

J.P. MORGAN EUROPE LIMITED
(Registered Number: 00938937)

Annual report for the year ended 31 December 2024

J.P. MORGAN EUROPE LIMITED
Annual report for the year ended 31 December 2024

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Chair's statement

Overview

2024 represented the third full year of operation of Chase, following its launch in September 2021. The strategic vision for the International Consumer Banking business continues to be to bring the benefits of a modern and secure cloud-based technology platform, market leading customer service, strong brand, innovative propositions and the backing of the JPMorgan Chase & Co. Group to consumer banking markets outside of the United States of America ("U.S."), starting with the United Kingdom ("UK"). The Board of Directors ("the Board") is pleased with the progress made in 2024 towards realising that ambition.

Performance

During 2024, the business continued its momentum with growth in customer numbers, transactional activity and savings balances. By year end, customer numbers were approaching 2.5 million with total customer balances of over £20 billion with this balance growth largely driven by a number of new savings offers. In November 2024, the business started a phased roll-out of its first credit card to an initial group of highly engaged customers, extending the product offering and serving an additional need for its customers. Functionality in the banking app has continued to be improved and there are encouraging signs of Chase customers using the app to add to and manage their investment accounts held with Nutmeg Saving and Investment Limited via the Chase App. The Chase brand continues to build recognition in the UK and has been recognised externally for its service and experience. It ranked third in 2024, for overall service quality amongst personal current account providers in the Competition & Markets Authority ("CMA") biannual consumer survey, while consumers voted it the UK's top-rated bank for customer satisfaction in YouGov's consumer banking rankings. In 2024, Chase won Best British Bank and Best Current Account Provider for the second consecutive year at the 2024 British Bank Awards. It was also named Banking App of the Year, App-only Savings Provider of the Year, and Consumers' Choice at the Moneyfacts Consumer Awards 2024.

In 2024, the Chase business deepened its commitment to the UK, becoming the Official Banking Partner of the Home Nations Football Teams, working with the England, Northern Ireland, Scotland, and Wales Men's, Women's, Youth and Para national teams. At the heart of the partnership is the Home Nations football coaching programme which provides fully funded coaching qualifications to people from under resourced communities across the UK.

The Board continues to spend time on the strategy as the business grows and matures with a board offsite focused on this. During the year, the Board's focus is on ensuring that the business grows safely and securely and in accordance with JPMorgan Chase & Co. standards and regulatory requirements - to this end the Board has invested time on customer propositions, technology and operational resilience, customer service, marketing, consumer duty and financial resilience of the UK regulated bank.

Outlook

The Board remains very positive about the outlook for the Chase business and are confident that the strategy of building a full-service digital bank with a scalable modern infrastructure with seamless access to investment products offered by Nutmeg Saving and Investment Limited via the Chase App. Further propositions will be available during the course of 2025 and beyond which are anticipated to add value to Chase customers and deepen our relationships with them.

Board Composition

The Board has continued to evolve as the Chase business grows and scales. Considerable attention has been paid to developing a board that is diverse and commensurate in expertise to the anticipated growth of the business. During 2024, the Board appointed Jakub Fast as the Chief Executive Officer ("CEO"), following the departure of the prior CEO. Two additional changes on the Board included Diane Macfarlane succeeding Ann Doherty, who retired from the firm in 2024, and Kevin Watters selected from a slate of potential candidates as the preferred candidate to replace Jane Moran, who had informed the Board of her intention to step down from the Board upon a successor being sourced. To ensure the connectivity of Chase with the Firm's broader strategy, the Board agreed that it was in the best interests of the Company and its shareholders for Sanoke Viswanathan (who stepped down as the interim CEO following J. Fast's appointment) to remain on the Board as a director.

Acknowledgment

I would like to thank my fellow Board members, our company secretary, management and our employees for their commitment, skill, and dedication during 2024.



Clive Adamson

Chair
16 April 2025

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Strategic report

The directors present their Strategic report of J.P. Morgan Europe Limited (the "Company" or "JP MEL") for the year ended 31 December 2024.

Overview

The Company is incorporated in England and Wales. It is an indirect subsidiary of JPMorgan Chase Bank, National Association ("JPMorgan Chase Bank, N.A."), a national banking association in the U.S. and a principal subsidiary of JPMorgan Chase & Co. ("JPMorganChase" or the "Firm"). JPMorganChase, a financial holding company incorporated under Delaware law in 1968, is a leading financial services Firm based in the U.S., with operations worldwide.

The Company had £25,450 million in assets and £2,327 million in equity as at 31 December 2024.

The Company is required to report climate-related financial information under the Companies Regulations 2022¹ ("UK CFD") within the Non-Financial and Sustainability Information Statement contained in the Strategic Report.

Review of business

The directors are satisfied with the performance of the Company. The focus for the Company has been on developing its digital retail bank, Chase. The expansion of the business will continue to impact net income for the foreseeable future with revenue streams developing over time as new products are launched.

Key performance indicators ("KPIs")

A summary of the key performance indicators used to manage the business during the past year is set out below. The development of the Chase business in the Company is also monitored by reviewing current and projected earnings. The higher deposit base coupled with an increase in interest rates contributed to the increase in income and lower losses.

Financial performance (in £'000's except for capital ratios)	2024	2023
Earnings		
Profit before taxation	37,020	8,595
Profit for the year	26,775	9,522
Statement of financial position		
Total assets	25,449,940	18,783,436
Capital ratios		
Total Capital (Common Equity Tier 1)	2,326,946	1,428,641
Risk Weighted Assets ("RWA") (unaudited)	627,898	439,961
Total Capital (CET1 capital) ratio	371%	325%

The Company's capital ratio as of 31 December 2024 and 2023 exceeded the minimum capital requirements, as well as the additional regulatory buffers.

Capital resources utilised to calculate 2024 capital ratios include current year audited profits.

Income statement

The income statement for the year ended 31 December 2024 is set out on page 63. The results for the Company show a profit before taxation of £37 million for 2024 (2023: £9 million) and a profit for the financial year of £27 million (2023: £10 million). Income was up year on year primarily due to higher customer deposits. The notes to the financial statements provide detail on material items of expenditure related to the business.

Statement of financial position

The statement of financial position is set out on page 65. As at 31 December 2024, the Company had total assets and total liabilities of £25,450 million (2023: £18,783 million) and £23,123 million (2023: £17,354 million), respectively. Total assets and liabilities have increased overall following the continued growth of the retail bank. The customer deposits from the retail bank operations make up most of the liabilities, which has resulted in a corresponding increase in assets. These are mainly balances held with other JPMorganChase undertakings. During the year, the Company received a capital injection from its immediate parent undertaking, J.P. Morgan Capital Holdings Limited, of £868 million (2023: £nil).

¹ The Regulations amend sections 414c, 414CA, and 414CB of the Companies Act 2006.

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Strategic report (continued)

Future outlook

The strategic goal of the Company is to become a profitable full service retail bank in the UK, with a multi-product roadmap and new products targeted in various areas. The future objective is to optimise the business and deepen customer engagement. Existing products will be enhanced to deliver a broader range of features for customers, and the credit card offering will be expanded to a wider customer base. As part of the integration with Nutmeg Saving and Investment Limited ("Nutmeg"), a JPMorgan company, Chase customers can open an investment account with Nutmeg directly through the Chase app. The Company will maintain the UK Depository Services business.

Geopolitical factors

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

The Firm and the Company continue to monitor potential secondary impacts of geopolitical conflicts, including increased market volatility, inflationary pressures and the effects of financial and economic sanctions imposed by various Governments on its businesses. The Firm and the Company also continue to monitor and manage the operational risks associated with geopolitical tensions, including expectations on the potential impacts of tariffs, compliance with sanctions and the increased risk of cyber-attacks.

Section 172(1) Companies Act 2006 Statement

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

The factors the directors must consider are:

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

While not every factor may be relevant to every decision the Board makes, considering the Company's stakeholders is a fundamental aspect of the Board's decision-making and the Board recognises the importance of considering the potential impacts of its decisions on its relationships with stakeholders in delivering the Company's strategy in line with the wider Firm's How We Do Business principles.

Supporting the Board's commitment to stakeholders

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

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

The Board is also supported in its work by four Board Committees, whose responsibilities are delegated by the Board and are described further on pages 44 - 55, and by the Europe, Middle East and Africa ("EMEA") Management Committee ("EMC").

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Strategic report (continued)

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

Environmental, Social and Governance ("ESG") Governance

As outlined in the Firmwide 2024 Climate Report, available at [JPMC 2024 Climate Report](#)¹ (the "JPMC 2024 Climate Report"), JPMorganChase aims to help its clients navigate the challenges and realise the economic opportunities of the transition to a low-carbon economy. These efforts are guided by the three pillars of the Firm's environmental sustainability strategy — scaling green solutions, balancing environmental, social and economic needs, and managing our operational footprint.

The Company supports the Firm's strategies in relation to ESG matters, within the scope of the International Consumer Banking's ("ICB") services and scale. The Company is primarily a digital-only retail bank and provider of depository services, and as of December 2024, it also offers credit cards to a limited number of existing Chase external customers which do not include climate characteristics and objectives. Given the nature of the Company's business, the directors believe that information about climate related opportunities and their potential impact on the Company's business model and its resilience, and about the identification, assessment and measurement of such opportunities is not necessary to provide an understanding of the Company. The Firm's approach to environmental sustainability can be found in the JPMC 2024 Climate Report. The directors consider that climate related risks and opportunities are aligned with those of the Firm.

Climate-related and sustainability considerations are an evolving area for the Company. Assessment of the impact of these considerations will be informed by any future developments in the Company's business model and strategy.

Relationships with stakeholders

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

The Company's Board's utilises this information to take proper account of stakeholder impacts and interests in decision-making.

Further information on the Company's engagement with its stakeholders is included in the Statement of Corporate Governance Arrangements on pages 44 - 55 and is incorporated by reference into this statement.

¹ Available at: www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/Climate-Report-2024.pdf

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Strategic report (continued)

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

Decision-making

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

- The Board has continued to evolve as the Chase business grows and scales, which includes the ongoing decision-making and oversight required in respect of it. The Board appointed Jakub Fast as the CEO, following a search for a suitable candidate to replace the former CEO. The Board considered that J. Fast was the right candidate in Chase's journey to appoint as its CEO as he would help the business focus on the build-out of Chase. J. Fast, alongside additional board director changes during 2024 have strengthened the skills and experience on the Board, having regard to the long-term success of the Company. To ensure the connectivity of Chase with the Firm's broader strategy, the Board agreed that it was in the best interests of the Company and its shareholders for Sanoke Viswanathan (who stepped down as the interim CEO following J. Fast's appointment) to remain on the Board as a director.
- The Board considered and approved the Modern Slavery Act Group Statement for the year 2023 under s.54 of the Modern Slavery Act 2015. In considering the statement, the board considered the importance of fostering business relationships with suppliers and the impact of the decision within the community, in the context of the Company's ability to demonstrate the steps taken to combat slavery and human trafficking in its supply chain and its own business. Setting out these steps provided the Board with a valuable check point on the Company's effort in this regard.
- The Board continues to hold an annual Strategy Day. This enables the Board to focus on the forward-looking vision for the expansion of the Chase business, which included product, brand and growth strategy factoring in the macro environment and regulatory requirements and the long-term vision for Chase and its path to profitability. During 2024, at quarterly board meetings, the Board continued to dedicate time to focus on strategic topics and on matters relating to the s172(1) factors on the strategy for the business and the forward-looking trajectory and the ever-changing regulatory horizon.
- Management, with oversight by the Board, has been considering the strategy and long-term implications of the regulatory requirements for ring-fencing the Chase business if its total core deposits exceed the ring-fencing deposits threshold of £35 billion as Chase's deposit balances increase.
- The Board Risk Committee and the Board considered and approved the annual Internal Capital Adequacy Assessment Process ("ICAAP") and the Internal Liquidity Adequacy Assessment Process ("ILAAP"); such consideration included briefing sessions for directors on the ICAAP and ILAAP. In determining whether to approve the ICAAP and ILAAP documents, the Board considered the long-term success of the Company and was satisfied that the Company had sufficient resources to meet its regulatory capital and liquidity requirements.
- As Chase continues on its journey to expand its product offering, the Board continues to provide oversight on the launch of new products, which has included the Bonus Saver accounts during 2024, by ensuring the readiness of the business, resourcing and timing factoring in the macroeconomic and control environment and ensuring mechanisms are in place for new products to be rolled out in a controlled manner. The Board's involvement in product launches has encompassed the phased roll-out of its first credit card to an initial group of highly engaged customers, with the Board also taking into consideration the Company's relationships with its customers, third parties, stakeholders and Consumer Duty obligations.
- Since the publication of the Consumer Duty regulation in 2022, the Board along with the Consumer Duty Champion, has been receiving metrics throughout the year. The Board consistently incorporates Consumer Duty into its discussions and challenges management on their focus on customer outcomes. The Board approved its first Annual Consumer Duty Board Report, ensuring that the Company complied with its obligations under the Consumer Duty. The focus on delivering good customer outcomes, particularly for vulnerable customers, demonstrates the Board's commitment to fostering strong relationships with customers and maintaining a reputation for high standards of business conduct.

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Strategic report (continued)

Regulatory developments

Loss absorbency requirements

The UK minimum requirement for own funds and eligible liabilities ("MREL"), which is intended to facilitate the resolution or recapitalisation of a financial institution without causing financial instability and without recourse to public funds, is defined in the Bank of England ("BoE") Statement of Policy on its Approach to Setting MREL ("MREL SoP"). The MREL SoP includes requirements on the internal MREL resources to be held by UK material subsidiaries of overseas groups.

The Company continues to meet applicable UK MREL requirements.

Climate Risk

The Prudential Regulation Authority ("PRA") first set its supervisory expectations in 2019 (SS3/19 - Enhancing banks' and insurers' approaches to managing the financial risks from climate change) and completed those subsequently with further guidance and reports regarding the management of climate-related financial risks in the areas of strategy, governance, risk management, scenario analysis, risk reporting and disclosure. Addressing the risks arising from climate change has been a supervisory priority for the PRA since 2021 and remains a priority today. The PRA has stated that it has begun work to update SS3/19 and will consult on these updates in 2025.

Refer to Risk Management section on page 35 - 36 for details on the Company's approach to climate risk.

The Company is required to report climate-related financial information under the Companies Regulations 2022 ("UK CFD") within the Non-Financial and Sustainability Information Statement contained in the Strategic Report.

Refer to page 39 for the Company's disclosure to comply with these regulations.

Consumer Duty

The Financial Conduct Authority's ("FCA") Consumer Duty (the "Duty") came into force in July 2023. The Duty applies to the regulated and ancillary activities of all firms regulated under the Financial Services and Markets Act 2000, the Payment Services Regulations 2017, and E-money Regulations 2011 in respect of products and services for prospective and actual retail customers.

For new and existing products or services that are open to sale or renewal the rules came into force on 31 July 2023. For closed products and services, the rules came into force on 31 July 2024. The Duty requires the Company to act to deliver products and services which provide good outcomes, meet consumer needs and offer fair value to their retail customers. Retail customers should receive communications they can understand and get the customer support they need, and when they need it. The Duty also requires firms to demonstrate that they are meeting the requirements of the Duty and have appropriate governance and reporting in place to do this.

The Company oversees two retail facing products that are subject to Consumer Duty:

- Chase – open/existing product, was subject to 31 July 2023 implementation of the Duty
- Post Office Card Account ("POCa") – closed product as of August 2022, was subject to the 31 July 2024 implementation of the Duty

Governance arrangements and implementation programmes were established to coordinate and oversee the required changes to support rolling out compliance with the Duty. The Company implemented the necessary regulatory obligations pursuant to the Duty before the compliance dates of 31 July 2023 for new and existing products and services as well as 31 July 2024 for closed products, with appropriate business monitoring of key performance and customer outcome indicators ("COIs"). It continues to review Duty related regulatory publications and feedback on a regular basis and incorporate feedback, as required. Regular deep dive sessions on the Duty are also held within ICB staff, covering key areas of regulatory focus, outcome areas and best practice examples.

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Strategic report (continued)

Regulatory developments (continued)

Digital regulation

In 2024, the BoE and FCA each published an Artificial Intelligence ("AI") strategy in response to the UK government's White Paper on AI regulation, setting out their intended approach to regulating AI. The FCA emphasised their intention to take a technology neutral, outcomes-focused approach to regulation to ensure firms have the flexibility to adapt and innovate and to use the existing regulatory framework as a basis for regulating AI rather than introducing new regulation. The BoE, including the PRA, similarly noted their intention to take a technology-agnostic approach to supervision and regulation of AI and not to introduce any new regulation for the time being. Following this, in November 2024, the BoE published and FCA published the results of their third survey of AI in UK financial services which notably found 75% of firms are already using AI (up from 58% in 2022). To further inform their future regulatory approach, the FCA also published a Call for Input in November 2024 on current and future use cases of AI in financial services (closed 31 January 2025).

In 2025, the UK Government has taken further steps in setting out its AI priorities through publication of its "AI Opportunities Action Plan" which lays out how the UK could harness AI for economic growth across different areas. In January 2025, the UK House of Commons Treasury Select Committee also issued a Call for Evidence on uses of AI in banking, pensions and other financial services to inform an inquiry on the potential impacts of the increased use of AI in financial services.

UK Capital Regime

Following the UK's withdrawal from the EU, the legislative and regulatory framework for financial services has been amended on the back of the EU (Withdrawal) Act 2018 ("EUWA") to ensure that it continues to operate as intended post-exit.

Extensive amendments to the prudential regulatory framework were made through the Financial Services Act 2021. These covered aspects of the Basel III standards that were introduced into the EU Capital Requirements Regulation but that did not apply across the EU until after the end of the Brexit transition period – the CRR rules – as well as the finalisation of the rules with respect to the implementation of the Basel III framework (globally agreed between 2017-2019), also referred to as the Basel 3.1 standards, that have not yet been implemented by the UK. The remaining elements focus on revisions to the credit risk and operational risk calculation methods, reducing the use of and reliance on internal modelling approaches, and introduce internationally agreed changes to the market risk framework.

The PRA published its near-final Basel 3.1 rules in September 2024. The PRA intends to finalise the rules following the passage of relevant government legislation. The near-final rules are largely aligned with the internationally agreed Basel III principles. The PRA announced in January 2025 a delay to the implementation date of its Basel 3.1 rules to 1 January 2027, to allow more time for greater clarity to emerge about plans for its implementation in the United States.

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Strategic report (continued)

Risk factors

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

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

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

Risk management

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

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

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

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

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

For details on the Firm's and Company's risk governance framework, please refer to the specific section in the Statement of Corporate Governance Arrangements on pages 44 - 55.

All disclosures in the Risk management section (pages 8 - 36) are unaudited unless otherwise stated.

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

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Strategic report (continued)

Risk management (continued)

Capital risk (audited)

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

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

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

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

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

- Minimum risk-based regulatory capital requirements (Pillar 1 capital as per UK Capital Requirements Regulation ("UK CRR") and Pillar 2A prescribed by the PRA) and relevant buffer;
- Minimum leverage requirements (as per UK Leverage Ratio Framework);
- The risks faced by the entity, through regular comparisons of regulatory and internal capital requirement, in normal economic cycles and in stress events;
- Changes in FX rates that may impact the capital ratios of the Company due to mismatches between the currency in which Risk Weighted Assets ("RWAs") are denominated and the equity is being held (British Pound Sterling); and
- Senior management's risk appetite expressed, for example, through the application of an internal capital buffer and preferred minimum capital ratios above those prescribed in regulation.

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

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

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Strategic report (continued)

Risk management (continued)

Capital risk (audited) (continued)

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

	2024	2023
	£'000	£'000
Common Equity Tier 1 (Equity share capital and reserves)	2,326,946	1,428,641
Total Capital Resources	2,326,946	1,428,641
Risk Weighted Assets (unaudited)	627,898	439,961
Total Capital (CET1 capital) ratio	371%	325%

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

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Strategic report (continued)

Risk management (continued)

Credit risk (audited)

Credit risk is the risk associated with the default or change in credit profile of a client, counterparty or customer. The Company provides credit primarily to individual consumers. Credit risk management monitors, measures and manages credit risk throughout the Company and defines credit risk policies and procedures. The credit risk function reports to the Firm's Chief Risk Officer ("CRO"). The credit risk management approach is grounded in strong governance structures and a commitment to prudent risk-taking.

In its Chase business, the Company is exposed to credit risk primarily through two products:

1. Negative balances on current accounts may arise in limited circumstances, thereby creating credit risk for the Company. In such cases, credit risk is carefully monitored through negative balance dashboards, risk reports, and performance data of business activities. Any negative balance cases that fall outside of typical business operations are investigated to ensure effective risk management.
2. On 19 November 2024, the Company started to offer a credit card to eligible existing Chase customers.

When assessing credit card applications, the Company employs lending criteria aligned to its approved risk appetite and adheres to regulatory standards set by the FCA, including the Consumer Credit Sourcebook and the Consumer Credit Act. As a provider of consumer lending products, the Company evaluates creditworthiness when an individual requests to enter into a regulated credit agreement or seeks an extension of credit on an existing agreement. The underwriting assessment is tailored to each customer's circumstances, utilising data from credit bureaus, existing Chase relationships, and customer-supplied and verified information. This ensures that lending decisions are made consistently, based on clearly defined lending criteria.

The Company has established processes to monitor and analyse consumer credit risk performance, enabling adjustments in credit decision rules and management processes to maintain performance within the agreed risk appetite. This monitoring is reviewed monthly at the Credit Risk Oversight Forum ("CROF"), with necessary escalations to the International Consumer Banking Risk Committee ("ICBRC"). Key elements include tracking credit risk metrics and Key Risk Indicators ("KRIs"), setting concentration limits on higher-risk segments, and adhering to retail credit risk appetite parameters within the Company's Risk Appetite Framework.

Expected credit loss measurement

Approach to measuring expected credit losses

The Company estimates credit impairment through an expected credit losses ("ECL") allowance. ECL are recognised for financial assets that are measured at amortised cost or at fair value through other comprehensive income ("FVOCI") and for specified lending-related commitments. The measurement of ECLs must reflect:

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

The measurement of ECL also reflects how the Company manages the financial instruments it uses for credit risk purposes such as Traditional Credit Products ("TCP"), and Non-Traditional Credit products ("Non-TCP"). Instruments in scope of TCP include loans, lending related commitments, and other lending products stemming from extensions of credit to borrowers (including intercompany and affiliated entities). Non-TCP include, but are not limited to, other third-party and intercompany debt instruments such as reverse repurchase agreements, fee receivables, and intercompany receivables (such as cash and deposits).

The following table sets out the gross carrying amount (before ECL) of the Company's financial assets which are measured at amortised cost by the respective TCP and Non-TCP categories as at 31 December 2024 and 2023 respectively.

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Credit risk (audited)

	TCP	Non-TCP	TCP	Non-TCP
	2024	2024	2023	2023
	£'000	£'000	£'000	£'000
Assets (measured at amortised cost)				
Loans and advances to banks	—	23,250,686	—	16,371,664
Loans and advances to customers	2,830	—	404	—
Securities purchased under resale agreements	—	2,054,090	—	2,083,444
Trade and other receivables	—	6,470	—	62,961
Accrued income	—	118,592	—	257,700
Total	2,830	25,429,838	404	18,775,769

Impact of staging on measuring expected credit losses

ECL are measured using a three-stage model based on changes in credit quality of the financial instrument since it was initially recognised ("initial recognition"):

- Stage 1 - performing financial instruments that have not had a significant increase in credit risk ("SICR") since initial recognition;
- Stage 2 - performing financial instruments that have experienced a SICR; and
- Stage 3 - non-performing financial instruments that have been determined to be credit-impaired.

Instruments without significant increase in credit risk (Stage 1)

Financial instruments that have not experienced a SICR since initial recognition are included in Stage 1. SICR is defined in Stage 2 below. For Stage 1 instruments, ECL is calculated by considering the probability of default within 12 months after the reporting date on a collective basis and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for the credit loss allowance).

Significant increase in credit risk (Stage 2)

Financial instruments that have experienced SICR since initial recognition for which there is no objective evidence of impairment are included in Stage 2. For Stage 2 instruments, ECL are calculated considering the probability of default over the remaining life of the instrument on a collective basis and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for the credit loss allowance).

The Company assesses for evidence of a SICR by considering whether there has been a change in the risk of a default occurring since the financial instrument was initially recognised.

For TCP, the Company assesses SICR based on a combination of qualitative and quantitative assessments, as described in more detail below:

Quantitative criteria

The Company determines whether the probability of a default ("PD") occurring has changed between the initial recognition and the reporting date of a financial instrument. If the change in PD exceeds certain relative and absolute thresholds, the instrument has experienced a SICR. The assessment of the PD takes into account reasonable and supportable information, including information about past events, current and future economic conditions.

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Credit risk (audited) (continued)

Impact of staging on measuring expected credit losses (continued)

Qualitative criteria

Exposures are also moved into Stage 2 if the borrower is more than 30 days past due as a backstop.

Financial instruments that are in Stage 2 are moved to Stage 1 as described below in the period that the criteria for SICR highlighted above no longer exists.

The approach for determining whether there has been a SICR for Non-TCP portfolios depends on the type of instrument. The Company presumes non-TCP financial assets that are 30 days past due have experienced a SICR and are included in Stage 2.

Non-TCP intercompany assets with material legal entities that are covered by the Firm's resolution and recovery plans are considered to be investment grade and therefore these are included in Stage 1 with no SICR. Finally, the remainder of the Company's Non-TCP are mostly short-term and generally no SICR has arisen prior to the maturity of that instrument.

Default and credit-impairment (Stage 3)

Financial instruments are included in Stage 3 when there is objective evidence of impairment at the reporting date. For Stage 3 instruments, ECL are calculated considering the probability of default over the remaining life of each instrument ("Lifetime ECL") on an individual asset basis and interest revenue is calculated on the net carrying amount (that is, net of the allowance for credit losses).

A TCP financial asset is considered to meet the accounting definition of default and is allocated to Stage 3 when the borrower is considered unlikely to pay together with a backstop of 90 days past due. The definition of default used for accounting purposes is aligned to that used for credit management, capital and regulatory reporting purposes.

The following events also trigger inclusion in Stage 3 for credit cards:

- Customer files for an Individual Voluntary Arrangement ("IVA"), bankruptcy, a Debt Relief Order or a Debt Arrangement Scheme
- Customer is deceased
- Customer is in forbearance

Negative deposit balances are included in Stage 3 when the balance remains unpaid for more than 60 days.

TCP financial instruments that are in Stage 3 are only moved to back to Stage 2 (if SICR applies) or Stage 1 if they cure and pass a pre-defined probation period.

Non-TCP financial assets are considered to be credit-impaired and are included in Stage 3 when one or more of the following events that have a detrimental impact on the estimated future cash flows of that financial asset has occurred:

- Significant financial difficulty of the issuer or the borrower;
- A default or past due event;
- The Company has granted a concession to the borrower for economic or contractual reasons relating to the borrower's financial difficulty;
- It has become probable the borrower will enter bankruptcy or other financial reorganisation;
- An active market for that financial asset no longer exists because of the borrower's financial difficulties;
- A financial asset is purchased or originated at a deep discount that reflects a credit loss has been incurred.

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Credit risk (audited) (continued)

ECL measurement for TCP Portfolios

Negative deposit balances

Chase offers current accounts for which overdrafts are not permitted, however, in limited circumstances the account balance may become overdrawn which customers are required to repay immediately.

Negative deposit balances are provisioned for at 100% of the outstanding balance as at the reporting date.

Credit cards

In 2023, the Company issued a limited number of credit cards to employees to facilitate testing of the lending product. These credit card balances were provisioned for at 100% of the outstanding balances (£0.3 million).

In 2024, qualitative models were developed and used to calculate PD, Loss Given Default ("LGD"), Exposure at Default ("EAD"), and ECL.

Based on the gross carrying value of the credit card loans as at 31 December 2024 of £2.5 million, the ECL for the portfolio under IFRS 9 is estimated to be £18k. The majority of the credit card exposure as at 31 December 2024 is classified as Stage 1.

Key Inputs

ECL for stage 1 and stage 2 assets is determined using a qualitative model that estimates losses expected on the credit card portfolio from possible defaults in the next 12 months for stage 1 assets or lifetime for stage 2 assets. The 12-month ECL are calculated by multiplying the 12-month PD, LGD and EAD. Lifetime ECL are calculated using the lifetime PD instead. These inputs are collectively known as the modelled estimate and are described in further detail below:

Probability of Default: PD estimates the probability of a borrower defaulting on their financial obligations. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively. The PD is determined at an account level. Lifetime PD is obtained by applying an appropriate default emergence curve on the basis of the current risk score (based on external bureau data). The default emergence curve defines the expected timing of defaults from the point of observation (reporting date) throughout the lifetime of the loan.

Exposure at Default: EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months or over the remaining lifetime. For credit cards, the EAD is estimated by taking the current drawn balance and applying a Credit Conversion Factor ("CCF") that allows for the expected drawdown of the remaining limit at the time of default.

Loss Given Default: LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD is expressed as a percentage loss per unit of exposure at the time of default. Given the lack of internal collections and recovery information, a fixed LGD is applied across all credit card accounts, which is determined using external benchmark data.

Forward-looking information

To incorporate forward-looking information into the ECL calculation, the Company develops five forecasted economic scenarios (base, relative upside, extreme upside, relative downside and extreme downside cases). Each of these scenarios contain a set of Macroeconomic Variables ("MEVs") that reflect forward-looking economic and financial conditions. The key economic factor included in determining the 12 month and lifetime PD is the UK unemployment rate. Given the lack of internal data, unsecured lending time series of write off rates available from the BoE have been used as a proxy to identify the relationship between key MEVs and PD.

On a quarterly basis, the five economic scenarios are updated, and probability weighted. The Company uses judgement to develop the scenarios and assign probability weightings. The most likely economic scenario in management's view is the base case which would generally be expected to be weighted more heavily than the other four scenarios.

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Credit risk (audited) (continued)

Sensitivity analysis of weighting

The Company's allowance for credit losses is sensitive to numerous factors, which may differ depending on the portfolio. Changes in economic conditions or in the Company's assumptions and judgements could affect its estimate of expected credit losses in the portfolio at the balance sheet date.

The Company considers a variety of factors and inputs in estimating the allowance for credit losses. It is difficult to estimate how alternative judgements in specific factors might affect the overall allowance for credit losses due to the idiosyncratic nature of the factors and inputs involved.

To illustrate the potential magnitude of an alternative judgement, the Company estimates that adjusting the extreme downside macro-economic scenario weighting to 100% as of 31 December 2024 could imply an increase to modelled ECL of approximately £6K (+37%).

The purpose of this sensitivity analysis is to provide an indication of the isolated impact of a hypothetical alternative judgement on modelled ECL and is not intended to imply management's expectation of future deterioration of the economy nor any specific risk factors.

ECL calculation

The Company uses the forward-looking PD values for each of the scenarios to produce the scenario credit losses ("SCLs"). The modelled ECL estimate includes a probability-weighted calculation of the five SCLs discounted using the original effective interest rate or an approximation thereof, in order to reflect the time value of money.

As part of the normal review process, the modelled ECL calculation is subject to further adjustments as the model inputs may not capture all conditions specific to the Company's portfolio. The process includes identification of specific and relevant risks, and estimating the value of model imprecision to determine the total qualitative adjustment necessary to reflect the best estimate of ECL as of the reporting date.

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Credit risk (audited) (continued)

Quantitative and qualitative information about the change in ECL and how significant changes in the gross carrying amount drive changes in ECL.

ECL and gross carrying amount reconciliation

The following tables provide an explanation of the change in the loss allowance during the year ended 31 December 2024 and 2023 respectively. The tables also set out how significant changes in the gross carrying amount of financial instruments contributed to the changes in the loss allowance:

1. Traditional credit products

a) Loans and advances to customers at amortised cost.

£'000	ECL				Gross carrying amount			
	Stage 1 12-Month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1	Stage 2	Stage 3	Total
At 1 January 2024	339	24	41	404	339	24	41	404
Net new loans originated	193	—	—	193	2,216	—	—	2,216
Write-off	—	—	(148)	(148)	—	—	(148)	(148)
Loans derecognised or repaid	(3)	—	—	(3)	(3)	—	—	(3)
Existing loans (including credit quality changes)	(256)	—	—	(256)	361	—	—	361
Stage transfers:								
Stage 1 to Stage 2	(200)	200	—	—	(181)	181	—	—
Stage 2 to Stage 3	—	(168)	168	—	—	(168)	168	—
Total changes	(266)	32	20	(214)	2,393	13	20	2,426
At 31 December 2024	73	56	61	190	2,732	37	61	2,830

£'000	ECL				Gross carrying amount			
	Stage 1 12-Month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total	Stage 1	Stage 2	Stage 3	Total
At 1 January 2023	33	23	57	113	33	23	57	113
Net new loans originated	887	—	—	887	887	—	—	887
Write-off	—	—	(596)	(596)	—	—	(596)	(596)
Stage transfers:								
Stage 1 to Stage 2	(581)	581	—	—	(581)	581	—	—
Stage 2 to Stage 3	—	(580)	580	—	—	(580)	580	—
Total changes	306	1	(16)	291	306	1	(16)	291
At 31 December 2023	339	24	41	404	339	24	41	404

b) Loan commitments

There are loan commitments of £15.4 million related to undrawn credit card facilities, all classified as Stage 1 as of 31 December 2024 (2023: £1.3 million, Stage 1). The Company has recognised an expected credit loss charge on these loan commitments of £10k (2023: £nil).

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Credit risk (audited) (continued)

2. Non-traditional credit products

Non-TCPs include all other instruments measured at amortised cost and subject to the impairment provisions of IFRS 9 'Financial Instruments'. The Company has recognised no ECL on non-TCP balances as the ECL related to these exposures is assessed as immaterial.

The Company's approach to measuring ECL for Non-TCP portfolios depends on the type of instrument. Refer to the Credit exposures section below for an analysis per balance sheet line item.

Credit risk exposures

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

The Company's credit exposures and credit risk mitigants are further described below:

Loans and advances to banks

The Company places substantially all of its deposits with banks, which are of investment grade to mitigate credit risk exposure.

Loans and advances to customers

The tables below represent the Company's credit exposure and maturity profile to gross loans and advances to customers after any provision for impairment. The ratings scale is based on internal risk ratings, dependent on the days past due.

Analysis of concentration credit risk

Concentrations of credit risk arise when a number of customers are engaged in similar business activities or activities in the same geographic region, or when they have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic conditions.

Securities purchased under agreements to resell

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

Financial assets held at fair value through profit or loss

Debt and equity instruments are primarily exposed to market risk and are therefore deducted to determine the net credit risk exposure. Derivatives are reported at fair value on a gross by counterparty basis in the Company's financial statements unless the Company has current legal right of set-off and also intends to settle on a net basis. The majority of the credit risk exposure is mitigated by cash collateral, margin arrangements and enforceable master netting arrangements.

Financial assets designated at fair value through profit and loss

Financial assets designated at fair value through profit or loss represent unlisted equity securities. These are primarily exposed to market risk and are therefore deducted to determine net credit risk exposure after risk mitigants.

Trade and other receivables

The Company is exposed to credit risk from its trade and other receivables through its amounts due from customers and JPMorganChase undertakings. These primarily comprise receivables related to fees receivable. Accrued income primarily represents accrued interest on securities purchased under resale agreements and loans, the credit risk is captured by the collateral received.

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Credit risk (audited) (continued)

Credit risk exposures (audited) (continued)

The following tables provide an analysis of the Company's credit risk exposure for financial assets including those that have an ECL allowance recognised as well as those that do not have an ECL allowance recognised.

	Gross balance sheet exposure ¹	Exposures captured by market risk	Risk mitigant		Net credit exposure	Net balance sheet exposure held with:	
			Master netting agreements and other	Cash & security collateral ²		JPMorgan Chase Undertakings	External counter parties
	£'000	£'000		£'000	£'000	£'000	£'000
At 31 December 2024							
Financial assets:							
Loans and advances to banks ³	23,250,686	—	—	—	23,250,686	23,150,499	100,187
Loans and advances to customers ³	2,650	—	—	—	2,650	—	2,650
Securities purchased under resale agreements ⁴	2,054,090	—	—	(2,054,090)	—	—	—
Financial assets designated at fair value through profit or loss	101	(101)	—	—	—	—	—
Trade and other receivables	6,470	—	—	—	6,470	1,209	5,261
Accrued income	118,592	—	—	—	118,592	118,414	178
Total	25,432,589	(101)	—	(2,054,090)	23,378,398	23,270,122	108,276

	Gross balance sheet exposure ¹	Exposures captured by market risk	Risk mitigant		Net credit exposure	Net balance sheet exposure held with:	
			Master netting agreements and other	Cash & security collateral ²		JPMorgan Chase Undertakings	External counter parties
	£'000	£'000		£'000	£'000	£'000	£'000
At 31 December 2023							
Financial assets:							
Loans and advances to banks ³	16,371,664	—	—	—	16,371,664	16,253,776	117,888
Loans and advances to customers ³	—	—	—	—	—	—	—
Securities purchased under resale agreements ⁴	2,083,444	—	—	(2,083,444)	—	—	—
Financial assets held at fair value through profit or loss ⁵	1,924	(1,924)	—	—	—	—	—
Financial assets designated at fair value through profit or loss	25	(25)	—	—	—	—	—
Trade and other receivables	62,961	—	—	—	62,961	10,723	52,238
Accrued income	257,700	—	—	—	257,700	257,229	471
Total	18,777,718	(1,949)	—	(2,083,444)	16,692,325	16,521,728	170,597

¹ Includes £23,270 million (2023: £16,522 million) held with other JPMorganChase undertakings. For further details of these amounts by line item category, refer to the notes to the financial statements.

² Cash and securities collateral received in respect of financial assets at fair value through profit or loss is limited to net balance sheet exposure, after taking into account master netting and other arrangements.

³ The balance sheet exposure on loans and advances is presented without taking into account credit risk mitigants such as financial guarantees, or other non-financial collateral.

⁴ The fair value of financial assets accepted as collateral that the Company is permitted to sell or re-pledge in the absence of default is £2,054 million (2023: £2,083 million). There was no fair value of collateral repledged in 2024 and 2023. These transactions are conducted under terms that are customary to standard lending activities (Note 16).

⁵ The majority of investment securities are primarily exposed to market risk and are therefore deducted to determine the net credit risk exposure.

In addition to balance sheet exposures, there are £15.4 million off-balance sheet exposures consisting of lending commitments during the year (2023: £1.3 million).

The collateral is taken into account under conditions that are customary for the relevant securities and financing transactions. The Company receives securities as collateral for securities repurchase agreements or cash-backed securities lending transactions. These can generally be resold or repledged by the Company. For the resale or re-pledging of the collateral provided, the customary contractual terms apply. The quality of the collateral is assured by its ability to be liquidated and used, as well as by regular evaluation.

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Credit risk (audited) (continued)

Credit risk exposures (audited) (continued)

The Company's credit risks are described in more detail below and analysis of the Company's credit commitments is included.

Loans and advances to customers at amortised cost

The table below presents the Company's credit exposure and contractual maturity profile to gross loans and advances before any provision for impairment. The credit quality and credit concentration of loans and advances is managed within JPMorganChase's Credit Risk Management function. The ratings scale is based on internal risk ratings.

Staging profile

Loans and advances to customers at amortised cost

	2024	2023
	£'000	£'000
Retail customers		
Low risk ¹	2,701	339
Medium risk ¹	67	24
High risk ¹	32	14
Very high risk ¹	30	27
Total	2,830	404

¹The risk categories are based on the number of days past due. Low risk 0-30 days, Medium risk 30-60 days, High risk 60-90 days and Very high risk 90+ days. The majority of the credit card balances are low risk as they are based on a new portfolio with low delinquency rates and high origination bureau scores.

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Credit risk (audited) (continued)

Credit risk exposures (audited) (continued)

Analysis of concentration credit risk

Concentrations of credit risk arise when a number of customers are engaged in similar business activities or activities in the same geographic region, or when they have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic conditions.

The total credit risk concentration related to loans and advances to customers at amortised cost as at 31 December 2024 was £2.8 million (2023: £0.4 million) and wholly relate to the UK. The industry concentration is individuals and households for both years.

Securities purchased under resale agreements

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

Where a fully collateralised arrangement exists (for example a reverse repurchase agreement), the estimate of the allowance is immaterial due to the following credit mitigants:

Continuous margining requirements: The contractual terms of these agreements are designed to ensure that they are fully collateralised based on continuous margining requirements, even when the credit risk of the borrower increases significantly. The contractual terms provide the Company (as lender) with the legal right to receive additional margin from the borrower each day a margin deficit exists. The contractual terms also allow the Company to increase margin requirements, and to revoke or reduce lending commitments to the borrower at any time.

Intercompany arrangements may be repayable on demand: The vast majority of the Company's collateralised intercompany lending arrangements are executed under master contracts that provide additional protections for the Firm, such as stipulating that extensions of credit are repayable on demand.

High quality collateral: If, in the extremely rare circumstance that the borrower were to default, because the collateral is generally of high quality (G5 government obligations) or is otherwise considered highly liquid, the Company has the legal right and operational ability, as well as the intent, to immediately seize the collateral and liquidate it in a timely and price-efficient manner to minimise any loss.

The fair value of the security collateral in respect of securities financing transactions is, in aggregate, greater than the amounts reported on balance sheet.

Securities financing arrangements tend to be short-term in nature with no history of credit losses. These arrangements are included in Stage 1 as the Company has determined there is no SICR during the short tenor of the instrument as at 31 December 2024 and 2023. The Company recognises no ECL on these balances as the ECL related to these exposures is assessed as immaterial.

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Credit risk (audited) (continued)

Trade and other receivables and accrued income

Trade and other receivables mainly consist of amounts due from customers and JPMorganChase undertakings, the majority of which are with other JPMorganChase undertakings where the counterparty is a Material Legal Entity ("MLE"). Accrued income primarily represents accrued interest on securities purchased under resale agreements and loans with other JPMorganChase undertakings who are MLEs.

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

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

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

Impact of collateral/credit enhancements on ECL

If a non-derivative credit enhancement is deemed to be integral to the related loan, pool of loans or loan commitment, and the Company has not elected the fair value option for the related instruments, the expected credit loss under IFRS 9 'Financial Instruments' may be reduced for losses expected to be recovered from the enhancement provider, as long as there is evidence that the third party providing the credit enhancement has the ability and willingness to reimburse the Company for the losses. If a non-derivative credit enhancement is not deemed to be integral to the loan, pool of loans or loan commitment, the credit enhancement must be accounted for separately and must not be used to reduce expected credit losses. The Company may hold a security interest in various types of collateral including cash, securities, receivables, inventory, equipment, real estate or other non-financial assets.

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Country risk

The Firm, through its LOBs and Corporate, may be exposed to country risk resulting from financial, economic, political or other significant developments which adversely affect the value of the Firm's exposures related to a particular country or set of countries. The Country Risk Management group actively monitors the various portfolios which may be impacted by these developments and measures the extent to which the Firm's and Company's exposures are diversified given the Firm's and Company's strategy and risk tolerance relative to a country.

Organisation and management

Country Risk Management is an independent risk management function that assesses, manages and monitors exposure to country risk across the Firm. The Firmwide Risk Executive for Country Risk reports to the Firm's CRO.

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

- Maintaining policies, procedures and standards consistent with a comprehensive country risk framework;
- Assigning sovereign ratings, assessing country risks and establishing risk tolerance relative to a country;
- Measuring and monitoring country risk exposure and stress across the Firm;
- Managing and approving country limits and reporting trends and limit breaches to senior management;
- Developing surveillance tools, such as signalling models and ratings indicators, for early identification of potential country risk concerns; and
- Providing country risk scenario analysis.

Sources and measurement

The Firm and Company are exposed to country risk through their lending and deposits, investing, and market-making activities, whether cross-border or locally funded. Country exposure includes activity with both government and private-sector entities in a country.

Under the Firm's internal country risk management approach, attribution of exposure to an individual country exposure is based on the country where the largest proportion of the assets of the counterparty, issuer, obligor or guarantor are located or where the largest proportion of its revenue is derived, which may be different than the domicile (i.e. legal residence) or country of incorporation.

Individual country exposures reflect an aggregation of the Firm's risk to an immediate default, with zero recovery, of the counterparties, issuers, obligors or guarantors attributed to that country. Activities which result in contingent or indirect exposure to a country are not included in the country exposure measure (for example, providing clearing services or secondary exposure to collateral on securities financing receivables).

Assumptions are sometimes required in determining the measurement and allocation of country exposure, particularly in the case of certain non-linear or index products, or where the nature of the counterparty, issuer, obligor or guarantor is not suitable for attribution to an individual country. The use of different measurement approaches or assumptions could affect the amount of reported country exposure.

Under the Firm's internal country risk measurement framework used by the Company:

- Lending exposures are measured at the total committed amount (funded and unfunded), net of the allowance for credit losses and eligible cash and marketable securities collateral received;
- Deposits with banks are measured as the cash balances placed with central banks, commercial banks, and other financial institutions;
- Securities financing exposures are measured at their receivable balance, net of eligible collateral received;
- Debt and equity securities are measured at the fair value of all positions, including both long and short positions;
- Counterparty exposure on derivative receivables is measured at the derivative's fair value, net of the fair value of the eligible collateral received; and
- Credit derivatives exposure is measured at the net notional of protection purchased or sold for the same underlying reference entity, inclusive of the fair value of the derivative receivable or payable, reflecting the manner in which the Firm manages these exposures.

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Country risk (continued)

Stress testing

Stress testing is an important component of the Firm's country risk management framework, which aims to estimate and limit losses arising from a country crisis by measuring the impact of adverse asset price movements to a country based on market shocks combined with counterparty specific assumptions. Country Risk Management periodically designs and runs tailored stress scenarios to test vulnerabilities to individual countries or sets of countries in response to specific or potential market events, sector performance concerns, sovereign actions and geopolitical risks. These tailored stress results are used to inform potential risk reduction across the Firm, as necessary.

Risk reporting

The Company's primary country exposure as of 31 December 2024 is the United Kingdom (£29.0 billion) which represents the largest total exposure by individual country. Country exposures may fluctuate due to a variety of factors, including client activity, market flows and liquidity management activities undertaken by the Company.

Liquidity risk (audited)

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

Liquidity risk management

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

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

Risk governance and measurement

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

The Board of Directors of the Company has delegated the oversight of all risk disciplines within the entity to the Company's Risk Committee ("RC"). The RC delegates Liquidity Risk Management to the EMEA Risk Committee ("ERC").

The Company's Risk Committee must review and periodically recommend the approval to the Company Board of Directors of Legal Entity Liquidity Risk Management Governance Framework, as well as the usage and applicability of the Group Liquidity Risk Management Policy to the Company.

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Liquidity risk (audited) (continued)

Liquidity management

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

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

The Firm addresses these objectives through:

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

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

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

Liquidity Requirements

The Company is regulated by the PRA and adheres to the UK CRR legislation, which came into effect on 1 January 2022. There are two regulatory standards that measure liquidity risk - Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR").

The LCR is intended to measure the amount of High-Quality Liquid Assets ("HQLA") held by the Company in relation to estimated net liquidity outflows within a 30-calendar day stress period and a ratio of at least 100% shall be maintained. At 31 December 2024, the Company was compliant with the LCR requirement.

The NSFR is a liquidity requirement intended to measure the adequacy of "available" and "required" amounts of stable funding over a one-year horizon. Under this regulation, the Company is required to maintain a NSFR ratio of at least 100%. At 31 December 2024, the Company was compliant with the NSFR requirement.

Internal stress testing

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

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

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Liquidity risk (audited) (continued)

Liquidity management

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

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

Contingency funding plan

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

Funding

The Company's primary source of funding are customer deposits which is further supported by capital resources. Surplus liquidity is primarily deployed on an unsecured basis with affiliates, and on a secured basis via reverse repo of unencumbered high-quality liquid assets. This provides the Company with sufficient access to liquidity to meet obligations as they fall due, including in stress.

The following table provides details on the contractual maturity of financial liabilities:

	2024			2023		
	On demand	Less than one year	Total	On demand	Less than one year	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Deposits from JPMorganChase undertakings	146,241	—	146,241	24,649	—	24,649
Customer accounts	22,794,662	—	22,794,662	17,134,548	—	17,134,548
Trade and other payables	31,062	38,738	69,800	24,959	93,169	118,128
Accruals	—	112,207	112,207	—	76,379	76,379
Total financial liabilities	22,971,965	150,945	23,122,910	17,184,156	169,548	17,353,704

Market risk (audited)

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

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

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

Risk Governance & Policy Framework

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

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

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Market risk (continued)

Risk Measurement

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

Value-at-Risk ("VaR")

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

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

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

The table below shows the result of the Company's risk management VaR measures using a 95% confidence level:

	2024			2023			At 31 December	
	Avg.	Min	Max	Avg.	Min	Max	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
95 % VaR	29	5	195	43	12	155	63	51

The Company's market risk profile is not material, the low level of VaR is normally driven by residual FX/IR positions across businesses and a principal risk position. Of the standard stress scenarios that the Company is subject to, the worst case stress loss during 2024 was primarily driven by the Bond Sell-off scenario.

Stress testing

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

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

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

Risk Monitoring and Control

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

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

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

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Market risk (continued)

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

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

Risk Reporting

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

Models used to measure market risk are inherently imprecise and may be limited in their ability to measure certain risks or to predict losses. This imprecision may be heightened when sudden or severe shifts in market conditions occur. For additional discussion on model uncertainty, refer to the Model Risk section.

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

Structural interest rate risk

Interest Rate Risk in the Banking Book ("IRRBB") is defined as Interest Rate Risk ("IRR") resulting from the Firm's traditional banking activities (accrual accounted on- and off-balance sheet positions) which include the extension of loans and credit facilities, taking deposits and issuing debt (collectively referred to as 'non-trading' activities); and also the impact from T/CIO related activities. IRR from non-trading activities can occur due to a variety of factors, including but not limited to:

- Differences in the timing of re-pricing of assets, liabilities and off-balance sheet instruments;
- Differences in the balances of assets, liabilities and off-balance sheet instruments that re-price at the same time;
- Differences in the amounts by which short-term and long-term market interest rates change; and
- Impact of changes in the duration of various assets, liabilities or off-balance sheet instruments as interest rates change.

The Company's structural interest rate exposure as at 31 December 2024 was largely driven by ICB deposits and placements with other JPMorganChase undertakings.

Risk Oversight and governance

Governance for Firmwide IRR is defined in the IRR Management policy which is approved by the Chief Risk Officer for CIO, Treasury and Corporate ("CTC CRO"). The CIO, Treasury and Corporate Risk Committee ("CTC RC") is the governing committee and escalation channel to the FRC with respect to IRRBB. The CTC RC is responsible for, but not limited to:

- Reviewing the IRR ("Interest Rate Risk") Management policy;
- Reviewing the IRR profile of the Firm and adherence to limits; and
- Reviewing significant changes to IRR models and/or assumptions.

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Structural interest rate risk (continued)

IRR exposures, significant models and/or assumptions including the changes are also reviewed by the Firmwide Asset and Liability Committee ("ALCO"), chaired by the Firm's Treasurer and Chief Investment Officer, and supported by the Treasurer Committee. The Treasurer Committee reviews interest rate risk exposures, including for key legal entities, and significant model and/or model assumption changes. In addition, oversight of structural interest rate risk is managed through IRR Management, an independent risk management function reporting to the CTC CRO. IRR Management is responsible for, but not limited to:

- Providing independent oversight and governance for IRR assumptions;
- Establishing and monitoring metrics to manage interest rate risk, which may include, but are not limited to Earnings at Risk, Duration of Equity, Economic Value Sensitivity;
- Defining and monitoring interest rate risk limits; signatories to limits include representatives from both the first and second lines of defence;
- Developing a process to classify, monitor and report limit breaches;
- Performing independent review of the Firm's interest rate risk activities;
- Creating and maintaining governance over interest rate risk assumptions;
- Overseeing interest rate risk of LOBs net of Funds Transfer Pricing; and
- Providing independent oversight and governance for applicable legal entities.

The Firmwide risk framework applies to the Company as described above.

Risk Identification and Measurement

T/CIO manages IRRBB exposure on behalf of the Firm by identifying, measuring, modelling and monitoring IRR across the Firm's balance sheet. T/CIO works with the LOBs in defining methodologies for measuring IRR. T/CIO identifies and understands material balance sheet impacts of new initiatives and products and executes market transactions to manage IRR through T/CIO's investment portfolio positions. Execution by T/CIO will be based on parameters established by senior management, per the T/CIO Investment Policy. LOBs are responsible for developing and monitoring the appropriateness of LOB specific IRR modelling assumptions. The Funds Transfer Pricing policy provides a framework to transfer interest rate risk from LOBs to T/CIO.

Measures to monitor and manage IRR include:

- Earnings-at-risk ("EAR") is the primary metric used to gauge the Firm's shorter term IRR exposure is EAR, or the sensitivity of pre-tax income to changes in interest rates over a rolling 12 months compared to a base scenario.
- Economic Value Sensitivity ("EVS") is an IRR metric utilised to measure changes in Economic Value of Equity ("EVE") due to changes in interest rates. EVE sums the present value of expected future cash-flows across the Firm's balance sheet.

Limits

The independent International Asset Liability Management ("IALM") Risk within the IRR Management function, is responsible for oversight of IRR within the Company. The function's responsibilities include the identification measurement and monitoring of IRR, including establishing and monitoring IRR Limits. IALM Risk periodically reviews/updates the limits as appropriate.

Changes to IRR Limits are subject to review by the regional Asset-Liability Committee ("ALCO") and Company's Risk Committee ("RC").

IRR Limits are established for Economic Value Sensitivity ("EVS") / Equity and Earnings-at-risk ("EAR") metrics for the Company.

Operational risk

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

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

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

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Operational risk (continued)

Operational Risk Management Framework

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

Operational risk can manifest itself in various ways. Operational risk subcategories such as Compliance risk, Conduct risk, Legal risk and Estimations and Model risks as well as other operational risks, can lead to losses which are captured through the Firm's operational risk measurement processes. More information on these risk subcategories can be found in the respective risk management sections. Details on cybersecurity risk, business and technology resiliency risk, payment fraud risk, together with third-party outsourcing risk, are provided below.

Cybersecurity Risk

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

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

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

Third parties with which the Firm does business or that facilitate the Firm's business activities (e.g., vendors, supply chain, exchanges, clearing houses, central depositories, and financial intermediaries) are also sources of cybersecurity risk to the Firm. Third party cybersecurity incidents such as system breakdowns or failures, misconduct by the employees of such parties, or cyberattacks, including ransomware and supply-chain compromises could affect their ability to deliver a product or service to the Firm or result in lost or compromised information of the Firm or its clients. Clients are also sources of cybersecurity risk to the Firm and its information assets, particularly when their activities and systems are beyond the Firm's own security and control systems. As a result, the Firm engages in regular and ongoing discussions with certain vendors and clients regarding cybersecurity risks and opportunities to improve security. However, where cybersecurity incidents occur as a result of client failures to maintain the security of their own systems and processes, clients are responsible for losses incurred.

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

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Operational risk (continued)

Cybersecurity Risk (continued)

The Global Cybersecurity and Technology Control organisation, working with each of the Firm's LOBs and Corporate, is responsible for governance and oversight of the Firm's Information Security Programme. In partnership with the Firm's LOBs and Corporate, the Cybersecurity and Technology Control organisation identifies information security risk issues and oversees programmes for the technological protection of the Firm's information resources including applications, infrastructure as well as confidential and personal information related to the Firm's employees and customers. The Cybersecurity and Technology Controls organisation consists of business aligned information security managers that are supported within the organisation by the following products that execute the Information Security Program for the Firm:

- Cyber Operations
- Identity & Access Management
- Governance, Risk & Controls
- Global Technology Product Security

The Global Cybersecurity and Technology Control governance structure is designed to identify, escalate, and mitigate information security risks. This structure uses key governance forums to disseminate information and monitor technology efforts. These forums are established at multiple levels throughout the Firm. The forums are used to escalate information security risks or other matters as appropriate.

The Independent Risk Management ("IRM") function provides oversight of the activities designed to identify, assess, measure, and mitigate cybersecurity risk.

The Firm's Security Awareness Programme includes training that reinforces the Firm's Information Technology Risk and Security Management policies, standards and practices, as well as the expectation that employees comply with these policies. The Security Awareness Programme engages personnel through training on how to identify potential cybersecurity risks and protect the Firm's resources and information. This training is mandatory for all employees globally on a periodic basis, and it is supplemented by Firmwide testing initiatives, including periodic phishing tests. The Firm provides specialised security training for certain employee roles such as application developers. Finally, the Firm's Global Privacy programme requires all employees to take periodic awareness training on data privacy. This privacy-focused training includes information about confidentiality and security, as well as responding to unauthorised access to or use of information.

Business and technology resiliency risk

Disruptions can occur due to forces beyond the Firm's control such as the spread of infectious diseases or pandemics, severe weather, power or telecommunications loss, failure of a third party to provide expected services, cyberattacks and, terrorism. The Firmwide Business Resiliency Program is designed to enable the Firm to prepare for, adapt to, withstand and recover from business disruptions including occurrence of an extraordinary event beyond its control that may impact critical business functions and supporting assets (i.e. staff, technology, facilities and third parties). The program includes governance, awareness training, planning and testing of recovery strategies, as well as strategic and tactical initiatives to identify, assess, and manage business interruption and public safety risks.

Payment fraud risk

Payment fraud risk is the risk of external and internal parties unlawfully obtaining personal monetary benefit through misdirected or otherwise improper payment. The risk of payment fraud remains heightened across the UK industry and Authorised Push Payment ("APP") Scams have become an increasingly prominent threat over recent years. The Firm employs various controls for managing payment fraud risk as well as providing employee and client education and awareness trainings.

The Company is exposed to fraud risk through the products and services offered by Chase to its retail customers. The fraud prevention approach involves assessment of possible threat vectors that can make its customers vulnerable to fraud. The design for fraud monitoring, detection and prevention controls, and customer education is based on this approach.

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Operational risk (continued)

Outsourcing risk

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

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

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

ICB has its own Outsourcing Forum ("ICOF"), its primary escalation route is to the International Consumer Banking Control Committee ("ICB CC"). ICB would escalate outsourcing matters from the ICB CC into EMEA Regional Governance in line with defined escalation criteria via EMEA Control Committee, EROC and EMC as appropriate. ICB CC also provides reporting and escalation to the Firmwide Control Committee ("FCC").

Compliance risk

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

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

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

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

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

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

Governance and oversight

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

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

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Operational risk (continued)

Compliance risk (continued)

Code of Conduct

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

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

Conduct risk

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

Overview

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

Governance and oversight

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

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

Legal risk

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

Overview

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

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

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

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Operational risk (continued)

Legal risk (continued)

Governance and oversight

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

Estimations and Model risk

Estimations and Model Risk, a subcategory of operational risk, is the potential for adverse consequences from decisions based on incorrect or misused estimation outputs.

Risk profile

The Firm uses models and other analytical and judgment-based estimations, including those based upon machine learning or Artificial Intelligence ("AI") techniques, across various businesses and functions. The estimation methods are of varying levels of sophistication and are used for many purposes, such as the valuation of positions and measurement of risk, assessing regulatory capital requirements, conducting stress testing, evaluating the allowance for credit losses and making business decisions. The model risk will generally increase according to the tiering of the model. As described below in more detail, tiering is based on complexity, exposure and reliance and is intended to capture the risk the model poses to the Firm.

Risk management objectives

The model risk management objectives are to identify, monitor, measure where possible and manage model risk as well as defining model risk policies and procedures including the following:

- Robust review of models in order to identify model risks;
- Ensure compensating controls are considered where necessary;
- Perform ongoing performance monitoring of models to ensure that they continue to perform throughout their life; and
- Ensure all models are adequately documented and tested.

Approach to risk management

Model risks are owned by the users of the models within the LOBs and Corporate based on the specific purposes of such models. Users and developers of models are responsible for developing, implementing and testing their models, as well as referring models to the Model Risk Governance and Review Group ("MRGR"), for review and approval. Once models have been approved, model users and developers are responsible for maintaining a robust operating environment and must monitor and evaluate the performance of the models on an ongoing basis. Model users and developers may seek to enhance models in response to changes in the relevant portfolios and in product and market developments, as well as to capture improvements in available modelling techniques and systems capabilities.

Models are tiered based on an internal standard according to their complexity, the exposure associated with the model and the Firm's reliance on the model. This tiering is subject to the approval of MRGR. In its review of a model, MRGR considers whether the model is suitable for the specific purposes for which it will be used. When reviewing a model, MRGR analyses and challenges the model methodology and the reasonableness of model assumptions and may perform or require additional testing, including back-testing of model outcomes. Model reviews are approved by the appropriate level of management within the MRGR based on the relevant model tier.

Under the Firm's Estimations and Model Risk Management Policy, MRGR reviews and approves new models, as well as material changes to existing models, prior to their use. In certain circumstances exceptions may be granted to the Firm's policy to allow a model to be used prior to review or approval. MRGR may also require the user to take appropriate actions to mitigate the model risk if it is to be used in the interim. These actions will depend on the model and may include, for example, limitation of trading activity.

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Estimations and Model Risk (continued)

While models are inherently imprecise, the degree of imprecision or uncertainty can be heightened by the market or economic environment. This is particularly true when the current and forecasted environments are significantly different from the historical environments upon which the models were developed. This increased uncertainty may necessitate a greater degree of judgment and analytics to inform any adjustments that the Firm may make to model outputs than would otherwise be the case. In addition, the Firm may experience increased uncertainty in its estimates if assets acquired differ from those used to develop the models.

All models used by the Company are subject to the model governance principles outlined above. Specifically for the Internal Capital Adequacy Assessment Process ("ICAAP"), an additional local EMEA ICAAP Estimations Risk Governance procedure is in place specifying the roles and responsibilities related to model governance within the ICAAP process. As part of this procedure, an inventory of ICAAP estimation methods is maintained.

Reputation risk

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

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

Organisation and management

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

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

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

Governance and oversight

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

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Climate-related financial risk

Overview

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

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

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

Approach to managing climate risk

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

Organisation and management

The Firm has a Climate Risk Management function that is responsible for establishing and maintaining the Firmwide framework and strategy for managing climate risks that may impact the Firm.

The LOBs and Corporate are responsible for the identification, assessment and management of climate risks present in their business activities and for the adherence to applicable climate-related laws, rules and regulations.

Risk governance and oversight

The Firm's framework and strategy for managing climate risk is integrated into the Firm's risk governance structure. This framework allows for the escalation of significant climate risk-related issues to LOB Risk Committees. The Board Risk Committee also receives information on significant climate risk and climate-related initiatives, as appropriate.

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

As referenced in the Statement of Corporate Governance Arrangements, the EMEA Risk Committee ("ERC") provides oversight of risks, including climate-related risks, inherent in the Firm's business conducted in EMEA or booked into EMEA entities, including the Company. The ERC is chaired by the EMEA Chief Risk Officer, who also serves as the Company's Senior Management Function ("SMF") for financial risks from climate change. Climate, Nature and Social Risk forms part of the ERC membership.

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Risk management (continued)

Climate-related financial risk (continued)

Risk Identification and Risk Measurement

Climate risk has been integrated into the firmwide risk identification framework as a driver of existing credit and investment, market, operational and strategic risk types. These are identified at the Firm level and at Company level, with the results of the exercise informing the climate scenario analysis and stress testing carried out at the Company.

Given the Company's existing business activities are limited to offering current and savings accounts to UK consumers and depositary services, and as of December 2024, credit cards to a limited number of customers, no significant short, medium or long-term climate related risks are identified within the context of potential impact on business model and Company strategy. As a result, climate risk scenario analysis is conducted only for the physical impact on the Company's operational locations and the financial impact of climate risk as a driver of risk types is assessed as minimal. This may change as the Company's business activities evolve in the future.

Risk reporting and disclosures

The Company is required to report climate-related financial information under the Companies Regulations 2022 ("UK CFD") within the Non-Financial and Sustainability Statement contained in the Strategic Report. Refer to page 38, in addition to this section, for the Company's disclosure to comply with these regulations.

Streamlined Energy and Carbon Reporting ("SECR") (unaudited)

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

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

The Company has undertaken a restatement of its 2023 emissions report due to changes in calculation methods and updates to emission factors and activity data. These changes have resulted in an adjustment of the previous year's figures, surpassing the 5% threshold for a restatement per SECR guidelines. The DEFRA values released in June 2024, which incorporate UK Civil Aviation Authority ("CAA") load data from 2021, are consistent with those used in DEFRA 2023. However, the Company has opted to continue using the 2022 DEFRA emissions factor, which is based on a 2019 load factor. This decision is driven by the factor's greater applicability to the Company's 2024 business activities. Furthermore, minor updates have been made to consumption and emissions data, aligning with the Firmwide assured footprint. The fugitive emissions factor has been revised to align with the latest AR6 guidelines, replacing the AR5 factor used during the 2023 SECR submission. Additionally, diesel consumption has been excluded from the FY 2024 report, as its volume is considered de minimis for power backup purposes and cannot be substantiated. These changes and revisions have been made to align with the 2023 Firmwide footprint. The restatement complies with SECR guidelines, ensuring a more accurate reflection of current business activities and emissions factors.

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

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Streamlined Energy and Carbon Reporting ("SECR") (unaudited) (continued)

	2024	2023 (Restated)
GHG Emissions (mtCO₂e)^{1,6}		
Scope 1 – direct	127	130
Natural gas ²	101	108
Biofuels	0.01	0.0001
Fugitive emissions	25	20
Diesel	—	1
Oil	0.67	0.01
Coal	0.01	—
Transport - Fleet ⁴		
Scope 2 (location) – indirect	223	224
Purchased electricity	223	224
Purchased steam and chilled water	0.1	0.001
Scope 2 (market) – indirect	0.1	0.001
Purchased electricity ⁵	—	—
Purchased steam and chilled water	0.1	0.001
Scope 3 (Business travel)	437	491
Transport - Car services mandatory (Car Rentals, Car Rental Fuel ⁶ , Personal Expensed Miles) ^{3,4}	7	8
Car Services - non mandatory (Rideshare) ⁸	50	39
Air ⁸ - non mandatory	353	397
Rail ⁸ - non mandatory	—	16
Hotel ⁹ - non mandatory	27	31
Total Scope 1, 2 (location) & 3 - mandatory⁷	357	362
GHG emissions intensity ⁷	0.43	0.43
Total Scope 1,2 (market) & 3 - mandatory^{5,7}	134	138
GHG emissions intensity ^{5,7}	0.16	0.16
Renewable Power (kWh)		
Electricity production (on-site solar) ⁹	10,816	10,620
Proportion of power use from renewable sources (production and instruments) ⁵	100%	100%
Energy Consumption (kWh)^{1,6}		
Direct Energy	560,029	610,291
Natural gas ²	557,117	604,493
Biofuels	301	3
Fugitive emissions (cannot be estimated in kWh)	—	—
Diesel	—	5,760
Oil	2,595	35
Coal	16	—
Transport - Fleet ⁴		
Indirect Energy	1,078,537	1,081,780
Purchased electricity ⁵	1,078,115	1,081,776
Purchased steam and chilled water	422	4
Transport - Car Services mandatory (Personal Expensed Miles) ^{3,4}	51,282	27,407
Transport - Car services mandatory (Car Rentals, Car Rental Fuel ⁶) ^{3,4} (cannot be estimated in kWh)		
Total Energy Consumption - mandatory (excludes-Air, Rail, Hotel, Rideshare)^{1,6}	1,689,848	1,719,478

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Streamlined Energy and Carbon Reporting (unaudited) (continued)

1. Operational approach has been used. GHG Emissions reporting are in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. The calculation method is Activity Data or Spend data x Emission Factor = GHG emissions. Activity x Conversion Factor = kWh consumption. Minor differences between actual and reported GHG emissions might occur due to rounding (not more than 1%).
2. Natural Gas consumption is based on gross Calorific Value ("CV") and applicable emission factor is applied to obtain emissions.
3. Transport - Car Services mandatory (Car Rentals, Car Rental Fuel, Personal Expensed Miles) includes emissions from business travel where the company is responsible for purchasing the fuel, however, consumption in kWh on spend data cannot be determined.
4. Transport (Fleet and Car services mandatory) data was calculated from distance travelled data to kWh and spend or distance travelled data to GHG emissions using the calculation method explained in 1. However, there is no existing fleet as at financial year ending 2024 or 2023
5. The Firm has a 100% 'select renewable percentage' supply contract with EDF Energy and other remaining purchased electricity will be covered by International Renewable Energy Certificates ("I-RECs") in the UK. The electricity supply is 100% sourced from zero-carbon energy. The supply has already been backed by Renewable Energy Guarantee of Origin ("REGOs") and I-RECs for the whole of financial year 2023 and January to March 2024. Based on the assurance given by the supplier, the REGOs from April 2024 onwards should be made available in October 2025. Using the GHG Protocol Corporate Accounting and Reporting Standards' market-based approach, the above enables us to report "0 tCO₂e" under Scope 2.
6. As our sites are occupied by headcount (full time employees and consultants) from different entities of the Firm, the consumption is divided based on the total number of headcount working on the specific site and then multiplied by the number of employees of the relevant entity.
7. Based on the nature of the Company's business, as well as following the recommendations of the SECR legislation, the Company chose the following intensity metric: Headcount average, i.e. GHG intensity is a ratio of Total mandatory GHG emissions (Scope 1, 2 (location-based/market-based) and Scope 3 Car Services) (mtCO₂e)/Headcount. Through the comparison of the two financial years, this metric shows the trend of the Company's energy efficiency.
8. Scope 3 Business Travel categories include certain voluntary categories, i.e., Air, Rail and Hotel, and the activity data from travel vendor platforms is considered for emissions calculations. The DEFRA value released in June 2024 uses UK Civil Aviation Authority ("CAA") load data from 2021, similar to DEFRA 2023 and hence, the company is continuing to use 2022 DEFRA emissions factor which utilises a 2019 load factor which is more applicable to 2024 business activity. For Air, emission factors applied are based on distance travelled and ticket class type. For Rail, country or vendor specific emission factors are applied when calculating from distance travelled or spend data. For Hotel, country specific emission factors are applied to the hotel room nights. In 2023, firmwide delta spend for Rail and Hotel between the firmwide internal expense platform and the travel vendor platform has been additionally gap filled in proportion to the spend of the Company in the internal expense platform. However, it is not gap filled for 2024, as the firmwide delta gap is found to be null.
9. Renewable Power includes on site solar production in kWh.

Energy Efficiency Actions Summary

The Company continues to achieve direct and indirect savings in energy and associated carbon emissions, through ongoing and new operational and technological improvements, including:

- LED replacement project for "Back of house" or non-desk office areas e.g., replacement of fluorescent tubes to high efficiency LEDs in the corridors, pantries, lift lobbies, kitchens, restrooms, reception, storage facility, and ancillary support or plant areas
- Cooling tower replacement with new efficient inverter driven motors and operational changes to minimise overall operational running times to maximise energy efficiency
- Replaced the electric Low Temperature Hot Water ("LTHW") boilers with Air source heat pumps, also fitted fresh air units with heat recovery
- The Air Handling Unit ("AHU6"), which was previously a separate fresh air unit with extraction and electric reheat, was replaced with a combined unit that includes heat recovery on the extraction system using a 'run-around coil'.
- Building Management System ("BMS") Control – Operational software changes to reduce temperature set points on the main chillers when the Solar panels are exporting electricity to ensure all systems are running to optimal efficiency

For Firmwide Environmental and Social policies please refer to the Non-financial and sustainability information statement section on pages 39 - 41.

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Non-financial and sustainability information statement

An overview of the environmental and social, human rights, employee, anti-bribery and anti-corruption policy aspects of nonfinancial reporting is provided below. The Company is subject to these policies which are established at a Firm level. A detailed description of the policies and processes adopted by the Firm may be found on the JPMorganChase website. www.jpmorganchase.com/impact/our-approach/policy-center

Environmental Policy

Our Approach to ESG

The finance sector can help to address some of the most pressing environmental and social (“E&S”) challenges of our time, primarily by running a healthy and vibrant company; supporting its clients, customers and employees; and providing targeted capital to help scale solutions. With the Firm’s Purpose and Business Principles in mind, the Firm is leveraging its expertise, capital, data and resources to advance inclusive growth, promote sustainable development, and support the transition to a low-carbon economy. ESG matters are an important consideration in how the Firm does business, including how it develops its products and services, serve its customers, support its employees and help lift its communities.

The Company supports the Firm’s efforts in achieving established goals on environmental and social matters.

Climate Related Financial Disclosures

Climate-related considerations are important to the Firm including the Company and its clients and stakeholders.

As outlined in the Section 172(1) Companies Act 2006 statement and with consideration of the Company’s existing business activities as at December 2024, it is the view of the directors that no significant climate related risks or opportunities have been identified for the Company and as such climate risks and opportunities do not impact the Company’s business model and strategy. As a result, no targets and KPIs are established, and the financial impact of climate risk is assessed as minimal. This may change as the Company’s business activities evolve in the future. See the Climate-related financial risk section on page 35 - 36 for further details.

While there is no significant impact identified for financial reporting purposes, the Company supports and aligns with the measures the Firm is taking to address the climate challenge across its businesses including meeting client objectives, developing, and evolving strategies and programs to support the transition to a low-carbon economy.

The Company is required to report climate-related financial information under the Companies Regulations 2022 (“UK CFD”). Key disclosures relating to these requirements are included on page 4 in the Section 172(1) Companies Act 2006 Statement (the Company’s overall approach to climate-related matters within the context of the Firm-wide climate policies), page 49 in the Statement of Corporate Governance Arrangements (the Company’s climate-related governance), and page 34 for the Climate-related financial risk management approach, which includes further detail around the Company’s governance arrangements and approach for managing climate-related risks, integration into the existing risk management process, and key climate-related risks.

The Firm discloses relevant data and metrics on its scope 1, 2 and 3 GHG emissions and energy consumption in its annual Climate Report, which is published annually and available at www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/Climate-Report-2024.pdf.

For Company specific data and metrics refer to the SECR section on pages 36 - 38.

Human Rights

The Firm recognises that human rights issues are a global challenge and acknowledges that its business has the potential to affect communities and the environments they live in. The Firm strives to support the principles of human rights as they relate to its corporate and business segments in each region of the world where it operates, including EMEA. The Firm considers human rights when engaging with its employees, suppliers, clients and customers, as informed by the principles set forth in the United Nations Universal Declaration of Human Rights. The United Nations Guiding Principles on Business and Human Rights inform JPMorganChase’s approach to respecting human rights in its own operations and business relationships.

To view the Firms’ Human Rights Statement, including the Modern Slavery Act Group Statement, please visit <https://www.jpmorganchase.com/about/human-rights>

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Non-financial and sustainability information statement (continued)

Corporate employee policy

JPMorganChase believes that its long-term growth and success depend on its ability to attract, develop and retain talented employees and foster an inclusive work environment

The goal of JPMorganChase's recruitment efforts is to attract and hire highly qualified candidates in all roles and at all career levels. The Firm's hiring practices focus on the skills and qualifications of a candidate relative to the job requirements.

The Firm prohibits discrimination, harassment, bias or prejudice in its terms and conditions of employment on the basis of an individual's race, colour, national origin/ancestry, ethnic origin, citizenship status, creed, religion, religious affiliation, age, sex or gender, intersex or intergender status, pregnancy, maternity, paternity, caring responsibilities, marital or relationship status, civil partnership, sexual orientation, transgender status, gender/sexual identity or expression, physical or mental disability, genetic information, military/veteran status, being a victim of domestic violence, sexual assault, or abuse, being a victim of, or witness to a crime, membership in the Traveller community or any other community group protected by law or any other protected status under applicable local law.

In addition, reasonable accommodations are made for applicants' and employees' religious practices and beliefs, mental and physical disabilities, and for pregnancy, childbirth and related medical conditions, including lactation, in accordance with applicable local law.

The Firm provides market-competitive compensation and benefits programs. JPMorganChase's compensation philosophy includes guiding principles that drive compensation-related decisions across the Firm, and includes: pay-for-performance practices designed to attract and retain top talent; responsiveness and alignment with shareholder interests; and reinforcement of the Firm's culture. The Firm follows a disciplined and balanced compensation framework, including the integration of risk, controls and conduct considerations. The Firm's compensation review processes seek to ensure that the Firm's employees are paid fairly and competitively for the work they do.

Additionally, the Firm conducts an employee opinion survey every year, including employees of the Company. These surveys allow the Firm to identify areas of strength and opportunities to promote continued employee satisfaction and retention.

Anti-bribery and Anti-corruption

The Firm has zero tolerance for bribery and corruption, and participates in international efforts to combat corruption. The Firm has established an Anti-Corruption Policy ("the Policy") that seeks to promote ethical business practices and requires compliance with applicable anti-corruption laws and regulation. The Firm has a published Commitment to Anti-Corruption Compliance which can be found on the JPMorganChase website: www.jpmorganchase.com/about/governance/esg.

The Firm has identified the key areas of corruption-related risk as including:

- The giving or receiving of anything of value, which includes offers of employment to individuals and a Firm-funded Sponsorship or Donation;
- Third parties acting on the Firm's behalf; and
- Transactions entered into by the Firm or by funds or accounts controlled or managed by the Firm.

J.P. MORGAN EUROPE LIMITED

Strategic report (continued)

Non-financial and sustainability information statement (continued)

Anti-bribery and Anti-corruption (continued)

The Policy therefore prohibits offering or giving anything of value (including gifts, hospitality, travel, employment, and work experience) and soliciting or accepting anything of value from anyone for a corrupt purpose, such as improper payments or benefits to government officials or private parties for a business advantage. The Policy further prohibits making facilitation payments to cause a government official to perform or expedite performance of a routine duty. Other key features of the Policy include requirements to:

- Obtain compliance review and approval before offering or giving anything of value to government officials (subject to certain thresholds relating to gifts and business hospitality);
- Keep accurate books, records, and accounts that relate to the business of the Firm, its clients, suppliers, and other partners;
- Conduct due diligence and oversight of intermediaries/agents, joint venture partners, and entities over which the Firm has or may obtain control or influence; and
- Report potential corruption-related issues (including through the Code Reporting Hotline), with a prohibition on retaliation against those who make good faith reports.

Any violation of the Policy may result in disciplinary action up to and including dismissal.

The Firm's Anti-Corruption Compliance Program ("the Program") is designed to implement the Policy's requirements, as well as identify, manage, and mitigate the risk of non-compliance with those requirements. Key components of the Program include:

- A governance structure managed by anti-corruption professionals with senior management oversight;
- Training and awareness activities;
- Monitoring and testing for compliance;
- Periodic assessment of corruption risks and control effectiveness; and
- Protocols for managing and reporting material issues.

The Strategic Report on pages 2 - 41 was approved by the Board of Directors and signed on behalf of the Board by a Director of the Company.



Jakub Fast

Chief Executive Officer
16 April 2025

J.P. MORGAN EUROPE LIMITED

Directors' report

The directors present their report and the audited financial statements of J.P. Morgan Europe Limited for the year ended 31 December 2024. The Company is part of JPMorgan Chase & Co. (together with its subsidiaries, the "Firm"). The registered number of the Company is 00938937.

Please refer to the Strategic report where the business review, including future outlook, has been disclosed.

Section 172(1) Companies Act 2006 Statement

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

Results and dividends

The results for the year are set out on page 63 and show the Company's profit for the financial year after taxation is £27 million (2023: £10 million profit).

The Company paid no dividend in 2024 (2023: £nil).

Please refer to the Strategic report for details on financial risk management, SECR reporting and corporate employee policy.

Corporate Governance

For details on corporate governance, please refer to the Corporate Governance report on pages 44 - 55.

Directors

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

Clive Adamson (Chair)	
Jakub Fast (CEO)	(appointed 8 May 2024)
Matthew Melling (CFO)	
Sanoke Viswanathan	
Ann Doherty	(resigned 1 February 2024)
Diane MacFarlane	(appointed 27 February 2024)
Jane Moran	(resigned 16 April 2024)
Lorraine Littell-Pape	
Melissa Di Donato Roos	
Keith Morgan CBE	
Kevin Watters	(appointed 15 April 2024)

Directors' interests

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

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the year, and that they provide the information necessary for members to assess the Company's position and performance, business model and strategy.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

J.P. MORGAN EUROPE LIMITED

Directors' report (continued)

Statement of directors' responsibilities (continued)

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

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

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

Directors' confirmations

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

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

Qualifying third party indemnity provisions

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

Company secretaries

The secretaries of the Company who served during the year were as follows:

Hina Patel
J.P. Morgan Secretaries (UK) Limited

Registered address

The current registered address is as follows:

25 Bank Street
Canary Wharf
London
E14 5JP
England

Independent auditors

The auditor, MHA, previously traded through the legal entity MacIntyre Hudson LLP. In response to regulatory changes, MacIntyre Hudson LLP ceased to hold an audit registration with the engagement transitioning to MHA Audit Services LLP.

The Company is proposing to undertake an audit tender exercise, the result of which will not be known until Q2 2025. In the interim period, MHA Audit Services LLP has indicated their willingness to continue to act as the Company's auditor until the outcome of the tender has been concluded. An update on the outcome of the tender exercise will be communicated once it has been completed.

The Directors' Report on pages 42 - 43 was approved by the Board of Directors and signed on behalf of the Board by a Director of the Company.



Clive Adamson

Chair
16 April 2025

J.P. MORGAN EUROPE LIMITED

Governance report

Statement of Corporate Governance Arrangements

This section is the Statement of Corporate Governance Arrangements required under Part 8 of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. The statement should be read in conjunction with the Strategic report (pages 2 - 41).

The Company does not apply a single Corporate Governance Code but is required under the UK financial services regulatory regime to comply with a number of different regulations and regulatory expectations that relate directly or indirectly to corporate governance matters. In this Statement, the Company has highlighted the ways in which it complies with these requirements and expectations and, where appropriate, has mapped them to the Wates Corporate Governance Principles for Large Private Companies (the "Wates Principles").

The Company (or, as applicable, the Firm), makes certain disclosures that include information about its governance. A list of those disclosures is at the end of this statement.

In addition, the Company is required to comply with provisions relating to its governance that do not require public disclosures to be made, including:

- EBA/ESMA Joint Guidelines on Management Body Suitability (the "Suitability Guidelines");
- EBA Guidelines on Internal Governance (the "Internal Governance Guidelines");
- The Senior Managers and Certification Regime under the Financial Services and Markets Act 2000 (the "SMCR");
- PRA Supervisory Statement on Corporate governance: Board responsibilities (SS 5/16, as updated in July 2018, the "Supervisory Statement");
- The principles set out in the FCA Handbook (the "FCA Principles");
- The fundamental rules set out in the PRA Rulebook (the "PRA Fundamental Rules");
- Internal Capital Adequacy Assessment Process under the PRA ICAA rules; and
- Internal Liquidity Adequacy Assessment Process under the PRA ILAA rules.

Strategy, leadership and culture

The Company has a Board of Directors which is accountable for overall oversight of the Company. The Board of Directors has responsibility for maintaining the safety and soundness of the Company, and for ensuring that the Company is acting within the strategy, values, standards and controls of the wider Firm. (*Wates Principles I: Purpose; II: Balance and Diversity; III: Accountability; IV: Opportunity, Risk*)

The directors are expected to act with honesty, integrity and independence of mind in assessing and challenging senior management, and to commit enough time to the role in order to perform these duties effectively, as required by the Suitability Guidelines. (*Wates Principles II: Balance and Diversity, Effectiveness*)

The Company has a schedule of Matters Reserved for the Board which requires that the Board defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management. This includes requirements that the Board will approve and oversee the Company's strategic objectives, risk strategy and internal governance, including the segregation of duties in the organisation and the prevention of conflicts of interest. (*Wates Principles I: Strategy; II: Effectiveness; III: Accountability*)

The Board reserves for itself the approval of significant changes to accounting policies and practices, and the approval of annual reports and financial statements. The Board also oversees compliance with regulations. (*Wates Principle III: Integrity of information*)

J.P. MORGAN EUROPE LIMITED

Governance report (continued)

Statement of Corporate Governance Arrangements (continued)

Strategy, leadership and culture (continued)

The Board is supported in its work by four Board Committees, whose responsibilities are delegated by the Board and are described further below, and by the EMC.

- **UK Audit Committee** - The UK Audit Committee's membership is three independent non-executive directors of J.P. Morgan Securities plc (one of whom is also a director of the Company), chaired by Clive Adamson. The committee meets at least four times a year (in 2024, four times). Its purpose, delegated by the Board, includes oversight of the integrity of the financial statements; monitoring and reviewing internal financial controls and the effectiveness of the internal audit function; making recommendations with respect to the appointment, appraisal and independence of the external auditor of the Company; and overseeing the process for non-audit services. The Company's auditors attend the committee meetings to report on the status of their audit and any findings. This enables the committee to monitor the effectiveness of the auditors during the year. The delegation from the J.P. Morgan Europe Limited Board to the UK Audit Committee will be removed once a standalone JPMEEL Audit Committee is established in March 2025.
- **J.P. Morgan Europe Limited Risk Committee** - The Company's Risk Committee membership is three independent non-executive directors, chaired by Keith Morgan CBE. The committee meets at least four times a year (in 2024, five times). Its purpose, delegated by the Board, is to challenge and contribute to the development of the Company's risk strategy and review any significant risk decisions taken, while aligning the risk appetite of the Company to that of the Firm. The committee's responsibilities include oversight of management's exercise of its responsibility to assess and manage the Company's key risks; an effective system of controls to evaluate and control such risks; capital and liquidity planning and analysis; and an effective risk management function.
- **J.P. Morgan Europe Limited Nomination Committee** - The committee is made up of three independent non-executive directors chaired by Clive Adamson. The committee meets at least two times a year (in 2024, three times). Its purpose, delegated by the Board, is to lead the process for Board appointments and to identify and nominate candidates to the Board, having considered the skills, knowledge, experience and diversity of the Board. It is also responsible for board succession planning.
- **UK Remuneration Committee** (the "UK RemCo") - The committee comprises of four independent non-executive directors chaired by Blythe Masters. It meets at least two times a year (in respect of the 2024 Performance Year, three times plus an executive session). Its primary purpose, delegated by the Board, is oversight of compliance by the Company with UK and EU remuneration regulations.

Board composition, suitability and effectiveness

In selecting candidates as potential Board directors, the Board looks for individuals with strong personal attributes, diverse backgrounds and demonstrated knowledge, skills and expertise in one or more disciplines relevant to the Company's business. The goal is to have a Board consisting of individuals with a combination of skills, experience and personal qualities that will well serve it, its committees, the Firm and its shareholders. (*CRD IV Disclosures; Wates Principle II: Balance and Diversity, Size and Structure*)

The Company has formally sought 30% representation of women on its boards in EMEA in a diversity statement approved by the Board and included in the terms of reference of its Nominations Committee. At 31 December 2024, female directors represented 33% of the Board. In addition to gender diversity, the statement addresses other diverse attributes, including race, educational background and geographical provenance, in selecting Board members, as required by the Suitability Guidelines. Board appointments are made on merit, considering factors such as expertise, skills, qualifications, educational and professional background, as well as, geographical provenance of individual board members and the board collectively. In identifying individuals for prospective board opportunities, The Company will continue to look broadly across a wide spectrum of top talent that includes individuals across gender and other demographic groups, and to incorporate principles of equal opportunity when evaluating talent and making board selections. (*Wates Principle II: Balance and Diversity*)

The role of the Chair and the CEO are held by different individuals, as expected by the PRA under the Supervisory Statement. (*Wates Principle II: Chair*)

As required by the Suitability Guidelines and expected by the PRA under the Supervisory Statement, the composition and suitability of the Board and the suitability of its members are regularly reviewed, and any resulting recommendations are considered and, where approved, implemented. The Company has appointed four independent non-executive directors to oversee and challenge the executive management. (*Wates Principle II: Balance and Diversity, Size and Structure*)

In addition, the Corporate Sustainability team, including through its presence in the UK, is responsible for providing advice across the Firm and its LOBs on its approach to managing ESG matters, including supporting the development of sustainability and climate focused business strategies and financing opportunities, engaging with stakeholders and policy-makers and facilitating external ESG and climate-related reporting.

J.P. MORGAN EUROPE LIMITED

Governance report (continued)

Statement of Corporate Governance Arrangements (continued)

Board composition, suitability and effectiveness (continued)

The current directors of the Board are:

Clive Adamson (Board Chair)	Independent Non-Executive Director, Chair of the Board, Nomination Committee and UK Audit Committee, member of the Risk Committee and Remuneration Committee
Jakub Fast	Director and Chief Executive Officer
Sanoke Viswanathan	Executive Director
Matthew Melling	Director and Chief Financial Officer ("CFO")
Diane MacFarlane	Executive Director
Lorraine Littell-Pape	Non-Executive Director
Melissa di Donato Roos	Independent Non-Executive Director and member of the Nomination Committee
Keith Morgan CBE	Independent Non-Executive Director, Chair of the Risk Committee, member of the UK Remuneration Committee and member of the Nomination Committee
Kevin Watters	Independent Non-Executive Director and member of the Risk Committee

(Wates Principle II: Balance and Diversity, Size and Structure)

J.P. MORGAN EUROPE LIMITED

Governance report (continued)

Statement of Corporate Governance Arrangements (continued)

Executive governance

A regional governance structure has been established to allow the Board to delegate certain matters, not included in the Matters Reserved for the Board, to a governance framework. The Board monitors and periodically assesses the effectiveness of this governance framework and takes appropriate steps to address any deficiencies. The Board may also delegate levels of authority to senior management and has responsibility for providing effective oversight of these individuals. *(Wates Principle III: Accountability)*

The Board delegates certain matters to a number of key regional committees, including for regional risk control and oversight. The EMEA governance framework connects legal entity, line of business and global governance structures. The key committees of relevance are the EMEA Management Committee, the EMEA Risk Committee, the EMEA Regional Oversight Committee, the EMEA Assets and Liabilities Committee and the EMEA Capital Committee. *(Wates Principle IV: Risk)*

The Company is required under the SMCR to submit a Management Responsibilities Map to the PRA, which includes detailed descriptions of the Firmwide, regional and legal entity governance committees and the delegation, reporting and escalation lines between them. This information is also included in the ICAAP and ILAAP submitted to the PRA by the Company's regional parent, J.P. Morgan Capital Holdings Limited. These regulatory submissions allow the PRA to review the Company's governance arrangements and facilitate an open dialogue with the PRA on the effectiveness of those arrangements. *(Wates Principle III: Committees; VI: Stakeholders)*

Board and director responsibilities

In addition to their duties under the Companies Act 2006, the Company's directors have responsibilities under the SMCR. The directors who hold executive positions or who are the chair of the Board or a Board committee have been approved and registered as Senior Managers by the PRA and FCA. The SMCR requires that each of these directors sets out their responsibilities (including any prescribed responsibilities under SMCR) in a Statement of Responsibilities; these are then aggregated and mapped, together with the responsibilities of non-director Senior Managers, into a Management Responsibilities Map. The Statements of Responsibilities and the Management Responsibilities Map are periodically updated and filed with the regulators when any material change is made.

Non-executive directors who are not Senior Managers are notified to the regulators and are subject to certain conduct rules in the FCA Handbook and the PRA Rulebook.

The Firm has established a Global Corporate Governance Policy that sets out the expectations that the Firm has of the directors of the material entities within the Firm; this policy applies to the Company. Its provisions cover, among other things, Board meeting attendance and Board composition. The policy seeks to establish an internal governance framework, as set out in the Internal Governance Guidelines.

(Wates Principles II, Size and Structure, Effectiveness; III, Accountability)

J.P. MORGAN EUROPE LIMITED

Governance report (continued)

Statement of Corporate Governance Arrangements (continued)

Risk management and long-term sustainability

Risk Management Framework

Risk is an inherent part of JPMorganChase's business activities. When the Firm extends a consumer or wholesale loan, advises customers and clients on their investment decisions, makes markets in securities, or offers other products or services, the Firm takes on some degree of risk. The Firm's overall objective is to manage its businesses, and the associated risks, in a manner that balances serving the interest of its clients, customers and investors and protects the safety and soundness of the Firm.

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

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

The Firm follows a disciplined and balanced compensation framework with strong internal governance and independent oversight by the Board of Directors. The impact of risk and control issues is carefully considered in the Firm's performance evaluation and incentive compensation processes. (see Remuneration below).

The Firm's risk governance framework is managed on a Firmwide basis. The Firm has an Independent Risk Management ("IRM") function, which is comprised of Risk Management and Compliance.

The Firm's Chief Executive Officer appoints, subject to approval by the Risk Committee of the Board of Directors (the "Board Risk Committee"), the Firm's CRO to lead the IRM function and maintain the risk governance framework of the Firm. The framework is subject to approval by the Board Risk Committee through its review and approval of the Risk Governance and Oversight Policy.

The Firm's CRO oversees and delegates authority to the Firmwide Risk Executives ("FREs"), the Chief Risk Officers of the LOBs and Corporate ("LOB CROs"), and the Firm's CCO, who, in turn, establish Risk Management and Compliance organisations, develop the Firm's risk governance policies and standards, and define and oversee the implementation of the Firm's risk governance framework. The LOB CROs oversee risks that arise in their LOBs and Corporate, while FREs oversee risks that span across the LOBs and Corporate, as well as functions and regions. Each area of the Firm that gives rise to risk is expected to operate within the parameters identified by the IRM function, and within the risk and control standards established by its own management.

Three lines of defence

The Firm's "three lines of defence" are as follows: The first line of defence consists of each LOB, Treasury and CIO, and certain Other Corporate initiatives, including their aligned Operations, Technology and Control Management. The first line of defence owns the risks, and identification of risks associated with their respective activities and the design and execution of controls to manage those risks. Responsibilities also include adherence to applicable laws, rules and regulations and implementation of the risk governance framework established by IRM, which may include policies, standards, limits, thresholds and controls.

The second line of defence is the IRM function, which is separate from the first line of defence and is responsible for independently measuring risk, as well as assessing and challenging the risk management activities of the first line of defence. IRM is also responsible for the identification of risks within its organisation, its own adherence to applicable laws, rules and regulations and for the development and implementation of policies and standards with respect to its own processes.

The third line of defence is Internal Audit, an independent function that provides objective assessment of the adequacy and effectiveness of Firmwide processes, controls, governance and risk management. The Internal Audit function is led by the General Auditor, who reports to the Audit Committee and administratively to the CEO.

In addition, there are other functions that contribute to the Firmwide control environment but are not considered part of a particular line of defence, including Corporate Finance, Human Resources and Legal. These other functions are responsible for the identification of risks within their respective organisations, adherence to applicable laws, rules and regulations and implementation of the risk governance framework established by IRM. (*Wates Principle IV: Risk*)

J.P. MORGAN EUROPE LIMITED

Governance report (continued)

Statement of Corporate Governance Arrangements (continued)

Risk management and long-term sustainability (continued)

Risk identification and ownership

The LOBs and Corporate own the identification of risks within their respective organisations, as well as the design and execution of controls, including IRM-specified controls, to manage those risks. To support this activity, the Firm has a risk identification framework designed to facilitate each LOB and Corporate's responsibility to identify material risks inherent to the Firm's businesses and operational activities, catalogue them in a central repository and review material risks on a regular basis. The IRM function reviews and challenges the LOB and Corporate's identified risks, maintains the central repository and provides the consolidated Firmwide results to the Firmwide Risk Committee ("FRC") and the Board Risk Committee.

The independent status of the IRM function is supported by a risk governance and oversight structure that provides channels for the escalation of risks and issues to senior management, the FRC, and the Board of Directors, as appropriate. (*Pillar 3 Disclosures; Wates Principles II: Committees; IV: Risk, Responsibilities*)

EMEA Risk Governance

Whilst JPMorganChase has established a comprehensive Firmwide risk policy framework, this is supplemented as required by legal entity-specific risk policies, which are approved by the relevant entity Boards and Risk Committees. (*Wates Principle IV: Responsibilities*)

To complement the global LOB structure, there is a regional governance construct as below:

- The ERC provides oversight of the risks inherent in the Firm's business conducted in EMEA or booked into EMEA entities and relevant branches as well as EMEA branches of ex-EMEA firms.
- The ERC is accountable to the EMC and the boards, Risk Committees and Oversight Committees of the relevant legal entities. It reports to the FRC, the HR Control Forum, in addition to the EMC and the relevant legal entity Boards.
- The ERC delegates oversight of the risks inherent in the Company's International Consumer Banking to the ICB Risk Committee. The ICBRC also escalates matters to the Firmwide Risk Committee.
- The Company's CRO is a member of the ERC and the ICBRC.

(*Wates Principle IV: Responsibilities*)

Risk Appetite

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

The Company has its own risk appetite policy including quantitative and qualitative parameters leveraging the Firm's framework and approved annually by its Board. The ERC and the Company's Board Risk Committee review the risk appetite parameters quarterly. (*Wates Principle I: Strategy; Wates Principle IV: Opportunity, Risk, Responsibilities*)

Internal Capital Adequacy Assessment Process

The Company completes an ICAAP on a periodic basis (which forms part of the ICAAP submitted to the PRA by J.P. Morgan Capital Holdings Limited), which provides management with a view of the impact of severe and unexpected events on earnings, risk-weighted assets and capital. The Company's ICAAP integrates stress testing protocols with capital planning. The process assesses the potential impact of alternative economic and business scenarios on the Company's earnings, capital resources, risk-weighted assets and balance sheet. These scenarios are articulated in terms of macroeconomic factors, which are key drivers of business results; global market shocks, which generate short-term but severe trading losses; and idiosyncratic operational risk events. The scenarios are intended to capture and stress key vulnerabilities and idiosyncratic risks facing the entities in scope. However, when defining a broad range of scenarios, realised events can always be worse. ICAAP results are reviewed by management and challenged and approved by the Company's Board. (*Wates Principle IV: Risk, Responsibilities; VI: Stakeholders*)

J.P. MORGAN EUROPE LIMITED

Governance report (continued)

Statement of Corporate Governance Arrangements (continued)

Risk management and long-term sustainability (continued)

Individual Liquidity Adequacy Assessment Process ("ILAAP")

The ILAAP provides a holistic understanding of liquidity and funding risk management for the Company (which forms part of the ILAAP submitted to the PRA for J.P. Morgan Capital Holdings Limited) and sets out its risk appetite, strategy, liquidity and risk management frameworks and stress testing. It is completed on at least an annual basis and assesses the material sources of and uses of funding as well as the liquidity risks to which the Company is exposed demonstrating how these risks are measured, managed, monitored and mitigated. The ILAAP additionally considers how underlying risks are captured within both regulatory and internal liquidity stress testing and concludes how much liquidity the Company should hold to reflect these risks. Overall, the objective of the ILAAP is to demonstrate the Company maintains an appropriate funding profile and holds sufficient liquid assets to withstand a range of stressed scenarios that span different time horizons and severities whilst continuing to meet projected business activities. The ILAAP results are reviewed by management and challenged and approved by the Company's Board. (*Wates Principle IV: Risk, Responsibilities; VI: Stakeholders*)

New Business Initiatives

For new products and services, failure to identify new or changed risks may expose the Firm to financial loss or harm its reputation. Accordingly, the New Business Initiative Approval ("NBIA") policy provides a framework that governs the review and approval of new or materially changed products and services, while making sure that risks are identified, measured, monitored and controlled. LOBs are authorised to introduce new products, services and processes and are responsible for the new products and services they introduce.

Under the NBIA policy, the business is required to undertake an analysis of the economic, regulatory and legal entity capital impact of the new business, as appropriate. Sign-offs for NBIA's impacting the Company include Compliance, Legal, Risk, Operational Risk, Finance, Corporate Tax, Treasury, Technology and Operations. (*Pillar 3 Disclosures; Wates Principle IV: Opportunity, Risk, Responsibilities*)

ESG and climate-related governance

The Firm's corporate governance practices helps it serve the interests of its stakeholders, including customers, clients, employees, shareholders, and communities. The Firm believes that its continued success rests on adherence to its Business Principles, which focus on how it strengthens, safeguards, and grow the Firm over time. These principles apply consistently across Lines of Business and geographies where the Firm operates. As the Firm continues to deepen its understanding of ESG matters, it remains committed to regularly assessing and refining its governance structures, processes and controls, as appropriate.

Board Oversight

The Board is responsible for oversight of the business affairs of the Company and considers ESG matters, including those related to environmental sustainability and climate, as appropriate.

Senior Management

The Firm's most senior management body is the Operating Committee ("OC"), which is composed of our CEO, CRO, CFO, General Counsel, CEOs of each of the Line of Business and other senior executives, such as our Global Head of Corporate Responsibility. The OC and Firm Board of Directors receive updates from the CRO, the Global Head of Sustainability, the Global Head of Corporate Advisory, LOB CEOs and other senior leaders on climate-related initiatives, as appropriate.

The Company's most senior management body is the EMC. The EMC is composed of our regional CEO, CRO, CFO, General Counsel, regional CEOs of each of the LOBs and other senior executives. The EMC and Board of Directors receive updates from the EMEA CRO, the Global Head of Sustainable Solutions and EMEA Head of Green Economy Investment Banking, and other senior leaders on climate-related initiatives, as appropriate.

J.P. MORGAN EUROPE LIMITED

Governance report (continued)

Statement of Corporate Governance Arrangements (continued)

Remuneration

Compensation Philosophy

The Firm's Business Principles and culture are fundamental to the Firm's success in how the Firm does business over the long-term. Guided by these Business Principles, the Firm's compensation philosophy is fundamental to the Firm's goals of attracting, retaining, and motivating the Firm's workforce in a competitive market. The Firm's compensation philosophy provides the guiding principles that drive compensation-related decisions across all levels of the Firm.

The table below sets forth a summary of that philosophy:

Compensation Philosophy	
Paying for performance and aligning with shareholders' interests	<ul style="list-style-type: none"> In making compensation-related decisions, the Firm focuses on risk-adjusted performance (the Firm's risk and control professionals help contextualise the risk taken to achieve the return) and rewards behaviours that generate sustained value for the Firm. This means that compensation should not be overly formulaic, rigid or focused on the short term.
Encouraging a shared success culture	<ul style="list-style-type: none"> Teamwork and leadership should be encouraged and rewarded to foster a culture that supports our Business Principles. Contributions should be considered across the Firm, within business units, and at an individual level when evaluating an employee's performance.
Attracting and retaining top talent	<ul style="list-style-type: none"> The Firm's long-term success depends on the talents of its employees. The Firm's compensation philosophy plays a significant role in its ability to attract, properly motivate and retain top and diverse talent. Competitive and reasonable compensation should help attract and retain the best talent to grow and sustain the Firm's business. Diversity, opportunity and inclusion priorities and progress are incorporated into year-end performance evaluations and compensation decisions for Operating Committee members and a select group of senior leaders.
Integrating risk management and compensation	<ul style="list-style-type: none"> Risk management, compensation recovery, and repayment policies should be robust and designed to encourage behaving with standards of integrity that are required by the Firm's culture and Business Principles. Excessive risk-taking should be deterred. Conduct matters should be reviewed following Firmwide frameworks. Recoupment policies should include recovery of cash and equity compensation. The Firm's pay practices must comply with applicable rules and regulations, both in the U.S. and globally.
No special prerequisites and non-performance based compensation	<ul style="list-style-type: none"> Compensation should be straightforward and consist primarily of cash and equity incentives. The Firm does not have special supplemental retirement or other special benefits just for executives, nor does it have any change in control agreements, golden parachutes, merger bonuses, or other special severance benefit arrangements for executives.
Maintaining strong governance	<ul style="list-style-type: none"> Strong corporate governance is fostered by independent oversight of the executive compensation program by the Compensation and Management Development Committee ("CMDC"), including defining the Firm's compensation philosophy, reviewing and approving the Firm's overall incentive compensation pools, and approving compensation for the Operating Committee, including the terms of compensation awards. The Firm has a rigorous process in place to review risk, control and conduct issues at the Firm, line of business, function, and regional level, which can impact compensation pools as well as reduce compensation at the individual level, in addition to other employee actions.
Transparency with shareholders	<ul style="list-style-type: none"> Transparency to shareholders regarding the Firm's executive compensation program is important. The Firm discloses all material terms of its executive pay program, and any actions on the part of the Firm in response to significant events, as appropriate.

(Wates Principle V: Setting remuneration, Policies)

J.P. MORGAN EUROPE LIMITED

Governance report (continued)

Statement of Corporate Governance Arrangements (continued)

Remuneration (continued)

Alignment of practices with compensation philosophy

The Firm believes the effectiveness of its compensation program is dependent on the alignment of sound pay-for-performance practices with its compensation philosophy as illustrated in the table below:

Alignment of pay practices with compensation philosophy	
Principles-based compensation philosophy	<ul style="list-style-type: none">Guiding principles that drive compensation-related decision-making across all levels of the Firm.
Robust anti-hedging/ anti-pledging provisions	<ul style="list-style-type: none">Strict prohibition on unvested awards on shares owned outright.
Strong clawback provisions	<ul style="list-style-type: none">The Firm is enabled to cancel, reduce or require repayment of previously awarded compensation, if appropriate.
Performance-based pay	<ul style="list-style-type: none">Appropriately balanced short-, medium-, and long-term incentives based on performance linked to shareholder value, and safety & soundness.
Competitive benchmarking	<ul style="list-style-type: none">The Firm evaluates pay levels and pay practices against relevant market data.
Responsible use of equity	<ul style="list-style-type: none">The Firm used less than 1% of weighted average diluted shares in 2024 for employee compensation.
Risk, controls and conduct factors	<ul style="list-style-type: none">The Firm considers material issues as part of performance and pay decisions when appropriate.
Robust Shareholder Engagement	<ul style="list-style-type: none">Each year, the Firm provides the Board of J.P. Morgan Chase & Co. with feedback from shareholders on a variety of topics, including the Firm's compensation programs and practices.

(Wates Principle V: Setting Remuneration, Policies)

Remuneration Governance

The UK RemCo, which is a committee of the Company's Board, reviews the remuneration policy applicable to the Company (the "Remuneration Policy") on an annual basis, and oversees its implementation. The UK RemCo last reviewed the Remuneration Policy in June 2024 and was satisfied with its implementation. That policy is subject to independent oversight and control by the CMDC, a committee of the Board of JPMorganChase, the Company's ultimate parent company. The UK RemCo held three meetings in respect of the 2024 Performance Year, plus its annual executive session.

The CMDC oversees the Firm's compensation programs on an ongoing basis throughout the year, which enables the Committee to be proactive in its compensation planning to address both current and emerging developments and challenges. *(Wates Principle V: Policies, Delegating remuneration decisions, Subsidiary companies)*

J.P. MORGAN EUROPE LIMITED

Governance report (continued)

Statement of Corporate Governance Arrangements (continued)

Relationships with stakeholders

The JPMorganChase Board, as a group or as a subset of one or more directors, meets periodically throughout the year with the Firm's shareholders, employees and regulators, and with non-governmental organisations, and other persons interested in the Firm's strategy, business practices, governance, culture and performance and ESG and climate-related matters.

JPMorganChase shareholder engagement

As noted in the Section 172(1) Companies Act 2006 Statement on pages 3 - 5, the Company has the benefit of belonging to a large international firm. Feedback of information relating to shareholder engagement (e.g., the Annual Investor day, the Shareholder Outreach program) that is relevant to the Company is disclosed to the Board through the appropriate internal communication channels. (*Wates Principle VI: External impacts, Stakeholders*)

Engagement with employees

The JPMorganChase Business Principles set out the Firm's principles relating to A Great Team and Winning Culture.

The JPMorganChase Board is committed to maintaining a strong corporate culture that instils and enhances a sense of personal accountability on the part of all of the Firm's employees. In addition to discussions at Board meetings with senior management about these efforts, JPMorganChase directors participate in meetings with employees to emphasise this commitment. These meetings include employee town halls, LOB and leadership team events, annual senior leaders' meetings and informal sessions with members of the JPMorganChase Operating Committee and other senior leaders. In addition, the Firm conducts a periodic Employee Opinion Survey, the results of which are shared with the Company's Board for discussion and feedback is taken and actioned upon by management. (*Wates Principles II: Balance & Diversity, VI: Workforce*)

Engagement with regulators

The Company's Board and senior managers commit significant time to meeting with regulators from the UK and from other countries. Frequent interaction helps the Company learn first-hand from regulators about matters of importance to them and their expectations of the Firm. It also gives the Company's Board and management a forum for keeping our regulators well-informed about the Company's performance and business practices. (*Wates Principle VI: Stakeholders*)

Under the FCA Principles and the PRA Fundamental Rules, a firm must deal with its regulators in an open and cooperative way, and must disclose to the FCA and PRA appropriately anything relating to the firm of which that regulator would reasonably expect notice. In adhering to this principle, the Company's directors and senior managers (under SMCR) regularly meet with the PRA and the FCA to discuss matters relating to the regulatory supervision of the Company. (*Wates Principle VI: Stakeholders*)

Relationships with Customers and Suppliers

The Company is committed to always deal fairly, ethically and in good faith with its customers, suppliers, competitors, business partners, regulators and employees. Discrimination, harassment or inappropriate or abusive conduct by or against its stakeholders is not tolerated. In addition to compliance with applicable laws and regulations, the Company expects all its employees to hold themselves to the highest standards of ethical conduct and has put in place comprehensive policies and procedures to monitor culture and conduct within the organisation. Trust is essential to the organisation's business success and particular focus has been put on being a reliable steward of customers and suppliers' information, whether that information relates to financial, personal or business matters.

The Company works to achieve a competitive advantage through superior products and services, never through unethical or illegal business practices. The organisation prohibits taking unfair advantage of any of its stakeholders through manipulation, concealment, abuse of privileged or confidential information, misrepresentation of material facts or any other unfair dealings or practices. In addition, the Company has fiduciary obligations to its clients to act in their best interest and avoids or otherwise addresses through controls, disclosures or other appropriate steps, any actual or potential conflicts of interest. Accountability, transparency and integrity are the cornerstones of doing good business, which includes simplifying disclosures, products and operations, and effectively managing ESG matters. This preserves the organisation's reputation for integrity. In line with UK legal requirements, the Company discloses its payment practices information on a semi-annual basis. (*Wates Principle VI: Stakeholders*)

J.P. MORGAN EUROPE LIMITED

Governance report (continued)

Statement of Corporate Governance Arrangements (continued)

Relationships with stakeholders (continued)

Relationships with Customers and Suppliers (continued)

The JPMC Business Principles set out the Firm's Focus on the Customer:

- Exceed expectations by listening to customers and anticipating their needs, making it easy for them to do business with us;
- Earn trust by always focusing on customers' best interests; high-quality customers will grow along with the Company;
- Give customers a good, fair deal – offer high-quality, competitively priced products and services;
- Consider the full range of products and services that will fit customer needs, cross selling when appropriate;
- Never allow short-term profit considerations to get in the way of doing what's right for the customer; and
- Use our own products – when it comes to understanding the customer, nothing beats being a customer.

(Wates Principle VI: Stakeholders)

Engagement with the community and the environment

The Firm endeavours to promote inclusive economic growth and opportunity in communities where it operates. The Firm also works to advance environmental sustainability within its business activities and facilities. The Company's Board works to support the UK as part of those endeavours.

In the UK we support:

- **Financial Health:** Low-to-moderate income households build financial resilience for long-term security. In the UK, more than 7 million low-income households went without essentials in the first half of 2023, and over 2 million households were borrowing money to pay their bills. In 2024, we announced a new partnership with Nest Insight for £1.5m, building on their existing evidence and impact of emergency savings mechanisms. Nest Insight is working to explore new and more effective financial tools to support those, particularly on unpredictable or volatile pay, for employers to offer their staff to help improve their financial resilience.
- **Supporting Small Business Growth:** Across the UK, many small businesses struggle to access funding and supply chains that would put them on a strong path to growth. We focus on helping underserved small businesses, particularly those led by women and ethnic minorities, overcome barriers to accessing finance and supply chains, enabling them to expand and succeed, and thereby creating more inclusive and robust local economies. In 2024, we provided £4 million to Responsible Finance to help Community Development Financial Institutions ("CDFIs") upgrade their technology and leadership, enabling them to deliver more small business loans to diverse entrepreneurs and underserved communities.
- **Young people from low-income backgrounds to make informed career decisions; build employability skills; and access work experience, and employment opportunities in resilient sectors.** We have been funding with the Social Mobility Foundation ("SMF") since 2012 to deliver Aspiring Professional Programme, which supports high-achieving young people aged 16-17 from low-income families across the UK with training, quality work experience and mentoring including at JPMC to improve their ability to access top universities and professional careers.
- **The communities we serve, through the third year of our partnership with the National Literacy Trust ("NLT") and the first year of the Chase Football Coaching Programme with the Home Nations Football Association.** In 2024, we transformed and enhanced another 100 school libraries with the NLT, reaching over 32,000 children in seven underserved areas in the UK. We continued our volunteer programme with the NLT, where our employees helped to set up 14 libraries at schools across Glasgow, Edinburgh and London. The first year of the Chase Football Coaching Programme took place in 2024, offering 3,035 fully paid coaching qualifications across England, Scotland, Wales and Northern Ireland, and spanning across grassroots and Union of European Football Associations ("UEFA") levels.

(ESG Report; Corporate Responsibility Report; Wates Principle VI: Stakeholders)

J.P. MORGAN EUROPE LIMITED

Governance report (continued)

Statement of Corporate Governance Arrangements (continued)

Further Information

For further information on the corporate governance related disclosures made by the Company, please see:

- JPMorganChase & Co. Business Principles: www.jpmorganchase.com/about/our-business/business-principles
- JPMorganChase & Co. Annual Meeting of Shareholders Proxy Statement: www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/investor-relations/documents/proxy-statement2024.pdf
- Capital Requirements Directive IV (2013/36/EU, "CRD IV") governance disclosures: www.jpmorgan.com/content/dam/jpm/global/disclosures/by-region/crd4_governance.pdf
- Pillar 3 disclosures under CRD IV and the Capital Requirements Regulation (EU 575/2013): <https://jpmorganchaseco.gcs-web.com/ir/sec-other-filings/basel-pillar-and-lcr-disclosures/pillar-uk>
- Gender Diversity on EMEA Boards Disclosures: www.jpmorgan.com/disclosures/crd4
- Environmental Social and Governance Report: www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/jpmc-esg-report-2023.pdf
- Transparency Statement under s.54 of the Modern Slavery Act 2015: www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/jpmc-fy23-modern-slavery-group-statement.pdf^[1]



Clive Adamson

Chair
16 April 2025

¹This links to the 2023 edition of the statement. The 2024 report is expected to be published in June 2025.

Independent auditor's report to the members of J.P. Morgan Europe Limited

For the purpose of this report, the terms "we" and "our" denote MHA in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of J.P. Morgan Europe Limited. For the purposes of the table on pages 57 to 59 that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA. The "Company" or "Bank" is defined as J.P. Morgan Europe Limited. The relevant legislation governing the Company is the United Kingdom Companies Act 2006 ("Companies Act 2006").

Opinion

We have audited the financial statements of the Company for the year ended 31 December 2024. The financial statements that we have audited comprise:

- the Income statement
- the Statement of comprehensive income
- the Statement of financial position
- the Statement of changes in equity, and
- Notes 1 to 29 of the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the company's financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as of 31 December 2024 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice ; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included but not limited to:

- The consideration of inherent risks to the Company's operations and specifically its business model including the evaluation of how those risks might impact on the Company's available financial resources.
- Making enquiries of the Directors to understand the basis for the period of assessment considered by them, the assumptions they considered and their implication on the Company's future financial performance, liquidity, and capital adequacy.
- Where additional resources may be required, the reasonableness and practicality of the assumptions made by the Directors when assessing the probability and likelihood of those resources becoming available.
- Liquidity considerations including examination of the Company's cash flow projections and liquidity risk management in view of its regulatory obligations.
- Understanding and evaluating the current and forecast financial position, regulatory capital adequacy and liquidity, including internal stress tests performed on these.
- Evaluation of the strategic plans of the Company, and the supporting financial forecasts.

- Reading regulatory correspondence, minutes of meetings of the Audit Committee and the Board of Directors and performing post balance sheet events' review to identify events of conditions that may impact the Company's ability to continue as a going concern.
- Reading and evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

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

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

Overview of our audit approach

Scope	Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.		
Overall Materiality	2024	2023	
	£14.5m	£14m	1% of adjusted net assets (2023: 1% of net assets)

Key audit matters	
Recurring	1. Intercompany transactions: cost and income attributions
New	2. IT systems and controls impacting financial reporting

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters which had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Intercompany transactions: cost and income attributions

Key audit matter description	<p>J.P. Morgan Europe Limited ("JPMEEL") is party to a number of intercompany arrangements with different members of JPMorgan Chase and Co ("JPMC Group"). In addition, JPMEEL operates Chase UK using an online platform provided by JP Morgan Chase Bank, N.A ("CBNA"). As such there are material income and expenses of JPMEEL arising from these intercompany arrangements.</p> <p>Material income and expenses of the Company in the period arose from intercompany arrangements. The total value of intercompany transactions in scope of this KAM are £3m income (2023: £7m) and £129m costs (2023: £136m).</p> <p>The key areas we identified as having the most significant impact on these intercompany transactions were:</p> <ul style="list-style-type: none"> • The method and basis of allocation of intercompany transactions; and • Governance arrangements in respect of intercompany services.
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How the scope of our audit responded to the key audit matter	<p>We performed test of internal controls described below:</p> <ul style="list-style-type: none"> • Obtained an understanding of the processes and controls over the allocation of intercompany costs and income. We evaluated the design, implementation and operating effectiveness of those controls. <p>We performed the substantive procedures described below:</p>
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- Obtained and reviewed minutes of key governance meetings to understand the strategic changes and developments affecting the Company, and the nature of its relationship with other entities within the J.P. Morgan Chase Group.
- Obtained and reviewed key policies that govern intercompany arrangements and existing transfer pricing arrangements. In performing these procedures, we involved our tax specialists.
- Performed detailed testing on a sample basis of costs and income attributions to the Company. This included assessing the reasonableness of the basis of allocating those costs and income considering the agreements governing intercompany arrangements, the business rationale and information supporting the legal entity costs or income allocation.
- Obtained the staff secondment workings and validated that accounting entries reflect the secondment arrangements entered by the Company.
- Performed journal entry testing on material expense and revenue accounts.

Key observations communicated to the Audit Committee

We found that the approach taken by management on cost and income attributions to be reasonable. The procedures above were completed without material exceptions.

2. IT systems and controls impacting financial reporting

Key audit matter description

The Bank's operations are significantly dependent on complex IT systems to process significant volumes of customer banking transactions, which impact a majority of account balances and transactions reported in the financial statements.

The IT systems form a critical component of the Bank's financial reporting process due to:

- Significant reliance on third party arrangements and use of cloud platforms. There is a risk of insufficient oversight of third-party service providers and unmitigated control deficiencies would have a pervasive impact on the financial reporting of the Bank.
- Ongoing development of IT systems due to business changes and launch of new products and services. Inadequate change controls could impact the effective operation of the IT systems.
- The importance of IT general controls and automated controls to an effective financial reporting process.

We therefore considered IT systems and controls impacting financial reporting as a key audit matter.

How the scope of our audit responded to the key audit matter

We performed walkthrough procedures to identify key IT systems that have a significant impact on the financial reporting of the Bank and their operating environment. This assessment considered the significance of the related financial data or balances, the significance of automated controls or financial reports from those systems and system changes in respect of new products and services.

We used IT audit specialists to evaluate and test the design and operating effectiveness of IT general controls and automated controls over systems and databases relevant to the financial reporting of the Bank.

Where control deficiencies were identified, we tested remediation internal controls or activities performed by management and/or test compensating controls in place.

For systems outsourced to third parties:

- We enquired from management to understand the governance and oversight procedures in respect of monitoring key third party service providers. We obtained and reviewed a sample of governance reports produced as result of the monitoring activities performed by Bank on its service providers.

- Using business assurance controls specialists, we tested IT general controls through evaluating the relevant Service Organisation Controls (“SOC”) reports (where available). Where SOC reports are not available, we tested compensating controls to address risks relevant to financial reporting of the Bank.

For systems outsourced to related parties:

- We instructed IT audit specialists from the independent auditors of those related parties, to perform specific tests of IT general controls on systems and databases relevant to the financial reporting of the Bank.

Key observations communicated to the Audit Committee

We are satisfied that the Bank’s overall IT control environment appropriately supports the financial reporting process of the Bank in respect of the financial reporting for the year ended 31 December 2024.

Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Materiality in respect of the Company was set at £14.5m (2023: £14m) which was determined on the basis of 1% of Company adjusted net assets (2023: 1% of the Company’s net assets). Adjusted net assets was calculated as net assets less capital injection in the period. This was deemed to be the appropriate benchmark for the calculation of materiality as this is a key area of the financial statements with which the users of the financial statements are principally concerned. We also benchmarked the materiality basis against a select of entities of similar size and operations to the Bank.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Performance materiality for the Company was set at £10.20m (2023: £9.95m) which represents 70% (2023: 70%) of overall materiality.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.

We agreed to report any corrected or uncorrected adjustments exceeding £0.730m (2023: £0.710m) to the Audit Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

The control environment

We evaluated the design and implementation of those internal controls of the Company which are relevant to our audit, such as those relating to the financial reporting cycle. We also tested operating effectiveness and placed reliance on certain controls over customer deposits and general ledger reconciliations for bank and customer deposit transactions. We deployed our internal IT audit specialists to obtain an understanding of the general IT environment.

A number of IT systems are hosted and operated on behalf of the Company by related parties from the JP Morgan Group and third-party service providers (“service providers”). We obtained audit evidence from the work that is scoped and provided by the auditors of those service providers in respect of certain IT controls. For a selection of third-party service providers we obtained and reviewed service organisation controls report relevant to the financial year ended 31 December 2024. We used our internal business assurance controls specialists to review the service organisation controls reports.

Climate-related risks

In planning our audit and gaining an understanding of the Company, we considered the potential impact of climate-related risks on the business and its financial statements. We obtained management’s climate-related risk assessment and held discussions with management to understand their process for identifying and assessing those risks.

We critically reviewed management's assessment and challenged the assumptions underlying their assessment. We also designed our audit procedures to specifically consider those assets where we anticipated, based on the work performed, that the highest impact arising from climate change might fall. We agree with management's assessment that no significant climate-related risks are identified while the Company's activities are limited to providing current and savings accounts to consumers.

Reporting on other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

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

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

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Identifying and assessing potential risks arising from irregularities, including fraud

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector the control environment, business performance including remuneration policies and the Company's own risk assessment that irregularities might occur as a result of fraud or error. From our sector experience and through discussion with the Directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Company focusing on laws and regulations that could reasonably be expected to have a direct material effect on the financial statements, such as provisions of the Companies Act 2006, UK tax legislation or those that had a fundamental effect on the operations of the Company including the regulatory and supervisory requirements of the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA").
- We enquired of the Directors and management including the in-house legal counsel, compliance, risk and internal audit, audit committee concerning the Company's policies and procedures relating to:
 - identifying, evaluating and complying with the laws and regulations and whether they were aware of any instances of non-compliance.
 - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls. We determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce costs, creating fictitious transactions to hide losses or to improve financial performance, and management bias in accounting estimates.

Audit response to risks identified

In respect of the above procedures:

- We corroborated the results of our enquiries through our review of the minutes of the Company's board, audit committee meetings, inspection of the complaints register and inspection of regulatory correspondence and correspondences from HMRC and the regulators PRA and the FCA;
- Audit procedures performed by the engagement team in connection with the risks identified included:
 - evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;
 - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements.
 - Testing journal entries and other adjustments for appropriateness including those processed late for financial statements preparation, those posted by infrequent or unexpected users, those posted to unusual account combinations and reviewing accounting estimates for bias;
 - evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
 - enquiry of management around actual and potential litigation and claims.
 - challenging the assumptions and judgements made by management in its significant accounting estimates, and
 - obtaining confirmations from third parties to confirm existence of a sample of transactions and balances.
- The Company operates in a highly regulated banking industry. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities; and

- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including experts, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

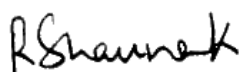
Other requirements

We were reappointed by the Directors on 16 January 2025 for the fourth consecutive year to audit the financial statements of the Company for the year ended 31 December 2024 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 4 years.

We did not provide any non-audit services which are prohibited by the FRC's Ethical Standard to the Company, and we remain independent of the Company in conducting our audit.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Rakesh Shaunak FCA

(Senior Statutory Auditor)

for and on behalf of MHA, Statutory Auditor

London, United Kingdom

16 April 2025

MHA is the trading name of MHA Audit Services LLP, a limited liability partnership in England and Wales (registered number OC455542).

J.P. MORGAN EUROPE LIMITED

Income statement for the year ended 31 December 2024

		2024	2023
	Notes	£'000	£'000
Interest income	7	1,185,014	865,013
Interest expense	7	(789,199)	(534,716)
Net interest income		395,815	330,297
Fee and commission income	8	46,450	44,419
Fee and commission expense	8	(433)	(545)
Net fee and commission income		46,017	43,874
Expected credit loss charge	9	(200)	(887)
Operating and administrative expense	11	(404,387)	(364,660)
Trading loss		(225)	(29)
Profit before taxation		37,020	8,595
Income tax (charge)/credit	13	(10,245)	927
Profit for the year		26,775	9,522

J.P. MORGAN EUROPE LIMITED

Statement of comprehensive income for the year ended 31 December 2024

	2024	2023
	£'000	£'000
Profit for the year	26,775	9,522
Total comprehensive income for the year	26,775	9,522

The notes on pages 67 - 85 form an integral part of these financial statements.

J.P. MORGAN EUROPE LIMITED

Statement of financial position as at 31 December 2024

		2024	2023
	Notes	£'000	£'000
Assets			
Loans and advances to banks	14	23,250,686	16,371,664
Loans and advances to customers	15	2,650	—
Securities purchased under resale agreements	16	2,054,090	2,083,444
Financial assets held at fair value through profit or loss	17	—	1,924
Financial assets designated at fair value through profit or loss		101	25
Tangible fixed asset		3	316
Trade and other receivables	19	15,938	67,641
Prepayments and accrued income	20	126,472	258,422
Total assets		25,449,940	18,783,436
Liabilities			
Deposits from JPMorganChase undertakings		146,241	24,649
Customer accounts	21	22,794,662	17,134,548
Trade and other payables	22	69,800	118,128
Accruals and deferred income	23	112,265	76,567
Total liabilities		23,122,968	17,353,892
Equity			
Share capital	26	1,899,976	1,032,058
Share premium	26	170,593	170,593
Other reserves	26	125,756	123,499
Cumulative translation reserve	26	(170)	(170)
Retained earnings	26	130,817	103,564
Total equity		2,326,972	1,429,544
Total liabilities and equity		25,449,940	18,783,436

The notes on pages 67 - 85 form an integral part of these financial statements.

Registered Company Number: 00938937

The financial statements were approved and authorised by the Board of Directors on 16 April 2025 and signed on its behalf by:



Matthew Melling

Director & Chief Financial Officer
16 April 2025

J.P. MORGAN EUROPE LIMITED

Statement of changes in equity as at 31 December 2024

	Notes	Share capital £'000	Share premium £'000	Capital contribution reserve £'000	Other reserves £'000	Cumulative translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2023		1,032,058	170,593	26,341	95,752	(170)	94,042	1,418,616
Profit for the financial year		—	—	—	—	—	9,522	9,522
Total comprehensive income for the year		—	—	—	—	—	9,522	9,522
Group share-based payment costs		—	—	—	—	—	4,707	4,707
Group share-based payment costs recharged		—	—	—	—	—	(4,707)	(4,707)
Tax effect on share-based payments	13	—	—	—	1,406	—	—	1,406
Movement in reserves		—	—	(1,477)	1,477	—	—	—
Balance as at 31 December 2023		1,032,058	170,593	24,864	98,635	(170)	103,564	1,429,544
Profit for the financial year		—	—	—	—	—	26,775	26,775
Total comprehensive income for the year		—	—	—	—	—	26,775	26,775
Issue of ordinary shares		867,918	—	—	—	—	—	867,918
Group share-based payment costs		—	—	—	—	—	12,403	12,403
Group share-based payment costs recharged		—	—	—	—	—	(12,403)	(12,403)
Tax effect on share-based payments	13	—	—	—	2,257	—	478	2,735
Balance as at 31 December 2024		1,899,976	170,593	24,864	100,892	(170)	130,817	2,326,972

Movement in reserves includes a reclassification of an adjustment posted in a prior period.

The notes on pages 67 - 85 form an integral part of these financial statements.

J.P. MORGAN EUROPE LIMITED

Notes to the financial statements

1. General information

The Company is incorporated in England and Wales under company number 00938937 and is domiciled in the United Kingdom. The Company's immediate parent undertaking is J.P. Morgan Capital Holdings Limited, incorporated in England and Wales, which is also the parent undertaking of the smallest group in which the Company's results are consolidated. The Company's ultimate parent undertaking and controlling party is JPMorganChase & Co., which is incorporated in the state of Delaware in the United States of America. JPMorganChase & Co. is also the parent undertaking of the largest group in which the results of the Company are consolidated. The largest and smallest parent groups' consolidated financial statements can be obtained from the Company's registered office at 25 Bank Street, Canary Wharf, London, E14 5JP. The Company is a private company limited by shares.

The Company's principal activity is its digital retail bank under the Chase brand. The Company maintains its UK Depository Services business. The Company will safeguard residual POca balances and process balance redemption requests as they are made.

The Company is authorised by the PRA a licensed deposit taker. It is regulated by the FCA and the PRA in the UK. It is also regulated by the UK Payment Systems Regulator ("PSR") with respect to its operation and use of payment systems. In addition, the retail businesses of the Company are subject to UK consumer-protection legislation.

2. Basis of preparation

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

The financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of certain financial assets and financial liabilities measured at fair value through profit or loss or measured at fair value through other comprehensive income, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

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

- Certain share-based payment disclosures in respect of group equity instruments (IFRS 2 'Share-based Payment' paragraphs 45(b) and 46 to 52)
- Comparative information disclosures for the following (paragraph 38 of IAS 1 'Presentation of Financial Statements' ("IAS 1")):
 - reconciliation of share capital (paragraph 79(a)(iv) of IAS 1)
 - reconciliation of property, plant and equipment (paragraph 73(e) of IAS 16 'Property, Plant and Equipment')
 - reconciliation of intangible assets (paragraph 118(e) of IAS 38 'Intangible Assets')
- Statement of compliance to IFRS - paragraph 16, IAS 1
- Cash flow statement and related notes IAS 7 'Statement of Cash Flows'
- Third balance sheet on retrospective accounting policy changes, restatements or reclassifications (paragraph 40A-D, IAS 1)
- Key management compensation disclosures (paragraph 17, IAS 24 'Related Party Disclosures' ("IAS 24"))
- Related party transactions with wholly owned Group undertakings (IAS 24)

J.P. MORGAN EUROPE LIMITED

Notes to the financial statements (continued)

3. Accounting and reporting developments

3.1 Standards adopted during the year ended 31 December 2024

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

- Non-current Liabilities with Covenants - Amendments to IAS 1.

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

3.2 New or revised standards issued but not yet effective

There are other new accounting standards, amendments to accounting standards and interpretations published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact to the Company in the current or future reporting periods and on foreseeable future transactions.

4. Critical accounting estimates and judgements

In the process of applying the Company's accounting policies, management makes judgements, estimates and assumptions for certain categories of assets and liabilities. These judgements, estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the reporting period. Making judgements, estimates and assumptions can involve levels of uncertainty and subjectivity and therefore actual results could differ from the reported amounts. The Company's material accounting policy information is described in Note 5.

4.1 Measurement of the expected credit loss allowance

An allowance for ECL is required for financial assets measured at amortised cost as well as lending related commitments, such as loan commitments and financial guarantees. The measurement of ECL requires the use of complex models and significant assumptions about future economic conditions and credit behaviours.

A number of significant judgements are also required in measuring ECL, such as:

- Determining the criteria for identifying when financial instruments have experienced a significant increase in credit risk;
- Choosing appropriate forecasts and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of financial instrument/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

J.P. MORGAN EUROPE LIMITED

Notes to the financial statements (continued)

5. Material accounting policy information

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

5.1 Functional and presentation currency

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

5.2 Foreign currency translation

Monetary assets and monetary liabilities in foreign currencies are translated into the functional currency of the Company, at rates of exchange ruling on the balance sheet date. Income and expense items denominated in foreign currencies are translated into the functional currency at exchange rates prevailing at the date of the transactions. Any gains or losses arising on translation are taken directly to the income statement.

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

5.3 Financial assets and financial liabilities

i. Recognition of financial assets and financial liabilities

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

ii. Classification and measurement of financial assets and financial liabilities

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

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

iii. Financial assets and financial liabilities measured at amortised cost

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

Financial assets measured at amortised cost include loans and advances to banks, loans and advances to customers, certain securities purchased under resale agreements, trade and other receivables and accrued income that are in the Hold to Collect business model.

Financial liabilities are measured at amortised cost unless they are held for trading or a designated as measured at FVTPL. Most of the Company's financial liabilities are measured at amortised cost. Financial liabilities measured at amortised cost include trade payables, amounts owed to JPMorganChase undertakings and certain other payables.

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

J.P. MORGAN EUROPE LIMITED

Notes to the financial statements (continued)

5. Material accounting policy information (continued)

5.3 Financial assets and financial liabilities (continued)

iii. Financial assets and financial liabilities measured at amortised cost (continued)

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

Gains and losses arising on the disposal of financial assets measured at amortised cost are recognised in trading profit or loss as relevant.

5.4 Interest income and expense

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

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

Interest income and expense on financial assets and financial liabilities, excluding those classified at FVTPL, are presented in interest income and interest expense and are measured.

5.5 Trading profit or loss

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

5.6 Impairment of financial assets and lending-related commitments

Instruments in scope of TCP include loans, lending-related commitments, and other lending products stemming from extensions of credit to borrowers (including intercompany and affiliated entities). The Company establishes an expected credit loss allowance ("ECL") for these instruments to ensure they are reflected in the financial statements at the Company's best estimate of the net amount expected to be collected. The ECL is determined on in-scope financial instruments measured at amortised cost. ECL is measured collectively via a portfolio-based (modelled) approach for Stage 1 and 2 assets but is generally measured individually for Stage 3 assets. ECL is forecasted over the 12-month term (Stage 1) or expected life (Stage 2 or 3) of in-scope financial instruments, where the forecast period includes the reasonable and supportable ("R&S") forecast period, the reversion period and the residual period and considers the time value of money. In determining the ECL measurement and staging for a financial instrument, the Company applies the definition of default consistent with the Basel definition of default to maintain uniformity of the definition across the Firm.

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

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

The credit risk section on pages 11 - 21 provides more detail for how the ECL is measured.

J.P. MORGAN EUROPE LIMITED

Notes to the financial statements (continued)

5. Material accounting policy information (continued)

5.7 Fee and commission income

The Company records revenue from certain contracts with customers in card income, asset management and commissions and all other commissions and fees.

Card income

This revenue category includes interchange and other income from credit and debit card transactions which are recognised when cardholder transactions occur and presented net of certain transaction related costs.

Asset management and commissions

This income category includes fees from custody and related services and other products.

The Company receives administrative fees predominantly from custody and funds services. These fees are recorded as income over the period in which the related service is provided.

Commissions and other fees

This income category mainly includes income earned through Firm attribution agreements, as well as residual commissions and fees from legacy business. Commissions and other fees are recognised when the performance obligations have been satisfied and when the services are rendered.

5.8 Platform delivery services

The Company has an agreement with JPMorgan Chase Bank, N.A. under which it receives platform delivery services which enable the Company to provide retail banking services to its customers. The Company does not own or operate the platform, does not retain any rights or title in the platform technology and cannot restrict other's access to it. The Company expenses the costs in operating and administrative expense in the period in which it receives the platform delivery services.

5.9 Securities purchased under resale agreements

Securities purchased under agreements to resell the securities to the counterparty are treated as collateralised lending transactions. The consideration for the transaction can be in the form of cash or securities. If the consideration for the purchase of securities is given in cash the transaction is recorded on the statement of financial position within securities purchased under resale agreements. If the consideration is received or given in the form of securities the transaction is recorded off balance sheet. The difference between the sales and repurchase price is treated as interest and accrued over the life of the agreements.

5.10 Offsetting financial assets and liabilities

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

J.P. MORGAN EUROPE LIMITED

Notes to the financial statements (continued)

5. Material accounting policy information (continued)

5.11 Current and deferred taxation

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

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

5.12 Share-based payment awards

The share-based Long Term Incentive Plan ("LTIP") awards to certain Company employees qualify as equity awards and are measured at their grant date fair values. The grant date fair value is recognised as compensation expense for each tranche of each award, net of estimated forfeitures, as if it were a separate award with its own vesting date. For each tranche granted, compensation expense is recognised in line with how awards vest from the grant date until the vesting date of the respective tranche, provided that the employees will not become full-career eligible during the vesting period. For awards with full-career eligibility, provisions and awards granted with no future substantive service requirement, the Company accrues the estimated value of awards expected to be awarded to employees as of the grant date without giving consideration to the impact of post-employment restrictions. For each tranche granted to employees of the Company who will become full-career eligible during the vesting period, compensation expense is recognised in line with how awards vest from the grant date until the earlier of the employee's full-career eligibility date or the vesting date of the respective tranche.

6. Segmental analysis

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

Operations by Geography

During the year the Company operated in the EMEA geographic region, predominantly in the UK, as listed below:

The following table presents revenues from principal business activities and total assets by geographic area.

	EMEA		Rest of world		Total	
	2024	2023	2024	2023	2024	2023
	£'000	£'000	£'000	£'000	£'000	£'000
Interest income	1,185,014	865,013	—	—	1,185,014	865,013
Fee and commission income	46,450	44,303	—	116	46,450	44,419
Trading loss	(245)	(25)	20	(4)	(225)	(29)
Total assets	25,449,888	18,773,357	52	10,079	25,449,940	18,783,436

J.P. MORGAN EUROPE LIMITED

Notes to the financial statements (continued)

7. Interest income and interest expense

Interest income and interest expense are recorded in the income statement and classified based on the nature of the underlying asset or liability. Interest income and interest expense includes the current year interest accruals.

	2024	2023
	£'000	£'000
Interest income on financial instruments at amortised cost		
Loans and advances to banks	1,081,162	779,713
Loans and advances to customers	144	2
Securities purchased under resale agreements	103,708	85,296
Other	—	2
Total interest income	1,185,014	865,013
Interest expense on financial instruments at amortised cost		
Customer accounts	784,470	534,047
Deposits from JPMorganChase undertakings	4,681	663
Other	48	6
Total interest expense	789,199	534,716

Interest income and interest expense include the following amounts with JPMorganChase undertakings:

	2024	2023
	£'000	£'000
Interest income on financial instruments at amortised cost		
Loans and advances to banks	1,075,994	778,184
Securities purchased under resale agreements	103,708	85,296
Total interest income	1,179,702	863,480
Interest expense on financial instruments at amortised cost		
Customer accounts	—	7
Deposits from JPMorganChase undertakings	4,681	663
Other	47	3
Total interest expense	4,728	673

J.P. MORGAN EUROPE LIMITED

Notes to the financial statements (continued)

8. Fee and commission income and expense

Fee and commission income consists of the following non-interest revenue streams of card income, asset management and commissions and all other commissions and fees. All other commissions and fees represent amounts received through Firm attribution agreements and service fees due from JPMorganChase undertakings for whom employees of the Company conduct business.

The following table presents the components of these fees:

	2024	2023
	£'000	£'000
Fee and commission income		
Card income	33,143	27,730
Asset management and commissions	10,072	9,908
All other commissions and fees	3,235	6,781
Total fees and commissions income	46,450	44,419
Fee and commission expense		
Fee and commission expense	433	545
Total fee and commission expense	433	545

Fee and commission income and expense include the following amounts with JPMorganChase undertakings:

	2024	2023
	£'000	£'000
Fee and commission income	2,740	7,444
Fee and commission expense	433	545

J.P. MORGAN EUROPE LIMITED

Notes to the financial statements (continued)

9. Expected credit loss

	2024	2023
	£'000	£'000
Allowance for loan losses		
Opening balance	404	113
ECL charge for the year	190	887
Amounts written off ¹	(404)	(596)
Closing balance	190	404

	2024	2023
	£'000	£'000
Allowance for lending-related commitments (refer to Note 27)		
Opening balance	—	—
ECL charge for the year	10	—
Closing balance	10	—
Total ECL charge for the year	200	887

¹ Includes ECL reversal following application of qualitative models (2023: £nil). Refer to the credit risk section on pages 11 - 21 for more detail.

10. Auditors' remuneration

	2024	2023
	£'000	£'000
Auditors' remuneration for the audit of the Company's annual financial statements	920	790
Audit related assurance services provided by the auditor	5	10
Other audit related services ¹	288	196
Total auditors' remuneration	1,213	996

¹ Other audit related services were provided by PricewaterhouseCoopers LLP.

J.P. MORGAN EUROPE LIMITED

Notes to the financial statements (continued)

11. Operating and administrative expense

	2024	2023
	£'000	£'000
Marketing	142,199	132,579
Platform delivery services	93,216	102,577
JPMorganChase undertaking recharges	35,973	33,320
Staff cost		
Wages and salaries	43,076	39,099
Social security costs	7,179	3,849
Other pension and benefit costs	6,657	5,987
Share-based payments	12,403	4,797
Other operating and administrative expenses	63,684	42,452
Total operating and administrative expense	404,387	364,660

Platform delivery services includes costs related to technology platform. These expenses are recharged through Firm attribution agreements from JPMorganChase undertakings for whom the employees of the Company conduct business. Given the development and evolution of the business, the agreement has been re-evaluated to a more flexible and scalable model.

The average monthly number of persons employed by the Company was 814 (2023: 802).

Of the average headcount, the Company employed 731 in the Corporate Sector (2023: 722), 47 in the Commercial & Investment Bank (2023: 55) and 37 in the Consumer & Community Banking (2023: 25).

12. Directors' emoluments

	2024	2023
	£'000	£'000
Aggregate emoluments	966	1,028
Total contributions to a defined contribution plan	2	—
Number of directors with shares received or receivable under LTIPs	5	4
Number of directors to whom defined contribution pension rights accrued	3	1

In accordance with the Companies Act 2006, the directors' emoluments above represent the proportion paid or payable in respect of qualifying services to the Company including LTIPs of £147,372 in 2024 (2023: £207,533). Directors also received emoluments for non-qualifying services, which are not required to be disclosed.

The aggregate compensation to the non-executive directors who were members of the Board for all or part of the year ended December 2024 was £595,284 (2023: £583,332).

Highest paid director

The emoluments of the highest paid director during the year as well as the previous year, was less than £200,000 in each year, and therefore isn't required to be disclosed.

J.P. MORGAN EUROPE LIMITED
Notes to the financial statements (continued)

13. Income tax charge/(credit)

	2024	2023
	£'000	£'000
(a) Analysis of tax (charge)/credit for the year		
Current tax		
Current tax charge	13,014	2,347
Adjustments in respect of prior years	(237)	—
Total current tax charge	12,777	2,347
Deferred tax		
Origination of temporary differences	(2,647)	(3,245)
Adjustments in respect of previous periods	115	—
Impact of change in tax rate	—	(29)
Total deferred tax credit	(2,532)	(3,274)
Total tax charge/(credit) for the year	10,245	(927)

	2024	2023
	£'000	£'000
(b) Tax credit to equity		
Share-based payments		
Current tax through Retained earnings	(478)	—
Deferred tax through Other reserves	(2,257)	(1,406)
Total tax credit to equity	(2,735)	(1,406)

(c) Factors affecting the current tax (charge)/credit for the year

The current tax (charge)/credit for the year differs from the standard rate of corporation tax in the UK including banking surcharge (28%). The differences are explained below:

	2024	2023
	£'000	£'000
Profit before taxation	37,020	8,595
Profit before taxation multiplied by effective rate of corporation tax in UK 28% (2023: 27.75%)	10,366	2,385
Effects of:		
Non-deductible expenditure	2	180
Recognition of deferred tax asset	(2)	(3,245)
Adjustments in respect of prior years	(121)	—
Impact of change in the UK tax rate	—	(29)
Change in basis adjustments	—	32
Share-based payments	—	(250)
Total tax charge/(credit) for the year	10,245	(927)

J.P. MORGAN EUROPE LIMITED
Notes to the financial statements (continued)

13. Income tax charge/(credit) (continued)

(d) Deferred taxation

i) Movement on the deferred tax account is as follows:

	2024	2023
	£'000	£'000
As at 1 January	4,680	—
Adjustment in respect of prior years	(116)	—
Deferred tax credit to the income statement	2,647	3,274
Deferred tax credit to equity (other reserves)	2,257	1,406
As at 31 December	9,468	4,680

ii) The movement in deferred tax assets and (liabilities) during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction:

	Share-based payments	Accelerated capital allowances	Other	Total
			£'000	£'000
Deferred tax assets				
As at 1 January 2023	—	—	—	—
Credited to the income statement	2,917	286	71	3,274
Credited to equity (other reserves)	1,406	—	—	1,406
At 31 December 2023	4,323	286	71	4,680
As at 1 January 2024	4,323	286	71	4,680
Adjustment in respect of prior years	—	—	(115)	(115)
Credited to the income statement	2,587	20	40	2,647
Credited to equity (other reserves)	2,256	—	—	2,256
At 31 December 2024	9,166	306	(4)	9,468

Deferred tax has been calculated at a rate of 28% (2023: 28%); the rate at which the temporary timing differences are expected to unwind against forecast taxable profits. This is based on the tax rates and law, enacted, or substantively enacted, as at balance sheet date. Corporation tax 25%; Banking surcharge 3%.

J.P. MORGAN EUROPE LIMITED

Notes to the financial statements (continued)

13. Income tax charge/(credit) (continued)

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

The OECD has published model rules and associated guidance related to Pillar Two. The rules apply a system of top-up taxes that aim to ensure corporations are paying income tax at a minimum rate of 15% in every jurisdiction. These rules began to take effect for corporations in 2024.

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

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

14. Loans and advances to banks

	<u>2024</u>	<u>2023</u>
	£'000	£'000
Loans and advances to banks at amortised cost	23,250,686	16,371,664
Total loans and advances to banks	23,250,686	16,371,664

Loans and advances to banks include balances held with JPMorganChase undertakings of £23.2 billion (2023: £16.3 billion).

There were no past due loans and advances to banks as at 31 December 2024 (2023: £nil).

15. Loans and advances to customers

	<u>2024</u>	<u>2023</u>
	£'000	£'000
Loans and advances to customers at amortised cost	2,830	404
Provision for impairment	(180)	(404)
Total net loans and advances to customers	2,650	—

The credit quality and analysis of concentration of loans and advances to customers is included in the Strategic Report and is overseen by the ICB Credit Risk Management function. See pages 11 - 21 for more detail.

Loans and advances to customers are not collateralised.

16. Securities purchased under resale agreements

	<u>2024</u>	<u>2023</u>
	£'000	£'000
Securities purchased under agreement to resell at amortised cost	2,054,090	2,083,444
Total securities purchased under resale agreements	2,054,090	2,083,444

The fair value of financial assets accepted as collateral that the Company is permitted to sell or re-pledge in the absence of default is £2,054 million (2023: £2,083 million). The fair value of collateral repledged in 2024 was £nil (2023: £nil). These transactions are conducted under terms that are customary to standard lending activities.

Securities purchased under agreement to resell held with JPMorganChase undertakings of £2.1 billion (2023: £2.1 billion)

J.P. MORGAN EUROPE LIMITED

Notes to the financial statements (continued)

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

	2024	2023
	£'000	£'000
Debt and equity instruments	—	1,924
Total financial assets held at fair value through profit or loss	—	1,924

Financial assets held at fair value through profit or loss which were past due as at 31 December 2024 are £nil (2023: £nil). Financial assets held at fair value through profit or loss with JPMorganChase undertakings are £nil (2023: £1.9 million).

18. Financial assets and financial liabilities measured at fair value

Fair value

Valuation process

The Company carries a portion of its assets and liabilities at fair value on a recurring basis. Certain assets, liabilities and unfunded lending related commitments are measured at fair value on a non-recurring basis; that is, they are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment).

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

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

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

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

Valuation model review and approval

Any valuation models used by the Company to determine fair value are reviewed and approved by the Model Risk function. The function is independent of model owners, developers and users.

Further details on approach to model risk management are provided in Operational risk - Estimation and Model risk section on pages 33 - 34.

J.P. MORGAN EUROPE LIMITED

Notes to the financial statements (continued)

18. Financial assets and financial liabilities measured at fair value (continued)

Fair value hierarchy

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

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

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

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

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

Valuation methodologies

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

Product/instrument	Valuation methodology, inputs and assumptions	Classifications in the valuation hierarchy
Financial instruments held at fair value through profit or loss - loans	<p>Where observable market data is available, valuations are based on:</p> <ul style="list-style-type: none"> • Observed market prices (circumstances are infrequent) • Relevant broker quotes • Observed market prices for similar instruments <p>Where observable market data is unavailable or limited, valuations are based on discounted cash flows, which consider the following:</p> <ul style="list-style-type: none"> • Credit spreads derived from the cost of CDS; or benchmark credit curves developed by the Firm, by industry and credit rating • Prepayment speed • Collateral characteristics 	Level 2 or 3
Equity, debt, and other securities	<p>In the absence of quoted market prices, securities are valued based on:</p> <ul style="list-style-type: none"> • Observable market prices to similar securities • Relevant broker quotes • Discounted cash flows 	Level 2 or 3

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

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
At 31 December 2024				
Financial asset designated at fair value through profit or loss:				
Debt and equity instruments	—	—	101	101
Total financial assets:	—	—	101	101
At 31 December 2023				
Financial assets held at fair value through profit or loss:				
Loans	—	—	1,924	1,924
Debt and equity instruments	—	—	25	25
Total financial assets:	—	—	1,949	1,949

J.P. MORGAN EUROPE LIMITED

Notes to the financial statements (continued)

18. Financial assets and financial liabilities measured at fair value (continued)

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

For the year ended 31 December 2024 and 2023, there were no transfers between Levels 1 and 2, and none into or out of Level 3.

Fair value of financial instruments not carried on the statement of financial position at fair value

Certain financial instruments that are not carried at fair value on the statement of financial position are carried at amounts that are not materially different to their fair value, due to their short-term nature and generally negligible credit risk. These instruments include loans and advances to customers, securities purchased under resale agreements, accrued income, other assets, deposits from JPMorganChase undertakings, customer accounts, other payables and accruals.

The Company has £25,450 million (2023: £18,781 million) of financial assets and £23,123 million (2023: £17,353 million) of financial liabilities that are not measured at fair value on the statement of financial position.

Offsetting financial assets and financial liabilities

No financial assets and liabilities have been offset in the statement of financial position as at 31 December 2024 (2023: £nil).

19. Trade and other receivables

	<u>2024</u>	<u>2023</u>
	£'000	£'000
Trade receivables	5,659	52,220
Deferred tax asset	9,468	4,680
Other receivables	811	10,741
Total trade and other receivables	15,938	67,641

Included in trade and other receivables, are the following amounts receivable from JPMorganChase undertakings:

- Trade receivables	398	233
- Other receivables	811	10,723

20. Prepayments and accrued income

	<u>2024</u>	<u>2023</u>
	£'000	£'000
Accrued income	118,592	257,700
Prepayments	7,880	722
Total prepayments and accrued income	126,472	258,422

Included in the above are the following amounts owed to JPMorganChase undertakings:

- Accrued income	118,414	257,229
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J.P. MORGAN EUROPE LIMITED

Notes to the financial statements (continued)

21. Customer accounts

	<u>2024</u>	<u>2023</u>
	£'000	£'000
Current deposits	22,280,311	16,586,949
Other deposits	514,351	547,599
Total customer accounts	22,794,662	17,134,548

Other deposits consist of POca and escrow balances. The POca amount is the residual balance in closed accounts, after the contract expired on 30 November 2023. The Company's regulatory obligations to its customers, will remain, even after the expiry of the service and the Company will safeguard residual balances and process balance redemption requests as they are made.

22. Trade and other payables

	<u>2024</u>	<u>2023</u>
	£'000	£'000
Trade payables	42,140	110,361
Other payables	27,660	7,767
Total trade and other payables	69,800	118,128

Included in trade and other payables, are the following amounts owed to JPMorganChase undertakings:

- Trade payables	7,767	24,043
- Other payables	2,804	1,711

23. Accruals and deferred income

	<u>2024</u>	<u>2023</u>
	£'000	£'000
Accruals	112,207	76,379
Deferred income	58	188
Total accruals and deferred income	112,265	76,567

Included in the above are the following amounts owed to JPMorganChase undertakings:

- Accruals	21,283	10,544
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Accruals predominantly consists of interest payable on customer accounts, incentive and other staff cost related expenses.

24. Pension costs

During the year, the Company participated in the J.P. Morgan UK Pension Plan ("UKP"). The UKP is an ongoing defined contribution pension scheme.

The Company recorded a total expense of £3.9 million (2023: £3.5 million) for the year ended 31 December 2024 in respect of the UKP.

J.P. MORGAN EUROPE LIMITED

Notes to the financial statements (continued)

25. Share-based payments

Share-based payment awards may be made to certain employees of the Company under JPMorganChase's LTIP, as amended and restated effective 18 May 2021, and subsequently amended effective 21 May 2024, which provide grants of JPMorganChase common stock-based awards, including restricted stock units ("RSUs"). The LTIP is the only active plan under which the JPMorganChase is currently granting share-based incentive awards. There are no separate share-based plans solely for the employees of the Company and, therefore, the share-based compensation expense for the Company is determined based upon employee participation in the JPMorganChase LTIP and effected through a charge from JPMorganChase, which is cash settled annually.

The Firm grants long-term stock-based awards to certain key employees under its LTIP which constitutes JPMorganChase's share-based incentive plans. Under the terms of the LTIP, as of 31 December 2024, 81 million shares of JPMorganChase common stock were available for issuance through May 2028 (2023: 54 million shares).

Restricted stock units

RSUs are awarded at no cost to the recipient upon their grant. RSUs are generally granted annually and generally vest at a rate of 50% after two years, 50% after three years, and are converted into shares of JPMorganChase common stock as of the vesting date. In addition, RSUs typically include full-career eligibility provisions, which allow employees to continue to vest upon voluntary termination, based on age and/or service-related requirements, subject to post-employment and other restrictions. All RSU awards are subject to forfeiture until vested and contain clawback provisions that may result in cancellation prior to vesting under certain specified circumstances. RSUs entitle the recipient to receive cash payments equivalent to any dividends paid on the underlying common stock during the period the RSUs are outstanding.

Compensation expense for RSUs is measured at the grant date fair value based upon the number of shares granted multiplied by the JPMorganChase stock price at the grant date.

The weighted average share price during the year ended 31 December 2024 was \$205.19 (2023: \$170.1).

The total staff costs for the Company for the year relating to share-based payments was £12.4 million (2023: £4.7 million), all of which relates to equity settled share-based payments.

26. Share capital and equity reserves

Share capital	2024	2023
	£'000	£'000
Issued and fully paid share capital		
At 31 December		
2,497,922,234 ordinary shares (2023: 1,397,922,234) of \$1 each	1,899,976	1,032,058

The ordinary shares each provide the right to its owner to share in the profits of the Company and to vote at general meetings of the Company. Any amounts distributed to ordinary shareholder are paid proportionately to the amount which is paid up on the ordinary shares. The ordinary shares do not carry rights of redemption. During the year, the Company received a capital injection from its immediate parent undertaking, J.P. Morgan Capital Holdings Limited, of £868 million (2023: £nil).

Equity reserves

Share premium

Share premium is the premium paid for new shares above their nominal value. It is a statutory reserve which forms part of the Company's non-distributable reserves.

Capital contribution reserve

The capital contribution reserve relates to a capital gift of all issued shares of another JPMorganChase undertaking.

Other reserves

Other reserves primarily include unvested share-based awards and the associated tax effect.

Cumulative translation reserve

The cumulative translation reserve relates to translation differences arising from the change in the Company's presentation currency from USD to GBP in 2022.

J.P. MORGAN EUROPE LIMITED

Notes to the financial statements (continued)

27. Commitments

The Company provides lending-related financial instruments to meet the financing needs of its customers. The contractual amount of these financial instruments represents the maximum possible credit risk to the Company should the counterparty draw upon the commitment or the Company be required to fulfil its obligation, and should the counterparty subsequently fail to perform according to the terms of the contract. Most of these commitments expire without a default occurring. As a result, the total contractual amount of these instruments is not, in the Company's view, representative of its actual future credit exposure or funding requirements.

	<u>2024</u>	<u>2023</u>
	<u>£'000</u>	<u>£'000</u>
Unused commitments on credit cards	15,399	1,293
Total unused lending related commitments	15,399	1,293
Expected credit loss on unused lending related commitments (Note 9)	10	0

28. Financial risk management

Disclosures in relation to the Company's risk management and capital management have been presented in the Strategic Report on pages 8 - 36 which forms part of these financial statements.

29. Post balance sheet events

There have been no material events that require adjustments to or disclosure in the financial statements.