

Corporate & Investment Bank

Interest Rate Procedure (JPMSI)

Current Effective Date: [March 30, 2026]

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1. Summary or Introduction

This interest rate procedure is applicable to all loans and advances provided by J.P. Morgan Securities India Private Limited ('JPMSIPL') including:

- All loans linked to any external benchmarks (Reserve Bank of India policy Repo Rate, Government of India 3-Months and 6-Months Treasury Bill yields published by Financial Benchmarks India Private Ltd [FBIL] or any other benchmark market interest rates like CD, MIBOR, etc. (that are published by FBIL)).

- All fixed rate loans

For all loans linked to the benchmarks, spread will be added in accordance to this procedure, and hence no such loan linked to a benchmark, can be priced below the benchmark

2. Scope

Lines of Business	<ul style="list-style-type: none"> • Currencies & Emerging Markets
Function(s)	<ul style="list-style-type: none"> • CEM trading
Locations	<ul style="list-style-type: none"> • J. P. Morgan Securities India Private Limited, Mumbai
Legal Entities	<ul style="list-style-type: none"> • J. P. Morgan Securities India Private Limited

2.1. Scope Description/Excluded from Scope

This procedure is intended to address requirements under Indian regulations only and should be read in conjunction with applicable Firm wide policies.

The requirements under this procedure are to be applied consistent with the FIMMDA and RBI Circulars, regulations (as amended from time to time) in this regard

- Reserve bank of India (Non-Banking Financial Companies – Governance) Directions, 2025.
- Reserve bank of India (Non-Banking Financial Companies – Credit Facilities) Directions, 2025.
- Reserve bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025.
- Reserve bank of India (Non-Banking Financial Companies – Miscellaneous) Directions, 2025.
- All other applicable regulatory Circulars, Master Direction, Notifications, etc.

3. Changes from Previous Version

Updated the reference to latest applicable regulatory circulars

Update the loan pricing framework on back of remediation of RBI regulatory observation.

4. Core Procedure Content

Interest Rate Procedure Details

- JPMSIPL provides credit facilities to various client segments, including but not limited to, Indian corporates, Indian financial institutions (FIs), Multinational clients (MNC), including MNC FIs and Indian subsidiaries of small and medium sized US clients. These clients differ from each other on the basis of scale of operations in India, nature of business and market access.
- The pricing of credit facilities will take into account several parameters such as rating, security, tenor, type of facility, utilization, type of client, loss given default (LGD) etc. Final pricing would also depend on prevailing market conditions, internal cost of funds and market pricing available to the client. Also, pricing may depend on cross sell (other business that we do with the client) and overall client relationship profitability.
- Credit risk spread shall be charged on the basis of internal credit rating. The indicative range of credit risk spread (over the benchmark) applicable to clients basis internal credit rating shall be as per the appended 'Credit Spread bands'.
- Considering above factors, JPMSIPL has defined the broad components of the spread as follows:

For Loans linked to external benchmarks

•External Benchmark shall include Reserve Bank of India policy Repo Rate, Government of India Treasury Bill yields published by Financial Benchmarks India Private Ltd (FBIL), MIBOR-OIS published by FBIL or any other benchmark market interest rate published by FBIL.

Business Strategy Spread (over the benchmark)

(a) The component will be arrived at after taking into consideration the business strategy, market competition, embedded options in the loan product, market liquidity of the loan, operating cost etc.

(b) The Business Strategy spread will be calculated as the total spread required to achieve the advised RoE threshold (basis the global guidance for each business segment, from time to time) less the credit risk spread

(c) RoE is calculated using a standard Loan Return Calculator (LRC) or an equivalent model, developed business by J.P. Morgan, considering factors that include (but not limited to) product liquidity, cross sell, client profile, tenor, type of facility, loss given default (LGD) etc.

Credit Risk Spread

Credit risk spread would depend on the internal credit rating (default grade) of the client, tenor of the financing and the financing product

•Floating rate loans shall have an interest or benchmark rate reset clause, which shall be communicated to the client, depending on the benchmark; any change in benchmark (if applicable) shall also be communicated to the client

The reset of the underlying interest rate will adopt the same frequency as the tenor of the underlying interest rate benchmark. (For eg. 3-month and 6-month T-bill linked loans will follow reset period of 3 & 6 months respectively, 1-month and 3-month MIBOR linked loans will follow reset period of 1 & 3 months respectively and so on). Any other non-standard reset period to be approved by one Whole time Director (excluding risk officer) on the board of JPMSIPL.

Fixed rate loans

•Fixed rate loans would follow the same methodology, as set out in section above, for determination of spreads over fixed rate Cost of Funds of the NBFC for the relevant tenor

•Pricing of credit facilities will factor in cost of funds of JPMSIPL based on prevailing rates at which JPMSIPL has borrowed or can borrow funds for corresponding maturity. The company will rely on Tbill curve (for loans with maturity of less than 1 year) and Gsec curve (for loans with maturity greater than 1 year) as reference curve, in a scenario where the company might not have any actual borrowings on its books

Loan Pricing

The pricing framework for corporate loan product attempts to achieve the objective of meeting risk-adjusted returns while considering various other relevant business parameters. The interest rate and other fees for loan facilities are determined after assessing factors including but not limited to

- Customer profile and market reputation
- Group strength and overall financial position
- History and breath of our client relationship
- Nature, quality, and value of primary and collateral security
- Internal risk perception and risk grade
- Pricing offered by competition and prevailing market dynamics
- Transaction structure, tenor, and complexity
- Any other relevant commercial, legal, or regulatory factors

While the above is a framework to determine the interest rate and fees charged to clients, deal specific negotiation pricing for each transaction is established through discussions and due negotiations with the client, reflecting the client's risk profile, deal structure, and market context at the time of sanction.

The indicative annualized interest rate for these loans is mentioned below for reference.

Secured Loans	6.6% - 16%
Unsecured Loans	7.1% - 18%

I. Hybrid loans where the interest rates are partly fixed and partly floating - interest rate on the floating portion, including the benchmark will be as per section above

II. The pricing for every loan needs to be approved by any 1 Whole time Director (excluding risk officer) on the board of JPMSIPL prior to disbursal of loan

III. JPMSIPL may also charge processing fees, other costs & fees as per the negotiated terms of the loan documents.

IV. JPMSIPL may also charge penal charge for non-compliance of material terms and conditions of loan contract by the borrower or for delayed payments. Such penal charge shall be 2% per annum of any amount due to the company if it is not paid on the due date. Such penal charge shall not be added to the rate of interest. Such penal charges shall be applicable to all customer and loan category. There shall be no capitalization of penal charges i.e. no further interest computed on such charges. Any waiver of such penal charges would require the approval of one Whole time Director (excluding risk officer) on the Board of JPMSIPL. The quantum and reason for penal charges shall be clearly disclosed to the customers in the loan agreement and most important terms & conditions, in addition to being displayed on website. The company, shall, whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charge shall be also communicated along with the reasons therefor.

V. The frequency of charging interest to the client will be monthly and communicated at the time of every drawdown, and will be per the norms of the Reserve Bank of India. Any other frequency to be approved by one Whole time Director (excluding risk officer) on the board of JPMSIPL

VI. Pre-payment charges on loans to the clients will be ensured in line with requirements mentioned in Reserve bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025.

VII. The above procedure is subject to review from time to time and at least once a year

5. Consequences of Non-Compliance

All employees are required to ensure the full compliance with all the applicable regulations, code conduct and internal polices/procedures. Non-Adherence with applicable requirements may expose JPMC and/or its employees to criminal; regulatory; financial and/or reputational risk.

6. Exceptions

NIL exceptions to requirements/provisions mentioned in this procedure

7. Firm References

Firm Policies	<ul style="list-style-type: none"> Not applicable
Standards	<ul style="list-style-type: none"> Not applicable
Procedures and Other Documents	<ul style="list-style-type: none"> JPMSI Spread Band Document

8. Procedure Information

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