcoming in any performance dimension to have a downward impact on variable compensation without limitation.

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

35 Remuneration (continued)

Remuneration for the Control Functions is determined by reference to independent objectives and the incentive compensation allocations for these groups are managed separately from the Lines of Business ("LOB") that the Control Functions cover.

Compensation Structure

The Firm's pay-for-performance framework focuses on Total Compensation — base salary and incentive compensation.

Base Salary: Many factors can influence an employee's base salary, such as the role, experience level, market pay levels, location of the job and available talent. Base salary can be all, or a significant part, of an employee's Total Compensation, depending on the LOB/Corporate Function and the employee's role.

Annual Incentive Compensation: The Firm's Annual Incentive Compensation Plan is a discretionary compensation program that aligns with the key tenets of the Firm's compensation philosophy. The plan serves to motivate and reward employees for delivering sustained results.

Incentive compensation is awarded in cash or a combination of cash and equity. Generally, as employees become more senior or the impact of their role increases, a greater portion of incentive compensation is awarded in equity.

Equity-based awards (i.e., deferred compensation) generally take the form of Restricted Stock Units ("RSUs") that vest over multiple years. Generally, 50% of the RSU portion of the award vests on the second anniversary of the grant date and 50% vests on the third anniversary of the grant date. The Firm believes equity-based awards are important to:

- Align employee compensation with creation of shareholder value
- Support the long-term safety and soundness of the Firm with provisions allowing for cancellation or clawback of awards when warranted

While the Firm expects incentive compensation to be paid and to vest according to terms, the Firm believes strong provisions that reward long-term, sustained value while permitting the recovery of incentive compensation (both cash and equity) under certain circumstances are important to managing the Firm's businesses.

Strong Accountability and Recovery Provisions

The Firm's compensation program is designed to hold employees accountable, when appropriate, for meaningful actions or issues that negatively impact business performance or the Firm's reputation in current or future years. Risk, controls and conduct issues are therefore carefully considered throughout the Firm's performance development and incentive compensation processes.

To hold individuals responsible for taking risks inconsistent with the Firm's risk appetite and to discourage future imprudent behaviour, the Firm has policies and procedures that enable it to take timely and proportionate actions, including:

- Reduce or altogether eliminate annual incentive compensation;
- Cancel unvested awards (in full or in part);
- Clawback/Recover previously paid incentive compensation (cash and/or equity);
- Demotion, negative performance rating or other appropriate employment actions; and
- Termination of employment

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35 Remuneration (continued)

The Firm has a framework in place that provides for recommended impacts to drive consistency. However, the precise actions the Firm takes with respect to accountable individuals, which may also include coaching and training, are based on the relevant circumstances, including the nature of their involvement, the magnitude of the event, the impact on the Firm and local laws.

Remuneration awarded during financial year as required by section 16ZT of the Banking (Disclosure) Rules.

Remuneration amount and quantitative information			Senior Management	Key Personnel
1	Fixed remuneration	Number of employees	28	38
			US\$'000	US\$'000
2		Total fixed remuneration	13,421	16,657
3		Of which: cash-based	13,421	16,657
4		Of which: deferred	—	—
5		Of which: shares or other share-linked instruments	—	—
6		Of which: deferred	—	—
7		Of which: other forms	—	—
8		Of which: deferred	—	—
9	Variable remuneration	Number of employees	25	36
			US\$'000	US\$'000
10		Total variable remuneration	47,184	43,258
11		Of which: cash-based	26,189	25,971
12		Of which: deferred	—	—
13		Of which: shares or other share-linked instruments	20,995	17,287
14		Of which: deferred	20,995	17,287
15		Of which: other forms	—	—
16		Of which: deferred	—	—
17	Total remuneration	60,605	59,915	

Special payments as required by section 16ZU of the Banking (Disclosure) Rules.

Special payments	Guaranteed bonuses		Sign-on awards		Severance payments	
	Number of employees	Total amount (US\$'000)	Number of employees	Total amount (US\$'000)	Number of employees	Total amount (US\$'000)
Senior management and Key personnel (Note 3)	—	—	—	—	—	—

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35 Remuneration (continued)

Deferred remuneration as required by section 16ZV of the Banking (Disclosure) Rules.

Deferred and retained remuneration		Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
1	Senior management	76,045	76,045	—	19,117	32,421
2	Cash	—	—	—	—	—
3	Shares	76,045	76,045	—	19,117	32,421
4	Cash-linked instruments	—	—	—	—	—
5	Other	—	—	—	—	—
6	Key personnel	45,271	45,271	—	10,999	20,056
7	Cash	—	—	—	—	—
8	Shares	45,271	45,271	—	10,999	20,056
9	Cash-linked instruments	—	—	—	—	—
10	Other	—	—	—	—	—
11	Total	121,316	121,316		30,116	52,477

Notes:

- (1) The amounts described above include remuneration in respect of senior management and key personnel (as defined in the CG-5 Guideline on a Sound Remuneration System issued by the HKMA). Definition of Senior Management and Key Personnel follows the description stated above.
- (2) Senior Management and Key Personnel may have responsibilities beyond Hong Kong and the Company, as a result, do not perform services exclusively for the Company.
- (3) The disclosure for Senior Management and Key Personnel has been combined in categories of "guaranteed bonus awarded", "sign-on awards made" and "severance payments awarded and/or made". If the number of beneficiaries is less than 4, the number will be separately disclosed to HKMA for confidentiality purposes.
- (4) Total amount of outstanding deferred remuneration refers to the outstanding value as of 31st December 2025.
- (5) Total amount of amendment during the year due to ex post implicit adjustments considers the Firm's stock price movement during the reporting period.

36 General information on operational risk framework

Operational Risk Management

Operational Risk Overview

Operational risk is the risk of an adverse outcome resulting from inadequate or failed internal processes or systems; human factors; or external events impacting the Firm's processes or systems. Operational Risk includes cybersecurity, compliance, conduct, legal, and estimations and model risk. Operational risk is inherent in the Firm's activities and can manifest itself in various ways, including fraudulent acts, business disruptions (including those caused by extraordinary events beyond the Firm's control), cyberattacks, inappropriate employee behavior, failure to comply with applicable laws, rules and regulations or failure of vendors or other third party providers to perform in accordance with their agreements. Operational Risk Management attempts to manage operational risk at appropriate levels in light of the Firm's financial position, the characteristics of its businesses, and the markets and regulatory environment in which it operates.

(a) Firmwide Approach to Operational Risk Management

Operational Risk Management Framework

The Firm's Compliance, Conduct, and Operational Risk ("CCOR") Management Framework is designed to enable the Firm to govern, identify, measure, monitor and test, manage and report on the Firm's operational risk.

Operational Risk Governance

The lines of business ("LOB") and Corporate are responsible for the management of operational risk. The Control Management Organization, which consists of control managers within each LOB and Corporate, is responsible for the day-to-day execution of the CCOR Management Framework.

The Firm's Global Chief Compliance Officer ("CCO") and Firmwide Risk Executive ("FRE") for Operational Risk and Qualitative Risk Appetite is responsible for defining the CCOR Management Framework and establishing the minimum standards for its execution. The LOB and Corporate aligned CCOR Lead Officers report to the Global CCO and FRE for Operational Risk and Qualitative Risk Appetite and are independent of the respective businesses or corporate functions they oversee.

The Firm's CCOR Management Framework is included in the Risk Governance and Oversight Policy that is reviewed and approved by the Firm Board Risk Committee periodically.

Operational Risk Identification

The Firm utilizes a structured risk and control self-assessment process that is executed by the LOBs and Corporate. As part of this process, LOBs and Corporate evaluate the effectiveness of their respective control environment to assess where controls have failed, and to determine where remediation efforts may be required. The Firm's Operational Risk and Compliance organization ("Operational Risk and Compliance") provides oversight of and challenge to these evaluations and may also perform independent assessments of significant operational risk events and areas of concentrated or emerging risk.

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36 General information on operational risk framework (continued)

(a) Firmwide Approach to Operational Risk Management (continued)

Operational Risk Measurement

Operational Risk and Compliance performs an independent risk assessment of the Firm's operational risks, which includes evaluating the effectiveness of the control environment and reporting the results to senior management.

In addition, Operational Risk and Compliance assesses operational risks through quantitative means, including operational risk-based capital and estimation of operational risk loss projections under both baseline and stressed conditions.

The primary component of the operational risk capital estimate is the Loss Distribution Approach ("LDA") statistical model, which simulates the frequency and severity of future operational risk loss projections based on historical data. The LDA model is used to estimate an aggregate operational risk loss over a one-year time horizon, at a 99.9% confidence level. The LDA model incorporates actual internal operational risk losses in the quarter following the period in which those losses were realized, and the calculation generally continues to reflect such losses even after the issues or business activities giving rise to the losses have been remediated or reduced.

As required under the Basel III capital framework, the Firm's operational risk-based capital methodology, which uses the Advanced Measurement Approach ("AMA"), incorporates internal and external losses as well as management's view of tail risk captured through operational risk scenario analysis, and evaluation of key business environment and internal control metrics. The Firm does not reflect the impact of insurance in its AMA estimate of operational risk capital.

The Firm considers the impact of stressed economic conditions on operational risk losses and develops a forward-looking view of material operational risk events that may occur in a stressed environment. The Firm's operational risk stress testing framework is utilized in calculating results for the Firm's Comprehensive Capital Analysis and Review ("CCAR") and other stress testing processes.

Operational Risk Monitoring and Testing

The results of risk assessments performed by Operational Risk and Compliance are used in connection with their independent monitoring and testing of the LOBs and Corporate's compliance with laws, rules and regulations. Through monitoring and testing, Operational Risk and Compliance independently identify areas of heightened operational risk and tests the effectiveness of controls within the LOBs and Corporate.

Management and Mitigation of Operational Risk

The operational risk areas or issues identified through monitoring and testing are escalated to the LOBs and Corporate to be remediated through action plans, as needed, to mitigate operational risk. Operational Risk and Compliance may advise the LOBs and Corporate in the development and implementation of action plans.

Additionally, one of the ways in which operational risk may be further mitigated is through insurance maintained by the Firm. The Firm purchases insurance from commercial insurers and utilizes a wholly-owned captive insurer, Park Assurance Company. Insurance may also be required by third parties with whom the Firm does business.

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

36 General information on operational risk framework (continued)

(a) Firmwide Approach to Operational Risk Management (continued)

Operational Risk Reporting

All employees of the Firm are expected to escalate risks appropriately. Risks identified by Operational Risk and Compliance are escalated to the appropriate LOB and Corporate Control Committees, as needed. Operational Risk and Compliance has established standards designed to ensure that consistent operational risk reporting and operational risk reports are produced on a Firmwide basis as well as by LOBs and Corporate. Reporting includes the evaluation of key risk and performance indicators against established thresholds as well as the assessment of different types of operational risk against stated risk appetite. The standards reinforce escalation protocols to senior management and to the Board of Directors.

(b) Legal Entity Operational Risk Management: JPMSAPL

Legal Entity Operational Risk Management Framework

Operational risk is an inherent part of the activity of JPMSAPL. LOB and Corporate activity performed in this entity is subject to the Firm's CCOR Management Framework.

Legal Entity Risk Appetite

JPMSAPL is subject to the Firmwide Risk Appetite policy and leverages the firm's Qualitative Operational Risk Appetite framework. With respect to the qualitative factors, JPMSAPL leverages the Firmwide framework and is supported by its own assessment.

Legal Entity Operational Risk Governance

The lines of business ("LOB") and Corporate are responsible for the management of operational risk. The Control Management Organization, which consists of control managers within each LOB and Corporate, is responsible for the day-to-day execution of the CCOR Management Framework.

Legal Entity Risk Identification and Assessment

Globally, J.P. Morgan Chase uses several tools to monitor its operational risk. One such tool is the Self-Assessment program which is executed by Lines of Business and corporate functions to identify material risk and evaluate controls' efficiency so as to minimize the impacts of risks. Action plans are developed for identified control issues and businesses, and corporate functions are held accountable for tracking and resolving issues in a timely manner.

In Hong Kong, JPMSAPL also has a process to capture and monitor events that have led or could have led to actual operational risk losses, including litigation related events. Responsible businesses and corporate functions analyze their losses to evaluate the effectiveness of their control environment to assess where controls have failed, and to determine where targeted remediation efforts may be required.

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

36 General information on operational risk framework (continued)

(b) Legal Entity Operational Risk Management: JPMSAPL (continued)

Legal Entity Monitoring and Testing

The Operational Risk Control and Managing reports provide information, including actual operational loss levels, results of risk self-assessments and the status of issue resolution to the lines of business and senior management. The purpose of these reports is to facilitate local risk managers to keep operations at adequate levels within each line of business, in addition to identifying and escalating problems whenever required.

Management and Mitigation of Legal Entity Operational Risk

Aligned with the Firmwide practice, the operational risk areas or issues identified through monitoring and testing are escalated to the LOBs and Corporate to be remediated through action plans, as needed, to mitigate operational risk. Operational Risk and Compliance may advise the LOBs and Corporate in the development and implementation of action plans.

Additionally, JPMSAPL has also entered into a hedge agreement with J.P. Morgan International Finance Limited ("JPMIF") where JPMSAPL shares a portion of the upside revenue from the trading portfolios and is protected from trading related operational risk losses.

Legal Entity Operational Risk Measurement

In addition to the level of actual operational risk losses, operational risk measurement includes operational risk based capital. As the revised capital standards under the Basel III Final Reform Package ("B3F") took effect on 1 January 2025, JPMSAPL incorporated B3F to calculate the Operational Risk Capital Requirement for Pillar 1 using the Standardized Approach ("SA"), which replaces the Basic Indicator Approach ("BIA") as prescribed by the Basel Accords and in accordance with the HKMA's Banking (Capital) Rules.

The Standardized Approach comprises of two main components – a Business Indicator Component ("BIC") and an Internal Loss Multiplier ("ILM"). BIC is a financial-statement based proxy for operational risk calculated with regulatory determined marginal coefficients. The ILM is a scaling factor which is based on the entity's average historical losses and the BIC. The minimum operational risk capital requirements under Pillar 1 is the product of the BIC and the ILM, with operational risk weighted assets being the resulting operational risk capital requirement multiplied by 12.5.

Scenario analysis is also used to assist in quantifying material operational risks for use in the assessment of operational risk capital adequacy under Pillar 2 Supervisory Review Process. The objective of scenario analysis is to provide the Board of Directors and senior management with a forward-looking view of exceptional but plausible operational risk events and to assess their potential outcome, which is used to facilitate this assessment of operational risk capital adequacy. Scenarios reflect risks that could materialize within the foreseeable future and may or may not have previously impacted JPMSAPL.

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37 Historical losses

Historical losses as required by section 16ZQB of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

		31st December 2025	31st December 2024	31st December 2023	31st December 2022	31st December 2021	31st December 2020	31st December 2019	31st December 2018	31st December 2017	31st December 2016	Average
Using HKD200,000 threshold												
1	Total amount of operational losses net of recoveries (no exclusions)	1,539	1,388	725	45	1,302	989	2,445	2,289	6,406	7,491	2,462
2	Total number of operational risk losses	10	10	8	3	17	15	9	19	18	22	13
3	Total amount of excluded operational risk losses	—	—	—	—	—	—	—	—	—	—	—
4	Total number of exclusions	—	—	—	—	—	—	—	—	—	—	—
5	Total amount of operational losses net of recoveries and net of excluded losses	1,539	1,388	725	45	1,302	989	2,445	2,289	6,406	7,491	2,462
Using HKD1 million threshold												
6	Total amount of operational losses net of recoveries (no exclusions)	1,093	1,221	392	10	690	489	2,044	1,580	5,922	6,604	2,005
7	Total number of operational risk losses	3	6	2	2	5	5	2	6	8	7	5
8	Total amount of excluded operational risk losses	—	—	—	—	—	—	—	—	—	—	—
9	Total number of exclusions	—	—	—	—	—	—	—	—	—	—	—
10	Total amount of operational losses net of recoveries and net of excluded losses	1,093	1,221	392	10	690	489	2,044	1,580	5,922	6,604	2,005
Details of operational risk capital charge calculation												
11	Are losses used to calculate the ILM (yes/no)?	Yes										
12	If "no" in row 11, is the exclusion of internal loss data due to non-compliance with the minimum loss data standards (yes/no)?	Not applicable										
13	Loss event threshold: HKD200,000 or HKD 1 million for the operational risk capital charge calculation if applicable	HKD200,000										

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

38 Business indicator and business indicator components breakdown

Business indicator and business indicator components breakdown as required by section 16ZQC of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

	BI and its subcomponents	31st December 2025	31st December 2024	31st December 2023
1	Interest, leases and dividend component	52,128		
1a	Interest and leases income	92,117	114,811	105,833
1b	Interest and leases expenses	4,228	7,946	8,092
1c	Interest earning assets	2,357,487	2,324,439	2,268,442
1d	Dividend income	—	—	—
2	Services component	1,468,045		
2a	Fee and commission income	1,737,127	1,412,810	1,252,909
2b	Fee and commission expenses	761,196	615,034	483,626
2c	Other operating income	—	—	—
2d	Other operating expenses	416	450	423
3	Financial component	289		
3a	Net P&L on trading book	60	586	(220)
3b	Net P&L on banking book	—	—	—
4	BI	1,520,462		
5	Business indicator component (BIC)	189,527		

39 Minimum operational risk capital requirement

Minimum operational risk capital requirement as required by section 16ZQD of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

1	Business indicator component (BIC)	189,527
2	Internal loss multiplier (ILM)	0.69
3	Minimum operational risk capital requirement	130,774
4	Total RWA for operational risk	1,634,672

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

40 Asset encumbrance

Asset encumbrance as required by section 16ZQG of the Banking (Disclosure) Rules (expressed in US\$'000 unless otherwise stated).

	Encumbered assets	Unencumbered assets	Total
Balances with banks	—	1,486,161	1,486,161
Financial assets at fair value through profit or loss	—	7,153	7,153
Deferred tax assets	—	18,982	18,982
Other assets	—	346,126	346,126
Securities purchased under agreements to resell	—	730,000	730,000
Fixed assets	—	3	3
Total assets	—	2,588,425	2,588,425

41 Off-balance sheet exposures other than derivative transactions

The Company has no off-balance sheet exposures other than derivative transactions as at 31st December 2025.

42 Assets used as security

There were no assets used by the Company as security as at 31st December 2025.

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

43 Segmental information

(a) By class of business

The Company operates in the following classes of business:

31st December 2025	Corporate & Investment Bank US\$'000	Others US\$'000	Total US\$'000
Total assets	<u>486,958</u>	<u>2,101,467</u>	<u>2,588,425</u>
Total income	<u>1,028,868</u>	<u>153,606</u>	<u>1,182,474</u>
Profit before tax	<u>226,084</u>	<u>95,435</u>	<u>321,519</u>

Notes:

- Corporate & Investment Bank comprises mainly fixed income, foreign exchange, derivatives trading activities, securities agency, equity derivatives trading and equity capital markets activities.
- Others include Treasury Department and Corporate Sectors, and overhead expenses.

(b) Geographical concentrations of operating profit, profit before taxation, assets, liabilities and contingent liabilities and commitments

A majority of the Company's operating profit, profit before taxation, assets, liabilities and contingent liabilities and commitments are booked in Hong Kong.

(c) International claims

International claims are on-statement of financial position exposures of counterparties based on the location of the counterparties after taking into account any risk transfer. The risk transfers have been made if the claims are guaranteed by a party in a geographical area which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another geographical area. The Company's country risk exposures in the table below are prepared in accordance with the HKMA Return of International Banking Statistics - (MA(BS)29A) guidelines. Claims on individual countries and territories or areas, after risk transfer, amounting to 10% or more of aggregate cross-border claims are as follows:

	Non-bank private sector					Total US\$'000
	Banks US\$'000	Official sector US\$'000	Non-bank financial institutions US\$'000	Non-financial private sector US\$'000	Others US\$'000	
As at 31st December 2025						
United States	1,463,872	—	788,944	5,432	—	2,258,248

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44 Loans and advances

There were no loans and advances to customers and banks, impaired assets, rescheduled advances, overdue or repossessed assets as at 31st December 2025.

45 Non-Bank Mainland exposures

The Company's non-bank mainland exposures in the table below are prepared with reference to the HKMA's Return of Mainland Activities - (MA(BS)20) for the categories of non-bank counterparties and the types of direct exposures.

Type of Counterparties	On statement of financial position exposures US\$'000	Off statement of financial position exposures US\$'000	Total US\$'000	Specific provisions US\$'000
As at 31st December 2025				
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	4,607	—	4,607	—
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	204	—	204	—
Total	4,811	—	4,811	—
Total assets after provision	<u>2,588,425</u>			
On-statement of financial position exposures as percentage of total assets	<u>0.19 %</u>			

There were no off-statement of financial position exposures and specific provisions for 2025.

46 Currency concentrations

The currency concentrations which constitute 10% or more of the total net open positions in all foreign currencies are as follows:

	USD	JPY	CNY	INR	NZD	THB
Equivalent in US\$'000						
Spot assets	2,423,181	3,591	58,084	797	1,888	2,000
Spot liabilities	(2,314,188)	(3,621)	(64,458)	—	(7,195)	(1,002)
Forward purchases	3,233	—	9,987	—	—	1
Forward sales	(115,412)	(557)	(1,035)	—	—	—
Net long/(short) position	<u>(3,186)</u>	<u>(587)</u>	<u>2,578</u>	<u>797</u>	<u>(5,307)</u>	<u>999</u>

The Company has no net structural position in any particular foreign currency.

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47 Corporate governance

The Company has adopted JPMorgan Chase's approach to Corporate Governance. The Board of JPMorgan Chase attaches great importance to maintaining a strong control environment and periodically reviews the Group's system of internal controls and risk management processes.

The BOD of JPMorgan Chase exercises oversight of JPMorgan Chase as a whole. In particular, the Audit Committee of the Board of JPMorgan Chase has oversight responsibility for the auditing and financial reporting processes of JPMorgan Chase and reviews with management JPMorgan Chase's systems of internal controls and financial reporting. The Risk Policy Committee of the BOD of JPMorgan Chase is responsible for oversight of the Chief Executive Officer's and senior management's responsibilities to assess and manage JPMorgan Chase's credit risk, market risk, interest rate risk, liquidity risk and reputation risk, and is also responsible for review of JPMorgan Chase's fiduciary and asset management activities.

To enable the Board and management of the Company to discharge their responsibilities effectively, the Board has delegated its daily management and oversight responsibilities to the location specific Committees in Hong Kong which review and as appropriate report on matters related to the Company, namely the HK RALCO and the Hong Kong LOC.

To the extent applicable, the Company has complied with the requirements set out in the guideline on "Corporate Governance of Locally Incorporated Authorized Institutions" issued by the Hong Kong Monetary Authority.

The Company's disclosures are governed by the disclosure policy, which has been approved by the BOD. The disclosure policy sets out the governance, control and assurance requirements for the information the Company discloses to the general public. The disclosures of the Company has been subject to independent review in accordance with the Company's policies on disclosure and its financial reporting and governance processes.