Pillar III Disclosure Report as at 31.12.2014 JPMorgan Asset Management International Limited

August 2015

J.P.Morgan

Contents

Pillar III Disclosure Report 2014

1. Introduction

Background

The Basel Committee on Banking Supervision has published its set of rules on 16 December 2010, referred to as Basel III.

Basel III includes the Basel II agreement as of 2004, which consists of 3 supplemental Pillars:

- Pillar I – Minimum Capital Requirements,
- Pillar II – Internal Capital Adequacy Assessment Process and
- Pillar III – Public Disclosure,

which provides market participants, with information on applied rules, own funds, risk, risk analysis and thus the capital adequacy.

The transposition of the Basel III framework into European law was done in two parts: publication of the Capital Requirements Directive IV (CRD IV/Directive 2013/36/EU) and the Capital Requirements Regulation (CRR/Regulation [EU] Nr. 575/2013). It was published in the Official Journal of the European Union on 27 June 2013. Part 8 of CRR includes additional provisions on regulatory disclosure for credit institutions.

Both, Directive and Regulation, are applicable since 1 January 2014.

This is the first disclosure under the Directive and Regulation.

JPMorgan Asset Management International Limited

JPMorgan Asset Management International Limited ('JPMAMIL', 'Group') is an intermediate holding company within the chain of companies that are all subsidiaries of JPMorgan Chase & Co (the 'Firm'). The Pillar III disclosures in this document relate to JPMAMIL and its subsidiaries on a consolidated level excluding the insurance company, JPMorgan Life Limited.

JPMAMIL's activities are mainly in the European region, although there is a 49% participation in the China International Fund Management Co. Limited (CIFMCO) joint venture with Shanghai International Trust Co. Limited.

J.P. Morgan Asset Management is the marketing name for the investment management businesses of JPMorgan Chase & Co. and its affiliates worldwide. As at 31 December 2014, JPMAMIL managed approximately GBP 296 billion of assets in equity, fixed income, liquidity, balanced and alternative investments. We offer a comprehensive range of investment approaches. Our equity strategies cover both broad-based "core" funds and specialist smaller-company and sector funds. Our fixed income strategies cover the range of liquidity and short duration to core, high yield and emerging market debt. We also have a comprehensive range of alternative investments. J.P. Morgan Asset Management is the chosen partner of pension funds, charities, foundations, sovereigns and central banks worldwide. We offer our investment expertise on both a pooled and a segregated basis, using the same highly-regarded investment teams in both cases. We strive to underpin our investment capabilities with the highest level of client service. We are a leader in providing investments to retail end-investors in each of our markets.

JPMorgan Asset Management (UK) Limited

JPMorgan Asset Management (UK) Limited ('JPMAMUK', 'Company') is a wholly owned subsidiary of JPMAMIL. JPMAMUK, as an FCA 'BIPRU firm' is required to make Pillar III disclosures as set out in the FCA handbook, BIPRU 11 and is considered a significant subsidiary of JPMAMIL.

The primary activity of JPMAMUK is investment management of assets for institutional clients, through a combination of segregated investments and pooled fund vehicles. Client assets are managed through equity, fixed income, alternative and multi-asset products. The Company acts as an agent for client investments.

Aim of the disclosure report

This report provides an overview of the risk profile and the risk management of JPMAMIL.

The disclosure particularly comprises:

- Risk strategy and guidelines of the risk management of JPMAMIL;
- Structure of own funds and capital requirements of JPMAMIL;
- Detailed information on credit risk, market risk, operational risk and asset encumbrance.

This disclosure fulfils the requirements as set out in Part Eight of the CRR.

In accordance with Article 432 CRR and EBA/GL/2014/14 on non-material, proprietary or confidential information, the representations in this report are based on materiality as outlined in EBA/GL/2014/14.

Frequency and means of disclosure (Art. 433 and 434)

JPMAMIL publishes its Pillar III disclosures report annually in accordance with Article 433 CRR. The disclosure report is made available according to Article 434 CRR on the website of JPMorgan Chase & Co. at http://investor.shareholder.com/jpmorganchase/basel.cfm.

Scope of application (Art. 436)

This report is based on the regulatory consolidation. The consolidation basis used is the same as that used for reporting regulatory capital adequacy to the UK Financial Conduct Authority ('FCA'). The scope of consolidation is the same as that used for audited non statutory financial statements. This consolidation differs from the accounting consolidation for most of the Group's activities in that:

- A subsidiary engaged in insurance that is fully consolidated for accounting purposes is not consolidated for regulatory purposes. The Group has an investment in this subsidiary recognised at historical cost. Under CRDIV the investment in the insurance subsidiary is deducted from CET1.

- Associates and joint ventures that are financial in nature. For both accounting and the regulatory consolidation the associates and joint ventures are accounted for under the equity method but have been deducted from capital for CRDIV capital reporting purposes.

All information in this report is disclosed in millions of Pounds Sterling (GBP), unless otherwise specified.

This report also presents the Pillar III disclosures for JPMAMUK, which is required to make such disclosures per BIPRU 11 and considered a significant subsidiary of JPMAMIL. For the purposes of this report all JPMAMUK disclosures have been made in accordance with the CRR.

2. Risk management and objectives (Art. 435)

Risk Management Philosophy

Risk is an inherent part of JPMorgan Chase's business activities. The Firm employs a holistic approach to risk management that is intended to ensure the broad spectrum of risk types are considered in managing its business activities. The Firm believes effective risk management requires:

- Acceptance of responsibility by all individuals within the Firm;
- Ownership of risk management within each line of business; and
- Firmwide structures for risk governance and oversight.

Firmwide Risk Management is overseen and managed on an enterprise-wide basis. The Firm's Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Chief Risk Officer ("CRO") and Chief Operating Officer ("COO") develop and set the risk management framework and governance structure for the Firm which is intended to provide comprehensive controls and ongoing management of the major risks inherent in the Firm's business activities. The Firm's risk management framework is intended to create a culture of risk transparency and awareness, and personal responsibility throughout the Firm where collaboration, discussion, escalation and sharing of information are encouraged. The CEO, CFO, CRO and COO are ultimately responsible and accountable to the Firm's Board of Directors.

The Firm believes that risk management is the responsibility of every employee. Employees are expected to operate with the highest standards of integrity and identify, escalate, and correct mistakes. The Firm's risk culture strives for continual improvement through ongoing employee training and development, as well as talent retention. The Firm also approaches its incentive compensation arrangements through an integrated risk, compensation and financial management framework to encourage a culture of risk awareness and personal accountability. The Firm's overall objective in managing risk is to protect the safety and soundness of the Firm, and avoid excessive risk taking.

The Firm's control environment can be thought of in terms of the businesses, the control functions and Internal Audit.

The lines of business are responsible for developing and maintaining effective internal controls for their respective business lines. They are accountable for identifying and addressing the risks presented by their respective businesses and for operating within a sound control environment. Oversight & Control teams are embedded within businesses to maintain a strong and consistent control environment across the organisation.

Control functions

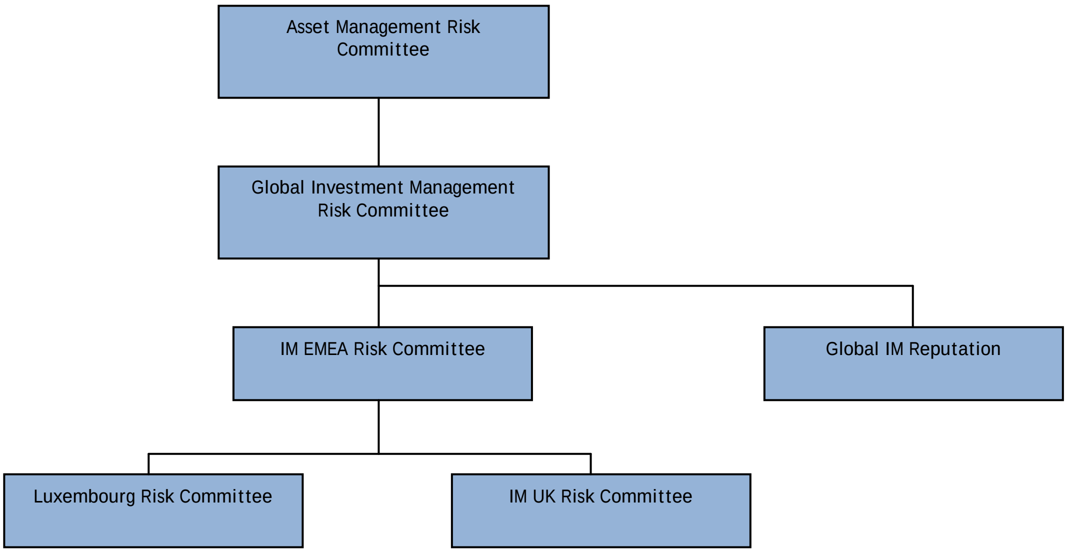
In addition to Oversight & Control, the Firm's control functions include Risk, Finance Compliance and Legal. They each have their own set of responsibilities but work together to provide oversight of the businesses and set firmwide control policies.

Internal Audit

The Internal Audit function operates independently from other parts of the Firm, providing testing and evaluation of processes and controls across the entire enterprise. The Internal Audit team assesses the effectiveness of governance, risk management and internal controls; evaluates compliance with laws and regulations; and identifies opportunities for improvement. Through this structure, we seek to subject business decisions and actions to rigorous consideration, testing and review for compliance with relevant laws and regulations.

Risk governance

JPMAM operates a system of control forums and risk committees that facilitate the monitoring and enhancement of controls and provide a means of escalating potential issues to senior management.



Operational risk management framework

Operational risk is the risk of loss resulting from inadequate or failed processes or systems or due to external events that are neither market nor credit-related. Operational risk is inherent in the Firm's activities and can manifest itself in various ways, including fraudulent acts, business interruptions, and inappropriate behaviour of employees, failure to comply with applicable laws and regulations or failure of vendors to perform in accordance with their arrangements. These events could result in financial losses, litigation and regulatory fines, as well as other damage to the Firm. The goal is to keep operational risk at appropriate levels, in light of the Firm's financial strength, the characteristics of its businesses, the markets in which it operates, and the competitive and regulatory environment to which it is subject.

To monitor and control operational risk, the Firm maintains an overall Operational Risk Management Framework ("ORMF") which comprises governance oversight, risk assessment, capital measurement, and reporting and monitoring. The ORMF is intended to enable the Firm to function with a sound and well-controlled operational environment.

Risk Management is responsible for prescribing the ORMF to the lines of business and corporate functions and to provide independent oversight of its implementation. In 2014, Operational Risk Officers ("OROs") were appointed across each line of business and corporate function to provide this independent oversight.

The lines of business and corporate functions are responsible for implementing the ORMF. The Firmwide Oversight and Control Group ("FOCG"), comprised of dedicated control officers within each of the lines of business and Corporate functional areas, as well as a central oversight team, is responsible for day to day review and monitoring of ORMF execution.

Operational risk management framework

The components of the Operational Risk Management Framework are:

Oversight and governance

Control committees oversee the operational risks and control environment of the respective line of business, function or region. These committees escalate operational risk issues to their respective line of business, function or regional risk committee and also escalate significant risk issues (and/or risk issues with potential Firmwide impact) to the Firmwide Control Committee ("FCC"). The FCC provides a monthly forum for reviewing and discussing firmwide operational risk metrics and management, including existing and emerging issues and reviews execution against the ORMF. It escalates significant issues to the Firmwide Risk Committee, as appropriate.

Risk self-assessment

In order to evaluate and monitor operational risk, the lines of business and functions utilise the Firm's standard risk and control self-assessment ("RCSA") process and supporting architecture. The RCSA process requires management to identify material inherent operational risks, assess the design and operating effectiveness of relevant controls in place to mitigate such risks, and evaluate residual risk. Action plans are developed for control issues that are identified, and businesses are held accountable for tracking and resolving issues on a timely basis. Commencing in 2015, Risk Management will perform sample independent challenge of the RCSA program.

Risk reporting and monitoring

Operational risk management and control reports provide information, including actual operational loss levels, self assessment results and the status of issue resolution to the lines of business and senior management. The purpose of these reports is to enable management to maintain operational risk at appropriate levels within each line of business, to escalate issues and to provide consistent data aggregation across the Firm's businesses and functions. The Firm has a process for capturing, tracking and monitoring operational risk events. The Firm analyses errors and losses and identifies trends. Such analysis enables identification of the causes associated with risk events faced by the lines of business.

Capital measurement

For information related to operational risk measurement refer to Section 4 Capital requirements.

Market risk management:

Market risk is the potential for adverse changes in the value of the Firm's assets and liabilities resulting from changes in market variables such as interest rates, foreign exchange rates, equity prices, commodity prices, implied volatilities or credit spreads. Market risk management is an independent risk management function that works in close partnership with the lines of business, including Treasury and CIO within Corporate/Private Equity, to identify and monitor market risks throughout the Firm and to define market risk policies and procedures. The Market Risk function reports to the Firm's CRO. Market Risk seeks to control 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. Market Risk is responsible for the following functions:

- Establishment of a market risk policy framework
- Independent measurement, monitoring and control of line of business and firmwide market risk
- Definition, approval and monitoring of limits
- Performance of stress testing and qualitative risk assessments Risk identification and classification

Risk identification and classification:

Each Line of Business (LOB) is responsible for the management of the market risks within its units. The independent risk management group responsible for overseeing each line of business is charged with ensuring that all material market risks are appropriately identified, measured, monitored and managed in accordance with the risk policy framework set out by Market Risk. Market risk is controlled primarily through a series of limits set in the context of the market environment and business strategy. In setting limits, the Firm takes into consideration factors such as market volatility, product liquidity and accommodation of client business and management experience. The Firm maintains different levels of limits. Corporate level limits include VaR and stress limits. Similarly, JPMAMIL limits include VaR and stress limits. Limits are set by Market Risk and are regularly reviewed and updated as appropriate, with any changes approved by lines of business management and Market Risk. Senior management, including the Firm's CEO and CRO, are responsible for reviewing and approving certain of these risk limits on an ongoing basis. All limits that have not been reviewed within specified time periods by Market Risk are escalated to senior management. Limit breaches are required to be reported in a timely manner by Risk Management to limit approvers, Market Risk and senior management. In the event of a breach, Market Risk consults with Firm senior management and lines of business senior management to determine the appropriate course of action required to return to compliance, which may include a reduction in risk in order to remedy the breach. Certain Firm or line of business-level limits that have been breached for three business days or longer, or by more than 30%, are escalated to senior management and the Firmwide Risk Committee.

Value-at-Risk ("VaR")

VaR is a statistical risk measure used to estimate the potential loss from adverse market moves in a normal market environment. The Firm has a single overarching VaR model framework used for calculating Regulatory VaR and Risk Management VaR. The framework is employed across the Firm using historical simulation based on data for the previous 12 months. The framework's approach assumes that historical changes in market values are representative of the distribution of potential outcomes in the immediate future. Underlying the overall VaR model framework are individual VaR models that simulate historical market returns for individual products and/or risk factors. To capture material market risks as part of the Firm's risk management framework, comprehensive VaR model calculations are performed daily for businesses whose activities give rise to market risk. These VaR models are granular and incorporate numerous risk factors and inputs to simulate daily changes in market values over the historical period; inputs are selected based on the risk profile of each portfolio as sensitivities and historical time series used to generate daily market values may be different across product types or risk management systems. The VaR model results across all portfolios are aggregated at the Firm level. Since VaR is based on historical data, it is an imperfect measure of market risk exposure and potential losses, and it is not used to estimate the impact of stressed market conditions or to manage any impact from potential stress events. In addition, based on their reliance on available historical data, limited time horizons, and other factors, VaR measures are inherently limited in their ability to measure certain risks and to predict losses, particularly those associated with market illiquidity and sudden or severe shifts in market conditions. The Firm therefore considers other measures in addition to VaR, such as stress testing, to capture and manage its market risk positions.

VaR is calculated assuming a one-day holding period and an expected tail-loss methodology which approximates a 95% confidence level. This means that, assuming current changes in market values are consistent with the historical changes used in the simulation, the Firm would expect to incur VaR "band breaks," defined as losses greater than that predicted by VaR estimates, not more than five times in every 100 trading days. For risk management purposes, the Firm believes the use of a 95% confidence level with a one-day holding period provides a stable measure of VaR that closely aligns to the day-to-day risk management decisions made by the lines of business and provides necessary/appropriate information to respond to risk events on a daily basis.

Economic-value stress testing

Along with VaR, stress testing is an important tool in measuring and controlling risk. While VaR reflects the risk of loss due to adverse changes in markets using recent historical market behaviour as an indicator of losses, stress testing is intended to capture the Firm's exposure to unlikely but plausible events in abnormal markets. The Firm runs 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 or commodity prices. The framework uses a grid-based approach, which calculates multiple magnitudes of stress for both market rallies and market sell-offs for each risk factor. Stress-test results, trends and explanations based on current market risk positions are reported to the Firm's senior management and to the lines of business 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 Risk Committees.

Credit risk management:

Credit risk is the risk of loss arising from the default of a client or counterparty. JPMAMIL is exposed to credit risk through cash balances held mainly either in accounts with JPMorgan Chase Bank N.A. London Branch or in JPM liquidity funds, settlement accounts which comprise debtors arising from the purchase and sale of units in collective investment undertakings and fee accruals. Independent Risk Management and Finance monitors credit exposures across the business during the monthly Capital Review Committee meeting. The exposures monitored are cash levels, settlement accounts and fee receivables. The Capital Review Committee reports to the EMEA Risk Committee.
For regulatory capital, 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. Based on these factors, JPMAMIL estimates credit losses for its exposures. These losses are estimated using statistical analyses. The methodologies used to estimate credit losses depend on the characteristics of the credit exposure, as described in the credit risk capital requirement section below.

Fiduciary risk:

Fiduciary risk is the risk of a failure to exercise the applicable high standard of care, to act in the best interests of clients or to treat clients fairly, as required under applicable law or regulation. JPMAMIL adopts the JPMorgan Chase approach described below:

Depending on the fiduciary activity and capacity in which the Firm is acting, federal and state statutes and regulations, and common law require the Firm to adhere to specific duties in which the Firm must always place the client's interests above its own.

Fiduciary risk governance

Fiduciary Risk Management is the responsibility of the relevant LOB risk and/or other governance committees. Senior business, legal, risk and compliance managers, who have particular responsibility for fiduciary matters, work with the relevant LOB risk committees with the goal of ensuring that businesses providing investment, trusts and estates, or other fiduciary products or services that give rise to fiduciary duties to clients perform at the appropriate standard relative to their fiduciary relationship with a client. Each LOB and its respective risk and/or other governance committees are responsible for the oversight and management of the fiduciary risks in their businesses. Of particular focus are the policies and practices that address a business's responsibilities to a client, including performance and service requirements and expectations; client suitability determinations; and disclosure obligations and communications. In this way, the relevant LOB risk and/ or other governance committees provide oversight of the Firm's efforts to monitor, measure and control the performance and delivery of the products or services to clients that may give rise to such fiduciary duties, as well as the Firm's fiduciary responsibilities with respect to the Firm's employee benefit plans.

The Firmwide Fiduciary Risk Governance Committee ("FFRGC") is a forum for risk matters related to the Firm's fiduciary activities and oversees the firmwide fiduciary risk governance framework. It supports the consistent identification and escalation of fiduciary risk matters by the relevant lines of business or corporate functions responsible for managing fiduciary activities. The committee escalates significant issues to the Firmwide Risk Committee and any other committee considered appropriate.

Group risk:

Group risk is the risk that the financial position of JPMAMIL may be adversely affected by its relationships (financial or non-financial) with other entities in the JPMorgan Chase group or by risks which may affect the financial position of the whole group, for example, reputational contagion. JPMAMIL does not rely on the support of its parent to maintain its capital surplus and the business has sufficient financial resources to operate as a stand-alone asset manager. As part of a global, diversified financial services group, JPMAMIL is potentially exposed to reputational risk from the activities of other lines of business (LOBs) within JPMorgan Chase, in particular those associated with trading and investment banking type activities. However, JPMAMIL itself operates its business on an agency rather than principal basis. Consequently, its capital needs are low compared with those of its banking affiliates and its capital is therefore unlikely to be considered of any practical use for broader group usage. Dividends are required to be approved by the local legal entity boards, which would be obliged to comply with relevant Companies Act legislation and related regulations.

Concentration risk:

A risk concentration is any single exposure or group of exposures with the potential to produce losses large enough to threaten JPMAMIL's viability. Risk concentrations can arise in assets, liabilities and off-balance sheet items, either through the execution or processing of transactions, or through a combination of exposures across these broad categories.

Risk concentrations may arise in the following categories:

- credit
- market
- client
- product
- distribution channel
- geographical

Credit risk concentrations: credit risk concentrations do not present a significant risk to the group. All credit risk exposures are subject to monitoring and reporting procedures.

Market risk concentrations: Because JPMAMIL does not undertake trading activities, it is not exposed to significant market risk concentrations.

Client Concentrations: JPMAMIL has a wide spread of clients; management does not therefore consider it necessary to hold capital against client concentration risk.

Product concentrations: JPMAMIL has a broad range of products that it offers to investors. AuM is spread across the major product classes of European equities, fixed income, global equities and currencies. The shift from equity products to fixed income products (largely in the form of liquidity funds) as anticipated in the event of a major equity market fall that took place in 2008 has reduced the previous dependence on equity products. This demonstrates JPMAMIL's resilience to this type of risk and management therefore does not consider product concentration to be a risk requiring mitigation by capital.

Distribution channels: JPMAMIL is well diversified by distribution channel and management therefore does not consider that there is any need to hold capital against this particular risk.

Geographical: JPMAMIL is well diversified by country across the region in which it operates. The UK is the largest single source of retail end-investor AuM, with the remainder arising from a good spread of other European countries, in particular Italy, Germany, Switzerland, Benelux, Spain and France. Management therefore does not consider it necessary to hold capital against this particular risk. There is also a reasonable geographical spread of institutional business, although this is more concentrated in the UK. The remaining is sourced from continental Europe, and management therefore does not consider it necessary to hold capital against this particular risk.

Business risk:

JPMAMIL does not hold capital specifically against business risk, but requires that capital resources projected over a five year horizon should be sufficient to withstand a severe market downturn. In addition, the effect of significant business initiatives on capital requirements and resources must be evaluated before any commitment, to ensure a continued surplus of capital resources over capital requirements.

Interest rate risk:

Interest rate risk is the risk to earnings or capital arising from movement of interest rates. JPMAMIL group entities do not deliberately take positions to benefit from movement in interest rates. The risk that a movement of interest rates will affect group earnings from cash deposits through reduced net interest income has been incorporated into the stress testing scenarios; therefore no additional capital is held.

Pension obligation risk:

There is no requirement for JPMAMIL to hold capital against pension obligation risk as liabilities in respect of any pension deficit are primarily borne by other group affiliates.

Third party provider risk:

JPMAMIL makes extensive use of third party providers to support its business. A firm wide Third Party Provider (TPP) policy exists to ensure that all providers are scrutinised commensurate with the risk profile they represent to JPMAMIL Third party provider risk relates to the servicing of to the JPMAMIL book of business, whereby specific activities are undertaken by third-party providers or JPMorgan affiliates on behalf of JPMAMIL. These activities include functions such as custody, fund accounting, transfer agency, paying agency, messaging, printing and mailing, administration and fund wrapper services. The key benefits, and risk mitigants, of the JPMAMIL operating model are global application of standard risk management practices and operating procedures, use of dedicated teams of subject matter experts; and leverage of best practice and issue experience.

Liquidity risk:

Liquidity risk is the risk arising from JPMAMIL's inability to meet contractual and contingent obligations through normal cycles as well as during market stress events. All entities in JPMAMIL manage their liquidity risk by investing in readily realisable assets primarily by keeping cash in AAA rated money market funds which qualify as short-term money market funds in accordance with ESMA guidelines or in a

JPMorgan demand deposit account in order that liabilities can be paid as they fall due. The firms maintain adequate liquidity resources at all times, ensuring that there is immediate access to funds by use of JPMorgan demand deposit accounts and diversifying counterparty risk by investing in AAA rated money market funds which qualify as short-term money market funds in accordance with ESMA guidelines. No account is taken of liquidity that may be made available in addition to normal business revenue streams by other members of the group. As limited licence firms, no dealing on own account or maturity transformation is undertaken. The business is not capital intensive and a complex funding model is therefore not required. The entities are self funding, from fee income generated from diversified sources with no undue reliance on individual clients, sectors or products.

Money Market Funds (MMF) risk:

JPMAMIL recognises that the investors in the MMFs seek a stable net asset value with a minimal tolerance for risk of loss of investor principal as the primary investment objective. JPMAMIL calibrates its internal risk management practices according to this tolerance, but recognises that a loss of investor principal may be incurred under severely stressed market conditions. Any decision to support a MMF under such severely stressed conditions will depend upon a number of factors including JPMAMIL's discretionary decision to provide support. In particular, JPMAMIL will be reluctant to support MMF losses arising from systemic factors having broadly adverse impacts. Risk associated with government oriented funds (those that invest in securities issued or backed by the sovereign treasury and sovereign sponsored agencies) is by its nature systemic in character. Concentrated government risk is inherent in the objective, design and customer selection of such funds. JPMAMIL may also consider events resulting in multiple, simultaneous defaults within the global banking community or other similar events with widespread impact as systemic in nature.

Risk Appetite

Key Principles and Risk Assessment

The JPMAMIL Risk Appetite framework leverages the Firmwide framework, which integrates risk controls, earnings, capital management, liquidity management and return targets to set the Firm's Risk Appetite in the context of its objectives for all stakeholders, including but not limited to shareholders, depositors, regulators and clients. JPMAMIL is subject to all relevant Firmwide policies and procedures, supplemented where necessary by legal entity specific controls, policies, procedures and/or limits.

Risk Appetite Framework

Governance

JPMAMIL's Board of Directors is responsible for approving and monitoring the entity's Risk Appetite framework.

Establishment, Approval and Review of Risk Appetite Parameters

Risk appetite parameters and thresholds for JPMAMIL are set and approved by the JPMAMIL Board of Directors. The Board reviews these parameters on an annual basis in conjunction with JPMAMIL's Internal Capital Adequacy Assessment Process (ICAAP) and scenario stress testing results.

Review of Risk Appetite Results

Risk appetite results are presented to the Capital Review Committee on a quarterly basis.

Quantitative parameters include metrics for stressed net income, and market risk. JPMAMIL's tolerance for certain qualitative risks is not numerically quantified but is controlled by the risk and control frameworks in place throughout the firm.

Key figures and ratios regarding the interaction between the risk profile and the risk tolerance are deemed to be proprietary information as it relates to competitively significant operational conditions and business circumstances, as defined within EBA guidelines EBA/GL/2014/14.

Board Declaration – Adequacy of Risk Management arrangements

The JPMAMIL and JPMAMUK boards of directors are satisfied that management has taken reasonable care to establish and maintain risk systems and controls as appropriate to its business.

Members of the Boards of Directors

In selecting candidates for the Boards of Directors, JPMAMIL and JPMAMUK look for individuals with strong personal attributes, diverse backgrounds and demonstrated expertise and success in one or more disciplines relevant to our business. The goal is to have a Board of Directors consisting of individuals with a combination of skills, experience and personal qualities that will well serve it, its committees, our Firm and our shareholders. Candidates for director may be recommended by current Board members or management. Individuals are appointed to the board of directors in accordance with the JPMAM significant influence function appointment process.

Mike O’Brien (Director JPMAMIL & JPMAMUK)

Mike O'Brien, Managing Director, is the Chief Executive of J.P. Morgan Investment Management, EMEA and the Co-Head of the Global Investment Management Solutions (GIM Solutions), based in London.

As CEO, O'Brien partners with the global investment, business and function heads to develop the business priorities in EMEA. A key area of his responsibility is ensuring the firm remains in line with the regulatory requirements and within a framework of appropriate risk management. O'Brien is also a director of the firm’s principal legal entities and fund boards in Europe. In his role as Co-Head of GIM Solutions, O'Brien oversees the Firm’s Multi-Asset, Retirement, Pensions & Insurance Advisory and ETF businesses globally. Prior to this he was responsible for the firm’s Global Institutional Business.

An employee since 2010, he is also a member of the J.P. Morgan Asset Management Operating Committee, as well as the J.P. Morgan Global Investment Management Operating Committee.

Previously he worked at BlackRock/BGI where he was Head of Institutional Business for EMEA. During his decade-long tenure at BGI and then BlackRock, he led a team of institutional client advisors responsible for some of the firm's largest clients located across 12 regional markets. Prior to that, he worked at Towers Perrin for 14 years where he oversaw their U.K. and European investment consulting practice, managing all aspects of pension planning financial management, and developing new products and service offerings, such as pension financial risk modelling for U.K. and U.S. corporations.

O'Brien holds a bachelor’s degree in Applied Mathematics from Limerick University in Ireland. He is an Actuary (FIA) and a CFA charterholder. He sits on the Board of the National Association of Pension Funds (NAPF) in the U.K. and is a member of the NAPF’s Defined Benefits Council. He is also an advisor to the Investment Committee of the U.K.’s Pension Protection Fund.

Dan Watkins (Director JPMAMIL & JPMAMUK)

Dan Watkins, Managing Director, is the Deputy CEO of IM Europe and Global Co-Head of IM Client Services and Business Platform. An employee since 1997, Dan oversees the business infrastructure of Investment Management in Europe and Asia including client services, fund administration, product development, and RFP. Dan also performs the role of Deputy CEO of GIM EMEA, acting as a director of all the regulated legal entities across the region. Previously, he was head of Europe COO and Global IM Operations, head of the European Operations Team, head of the European Transfer Agency, head of Luxembourg Operations, manager of European Transfer Agency and London Investment Operations; and manager of the Flemings Investment Operations Teams.

Dan obtained a BA in Economics and Politics from the University of York and is a qualified Financial Advisor.

Martin Porter (Director JPMAMIL & JPMAMUK)

Martin Porter, Managing Director, is Global Head of Equities. An employee since 1984, he was previously the Chief Investment Officer of Robert Fleming Investment Management and prior to this, held a number of roles in the organisation, including Director of Jardine Fleming Group and President of Jardine Fleming Investment Trust and Advisory Company Limited, Tokyo. He is also a member of the Global Investment Management Operating Committee.

Before this, he was a fund manager at Guardian Royal Exchange after having worked as an investment analyst. He obtained a BSc in economics from the University of Wales, Aberystwyth.

Ioan Roberts (Director JPMAMIL & JPMAMUK)

Ioan Roberts, Managing Director, is CFO for GIM Solutions as well as Senior Finance Officer for Investment Management in EMEA. He was previously Global Institutional CFO and Europe CFO for Investment Management, and prior to that held various roles within the IM Europe Finance team. Ioan joined the company in 1999. He is a qualified chartered accountant since 1998 and a CFA charterholder since 2005. Ioan obtained a BSc in Mathematics from Imperial College, University of London.

Jasper Berens (Director JPMAMUK)

Jasper Berens, Managing Director, is head of the UK Funds Business at J.P. Morgan Asset Management. An employee since 1997, previously he was head of UK Sales from 2005 to 2012. Prior to that, he was head of Asset Management Sales. He started his career in fund sales at Guinness Flight and Hambros in 1993. Jasper sits on the Global Funds Management Operating Committee. Jasper also sits on the UK and European Investment Management Committees. He is also a Director of JPMorgan Asset Management (UK) Ltd as well as a Director of JPMorgan Funds Limited, J.P. Morgan Trustee & Administration Services Limited and JPMorgan Asset Management Marketing Limited. Jasper is Chair of the Pensions & Savings Symposium Executive Committee and also sits on JPMC’s UK Philanthropy Committee. He is also a member of the Investment Association’s Investment Funds Committee. Jasper obtained a BA in History from the University of Bristol.

Nicholas Gartside (Director JPMAMUK)

Nicholas J. Gartside, Managing Director, is the International Chief Investment Officer of our Global Fixed Income, Currency & Commodities (GFICC) group. In addition, he is the co-manager of our multi-sector fixed income products and serves on the Currency Investment Policy Committee (CIPC). Prior to joining the firm in 2010, Nick was at Schroder Investment Management for eight years, initially as a euro government bond portfolio manager. In 2007, he moved to the global bond team as a global government bond portfolio manager and most recently served as the Head of Global Fixed Income. His previous roles were at Mercury Asset Management/Merrill Lynch Investment Managers. Nick earned a B.A. in History and Politics from Durham University and an M.Phil. in International Relations from Cambridge University. Nick is a CFA charterholder and holds the Investment Management Certificate from the UK Society of Investment Professionals.

Number of directorships held by members of the Boards of Directors

Members of the Boards of Directors have also held directorships[1] in addition to being appointed by JPMAMIL and JPMAMUK during the year ended December 31, 2014 as follows:

Name	Directorships held
Board member of JPMAMIL & JPMAMUK	
Dan Watkins	1
Ioan Roberts	1
Martin Porter	1
Mike O'Brien	1
Board member of JPMAMUK	
Jasper Berens	1
Nick Gartside	1

Diversity & Inclusion

JPMAMIL has a disciplined focus on our workforce, workplace and marketplace – with management accountability as the foundation and element most critical to our ability to hire, train and retain great and diverse employees whose unique perspectives help us realise our business objectives. We are committed to a culture of openness and meritocracy, and believe in giving every individual an opportunity to succeed while bringing their whole selves to work.

Guiding Principles

- Management accountability – engage managers at all levels of the organisation to be responsible for their people platform and incorporate diversity and inclusion into their business and people practices
- Workforce – continuously expand our scope for attracting talent and fostering, supporting and increasing internal mobility across all of our lines of business and functions
- Workplace – create the opportunities for all individuals to contribute and effectively work together to achieve success as a whole.
- Marketplace – recruit quality people who reflect the customers and communities that we serve and the marketplaces where we operate so that we increase our ability to deliver solutions and strengthen our financial performance.

[1] Directorships held within the same group are counted as one directorship, and those in organisations with non-commercial objectives are not counted.

Scope and Process

Our firm wide diversity council and regional councils in Latin America, EMEA and Asia in partnership with senior leaders drive the diversity agenda on a local level. Each respective scope is implemented on a regional basis in line with the respective business objectives. Business Resource Groups (BRG), comprising senior leaders across all businesses, functions and regions, representing different diverse groups help deepen our inclusive work environment. Each BRG is sponsored by a J.P. Morgan Operating Committee (OC) member.

Metrics

To drive management accountability, show progress against our plans and determine where we need to focus, a series of firm-wide, regional and LOB/Function reports are prepared and shared with various levels of management on a scheduled basis (e.g. monthly, quarterly or annually).

Target for representation of women on EMEA Boards

At a regional level, J.P. Morgan has set an internal target to achieve 30% representation of women on several boards in EMEA by end of 2015, at which time we will undertake a review. These targets will be achieved through periodic reviews of structure, size, composition and performance of Boards, and a promotion and focus on the existing practices embedded in our firm-wide Diversity & Inclusion Strategy outlined above.

3. Own funds (Art. 437 & 492)

JPMAMIL

As at December 31 2014, JPMAMIL's own funds have been calculated based on the audited non statutory financial statements as at December 31 2014. The basis of consolidation adopted for the audited non statutory financial statements of JPMAMIL is the same as the JPMAMIL regulatory consolidation. JPMAMIL has taken advantage of the exemption available to it under Section 401 of the Companies Act 2006 from preparation of statutory consolidated financial statements and thus the non statutory financial statements for the regulatory consolidation group are presented below:

JPMAMIL balance sheet as at 31 December 2014

	Regulatory balance sheet £'m
Fixed assets	
Intangible assets	91.2
Tangible assets	4.2
Investment in subsidiaries	38.3
Financial assets and other receivables	24.7
Investment in joint venture:	
Share of gross assets	82.9
Share of gross liabilities	(15.8)
	67.1
Investment in associate	
Share of gross assets	0.1
Current assets	
Debtors	1,060.0
Financial assets	1,148.5
Cash at bank and in hand	369.0
	2,577.5
Creditors: amounts falling due within one year	(1,127.5)
Net current assets	**1,450.0**
Total assets less current liabilities	**1,675.6**
Creditors: amounts falling due after more than one year	(34.9)
Provisions for liabilities and charges	(1.7)
Net assets	**1,639.0**
Capital and reserves	
Called up share capital	220.0
Foreign exchange reserve	25.8
Capital contribution reserve	188.5
Other reserves	79.9
Profit and loss account	1,124.6
Total shareholder's funds	**1,638.8**
Minority interest	0.2
Total capital employed	**1,639.0**

JPMAMIL capital resources

Own funds solely consist of Common Equity Tier 1 capital. The authorised and issued share capital is fully paid. The authorised and issued share capital represents 220,000,100 ordinary shares of £1 each.

Retained earnings amounted to £ 1,124,633,000 as at December 31, 2014.

In addition there are reserves, which consist of capital contribution and other reserves:

- The capital contribution reserve as at December 31, 2014 amounted to £188,492,000.

- Other reserves relate to Luxembourg domiciled subsidiaries and are non distributable tax and legal reserves accumulated through transfers from retained earnings. These appropriations are a local legal requirement. As at December 31, 2014 other reserves amounted to £79,876,000.

JPMAMIL has no other outstanding capital instruments, other than the shares mentioned above.

JPMAMIL has made deductions from regulatory capital according to Article 36 CRR. Total deductions as at December 31, 2014 amounted to £199,914,368 and consist mainly of goodwill and CET1 instruments of financial sector entities where the institution has a significant investment.

JPMAMIL has not applied any transitional provisions.

A description of the main features of the Common Equity Tier 1 instruments issued by the institution are shown on page 22.

The table below shows the Group's capital resources. The table presents the components of regulatory capital as at 31 December 2014 using the format set out in Annex IV and Annex VI of the commission implementing regulation (EU).

	31 December 2014 Transitional Position £'m	Transitional Impacts £'m	31 December 2014 Fully Loaded Position £'m
Common Equity Tier 1 capital: instruments and reserves			
Capital instruments and the related share premium accounts	220.0		220.0
Retained earnings	1,124.6		1,124.6
Accumulated other comprehensive income (and other reserves)	294.2		294.2
Common Equity Tier 1 capital before regulatory adjustments	**1,638.8**		**1,638.8**
Common Equity Tier 1 capital: regulatory adjustments			
Additional Value Adjustments			
Goodwill and intangible assets (net of related tax liability)	(91.2)		(91.2)
Defined-benefit pension fund assets	(2.9)		(2.9)
Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	(105.5)		(105.5)
Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative			
of which: free deliveries	(0.4)		(0.4)
Losses for the current financial year			
Total regulatory adjustments to Common Equity Tier 1	**(200.0)**		**(200.0)**
Common Equity Tier 1 capital	**1,438.8**		**1,438.8**
Additional Tier 1 (AT1) capital			
Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1			
Tier 1 capital (T1 = CET1 + AT1)	**1,438.8**		**1,438.8**
Tier 2 capital: instruments and provisions			
Capital instruments and the related share premium accounts			
Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties			
of which: instruments issued by subsidiaries subject to phase out			
Tier 2 capital	**-**		**-**
Total capital (TC = T1 + T2)	**1,438.8**		**1,438.8**
Total risk weighted assets	**2,068.1**		**2,068.1**
Capital ratios			
Common Equity Tier 1 (as a percentage of risk exposure amount)	69.6%		69.6%
Tier 1 (as a percentage of risk exposure amount)	69.6%		69.6%
Total capital (as a percentage of risk exposure amount)	69.6%		69.6%
Amounts below the thresholds for deduction (before risk weighting)			
Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	31.7		31.7
Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability)	16.5		16.5

JPMAMUK

As at December 31 2014 JPMAMUK's own funds have been calculated based on the audited financial statements as at December 31 2014.

JPMAMUK capital resources

Own funds solely consist of Common Equity Tier 1 capital. The authorised and issued share capital is fully paid. The authorised and issued share capital represents 24,000,000 ordinary shares of £1 each.

Retained earnings amounted to £440,964,000 as at December 31, 2014.

In addition there is a capital contribution amounting to £13,718,000 as at December 31, 2014.

JPMAMUK's own funds have been calculated in accordance with GENPRU2.2 Capital Resources and Annex 5 Capital resources table for BIPRU investment firm deducting illiquid assets.

Total deductions as at December 31, 2014 amounted to £37,828,616 and consist mainly of a deferred tax asset and JPMAMUK's investment in a joint venture.

JPMAMUK has no other outstanding capital Instruments, other than the shares mentioned above.

JPMAMUK has not applied any transitional provisions.

A description of the main features of the Common Equity Tier 1 instruments issued by the institution are shown on page 23.

The table below shows the Company's capital resources*. The table presents the components of regulatory capital as at 31 December 2014 using the format set out in Annex IV and Annex VI of the commission implementing regulation (EU).

	31 December 2014 Transitional Position	Transitional Impacts	31 December 2014 Fully Loaded Position
	£'m	£'m	£'m
Common Equity Tier 1 capital: instruments and reserves			
Capital instruments and the related share premium accounts	24.0		24.0
Retained earnings	441.0		441.0
Accumulated other comprehensive income (and other reserves)	16.7		16.7
Common Equity Tier 1 capital before regulatory adjustments	**481.7**		**481.7**
Common Equity Tier 1 capital: regulatory adjustments			
Additional Value Adjustments			
Illiquid Assets	(37.8)		(37.8)
Goodwill and intangible assets (net of related tax liability)			
Defined-benefit pension fund assets			
Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities			
Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative			
of which: free deliveries			
Losses for the current financial year			
Total regulatory adjustments to Common Equity Tier 1	**(37.8)**		**(37.8)**
Common Equity Tier 1 capital	**443.9**		**443.9**
Additional Tier 1 (AT1) capital			
Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1			
Tier 1 capital (T1 = CET1 + AT1)	**443.9**		**443.9**
Tier 2 capital: instruments and provisions			
Capital instruments and the related share premium accounts			
Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties			
of which: instruments issued by subsidiaries subject to phase out			
Tier 2 capital	**-**		**-**
Total capital (TC = T1 + T2)	**443.9**		**443.9**
Total risk weighted assets	**1,112.5**		**1,112.5**
Capital ratios			
Common Equity Tier 1 (as a percentage of risk exposure amount)	39.9%		39.9%
Tier 1 (as a percentage of risk exposure amount)	39.9%		39.9%
Total capital (as a percentage of risk exposure amount)	39.9%		39.9%
Amounts below the thresholds for deduction (before risk weighting)			
Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-		-
Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability)	-		-

* JPMAMUK's own funds have been calculated in accordance to GENPRU2.2 Capital Resources and Annex 5 Capital resources table for BIPRU investment firm deducting illiquid assets.

This table shows the main features of the Group's capital instruments. The table presents the main features of capital instruments as at 31 December 2014 using the format set out in Annex II and Annex III of the commission implementing regulation (EU).

		JPMAMIL	JPMAMUK
1	Issuer	JPMAMIL	JPMAMUK
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Private Placement	Private Placement
3	Governing law (s) of the instrument	English	English
Regulatory treatment			
4	Transitional CRR rules / BIPRU	CET1	CET1
5	Post-transitional CRR rules / BIPRU	CET1	CET1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo and Consolidated	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares with full voting rights	Ordinary shares with full voting rights
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	£220m	£24m
9	Nominal amount of instrument	£1.00	£1.00
9a	Issue price	£1.00	£1.00
9b	Redemption price	N/a	N/a
10	Accounting classification	Share capital	Share capital
11	Original date of issuance	£100.00 - 05 Apr 2001 £220,000,000 - 29 Sept 2003	£10,000.00 - 01 Apr 1974 £2,490,000 - 12 Aug 1987 £3,500,000 - 13 Mar 2000 £18,000,000 - 16 Apr 2003
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No Maturity	No Maturity
14	Issuer call subject to prior supervisory approval	No	No
15	Optional call date, contingent call dates and redemption amount	N/a	N/a
16	Subsequent call dates, if applicable	N/a	N/a
Coupons / dividends			
17	Fixed or floating dividend/coupon	N/a	N/a
18	Coupon rate and any related index	N/a	N/a
19	Existence of a dividend stopper	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully Discretionary	Fully Discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully Discretionary	Fully Discretionary
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/a	N/a
25	If convertible, fully or partially	N/a	N/a
26	If convertible, conversion rate	N/a	N/a
27	If convertible, mandatory or optional conversion	N/a	N/a
28	If convertible, specify instrument type convertible into	N/a	N/a
29	If convertible, specify issuer of instrument it converts into	N/a	N/a
30	Write-down features	N/a	N/a
31	If write-down, write-down trigger(s)	N/a	N/a
32	If write-down, full or partial	N/a	N/a
33	If write-down, permanent or temporary	N/a	N/a
34	If temporary write-down, description of write-up mechanism	N/a	N/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/a	N/a
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/a	N/a

The full terms and conditions of capital instruments can be found as registered at Companies House. A link to this location is provided on the Basel III page of the firm website, adjacent to this document. http://investor.shareholder.com/jpmorganchase/basel.cfm

4. Capital requirements (Art. 438)

A strong capital position is essential to the Firm’s business strategy and competitive position. The Firm’s capital strategy focuses on long-term stability, which enables the Firm to build and invest in market-leading businesses, even in a highly stressed environment.

JPMAMIL

Besides the Pillar I regulatory capital requirement, JPMAMIL performs an Internal Capital Adequacy Assessment Process (ICAAP) in accordance with IFPRU2.2[2]. The ICAAP is a regulatory requirement and an important tool for the Board and Senior Management. It consists of a number of interlinked components that form part of management and decision-making processes such as JPMAMIL's risk appetite, strategy, capital and risk management frameworks, and stress testing. This document summarises the outcome of how the ICAAP is used to assess the material risks to which JPMAMIL is exposed; how these risks are measured, managed, monitored and mitigated; and how much capital JPMAMIL should hold to reflect these risks now, in the future and under stressed conditions.

Pillar I capital requirement

In calculating the capital requirements as set out in article 92 of the CRR, JPMAMIL has applied article 95(1) of the CRR. The capital requirement for JPMAMIL is mainly exposed to foreign exchange risk and credit risk.

Pillar I credit risk capital requirement

For the purposes of article 92(3)(a) of the CRR, JPMAMIL has applied the standardised approach as outlined in Chapter 2 of Part Three, Title II of the regulation.

The table below shows the capital requirement for each exposure class specified in Article 112 of the CRR.

As at 31 Dec 2014 GBP £'m	0%	20%	50%	75%	100%	150%	250%	RWA	8% of RWA
Central governments and central banks			3.0		0.5			2.0	0.2
Public sector entities		0.5			0.5			0.7	0.1
Institutions		406.3			14.5	0.2		96.2	7.7
Retail				0.1				0.1	0.0
Corporates		0.8	15.3		209.9	0.5		231.6	18.5
Collective investment undertakings		792.8			325.4			459.5	36.8
High risk items						91.2	16.6	215.2	17.2
Other Items					4.2			4.2	0.3
								1,009.5	**80.8**

[2] FCA Prudential sourcebook for Investment Firms http://www.fshandbook.info/FS/html/FCA/IFPRU/

Pillar I market risk capital requirement

For the purposes of article 92(c) of the CRR, JPMAMIL has calculated its capital requirements relating to foreign exchange risk and commodity risk. To determine the capital requirements relating to foreign exchange risk JPMAMIL has applied 8% to the overall net foreign exchange position calculated in accordance with article 351 & 352 of the CRR.

The capital requirement for commodity risk is calculated in accordance with the 'simplified approach' outlined in article 360 of the CRR.

For additional information relating to JPMAMIL's market risk requirements refer to section 9.

Pillar II capital requirement:

Pillar II operational risk capital measurement

JPMAMIL is an intermediate holding company within the chain of companies that are all subsidiaries of JPMorgan Chase & Co. Operational risk capital adequacy is assessed at a consolidated group level excluding the insurance company, JPMorgan Life Limited for which capital is assessed separately under the ORSA regulations.

The approach used to calculate operational risk capital requirement for JPMAMIL is derived from the firmwide operational risk capital measurement, Advanced Measurement Approach (AMA). Firmwide operational risk capital is measured primarily using a statistical model based on the Loss Distribution Approach ("LDA"). The operational risk capital model uses actual losses (internal and external to the Firm), an inventory of material forward-looking potential loss scenarios and adjustments to reflect changes in the quality of the control environment in determining Firmwide operational risk capital. This methodology is designed to comply with the Advanced Measurement rules under the Basel framework.

For JPMAMIL, a quantitative model uses internal data to specify loss event frequency and external data recorded by asset management LOBs from the Operational Risk data exchange (ORX) to generate impact distributions. The qualitative validation of the model estimate consists of the following steps:

- analysis of "worst plausible case" operational risk scenarios, individually and in combination to check the order of magnitude of the statistical estimate;
- review of JPMAMIL's experience of internal losses;
- review of losses experienced by the asset management industry as a whole

Pillar II market risk capital measurement

For JPMAMIL's Pillar II market risk assessment, a VaR approach has been used to quantify required capital. JPMAMIL assumes a 100% mark down for co-investment positions as these are in alternative products and may be less liquid. JPMAMIL's balance sheet holds balances recorded in various currencies. While most of this is hedged back to the functional currency, some positions are left unhedged. A charge has been assigned to these currency exposures, by calculating the VaR of these positions at 99.9% confidence interval, 1 year horizon (The VaR for these currency exposures has been calculated using a Monte-Carlo simulation).

Pillar II credit risk capital measurement:

For JPMAMIL's Pillar II Credit risk assessment, the Internal Ratings Based (IRB) approach has been used to quantify required capital. The estimation process begins with internal risk-ratings assigned to the obligor and internal loss severity classifications assigned to the credit exposures. The obligor ratings are mapped to estimates of probability of default (PD) and the loss severity classifications are mapped to estimates of loss given default (LGD). PD and LGD assumptions and inputs used in evaluating and monitoring credit risk are independently validated by the model risk function which is separate from JPMAMIL. To calculate the credit capital requirement, JPMAMIL inputs its risk parameter estimates (PD, LGD) into the IRB risk weight formula. The IRB risk weight formula generates an estimate of expected losses at a 99.9% confidence level.

JPMAMIL capital requirement

Since the Pillar I capital calculation forms the binding minimum requirement, where the overall Pillar II assessment is lower than the equivalent calculation, the latter will dictate the capital level held by the entity, and only where the Pillar II assessment shows the overall Pillar I charge to be deficient will additional capital be held to satisfy the internal requirement.

The minimum internal capital requirement has been set to 8% in accordance with the regulatory limit under Pillar I.

The ICAAP analyses JPMAMIL`s capital adequacy at the assessment date and projected forward over a five-year planning horizon, including the effects of severe but plausible stress scenarios, to ensure that it maintains appropriate capital over internal and external capital minimum standards.

Based on the analysis undertaken, JPMAMIL's capital resources remain adequate to support the entity's underlying risk profile and strategic growth objectives.

JPMAMIL maintains a substantial capital surplus throughout the scenarios considered. JPMAMIL total capital ratio remains well above the required minimum level of 8% at all times and under all scenarios.

If additional capital were to be required, JPMAMIL would turn to its ultimate parent. We do not expect JPMAMIL to ask for more capital in the foreseeable future because the above mentioned businesses are not balance sheet intensive, profits are relatively stable and JPMAMIL does not hold an active credit portfolio.

Furthermore, as at December 31, 2014, the actual capital of JPMAMIL represented approximately 8.7 times the Pillar I and approximately 3.3 times the Pillar II risk capital requirements.

Our conclusion based on the ICAAP and the capital position analysis above is that JPMAMIL is adequately capitalised relative to the risks it is running, and relative to the projected business in JPMAMIL. This assessment will be kept under review as the business profile of JPMAMIL changes, and in any event at least annually.

JPMAMUK

Pillar I capital requirement

GENPRU 2.1.45R[3] requires JPMAMUK (a BIPRU firm) to hold the higher of the sum of the credit and market risk capital requirements or the fixed overhead requirement.

As at December 31 2014 JPMAMUK's capital requirement was based on its fixed overhead requirement.

Pillar I credit risk capital requirement

For the purposes of the credit risk capital requirement calculation as required by GENPRU 2.1.45R(1)(a) JPMAMUK has applied the standardised approach as outlined in BIPRU 3[4].

The table below shows the capital requirement for each exposure class specified in BIPRU3.2.9R.

As at 31 Dec 2014 GBP £'m	0%	20%	50%	75%	100%	150%	250%	RWA	8% of RWA
Central governments and central banks			0.1		1.9			2.0	0.2
Multilateral development banks	0.1							0.0	0.0
Public sector entities					0.4			0.4	0.0
Institutions		76.9						15.4	1.2
Corporates		2.0	2.7		108.0	0.3		110.3	8.8
Collective investment undertakings		432.8			33.9			120.4	9.6
High risk items						0.4		0.6	0.0
Other Items								0.0	0.0
								249.1	**19.8**

Pillar I market risk capital requirement

For the purposes of GENPRU2.1.45R(1)(b) JPMAMUK has calculated its capital requirements relating to foreign exchange risk. To determine the capital requirements relating to foreign exchange risk JPMAMUK has applied 8% to the overall net foreign exchange position calculated in accordance with BIPRU8.7.13R(2)(method one).

For additional information relating to JPMAMIL's market risk requirements refer to section 9.

Pillar II capital requirement:

There is no separate Pillar II capital requirements calculation for JPMAMUK. JPMAMUK is part of the ICAAP assessment as part of the JPMAMIL regulatory consolidation group. An internal capital allocation is performed to allocate the Pillar II capital requirement calculated at the consolidated level to each legal entity.

JPMAMUK capital requirement

Since the Pillar I capital calculation forms the binding minimum requirement, where the internal capital allocation is lower than the Pillar II calculation, the latter will dictate the capital level held by the entity, and only where the internal capital allocation shows the overall Pillar I charge to be deficient will additional capital be held to satisfy the internal requirement.

[3] FCA General prudential sourcebook http://www.fshandbook.info/FS/html/FCA/GENPRU/
[4] FCA Prudential sourcebook for Banks, Building Societies and Investment Firms http://www.fshandbook.info/FS/html/FCA/BIPRU/

The minimum internal capital requirement has been set based on its fixed overhead requirement.

As at December 31, 2014, the actual capital of JPMAMUK represented approximately 5 times the Pillar I and approximately 2.2 times the internal capital allocation.

Our conclusion based on the ICAAP and the capital position analysis above is that JPMAMUK is adequately capitalised relative to the risks it is running, and relative to the projected business in JPMAMUK. This assessment will be kept under review as the business profile of JPMAMUK changes, and in any event at least annually.

5. Exposure to counterparty credit risk (Art. 439)

Counterparty credit exposure arises from the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows.

JPMAMIL

JPMAMIL does not pursue credit risk or margin lending transactions as a way of earning additional shareholder returns. JPMAMIL enters into long settlement transactions in the form of derivative financial instruments consisting of foreign exchange contracts and futures contracts for hedging purposes. As JPMAMIL only enters into these financial instruments for hedging purposes it does not impose credit limits for counterparty credit exposures.

JPMAMIL applies the mark to market method as outlined in Article 274 of Section 3 of Chapter 6 of the CRR to its derivative exposures.

The table below shows the outstanding exposure:

As at 31 Dec 2014 GBP £'m	Gross Positive Fair value of contracts	Potential future credit exposure	Netting benefits	Net current credit exposure	Collateral held	Net derivatives credit exposure
Mark to market method	8.4	27.0	0.0	35.4	0.2	35.2

The table below shows outstanding amount of exposure held by contract type:

As at 31 Dec 2014 GBP £'m	Mark to market
Foreign exchange contracts	24.0
Equity contracts	6.6
Commodity other than precious metals contracts	4.8
	35.4

JPMAMUK

JPMAMUK does not pursue credit risk or margin lending transactions as a way of earning additional shareholder returns. JPMAMUK enters into long settlement transactions in the form of derivative financial instruments consisting of foreign exchange contracts for hedging purposes. As JPMAMUK only enters into these financial instruments for hedging purposes it does not impose credit limits for counterparty credit exposures.

JPMAMUK applies the mark to market method as outlined in BIPRU13.4 to its derivative exposures. As at 31 December 2014 JPMAMUK was in a liability position.

Wrong way risk

The firm may be exposed to additional credit risk as a result of the wrong way nature of certain OTC derivatives and securities financing trades, or the wrong way nature of collateral taken against OTC derivative exposures. Wrong way risk is broadly defined as the potential for increased correlation between the Firm's exposure to a counterparty and the counterparty's credit quality. JPMAMIL usage of OTC derivatives is generally for hedging purposes, and therefore wrong way risk is limited.

Credit rating downgrade

The impact of a downgrade in the Firm's credit rating is considered in the JPMorgan Chase & Co. SEC 10-K filing, at a firmwide level. The nature and magnitude of the impact of ratings downgrades depends on numerous contractual and behavioural factors (which the Firm believes are incorporated in its liquidity risk and stress testing metrics).

6. Credit risk adjustments (Art. 442)

Definitions

Impairment loss: amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount (IAS 36).

Past due: A financial asset is past due when a counterparty has failed to make a payment when contractually due (IFRS 7).

Credit risk exposures

It is the policy of JPMAMIL and JPMAMUK to raise provisions against specific bad and doubtful debts. The provisions are made on the basis of regular reviews of exposures and are deducted from the relevant asset.

JPMAMIL has elected to reverse any specific provisions for doubtful debts and included any impaired exposures in the calculation of the credit risk capital requirement to ensure conservative treatment.

As at 31 December 2014 no general specific risk adjustments or specific credit risk adjustments were applied to the calculation of the credit risk capital requirement.

Credit risk exposure under the standardised approach

JPMAMIL

As at 31 Dec 2014 GBP £'m	Exposure pre CRM	Average exposure Pre CRM over the year
Central governments and central banks	3.5	4.1
Public sector entities	1.0	2.9
Institutions	421.0	410.4
Retail	0.1	0.1
Corporates	226.5	243.9
Collective investment undertakings	1,118.2	1,228.7
High risk items	107.8	120.9
Other Items	4.2	4.8
Total	**1,882.3**	**2,015.8**

JPMAMUK

As at 31 Dec 2014 GBP £'m	Exposure pre CRM	Average exposure Pre CRM over the year
Central governments and central banks	2.0	2.9
Multilateral development banks	0.1	0.1
International Organisations	0.0	0.1
Public sector entities	0.4	1.4
Institutions	76.9	94.6
Corporates	113.0	109.0
Collective investment undertakings	466.7	445.6
High risk items	0.4	1.6
Other Items	0.0	0.0
Total	**659.5**	**655.3**

Geographical analysis of credit risk exposure under the standardised approach

JPMAMIL

As at 31 Dec 2014 GBP £'m Pre CRM	United Kingdom	Luxembourg	Other European	United States	Asia	Rest of the World	Total
Central governments and central banks					3.0	0.5	3.5
Public sector entities	0.4	0.1	0.5				1.0
Institutions	355.1	1.0	61.2	2.7		1.0	421.0
Retail	0.1						0.1
Corporates	48.2	117.6	24.0	13.9	14.5	8.3	226.5
Collective investment undertakings	324.8	793.4					1,118.2
High risk items	48.5	58.5	0.8				107.8
Other Items	2.0	2.0	0.2				4.2
Total	**779.1**	**972.6**	**86.7**	**16.6**	**17.5**	**9.8**	**1,882.3**

JPMAMUK

As at 31 Dec 2014 GBP £'m Pre CRM	United Kingdom	Luxembourg	Other European	United States	Asia	Rest of the World	Total
Central governments and central banks					1.1	0.9	2.0
Multilateral development banks				0.1			0.1
Public sector entities	0.4						0.4
Institutions	76.2					0.7	76.9
Corporates	38.2	26.4	14.1	11.2	10.4	12.7	113.0
Collective investment undertakings	16.5	449.9			0.3		466.7
High risk items	0.4						0.4
Other Items							0.0
Total	**131.7**	**476.3**	**14.1**	**11.3**	**11.8**	**14.3**	**659.5**

Industry analysis of credit risk exposure under the standardised approach

JPMAMIL

As at 31 Dec 2014 GBP £'m Pre CRM	Banks	Mutual Funds	Other	Total
Central governments and central banks	3.5			3.5
Public sector entities			1.0	1.0
Institutions	421.0			421.0
Retail			0.1	0.1
Corporates			226.5	226.5
Collective investment undertakings		1,118.2		1,118.2
High risk items		74.7	33.1	107.8
Other Items			4.2	4.2
Total	**424.5**	**1,192.9**	**264.9**	**1,882.3**

JPMAMUK

As at 31 Dec 2014 GBP £'m Pre CRM	Banks	Mutual Funds	Other	Total
Central governments and central banks	2.0			2.0
Multilateral development banks	0.1			0.1
Public sector entities			0.4	0.4
Institutions	76.9			76.9
Corporates			113.0	113.0
Collective investment undertakings		466.7		466.7
High risk items			0.4	0.4
Other Items				0.0
Total	**79.0**	**466.7**	**113.8**	**659.5**

Residual maturity analysis of credit risk exposure under the standardised approach

JPMAMIL

As at 31 Dec 2014 GBP £'m Pre CRM	On Demand	Under 1 year	Over 1 year, under 3 years	Over 3 years, under 5 years	Over 5 years, under 10 years	Over 10 years	Total
Central governments and central banks		3.5					3.5
Public sector entities		1.0					1.0
Institutions	369.4	51.6					421.0
Retail		0.1					0.1
Corporates		217.6	4.3			4.6	226.5
Collective investment undertakings		1,118.2					1,118.2
High risk items		85.6			22.2		107.8
Other Items		4.2					4.2
Total	**369.4**	**1,481.8**	**4.3**	**0.0**	**22.2**	**4.6**	**1,882.3**

JPMAMUK

As at 31 Dec 2014 GBP £'m Pre CRM	On Demand	Under 1 year	Over 1 year, under 3 years	Over 3 years, under 5 years	Over 5 years, under 10 years	Over 10 years	Total
Central governments and central banks		2.0					2.0
Multilateral development banks		0.1					0.1
Public sector entities		0.4					0.4
Institutions	76.9						76.9
Corporates		113.0					113.0
Collective investment undertakings		466.7					466.7
High risk items		0.4					0.4
Other Items							0.0
Total	**76.9**	**582.6**	**0.0**	**0.0**	**0.0**	**0.0**	**659.5**

Breakdown of past due and impaired assets by exposure class

JPMAMIL

As at 31 Dec 2014 GBP £'m Pre CRM	Past Due	Impaired	Total
Central governments and central banks	1.1	0.8	1.9
Public sector entities			
Institutions			
Retail			
Corporates	23.6	0.4	24.0
Collective investment undertakings			
High risk items			
Other Items			
Total	24.7	1.2	25.9

JPMAMUK

As at 31 Dec 2014 GBP £'m Pre CRM	Past Due	Impaired	Total
Central governments and central banks	1.1	0.8	1.9
Multilateral development banks			
Public sector entities			
Institutions			
Corporates	6.8	0.4	7.2
Collective investment undertakings			
High risk items			
Other Items			
Total	7.9	1.2	9.1

Breakdown of past due and impaired assets by geographic location

JPMAMIL

As at 31 Dec 2014 GBP £'m Pre CRM	United Kingdom	Luxembourg	Other European	United States	Asia	Rest of the World	Total
Past due	9.8	0.2	2.5	3.4	4.3	4.5	24.7
Impaired	0.3				0.9		1.2
Total	10.1	0.2	2.5	3.4	5.2	4.5	25.9

JPMAMUK

As at 31 Dec 2014 GBP £'m Pre CRM	United Kingdom	Luxembourg	Other European	United States	Asia	Rest of the World	Total
Past due	2.6		1.1	1.6	2.4	0.2	7.9
Impaired	0.3				0.9		1.2
Total	2.9	0.0	1.1	1.6	3.3	0.2	9.1

Reconciliation of changes in the specific and general credit risk adjustments*

As at 31 Dec 2014 GBP £'m Pre CRM	JPMAMIL	JPMAMUK
Opening balance - 1 January 2014	0.0	0.0
Acquisitions & Disposals		
Exchange and other adjustments	0.0	0.0
Unwind of discount		
Amounts written off		
Recoveries	0.0	0.0
Amounts charged against profit	1.2	1.2
Closing balance - 31 December 2014	1.2	1.2

* JPMAMIL has elected to reverse any specific provisions for doubtful debts and included any impaired exposures in the calculation credit risk capital requirement to be conservative. All amounts relate to specific exposures and recorded directly to the income statement.

7. Unencumbered assets (Art. 443)

As at December 31, 2014 the encumbrance of assets was calculated according to Article 443 CRR and Regulation (EU) 2015/79 for the first time.

A copy of the report is available at http://investor.shareholder.com/jpmorganchase/basel.cfm

8. Use of External Credit Assessment Institutions (Art. 444)

The external credit assessment institutions (ECAIs) used in the determination of credit quality steps are Moody's and Standard and Poor's. The ratings from each of these ECAIs are used for all standardised risk classes apart from risk classes with a default risk weight.

JPMAMIL and JPMAMUK comply with the standard association published by the EBA.

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

Credit quality step analysis of pre & post CRM exposure and capital deductions under the Standardised Approach

JPMAMIL

As at 31 Dec 2014 GBP £'m Pre & Post CRM	Credit quality step 1	Credit quality step 2	Credit quality step 3	Credit quality step 4	Credit quality step 5	Credit quality step 6	Unrated	Total
Central governments and central banks			0.1				3.5	3.6
Public sector entities							1.0	1.0
Institutions	382.6	13.9	7.3			0.2	17.0	421.0
Retail							0.1	0.1
Corporates	0.8	15.3	0.3	0.1	0.2	0.1	208.5	225.3
Collective investment undertakings	792.7						325.4	1,118.1
Equity							105.5	105.5
High risk items							107.6	107.6
Other Items							95.4	95.4
Total	**1,176.1**	**29.2**	**7.7**	**0.1**	**0.2**	**0.3**	**864.0**	**2,077.6**

JPMAMUK

As at 31 Dec 2014 GBP £'m Pre & Post CRM	Credit quality step 1	Credit quality step 2	Credit quality step 3	Credit quality step 4	Credit quality step 5	Credit quality step 6	Unrated	Total
Central governments and central banks			0.1				3.8	3.9
Multilateral development banks							0.1	0.1
Public sector entities							0.4	0.4
Institutions	3.4	72.8					0.7	76.9
Corporates	2.0	3.4	0.5	0.3	0.1		108.8	115.1
Collective investment undertakings	432.8						33.9	466.7
Equity							10.4	10.4
High risk items							0.4	0.4
Other Items							18.3	18.3
Total	**438.2**	**76.2**	**0.6**	**0.3**	**0.1**	**0.0**	**176.8**	**692.2**

9. Exposure to market risk (Art. 445)

Market risk is the risk of loss arising from movements in market variables, such as interest rates, exchange rates and equity prices.

The consolidated market risk capital requirement has been calculated in accordance with article 351 & 352 of the CRR. For JPMAMUK the market risk capital requirement was calculated in accordance with BIPRU 8.7.13R(2) (method one).

On a solo entity level, the mismatch between the cost of the subsidiary in the parent's accounts and the subsidiary's net value in the subsidiary's own books results in market risk capital requirements. However, when considering JPMAMIL as a single undertaking and applying the market risk capital requirement to the group on a consolidated basis, all such mismatches would be eliminated. The remaining exposure will be a result of any unhedged FX positions on the balance sheet. This approach is applied for the Pillar II market risk calculation.

In addition to its exposure to foreign exchange risk JPMAMIL also has an exposure to commodity risk. The capital requirement for commodity risk is calculated in accordance with the 'simplified approach' outlined in article 360 of the EU CRR.

Business Overview

- JPMAMIL does not keep a trading book and does not pursue market risk as a way of earning additional shareholder returns.
- The companies in the JPMAMIL group do not pursue market risk as a way of earning additional shareholder returns. All exposures subject to market risk must comply with the JPMorgan Asset Management Global Market Risk Capital Policy. Positions are marked to market and monitored by Finance and circulated to senior management on a monthly basis.
- JPMAMIL uses forward FX contracts to manage certain foreign currency exposures in respect of its balance sheet.
- Investments in subsidiaries are hedged at net book value of the subsidiary in the subsidiary's functional currency.

Market Risk Management

The companies in the JPMAMIL group do not pursue market risk as a way of earning additional shareholder returns. All exposures subject to market risk must comply with the JPMorgan Asset Management Global Market Risk Capital Policy. Positions are marked to market and monitored by Finance and circulated to senior management on a monthly basis.

Market Risk Quantification

As at 31 Dec 2014 GBP £'m	Commodity risk	Market risk	Total
JPMAMIL	1.0	70.5	71.5
JPMAMUK	0.0	4.8	4.8

10. Operational Risk (Art. 446)

Under the rules for a limited licence firm, there is no Pillar I operational risk requirement for JPMAMIL, or JPMAMUK.

11. Exposure to equities not included in the trading book (Art. 447)

JPMAMIL has various equity exposures in its non trading book. The exposures consist of the following:

Liquidity fund holdings

As part of the group's liquidity policy all entities in JPMAMIL manage their liquidity risk by investing in readily realisable assets, keeping cash in AAA rated money market funds which qualify as short-term money market funds in accordance with ESMA guidelines or in a JPMorgan demand deposit account in order that liabilities can be paid as they fall due.

Seed capital

Seed capital is defined to be capital normally invested in funds at their launch with the intention of ensuring that the product is of sufficient size to represent a viable offering to clients or to enable the manager to develop a commercially attractive track record. Seed capital holdings are marked to market.

Co-investments

Co-investments are defined as equity capital invested alongside third-party investors typically in privately distributed collective vehicles managed by JPMAMIL, including open-ended funds such as hedge funds, and closed-ended funds such as private equity funds or certain real asset funds. Co-investments are marked to market.

Other collective investment undertakings

- Deferred compensation hedge positions - the Group recognises a liability relating to deferred incentive compensation for certain of its employees, which tracks the performance of specific funds. In order to hedge the associated liabilities, purchases of units in these funds are executed to materially offset profit or loss generated from the movement in the fair value of the liability.
- Box positions held by JPMorgan Funds Ltd., within defined limits, for the purpose of matching future client orders where there are regular volumes of customer sales and purchases (e.g., UK OEICs). Market risk exposure on box positions is limited on a fund by fund basis, depending on risk category, and overall;
- Investment holdings to maintain compliance with German tax transparency requirements for funds.

All exposures are marked to market.

Breakdown of equity exposures in the banking book

As at 31 Dec 2014 GBP £'m	JPMAMIL	JPAMUK
Fair value of equity exposures recognised on the balance sheet		
Exchange traded	13.5	-
Private Equity	6.0	-
Other investment undertakings	1,187.1	466.7
Total	**1,206.6**	**466.7**
Cumulative realised gain or (losses) arising from sales and liquidations for the period	0.4	(0.5)
Unrealised Gains and (losses)		
Total gains or (losses)	48.6	18.7
Amount included in CET1	5.4	(2.7)
Latent revaluation gains/ (losses)		
Total gains/losses	-	57.6
Amount included in CET1	-	-

12. Exposure to interest rate risk on positions not included in the trading book (Art. 448)

Definition

Interest rate risk is the risk to earnings or capital arising from movement of interest rates. JPMAMIL group entities do not deliberately take positions to benefit from movement in interest rates.

Interest rate risk impacts JPMAMIL's cash and liquidity fund holdings, seed capital and other collective investment undertakings.

Firmwide approach to Interest Rate Risk in the Banking Book

The firm's interest rate risk in the banking book results from traditional banking activities, which includes the extension of loans and credit facilities, and taking deposits (collectively referred to as non-trading activities), and the impact from the investment securities' portfolio and other related Treasury asset-liability management activities. Chief Investment Office (CIO) manages IRRBB exposure on behalf of the firm by identifying, measuring, modelling and monitoring IRR across the firm's balance sheet. CIO identifies and understands material balance sheet impacts of new initiatives and products and executes market transactions to manage IRR through CIO investment portfolio's positions. Execution by CIO will be based on parameters established by senior management, per the CIO Investment Policy. Lines of businesses are responsible for developing and reviewing specific LOB IRR modelling assumptions. In certain Legal entities, Treasury manages IRR in partnership with CIO.

Measures to manage IRR at firmwide level are:

Earnings-at-risk: Primary measure used to gauge the firm's shorter term IRR exposure which measures the sensitivity of pre-tax income to changes in interest rates over rolling 12 months compared to base scenario (Level 1 Market Risk limit applied). The Firm conducts simulations of changes in structural interest rate-sensitive revenue under a variety of interest rate scenarios for interest rate-sensitive assets and liabilities.

Duration of Equity: Primary measure to determine the firm's long-term exposure to interest rate changes. Duration of Equity is calculated by measuring the change in the discounted value of asset, liability, and off-balance sheet cash flows for 100 basis point change in interest rates, divided by the book value of equity (Level 1 Market Risk limit applied);

Additional scenario analysis, including Firmwide Stress Initiative (FSI) scenarios and bespoke scenarios are run as part of regular reporting.

IRR limits are part of the firmwide market risk limits framework, which is documented in the firmwide Market Risk Management policy.

Sensitivity of the banking book to interest rate changes

GBP £'m	Change in economic value	
	+200 basis points	-200 basis points
JPMAMIL		
EUR	4.3	(4.2)
USD	(0.3)	0.3
GBP	3.8	(3.6)
Other	1.1	(1.1)
	8.9	**(8.6)**
JPMAMUK		
EUR	1.3	(1.3)
USD	1.7	(1.7)
GBP	6.4	(6.2)
Other	0.8	(0.8)
	10.2	**(10.0)**

13. Remuneration policy (Art. 450)

Separate remuneration disclosures are included on the Pillar III disclosures website of the Firm with more details on remuneration policies and related financial information.

A copy of the report is available at http://investor.shareholder.com/jpmorganchase/basel.cfm

14. Leverage (Art. 451)

As at 31 December 2014 JPMAMIL had a leverage ratio of 54%. The leverage ratio was calculated based on Tier 1 capital per article 429(3) of the EU CRR. The leverage ratio disclosed is the end-of-quarter leverage as permitted by the FCA as outlined in Policy Statement 13/10 published in December 2013.

The JPMAMIL group calculates leverage ratio results in conjunction with capital ratios. Due to the nature of the business conducted within JPMAMIL and the capital rules applicable to JPMAMIL, the risk weighted assets and leverage ratio exposure measure differs only due to deductions. The risk of excessive leverage is monitored as part of the assessment of the capital ratios.

A separate leverage ratio is not required to be calculated for JPMAMUK.

The table below presents the breakdown of the leverage ratio total exposure measure as at 31 December 2014 using the format set out in Annex I of the commission implementing regulation (EU)

Table LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		Applicable Amounts
		£ 'm
1	Total assets as per audited financial statements	2,803.1
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR")	
4	Adjustments for derivative financial instruments	27.0
5	Adjustments for securities financing transactions "SFTs"	
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	31.0
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	
EU-6b	(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	
7	Other adjustments	- 206.6
8	Total leverage ratio exposure	2,654.5

Table LRCom: Leverage ratio common disclosure

		CRR leverage ratio exposures
On-balance sheet exposures (excluding derivatives and SFTs)		£ 'm
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	2,788.5
2	(Asset amounts deducted in determining Tier 1 capital)	- 200.0
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	2,588.5
Derivative exposures		
4	Replacement cost associated with *all* derivatives transactions (ie net of eligible cash variation margin)	8.0
5	Add-on amounts for PFE associated with *all* derivatives transactions (mark-to-market method)	27.0
EU-5a	Exposure determined under Original Exposure Method	
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	
8	(Exempted CCP leg of client-cleared trade exposures)	
9	Adjusted effective notional amount of written credit derivatives	
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	
11	Total derivative exposures (sum of lines 4 to 10)	35.0
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	
14	Counterparty credit risk exposure for SFT assets	
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	
15	Agent transaction exposures	
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	31.0
18	(Adjustments for conversion to credit equivalent amounts)	
19	Other off-balance sheet exposures (sum of lines 17 to 18)	31.0
Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)		
EU-19a	(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	
Capital and total exposures		
20	Tier 1 capital	1,438.8
EU-21a	Exposures of financial sector entities according to Atricle 429(4) 2nd subparagraph of the CRR	
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	2,654.5
Leverage ratio		
22	Leverage ratio	54%
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	

Table LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)		
		CRR leverage ratio exposures
		£ 'm
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	2,788.0
EU-2	Trading book exposures	-
EU-3	Banking book exposures, of which:	2,788.0
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	4.0
EU-6	Exposures to regional governments, MDB, international organisations and PSE	1.0
EU-7	Institutions	404.0
EU-8	Secured by mortgages of immovable properties	
EU-9	Retail exposures	-
EU-10	Corporate	226.0
EU-11	Exposures in default	
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation	2,153.0

15. Use of credit risk mitigation techniques (Art. 453)

As at December 31, 2014, no financial collateral or guarantees were applied to the credit risk exposure under the standardised approach by JPMAMIL or JPMAMUK.

16. Disclosures not applicable

The following Articles of CRR are not applicable to JPMAMIL or JPMAMUK as at December 31, 2014:

- Capital buffers (Art. 440)
- Indicators of global systemic importance (Art. 441)
- Exposure to securitisation positions (Art. 449)
- Use of the IRB Approach to credit risk (Art. 452)
- Use of the Advanced Measurement Approaches to operational risk (Art. 454)
- Use of Internal Market Risk Models (Art. 455)