J.P. MORGAN MARKETS LIMITED
(Registered Number: 01592029)

Annual report for the year ended 31 December 2024

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J.P. MORGAN MARKETS LIMITED
Strategic report

The directors present the strategic report of J.P. Morgan Markets Limited (the “Company") for the year ended 31 December 2024.

Overview

The Company is incorporated and domiciled in England and Wales. It is an indirect subsidiary of JPMorgan Chase & Co. (“JPMorganChase” or the “Firm”). JPMorganChase a financial holding company incorporated under Delaware law in 1968, is a leading financial services firm based in the United States of America (“U.S.”), with operations worldwide. The Company had $6,651.6 million in assets and $4,308.7 million in total equity as of 31 December 2024.

Review of business

The directors were satisfied with the performance of the Company.

Key performance indicators ("KPIs")

The results are monitored against expectations of the business activities. The Board of Directors monitors progress on the performance of the Company by reference to the following KPIs:

Financial Performance (in USD ‘000’s)	2024	2023
Income statement		
Total operating profit	183,637	161,094
Profit for the financial year after tax	91,231	33,438
Balance sheet		
Total assets	6,651,591	7,568,364
Return on assets	1.4%	0.4%
Capital		
Common Equity Tier 1	4,304,143	4,210,566
Regulatory Capital Requirement (unaudited)	400,239	484,842
Excess of total capital resources over regulatory capital requirement (unaudited)	3,903,904	3,725,724

The Company is subject to the Financial Conduct Authority (“FCA”) Investment Firm Prudential Regime ("IFPR"). The regulatory capital requirement is the Own Funds Requirement under IFPR. In 2024 and 2023 the total capital resources exceeded the regulatory capital requirements. The Company continues to maintain a strong capital position.

Capital resources are inclusive of audited current year profits.

Income statement

The income statement for the year ended 31 December 2024 is set out on page 23. The profit for the financial year was $91.2 million (2023: $33.4 million).

Balance sheet

The balance sheet is set out on page 24. The Company has total assets and total liabilities of $6,651.6 million (2023: $7,568.4 million) and $2,342.9 million (2023: $3,350.9 million) respectively, as at 31 December 2024.

Future outlook

The Company's outlook for the full 2025 year should be viewed against the backdrop of the global economy, financial markets activity, the geopolitical and competitive environment, client activity levels and regulatory and legislative developments in the countries where the Company does business. Each of these inter-related factors will affect the performance of the Company and its lines of business.

The duration and potential outcomes of geopolitical conflicts remain uncertain. The Firm and Company continue to monitor and manage the operational risks associated with geopolitical tensions, including expectations on the potential impacts of tariffs, compliance with the financial and economic sanctions and the increased risk of cyber-attacks.

In line with the Firm’s legal entity strategy, the Company is expanding the capabilities around stock borrow and lending financing activities, both intercompany and third party, to enhance the Company's ability to raise financing and liquidity. All new initiatives undertaken are monitored and assessed periodically by the directors and go through a robust internal governance framework.

Section 172(1) Companies Act 2006 Statement

The directors of the Company are required under the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, the directors must consider certain factors in their decision-making and then make a statement about how they have considered those factors.

The factors the directors must consider are:

a. The likely consequences of a decision in the long term;
b. The need to foster the Company's business relationships with suppliers, customers and others;
c. The impact of the Company's operations on the community and the environment;
d. The desirability of the Company maintaining a reputation for high standards of business conduct;
e. The need to act fairly as between members of the Company.

While not every factor may be relevant to every decision the Board makes, considering the Company's stakeholders is a fundamental aspect of the Board's decision-making and the Board recognises that taking impacts on, and relationships with stakeholders into consideration will help the directors to deliver the Company's strategy in line with the wider JPMorgan Chase & Co. group (the "Group") How We Do Business principles.

Supporting the Board's commitment to stakeholders

New directors joining the Board are provided with an induction program that includes training on directors' duties and, with regard to s.172(1), the factors that must be taken into consideration. Directors receive periodic refresher training on directors' duties throughout their tenure. The induction program and continuing board education sessions provide the directors with an understanding of the Company's business, risks, financial performance and regulatory landscape and help to provide them with solid foundation for making decisions with stakeholders in mind.

The Company has a schedule of Matters Reserved for the Board which makes sure that certain material and/or strategic decisions can only be made by the Board and must not be delegated to executive committees or management. Combined with a robust agenda-setting process, this schedule helps the Company to make sure that decisions are made at the right level and that stakeholder impacts are particularly considered in the most significant decisions.

The Board is also supported in its work by a Board Risk Committee and a Board Nomination Committee, whose responsibilities are delegated by the Board and are described further under *Decision-making* section, and by the Europe, Middle East and Africa ("EMEA") Management Committee, the EMEA Regional Oversight Committee, the EMEA Capital Committee, the EMEA ALCO and the UK Audit Committee.

Relationships with stakeholders

The Company has the benefit of belonging to a large international group. The board of the Company's ultimate parent company, JPMorgan Chase & Co., meets periodically throughout the year with the Group's shareholders, employees and regulators, and with non-governmental organisations, and other persons interested in the Group's strategy, business practices, governance, culture and performance. To the extent that feedback from any such engagement is relevant to the Company and/or its relationship with stakeholders, it is provided to the Board through the internal communication channel relevant to the subject matter.

Understanding the interests of stakeholders in relation to how the Group is run is crucial to the Group's and, consequently, the Board's ability to take proper account of stakeholder impacts and interests in decision-making.

Decision-making

In making its decisions, the Board discusses relevant information and makes enquiries of relevant executive management and control functions, including in relation to the factors set out in s.172(1). In 2024, the Board has made decisions in respect of a wide variety of topics and the following are examples of how the Board considers the s.172(1) factors in its deliberations:

- The Board Risk Committee and the Board considered and approved the annual Internal Capital Adequacy and Risk Assessment ("ICARA"). Such consideration included briefing sessions for directors on the ICARA in which they challenged the ICARA document prior to the board meeting at which it was ultimately approved. The purpose of the ICARA-specific sessions was for the directors to satisfy themselves that the ICARA appropriately represents the Company's risk profile, capital and liquid asset requirements, recovery plan and wind-down plan and, to determine that the Company has the appropriate internal procedures and processes in place to ensure it possesses adequate capital and liquid assets, recovery plan and wind-down plan. In determining whether to approve the ICARA for submission to the FCA, the Board reviewed the assessment of the material risks to which the Company is exposed, how these risks are measured, managed, monitored and mitigated; how much own funds and liquid assets the Company should hold to reflect these risks currently, in the future and under stressed conditions; the Company's recovery plan; and the Company's wind-down plan and, to determine that the Company had appropriate and effective internal processes and controls to manage these risks.

- The Board periodically received and discussed updates on the progress of both in flight and proposed key initiatives. The directors considered the potential impacts on governance and risk profiles for each initiative, demonstrating a commitment to the Company's long-term success and sustainable growth.

Section 172(1) Companies Act 2006 Statement (continued)

Decision-making (continued)

- Since the publication of the Consumer Duty regulation in 2022, the Board along with the Consumer Duty Champion, has been receiving metrics throughout the year. The Board approved its first Annual Consumer Duty Board Reports, ensuring that the Company complied with its obligation under the Consumer Duty. The focus on delivering good customer outcomes, demonstrates the Board's commitment to fostering strong relationships with customers and maintaining a reputation for high standards of business conduct.

- The Board considered and approved the Modern Slavery Act Group Statement for the year 2023 under s.54 of the Modern Slavery Act 2015. In considering the statement, the Board considered the importance of fostering business relationships with suppliers and the impact of the decision within the community, in the context of the Company's ability to demonstrate the steps taken to combat slavery and human trafficking in its supply chain and its own business. Setting out these steps provided the Board with a valuable check point on the Company's effort in this regard.

- The Board reviewed and approved the appointment of Rebecca Emerson as a member of the Company's Risk and Nomination Committees. In considering the appointments, the Board took into account the long-term success of the Company.

- The Board continues to hold an Annual Strategy Day. This enables the Board to consider how the firmwide and line of business strategies will be implemented at the Company level and further provide the opportunity for the Board to focus on matters relating to the s.172(1) factors in setting the Company forward looking strategy over the medium term. In 2024, the Strategy Day included presentations and discussion on the Company's involvement across a number of initiatives both in flight and proposed across various lines of business.

Risk factors

The following summary sets forth the key risk factors that could affect the Company's financial condition and operations. Any of the risk factors could by itself, or combined with other factors, materially and adversely affect the Company's business, results of operations, financial condition, capital position, liquidity, competitive position or reputation, including by materially increasing expenses or decreasing revenues, which could result in material losses or a decrease in earnings. Readers should not consider any descriptions of these factors to be a complete set of all potential risks that could affect the Company.

The principal risk factors that could adversely affect the Firm may be found within the Firm's 2024 Annual Report available on https://www.jpmorganchase.com/ir/quarterly-earnings.

- **Capital risks:** Any failure by or inability of the Company to maintain the required level and composition of capital, or unfavourable changes in applicable capital requirements, could limit the Company's ability to support its business activities, meet evolving regulatory requirements.
- **Credit risks:** The Company can be negatively affected by adverse changes in the financial condition of clients, customers, counterparties, custodians, and central counterparties. Additionally, there is the potential for losses due to declines in the value of collateral in stressed market conditions, as well as potential negative impacts from concentrations of credit risk with respect to clients, customers, counterparties, and other market participants.
- **Liquidity risks:** The Company's ability to operate its businesses could be impaired if its liquidity is constrained by market-wide disruption, unforeseen liquidity or capital requirements, the inability to sell assets, default by a significant market participant, unanticipated outflows of cash or collateral, or lack of market or customer confidence, and the potential adverse effects that any downgrade in any of the Firm's credit rating may have on its liquidity and cost of funding.
- **Market risks:** The effects that economic and market events and conditions, political developments, changes in interest rates and credit spreads, and market fluctuations can have on the Company's business and its market-making positions, as well as on the Company's earnings, liquidity, and capital levels.
- **Operational risks**: The risk associated with the dependence on its operational systems and the employees, as well as the systems and employees of third-parties, market participants, and service providers. These risks encompass the potential negative effects of failing to identify and address operational risks related to the failure of internal or external operational systems, the introduction of or changes to products, services, and delivery platforms, or the adoption of new technologies. Additional risks related to safeguarding personal information and the harm that could be caused by a successful cyber-attack or by other extraordinary events. Furthermore, risks associated with the risk management framework and control environment, its models and estimations, and associated judgments used in stress testing and financial statements, as well as controls over disclosure and financial reporting. There are also potential adverse effects of failing to comply with applicable standards for the oversight of vendors and other service providers.

Risk management

Risk is an inherent part of the Company's business activities. The Company's overall objective is to manage its business, and the associated risks, in a manner that balances serving the interests of its clients, customers and investors, and protecting the safety and soundness of the Company.

The Firm and Company believe that effective risk management requires, among other things:

- Acceptance of responsibility, including identification and escalation of risks by all individuals within the Company;
- Ownership of risk identification, assessment, data and management within each of the Lines of Business ("LOB") and Corporate; and
- A Firmwide risk governance and oversight structure.

The Firm's risk governance structure is based on the principle that each LOB is responsible for managing the risk inherent in its business, albeit with appropriate corporate oversight. Each LOB risk committee is responsible for decisions regarding its business risk strategy, policies (as appropriate) and controls. Therefore, each LOB within the Company forms part of the Firmwide risk governance structure.

To complement the global line of business structure, there is a regional governance construct:

- The EMEA Risk Committee ("ERC") provides oversight of the risks inherent in the Firm's business conducted in EMEA or booked into EMEA entities and relevant branches as well as EMEA branches of ex-EMEA firms; and
- The ERC is accountable to the EMEA Management Committee ("EMC") and the Company's Board Risk Committee. It reports to the Firmwide Risk Committee ("FRC"), the EMEA HR Control Forum, in addition to the EMC and the Company's Board Risk Committee.
- The EMEA CRO leads the Risk Management function in the region and chairs the ERC. The EMEA CRO is a member of the EMC.

<u>Risk Appetite</u>

The Firm's overall appetite for risk is governed by Risk Appetite frameworks for quantitative and qualitative risks. The Firm's risk appetite is periodically set and approved by senior management (including the Chief Executive Officer ("CEO") and Chief Risk Officer ("CRO")) and approved by the Board Risk Committee. Quantitative and qualitative risks are assessed to monitor and measure the Firm's capacity to take risk consistent with its stated risk appetite. Risk appetite results are reported to the JPMC Board Risk Committee. The Company relies on the Firmwide risk appetite frameworks.

The following sections discuss the risk governance and oversight functions that have been established to oversee the risks inherent in the Company's business activities.

All disclosures in the Risk management section (pages 3-16) are unaudited unless otherwise stated.

A detailed description of the policies and processes adopted by the Firm may be found within the Firm's 2024 Annual Report on Form 10-K. The report is available at https://jpmorganchaseco.gcs-web.com/financial-information/sec-filings.

Capital risk (audited)

Capital risk is the risk that the Company has an insufficient level or inadequate composition of capital to support the Company's business activities and associated risks during both normal economic environments and under stressed conditions.

A strong capital position is essential to the Company's business strategy and competitive position. Maintaining a strong balance sheet to manage through economic volatility is a strategic imperative of the Firm's Board of Directors, CEO and Operating Committee. The Firm and Company's capital management strategy focuses on maintaining long-term stability to enable the Firm to build and invest in market-leading businesses, including in a highly stressed environment. Senior management considers the implications on the Company's capital prior to making significant decisions that could impact future business activities. In addition to considering the Company's earnings outlook, senior management evaluates all sources and uses of capital with a view to ensuring the Company's capital strength.

Key capital risks include the risk of not meeting capital requirements, including the impact of adverse changes in foreign exchange ("FX") rates in capital ratios.

The capital adequacy framework set by the Company outlines both regulatory and internal capital resources and requirements resulting from Company' business model, strategy, risk profile and management, performance and planning, risks to capital, and the implications of stress testing. The assessment of capital adequacy is driven by an assessment of risks.

Accordingly, the capital management framework is designed to ensure that the Company is adequately capitalised at all times primarily in relation to:

Risk management (continued)

Capital risk (audited) (continued)

- Meet minimum regulatory capital requirements (own funds threshold requirement under the Investment Firms Prudential Regime ("IFPR")), plus any individual capital guidance requirement if set by the FCA;
- Cover the risks faced by the Company, through regular comparisons of regulatory and internal capital requirement; and
- Operate within senior management's risk appetite expressed, for example, through the application of an internal capital buffer and preferred minimum capital requirements above those prescribed by regulation.

The EMEA Capital Committee, which has senior business, risk and control function representation, receives monthly updates of the Company's capital positions and projections and has oversight on decisions related to capital usage and capital strategy. The framework used to manage capital is based around a regular cycle of point-in-time capital calculations and reporting, supplemented by forward-looking projections and stress-testing, with corrective action taken as and when required to maintain an appropriate level of capitalisation. Each part of the process is subject to rigorous control. Escalation of issues is driven by a business as usual ("BAU") framework of specific triggers, set in terms of capital requirements, movements in capital requirements and resources, and other measures.

In addition to the BAU capital monitoring framework, through the ICARA process, the Company ensures that it is adequately capitalised in relation to its risk profile and appetite, not only as at the ICARA date, but through the economic cycle and under a range of severe but plausible stress scenarios. The ICARA results are reviewed by the EMEA Capital Committee, and reviewed and approved by the Company's Board. In addition, the annual 'reverse stress testing' exercise is used to identify potential, extreme scenarios which might threaten the viability of the Company's business model, so that any required mitigation can be put in place.

The composition of the Company's capital is as follows. Capital resources are shown net of applicable deductions.

	2024	**2023**
	$'000	**$'000**
Common Equity Tier 1 (equity share capital and reserves after considering deductions)	4,304,143	4,210,566
Total Capital Resources	**4,304,143**	**4,210,566**
Regulatory capital requirement (unaudited)	400,239	484,842
Excess of total capital resources over Regulatory capital requirement (unaudited)	3,903,904	3,725,724

As of 31 December 2024 and 31 December 2023 the Company was adequately capitalised and met all external capital requirements. Capital resources are inclusive of current year profits.

Company information is included as part of the MIFIDPRU 8 disclosures and is made available on the Firm's website (https://jpmorganchaseco.gcs-web.com/financial-information/basel-pillar-3-us-lcr-disclosures) in accordance with IFPR. These are published on an annual basis or more frequently where the Company has assessed a further need to do so under the guidelines set out by the FCA. These disclosures are not subject to external audit.

Credit risk (audited)

Credit risk is the risk associated with the default or change in credit profile of a client, counterparty or customer. Credit risk management monitors and measures credit risk throughout the Firm and defines credit risk policies and procedures. The credit risk function reports to the Firm's Chief Risk Officer ("CRO").

The Company undertakes cash trading in relation to the Global Credit Trading and Equities business that require a non-bank entity while also ensuring compliance with the Firm's obligations under US Regulation K and W. Credit Risk exposure is minimal and driven largely by inter-entity trading.

Risk identification and measurement

The Credit Risk Management function monitors and measures credit risk across the Firm's businesses. To measure credit risk, the Firm employs several methodologies for estimating the likelihood of obligor or counterparty default. Methodologies for measuring credit risk vary depending on several factors, including type of asset, risk measurement parameters, and risk management and collection processes. Credit risk measurement is based on the probability of default of an obligor or counterparty, the loss severity given a default event and the exposure at default.

Risk management (continued)

Credit risk (audited) (continued)

Risk monitoring and management

The Company is subject to the policies and practices developed by the Firm. The policy framework establishes credit approval authorities, concentration limits, risk-rating methodologies, portfolio review parameters and guidelines for management of distressed exposures. In addition, certain models, assumptions and inputs used in evaluating and monitoring credit risk are independently validated by groups that are separate from the LOBs.

Credit risk is monitored regularly at an aggregate portfolio, industry, and individual client and counterparty level with established concentration limits that are reviewed and revised periodically as deemed appropriate by management.

Expected credit loss measurement

Approach to measuring expected credit losses

The Company estimates credit impairment through an expected credit losses (“ECL”) allowance. ECL are recognised for financial assets that are measured at amortised cost. The measurement of ECL must reflect:

(a) An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
(b) The time value of money; and
(c) Reasonable and evidence-based information about past events, current (economic) conditions, and forecasts of future economic conditions.

The measurement of ECL also reflects how the Company manages the financial instruments for credit risk purposes such as Traditional Credit Products (“TCP”) and Non-Traditional Credit Products (“Non-TCP”). Instruments in scope of TCP include intercompany loans. Non-TCP consist of financial assets measured at amortised cost which include debtors, securities purchased under resale agreements and cash and cash equivalents.

Credit exposures

<u>Balance sheet exposure by financial asset</u>

The following tables provide an analysis of the credit risk exposure to financial assets. The gross balance sheet exposure of financial assets below also represents the Company's maximum exposure to credit risk on these assets. Gross balance sheet exposure is reported on a net-by-counterparty basis for derivatives and securities purchased under agreements to resell when the legal right and intention of offset exists under an enforceable netting agreement as required under IAS 32 'Financial Instruments: Presentation' (“IAS 32”). Net exposure is presented after taking account of assets which are primarily exposed to market risk, enforceable master netting agreements (where the offsetting criteria under IAS 32 is not met) and the value of collateral received in respect of financial assets.

			Risk mitigants			Net balance sheet exposure held with:	
	Gross balance sheet exposure [(a)]	Exposures captured by market risk	Master netting agreements and other	Cash & security collateral	Net credit exposure	JPMorgan Chase undertakings	External counter parties
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2024							
Financial assets:							
Financial assets held at fair value through profit or loss [(b)]	2,233,521	(1,920,744)	(312,777)	—	—	—	—
Securities purchased under resale agreements	1,543,053	—	—	(1,543,053)	—	—	—
Securities borrowed	37,435	—	—	(37,435)	—	—	—
Debtors	1,350,677	—	—	—	1,350,677	1,278,659	72,018
Other assets	37,123	—	—	—	37,123	—	37,123
Cash and cash equivalents	1,400,104	—	—	—	1,400,104	1,376,453	23,651
Total	**6,601,913**	**(1,920,744)**	**(312,777)**	**(1,580,488)**	**2,787,904**	**2,655,112**	**132,792**

Risk management (continued)

Credit risk (audited) (continued)

Credit exposures (continued)

Balance sheet exposure by financial asset (continued)

	Gross balance sheet exposure [(a)]	Assets captured by market risk	Risk mitigants: Master netting agreements and other	Risk mitigants: Cash & security collateral	Net credit exposure	Net balance sheet exposure held with: JPMorgan Chase undertakings	Net balance sheet exposure held with: External counter parties
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2023							
Financial assets:							
Financial assets held at fair value through profit or loss[(b)]	3,649,438	(3,302,736)	(346,702)	—	—	—	—
Securities purchased under resale agreements	1,100,157	—	—	(1,100,157)	—	—	—
Securities borrowed	12,829	—	—	(12,829)	—	—	—
Debtors	2,243,980	—	—	—	2,243,980	2,201,565	42,415
Other assets	45,443	—	—	—	45,443	—	45,443
Cash and cash equivalents	466,422	—	—	—	466,422	461,143	5,279
Total	**7,518,269**	**(3,302,736)**	**(346,702)**	**(1,112,986)**	**2,755,845**	**2,662,708**	**93,137**

(a) Gross exposure of $4,779.3 million (2023: $4,755.8 million) is held with other JPMorganChase undertakings. For further details of these amounts by line item category, refer to the respective section in the notes to the financial statements.
(b) The majority of debt and equity instruments at FVTPL are primarily exposed to market risk and are therefore deducted to determine the net credit risk exposure.

The Company's credit exposures and credit risk mitigants are further described below. No material ECL allowance is recognised on Non-TCP financial assets, refer below for further discussion.

Securities purchased under agreements to resell and securities borrowed

The Company generally bears credit risk related to resale agreements and securities borrowed where cash advanced to the counterparty exceeds the expected value of the collateral received on default. The Company's credit exposure on these transactions is therefore significantly lower than the amounts recorded on the balance sheet, which for the substantial majority represent contractual value before consideration of any collateral received.

Securities financing arrangements tend to be short-term in nature with no history of credit losses. These arrangements are included in Stage 1 as the Company has determined there is no material significant increase in credit risk ('SICR') during the short tenor of the instrument. The Company recognises no ECL on these balances as the ECL related to these exposures is assessed as immaterial.

Debtors

Debtors consist of trade and other debtors. Trade debtors mainly consist of unsettled trade receivables related to sales of securities which have not yet settled. These receivables generally have minimal credit risk due to the low probability of default of a clearing organisation default and failure to deliver, and the short-term nature of receivables related to securities settlements which are predominately on a delivery versus payment basis. The Company recognises no ECL on these unsettled trade receivable balances as the ECL related to these exposures is assessed as immaterial.

Other debtors primarily comprise receivables related to cash collateral paid to counterparties in respect of derivative financial instruments. Margin posted in cash is reflected as a receivable from the counterparty and is carried at amortised cost. The Firm includes these receivables in Stage 1 due to the robust multi-layered credit protection inherent in the design and operations of the Central Clearing Party clearing model.

Risk management (continued)

Credit risk (audited) (continued)

Credit exposures (continued)

Non-TCP intercompany transactions

For intercompany transactions where the counterparty is a Material Legal Entity ("MLE"), the Company's anticipated ECL was determined to not be material and no loss was recognised, for the following reasons:

- The MLE has been prepositioned with funding in an efficient manner from both a liquidity and a capital perspective.

- JPMorgan Chase Bank, N.A. ("JPMCB") and JPMorganChase's Intermediate Holding Company ("IHC") are obligated to provide financial support to their direct and indirect subsidiaries in connection with the Support Agreement that is put in place as part of the Firm's resolution planning process, which effectively functions as a guarantee/backstop for intercompany lending arrangements with an MLE borrower.

As MLEs are adequately capitalised to ensure the MLE can fulfil all of its obligations even in the event of an orderly liquidation of JPMorganChase, and are of investment grade, these intercompany receivables are included in Stage 1 as they are held with MLEs, and considered to not have an increase in credit risk that would result in material expected credit losses. Receivables from MLEs would only be included in Stage 2 if the obligor is no longer considered an MLE and there is evidence of credit deterioration of the obligor, or if certain support triggers defined in the JPMorganChase's Resolution Plan occur. Receivables from MLEs are not credit-impaired as the Firm ensures MLEs are more than adequately capitalised as required by the Firms Resolution Plan.

The anticipated ECL for other receivables from non MLEs was determined to not be material and no loss was recognised.

Cash and cash equivalents

The Company places substantially all of its deposits with banks which are of investment-grade. The Company includes cash and cash equivalents in Stage 1 as investment-grade institutions are considered to have high quality credit with low risk of default and therefore a significant increase in credit risk is not deemed probable or material. The Company recognises no ECL on these balances as the ECL related to these exposures is assessed as immaterial.

Other assets

Majority of the balances comprises of lease receivables on finance sub-leases. The Company recognises no ECL on these balances.

Liquidity risk (audited)

Liquidity risk is the risk that the Company will be unable to meet its contractual and contingent financial obligations as they arise or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its assets and liabilities.

Liquidity risk management

The Firm has a Liquidity Risk Management ("LRM") function, acting as second line of defence, whose primary objective is to provide independent oversight of liquidity risk across the Firm. LRM's responsibilities include, but are not limited to:

- Defining, monitoring and reporting liquidity risk metrics;
- Independently establishing and monitoring limits and indicators including liquidity risk appetite;
- Developing a process to classify, monitor and report limit breaches;
- Performing an independent review of liquidity risk management processes to evaluate their adequacy and effectiveness based on the LRM's Independent Review Framework;
- Monitoring and reporting internal Firmwide and legal entity liquidity stress tests, regulatory defined metrics, as well as liquidity positions, balance sheet variances, and funding activities; and
- Approving or escalating for review new or updated liquidity stress assumptions.

Risk governance and measurement

The Company's governance framework is supplemented by the firmwide and regional governance frameworks, including the Firmwide Asset and Liability Committee ("ALCO"), the Treasurer Committee and the Chief Investment Office ("CIO"), Treasury and Corporate ("CTC") Risk Committee.

The responsibilities of the Company's Board of Directors with respect to liquidity and risk management include approving the risk appetite of the Company, and reviewing entity-level risk limits as appropriate. Other responsibilities of the Board include the review of the Recovery Plan and Wind-down plan of the company.

The Company's Risk Committee ("RC") purpose is to contribute to the development of the Company's risk strategy and to seek to ensure that any significant risk decisions taken are aligned to both the Group risk strategy and that of the Company.

Risk management (continued)

Liquidity risk (audited) (continued)

Liquidity management

Treasury and Chief Investment Office ("T/CIO") is responsible for liquidity management. The primary objectives of the Firm's liquidity management are to:

- Ensure that the Firm’s core businesses and material legal entities are able to operate in support of client needs and meet contractual and contingent financial obligations through normal economic cycles as well as during stress events; and
- Manage an optimal funding mix, and availability of liquidity sources.

The Firm addresses these objectives through:

- Analysing and understanding the liquidity characteristics of the assets and liabilities of the Firm, lines of business and legal entities, taking into account legal, regulatory, and operational restrictions;
- Developing internal liquidity stress testing assumptions;
- Defining and monitoring Firmwide and legal entity-specific liquidity strategies, policies, reporting and contingency funding plans;
- Managing liquidity within the Firm's approved liquidity risk appetite tolerances and limits;
- Managing compliance with regulatory requirements related to funding and liquidity risk; and
- Setting Funds Transfer Pricing ("FTP") in accordance with underlying liquidity characteristics of balance sheet assets and liabilities as well as certain off-balance sheet items.

As part of the Firm's overall liquidity management strategy, the Firm manages liquidity and funding using a centralised, global approach designed to:

- Optimise liquidity sources and uses;
- Monitor exposures;
- Identify constraints on the transfer of liquidity between the Firm’s legal entities; and
- Maintain the appropriate amount of surplus liquidity at a Firmwide and legal entity level, where relevant.

Liquidity Requirements

Liquidity management for the Company is governed by the Company's liquidity framework and operates within the established constraints set by Firmwide liquidity management.
As the Company is largely self-funded through equity capital resources, and its residual funding need met through evergreen debt with a tenor of greater than one year where required, funded by the Group, the Company has minimal levels of funding risk. Evergreen funding is used to describe a revolving credit arrangement in which the borrower could renew the debt financing periodically rather than having the debt reach maturity.

In addition, no reliance is placed on secured funding to generate cash either as part of its on-going activities or in times of stress, with liquidity able to be readily realised by not rolling the open reverse repo used to source its LAB ("Liquid Asset Buffer") securities. This ensures the Company has sufficient liquidity to withstand a range of shocks, both idiosyncratic and/or market driven, whilst also holding adequate liquidity to enable an orderly wind-down of the Company without disruption to markets or clients.

Internal stress testing

Liquidity stress tests are intended to ensure that the Company has sufficient liquidity under a variety of adverse scenarios, including scenarios analysed as part of the Firm’s resolution and recovery planning. Stress scenarios are produced for the Company on a regular basis and other stress tests are performed in response to specific market events or concerns. Liquidity stress tests assume all of the Company's contractual financial obligations are met and take into consideration:

- Varying levels of access to unsecured and secured funding markets;
- Estimated non-contractual and contingent cash outflows;
- Considerations of credit rating downgrades;
- Collateral haircuts; and
- Potential impediments to the availability and transferability of liquidity between jurisdictions and material legal entities such as regulatory, legal or other restrictions.

Liquidity outflow assumptions are modelled across a range of time horizons and currency dimensions and contemplate both market and idiosyncratic stress.

Stress tests are the foundation of liquidity risk management for the Company. The results of the stress testing are used as the basis to assess the current liquidity position and determine balance sheet actions, if necessary, for the Company.

Results of stress tests are considered in the formulation of the Company’s funding plan and assessment of its liquidity position.

Risk management (continued)

Liquidity risk (audited) (continued)

Contingency funding plan

The Company is an integral part of the Firm's Contingency Funding Plan ("CFP") framework and is subject to the Firm's procedures and action plans for managing liquidity through stress events. The CFP addendum of the Company should be read in conjunction with the Firm's CFP. The Firm's CFP sets out the strategies for addressing and managing liquidity resource needs during a liquidity stress event and incorporates liquidity risk limits, indicators and risk appetite tolerances. The CFP also identifies the alternative contingent funding and liquidity resources available to the Firm and its legal entities in a period of stress. The Company's addendum to the CFP is approved annually by the Company's Board of Directors.

Funding

The directors believe that the Company's unsecured and secured funding capacity is sufficient to meet its on and off-balance sheet obligations.

The table below presents the maturity details of all financial liabilities(1). Securities loaned, trade creditors and financial liabilities at fair value through profit or loss have been disclosed at their fair values, consistent with how these financial liabilities are managed. Amounts greater than one year represent undiscounted cash flows. Due to the nature and contractual maturity of all other financial liabilities they are presented at the carrying amount, which is not materially different to the undiscounted cash flow:

	2024			2023		
	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Securities loaned	716,210	—	716,210	6,495	—	6,495
Bank overdraft	6,998	—	6,998	14,474	—	14,474
Trade creditors	87,517	—	87,517	4,909	—	4,909
Financial liabilities held at fair value through profit or loss	691,189	—	691,189	330,213	—	330,213
Amounts owed to other JPMorganChase undertakings	708,033	—	708,033	1,833,898	810,800	2,644,698
Other liabilities	21,412	—	21,412	223,745	—	223,745
	2,231,359	**—**	**2,231,359**	**2,413,734**	**810,800**	**3,224,534**

(1) For maturity analysis of lease liabilities, refer Note 13.

Trade creditors predominantly includes brokerage payables which have short-dated maturities. Financial liabilities held at fair value through profit or loss include derivatives and are ordinarily classified as liabilities falling due within one year for the purpose of disclosure under IFRS 7 'Financial Instruments: Disclosures'.

Market risk (audited)

Market Risk

Market risk is the risk associated with the effect of changes in market factors such as interest and foreign exchange rates, equity and commodity prices, credit spreads or implied volatilities, on the value of assets and liabilities held for both the short and long term.

The following sections detail the market risk management framework at both the Firmwide and Company levels.

Market Risk Management monitors market risks throughout the Firm and defines market risk policies, procedures and other guidance as appropriate. The Market Risk Management function reports to the Firm's CRO, and seeks to manage risk, facilitate efficient risk/return decisions, reduce volatility in operating performance and provide transparency into the Firm's market risk profile for senior management, the Board of Directors and regulators.

Risk Governance & Policy Framework

The Company's approach to market risk governance mirrors the Firmwide approach and is outlined in the Company's Market Risk Framework. The Company's Market Risk Framework outlines the following:

- Responsibilities of the CRO and Market Risk Officer ("MRO");
- Market Risk measures utilised such as VaR, Stress and non-statistical measures; and
- Controls such as the Company's market risk limit framework (limit levels, limit signatories, limit reviews and escalation).

Risk management (continued)

Market risk (audited) (continued)

Risk Governance & Policy Framework (continued)

The Company's Board of Directors approves substantive changes to the Framework and approves this Framework annually.

Risk Measurement

There is no single measure to capture market risk and therefore the Firm uses various metrics both statistical and non-statistical to assess risk. The appropriate set of risk measures utilised for a given business activity is tailored based on business mandate, risk horizon, materiality, market volatility and other factors.

Value-at-Risk ("VaR")

The Firm utilises VaR, a statistical risk measure, to estimate the potential loss from adverse market moves in the current market environment.

The VaR framework is employed across the Firm using historical simulation based on data for the previous 12 months. VaR is calculated assuming a one-day holding period and an expected tail-loss methodology which approximates a 95% confidence level. These VaR results are reported to senior management, the Firm's Board of Directors and regulators.

The Company applies the Firmwide approach for VaR as described above, for internal risk management purposes.

The table below shows the result of the Company's VaR:

	2024			2023			At 31 December	
	Avg.[(a)]	Min	Max	Avg.	Min	Max	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
95 % VaR	3,854	2,427	7,301	5,635	2,967	9,472	2,812	4,152

(a) VaR utilisation in 2024 decreased following roll out of equities volatility observed in 2023 from the 1 year look back window.

The Company's market risk profile is driven by Equities market related exposures. Of the standard stress scenarios that the Company is subject to, the worst case stress loss during 2024 was primarily driven by the Inflation Crisis scenario.

Stress testing

Along with VaR, stress testing is an important tool to assess risk. While VaR reflects the risk of loss due to adverse changes in markets using recent historical market behaviour, stress testing reflects the risk of loss from hypothetical changes in the value of market risk sensitive positions applied simultaneously.

The Firm and the Company run weekly stress tests on market-related risks across the lines of business using multiple scenarios that assume significant changes in risk factors such as credit spreads, equity prices, interest rates, currency rates and commodity prices.

The Firm and the Company use a number of standard scenarios that capture different risk factors across asset classes including geographical factors, specific idiosyncratic factors and extreme tail events. The stress testing framework calculates multiple magnitudes of potential stress for both market rallies and market sell-offs for each risk factor and combines them in multiple ways to capture different market scenarios. The flexibility of the stress testing framework allows risk managers to construct new, specific scenarios that can be used to form decisions about future possible stress events.

Stress testing complements VaR by allowing risk managers to shock current market prices to more extreme levels relative to those historically realised, and to stress test the relationships between market prices under extreme scenarios. Stress-test results, trends and qualitative explanations based on current market risk positions are reported to the respective LOB, Firm and Company senior management as appropriate, to allow them to better understand the sensitivity of positions to certain defined events and to enable them to manage their risks with more transparency.

Stress scenarios are defined and reviewed by Market Risk, and significant changes are reviewed by the relevant LOB Risk Committees and may be redefined on a periodic basis to reflect current market conditions.

Risk management (continued)

Market risk (audited) (continued)

Risk Monitoring and Control

Market risk limits are employed as the primary control to align the Firm's and the Company's market risk with certain quantitative parameters within the Firm's and the Company's Risk Appetite framework, respectively.

Market Risk sets limits and regularly reviews and updates them as appropriate, with any changes approved by Firm or LOB or Company management, as appropriate, and Market Risk, except limit reductions which are approved by Market Risk only (including LE CRO where appropriate). Limits that have not been reviewed within a specified time period by Market Risk are reported to senior management.

Limit breaches are required to be reported in a timely manner to limit approvers, which include Market Risk and senior management. In the event of a limit breach, Market Risk consults with senior management to determine the course of action required to return to compliance, which may include a reduction in risk in order to remedy the breach or granting a temporary increase in limits to accommodate an expected increase in client activity and/or market volatility. Certain Firm, LOB or Company level limit breaches are escalated as appropriate.

The Company's limits include VaR and Stress limits established for the legal entity, in aggregate, and for individual businesses operating out of the legal entity:

- The Company's CEO, CRO and Market Risk Officer ("MRO") are approvers of the market risk limits for the legal entity in aggregate; and
- Appropriate business area representatives and Market Risk representatives are approvers of business area specific limits.

Risk Reporting

The Firm and the Company have their own set of regular market risk reports, which include daily notifications of limit utilisations and limit breaches and, where applicable, granular market risk metrics which provide transparency into potential risk concentrations.

Models used to measure market risk are inherently imprecise and may be limited in their ability to measure certain risks or to predict losses. This imprecision may be heightened when sudden or severe shifts in market conditions occur.

Market Risk Management periodically reviews the Firm's and the Company's existing market risk measures to identify opportunities for enhancement and, to the extent appropriate, it will calibrate those measures accordingly over time.

Operational risk

Operational risk is the risk of an adverse outcome resulting from inadequate or failed internal processes or systems; human factors; or external events impacting the Firm's processes or systems. Operational Risk includes compliance, conduct, legal and estimations and model risk.

Operational risk is inherent in the Company's activities and can manifest itself in various ways, including fraudulent acts, business disruptions (including those caused by extraordinary events beyond the Firm's control), cyber-attacks, inappropriate employee behaviour, failure to comply with applicable laws, and regulations or failure of vendors or other third-party providers to perform in accordance with their agreements. Operational Risk Management attempts to manage operational risk at appropriate levels in light of the Company's financial position, the characteristics of its businesses, and the markets and regulatory environments in which it operates.

The Firm's control and risk management places focus on the advancements in third-party and internal use of artificial intelligence by the Lines of Business ("LOB"), such as machine learning, and how it could potentially impact the control and operational risks.

Operational Risk Management Framework

The Company leverages the Firm's Compliance, Conduct, and Operational Risk ("CCOR") Management Framework which is designed to enable the Firm to govern, identify, measure, monitor and test, manage and report on the Firm's operational risk. The regional governance framework incorporates the Firmwide strategy, and the Firm's policies, procedures and LOB / Corporate structure. The regional framework is supplemental and complementary to the global framework and also provides the requisite link between the EMEA companies and the LOBs / Corporates. Execution of the Company's CCOR assessments are conducted by the LOBs/Corporates in line with applicable Standards and Procedures, with independent review and challenge conducted by the CCOR organisation, consistent with the approach taken at the Firmwide level.

Risk management (continued)

Operational risk (continued)

Operational risk can manifest itself in various ways. Operational risk subcategories such as Compliance risk, Conduct risk, Legal risk and Estimations and Model risk, as well as other operational risks, can lead to losses which are captured through the Firm's operational risk measurement processes. More information on these risk subcategories, where relevant, can be found in the respective risk management sections.

Cybersecurity risk

Cybersecurity risk is the risk of the Firm's and Company's exposure to harm or loss resulting from misuse or abuse of technology by malicious actors. Cybersecurity risk is an important and continuously evolving focus for the Firm. Significant resources are devoted to protecting and enhancing the security of computer systems, software, networks, storage devices and other technology assets. The Firm's security efforts are designed to protect against, among other things, cybersecurity attacks by unauthorised parties attempting to obtain access to confidential information, destroy data, disrupt or degrade service, sabotage systems or cause other damage.

The Firm has experienced, and expects that it will continue to experience, a higher volume and complexity of cyber-attacks against the backdrop of heightened geopolitical tensions. The Firm has implemented precautionary measures and controls reasonably designed to address this increased risk, such as enhanced threat monitoring.

Ongoing business expansions may expose the Firm to potential new threats as well as expanded regulatory scrutiny including the introduction of new cybersecurity requirements. The Firm continues to make significant investments in enhancing its cyber defence capabilities and to strengthen its partnerships with the appropriate government and law enforcement agencies and other businesses in order to understand the full spectrum of cybersecurity risks in the operating environment, enhance defences and improve resiliency against cybersecurity threats. The Firm actively participates in discussions and simulations of cybersecurity risks both internally and with law enforcement, government officials, peer and industry groups, and has significantly increased efforts to educate employees and certain clients on the topic of cybersecurity risks.

To help safeguard the confidentiality, integrity and availability of the Firm's infrastructure, resources and information, the Firm maintains an Information Security Program designed to prevent, detect, and respond to cyberattacks. The Audit Committee is periodically provided with updates on the Firm's Information Security Program, recommended changes, cybersecurity policies and practices, ongoing efforts to improve security, as well as its efforts regarding significant cybersecurity events. In addition, the Firm has a cybersecurity incident response plan ("IRP") designed to enable the Firm to respond to attempted cybersecurity incidents, coordinate such responses with law enforcement and other government agencies, and notify clients and customers, as applicable. Among other key focus areas, the IRP is designed to mitigate the risk of insider trading connected to a cybersecurity incident, and includes various escalation points.

Business and technology resiliency risk

Disruptions can occur due to forces beyond the Firm's and Company's control such as the spread of infectious diseases or pandemics, severe weather, power or telecommunications loss, failure of a third party to provide expected services, cyberattacks and terrorism.

The Firmwide Business Resiliency Program is designed to enable the Firm to prepare for, adapt to, withstand and recover from business disruptions including occurrence of an extraordinary event beyond its control that may impact critical business functions and supporting assets (i.e. staff, technology, facilities and third parties).

The program includes governance, awareness training, planning and testing of recovery strategies, as well as strategic and tactical initiatives to identify, assess, and manage business interruption and public safety risks.

Outsourcing risk

The Firm's Third-Party Oversight ("TPO") and Inter-affiliates Oversight ("IAO") frameworks assist the LOBs and Corporates in selecting, documenting, onboarding, monitoring and managing their supplier relationships including services provided by affiliates. The objectives of the TPO framework are to hold suppliers and other third parties to a high level of operational performance and to mitigate key risks including data loss and business disruption. The Corporate Third-Party Oversight group is responsible for Firmwide training, monitoring, reporting and standards.

Firmwide risk governance and policy applies as supplemented by the UK Outsourcing Policy.

Within the UK, an outsourcing governance model and framework for the Corporate & Investment Bank ("CIB") dual regulated companies has been designed by the UK Outsourcing Governance Team, for implementation by the LOBs and Corporates. There is also a CIB UK Governance Forum which acts as a conduit for LOBs and Corporates to escalate risks (if appropriate) for further consideration and escalation to EMEA Operations Management Meeting ("EOMM"), EMEA Regional Oversight Committee ("EROC") and Company Board Risk Committee.

Risk management (continued)

Compliance risk

Compliance risk, a subcategory of operational risk, is the risk of failing to comply with laws, rules, regulations or codes of conduct and standards of self-regulatory organisations.

Each of the LOBs and Corporate within the Company holds primary ownership of and accountability for managing compliance risk. The Firm’s Operational Risk and Compliance Organisation ("Operational Risk and Compliance"), which is independent of the LOBs and Corporate, provides independent review, monitoring and oversight of business operations with a focus on compliance with the laws, rules and regulations applicable to the delivery of the Firm’s products and services to clients and customers.

These compliance risks relate to a wide variety of laws, rules and regulations across the LOBs, and Corporate, and jurisdictions, and include risks related to financial products and services, relationships and interactions with clients and customers, and employee activities.

For example, compliance risks include those associated with anti-money laundering compliance, trading activities, market conduct, and complying with the laws, rules and regulations related to the offering of products and services across jurisdictional borders. Compliance risk is also inherent in the Firm’s fiduciary activities, including the failure to exercise the applicable standard of care to act in the best interest of fiduciary clients and customers or to treat fiduciary clients and customers fairly.

Other functions provide oversight of significant regulatory obligations that are specific to their respective areas of responsibility.

Operational Risk and Compliance implements policies and standards designed to govern, identify, measure, monitor and test, manage, and report on compliance risk.

Governance and oversight

Operational Risk and Compliance is led by the Firm's Chief Compliance Officer (“CCO”) and the Firmwide Risk Executive for Operational Risk and Qualitative Risk Appetite who reports to the Firm’s CRO. The regional CCOR Heads, including the EMEA CCO, are part of this governance structure.

The Firm maintains oversight and coordination of its compliance risk through the implementation of the CCOR Management Framework. The Company's approach aligns with the Firmwide approach. The EMEA CCO is a member of the EMEA Management Committee.

Code of Conduct

The Firm has a Code of Conduct (the “Code”) that sets forth the Firm’s expectation that employees will conduct themselves with integrity at all times. The Code provides the principles that help govern employee conduct with clients, customers, suppliers, vendors, shareholders, regulators, other employees, as well as with the markets and communities in which the Firm and the Company operates. The Code requires employees to promptly report any potential or actual violation of the Code, any Firm policy, or any law or regulation applicable to the Firm’s business. It also requires employees to report any illegal or unethical conduct, or conduct that violates the underlying principles of the Code, by any of the Firm’s employees, consultants, clients, customers, suppliers, contract or temporary workers, or business partners, or agents.

Training is assigned to newly hired employees upon joining the Firm, and to current employees periodically thereafter. Employees are required to affirm their compliance with the Code annually. Employees can report any potential or actual violations of the Code through the Firm's Conduct Hotline (the "Hotline") by phone or the internet. The Hotline is anonymous, where permitted by law, and is available at all times globally, with translation services and is administered by an outside service provider. The Code prohibits retaliation against anyone who raises an issue or concern in good faith.

Conduct risk

Conduct risk, a subcategory of operational risk, is the risk that any action or misconduct by an employee could lead to unfair client or customer outcomes, impact the integrity of the markets in which the Firm and the Company operates, harm employees or the Firm, or compromise the Firm's or Company's reputation.

Overview

Each LOB and Corporate Function is accountable for identifying and managing its conduct risk to provide appropriate engagement, ownership and sustainability of a culture consistent with the Firm’s Business Principles.

Risk management (continued)

Conduct risk (continued)

Governance and oversight

The Firm maintains oversight and coordination of its conduct risk through the CCOR Management Framework. The Company's approach aligns with the Firmwide approach.

Conduct risk management encompasses various aspects of people management practices throughout the employee life cycle, including recruiting, onboarding, training and development, performance management, promotion and compensation processes. Each LOB and each designated corporate function completes an assessment of conduct risk periodically, reviews metrics and issues which may involve conduct risk, and provides conduct education as appropriate.

Legal risk

Legal risk, a subcategory of operational risk, is the risk of loss primarily caused by the actual or alleged failure to meet legal obligations that arise from the rule of law in jurisdictions in which the Firm and the Company operates, agreements with clients and customers, and products and services offered by the Firm and the Company.

Overview

The global Legal function ("Legal") provides legal services and advice to the Firm and the Company. Legal is responsible for managing the Firm's exposure to legal risk by:

- Managing actual and potential litigation and enforcement matters, including internal reviews and investigations related to such matters;
- Advising on products and services, including contract negotiation and documentation;
- Advising on offering and marketing documents and new business initiatives;
- Managing dispute resolution;
- Interpreting existing laws, rules and regulations, and advising on changes to them;
- Advising on advocacy in connection with contemplated and proposed laws, rules and regulations; and
- Providing legal advice to the LOBs, Corporate and the Board.

Legal selects, engages and manages outside counsel for the Firm on all matters in which outside counsel is engaged. In addition, Legal advises the Firm's Conflicts Office which reviews the Firm's wholesale transactions that may have the potential to create conflicts of interest for the Firm.

Governance and oversight

The Firm's General Counsel reports to the CEO and is a member of the Operating Committee, the Firmwide Risk Committee and the Firmwide Control Committee. The Firm's General Counsel and other members of Legal report on significant legal matters to the Firm's Board of Directors and to the Audit Committee. Each region, including EMEA, has a General Counsel who is responsible for managing legal risk across all lines of business and functions in the region. Legal serves on and advises various committees and advises the Firm's and the Company's LOBs and Corporate on potential reputation risk issues.

Reputation risk

Reputation risk is the risk that an action or inaction may negatively impact perception of the Firm's integrity and reduce confidence in the Firm's competence by various stakeholders, including clients, counterparties, customers, communities, investors, regulators, or employees. Reputation risk is assessed and defined at the Firmwide level and is applicable to the Company.

The types of events that may result in reputation risk are wide-ranging and can be introduced by the Firm's employees, business strategies and activities, clients, customers, and counterparties with which the Firm does business. These events could contribute to financial losses, litigation, regulatory enforcement actions, fines, penalties or other sanctions, as well as other harm to the Firm.

Organisation and management

Reputation Risk Management is an independent risk management function that establishes the governance framework for managing reputation risk across the Firm's LOBs and Corporate. Reputation risk is inherently challenging to identify, manage, and quantify.

The Firm's reputation risk management function includes the following activities:

- Maintaining a Firmwide Reputation Risk Governance policy and a standard consistent with the reputation risk framework; and
- Providing oversight of the governance framework through processes and infrastructure to support consistent identification, escalation, and monitoring of reputation risk issues Firmwide.

Risk management (continued)

Reputation risk (continued)

Governance and oversight

The Reputation Risk Governance policy establishes the principles for managing reputation risk for the Firm. It is the responsibility of each LOB and Corporate, and the Firm's employees, to consider the reputation of the Firm when deciding whether to offer a new product, engage in a transaction or client relationship, enter a new jurisdiction, initiate a business process or consider any other activity. Environmental impacts and social concerns are increasingly important considerations in assessing the Firm's reputation risk, and are a component of the Firm's reputation risk governance. Reputation risk issues that are deemed to be material are escalated as appropriate.

Climate related financial risk

Overview

Climate risk refers to the potential threats posed by climate change to the Firm, the Company, and/or its clients, customers, operations and business strategy. Climate change is viewed as a driver of risk that may impact existing types of risks (credit and investment, market, operational and strategic) managed by the Firm and the Company. Climate risk is categorised into physical risk and transition risk.

Physical risk involves economic costs and financial losses due to a changing climate. Acute physical risk drivers include the increased frequency or severity of climate and weather events, such as floods, wildfires and tropical cyclones. Chronic physical risk drivers include more gradual shifts in the climate, such as sea level rise, persistent changes in precipitation levels and increases in average ambient temperatures.

Transition risk refers to the financial and economic consequences of society's shift toward a lower-carbon economy. Transition risk drivers include possible changes in public policy, adoption of new technologies and shifts in consumer preferences. Transition risks may also be influenced by changes in the physical climate.

Approach to managing climate risk

The Company’s climate risk management approach aligns with the Firmwide climate risk framework, which outlines the capabilities the Firm employs to identify, assess, manage and quantify the potential impacts of physical and transition risk, which it views as drivers of each of its risk types. This framework is comprised of six components: Risk Governance, Scenario Analysis, Risk Identification, Risk Measurement, Data Management, and Reporting and Disclosures. More details can be found in the Firmwide 2024 Climate Report (available at https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/Climate-Report-2024.pdf) (the "JPMC 2024 Climate Report").

The EMEA Legal Entity Climate Risk team within the EMEA Chief Risk Office team continues to coordinate climate risk related deliverables for EMEA legal entities, including the Company. The EMEA Legal Entity Climate Risk team partners with the Climate Risk Management function and other functions across the Firm to respond to regulatory requests and embed climate risk in the Company's risk management framework and to align with the firmwide climate risk framework.

To date, climate risk assessments conducted for the Company indicates no significant financial impact from climate risk as a driver of risk types. This will be kept under review as the Company's risk profile evolves and the climate risk framework matures.

Streamlined Energy and Carbon Reporting

The SECR disclosure presents our carbon footprint within the United Kingdom across Scope 1, 2 and 3 (mandatory and certain voluntary) business travel emissions. This also includes an appropriate intensity metric, the total energy use of electricity, gas, and other energy fuel types, and an energy efficiency actions summary taken during the relevant financial year.

All emissions and conversion factors are based on the latest published guidance, except Air Travel (reverted to pre-pandemic emissions factor) from the Intergovernmental Panel on Climate Change’s ("IPCC”) Assessment Report (“AR”) for Purchased Electricity and Global Warming Potentials (“GWP”). Additionally, more appropriate sources for emission factors where impactful, i.e., U.S. Environmental Protection Agency (“US EPA”), International Energy Agency (“IEA”), Department for Environment, Food and Rural Affair (“DEFRA”), Comprehensive Environmental Data Archive ("CEDA"), California Air Resources Board (“CARB”) and Carbon Disclosure Project (“CDP") have been applied. More robust and up-to-date energy intensities for consumption estimations are utilised from IEA data on energy consumption to estimate region-specific heating fuel trends in 65+ countries. Additionally, the regularly updated Building Performance Database from the US EPA is used to estimate heating and electricity energy usage intensity, which better reflects temporal changes in building energy efficiency.

J.P. MORGAN MARKETS LIMITED
Strategic report (continued)

Streamlined Energy and Carbon Reporting (continued)

The table below shows the Company's energy use and associated Greenhouse Gas ("GHG") emissions aligned to the Greenhouse Gas Protocol.

Consolidated SECR Statement

GHG Emissions (mtCO_2e)[1,4]	2024	2023
Scope 1 – direct	18	31
Natural gas[2]	13	27
Fugitive emissions	5	5
Transport - Fleet	—	—
Scope 2 (location) – indirect	84	88
Purchased electricity[2]	84	88
Scope 2 (market) – indirect	—	—
Purchased electricity[3]	—	—
Scope 3 (Business travel)	—	—
Transport - Car services mandatory (Car Rentals, Car Rental Fuel, Personal Expensed Miles)	—	—
Total Scope 1, 2 (location) & 3 - mandatory	102	120
GHG emissions intensity[4]	0.08	0.09
Total Scope 1,2 (market) & 3 - mandatory	18	31
GHG emissions intensity [4]	0.01	0.02
Energy Consumption (kWh)[1,4]		
Direct Energy	180,799	148,053
Natural gas[2]	180,799	148,053
Fugitive emissions (cannot be estimated in kWh)	—	—
Transport - Fleet	—	—
Indirect Energy	404,706	426,621
Purchased electricity[2]	404,706	426,621
Transport - Car Services mandatory (Personal Expensed Miles)	—	—
Transport - Car services mandatory (Car Rentals, Car Rental Fuel)	—	—
Total Energy Consumption - mandatory [1,4]	585,505	574,674

1.Operational approach has been used. GHG Emissions reporting are in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. The calculation method is Activity Data or Spend data x Emission Factor = GHG emissions. Activity x Conversion Factor = kWh consumption. Minor differences between actual and reported GHG emissions might occur due to rounding (not more than 1%).
2.Natural Gas consumption is based on gross Calorific Value (CV) and applicable emission factor is applied to obtain emissions. The consumption reported (Natural Gas and Electricity) is gathered from the data provided by the landlord. As specific consumption was not available for common building areas, the centralized usage was pro-rated as 5.61% of the building was occupied by the company as in 2023.
3. The Company has a 100% 'select renewable percentage' supply contract with EDF Energy and other remaining purchased electricity will be covered by International Renewable Energy Certificates ("I-RECs") in the UK. The electricity supply is 100% sourced from zero-carbon energy. The supply has already been backed by Renewable Energy Guarantee of Origin ("REGOs") and I-RECs for the whole of financial year 2023 and January to March 2024. Based on the assurance given by the supplier, the REGOs from April 2024 onwards should be made available in October 2025. Using the GHG Protocol Corporate Accounting and Reporting Standards' market-based approach, the above enables us to report "0 tCO_2e" under Scope 2.
4. Based on the nature of the Company's business, as well as following the recommendations of the SECR legislation, the Company chose the following intensity metric: Area (Square meter), i.e. GHG intensity is a ratio of Total mandatory GHG emissions (Scope 1, 2 (location-based/market-based) and Scope 3 Car Services) (mtCO_2e)/Square meter. Through the comparison of the two financial years, this metric shows the trend of the Company's energy efficiency.

Energy Efficiency Action Summary

The Company mostly relies on strategies implemented by the landlord to achieve direct savings in energy and associated carbon emissions, through operational improvements.

The Strategic Report on pages 1 - 17 was approved by the Board of Directors and signed on behalf of the Board by a Director of the Company.

Grant Ross

Director & Chief Financial Officer

15 April 2025

J.P. MORGAN MARKETS LIMITED
Directors' report

The directors present their report and the audited financial statements of J.P. Morgan Markets Limited (the "Company") for the year ended 31 December 2024. The Company is part of JPMorgan Chase & Co. (together with its subsidiaries, the “Firm”). The registered number of the Company is 01592029.

Results and dividends

The results for the year are set out on page 23 and show the Company’s profit for the financial year after taxation is $91.2 million (2023: $33.4 million). No dividend was paid or proposed during the year (2023: $nil).

Financial risk management

Refer to the Strategic report for details of how the Company manages its financial risks.

Other matters

HM Treasury adopted the requirements set out under Capital Requirements Directive IV ("CRD IV") and issued the Capital Requirements Country-by-Country Reporting Regulations 2013. The legislation requires the Company to publish additional information, in respect of the year ended 31 December 2024, by 31 December 2025. This information will be available at the time on the Firm’s website: https://jpmorganchaseco.gcs-web.com/financial-information/european-union-eu-disclosures-country.

Refer to the Strategic report for future outlook on page 1.

Directors

The directors of the Company who served during the year and up to the date of signing the financial statements were as follows:

Jonathan Cossey	Director & Chief Executive Officer
Scott Moeller	Chairman & Independent Non-Executive Director
Grant Ross	Director & Chief Financial Officer
Martin Sweeney	Director & Chief Risk Officer
Rebecca Emerson	Independent Non-Executive Director (Appointed on 14 January 2024)
Karine Sweeney	Director
Ryan O'Grady	Director

Directors' interests

None of the directors have any beneficial interest in the Company. The Company is a subsidiary of a company incorporated in England and Wales. The ultimate holding Company is a body corporate incorporated outside England and Wales. The directors are not required to notify the Company of any interests in shares of that or any other body incorporated outside England and Wales.

Statement of directors' responsibilities in respect of financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework”, and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of directors' responsibilities in respect of financial statements (continued)

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Qualifying third party indemnity provisions

An indemnity is provided to the directors of the Company under the by-laws of JPMorgan Chase & Co against liabilities and associated costs which they could incur in the course of their duties to the Company. The indemnity was in force during the financial year and also at the date of approval of the financial statements. A copy of the by-laws of JPMorgan Chase & Co. is available from the registered office address of the Company.

Section 172(1) Companies Act 2006 Statement

Section 172(1) Companies Act 2006 Statement is discussed in the strategic report under the heading "Section 172(1) Companies Act 2006 Statement".

Company secretary

The secretary of the Company who served during the year was as follows:

J.P. Morgan Secretaries (UK) Limited

Registered address

25 Bank Street
Canary Wharf
London E14 5JP
England
United Kingdom

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office.

The Directors' report on pages 18 - 19 was approved by the Board of Directors and signed on behalf of the Board by a Director of the Company.

Grant Ross
Director & Chief Financial Officer

15 April 2025

Independent auditors' report to the members of J.P. Morgan Markets Limited

Report on the audit of the financial statements

Opinion

In our opinion, J.P. Morgan Markets Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance sheet as at 31 December 2024; the Income statement, the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Independent auditors' report to the members of J.P. Morgan Markets Limited (continued)

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the rules of the Financial Conduct Authority ("FCA"), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and corporate tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates, specifically the valuation of certain financial instruments held at fair value. Audit procedures performed by the engagement team included:

- Discussions with management, including Internal Audit, and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of entity level controls put in place by management to prevent and detect irregularities, including additional inquiries and discussion relating to any whistleblowing incidents during 2024;
- Review of key correspondence with the regulatory authority (the FCA);
- Identifying and testing journal entries with specific risk characteristics, in particular any journal entries posted by senior management;
- Challenging assumptions and judgements made by management in their significant accounting estimates, particularly in relation to the valuation of certain, more complex, financial instruments;
- Testing information security controls relating to system access and change management; and
- Incorporating unpredictability into the nature, timing and extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Sarah Hayman

Sarah Hayman (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 April 2025

J.P. MORGAN MARKETS LIMITED
Income statement for the year ended 31 December 2024

Year ended 31 December		2024	2023
	Note	$'000	$'000
Trading profit		155,424	126,486
Interest income	6	71,004	66,575
Interest expense	6	(14,346)	(12,126)
Fees and commissions income		3,488	3,321
Operating income		**215,570**	**184,256**
Administrative expenses	7	(46,411)	(37,749)
Other income	8	14,478	14,587
Operating profit		**183,637**	**161,094**
Other Interest and similar income	9	18,597	16,482
Other Interest expense and similar charges	10	(44,642)	(80,592)
Profit before tax		**157,592**	**96,984**
Tax on profit	12	(66,361)	(63,546)
Profit for the financial year		**91,231**	**33,438**

Statement of comprehensive income

There were no other items of comprehensive income or expense other than the profit for the financial year shown above (2023: $nil). As a result, profit for the financial year represents total comprehensive income in both the current and prior financial year.

The notes on pages 26 - 48 form an integral part of the financial statements.

J.P. MORGAN MARKETS LIMITED
Balance sheet as at 31 December 2024

As at 31 December	Note	2024 $'000	2023 $'000
Non-current assets			
Right of use of asset	13	8,299	10,481
Other assets	14	29,494	37,102
Investment in JPMorganChase undertaking	15	24,010	24,010
Total non-current assets		**61,803**	**71,593**
Current assets			
Financial assets held at fair value through profit or loss[(a)]	16	2,233,521	3,649,438
Other assets	14	8,976	9,617
Securities purchased under agreements to resell	17	1,543,053	1,100,157
Securities borrowed	17	37,435	12,829
Debtors	18	1,366,699	2,258,308
Cash and cash equivalents	19	1,400,104	466,422
Total current assets		**6,589,788**	**7,496,771**
Total assets		**6,651,591**	**7,568,364**
Current liabilities			
Lease liabilities	13	14,603	14,857
Securities loaned	17	716,210	6,495
Financial liabilities held at fair value through profit or loss	20	691,189	330,213
Creditors: amounts falling due within one year	21	869,875	2,119,887
Total current liabilities		**2,291,877**	**2,471,452**
Net current assets		**4,297,911**	**5,025,319**
Non-current liabilities			
Creditors: amounts falling due after more than one year	21	—	810,800
Lease liabilities	13	49,007	62,889
Provisions for liabilities	22	1,535	1,562
Deferred tax liability	23	504	4,234
Total non-current liabilities		**51,046**	**879,485**
Total liabilities		**2,342,923**	**3,350,937**
Net assets		**4,308,668**	**4,217,427**
Equity			
Share capital	24	1	1
Share premium account	24	125,851	125,851
Capital contribution reserve		4,076,247	4,076,237
Retained earnings		106,569	15,338
Total equity		**4,308,668**	**4,217,427**

(a) Financial assets held at fair value through profit or loss includes trading assets pledged of $264 million (2023 : nil). Refer Note 26 for further details.

The notes on pages 26 - 48 form an integral part of these financial statements.

The financial statements on pages 23 to 48 were approved by the Board of Directors on 15 April 2025 and signed on its behalf by:

Grant Ross

Director & Chief Financial Officer

J.P. MORGAN MARKETS LIMITED

Statement of changes in equity for the year ended 31 December 2024

	Note	Share capital	Share premium account	Capital contribution reserve	Retained earnings	Total equity
		$'000	**$'000**	**$'000**	**$'000**	**$'000**
Balance as at 1 January 2023		**1**	**125,851**	**4,076,237**	**(18,100)**	**4,183,989**
Profit for the financial year		—	—	—	33,438	33,438
Balance as at 31 December 2023	24	**1**	**125,851**	**4,076,237**	**15,338**	**4,217,427**
Profit for the financial year		—	—	—	91,231	91,231
Movement in capital contribution reserve		—	—	10	—	10
Balance as at 31 December 2024	24	**1**	**125,851**	**4,076,247**	**106,569**	**4,308,668**

The notes on pages 26 - 48 form an integral part of these financial statements.

1. General information

The Company is a private company limited by shares which is incorporated in England and Wales. The address of its registered office is 25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom. The Company's immediate parent undertaking is J.P. Morgan Financial Investments Limited, incorporated in England and Wales. The Company's ultimate parent undertaking and controlling party is JPMorgan Chase & Co. ("JPMorganChase" or the "Firm"), which is incorporated in the state of Delaware in the United States of America. JPMorgan Chase & Co. is also the parent undertaking of the smallest and largest group in which the results of the Company are consolidated. The largest and smallest parent groups' consolidated financial statements can be obtained from the Company's registered office at 25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom.

Principal activities

The principal activities of the Company is to conduct Commercial and Investment Bank ("CIB") businesses, including Global Credit Trading and Equities by facilitating trading activity that cannot be conducted by a banking entity due to a combination of U.S. and EMEA regulation, and to optimise the Firm's activity in relation to certain U.S. regulations and requirements. The Company is authorised and regulated by the FCA. The Company currently holds the lease on 5 Churchill Place, Canary Wharf which was acquired as part of the Bear Stearns merger.

2. Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). FRS 101 applies the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") as adopted by U.K, in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of certain financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The following exemptions from the requirements of IFRS in conformity with the requirements of the Companies Act 2006 have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Comparative information disclosures for the following (paragraph 38, IAS 1 'Presentation of financial statements' ("IAS 1") for reconciliation of share capital (paragraph 79(a)(iv) of IAS 1);
- Statement of compliance with IFRS (paragraph 16, IAS 1);
- Cash flow statement and related notes (IAS 7 'Cash flow statements');
- Disclosures in relation to new or revised standards issued but not yet effective (paragraph 30 and 31, IAS 8 'Accounting policies, changes in accounting estimates and errors');
- Key management compensation disclosures (paragraph 17, IAS 24 'Related Party Disclosures' ("IAS 24")); and
- Related party transactions with wholly owned group undertakings (IAS 24).

2.1 Accounting and reporting developments

2.1.1 Standards adopted during the year ended 31 December 2024

The Company has applied the following amendments for the first time for the annual reporting period beginning 1 January 2024.

- Classification of Liabilities as Current or Non-current Liabilities with Covenants - Amendments to IAS 1
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7, and
- Lease Liability in a Sale and Leaseback - Amendment to IFRS 16.

The amendments listed above did not have any impact on the amounts recognised in prior periods and current period and are not expected to materially affect the future periods.

3. Critical accounting estimates and judgements

In the process of applying the Company's accounting policies, management makes judgements, estimates and assumptions for certain categories of assets and liabilities. These judgements, estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the reporting period. Making judgements, estimates and assumptions can involve levels of uncertainty and subjectivity and therefore actual results could differ from the reported amounts. The Company's material accounting policy information is described in Note 4.

Some of the judgements, estimates and assumptions management makes when preparing the Company's financial statements involve high levels of subjectivity and assessments about the future and other sources of uncertainty. Those that may have a material impact on the Company's financial condition, changes in financial condition or results of operations are described below.

3. Critical accounting estimates and judgements (continued)

Fair value measurement

The Company carries a significant portion of its assets and liabilities at fair value on a recurring basis. Certain financial instruments are classified on the basis of valuation techniques that feature one or more significant inputs that are unobservable, and for them, the measurement of fair value is more judgemental:

- Judgements: In classifying a financial instrument in the valuation hierarchy judgement is applied in determining the observability and significance of the inputs to the fair value measurement. A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. Refer to Note 25.
- Estimates: For instruments classified in level 3, management judgement must be applied to assess the appropriate models and level of valuation adjustments. Details on the Company's level 3 financial instruments and the sensitivity of their valuation to the effect of applying reasonable possible alternative assumptions in determining their fair value are set out in Note 25.

4. Material accounting policies

The following are the material accounting policy information applied in the preparation of these financial statements. These policies have been applied consistently in each of the years presented, unless otherwise stated.

4.1 Consolidation

The Company is a subsidiary undertaking of J.P. Morgan Financial Investments Limited, a company incorporated in England and Wales and of its ultimate parent JPMorgan Chase & Co. a company incorporated in the United States of America. It is included in the consolidated financial statements of JPMorgan Chase & Co. which are publicly available. Therefore, the Company has elected to prepare separate financial statements in accordance with the dispensation set out in Section 401 of the Companies Act 2006.

4.2 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). U.S. dollars is considered as the functional currency and is also used as the presentation currency of the Company.

4.3 Foreign currency translation

Monetary assets and monetary liabilities denominated in foreign currencies are translated into United States ("U.S.") dollars at the exchange rates on the balance sheet date. Income and expense items denominated in foreign currencies are translated into U.S. dollars at exchange rates prevailing at the date of the transactions. Any gains or losses arising on translation are taken directly to the income statement.

Non-monetary items denominated in foreign currencies that are stated at historical cost are translated into U.S. dollars at the exchange rate ruling at the date when the transaction was initially recognised.

Non-monetary items denominated in foreign currencies that are stated at fair value are translated into U.S. dollars at foreign exchange rates ruling at the dates when the fair values were determined. Translation differences arising on non-monetary items measured at fair value are recognised in the income statement.

4.4 Fees and commission income and expense

Fee and commissions obtained through Firm attribution agreements are recognised when the underlying contract becomes legally binding or at the agreed due date if later.

4.5 Financial instruments

4.5.1 Financial assets and financial liabilities

i. *Recognition of financial assets and financial liabilities*

The Company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of securities are recognised on the trade-date, which is the date on which the Company commits to purchase or sell an asset.

4. Material accounting policies (continued)

4.5 Financial instruments (continued)

4.5.1 Financial assets and financial liabilities (continued)

ii. *Classification and measurement of financial assets and financial liabilities*

On initial recognition, financial assets are classified as measured at amortised cost, fair value through profit or loss ("FVTPL"). The classification is based on both the business model for managing the financial assets and their contractual cash flow characteristics. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the assets' performance is evaluated and reported to key management personnel, how risks are assessed and managed, and how managers are compensated.

On initial recognition, financial liabilities are classified as measured at either amortised cost or FVTPL.

iii. *Financial assets and financial liabilities measured at amortised cost*

Financial assets are measured at amortised cost if they are held under a business model with the objective to collect contractual cash flows ("Hold-to-Collect") and they have contractual terms under which cash flows are solely payments of principal and interest ("SPPI"). In making the SPPI assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI. As a result of the application of these criteria, only debt financial assets are eligible to be measured at amortised cost.

Financial assets measured at amortised cost includes cash and cash equivalents, certain securities purchased under agreements to resell, debtors, accrued income and other assets that are in Hold to Collect business model.

Financial liabilities are measured at amortised cost unless they are held for trading or designated as measured at fair value through profit or loss. Most of the Company's financial liabilities are measured at amortised cost. Financial liabilities measured at amortised cost includes trade creditors, amounts owed to other JPMorganChase undertakings and certain other liabilities.

Financial assets and financial liabilities measured at amortised cost are initially recognised at fair value including transaction costs (which are explained below). The initial amount recognised is subsequently reduced for principal repayments and adjusted for accrued interest using the effective interest method (see below). In addition, the carrying amount of financial assets is adjusted by recognising an expected credit loss allowance through profit or loss.

The effective interest method is used to allocate interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability or a shorter period when appropriate, to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset or financial liability. The calculation of the effective interest rate includes all fees and commissions paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issuance or disposal of a financial asset or financial liability.

iv. *Financial assets and financial liabilities measured at fair value through profit or loss*

Financial assets and financial liabilities that are measured at FVTPL consist primarily of instruments that are held for trading. Under IFRS 9 'Financial instruments', a financial asset or a financial liability is defined as “held for trading” if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or forms part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking or it is a derivative. However, such financial instruments are used by the Company predominantly in connection with its client-driven market-making and/or for hedging certain assets, liabilities, positions, cash flows or anticipated transactions (i.e. risk management activities).

Financial assets and financial liabilities held for trading comprise both debt and equity securities, loans and derivatives, securities purchased under agreements to resell, securities borrowed, securities loaned and the related unrealised gains and losses.

In addition, certain financial assets that are not held for trading are measured at FVTPL if they do not meet the criteria to be measured at amortised cost or FVOCI. For example, if the financial assets are managed on a fair value basis, have contractual cash flows that are not SPPI or are equity securities. The Company did not elect to measure any equity instruments at FVOCI.

4. Material accounting policies (continued)

4.5 Financial instruments (continued)

4.5.1 Financial assets and financial liabilities (continued)

iv. Financial assets and financial liabilities measured at fair value through profit or loss (continued)

Financial instruments measured at FVTPL are initially recognised at fair value in the balance sheet. Transaction costs and any subsequent fair value gains or losses are recognised in profit or loss as they arise.

The Company manages cash instruments, in the form of debt and equity securities, and derivatives on a unified basis, including hedging relationships between cash securities and derivatives. Accordingly, the Firm reports the gains and losses on the cash instruments and the gains and losses on the derivatives on a net basis in trading profits.

4.5.2 Interest income and interest expense

Unless a financial asset is credit-impaired, interest income is recognised by applying the effective interest method to the carrying amount of a financial asset before adjusting for any allowance for expected credit losses. If a financial asset is credit-impaired, interest income is recognised by applying the effective interest rate to the carrying amount of the financial asset including any allowance for expected credit losses.

Interest expense on financial liabilities is recognised by applying the effective interest method to the amortised cost of financial liabilities.

Interest income and expense on financial instruments measured at amortised cost are presented separately from interest income and expense on financial instruments measured at FVTPL.

4.5.3 Trading profit/(loss)

Profits and losses resulting from the purchase and sale of securities and the revaluation of financial instruments are recognised in trading profit on a trade-date basis, including related transaction costs.

4.5.4 Impairment of financial assets

Instruments in scope of TCP include loans and non-TCP instruments including securities financing arrangements, debtors, cash and cash equivalents and other assets. The Company establishes an ECL for these instruments to ensure they are reflected in the financial statements at the Company’s best estimate of the net amount expected to be collected. The ECL is determined on in-scope financial instruments measured at amortized cost. ECL is measured collectively via a portfolio-based (modelled) approach for Stage 1 and 2 assets but is generally measured individually for Stage 3 assets. ECL is forecasted over the 12-month term (Stage 1) or expected life (Stage 2 or 3) of in-scope financial instruments, where the forecast period includes the reasonable and supportable (R&S) forecast period, the reversion period and the residual period and considers the time value of money. In determining the ECL measurement and staging for a financial instrument, the Company applies the definition of default consistent with the Basel definition of default to maintain uniformity of the definition across the Firm.

Determining the appropriateness of the allowance is complex and requires judgement by management about the effect of circumstances that are inherently uncertain. Further, estimating the allowance involves consideration of a range of possible outcomes, which management evaluates to determine its best estimate. Subsequent evaluations of these instruments, in light of the circumstances then prevailing, may result in significant changes in the ECL in future periods.

The Company must consider the appropriateness of decisions and judgements regarding methodology and inputs utilised in developing estimates of ECL at each reporting period and document them appropriately.

4.6 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values are determined by reference to observable market prices where available and reliable. Fair values of financial assets and financial liabilities are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. Where market prices are unavailable, fair value is based on valuation models that consider relevant transaction characteristics (such as maturity) and use as inputs observable or unobservable market parameters, including but not limited to yield curves, interest rates, volatilities, equity or debt prices, foreign exchange rates and credit curves. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value.

The Company manages certain portfolios of financial instruments on the basis of net open risk exposure and has elected to estimate the fair value, of such portfolios on the basis of a transfer of the entire net open risk position in an orderly transaction.

4. Material accounting policies (continued)

4.6 Fair value (continued)

For financial assets and liabilities held at fair value, most market parameters in the valuation model are either directly observable or are implied from instrument prices. When input values do not directly correspond to the most actively traded market parameters the model may perform numerical procedures in the pricing such as interpolation.

The Company classifies its assets and liabilities according to a hierarchy that has been established under IFRS for disclosure of fair value measurements. The fair value hierarchy is based on the transparency of inputs to the valuation of an asset or liability as of the measurement date. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3 inputs).

A financial instrument’s categorisation within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Further details on fair value measurements are provided in note 25 to the financial statements.

4.7 Securities purchased under agreement to resell

Securities purchased under agreements to resell are treated as collateralised lending transactions. The consideration for the transaction can be in the form of cash or securities. If the consideration for the purchase of securities is given in cash, the transaction is recorded on the balance sheet within securities purchased under agreement to resell. Securities purchased under agreements to resell are initially measured at fair value which generally is the amount of cash consideration advanced. If the consideration is given in the form of securities the transaction is recorded off balance sheet. The difference between the sales and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

4.8 Securities borrowed and securities loaned

Securities borrowed and securities loaned are recorded at the amount of cash collateral advanced or received. Securities borrowed and securities loaned transactions require the borrower to deposit cash, letters of credit or other collateral with the lender. Securities borrowed and securities loaned are initially measured at fair value which generally is the amount of cash collateral advanced against borrowed securities or cash collateral received against loaned securities. If the consideration is received or given in the form of securities the transaction is recorded off balance sheet. Fees received or paid in connection with securities borrowed and loaned are treated as interest income or interest expense and accrued over the life of the transaction using the effective interest rate method.

4.9 Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

4.10 Leases

The Company recognizes lease right-of-use (“ROU”) assets and lease liabilities at the lease commencement date. Lease ROU assets are included in property and equipment, and lease liabilities are disclosed separately for finance leases in the Company’s balance sheet. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the lease commencement date plus any initial direct costs incurred, less any lease incentives received. The ROU asset is subsequently amortised on a straight-line basis from the commencement date to the earlier of the end of the useful life of the ROU asset or the lease term. The estimated useful life of the ROU asset is determined on the same basis as those of the property and equipment. In addition, the ROU asset may be reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company’s incremental borrowing rate. The lease liability is measured at amortised cost using a constant periodic rate of interest. It is remeasured when there is a change in an index or rate, or if the Company changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in earnings if the carrying amount of the ROU asset has been reduced to zero.

The Company may enter into subleases on a portion of its real estate head leases which the Company does not utilise. The Company accounts for its interest in the head lease and sublease separately. The Company assesses the lease classification of a sub-lease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If the sub-lease transfers to the sub-lessee substantially all of the risks and rewards of the Company’s ROU relating to the premises under the sub-lease, then the lease is a finance lease; if not, then it is an operating lease.

4. Material accounting policies (continued)

4.11 Cash and cash equivalents

Cash and cash equivalents include cash and balances at banks with maturities of three months or less.

4.12 Current and deferred income tax

Income tax payable on taxable profits (current tax) is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior period. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet date, which are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are only offset when there is both a legal right and an intention to settle on a net basis.

4.13 Investment in JPMorganChase undertaking

Investment in JPMorganChase undertaking is stated at cost less impairment. Where the investment in the share capital of JPMorganChase undertakings are acquired by way of a dividend in kind, these are initially recognised at fair value. The investment in other JPMorganChase undertaking is subsequently measured at cost less provision for impairment.

4.14 Impairment of non-financial assets

Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

5. Segment reporting

Business segments

The Company is not in scope of IFRS 8 'Operating segments', as its debt or equity are not traded on a public market, therefore segmental analysis of the Company's revenue and assets by business is not required.

Geographical segments

The Company operates in three geographic regions as listed below:

- EMEA (Europe, Middle east and Africa)
- AMERICAS
- APAC (Asia-Pacific)

	EMEA		AMERICAS		APAC		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Income statement								
Trading profit	120,121	90,928	28,965	22,632	6,338	12,926	155,424	126,486
Fees and commissions income	1,214	1,103	2,274	2,218	—	—	3,488	3,321
Operating interest income	61,353	50,058	8,255	15,878	1,396	639	71,004	66,575
Other interest income	18,031	13,821	384	2,170	182	491	18,597	16,482
Balance sheet								
Total assets	5,252,337	6,966,297	1,108,555	154,074	290,699	447,993	6,651,591	7,568,364

6. Interest income and expense

	2024	2023
	$‘000	$‘000
Interest income		
Financial assets held at fair value through profit or loss	512	579
Securities borrowed held at fair value through profit or loss	11,108	16,853
Securities purchased under agreements to resell held at amortised cost	57,884	49,143
Securities purchased under agreements to resell held at fair value through profit or loss	1,500	—
Total interest income	**71,004**	**66,575**
Interest expense		
Securities loaned held at fair value through profit or loss	14,130	12,005
Other	216	121
Total interest expense	**14,346**	**12,126**

The Company has disclosed operating income instead of turnover as this reflects more accurately the results and nature of the Company’s activities.

Operating interest income includes net interest income from other JPMorganChase undertakings of $56.4 million (2023: $53.9 million).

7. Administrative expenses

	2024	2023
	$‘000	$‘000
Brokerage expenses	18,579	15,107
Auditors' remuneration for the audit of the Company’s annual financial statements	500	418
Audit-related assurance services	224	153
Transaction and other fees	9,101	5,701
Variable lease expenses	14,272	9,714
Occupancy and property maintenance expenses	2,135	4,191
Professional and outside services fees	299	285
Other administrative expenses	1,301	2,180
	46,411	**37,749**

The average monthly number of staff employed by the Company during the year was none (2023: none).

8. Other income

	2024	2023
	$‘000	$‘000
Dividend income	—	1,587
Fair value movement on financial assets held at fair value through profit or loss	(247)	(1,049)
Sublease income (refer note 13)	15,474	11,928
Net foreign exchange (loss)/gain	(802)	2,099
Other income	53	22
	14,478	**14,587**

9. Other interest and similar income

	2024	2023
	$‘000	$‘000
Other interest and similar income:		
Financial instruments at amortised cost	18,597	16,482

Other interest and similar income include balances with other JPMorganChase undertakings of $17.6 million (2023: $15.2 million).

10. Other interest expense and similar charges

	2024	2023
	$'000	**$'000**
Other interest expense and similar charges:		
Financial instruments at amortised cost	42,806	78,468
Interest expense for leasing arrangements	1,836	2,124
	44,642	**80,592**

Other interest expense and similar charges include balances with other JPMorganChase undertakings of $42.5 million (2023: $77.8 million).

11. Directors' emoluments and staff costs

	2024	2023
	$'000	**$'000**
Aggregate emoluments	445	291
Total contributions to a defined contribution plan*	—	—
Number of directors with shares received or receivable under LTIPs	5	5
Number of directors to whom defined contribution pension rights accrued	1	1

*The amounts have been rounded off to zero due to thousands unit

In accordance with the Companies Act 2006, the directors emoluments above represent the proportion paid or payable in respect of qualifying services to the Company including LTIPs of $90,695 in 2024 (2023: $63,370).

Directors also received emoluments for non-qualifying services, which are not required to be disclosed. The compensation to the two non-executive directors in 2024 (2023: one non-executive director) who were members of the Board for all or part of the year ended 31 December 2024 was $235,404 (2023: $129,339).

Highest paid director

The emoluments of the highest paid director was under £200,000 which was not required to be disclosed under the requirements of the Companies Act 2006.

The directors are employees of other companies in the Firm and all expenses, including remuneration, are paid by those companies and not recharged.

12. Tax on profit

	2024	2023
	$'000	$'000
(a) Analysis of tax charge for the year		
Current taxation		
Current tax on profits for the year	69,436	58,041
Foreign tax suffered	946	5,197
Adjustment in respect of prior years	(291)	349
Total current tax	**70,091**	**63,587**
Deferred tax		
Current year credit	(3,730)	(41)
Effect of changes in tax rates	—	—
Total deferred tax	**(3,730)**	**(41)**
Total tax expense for the year	**66,361**	**63,546**

(b) Factors affecting the current tax charge for the year

The current tax charge for the year differs from the standard rate of corporation tax in the UK including banking surcharge (2024: 28%, 2023: 27.75% [(1)]). The differences are explained below:

	2024	2023
	$'000	$'000
Profit before taxation	**157,592**	**96,984**
Profit before taxation multiplied by standard rate of corporation tax in UK of 28% (2023: 27.75%[(1)]).	44,126	26,913
Effects of:		
Adjustment in respect of prior years	(291)	349
Non-deductible expenses	256	153
Others	54	(443)
Transfer pricing adjustments	21,320	31,369
Effects of overseas tax rates	946	5,196
Difference in basis of taxation/chargeable gain	(50)	9
Total tax charge for the year	**66,361**	**63,546**

(1) For the first three months of 2023, the standard rate of corporation tax in UK was 19.00% plus banking surcharge of 8.00%. For the remainder of the year, the standard rate of corporation tax in UK was 25.00% plus banking surcharge of 3.00%.

13. Leases

At 31 December 2024, the Company was obligated under a number of non-cancellable leases for premises. The lease of premises typically run for a period of 20 years with expiration date in 2029. Certain leases contain renewal options and/or escalation clauses providing for increased rental payments based on maintenance, utility and tax increases, or they require the Company to perform restoration work on leased premises.

The Company has entered into subleases on a portion of its real estate leases which the Company does not utilise. The sublease lease terms range from 5 years to 13 years, with expiration dates between 2025 and 2029. The Company classified some of its subleases as finance leases since those subleases represent significantly all of the remaining term of the head lease. All other subleases are classified as operating leases.

13. Leases (continued)

Information about the Company's leasing activity is presented below:

	2024	2023
	$'000	$'000
Right of use assets	**Real Estate**	**Real Estate**
Balance as of 1 January	10,481	12,817
Depreciation on ROU assets for the year	(2,182)	(2,182)
Asset impairment[(a)]	—	(154)
Balance at 31 December	8,299	10,481
Finance lease receivables		
Opening balance (refer note 14)	43,971	47,765
Movement during the year	(7,742)	(3,794)
Balance at 31 December (refer note 14)	36,229	43,971
Lease liabilities		
Balance at 31 December	63,610	77,746

13. Leases (continued)

For the year ending 31 December	2024	2023
	$'000	$'000
Interest expense on lease liabilities	1,836	2,124
Variable lease expense not included in lease liabilities[a]	14,272	9,714
Subleases- Finance leases		
Interest income on net investment in sublease	1,048	1,198
Other lease related income[b]	10,630	7,347
Subleases- Operating leases[b]		
Lease income	2,189	2,253
Other lease related income	2,655	2,414
Other information		
Total cash outflow for leases	14,898	14,543
Weighted Average Discount Rate	2.64 %	2.64 %

[a] Recorded within Administrative expenses in the Company's income statement.

[b] Recorded within Other income in the Company's income statement.

	2024	2023
	$'000	$'000
Lease liabilities - Maturity Analysis - contractual undiscounted cash flows		
Less than one year	14,603	14,857
One to five years	52,735	59,429
More than five years	—	9,084
Total undiscounted lease liabilities at 31 December	67,338	83,370
Imputed interest discount on leases	(3,728)	(5,624)
Lease liabilities included in the statement of financial position at 31 December	**63,610**	**77,746**

The following table sets out a maturity analysis of the undiscounted sub lease payments to be received after 31 December 2024:

Year ended 31 December	Finance Leases	Operating Leases
	$'000	$'000
2025	8,010	1,168
2026	8,376	—
2027 and thereafter	22,004	—
Less: Imputed interest	(2,161)	—
Lease Receivable	**36,229**	**1,168**

13. Leases (continued)

The following table sets out a maturity analysis of the undiscounted sub lease payments to be received after 31 December 2023:

Year ended 31 December	Finance Leases	Operating Leases
	$'000	$'000
2024	8,144	2,484
2025	8,150	1,189
2026 and thereafter	30,910	—
Less: Imputed interest	(3,233)	—
Lease Receivable	**43,971**	**3,673**

14. Other assets

	2024	2023
	$'000	$'000
Non-current		
Intangible assets	1,275	1,275
Lease receivables (refer note 13)	28,219	35,827
	29,494	**37,102**
Current		
Lease receivables (refer note 13)	8,010	8,144
Other receivables	966	1,473
	8,976	**9,617**
	38,470	**46,719**

15. Investment in JPMorganChase undertaking

	2024	2023
	$'000	$'000
Investment in JPMorganChase undertaking at cost	24,010	24,010

The above investment is shown at historical cost less any provision for impairment.

The value of the Company's investment in JPMorganChase undertaking is not less than the amount at which it is stated in the balance sheet.

The investment represent ordinary share capital in the following entity:

Name	Registered address	Principal activity	Holding	Shares held %
Almea 2 Segregated Portfolio Company	Crestbridge Cayman,Limited,9 Forum Lane, PO Box 31243, George Town, KY1-1205, Cayman Islands	Hedge Fund	Direct	100.00 %

16. Financial assets held at fair value through profit or loss

	2024	2023
	$'000	$'000
Non marketable equity securities	1,580	33,151
Debt and equity instruments	1,919,164	3,269,585
Derivatives	312,777	346,702
	2,233,521	**3,649,438**

Financial assets held at fair value through profit or loss include balances held with other JPMorganChase undertakings of $543.76 million (2023: $980.2 million). In 2024, Non marketable equity securities includes shares of London Metals Exchange (LME). (In 2023, included both LCH Group Holdings Ltd. and LME).

17. Securities financing activities

The Company enters into resale agreements, securities borrowed and securities loaned transactions (collectively, "securities financing agreements") primarily to finance the Company's inventory positions, acquire securities to cover short positions, accommodate customers' financing needs, and settle other securities obligations.

Secured financing transactions expose the Company to credit and liquidity risk. To manage these risks, the Company monitors the value of the underlying securities (predominantly high-quality securities collateral, including government-issued debt and agency mortgage-backed securities) that it has received from or provided to its counterparties compared to the value of cash proceeds and exchanged collateral, and either requests additional collateral or returns securities or collateral when appropriate. Margin levels are initially established based upon the counterparty, the type of underlying securities, and the permissible collateral, and are monitored on an ongoing basis.

In resale agreements and securities borrowed transactions, the Company is exposed to credit risk to the extent that the value of the securities received is less than initial cash principal advanced and any collateral amounts exchanged. In securities loaned transactions, credit risk exposure arises to the extent that the value of underlying securities exceeds the value of the initial cash principal advanced, and any collateral amounts exchanged.

	2024	2023
	$'000	$'000
Securities purchased under resale agreements		
Amortised cost	1,104,303	1,100,157
FVTPL	438,750	—
	1,543,053	**1,100,157**

All securities purchased under agreements to resell are due from other JPMorganChase undertakings.

	2024	2023
	$'000	$'000
Securities borrowed		
FVTPL	37,435	12,829
	37,435	**12,829**

All securities borrowed are due from other JPMorganChase undertakings.

	2024	2023
	$'000	$'000
Securities loaned		
FVTPL	716,210	6,495
	716,210	**6,495**

All securities loaned are due from other JPMorganChase undertakings.

18. Debtors

	2024	2023
	$'000	$'000
Debtors: amounts falling due within one year		
Trade receivables	72,017	21,459
Amounts owed by other JPMorganChase undertakings	1,287,211	2,208,246
Other debtors	7,471	28,603
	1,366,699	**2,258,308**

19. Cash and cash equivalents

Cash and cash equivalents includes bank balances of $1,376.5 million (2023: $461.1 million) held with other JPMorganChase undertakings.

20. Financial liabilities held at fair value through profit or loss

	2024	2023
	$'000	$'000
Debt and equity instruments	346,278	4,682
Derivatives	344,911	325,531
	691,189	**330,213**

These include balances held with other JPMorganChase undertakings of $342.3 million (2023: $325.5 million).

21. Creditors

	2024	2023
	$'000	$'000
Creditors: amounts falling due more than one year		
Amounts owed to other JPMorganChase undertakings	—	810,800
Creditors: amounts falling due within one year		
Bank overdraft	6,998	14,474
Trade creditors	87,517	4,909
Amounts owed to other JPMorganChase undertakings	708,033	1,833,898
Taxation	45,915	42,861
Other liabilities	21,412	223,745
	869,875	**2,119,887**
	869,875	**2,930,687**

22. Provisions for liabilities

	2024	2023
	$'000	$'000
At 1 January	1,562	3,808
Provision adjusted/reversed	(27)	(2,246)
At 31 December	**1,535**	**1,562**
Due after more than one year	1,535	1,562
	1,535	**1,562**

Provision represents lease restoration obligation charges.

23. Deferred tax liability

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2024	2023
	$'000	$'000
The balance comprises temporary differences attributable to:		
Fixed assets	(81)	(99)
Financial assets held at fair value through profit or loss	442	4,160
Others	143	173
	504	**4,234**
At 1 January	4,234	4,275
Deferred tax credited to Income statement for the year	(3,730)	(41)
At 31 December	**504**	**4,234**
Deferred tax liabilities		
Due within one year	31	31
Due after more than one year	473	4,203
	504	**4,234**

Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules

The Organization for Economic Co-operation and Development (OECD) has published model rules and associated guidance related to Pillar Two. The rules apply a system of top-up taxes that aim to ensure corporations are paying income tax at a minimum rate of 15% in every jurisdiction. These rules began to take effect for corporations in 2024. The UK enacted Pillar Two legislation from 1 January 2024.

The International Accounting Standards Board issued, in May 2023, amendments to IAS 12 Income Taxes, that introduced a mandatory temporary exception to recording deferred taxes associated with jurisdictions implementing Pillar Two rules. The Company has applied the mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities related to top-up taxes associated with Pillar Two. As such, any top-up taxes incurred will be treated as a period cost in the period of occurrence.

The Company does not have top-up taxes associated with Pillar Two in the current year, given it is expected to qualify for the temporary country-by-country safe harbor rule in effect this year.

24. Share capital and Share premium

	2024	2023
	$‘000	$‘000
Issued and fully paid share capital		
300 Ordinary shares of £1 each, authorised and issued (2023: 300 shares)	1	1
	1	**1**

The share premium is the premium paid for new shares above their nominal value. It is a statutory reserve which forms part of a company’s non-distributable reserves.

25. Assets and liabilities measured at fair value

Fair value

Valuation process

The Company carries a portion of its assets and liabilities at fair value on a recurring basis.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is based on quoted market prices or inputs, where available. If prices or quotes are not available, fair value is based on valuation models and other valuation techniques that consider relevant transaction characteristics (such as maturity) and use, as inputs, observable or unobservable market parameters, including yield curves, interest rates, volatilities, prices (such as commodity, equity or debt prices), correlations, foreign exchange rates and credit curves.

Valuation adjustments may be made to ensure that financial instruments are recorded at fair value, as described below.

The level of precision in estimating unobservable market inputs or other factors can affect the amount of gain or loss recorded for a particular position. Furthermore, while the Company believes its valuation methods are appropriate and consistent with those of other market participants, the methods and assumptions used reflect management judgement and may vary across the Company’s businesses and portfolios. The Company uses various methodologies and assumptions in the determination of fair value. The use of different methodologies or assumptions by other market participants compared with those used by the Company could result in a different estimate of fair value at the reporting date.

Risk-taking functions are responsible for providing fair value estimates for assets and liabilities carried on the balance sheet at fair value. The Firm’s Valuation Control Group (VCG), which is part of the Firm’s Finance function and independent of the risk-taking functions, is responsible for verifying these estimates and determining any fair value adjustments that may be required to ensure that the Company's positions are recorded at fair value. The valuation control function verifies fair value estimates provided by the risk-taking functions by leveraging independently derived prices, valuation inputs and other market data, where available. The Valuation Governance Forum (VGF) is composed of senior finance and risk executives and is responsible for overseeing the management of risks arising from valuation activities conducted across the Firm. The Firmwide VGF is chaired by the Firmwide head of the VCG (under the direction of the Firm’s Controller), and includes sub-forums covering the CIB, Consumer and Community Banking ("CCB"), Asset and Wealth Management ("AWM") and certain corporate functions including T/CIO.

Where independent prices or inputs are not available, the Company's valuation control function performs additional review to ensure the reasonableness of the estimates. The additional review may include evaluating the limited market activity including client unwinds, benchmarking valuation inputs to those used for similar instruments, decomposing the valuation of structured instruments into individual components, comparing expected to actual cash flows, reviewing profit and loss trends, and reviewing trends in collateral valuation. There are also additional levels of management review for more significant or complex positions.

In determining the fair value of a derivative portfolio, valuation adjustments may be appropriate to reflect the credit quality of the counterparty, the credit quality of the Company, and the funding risk inherent in certain derivatives. The credit and funding risks of the derivative portfolio are generally mitigated by arrangements provided to the Company by JPMorgan Chase Bank N.A. and therefore, the Company takes account of these arrangements in estimating the fair value of its derivative portfolio.

Price Verification Process

The VCG verifies fair value estimates provided by the risk-taking functions by leveraging independently derived prices, valuation inputs and other market data, where available. Where independent prices or inputs are not available, the VCG aims to perform additional review to ensure the reasonableness of the estimates. The additional review may include evaluating the limited market activity including client unwinds, benchmarking valuation inputs to those used for similar instruments, decomposing the valuation of structured instruments into individual components, comparing expected to actual cash flows, reviewing profit and loss trends, and reviewing trends in collateral valuation. There are also additional levels of management review for more significant or complex positions. Some immaterial risks for which there is no direct independent market data and additional review isn’t performed will remain untested.

The VCG determines any valuation adjustments that may be required to the estimates provided by the risk-taking functions. No adjustments to quoted prices are applied for instruments classified within level 1 of the fair value hierarchy (refer to the discussion below for further information on the fair value hierarchy). For other positions, judgment is required to assess the need for valuation adjustments to appropriately reflect liquidity considerations, unobservable parameters, and, for certain portfolios that meet specified criteria, the size of the net open risk position.

The determination of such adjustments follows a consistent framework across the Firm:

- Liquidity valuation adjustments are considered where an observable external price or valuation parameter exists but is of lower reliability, potentially due to lower market activity. Liquidity valuation adjustments are made based on current market conditions. Factors that may be considered in determining the liquidity adjustment include analysis of: (1) the estimated bid offer spread for the instrument being traded; (2) alternative pricing points for similar instruments in active markets; and (3) the range of reasonable values that the price or parameter could take.

25. Assets and liabilities measured at fair value (continued)

Price Verification Process (continued)

- The Firm manages certain portfolios of financial instruments on the basis of net open risk exposure and, as permitted by IFRS, has elected to estimate the fair value of such portfolios on the basis of a transfer of the entire net open risk position in an orderly transaction. Where this is the case, valuation adjustments may be necessary to reflect the cost of exiting a larger-than-normal market-size net open risk position. Where applied, such adjustments are based on factors that a relevant market participant would consider in the transfer of the net open risk position, including the size of the adverse market move that is likely to occur during the period required to reduce the net open risk position to a normal market-size.
- Uncertainty adjustments related to unobservable parameters may be made when positions are valued using prices or input parameters to valuation models that are unobservable due to a lack of market activity or because they cannot be implied from observable market data. Such prices or parameters must be estimated and are, therefore, subject to management judgment. Adjustments are made to reflect the uncertainty inherent in the resulting valuation estimate.

Valuation model review and approval

Any valuation models used by the Company to determine fair value are reviewed and approved by the Model Risk function. The function is independent of model owners, developers and users. Further details on approach to model risk management are provided in Operational risk on page 13.

Fair value hierarchy

The Company classifies its assets and liabilities according to a valuation hierarchy that reflects the observability of significant market inputs. The three levels are defined as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets quoted prices for identical or similar assets or liabilities in markets that are not active and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - one or more inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorisation within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

25. Assets and liabilities measured at fair value (continued)

Valuation methodologies

The following table describes the valuation methodologies used by the Company to measure its more significant products/ instruments at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

Product/instrument	Valuation methodology, inputs and assumptions	Classifications in the valuation hierarchy
Securities financing agreements	Valuations are based on discounted cash flows, which consider: • Derivative features: refer to the discussion of derivatives below for further information • Market rates for the respective maturity • Collateral characteristics	Level 2
Equity, debt and other trading securities	Quoted market prices. In the absence of quoted market prices, securities are valued based on: • Observable market prices for similar securities • Relevant broker quotes • Discounted cash flows	Level 1 Level 2 or 3
Derivatives	Actively traded derivatives, e.g., exchange-traded derivatives, that are valued using quoted prices. Derivatives that are valued using models such as the Black-Scholes option pricing model, simulation models, or a combination of models that may use observable or unobservable valuation inputs as well as considering the contractual terms. The key valuation inputs used will depend on the type of derivative and the nature of the underlying instruments and may include equity prices, commodity prices, foreign exchange rates, volatilities, correlations, credit default swaps ("CDS") spreads recovery rates and prepayment speed. Additionally, the credit quality of the counterparty and of the Company as well as market funding levels may also be considered.	Level 1 Level 2 or 3

Assets and liabilities measured at fair value on a recurring basis

The following table presents the asset and liabilities reported at fair value as of 31 December 2024 and 2023, by major product category and fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
	$'000	$'000	$'000	$'000
At 31 December 2024				
Securities financing agreements:				
Securities purchased under resale agreements	—	438,750	—	438,750
Securities borrowed	—	37,435	—	37,435
Financial assets held at fair value through profit or loss				
Debt and equity instruments	1,458,999	269,288	192,457	1,920,744
Derivative receivables	—	298,149	14,628	312,777
Total financial assets	**1,458,999**	**1,043,622**	**207,085**	**2,709,706**
Securities financing agreements:				
Securities loaned	—	716,210	—	716,210
Financial liabilities held at fair value through profit or loss				
Debt and equity instruments	345,388	874	16	346,278
Derivative payables	—	331,009	13,902	344,911
Total financial liabilities	**345,388**	**1,048,093**	**13,918**	**1,407,399**

25. Assets and liabilities measured at fair value (continued)

Assets and liabilities measured at fair value on a recurring basis (continued)

	Level 1	Level 2	Level 3	Total fair value
	$'000	$'000	$'000	$'000
At 31 December 2023				
Securities financing agreements:				
Securities borrowed	—	12,829	—	12,829
Financial assets held at fair value through profit or loss				
Debt and equity instruments	2,573,366	434,443	294,927	3,302,736
Derivative receivables	—	333,409	13,293	346,702
Total financial assets	**2,573,366**	**780,681**	**308,220**	**3,662,267**
Securities financing agreements:				
Securities loaned	—	6,495	—	6,495
Financial liabilities held at fair value through profit or loss				
Debt and equity instruments	4,468	—	214	4,682
Derivative payables	—	310,584	14,947	325,531
Total financial liabilities	**4,468**	**317,079**	**15,161**	**336,708**

Level 3 valuations

The Firm has established well-structured processes for determining fair value, including for instruments where fair value is estimated using significant unobservable inputs (level 3).

Estimating fair value requires the application of judgement. The type and level of judgement required is largely dependent on the amount of observable market information available to the Company. For instruments valued using internally developed valuation models and other valuation techniques that use significant unobservable inputs and are therefore classified within level 3 of the fair value hierarchy, judgements used to estimate fair value are more significant than those required when estimating the fair value of instruments classified within levels 1 and 2.

In arriving at an estimate of fair value for an instrument within level 3, management must first determine the appropriate valuation model or other valuation technique to use. Second, due to the lack of observability of significant inputs, management must assess all relevant empirical data in deriving valuation inputs including equity volatility.

The following table presents the Company's primary level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, the significant unobservable inputs and the range of values for those inputs. While the determination to classify an instrument within level 3 is based on the significance of the unobservable inputs to the overall fair value measurement, level 3 financial instruments typically include observable components (that is, components that are actively quoted and can be validated to external sources) in addition to the unobservable components.

The range of values presented in the table is representative of the highest and lowest observable level input used to value the significant groups of instruments within a product/instrument classification. Where provided, the weighted averages of the input values presented in the table are calculated based on the fair value of the instruments that the input is being used to value.

In the Company's view, the input range, weighted and arithmetic average values do not reflect the degree of input uncertainty or an assessment of the reasonableness of the Company's estimates and assumptions. Rather, they reflect the characteristics of the various instruments held by the Company and the relative distribution of instruments within the range of characteristics. For example, two option contracts may have similar levels of market risk exposure and valuation uncertainty, but may have significantly different implied volatility levels because the option contracts have different underlying's, tenors, or strike prices.

The input range and weighted average values will therefore vary from period-to-period and parameter-to-parameter based on the characteristics of the instruments held by the Company at each balance sheet date.

25. Assets and liabilities measured at fair value (continued)

Level 3 valuations (continued)

	Asset	Liability	Net fair value	Principal valuation technique	Unobservable input	Range of Input values	Weighted average
At 31 December 2024	**$'000**	**$'000**	**$'000**				
Debt and equity instruments	192,457	(16)	192,441	Market comparables	Price	$0.01-$87.5	$55.44
Equity derivatives	14,628	(13,902)	726	Option pricing	Equity Forward	100.09%-100.49%	100.29%
Total	**207,085**	**(13,918)**	**193,167**				

	Asset	Liability	Net fair value	Principal valuation technique	Unobservable input	Range of Input values	Weighted average
At 31 December 2023	**$'000**	**$'000**	**$'000**				
				Market comparables	Price	$0.01-$100	$85.58
Debt and equity instruments	294,927	(214)	294,713	Market comparables	Price	$3.5-$17.5	$16.22
Equity derivatives	13,293	(14,947)	(1,654)	Option pricing	Equity Forward	99%-100%	100%
Total	**308,220**	**(15,161)**	**293,059**				

The categories presented in the table have been aggregated based upon product type which may differ from their classification on the balance sheet and fair values are shown net.

Changes in and ranges of unobservable inputs

The following discussion provides a description of the impact on a fair value measurement of a change in the unobservable input in isolation, where relevant and significant. The impact of a change in an input may not be independent as a change in one unobservable input may give rise to a change in another unobservable input. For each of the individual relationships described below, the inverse relationship would also generally apply.

Forward price – The forward price is the price at which the buyer agrees to purchase the asset underlying a forward contract on the predetermined future delivery date, and is such that the value of the contract is zero at inception. The forward price is used as an input in the valuation of certain derivatives and depends on a number of factors including interest rates, the current price of the underlying asset, and the expected income to be received and costs to be incurred by the seller as a result of holding that asset until the delivery date. An increase in the forward can result in an increase or a decrease in a fair value measurement.

Fair value of financial instruments valued using techniques that incorporate unobservable inputs

The fair value of financial instruments may be determined in whole or part using a valuation technique based on assumptions that are not supported by prices from observable current market transactions in the same instrument or based on available observable market data and changing these assumptions will change the resultant estimate of fair value. The potential impact as at 31 December 2024 of using reasonable possible alternative assumptions for the valuations including significant unobservable inputs would lead to an immaterial change to the results of the Company. Consequently, no sensitivity analysis for level 3 financial instruments is disclosed.

Changes in level 3 recurring fair value measurements

The following tables include a roll forward of the balance sheets amounts (including changes in fair value) for financial instruments classified by the Company within level 3 of the fair value hierarchy.

25. Assets and liabilities measured at fair value (continued)

Movement in assets and liabilities in Level 3 during the year

Financial assets	Debt and equity instruments	Derivative receivables	Total financial assets
	$'000	$'000	$'000
At 1 January 2024	294,927	13,293	308,220
Total gain recognised in income statement	19,045	12,326	31,371
Purchases	283,102	1	283,103
Sales	(41,313)	—	(41,313)
Settlements	(343,065)	(17,744)	(360,809)
Transfer into level 3	210	14,046	14,256
Transfer out of level 3	(20,449)	(7,294)	(27,743)
At 31 December 2024	**192,457**	**14,628**	**207,085**
Change in unrealised gains related to financial instruments held at 31 December 2024	9,092	21,363	30,455

Financial liabilities	Debt and equity instruments	Derivative payables	Total financial liabilities
	$'000	$'000	$'000
At 1 January 2024	214	14,947	15,161
Total loss recognised in income statement	17	15,727	15,744
Purchases	—	—	—
Sales	—	(398)	(398)
Issuances	—	—	—
Settlements	(51)	(30,420)	(30,471)
Transfer into level 3	—	14,046	14,046
Transfer out of level 3	(164)	—	(164)
At 31 December 2024	**16**	**13,902**	**13,918**
Change in unrealised losses related to financial instruments held at 31 December 2024	163	20,136	20,299

Financial assets	Debt and equity instruments	Derivative receivables	Total financial assets
	$'000	$'000	$'000
At 1 January 2023	108,661	1,580	110,241
Total gain recognised in income statement	32,547	14,810	47,357
Purchases	323,608	—	323,608
Sales	(57,657)	(155)	(57,812)
Settlements	(116,965)	(2,942)	(119,907)
Transfer into level 3	13,336	—	13,336
Transfer out of level 3	(8,603)	—	(8,603)
At 31 December 2023	**294,927**	**13,293**	**308,220**
Change in unrealised gains related to financial instruments held at 31 December 2023	15,761	11,889	27,650

25. Assets and liabilities measured at fair value (continued)

Movement in assets and liabilities in Level 3 during the year (continued)

Financial liabilities	**Debt and equity instruments**	**Derivative payables**	**Total financial liabilities**
	$'000	**$'000**	**$'000**
At 1 January 2023	—	3,238	3,238
Total loss recognised in income statement	—	16,384	16,384
Purchases	—	—	—
Sales	—	(2)	(2)
Issuances	50	1	51
Settlements	—	(4,674)	(4,674)
Transfer into level 3	164	—	164
Transfer out of level 3	—	—	—
At 31 December 2023	**214**	**14,947**	**15,161**
Change in unrealised losses related to financial instruments held at 31 December 2023	—	14,969	14,969

Realised and unrealised gains/(losses) are reported in operating income in the income statement.

Transfers between levels for instruments carried at fair value on a recurring basis

For the year ended 31 December 2024 and 31 December 2023, there were no significant transfers between levels 1 and 2.

Transfers into level 3 included the following:

- $14.2 million (2023:$13 million) of assets driven by reduction in observability of derivative instruments.
- $14 million (2023: $0.2 million) of liabilities driven by reduction in observability of derivative instruments.

Transfers out of level 3 included the following:

- $27.7 million (2023:$9 million) of assets driven by increase in observability of across cash and derivative instruments.

All transfers are assumed to occur at the beginning of the period in which they occur.

Fair value of financial instruments not carried on balance sheet at fair value

Certain financial instruments that are not carried at fair value on balance sheet are carried at amounts that are not materially different to their fair value, due to their short term nature and generally negligible credit risk. These instruments include securities purchased under agreements to resell, lease receivables and liabilities, debtors, cash and cash equivalents, creditors, amounts owed to other JPMorganChase undertakings and other liabilities.

The Company has $3,892 million (2023: $3,835 million) of financial assets and $885 million (2023: $2,962 million) of financial liabilities that are not measured at fair value. Given the short-term nature of the majority of these instruments, their carrying amounts in the balance sheet are a reasonable approximation of fair value.

Offsetting financial assets and financial liabilities

No financial assets and liabilities have been offset in the balance sheet as at 31 December 2024 (2023: $nil). Financial instruments recognised within financial assets and financial liabilities held at fair value through profit or loss which were subject to enforceable master netting arrangements or other similar agreements but not offset, as at 31 December 2024, amounted to $312.8 million (2023: $346.7 million).

26. Pledged Assets and Collateral

The Company pledges assets for various purposes, including to collateralise securities purchased under resale agreements and other securities financing agreements. Certain of these pledged assets may be sold or repledged or otherwise used by the secured parties. The Company accepts financial assets as collateral that it is permitted to sell or repledge, deliver or otherwise use. This collateral is generally obtained and used under securities purchased under resale agreements and other securities financing agreements which are primarily securities lending agreements, derivatives transactions and other transactions. The Company is obliged to return equivalent securities. These transactions are generally conducted under terms that are usual and customary for standard secured lending activities and the other transactions described. The Company, as the secured party, has the right to sell or re-pledge such collateral, subject to the Company returning equivalent securities upon completion of the transaction. This right is used primarily to cover short sales, and securities loaned.

The following table presents the carrying amount of trading assets pledged.

	2024	2023
	$'000	$'000
As at December		
Trading assets pledged [(a)]	263,828	—

The following table presents the fair value of collateral accepted.

	2024	2023
	$'000	$'000
As at December		
Collateral permitted to be sold or repledged, delivered, or otherwise used	943,238	12,227
Collateral sold, repledged, delivered or otherwise used	912,745	7,625

(a) The above disclosure aims to provide greater insight and granularity into the Company's financing activities, providing the separate disclosure of pledged assets from other financial assets. This includes trading assets pledged where the counterparty has the right to sell/ repledge.