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Announcement in relation to Early Termination Amount of Affected Derivative Warrants and Inline Warrants linked to Xiaomi Corporation (“Xiaomi Warrants”)

Reference is made to our announcement dated 19 February 2021 (the “**Announcement**”) regarding early termination of the Xiaomi Warrants. Capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement unless the context requires otherwise.

Investors should note that:

- (a) trading in the Xiaomi Warrants has been suspended from 9:00 a.m. (Hong Kong time) on 16 March 2021;
- (b) the Xiaomi Warrants were early terminated on 19 March 2021; and
- (c) the valuation methodologies applicable to different listed structured products vary according to the actual terms of the relevant products and the relevant valuation model applied by us based on our actual underlying hedging arrangements as of the relevant time. Our current intended approach for the valuation methodology applicable to the Early Termination Amount of the Xiaomi Warrants only applies to such products, and must not be construed as applicable to, or the benchmark for, other similar listed structured products (whether or not linked to the same underlying share) issued under the Programme.

Early Termination Amount

Pursuant to the Announcement, we have determined the Early Termination Amount in respect of the Xiaomi Warrants as set out in the schedule attached to this announcement.

In respect of Derivative Warrants only

In determining the Early Termination Amount for each series of the Xiaomi Warrants (which are the Derivative Warrants), we have used our existing pricing model for the relevant series of the Xiaomi Warrants.

In respect of a series of the Xiaomi Warrants (which are the Derivative Warrants), the key market factor inputs of such pricing model are:

- (a) comparison of the “**Average Price**” against the exercise price applicable to the relevant series,

Where:

- a. the “**Average Price**” refers to the arithmetic mean of the closing prices of one underlying share for each Valuation Date as specified in the schedule attached to this announcement;
 - b. the “**Valuation Date**” refers to each of the five Business Days immediately preceding the Early Termination Date (i.e. 12 March, 15 March, 16 March, 17 March and 18 March 2021);
- (b) the average of the implied volatility applicable to the relevant series based on the mid-price of the Issuer’s bid and ask quotes as at or immediately before market close in Hong Kong on the two trading days immediately preceding the trading suspension date (i.e. 12 March and 15 March 2021); and
- (c) the time value between the Early Termination Date (i.e. 19 March 2021) and the original scheduled expiry date of the relevant series.

No cost of unwinding any related hedging arrangements or other costs would be deducted from the Early Termination Amount of the Xiaomi Warrants.

The Early Termination Amount per Derivative Warrant is calculated by applying each of the relevant market data to our existing pricing model for the Xiaomi Warrants.

The Early Termination Amount per Board Lot is calculated by multiplying the Early Termination Amount per Derivative Warrant with the Board Lot of the Xiaomi Warrants.

We confirm the Early Termination Amount is determined by us in good faith and in a commercially reasonable manner and represents the fair market value of the Xiaomi Warrants immediately prior to the early termination.

In respect of Inline Warrants only

In determining the Early Termination Amount for a series of the Xiaomi Warrants (which are the Inline Warrants), we have used our existing pricing model for the relevant series of the Xiaomi Warrants.

In respect of a series of the Xiaomi Warrants (which are the Inline Warrants), the key market factor inputs of such pricing model are:

- (a) comparison of the “**Average Price**” against the upper strike price and lower strike price applicable to the relevant series,

Where:

- a. the “**Average Price**” refers to the arithmetic mean of the closing prices of one underlying share for each Valuation Date as specified in the schedule attached to this announcement;
 - b. the “**Valuation Date**” refers to each of the five Business Days immediately preceding the Early Termination Date (i.e. 12 March, 15 March, 16 March, 17 March and 18 March 2021);
- (b) the implied volatility applicable to the relevant series by reference to the middle of our bid and ask price quoted for such series as at or immediately before market close in Hong Kong on the trading day immediately preceding the trading suspension date (i.e. 15 March 2021); and
- (c) the time value between the Early Termination Date (i.e. 19 March 2021) and the original scheduled expiry date of the relevant series.

No cost of unwinding any related hedging arrangements or other costs would be deducted from the Early Termination Amount of the Xiaomi Warrants.

The Early Termination Amount per Inline Warrant is calculated by applying each of the relevant market data to our existing pricing model for the Xiaomi Warrants.

The Early Termination Amount per Board Lot is calculated by multiplying the Early Termination Amount per Inline Warrant with the Board Lot of the Xiaomi Warrants.

We confirm the Early Termination Amount is determined by us in good faith and in a commercially reasonable manner and represents the fair market value of the Xiaomi Warrants immediately prior to the early termination.

Settlement process

The Early Termination Amount will be paid by transfer to the CCASS account through which the relevant Xiaomi Warrants are held on the Settlement Date (currently scheduled to be 24 March 2021). Payment of the Early Termination Amount to such account will be a complete discharge of our obligation to pay such Early Termination Amount. Investors should note that if you are not a CCASS investor participant and do not have a CCASS account, you will have to rely on your broker to ensure that the Early Termination Amount is credited to your account maintained with your broker (and if applicable, its custodian).

Any payment of the Early Termination Amount shall be made net of any taxes, duties, fees, levies and other charges incurred in respect of such payment or otherwise in connection with such early termination. Investors should also check with their brokers (if any) as to whether there are any charges payable to their brokers. We are not responsible for any tax, duties or charges imposed by any tax authority in respect of the payment of the Early Termination Amount or otherwise in connection with such early termination. Investors should obtain independent tax advice if they are in any doubt.

Contact details for investors' enquiries

Investors in the Xiaomi Warrants may obtain further information as follows:

- (a) visit our designated website at <http://www.jpmmwarrants.com.hk>; or
- (b) call our hotline at +852 2800 7878.

J.P. Morgan Structured Products B.V.
Hong Kong, 22 March 2021

Schedule: Early Termination Amount for Xiaomi Warrants

1. Derivative Warrants

	Stock code of Xiaomi Warrants	Type	Underlying share / Stock code	Exercise price (HK\$)	Average Price (HK\$)	Board Lot (Derivative Warrants)	Early Termination Amount per Derivative Warrant (HK\$)	Early Termination Amount per Board Lot (HK\$)
1	11900	Call	Xiaomi Corporation (1810.HK)	14.90	25.17	2,000	1.047278	2094.556
2	15196	Put	Xiaomi Corporation (1810.HK)	8.08	25.17	1,000	0	0.000
3	15330	Call	Xiaomi Corporation (1810.HK)	28.62	25.17	2,000	0.029591	59.182
4	16552	Put	Xiaomi Corporation (1810.HK)	14.44	25.17	2,000	0	0.000
5	17081	Call	Xiaomi Corporation (1810.HK)	22.22	25.17	1,000	0.609963	609.963
6	18808	Put	Xiaomi Corporation (1810.HK)	25.52	25.17	2,000	0.250424	500.848
7	18818	Call	Xiaomi Corporation (1810.HK)	36.73	25.17	2,000	0.000404	0.808
8	19852	Call	Xiaomi Corporation (1810.HK)	31.93	25.17	2,000	0.045355	90.710
9	20449	Put	Xiaomi Corporation (1810.HK)	24.23	25.17	2,000	0.137	274.000
10	20923	Put	Xiaomi Corporation (1810.HK)	12.82	25.17	2,000	0.000526	1.052
11	20992	Call	Xiaomi Corporation (1810.HK)	38.93	25.17	2,000	0.028969	57.938
12	24597	Call	Xiaomi Corporation (1810.HK)	20.33	25.17	2,000	0.505584	1011.168
13	25306	Call	Xiaomi Corporation (1810.HK)	23.23	25.17	2,000	0.320001	640.002
14	26229	Call	Xiaomi Corporation (1810.HK)	30.30	25.17	2,000	0.013	26.000
15	27195	Call	Xiaomi Corporation (1810.HK)	41.41	25.17	2,000	0.044155	88.310

	Stock code of Xiaomi Warrants	Type	Underlying share / Stock code	Exercise price (HK\$)	Average Price (HK\$)	Board Lot (Derivative Warrants)	Early Termination Amount per Derivative Warrant (HK\$)	Early Termination Amount per Board Lot (HK\$)
16	27219	Put	Xiaomi Corporation (1810.HK)	29.29	25.17	2,000	0.565478	1130.956
17	27232	Put	Xiaomi Corporation (1810.HK)	26.66	25.17	2,000	0.365693	731.386
18	27950	Put	Xiaomi Corporation (1810.HK)	17.71	25.17	2,000	0.016084	32.168
19	29109	Call	Xiaomi Corporation (1810.HK)	45.93	25.17	2,000	0.024636	49.272

2. Inline Warrants

	Stock code of Xiaomi Warrants	Type	Underlying share / Stock code	Upper strike price (HK\$)	Lower strike price (HK\$)	Average Price (HK\$)	Board Lot (Inline Warrants)	Early Termination Amount per Inline Warrant (HK\$)	Early Termination Amount per Board Lot (HK\$)
1	48648	Inline Warrants	Xiaomi Corporation (1810.HK)	22.00	18.00	25.17	1,000	0.4932	493.200