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 six months ended June 30, 2020

SECTION A: BRANCH INFORMATION

I. Unaudited Income Statement

(in millions of Hong Kong Dollars)

		Period ended Jun 30, 2020		Period ended Jun 30, 2019
Interest income		663		1,173
Interest expense		(399)		(880)
Other operating income				
Gains less losses arising from trading in foreign currencies		164		53
Gains less losses on securities held for trading purposes		9		(17)
Gains less losses from other trading activities		272		103
Net fees and commission income				
Gross fees and commission income	4,049		4,329	
Gross fees and commission expenses	(206)	3,843	(314)	4,015
Others		—		—
Operating income		4,552		4,447
Operating expenses				
Staff costs	(2,001)		(1,942)	
Premises expenses	(263)		(252)	
Equipment expenses	(157)		(133)	
Travel & entertainment expenses	(29)		(64)	
Others	(1,396)	(3,846)	(1,316)	(3,707)
Impairment losses and provisions for impaired loans and receivables		94		(134)
Gains less losses from disposal of fixed assets		(5)		—
Profit before taxation		795		606
Tax expense		(43)		(97)
Profit after taxation		752		509

II. Unaudited Balance Sheet Information

(in millions of Hong Kong Dollars)

Assets	As at Jun 30, 2020	As at Dec 31, 2019
Due from Exchange Fund	2,250	2,180
Cash and balances with banks	4,457	5,994
Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	—	79
Amount due from overseas offices of the institution	43,200	70,307
Trade bills, net of impairment allowance	1,080	1,209
Certificates of deposit held	—	—
Securities held for trading purposes	11	12
Loans and receivables	120,551	83,679
Investment securities	5,186	5,911
Other investments	120	108
Property, plant and equipment and investment properties	5,106	4,954
Total assets	181,961	174,433

Liabilities		
Deposits and balances from banks	6,057	6,523
Deposits from customers		
Demand deposits and current accounts	33,588	52,621
Savings deposits	—	—
Time, call and notice deposits	1,161	1,166
Amount due to overseas offices of the institution	29,130	39,832
Certificates of deposit issued	—	—
Issued debt securities	—	—
Other liabilities	111,927	74,225
Provisions	98	66
Total liabilities	181,961	174,433

III. Additional Balance Sheet Information

(in millions of Hong Kong Dollar)

(i) Loans and receivables

	As at Jun 30, 2020	As at Dec 31, 2019
Loans and advances to customers	11,194	12,925
Loans and advances to banks	3,079	2,843
Accrued interest and other accounts	3,181	3,068
Derivatives receivables	103,311	65,185
Provision for impaired loans, receivables and other accounts		
- Collective provisions	(214)	(342)
- Specific provisions	—	—
	120,551	83,679

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 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

	As at Dec 31, 2019
The following countries or areas have constituted 10% or more of the aggregate gross amount of loans and advances to customers:	
Hong Kong	7,036
United States	2,444

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 Jun 30, 2020	As at Dec 31, 2019
The following countries or geographical segments have gross impaired loans and advances to customers:		
Hong Kong	4,256	3,717
Asia Pacific excluding Hong Kong	3,019	2,140
North and Latin America	2,549	2,929
Middle East & Africa	641	773
Western & Eastern Europe	4	92
	10,469	9,651

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.

Percentage of such loans and advances to the total loans and advances to customers	93.53%	74.67%

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 Jun 30, 2020	As at Dec 31, 2019
The following countries or geographical segments have gross impaired loans and advances to banks:		
Asia Pacific excluding Hong Kong	79	197

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.

Percentage of such loans and advances to the total loans and advances to banks	2.57%	6.93%

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 Jun 30, 2020	**As at Dec 31, 2019**
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Property development	140	156
Property investment	—	—
Financial concerns	0	0
Stockbrokers	—	—
Wholesale and retail trade	295	198
Manufacturing	200	201
Transport and transport equipment	0	0
Recreational activities	0	—
Information technology	1,019	1,081
Others	301	0
Individuals	—	—
Trade finance	3,997	4,002
Loans and advances for use outside Hong Kong	5,242	7,287
	11,194	12,925

Balance of loans and advances covered by collateral or other security as of June 30, 2020 was HK$528 millions (December 31, 2019 was HK$409 millions).

(vi) Overdue loans and advances to customers and banks

There were no overdue loans and advances to customers and banks as at June 30, 2020 (December 31, 2019: Nil).

There were no collateral held against overdue loans as at June 30, 2020 (December 31, 2019: Nil).

There were no specific provisions made on such overdue loans and advances as at June 30, 2020 (December 31, 2019: Nil).

(vii) There were no rescheduled loans and advances to customers and banks as at June 30, 2020 (December 31, 2019: Nil).

(viii) There were no overdue other assets (including trade bills and debt securities) as at June 30, 2020 (December 31, 2019: Nil).

(ix) There were no repossessed assets held as at June 30, 2020 (December 31, 2019: Nil).

(x) Other liabilities

	As at Jun 30, 2020	**As at Dec 31, 2019**
Accrued expenses and other accounts	8,054	8,528
Derivatives payables	103,873	65,697
	111,927	74,225

IV. International claims

	Banks	Official sector	Non-bank private sector: Non-bank financial institutions	Non-bank private sector: Non-financial private sector	Others	Total
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
As at Dec 31, 2019						
Developed countries	70,910	—	39	4,320	—	75,269
Offshore centers	3,261	2	79	8,232	558	12,132

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 (December 31, 2019: developed countries and offshore centers) constituted 10% or more of the international claims as at June 30, 2020.

V. Non-Bank Mainland Exposures

(in millions of Hong Kong Dollars, excepts ratios)

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%		

As at Dec 31, 2019

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)	883	8,634	9,517
Local governments, local government-owned entities and their subsidiaries and JVs	—	506	506
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	583	3,370	3,953
Other entities of central governments	83	203	286
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	3,240	535	3,775
Other counterparties where the exposures are considered to be non-bank Mainland China exposures	3,397	1,739	5,136
Total	8,186	14,987	23,173
Total assets after provisions	174,367		
On-balance sheet exposures as percentage of total assets	4.69%		

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 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	13,353	(3,273)	1,579	1,930	2,072	(1,455)	(4,420)	(4,741)	5,045

As at Dec 31, 2019	USD	CNY	IDR	JPY	KRW	PHP	THB	TWD	Total
Currency positions									
Spot assets	87,096	24,561	286	6,888	3,735	64	932	4,542	128,104
Spot liabilities	(103,252)	(23,331)	(374)	(5,641)	(3,462)	(85)	(1,103)	(4,772)	(142,020)
Forward purchases	1,603,796	674,879	5,191	255,727	23,684	3,443	2,410	328,744	2,897,874
Forward sales	(1,578,389)	(680,628)	(4,003)	(253,127)	(22,436)	(4,866)	(5,924)	(332,182)	(2,881,555)
Net options position	(645)	(160)	—	—	—	—	—	2	(803)
Net long/(short) position including options	8,606	(4,679)	1,100	3,847	1,521	(1,444)	(3,685)	(3,666)	1,600

As at June 30, 2020, USD, CNY, EUR, JPY, KRW, PHP, THB and TWD (December 31, 2019: USD, CNY, IDR, 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 June 30, 2020 (December 31, 2019: 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 Jun 30, 2020	As at Dec 31, 2019
Contingent Liabilities and Commitments		
Direct credit substitutes	799	1,403
Transaction-related contingencies	—	—
Trade-related contingencies	3,742	2,138
Note issuance and revolving underwriting facilities	—	—
Other commitments	26,552	22,235
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	4,464,300	3,423,088
Interest rate derivative contracts	3,028,544	3,534,665
Others	81,185	76,645

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 June 30, 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 Jun 30, 2020	As at Dec 31, 2019
Aggregate credit risk weighted amount of the off-balance sheet instruments		
Exchange rate-related derivative contracts	24,211	18,943
Interest rate derivative contracts	8,482	9,194
Others	5,082	5,004
Fair value of the off-balance sheet instruments		
Exchange rate-related derivative contracts	36,460	31,897
Interest rate derivative contracts	65,552	32,214
Others	1,300	1,074

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 6, 2020 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 Jun 30, 2020	**As at Dec 31, 2019**
Capital adequacy ratio (Note 1)	16.6%	16.0%
Shareholders' funds	264,466	261,330

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 Jun 30, 2020	**As at Dec 31, 2019**
Total assets	3,213,115	2,687,379
Total liabilities	2,948,649	2,426,049
Total loans and advances (net of allowance for loan losses)	946,426	946,646
Total customer deposits	1,931,029	1,562,431

	Six Months Ended Jun 30, 2020	**Six Months Ended Jun 30, 2019**
Pre-tax profit	8,681	22,575

Remarks: The quarterly earnings report of JPMorgan Chase & Co. on July 14, 2020 has been used for disclosure purpose in this Section.

SECTION C: LIQUIDITY RISK MANAGEMENT

(in millions of Hong Kong Dollars, except ratios)

Liquidity Risk

Liquidity risk is the risk that JPMorgan Chase & Co. (the “Firm” or “JPMC”), including 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

LRO is managed through an independent firmwide risk group within the CTC Risk organization. Firmwide liquidity risk management issues are governed by the CTC Risk Committee, which is co-chaired by the JPMC Chief Financial Officer and CTC Chief Risk Officer. 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.

SECTION C: LIQUIDITY RISK MANAGEMENT (Continued)

(in millions of Hong Kong Dollars, except ratios)

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"), which is approved by the firmwide Asset and Liability Committee ("ALCO") and the Risk Committee of the JPMC Board of Directors, is a compilation of procedures and action plans for managing liquidity through stress events (including the Branch). The Branch is an integral part of the firmwide CFP framework. The 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 (including the Branch) in a period of stress.

Treasury and Chief Investment Office maintains a country addendum to the firmwide CFP, which is reviewed and approved by the Hong Kong RALCO at least annually.

Liquidity Management

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)

I. Liquidity Ratios

	3 month's average of Q2 2020	3 month's average of Q2 2019
Average liquidity maintenance ratio	58.66%	63.24%
Average core funding ratio	244.29%	224.83%

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.