

**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, 2024**

**SECTION A: BRANCH INFORMATION**

**I. Unaudited Income Statement**

*(in millions of Hong Kong Dollars)*

	<b>Period ended</b>		<b>Period ended</b>	
	<b>Jun 30, 2024</b>		<b>Jun 30, 2023</b>	
Interest income		2,920		2,251
Interest expense		(1,799)		(1,596)
Other operating income				
Gains less losses arising from trading in foreign currencies		1,729		293
Gains less losses on securities held for trading purposes		38		(11)
Gains less losses from other trading activities		(1,260)		128
Net fees and commission income				
Gross fees and commission income	4,854		5,348	
Gross fees and commission expenses	(255)	4,599	(187)	5,161
Operating income		<u>6,227</u>		<u>6,226</u>
Operating expenses				
Staff costs	(2,208)		(2,145)	
Premises expenses	(314)		(314)	
Equipment expenses	(161)		(172)	
Travel & entertainment expenses	(56)		(60)	
Others	(2,138)	(4,877)	(2,015)	(4,706)
Reversal of impairment losses and provisions for impaired loans and receivables		<u>484</u>		<u>600</u>
Profit before taxation		1,834		2,120
Tax expense		(301)		(347)
Profit after taxation		<u><u>1,533</u></u>		<u><u>1,773</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, 2024	As at Dec 31, 2023
Due from Exchange Fund	2,643	438
Cash and balances with banks	8,945	8,387
Placements with banks which have a residual contractual maturity of		
Less than or equal to one month	2,254	932
More than one month but not more than twelve months	15	—
Amount due from overseas offices of the institution	69,288	101,216
Trade bills, net of impairment allowance	722	608
Securities held for trading purposes	5,683	34
Loans and receivables, net of impairment allowance	67,845	105,174
Investment securities	5,039	4,953
Other investments	87	91
Property, plant and equipment and investment properties	3,616	3,928
Total assets	<u>166,137</u>	<u>225,761</u>
<b>Liabilities</b>		
Deposits and balances from banks	6,176	8,950
Deposits from customers		
Demand deposits and current accounts	77,459	90,604
Time, call and notice deposits	11,091	5,671
Amount due to overseas offices of the institution	15,741	24,663
Other liabilities	55,665	95,849
Provisions	5	24
Total liabilities	<u>166,137</u>	<u>225,761</u>

**III. Additional Balance Sheet Information**

*(in millions of Hong Kong Dollar)*

(i) Loans and receivables

	<b>As at Jun 30, 2024</b>	<b>As at Dec 31, 2023</b> <b>(restated)</b>
Loans and advances to customers	15,794	16,887
Loans and advances to banks	515	1,426
Accrued interest and other accounts	3,455	3,313
Derivatives receivables	48,307	84,239
Provision for impaired loans, receivables and other accounts		
- Collective provisions	(226)	(691)
	<u>67,845</u>	<u>105,174</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 Jun 30, 2024</b>
The following countries or areas have constituted 10% or more of the aggregate gross amount of loans and advances to customers:	
Hong Kong	5,066
China	5,767
United States	2,786
	<b>As at Dec 31, 2023</b>
The following countries or areas have constituted 10% or more of the aggregate gross amount of loans and advances to customers:	
Hong Kong	6,708
China	4,586
United States	3,360

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.

Impaired loans and advances to customers as at June 30, 2024 was HK\$7 thousand, 0.00% of total loans and advances to customers (December 31, 2023: HK\$153 million and 0.91%).

Impaired loans and advances to customers by geographical segments as at June 30, 2024 was HK\$7 thousand from North America (December 31, 2023: Western Europe HK\$130 million and Asia Pacific HK\$23 million).

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 June 30, 2024 (December 31, 2023: 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 Jun 30, 2024</b>	<b>As at Dec 31, 2023</b>
Loans and advances for use in Hong Kong		
Industrial, commercial and financial		
Financial concerns	—	1,277
Stockbrokers	2,803	4,402
Wholesale and retail trade	238	286
Manufacturing	—	320
Transport and transport equipment	47	—
Recreational activities	5	—
Information technology	4,624	4,626
Trade finance	5,268	5,575
Loans and advances for use outside Hong Kong	2,809	401
	<u>15,794</u>	<u>16,887</u>

Balance of loans and advances covered by collateral or other security as at June 30, 2024 was HK\$1,423 million (December 31, 2023 was HK\$286 million).

(vi) Overdue loans and advances to customers and banks

Overdue loans and advances to customers for more than 3 months but not more than 6 months as at June 30, 2024 was HK\$7 thousand, 0.00% of total loans and advances to customers (December 31, 2023: Nil).

There were no overdue loans and advances to banks as at June 30, 2024 (December 31, 2023: Nil).

There were no collateral held against overdue loans as at June 30, 2024 (December 31, 2023: Nil).

There were no specific provisions made on such overdue loans and advances as at June 30, 2024 (December 31, 2023: Nil).

(vii) There were no rescheduled loans and advances to customers and banks as at June 30, 2024 (December 31, 2023: Nil).

(viii) There were no overdue other assets (including trade bills and debt securities) as at June 30, 2024 (December 31, 2023: Nil).

(ix) There were no repossessed assets held as at June 30, 2024 (December 31, 2023: Nil).

(x) Other liabilities

	<b>As at Jun 30, 2024</b>	<b>As at Dec 31, 2023</b>
Accrued expenses and other accounts	8,150	7,760
Derivatives payables	47,515	88,089
	<u>55,665</u>	<u>95,849</u>

**IV. International claims**

*(in millions of Hong Kong Dollars)*

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. Claims on individual countries and territories or areas, after risk transfer, amounting to 10% or more of the international claims are as follows:

	Banks	Official sector	Non-bank private sector		Others	Total
			Non-bank financial institutions	Non-financial private sector		
<b>As at Jun 30, 2024</b>						
Developed countries	72,102	—	64	4,176	—	76,342
<i>of which: United States</i>	<i>69,850</i>	—	<i>32</i>	<i>3,770</i>	—	<i>73,652</i>
Offshore centers	6,261	4	4,700	6,303	1,039	18,307
<i>of which: Hong Kong</i>	<i>6,136</i>	<i>4</i>	<i>3,518</i>	<i>5,928</i>	<i>1,039</i>	<i>16,625</i>
<b>As at Dec 31, 2023 (restated)</b>						
Developed countries	102,076	—	29	4,492	—	106,597
<i>of which: United States</i>	<i>101,836</i>	—	<i>11</i>	<i>4,263</i>	—	<i>106,110</i>
Offshore centers	7,360	—	6,619	4,994	631	19,604
<i>of which: Hong Kong</i>	<i>7,360</i>	—	<i>5,344</i>	<i>4,611</i>	<i>631</i>	<i>17,946</i>

## 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 Jun 30, 2024

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)	2,417	7,446	9,863
Local governments, local government-owned entities and their subsidiaries and JVs	—	—	—
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	719	5,016	5,735
Other entities of central governments	—	79	79
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	1,405	62	1,467
Other counterparties where the exposures are considered to be non-bank Mainland China exposures	4,060	501	4,561
Total	<u>8,601</u>	<u>13,104</u>	<u>21,705</u>
Total assets after provisions	166,132		
On-balance sheet exposures as percentage of total assets	5.18 %		

#### As at Dec 31, 2023

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)	881	7,000	7,881
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	1,134	5,429	6,563
Other entities of central governments	—	382	382
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	438	78	516
Other counterparties where the exposures are considered to be non-bank Mainland China exposures	5,210	903	6,113
Total	<u>7,663</u>	<u>13,909</u>	<u>21,572</u>
Total assets after provisions	255,737		
On-balance sheet exposures as percentage of total assets	3.39 %		

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 Jun 30, 2024</b>	<b>USD</b>	<b>JPY</b>	<b>TWD</b>
<b>Currency positions</b>			
Spot assets	82,189	6,845	3,570
Spot liabilities	(90,548)	(7,890)	(3,979)
Forward purchases	2,363,910	130,608	315,351
Forward sales	(2,347,661)	(131,039)	(320,201)
Net options position	74	—	—
Net long/(short) position	<u>7,964</u>	<u>(1,476)</u>	<u>(5,259)</u>

<b>As at Dec 31, 2023</b>	<b>INR</b>	<b>CNY</b>	<b>USD</b>	<b>JPY</b>	<b>TWD</b>
<b>Currency positions</b>					
Spot assets	1,053	37,790	127,121	5,507	7,673
Spot liabilities	(1,365)	(39,802)	(127,362)	(6,207)	(7,940)
Forward purchases	12,980	1,069,103	2,101,168	114,698	356,595
Forward sales	(11,863)	(1,065,660)	(2,097,047)	(116,907)	(362,317)
Net options position	1,678	674	(4,527)	1,557	(115)
Net long/(short) position	<u>2,483</u>	<u>2,105</u>	<u>(647)</u>	<u>(1,352)</u>	<u>(6,104)</u>

As at June 30, 2024, USD, JPY and TWD (December 31, 2023: INR, CNY, USD, 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 June 30, 2024 (December 31, 2023: Nil).

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

**VII. Derivative Transactions**

*(in millions of Hong Kong Dollars)*

	<b>As at Jun 30, 2024</b>	<b>As at Dec 31, 2023</b>
Notional amounts of derivative transactions		
Exchange rate-related derivative contracts	4,983,015	4,586,926
Interest rate derivative contracts	2,178,924	3,428,746
Others	—	60,569

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 Jun 30, 2024</b>		<b>As at Dec 31, 2023 (restated)</b>	
	Fair value assets	Fair value liabilities	Fair value assets	Fair value liabilities
Fair value of derivative transactions				
Exchange rate-related derivative contracts	33,248	33,276	40,563	40,612
Interest rate derivative contracts	15,023	14,077	42,807	46,878
Others <i>(Note 1)</i>	36	162	869	599
	<u>48,307</u>	<u>47,515</u>	<u>84,239</u>	<u>88,089</u>

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

*Note 1: Includes mark-to-market values arising from embedded derivatives within structured deposits. The notional amounts of structured deposits are reportable on-balance sheet.*

**VIII. Off-Balance Sheet Exposures**

*(in millions of Hong Kong Dollars)*

	<b>As at Jun 30, 2024</b>	<b>As at Dec 31, 2023</b>
Contingent Liabilities and Commitments		
Direct credit substitutes	1,374	1,374
Trade-related contingencies	3,964	3,042
Other commitments	15,242	17,332
Others (including forward asset purchases, amounts owing on partly paid-up shares and securities, forward deposits placed, asset sales or other transactions with recourse)	156	—

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

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

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### 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, 2024	As at Dec 31, 2023
Capital adequacy ratio (Note 2)	18.5%	18.5%
Shareholders' funds	340,552	327,878

Note 2: 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, 2024	As at Dec 31, 2023
Total assets	4,143,003	3,875,393
Total liabilities	3,802,451	3,547,515
Total loans and advances (net of allowance for loan losses)	1,297,709	1,301,286
Total customer deposits	2,396,530	2,400,688

  

	Six Months Ended Jun 30, 2024	Six Months Ended Jun 30, 2023
Pre-tax profit	40,728	33,553

Remarks: The quarterly earnings report of JPMorgan Chase & Co. on July 12, 2024 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.

The Hong Kong Risk/Asset & Liability Committee (“RALCO”), co-chaired by the Senior Financial Officer (SFO) and Chief Risk Officer (CRO), is responsible for providing oversight of liquidity risk at legal entity level and ensuring appropriate governance, controls and limits are in place.

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. 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 Q2 2024	3 month's average of Q2 2023
Average liquidity maintenance ratio	64.98 %	73.63 %
Average core funding ratio	387.39 %	265.74 %

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.