EMEA Remuneration Policy Disclosure

Pillar 3 Annual Disclosure Report

Performance Year ended 31.12.2016

31 May 2017

Contents

Background

This document sets out a summary of the compensation (remuneration) policy applying to J.P. Morgan's subsidiaries and branches located in Europe, the Middle East and Africa (the "**Legal Entities"**, collectively the "**EMEA Business**") in respect of the performance year ending 31 December 2016.

This document fulfils the qualitative remuneration disclosures required under the Basel Pillar 3 requirements, including the information required under paragraphs 1 (a) – (f) of Article 450 of the Capital Requirements Regulation (the "**CRR**")[1] for relevant Legal Entities regulated in the European Union ("**EU**"), as well as the corresponding requirements in other EMEA jurisdictions.

The quantitative remuneration disclosures required under the Basel Pillar 3 requirements (including paragraphs 1 (g) – (i) of Article 450 of the CRR) are included in the individual Pillar 3 disclosures for each relevant legal entity[2]. These individual disclosures also contain any additional qualitative disclosures specific to that relevant legal entity.

In this document, the terms "**J.P. Morgan**" or "**Firm**" refers to the J.P. Morgan Chase & Co. group of companies, and each of the entities in that group globally, unless otherwise specified. As part of the Firm, the EMEA Business is governed by J.P. Morgan's global compensation philosophy and pay practices. This document should therefore be read together with the Firm's latest U.S. Proxy Statement (the "**Proxy Statement**")[3].

This document sets out general principles that are subject to specific provisions contained within the relevant plan terms and conditions as in force from time to time.

[1] Regulation (EU) No. 575 / 2013
[2] These disclosures are available at: http://investor.shareholder.com/jpmorganchase/basel.cfm
[3] 2017 Proxy Statement is available at : http://investor.shareholder.com/jpmorganchase/index.cfm

Section One: Governance of Remuneration

Compensation & Management Development Committee

The Firm strongly believes that its firmwide compensation policy and its implementation fosters proper governance and regulatory compliance. That policy is subject to independent oversight and control by the Compensation and Management Development Committee ("**CMDC**"), a committee of the board of J.P. Morgan Chase & Co, the ultimate parent company of the Firm.

The CMDC is composed entirely of independent directors. The CMDC's charter and current membership can be found on the Firm's website[4]. Its activities include:

- Approving the Firm's compensation philosophy
- Reviewing and approving overall incentive compensation pools (including percentage paid in equity/cash)
- Reviewing and approving compensation for the Firm's Operating Committee and, for the CEO, making a recommendation to the Board for consideration and ratification by the independent directors
- Reviewing and approving the terms of compensation awards, including recovery/clawback provisions
- Reviewing the Firm's compensation practices as they relate to risk and control (including the avoidance of practices that would encourage imprudent and excessive risk-taking)
- Reviewing compensation for certain employees who are material risk-takers under Federal Reserve Standards ("**Tier 1**") and/or Identified Staff (as defined below)
- Adopting pay practices that comply with applicable rules and regulations, both in the U.S. and worldwide
- Overseeing the Firm's Culture and Conduct programs

The CMDC performs the aforementioned roles on an ongoing basis so that the Firm's compensation program is proactive in addressing both current and emerging challenges. In addition, the Firm has Control Forums facilitated by Human Resources at the Firm, Line of Business and regional levels ("**HR Control Forums**"), the outcomes of which are factored into compensation decisions. These processes are discussed below in more detail.

Additionally, each year the CMDC holds a joint session with the Directors' Risk Policy Committee to review the firmwide HR and compensation practices, including:

- Compensation features and elements designed to discourage imprudent risk-taking (e.g., multi-year vesting, clawbacks, prohibition on hedging, etc.)
- Integration of risk and control considerations into key HR practices including performance management, compensation, promotion, etc.
- An annual incentive pool process for LOBs and Corporate
- HR strategic priorities for the upcoming year
- Regulatory updates which have impacted or may impact the Firm's HR practices in the future

The joint session is also provided with information on the performance management process, preliminary risk and control feedback for the year, and updates regarding HR Control Forums.

The CMDC met formally 7 times in relation to the 2016 performance year. For that performance year, the CMDC and Board of Directors did not engage the services of a compensation consultant.

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[4] CMDC Charter and current membership is available at: https://www.jpmorganchase.com/corporate/About-JPMC/ab-compensation-management.htm

Instead, the Firm's Human Resources department provided the CMDC and the Board with both internal and external compensation data and regular updates in an effort to comply with relevant rules and guidance from the Firm's regulators and applicable laws.

Compensation Philosophy

The Firm's compensation philosophy provides guiding principles that drive compensation-related decision-making across every level of the EMEA Business.

The table below sets forth a summary of the Firm's compensation philosophy:

Compensation Philosophy	
Tying pay to performance and aligning with shareholders' interests	• In making compensation related decisions, the Firm focuses on long-term, risk-adjusted performance (including assessment of performance by the Firm's risk and control professionals) and rewards behaviours that generate sustained value for the Firm. This means compensation should not be overly formulaic, rigid or focused on the short term.
Encouraging a shared success culture	• Teamwork should be encouraged and rewarded to foster a "shared success" culture. • Contributions should be considered across the Firm, within business units, and at an individual level when evaluating an employee's performance.
Attracting and retaining top talent	• The Firm's long-term success depends on the talents of its employees. The Firm's compensation system plays a significant role in its ability to attract, properly motivate and retain top talent. • Competitive and reasonable compensation should help attract and retain the best talent to grow and sustain the Firm's business.
Integrating risk management and compensation	• Risk management, compensation recovery, and repayment policies should be robust and disciplined enough to deter excessive risk-taking. • HR Control Forums should generate honest, fair and objective evaluations and identify individuals responsible for meaningful risk-related events and their accountability. • Recoupment policies include recovery of cash and equity compensation. • The Firm's pay practices must comply with applicable rules and regulations, both in the U.S. and worldwide.
No special perquisites and non-performance based compensation	• Compensation should be straightforward and consist primarily of cash and equity incentives. • The Firm does not have special supplemental retirement or other special benefits just for executives, nor does it have any change in control agreements, golden parachutes, merger bonuses, or other special severance benefit arrangements for executives.
Maintaining strong governance	• Strong corporate governance is fostered by independent oversight by the board of J.P. Morgan Chase & Co of the executive compensation program, including defining the Firm's compensation philosophy, reviewing and approving the Firm's overall incentive compensation pools, and approving compensation for the Operating Committee, including the terms of compensation awards. • The Firm has a rigorous process in place to review risk and control issues at the Firm, line of business, function, and region level, which can and has led to impacts on compensation pools as well as reductions in compensation at the individual level, in addition to other employee actions.

Transparency with shareholders	• Transparency to shareholders regarding the Firm's executive compensation program is essential. In order to provide shareholders with enough information and context to assess its program and practices, and their effectiveness, the Firm discloses all material terms of its executive pay program, and any actions on the part of the Firm in response to significant events, as appropriate.

Alignment of pay practices with compensation philosophy

The Firm believes the effectiveness of its compensation program is dependent on the alignment of its pay practices with its compensation philosophy. The table below illustrates the strong alignment and further underscores the Firm's objective of maintaining a compensation program that is consistent with best practice.

Alignment of pay practices with compensation philosophy	
• **Compensation Philosophy** The Firm's compensation philosophy promotes practices that are aligned with shareholders.	• **Pay-at-Risk** Appropriately balanced short-, medium-, and long-term incentives.
• **Strong Clawbacks** Clawback and recovery provisions enable the Firm to cancel unvested awards and require repayment of previously paid compensation, if appropriate.	• **No Hedging & Pledging** All employees are prohibited from the hedging of unvested restricted stock units and performance share units, and unexercised options or stock appreciation rights.
• **Culture and Conduct** Pay programs reinforce business principles throughout the employee's lifecycle.	• **Shareholder Engagement** Feedback from shareholder engagement is provided to full Board twice a year
• **Competitive Benchmarking** The Firm regularly conducts competitive benchmarking to make informed decisions on pay levels and pay practices.	• **Responsible use of equity** Used only ~1% of weighted average diluted shares in 2016 for employee compensation.

Regulatory considerations

As financial services businesses, the Legal Entities in the EMEA Business are subject to multiple regulations on remuneration, particularly within the European Union ("**EU**"). The CMDC receives updates on material regulatory developments which may impact remuneration structure or practice to understand the Firm's obligations in this area, including in relation to the EMEA Business.

Many of these regulations require the Firm to identify employees who, due to their role and / or responsibilities, are designated as "material risk takers" (also referred to as "**Identified Staff**"). Often Identified Staff are governed by more prescriptive rules in respect to their compensation, including the structure of their incentive (variable) compensation.

In relation to the Capital Requirements Directive IV ("**CRD IV**"), individuals are categorised as Identified Staff based on the criteria set out by the European Banking Authority, including any applicable local regulations. This Identified Staff group is reviewed on an ongoing basis and Identified Staff are notified of their status and the impact on their remuneration structure.

The Firm's remuneration policy, and its implementation, are reviewed at least annually by the CMDC to ensure that it remains aligned to the Firm's risk appetite, business strategy and long-term interests, and complies with the relevant requirements. The latest review in March 2017 found that no material changes were required to the policy and was satisfied with its implementation.

Measures taken to avoid conflicts of interest

The Firm's compensation governance practices contain a number of measures to avoid conflicts of interest, including the following:

- The CMDC is composed entirely of independent directors and provides both independent oversight and control of the Firm's compensation philosophy and pay practices
- The Firm conducts robust performance management reviews for all employees. For employees holding certain regulatory designations, part of this process includes soliciting feedback directly from risk and control professionals who independently assess the employee's risk and control behaviour
- All employees are prohibited from the hedging of unvested restricted stock units and performance share units, and unexercised options or stock appreciation rights.
- There is active engagement, transparency and assessments of risk and control issues by control function heads, senior management and subject matter experts across the Firm
- Remuneration for the Control Functions is assessed against independent market data. Their performance is assessed by reference to independent objectives and the incentive compensation allocations for these groups are managed separately from the LOBs that the Control Functions support
- Strong clawback and recovery provisions cover all forms of incentive compensation combined with formal and disciplined processes for review and determinations
- Employees are incentivised to deliver products and services while maintaining a focus on safeguarding and providing customers with excellent customer service. Safeguarding a customer may include specific customer-related activity, such as account openings, and may also include operational procedures

Section Two: Remuneration System Design

Compensation Structure

The Firm's compensation structure is designed to contribute to the achievement of its short-term and long-term strategic and operational objectives, while avoiding excessive risk-taking inconsistent with the Firm's risk management strategy. This is accomplished in part through a balanced total compensation program comprised of a mix of fixed compensation (including base salary and, for certain employees, a fixed cash allowance), and variable compensation in the form of cash incentives and long-term, equity based or fund-tracking incentives that vest over time.

The Firm has obtained the relevant shareholder approvals in accordance with Article 94(1)g of CRD IV (and its local implementation) to pay CRD IV Identified Staff in the EMEA Business a maximum ratio of fixed to variable compensation of 1 : 2.

Components of fixed compensation

Fixed compensation consists primarily of base salary. Many factors can influence an employee's base salary, such as the role, experience level, market pay levels for comparable jobs, location of the job and available talent. Base salary can be all, or a meaningful part, of an employee's Total Compensation, depending on the LOB/Function and the level of role.

Base salaries are supplemented by benefits and pension contributions, provided in accordance with local market practice. They include, but are not limited to, the provision of defined contribution pension plans (including certain matched employer contributions), medical coverage, life insurance and other routine employment benefits. In certain locations, employees may receive allowances reflecting their role, responsibilities or experience ("**Fixed Allowances**") or reflecting local costs of living ("**Local Allowances**").

Components of incentive (variable) compensation

The Firm believes that its variable compensation programs serve a fundamental role in motivating its employees to deliver sustained shareholder value and rewarding them with an appropriate mix of short- and long-term incentives aligned to performance.

Incentive compensation ("**IC**") can be composed of the following:

- Cash Incentive
- Retained Stock (only awarded to Identified Staff)
- Restricted Stock Units ("**RSUs**")
- Performance Share Units ("**PSUs**") (only awarded to members of the Firm's Operating Committee)
- Deferred Cash (only awarded to Identified Staff)
- Mandatory Investor Plan ("**MIP**")

Further details on some of these components of incentive compensation are set out below.

Cash Incentive

Generally, as employees become more senior or the impact of their role increases, a greater portion of IC will be awarded in deferred equity (see below). The portion of IC payable in cash is generally delivered shortly after the end of the relevant performance year.

Retained Stock

For Identified Staff, a portion of non-deferred IC may be delivered in immediately vested stock which is subject to a post-vesting retention period during which the shares acquired may not be sold, pledged, assigned or transferred to a private brokerage account. The length of this retention period and the proportion of IC delivered in Retained Stock is in line with the minimum required by the applicable regulations under which they are designated as Identified Staff.

Restricted Stock Units

The deferred equity portion of incentive compensation is awarded in the form of RSUs. Each RSU represents a right to receive one share of JPMorgan Chase common stock on the vesting date.

The percentage of incentive compensation being deferred and awarded is higher for more highly compensated employees, thus increasing the aggregate value subject to the continued performance of the Firm's stock (save for the Investor population, as to which see the "Mandatory Investor Plan" below). All Managing Directors are subject to a 35% minimum deferral irrespective of their level of compensation.

Generally, 50% of the RSU portion of the award vests on the second anniversary of the grant date and 50% vests on the third anniversary of the grant date. In some circumstances, the RSU portion may vest in equal annual tranches pro-rata over the deferral period, but no faster.

For Identified Staff, the RSUs may be subject to a post-vesting retention period during which the shares acquired may not be sold, pledged, assigned or transferred to a private brokerage account. The length of this retention period, the proportion of IC deferred in equity and the length of the deferral period is at least in line with the applicable regulations under which they are designated as Identified Staff.

Awards are subject to the Firm's right to cancel an unvested or unexercised award ("**Malus**"), and to require repayment of the value of certain shares distributed under awards already vested ("**Clawback**") in certain circumstances, as further described below.

Deferred Cash

For Identified Staff, deferred incentives may also be awarded in the form of deferred cash which vests over a multi-year period in line with RSUs awarded in respect of the same performance year and subject to consistent terms and conditions (e.g., in respect of Malus and Clawback).

Mandatory Investor Plan

In the Asset Management business, the investor population (including Portfolio Managers and Research Analysts) (the "**Investors**") on a selective basis are subject to a mandatory deferral of long-term incentive compensation under a Mandatory Investor Plan (**"MIP**"). Sales employees may also participate in the MIP on a voluntary basis. MIP awards provide for a rate of return equal to that of the funds that the Investors manage. The goal of MIP is to align the Investors' pay with that of their client's experience and to provide a direct link between how the Investors perform to how they are paid. 100% of the Investors' long term incentive compensation is eligible for MIP and depending on the level of compensation, 20% or 50% is required to be invested in the specific fund(s) they manage as determined by their respective Investment Team Head. The remaining portion of the overall amount is electable and may be treated as if invested in any of the other funds available in the plan or can take the form of RSUs.

Pay Performance Link

As described in the Firm's compensation philosophy, in making compensation related decisions, the Firm focuses on long-term, risk adjusted performance (including assessment of performance by the Firm's risk and control professionals) and rewards behaviours that generate sustained value for the Firm. This means compensation should not be overly formulaic, rigid or focused on the short-term.

Given the diverse nature of the Firm, its evaluation does not lend itself to a simple formulation to determine a single "score" or outcome that is indicative of overall performance. The CMDC therefore utilizes a balanced and disciplined approach so that its performance assessment reflects Firm and LOB performance over a multi-year period, as well as individual performance.

Performance measurement

The Firm has a rigorous and disciplined performance management process, which actively manages the performance of its employees through the year. To that end, the Firm uses both quantitative and qualitative criteria to assess performance during the compensation cycle, and to then inform individual compensation determinations.

A balanced assessment of employees' performance is undertaken taking account of the four performance categories of: business and financial results; risk, conduct and control outcomes; client/customer goals; and other priorities including teamwork and leadership objectives as appropriate. These performance categories appropriately consider short-, medium- and long-term goals that drive sustained shareholder value, while accounting for risk and control outcomes. There is no specific weighting assigned to any one factor, metric or component.

Risk, conduct and control are a key focus for the Firm and there currently are three expectations specific to this performance category assessment: (1) Driving a robust risk/control environment, (2) Demonstrating expected risk/control behaviours, and (3) Identifying, escalating and remediating issues.

As described above, the compensation and performance management process for Control Functions is determined by reference to objectives that are independent from the LOBs that the Control Functions support.

Performance management reviews for Identified Staff

For Identified Staff, part of the robust review process includes soliciting feedback directly from risk and control professionals who independently assess employees' risk and control behaviour. This feedback is used to assess whether the employee is meeting the Firm's risk/control behaviour expectations and to hold individuals accountable for this aspect of their performance. The feedback from the risk and control process is critical in helping to identify individuals responsible for significant risk and control behaviour or conduct issues, supervisory issues (e.g., failure to supervise, anticipate a material issue, or take appropriate action when the issue arose), and other risk and control related issues that impact the individual's business unit and/or the Firm.

This input is used in managers' evaluations of the performance of Identified Staff and is considered in determining annual compensation, and when appropriate, any recovery or clawback actions taken by the Firm.

Components of the enhanced performance evaluation apply to over 15,000 employees of the Firm in an effort to more formally assess risk and control behaviours. The Firm conducts online training for risk and control reviewers and training for managers in order to further strengthen the process. This includes a multi-rater report which is used to gather holistic feedback, including on risk and controls as appropriate, from the employee's peers and colleagues.

Risk Management

As described in J.P. Morgan's compensation philosophy, the Firm believes in rewarding behaviours that generate sustained value for the Firm and reinforcing personal accountability to promote a strong risk and control environment. To discourage excessive risk-taking, disciplined risk management is used, including capital-adjusted metrics and compensation recovery and repayment policies that allow for cancellation or recovery of both cash incentives and equity awards when warranted.

Risk & control review process

To encourage a culture of risk awareness and personal accountability, the Firm approaches its incentive compensation arrangements through an integrated risk, finance, compensation and performance management framework. This framework is designed to hold employees accountable, when appropriate, for meaningful actions or issues that negatively impact business performance in current or future years.

The Firm maintains a robust risk and control review process that serves to evaluate risk and control issues and identify individuals who may be subject to remedial actions such as impacts to compensation and/or termination. The HR Control Forums, facilitated by HR on a quarterly basis (at LOB and regional level), discuss key risk and control issues surfaced in other committees (Risk Committees, Business Control Committees and other inputs and reports) that may merit consideration with regard to people decisions.

The Firmwide HR Control Forums review outputs from and provides feedback to LOB/Function/Regional HR Control Forums. The CMDC reviews outcomes of the Firmwide HR Control Forums and the outcomes of these Forums are factored into overall Firm/LOB bonus pools and individual incentive compensation, where appropriate.

To hold individuals responsible for taking risks inconsistent with the Firm's risk appetite and to discourage future imprudent behaviour, the Firm has policies and procedures that enable the Firm to take prompt and proportionate actions with respect to accountable individuals including:

- Reduce or altogether eliminate annual incentive compensation;
- Cancellation of unvested awards (in full or in part);
- Clawback/Recovery of previously paid compensation (cash and/or equity);
- Demotion, negative performance rating or other appropriate employment actions; and
- Termination of employment.

The precise actions the Firm may take with respect to accountable individuals are based on circumstances, including the nature of their involvement, the magnitude of the event and the impact on the Firm. A description of the relevant recovery provisions is set out below.

Malus and Clawback provisions

The Firm maintains Malus and Clawback provisions on both cash incentives and equity awards, which enable the Firm to reduce or cancel unvested awards and recover previously paid compensation in certain situations. Incentive awards are intended and expected to vest according to their terms, but strong recovery provisions permit recovery of incentive compensation awards in appropriate circumstances.

All employees are subject to the Firm's Bonus Recoupment Policy, which is available on the Firm's website.[5] In addition, Identified Staff are subject to the extensive Malus and Clawback provisions summarised in the table below, as well as additional provisions where required by local regulations. In particular, since January 2015, all IC awards (upfront and deferred) made to Identified Staff regulated in the UK are subject to an extended clawback regime as required by local UK regulations.

[5] Available at https://www.jpmorganchase.com/corporate/About-JPMC/ab-corporate-governance-principles.htm#recoupment

LONGSTANDING EQUITY CLAWBACK PROVISIONS		AWARD TYPE	
CLAWBACK TYPE	CLAWBACK TRIGGER	VESTED	UNVESTED
Restatement	• In the event of a **material restatement of the Firm's financial results** for the relevant period (under its recoupment policy adopted in 2006) • This provision **also applies to cash incentives**	✓	✓
Misconduct	• If the employee engaged in conduct detrimental to the Firm that causes material financial or reputational harm to the Firm	✓	✓
	• If award was based on **materially inaccurate performance metrics**, whether or not the employee was responsible for the inaccuracy	✓	✓
	• If award was based on a **material misrepresentation** by the employee	✓	✓
	• If the employee is terminated **for cause**	✓	✓
Risk-related	• If the employee improperly or with gross negligence **failed to identify**, raise or assess, in a timely manner and as reasonably expected, issues and/or concerns with respect to **risks material to the Firm**	✓	✓
Protection Based Vesting (contingent upon performance)[6]	• If a line of business in which the employee is employed or exercises responsibility **did not meet its annual line of business financial threshold** or, in the case of an Operating Committee member, such trigger is exercised for a participant(s) in a line of business for which the Operating Committee member exercised responsibility		✓
	• If performance in relation to the priorities for their position, or if the Firm's performance in relation to the priorities for which they share responsibility as a member of the Operating Committee, **has been unsatisfactory for a sustained period of time**[7]		✓
	• If for any one calendar year during the vesting period, **pre-tax pre-provision net income is negative**, as reported by the Firm[7]		✓
	• If, for the three calendar years preceding the vesting date, the Firm **does not meet a 15% cumulative return on tangible common equity**[7]		✓

Code of Conduct and "How We Do Business" framework

The Firm has as an ongoing focus on further strengthening its culture to examine how it can more rigorously and consistently adhere to the high ethical standards that its shareholders, regulators and others expect and that the Firm expects of itself. The Firm has implemented a global, firmwide Culture and Conduct program which, as mentioned above, is overseen by the CMDC, along with senior executives serving as the Executive Sponsors of the program on behalf of the Firm's Operating Committee. In addition, Conduct Risk Assessments are performed by each LOB and major function, with appropriate action items identified.

The Firm also focuses on embedding conduct standards throughout the employee lifecycle, starting with the recruiting and onboarding process and extending to training, compensation, promoting and disciplining employees. Two important parts of that effort are the Firm's "How We Do Business" framework (a set of 20 core business principles which represent four central corporate tenets: exceptional client service; operational excellence; a commitment to integrity, fairness and

[6] Provisions apply to PSUs and to RSUs granted after 2011 and may result in the cancellation of up to a total of 50% of the award.
[7] These provisions only apply to members of the Firm's Operating Committee.

responsibility; and a great team and winning culture[8]) and the Firm's Code of Conduct (the "**Code of Conduct**").

The Code of Conduct embodies the Firm's approach to managing conflicts of interest throughout every level of the Firm globally. The Code of Conduct incorporates the fundamental principle that integrity should not be sacrificed for personal gain or for a perceived benefit to the Firm's business. The Code of Conduct directly addresses many conflicts issues, including ethical decision-making and business practices, dealing with confidential information, and avoiding real or perceived personal conflicts of interest with the Firm. The Code of Conduct also underpins the Malus and Clawback provisions of the compensation structure.

All employees have a responsibility to follow the Code of Conduct and report concerns or potential Code of Conduct violations. Employees are trained on the Code of Conduct when hired and annually thereafter. Additionally, each employee must annually affirm via a certification their compliance with the Code of Conduct.

[8] The full set of Business Principles is included in the report "How We Do Business – The Report" which is posted on www.jpmorganchase.com under the Investor Relations tab.