

BASEL II PILLAR 3 DISCLOSURES AS AT DECEMBER 2011

J.P.Morgan UK-regulated entities

Basel II Pillar 3 qualitative disclosures as at 31 December 2011

JPMorgan Chase & Co's view is that the full force of Basel II should apply at the consolidated level. It is our belief that the application of Pillar 3 at individual entity level is unduly burdensome and potentially misleading. Our intention is to seek a waiver from individual entity Pillar 3 requirements once we are able to fulfil the requirement of making appropriate public disclosures at Group level. In the interim we have made Pillar 3 disclosures at entity level. These disclosures are not necessarily an accurate reflection of the risk profile of our UK entities given that JPMorgan manages its risks on a Line of Business basis. Users are advised that the information should not be used for decision-making purposes.

Scope of application of Capital Requirements Directive

The Basel II Pillar 3 disclosures included herein are made solely to meet the requirements in the United Kingdom, and relate to the activities of the following UK consolidation groups:

- J.P. Morgan Capital Holdings Limited (primary subsidiaries: J.P. Morgan Securities Ltd (J.P. Morgan Securities PLC from July 2012 onwards), J.P. Morgan Europe Limited, J.P. Morgan International Bank Limited, J.P. Morgan Limited and JPMorgan Cazenove Holdings). On the 27th May 2011, J.P. Morgan Europe Limited (JP MEL) became a 100% subsidiary of J.P. Morgan Securities Limited (JPMSL).
- Bear Stearns UK Holdings Limited (primary subsidiary: J.P. Morgan Markets Limited)
- J.P. Morgan Asset Management International Limited (primary subsidiary: J.P. Morgan Asset Management (UK) Limited). The basis for consolidation for accounting and prudential purposes are different due to the insurance entity JPMorgan Life Limited having been deducted from capital resources. This entity has actual capital resources that are surplus to the required minimum.

Where disclosures are not provided, there are no transactions or exposures within J.P. Morgan Asset Management International group that are required to be disclosed under the rules.

Outside regulatory requirements to hold capital, there are no current or foreseen material practical or legal impediments to the prompt transfer of own funds or repayment of liabilities among the parent undertakings or, where applicable, their subsidiaries.

Pillar 3 disclosures comprise two types:

- Qualitative disclosures relating primarily to risk management practices and
- Quantitative disclosures relating primarily to actual risk exposures

Qualitative disclosures applicable to all J.P. Morgan entities globally

J.P.Morgan has published the required qualitative disclosures in the JPMorgan Chase & Co. 2011 Annual Report, annual 10-K filings and more recent quarterly United States Securities and Exchange Commission Form 10-Q filings, which can be accessed via the following links:

[JPMorgan Chase & Co. 2011 Annual Report](#)

[JPMorgan Chase & Co. Form 10-K: 31 December 2011](#)

[JPMorgan Chase & Co. Form 10-Q: 30 September 2012](#)

Additional qualitative disclosures applicable only to relevant UK entities

Pillar 1 Operational Risk Capital Requirement

J.P.Morgan UK entities subject to local capital requirements for operational risk have adopted the Basic Indicator Approach for Pillar 1 purposes.

Nominated ECAs for Pillar 1 Standardised Credit Risk Capital Requirement

The external credit assessment institutions (“ECAs”) used in the determination of credit quality steps are Fitch, Moody’s and Standard and Poors. The ratings from each of these ECAs are used for all standardised risk classes.

Remuneration Policies and Disclosures

Compensation disclosures are set out in the following link <http://investor.shareholder.com/jpmorganchase/basel.cfm>.

Counterparty Credit Risk Exposure

Detailed disclosures on counterparty credit risk exposure are contained in the JPMC annual report which is available at <http://investor.shareholder.com/jpmorganchase/annual.cfm>

In particular, counterparty credit risk exposure is discussed in the section entitled “Management’s discussion and analysis” and in particular the sub-sections entitled “Capital Management”; “Credit Risk Management” and the other sub-sections on risk management.

J.P.Morgan UK entities operate within the wider JPM group and adopt the relevant policies, processes, methodologies and controls established and operating within the group where appropriate and required. They adopt the JPMC methods for assigning internal capital and credit limits for counterparty credit exposures. None of the J.P. Morgan UK entities are externally rated by ECAs at the present time.

Securitisation

Detailed disclosures on securitisations are contained in Note 16 on pages 256 – 267 of the JPMC annual report which is available at <http://investor.shareholder.com/jpmorganchase/annual.cfm>

Internal Capital Adequacy Assessment Process (ICAAP)

J.P. Morgan UK entities perform internal capital adequacy assessments in accordance with the Capital Requirements Directive and the requirements of the Financial Services Authority.

The purpose of the ICAAP is to assess the current and potential risks run by each entity to determine whether the current and forecasted levels of capital are sufficient relative to those risks under Pillar 2 of the revised Basel framework.

Internal assessments are made of the level of capital required for each significant risk area (both for those which are covered by Pillar 1 capital and for those which are not). These are based on JPMC's group-wide risk and capital models.

In addition, stress testing and capital planning analysis is used to determine the size of capital buffer required to ensure the J.P. Morgan UK entities continue to maintain adequate capital through the economic cycle, including a range of severe but plausible stresses.

Quantitative disclosures

Capital Resources

As at 31 December 2011, the J.P. Morgan entities in scope had capital resources which were more than the required minimum.

The following table shows capital resources as at 31 December 2011.

BIPRU 11.5.3 (2), (3), (4) and (5):

Tier 1, Tier 2 and Tier 3 Capital Resources

<u>As at 31 Dec 11</u>	<u>Consolidated</u>				*		
	<u>JPMCHL</u>	<u>Significant Subsidiaries</u>			<u>Significant subsidiary</u>	<u>Consolidated</u>	<u>Significant Subsidiary</u>
	<u>\$MM</u>	<u>JPMSL</u>	<u>JPMEL</u>	<u>JPMIB</u>	<u>JPMML</u>	<u>JPMAM Int</u>	<u>JPMAM UK</u>
		<u>\$MM</u>	<u>\$MM</u>	<u>\$MM</u>	<u>\$MM</u>	<u>\$MM</u>	<u>\$MM</u>
Tier 1 Capital (excluding innovative tier 1)							
Called-up share capital	4,069	8,352	1398	520	-	339	37
Eligible reserves	22,154	10,879	2157	150	4,127	1,175	343
Minority interests	326	-	-	-	-	-	-
Share premium	4,144	-	231	-	-	-	-
Perpetual non-cumulative preference shares	-	5,153	-	-	25	-	-
Total Tier 1 capital before deductions (excluding innovative Tier 1)	30,693	24,385	3,786	670	4,152	1,514	380
<u>Deductions from Tier 1</u>							
Goodwill and other intangible assets	-2,171	-1,921	-102	-3	-	-187	-
Total deductions from Tier 1	-2,171	-1,921	-102	-3	-	-187	-
Total Tier 1 capital after deductions and restrictions (excluding innovative Tier 1)	28,522	22,464	3,684	667	4,152	1,327	380
Tier 2 Capital							
Revaluation reserves	1	-	-	-1	-	-	-
Perpetual cumulative preference shares	-	2,000	-	-	-	-	-
Available for sale equity gains	-	-	-	320	-	-	-

Collectively assessed impairment provisions	-	-	-	5	-	-	-
Qualifying subordinated liabilities							
Dated subordinated debt	-	180	-	-	-	462	-
Total Tier 2 capital before deductions	1	2,180	-	323	-	462	-
Total Tier 2 capital after deductions and restrictions	1	2,180	-	323	-	462	-
<u>Regulatory deductions from Tier 1 and Tier 2 capital</u>							
Investments not consolidated for supervisory purposes	-	-	-6	-	-	-	-
Investment in subs which are not Material Holdings or Qualifying Holdings	-26	-	-	-	-	-	-
Material holdings deduction - Tier 1	-	-1,813	-	-	-	-	-
Material holdings deduction - Tier 2	-	-1,813	-	-	-	-	-
Connected lending of a capital nature	-252	-	-	-	-	-	-
Total deductions from Tier 1 and Tier 2	-278	-3,625	-6	-	-	-	-
Tier 3 Capital	568	-938	-	-	-	-	-
Deductions from total capital							
Illiquid assets	-	-	-	-	-	-289	-45
Total net capital resources	28,813	20,081	3,678	990	4,152	1,500	336

* The disclosures are shown for the significant subsidiary JPMML as this totals > 99% of the consolidated entity BSUKHL. This is shown this way throughout the disclosure document.

Minimum Capital Requirements

The below information show the minimum capital requirements for Credit risk, Market risk and Operational risk, using the Standardised approach.

BIPRU 11.5.4 (2):

Minimum Capital Requirements for Credit Risk (Banking Book) under the Standardised Approach

<u>As at 31 Dec 11</u>					*		
	<u>Consolidated</u>	<u>Significant Subsidiary</u>			<u>Significant Subsidiary</u>	<u>Consolidated</u>	<u>Significant Subsidiary</u>
	JPMCHL \$MM	JPMSL \$MM	JPMEL \$MM	JPMIB \$MM	JPMML \$MM	JPMAM Int \$MM	JPMAM UK \$MM
Credit Risk Exposure: Analysis by Exposure Class							
Central governments or central banks	14	10	-	1	-	-	-
Regional governments or local authorities	6	6	-	-	-	-	-
Administrative bodies and non-commercial undertakings	1	-	1	-	-	-	-
Institutions	130	90	20	-	2	-	-
Corporates	306	50	171	69	2	-	-
Past due items	1	-	1	-	-	-	-
Short term claims on institutions and corporates	540	-	53	487	-	-	-
Other items	10	-	10	-	3	-	-
Total - Standardised Approach Requirement	1,008	156	256	557	7	-	-

* The credit risk capital requirement for JPMorgan Asset Management International Limited group has been calculated using the 'Simplified Method' as outlined by BIPRU 3.5. Under the simplified method, the credit risk requirement is \$160MM.

BIPRU 11.5.4 (4):**Minimum capital requirements for market risk, counterparty risk and concentration risk**

<u>As at 31 Dec 11</u>	<u>Consolidated</u>	<u>Significant Subsidiary</u>			<u>Significant Subsidiary</u>	<u>Consolidated</u>	<u>Significant Subsidiary</u>
	JPMCHL \$MM	JPMSL \$MM	JPMEL \$MM	JPMIB \$MM	JPMML \$MM	JPMAM Int \$MM	JPMAM UK \$MM
Market Risk							
CAD 1 Model based PRR	234	234	-	-	-	-	-
Interest rate PRR	2,175	2,140	32	2	2	-	-
Equity PRR	1,307	1,266	-	-	2	-	-
Option PRR	503	503	-	-	-	-	-
Collective investment schemes PRR	309	309	-	-	-	-	-
Commodity PRR	492	492	-	-	9	1	-
Foreign exchange PRR	732	723	6	-	7	80	5
Total Market Risk Capital Requirement	5,752	5,668	38	2	20	81	5
Counterparty risk capital component	2,532	2,465	5	60	79	-	-
Concentration risk capital component	446	327	10	2	-	-	-

BIPRU 11.5.4 (5):**Minimum Capital Requirement for Operational Risk**

<u>As at 31 Dec 11</u>	<u>Consolidated</u>	<u>Significant Subsidiary</u>			<u>Significant Subsidiary</u>	<u>Consolidated</u>	<u>Significant Subsidiary</u>
	JPMCHL \$MM	JPMSL \$MM	JPMEL \$MM	JPMIB \$MM	JPMML \$MM	JPMAM Int \$MM	JPMAM UK \$MM
Operational Risk - Basic Indicator Approach	1,320	622	317	29	12	-	-
Total Operational Risk Capital Requirement	1,320	622	317	29	12	-	-

Counterparty (Trading Book) Credit Risk Exposures

The following shows the Counterparty Credit Risk Exposures.

There are no such exposures within the JPMAM International Ltd group or JPMAM UK.

BIPRU 11.5.7 (5):

Counterparty credit exposure

Standardised Approach

<u>As at 31 Dec 11</u>	<u>Consolidated</u>	<u>Significant Subsidiary</u>			<u>Significant Subsidiary</u>
	JPMCHL \$MM	JPMSL \$MM	JPMEL \$MM	JPMIB \$MM	JPMML \$MM
Gross Positive Fair Value of Contracts	65,906	65,154	125	627	1,107
Potential Future Credit Exposure	42,644	42,130	59	455	282
Netting Benefits	62,199	62,199	-	-	1
Netted Current Credit Exposure	44,859	43,777	-	1,082	1,388
Collateral Held	14,349	14,644	-	-295	28
Net Derivatives Credit Exposure	31,450	30,480	184	787	1,379

BIPRU 11.5.7 (7):

Notional value of credit derivative contracts held for hedging purposes

<u>As at 31 Dec 11</u>	<u>Consolidated</u> JPMCHL \$MM	<u>Significant Subsidiary</u> JPMSL \$MM
Notional value of credit derivative hedges under the Standardised Approach	69,792	69,792
Total	69,792	69,792

BIPRU 11.5.7 (7):**Counterparty credit exposure analysed by financial contract type**

(Distribution of current credit exposure by types of credit exposure)

	<u>Consolidated</u>	<u>Significant Subsidiary</u>			<u>Significant Subsidiary</u>
	JPMCHL	JPMSL	JPMEL	JPMIB	JPMML
Exposure post CRM under Standardised Approach	\$MM	\$MM	\$MM	\$MM	\$MM
Financial Contract Type as at 31 Dec 11					
Interest Rate Contracts	8,462	8,409	-	53	-
Foreign Currency Contracts	8,530	8,132	184	215	14
Gold Contracts	-	-	-	-	-
Equities Contracts	3,129	3,129	-	497	428
Precious Metal Other than Gold Contracts	498	-	-	3	-
Commodities other than precious Contracts	8,471	8,466	-	-	369
Credit Derivatives	2,360	2,341	-	19	-
Other	-	-	-	-	568
Total	31,450	30,480	184	787	1,379

BIPRU 11.5.7 (8):**Notional of credit derivative contracts**

This information has not been disclosed as it is deemed confidential information.

Credit Risk Exposures before Credit Risk Mitigation (CRM)

The following shows the Banking Book Credit Risk Exposures before the application of credit risk mitigation. In regards to the geographical analysis, the exposures relate to the location in which the customer is based.

BIPRU 11.5.8 (3):

Credit risk exposure under the Standardised approach

Consolidated

JPMCHL

	Exposure Pre CRM	Average Exposure Pre CRM over the year
As at 31 Dec 11	\$MM	\$MM
Credit Risk Exposure Class Pre CRM		
Central governments or central banks	3,758	1,778
Regional governments or local authorities	108	37
Administrative bodies and non-commercial undertakings	64	74
Institutions	6,523	4,064
Corporates	7,142	6,370
Past due items	13	19
Short term claims on institutions and corporates	7,843	5,969
Other items	120	57
Total Standardised Approach Credit Risk Exposure	25,571	18,368

Significant Subsidiary

JPMSL

	Exposure Pre CRM	Average Exposure Pre CRM over the year
As at 31 Dec 11	\$MM	\$MM
Credit Risk Exposure Class Pre CRM		
Central governments or central banks	125	155
Regional governments or local authorities	108	52
Institutions	9,457	7,691
Corporates	1,233	939
Other items	-	-
Total Standardised Approach Credit Risk Exposure	10,922	8,837

Significant Subsidiary**JPMEL**

	Exposure Pre CRM	Average Exposure Pre CRM over the year
As at 31 Dec 11	\$MM	\$MM
Credit Risk Exposure Class Pre CRM		
Central governments or central banks	-	104
Regional governments or local authorities	-	1
Administrative bodies and non-commercial undertakings	64	71
Institutions	451	390
Corporates	4,855	4,416
Past due items	12	19
Short term claims on institutions and corporates	3,745	6,825
Other items	120	37
Total Standardised Approach Credit Risk Exposure	9,247	11,863

Significant Subsidiary**JPMIB**

	Exposure Pre CRM	Average Exposure Pre CRM over the year
As at 31 Dec 11	\$MM	\$MM
Credit Risk Exposure Class Pre CRM		
Central governments or central banks	3,583	1,611
Administrative bodies and non-commercial undertakings	-	3
Institutions	8	9
Corporates	863	1,259
Past due items	1	-
Short term claims on institutions and corporates	9,587	5,714
Total Standardised Approach Credit Risk Exposure	14,042	8,595

Significant Subsidiary
JPMML

	Exposure Pre CRM	Average Exposure Pre CRM over the year
As at 31 Dec 11	\$MM	\$MM
Credit Risk Exposure Class Pre CRM		
Institutions	35	33
Corporates	62	192
Other items	48	72
Total Standardised Approach Credit Risk Exposure	145	297

BIPRU 11.5.8 (4):

Geographical analysis of Credit risk exposure under the Standardised approach

Consolidated
JPMCHL

	United Kingdom	Other European Union	United States	Africa	Asia	Rest of the World	Total
As at 31 Dec 11	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM							
Central governments or central banks	97	239	3,416	2	2	2	3,758
Regional governments or local authorities	-	98	-	-	-	10	108
Administrative bodies and non-commercial undertakings	-	64	-	-	-	-	64
Institutions	2,856	1,602	849	5	189	1,022	6,523
Corporates	903	3,842	1,203	7	9	1,179	7,143
Past due items	-	13	-	-	-	-	13
Short term claims on institutions and corporates	1,150	1,881	62	-	1	4,748	7,842
Other items	120	-	-	-	-	-	120
Total Standardised Approach Credit Risk Exposure	5,126	7,739	5,530	14	201	6,961	25,571

Significant Subsidiary**JPMSL**

	United Kingdom	Other European Union	United States	Africa	Asia	Rest of the World	Total
<u>As at 31 Dec 11</u>	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM							
Central governments or central banks	47	28	45	2	2	2	126
Regional governments or local authorities	-	98	-	-	-	10	108
Institutions	6,185	1,593	835	5	189	649	9,457
Corporates	351	231	238	7	9	397	1,233
Total Standardised Approach Credit Risk Exposure	6,583	1,949	1,118	14	200	1,058	10,922

Significant Subsidiary**JPMEI**

	United Kingdom	Other European Union	United States	Rest of the World	Total
<u>As at 31 Dec 11</u>	\$MM	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM					
Administrative bodies and non-commercial undertakings	-	64	-	-	64
Institutions	64	-	14	373	451
Corporates	339	3,354	960	202	4,855
Past due items	-	12	-	-	12
Short term claims on institutions and corporates	3,087	570	34	53	3,745
Other items	120	-	-	-	120
Total Standardised Approach Credit Risk Exposure	3,610	4,000	1,008	629	9,247

Significant Subsidiary**JPMIB**

	United Kingdom	Other European Union	United States	Rest of the World	Total
<u>As at 31 Dec 11</u>	\$MM	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM					
Central governments or central banks	-	211	3,371	-	3,583
Institutions	-	8	-	-	8
Corporates	21	257	6	579	863
Past due items	-	1	-	-	1
Short term claims on institutions and corporates	3,553	1,311	28	4,695	9,587
Total Standardised Approach Credit Risk Exposure	3,574	1,788	3,405	5,274	14,042

Significant Subsidiary**JPMML**

	United Kingdom	United States	Total
<u>As at 31 Dec 11</u>	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM			
Institutions	28	7	35
Corporates	62	-	62
Other items	48	-	48
Total Standardised Approach Credit Risk Exposure	138	7	145

BIPRU 11.5.8 (5):**Industry analysis of Credit risk exposure under the Standardised approach****Consolidated****JPMCHL**

	Banks	Pension Funds	Energy and water	Other	Total
As at 31 Dec 11	\$MM	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM					
Central governments or central banks	3,718	1	2	37	3,758
Regional governments or local authorities	80	1	2	25	108
Administrative bodies and non-commercial undertakings	-	-	-	64	64
Institutions	4,128	97	132	2,166	6,523
Corporates	1,112	13	17	6,000	7,142
Past due items	-	-	-	13	13
Short term claims on institutions and corporates	1,258	-	-	6,584	7,842
Other items	-	-	-	120	120
Total Standardised Approach Credit Risk Exposure	10,297	112	153	15,009	25,571

Significant Subsidiary**JPMSL**

	Commercial Banking	Investment Banking & Securities Dealing	Other	Total
As at 31 Dec 11	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM				
Central governments or central banks	94	3	29	126
Regional government or local authorities	80	3	25	108
Institutions	7,062	229	2,166	9,457
Corporates	920	30	282	1,232
Total Standardised Approach Credit Risk Exposure	8,156	265	2,501	10,922

Significant Subsidiary**JPMEL**

	Banks	Pension Funds	Energy and water	Other	Total
As at 31 Dec 11	\$MM	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM					
Administrative bodies and non-commercial undertakings	-	-	-	64	64
Institutions	451	-	-	-	451
Corporates	-	-	-	4,855	4,855
Past due items	-	-	-	12	12
Short term claims on institutions and corporates	3,004	-	-	741	3,745
Other items	-	-	-	120	120
Total Standardised Approach Credit Risk Exposure	3,455	-	-	5,792	9,247

Significant Subsidiary**JPMIB**

	Banks	Other	Total
As at 31 Dec 11	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM			
Central governments or central banks	3,575	8	3,583
Institutions	8	-	8
Corporates	-	863	863
Short term claims on institutions and corporates	3,744	5,843	9,587
Total Standardised Approach Credit Risk Exposure	7,327	6,715	14,042

Significant Subsidiary**JPMML**

	Banks	Financial Institution	Other	Total
As at 31 Dec 11	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM				
Institutions	31	5	-	36
Corporates	-	62	-	62
Other items	-	-	48	48
Total Standardised Approach Credit Risk Exposure	31	67	48	145

BIPRU 11.5.8 (6):

Residual maturity analysis of Credit risk exposure under the Standardised approach

Consolidated

JPMCHL

	Exposure Pre CRM Standardised Approach Credit Risk Exposure Class						Total
	On demand and qualifying revolving	Under one year	Over one year but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years or undated	
As at 31 Dec 11	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM							
Central governments or central banks	10	3,514	-	-	-	235	3,758
Regional governments or local authorities	-	80	-	-	-	28	108
Administrative bodies and non-commercial undertakings	-	-	-	-	64	-	64
Institutions	-	3,596	451	1	-	2,475	6,523
Corporates	-	1,872	1,419	2,361	1,155	345	7,142
Past due items	-	1	12	-	-	-	13
Short term claims on institutions and corporates	2,182	5,662	-	-	-	-	7,844
Other items	120	-	-	-	-	0	120
Total Standardised Approach Credit Risk Exposure	2,312	14,724	1,882	2,362	1,219	3,083	25,571

Significant Subsidiary

JPMSL

Exposure Pre CRM Standardised Approach Credit Risk Exposure Class

	On demand and qualifying revolving	Under one year	Over one year but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years or undated	Total
As at 31 Dec 11	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM							
Central governments or central banks	-	93	-	-	-	33	126
Regional governments or local authorities	-	80	-	-	-	28	108
Institutions	-	6,982	-	-	-	2,475	9,457
Corporates	-	910	-	-	-	323	1,232
Total Standardised Approach Credit Risk Exposure	-	8,064	-	-	-	2,858	10,922

Significant Subsidiary

JPMEL

Exposure Pre CRM Standardised Approach Credit Risk Exposure Class

	On demand and qualifying revolving	Under one year	Over one year but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years or undated	Total
As at 31 Dec 11	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM							
Administrative bodies and non-commercial undertakings	-	-	-	-	64	-	64
Institutions	-	-	451	-	-	-	451
Corporates	-	19	1,363	2,300	1,155	18	4,855
Past due items	-	-	12	-	-	-	12
Short term claims on institutions and corporates	24	3,721	-	-	-	-	3,745
Other items	120	-	-	-	-	-	120
Total Standardised Approach Credit Risk Exposure	144	3,740	1,826	2,300	1,219	18	9,247

Significant Subsidiary**JPMIB****Exposure Pre CRM Standardised Approach Credit Risk Exposure Class**

	On demand and qualifying revolving	Under one year	Over one year but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years or undated	Total
As at 31 Dec 11	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM							
Central governments or central banks	10	3372	-	-	-	201	3,583
Institutions	-	7	-	1	-	-	8
Corporates	-	751	56	51	-	5	863
Past due items	-	1	-	-	-	-	1
Short term claims on institutions and corporates	2157	7431	-	-	-	-	9,588
Total Standardised Approach Credit Risk Exposure	2,167	11,561	56	52	-	206	14,042

Significant Subsidiary**JPMML****Exposure Pre CRM Standardised Approach Credit Risk Exposure Class**

	On demand and qualifying revolving	Under one year	Over one year but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years or undated	Total
As at 31 Dec 11	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM							
Institutions	9	26	-	-	-	-	35
Corporates	62	-	-	-	-	-	62
Other items	-	48	-	-	-	-	48
Total Standardised Approach Credit Risk Exposure	71	74	-	-	-	-	145

BIPRU 11.5.8 (7):**Industry analysis of impaired and past due exposures and allowance for impairment****Consolidated****JPMCHL**

	Impaired exposures	Past Due exposures	Provision
As at 31 Dec 11	\$MM	\$MM	\$MM
Corporate	-	-	5
Total	-	-	5

Significant Subsidiary**JPMIB**

	Impaired exposures	Past Due exposures	Provision
As at 31 Dec 11	\$MM	\$MM	\$MM
Corporate	-	-	5
Total	-	-	5

Significant Subsidiary**JPMAM (UK)**

	Impaired exposures	Past Due exposures	Provision
As at 31 Dec 11	\$MM	\$MM	\$MM
Corporate	-	-	0.8
Total	-	-	0.8

Industry analysis and Geographical analysis of impaired and past due exposures and allowance for impairment.**Methodology for determining impairment provisions**

Primary responsibility for determining impairment provisions is managed according to the Firm's Credit Policy. Specifically, responsibility resides with Global Credit Risk Management (credit analysis) and Credit Executives (credit approval). Credit risk associated with operational overdrafts is mitigated by Credit Risk Mitigation techniques including pledges/liens over assets under custody.

BIPRU 11.5.8 (8):

Geographical analysis of impaired and past due exposures and allowance for impairment

Consolidated

JPMCHL

	Impaired exposures \$MM	Past Due exposures \$MM	Provision \$MM
As at 31 Dec 11			
Other European Union	-	-	5
Total	-	-	5

Significant Subsidiary

JPMIB

	Impaired exposures \$MM	Past Due exposures \$MM	Provision \$MM
As at 31 Dec 11			
Other European Union	-	-	5
Total	-	-	5

Significant Subsidiary

JPMAM (UK)

	Impaired exposures \$MM	Past Due exposures \$MM	Provision \$MM
As at 31 Dec 11			
UK			0.3
Other European Union	-	-	0.5
Total	-	-	0.8

BIPRU 11.5.8 (9):

Analysis of movement on impairment and amounts taken directly to the income statement

Consolidated

JPMCHL

Impairment Movement	Provision
	\$MM
As at 31 Dec 10	4
Acquisitions & Disposals	-1
Recoveries	3
Amounts charge against profit	-1
As at 31 Dec 11	5

Significant Subsidiary

JPMIB

Impairment Movement	Provision
	\$MM
As at 31 Dec 10	4
Acquisitions & Disposals	-1
Recoveries	3
Amounts charged against profit	-1
As at 31 Dec 11	5

Significant Subsidiary

JPMAM (UK)

Impairment Movement	Provision
	\$MM
As at 31 Dec 10	0.8
Acquisitions & Disposals	-
Recoveries	-1.4
Amounts charged against profit	1.4
As at 31 Dec 11	0.8

BIPRU 11.5.10 (5):

Credit quality steps before and after Credit Risk Mitigation using the Standardised Approach.

Credit quality step analysis of Pre CRM exposure under the Standardised Approach**Consolidated****JPMCHL**

Credit Exposure/Capital Pre CRM	Credit exposure						Unrated	Total
	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6		
As at 31 Dec 11	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	15,375	324	1,534	-	540	-	7,834	25,608
Regional governments or local authorities	2,216	397	38	10	299	292	3,587	6,838
Administrative bodies and non-commercial undertakings	-	-	-	-	-	-	64	64
Multilateral development banks	175	-	-	-	-	-	1	176
International organisations	1	-	-	-	-	-	-	1
Institutions	7,203	72,874	689	160	-	-	12,299	93,225
Corporates	3,011	7,339	3,633	204	271	478	39,535	54,472
Past due items	-	-	-	-	12	-	-	12
Short term claims on institutions and corporates	806	217	37	-	-	-	6,783	7,843
Other items	-	-	-	-	-	-	120	120
Total Standardised Approach Credit Risk Exposure/ Capital	28,787	81,151	5,931	374	1,122	770	70,223	188,359

Significant Subsidiary

JPMSL

**Credit
exposure**

Credit Exposure/ Capital Pre CRM	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total
As at 31 Dec 11	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	15,173	324	1,534	-	40	-	4,953	22,024
Regional governments or local authorities	2,216	346	38	10	-	292	3,937	6,839
Administrative bodies and non-commercial undertakings	-	-	-	-	-	-	-	-
Multilateral development banks	25	-	-	-	-	-	1	26
International organisations	1	-	-	-	-	-	-	1
Institutions	7,173	72,535	535	160	-	-	17,116	97,519
Corporates	1,415	5,813	1,238	136	49	475	36,628	45,754
Other items	-	-	-	-	-	-	-	-
Total Standardised Approach Credit Risk Exposure/ Capital	26,003	79,018	3,345	306	89	767	62,635	172,163

Significant Subsidiary

JPMEL

**Credit
exposure**

Credit Exposure/ Capital Pre CRM	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total
As at 31 Dec 11	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Administrative bodies and non-commercial undertakings	-	-	-	-	-	-	64	64
Institutions	30	339	4	-	-	-	78	451
Corporates	96	1,526	895	68	222	3	2,044	4,854
Past due items	-	-	-	-	12	-	-	12
Short term claims on institutions and corporates	40	217	-	-	-	-	3,487	3,744
Other items	-	-	-	-	-	-	120	120
Total Standardised Approach Credit Risk Exposure/ Capital	166	2,082	899	68	234	3	5,793	9,245

Significant Subsidiary**JPMIB****Credit
exposure**

Credit Exposure/ Capital Pre CRM	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total
As at 31 Dec 11	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	201	-	-	-	-	-	3,381	3,582
Administrative bodies and non-commercial undertakings	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	8	8
Corporates	-	-	-	-	-	-	863	863
Short term claims on institutions and corporates	766	-	36	-	-	-	8,786	9,588
Total Standardised Approach Credit Risk Exposure/ Capital	967	-	36	-	-	-	13,039	14,042

Significant Subsidiary**JPMML****Credit
exposure**

Credit Exposure/ Capital Pre CRM	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total
As at 31 Dec 11	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Institutions	26	9	-	-	-	-	-	35
Corporates	-	62	-	-	-	-	-	62
Other items	-	-	-	-	-	-	48	48
Total Standardised Approach Credit Risk Exposure/ Capital	26	71	-	-	-	-	48	145

BIPRU 11.5.10 (5):**Credit quality step analysis of Post CRM exposure and Credit Risk Requirement under the Standardised Approach****Consolidated**
JPMCHL

Credit Exposure/ Capital Post CRM	Credit exposure								Capital
	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Credit Risk Capital Requirement
As at 31 Dec 11	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	2,355	170	212	-	411	-	5,219	8,367	14
Regional governments or local authorities	1,164	353	32	10	211	-	2,153	3,922	6
Administrative bodies and non-commercial undertakings	-	-	-	-	-	-	64	64	1
Multilateral development banks	106	-	-	-	-	-	-	106	-
International organisations	-	-	-	-	-	-	-	-	-
Institutions	1,859	31,143	591	33	-	-	1,597	35,223	130
Corporates	2,109	5,740	2,145	116	225	3	11,037	21,375	306
Past due items	-	-	-	-	12	-	-	12	1
Short term claims on institutions and corporates	806	217	37	-	-	-	6,783	7,843	540
Other items	-	-	-	-	-	-	120	120	10
Total Standardised Approach Credit Risk Exposure/ Capital	8,400	37,623	3,017	159	859	3	26,973	77,033	1,008
Counterparty Credit Risk Requirement									2,532
Concentration Risk Capital Component (CNCOM)									446
Credit Risk Capital Requirement									1,008
Total Credit Risk Requirement									3,986

Significant Subsidiary
JPMSL

Credit Exposure/ Capital Post CRM	Credit exposure							Capital	
	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Credit Risk Capital Requirement
As at 31 Dec 11	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	2,154	170	212	-	411	-	1,838	4,785	10
Regional governments or local authorities	1,164	353	32	10	211	-	2,153	3,922	6
Administrative bodies and non-commercial undertakings	-	-	-	-	-	-	-	-	-
Multilateral development banks	106	-	-	-	-	-	-	106	-
Institutions	1,829	30,804	587	33	-	-	6,114	39,367	90
Corporates	2,013	4,214	1,250	48	3	-	8,130	15,658	50
Other items	-	-	-	-	-	-	-	-	-
Total Standardised Approach Credit Risk Exposure/ Capital	7,266	35,540	2,081	91	625	-	18,235	63,838	156
Counterparty Credit Risk Requirement									2,948
Concentration Risk Capital Component (CNCOM)									327
Credit Risk Capital Requirement									156
Total Credit Risk Requirement									3,431

Significant Subsidiary

JPMEL

Credit Exposure/ Capital Post CRM	Credit exposure							Capital	
	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Credit Risk Capital Requirement
As at 31 Dec 11	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	-	-	-	-	-	-	-	-	-
Regional governments or local authorities	-	-	-	-	-	-	-	-	-
Administrative bodies and non-commercial undertakings	-	-	-	-	-	-	64	64	1
Institutions	30	339	4	-	-	-	78	451	20
Corporates	96	1,526	895	68	222	3	2,044	4,854	171
Past due items	-	-	-	-	12	-	-	12	1
Short term claims on institutions and corporates	40	217	-	-	-	-	3,487	3,744	53
Other items	-	-	-	-	-	-	120	120	10
Total Standardised Approach Credit Risk Exposure/ Capital	166	2,082	899	68	234	3	5,793	9,245	256

Counterparty Credit Risk Requirement 5

Concentration Risk Capital Component (CNCOM) 10

Credit Risk Capital Requirement 256

Total Credit Risk Requirement 271

Significant Subsidiary

JPMIB

	Credit exposure							Capital	
Credit Exposure/ Capital Post CRM	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Credit Risk Capital Requirement
As at 31 Dec 11	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	201	-	-	-	-	-	3381	3583	1
Administrative bodies and non-commercial undertakings	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	8	8	-
Corporates	-	-	-	-	-	-	863	863	69
Short term claims on institutions and corporates	766	-	36	-	-	-	8,786	9,588	487
Total Standardised Approach Credit Risk Exposure/ Capital	967	-	36	-	-	-	13,038	14,042	557
Counterparty Credit Risk Requirement									60
Concentration Risk Capital Component (CNCOM)									2
Credit Risk Capital Requirement									557
Total Credit Risk Requirement									619

Significant Subsidiary
JPMML

Credit Exposure/ Capital Post CRM	Credit exposure							Capital	
	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Credit Risk Capital Requirement
As at 31 Dec 11	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Institutions	26	9	-	-	-	-	-	35	2
Corporates	-	62	-	-	-	-	-	62	2
Other items	-	-	-	-	-	-	48	48	3
Total Standardised Approach Credit Risk Exposure/ Capital	26	71	-	-	-	-	48	145	7
Counterparty Credit Risk Requirement									79
Concentration Risk Capital Component (CNCOM)									-
Credit Risk Capital Requirement									7
Total Credit Risk Requirement									86

Non Trading Book exposures in Equities.

The following shows the exposures in equities in regards to the Non Trading Book.

BIPRU 11.5.15 (2), (3), (4) and (5):

Significant Subsidiary

JPMSL

Fair value of and gains and losses on equity investments

Non Trading Book Equity Investments	As at 31 Dec 11
Fair Value	\$MM
Exchange Traded	-
Private Equity	-
Other	3,625 *
Total	3,625

Cumulative Realised Gains / Losses from Sale and Liquidations of equity investments

-

Unrealised gains/(losses)

Total Gains or Losses

-

Amount included in Tier 1,2 or 3 Capital

-

Latent Revaluation gains/(losses)

Total Gains or Losses

-

Amount included in Tier 1,2 or 3 Capital

-

* 100% investment in J.P. Morgan Europe Limited.

* 35% investment in J.P. Morgan Chase Finance Ltd.

Consolidated
JPMAM Int

Fair value of and gains and losses on equity investments

Non Trading Book Equity Investments **As at 31 Dec 11**

Fair Value	\$MM
Exchange Traded	11
Private Equity	11
Other - Investments in Collective Investment Undertakings	1,532
Total	1,554

Cumulative Realised Gains / Losses from Sale and Liquidations of equity investments -

Unrealised gains/(losses)

Total Gains or Losses	30
Amount included in Tier 1,2 or 3 Capital	28

Latent Revaluation gains/(losses)

Total Gains or Losses	-
Amount included in Tier 1,2 or 3 Capital	-

Significant Subsidiary

JPMAM UK

Fair value of and gains and losses on equity investments

Non Trading Book Equity Investments **As at 31 Dec 11**

Fair Value	\$MM
Exchange Traded	-
Private Equity	-
Other - Investments in Collective Investment Undertakings	435
Total	435

Cumulative Realised Gains / Losses from Sale and Liquidations of equity investments -

Unrealised gains/(losses)

Total Gains or Losses	-2
Amount included in Tier 1,2 or 3 Capital	10

Latent Revaluation gains/(losses)

Total Gains or Losses	-
Amount included in Tier 1,2 or 3 Capital	-

Non Trading Book exposure to Interest Rate risk.

The following discloses the exposure to interest rate risk in the Non Trading Book.

The following is calculated in USD as it is the material currency of all entities' balance sheet. Net Present Value (NPV) of the net gap is shown as opposed to Present Value (PV) of net gap with +/- shift in USD discount rate.

BIPRU 11.5.16 (2):**Sensitivity of the Banking Book to interest rate changes****Consolidated****JPMCHL**

As at 31 Dec 11

	Change in Net Present Value	
	\$MM	\$MM
	+ 200 basis points	- 200 basis points
	-289	317
Total Net Present Value (NPV)	-289	317
Percentage of NPV to Tier 1 and Tier 2 Capital	-1.00%	1.10%

Significant Subsidiary**JPMSL**

As at 31 Dec 11

	Change in Net Present Value	
	\$MM	\$MM
	+ 200 basis points	- 200 basis points
	-139	147
Total Net Present Value (NPV)	-139	147
Percentage of NPV to Tier 1 and Tier 2 Capital	-0.66%	0.70%

Significant Subsidiary**JPMEL**

As at 31 Dec 11

	Change in Net Present Value	
	\$MM	\$MM
	+ 200 basis points	- 200 basis points
	-57	63
Total Net Present Value (NPV)	-57	63
Percentage of NPV to Tier 1 and Tier 2 Capital	-1.55%	1.71%

Significant Subsidiary**JPMIB**

As at 31 Dec 11

	Change in Net Present Value	
	\$MM	\$MM
	+ 200 basis points	- 200 basis points
	-25	26
Total Net Present Value (NPV)	-25	26
Percentage of NPV to Tier 1 and Tier 2 Capital	-2.53%	2.63%

Significant Subsidiary**JPMAM UK**

As at 31 Dec 11

	Change in Net Present Value	
	\$MM	\$MM
	+ 200 basis points	- 200 basis points
	-13	13
Total Net Present Value (NPV)	-13	13
Percentage of NPV to Tier 1 and Tier 2 Capital	-0.04%	0.04%

Significant Subsidiary**JPMAM Int**

As at 31 Dec 11

	Change in Net Present Value	
	\$MM	\$MM
	+ 200 basis points	- 200 basis points
	-31	30
Total Net Present Value (NPV)	-31	30
Percentage of NPV to Tier 1 and Tier 2 Capital	-0.02%	0.02%

Note: Interest rate risk for JPMAM International and JPMAM UK is directly generated from bank deposits and holdings in liquidity funds.

Securitisation

J.P. Morgan Securities Limited calculates risk weighted exposures in accordance with BIPRU 7.2.48A R to BIPRU 7.2.48K R. Securitisation disclosures are applicable for trading book only, so BIPRU 11.5.17(8) is not applicable as none of the UK regulated entities have securitisations in the Banking Book.

The below securitisation disclosures are only applicable for J.P. Morgan Securities Limited as it is the only entity in the JPMCHL group that engages in securitisation activity. The Asset Management entities (JPMAM Int and JPMAM UK) do not engage in securitisation activity, nor do any of the entities in the BSUKHL group.

BIPRU 11.5.17(13)(a), BIPRU 11.5.17(13)(c), BIPRU 11.5.17(13)(f) and BIPRU 11.5.17(15) are not applicable as none of the UK regulated entities securitise exposures.

BIPRU 11.5.17(13)(b)**Aggregate Amount of Securitised Positions Retained or Purchased - Trading Book**

As at 31 Dec 11	Aggregate Amount of Securitised Positions Retained or Purchased		
	Retained	Purchased	Total
Exposure Type	\$MM	\$MM	\$MM
Residential Mortgages	-	684	684
Commercial Mortgages	-	259	259
Credit Card Receivables	-	20	20
Leasing	-	0	0
Loans to Corporates or SMEs	-	193	193
Consumer Loans	-	50	50
Trade Receivables	-	0	0
Securitisations/ Re-securitisations	-	106	106
Other Assets	-	670	670
Total	-	1,982	1,982

BIPRU 11.5.17(13)(d) is not applicable as none of the UK regulated entities have this facility.

BIPRU 11.5.17(13)(e)**Analysis of securitised positions retained or purchased by risk weight**

As at 31 Dec 11	Aggregate Amount of Securitised Positions Retained or Purchased	
	Retained	Purchased
Risk Weight Band	\$MM	\$MM
< 10%	-	-
> 10% < 20%	-	584
> 20% < 50%	-	319
> 50% < 100%	-	253
> 100% < 650%	-	103
> 650% < 1250%	-	723
Deducted	-	-
Total	-	1,982

Note: < means less than and equal to

BIPRU 11.5.17(14)**The Aggregate amount of securitisation and resecuritisation positions retained or purchased and the associated capital resources requirements****The Aggregate amount of securitisation and resecuritisation positions**

As at 31 Dec 11

Credit Quality Step	1	2	3	4*	All other credit quality steps	Total
	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Securitisations	584	318	239	77	657	1,875
Resecuritisations	-	14	21	5	67	107
Total	584	332	260	82	724	1,982

The associated capital resources requirements of securitisation and resecuritisation positions retained or purchased

As at 31 Dec 11

Credit Quality Step	1	2	3	4*	All other credit quality steps	Total
	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Securitisations	9	13	19	22	657	720
Resecuritisations	-	1	4	2	67	74
Total	9	14	23	24	723	794

*(only for credit assessments other than short-term credit assessments)

Collateral and Guarantees

BIPRU 11.6.5 has been based on Banking Book exposures. We hold no collateral or guarantees against these exposures.