Pillar 3 Disclosure Report as at 31.12.2015

U.K. entities

30th September 2016

J.P.Morgan

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Pillar 3 Disclosure Report 2015

1. Introduction

Background

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

The Basel framework consists of a three "Pillar" approach:

- **Pillar 1** establishes minimum capital requirements, defines eligible capital instruments, and prescribes rules for calculating RWA;
- **Pillar 2** requires banks to have an internal capital adequacy assessment process and requires that banking supervisors evaluate each bank's overall risk profile as well as its risk management and internal control processes; and
- **Pillar 3** encourages market discipline through disclosure requirements which allow market participants to assess the risk and capital profiles of banks.

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

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

Aim of the Disclosure Report

This report provides information on the Firm's capital structure, capital adequacy, risk exposures, and risk weighted assets ("RWA").

This disclosure fulfils the requirements as set out in Part 8 of CRR, and in the supplementary Implementing Technical Standards and guidelines issued by the European Banking Authority ("EBA").

In accordance with Article 432 CRR and EBA guidelines in EBA/GL/2014/14[1] on material, proprietary or confidential information, the representations in this report are based on materiality as defined in EBA/GL/2014/14.

Frequency and Means of Disclosure (Art. 433 and 434)

The UK entities in scope publish an annual report in accordance with Article 433 CRR.

Disclosure frequency will be assessed under EBA/GL/2014/14. In line with the Prudential Regulation Authority's ("PRA") statement on 29 June 2015[2], this decision takes effect on disclosures published after 15 October 2015.

The disclosure report is made available according to Article 434 CRR on the website of JPMorgan Chase & Co. at:

http://investor.shareholder.com/jpmorganchase/basel.cfm

Scope of Application (Art. 436)

These disclosures are made at the highest consolidated level of J.P. Morgan entities within the U.K. and include disclosure for the following:

- J.P. Morgan Capital Holdings Limited ("JPMCHL"), the primary subsidiaries of which are J.P. Morgan Securities plc. ("JPMS plc"), J.P. Morgan Europe Limited ("JPMEL"), J.P. Morgan Limited ("JPML") and J.P. Morgan International Bank Limited ("JPMIB");
- Bear Stearns United Kingdom Holdings Limited ("BSUKHL"), the primary subsidiary of which is J.P. Morgan Markets Limited ("JPMML"); and

[1] EBA/GL/2014/14: EBA Guidelines on materiality, proprietary and confidentiality and on disclosure frequency 23 December 2014

[2] PRA expectation of firms' compliance with EBA/GL/2014/14; http://www.bankofengland.co.uk/pra/Pages/crdiv/updates.aspx

- J.P. Morgan Mansart Management Limited (“JPMMML”) which does not have a UK Parent entity.

A separate disclosure document for J.P. Morgan Asset Management International Limited is available at

http://investor.shareholder.com/jpmorganchase/basel.cfm

The main activities of the entities within JPMCHL consist of the following:

- Corporate & Investment Bank (“CIB”); and
- Global Wealth Management (primarily within JPMIB).

The main activities of the entity within BSUKHL consist of Corporate & Investment Bank.

The main activities of JPMMML are the provision of strategic asset management services via fund solutions.

As required under Article 436 CRR, it is confirmed that outside of regulatory requirements to hold capital, there are no current or foreseen material practical or legal impediments to the prompt transfer of funds or repayment of liabilities among the parent undertakings or, where applicable, their subsidiaries.

Firmwide Disclosure

The ultimate parent of the entities in scope of the disclosure is JPMorgan Chase & Co. (“JPMorgan Chase”), a financial holding company incorporated under Delaware law in 1968.

Firmwide disclosure is made under Basel III requirement available at the below link. Reference is made to this throughout the document:

http://investor.shareholder.com/jpmorganchase/basel.cfm

The above report should be read in conjunction with the Annual Report on Form 10-K and the Quarterly Report on Form 10-Q which have been filed with the U.S. Securities and Exchange Commission and available at the following link:

http://investor.shareholder.com/jpmorganchase/sec.cfm

This document refers to JPMorgan Chase or the ”Firm” when referring to frameworks, methodologies, systems and controls that are adopted throughout JPMorgan Chase & Co. and its subsidiaries. Entity names are used to refer to documents, financial resources and other tangible concepts relevant only to that entity.

”JPMCHL” is used to refer interchangeably to J.P. Morgan Capital Holdings Limited as stand-alone entity as well as the consolidated group of entities.

”BSUKHL” is used to refer interchangeably to Bear Stearns United Kingdom Holdings Limited as stand-alone entity as well as the consolidated group of entities.

2. Risk Management and Objectives (Art. 435)

Risk Management Framework

Risk is an inherent part of JPMorgan Chase's business activities. When the Firm extends a consumer or wholesale loan, advises customers 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 business, 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. Firmwide Risk Management is overseen and managed on an enterprise-wide basis. The Firm's approach to risk management covers a broad spectrum of risk areas.

The Firm believes that effective risk management requires:

- Acceptance of responsibility, including identification and escalation of risk issues, by all individuals within the Firm;
- Ownership of risk management within each line of business ("LOB") and corporate functions; and
- Firmwide structures for risk governance.

The Firm's Operating Committee, which consists of the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Chief Risk Officer ("CRO") and other senior executives, is responsible for developing and executing the Firm's risk management framework. The framework is intended to provide controls and ongoing management of key risks inherent in the Firm's business activities, create a culture of transparency, awareness and personal responsibility through reporting, collaboration, discussion, escalation and sharing of information. The Operating Committee is responsible and accountable to the Firm's Board of Directors. The Firm strives for continual improvement through ongoing employee training and development, as well as talent retention. The Firm follows a disciplined and balanced compensation framework with strong internal governance and independent Board oversight. The impact of risk and control issues are carefully considered in the Firm's performance evaluation and incentive compensation processes. The Firm is also engaged in a number of activities focused on conduct risk and in regularly evaluating its culture with respect to its business principles.

The Firm has identified various risks that are inherent in its business activities. These include Credit Risk, Market Risk, Operational Risk, Liquidity Risk, Fiduciary Risk, Interest Rate Risk in the Banking Book ("IRRBB"), Business Risk, Leverage Risk and Securitisation Risk, which are set out in further detail below.

Control Environment

The Firm's control environment can be thought of in terms of the lines of business, the control functions and Internal Audit:

- **Lines of Business:** The lines of business are responsible for developing and maintaining effective internal controls for their respective business lines. They are accountable for identifying and addressing the risks presented by their respective businesses and for operating within a sound control environment. Oversight & Control teams are embedded within businesses to maintain a strong and consistent control environment across the organization.
- **Control Functions:** In addition to Oversight & Control, the Firm's control functions include Risk, Finance, Compliance and Legal. They each have their own set of responsibilities but work together to provide oversight of the businesses and set Firmwide control policies.
- **Internal Audit:** The Internal Audit function operates independently from other parts of the Firm, providing testing and evaluation of processes and controls across the entire enterprise. The Internal Audit team assesses the effectiveness of governance, risk management and internal controls; evaluates compliance with laws and regulations; and identifies opportunities for improvement. Through this structure, we seek to subject business decisions and actions to rigorous consideration, testing and review for compliance with relevant laws and regulations.

Risk Governance and Oversight

The LOBs are responsible for managing the risks inherent in their respective business activities.

The Risk organization operates independently from the revenue-generating businesses, providing a credible challenge to them. The CRO is the head of the Risk organization and is responsible for the overall direction of Risk oversight. The CRO is supported by individuals and organizations that align to lines of business and corporate functions, as well as others that align to specific risk types.

The Firm's Risk Management organization and other Firmwide functions with risk-related responsibilities (i.e. Oversight and Control Group, Legal and Compliance) provide independent oversight of the monitoring, evaluation and escalation of risk.

Within the Europe, Middle East and Africa ("EMEA") region, a governance framework has been developed in alignment with the Firmwide policies and procedures and provides an additional layer of control on a regional and legal entity basis.

Each regulated legal entity has its own Board of Directors which is accountable for overall oversight of the entity. The Boards delegate certain matters to a number of key regional Committees for regional risk control and oversight. The EMEA governance framework connects legal entity, LOB and global governance structures. The key committees of relevance are the UK Management Committee ("UKMC"), the EMEA Risk Committee ("ERC") and the EMEA Operating Committee ("EOC"):

- The UKMC provides oversight for any business conducted in UK or booked into UK entities (excluding Asset Management entities). The UKMC ensures that any significant decisions are aligned to the Firm's strategy in light of any relevant UK regulatory requirements, considers the material risks and issues that are escalated to the UKMC, and provides the necessary oversight and challenge for any proposed mitigation/remediation activities. The UKMC is accountable to the Boards of the individual legal entities.
- The ERC provides oversight and challenge of risks for any business conducted in EMEA or booked into EMEA entities, and is chaired by the EMEA CRO. The ERC is accountable to the UKMC and the Firmwide Risk Committee ("FRC") (where the EMEA CRO is also a member) and the Boards of the individual legal entities. The ERC met 33 times during 2015.
- The EOC provides oversight and management of the operating environment to ensure appropriate management of operational risk and the maintenance of a sound internal control environment across all LOBs in the EMEA region. The EOC is accountable to the UKMC and the Boards of the individual legal entities.

The Committees above may delegate responsibility for management and oversight of risks to other committees or forums.

Additionally, the EMEA Audit and Compliance Committee reports into the global Audit Committee and the Boards of the individual legal entities, and oversees the integrity of financial statements, monitors and reviews internal financial controls and the effectiveness of the Internal Audit function.

Identification and Measurement of Key Risks

The entities in scope complete the Internal Capital Adequacy Assessment Process ("ICAAP") periodically, which forms part of management and decision-making processes such as the Firm's risk appetite, strategy, capital and risk management frameworks, and stress testing. The ICAAP is used to assess the key risks to which the Firm is exposed; how these risks are measured, managed, monitored and mitigated; and how much capital the Firm should hold to reflect these risks now, in the future and under stressed conditions. Further information is provided on the ICAAP process under Art. 438.

Credit Risk

Credit risk is the risk of loss arising from the default of a customer, client or counterparty. The Firm is exposed to credit risk through its underwriting, lending and trading activities with and for clients and counterparties, as well as through its operating services activities, such as cash management, settlement and clearing activities. A portion of the loans originated or acquired by the Firm's wholesale businesses are generally retained on the balance sheet; the Firm's syndicated loan business distributes a significant percentage of originations into the market and is an important component of portfolio management.

Credit Risk Organization

Credit risk management is overseen by the Firm's CRO. The Firm's credit risk management governance consists of the following activities:

- Establishing a comprehensive credit risk policy framework;
- Monitoring and managing credit exposure across all portfolio segments, including transaction and line approval;
- Assigning credit authorities in connection with the approval of all credit exposure;
- Intensive management of criticized exposures and delinquent loans; and
- Determining the allowance for credit losses and ensuring appropriate credit risk-based capital management.

Risk Identification and Measurement

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

Based on these factors and related market-based inputs, the Firm estimates credit losses for its exposures. Expected credit losses inherent in the wholesale loan portfolios are reflected in the provision for loan losses and probable credit losses inherent in lending-related commitments are reflected in the provision for lending related commitments. These losses are estimated using empirical statistical analyses and other factors. In addition, potential and unexpected credit losses are reflected in the allocation of credit risk capital and represent the potential volatility of actual losses relative to the established allowances for loan losses and lending related commitments. The analyses for these losses include stress testing (considering alternative economic scenarios) are described in the stress testing section below. The methodologies used to estimate credit losses depend on the characteristics of the credit exposure, are described below.

Annually, the Firm completes the ICAAP which forms part of management and decision-making processes such as the Firm's risk appetite, strategy, capital and risk management frameworks, and stress testing. The ICAAP is used to assess the material risks to which the Firm is exposed; how these risks are measured, managed, monitored and mitigated; and how much capital the firm should hold to reflect these risks now, in the future and under stressed conditions.

Risk-Rated Exposure

For risk rated portfolios, credit loss estimates are based on estimates of the probability of default ("PD") and loss severity given a default. The estimation process begins with risk-ratings that are assigned to each loan facility to differentiate risk within the portfolio. These risk ratings are reviewed regularly by Credit Risk management and revised as needed to reflect the borrower's current financial position, risk profile and related collateral. The probability of default is the likelihood that a loan will default and not be fully repaid by the borrower. The loss given default ("LGD") is the estimated loss on the loan that would be realized upon the default of the borrower and takes into consideration collateral and structural support for each credit facility. The probability of default is estimated for each borrower, and a LGD is estimated for each credit facility. The calculations and assumptions are based on historic experience, financial and economic analysis and management judgment which are reviewed regularly.

Stress Testing

Stress testing is important in measuring and managing credit risk in the Firm's credit portfolio. The Firm uses stress testing to inform decisions on setting risk appetite both at a Firm and LOB level. Stress testing results across a range of scenarios and products are regularly reported to relevant management committees providing additional insight into credit portfolio's sensitivities under stress and measurement against risk appetite. This additional insight supports timely management notification and action when required.

Risk Monitoring and Management

The Firm has developed policies and practices that are designed to preserve the independence and integrity of the approval and decision-making process of extending credit to ensure credit risks are assessed accurately, approved properly, monitored regularly and managed actively at both the transaction and portfolio levels. The policy framework establishes credit approval authorities, concentration limits, risk-rating methodologies, portfolio review parameters and guidelines for management of distressed exposures. In addition, certain models, assumptions and inputs used in evaluating and monitoring credit risk are independently validated by groups that are separate from the line of businesses.

Wholesale credit risk is monitored regularly at an aggregate portfolio, industry and individual client and counterparty level with established concentration limits that are reviewed and revised as deemed appropriate by management, typically on an annual basis.

Management of the Firm's wholesale credit risk exposure is accomplished through a number of means, including:

- Loan underwriting and credit approval process;
- Loan syndications and participations;
- Loan sales and securitisations;
- Master netting agreements; and
- Collateral and other risk-reduction techniques.

In addition to Risk Management, Internal Audit performs periodic exams, as well as continuous review, where appropriate, of the Firm's wholesale portfolios. For risk-rated portfolios, a credit review group within Internal Audit is responsible for:

- Independently assessing and validating the changing risk grades assigned to exposures; and
- Evaluating the effectiveness of business units' risk ratings, including the accuracy and consistency of risk grades, the timeliness of risk grade changes and the justification of risk grades in credit memoranda.

Risk Reporting

To enable monitoring of credit risk and effective decision-making, aggregate credit exposure, concentration levels and risk profile changes are reported regularly to senior Credit Risk Management. Detailed portfolio reporting of industry, product and geographic concentrations occurs monthly, and the appropriateness of the allowance for credit losses is reviewed by senior management at least on a quarterly basis. Through the risk reporting and governance structure, credit risk trends and limit exceptions are provided regularly to, and discussed with, senior management and the Board of Directors as appropriate.

Market Risk

Market risk is the potential for adverse changes in the value of the Firm's assets and liabilities resulting from changes in market variables such as interest rates, foreign exchange rates, equity prices, commodity prices, implied volatilities or credit spreads.

The UK legal entity approach applies the Firmwide approach as outlined below, as appropriate to each legal entity, with legal entity specific governance overlay.

Market Risk is an independent risk management function that identifies and monitors market risks throughout the Firm and defines market risk policies and procedures. The Market Risk function reports to the Firm's Chief Risk Officer. Market Risk seeks to control risk, facilitate efficient risk/return decisions, reduce volatility in operating performance and provide transparency into the Firm's market risk profile for senior management, the Board of Directors and regulators. Market Risk is responsible for the following functions:

- Establishment of a market risk policy framework;
- Independent measurement, monitoring and control of line of business and Firmwide market risk;
- Definition, approval and monitoring of limits; and
- Performance of stress testing and qualitative risk assessments.

Due to the nature of the business conducted in JPMMML, there is limited market risk arising from this activity. The description of Market Risk Management practices described in this document does not apply to this entity as alternative control processes are in place.

Risk Identification and Measurement

Each line of business is responsible for the management of the market risks within its units. The nature of the hedging and risk mitigation strategies performed across the Group corresponds to the market risk management instruments available within each legal entity. These strategies range from the use of traditional market instruments, such as interest rate swaps, to more sophisticated hedging strategies to address a combination of risk factors arising at portfolio level. The independent risk management group responsible for overseeing each line of business is charged with ensuring that all material market risks are appropriately identified, measured, monitored and managed in accordance with the risk policy framework set out by Market Risk.

No single measure can reflect all aspects of market risk. Therefore, the Firm uses various metrics, both statistical and non-statistical, including:

- VaR;
- Economic-value stress testing;
- Non statistical risk measures; and
- Profit and loss drawdowns.

Risk Monitoring and Management

Market risk is controlled primarily through a series of limits set in the context of the market environment and business strategy. In setting limits, the Firm takes into consideration factors such as market volatility, product liquidity and accommodation of client business and management experience. The Firm maintains different levels of limits. Corporate level limits include VaR and stress limits. Similarly, line of business limits include VaR and stress limits and may be supplemented by non-statistical measurements. Limits may also be set within the lines of business, as well at the portfolio or legal entity level. Limits are set by Market Risk and are regularly reviewed and updated as appropriate, with any changes approved by lines of business management and Market Risk. Senior management, including the Firm's CEO and CRO, are responsible for reviewing and approving certain of these risk limits on an ongoing basis. All limits that have not been reviewed within specified time periods by Market Risk are escalated to senior management. The JPMS plc Directors' Risk Policy Committee, the EMEA Risk Committee, JPMS plc Chief Risk Officer, JPMS plc Market Risk Officer and senior management are responsible for reviewing and approving JPMS plc Market Risk limits on an ongoing basis with oversight from the JPMS plc Board. The JPMEL delegated Board members and Market Risk Officer is responsible for reviewing and approving JPMEL Market Risk limits on an ongoing basis with oversight from the JPMEL Board.

The JPMML Board is responsible for approving JPMML market risk limits.

The lines of business are responsible for adhering to established limits against which exposures are monitored and reported. Limit breaches are required to be reported in a timely manner by Risk Management to limit approvers, Market Risk and senior management. In the event of a breach, Market Risk consults with Firm senior management and lines of business senior management to determine the appropriate course of action required to return to compliance, which may include a reduction in risk in order to remedy the breach. Certain Firm or line of business-level limits that have been breached for three business days or longer, or by more than 30%, are escalated to senior management and the Firmwide Risk Committee.

Material Portfolio of Covered Positions

JPMCHL's market risks arise predominantly from activities in the Firm's CIB business booked in JPMS plc. CIB makes markets in products across fixed income, foreign exchange, equities and commodities markets. JPMCHL's portfolio of covered positions under Basel III is predominantly held by the CIB. Some additional covered positions are held by the Firm's other lines of business. BSUKHL's market risks arise from positions in the Firm's CIB business booked in JP Morgan Markets Limited.

Value-at-Risk ("VaR")

VaR is a statistical risk measure used to estimate the potential loss from adverse market moves in a normal market environment. The Firm has a single overarching VaR model framework used for calculating Regulatory VaR and Risk Management VaR. The framework is employed across the Firm using historical simulation based on data for the previous 12 months. The framework's approach assumes that historical changes in market values are representative of the distribution of potential outcomes in the immediate future. VaR is calculated assuming a one-day holding period and an expected tail-loss methodology which approximates a 95% confidence level. This means that, assuming current changes in market values are consistent with the historical changes used in the simulation, the Firm would expect to incur VaR "band breaks," defined as losses greater than that predicted by VaR estimates, not more than five times in every 100 trading days. For risk management purposes, the Firm believes the use of a 95% confidence level with a one-day holding period provides a stable measure of VaR that closely aligns to the day-to-day risk management decisions made by the lines of business and provides necessary/appropriate information to respond to risk events on a daily basis. Underlying the overall VaR model framework are individual VaR models that simulate historical market returns for individual products and/or risk factors. To capture material market risks as part of the Firm's risk management framework, comprehensive VaR model calculations are performed daily for businesses whose activities give rise to market risk. These VaR models are granular and incorporate numerous risk factors and inputs to simulate daily changes in market values over the historical period; inputs are selected based on the risk profile of each portfolio as sensitivities and historical time series used to generate daily market values may be different across product types or risk management systems. The VaR model results across all portfolios are aggregated at the Firm level. Since VaR is based on historical data, it is an imperfect measure of market risk exposure and potential losses, and it is not used to estimate the impact of stressed market conditions or to manage any impact from potential stress events. In addition, based on their reliance on available historical data, limited time horizons, and other factors, VaR measures are inherently limited in their ability to measure certain risks and to predict losses, particularly those associated with market illiquidity and sudden or severe shifts in market conditions. The Firm therefore considers other measures in addition to VaR, such as stress testing, to capture and manage its market risk positions.

The Firm's VaR is disclosed in its SEC filings. JPMS plc's VaR is disclosed in its annual financial filings.

Economic-Value Stress Testing

Along with VaR, stress testing is an important tool in measuring and controlling risk. While VaR reflects the risk of loss due to adverse changes in markets using recent historical market behaviour as an indicator of losses, stress testing is intended to capture the Firm's exposure to unlikely but plausible events in abnormal markets. The Firm runs weekly stress tests on market-related risks across the lines of business using multiple scenarios that assume significant changes in risk factors such as credit spreads, equity prices, interest rates, currency rates or commodity prices.

The Firm uses a number of standard scenarios that capture different risk factors across asset classes including geographical factors, specific idiosyncratic factors and extreme tail events. The stress framework calculates multiple magnitudes of potential stress for both market rallies and market sell-offs for each risk factor and combines them in multiple ways to capture different market scenarios. For example, certain scenarios assess the potential loss arising from current exposures held by the Firm due to a broad sell off in bond markets or an extreme widening in corporate credit spreads. The flexibility of the stress testing framework allows risk managers to construct new, specific scenarios that can be used to form decisions about future possible stress events.

Stress testing complements VaR by allowing risk managers to shock current market prices to more extreme levels relative to those historically realized, and to stress test the relationships between market prices under extreme scenarios.

Stress-test results, trends and qualitative explanations based on current market risk positions are reported to the respective LOB's and the Firm's senior management to allow them to better understand the sensitivity of positions to certain defined events and to enable them to manage their risks with more transparency. In addition, results are reported to the Board of Directors.

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.

The Firm's stress testing framework is utilized in calculating results under scenarios contained within the ICAAP processes. In addition, the results are incorporated into the quarterly assessment of the Firm's Risk Appetite Framework and are also presented to the Director's Risk and Policy Committee ("DRPC").

Non-Statistical Risk Measures

Non-statistical risk measures include sensitivities to variables used to value positions, such as credit spread sensitivities, interest rate basis point values and market values. These measures provide granular information on the Firm's market risk exposure. They are aggregated by line of business and by risk type, and are also used for monitoring internal market risk limits.

Profit and Loss Drawdowns

Loss advisories and profit and loss drawdowns are tools used to highlight trading losses above certain levels of risk tolerance. Profit and loss drawdowns are defined as the decline in net profit and loss since the year-to-date peak revenue level.

Operational Risk

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

Overview

To monitor and control operational risk, the Firm maintains an Operational Risk Management Framework ("ORMF") designed to enable the Firm to maintain a sound and well-controlled operational environment. The four main components of the ORMF include: governance, risk identification and self-assessment, risk monitoring and reporting, and measurement.

Risk Management is responsible for prescribing the ORMF to the lines of business and corporate functions and for providing independent oversight of its implementation. The lines of business and corporate functions are responsible for implementing the ORMF. The Firmwide Oversight and Control Group ("O&C"), which consists of dedicated control officers within each of the lines of business and corporate functional areas, as well as a central oversight team, is responsible for day to day execution of the ORMF.

Firmwide Operational Risk Management Framework

The components of the Operational Risk Management Framework are:

Governance

The Firm's operational risk governance function reports to the Firm's CRO and is responsible for defining the ORMF and establishing the Firmwide operational risk management governance structure, policies and standards. The Firmwide Risk Executive for Operational Risk Governance, a direct report of the CRO, works with the line of business CROs to provide independent oversight of the implementation of the ORMF across the Firm. Operational Risk Officers ("OROs"), who report to the LOB Chief Risk Officers or to the Firmwide Risk Executive for Operational Risk Governance, are independent of the lines of business and corporate functions, and O&C. The OROs provide oversight of the implementation of the ORMF within each line of business and corporate function.

Line of business, corporate function and regional control committees oversee the operational risk and control environments of their respective businesses, functions or regions. These committees escalate operational risk issues to the FCC, as appropriate.

Risk Identification and Self-Assessment

In order to evaluate and monitor operational risk, the lines of business and corporate functions utilize several processes to identify, assess, mitigate and manage operational risk. Firmwide standards are in place for each of these processes and set the minimum requirements for how they must be applied.

The Firm's risk and control self-assessment ("RCSA") process and supporting architecture requires management to identify material inherent operational risks, assess the design and operating effectiveness of relevant controls in place to mitigate such risks, and evaluate residual risk. Action plans are developed for control issues that are identified, and businesses are held accountable for tracking and resolving issues on a timely basis. Risk Management performs an independent challenge of the RCSA program including residual risk results.

The Firm also tracks and monitors operational risk events which are analysed by the responsible businesses and corporate functions. This enables identification of the root causes of the operational risk events and evaluation of the associated controls.

Furthermore, lines of business and corporate functions establish key risk indicators to manage and monitor operational risk and the control environment. These assist in the early detection and timely escalation of issues or events.

Risk Monitoring and Reporting

Operational risk management and control reports provide information, including actual operational loss levels, self-assessment results and the status of issue resolution to the lines of business and senior management. In addition, key control indicators and operating metrics are monitored against targets and thresholds. The purpose of these reports is to enable management to maintain operational risk at appropriate levels within each line of business, to escalate issues and to provide consistent data aggregation across the Firm's businesses and functions.

Measurement

Two standard forms of operational risk measurement include operational risk capital and operational risk losses under baseline and stressed conditions.

The Firm's operational risk capital methodology incorporates the four required elements of the Advanced Measurement Approach under the Basel III framework:

- Internal losses;
- External losses;
- Scenario analysis; and
- Business environment and internal control factors.

The primary component of the operational risk capital estimate is the result of a statistical model, the Loss Distribution Approach ("LDA"), which simulates the frequency and severity of future operational risk losses based on historical data. The LDA model is used to estimate an aggregate operational risk loss over a one-year time horizon, at a 99.9% confidence level. The LDA model incorporates actual internal operational risk losses in the quarter following the period in which those losses were realized, and the calculation generally continues to reflect such losses even after the issues or business activities giving rise to the losses have been remediated or reduced.

The calculation is supplemented by external loss data as needed, as well as both management's view of plausible tail risk, which is captured as part of the Scenario Analysis process, and evaluation of key LOB internal control metrics (BEICF). The Firm may further supplement such analysis to incorporate feedback from its bank regulators.

The Firm considers the impact of stressed economic conditions on operational risk losses and a forward looking view of material operational risk events that may occur in a stressed environment. The Firm's operational risk stress testing framework is utilized in calculating results for the Firm's Comprehensive Capital Analysis and Review ("CCAR"), ICAAP and Risk Appetite processes.

Liquidity Risk

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

Liquidity and funding management for the in scope entities is integrated into the Firmwide liquidity management framework. The primary objectives of effective liquidity management are to ensure that the Firm's core businesses are able to operate in support of client needs, meet contractual and contingent obligations through normal economic cycles as well as during stress events, to manage optimal funding mix, and availability of liquidity sources. The Firm manages liquidity and funding using a centralized global approach in order to optimize liquidity sources and uses.

In the context of liquidity management for the entities in scope, Treasury is responsible for:

- Analysing and understanding the liquidity characteristics of each legal entity's lines of business assets and liabilities, taking into account legal, regulatory, and operational restrictions;
- Defining and monitoring legal entity liquidity strategies, policies, guidelines, and contingency funding plans; and
- Managing liquidity within local regulatory requirements and approved internal liquidity risk limits.

The Firm has a Liquidity Risk Oversight function whose primary objective is to provide assessment, measurement, monitoring, and control of liquidity risk across the Firm. Liquidity Risk Oversight's responsibilities include, but are not limited to:

- Establishing and monitoring limits, indicators, and thresholds, including liquidity risk appetite tolerances;
- Defining, monitoring and reporting internal Firmwide and legal entity stress tests, and monitoring and reporting regulatory defined stress testing;
- Monitoring and reporting liquidity positions, balance sheet variances and funding activities; and
- Conducting ad hoc analysis to identify potential emerging liquidity risks.

The Firm has systems in place to aid in the measurement, management, monitoring and reporting of liquidity risks.

Stress Testing

The legal entity stress tests are intended to ensure sufficient liquidity for the legal entity under a variety of adverse scenarios. Results of stress tests are therefore considered in the formulation of the legal entity's assessment of its liquidity position. Liquidity outflow assumptions are modelled across a range of time horizons and contemplate both market and idiosyncratic stress. Standard stress tests are performed on a regular basis and ad hoc stress tests are performed in response to specific market events or concerns.

Liquidity stress tests assume all of the entity's contractual obligations are met and then take into consideration varying levels of access to unsecured and secured funding markets. Additionally, assumptions with respect to potential non-contractual and contingent outflows are contemplated.

Internal Liquidity Adequacy Assessment Process

Annually, JPMCHL and its key legal entities, JPMS plc, JPMEL and JPMIB each complete the Internal Liquidity Adequacy Assessment Process ("ILAAP"), which provides management with an assessment of the adequacy of each entity's liquidity resources to cover liabilities as they fall due in stressed conditions. Stress scenarios cover both market and idiosyncratic events.

The ILAAP details how each entity measures its liquidity risk, the methodologies and assumptions used and how each entity's board determines the size of the Liquid Asset Buffer is appropriate. If changes in an entity's business, strategy, activities or operational environment suggest that the current level of liquid resources or the funding profile is no longer adequate, then the document will be updated more frequently. The ILAAP is reviewed by management and is approved by the Board of each entity.

Regulatory Measures

Liquidity Coverage Ratio ("LCR")

From 1 October 2015, JPMCHL's key legal entities JPMS plc, JPMEL, and JPMIB were required to comply with the LCR guidance set out in the Delegated Act (Commission Delegated Regulation (EU) 2015/61). The LCR is intended to measure the amount of High Quality Liquid Assets ("HQLA") held by the in scope entities in relation to estimated net liquidity outflows within a 30-day calendar stress period.

Additional Liquidity Monitoring Metrics ("AMM")

The European Commission adopted the AMM Implementing Technical Standards ("ITS") in March 2016. This allows competent authorities to obtain a comprehensive view of the liquidity risk profile of their regulated entities. AMM reporting for the in-scope entities commenced from April 2016, with a submission date of May 2016. The Basel Committee has issued the final standard for the Net Stable Funding Ratio, which will become a minimum standard by January 1, 2018. This will be a future requirement for the entities in scope.

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 includes extension of loans and credit facilities, taking deposits and issuing debt (collectively referred to as 'non-trading' activities); and also the impact from Chief Investment Office ("CIO") investment portfolio and other related CIO, Treasury activities. IRR from non-trading activities can occur due to a variety of factors, including but not limited to:

- Difference 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.

Oversight and Governance

Governance for Firmwide IRR is defined in the IRR Management Policy which is approved by DRPC. The CIO, Treasury and Other Corporate Risk Committee ("CTC RC") is the governing committee with respect to IRRBB.

- Reviews the IRR Management policy;
- Reviews the IRR profile of the firm and compliance with IRR limits; and
- Reviews significant changes to IRR models and/or model assumptions.

In addition to CTC RC, IRR exposures and significant model and/or model assumptions changes are reviewed by the Asset and Liability Committee ("ALCO"). The ALCO provides a framework for overseeing the IRR of LOBs, foreign jurisdictions and key legal entities to appropriate LOB ALCOs, Country ALCOs and other local governance bodies.

The CTC RC also governs the IRR Management Group; an independent dedicated Risk Group within CTC and reports into the CTC Chief Risk Officer. IRR Management is responsible for, but not limited to, the following:

- Creating governance over IRR assumptions and parameter selection/calibration; and
- Identifying and monitoring IRR and establishing limits as appropriate.

Risk Identification and Measurement

CIO manages IRRBB exposure on behalf of the firm by identifying, measuring, modelling and monitoring IRR across the firm's balance sheet. CIO identifies and understands material balance sheet impacts of new initiatives and products and executes market transactions to manage IRR through CIO investment portfolio's positions. Execution by CIO will be based on parameters established by senior management, per the CIO Investment Policy. In certain Legal entities, Treasury manages IRR in partnership with CIO. Lines of businesses are responsible for developing and reviewing specific LOB IRR modelling assumptions.

Measures to manage IRR are:

- **Earnings-at-Risk:** Primary measure used to gauge the firm's shorter term IRR exposure which measures the sensitivity of pre-tax income to changes in interest rates over rolling 12 months compared to base scenario (Level 1 Market Risk limit applied).
- **Duration of Equity:** Primary measure to determine the firm's long-term exposure to interest rate changes. Duration of Equity is calculated by measuring the change in the discounted value of asset, liability, and off-balance sheet cash flows for 100 basis point change in interest rates, divided by the book value of equity (Level 1 Market Risk limit applied).
- **Additional Scenario Analysis:** Additional scenario analysis, including Firmwide Stress Infrastructure ("FSI") scenarios and bespoke scenarios are run as part of regular reporting.
- **Additional Firmwide Metrics:** Economic Value of Equity ("EVE") and Economic Value Sensitivities ("EVS") are additional Firmwide metrics utilized to determine changes in asset/liability values due to changes in interest rates.

Securitisation Risk

The risks related to securitisation and resecuritisation positions are managed in accordance with the Firm's credit risk and market risk management policies. The Firm's due diligence procedures and risk management and mitigation of securitisation risk are detailed further under Article 449.

Market Risk Monitoring

Market Risk monitors and controls securitized positions according to Market Risk Policy and Procedures.

Under this framework market risk limits are the primary control used to manage the levels of exposure and risk taken by the business. These limits are set by Market Risk, and it is the responsibility of the business to manage risks within these limits unless expressly authorized by a Temporary Limit Approval.

Market risk reporting and limits are defined by Market Risk utilizing the relevant risk measures which include, but are not limited to, VAR, Stress, and non-statistical measures. The content, frequency and distribution of market reports is defined by Market Risk.

The Market Risk Policy and Procedures include additional controls that are used to manage the risk profile of the businesses – key items are:

- **Authorised Instruments:** Authorised Instruments ("AI") are instruments that each business unit within the LOB are permitted to trade when engaging in either trading or hedging activities. Trading desks must only trade products listed in the relevant AI inventory. The business is responsible for requesting Market Risk review and approval of products traded outside the AI inventory. Market Risk may approve one-off or permanent additions to AI Inventory as defined in the Market Risk Management Procedure; a New Business Initiative Approval ("NBIA") may also be required.
- **Pre-Trade Transaction Guidelines:** Pre-Trade Transaction Guidelines are established between Market Risk and the business heads as an additional control. These contain various triggers whereby the business must notify or gain pre-approval from Market Risk prior to execution of the transaction.

In addition to the daily reporting, risk management activities, and frequent discussion between Market Risk and the business, weekly senior management meetings are scheduled between Front Office and Market Risk where such items as, but not limited to, sizeable transactions or market events impacting risk exposures are discussed.

Credit Risk Mitigation

The credit risk team works closely with the business during both the transaction structuring phase and post close (through ongoing monitoring) in order to assess and mitigate the credit risk of both securitisation and re-securitisation positions. Tools typically employed are (i) at the transaction level: analysis of the underlying collateral (data modelling, due diligence, asset audit), structure/documentation negotiation and interest rate/FX derivative hedging strategies; and (ii) at the portfolio level: portfolio limits, transaction diversification and other ongoing assessments.

Risk management is carried out on a regional basis with approval levels for new or renewing transactions being derived by relevant credit specific policies and grids. Credit risk is booked and reported across a variety of risk systems.

Securitisation exposures may be sensitive to interest rates, foreign exchange movements and to the broader credit environment. The firm may employ various hedging strategies for these risks at a transaction and/or portfolio level including swaps, forwards and other credit derivatives.

Fiduciary Risk

Fiduciary risk is the risk of a failure to exercise the applicable high standard of care, to act in the best interests of clients as required under applicable law or regulation.

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

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

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

Leverage Risk

Leverage is defined at a high level as the ratio of a firm's assets, off-balance sheet obligations, commitments and contingencies to its capital base. There is a risk that, either through excessive growth or erosion of the capital base, the degree of leverage becomes unsustainable. This in turn may require unintended corrective measures to the entities' business plans, including distressed selling of assets which might result in losses or in valuation adjustments to remaining assets.

Risk Management

Leverage risk is monitored through the same processes and frameworks as capital adequacy and stress-testing. The latter is particularly important, as it is forward-looking: if the Firm's leverage ratios remain sustainable under stressed conditions, the risk of forced de-leveraging will be low.

Risk Reporting and Measurement

The capital adequacy framework is based around a regular cycle of point-in-time capital and leverage calculations and reporting, supplemented by forward-looking projections and stress-testing. Each part of the process is subject to rigorous control.

The entities in scope complete the ICAAP periodically, which provides management with a view of the impact of severe and unexpected events on earnings, capital resources, risk-weighted assets and balance sheet. The Firm's ICAAP integrates stress testing protocols with capital and leverage planning. More detail on the ICAAP is included in Section 4. Capital Requirements.

Risk Mitigation

The entities in scope are subject to a defined framework of target capital and leverage levels, as well as specific thresholds / triggers for escalation and action. Based on this framework, corrective action is taken as and when required to maintain an appropriate level of leverage.

Business Risk

Business risk is the risk that JPMC or Lines of Business will make inappropriate strategic choices, or are unable successfully to implement selected strategies; and of loss due to variances in volumes, revenue and costs caused by competitive forces, regulatory changes, or other macroeconomic or market issues.

Risk Management

Business risk as it impacts capital is managed through the entities' strategic and business planning as part of their Capital Management Framework.

Business risk is also considered and managed in a wider context. For example, for new products and services, failure to identify new or changed risks may expose the Group to financial loss or harm its reputation. Accordingly the 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 or legal entity capital impact of the new business, as appropriate. Mandatory signoffs for NBIAs include the CRO or legal entity risk manager for each entity and the EMEA Legal Entity Controller, ensuring the risk implications for an entity are considered in NBIA decisions as well as the compatibility of NBIAs with the strategy for relevant entities. A thorough risk review is also required with LOB and cross functional participation to address all potential risks including any heightened risk due to complexity, valuation and a less favourable economic environment.

Risk Reporting and Measurement

J.P. Morgan's stress testing programme is an important component in managing, measuring and reporting business risk, testing the Firm's financial resilience in a range of severe economic and market conditions. For example, quarterly baseline and stressed capital plans are prepared under the ICAAP framework, which include P&L projections (as well as RWAs and the overall capital position) over the three-year time horizon modelled.

Risk Mitigation

Capital projections are used as a tool to help mitigate business risk. If the baseline capital projections, which include P&L projections from the Lines of Business, show a reduction in the earnings, this could be an indicator that a strategy is not implemented successfully. Similarly, where the stressed capital projections show risks to capital beyond the entities' risk appetite, remedial action is taken.

Additionally, where unacceptable risks are identified through the NBIA process, changes are made to the new business initiative prior to their implementation or the initiative is withdrawn.

Risk Appetite

The Firm's overall Risk Appetite is established by management taking into consideration the Firm's capital and liquidity positions, earnings power, and diversified business model. The Risk Appetite framework is a tool to measure the capacity to take risk and is expressed in loss tolerance parameters at the Firm and/or LOB levels, including tolerances on stressed net income, capital, liquidity risk, credit risk, market risk, structural interest rate risk and operational risk. Performance against these parameters informs management's strategic decisions and is reported to the Firmwide Risk Committee and Board of Directors' Risk Policy Committee.

The Firm's Risk Appetite framework is reviewed on an ongoing basis, and is reviewed with the FRC and DRPC at least annually.

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

Board Declaration – Adequacy of Risk Management Arrangements

The Boards of entities in scope of the disclosure are satisfied that Management has taken reasonable care to establish and maintain risk systems and controls as appropriate to the business.

Members of the Board of Directors

J.P. Morgan Capital Holdings Limited

The JPMCHL Board is comprised of five directors. The directors are:

Amanda Cameron

Ms. Cameron joined the Board of JPMCHL in September 2014. She is a Managing Director and the Senior Country Officer for Luxembourg. Prior to this, Ms. Cameron was the Chief Risk Officer for Investor Services in Asia Pacific ("APAC"). Ms. Cameron has held a variety of senior leadership roles in APAC and EMEA covering client management, business management, sales development, business transformation, and risk and controls. Prior to joining JPMorgan, Ms. Cameron worked for Dai-ichi Kangyo Bank and Brown Brothers Harriman, both in Luxembourg.

Deborah Toennies

Ms. Toennies joined the Board of JPMCHL in February 2016. She is a Managing Director and the Head of Regulatory Affairs for the Corporate and Investment Bank. Prior to this she has held various roles within JPMorgan including Head of Conduit Management and Business Development, and as a Managing Director in both Structured Credit Products and Securitised Products Group. Before joining JPMorgan, Ms. Toennies worked at Coldwell Banker as a Senior Auditor, and Arthur Andersen & Company as a Staff Auditor. Ms. Toennies has an MBA in Finance and Strategy Management from the University of Chicago, and a BS in Accountancy from Miami University.

Jean-Jacques Lava

Mr. Lava joined the Board of JPMCHL in February 2016. He joined JPMorgan in 1998, and is currently an Executive Director and the Chief Financial Officer for Continental Europe within the JPMorgan Investment Management line of business. Prior to JPMorgan, Mr Lava worked for Deloitte in Luxembourg focussing on external audit and consultancy work. He is a Board member of JPMorgan Asset Management (Europe) Sarl ("JPMAME"), and other Asset Management companies. Mr Lava holds a BA specialising in Finance from the University of Liege, and is a chartered accountant.

Jonathan Griffin

Mr. Griffin joined the Board of JPMCHL in June 2006. He is the chairman of JPMCHL and is managing director and CEO of JPMorgan Asset Management (Europe) Sarl in Luxembourg. Mr. Griffin has held various senior management positions within the JPMorgan group since joining the firm in 1986 and has worked in Germany, Japan, Luxembourg and the UK. JPMAME is an authorised Undertakings for Collective Investment in Transferable Securities ("UCITS") and Alternative Investment Fund ("AIF") Management Company with branches in eight European countries. JPMAME supervises the activities of JPMorgan's Luxembourg domiciled mutual fund ranges which are registered for distribution in over 30 countries worldwide. Mr Griffin has also been a Board member of ALFI (the Association of Luxembourg Mutual Funds) since 2007.

Edward Kemp

Mr. Kemp joined the Board of JPMCHL in September 2015. He is currently the Senior Financial Officer and an Executive Director at J.P. Morgan Bank Luxembourg SA. He is a member of the Bank's Executive Committee. He joined J.P. Morgan in March 2015. Before joining J.P. Morgan, he worked for BNY Mellon for eight years, most recently as the group's Senior Risk Officer for Continental Europe, as well as the Chief Risk Officer and member of the Board of Directors of BNY Mellon SA/NV in Brussels.

Previously, he was the Chief Financial Officer and a Deputy General Manager of BNY Mellon (Luxembourg) SA. Edward is a Fellow of the Chartered Institute of Management Accountants (FCMA, CGMA), and holds a BSc (Econ) from the London School of Economics and an MBA from Cranfield School of Management.

Directorships

Members of the Board of Directors have also held internal and/or external directorships during the year ended December 31, 2015 as follows:

Name	Internal Directorships	External Directorships
Amanda Cameron	1	0
Deborah Toennies	1	0
Jean-Jacques Lava	1	0
Jonathan Griffin	1	0
Edward Kemp	1	0

Note: Directorships held within the same group are counted as a single directorship, and those in organisations with non-commercial objectives are disregarded.

J.P. Morgan Securities plc

The JPMS plc Board is comprised of five non-executive directors and six executive directors. The directors are:

Sir Winfried Bischoff

Sir Winfried joined the Board of JPMS plc as a Non-Executive Director in July 2014 and became the Non-Executive Chairman in December 2014. He is currently the Chairman of the Financial Reporting Council in the UK. He was previously Chairman of Lloyds Banking Group from 2009. Sir Win has substantial experience of leading complex international boards and committees in the UK and the US. His background spans a range of sectors, including banking and capital markets, finance and government regulation and public policy. He is a Non-Executive Director of S&P Global Inc., and was Chairman of the Advisory Council of TheCityUK. Sir Win was appointed Chairman of Citigroup Europe in 2000. He became the acting Chief Executive Officer of Citigroup Inc. in 2007 and was subsequently appointed as Chairman in the same year until his retirement in February 2009. Prior to this, he was the Group Chief Executive and then Chairman of Schroders. Sir Win holds a Bachelor of Commerce degree from the University of the Witwatersrand, Johannesburg. He has held a total of 10 publically listed company directorships since 1983.

Laban Jackson

For further information in relation to Mr Jackson, please see the below link.

https://www.jpmorganchase.com/corporate/About-JPMC/ab-board-bio-labanpjacksonjr.htm

Scott Moeller

Professor Moeller joined the Board of JPMS plc as a Non-Executive Director in July 2012. He is also the Chairman of the JPMS plc Directors’ Risk Policy Committee, a role he has held since 2013 and Chairman of the J.P. Morgan Europe Limited Directors' Risk Policy Committee, a role he has held since 2014. Professor Moeller is a director and the founder of the M&A Research Centre at Cass Business School where he is also a Professor in the Practice of Finance. Prior to teaching, Professor Moeller was at Deutsche Bank in London for six years in several senior banking positions. Prior to Deutsche Bank, he worked first at Booz Allen & Hamilton Management Consultants for over five years and then at Morgan Stanley for over twelve years in New York, Japan, and finally as co-manager and then member of the board of Morgan Stanley Bank AG in Germany.

Jane Moran

Ms. Moran joined the Board of JPMS plc as a Non-Executive Director in December 2015. She is currently the Global Chief Information Officer at Unilever, a role she has held since 2014. Prior to joining Unilever, Ms Moran spent 14 years at Thomson Reuters in both the US and UK in a number of CIO roles including: CCBN (a Thomson acquisition), Thomson Financial, Thomson Reuters Markets, and finally Global Chief Information Officer. Ms Moran is a member of the CIO councils for Salesforce.com, SAP, and Workday, and a member of the Advisory Council on Computing and Information Technology of Brown University. Ms Moran holds a MBA from Boston University and a BA in History from Brown University.

Monique Shivanandan

Ms. Shivanandan joined the Board of JPMS plc as a Non-Executive Director in November 2015. She is currently the Chief Information Officer and a Member of Group Executive Committee at Aviva plc, a role she has held since 2014. Prior to joining Aviva, Ms. Shivanandan was a Senior Vice President and Chief Technology Officer at Capital Once Financial, and before this a Managing Director and Chief Information Officer at BT Retail. Ms Shivanadan is also a Board member of the Government Digital Services Advisory Board. She holds a BS in Industrial Engineering from Lehigh University

Andrew Cox

Mr. Cox joined the Board of JPMS plc in November 2001. He is currently a Managing Director, and head of Credit Risk in EMEA. He joined JPMorgan in 1987, and has worked in the New York and London office, primarily in Risk, but with roles in technology and trading room business management. He is a member of the EMEA Risk Committee and other key regional governance forums. Mr. Cox holds a Bachelor of Science in Physics from Kings College London.

Mark Garvin

Mr. Garvin joined the Board of JPMS plc in September 2011, and is currently Vice Chairman for the Corporate & Investment Bank. Prior to this he was Chairman, Treasury & Securities Services International, a position he held until assuming his current role in 2012. Mr. Garvin has worked at JPMorgan and its predecessor banks since 1978, and has held a number of roles including UK Senior Country Officer and EMEA Chief Operating Officer Mr. Garvin holds a Bachelor of Science from Georgetown University and an MBA from American University.

Elena Korablina

Ms. Korablina joined the Board of JPMS plc in February 2014. She is currently the J.P. Morgan EMEA Chief Financial Officer, responsible for finance activities across the region. She is a member of the EMEA Management Committee and other key regional governance forums. Ms. Korablina has worked at the firm for nearly eighteen years. Prior to her current role, she held a number of roles at the firm, including EMEA Regional Controller, Global Product Controller for several Markets businesses, and Senior Finance Officer in different locations across Europe, including Moscow, Luxembourg, and London. Before joining J.P. Morgan, Ms. Korablina was an auditor with PricewaterhouseCoopers in Moscow. Ms. Korablina holds a Bachelor of Science in Mathematical Economics from Moscow State University.

Julia Meazzo

Ms. Meazzo joined the Board of JPMS plc in May 2015. She is currently a Managing Director and HR Executive for the EMEA Region. Prior to this she was the Business Manager for Credit Business and Global Emerging Markets, and HR Business Partner in South Africa. Prior to joining JPMorgan, Ms. Meazzo worked for Johnson & Johnson, Proctor & Gamble, and Cap Gemini Management Consulting. Ms. Meazzo has a degree in Business Commerce from Rhodes University South Africa.

Daniel Pinto

Mr. Pinto joined the Board of JPMS plc in 2007. He is currently the CEO of the Corporate & Investment Bank of JPMorgan Chase & Co. and CEO of its Europe, Middle East and Africa region. Mr. Pinto has spent his career at JPMorgan and its predecessor companies, beginning with Manufacturers Hanover Trust in Buenos Aires in 1983, where he was a financial analyst and foreign exchange trader. In 1992, he was appointed head of Sales for Chemical Bank in Buenos Aires, and then became head trader and Treasurer of Chemical Bank in Mexico. In 1996, he moved to Chase Manhattan Bank in London, where he was responsible for local markets in Eastern Europe, Middle East, Africa and Asia. In 2002 he assumed responsibility for the markets side of J.P. Morgan's emerging markets business, before being made global head of Emerging Markets in 2006. In 2009, he was made co-head of Global Fixed Income for the Investment Bank before becoming sole head of the group in 2012. He was also made co-CEO of the Corporate & Investment Bank in

2012, and became sole CEO in 2014. He has a bachelor's degree in Public Accounting and a B.S. in Business Administration from Universidad Nacional de Lomas de Zamora in Buenos Aires.

Timothy Throsby

Mr. Throsby joined the Board of JPMS plc in August 2011. He is currently a Managing Director, and Global Head of Equities. Prior to joining JP Morgan in 2010, Mr. Throsby was a Partner and Senior Managing Director at the Citadel Investment Group, running the firms activities across Asia and Japan. Before that he was a Managing Director and Global Head of Derivatives, Convertibles, and Risk Arbitrage at Lehman Brothers in New York. Prior to that, he was Managing Director and Head of Equity Derivatives for Asia and Japan at Goldman Sachs in Tokyo. Mr. Throsby holds a degree in Economics from the University of Sydney.

Directorships

Members of the Board of Directors held the following directorships during the year ended December 31, 2015:

Name	Executive	Non-Executive
Sir Winfried Bischoff	0	4
Laban Jackson	0	4
Scott Moeller	1	2
Jane Moran	1	2
Monique Shivanandan	1	1
Andrew Cox	1	0
Mark Garvin	1	1
Elena Korablina	1	0
Julia Meazzo	1	0
Daniel Pinto	1	1
Timothy Throsby	1	0

Note: Directorships held within the same group are counted as a single directorship, and those in organisations with non-commercial objectives are disregarded

Bear Stearns UK Holdings Limited

The BSUKHL Board is comprised of two directors. The directors are:

Stephen White

Mr. White joined the Board of BSUKHL in January 2013. He is currently an Executive Director, and UK Controller, covering UK Legal Entity Control and UK Regulatory Reporting. Mr White has over 17 years of experience in the Financial Services industry, working at institutions such as Tullett & Tokyo, HSBC, and Commerzbank AG. Prior to joining JPMorgan, Mr White worked for the Royal Bank of Scotland and ABN Amro as Head of UK Financial Reporting, and GBM Global Controller Change Director. Mr White is a fellow of the Association of Chartered Certified Accountants, and a member of the Association of Corporate Treasurers.

John Hobson

Mr. Hobson joined the Board of BSUKHL in June 2015. He is currently an Executive Director and is the UK Legal Entities Controller. Prior to joining JPMorgan, Mr. Hobson worked for Barclays, the Royal Bank of Scotland and ABN Amro. Mr. Hobson is a member of the Association of Chartered Certified Accountants.

Directorships

Members of the Board of Directors have also held internal and/or external directorships during the year ended December 31, 2015 as follows:

Name	Internal Directorships	External Directorships
Stephen White	1	0
John Hobson	1	0

Note: Directorships held within the same group are counted as a single directorship, and those in organisations with non-commercial objectives are disregarded

J.P. Morgan Mansart Management Limited

The JPMMML Board is comprised of three directors. The directors are:

Shahzad Sadique

Mr. Sadique joined JPMorgan in 2012, and became a director and the CEO of JPMMML in May of that year. He has over 19 years of industry experience and previously held senior positions as the Head of Morgan Stanley's structured and alternative fund business within their Investment Bank and was co-Head of the retail structuring team for the multi-asset platform at Dresdner Bank. Mr. Sadique began his career at Merrill Lynch in the global equity derivatives group. He graduated with a M.Sc degree in International Securities and Investment Banking from the ISMA Centre, University of Reading and a BA (Hons) in Financial Economics.

Matthew Melling

Mr. Melling joined the Board of JPMMML in May 2014. He is currently a Managing Director and the EMEA Regional Controller. Mr Melling joined JPMorgan in 1996 and has held a number of roles, including EMEA and Global Product Controller for Emerging Markets, and Credit and Emerging Markets Middle Office. He started his career in banking on the Natwest Graduate programme, before moving to Chase Manhattan, a heritage JPMorgan firm. Mr Melling holds a Bachelor of Science in Chemistry from King's College London.

Dale Braithwait

Mr. Braithwait joined the Board of JPMMML in March 2014. He is currently the Head of EMEA Risk Strategy, and the global lead for Legal Entity Risk Governance and Oversight. Mr Braithwait chairs the firm's EMEA Legal Entity Risk Committee and is a member of the EMEA Risk Committee and the EMEA Operating Committee. He is also a member of Risk Committees for the Eurex and CC&G Clearing Houses. Mr Braithwait joined J.P. Morgan in 1997 and has held various roles relating to risk management, intermediation, and fund administration, most recently as Global Head of Credit Clearing. During a period from 2003 to 2005, Mr. Braithwait left J.P. Morgan to set-up the Risk, Operations and Finance functions for a fund manager. Mr Braithwait holds a Bachelor of Science in Chemistry from Imperial College, London.

Directorships

Members of the Board of Directors have also held internal and/or external directorships during the year ended December 31, 2015 as follows:

Name	Internal Directorships	External Directorships
Shahzad Sadique	1	2
Matthew Melling	1	0
Dale Braithwait	1	0

Note: Directorships held within the same group are counted as a single directorship, and those in organisations with non-commercial objectives are disregarded

Diversity & Inclusion

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

Guiding Principles

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

Scope and Process

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

Metrics

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

Target for Representation of Women on EMEA Boards

At a regional level, JPMorgan Chase & Co. has set an internal target to achieve 30% representation of women on our Boards in EMEA. These targets will be achieved through periodic reviews of structure, size, composition and performance of Boards, and a promotion and focus on the existing practices embedded in our Firmwide Diversity & Inclusion Strategy outlined above.

3. Own Funds (Art. 437)

Key Change During the Period

- The disclosed amount relating to goodwill has reduced to zero for this period due to the adoption of Financial Reporting Standard ("FRS") 101 'Reduced disclosure framework'. FRS 101 replaced the previous UK GAAP standards on transition to FRS 101. JPMorgan Chase & Co. has reviewed its accounting policy in respect of business combinations involving entities under common control (i.e. within the JPMorgan Chase & Co. group) and has decided to apply predecessor accounting to these transactions. As a result, goodwill has been reversed to either i) retained earnings (for JPMS Plc) or ii) other reserves (for JPM Ltd). In addition, on adoption of FRS 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102") for the consolidated financial statements of JPMCHL, JPMorgan Chase & Co. has changed the accounting policy for inter-company business transfers and has applied merger accounting to these transfers, resulting in the reversal of $1.6 billion of historic goodwill to retained earnings. Further, under FRS 102 an increase in a groups controlling interest does not result in goodwill, as a result goodwill of $1.1 billion has been reversed to retained earnings.
- Profit for the period has been recognised in the own funds of all entities with the exception of BSUKHL and JPMMML which were loss making in 2015.
- A capital contribution was made into JPMCHL and used to purchase additional share capital issued by JPMS plc in July 2015 for $2.5bn.

Own Funds Reconciliation

The tables below present a reconciliation between balance sheet own funds and regulatory own funds as at 31st December 2015 in accordance with the requirements set out in Commission Implementing Regulation (EU) No 1423/2013.

Table 1: Reconciliation of Regulatory Own Funds to Balance Sheet (JPMCHL) as at 31st December 2015

Regulatory Own Funds Reconciliation to Balance Sheet	Accounts Ref	$'m
CET1 Capital		
406,909,774 Ordinary Shares of $10 each	Accounts Note 33	4,069
Share Premium Account	Accounts Page 14	4,012
Pension Reserve	Accounts Page 14	-43
Other Reserves	Accounts Page 14	7,604
Retained Earnings	Accounts Page 14	25,010
CET1 Capital - Balance Sheet Own Funds		**40,652**
Less Regulatory Adjustments		
(-) Intangible Assets Goodwill	Accounts Note 21	-128
(-) Forseeable Dividends	CRR Art. 26	-157
(-) Additional Valuation Adjustments	CRR Art. 34	-1,063
(-) Available for Sale Financial Asset Reserve	CRR Art. 468	-11
CET1 Capital - Regulatory Own Funds After Adjustments		**39,293**
AT1 Capital		
AT1 Capital - Balance Sheet Own Funds		**0**
AT1 Capital - Qualifying Own Funds	CRR Art. 84	**49**
(-) Other Transitional Adjustments to AT1 Capital	CRR Art. 469	-0
AT1 Capital - Regulatory Own Funds After Adjustments		**49**
T2 Capital		
T2 Capital - Balance Sheet Own Funds		**0**
T2 Capital - Qualifying Own Funds	CRR Art. 84	**21**
Less Regulatory Adjustments		
(-) T2 instruments of financial sector entities where the institution has a significant investment	CRR Art. 474	-0
(+) Other transitional adjustments to T2 Capital	CRR Art. 478	0
T2 Capital - Regulatory Own Funds After Adjustments		**21**
Total Regulatory Own Funds		**39,363**

Table 2: Reconciliation of Regulatory Own Funds to Balance Sheet (JPMS plc) as at 31st December 2015

Regulatory Own Funds Reconciliation to Balance Sheet	Accounts Ref	$'m
CET1 Capital		
1,039,262 Ordinary Shares of $10,000 each	Accounts Note 27	10,393
50,000 Ordinary Shares of £1.24 each	Accounts Note 27	0
Share Premium Account	Accounts Page 16	9,955
Other Reserves	Accounts Page 16	1,827
Retained Earnings	Accounts Page 16	8,058
CET1 Capital - Balance Sheet Own Funds		**30,233**
Less Regulatory Adjustments		
(-) Forseeable Dividends	CRR Art. 26	-1,050
(-) Additional Valuation Adjustments	CRR Art. 34	-1,062
(-) CET1 Instruments of Significant Investments Above 10% Threshold for Deduction	CRR Art. 43	-717
(+) PRA Transitional Adjustment for CET1 Instruments of Significant Investments Within the Consolidation Group	CRR Art. 469	276
CET1 Capital - Regulatory Own Funds After Adjustments		**27,680**
AT1 Capital		
AT1 Capital - Balance Sheet Own Funds		**0**
Less Regulatory Adjustments		
(+) PRA Transitional Adjustment for Grandfathered AT1 Capital Instruments	CRR Art. 484	3,607
(-) Other Transitional Adjustments to AT1 Capital	CRR Art. 469	-0
AT1 Capital - Regulatory Own Funds After Adjustments		**3,607**
T2 Capital		
34,648 Preferred Ordinary Shares of $10,000 Each (Preference Shares)*	Accounts Note 27	346
5 Year Floating Rate of $10,000 Each (Preference Shares)*	Accounts Note 27	2,650
10 Year Fixed Rate of $10,000 Each (Preference Shares)*	Accounts Note 27	2,157
20 Year Fixed Rate of $10,000 Each (Preference Shares)	Accounts Note 27	2,000
Subordinated Loan 04/12/2017**	Accounts Note 26	180
T2 Capital - Balance Sheet Own Funds		**7,333**
Less Regulatory Adjustments		
(-) PRA Transitional Adjustment for T2 Instruments Grandfathered and Recognised as AT1 Capital Instruments	CRR Art. 484	-3,607
(-) Amortisation of Subordinated Loan 04/12/2017	CRR Art. 64	-110
(-) T2 instruments of financial sector entities where the institution has a significant investment	CRR Art. 474	-0
(+) Other transitional adjustments to T2 Capital	CRR Art. 478	0
T2 Capital - Regulatory Own Funds After Adjustments		**-3,717**
Total Regulatory Own Funds		**34,903**

* Grandfathered instruments eligible for recognition in AT1 subject to limits as per CRR Article 486

** Component of 'Other liabilities (Other) 'as per audited accounts note 26

Table 3: Reconciliation of Regulatory Own Funds to Balance Sheet (JPMEL) as at 31st December 2015

Regulatory Own Funds Reconciliation to Balance Sheet	Accounts Ref	$'m
CET1 Capital		
1,397,922,234 Ordinary Shares of $1 Each	Accounts Note 30	1,398
Share Premium Account	Accounts Page 11	231
Other Reserves	Accounts Page 11	127
Retained Earnings	Accounts Page 11	2,371
CET 1 Capital - Balance Sheet Own Funds		**4,127**
Less Regulatory Adjustments		
(-) Foreseeable Dividends	CRR Art. 26	-600
(-) Additional Valuation Adjustments	CRR Art. 34	-0
(-) Intangible Assets: Goodwill	Accounts Note 22	-72
(-) Available for Sale Financial Asset Reserve	CRR Art. 468	-11
CET1 Capital - Regulatory Own Funds After Adjustments		**3,444**
Total Regulatory Own Funds		**3,444**

Table 4: Reconciliation of Regulatory Own Funds to Balance Sheet (JPMIB) as at 31st December 2015

Regulatory Own Funds Reconciliation to Balance Sheet	Accounts Ref	$'m
CET1 Capital		
840,000.000 Ordinary Shares issues of $1 each	Accounts Note 29	840
Capital Contribution Reserve	Accounts Page 11	400
Retained Earnings	Accounts Page 11	-4
Cumulative Translation Reserve	Accounts Page 11	-2
Other Reserves	Accounts Page 11	0
Pension Reserves	Accounts Page 11	-0
CET1 Capital - Balance Sheet Own Funds		**1,234**
Less Regulatory Adjustments		
(-) Additional Valuation Adjustments	CRR Art. 34	-1
CET1 Capital - Regulatory Own Funds After Adjustments		**1,233**
Total Regulatory Own Funds		**1,233**

Table 5: Reconciliation of Regulatory Own Funds to Balance Sheet (JPML) as at 31st December 2015

Regulatory Own Funds Reconciliation to Balance Sheet	Accounts Ref	$'m
CET1 Capital		
31,856,207 A Ordinary Shares of $5 Each	Accounts Note 18	159
7,888,874 B Ordinary Shares of £1 Each	Accounts Note 18	15
Other Reserves	Accounts Page 10	115
Retained Earnings	Accounts Page 10	1,250
CET1 Capital - Balance Sheet Own Funds		**1,539**
Less Regulatory Adjustments		
CET1 Capital - Regulatory Own Funds After Adjustments		**1,539**
Total Regulatory Own Funds		**1,539**

Table 6: Reconciliation of Regulatory Own Funds to Balance Sheet (JPMMML) as at 31st December 2015

Regulatory Own Funds Reconciliation to Balance Sheet	Accounts Ref	$'m
CET1 Capital		
1 Ordinary Share of £1	Accounts Note 15	0
25,000,000 Ordinary Shares of $1 Each	Accounts Note 15	25
Other Reserves	Accounts Page 9	0
Retained Earnings	Accounts Page 9	-7
CET1 Capital - Balance Sheet Own Funds		**18**
Less Regulatory Adjustments		
CET1 Capital - Regulatory Own Funds After Adjustments		**18**
Total Regulatory Own Funds		**18**

Table 7: Reconciliation of Regulatory Own Funds to Balance Sheet (BSUKHL) as at 31st December 2015

Regulatory Own Funds Reconciliation to Balance Sheet	Accounts Ref	$'m
CET1 Capital		
305,755,086 Ordinary Shares of £1 each	Accounts Note 22	629
Other Reserves	Accounts Note 23	1,443
Accumulated Loss	Accounts Page 8	-1,485
CET1 Capital - Balance Sheet Own Funds		**587**
Less Regulatory Adjustments		
(-) Additional Valuation Adjustments	CRR Art. 34	-0
CET1 Capital - Regulatory Own Funds After Adjustments		**586**
AT1 Capital		
AT1 Capital - Regulatory Own Funds After Adjustments		**0**
T2 Capital		
T2 Capital - Balance Sheet Own Funds		**0**
T2 Capital - Qualifying Own Funds	CRR Art. 87	**725**
T2 Capital - Regulatory Own Funds After Adjustments		**725**
Total Regulatory Own Funds		**1,311**

Table 8: Reconciliation of Regulatory Own Funds to Balance Sheet (JPMML) as at 31st December 2015

Regulatory Own Funds Reconciliation to Balance Sheet	Accounts Ref	$'m
CET1 Capital		
300 Ordinary Shares of £1 Each, Authorised and Issued	Accounts Note 19	0
Share Premium Account	Accounts Page 10	126
Other Reserves	Accounts Page 10	4,077
Accumulated Loss	Accounts Page 10	-132
CET1 Capital - Balance Sheet Own Funds		**4,071**
Less Regulatory Adjustments		
(-) Additional Valuation Adjustments	CRR Art. 34	-0
CET1 Capital - Regulatory Own Funds After Adjustments		**4,071**
AT1 Capital		
AT1 Capital - Balance Sheet Own Funds		**0**
Less Regulatory Adjustments		
(+) FCA Transitional Adjustment for Grandfathered AT1 Capital Instruments	CRR Art. 484	18
AT1 Capital - Regulatory Own Funds After Adjustments		**18**
T2 Capital		
25 Redeemable Non-Cumulative Preference Shares of $1,000,000 Each	Accounts Note 19	25
T2 Capital - Balance Sheet Own Funds		**25**
Less Regulatory Adjustments		
(-) FCA Transitional Adjustment for T2 Instruments Grandfathered and Recognised as AT1 Capital Instruments	CRR Art. 484	-18
T2 Capital - Regulatory Own Funds After Adjustments		**8**
Total Regulatory Own Funds		**4,096**

Own Funds Disclosures

The tables below present the components of regulatory capital under a transitional and fully loaded basis as at 31st December 2015 in accordance with the requirements set out in Commission Implementing Regulation (EU) No 1423/2013.

Table 9: CRDIV Regulatory Capital for JPMCHL as at 31st December 2015

	Transitional Own Funds Disclosure Template ($'m)	Transitional Position	Transitional Impacts	Fully Loaded Position
	Common Equity Tier 1 (CET1) Capital: Instruments and Reserves			
1	**Capital instruments and the related share premium accounts**	**8,081**		**8,081**
	of which: Ordinary shares	4,069		4,069
2	Retained earnings	25,010		25,010
3	Accumulated other comprehensive income (and other reserves)	7,561		7,561
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-157		-157
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**40,495**		**40,495**
	Common Equity Tier 1 (CET1) Capital: Regulatory Adjustments			
7	Additional value adjustments (negative amount)	-1,063		-1,063
8	Intangible assets (net of related tax liability) (negative amount)	-128		-128
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	-11	11	0
	of which: Filter for unrealised gains relating to Available-for-Sale Financial Assets Reserve on Equity Instruments	-11	11	0
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-1,202**	**11**	**-1,191**
29	**Common Equity Tier 1 (CET1) capital**	**39,293**	**11**	**39,304**
	Additional Tier 1 (AT1) Capital: Instruments			
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	49	-49	0
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**49**	**-49**	**0**
44	**Additional Tier 1 (AT1) capital**	**49**	**-49**	**0**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**39,342**	**-38**	**39,304**
	Tier 2 (T2) Capital: Instruments and Provisions			
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	21	49	70
51	**Tier 2 (T2) capital before regulatory adjustments**	**21**	**49**	**70**
58	**Tier 2 (T2) capital**	**21**	**49**	**70**
59	**Total capital (TC = T1 + T2)**	**39,363**	**11**	**39,374**
60	**Total risk weighted assets**	**186,203**		**186,203**
	Capital Ratios and Buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	21.1%		21.1%
62	Tier 1 (as a percentage of total risk exposure amount)	21.1%		21.1%
63	Total capital (as a percentage of total risk exposure amount)	21.1%		21.1%
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systematically important institution buffer expressed as a percentage of risk exposure amount)	68		68
66	of which: countercyclical buffer requirement	68		68
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	16.6%		16.6%
	Amounts Below the Thresholds for Deduction (Before Risk Weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	2,366		2,366
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	160		160
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	207		207

Table 10: CRDIV Regulatory Capital for JPMS plc as at 31st December 2015

	Transitional Own Funds Disclosure Template ($'m)	Transitional Position	Transitional Impacts	Fully Loaded Position
	Common Equity Tier 1 (CET1) Capital: Instruments and Reserves			
1	**Capital instruments and the related share premium accounts**	**20,348**		**20,348**
	of which: Ordinary shares	20,348		20,348
2	Retained earnings	8,058		8,058
3	Accumulated other comprehensive income (and other reserves)	1,827		1,827
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-1,050		-1,050
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**29,183**		**29,183**
	Common Equity Tier 1 (CET1) Capital: Regulatory Adjustments			
7	Additional value adjustments (negative amount)	-1,062		-1,062
8	Intangible assets (net of related tax liability) (negative amount)	0		0
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-441	-276	-717
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-1,503**	**-276**	**-1,779**
29	**Common Equity Tier 1 (CET1) capital**	**27,680**	**-276**	**27,404**
	Additional Tier 1 (AT1) Capital: Instruments			
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	3,607	-3,607	0
44	**Additional Tier 1 (AT1) capital**	**3,607**	**-3,607**	**0**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**31,287**	**-3,883**	**27,404**
	Tier 2 (T2) Capital: Instruments and Provisions			
46	Capital instruments and the related share premium accounts	3,616	3,607	7,223
58	**Tier 2 (T2) capital**	**3,616**	**3,607**	**7,223**
59	**Total capital (TC = T1 + T2)**	**34,903**	**-276**	**34,627**
60	**Total risk weighted assets**	**174,242**		**174,242**
	Capital Ratios and Buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	15.9%	-0.2%	15.7%
62	Tier 1 (as a percentage of total risk exposure amount)	18.0%	-2.3%	15.7%
63	Total capital (as a percentage of total risk exposure amount)	20.0%	-0.1%	19.9%
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systematically important institution buffer expressed as a percentage of risk exposure amount)	66		66
66	of which: countercyclical buffer requirement	66		66
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	11.4%		11.4%
	Amounts Below the Thresholds for Deduction (Before Risk Weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	1,948		1,948
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	3,529		3,529
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	103		103
	Capital Instruments Subject to Phase-Out Arrangements (Only Applicable Between 1 Jan 2014 and 1 Jan 2022)			
82	Current cap on AT1 instruments subject to phase out arrangements	3,607		3,607
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	1,546		1,546

Table 11: CRDIV Regulatory Capital for JPMEL as at 31st December 2015

	Transitional Own Funds Disclosure Template ($'m)	Transitional Position	Transitional Impacts	Fully Loaded Position
Common Equity Tier 1 (CET1) Capital: Instruments and Reserves				
1	**Capital instruments and the related share premium accounts**	**1,629**		**1,629**
	of which: Ordinary shares	1,398		1,398
2	Retained earnings	2,371		2,371
3	Accumulated other comprehensive income (and other reserves)	127		127
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-600		-600
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**3,527**		**3,527**
Common Equity Tier 1 (CET1) Capital: Regulatory Adjustments				
7	Additional value adjustments (negative amount)	-0		-0
8	Intangible assets (net of related tax liability) (negative amount)	-72		-72
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	-11	11	0
	of which: Filter for unrealised gains relating to Available-for-Sale Financial Assets Reserve on Equity Instruments	-11	11	0
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-83**	**11**	**-72**
29	**Common Equity Tier 1 (CET1) capital**	**3,444**	**11**	**3,455**
Additional Tier 1 (AT1) Capital: Instruments				
44	**Additional Tier 1 (AT1) capital**	**0**		**0**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**3,444**	**11**	**3,455**
Tier 2 (T2) Capital: Instruments and Provisions				
58	**Tier 2 (T2) capital**	**0**		**0**
59	**Total capital (TC = T1 + T2)**	**3,444**	**11**	**3,455**
60	**Total risk weighted assets**	**6,158**		**6,158**
Capital Ratios and Buffers				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	55.9%	0.2%	56.1%
62	Tier 1 (as a percentage of total risk exposure amount)	55.9%	0.2%	56.1%
63	Total capital (as a percentage of total risk exposure amount)	55.9%	0.2%	56.1%
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systematically important institution buffer expressed as a percentage of risk exposure amount)	5		5
66	of which: countercyclical buffer requirement	5		5
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	51.4%		51.4%
Amounts Below the Thresholds for Deduction (Before Risk Weighting)				
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	3		3
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	3		3
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	79		79

Table 12: CRDIV Regulatory Capital for JPMIB as at 31st December 2015

	Transitional Own Funds Disclosure Template ($'m)	Transitional Position	Transitional Impacts	Fully Loaded Position
	Common Equity Tier 1 (CET1) Capital: Instruments and Reserves			
1	**Capital instruments and the related share premium accounts**	**840**		**840**
	of which: Ordinary shares	840		840
2	Retained earnings	-4		-4
3	Accumulated other comprehensive income (and other reserves)	398		398
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0		0
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1,234**		**1,234**
	Common Equity Tier 1 (CET1) Capital: Regulatory Adjustments			
7	Additional value adjustments (negative amount)	-1		-1
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-1**	**0**	**-1**
29	**Common Equity Tier 1 (CET1) capital**	**1,233**	**0**	**1,233**
	Additional Tier 1 (AT1) Capital: Instruments			
44	**Additional Tier 1 (AT1) capital**	**0**	**0**	**0**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1,233**	**0**	**1,233**
	Tier 2 (T2) Capital: Instruments and Provisions			
58	**Tier 2 (T2) capital**	**0**	**0**	**0**
59	**Total capital (TC = T1 + T2)**	**1,233**	**0**	**1,233**
60	**Total risk weighted assets**	**9,128**		**9,128**
	Capital Ratios and Buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	13.5%		13.5%
62	Tier 1 (as a percentage of total risk exposure amount)	13.5%		13.5%
63	Total capital (as a percentage of total risk exposure amount)	13.5%		13.5%
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systematically important institution buffer expressed as a percentage of risk exposure amount)	1		1
66	of which: countercyclical buffer requirement	1		1
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	9.0%		9.0%
	Amounts Below the Thresholds for Deduction (Before Risk Weighting)			
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	3		3

Table 13: CRDIV Regulatory Capital for JPML as at 31st December 2015

	Transitional Own Funds Disclosure Template ($'m)	Transitional Position	Transitional Impacts	Fully Loaded Position
	Common Equity Tier 1 (CET1) Capital: Instruments and Reserves			
1	**Capital instruments and the related share premium accounts**	**174**		**174**
	of which: Ordinary shares	174		174
2	Retained earnings	1,250		1,250
3	Accumulated other comprehensive income (and other reserves)	115		115
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0		0
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1,539**		**1,539**
	Common Equity Tier 1 (CET1) Capital: Regulatory Adjustments			
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**0**	**0**	**0**
29	**Common Equity Tier 1 (CET1) capital**	**1,539**	**0**	**1,539**
	Additional Tier 1 (AT1) Capital: Instruments			
44	**Additional Tier 1 (AT1) capital**	**0**	**0**	**0**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1,539**	**0**	**1,539**
	Tier 2 (T2) Capital: Instruments and Provisions			
58	**Tier 2 (T2) capital**	**0**	**0**	**0**
59	**Total capital (TC = T1 + T2)**	**1,539**	**0**	**1,539**
60	**Total risk weighted assets**	**1,736**		**1,736**
	Capital Ratios and Buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	88.6%		88.6%
62	Tier 1 (as a percentage of total risk exposure amount)	88.6%		88.6%
63	Total capital (as a percentage of total risk exposure amount)	88.6%		88.6%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	84.1%		84.1%
	Amounts Below the Thresholds for Deduction (Before Risk Weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	19		19
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	19		19
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	22		22

Table 14: CRDIV Regulatory Capital for JPMMML as at 31st December 2015

	Transitional Own Funds Disclosure Template ($'m)	Transitional Position	Transitional Impacts	Fully Loaded Position
	Common Equity Tier 1 (CET1) Capital: Instruments and Reserves			
1	**Capital instruments and the related share premium accounts**	**25**		**25**
	of which: Ordinary shares	25		25
2	Retained earnings	-7		-7
3	Accumulated other comprehensive income (and other reserves)	0		0
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**18**		**18**
	Common Equity Tier 1 (CET1) Capital: Regulatory Adjustments			
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**0**	**0**	**0**
29	**Common Equity Tier 1 (CET1) capital**	**18**	**0**	**18**
	Additional Tier 1 (AT1) Capital: Instruments			
44	**Additional Tier 1 (AT1) capital**	**0**	**0**	**0**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**18**	**0**	**18**
	Tier 2 (T2) Capital: Instruments and Provisions			
58	**Tier 2 (T2) capital**	**0**	**0**	**0**
59	**Total capital (TC = T1 + T2)**	**18**	**0**	**18**
60	**Total risk weighted assets**	**13**		**13**
	Capital Ratios and Buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	134.0%		134.0%
62	Tier 1 (as a percentage of total risk exposure amount)	134.0%		134.0%
63	Total capital (as a percentage of total risk exposure amount)	134.0%		134.0%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	129.5%		129.5%

Table 15: CRDIV Regulatory Capital for BSUKHL as at 31st December 2015

	Transitional Own Funds Disclosure Template ($'m)	Transitional Position	Transitional Impacts	Fully Loaded Position
Common Equity Tier 1 (CET1) Capital: Instruments and Reserves				
1	**Capital instruments and the related share premium accounts**	**629**		**629**
	of which: Ordinary shares	629		629
2	Retained earnings	-1,485		-1,485
3	Accumulated other comprehensive income (and other reserves)	1,443		1,443
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0		0
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**587**		**587**
Common Equity Tier 1 (CET1) Capital: Regulatory Adjustments				
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-0**	**0**	**-0**
29	**Common Equity Tier 1 (CET1) capital**	**587**	**0**	**587**
Additional Tier 1 (AT1) Capital: Instruments				
44	**Additional Tier 1 (AT1) capital**	**0**	**0**	**0**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**587**	**0**	**587**
Tier 2 (T2) Capital: Instruments and Provisions				
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	725	-690	35
58	**Tier 2 (T2) capital**	**725**	**-690**	**35**
59	**Total capital (TC = T1 + T2)**	**1,312**	**-690**	**622**
60	**Total risk weighted assets**	**244**		**244**
Capital Ratios and Buffers				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	240.0%		240.0%
62	Tier 1 (as a percentage of total risk exposure amount)	240.0%		240.0%
63	Total capital (as a percentage of total risk exposure amount)	536.8%	-282.4%	254.4%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	235.5%		235.5%

Table 16: CRDIV Regulatory Capital for JPMML as at 31st December 2015

	Transitional Own Funds Disclosure Template ($'m)	Transitional Position	Transitional Impacts	Fully Loaded Position
Common Equity Tier 1 (CET1) Capital: Instruments and Reserves				
1	**Capital instruments and the related share premium accounts**	**126**		**126**
	of which: Ordinary shares	126		126
2	Retained earnings	-132		-132
3	Accumulated other comprehensive income (and other reserves)	4,077		4,077
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0		0
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**4,071**		**4,071**
Common Equity Tier 1 (CET1) Capital: Regulatory Adjustments				
7	Additional value adjustments (negative amount)	-0		-0
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-0**	**0**	**-0**
29	**Common Equity Tier 1 (CET1) capital**	**4,071**	**0**	**4,071**
Additional Tier 1 (AT1) Capital: Instruments				
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	18	-18	0
44	**Additional Tier 1 (AT1) capital**	**18**	**-18**	**0**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**4,089**	**-18**	**4,071**
Tier 2 (T2) Capital: Instruments and Provisions				
58	**Tier 2 (T2) capital**	**8**	**18**	**25**
59	**Total capital (TC = T1 + T2)**	**4,096**	**0**	**4,096**
60	**Total risk weighted assets**	**500**	**0**	**500**
Capital Ratios and Buffers				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	814.8%		814.8%
62	Tier 1 (as a percentage of total risk exposure amount)	818.3%	-3.5%	814.8%
63	Total capital (as a percentage of total risk exposure amount)	819.8%		819.8%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	810.3%		810.3%
Capital Instruments Subject to Phase-Out Arrangements (Only Applicable Between 1 Jan 2014 and 1 Jan 2022)				
82	Current cap on AT1 instruments subject to phase out arrangements	18		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	8		

Main Features of Capital Instruments

The tables below present the main features of regulatory capital instruments for JPMCHL and its material subsidiaries as required by Commission Implementing Regulation (EU) No 1423/2013. The terms and conditions can be found on the Companies House website.

Table 17: Main Features of Regulatory Capital Instruments for JPMCHL and Material Subsidiaries as at 31st December 2015

Capital Instruments Main Features ($m)	CET1	CET1	CET1	CET1	AT1 / T2	AT1 / T2	AT1 / T2	T2	T2	CET1	CET1	CET1	CET1	CET1
1 Issuer	JPMCHL	JPMSplc	JPMSplc	JPMSplc	JPMSplc	JPMSplc	JPMSplc	JPMSplc	JPMSplc	JPMEL	JPMIB	JPML	JPML	JPMEL
2 Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement
3 Governing law(s) of the instrument	The Companies Act 2006	The Companies Act 2006	The Companies Act 2006	The Companies Act 2006	The Companies Act 2006	The Companies Act 2006	The Companies Act 2006	The Companies Act 2006	Contracts (Rights of Third Parties) Act 1999	The Companies Act 2006	The Companies Act 2006	The Companies Act 2006	The Companies Act 2006	The Companies Act 2006
Regulatory treatment														
4 Transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Additional Tier 1/Tier 2	Additional Tier 1/Tier 2	Additional Tier 1/Tier 2	Tier 2	Tier 2	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1
5 Post-transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Tier 2	Tier 2	Tier 2	Tier 2	Ineligible	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1
6 Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Consolidated	Solo	Solo	Solo	Solo	Solo	Solo	Solo	Solo	Solo	Solo	Solo	Solo	Solo
7 Instrument type (types to be specified by each jurisdiction)	$ Ordinary	$ Ordinary	£ Ordinary	£ Ordinary	$ Preference	$ Preference	$ Preferred ordinary	$ Preference	$ Subordinated loan	$ Ordinary	$ Ordinary shares	£ Ordinary	$ Ordinary	$ Ordinary
8 Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	8,081 includes nominal and premium	17,848 includes nominal and premium	0	0	1,725 - AT1 / 431 - T2	2,120 - AT1 / 530 - T2	277 AT1 / 69 - T2	2,000	70	1,629 includes nominal and premium	840	15	159	1629 includes nominal and premium
9 Nominal amount of instrument	10	10,000	1	1	10,000	10,000	10,000	10,000	180	1	1	1	5	1
9a Issue price	10	10,000	1	1.24	10,000	10,000	10,000	10,000	1	1	1	1	5	1
9b Redemption price	N/A	N/A	N/A	N/A	10,000	10,000	10,000	10,000	100%	N/A	N/A	N/A	N/A	N/A
10 Accounting classification	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Liability	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity
11 Original date of issuance	$0.2m Nov 18 1999 $2,000m Jan 25 2000 $959m Nov 2 2000 $1,110m Apr 9 2002 $0.01m Dec 12 2006 $0.01m Mar 7 2007 $0.01m Oct 15 2007	$647m Oct 22 1991 $290m Mar 1 2000 $500m Jan 2 2007 $278m Jan 12 2007 $270m Dec 1 2008 $230m Dec 4 2008 $1,200m Dec 16 2008 $300m Jan 30 2009 $2,000m Dec 20 2010 $2,274m May 27 2011 $362m Dec 12 2011 $1,263m Dec 16 2013 $116m Dec 2014 $662m Jul 27 2015	$0.000004m Oct 27 1999	$0.1m May 28 2012	$2,087m Oct 30 2007 $70m Dec 4 2007	$510m Jun 9 2004 $325m Dec 22 2004 $302m Feb 23 2005 $450m Nov 17 2005 $150m Mar 2 2006 $200m Mar 20 2006 $713m Oct 1 2007	$346m Mar 26 2002	$2,000m Jan 31 2011	11 December 2007	$0.000001m Sep 08 1992 $95m Sep 30 1993 $350m May 11 1995 $36m May 01 1997 $206m Oct 31 1997 $500m Nov 28 1997 $85m Nov 02 1998 $9m Oct 20 1999 $117m Dec 15 2005	$0.000001m Dec 14 1999 $320m Dec 13 2012 $7m Dec 14 1999 $93m Apr 26 2000 $100m Jun 14 2001 $20m Sep 07 2004 $100m Oct 29 2004 $200m Apr 05 2007 $0.000001m Dec 14 1999	$13m Dec 18 1987 $1m Nov 30 1989 $1m Dec 18 1987	$23m Oct 21 1986 $40m Mar 17 1989 $39m Nov 15 1991 $0.26m Nov 16 1990 $0.00001m Jan 31 1991 $0.00001m Nov 13 1991 $28m Dec 19 1991 $18m Jan 1 1992	$0.000001m Sep 08 1992 $95m Sep 30 1993 $350m May 11 1995 $36m May 01 1997 $206m Oct 31 1997 $500m Nov 28 1997 $85m Nov 02 1998 $9m Oct 20 1999 $117m Dec 15 2005
12 Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
13 Original maturity date	No maturity	No maturity	No maturity	No maturity	No maturity	No maturity	No maturity	No maturity	14 December 2017	No maturity	No maturity	No maturity	No maturity	No maturity
14 Issuer call subject to prior supervisory approval	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No
15 Optional call date, contingent call dates and redemption amount	N/A	N/A	N/A	N/A	26 October 2017/Par	10 June 2009/Par	26 March 2007/Par	01 February 2021/Par	N/A	N/A	N/A	N/A	N/A	N/A
16 Subsequent call dates, if applicable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Coupons / dividends														
17 Fixed or floating dividend/coupon	N/A	N/A	N/A	N/A	Fixed-rate	Floating-rate	N/A	Fixed-rate	Floating-rate	N/A	N/A	N/A	N/A	N/A
18 Coupon rate and any related index	N/A	N/A	N/A	N/A	2.75% and 2.85% above 10 year treasury at time of issue	0.9% + 12 month US$ LIBOR	0.9% + 12 month US$ LIBOR	8%	0.9% + 3 month US$ LIBOR	N/A	N/A	N/A	N/A	N/A
19 Existence of a dividend stopper	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
20a Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Partially discretionary	Fully discretionary	Fully discretionary	Mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
20b Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
21 Existence of step up or other incentive to redeem	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
22 Noncumulative or cumulative	N/A	N/A	N/A	N/A	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	N/A	N/A	N/A	N/A	N/A	N/A
23 Convertible or non-convertible	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
24 If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
25 If convertible, fully or partially	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
26 If convertible, conversion rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
27 If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
28 If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
29 If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
30 Write-down features	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
31 If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
32 If write-down, full or partial	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
33 If write-down, permanent or temporary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
34 If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	One class of share & same rights attached to all shares	Ranks below preference shares in respect of income and capital distributions	Ranks below preferred ordinary and preference shares in respect of income and capital distributions	Ranks below preference ordinary and preference shares in respect of income and capital distributions	Ranks above ordinary shares in respect of income and capital distributions	Ranks above ordinary shares in respect of income and capital distributions	Ranks above ordinary shares in respect of income and capital distributions	Ranks above ordinary shares in respect of income and capital distributions	Unsecured and Unsubordinated Creditors	One class of share & same rights attached to all shares	Only one shareholder and one class of shares - same rights attached to all shares	Ranks pari passu	Ranks pari passu	One class of share & same rights attached to all shares
36 Non-compliant transitioned features	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
37 If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 18: Main Features of Regulatory Capital Instruments for BSUKHL, JPMML and JPMMML as at 31st December 2015

	Capital Instruments Main Features ($m)	CET1	CET1	CET1	CET1	AT1 / T2
1	Issuer	BSUKHL	JPMML	JPMML	JPMMML	JPMMML
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement
3	Governing law(s) of the instrument	The Companies Act 2006	The Companies Act 2006	The Companies Act 2006	The Companies Act 2006	The Companies Act 2006
	Regulatory treatment					
4	Transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1	Additional Tier 1/Tier 2	Common Equity Tier 1	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1	Tier 2	Common Equity Tier 1	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Consolidated	Solo	Solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	£ Ordinary	£ Ordinary	$ Preference	£ Ordinary	$ Ordinary
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	629	0	17.5 - AT1 7.5 - T2	0	25
9	Nominal amount of instrument	1	1	1,000,000	1	1
9a	Issue price	1	1	1,000,000	1	1
9b	Redemption price	N/A	N/A	1,000,000	N/A	N/A
10	Accounting classification	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity
11	Original date of issuance	$0.000004m Oct 9 2000 $280m Nov 6 2000 $14m Jul 24 2002 $141m May 31 2007 $93m Aug 30 2007 $45m Nov 29 2007		$25m Jan 24 2003	$0.000002m Nov 7 2007	
12	Perpetual or dated	Perpetual		Perpetual	Perpetual	
13	Original maturity date	No maturity		No maturity	No maturity	
14	Issuer call subject to prior supervisory approval	No		Yes	No	
15	Optional call date, contingent call dates and redemption amount	N/A		N/A	N/A	
16	Subsequent call dates, if applicable	N/A		N/A	N/A	
	Coupons / dividends					
17	Fixed or floating dividend/coupon		N/A	N/A	N/A	N/A
18	Coupon rate and any related index	N/A	N/A	N/A	N/A	N/A
19	Existence of a dividend stopper	N/A	N/A	N/A	N/A	N/A
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A	N/A	N/A	N/A	N/A
22	Noncumulative or cumulative	N/A	N/A	Non-cumulative	N/A	N/A
23	Convertible or non-convertible	N/A	N/A	N/A	N/A	N/A
24	If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A	N/A
30	Write-down features	N/A	N/A	N/A	N/A	N/A
31	If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	One class of share & same rights attached to all shares	Ranks pari passu	Ranks pari passu	Ranks pari passu	Ranks pari passu
36	Non-compliant transitioned features	N/A	N/A	N/A	N/A	N/A
37	If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A

4. Capital Requirements (Art. 438)

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

Internal Capital Adequacy Assessment Process

The entities in scope complete an ICAAP on a periodic basis, which provides management with a view of the impact of severe and unexpected events on earnings, risk-weighted assets and capital. The Firm's ICAAP integrates stress testing protocols with capital planning.

The process assesses the potential impact of alternative economic and business scenarios on the Firm's earnings and capital. 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, realized events can always be worse. Accordingly, management considers additional stresses outside these scenarios, as necessary. ICAAP results are reviewed by management and the relevant Board of Directors.

Key Changes during the Period

- The PRA permits firms to apply for Non-Core Large Exposures Group permission. This allows firms to increase the threshold before which they take a large exposures capital requirement for exposures to certain internal entities, for which they have gained approval. JPMCHL had its Non-Core Large Exposures permission approved by the PRA in July 2015. This had the effect of reducing the large exposures capital requirement to zero.
- Equity PRR: the implementation of EBA RTS 2013/16 on the definition of Market has allowed netting across the Euro-zone as a single market for equity general market risk. This has in turn reduced the net positions and PRR for equities general market risk.
- FX PRR: lower own funds requirements are permitted, according to Article 354 of the CRR, for currencies deemed to be closely correlated by the EBA. This approach was implemented for the EMEA entities during 2015.
- A review was undertaken in 2015 of the treatment for capital purposes of excess collateral received by the JPMCHL group from clients, which is posted to another J.P. Morgan entity and in a segregated account on behalf of the client. It was determined that in this scenario an exposure does not exist between JPMS plc and the other internal entity.
- Increase in counterparty credit risk for JPMS plc following OCC MRA which required the Commodities business to migrate impermissible activity for Base Metals out of JPMCB by 1st July 2015.
- In cases where JPMS plc is acting as a clearing member ("financial intermediary") between a client and Central Counterparty Clearing House ("CCP"), it was determined that as JPMS plc is not legally obligated to reimburse its clients in the event of a default by the CCP, the entity is not exposed to counterparty credit risk on the CCP leg of the transaction for capital purposes, with a corresponding reduction in the capital charge.
- After a review of the Firm's Pillar 3 disclosures this year against requirements we have adjusted the approach to include Counterparty Credit Risk exposures, in addition to Credit Risk exposures, in disclosures relating to Credit Risk.

Minimum Capital Requirements

The tables below present minimum capital requirements for JPMCHL and its significant subsidiaries, BSUKHL and its significant subsidiary and JPMMML. JPMMML's capital requirement for credit risk (including counterparty risk) is $350k.

The standardised approach has been used for the calculation of Credit Risk and Market Risk Capital Requirements. The basic indicator approach has been used for the calculation of Operational Risk Capital Requirements. Operational Risk for limited licence firm's JP Morgan Limited and JP Morgan Mansart Management Limited are captured under the Fixed Overheads Requirement. The Operational Risk Requirement populated in Table 76 represents the residual portion of the Fixed Overheads Requirement.

Table 19: Minimum Capital Requirements for Credit Risk (including Counterparty Risk) as at 31st December 2015

Credit Exposure Class ($'m)	JPMCHL	JPMSplc	JPMEL	JPMIB	JPML	BSUKHL	JPMML	JPMMML
Central Governments or Central Banks	124	107	16	1	4	1	1	0
Regional Governments or Local Authorities	23	23	0	0	0	0	0	0
Public Sector Entities	10	10	0	0	0	0	0	0
Multilateral Development Banks	4	4	0	0	0	0	0	0
Institutions	1,018	1,574	5	0	4	1	0	0
Corporates	3,031	2,731	212	58	9	1	22	0
Secured by Mortgages on Immovable Property	86	0	0	86	0	0	0	0
Items Associated With Particularly High Risk	705	705	0	0	0	0	0	0
Claims on Institutions and Corporates With a Short-Term Credit Assessment	1,780	1,233	34	515	0	2	2	0
Other Items	347	328	13	6	0	6	6	0
Total Capital Requirement	**7,128**	**6,715**	**280**	**666**	**17**	**11**	**31**	**0**

Table 20: Minimum Capital Requirements for Other Risk Types as at 31st December 2015

Risk Type ($'m)	JPMCHL	JPMSplc	JPMEL	JPMIB	JPML	BSUKHL	JPMML	JPMMML
DFC Requirement	122	122	0	0	0	0	0	0
Credit Valuation Adjustment Risk	2,087	2,073	0	14	0	0	0	0
Position Risk	3,726	3,642	3	0	0	5	5	0
Commodities Risk	228	228	0	0	0	0	0	0
Foreign-Exchange Risk	356	355	1	1	2	1	1	0
Settlement Risk	32	30	2	0	0	0	0	0
Large Exposures Risk	0	0	0	0	0	1	0	0
Operational Risk	1,215	773	208	50	120	0	1	1
Total Capital Requirement	**7,766**	**7,223**	**214**	**65**	**122**	**7**	**7**	**1**

5. Exposure to Counterparty Credit risk (Art. 439)

Internal Capital and Credit Limits for Counterparty Credit Exposures

The Firm expresses counterparty credit exposure using three measures of potential future exposure using Monte-Carlo methods. Monte-Carlo simulation models generate a mark-to-market distribution for a portfolio of financial instruments under various future market conditions. This calculation takes into account the effects of credit risk mitigants, such as close-out netting and collateral agreements.

Peak represents a conservative measure of potential exposure to a counterparty calculated in a manner that is broadly equivalent to a 97.5% confidence level. Peak is the primary measure used by the Firm for setting of credit limits for derivative transactions, senior management reporting and derivatives exposure management. Derivative Risk Equivalent (“DRE”) exposure is a measure that expresses the risk of derivative exposure on a basis intended to be equivalent to the risk of loan exposures. DRE is a less extreme measure of potential credit loss than Peak and is used for aggregating derivative credit risk exposures with loans and other credit risk. Finally, Average is a measure of the expected fair value of the Firm’s derivative receivables at future time periods, including the benefit of collateral. Average exposure over the total life of the derivative contract is used as the primary metric for pricing purposes and is used to calculate Credit Valuation Adjustment (“CVA”), while average exposure over the first year of the derivative contract is the primary metric for calculating regulatory credit capital.

In order to assess the internal credit capital required to support its business in the event of unexpected credit losses, the Firm uses economic credit risk capital. To compute economic credit capital, the loss distribution for the wholesale portfolio is calculated by running Monte-Carlo simulations using J.P. Morgan’s Proprietary Capital Model (“PCM”) with a one-year horizon. The principal drivers of portfolio capital are:

- The risk characteristics of individual exposures; and
- The correlations among different borrowers.

Portfolio capital is allocated to each exposure using a formula based on the exposure’s Risk Grade, Probability of Default (PD), Loss Given Default (LGD), Loan Equivalent (LEQ exposure amount, and tenor.

Policies for Securing Collateral and Establishing Credit Reserves

Entities in scope are covered by firm-wide policies relating to the type of acceptable collateral posted in support of all forms of credit exposure. Cash and certain high quality bonds are generally considered acceptable collateral.

The receipt of collateral to secure credit exposures is reflected through the LGD estimate at the facility level for traditional credit products and through the expected exposure estimate for Over the counter (“OTC”) derivatives and repo-style transactions in the economic capital calculations. The existence of guarantees is reflected in the internal risk grade assigned to the exposure, if the guarantee meets certain documentation standards and provides acceptable coverage of the obligor’s indebtedness and economic and political risks. To address residual risk related to collateral and guarantees, the firm has instituted policies to assess and monitor the enforceability and effectiveness of these credit risk mitigants.

Wrong-Way Risk Policies

The firm may be exposed to additional credit risk as a result of the wrong way nature of certain OTC derivatives and securities financing trades, or the wrong way nature of collateral taken against OTC derivative exposures. Wrong way risk is broadly defined as the potential for increased correlation between the Firm’s exposure to a counterparty and the counterparty’s credit quality. Accordingly J.P. Morgan has established a credit policy that defines the CIB governance framework and additional controls to cover specific and general wrong way risk. OTC Derivatives and securities financing trades within JPMS plc that exhibit wrong way risk will have conservative credit exposure calculated which would lead to the CVA, Regulatory Credit Capital and Economic Credit Capital being much higher than for unrelated trades.

The impact of a downgrade in the Firm's credit rating is considered in the JPMorgan Chase & Co. SEC 10-K filing, at a Firmwide level. The nature and magnitude of the impact of ratings downgrades depends on numerous contractual and behavioural factors (which the Firm believes are incorporated in its liquidity risk and stress testing metrics). Credit rating downgrade analysis is incorporated within the liquidity risk metrics for JPMCHL's key entities (JPMS plc, JPMEL and JPMIB).

Counterparty Credit Risk Analysis

The tables below show counterparty credit risk exposures after the application of credit risk mitigation, analysed by the type of financial contract. All derivative exposures are calculated using the Mark to Market method (CRR Article 274) and SFTs using the Financial Collateral Comprehensive Method (CRR Article 223). 'Other' financial contract types relates to Long Settlement Transactions. There is no counterparty credit risk in JPM Limited.

Table 21: Counterparty Credit Exposure (Post-CRM) By Financial Contract Type (JPMCHL and Material Subsidiaries) as at 31st December 2015

Financial Contract Type ($'m)	JPMCHL		JPMS plc		JPMEL		JPMIB		JPML	
	MTM Approach	Other Approach	MTM Approach	Other Approach	MTM Approach	Other Approach	MTM Approach	Other Approach	MTM Approach	Other Approach
Interest Rate Contracts	21,702	0	21,634	0	0	0	68	0	0	0
Foreign Currency Contracts	14,733	0	14,329	0	95	0	309	0	0	0
Equities Contracts	18,991	0	18,875	0	0	0	128	0	0	0
Precious Metals (exc. Gold) Contracts	148	0	147	0	0	0	1	0	0	0
Commodities (exc. Precious Metals) Contracts	7,635	0	7,635	0	0	0	0	0	0	0
Securities Financing Transactions	0	29,887	0	30,100	0	926	0	75	0	0
Credit Derivatives	7,688	0	7,642	0	0	0	46	0	0	0
Other	0	158	0	162	0	0	0	0	0	0
Total Exposure	**70,897**	**30,045**	**70,262**	**30,262**	**95**	**926**	**552**	**75**	**0**	**0**

Table 22: Counterparty Credit Exposure (Post-CRM) By Financial Contract Type (BSUKHL and JPMML) as at 31st December 2015

Financial Contract Type ($'m)	BSUKHL		JPMML	
	MTM Approach	Other Approach	MTM Approach	Other Approach
Interest Rate Contracts	0	0	0	0
Foreign Currency Contracts	5	0	5	0
Equities Contracts	1	0	1	0
Precious Metals (exc. Gold) Contracts	0	0	0	0
Commodities (exc. Precious Metals) Contracts	0	0	0	0
Securities Financing Transactions	0	83	0	83
Credit Derivatives	0	0	0	0
Other	9	0	9	0
Total Exposure	**15**	**83**	**15**	**83**

Table 23 shows the counterparty credit risk exposures for derivatives. Exposures reported under the Mark to Market method are subject to appropriate netting and collateral offsets and require adjustment for market driven movements that may lead to increased replacement cost at the time of default, i.e. the potential future credit exposure.

Table 23: Breakdown of Counterparty Credit Risk Exposure for Derivatives as at 31st December 2015

Legal Entity ($'m)	Gross Positive Fair Value of Contracts	Potential Future Credit Exposure	Netting Benefit	Net Current Credit Exposure	CRM	Net Derivatives Credit Exposure
JPMCHL	246,597	170,504	-266,439	150,662	79,765	70,897
JPMSplc	246,122	169,782	-265,991	149,913	79,652	70,262
JPMEL	32	63	0	95	0	95
JPMIB	473	669	-460	682	130	552
BSUKHL	12	4	0	15	0	15
JPMML	12	4	0	15	0	15

6. Countercyclical Capital Buffers (Art. 440)

Countercyclical Capital Buffer

Under Basel III, each firm is required to hold an additional capital buffer against macroeconomic risks associated with an increase in aggregate credit. Each firm is required to calculate its institution-specific countercyclical buffer rate as a weighted average of the buffer rates that have been set for each jurisdiction to which the firm has relevant credit exposures. The countercyclical buffer is then the institution-specific countercyclical buffer rate multiplied by total risk weighted assets. The institution-specific countercyclical buffer rate is capped at 2.5%, which is transitioned in from 0.625% from 1st January 2016 to 2.5% from 2019.

The tables below show a breakdown of the geographic distribution of relevant credit exposures along with the calculation of the institution-specific countercyclical capital buffer for JPMCHL, JPMS plc, JPMEL and JPMIB. The buffer is zero or immaterial for other UK regulated entities.

As per the EBA RTS 2014/17 full templates on countercyclical buffers will be included in all disclosures from reference date 1st January 2016.

Table 24: Geographic Distribution of Credit Exposures Relevant to the Calculation of the Countercyclical Capital Buffer (JPMCHL) as at 31st December 2015

Breakdown by Country ($'m)	Total Relevant Exposure	Own Funds Requirement	Weighting	Countercyclical Capital Buffer Rate
Norway	1,978	103	0.01	1%
Sweden	2,066	168	0.02	1%
Total Exposure	**4,044**	**271**	**0.03**	

Table 25: Geographic Distribution of Credit Exposures Relevant to the Calculation of the Countercyclical Capital Buffer (JPMS plc) as at 31st December 2015

Breakdown by Country ($'m)	Total Relevant Exposure	Own Funds Requirement	Weighting	Countercyclical Capital Buffer Rate
Norway	1,788	87	0.01	1%
Sweden	1,889	156	0.02	1%
Total Exposure	**3,677**	**243**	**0.03**	

Table 26: Geographic Distribution of Credit Exposures Relevant to the Calculation of the Countercyclical Capital Buffer (JPMEL) as at 31st December 2015

Breakdown by Country ($'m)	Total Relevant Exposure	Own Funds Requirement	Weighting	Countercyclical Capital Buffer Rate
Norway	188	15	0.06	1%
Sweden	116	7	0.03	1%
Total Exposure	**304**	**22**	**0.09**	

Table 27: Geographic Distribution of Credit Exposures Relevant to the Calculation of the Countercyclical Capital Buffer (JPMIB) as at 31st December 2015

Breakdown by Country ($'m)	Total Relevant Exposure	Own Funds Requirement	Weighting	Countercyclical Capital Buffer Rate
Norway	2	0	0.00	1%
Sweden	61	5	0.01	1%
Total Exposure	**63**	**5**	**0.01**	

Table 28: Amount of Institution-Specific Countercyclical Capital Buffer (JPMCHL) as at 31st December 2015

Institution Specific Countercyclical Buffer Requirement ($'m)	JPMCHL	JPMSplc	JPMEL	JPMIB
Total Risk Exposure Amount	186,203	174,242	6,158	9,128
Institution Specific Countercyclical Buffer Rate	0.04%	0.04%	0.09%	0.01%
Institution Specific Counteryclical Buffer Requirement	**68**	**66**	**5**	**1**

7. Credit Risk Adjustments (Art. 442)

Definitions

The following definitions are used for accounting purposes:

- **Impairment Loss:** amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount - International Accounting Standards ("IAS") 36
- **Past Due:** A financial asset is past due when a counterparty has failed to make a payment when contractually due – International Financial Reporting Standards ("IFRS") 7

Credit Risk Adjustment for Loan Assets

The Company assesses at each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or portfolio of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that that loss event has an adverse impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Where there is objective evidence that impairment has been incurred; the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows.

Specific provisions are raised against specific loans and advances to customers when the Company considers that the credit worthiness of the borrower has deteriorated such that the recovery of the whole or part of an outstanding advance is in serious doubt. The asset is given an internal risk rating from 1 to 10 with 10 being the highest risk. No objective evidence of impairment exists if the asset is rated 1 to 6. Assets which are risk rated 7 and above are considered troubled or non-performing and are examined for impairment.

Credit Risk Adjustments for Derivatives

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.

Credit Risk Exposures before Credit Risk Mitigation

The following tables show the credit risk exposures (including counterparty risk) before the application of credit risk mitigation. JPMMML's capital requirement for credit risk (including counterparty risk) is $350k and therefore additional disclosures have not been made below.

Table 29: Credit Risk Exposures before CRM for JPMCHL and Material Subsidiaries as at 31st December 2015

Exposure Class ($'m)	JPMCHL		JPMS plc		JPMEL		JPMIB		JPML	
	Exposure (Pre-CRM)	Avg. Exposure Pre-CRM (Quarterly over 12 months)	Exposure (Pre-CRM)	Avg. Exposure Pre-CRM (Quarterly over 12 months)	Exposure (Pre-CRM)	Avg. Exposure Pre-CRM (Quarterly over 12 months)	Exposure (Pre-CRM)	Avg. Exposure Pre-CRM (Quarterly over 12 months)	Exposure (Pre-CRM)	Avg. Exposure Pre-CRM (Quarterly over 12 months)
Central Governments or Central Banks	24,068	24,771	23,680	24,273	175	185	209	283	22	22
Regional Governments or Local Authorities	1,031	1,362	1,031	1,353	0	0	0	10	0	0
Public Sector Entities	341	464	340	463	0	0	1	1	0	0
Multilateral Development Banks	111	105	111	105	0	0	0	0	0	0
Institutions	78,099	81,381	80,105	83,304	309	244	2,931	3,092	50	8
Corporates	75,063	64,081	68,704	57,301	5,257	5,355	728	767	106	14
Secured by Mortgages on Immovable Property	1,077	1,275	0	41	0	0	1,077	1,234	0	0
Items Associated With Particularly High Risk	8,228	8,129	8,228	8,129	0	0	0	0	0	0
Claims on Institutions and Corporates With a Short-Term Credit Assessment	49,794	58,514	45,432	50,275	3,953	5,923	12,742	11,769	0	0
Other Items	4,494	4,810	4,255	4,502	166	200	73	107	0	0
Total Exposure	**242,306**	**244,892**	**231,886**	**229,746**	**9,860**	**11,907**	**17,761**	**17,263**	**178**	**44**

Table 30: Credit Risk Exposures before CRM for BSUKHL and JPMML as at 31st December 2015

Exposure Class ($'m)	BSUKHL Exposure (Pre-CRM)	BSUKHL Avg. Exposure Pre-CRM (Quarterly over 12 months)	JPMML Exposure (Pre-CRM)	JPMML Avg. Exposure Pre-CRM (Quarterly over 12 months)
Central Governments or Central Banks	1	2	1	2
Regional Governments or Local Authorities	0	0	0	0
Public Sector Entities	0	0	0	0
Multilateral Development Banks	0	0	0	0
Institutions	60	85	4	9
Corporates	11	12	276	114
Secured by Mortgages on Immovable Property	0	0	0	0
Items Associated With Particularly High Risk	0	0	0	0
Claims on Institutions and Corporates With a Short-Term Credit Assessment	130	968	130	1,041
Other Items	190	187	190	187
Total Exposure	**392**	**1,254**	**601**	**1,353**

Credit Risk Exposures after Credit Risk Mitigation

The following tables show the credit risk exposures (including counterparty risk) after the application of credit risk mitigation.

Table 31: Credit Risk Exposures after CRM for JPMCHL and Material Subsidiaries as at 31st December 2015

Exposure Class ($'m)	JPMCHL Exposure (Post-CRM)	JPMCHL Avg. Exposure Post-CRM (Quarterly over 12 months)	JPMS plc Exposure (Post-CRM)	JPMS plc Avg. Exposure Post-CRM (Quarterly over 12 months)	JPMEL Exposure (Post-CRM)	JPMEL Avg. Exposure Post-CRM (Quarterly over 12 months)	JPMIB Exposure (Post-CRM)	JPMIB Avg. Exposure Post-CRM (Quarterly over 12 months)	JPML Exposure (Post-CRM)	JPML Avg. Exposure Post-CRM (Quarterly over 12 months)
Central Governments or Central Banks	10,123	10,193	9,734	9,694	175	186	209	283	22	22
Regional Governments or Local Authorities	900	1,096	900	1,087	0	0	0	10	0	0
Public Sector Entities	127	286	125	285	0	0	1	1	0	0
Multilateral Development Banks	101	99	101	99	0	0	0	0	0	0
Institutions	29,110	37,361	31,431	39,533	105	147	78	90	50	8
Corporates	52,722	42,323	48,705	37,884	2,918	3,013	728	767	106	14
Secured by Mortgages on Immovable Property	1,077	1,275	0	41	0	0	1,077	1,234	0	0
Items Associated With Particularly High Risk	6,030	5,891	6,030	5,891	0	0	0	0	0	0
Claims on Institutions and Corporates With a Short-Term Credit Assessment	44,849	50,417	37,750	42,193	3,822	2,889	12,590	11,731	0	0
Other Items	4,494	4,810	4,255	4,502	166	200	73	107	0	0
Total Exposure	**149,533**	**153,751**	**139,031**	**141,209**	**7,186**	**6,435**	**14,756**	**14,223**	**178**	**44**

Table 32: Credit Risk Exposures after CRM for BSUKHL and JPMML as at 31st December 2015

Exposure Class ($'m)	BSUKHL Exposure (Post-CRM)	BSUKHL Avg. Exposure Post-CRM (Quarterly over 12 months)	JPMML Exposure (Post-CRM)	JPMML Avg. Exposure Post-CRM (Quarterly over 12 months)
Central Governments or Central Banks	1	2	1	2
Regional Governments or Local Authorities	0	0	0	0
Public Sector Entities	0	0	0	0
Multilateral Development Banks	0	0	0	0
Institutions	60	85	4	9
Corporates	11	12	276	114
Secured by Mortgages on Immovable Property	0	0	0	0
Items Associated With Particularly High Risk	0	0	0	0
Claims on Institutions and Corporates With a Short-Term Credit Assessment	130	372	130	446
Other Items	190	187	190	187
Total Exposure	**392**	**658**	**601**	**758**

Geographical Location of Exposures

The tables below show exposure at default after credit risk mitigation broken down by credit exposure class and geographic location of the obligor or counterparty.

Table 33: Geographical Analysis of Credit Exposures for JPMCHL as at 31st December 2015

Exposure Class ($'m)	United Kingdom	Europe	United States	Africa	Asia	Rest of World	Total
Central Governments or Central Banks	256	8,769	8	3	325	762	10,123
Regional Governments or Local Authorities	0	762	0	0	0	138	900
Public Sector Entities	1	19	78	0	0	29	127
Multilateral Development Banks	0	0	0	9	0	92	101
Institutions	5,502	10,403	5,711	24	4,638	2,832	29,110
Corporates	8,601	25,732	10,192	9	5,309	2,879	52,722
Secured by Mortgages on Immovable Property	616	121	80	10	23	227	1,077
Items Associated With Particularly High Risk	211	1,052	54	0	0	4,713	6,030
Claims on Institutions and Corporates With a Short-Term Credit Assessment	4,933	13,382	13,531	149	6,516	6,338	44,849
Other Items	137	212	4,129	0	15	1	4,494
Total Exposure	**20,257**	**60,452**	**33,783**	**204**	**16,826**	**18,011**	**149,533**

Table 34: Geographical Analysis of Credit Exposures for JPMS plc as at 31st December 2015

Exposure Class ($'m)	United Kingdom	Europe	United States	Africa	Asia	Rest of World	Total
Central Governments or Central Banks	170	8,565	5	3	325	666	9,734
Regional Governments or Local Authorities	0	762	0	0	0	138	900
Public Sector Entities	0	19	77	0	0	29	125
Multilateral Development Banks	0	0	0	9	0	92	101
Institutions	8,401	10,322	5,345	24	4,638	2,701	31,431
Corporates	8,123	24,187	8,736	0	5,191	2,468	48,705
Items Associated With Particularly High Risk	211	1,052	54	0	0	4,713	6,030
Claims on Institutions and Corporates With a Short-Term Credit Assessment	3,409	10,246	12,918	106	5,508	5,563	37,750
Other Items	0	212	4,027	0	15	1	4,255
Total Exposure	**20,314**	**55,365**	**31,162**	**142**	**15,677**	**16,371**	**139,031**

Table 35: Geographical Analysis of Credit Exposures for JPMEL as at 31st December 2015

Exposure Class ($'m)	United Kingdom	Europe	United States	Africa	Asia	Rest of World	Total
Central Governments or Central Banks	79	0	0	0	0	96	175
Institutions	1	80	6	0	0	18	105
Corporates	239	1,049	1,326	0	0	304	2,918
Claims on Institutions and Corporates With a Short-Term Credit Assessment	3,129	343	236	0	0	114	3,822
Other Items	137	0	29	0	0	0	166
Total Exposure	**3,585**	**1,472**	**1,597**	**0**	**0**	**532**	**7,186**

Table 36: Geographical Analysis of Credit Exposures for JPMIB as at 31st December 2015

Exposure Class ($'m)	United Kingdom	Europe	United States	Africa	Asia	Rest of World	Total
Central Governments or Central Banks	3	204	2	0	0	0	209
Public Sector Entities	1	0	0	0	0	0	1
Institutions	73	0	5	0	0	0	78
Corporates	237	252	4	9	118	107	727
Secured by Mortgages on Immovable Property	616	121	80	10	23	227	1,077
Claims on Institutions and Corporates With a Short-Term Credit Assessment	7,690	2,793	379	43	1,007	679	12,591
Other Items	0	0	73	0	0	0	73
Total Exposure	**8,620**	**3,370**	**543**	**62**	**1,148**	**1,013**	**14,756**

Table 37: Geographical Analysis of Credit Exposures for JPML as at 31st December 2015

Exposure Class ($'m)	United Kingdom	Europe	United States	Africa	Asia	Rest of World	Total
Central Governments or Central Banks	22	0	0	0	0	0	22
Institutions	19	0	31	0	0	0	50
Corporates	0	0	106	0	0	0	106
Total Exposure	**41**	**0**	**137**	**0**	**0**	**0**	**178**

Table 38: Geographical Analysis of Credit Exposures for BSUKHL as at 31st December 2015

Exposure Class ($'m)	United Kingdom	Europe	United States	Africa	Asia	Rest of World	Total
Central Governments or Central Banks	0	0	0	0	0	1	1
Institutions	1	0	59	0	0	0	60
Corporates	9	0	3	0	0	0	12
Claims on Institutions and Corporates With a Short-Term Credit Assessment	88	0	42	0	0	0	130
Other Items	0	0	189	0	0	0	189
Total Exposure	**98**	**0**	**293**	**0**	**0**	**1**	**392**

Table 39: Geographical Analysis of Credit Exposures for JPMML as at 31st December 2015

Exposure Class ($'m)	United Kingdom	Europe	United States	Africa	Asia	Rest of World	Total
Central Governments or Central Banks	0	0	0	0	0	1	1
Institutions	1	0	3	0	0	0	4
Corporates	276	0	0	0	0	0	276
Claims on Institutions and Corporates With a Short-Term Credit Assessment	88	0	42	0	0	0	130
Other Items	0	0	190	0	0	0	190
Total Exposure	**365**	**0**	**235**	**0**	**0**	**1**	**601**

Industry Analysis of Credit Exposures

The tables below show exposure at default after credit risk mitigation broken down by credit exposure class and the industrial sector associated with the obligor or counterparty.

Table 40: Industry Analysis of Credit Exposures for JPMCHL as at 31st December 2015

Exposure Class ($'m)	Banks	Non-Bank Financial Institutions	Non-Financial Corporations	Other	Total
Central Governments or Central Banks	1,478	91	33	8,521	10,123
Regional Governments or Local Authorities	0	0	0	900	900
Public Sector Entities	0	78	32	17	127
Multilateral Development Banks	15	0	0	86	101
Institutions	25,039	4,071	0	0	29,110
Corporates	1,411	31,878	17,991	1,442	52,722
Secured by Mortgages on Immovable Property	0	304	0	773	1,077
Items Associated With Particularly High Risk	0	6,006	24	0	6,030
Claims on Institutions and Corporates With a Short-Term Credit Assessment	23,089	16,797	2,253	2,710	44,849
Other Items	196	4,298	0	0	4,494
Total Exposure	**51,228**	**63,523**	**20,333**	**14,449**	**149,533**

Table 41: Industry Analysis of Credit Exposures for JPMS plc as at 31st December 2015

Exposure Class ($'m)	Banks	Non-Bank Financial Institutions	Non-Financial Corporations	Other	Total
Central Governments or Central Banks	1,478	91	33	8,133	9,735
Regional Governments or Local Authorities	0	0	0	900	900
Public Sector Entities	0	78	32	15	125
Multilateral Development Banks	15	0	0	86	101
Institutions	27,322	4,109	0	0	31,431
Corporates	1,410	30,702	15,291	1,301	48,704
Items Associated With Particularly High Risk	0	6,006	24	0	6,030
Claims on Institutions and Corporates With a Short-Term Credit Assessment	22,464	13,776	1,264	246	37,750
Other Items	196	4,059	0	0	4,255
Total Exposure	**52,885**	**58,821**	**16,644**	**10,681**	**139,031**

Table 42: Industry Analysis of Credit Exposures for JPMEL as at 31st December 2015

Exposure Class ($'m)	Banks	Non-Bank Financial Institutions	Non-Financial Corporations	Other	Total
Central Governments or Central Banks	0	0	0	175	175
Institutions	104	1	0	0	105
Corporates	1	338	2,577	1	2,917
Claims on Institutions and Corporates With a Short-Term Credit Assessment	1,153	2,492	178	0	3,823
Other Items	0	166	0	0	166
Total Exposure	**1,258**	**2,997**	**2,755**	**176**	**7,186**

Table 43: Industry Analysis of Credit Exposures for JPMIB as at 31st December 2015

Exposure Class ($'m)	Banks	Non-Bank Financial Institutions	Non-Financial Corporations	Other	Total
Central Governments or Central Banks	0	0	0	209	209
Public Sector Entities	0	0	0	1	1
Institutions	77	1	0	0	78
Corporates	0	465	124	140	729
Secured by Mortgages on Immovable Property	0	304	0	773	1,077
Claims on Institutions and Corporates With a Short-Term Credit Assessment	6,236	3,078	812	2,463	12,589
Other Items	0	73	0	0	73
Total Exposure	**6,313**	**3,921**	**936**	**3,586**	**14,756**

Table 44: Industry Analysis of Credit Exposures for JPML as at 31st December 2015

Exposure Class ($'m)	Banks	Non-Bank Financial Institutions	Non-Financial Corporations	Other	Total
Central Governments or Central Banks	0	22	0	0	22
Institutions	31	0	0	19	50
Corporates	0	106	0	0	106
Total Exposure	**31**	**128**	**0**	**19**	**178**

Table 45: Industry Analysis of Credit Exposures for BSUKHL as at 31st December 2015

Exposure Class ($'m)	Banks	Non-Bank Financial Institutions	Non-Financial Corporations	Other	Total
Central Governments or Central Banks	0	1	0	0	1
Institutions	60	0	0	0	60
Corporates	0	3	9	0	12
Claims on Institutions and Corporates With a Short-Term Credit Assessment	126	5	0	0	131
Other Items	139	49	0	0	188
Total Exposure	**325**	**58**	**9**	**0**	**392**

Table 46: Industry Analysis of Credit Exposures for JPMML as at 31st December 2015

Exposure Class ($'m)	Banks	Non-Bank Financial Institutions	Non-Financial Corporations	Other	Total
Central Governments or Central Banks	0	1	0	0	1
Institutions	4	0	0	0	4
Corporates	0	267	9	0	276
Claims on Institutions and Corporates With a Short-Term Credit Assessment	126	5	0	0	131
Other Items	140	49	0	0	189
Total Exposure	**270**	**322**	**9**	**0**	**601**

Residual Maturity Analysis of Credit Exposures

The tables below show exposure at default after credit risk mitigation broken down by credit exposure class and residual maturity. Residual maturity is the remaining number of years before an obligation becomes due according to the existing terms of agreement.

Table 47: Residual Maturity Analysis of Credit Exposures for JPMCHL as at 31st December 2015

Exposure Class ($'m)	On Demand	< 1 Year	Over 1 Year, Not More Than 3 Years	Over 3 Years, Not More Than 5 Years	Over 5 Years, Not More Than 10 Years	Over 10 Years or Undated	Total
Central Governments or Central Banks	295	6,818	523	396	553	1,539	10,124
Regional Governments or Local Authorities	0	138	89	0	0	674	901
Public Sector Entities	0	111	0	6	5	5	127
Multilateral Development Banks	0	91	0	0	1	8	100
Institutions	64	10,399	5,029	4,095	3,011	6,511	29,109
Corporates	32	9,054	9,213	9,781	8,476	16,164	52,720
Secured by Mortgages on Immovable Property	0	181	498	374	24	0	1,077
Items Associated With Particularly High Risk	114	2,932	898	490	673	924	6,031
Claims on Institutions and Corporates With a Short-Term Credit Assessment	9,895	34,955	0	0	0	0	44,850
Other Items	0	0	0	0	0	4,494	4,494
Total Exposure	**10,400**	**64,679**	**16,250**	**15,142**	**12,743**	**30,319**	**149,533**

Table 48: Residual Maturity Analysis of Credit Exposures for JPMS plc as at 31st December 2015

Exposure Class ($'m)	On Demand	< 1 Year	Over 1 Year, Not More Than 3 Years	Over 3 Years, Not More Than 5 Years	Over 5 Years, Not More Than 10 Years	Over 10 Years or Undated	Total
Central Governments or Central Banks	5	6,808	523	396	553	1,450	9,735
Regional Governments or Local Authorities	0	138	89	0	0	674	901
Public Sector Entities	5	104	0	6	5	5	125
Multilateral Development Banks	0	91	0	0	1	8	100
Institutions	64	10,300	5,027	4,023	3,011	9,007	31,432
Corporates	32	8,378	8,488	9,141	8,369	14,294	48,702
Items Associated With Particularly High Risk	437	2,609	898	490	673	924	6,031
Claims on Institutions and Corporates With a Short-Term Credit Assessment	13,611	24,110	0	0	0	29	37,750
Other Items	0	0	0	0	0	4,255	4,255
Total Exposure	**14,154**	**52,538**	**15,025**	**14,056**	**12,612**	**30,646**	**139,031**

Table 49: Residual Maturity Analysis of Credit Exposures for JPMEL as at 31st December 2015

Exposure Class ($'m)	On Demand	< 1 Year	Over 1 Year, Not More Than 3 Years	Over 3 Years, Not More Than 5 Years	Over 5 Years, Not More Than 10 Years	Over 10 Years or Undated	Total
Central Governments or Central Banks	170	5	0	0	0	0	175
Institutions	1	96	1	0	0	6	104
Corporates	2	206	592	580	64	1,474	2,918
Claims on Institutions and Corporates With a Short-Term Credit Assessment	70	3,753	0	0	0	0	3,823
Other Items	166	0	0	0	0	0	166
Total Exposure	**409**	**4,060**	**593**	**580**	**64**	**1,480**	**7,186**

Table 50: Residual Maturity Analysis of Credit Exposures for JPMIB as at 31st December 2015

Exposure Class ($'m)	On Demand	< 1 Year	Over 1 Year, Not More Than 3 Years	Over 3 Years, Not More Than 5 Years	Over 5 Years, Not More Than 10 Years	Over 10 Years or Undated	Total
Central Governments or Central Banks	204	0	0	0	0	5	209
Public Sector Entities	0	1	0	0	0	0	1
Institutions	0	3	1	72	0	1	77
Corporates	0	470	133	60	43	22	728
Secured by Mortgages on Immovable Property	0	181	498	374	24	0	1,077
Claims on Institutions and Corporates With a Short-Term Credit Assessment	3,395	9,188	0	0	0	8	12,591
Other Items	0	0	0	0	0	73	73
Total Exposure	**3,599**	**9,843**	**632**	**506**	**67**	**109**	**14,756**

Table 51: Residual Maturity Analysis of Credit Exposures for JPML as at 31st December 2015

Exposure Class ($'m)	On Demand	< 1 Year	Over 1 Year, Not More Than 3 Years	Over 3 Years, Not More Than 5 Years	Over 5 Years, Not More Than 10 Years	Over 10 Years or Undated	Total
Central Governments or Central Banks	0	0	0	0	0	22	22
Institutions	0	0	0	0	0	50	50
Corporates	0	0	0	0	0	106	106
Total Exposure	**0**	**0**	**0**	**0**	**0**	**178**	**178**

Table 52: Residual Maturity Analysis of Credit Exposures for BSUKHL as at 31st December 2015

Exposure Class ($'m)	On Demand	< 1 Year	Over 1 Year, Not More Than 3 Years	Over 3 Years, Not More Than 5 Years	Over 5 Years, Not More Than 10 Years	Over 10 Years or Undated	Total
Central Governments or Central Banks	1	0	0	0	0	0	1
Institutions	55	2	0	0	0	2	59
Corporates	0	9	3	0	0	0	12
Claims on Institutions and Corporates With a Short-Term Credit Assessment	0	130	0	0	0	0	130
Other Items	190	0	0	0	0	0	190
Total Exposure	**246**	**141**	**3**	**0**	**0**	**2**	**392**

Table 53: Residual Maturity Analysis of Credit Exposures for JPMML as at 31st December 2015

Exposure Class ($'m)	On Demand	< 1 Year	Over 1 Year, Not More Than 3 Years	Over 3 Years, Not More Than 5 Years	Over 5 Years, Not More Than 10 Years	Over 10 Years or Undated	Total
Central Governments or Central Banks	1	0	0	0	0	0	1
Institutions	0	2	0	0	0	2	4
Corporates	0	9	267	0	0	0	276
Claims on Institutions and Corporates With a Short-Term Credit Assessment	0	130	0	0	0	0	130
Other Items	190	0	0	0	0	0	190
Total Exposure	**191**	**141**	**267**	**0**	**0**	**2**	**601**

Credit Derivatives Breakdown

The table below presents a breakdown of credit derivatives notionals for each entity by product type and whether they are held for client intermediation or for the firm's own portfolio.

Table 54: Credit Derivatives Notional Breakdown for All Entities as at 31st December 2015

Notional Amount ($'m)	JPMCHL	JPMSplc	JPMEL	JPMIB	JPML	BSUKHL	JPMML
Firm's Own Portfolio							
Credit Default Swaps (Single Name & Indices)							
Bought	674	674	0	0	0	0	0
Sold	674	674	0	0	0	0	0
Total Return Swaps							
Bought	19,757	19,757	0	0	0	0	0
Sold	26,856	26,856	0	0	0	0	0
Client Intermediation							
Credit Default Swaps (Single Name & Indices)							
Bought	158,469	158,043	0	426	0	0	0
Sold	130,270	129,844	0	426	0	0	0
Total Return Swaps							
Bought	3,471	3,471	0	0	0	0	0
Sold	774	774	0	0	0	0	0

Past Due and Impaired Loans

The tables below present a breakdown of past due and impaired loans as at 31st December 2015. JPMCHL and JPMEL are deemed the only entities with material past due and impaired loans. The exposures that are neither past due nor impaired within JPMCHL are driven by JPMS plc. JPMS plc has immaterial past due or impaired exposures and are not disclosed separately in this section.

Table 55: Analysis of Impaired and Past Due Exposures and Allowance for Impairment by Exposure Type (JPMCHL) as at 31st December 2015

Exposure Class ($'m)	Neither Past Due Nor Impaired	Past Due but not Impaired	Individually Impaired Loans	Collectively Impaired Loans	Total	Allowance for Impairment
Loans and Advances to Banks	135	0	0	0	135	0
Loans and Advanced to Customers	2,661	6	19	0	2,686	4
Financial Assets Available for Sale	11	0	0	0	11	0
Total Exposure	**2,807**	**6**	**19**	**0**	**2,832**	**4**

Table 56: Analysis of Impaired and Past Due Exposures and Allowance for Impairment by Exposure Type (JPMEL) as at 31st December 2015

Exposure Class ($'m)	Neither Past Due Nor Impaired	Past Due but not Impaired	Individually Impaired Loans	Collectively Impaired Loans	Total	Allowance for Impairment
Loans and Advances to Banks	135	0	0	0	135	0
Loans and Advanced to Customers	2,661	6	19	0	2,686	4
Financial Assets Available for Sale	11	0	0	0	11	0
Total Exposure	**2,807**	**6**	**19**	**0**	**2,832**	**4**

Table 57: Geographical Analysis of Impaired and Past Due Exposures and Allowance of Impairment (JPMCHL) as at 31st December 2015

Exposure Class ($'m)	Past Due but not Impaired	Individually Impaired Loans	Collectively Impaired Loans	Total	Allowance for Impairment
United Kingdom	0	0	0	0	0
Other European Union	0	19	0	19	4
Rest of the World	0	0	0	0	0
Total Exposure	**0**	**19**	**0**	**19**	**4**

Table 58: Geographical Analysis of Impaired and Past Due Exposures and Allowance of Impairment (JPMEL) as at 31st December 2015

Exposure Class ($'m)	Past Due but not Impaired	Individually Impaired Loans	Collectively Impaired Loans	Total	Allowance for Impairment
United Kingdom	0	0	0	0	0
Other European Union	0	19	0	19	4
Rest of the World	0	0	0	0	0
Total Exposure	**0**	**19**	**0**	**19**	**4**

Table 59: Analysis of Movement in Impairments and Amounts Taken Directly to P&L (JPMCHL and JPMEL) for Year Ending 31st December 2015

Allowance for Impairment ($'m)	JPMCHL	JPMEL
Starting Period	10	10
Acquisitions and Disposals	0	0
Exchange and Other Adjustments	0	0
Unwind of Discount	0	0
Amounts Written Off	0	0
Recoveries	0	0
Amounts Charged Against Profit	-6	-6
of which: New and Increased Impairment Allowances	0	0
Releases	-6	-6
Recoveries	0	0
Ending Period	**4**	**4**

8. Unencumbered Assets (Art. 443)

Disclosure of the information required under article 443 of the CRR, including those detailed in the EBA Guidelines on encumbered and unencumbered assets[3], has been made under separate disclosure on June 30th 2015.

This document can be found on the Company website, adjacent to this document, following the link copied here:

http://investor.shareholder.com/jpmorganchase/basel.cfm

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

ECAIs and Exposure Classes

Under the Standardised approach, risk weighted assets are calculated using credit ratings assigned by External Credit Assessment Institutions ("ECAI").

J. P. Morgan uses the following ECAIs to determine risk weights for this purpose:

- Moody's;
- Standard & Poor's ("S&P"); and
- Fitch.

These rating assessments are used for calculation of the risk weights for the following classes of exposure:

- Central governments and central banks;
- Institutions;
- Corporates;
- Securitisation positions;
- Multilateral development banks;
- Regional governments and local authorities; and
- Short-term claims on institutions and corporates.

All other exposure classes are assigned risk weightings described in the standardised approach as per the CRR.

[3] EBA/GL/2014/03 pub. 27th June 2014

Exposures at Default by Credit Quality Step ("CQS")

Exposure at Default Pre-Credit Risk Mitigation by CQS

The following tables show exposures at default before credit risk mitigation broken down by credit exposure class and credit quality step. The table includes both credit and counterparty risk exposures. Risk weights applied for EU member states are applied under article 114 and hence bucketed under CQS 1.

Table 60: CQS Analysis of Exposures at Default (Pre-CRM) for JPMCHL as at 31st December 2015

Exposure Class ($'m)	CQS 1	CQS 2	CQS 3	CQS4	CQS 5	CQS 6	Unrated	Total
Central Governments or Central Banks	22,323	246	78	36	0	0	1,386	24,069
Regional Governments or Local Authorities	762	0	0	0	0	0	269	1,031
Public Sector Entities	212	0	0	0	0	0	128	340
Multilateral Development Banks	0	0	0	0	0	0	111	111
Institutions	59,043	6,040	2,791	987	0	1,001	8,237	78,099
Corporates	18,226	6,723	2,086	1,512	988	0	45,527	75,062
Secured by Mortgages on Immovable Property	0	0	0	0	0	0	1,077	1,077
Items Associated With Particularly High Risk	0	0	21	0	0	0	8,208	8,229
Claims on Institutions and Corporates With a Short-Term Credit Assessment	21,309	1,102	653	146	55	16	26,513	49,794
Other Items	405	0	1	0	0	0	4,088	4,494
Total EAD	**122,280**	**14,111**	**5,630**	**2,681**	**1,043**	**1,017**	**95,544**	**242,306**

Table 61: CQS Analysis of Exposures at Default (Pre-CRM) for JPMS plc as at 31st December 2015

Exposure Class ($'m)	CQS 1	CQS 2	CQS 3	CQS4	CQS 5	CQS 6	Unrated	Total
Central Governments or Central Banks	21,935	246	78	36	0	0	1,386	23,681
Regional Governments or Local Authorities	762	0	0	0	0	0	269	1,031
Public Sector Entities	212	0	0	0	0	0	127	339
Multilateral Development Banks	0	0	0	0	0	0	111	111
Institutions	58,153	6,026	2,756	956	0	1,001	11,210	80,102
Corporates	18,355	5,176	1,101	1,236	533	0	42,304	68,705
Items Associated With Particularly High Risk	0	0	21	0	0	0	8,208	8,229
Claims on Institutions and Corporates With a Short-Term Credit Assessment	20,566	977	648	143	30	16	23,052	45,432
Other Items	405	0	1	0	0	0	3,849	4,255
Total EAD	**120,388**	**12,425**	**4,605**	**2,371**	**563**	**1,017**	**90,516**	**231,885**

Table 62: CQS Analysis of Exposures at Default (Pre-CRM) for JPMEL as at 31st December 2015

Exposure Class ($'m)	CQS 1	CQS 2	CQS 3	CQS4	CQS 5	CQS 6	Unrated	Total
Central Governments or Central Banks	175	0	0	0	0	0	0	175
Institutions	214	14	35	31	0	0	14	308
Corporates	656	1,547	427	310	413	0	1,905	5,258
Claims on Institutions and Corporates With a Short-Term Credit Assessment	1,185	125	5	3	25	0	2,610	3,953
Other Items	0	0	0	0	0	0	166	166
Total EAD	**2,230**	**1,686**	**467**	**344**	**438**	**0**	**4,695**	**9,860**

Table 63: CQS Analysis of Exposures at Default (Pre-CRM) for JPMIB as at 31st December 2015

Exposure Class ($'m)	CQS 1	CQS 2	CQS 3	CQS4	CQS 5	CQS 6	Unrated	Total
Central Governments or Central Banks	209	0	0	0	0	0	0	209
Public Sector Entities	0	0	0	0	0	0	1	1
Institutions	2,930	0	0	0	0	0	1	2,931
Corporates	0	0	0	0	0	0	728	728
Secured by Mortgages on Immovable Property	0	0	0	0	0	0	1,077	1,077
Claims on Institutions and Corporates With a Short-Term Credit Assessment	6,342	0	0	0	0	0	6,400	12,742
Other Items	0	0	0	0	0	0	73	73
Total EAD	**9,481**	**0**	**0**	**0**	**0**	**0**	**8,280**	**17,761**

Table 64: CQS Analysis of Exposures at Default (Pre-CRM) for JPML as at 31st December 2015

Exposure Class ($'m)	CQS 1	CQS 2	CQS 3	CQS4	CQS 5	CQS 6	Unrated	Total
Central Governments or Central Banks	22	0	0	0	0	0	0	22
Institutions	31	0	0	0	0	0	19	50
Corporates	0	0	0	0	0	0	106	106
Total EAD	**53**	**0**	**0**	**0**	**0**	**0**	**125**	**178**

Table 65: CQS Analysis of Exposures at Default (Pre-CRM) for BSUKHL as at 31st December 2015

Exposure Class ($'m)	CQS 1	CQS 2	CQS 3	CQS4	CQS 5	CQS 6	Unrated	Total
Central Governments or Central Banks	0	0	0	0	0	0	1	1
Institutions	59	0	0	0	0	0	0	59
Corporates	0	0	0	0	0	0	11	11
Claims on Institutions and Corporates With a Short-Term Credit Assessment	126	0	0	0	0	0	5	131
Other Items	141	0	0	0	0	0	49	190
Total EAD	**326**	**0**	**0**	**0**	**0**	**0**	**66**	**392**

Table 66: CQS Analysis of Exposures at Default (Pre-CRM) for JPMML as at 31st December 2015

Exposure Class ($'m)	CQS 1	CQS 2	CQS 3	CQS4	CQS 5	CQS 6	Unrated	Total
Central Governments or Central Banks	0	0	0	0	0	0	1	1
Institutions	4	0	0	0	0	0	0	4
Corporates	0	0	0	0	0	0	276	276
Claims on Institutions and Corporates With a Short-Term Credit Assessment	126	0	0	0	0	0	5	131
Other Items	140	0	0	0	0	0	49	189
Total EAD	**270**	**0**	**0**	**0**	**0**	**0**	**331**	**601**

Exposure at Default Post-Credit Risk Mitigation by CQS

The following tables show exposures at default after credit risk mitigation broken down by credit exposure class and credit quality step. The table includes both credit and counterparty risk exposures. Risk weights applied for EU member states are applied under article 114 and hence bucketed under CQS 1.

Table 67: CQS Analysis of Exposures at Default (Post-CRM) for JPMCHL as at 31st December 2015

Exposure Class ($'m)	CQS 1	CQS 2	CQS 3	CQS4	CQS 5	CQS 6	Unrated	Total
Central Governments or Central Banks	8,868	199	78	36	0	0	942	10,123
Regional Governments or Local Authorities	762	0	0	0	0	0	138	900
Public Sector Entities	53	0	0	0	0	0	73	126
Multilateral Development Banks	0	0	0	0	0	0	101	101
Institutions	18,651	3,264	1,184	602	0	85	5,323	29,109
Corporates	15,308	4,511	1,525	870	615	0	29,895	52,724
Secured by Mortgages on Immovable Property	0	0	0	0	0	0	1,077	1,077
Items Associated With Particularly High Risk	0	0	21	0	0	0	6,009	6,030
Claims on Institutions and Corporates With a Short-Term Credit Assessment	21,079	868	638	116	55	16	22,077	44,849
Other Items	405	0	1	0	0	0	4,088	4,494
Total EAD	**65,126**	**8,842**	**3,447**	**1,624**	**670**	**101**	**69,723**	**149,533**

Table 68: CQS Analysis of Exposures at Default (Post-CRM) for JPMS plc as at 31st December 2015

Exposure Class ($'m)	CQS 1	CQS 2	CQS 3	CQS4	CQS 5	CQS 6	Unrated	Total
Central Governments or Central Banks	8,479	199	78	36	0	0	942	9,734
Regional Governments or Local Authorities	762	0	0	0	0	0	138	900
Public Sector Entities	53	0	0	0	0	0	72	125
Multilateral Development Banks	0	0	0	0	0	0	101	101
Institutions	18,058	3,252	1,167	587	0	85	8,282	31,431
Corporates	15,672	3,737	733	715	337	0	27,512	48,706
Items Associated With Particularly High Risk	0	0	21	0	0	0	6,009	6,030
Claims on Institutions and Corporates With a Short-Term Credit Assessment	20,426	781	634	113	30	16	15,749	37,749
Other Items	405	0	1	0	0	0	3,849	4,255
Total EAD	**63,855**	**7,969**	**2,634**	**1,451**	**367**	**101**	**62,654**	**139,031**

Table 69: CQS Analysis of Exposures at Default (Post-CRM) for JPMEL as at 31st December 2015

Exposure Class ($'m)	CQS 1	CQS 2	CQS 3	CQS4	CQS 5	CQS 6	Unrated	Total
Central Governments or Central Banks	175	0	0	0	0	0	0	175
Institutions	48	12	18	15	0	0	12	105
Corporates	329	774	213	171	256	0	1,174	2,917
Claims on Institutions and Corporates With a Short-Term Credit Assessment	1,095	87	4	3	25	0	2,609	3,823
Other Items	0	0	0	0	0	0	166	166
Total EAD	**1,647**	**873**	**235**	**189**	**281**	**0**	**3,961**	**7,186**

Table 70: CQS Analysis of Exposures at Default (Post-CRM) for JPMIB as at 31st December 2015

Exposure Class ($'m)	CQS 1	CQS 2	CQS 3	CQS4	CQS 5	CQS 6	Unrated	Total
Central Governments or Central Banks	209	0	0	0	0	0	0	209
Public Sector Entities	0	0	0	0	0	0	1	1
Institutions	77	0	0	0	0	0	1	78
Corporates	0	0	0	0	0	0	728	728
Secured by Mortgages on Immovable Property	0	0	0	0	0	0	1,077	1,077
Claims on Institutions and Corporates With a Short-Term Credit Assessment	6,191	0	0	0	0	0	6,399	12,590
Other Items	0	0	0	0	0	0	73	73
Total EAD	**6,477**	**0**	**0**	**0**	**0**	**0**	**8,279**	**14,756**

Table 71: CQS Analysis of Exposures at Default (Post-CRM) for JPML as at 31st December 2015

Exposure Class ($'m)	CQS 1	CQS 2	CQS 3	CQS4	CQS 5	CQS 6	Unrated	Total
Central Governments or Central Banks	22	0	0	0	0	0	0	22
Institutions	31	0	0	0	0	0	19	50
Corporates	0	0	0	0	0	0	106	106
Total EAD	**53**	**0**	**0**	**0**	**0**	**0**	**125**	**178**

Table 72: CQS Analysis of Exposures at Default (Post-CRM) for BSUKHL as at 31st December 2015

Exposure Class ($'m)	CQS 1	CQS 2	CQS 3	CQS4	CQS 5	CQS 6	Unrated	Total
Central Governments or Central Banks	0	0	0	0	0	0	1	1
Institutions	59	0	0	0	0	0	0	59
Corporates	0	0	0	0	0	0	11	11
Claims on Institutions and Corporates With a Short-Term Credit Assessment	126	0	0	0	0	0	5	131
Other Items	140	0	0	0	0	0	50	190
Total EAD	**325**	**0**	**0**	**0**	**0**	**0**	**67**	**392**

Table 73: CQS Analysis of Exposures at Default (Post-CRM) for JPMML as at 31st December 2015

Exposure Class ($'m)	CQS 1	CQS 2	CQS 3	CQS4	CQS 5	CQS 6	Unrated	Total
Central Governments or Central Banks	0	0	0	0	0	0	1	1
Institutions	4	0	0	0	0	0	0	4
Corporates	0	0	0	0	0	0	276	276
Claims on Institutions and Corporates With a Short-Term Credit Assessment	126	0	0	0	0	0	5	131
Other Items	140	0	0	0	0	0	49	189
Total EAD	**270**	**0**	**0**	**0**	**0**	**0**	**331**	**601**

10. Exposure to Market Risk (Art. 445)

JPMCHL's market risks arise predominantly from activities in the Firm's Corporate & Investment Bank business booked in JP Morgan Securities plc. CIB makes markets in products across fixed income, foreign exchange, equities and commodities markets. JPMCHL's portfolio of covered positions under Basel III is predominantly held by the Corporate and Investment Bank. Some additional covered positions are held by the Firm's other lines of business. There is no market risk in JPM Limited or JPM Mansart Management Limited.

Table 74: Minimum Capital Requirement for Market Risk as at 31st December 2015

Risk Type ($'m)	JPMCHL	JPMSplc	JPMEL	JPMIB	BSUKHL	JPMML
Interest Rate PRR	2,181	2,178	3	0	5	5
of which: Specific Risk for Securitisation Positions	440	440	0	0	0	0
Equity PRR	1,484	1,403	0	0	1	1
Collective Investment Undertakings PRR	60	60	0	0	0	0
Commodity PRR	228	228	0	0	0	0
Foreign Exchange PRR	356	355	1	1	1	1
Total Market Risk Capital Requirement	**4,309**	**4,224**	**4**	**1**	**7**	**7**

Table 75: Risk Weighted Assets for Market Risk as at 31st December 2015

Risk Type ($'m)	JPMCHL	JPMSplc	JPMEL	JPMIB	BSUKHL	JPMML
Interest Rate PRR	27,263	27,225	35	0	58	58
of which: Specific Risk for Securitisation Positions	5,500	5,500	0	0	0	0
Equity PRR	18,550	17,538	0	0	9	9
Collective Investment Undertakings PRR	750	750	0	0	0	0
Commodity PRR	2,850	2,850	0	0	0	0
Foreign Exchange PRR	4,450	4,438	8	11	8	8
Total Market Risk RWA	**53,863**	**52,801**	**43**	**11**	**75**	**75**

11. Operational Risk (Art. 446)

Pillar 1

Basic Indicator approach ("BIA") is used to calculate Operational Risk Capital Requirement for Pillar 1 for all UK regulated entities with the exception of JPM Limited and JPM Mansart Management Limited which are captured in Fixed Overheads Requirement[4].

The Pillar 1 assessment of Operational risk is a minimum regulatory capital requirement calculated in accordance with the BIA under Basel 3. This approach calculates operational risk capital using a single indicator as a proxy for an institution's overall operational risk exposure – referred to as the "relevant indicator."

The relevant indicator is the sum of a firm's net interest income and its net non-interest income before the deduction of any provisions and operating expenses. The Operational Risk Capital Requirement under the BIA is equal to 15% of the average over the previous 3 years of the relevant indicator. If the relevant indicator for a given year is negative, it is excluded from both the numerator and denominator when calculating the average and therefore the operational risk capital requirement would be zero.

The following tables detail the operational risk RWAs reported in 2015 split by the method used to calculate operational risk capital requirement for each entity. Currently J. P. Morgan does not have PRA approval to calculate its operational risk requirement using Advanced Measurement Approach.

Table 76: Risk Weighted Assets for Operational Risk as at 31st December 2015

Calculation Method ($'m)	JPMCHL	JPMSplc	JPMEL	JPMIB	JPML	BSUKHL	JPMML	JPMMML
Basic Indicator Approach	15,187	9,665	2,594	621			19	
Fixed Overheads Requirement					1,736			13
Total RWA	**15,187**	**9,665**	**2,594**	**621**	**1,736**	**0**	**19**	**13**

Pillar 2

In addition to Pillar 1 assessment, the Company adopted an internal approach to calculate operational risk capital under Pillar 2.

The Pillar 2 calculation is based on the BIA adjusted for the JPMorgan Chase's (JPMC) risk profile as calculated in JPMC's global operational risk regulatory capital ("ORC"). JPMC's Operational Risk Capital is derived from the firm's Advanced Model Approach ("AMA") regulatory capital model which also produces ORC for each LOB. The ORC attributed to each LOB in the global model, and the global revenue for these LOBs are used to determine the risk profile of a given LOB and are used in determining the Pillar 2 ORC for the UK entities as follows:

- Calculating "global LOB ratios"
  - Dividing firm wide ORC allocated to each global LOB by net operating revenues of that global LOB over the last 12 months.
- Multiplying the "global LOB ratios" and a total of net operating revenues booked by each LOB to that entity. The global net operating revenues for each LE attributed to the corporate sector in the last 12 months are incorporated in the total global net operating revenues of the predominant LOB of that entity (i.e. the LOB that has the higher net operating revenues).

[4]PART THREE, Title I, Chapter 1, Article 97, CRR

12. Non Trading Book Equity Investments (Art. 447)

Non Trading Book Equity Investments

The non-trading book equity positions within JPMCHL are primarily related to the holdings of investments in subsidiaries.

Table 77Table shows the fair value of and gains and losses on non-trading book equity positions for JPMS plc and JPMEL as at 31st December 2015.

Table 77: Fair Value of and Gains and Losses on Equity Investments for JPMS plc and JPMEL as at 31st December 2015

Type of Investment ($'m)	JPMSplc	JPMEL
Exchange Traded	0	0
Private Equity	0	0
Other	3,459	2
Total Fair Value, Gains and Losses	**3,459**	**2**

13. Exposure to Interest Rate Risk on Positions Not Included in the Trading Book (Art. 448)

JP Morgan Capital Holdings Limited

In addition to the Firmwide IRR measures, JPMCHL's IRRBB is monitored through the standard approach, in line with PRA guidance (as discussed in the PRA's consultation paper (CP 1/15 – Assessing capital adequacy under Pillar 2). In particular, the instantaneous impact of up 200bp parallel shock in rates on the economic value of the non-trading books, as defined within the scope of the Interest Rate Management policy, is estimated for each of the UK entities under JPMCHL. The calculation at JPMCHL level excludes the impact of the residual IRRBB from other lines of business outside CIO & Treasury. The evaluation of the impact of the up 200bp shock on the economic value of JPMCHL's non-trading book vs. the legal entity's capital resources is assessed quarterly.

The following table shows the economic impact for an up 200bp shift in rate for Treasury risk positions in the banking book of JPMCHL as at December 2015, calculated in USD. Change in Economic Value for a decrease in rates is not meaningful, but is also expected to be immaterial.

Table 78: IRRBB for JPMCHL as at 31st December 2015

Non Trading +200bp Economic Impact	Non Trading -200bp Economic Impact	Ratio of Economic Impact to Capital Resources %
9	nm	0.02%

"nm" signifies not meaningful result

Bear Sterns UK Holdings Limited

JPMML's limited banking book activity is generated by intercompany funding in mainly overnight funding of balances, though some longer dated FX swaps are used to convert long US$ to EUR (bpv neutral) to match daily funding needs. The interest rate risk on this activity is not material.

14. Exposure to Securitisation Positions (Art. 449)

Securitisation Activities

JPMS plc is the only entity within the JPMCHL group that engages in securitisation activity. There is no activity in BSUKHL or JPMMML.

Due Diligence

Basel III and CRDIV require that a banking organization is able to demonstrate, to the satisfaction of its regulatory supervisor, a comprehensive understanding of the features of a securitisation exposure that would materially affect its performance. The banking organization's analysis must be commensurate with the complexity of the exposure and the materiality of the exposure in relation to capital of the banking organization. On an ongoing basis (no less frequently than quarterly), the banking organization must evaluate, review, and update as appropriate the analysis required under section 41(c)(1) of the proposed rule for each securitisation exposure.

The Firm's procedures prior to acquisition of a securitisation exposure include an analysis of:

- Structural features of the securitisation that would materially impact the performance of the exposure;
- Relevant information regarding the performance of the underlying credit exposure(s);
- Relevant market data of the securitisation; and
- For resecuritisation exposures, performance information on the underlying securitisation exposures.

In addition to this pre-trade analysis, the firm maintains data related to ongoing performance of the securitisation and resecuritisation exposures. As updated data becomes available, but at least on a quarterly basis for each securitisation and resecuritisation position, the firm's data is updated to reflect this information. This updated performance data is taken into consideration as positions are monitored and evaluated on an ongoing basis.

If the Firm is unable to meet any of the aforementioned Due Diligence requirements on each securitisation and resecuritisation position, a 1250% risk weight is applied to that position.

Of the entities in scope of the CRR for JP Morgan, only JPMS plc is involved in securitisation activity. JPMS plc was involved solely as an Investor in Securitisation in 2015.

Within JPMS plc, the securitisation business is concentrated in market-making in Asset Backed Securities ("ABS"), Residential Mortgage Backed Securities ("RMBS"), Commercial Mortgage Backed Securities ("CMBS") and Collateralised Loan Obligations ("CLO").

Risk Management and Mitigation

Each line of business that transacts in these positions and the Market Risk function work together to monitor the positions, position changes, and the composition of the total portfolio. This includes, but is not limited to, the review of daily positions against approved risk limits using risk measures such as market values, risk factor sensitivities and stress loss scenarios. Covered securitisation and resecuritisation positions are included in the Firm's Risk Management VaR and Regulatory VaR. These positions are included in the market risk and limit reports that are distributed on a daily basis to the trading desks, Risk Management and senior managers within the lines of business.

Various strategies are employed by the Firm to mitigate the risk from securitisation and resecuritisation positions.

These include credit risk mitigation at both the transaction and portfolio levels, and include analysis of the underlying collateral, diversification of the positions, and hedging, among others.

JPMorgan Chase securitisation exposures are sensitive to interest rate levels and the overall credit environment. The Firm may hedge credit spread and interest rate risk, and currency risk associated with non-U.S. denominated assets, as needed, related to its securitisation and resecuritisation positions. JPMorgan Chase's policies allow various financial instruments to be employed to mitigate or hedge the risks of securitisation and resecuritisation positions. Examples of these instruments include U.S. Treasuries, interest rate swaps, FX forwards, and various credit derivatives.

The desk takes on different levels of risk depending on the market and the type of risk required to meet the business objectives, along with providing liquidity for our clients at appropriate market levels. The portfolio of risk is mixed between various asset classes, with the concentration of the portfolio as at 31 December 2015 predominantly being senior and mezzanine in the waterfall structure.

Risk Weighting and use of ECAIs

At the European level JPMS Plc calculates capital requirements for securitisations under the CRR. We utilise the standardised approach to calculate risk weighted exposure amounts under Article 251

As an investor and in line with the firm's policies and guidance, JPMS plc is not solely reliant upon using ECAIs credit assessments to calculate risk weights. The final US rules prohibited the use of The Ratings Based Approach ("RBA") set out under Section 939A of the Dodd-Frank Act, and contains alternative methods to compute specific risk RWA. The current approach at a Firmwide level to assessing risk weights are as prescribed in the final rule hierarchy for securitisation exposures is as follows: assign a risk weight to securitisation exposures using the Supervisory Formula Approach ("SFA"), if the SFA cannot be applied, the desk applies the Simplified Supervisory Formula Approach ("SSFA"), where the SSFA cannot be applied, the desk assigns a risk weight of 1250%.

Under the standardised approach used to calculate capital requirements for JPMS plc, the entity takes a prudent view of applying a risk weight that is the lower of those provided by at least two ECAIs, taken mostly (though not exclusively) from Moodys, Standard and Poors, and Fitch.

Accounting for Securitisation Positions

The Firm's accounting policies for JPMS plc, under FRS 101, include matters relating to the accounting for securitisations. The determination of whether or not transactions whereby assets are securitized in SPVs is dependent on whether or not the legal rights to the cash flows of the assets have been transferred to the entity, and whether the Firm has transferred substantially all of the assets' risks and rewards. This is in accordance with IAS 39 Financial Instruments: Classification and Measurement, which is the accounting standard that outlines the rules for derecognition of financial assets. This analysis assists in the determination of whether or not the transactions are accounted for as sales or financings. Accounting for synthetic securitisations is determined under the appropriate accounting guidance, such as the guidance for accounting for derivatives and other financial instruments under IAS 39 Financial Instruments: Classification and Measurement. The Firm will recognize arrangements whereby it will provide financial support for the entity depending on the legal form of the arrangement and the substance of the arrangement. Typically the Firm would look to the guidance under IAS 39 for these arrangements as they meet the definition of financial instruments. The Firm notes that where JPMS plc has involvement in securitisations, these interests are reflected in accordance with the guidance under IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosures of Interests in Other Entities and/or IAS 39 Financial Instruments Classification and Measurement.

Table 79: Outstanding Amount of Exposures Securitised by Seniority as at 31st December 2015

	Securitised Positions Held (as Investor)		
Exposure Type ($'m)	Senior	Mezzanine	First Loss (Equity)
Residential Mortgages	569	153	14
Commercial Mortgages	174	162	146
Of which: Resecuritisations	0	11	27
Credit Card Receivables	0	0	0
Leasing	0	0	0
Loans to Corporates or SMEs	0	0	0
Consumer Loans	85	17	11
Trade Receivables	9	0	0
Other Assets	15	0	0
Of which: Resecuritisations	8	0	0
Total	**852**	**332**	**171**

Table 80: Aggregate Amount of Securitised Positions Retained or Purchased by Exposure Type as at 31st December 2015

Type of Investment ($'m)	Retained	Purchased	Total
Residential Mortgages	0	736	736
Commercial Mortgages	0	482	482
Of which: Resecuritisations	0	38	38
Credit Card Receivables	0	0	0
Leasing	0	0	0
Loans to Corporates or SMEs	0	0	0
Consumer Loans	0	113	113
Trade Receivables	0	9	9
Other Assets	0	15	15
Of which: Resecuritisations	0	8	8
Total	**0**	**1,355**	**1,355**

Table 81: Aggregate Amount of Securitised Positions Retained or Purchased by Risk Weight Band as at 31st December 2015

Risk Weight Band	IRB S&P Equivalent Rating	Standardised S&P Equivalent Rating	Retained ($'m)	Purchased ($'m)
<= 10%	AAA to A+ (Senior Only)	N/A	0	0
> 10% <= 20%	A to A- (Senior Only) / AAA to A+ (Base Case)	N/A	0	413
> 20% <= 50%	A to A- (Base Case)	AAA to AA-	0	218
> 50% <= 100%	BBB+ to BBB (Base Case)	A+ to A-	0	183
> 100% <= 650%	BBB- (Base Case) to BB (Base Case)	BBB+ to BB-	0	185
> 650% <= 1250%	BB- (Base Case)	N/A	0	357
Deducted	B+ & Below (Base Case)	N/A	0	0
Total			**0**	**1,355**

Table 82: Aggregate Amount of Securitised and Re-securitised Positions by CQS as at 31st December 2015

Securitisation / Resecuritisation ($'m)	CQS 1	CQS 2	CQS 3	CQS 4	Other	Total
Securitisations	413	211	175	166	343	1,309
Resecuritisations	9	3	0	18	16	46
Total	**422**	**214**	**175**	**184**	**359**	**1,355**

15. Remuneration Policy (Art. 450)

This section sets out the remuneration disclosures required under Article 450 CRR in relation to the UK Entities, and in respect to the performance year ending 31 December 2015.

This disclosure sets out general principles. Details of specific remuneration programmes are set forth in the relevant plan terms and conditions as in force from time to time.

Qualitative Disclosures

The UK Entities are part of the J.P. Morgan Chase & Co group of companies. In this section, the terms “J.P. Morgan” or “Firm” refers to the J.P. Morgan Chase & Co. group of companies, and each of the entities in that group globally, unless otherwise specified.

As part of the Firm, the UK Entities apply the J.P. Morgan’s global compensation practices and principles. The qualitative remuneration disclosures required under Paragraphs 1(a) – (f) of Article 450 CRR for all employees of the Firm’s businesses operating in EMEA and subject to the CRR, including staff of the UK Entities is available at:

http://investor.shareholder.com/jpmorganchase/basel.cfm

Quantitative Disclosures

The following quantitative disclosures relate to all the Firm’s UK-regulated Identified Staff, and therefore include employees of the UK Entities and of J.P. Morgan Chase Bank, N.A. – London branch (with the exception of JP Morgan Asset Management International Limited which have been disclosed separately).

Table 83: Total Compensation by Business Area

in USD thousands	Total Compensation 2015	# of Identified Staff
Corporate and Investment Bank	885,879	568
Global Wealth Management	24,229	16
Other (including Corporate functions)	60,222	60

Table 84: Total Compensation by Category of Employee

in USD thousands	Fixed Compensation 2015 (Cash)	Variable Compensation in Respect of 2015			
		Upfront Cash	Upfront Equity	Deferred Cash	Deferred Equity
Management Body	31,249	6,087	2,854	1,175	36,928
Senior Managmeent	43,672	9,823	4,894	840	51,795
All Other MRTs	407,146	84,959	70,156	17,868	200,885

Table 85: Analysis of Deferred Compensation

in USD thousands	Deferred Compensation - outstanding (unvested values as at 31 Dec 15)	Deferred Compensation - outstanding (vested value as at 31 Dec 15)	Deferred Compensation - awarded during 2015 (value at award)	Deferred Compensation paid out during 2015 (value at pay-out)
Management Body	97,656	23,466	38,183	61,537
Senior Managmeent	127,400	23,633	47,296	66,160
All Other MRTs	636,045	30,942	221,531	399,077

Table 86: Sign-on and Severance Payments

No Sign-on payments awarded during 2015.

in USD thousands	No. of Individuals	Total	Highest award to a single person
Total Severance Awards	29	14,477	436

Note: The highest severance payment awarded in 2015 above excludes a severance payment calculated and paid in accordance with a country-specific statutory severance scheme. In making this disclosure, the Firm considered its obligations under the EU Data Protection Directive (Directive 95/46/EC) and/or applicable local law, and concluded disclosure of that country-specific statutory severance payment may identify the individual.

Table 87: 2015 Remuneration Banding for Annual Compensation of Identified Staff Earning at least EUR 1 Million

TC Bands	Number of IdentifiedStaff
€1,000,001 to €1,500,000	136
€1,500,001 to €2,000,000	62
€2,000,001 to €2,500,000	35
€2,500,001 to €3,000,000	22
€3,000,001 to €3,500,000	14
€3,500,001 to €4,000,000	12
€4,000,001 to €5,000,000	9
Over €5,000,001	11

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16. Leverage (Art. 451)

Managing Leverage Risk

Leverage risk is monitored through the same processes and frameworks as capital adequacy and stress-testing. The latter is particularly important, as it is forward-looking: if the Firm's leverage ratios remain sustainable under stressed conditions, the risk of forced de-leveraging will be low.

The capital adequacy framework 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. The Firm has adopted a point-in-time calculation of the Leverage Ratio, as per Commission Delegated Regulation 2015/62.

Periodically, the Firm completes the ICAAP, which provides management with a view of the impact of severe and unexpected events on earnings, risk-weighted assets, capital and leverage. The Firm's ICAAP integrates stress-testing protocols with capital planning.

The process assesses the potential impact of alternative economic and business scenarios on the Firm's earnings and capital. 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 Firm. However, when defining a broad range of scenarios, realised events can always be worse. Accordingly, management considers additional stresses outside these scenarios as necessary. ICAAP results are reviewed by management and the relevant Boards of Directors.

Leverage Ratio Commentary

- JPMCHL: The leverage ratio increased by 1.41% (7.97% as at 31 December 2014). The increase in the leverage ratio was driven by an increase in Tier 1 capital impacting the numerator of the ratio. This was attributable to a capital contribution and recognition of profit for the year.
- JPMS plc: The leverage ratio increased by 1.12% (5.62% as at 31 December 2014). The increase in the leverage ratio is driven by an increase in Tier 1 capital impacting the numerator of the ratio. This was attributable to issuance of share capital and recognition of profit for the year.
- JPMEL: The leverage ratio decreased by 1.77% (21.87% as at 31 December 2014). The decrease in the leverage ratio is driven by an increase in exposure measure attributable to the increase in treasury deposits with other JPM group entities.
- JPMIB: The leverage ratio increased by 0.03% (6.86% as at 31 December 2014). There were no factors that had a material impact on the leverage ratio during 2015.
- BSUHKL: The leverage ratio decreased by 1.84% (15.50% as at 31 December 2014). The decrease in the leverage ratio was driven by a decrease in Tier 1 capital impacting the numerator of the ratio. This was attributable to the loss made for the year.
- JPMML: The leverage ratio increased by 10.27% (81.17% as at 31 December 2014). The increase in the leverage ratio is driven by a decrease in the exposure measure attributable to a decrease in SFT exposures with other JPM group entities.

Table 88: Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures

Table LRSum: Leverage Ratio Summary Reconciliation ($'m)		JPMCHL	JPMSplc	JPMEL	JPMIB	BSUKHL	JPMML
1	Total assets as per published financial statements	515,240	506,671	13,236	17,426	4,159	4,368
2	Adjustments for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0	0	0	0	0	0
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 'CRR')	0	0	0	0	0	0
4	Adjustments for derivative financial instrument	-135,273	-135,516	63	206	0	0
5	Adjustments for securities financing transactions ('SFTs')	30,045	30,263	926	75	83	83
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	9,925	6,695	3,040	190	0	0
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	0	0	0	0	0	0
EU-6b	(Adjustment for exposures excldued from the leverage ratio exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	0	0	0	0	0	0
7	Other adjustments	-1,191	-1,779	-72	-1	-0	-0
8	**Leverage Ratio Exposure**	**418,746**	**406,335**	**17,192**	**17,897**	**4,243**	**4,451**

Table 89: Split of On-Balance Sheet Exposures

Table LRSpl: Split of On-Balance Sheet Exposures ($'m)		JPMCHL	JPMSplc	JPMEL	JPMIB	BSUKHL	JPMML
EU-1	Total on-balance sheet exposures (exc. Derivatives, SFTs and exempted exposures), of which:	306,106	298,039	13,204	16,956	4,147	4,355
EU-2	Trading book exposures	169,880	202,435	115	129	216	216
EU-3	Banking book exposures, of which:	136,226	95,603	13,089	16,827	3,931	4,140
EU-4	Covered bonds	0	0	0	0	0	0
EU-5	Exposures treated as sovereigns	1,210	899	72	209	1	1
EU-6	Exposures to regional governments, MDB, international organisations and PSEs not treated as sovereigns	11	10	0	1	0	0
EU-7	Institutions	1,589	3,938	25	1	58	2
EU-8	Secured by mortgages of immovable properties	1,077	0	0	1,077	0	0
EU-9	Retail exposures	0	0	0	0	0	0
EU-10	Corporate	9,955	9,301	78	203	3	267
EU-11	Exposures in default	0	0	0	0	0	0
EU-12	Other exposures (e.g. equity, securitisations and other non-credit obligation assets)	122,384	81,455	12,913	15,336	3,869	3,869

Table 90: Leverage Ratio Common Disclosure

	Table LRCom: Leverage Ratio Common Disclosure ($'m)	JPMCHL	JPMSplc	JPMEL	JPMIB	BSUKHL	JPMML
	On-Balance Sheet Exposures (exc. Derivatives and SFTs)						
1	On-balance sheet items (exc. derivatives, SFTs and fiduciary assets, but including collateral)	306,106	298,039	13,204	16,956	4,147	4,355
2	(Asset amounts deducted in determining Tier 1 capital)	-1,191	-1,779	-72	-1	-0	-0
3	**Total on-balance sheet exposures (exc. derivatives, SFTs and fiduciary assets)**	**304,915**	**296,260**	**13,132**	**16,955**	**4,147**	**4,355**
	Derivatives Exposures						
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	12,113	11,841	32	243	12	12
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	105,077	104,606	63	433	4	4
EU-5a	Exposure determined under Original Exposure Method	0	0	0	0	0	0
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	0	0	0	0	0	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-22,355	-22,355	0	0	-2	-2
8	(Exempted CCP leg of client-cleared trade exposures)	-20,975	-20,975	0	0	0	0
9	Adjusted effective notional amount of written credit derivatives	0	0	0	0	0	0
10	Adjusted effective notional amount of written credit derivatives	0	0	0	0	0	0
11	**Total derivative exposures**	**73,861**	**73,117**	**95**	**677**	**13**	**13**
	Securities Financing Transaction Exposures						
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	30,045	30,263	926	75	83	83
13	(Netted amount of cash payables and cash receivables of gross SFT assets)	0	0	0	0	0	0
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	0	0	0	0	0	0
15	Agent transaction exposures	0	0	0	0	0	0
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	0	0	0	0	0	0
16	**Total securities financing transaction exposures**	**30,045**	**30,263**	**926**	**75**	**83**	**83**
	Other Off-Balance Sheet Exposures						
17	Off-balance sheet exposures at gross notional amount	18,938	13,124	5,624	190	0	0
18	(Adjustments for conversion to credit equivalent amounts)	-9,013	-6,428	-2,585	0	0	0
19	**Other off-balance sheet exposures**	**9,925**	**6,695**	**3,040**	**190**	**0**	**0**
	Exempted Exposures in Accordance With CRR Article 429(7) and (14) (On and Off-Balance Sheet)						
EU-19a	(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	0	0	0	0	0	0
EU-19b	(Exposures exempted in accordance with Article 429(14) of Regulation (EU) No 575/2013 (on and off-balance sheet)	0	0	0	0	0	0
	Capital and Total Exposure		0	0	0	0	0
20	Tier 1 capital	39,305	27,404	3,455	1,233	580	4,070
21	Total leverage ratio exposures (3 + 11 + 16 + 19 + EU19a + EU19b)	418,746	406,335	17,192	17,897	4,243	4,451
	Capital and Total Exposure						
22	**Leverage ratio**	**9.39%**	**6.74%**	**20.10%**	**6.89%**	**13.67%**	**91.44%**
EU-23	Choice on transitional arrangements and amount of derecognised fiduciary items	Fully phased-in	Fully phased-in	Fully phased-in	Fully phased-in	Fully phased-in	Fully phased-in
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	0	0	0	0	0	0

17. Use of Credit Risk Mitigation Techniques (Art. 453)

Collateral Valuation and Management

The Firm's policies for collateral valuation and management are representative of industry standards and best practices. The fair value of the collateral is monitored daily. Full market value is not given to marketable assets accepted as collateral (apart from cash) in recognition of the fact that collateral is subject to price volatility and liquidity. A standard valuation reduction percentage (haircut) is applied to each asset class to mitigate the potential price decline of the collateral.

The Firm has internal policies in place relating to the type of acceptable collateral. These policies apply to the business which is booked in applicable UK legal entities. Cash and high quality bonds are generally considered acceptable collateral. As at 31st December 2015, circa 80% of the collateral which JPMS plc held was in cash while the rest was in high quality bonds.

Table 91: Credit Risk Mitigation Use by Exposure Type as at 31st December 2015

Exposure Class ($'m)	JPMCHL	JPMSplc	JPMEL	JPMIB
Central Governments or Central Banks	14,010	14,010	0	0
Regional Governments or Local Authorities	131	131	0	0
Public Sector Entities	214	214	0	0
Multilateral Development Banks	10	10	0	0
Institutions	48,787	48,674	0	2,853
Corporates	14,050	14,050	0	0
Items Associated With Particularly High Risk	2,225	2,225	0	0
Claims on Institutions and Corporates With a Short-Term Credit Assessment	4,961	7,820	90	151
Total Credit Risk Mitigation	**84,388**	**87,134**	**90**	**3,004**

Exposures Covered by Credit Derivatives and Guarantees

JPMS plc has a significant volume of credit derivatives in its trading portfolio. These are held for trading intent and are treated under the market risk framework rather than as credit risk mitigation. There are a small number of Credit Default Swap ("CDS") trades in JPMIB, representing client-driven trading activity, and which are deemed to be immaterial under the definitions in EBA GL2014/14.

Balance Sheet Netting

The firms have adopted FRS 101 'Reduced Disclosure Framework', with a transition date of 1 January 2014. FRS 101 applies the recognition and measurement requirements of IFRS as adopted by the European Union with reduced disclosures. Under IFRS financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the requirements of IAS 32 Financial Instruments: Presentation are met; (i) there is currently a legally enforceable right to offset the recognised amounts and (ii) 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.

Credit Risk Netting

In most jurisdictions in which the Firms operate, credit risk exposures can be reduced by applying netting. The Firms' normal practice is to enter into standard master agreements with counterparties (e.g. International Swaps and Derivatives Association ("ISDA"), Global Master Repurchase Agreement ("GMRA"), Global Master Stock Lending Agreement ("GMSLA"). These master agreements allow for netting of credit risk exposure to a counterparty resulting from transactions against the Group's obligations to the counterparty in the event of default, to produce lower net credit exposure. These agreements may also reduce settlement exposure (e.g. for foreign exchange transactions) by allowing for payments on the same day in the same currency to be set-off against one another. The firms apply the requirements as set out in the CRR with regards to application of netting from a regulatory capital perspective.

18. Bank Recovery and Resolution Directive

Article 26 of the Bank Recovery and Resolution Directive ("BRRD") states that member States shall ensure that group entities make public whether or not they have entered into a group financial support agreement pursuant to Article 19 of the BRRD and make public a description of the general terms of any such agreement and the names of the group entities that are party to it and update that information at least annually. Articles 431 to 434 of Regulation (EU) No 575/2013 shall apply.

Pursuant to the disclosure requirements under the PRA's Group Financial Support Instrument 2015, the BRRD undertakings within the scope of the disclosure have not entered into any group financial support agreement.

Pursuant to the disclosure requirements under the FCA handbook section IFPRU 11.5, no firm or qualifying parent undertaking within the scope of the disclosure has entered into any group financial support agreement.

19. Disclosures Not Applicable to the UK Entities

The following Articles of CRR are not applicable as at December 31, 2015:

- Indicators of global systemic importance (Art. 441);
- Use of the IRB Approach to credit risk (Art. 452);
- Use of the Advanced Measurement Approaches to operational risk (Art. 454); and
- Use of Internal Market Risk Models (Art. 455).

20. Glossary of Acronyms

ABS	Assets Backed Securities
AI	Authorised Instruments
AIF	Alternative Investment Fund
ALCO	Asset and Liability Committee
AMA	Advanced Model Approach
AMM	Additional Liquidity Monitoring Metrics
APAC	Asia Pacific
BIA	Basic Indicator Approach
BRG	Business Resource Group
BRRD	Bank Recovery and Resolution Directive
BSUKHL	Bear Stearns United Kingdom Holdings Limited
CCAR	Comprehensive Capital Analysis and Review
CCP	Central Counterparty Clearing House
CEO	Chief Executive officer
CFO	Chief Finance Office
CIB	Corporate and Investment Bank
CIO	Chief Investment Office
CRO	Chief Risk Officer
CRD IV	Capital Requirements Directive and Regulation
CLO	Collateralised Loan Obligations
CMBS	Commercial Mortgage Backed Securities
CQS	Credit Quality Step
CRR	Capital Requirements Regulation
CTC RC	The CIO, Treasury and Other Corporate Risk Committee
CVA	Credit Valuation Adjustment
DPRC	Directors Risk Policy Committee
DRE	Derivative Risk Equivalent
EBA	European Banking Authority
ECAI	External Credit Assessment Institution
EMEA	Europe, Middle East and Africa
EMC	EMEA Management Committee
EOC	EMEA Operating Committee
ERC	EMEA Risk Committee
EVE	Economic Value of Equity
EVS	Economic Value Sensitivities
FRC	Firmwide Risk Committee
FRS	Financial Reporting Standard
FSI	Firmwide Stress Infrastructure
GMRA	Global Master Repurchase Agreement
GMSLA	Global Master Stock Lending Agreement
HQLA	High Quality Liquid Assets
IAS	International Accounting Standards
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
IRRBB	Interest Rate Risk in the Banking Book
IRR	Interest Rate Risk
ISDA	International Swaps and Derivatives Association
ITS	Implementing Technical Standards
JPMC	J.P.Morgan Chase and Company
JPMCHL	J.P.Morgan Chase Holdings Limited
JPMEL	J.P.Morgan Europe Limited
JPMIB	J.P.Morgan International Bank Limited
JPML	J.P.Morgan Limited
JPMML	J.P.Morgan Markets Limited
JPMMML	J.P. Morgan Mansart Management Limited
JPMS PLC	J.P. Morgan Securities PLC
JPMAME	JPMorgan Asset Management (Europe) Sarl
LEQ	Loan Equivalent
LOB	Line of Business
LCR	Liquidity Coverage Ratio
LGD	Loss given default
NBIA	New Business Initiative Approval
OTC	Over the Counter
ORC	Operational Risk Regulatory Capital
PCM	Proprietary Capital Model
PD	Probability of Default
PRA	Prudential Regulation Authority
RBA	Ratings Based Approach
RCSA	Risk Control Self Assessment
RMBS	Residential Mortgage Backed Securities
RWA	Risk Weighted Assets
SFA	Supervisory Formula Approach
SSFA	Simplified Supervisory Formula Approach
S&P	Standard & Poor’s
UKMC	UK Management Committee
UCITS	Undertakings for Collective Investment in Transferable Securities