

**J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED**  
**INTERIM FINANCIAL DISCLOSURE STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30TH JUNE 2022**

## J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED

### UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED

	Note	30 June 2022 US\$'000	30 June 2021 US\$'000
Interest income	1	6,012	2,231
Interest expense	2	<u>(1,577)</u>	<u>(1,219)</u>
Net interest income		4,435	1,012
Net fees and commission income	3	549,757	746,824
Net (loss)/gain from financial instruments at fair value through profit or loss	4	(868)	362
Other income/(loss)		<u>1</u>	<u>(100)</u>
Total income		553,325	748,098
Operating expenses	5	<u>(472,833)</u>	<u>(423,965)</u>
Profit before tax		80,492	324,133
Taxation	6	<u>(23,125)</u>	<u>(52,652)</u>
Total comprehensive income for the period		<u><u>57,367</u></u>	<u><u>271,481</u></u>

### REVIEW OF ACTIVITIES

J.P. Morgan Securities (Asia Pacific) Limited (the "Company") is a Restricted Licensed Bank with the Hong Kong Monetary Authority ("HKMA") and a Registered Institution with the Hong Kong Securities and Futures Commission. The Company is incorporated and domiciled in Hong Kong. The Company is engaged in Corporate & Investment Bank related activities.

The first half unaudited profit after tax was US\$57.4 million for 2022, an decrease of US\$214.1 million compared with the same period last year, mainly contributed by decrease in net fees and commission income relating to investment banking business and sales and marketing activities.

# J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED

## UNAUDITED BALANCE SHEET

	Note	As at 30 June 2022 US\$'000	As at 31st December 2021 US\$'000
<b>ASSETS</b>			
Balances with banks		2,112,407	2,196,675
Financial assets at fair value through profit or loss		26,359	17,331
Deferred tax assets	7	21,912	21,815
Other assets		326,362	268,804
Fixed assets	8	185	292
Right-of-use assets		65	76
Total assets		<u>2,487,290</u>	<u>2,504,993</u>
<b>EQUITY</b>			
Share capital		527,000	527,000
Reserves		<u>1,117,871</u>	<u>1,060,504</u>
Total equity		<u>1,644,871</u>	<u>1,587,504</u>
<b>LIABILITIES</b>			
Deposits and balances from banks		385,870	443,807
Other liabilities		429,907	470,291
Taxation payable	9	26,567	3,302
Lease Liabilities		75	89
Total liabilities		<u>842,419</u>	<u>917,489</u>
Total equity and liabilities		<u>2,487,290</u>	<u>2,504,993</u>

## J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED

### UNAUDITED STATEMENT OF CHANGES IN EQUITY

	Share capital US\$'000	Employee benefit reserve US\$'000	Retained earnings US\$'000	Total US\$'000
Balance as at 1 January 2021	527,000	69,373	658,938	1,255,311
Total comprehensive income for the period	—	—	271,481	271,481
Transactions with owners				
Employee benefit expenses for the period	—	23,014	—	23,014
Employee benefit recharged by JPMorgan Chase	—	(23,014)	—	(23,014)
Total transactions with owners	—	—	—	—
Balance as at 30 June 2021	<u>527,000</u>	<u>69,373</u>	<u>930,419</u>	<u>1,526,792</u>
Balance as at 1 July 2021	527,000	69,373	930,419	1,526,792
Total comprehensive income for the period	—	—	60,712	60,712
Transactions with owners				
Employee benefit expenses for the period	—	37,672	—	37,672
Employee benefit recharged by JPMorgan Chase	—	(37,672)	—	(37,672)
Total transactions with owners	—	—	—	—
Balance as at 31 December 2021	<u>527,000</u>	<u>69,373</u>	<u>991,131</u>	<u>1,587,504</u>
Balance as at 1 January 2022	527,000	69,373	991,131	1,587,504
Total comprehensive income for the period	—	—	57,367	57,367
Transactions with owners				
Employee benefit expenses for the period	—	33,357	—	33,357
Employee benefit recharged by JPMorgan Chase	—	(33,357)	—	(33,357)
Total transactions with owners	—	—	—	—
Balance as at 30 June 2022	<u>527,000</u>	<u>69,373</u>	<u>1,048,498</u>	<u>1,644,871</u>

**J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED**

**UNAUDITED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED**

	Note	30 June 2022 US\$'000	30 June 2021 US\$'000
Net cash (outflow)/inflow from operating activities	12	<u>(96,470)</u>	<u>355,150</u>
Cash flows from investing activities			
Purchase of fixed assets		<u>(2)</u>	<u>—</u>
Net cash outflow from investing activities		<u>(2)</u>	<u>—</u>
Cash flows from financing activities			
Principal element of lease payments		<u>(15)</u>	<u>(267)</u>
Net cash outflow from financing activities		<u>(15)</u>	<u>(267)</u>
Net (decrease)/increase in cash and cash equivalents		(96,487)	354,883
Cash and cash equivalents at 1st January		896,675	1,030,591
Exchange difference on cash and cash equivalents		<u>12,219</u>	<u>4,243</u>
Cash and cash equivalents at the end of the period		<u><u>812,407</u></u>	<u><u>1,389,717</u></u>
Representing:			
Balances with banks		2,112,407	1,939,717
Less: placements with bank with originally maturity more than three months		<u>(1,300,000)</u>	<u>(550,000)</u>
Cash and cash equivalents at the end of the period		<u><u>812,407</u></u>	<u><u>1,389,717</u></u>

## J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

#### 1 Interest income

Interest income on financial assets that are measured at amortized cost are US\$5,724,000 (first half of 2021: US\$1,891,000).

During the period, there was no interest income accrued on impaired financial assets (first half of 2021: Nil).

#### 2 Interest expense

	For the six months ended	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
Deposits and balances from banks	1,575	1,219
Interest element of lease payments	<u>2</u>	<u>—</u>
	<u>1,577</u>	<u>1,219</u>

Interest expense on financial liabilities that are not measured at fair value through profit or loss amounted to US\$1,575,000 (first half of 2021: US\$1,219,000).

#### 3 Net fees and commission income

	For the six months ended	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
Fees and commission income	758,525	989,080
Fees and commission expense	<u>(208,768)</u>	<u>(242,256)</u>
Net fees and commission income	<u>549,757</u>	<u>746,824</u>

During the period, there was no fee income and fee expense, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not at fair value through profit or loss (first half of 2021: Nil).

During the period, there was no fee income and fee expense on trust and other fiduciary activities where the Company holds or invests on behalf of its customers (first half of 2021: Nil).

**J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**

**4 Net (loss)/gain from financial instruments at fair value through profit or loss**

	For the six months ended	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
Net loss from foreign exchange trading	(430)	(214)
Net (loss)/gain from trading assets	<u>(438)</u>	<u>576</u>
	<u><u>(868)</u></u>	<u><u>362</u></u>

**5 Operating expenses**

	For the six months ended	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
Staff costs	209,181	184,488
Fees paid to Group companies	187,668	170,620
Premises and equipment expenses	14,405	14,886
Depreciation expense for fixed assets (note 8)	109	173
Depreciation expense for right-of-use assets	11	214
Other operating expenses	<u>61,459</u>	<u>53,584</u>
	<u><u>472,833</u></u>	<u><u>423,965</u></u>

**J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)****6 Taxation**

	For the six months ended	
	30 June 2022	30 June 2021
	US\$'000	US\$'000
Current income tax		
- Hong Kong profit tax	23,339	51,037
- Overseas taxation	18	29
Deferred income tax	<u>(232)</u>	<u>1,586</u>
	<u>23,125</u>	<u>52,652</u>

**7 Deferred tax assets**

The movement of the deferred income tax account is as follows:

	30 June 2022	31 December 2021
	US\$'000	US\$'000
At 1 January	21,815	19,700
Credited to statement of profit or loss and comprehensive income (note 6)	232	2,220
Exchange difference	<u>(135)</u>	<u>(105)</u>
At the end of the period/year	<u>21,912</u>	<u>21,815</u>



**J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**

**8 Fixed Assets**

	Leasehold improvements US\$'000	Furniture and equipment US\$'000	Total US\$'000
<b>Cost</b>			
As at 1 January 2022	1,171	33,262	34,433
Additions	—	2	2
	<u>1,171</u>	<u>33,264</u>	<u>34,435</u>
As at 30 June 2022	<u>1,171</u>	<u>33,264</u>	<u>34,435</u>
<b>Accumulated depreciation</b>			
As at 1 January 2022	1,048	33,093	34,141
Charge for the period (note 5)	17	92	109
	<u>1,065</u>	<u>33,185</u>	<u>34,250</u>
As at 30 June 2022	<u>1,065</u>	<u>33,185</u>	<u>34,250</u>
<b>Net book value</b>	<u>106</u>	<u>79</u>	<u>185</u>
<b>Cost</b>			
As at 1 January 2021	1,331	38,472	39,803
Additions	—	4	4
Disposals	(160)	(5,214)	(5,374)
	<u>1,171</u>	<u>33,262</u>	<u>34,433</u>
As at 31 December 2021	<u>1,171</u>	<u>33,262</u>	<u>34,433</u>
<b>Accumulated depreciation</b>			
As at 1 January 2021	1,155	38,034	39,189
Charge for the year	40	267	307
Disposals	(147)	(5,208)	(5,355)
	<u>1,048</u>	<u>33,093</u>	<u>34,141</u>
As at 31 December 2021	<u>1,048</u>	<u>33,093</u>	<u>34,141</u>
<b>Net book value</b>	<u>123</u>	<u>169</u>	<u>292</u>

**J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**

**9 Taxation payable**

The gross movement of the income tax payable is as follows:

	30 June 2022	31 December 2021
	US\$'000	US\$'000
At 1 January	3,302	54,485
Charged to statement of profit or loss and comprehensive income (note 6)	23,357	67,969
Hong Kong tax paid	—	(118,763)
Overseas tax paid	(18)	(47)
Exchange difference	(74)	(342)
	<u>26,567</u>	<u>3,302</u>
At the end of the period / year	<u>26,567</u>	<u>3,302</u>

**10 Loans and advances**

There were no loans and advances to customers and banks and impaired assets as at 30 June 2022 and 31 December 2021.

**11 Derivative financial instruments**

		Fair value	
	Notional amounts	Assets	Liabilities
	US\$'000	US\$'000	US\$'000
As at 30 June 2022			
Derivatives held for trading			
Exchange rate contracts - forwards	67,184	<u>4</u>	<u>9</u>
As at 31st December 2021			
Derivatives held for trading			
Exchange rate contracts - forwards	43,120	<u>7</u>	<u>12</u>

The contract amounts of these instruments indicate the volume of transactions outstanding as at the balance sheet date, they do not represent the amounts at risk. The above derivative assets and liabilities are computed at a transaction level and shown on a gross basis with no offsetting presentation due to bilateral netting agreements.

**J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)****12 Notes to statement of cash flows**

Reconciliation of profit before taxation to net cash (outflow)/inflow from operating activities:

	30 June 2022	30 June 2021
	US\$'000	US\$'000
Profit before taxation	80,492	324,133
Foreign exchange difference	(12,159)	(4,294)
Depreciation charge for fixed assets	109	173
Depreciation charge for right-of-use assets	11	214
Loss on disposal of fixed assets	—	20
Interest income	(6,012)	(2,204)
Interest expense	1,575	1,219
Interest element of lease payments	2	(27)
	<hr/>	<hr/>
Net cash inflow before changes in operating assets and liabilities	64,018	319,234
(Increase)/decrease in financial assets at fair value through profit or loss	(9,028)	4,934
Increase in other assets	(57,558)	(1,013,474)
(Decrease)/increase in deposits and balances from banks	(57,937)	63,016
(Decrease)/increase in other liabilities	(40,384)	980,525
	<hr/>	<hr/>
Net cash (outflow)/inflow from operations	(100,889)	354,235
Interest received	6,012	2,204
Interest paid	(1,575)	(1,219)
Overseas tax paid	(18)	(70)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	<u>(96,470)</u>	<u>355,150</u>