

**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, 2022**

**SECTION A: BRANCH INFORMATION**

**I. Unaudited Income Statement**

*(in millions of Hong Kong Dollars)*

	<b>Year ended</b>		<b>Year ended</b>	
	<b>Dec 31, 2022</b>		<b>Dec 31, 2021</b>	
Interest income		1,880		805
Interest expense		(1,170)		(236)
Other operating income				
Gains less losses arising from trading in foreign currencies		2,240		836
Gains less losses on securities held for trading purposes		(2)		38
Gains less losses from other trading activities		(915)		13
Net fees and commission income				
Gross fees and commission income	9,183		9,080	
Gross fees and commission expenses	(628)	8,555	(470)	8,610
Others		20		100
Operating income		<u>10,608</u>		<u>10,166</u>
Operating expenses				
Staff costs	(4,155)		(3,988)	
Premises expenses	(626)		(576)	
Equipment expenses	(371)		(384)	
Travel & entertainment expenses	(85)		(47)	
Others	(3,770)	(9,007)	(3,637)	(8,632)
Impairment losses and provisions for impaired loans and receivables		(1,537)		(223)
Gains less losses from disposal of fixed assets		(1)		(1)
Profit before taxation		<u>63</u>		<u>1,310</u>
Tax credit / (expense)		166		(227)
Profit after taxation		<u><u>229</u></u>		<u><u>1,083</u></u>

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

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### II. Unaudited Balance Sheet Information

(in millions of Hong Kong Dollars)

Assets	As at Dec 31, 2022	As at Jun 30, 2022
Due from Exchange Fund	3,064	11,818
Cash and balances with banks	18,770	11,726
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	59,606	55,800
Trade bills, net of impairment allowance	617	1,079
Securities held for trading purposes	57	250
Loans and receivables, net of impairment allowance	210,506	183,376
Investment securities	5,696	7,629
Other investments	97	99
Property, plant and equipment and investment properties	4,466	4,975
Total assets	<u>302,879</u>	<u>276,752</u>
<b>Liabilities</b>		
Deposits and balances from banks	6,588	6,474
Deposits from customers		
Demand deposits and current accounts	62,846	46,578
Time, call and notice deposits	809	850
Amount due to overseas offices of the institution	40,554	53,065
Other liabilities	192,059	169,720
Provisions	23	65
Total liabilities	<u>302,879</u>	<u>276,752</u>

**III. Additional Balance Sheet Information**

*(in millions of Hong Kong Dollar)*

(i) Loans and receivables

	<b>As at Dec 31, 2022</b>	<b>As at Jun 30, 2022</b>
Loans and advances to customers	16,633	17,272
Loans and advances to banks	3,404	4,042
Accrued interest and other accounts	5,704	5,698
Derivatives receivables	186,693	158,070
Provision for impaired loans, receivables and other accounts		
- Collective provisions	(1,928)	(1,706)
- Specific provisions	—	—
	<u>210,506</u>	<u>183,376</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

	<b>As at Dec 31, 2022</b>
The following countries or areas have constituted 10% or more of the aggregate gross amount of loans and advances to customers:	
Hong Kong	6,186
China	4,142
United States	3,768
	<b>As at Jun 30, 2022</b>
The following countries or areas have constituted 10% or more of the aggregate gross amount of loans and advances to customers:	
Hong Kong	7,263
China	4,219
United States	3,798

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

Impaired Loans are identified in accordance with the definitions set out in the Return of Loans and Advances and Provision (Form MA(BS)2A) issued by HKMA, where loans and advances have been classified as “substandard”, “doubtful” and “loss” are reported.

	<b>As at Dec 31, 2022</b>	<b>As at Jun 30, 2022</b>
The following countries or geographical segments have gross impaired loans and advances to customers:		
Hong Kong	—	1
Asia Pacific excluding Hong Kong	218	205
Western & Eastern Europe	114	—
	<u>332</u>	<u>206</u>
Percentage of such loans and advances to the total loans and advances to customers	2.00%	1.19%

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.

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

Impaired Loans are identified in accordance with the definitions set out in the Return of Loans and Advances and Provision (Form MA(BS)2A) issued by HKMA, where loans and advances have been classified as “substandard”, “doubtful” and “loss” are reported.

There were no impaired loans and advances to banks as at December 31, 2022 (June 30, 2022: Nil).

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.

**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

	<b>As at Dec 31, 2022</b>	<b>As at Jun 30, 2022</b>
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Property development	565	569
Financial concerns	1,646	61
Wholesale and retail trade	122	404
Manufacturing	1,561	1,569
Transport and transport equipment	76	1
Information technology	5,335	5,436
Others	—	6
Trade finance	5,323	5,786
Loans and advances for use outside Hong Kong	2,005	3,440
	<u>16,633</u>	<u>17,272</u>

Balance of loans and advances covered by collateral or other security as of December 31, 2022 was HK\$456 million (June 30, 2022 was HK\$740 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, 2022 (June 30, 2022: Nil).

There were no collateral held against overdue loans as at December 31, 2022 (June 30, 2022: Nil).

There were no specific provisions made on such overdue loans and advances as at December 31, 2022 (June 30, 2022: Nil).

(vii) There were no rescheduled loans and advances to customers and banks as at December 31, 2022 (June 30, 2022: Nil).

(viii) There were no overdue other assets (including trade bills and debt securities) as at December 31, 2022 (June 30, 2022: Nil).

(ix) There were no repossessed assets held as at December 31, 2022 (June 30, 2022: Nil).

(x) Other liabilities

	<b>As at Dec 31, 2022</b>	<b>As at Jun 30, 2022</b>
Accrued expenses and other accounts	8,339	9,231
Derivatives payables	183,720	160,489
	<u>192,059</u>	<u>169,720</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		
<b>As at Dec 31, 2022</b>						
Developed countries	52,999	—	30	12,780	—	65,809
Offshore centers	25,331	2	917	(1,071)	3,022	28,201
Developing Asia and Pacific	3,961	2,482	407	4,739	—	11,589
<b>As at Jun 30, 2022</b>						
Developed countries	60,035	—	47	5,474	—	65,556
Offshore centers	4,264	3	109	8,316	1,608	14,300
Developing Asia and Pacific	6,193	3,328	968	4,144	—	14,633

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, 2022: developed countries, offshore centers and developing Asia and Pacific) constituted 10% or more of the international claims as at December 31, 2022.

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

### V. Non-Bank Mainland Exposures

(in millions of Hong Kong Dollars, excepts ratios)

The analysis of Non-Bank Mainland Exposures are identified in accordance with the definitions set out in MA(BS)20 Return of Mainland Activities issued by the HKMA.

#### As at Dec 31, 2022

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)	814	8,365	9,179
Local governments, local government-owned entities and their subsidiaries and JVs	—	117	117
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,663	8,882	12,545
Other entities of central governments	781	273	1,054
Other entities of local governments	—	—	—
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	985	468	1,453
Other counterparties where the exposures are considered to be non-bank Mainland China exposures	3,933	778	4,711
Total	<u>10,176</u>	<u>18,883</u>	<u>29,059</u>
Total assets after provisions	302,856		
On-balance sheet exposures as percentage of total assets	3.36 %		

#### As at Jun 30, 2022

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)	1,130	6,976	8,106
Local governments, local government-owned entities and their subsidiaries and JVs	—	118	118
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	4,258	8,679	12,937
Other entities of central governments	942	283	1,225
Other entities of local governments	—	—	—
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	624	96	720
Other counterparties where the exposures are considered to be non-bank Mainland China exposures	3,952	622	4,574
Total	<u>10,906</u>	<u>16,774</u>	<u>27,680</u>
Total assets after provisions	276,687		
On-balance sheet exposures as percentage of total assets	3.94 %		

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)*

The following is the summary of the major foreign currency exposures in accordance with the definitions set out in MA(BS)6 Return of Foreign Currency Position issued by the HKMA.

<b>As at Dec 31, 2022</b>	<b>CNY</b>	<b>INR</b>	<b>SGD</b>	<b>JPY</b>	<b>TWD</b>	<b>USD</b>	<b>Total</b>
<b>Currency positions</b>							
Spot assets	46,084	1,161	2,379	5,190	7,162	184,829	246,805
Spot liabilities	(37,382)	(1,415)	(1,938)	(4,905)	(6,900)	(198,716)	(251,256)
Forward purchases	878,527	16,633	47,784	102,513	289,441	1,872,132	3,207,030
Forward sales	(882,517)	(16,774)	(47,314)	(104,912)	(292,789)	(1,866,331)	(3,210,637)
Net options position	(92)	2,547	—	759	(142)	(3,535)	(463)
Net long/(short) position including options	<u>4,620</u>	<u>2,152</u>	<u>911</u>	<u>(1,355)</u>	<u>(3,228)</u>	<u>(11,621)</u>	<u>(8,521)</u>

<b>As at Jun 30, 2022</b>	<b>USD</b>	<b>INR</b>	<b>AUD</b>	<b>THB</b>	<b>JPY</b>	<b>TWD</b>	<b>Total</b>
<b>Currency positions</b>							
Spot assets	153,201	962	1,801	633	3,514	7,001	167,112
Spot liabilities	(175,721)	(1,103)	(505)	(610)	(2,708)	(6,895)	(187,542)
Forward purchases	2,095,391	20,094	11,382	453	55,414	297,264	2,479,998
Forward sales	(2,064,701)	(20,083)	(11,391)	(1,575)	(58,142)	(303,932)	(2,459,824)
Net options position	(2,137)	2,137	—	—	616	(364)	252
Net long/(short) position including options	<u>6,033</u>	<u>2,007</u>	<u>1,287</u>	<u>(1,099)</u>	<u>(1,306)</u>	<u>(6,926)</u>	<u>(4)</u>

As at December 31, 2022, CNY, INR, SGD, JPY, TWD and USD (June 30, 2022: USD, INR, AUD, THB, JPY 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, 2022 (June 30, 2022: 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)*

	<b>As at Dec 31, 2022</b>	<b>As at Jun 30, 2022</b>
Contingent Liabilities and Commitments		
Direct credit substitutes	675	665
Transaction-related contingencies	—	—
Trade-related contingencies	3,438	4,148
Note issuance and revolving underwriting facilities	—	—
Other commitments	24,295	20,814
Others (including forward asset purchases, amounts owing on partly paid-up shares and securities, forward deposits placed, asset sales or other transactions with recourse)	—	367
Derivatives		
Exchange rate-related derivative contracts	4,019,490	4,449,082
Interest rate derivative contracts	3,933,667	3,977,757
Others	76,104	77,726

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

There were no forward deposits placed as at December 31, 2022 (June 30, 2022: HK367million). 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.

	<b>As at Dec 31, 2022</b>	<b>As at Jun 30, 2022</b>
Fair value of the off-balance sheet instruments		
Exchange rate-related derivative contracts	45,618	42,144
Interest rate derivative contracts	151,305	124,189
Others	878	796

The contract amounts and fair values 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 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

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 under local regulations. Key personnel comprises of all other designated material risk takers.

## VIII. Disclosure on remuneration (continued)

### Compensation philosophy

The Firm's Business Principles and culture are fundamental to the Firm's success in how the Firm does business over the long-term. Guided by these Business Principles, the Firm's compensation philosophy is fundamental to our goals of attracting, retaining, and motivating the Firm's workforce in a competitive market. 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 shared success culture
- Attracting and retaining top talent
- Integrating risk management and compensation
- No special perquisites and non-performance based compensation
- Maintaining strong governance
- Transparency with shareholder

### 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 and holistic approach to assess performance throughout the year against four broad dimensions:

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

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 priorities 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.

### VIII. Disclosure on remuneration (continued)

#### 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. 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 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.

VIII. Disclosure on remuneration (continued)

Aggregate quantitative information on remuneration for senior management and key personnel for the year ended December 31, 2022 are as follows (expressed in US\$'000 unless otherwise stated):

Remuneration amount and quantitative information		Senior Management	Key Personnel
Fixed remuneration	Number of employees	30	17
	Total fixed remuneration	<b>11,450</b>	<b>6,889</b>
	Of which: cash-based	11,450	6,889
	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	29	15
	Total variable remuneration	<b>33,898</b>	<b>12,711</b>
	Of which: cash-based	17,067	7,255
	Of which: deferred	—	—
	Of which: shares or other share-linked instruments	16,831	5,456
	Of which: deferred	16,831	5,456
	Of which: other forms	—	—
	Of which: deferred	—	—
<b>Total remuneration</b>		<b>45,348</b>	<b>19,600</b>

Special payments	Guaranteed bonuses		Sign-on awards		Severance payments	
	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
Senior management and Key personnel	—	—	—	—	—	—

VIII. Disclosure on remuneration (continued)

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
Senior management	32,648	32,648	—	(3,757)	12,870
Cash	—	—	—	—	—
Shares	32,648	32,648	—	(3,757)	12,870
Cash-linked instruments	—	—	—	—	—
Other	—	—	—	—	—
Key personnel	10,482	10,482	—	(1,244)	4,889
Cash	—	—	—	—	—
Shares	10,482	10,482	—	(1,244)	4,889
Cash-linked instruments	—	—	—	—	—
Other	—	—	—	—	—
<b>Total</b>	<b>43,130</b>	<b>43,130</b>	<b>—</b>	<b>(5,001)</b>	<b>17,759</b>

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 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, 2022.
- (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**

	<b>As at Dec 31, 2022</b>	<b>As at Jun 30, 2022</b>
Capital adequacy ratio ( <i>Note 1</i> )	16.8%	15.7%
Shareholders' funds	292,332	286,143

*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**

	<b>As at Dec 31, 2022</b>	<b>As at Jun 30, 2022</b>
Total assets	3,665,743	3,841,314
Total liabilities	3,373,411	3,555,171
Total loans and advances (net of allowance for loan losses)	1,115,921	1,086,405
Total customer deposits	2,340,179	2,471,544
	<b>Year ended</b>	<b>Year ended</b>
	<b>Dec 31, 2022</b>	<b>Dec 31, 2021</b>
Pre-tax profit	46,166	59,562

Remarks: The annual report of JPMorgan Chase & Co. on April 4, 2023 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 Management

The Liquidity Risk Management (“LRM”) 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. LRM is responsible for the independent assessment, measuring, monitoring, and control of liquidity risk across the firm. LRM’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 metrics, as well as liquidity positions, balance sheet variances and funding activities; and
- Approving or escalating for review new or updated liquidity stress assumptions.

### 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 Management 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.

LRM 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.

## SECTION C: LIQUIDITY RISK MANAGEMENT (Continued)

### 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.

### 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 Chief Investment Office ("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.

## SECTION C: LIQUIDITY RISK MANAGEMENT (Continued)

(in millions of Hong Kong Dollars, except ratios)

### Liquidity Management (Continued)

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, lines of business 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 fund transfer pricing in accordance with underlying liquidity characteristics of balance sheet assets and liabilities as well as certain off-balance sheet items.

### I. Liquidity Ratios

	3 month's average of Q4 2022	3 month's average of Q4 2021
Average liquidity maintenance ratio	73.70 %	82.60 %
Average core funding ratio	218.80 %	213.47 %

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.

<b>As at Dec 31, 2022</b>	<b>Repayable on demand</b>	<b>Up to 1 month</b>	<b>Over 1 month - 3 months</b>	<b>Over 3 months - 12 months</b>	<b>Over 1 year - 5 years</b>	<b>Over 5 years</b>	<b>Undated</b>	<b>Total</b>
Total On-balance sheet assets (Note 2)	229,936	635,105	785,432	968,359	505,467	125,517	8,145	304,806
Total Off-balance sheet claims	—	—	—	—	—	—	—	—
Total On-balance sheet liabilities (Note 2)	224,393	632,511	785,342	959,009	489,724	165,487	2,239	304,806
Total Off-balance sheet obligations	4,811	—	—	—	—	—	—	4,811
Contractual maturity mismatch	732	2,594	90	9,350	15,743	(39,970)	—	
Cumulative contractual maturity mismatch	732	3,326	3,416	12,766	28,509	(11,461)	—	

<b>As at Dec 31, 2021</b>	<b>Repayable on demand</b>	<b>Up to 1 month</b>	<b>Over 1 month - 3 months</b>	<b>Over 3 months - 12 months</b>	<b>Over 1 year - 5 years</b>	<b>Over 5 years</b>	<b>Undated</b>	<b>Total</b>
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)	—	

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**

<b>Significant funding instruments</b>	<b>As at Dec 31, 2022</b>		<b>As at Dec 31, 2021</b>	
	<b>Total amount</b>	<b>As % of total liabilities</b>	<b>Total amount</b>	<b>As % of total liabilities</b>
Funding raised from connected parties	58,778	19.41 %	66,424	27.96 %
Funding raised from banks	2,960	0.98 %	3,584	1.51 %
Deposits from customers	26,199	8.65 %	23,827	10.03 %

There was no concentration limits on collateral pools as of December 31, 2022 (December 31, 2021: Nil).

Remarks: The HKMA Return on Liquidity Monitoring Tools (Form MA(BS)23) as at December 31, 2022 and December 31, 2021 have been used for disclosure purpose for Maturity Analysis and Source of Funding in this section.