

JPMORGAN CHASE BANK, N.A.

HONG KONG BRANCH

JPMorgan Chase Bank, N.A., organized under the laws of U.S.A. with limited liability

**Key Financial Disclosure Statements
for the year ended December 31, 2020**

SECTION A: BRANCH INFORMATION

I. Unaudited Income Statement

(in millions of Hong Kong Dollars)

	Year ended		Year ended	
	Dec 31, 2020		Dec 31, 2019	
Interest income		1,019		2,265
Interest expense		(517)		(1,603)
Other operating income				
Gains less losses arising from trading in foreign currencies		5		212
Gains less losses on securities held for trading purposes		(35)		(16)
Gains less losses from other trading activities		912		31
Net fees and commission income				
Gross fees and commission income	7,846		8,789	
Gross fees and commission expenses	(390)	7,456	(519)	8,270
Others		1		0
Operating income		<u>8,841</u>		<u>9,159</u>
Operating expenses				
Staff costs	(4,002)		(3,863)	
Premises expenses	(550)		(617)	
Equipment expenses	(312)		(324)	
Travel & entertainment expenses	(40)		(139)	
Others	(2,942)	(7,846)	(2,801)	(7,744)
Impairment losses and provisions for impaired loans and receivables		68		(317)
Gains less losses from disposal of fixed assets		(7)		0
Profit before taxation		<u>1,056</u>		<u>1,098</u>
Tax expense		(120)		(187)
Profit after taxation		<u><u>936</u></u>		<u><u>911</u></u>

II. Unaudited Balance Sheet Information

(in millions of Hong Kong Dollars)

Assets	As at Dec 31, 2020	As at Jun 30, 2020
Due from Exchange Fund	12,248	2,250
Cash and balances with banks	8,570	4,457
Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	—	—
Amount due from overseas offices of the institution	47,555	43,200
Trade bills, net of impairment allowance	855	1,080
Certificates of deposit held	—	—
Securities held for trading purposes	3,338	11
Loans and receivables	162,540	120,551
Investment securities	4,084	5,186
Other investments	114	120
Property, plant and equipment and investment properties	5,272	5,106
Total assets	<u>244,576</u>	<u>181,961</u>
Liabilities		
Deposits and balances from banks	5,968	6,057
Deposits from customers		
Demand deposits and current accounts	42,550	33,588
Savings deposits	—	—
Time, call and notice deposits	1,195	1,161
Amount due to overseas offices of the institution	50,877	29,130
Certificates of deposit issued	—	—
Issued debt securities	—	—
Other liabilities	143,877	111,927
Provisions	109	98
Total liabilities	<u>244,576</u>	<u>181,961</u>

III. Additional Balance Sheet Information

(in millions of Hong Kong Dollar)

(i) Loans and receivables

	As at Dec 31, 2020	As at Jun 30, 2020
Loans and advances to customers	15,966	11,194
Loans and advances to banks	6,291	3,079
Accrued interest and other accounts	4,450	3,181
Derivatives receivables	136,062	103,311
Provision for impaired loans, receivables and other accounts		
- Collective provisions	(229)	(214)
- Specific provisions	—	—
	<u>162,540</u>	<u>120,551</u>

Impairment Allowance Policy

JPMorgan Chase & Co.'s allowance for credit losses covers the wholesale and consumer loan portfolios and represents management's estimate of probable credit losses inherent in the JPMorgan Chase & Co.'s loan portfolio as of disclosure date. Management also computes an allowance for wholesale lending-related commitments using a methodology similar to that used for the wholesale loans.

(ii) Gross amount of loans and advances to customers by major country or geographical segments

	As at Dec 31, 2020
The following countries or areas have constituted 10% or more of the aggregate gross amount of loans and advances to customers:	
Hong Kong	4,601
United States	4,339
Thailand	3,633
	As at Jun 30, 2020
The following countries or areas have constituted 10% or more of the aggregate gross amount of loans and advances to customers:	
Hong Kong	5,474
United States	2,536

Loans and advances to customers are on-balance sheet exposures of counterparties based on the location of the counterparties.

III. Additional Balance Sheet Information (Continued)

(in millions of Hong Kong Dollar, except ratios)

(iii) Impaired loans and advances to customers

	As at Dec 31, 2020	As at Jun 30, 2020
The following countries or geographical segments have gross impaired loans and advances to customers:		
Hong Kong	3,290	4,256
Asia Pacific excluding Hong Kong	2,825	3,019
North and Latin America	4,918	2,549
Middle East & Africa	339	641
Western & Eastern Europe	3	4
	<u>11,375</u>	<u>10,469</u>

There were no specific provisions made for impaired loans and advances to customers.

There were no collateral which has been taken into account in respect of such loans and advances to which the specific provisions relate.

	As at Dec 31, 2020	As at Jun 30, 2020
Percentage of such loans and advances to the total loans and advances to customers	71.25%	93.53%

Loans and advances to customers are on-balance sheet exposures of counterparties based on the location of the counterparties.

(iv) Impaired loans and advances to banks

	As at Dec 31, 2020	As at Jun 30, 2020
The following countries or geographical segments have gross impaired loans and advances to banks:		
Asia Pacific excluding Hong Kong	—	79

There were no specific provisions made for impaired loans and advances to banks.

There were no collateral which has been taken into account in respect of such loans and advances to which the specific provisions relate.

	As at Dec 31, 2020	As at Jun 30, 2020
Percentage of such loans and advances to the total loans and advances to banks	—%	2.57%

III. Additional Balance Sheet Information (Continued)

(in millions of Hong Kong Dollars)

(v) The breakdown of gross amount of loans and advances to customers by industry sectors

	As at Dec 31, 2020	As at Jun 30, 2020
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Property development	802	140
Property investment	—	—
Financial concerns	0	0
Stockbrokers	—	—
Wholesale and retail trade	366	295
Manufacturing	218	200
Transport and transport equipment	0	0
Recreational activities	—	0
Information technology	1,314	1,019
Others	300	301
Individuals	—	—
Trade finance	5,309	3,997
Loans and advances for use outside Hong Kong	7,657	5,242
	<u>15,966</u>	<u>11,194</u>

Balance of loans and advances covered by collateral or other security as of December 31, 2020 was HK\$290 million (June 30, 2020 was HK\$528 million).

(vi) Overdue loans and advances to customers and banks

There were no overdue loans and advances to customers and banks as at December 31, 2020 (June 30, 2020: Nil).

There were no collateral held against overdue loans as at December 31, 2020 (June 30, 2020: Nil).

There were no specific provisions made on such overdue loans and advances as at December 31, 2020 (June 30, 2020: Nil).

(vii) There were no rescheduled loans and advances to customers and banks as at December 31, 2020 (June 30, 2020: Nil).

(viii) There were no overdue other assets (including trade bills and debt securities) as at December 31, 2020 (June 30, 2020: Nil).

(ix) There were no repossessed assets held as at December 31, 2020 (June 30, 2020: Nil).

(x) Other liabilities

	As at Dec 31, 2020	As at Jun 30, 2020
Accrued expenses and other accounts	10,164	8,054
Derivatives payables	133,713	103,873
	<u>143,877</u>	<u>111,927</u>

IV. International claims

(in millions of Hong Kong Dollars)

	Banks	Official sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
As at Dec 31, 2020						
Developed countries	52,595	—	5	6,773	—	59,373
Offshore centers	5,456	3	1,317	2,085	869	9,730
Developing Asia and Pacific	7,291	4,133	553	5,361	15	17,353
As at Jun 30, 2020						
Developed countries	44,324	—	22	3,885	—	48,231
Offshore centers	2,808	2	531	5,142	379	8,862
Developing Asia and Pacific	4,549	1,987	623	1,825	—	8,984

International claims are on-balance sheet 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 country 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 country. At geographical areas level, developed countries, offshore centers and developing Asia and Pacific (June 30, 2020: developed countries, offshore centers and developing Asia and Pacific) constituted 10% or more of the international claims as at December 31, 2020.

JPMorgan Chase Bank, N.A., Hong Kong Branch

V. Non-Bank Mainland Exposures

(in millions of Hong Kong Dollars, excepts ratios)

As at Dec 31, 2020

Types of counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	2,715	8,605	11,320
Local governments, local government-owned entities and their subsidiaries and JVs	0	155	155
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,635	3,637	5,272
Other entities of central governments	271	6	277
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	837	469	1,306
Other counterparties where the exposures are considered to be non-bank Mainland China exposures	2,593	2,756	5,349
Total	8,051	15,628	23,679
Total assets after provisions	244,467		
On-balance sheet exposures as percentage of total assets	3.29 %		

As at Jun 30, 2020

Types of counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	884	6,494	7,378
Local governments, local government-owned entities and their subsidiaries and JVs	—	287	287
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,298	3,380	4,678
Other entities of central governments	781	214	995
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,371	210	1,581
Other counterparties where the exposures are considered to be non-bank Mainland China exposures	1,795	2,587	4,382
Total	6,129	13,172	19,301
Total assets after provisions	181,863		
On-balance sheet exposures as percentage of total assets	3.37 %		

The exposures to companies outside Mainland where the funds are for use in Mainland were mainly trade finance facilities and commercial loans.

VI. Currency Risk

(in millions of Hong Kong Dollars)

As at Dec 31, 2020	USD	CNY	EUR	KRW	THB	TWD	Total
Currency positions							
Spot assets	112,980	64,707	7,147	4,077	58	4,974	193,943
Spot liabilities	(130,162)	(58,683)	(6,457)	(3,614)	(622)	(5,435)	(204,973)
Forward purchases	1,840,193	775,747	91,887	29,848	1,590	423,873	3,163,138
Forward sales	(1,814,768)	(786,981)	(90,591)	(29,071)	(4,533)	(425,798)	(3,151,742)
Net options position	45	(686)	—	—	—	—	(641)
Net long/(short) position including options	<u>8,288</u>	<u>(5,896)</u>	<u>1,986</u>	<u>1,240</u>	<u>(3,507)</u>	<u>(2,386)</u>	<u>(275)</u>

As at Jun 30, 2020	USD	CNY	EUR	JPY	KRW	PHP	THB	TWD	Total
Currency positions									
Spot assets	99,742	31,149	6,115	4,685	4,379	53	586	3,836	150,545
Spot liabilities	(108,454)	(30,030)	(6,070)	(4,148)	(4,116)	(70)	(926)	(3,965)	(157,779)
Forward purchases	2,139,977	751,004	164,908	277,283	42,139	2,619	1,221	415,472	3,794,623
Forward sales	(2,117,490)	(755,638)	(163,374)	(275,891)	(40,330)	(4,057)	(5,301)	(420,155)	(3,782,236)
Net options position	(422)	242	—	1	—	—	—	71	(108)
Net long/(short) position including options	<u>13,353</u>	<u>(3,273)</u>	<u>1,579</u>	<u>1,930</u>	<u>2,072</u>	<u>(1,455)</u>	<u>(4,420)</u>	<u>(4,741)</u>	<u>5,045</u>

As at December 31, 2020, USD, CNY, EUR, KRW, THB and TWD (June 30, 2020: USD, CNY, EUR, JPY, KRW, PHP, THB and TWD) constitute 10% or more of the total net position in all foreign currencies.

There were no foreign currency net structural positions as at December 31, 2020 (June 30, 2020: Nil).

Net options position is calculated on the basis of delta-weighted positions of all foreign exchange options contracts.

VII. Off-Balance Sheet Exposures

(in millions of Hong Kong Dollars)

	As at Dec 31, 2020	As at Jun 30, 2020
Contingent Liabilities and Commitments		
Direct credit substitutes	976	799
Transaction-related contingencies	—	—
Trade-related contingencies	3,383	3,742
Note issuance and revolving underwriting facilities	—	—
Other commitments	22,388	26,552
Others (including forward asset purchases, amounts owing on partly paid-up shares and securities, forward forward deposits placed, asset sales or other transactions with recourse)	—	300
Derivatives		
Exchange rate-related derivative contracts	3,882,130	4,464,300
Interest rate derivative contracts	3,514,715	3,028,544
Others	87,033	81,185

For contingent liabilities and commitments, the contract amounts represent the amount at risk should the contract be fully drawn upon and the client default.

The majority of residual maturity of forward forward deposits placed as at December 31, 2020 was less than one year. For derivatives, the contract amounts of these instruments indicate the volume of transactions outstanding at the balance sheet date; they do not represent amounts at risk.

	As at Dec 31, 2020	As at Jun 30, 2020
Aggregate credit risk weighted amount of the off-balance sheet instruments		
Exchange rate-related derivative contracts	22,686	24,211
Interest rate derivative contracts	9,433	8,482
Others	5,681	5,082
Fair value of the off-balance sheet instruments		
Exchange rate-related derivative contracts	66,650	36,460
Interest rate derivative contracts	67,548	65,552
Others	1,865	1,300

The contract amounts, fair values, and credit risk weighted amounts of the above derivatives do not take into account the effect of bilateral netting agreements.

VIII. Disclosure on remuneration

Please refer to the JPMorgan Chase & Co.'s proxy statement dated April 7, 2021 for the details on the remuneration policy, including the Compensation Discussion and Analysis and the JPMorgan Chase & Co.'s compensation practice and principles, director compensation and executive compensation. The proxy statement is available from JPMorgan Chase & Co.'s public website: <https://www.jpmorganchase.com/corporate/investor-relations/annual-report-proxy.htm>.

SECTION B: BANK INFORMATION (Consolidated Basis)

(in millions of US Dollars, except ratios)

The information set out below was based on the consolidated accounts of JPMorgan Chase & Co.

I. Capital and Capital Adequacy

	As at Dec 31, 2020	As at Jun 30, 2020
Capital adequacy ratio (<i>Note 1</i>)	17.3%	16.6%
Shareholders' funds	279,354	264,466

Note 1: The capital adequacy ratio of JPMorgan Chase & Co. is calculated based on the US Federal Reserve Board Risk-Based Capital guidelines, which comply with the Capital Accord of the Basel Committee on Banking Supervision ("Basel").

II. Other financial information

	As at Dec 31, 2020	As at Jun 30, 2020
Total assets	3,386,071	3,213,115
Total liabilities	3,106,717	2,948,649
Total loans and advances (net of allowance for loan losses)	984,525	946,426
Total customer deposits	2,144,257	1,931,029

	Year ended Dec 31, 2020	Year ended Dec 31, 2019
Pre-tax profit	35,407	44,545

Remarks: The annual report of JPMorgan Chase & Co. on April 7, 2021 has been used for disclosure purpose in this Section.

SECTION C: LIQUIDITY RISK MANAGEMENT

Liquidity Risk

Liquidity risk is the risk that JPMorgan Chase & Co. (the “Firm” or “JPMC”), the JPMorgan Chase Bank, N.A., Hong Kong Branch (the “Branch”), will be unable to meet its contractual and contingent obligations or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its assets and liabilities.

Liquidity Risk Oversight

The Liquidity Risk Oversight (“LRO”) group within Chief Investment Office, Treasury, and Corporate (“CTC”) Risk is part of the Independent Risk Management function, reporting to the CTC Chief Risk Officer who also serves as the Firmwide Risk Executive Liquidity Risk. LRO is responsible for the independent assessment, measuring, monitoring, and control of liquidity risk across the firm. LRO’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;
- Monitoring and reporting internal firmwide and legal entity stress tests and regulatory defined stress tests;
- Approving or escalating for review new or updated liquidity stress assumptions; and
- Monitoring and reporting liquidity positions, balance sheet variances and funding activities.

Risk Governance and Measurement

APAC Asset-Liability Management (“ALM”) Risk team which reports into Head of International ALM Risk is responsible for the Liquidity Risk Oversight for APAC legal entities. Regional liquidity risk oversight in Asia Pacific is governed by the APAC Risk Committee chaired by the APAC Chief Risk Officer.

LRO for the Branch is governed by Hong Kong Risk/Asset & Liability Committee (“RALCO”), co-chaired by the Chief Risk Officer and Senior Financial Officer. As governed by the Hong Kong RALCO Term of Reference, where required, matters will be escalated from Hong Kong RALCO to Hong Kong Branch Committee or Asia Pacific Capital and Liquidity Committee or Asia Pacific Risk Committee.

Internal Stress Testing

Liquidity stress tests are intended to ensure sufficient liquidity for the Branch under a variety of adverse scenarios. Results of stress tests are therefore considered in the formulation of the Branch’s funding plan assessment of its liquidity position. Liquidity outflow assumptions are modeled 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.

Liquidity stress tests assume all of the Branch’s contractual obligations are met and 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.

SECTION C: LIQUIDITY RISK MANAGEMENT (Continued)

Contingency Funding Plan

The Firm's Contingency Funding Plan ("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 the Branch) in a period of stress. The Branch is an integral part of the firmwide CFP framework.

Treasury and CIO maintains a country addendum to the firmwide CFP, which is reviewed and approved by the Hong Kong RALCO 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.

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.

In the context of the Firm's liquidity management, Treasury and CIO 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.

SECTION C: LIQUIDITY RISK MANAGEMENT (Continued)

(in millions of Hong Kong Dollars, except ratios)

I. Liquidity Ratios

	3 month's average of Q4 2020	3 month's average of Q4 2019
Average liquidity maintenance ratio	61.72 %	64.05 %
Average core funding ratio	276.90 %	224.67 %

The Branch was designated as the category 2A institution by the Hong Kong Monetary Authority and thus required to comply with all the calculation and disclosure requirements related to Core Funding Ratio in accordance with the Banking (Liquidity) Rules effective from January 1, 2018.

The Liquidity Maintenance Ratio ("LMR") and Core Funding Ratio ("CFR") are computed in accordance with Section 97H of the Banking Ordinance. The average LMR and average CFR are the arithmetic mean of the average value for each calendar month of the reporting period in accordance with the Banking (Liquidity) Rules.

SECTION C: LIQUIDITY RISK MANAGEMENT (Continued)

(in millions of Hong Kong Dollars)

II. Maturity Analysis

The table below analyses the Branch's on-and off-balance sheet into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

As at Dec 31, 2020	Repayable on demand	Up to 1 month	Over 1 month - 3 months	Over 3 months - 12 months	Over 1 year - 5 years	Over 5 years	Undated	Total
Total On-balance sheet assets <i>(Note 2)</i>	71,747	54,177	26,255	82,426	233,672	71,471	6,037	244,807
Total Off-balance sheet claims	939	—	—	—	—	—	—	939
Total On-balance sheet liabilities <i>(Note 2)</i>	94,867	21,790	22,091	75,138	253,380	74,945	801	244,807
Total Off-balance sheet obligations	26,305	939	2	7	39	43	—	27,335
Contractual maturity mismatch	(48,486)	31,448	4,162	7,281	(19,747)	(3,517)	—	
Cumulative contractual maturity mismatch	(48,486)	(17,038)	(12,876)	(5,595)	(25,342)	(28,859)	—	

As at Dec 31, 2019	Repayable on demand	Up to 1 month	Over 1 month - 3 months	Over 3 months - 12 months	Over 1 year - 5 years	Over 5 years	Undated	Total
Total On-balance sheet assets <i>(Note 2)</i>	79,228	14,876	21,935	75,755	189,254	59,306	5,275	174,776
Total Off-balance sheet claims	405	—	—	—	—	—	—	405
Total On-balance sheet liabilities <i>(Note 2)</i>	77,187	11,558	22,140	71,244	200,473	63,652	456	174,776
Total Off-balance sheet obligations	12,245	—	—	—	—	—	—	12,245
Contractual maturity mismatch	(9,800)	3,318	(205)	4,512	(11,219)	(4,345)	—	
Cumulative contractual maturity mismatch	(9,800)	(6,481)	(6,687)	(2,175)	(13,393)	(17,739)	—	

Note 2: Derivative contracts reported under the total column represents fair values not the cash flow as shown in each time bucket.

SECTION C: LIQUIDITY RISK MANAGEMENT (Continued)

(in millions of Hong Kong Dollars, except ratios)

III. Source of Funding

Significant funding instruments	As at Dec 31, 2020		As at Dec 31, 2019	
	Total amount	As % of total liabilities	Total amount	As % of total liabilities
Funding raised from connected parties	64,539	26.39 %	50,777	29.11 %
Funding raised from banks	3,186	1.30 %	3,184	1.83 %
Deposits from customers	14,684	6.00 %	30,274	17.36 %

There was no concentration limits on collateral pools as of December 31, 2020 (December 31, 2019: Nil).

Remarks: The HKMA Return on Liquidity Monitoring Tools (Form MA (BS) 23) as at December 31, 2020 and December 31, 2019 have been used for disclosure purpose for Maturity Analysis and Source of Funding in this section.