

J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED
INTERIM FINANCIAL DISCLOSURE STATEMENTS
FOR THE SIX MONTHS ENDED 30TH JUNE 2024

J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED

	Note	30 June 2024 US\$'000	30 June 2023 US\$'000
Interest income	1	58,438	47,648
Interest expense	2	<u>(3,654)</u>	<u>(3,571)</u>
Net interest income		54,784	44,077
Net fees and commission income	3	456,773	487,008
Net gain/(loss) from financial instruments at fair value through profit or loss	4	158	(238)
Other income		<u>2</u>	<u>1</u>
Total income		511,717	530,848
Operating expenses	5	<u>(389,457)</u>	<u>(435,487)</u>
Profit before tax		122,260	95,361
Taxation	6	<u>(20,021)</u>	<u>(14,084)</u>
Total comprehensive income for the period		<u><u>102,239</u></u>	<u><u>81,277</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\$102.2 million for 2024, an increase of US\$21 million compared with the same period last year, mainly contributed by increase in net interest income from placements and balances with banks and reduction in operating expenses due to staff costs, partially offset by reduction in net fees and commission income relating to equities business, fixed income and sales and marketing activities.

J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED

UNAUDITED BALANCE SHEET

	Note	As at 30 June 2024 US\$'000	As at 31st December 2023 US\$'000
ASSETS			
Balances with banks		1,820,390	2,223,937
Financial assets at fair value through profit or loss		12,877	17,409
Deferred tax assets	7	20,116	23,270
Other assets		835,191	219,459
Taxation receivable	9	—	4,505
Fixed assets	8	51	71
Right-of-use assets		68	79
Total assets		<u>2,688,693</u>	<u>2,488,730</u>
EQUITY			
Share capital		527,000	527,000
Reserves		<u>1,464,500</u>	<u>1,362,261</u>
Total equity		<u>1,991,500</u>	<u>1,889,261</u>
LIABILITIES			
Deposits and balances from banks		327,215	177,478
Other liabilities		357,534	421,887
Taxation payable	9	12,371	21
Lease Liabilities		<u>73</u>	<u>83</u>
Total liabilities		<u>697,193</u>	<u>599,469</u>
Total equity and liabilities		<u>2,688,693</u>	<u>2,488,730</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 2023	527,000	69,373	1,169,292	1,765,665
Total comprehensive income for the period	—	—	81,277	81,277
Transactions with owners				
Employee benefit expenses for the period	—	30,757	—	30,757
Employee benefit recharged by JPMorgan Chase	—	(30,757)	—	(30,757)
Total transactions with owners	—	—	—	—
Balance as at 30 June 2023	<u>527,000</u>	<u>69,373</u>	<u>1,250,569</u>	<u>1,846,942</u>
Balance as at 1 July 2023	527,000	69,373	1,250,569	1,846,942
Total comprehensive income for the period	—	—	41,973	41,973
Transactions with owners				
Employee benefit expenses for the period	—	22,620	—	22,620
Employee benefit recharged by JPMorgan Chase	—	(22,274)	—	(22,274)
Total transactions with owners	—	346	—	346
Balance as at 31 December 2023	<u>527,000</u>	<u>69,719</u>	<u>1,292,542</u>	<u>1,889,261</u>
Balance as at 1 January 2024	527,000	69,719	1,292,542	1,889,261
Total comprehensive income for the period	—	—	102,239	102,239
Transactions with owners				
Employee benefit expenses for the period	—	18,811	—	18,811
Employee benefit recharged by JPMorgan Chase	—	(18,811)	—	(18,811)
Total transactions with owners	—	—	—	—
Balance as at 30 June 2024	<u>527,000</u>	<u>69,719</u>	<u>1,394,781</u>	<u>1,991,500</u>

J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED

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

	Note	30 June 2024 US\$'000	30 June 2023 US\$'000
Net cash (outflow)/inflow from operating activities	12	<u>(405,667)</u>	<u>5,919</u>
Cash flows from financing activities			
Principal element of lease payments		<u>(12)</u>	<u>(12)</u>
Net cash outflow from financing activities		<u>(12)</u>	<u>(12)</u>
Net (decrease)/increase in cash and cash equivalents		(405,679)	5,907
Cash and cash equivalents at 1st January		823,937	831,047
Exchange difference on cash and cash equivalents		<u>2,132</u>	<u>3,071</u>
Cash and cash equivalents at the end of the period		<u><u>420,390</u></u>	<u><u>840,025</u></u>
Representing:			
Balances with banks		1,820,390	2,240,025
Less: placements with banks with original maturity more than three months		<u>(1,400,000)</u>	<u>(1,400,000)</u>
Cash and cash equivalents at the end of the period		<u><u>420,390</u></u>	<u><u>840,025</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\$50,475,000 (first half of 2023: US\$47,221,000).

During the period, there was no interest income accrued on impaired financial assets (first half of 2023: Nil).

2 Interest expense

	For the six months ended	
	30 June 2024	30 June 2023
	US\$'000	US\$'000
Deposits and balances from banks	3,652	3,569
Interest element of lease payments	<u>2</u>	<u>2</u>
	<u>3,654</u>	<u>3,571</u>

Interest expense on financial liabilities that are not measured at fair value through profit or loss amounted to US\$3,652,000 (first half of 2023: US\$3,569,000).

3 Net fees and commission income

	For the six months ended	
	30 June 2024	30 June 2023
	US\$'000	US\$'000
Fees and commission income	694,903	670,553
Fees and commission expense	<u>(238,130)</u>	<u>(183,545)</u>
Net fees and commission income	<u>456,773</u>	<u>487,008</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 2023: 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 2023: Nil).

J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

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

	For the six months ended	
	30 June 2024	30 June 2023
	US\$'000	US\$'000
Net gain/(loss) from foreign exchange trading	98	(314)
Net gain from trading assets	60	76
	<u>158</u>	<u>(238)</u>

5 Operating expenses

	For the six months ended	
	30 June 2024	30 June 2023
	US\$'000	US\$'000
Staff costs	149,845	179,690
Fees paid to Group companies	164,591	178,310
Premises and equipment expenses	13,411	17,406
Depreciation expense for fixed assets (note 8)	20	30
Depreciation expense for right-of-use assets	11	11
Other operating expenses	61,579	60,040
	<u>389,457</u>	<u>435,487</u>

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

	For the six months ended	
	30 June 2024	30 June 2023
	US\$'000	US\$'000
Current income tax		
- Hong Kong profit tax	16,858	13,762
- Overseas taxation	9	8
Deferred income tax	<u>3,154</u>	<u>314</u>
	<u>20,021</u>	<u>14,084</u>

7 Deferred tax assets

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

	30 June 2024	31 December 2023
	US\$'000	US\$'000
At 1 January	23,270	22,555
(Debit)/Credited to statement of profit or loss and comprehensive income (note 6)	<u>(3,154)</u>	<u>715</u>
At the end of the period/year	<u>20,116</u>	<u>23,270</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
Cost			
As at 1 January 2024	1,171	32,977	34,148
Additions	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
As at 30 June 2024	<u>1,171</u>	<u>32,977</u>	<u>34,148</u>
Accumulated depreciation			
As at 1 January 2024	1,116	32,961	34,077
Charge for the period (note 5)	17	3	20
	<u>17</u>	<u>3</u>	<u>20</u>
As at 30 June 2024	<u>1,133</u>	<u>32,964</u>	<u>34,097</u>
Net book value	<u>38</u>	<u>13</u>	<u>51</u>
Cost			
As at 1 January 2023	1,171	33,067	34,238
Additions	—	—	—
Disposals	—	(90)	(90)
	<u>—</u>	<u>(90)</u>	<u>(90)</u>
As at 31 December 2023	<u>1,171</u>	<u>32,977</u>	<u>34,148</u>
Accumulated depreciation			
As at 1 January 2023	1,082	33,030	34,112
Charge for the year	34	21	55
Disposals	—	(90)	(90)
	<u>34</u>	<u>(90)</u>	<u>55</u>
As at 31 December 2023	<u>1,116</u>	<u>32,961</u>	<u>34,077</u>
Net book value	<u>55</u>	<u>16</u>	<u>71</u>

J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

9 Taxation payable/(receivable)

The movement of the income tax payable/(receivable) is as follows:

	30 June 2024	31 December 2023
	US\$'000	US\$'000
At 1 January	(4,484)	3,376
Charged to statement of profit or loss and comprehensive income (note 6)	16,867	14,911
Hong Kong tax paid	—	(22,781)
Overseas tax paid	(9)	(45)
Exchange difference	(3)	55
	<u>12,371</u>	<u>(4,484)</u>
At the end of the period / year	<u>12,371</u>	<u>(4,484)</u>

10 Loans and advances

There were no loans and advances to customers and banks and impaired assets as at 30 June 2024 and 31 December 2023.

11 Derivative financial instruments

	Notional amounts US\$'000	Fair value	
		Assets US\$'000	Liabilities US\$'000
As at 30 June 2024			
Derivatives held for trading			
Exchange rate contracts - forwards	5,056	<u>1</u>	<u>3</u>
As at 31st December 2023			
Derivatives held for trading			
Exchange rate contracts - forwards	4,804	<u>—</u>	<u>4</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 inflow/(outflow) from operating activities:

	30 June 2024	30 June 2023
	US\$'000	US\$'000
Profit before taxation	122,260	95,361
Foreign exchange difference	(2,135)	(3,085)
Depreciation charge for fixed assets	20	30
Depreciation charge for right-of-use assets	11	11
Interest income	(58,438)	(47,648)
Interest expense	3,652	3,569
Interest element of lease payments	2	2
	<hr/>	<hr/>
Net cash inflow before changes in operating assets and liabilities	65,372	48,240
Increase in placements with banks with original maturity over three months	—	(100,000)
Decrease in financial assets at fair value through profit or loss	4,532	5,317
(Increase)/decrease in other assets	(615,732)	81,258
Increase in deposits and balances from banks	149,737	28,512
Decrease in other liabilities	(64,353)	(101,479)
	<hr/>	<hr/>
Net cash outflow from operations	(460,444)	(38,152)
Interest received	58,438	47,648
Interest paid	(3,652)	(3,569)
Overseas tax paid	(9)	(8)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	<u>(405,667)</u>	<u>5,919</u>