

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, 2021**

SECTION A: BRANCH INFORMATION

I. Unaudited Income Statement

(in millions of Hong Kong Dollars)

	Year ended Dec 31, 2021	Year ended Dec 31, 2020
Interest income	805	1,019
Interest expense	(236)	(517)
Other operating income		
Gains less losses arising from trading in foreign currencies	836	5
Gains less losses on securities held for trading purposes	38	(35)
Gains less losses from other trading activities	13	912
Net fees and commission income		
Gross fees and commission income	9,080	7,846
Gross fees and commission expenses	(470)	(390)
Others	<u>100</u>	<u>1</u>
Operating income	<u>10,166</u>	<u>8,841</u>
Operating expenses		
Staff costs	(3,988)	(4,002)
Premises expenses	(576)	(550)
Equipment expenses	(384)	(312)
Travel & entertainment expenses	(47)	(40)
Others	<u>(3,637)</u>	<u>(2,942)</u>
Impairment losses and provisions for impaired loans and receivables	(223)	68
Gains less losses from disposal of fixed assets	<u>(1)</u>	<u>(7)</u>
Profit before taxation	<u>1,310</u>	<u>1,056</u>
Tax expense	<u>(227)</u>	<u>(120)</u>
Profit after taxation	<u><u>1,083</u></u>	<u><u>936</u></u>

II. Unaudited Balance Sheet Information

(in millions of Hong Kong Dollars)

Assets	As at Dec 31, 2021	As at Jun 30, 2021
Due from Exchange Fund	11,736	15,925
Cash and balances with banks	6,507	14,839
Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	183	323
Amount due from overseas offices of the institution	67,394	58,230
Trade bills, net of impairment allowance	940	749
Certificates of deposit held	—	—
Securities held for trading purposes	2,828	3,101
Loans and receivables	135,780	140,433
Investment securities	6,833	2,785
Other investments	101	112
Property, plant and equipment and investment properties	5,267	5,348
Total assets	<u>237,569</u>	<u>241,845</u>
Liabilities		
Deposits and balances from banks	7,880	10,141
Deposits from customers		
Demand deposits and current accounts	48,568	55,491
Savings deposits	—	—
Time, call and notice deposits	9,434	1,772
Amount due to overseas offices of the institution	50,082	47,868
Certificates of deposit issued	—	—
Issued debt securities	—	—
Other liabilities	121,352	126,244
Provisions	253	329
Total liabilities	<u>237,569</u>	<u>241,845</u>

III. Additional Balance Sheet Information

(in millions of Hong Kong Dollar)

(i) Loans and receivables

	As at Dec 31, 2021	As at Jun 30, 2021
Loans and advances to customers	19,034	16,050
Loans and advances to banks	3,899	6,308
Accrued interest and other accounts	7,252	6,314
Derivatives receivables	105,906	111,947
Provision for impaired loans, receivables and other accounts		
- Collective provisions	(311)	(186)
- Specific provisions	—	—
	<u>135,780</u>	<u>140,433</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, 2021
The following countries or areas have constituted 10% or more of the aggregate gross amount of loans and advances to customers:	
Hong Kong	7,404
United States	5,119
Thailand	3,405
	As at Jun 30, 2021
The following countries or areas have constituted 10% or more of the aggregate gross amount of loans and advances to customers:	
Hong Kong	6,931
United States	4,001
Thailand	2,255

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, 2021	As at Jun 30, 2021
The following countries or geographical segments have gross impaired loans and advances to customers:		
Hong Kong	7,330	6,016
Asia Pacific excluding Hong Kong	3,724	2,375
North and Latin America	5,600	4,482
Middle East & Africa	253	492
Western & Eastern Europe	3	3
	<u>16,910</u>	<u>13,368</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, 2021	As at Jun 30, 2021
Percentage of such loans and advances to the total loans and advances to customers	88.84%	83.29%

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, 2021	As at Jun 30, 2021
The following countries or geographical segments have gross impaired loans and advances to banks:		
Asia Pacific excluding Hong Kong	—	64
Western & Eastern Europe	—	31
North & Latin America	—	2
	<u>—</u>	<u>97</u>

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, 2021	As at Jun 30, 2021
Percentage of such loans and advances to the total loans and advances to banks	—%	1.54%

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, 2021	As at Jun 30, 2021
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Property development	565	578
Stockbrokers	—	583
Wholesale and retail trade	457	263
Manufacturing	3	6
Transport and transport equipment	830	—
Information technology	2,491	1,251
Others	300	300
Individuals	—	—
Trade finance	7,458	7,245
Loans and advances for use outside Hong Kong	6,930	5,824
	<u>19,034</u>	<u>16,050</u>

Balance of loans and advances covered by collateral or other security as of December 31, 2021 was HK\$790 million (June 30, 2021 was HK\$786 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, 2021 (June 30, 2021: Nil).

There were no collateral held against overdue loans as at December 31, 2021 (June 30, 2021: Nil).

There were no specific provisions made on such overdue loans and advances as at December 31, 2021 (June 30, 2021: Nil).

(vii) There were no rescheduled loans and advances to customers and banks as at December 31, 2021 (June 30, 2021: Nil).

(viii) There were no overdue other assets (including trade bills and debt securities) as at December 31, 2021 (June 30, 2021: Nil).

(ix) There were no repossessed assets held as at December 31, 2021 (June 30, 2021: Nil).

(x) Other liabilities

	As at Dec 31, 2021	As at Jun 30, 2021
Accrued expenses and other accounts	11,423	9,542
Derivatives payables	109,929	116,702
	<u>121,352</u>	<u>126,244</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, 2021						
Developed countries	68,423	—	323	10,087	—	78,833
Offshore centers	4,269	2	1,380	4,884	539	11,074
Developing Asia and Pacific	5,577	5,079	488	5,031	—	16,175
As at Jun 30, 2021						
Developed countries	63,406	—	15	7,119	—	70,540
Offshore centers	13,937	1	1,894	956	937	17,725
Developing Asia and Pacific	9,386	2,302	581	3,956	—	16,225

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, 2021: developed countries, offshore centers and developing Asia and Pacific) constituted 10% or more of the international claims as at December 31, 2021.

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, 2021

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)	4,785	6,875	11,660
Local governments, local government-owned entities and their subsidiaries and JVs	—	78	78
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,383	7,910	11,293
Other entities of central governments	1,081	2	1,083
Other entities of local governments	3	78	81
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,418	2,495	3,913
Other counterparties where the exposures are considered to be non-bank Mainland China exposures	835	4,292	5,127
Total	<u>11,505</u>	<u>21,730</u>	<u>33,235</u>
Total assets after provisions	237,316		
On-balance sheet exposures as percentage of total assets	4.85 %		

As at Jun 30, 2021

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)	3,636	6,174	9,810
Local governments, local government-owned entities and their subsidiaries and JVs	—	155	155
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,115	4,595	5,710
Other entities of central governments	1,928	698	2,626
Other entities of local governments	13	—	13
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	678	2,562	3,240
Other counterparties where the exposures are considered to be non-bank Mainland China exposures	1,075	7,069	8,144
Total	<u>8,445</u>	<u>21,253</u>	<u>29,698</u>
Total assets after provisions	241,516		
On-balance sheet exposures as percentage of total assets	3.50 %		

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, 2021	USD	CNY	AUD	JPY	IDR	THB	TWD	Total
Currency positions								
Spot assets	138,008	41,352	552	2,484	72	159	1,599	184,226
Spot liabilities	(159,624)	(34,592)	(1,009)	(2,845)	(158)	(444)	(1,643)	(200,315)
Forward purchases	1,867,270	946,542	21,071	62,841	1,870	545	436,280	3,336,419
Forward sales	(1,843,846)	(951,703)	(19,346)	(63,421)	(2,933)	(1,420)	(439,689)	(3,322,358)
Net options position	(566)	—	—	—	—	—	—	(566)
Net long/(short) position including options	<u>1,242</u>	<u>1,599</u>	<u>1,268</u>	<u>(941)</u>	<u>(1,149)</u>	<u>(1,160)</u>	<u>(3,453)</u>	<u>(2,594)</u>

As at Jun 30, 2021	USD	CNY	EUR	INR	THB	TWD	Total
Currency positions							
Spot assets	128,596	58,097	6,128	482	96	3,760	197,159
Spot liabilities	(142,946)	(55,782)	(5,984)	(957)	(457)	(3,802)	(209,928)
Forward purchases	1,780,310	814,227	130,183	14,314	463	450,720	3,190,217
Forward sales	(1,761,685)	(809,448)	(129,103)	(12,920)	(1,344)	(460,683)	(3,175,183)
Net options position	(623)	(91)	—	798	—	—	84
Net long/(short) position including options	<u>3,652</u>	<u>7,003</u>	<u>1,224</u>	<u>1,717</u>	<u>(1,242)</u>	<u>(10,005)</u>	<u>2,349</u>

As at December 31, 2021, USD, CNY, AUD, JPY, IDR, THB and TWD (June 30, 2021: USD, CNY, EUR, INR, 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, 2021 (June 30, 2021: 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, 2021	As at Jun 30, 2021
Contingent Liabilities and Commitments		
Direct credit substitutes	659	1,137
Transaction-related contingencies	—	—
Trade-related contingencies	6,837	6,688
Note issuance and revolving underwriting facilities	—	—
Other commitments	23,905	25,910
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)	346	—
Derivatives		
Exchange rate-related derivative contracts	3,999,163	3,772,175
Interest rate derivative contracts	3,701,742	3,398,831
Others	72,167	80,230

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, 2021 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, 2021	As at Jun 30, 2021
Aggregate credit risk weighted amount of the off-balance sheet instruments		
Exchange rate-related derivative contracts	24,563	23,728
Interest rate derivative contracts	10,357	9,626
Others	4,621	5,190
Fair value of the off-balance sheet instruments		
Exchange rate-related derivative contracts	31,711	44,471
Interest rate derivative contracts	74,472	66,439
Others	1,018	1,038

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

Remuneration policy

Governance and Oversight

JPMorgan Chase Bank N.A. – Hong Kong Branch (the “Branch”) is part of the JPMorgan Chase & Co. group of companies (“The Firm”). As part of the Firm, the Branch 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 J.P. Morgan Chase & Co, the ultimate parent company of the Firm.

The CMDC oversees the Firm’s compensation programs throughout the year, which enables the programs to be proactive in addressing both current and emerging developments or challenges. The key committee responsibilities of the CMDC related to the Firm’s 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

A Regional Remuneration Committee (the “Committee”) has been established to provide oversight for the design and operation of the Branch’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 Branch’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 Branch’s firm-wide strategy or activities or those of the Branch’s material business lines. Individuals designated as Senior Management in the Branch include Chief Executive, Alternate Chief Executive, Chief Risk Officer, Head of Internal Audit and Managers appointed under Section 72B of the Banking Ordinance, and Principally Responsible Person regime and other senior executives as required by regulations. Key personnel comprises of all other designated material risk takers.

Compensation philosophy

Our compensation philosophy provides the guiding principles that drive compensation-related decisions across all levels of the Firm. We believe our compensation philosophy promotes an equitable and well-governed approach to compensation, which includes pay-for-performance practices that attract and retain top talent in a competitive market, is responsive to and aligned with shareholders, reinforces our culture and Business Principles, and integrates risk, controls and conduct considerations.

VIII. Disclosure on remuneration (continued)

<p>Paying for performance and aligning with shareholders' interests</p>	<ul style="list-style-type: none"> • In making compensation-related decisions, the Firm focuses on risk-adjusted performance (the Firm's risk and control professionals help contextualize the risk taken to achieve the return) and rewards behaviors that generate sustained value for the Firm. This means that compensation should not be overly formulaic, rigid or focused on the short term.
<p>Encouraging a shared success culture</p>	<ul style="list-style-type: none"> • Teamwork and leadership should be encouraged and rewarded to foster a culture that supports our Business Principles. • Contributions should be considered across the Firm, within business units, and at an individual level when evaluating an employee's performance.
<p>Attracting and retaining top talent</p>	<ul style="list-style-type: none"> • The Firm's long-term success depends on the talents of its employees. The Firm's compensation philosophy plays a significant role in its ability to attract, properly motivate and retain top talent. • Competitive and reasonable compensation should help attract and retain the best talent to grow and sustain the Firm's business.
<p>Integrating risk management and compensation</p>	<ul style="list-style-type: none"> • Risk management, compensation recovery, and repayment policies should be robust and designed to encourage behaving with standards of integrity that are required by the Firm's culture and Business Principles. Excessive risk-taking should be deterred. • Conduct matters should be reviewed following Firmwide frameworks. • Recoupment policies should include recovery of cash and equity compensation. • The Firm's pay practices must comply with applicable rules and regulations, both in the U.S. and globally.
<p>No special perquisites and non-performance based compensation</p>	<ul style="list-style-type: none"> • Compensation should be straightforward and consist primarily of cash and equity incentives. • The Firm does not have special supplemental retirement or other special benefits just for executives, nor does it have any change-in-control agreements, golden parachutes, merger bonuses, or other special severance benefit arrangements for executives.
<p>Maintaining strong governance</p>	<ul style="list-style-type: none"> • Strong corporate governance is fostered by independent oversight by the board of J.P. Morgan Chase & Co. of the executive compensation program, including defining the Firm's compensation philosophy, reviewing and approving the Firm's overall incentive compensation pools, and approving compensation for the Operating Committee, including the terms of compensation awards. • The Firm has a rigorous process in place to review risk, controls and conduct issues at the Firm, line of business, functional, and regional levels, which can impact compensation pools as well as reduce compensation at the individual level, in addition to other employee actions.
<p>Transparency with shareholder</p>	<ul style="list-style-type: none"> • Transparency to shareholders regarding the Firm's executive compensation program is important. The Firm discloses all material terms of its executive pay program and any actions on the part of the Firm in response to significant events, as appropriate.

Link between Pay and Performance

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

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

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

VIII. Disclosure on remuneration (continued)

The Firm has specific expectations of performance under each dimension which differ depending on the employee's level and/or role. Demonstrating the expected behaviors consistent with the Firm's "How We Do Business" Principles 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. How We Do Business principles and practices should form a significant part of the overall assessment of employees each year. Qualitative performance considerations such as risk, control and conduct standards should be satisfactory overall for the role. For employees who have adverse performance in these principles and practices, managers should, where appropriate, override an employee's performance in business results, even where it is strong. Compensation should be reduced or eliminated, as appropriate.

These four performance categories appropriately consider short-, and medium-term goals that drive sustained shareholder value, while accounting for risk, controls and conduct outcomes. All of these performance categories are considered and there is no specific weighting assigned to any one factor, metric or component.

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 line of business that the Control Functions cover.

Compensation Structure

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

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

Incentive compensation is awarded in cash and/or 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. The Firm believes equity-based awards are important to:

- Aligning employee compensation with shareholder value creation
- Supporting 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) 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.

VIII. Disclosure on remuneration (continued)

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 prompt and proportionate actions with respect to accountable individuals, 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
- Termination of employment

The Firm has a framework in place that provides for recommended impacts to drive consistency. However, the precise actions the Firm may take with respect to accountable individuals, which may also include coaching and training in addition to the above, 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.

Aggregate quantitative information on remuneration for senior management and key personnel for the year ended December 31, 2021 are as follows:

Remuneration amount and quantitative information		Senior Management	Key Personnel
Fixed remuneration	Number of employees	34	18
		US\$'000	US\$'000
	Total fixed remuneration	12,418	7,809
	Of which: cash-based	12,418	7,809
	Of which: deferred	—	—
	Of which: shares or other share-linked instruments	—	—
	Of which: deferred	—	—
	Of which: other forms	—	—
	Of which: deferred	—	—
Variable remuneration	Number of employees	33	17
		US\$'000	US\$'000
	Total variable remuneration	33,871	14,325
	Of which: cash-based	18,111	8,616
	Of which: deferred	—	—
	Of which: shares or other share-linked instruments	15,760	5,709
	Of which: deferred	15,760	5,709
	Of which: other forms	—	—
	Of which: deferred	—	—
Total remuneration		46,289	22,134

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	—	—	—	—	—	—

VIII. Disclosure on remuneration (continued)

Deferred and retained remuneration	Total amount of outstanding deferred remuneration (US\$'000)	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment (US\$'000)	Total amount of amendment during the year due to ex post explicit adjustments (US\$'000)	Total amount of amendment during the year due to ex post implicit adjustments (US\$'000)	Total amount of deferred remuneration paid out in the financial year (US\$'000)
Senior management	35,017	35,017	—	7,984	15,779
Cash	—	—	—	—	—
Shares	35,017	35,017	—	7,984	15,779
Cash-linked instruments	—	—	—	—	—
Other	—	—	—	—	—
Key personnel	18,091	18,091	—	4,040	7,299
Cash	—	—	—	—	—
Shares	18,091	18,091	—	4,040	7,299
Cash-linked instruments	—	—	—	—	—
Other	—	—	—	—	—
Total	53,108	53,108	—	12,024	23,078

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 in Table REMA.
- (2) Senior Management and Key Personnel may have responsibilities beyond Hong Kong and the Branch, as a result, do not perform services exclusively for the Branch.
- (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 December 31, 2021.
- (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.

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, 2021	As at Jun 30, 2021
Capital adequacy ratio (<i>Note 1</i>)	16.8%	17.1%
Shareholders' funds	294,127	286,386

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, 2021	As at Jun 30, 2021
Total assets	3,743,567	3,684,256
Total liabilities	3,449,440	3,397,870
Total loans and advances (net of allowance for loan losses)	1,061,328	1,021,454
Total customer deposits	2,462,303	2,305,217

	Year ended Dec 31, 2021	Year ended Dec 31, 2020
Pre-tax profit	59,562	35,815

Remarks: The annual report of JPMorgan Chase & Co. on April 4, 2022 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. ("JPMC"), 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 2021	3 month's average of Q4 2020
Average liquidity maintenance ratio	82.60 %	61.72 %
Average core funding ratio	213.47 %	276.90 %

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, 2021	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 (Note 2)	95,972	21,901	25,806	102,093	289,622	82,850	5,734	237,881
Total Off-balance sheet claims	—	1,415	—	—	—	—	—	1,415
Total On-balance sheet liabilities (Note 2)	85,352	18,724	28,004	93,389	267,191	127,102	903	237,881
Total Off-balance sheet obligations	11,357	346	—	7	18	—	—	11,728
Contractual maturity mismatch	(736)	4,242	(2,197)	8,700	22,413	(44,252)	—	
Cumulative contractual maturity mismatch	(736)	3,506	1,309	10,009	32,422	(11,830)	—	
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 (Note 2)	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 (Note 2)	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)	—	

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, 2021		As at Dec 31, 2020	
	Total amount	As % of total liabilities	Total amount	As % of total liabilities
Funding raised from connected parties	66,424	27.96 %	64,539	26.39 %
Funding raised from banks	3,584	1.51 %	3,186	1.30 %
Deposits from customers	23,827	10.03 %	14,684	6.00 %

There was no concentration limits on collateral pools as of December 31, 2021 (December 31, 2020: Nil).

Remarks: The HKMA Return on Liquidity Monitoring Tools (Form MA (BS) 23) as at December 31, 2021 and December 31, 2020 have been used for disclosure purpose for Maturity Analysis and Source of Funding in this section.