

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, 2021**

SECTION A: BRANCH INFORMATION

I. Unaudited Income Statement

(in millions of Hong Kong Dollars)

	Period ended		Period ended	
	Jun 30, 2021		Jun 30, 2020	
Interest income		393		663
Interest expense		(116)		(399)
Other operating income				
Gains less losses arising from trading in foreign currencies		398		164
Gains less losses on securities held for trading purposes		18		9
Gains less losses from other trading activities		235		272
Net fees and commission income				
Gross fees and commission income	4,504		4,049	
Gross fees and commission expenses	(303)	4,201	(206)	3,843
Others		2		—
Operating income		<u>5,131</u>		<u>4,552</u>
Operating expenses				
Staff costs	(1,924)		(2,001)	
Premises expenses	(273)		(263)	
Equipment expenses	(185)		(157)	
Travel & entertainment expenses	(20)		(29)	
Others	(1,712)	(4,114)	(1,396)	(3,846)
Impairment losses and provisions for impaired loans and receivables		(176)		94
Gains less losses from disposal of fixed assets		—		(5)
Profit before taxation		<u>841</u>		<u>795</u>
Tax expense		(143)		(43)
Profit after taxation		<u><u>698</u></u>		<u><u>752</u></u>

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

II. Unaudited Balance Sheet Information

(in millions of Hong Kong Dollars)

Assets	As at Jun 30, 2021	As at Dec 31, 2020
Due from Exchange Fund	15,925	12,248
Cash and balances with banks	14,839	8,570
Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	323	—
Amount due from overseas offices of the institution	58,230	47,555
Trade bills, net of impairment allowance	749	855
Certificates of deposit held	—	—
Securities held for trading purposes	3,101	3,338
Loans and receivables	140,433	162,540
Investment securities	2,785	4,084
Other investments	112	114
Property, plant and equipment and investment properties	5,348	5,272
Total assets	<u>241,845</u>	<u>244,576</u>
Liabilities		
Deposits and balances from banks	10,141	5,968
Deposits from customers		
Demand deposits and current accounts	55,491	42,550
Savings deposits	—	—
Time, call and notice deposits	1,772	1,195
Amount due to overseas offices of the institution	47,868	50,877
Certificates of deposit issued	—	—
Issued debt securities	—	—
Other liabilities	126,244	143,877
Provisions	329	109
Total liabilities	<u>241,845</u>	<u>244,576</u>

III. Additional Balance Sheet Information

(in millions of Hong Kong Dollar)

(i) Loans and receivables

	As at Jun 30, 2021	As at Dec 31, 2020
Loans and advances to customers	16,050	15,966
Loans and advances to banks	6,308	6,291
Accrued interest and other accounts	6,314	4,450
Derivatives receivables	111,947	136,062
Provision for impaired loans, receivables and other accounts		
- Collective provisions	(186)	(229)
- Specific provisions	—	—
	<u>140,433</u>	<u>162,540</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 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
	As at Dec 31, 2020
The following countries or areas have constituted 10% or more of the aggregate gross amount of loans and advances to customers:	
Hong Kong	4,601
United States	4,339
Thailand	3,633

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, 2021	As at Dec 31, 2020
The following countries or geographical segments have gross impaired loans and advances to customers:		
Hong Kong	6,016	3,290
Asia Pacific excluding Hong Kong	2,375	2,825
North and Latin America	4,482	4,918
Middle East & Africa	492	339
Western & Eastern Europe	3	3
	<u>13,368</u>	<u>11,375</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.

Percentage of such loans and advances to the total loans and advances to customers	83.29%	71.25%
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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, 2021	As at Dec 31, 2020
The following countries or geographical segments have gross impaired loans and advances to banks:		
Asia Pacific excluding Hong Kong	64	—
Western and Eastern Europe	31	—
North and Latin America	2	—
	<u>97</u>	<u>—</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.

Percentage of such loans and advances to the total loans and advances to banks	1.54%	— %
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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, 2021	As at Dec 31, 2020
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Property development	578	802
Property investment	—	—
Financial concerns	0	0
Stockbrokers	583	—
Wholesale and retail trade	263	366
Manufacturing	6	218
Transport and transport equipment	0	0
Recreational activities	0	—
Information technology	1,251	1,314
Others	300	300
Individuals	—	—
Trade finance	7,245	5,309
Loans and advances for use outside Hong Kong	5,824	7,657
	<u>16,050</u>	<u>15,966</u>

Balance of loans and advances covered by collateral or other security as of June 30, 2021 was HK\$786 millions (December 31, 2020 was HK\$290 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, 2021 (December 31, 2020: Nil).

There were no collateral held against overdue loans as at June 30, 2021 (December 31, 2020: Nil).

There were no specific provisions made on such overdue loans and advances as at June 30, 2021 (December 31, 2020: Nil).

(vii) There were no rescheduled loans and advances to customers and banks as at June 30, 2021 (December 31, 2020: Nil).

(viii) There were no overdue other assets (including trade bills and debt securities) as at June 30, 2021 (December 31, 2020: Nil).

(ix) There were no repossessed assets held as at June 30, 2021 (December 31, 2020: Nil).

(x) Other liabilities

	As at Jun 30, 2021	As at Dec 31, 2020
Accrued expenses and other accounts	9,542	10,164
Derivatives payables	116,702	133,713
	<u>126,244</u>	<u>143,877</u>

IV. International claims

	Banks	Official sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
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
As at Dec 31, 2020						
Developed countries	52,595	—	5	6,773	—	59,373
Offshore centers	5,456	3	1,317	2,085	869	9,730
Developing Asia and Pacific	7,291	4,133	553	5,361	15	17,353

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, 2020: developed countries, offshore centers and developing Asia and Pacific) constituted 10% or more of the international claims as at June 30, 2021.

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

V. Non-Bank Mainland Exposures

(in millions of Hong Kong Dollars, excepts ratios)

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	0	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	0	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 %		

As at Dec 31, 2020

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

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

As at June 30, 2021, USD, CNY, EUR, INR, THB and TWD (December 31, 2020: USD, CNY, EUR, KRW, 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, 2021 (December 31, 2020: Nil).

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

VII. Off-Balance Sheet Exposures

(in millions of Hong Kong Dollars)

	As at Jun 30, 2021	As at Dec 31, 2020
Contingent Liabilities and Commitments		
Direct credit substitutes	1,137	976
Transaction-related contingencies	—	—
Trade-related contingencies	6,688	3,383
Note issuance and revolving underwriting facilities	—	—
Other commitments	25,910	22,388
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)	—	—
Derivatives		
Exchange rate-related derivative contracts	3,772,175	3,882,130
Interest rate derivative contracts	3,398,831	3,514,715
Others	80,230	87,033

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 deposits placed as at June 30, 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 Jun 30, 2021	As at Dec 31, 2020
Aggregate credit risk weighted amount of the off-balance sheet instruments		
Exchange rate-related derivative contracts	23,728	22,686
Interest rate derivative contracts	9,626	9,433
Others	5,190	5,681
Fair value of the off-balance sheet instruments		
Exchange rate-related derivative contracts	44,471	66,650
Interest rate derivative contracts	66,439	67,548
Others	1,038	1,865

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

VIII. Disclosure on remuneration

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

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, 2021	As at Dec 31, 2020
Capital adequacy ratio (Note 1)	17.1%	17.3%
Shareholders' funds	286,386	279,354

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, 2021	As at Dec 31, 2020
Total assets	3,684,256	3,386,071
Total liabilities	3,397,870	3,106,717
Total loans and advances (net of allowance for loan losses)	1,021,454	984,525
Total customer deposits	2,305,217	2,144,257

	Six Months Ended Jun 30, 2021	Six Months Ended Jun 30, 2020
Pre-tax profit	32,794	8,681

Remarks: The quarterly earnings report of JPMorgan Chase & Co. on July 13, 2021 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

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.

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") 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.

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, 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.

I. Liquidity Ratios

	3 month's average of Q2 2021	3 month's average of Q2 2020
Average liquidity maintenance ratio	83.81 %	58.66 %
Average core funding ratio	217.65 %	244.29 %

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.