

J.P. MORGAN CHASE BANK, N.A., HONG KONG BRANCH

QUARTERLY REGULATORY DISCLOSURE PREPARED UNDER THE BANKING (DISCLOSURE) RULES

31ST DECEMBER 2018

LIQUIDITY RISK MANAGEMENT

(in millions of Hong Kong Dollars, except ratios)

Liquidity Risk

Liquidity risk is the risk that JPMorgan Chase & Co. (the “Firm”), including the JPMCB, 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 Firm has an independent liquidity risk oversight function whose primary objective is to provide assessment, measuring, monitoring and control of liquidity risk across the Firm, including the Branch. Liquidity risk oversight is managed through a dedicated Firmwide Liquidity Risk Oversight group, reporting into the Chief Investment Office (“CIO”), Treasury and Corporate (“CTC”), Chief Risk Officer (“CRO”). Liquidity Risk Oversight’s responsibilities include, but are not limited to:

- Establishing and monitoring limits and indicators, including liquidity risk appetite;
- Monitoring and reporting internal firmwide and legal entity stress tests, and regulatory define stress testing;
- Approving or escalating for review new or updated liquidity stress assumptions;
- Defining, monitoring, and reporting liquidity risk metrics that provide insight and control into liquidity risk activities;
- Monitoring and reporting liquidity positions, balance sheet variances, and funding activities;
- Conducting ad hoc analysis to identify potential emerging liquidity risk; and
- Performing independent review of liquidity risk management processes.

Risk Governance and Measurement

Specific committees responsible for liquidity governance include firmwide Asset-Liability Committee (“ALCO”) as well as line of business and regional ALCOs, and the CTC Risk Committee. In addition, the Directors Risk Policy Committee (“DRPC”) reviews and recommends to the Board of Directors, for formal approval, the Firm’s liquidity risk tolerances, liquidity strategy and liquidity policy at least annually.

Liquidity Risk Oversight 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 Risk Committee.

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LIQUIDITY RISK MANAGEMENT (Continued)

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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 ALCO and the DRPC, 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 identifies the alternative contingent funding and liquidity resources available to the Firm (including the Branch) in a period of stress.

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

Funding Strategy

As part of the Firm's overall liquidity management strategy, the Firm manages liquidity and funding using a centralized, global approach across its entities, taking into consideration both their current liquidity profile and any potential changes over time 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.

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(DISCLOSURE) RULES**

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LIQUIDITY RISK MANAGEMENT (Continued)

(in millions of Hong Kong Dollars, except ratios)

Liquidity Information Disclosures

I. Liquidity Ratios

	Quarter ended Dec 31, 2018 (3 month's average)	Quarter ended Sep 30, 2018 (3 month's average)	Year ended Dec 31, 2017 (12 month's average)
Average liquidity maintenance ratio	65.06%	68.96%	65.69%
Average core funding ratio	268.91%	258.47%	—

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.

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LIQUIDITY RISK MANAGEMENT (Continued)

(in millions of Hong Kong Dollars, except ratios)

II. Maturity Analysis

The table below analyses the Branch's on- and off-balance sheet into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date.

As at Dec 31, 2018	Repayable on demand	Up to 1 month	Over 1 month - 3 months	Over 3 months - 12 months	Over 1 year - 5 years	Over 5 years	Undated	Total
Total On-balance sheet assets (Note 3)	85,849	24,146	37,447	78,850	178,717	45,383	758	169,830
Total Off-balance sheet claims	590	—	—	—	—	—	—	590
Total On-balance sheet liabilities (Note 3)	76,649	19,396	35,203	77,749	196,107	44,274	129	169,830
Total Off-balance sheet obligations	21,411	590	163	514	1,908	2,779	—	27,365
Contractual maturity mismatch	(11,621)	4,160	2,081	587	(19,298)	(1,670)	—	
Cumulative contractual maturity mismatch	(11,621)	(7,461)	(5,380)	(4,793)	(24,091)	(25,761)	—	
As at Dec 31, 2017	Repayable on demand	Up to 1 month	Over 1 month - 3 months	Over 3 months - 12 months	Over 1 year - 5 years	Over 5 years	Undated	Total
Total On-balance sheet assets (Note 3)	61,546	18,567	34,673	96,762	187,153	42,461	729	124,558
Total Off-balance sheet claims	—	409	—	—	—	—	—	409
Total On-balance sheet liabilities (Note 3)	62,185	14,879	32,958	91,442	193,898	43,420	1,222	124,558
Total Off-balance sheet obligations	12,419	—	135	399	1,877	3,162	—	17,992
Contractual maturity mismatch	(13,058)	4,097	1,580	4,921	(8,622)	(4,121)	—	
Cumulative contractual maturity mismatch	(13,058)	(8,961)	(7,381)	(2,460)	(11,082)	(15,203)	—	

Note 3: Derivative contracts reported under the total column represents fair values not the cash flow as shown in each time bucket.

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LIQUIDITY RISK MANAGEMENT (Continued)

(in millions of Hong Kong Dollars, except ratios)

III. Source of Funding

Significant funding instruments	As at Dec 31, 2018		As at Dec 31, 2017	
	Total amount	As % of total liabilities	Total amount	As % of total liabilities
Funding raised from connected parties	59,932	35.29%	42,001	33.72%
Funding raised from banks	2,819	1.66%	1,073	0.86%
Deposits from customers	22,311	13.14%	11,157	8.96%

There was no concentration limits on collateral pools as of December 31, 2018 (December 31, 2017: Nil).

Remarks: The HKMA Return on Liquidity Monitoring Tools (Form MA (BS) 23) as at December 31, 2018 and December 31, 2017 have been used for disclosure purpose for Maturity Analysis and Source of Funding in this section.

流動性風險管理

(以港幣百萬元列示，比率除外)

流動性風險

流動性風險是指摩根大通集團（“集團”），包括摩根大通銀行香港分行（“分行”），未能滿足合約與或有責任的風險，或指集團未有適當金額、組合和年期的資金和流動性支持其資產及負債營運。

流動性風險監督

本集團設有獨立流動性風險監督職能部門，其主要目標為整個集團包括本分行提供流動性風險評估、衡量、監督和控制。風險監督工作由全集團層面專責風險部門負責，作為獨立風險管理機制的一部分，隸屬風險總監的首席投資辦公室、資金部與企業業務風險總監有責任對流動性風險進行監督。流動性風險監督部的職責包括但不限於：

- 制定並監控限額、指標和門檻，包括流動性險偏好範圍；
- 監控內部全集團層面與重要法定實體層面流動壓力測試，以及監管並匯報設定的流動壓力測試；
- 審批或匯報審查新增或更新的流動性壓力的假設；
- 定義，監控並匯報流動性風險指標，提供對流動性風險活動的洞察及控制；
- 監督並匯報流動性情況、資產負債表變化和融資活動；
- 開展即時分析以識別新出現的潛在流動性風險；及
- 對流動性風險管理流程進行獨立審查。

風險管治與衡量

負責流動性管治的專門委員會包括全集團資產負債委員會及各業務部門和各區域的資產負債委員會，以及資金部與企業業務風險委員會。另外，董事會風險政策委員會至少每年審核集團的流動性風險承擔、風險策略及風險政策，向董事會建議作正式批准。

香港風險與資產負債委員會負責監督分行流動性風險管理，由風險總監和高級財務官共同擔任主席。受其職權範圍約束，香港風險與資產負債委員會在必要時須上報事項至亞太地區風險委員會。

內部壓力測試

流動性壓力測試旨在確保該分行在各種極端不利情景中擁有充足的流動性。壓力測試結果會用作該本公司編制融資計劃及評估流動性時的參考。流動性壓力測試模型中假設了一系列不同時間長度及貨幣維度的流動性流出情況，並納入了市場壓力和特定壓力因素。本集團及重要法定實體包括本公司會模擬壓力情景定期進行測試，並在有需要時就特定的市場事件或疑慮進行特定壓力測試。

流動性壓力測試假設分行考慮到以下因素時皆能滿足其法定義務：

- 不同程度參與有抵押或無抵押資金市場；
- 估計非合約義務及或有風險承擔資金流出；及
- 對供地區或法定實體之間可用和調動的資金構成的監管、法律等潛在限制。

流動性風險管理(續)

(以港幣百萬元列示，比率除外)

應急融資計劃

集團的應急融資計劃由集團資產負債委員會審閱，經風險政策委員會審批，是集團（包括分行）管理流動性在受壓事件下的一系列程序和行動計劃。分行是全集團應急融資計劃框架中的組成部分。分行是全集團應急融資計劃框架中的組成部分。應急融資計劃辨識集團（包括分行）在受壓事件下可用的應急資金來源。

資金部門維護經香港風險與資產負債委員會至少每年審閱並批准的全集團應急融資計劃的國別附錄。

融資策略

集團在管理流動資金和融資活動時，採用集中化、全球化的方式，同時考慮其目前流動資金組合及未來潛在變化，以

- 確保最優化管理和使用流動資金來源；
- 監控風險；
- 確定集團層面公司之間流動性轉移的限制；及
- 在相關的集團層面和公司層面維持適當數量的盈餘流動性。

流動資金

一. 流動資金比率

	二零一八年 第四季度 (三個月平均數)	二零一八年 第三季度 (三個月平均數)	二零一七年 全年度 (十二個月平均數)
平均流動性維持比率	65.06%	68.96%	65.69%
平均核心資金比率	268.91%	258.47%	—

分行已被香港金融管理局指定為第 2A 類機構，故此需要根據《銀行業(流動性)規則》符合所有由二零一八年一月一號起開始生效的核心資金比率計算及披露要求。

流動性維持比率及核心資金比率乃按照銀行業條例第九十七 H 條而計算。平均流動性維持比率及平均核心資金比率乃根據《銀行業(流動性)規則》於每個報告期內每個曆月的平均值而計算之簡單平均數。

JPMorgan Chase Bank, N.A., Hong Kong Branch
根據《銀行業（披露）規則》編製季度監管披露
2018年12月31日

流動性風險管理 (續)

(以港幣百萬元列示，比率除外)

二. 期限分析

下表按照從資產負債表日至到期日的剩餘期限，將本分行資產和負債按相關到期期限劃分。

二零一八年 十二月三十一日	即期	一個月內	一個月上 至三個月	三個月上 至十二個月	一年以上 至五年	五年以上	無期限	合計
資產總額(附註 3)	85,849	24,146	37,447	78,850	178,717	45,383	758	169,830
總資產負債表外之債權	590	—	—	—	—	—	—	590
負債總額(附註 3)	76,649	19,396	35,203	77,749	196,107	44,274	129	169,830
總資產負債表外之責任	21,411	590	163	514	1,908	2,779	—	27,365
合約到期日的錯配情況	(11,621)	4,160	2,081	587	(19,298)	(1,670)	—	
累積合約到期日的錯配情況	(11,621)	(7,461)	(5,380)	(4,793)	(24,091)	(25,761)	—	
二零一七年 十二月三十一日	即期	一個月內	一個月上 至三個月	三個月上 至十二個月	一年以上 至五年	五年以上	無期限	合計
資產總額(附註 3)	61,546	18,567	34,673	96,762	187,153	42,461	729	124,558
總資產負債表外之債權	—	409	—	—	—	—	—	409
負債總額(附註 3)	62,185	14,879	32,958	91,442	193,898	43,420	1,222	124,558
總資產負債表外之責任	12,419	—	135	399	1,877	3,162	—	17,992
合約到期日的錯配情況	(13,058)	4,097	1,580	4,921	(8,622)	(4,121)	—	
累積合約到期日的錯配情況	(13,058)	(8,961)	(7,381)	(2,460)	(11,082)	(15,203)	—	

附註 3: 於總額內的衍生工具價值代表合約的公允價值，並不等於以上個別時期現金流量之總和。

JPMorgan Chase Bank, N.A., Hong Kong Branch
根據《銀行業（披露）規則》編製季度監管披露
2018年12月31日

流動性風險管理 (續)

(以港幣百萬元列示，比率除外)

三. 資金來源

主要的融資工具	二零一八年 十二月三十一日		二零一七年 十二月三十一日	
	總額	佔負債總額 的百分率	總額	佔負債總額 的百分率
資金來自有關連的機構	59,932	35.29%	42,001	33.72%
資金來自銀行同業	2,819	1.66%	1,073	0.86%
客戶存款	22,311	13.14%	11,157	8.96%

於二零一八年十二月三十一日，本分行抵押品池無過度的集中限額(二零一七年十二月三十一日：無)。

附註：期限分析及資金來源的資料源自於二零一八年十二月三十一日及二零一七年十二月三十一日的香港金融管理局流動性監察工具申表 (表格 MA(BS)23)。