

Pillar 3 Annual Disclosure Report as at 31st December 2020

JPMorgan Asset Management International Limited

JPMorgan Asset Management (UK) Limited

Table of Contents

1. Introduction.....	5
2. Risk Management and Objectives (Article 435).....	8
3. Information on the scope of application of the regulatory framework (Art 436)	27
4. Own Funds (Article 437)	29
5. Capital Requirements (Article 438).....	36
6. Exposure to Counterparty Credit Risk (Article 439)	38
7. Credit Risk Adjustments (Article 442)	40
8. Unencumbered Assets (Article 443).....	51
9. Use of External Credit Assessment Institutions (Article 444)	52
10. Exposure to Market Risk (Article 445)	56
11. Operational Risk (Article 446).....	57
12. Non Trading Book Equity Investments (Article 447)	58
13. Exposure to Interest Rate Risk on Positions Not Included in the Trading Book (Article 448).....	59
14. Remuneration (Article 450)	60
15. Use of Credit Risk Mitigation Techniques (Article 453).....	62
16. Disclosures Not Applicable to the UK Entities.....	62
17. Glossary of Acronyms.....	63

List of Tables

Table 1: EU LI1 Differences between accounting and regulatory scope of consolidation and the mapping of financial statement categories with regulatory risk categories for JPMAMIL	27
Table 2: EU LI1 Differences between accounting and regulatory scope and the mapping of financial statement categories with regulatory risk categories for JPMAMUK	28
Table 3: CRDIV Regulatory Capital for JPMAMIL	31
Table 4: CRDIV Regulatory Capital for JPMAMUK	32
Table 5: Reconciliation of Regulatory Own Funds to Balance Sheet for JPMAMIL	33
Table 6: Reconciliation of Regulatory Own Funds to Balance Sheet for JPMAMUK	33
Table 7: Main Features of Regulatory Capital Instruments	35
Table 8: EU OV1 - Overview of RWAs for JPMAMIL	37
Table 9: EU OV1 - Overview of RWAs for JPMAMUK	37
Table 10: EU OV1 additional - Overview of RWAs by exposure class	37
Table 11: EU CCR5-A - Impact of netting and collateral held on exposure values for JPMAMIL	38
Table 12: EU CCR5-A - Impact of netting and collateral held on exposure values for JPMAMUK	39
Table 13: EU CRB-B - Total and average net amount of exposures	41
Table 14: EU CRB-C - Geographical breakdown of exposures for JPMAMIL	41
Table 15: EU CRB-C - Geographical breakdown of exposures for JPMAMUK	42
Table 16: EU CRB-D - Concentration of exposures by industry or counterparty types for JPMAMIL	42
Table 17: EU CRB-D - Concentration of exposures by industry or counterparty types for JPMAMUK	43
Table 18 : Breakdown of past due and impaired assets by exposure class for JPMAMIL	43
Table 19: Breakdown of past due and impaired assets by exposure class for JPMAMUK	43
Table 20: Breakdown of past due and impaired assets by geographical location for JPMAMIL	44
Table 21: Breakdown of past due and impaired assets by geographical location for JPMAMUK	44
Table 22: Reconciliation of changes in the specific and general credit risk adjustments	44
Table 23: EU CRB-E - Maturity of exposures for JPMAMIL	45
Table 24: EU CRB-E - Maturity of exposures for JPMAMUK	45
Table 25: EU CR1-A - Credit quality of exposures by exposure class and instrument for JPMAMIL	46
Table 26: EU CR1-A - Credit quality of exposures by exposure class and instrument for JPMAMUK	47
Table 27: EU CR1-B - Credit quality of exposures by industry or counterparty types for JPMAMIL	48
Table 28: EU CR1-B - Credit quality of exposures by industry or counterparty types for JPMAMUK	48
Table 29: EU CR1-C - Credit quality of exposures by geography for JPMAMIL	49
Table 30: EU CR1-C - Credit quality of exposures by geography for JPMAMUK	50
Table 31: Template A - Assets	51
Table 32: Template B - Collateral received	51
Table 33: Template C - Encumbered assets/collateral received and associated liabilities	51
Table 34: EU CR5 - Standardised approach for JPMAMIL (pre CRM)	54
Table 35: EU CR5 - Standardised approach for JPMAMUK (pre CRM)	54
Table 36: EU CR5 - Standardised approach for JPMAMIL (pre-CRM)	55
Table 37: EU CR5 - Standardised approach for JPMAMUK (pre-CRM)	55
Table 38: EU MR1 - Market risk under the standardised approach	56

Table 39: Balance Sheet Value of Investments	58
Table 40: Total Compensation by Business Area	61
Table 41: Breakdown of Total Compensation.....	61

1. Introduction

Overview

The Basel Committee on Banking Supervision published its set of rules on 16 December 2010, referred to as Basel III. The rules apply to credit institutions and investment firms.

The Basel framework consists of a three “Pillar” approach:

- Pillar 1 establishes minimum capital requirements, defines eligible capital instruments, and prescribes rules for calculating risk weighted assets (“RWA”);
- Pillar 2 requires banks and investment firms to have an Internal Capital Adequacy Assessment Process (“ICAAP”) and requires that regulatory supervisors evaluate each firm’s overall risk profile as well as its risk management and internal control processes; and
- Pillar 3 encourages market discipline through a prescribed set of disclosure requirements which allow market participants to assess the risk and capital profiles of banks and investment firms.

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”) It was published in the Official Journal of the European Union on 27 June 2013. Part Eight of CRR includes additional provisions on regulatory disclosure for credit institutions and investment firms. Both the Directive and the Regulation are applicable since 1 January 2014.

This disclosure contains the Pillar 3 disclosures for highest consolidated level of regulated J.P. Morgan Asset Management entities within the U.K. and provides information on the Firm’s capital structure, capital adequacy, risk exposures, and RWA.

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

In accordance with Article 432 CRR and EBA guidelines (“the Guidelines”) in EBA/GL/2014/14 on material, proprietary or confidential information, the representations in this report are based on materiality as defined in EBA/GL/2014/14.

Frequency of Disclosure (Article 433)

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

The need to assess whether an institution should disclose some information more frequently than annually, under Part Eight of the CRR originates in Article 433 and the requirements are further articulated in the Guidelines, which were adopted by the Financial Conduct Authority (“FCA”).

All J.P. Morgan Chase entities regulated under the Capital Requirements Directive IV (“CRD IV”) have applied the Guidelines by:

- Enhancing the Pillar 3 process to include a full assessment of the need to publish data more frequently than annually; and
- Identifying the key data elements to disclose in order to meet the needs of potential users of the disclosure.

Means of Disclosure (Article 434)

The disclosure report for UK regulated entities is made available according to Article 434 CRR on the website of JPMorgan Chase & Co. at: <http://investor.shareholder.com/jpmorganchase/sec.cfm>

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 and is available using the same link as the UK regulated entities disclosure. The 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>

Departure from EU

The U.K.'s departure from the EU, which is commonly referred to as 'Brexit' occurred on 31st January 2020 and, following a transition period, is now effective as of 1st January 2021. The purpose of the transition period was to enable the U.K. and the EU to negotiate the terms of their future relationship which was concluded in December 2020. The Brexit Free Trade Agreement ('FTA') contains only minimal provisions on Financial Services and any future developments will rely on regulatory determinations, including potential future equivalence assessments. The FTA declaration on Financial Services commits to a bilateral regulatory dialogue as part of future decision-making.

Over the last few years, JPMAMIL have implemented a number of changes to the operating model to support the European business, and specifically, to leverage the ability of JPMorgan Asset Management (Europe) S.à r.l ('JPMAME') to provide both portfolio management and distribution activities within the EU. In the coming months, further announcements from the UK and EU regulators are expected and JPMAMIL will continue to respond to and closely monitor all external developments through the JPMorgan Government Relations, Regulatory Affairs, Compliance teams and industry associations.

New prudential regime for investment firms

Both the UK and the EU will introduce a new prudential framework for investment firms in the next 12 months. The EU legislative package – the Investment Firm Regulation (IFR) and Directive (IFD) – was passed into law in 2019 and will be effective from 26th of June 2021. The UK version of this framework – the Investment Firm Prudential Regime – is expected to be implemented on 1 January 2022. Whilst these reforms will have an impact on in-scope entities within the Group at solo level, they are not expected to impact the consolidated Group position. We will continue to closely monitor developments to ensure JPMAMIL and JPMAM (UK) Ltd is fully compliance with the new prudential regime.

COVID-19

The Firm continues to monitor the Coronavirus Disease 2019 ('COVID-19'), based on the guidance being provided by the relevant health and government authorities, and continues to implement protocols and processes in response to the spread of the virus. The Company has not experienced a reduction in its capital and liquidity positions during the year as a result of COVID-19.

Scope of Application (Article 436)

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

JPMorgan Asset Management International Limited

JPMorgan Asset Management International Limited (JPMAMIL, Group) is an intermediate holding company within the chain of companies that are all subsidiaries of JPMorgan Chase & Co (the Firm). The Pillar 3 disclosures for JPMAMIL in this document relate to JPMAMIL and its subsidiaries on a consolidated basis excluding the insurance company, JPMorgan Life Limited.

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

J. P. Morgan Asset Management is the marketing name for the Asset Management businesses of JPMorgan Chase & Co. and its affiliates worldwide. As at 31 December 2020, JPMAMIL has approximately £556 billion of assets under management on a contracted or managed basis in equity, fixed income, liquidity, balanced and alternative investments. JPMAMIL offers a comprehensive range of investment approaches. Equity strategies cover both broad-based "core" funds and specialist smaller-company and sector funds. JPMAMIL's fixed income strategies cover the range of liquidity and short duration to core, high yield and emerging market debt. JPMAMIL also has a comprehensive range of alternative investments. J.P. Morgan Asset Management is the chosen partner of pension funds, charities, foundations, sovereigns and central banks worldwide. JPMAMIL offers investment expertise on both a pooled and a segregated basis, using the same highly-regarded investment teams in both cases. JPMAMIL strives to underpin our investment capabilities with the highest level of client service.

JPMorgan Asset Management (UK) Limited

JPMorgan Asset Management (UK) Limited (JPMAMUK, Company) is a wholly owned subsidiary of JPMAMIL. JPMAMUK, as a Financial Conduct Authority (FCA) "BIPRU firm" is required to make Pillar 3 disclosures as set out in the FCA handbook, BIPRU 11, and is considered a significant subsidiary of JPMAMIL.

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

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

2. Risk Management and Objectives (Article 435)

Risk Management Framework

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

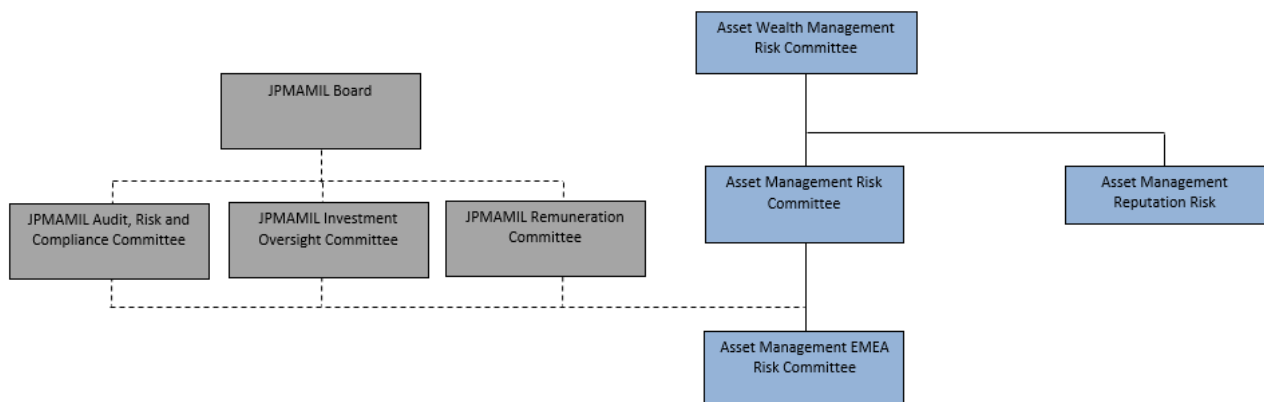
The Firm believes that effective risk management requires, among other things:

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

The Firm strives for continual improvement in its efforts to enhance controls, ongoing employee training and development, talent retention, and other measures.

Risk Governance and Oversight

JPMAMIL as part of the Asset Management line of business operates a system of control forums and risk committees that facilitate the monitoring and enhancement of controls and provide a means of escalating potential issues to senior management. The Asset Management EMEA Risk Committee escalates any items deemed material into the Asset Management Risk Committee. Similarly, the Asset Management Risk Committee escalates any items deemed material into the Asset Wealth Management Risk Committee. The Asset Management EMEA Risk Committee also escalates any items deemed material to the JPMAMIL Audit, Risk and Compliance Committee, the JPMAMIL Investment Oversight Committee and the JPMAMIL Remuneration Committee, the JPMAMIL Investment Oversight Committee and the JPMAMIL Remuneration Committee.



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

Credit Risk

Credit Risk definition

Credit risk is the risk associated with the default or change in credit profile of a client, counterparty or customer.

Risk Governance

JPMAMIL’s credit risk governance approach mirrors the Firmwide approach. Risk Management and Finance monitor credit exposures across the business during the monthly Capital and Liquidity Review Committee meeting. The Capital and Liquidity Review Committee reports to the Asset Management EMEA Risk Committee, AM EMEA Business Control Committee and the Board.

JPMAMIL Risk Profile

JPMAMIL’s Credit Risk Exposures:

Seed capital and other collective investment undertakings:

Credit risk exposure primarily arises from seed capital investments. Seed capital investments are defined as initial equity capital invested in mutual funds distributed by JPMAMIL. Once a fund is commercially viable, generally within one to three years, the seed capital investment is generally redeemed entirely or reduced significantly, unless approved otherwise. JPMAMIL undertakes some market hedging of the seed capital holdings using futures contracts and credit derivatives (some of these hedges are netted with Mandatory Investment Plan hedges - see next paragraph). The Board accepts the risk associated with such investments on the understanding that initial investments are upon inception designed to be limited in duration, and that there is a set limit of total seed capital investment.

Mandatory Investment Plan:

Certain employees have part of their compensation tied up to the performance of some JPM funds over a number of years, the Mandatory Investment Plan. As part of this plan, the relevant employees select the funds to which their compensation will be related.

JPMAMIL holds a mix of assets and long futures as a proxy to MIP participants’ funds selection as an economic hedge in order to minimize income statement exposure in relation to market volatility.

In order to optimize hedging efficiency, JPMAMIL reviews its seed capital assets, MIP assets and MIP liabilities on a net basis. Contingent on the net exposures to major market indices, JPMAMIL holds both long and short futures contracts and credit derivatives to hedge the market risk associated with these net positions.

Co-Investments:

Co-investments are defined as equity capital invested alongside third-party investors typically in privately distributed collective vehicles managed by JPMAMIL, including open-ended funds such as hedge funds, and closed-ended funds such as private equity funds or certain real asset funds. As a general matter, JPMAMIL seeks to minimise the amount of co-investment to levels that support third-party fund raising. Management fees and performance fees, if any, may or may not be charged on co-investments. JPMAMIL may, from time to time, invest capital to facilitate the establishment of, or redeem ownership interests, of a privately distributed fund. Although these other principal investments are not made alongside third party investors, they provide the same risk exposure as, and are regarded as, co-investments.

Seed capital, Mandatory Investment Plan and Co-Investments are recorded as Credit risk and not Market risk since JPMAMIL does not have a trading book.

Other credit exposures:

JPMAMIL is exposed to credit risk through cash balances held in demand deposit accounts, settlement accounts which comprise debtors arising from the purchase and sale of units in collective investment undertakings, intercompany exposures and client and third party fee accruals.

Credit Risk Measurement:

JPMAMIL measures, limits, manages and monitors credit risk across the businesses.

Seed capital and Mandatory Investment Plan:

For Pillar 2 regulatory capital, credit risk measurement is based on a severely adverse stress test, refreshed monthly.

Co-investments:

For pillar 2 regulatory capital, credit risk measurement is based on a severely adverse stress, refreshed quarterly.

Other credit exposures:

For pillar 2 regulatory capital JPMAMIL employs methodologies for estimating the likelihood of obligor or counterparty default and the loss severity given a default event. Based on these factors, JPMAMIL estimates credit losses for its exposures. The capital charge is refreshed quarterly.

Credit Risk Monitoring and Management

JPMAMIL's credit exposures and above refreshed capital charges are monitored and overseen by AM EMEA Finance and AM EMEA Risk Management. To enable monitoring of credit risk and effective decision-making, credit exposures and the above refreshed regulatory capital charges are reported to the monthly Capital and Liquidity Review Committee meeting. The Capital and Liquidity Review Committee reports to the Asset Management EMEA Risk Committee and the Board. In addition JPMAMIL's Risk Appetite framework includes a quantitative parameter for credit risk.

Market Risk

Market Risk definition

Market risk is the risk associated with the effect of changes in market factors such as interest and foreign exchange rates, equity and commodity prices, credit spreads or implied volatilities, on the value of assets and liabilities held for both the short and long term. The Firm, through its LOBs, may be exposed to market risk as a result of various financial activities, including trading, funding, underwriting and investing.

The Market Risk Management function reports to the firm's Chief Risk Officer (CRO) and seeks to manage risk, facilitate efficient risk/return decisions, reduce volatility in operating performance and provide transparency into the firm's market risk profile.

Scope of Application

Firmwide Market Risk Management

Risk Governance

JPMAMIL's approach to market risk governance mirrors the Firmwide approach. The Firmwide Risk Executive (FRE), Market Risk and Line of Business Chief Risk Officers (LOB CROs) are responsible for establishing an effective market risk organization. The FRE Market Risk and LOB Heads of Market Risk establish the framework to measure, monitor and control market risk.

JPMAMIL Risk Profile

Market risk for JPMAMIL is driven by residual foreign currency exposures. All balance sheet exposures greater than a defined threshold in currencies other than the entity's functional currency are hedged to the entity's functional currency, in order to minimise the volatility of the translation adjustment arising from the revaluation of non-functional currency assets and liabilities held on the balance sheet. JPMAMIL's Risk Appetite framework includes a quantitative parameter for market risk.

Market Risk Measurement

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

For pillar 2 JPMAMIL regulatory capital, market risk measurement is based on a severely adverse stress test.

Market Risk Monitoring and Control

JPMAMIL's unhedged currency exposures in GBP with JPM affiliates are monitored and overseen by AM EMEA Finance, with the above Pillar 2 capital charge recalculated on a quarterly basis and reported quarterly at the AM EMEA Capital and Liquidity Review Committee and the Board.

Operational Risk

Operational risk is the risk associated with an adverse outcome resulting from inadequate or failed internal processes or systems; human factors; or external events impacting the Firm's processes or systems; Operational Risk includes compliance, conduct, legal, and estimations and model risk. Operational risk is inherent in the Firm's activities and can manifest itself in various ways, including fraudulent acts, business

interruptions, cyber-attacks, inappropriate employee behaviour, failure to comply with applicable laws and regulations or failure of vendors to perform in accordance with their agreements. Operational Risk Management attempts to manage operational risk at appropriate levels in light of the Firm's financial position, the characteristics of its businesses, and the markets and regulatory environment in which it operates.

Risk Governance and Policy Framework

The Firm's Compliance, Conduct, and Operational Risk ("CCOR") Management Framework is designed to enable the Firm to govern, identify, measure, monitor and test, manage and report on the Firm's operational risk.

Operational Risk Governance

The LOBs and Corporate are responsible for the management of operational risk. The Control Management Organization, which consists of control managers within each LOB and Corporate, is responsible for the day-to-day execution of the CCOR Framework and the evaluation of the effectiveness of their control environments to determine where targeted remediation efforts may be required.

The Firm's Global Chief Compliance Officer ("CCO") and FRE for Operational Risk is responsible for defining the CCOR Management Framework and establishing minimum standards for its execution. Operational Risk Officers ("OROs") report to both the LOB CROs and to the FRE for Operational Risk and are independent of the respective businesses or functions they oversee.

The Firm's CCOR Management policy establishes the CCOR Management Framework for the Firm. The CCOR Management Framework is articulated in the Risk Governance and Oversight Policy which is reviewed and approved by the Board Risk Committee periodically.

Operational Risk Identification

The Firm utilises a structured risk and control self-assessment process that is executed by the LOBs and Corporate. As part of this process, the LOBs and Corporate evaluate the effectiveness of their control environment to assess where controls have failed, and to determine where remediation efforts may be required. The Firm's Operational Risk and Compliance organization ("Operational Risk and Compliance") provides oversight of these activities and may also perform independent assessments of significant operational risk events and area of concentrated or emerging risk.

Operational Risk Measurement

Operational Risk and Compliance performs independent risk assessments of the Firm's operational risks, which includes assessing the effectiveness of the control environment and reporting the results to senior management. In addition, operational risk measurement includes operational risk-based capital and operational risk loss projections under both baseline and stressed conditions. The Firm considers the impact of stressed economic conditions on operational risk losses and develops 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 utilised in calculating results for the Firm's Comprehensive Capital Analysis and Review ("CCAR") and Internal Capital Adequacy Assessment Processes ("ICAAP").

Operational Risk Monitoring and Testing

The results of risk assessments performed by Operational Risk and Compliance are leveraged as one of the key criteria in the independent monitoring and testing of the LOBs and Corporate's compliance with laws and regulation. Through monitoring and testing, Operational Risk and Compliance independently identify areas of operational risk and tests the effectiveness of controls within the LOBs and Corporate.

Management of Operational Risk

The operational risk areas or issues identified through monitoring and testing are escalated to the LOBs and Corporate to be remediated through action plans, as needed, to mitigate operational risk. Operational Risk and Compliance may advise the LOBs and Corporate in the development and implementation of action plans.

Operational Risk Reporting

Escalation of risks is a fundamental expectation for employees at the Firm. Risks identified by Operational Risk and Compliance are escalated to the appropriate LOB and Corporate Control Committees, as needed. Operational Risk and Compliance has established standards to ensure that consistent operational risk reporting and operational risk reports are produced on a Firmwide basis as well as by LOBs and Corporate. Reporting includes the evaluation of key risk indicators and key performance indicators against established thresholds as well as the assessment of different types of operational risk against stated risk appetite. The standards reinforce escalation protocols to senior management and to the Board of Directors.

Liquidity Risk

Liquidity risk is the risk arising from JPMAMIL's inability to meet contractual and contingent obligations through normal cycles as well as during market stress.

Liquidity Risk Oversight

The Board of JPMAMIL is responsible for the oversight of liquidity management for the group. AM EMEA Capital and Liquidity Review Committee in conjunction with AM EMEA Finance are responsible for monitoring and measuring liquidity risk by reviewing a monthly stressed cash flow forecast.

Risk Governance and Measurement

The specific committee responsible for liquidity governance is the AM EMEA Capital and Liquidity Review Committee. Liquidity risks reviewed by AM EMEA Finance and reviewed with the EMEA Corporate Treasury and AWM Treasury on an annual basis. The risks are also reviewed and approved by the Board on an annual basis. The liquidity risks are measured and monitored by AM EMEA Finance on a monthly basis.

Liquidity Management

AM EMEA Finance is responsible for liquidity management. Liquidity management is intended to ensure that JPMAMIL and its subsidiaries have the appropriate composition and tenor of funding liquidity to meet its contractual and contingent liabilities as they fall due.

Internal Stress Testing

Liquidity stress tests are intended to ensure the entity has sufficient liquidity under a variety of adverse scenarios, including scenarios analysed as part of the Firm's resolution and recovery planning. Stress scenarios are produced for JPMorgan Chase & Co. Parent Company ("Parent Company") and the Firm's material legal entities, on an annual basis stress tests are performed, as needed. As part of the ongoing monitoring of liquidity risks a stressed cash flow forecast is reviewed on a monthly basis by the AM EMEA Capital and Liquidity Review Committee.

Interest Rate Risk in the Banking Book ('IRRBB')

Interest Rate Risk in the Banking Book ('IRRBB') is defined as interest rate risk 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 CIO investment portfolio and other related CIO, Treasury activities. Interest rate risk ("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.

JPMAMIL entities do not conduct traditional banking activities or deliberately take positions to benefit from movements in interest rates. Interest rate risk within JPMAMIL arises from three main areas:

- Bank account deposits;
- Interest rate risk within the seed capital portfolio; and
- Interest rate risk within the Mandatory Investor Plan ("MIP") portfolio.

Conclusion

JPMAMIL considers interest rate risk to be immaterial therefore no separate capital requirement is considered necessary.

Securitisation Risk

Securitisation risk includes the risk that the own funds held by a firm for assets which it has securitised are inadequate having regard to the economic substance of the transaction, including the degree of risk transfer achieved.

JPMAMIL does not carry out any securitisation activity and therefore this risk does not apply.

Fiduciary Risk

Fiduciary Risk is the risk that the firm, acting as a fiduciary, may breach its duty of loyalty or care, in violation of a regulation, laws or contracts.

A Fiduciary includes a person or entity when it is:

- acting in one of the following capacities: trustee, executor, administrator, transfer agent, registrar of stocks and bonds, guardian, assignee, receiver, custodian under a uniform gifts to minors act, investment adviser where the firm receives a fee for investment advice, or who possesses investment discretion on behalf of another person or entity, unless provided otherwise by applicable law;
- engaged in activities for which it is designated a fiduciary under applicable law or governing document: and/or
- engaged in activities subject to law or regulation that requires the firm to put a client's interest above its own.

Fiduciary risk, can lead to losses which are captured through the Firm's operational risk measurement processes and thus no additional capital requirement is considered necessary.

Excessive 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, Reporting and Measurement

Due to the nature of the business conducted within JPMAMIL and the capital rules applicable to JPMAMIL, leverage ratio calculation and reporting is not applicable. The risk of excessive leverage is monitored by the AM EMEA Capital and Liquidity Review Committee as part of the assessment of the capital ratios.

Business Risk

Business risk is defined as any risk to a firm arising from changes in its business, including: the acute risk to earnings posed by falling or volatile income; the broader risk of a firm's business model or strategy proving inappropriate due to macro-economic, geopolitical, industry, regulatory or other factors; and the risk that a firm may not be able to carry out its business plan and desired strategy.

Risk Management

Business risk as it impacts capital is managed through the entities' strategic and business planning.

Risk Reporting and Measurement

JPMAMIL'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 LOB, show a reduction in the earnings, this could be an indicator that a strategy is not implemented successfully.

Conclusion

Business risk is managed via the corporate governance structure. As such, JPMAMIL management has determined that this category of risk is better covered by means of qualitative mitigating measures rather than by allocating internal capital, and does not consider it necessary to assign specific additional capital against this risk.

Group Risk

Group risk is the risk that the financial position of JPMAMIL may be adversely affected by its relationships (financial or non-financial) with other entities in the JPMorgan Chase group or by risks which may affect the financial position of the whole group, for example, reputational contagion.

JPMAMIL has considered group risk under the following categories:

- Risks arising from the ownership structure of JPMAMIL (e.g., reputation risk, reliance on capital support);
- Risks arising in subsidiary entities;
- Risks arising from other group companies which could adversely affect JPMAMIL (e.g., reputational contagion, large losses affecting the parent's strategy). As the business of JPMAMIL is not capital intensive, any such losses are unlikely to affect its ability to implement its business strategy; and
- The need to take off-balance sheet activities back onto the balance sheet as a result of reputational contagion, notwithstanding the appearance of legal risk transfer - however, as an asset manager, JPMAMIL acts in an agency capacity and does not use special purpose vehicles aside from those housing the investment funds.

JPMAMIL does not rely on the support of its parent to maintain adequate capital or liquidity and the business has sufficient financial resources to operate as a stand-alone asset manager. As part of a global, diversified financial services group, JPMAMIL is potentially exposed to reputational risk from the activities of other lines of business within JPMorgan Chase, in particular those associated with trading and investment banking type activities. However, JPMAMIL itself operates its business on an agency rather than principal basis. The local legal entity Boards are required to approve any dividends which are also subject to relevant Companies Act legislation and related regulations. Client owned assets are fully segregated and held by independent custodians or depositaries; hence, any issue in the wider JPMorgan Chase Group would not have any adverse effect on the security or value of the client assets held. JPMAMIL does not fund itself by means of off-balance sheet vehicles and does not, therefore, need to hold capital against the need to bring activities of this nature back onto its balance sheet. Whilst in some instances JPMAMIL uses affiliated service providers, these services are provided at arm's length and where appropriate covered by service level agreements.

JPMAMIL has concluded that group risk is best considered as part of the broader analysis of credit, third party provider, and business risk. As a result, JPMAMIL does not consider it necessary to allocate a separate capital requirement to group risk.

Concentration Risk

Concentration risk is any single exposure or group of exposures with the potential to produce losses large enough to threaten JPMAMIL's viability

Risk concentrations may arise in the following categories:

- credit
- client / distribution channel
- product
- geographical

Credit risk concentrations

JPMAMIL is self-funding and has a highly diversified stream of revenues from which the business is funded. Lending activity is not a core part of JPMAMIL's business but the potential for credit risk concentrations exist mainly in the cash balances on the balance sheet and within our settlement accounts. As part of its credit exposures, JPMAMIL runs a seed capital book, which is diversified and subject to a hedging programme. As a result, credit concentrations within the business do not present a significant risk to the group.

Client and distribution channel concentrations

The client base of JPMAMIL is diversified by client type and channel and the viability of JPMAMIL is not dependent on any single client or group of clients. As a result, management does not consider it necessary to hold capital against client concentration risk.

Product concentrations

JPMAMIL offers a broad range of products to investors. AUM is spread across equities, fixed income, multi asset, real estate and liquidity. Given the mix of asset classes managed within the group and the resilience JPMAMIL has shown historically, JPMAMIL does not consider it necessary to hold capital against product concentration risk.

Geographical concentrations

JPMAMIL is well-diversified by geography. The Institutional business has clients in a number of locations, including the UK, Continental Europe, the US, Canada, and Asia. Likewise, the retail business in Europe is spread across a number of countries with significant AUM coming from the UK, Italy, Germany, Spain, Switzerland and Benelux.

Based on the analysis above and the overall diversity of its business, the board does not believe there are significant concentration risks which would pose a threat to the viability of JPMAMIL to continue to operate as a going concern. Therefore, the board of JPMAMIL does not believe it is necessary to hold capital against concentration risk.

Money Market Fund ("MMF") Risk

Money Market Fund risk is the risk that an investor in a Money Market Fund loses principal and JPMAMIL is required to provide capital support to the fund.

The risks associated with investing in Money Market Funds are fully disclosed in relevant scheme documentation such as Prospectuses and Key Investor Information Documents and JPMAMIL calibrates its investment risk parameters to meet the stated objective of each Fund. Investors are aware that these Funds are not guaranteed and that the value of their investment may go down as well as up.

JPMAMIL will not provide capital support for the Money Market Funds and has included the following text quoted directly from the JPMorgan Liquidity Funds prospectuses:

Investors should note that JPMorgan Liquidity Funds are investment funds established as an Undertaking for Collective Investments in Transferable Securities (UCITS) and are not banking products. Whilst the

preservation of capital is a major component of the objective of the funds it is not guaranteed. Neither JPMorgan Asset Management (UK) Limited, JPMorgan Asset Management Europe S.a.r.l. (JPMAME), nor any other company in the JPMorgan Chase & Co. Group will provide capital support for the funds in the event of any capital loss arising within the funds. Therefore no separate capital requirement is considered necessary.

Valuation Risk

As a US regulated corporation, the Firm is required to comply with US accounting standards (US GAAP) which state under FAS 157 that certain assets and liabilities be recorded at fair value.

US GAAP defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” This is sometimes referred to as “exit price.” Fair value is the price that a third party would be willing to pay for an asset, not what the Firm may believe the asset should be worth. Fair value is measured for a ‘normal’ sized position.

The statutory financial statements of the UK regulated entities are prepared under FRS 101 “Reduced Disclosure Framework” which applies the recognition and measurement requirements of EU-adopted International Financial Reporting Standards (“IFRS”). Similar to US GAAP, IFRS requires certain assets and liabilities to be recorded at fair value. IFRS fair value measurement is materially aligned with US GAAP, with known and immaterial valuation differences, which are adjusted in the FRS 101 financial statements.

The assets and liabilities on JPMAMIL’s consolidated balance sheet are either carried at amortised cost or marked to market based on quoted prices. JPMAMIL is not materially exposed to this risk and therefore no capital will be held against valuation risk

Insurance Risk

Insurance risk is the risk that JPMAMIL enters into an insurance underwriting arrangement and is required to pay claims as a result of an insurance event.

JPMAMIL does not enter into any insurance underwriting arrangements and is not, therefore, exposed to this risk type.

Residual Risk

Residual risk is the risk that credit risk mitigation techniques (i.e. collateral, guarantees, and credit derivatives) used by the firm to reduce the credit risk associated with exposures held by the firm prove less effective than expected.

The basis risk between credit derivatives and bonds is accounted for as part of the stress tests used for Credit Risk pillar 2 regulatory capital.

Pension Obligation Risk

The JPMAMIL group has no material exposure to defined benefit pension plans. Employing entities within the group are JPMAM UK and JPMAME; JPMAM UK has never operated a defined benefit pension scheme. Whilst certain employees of JPMAM UK enjoy a residual entitlement to benefits from the UK Retirement Plan,

this plan was closed to future accrual in 2007 and at this time, asset management staff in the UK were employed by other group entities, who seconded these staff to the JPMAMIL group. Should the plan ever be assessed as underfunded, the requirement for closing the funding gap would be expected to fall to its participating employers, failing which the Pensions Regulator could impose its powers to require funding from the employing entity at the time or indeed JPMAM UK. However, Pillar 2A capital is held in JPMCHL in respect of substantially all of the liabilities relating to the UK Retirement Plan that could fall on its participating employers and the risk of liability falling on the JPMAMIL group is considered remote. In the case of JPMAME, there are three retirement plans, one final salary and two carrying interest guarantees; that could generate deficits that would need to be borne by JPMAME.

Management therefore conclude that GBP 6.6m of capital should be held against pension obligation risk arising from schemes within JPMAME.

Settlement Risk

Settlement risk is the risk that one party will fail to deliver the terms of a contract with another party at the time of settlement. Settlement risk can be the risk associated with default at settlement and any timing differences in settlement between the two parties.

The main settlement risk for JPMAMIL in regards to its capital is in the settlement of subscriptions of JPM Mutual funds whereby units are created in the funds ahead of payment reception. JPMAMIL considers settlement risk to be part of credit risk and is incorporated into credit risk capital considerations. Therefore no separate capital requirement is considered necessary for settlement risk.

Reputation Risk

Reputation Risk is the risk that an action or inaction may negatively impact the firm's integrity and reduce confidence in our competence by its various constituents, including clients, counterparties, customers, investors, regulators, employees, communities or the broader public

Firmwide reputation risk governance and policy framework

Governance

Reputation risk is the responsibility of each LOB, function, and employee within the firm. Reputation of the firm, and not just business benefits and regulatory requirements, should be considered when deciding whether to pursue any new product, transaction, client relationship, jurisdiction, business process or any other matter. Any employee may refer a matter for review to any member of a Reputation Risk Office ("RRO"). The RRO is the conduit through which transactions or matters are raised to the relevant Reputation Risk Committee ("RRC") or other forum for the appropriate escalation and determination of reputation risk.

J.P. Morgan has an established risk management governance framework, including a policy and standards, for managing reputation risk. The requirements of the reputation risk governance framework as described in the Firmwide Reputation Risk Governance policy are executed by each of JPM's LOBs through adherence to their respective LOB Reputation Risk Standards. The governance framework includes the following:

- Governance: The Firmwide Risk Executive ("FRE") Reputation Risk and Firmwide Reputation Risk Governance ("FRRG") establish the reputation risk framework for the firm. FRRG provides oversight of governance infrastructure and process to support the consistent identification, escalation, management and monitoring of reputation risk issues Firmwide.
- Lines of Business: The firm establishes the specific manner in which we identify, control and manage reputation risk as set forth in the Firmwide Reputation Risk Governance policy and in the Firmwide

Reputation Risk Standards, which apply to all LOBs, and are designed to assist with identifying and escalating any potential reputation risk. Each LOB, including the functions aligned to an LOB, is responsible for following the Firmwide Reputation Risk Governance policy and the Firmwide Reputation Risk Standards

- **Functions:** It is the responsibility of each function to consider the reputation of the firm by reference to the Firmwide Reputation Risk Governance policy. They are expected to apply the appropriate level of due diligence to reputation risks in their respective areas, and adapt as appropriate the range of control capabilities and processes needed to minimise the risk. Matters may be escalated per the LOB guidelines and procedures, to the extent they apply, or to FRRG.
- **Escalation:** Should any RRC or any member consider that the inherent reputation risk is of such a degree to warrant it, or if the LOB RRC does not reach consensus for a particular matter, the matter may be escalated to the FRE of Reputation Risk. The LOB Risk Committee should be the initial point of escalation prior to an escalation to the Firmwide Risk Committee (“FRC”) and/or the Board Risk Committee (“BRC”).

The firm’s BRC Charter requires approval of primary risk policies of the firm. The following JPMC policies and associated documents comprise key components of the policy framework:

- Risk Governance Policy - a BRC primary risk policy
- Firmwide Reputation Risk Governance Policy - a risk policy
- Firmwide Reputation Risk Standards
- LOB Reputation Risk Committees Charters, as applicable

Risk appetite

Reputation Risk is a qualitative risk in the firm’s Risk Appetite Framework.

Approach to risk management

The Firmwide Reputation Risk Governance policy is executed by each LOB through adherence to the Firmwide Reputation Risk Standards, which provide guidance and details on the following:

- Scope and role of the LOB’s Reputation Risk Committees, as applicable
- Membership, administration, reporting and the role of the RRO
- Criteria for escalation to RRC, as applicable
- Processes for escalation referral, approval and post-approval requirements

Any employee may refer a matter for review. However, the relevant business or function is responsible for performing its own due diligence, and considering and escalating potential reputation risk within its own management structure before significant progress is made on any transaction or activity.

JPMAMIL reputation risk management

Risk Governance and policy framework

The LOB RRO is the conduit through which the Firmwide Reputation Risk Governance framework is managed in the region. JPMAMIL matters requiring reputation risk assessment and review as required by the Firmwide

Reputation Risk Governance policy and the LOB Reputation Risk Guidelines and Procedures, will be escalated to the relevant LOB Reputation Risk Committees and/or LOB Risk Committees.

Risk appetite

The JPMAMIL approach mirrors the Firmwide approach.

Approach to risk management

The relevant LOB RRO is the conduit through which transactions or other matters are raised to the relevant RRC or other forum for the appropriate escalation and determination of reputation risk. The RRO owns the application of the Firmwide Reputation Risk Standards for their respective LOB, and oversees training and communication on reputation risk relative to their LOB, and provides reporting to senior management and FRRG.

The RRCs' mandate includes the review of imminent, existing or prospective transactions, activities and clients, which have the potential for reputation risk.

Legal Risk

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

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

- managing actual and potential litigation and enforcement matters, including internal reviews and investigations related to such matters;
- advising on products and services, including contract negotiation and documentation;
- advising on offering and marketing documents and new business initiatives;
- managing dispute resolution;
- interpreting existing laws, rules and regulations, and advising on changes thereto;
- advising on advocacy in connection with contemplated and proposed laws, rules and regulations; and
- providing legal advice to the LOBs and corporate functions, in alignment with the lines of defence.

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

Legal Risk can lead to losses which are captured through the Firm's operational risk measurement processes and thus no additional capital requirement is considered necessary.

Conduct Risk

Conduct risk is defined as the risk that any action or inaction by an employee of the firm could lead to unfair client/customer outcomes, compromise firm's reputation, impact the integrity of the markets in which we operate, or reflect poorly on the firm's culture.

Conduct risk management is incorporated into various aspects of people management practices throughout the employee life cycle in JPMAMIL, including recruiting, on boarding, training and development, performance management, promotion and compensation processes.

Conduct risk can lead to losses which are captured through the Firm's operational risk measurement processes and thus no additional capital requirement is considered necessary.

Estimations and Model Risk

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

The Firm uses models and other analytical and judgment-based estimations across various businesses and functions. The estimation methods are of varying levels of sophistication and are used for many purposes, such as the valuation of positions and measurement of risk, assessing regulatory capital requirements, conducting stress testing, and making business decisions. A dedicated independent function, Model Risk Governance and Review ("MRGR"), defines and governs the Firm's model risk management policies relating to the management of model risk and risks associated with certain analytical and judgment-based estimations, such as those used in risk management, budget forecasting and capital planning and analysis.

JPMorgan Chase & Co uses models for many purposes including the valuation of positions and the measurement of risk. Valuation models are employed by the firm to value certain financial instruments for which quoted prices may not be readily available. Valuation models may be employed as inputs into risk measurement models including VaR, regulatory capital, estimation of stress losses and the allowance for credit losses. Estimations and Model risk can lead to losses which are captured through the Firm's operational risk measurement processes and thus no additional capital requirement is considered necessary.

Regulatory Risk

Regulatory risk is the risk of legal or regulatory sanctions, material financial loss, or loss of reputation JPMAMIL may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to its activities.

Compliance with laws, regulations, rules, related self-regulatory organisation standards and applicable codes of conduct remains the responsibility of each regulated legal entity in the Group, as well as the personal responsibility of each officer and employee.

Legal and Compliance staff sit on relevant committees as appropriate to their region and Line of Business and engage in various monitoring and testing work as well as providing close advisory support to the business.

Regulatory risk can lead to losses which are captured through the Firm's operational risk measurement processes and thus no additional capital requirement is considered necessary.

Supplier Risk

Supplier risk is the risk of loss resulting from failure or inadequacy of products or services provided by third-parties to or on behalf of JPMAMIL.

JPMAMIL uses of suppliers to support its business. Suppliers are engaged to enhance product offerings, diversify assets and revenues, access superior expertise and industry best practices, support variable human resource needs of core businesses, facilitate operations restructuring, and optimize efficiencies. The management of JPMAMIL remains accountable for the adequacy of systems and controls over the outsourced activities. The Global Supplier Management (GSM) and Global Inter-Affiliate Oversight (GIAO) Policies and underlying standards of JPMC establish the operating model for engaging and monitoring third-party providers to support the Firm's businesses while minimising risk consistent with Firmwide standards and policies, as well as, applicable laws, regulations, and regulatory guidance.

Supplier risk, can lead to losses which are captured through the Firm's operational risk measurement processes and thus no additional capital requirement is considered necessary.

Risk Appetite

Risk Appetite Framework

JPMC Risk Appetite is a high level statement of the firm's appetite for risk. The Risk Appetite framework integrates risk controls, earnings, capital management, liquidity management and return targets to set the firm's risk appetite in the context of its objectives for key stakeholders, including but not limited to shareholders, depositors, regulators and clients.

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 willingness to take risk and is expressed through qualitative factors and quantitative parameters at the Firm and/or LOB levels. JPMAMIL's risk appetite framework considers profitability risk, liquidity risk, capital risk, operational risk, market risk, credit risk, conduct risk, compliance risk, and reputation risk.

EBA rules provide that a firm is not required to disclose information which is not material or which is considered to be proprietary or confidential. Where a disclosure is considered to be immaterial, this has been stated.

Key figures and ratios regarding the interaction between the risk profile and the risk appetite 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 as at 31 December 2020

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

Ruston Smith (Chairman/Independent Non-Executive Director JPMAMIL & JPMAMIL)

Ruston Smith was appointed as Chair of the JPMAMIL and JPMAMUK Boards on 25 June 2019, having previously been appointed as an Independent Non-Executive Director on 28 December 2016. Ruston has over 35 years' experience in the pension fund and investment industry.

He has held senior corporate positions with responsibility for strategy, investment, governance, communication and operations for a wide range of UK and international defined benefit and defined contribution schemes and provident funds, also acting as a Trustee and Chairman.

His experience includes over a decade as the Group Pensions and Insurable Risk Director at Tesco, where the award winning UK scheme has over 200,000 employed members. He was also the Chief Executive Officer of Tesco Pension Investment, their FCA approved in house investment manager, with around £20bn of assets under management.

Mr Smith has a breadth of experience which has included responsibility for executive reward and benefits, employee relations, HR systems, payroll, global mobility and health & wellness.

Before joining Tesco, Mr Smith was a Director and Company Secretary at PZ Cussons, where he was also responsible for their group pensions, property, legal and insurance.

Mr Smith is the Non-Executive Chairman of Tesco Pension Trustees Limited and Tesco Pension Investment Ltd, Trustee Director of Tesco Ireland Trustee Limited, Non-Executive Chairman of JPMorgan Asset Management International Limited and JPMorgan Asset Management (UK) Limited, Non-Executive Chair of PTL Limited, Non-Executive Chairman of Smart Pension Ltd, Chair of the Funding and Investment Committee and Independent Trustee of the BAE and Airbus Pension Fund, Chair of the Advisory Board of AMX, a Governor of the Pensions Management Institute and Chairman of GroceryAid, the charity for the Grocery Industry.

Mr Smith has an MBA (with distinction), is a Fellow of the Pensions Management Institute and a Fellow of the Institute of Management.

Patrick Thomson (Chief Executive Officer/Executive Director JPMAMIL & JPMAMUK)

Patrick Thomson is Chief Executive Officer for EMEA, J.P. Morgan Asset Management. He is Deputy Chair of the Investment Association and a Member of the UK's Treasury Task Force.

Patrick joined J.P. Morgan Asset Management in 1995 and was based in Singapore 2000-2005 as global head of sovereigns, with extensive experience in reserves management in Asia and the Middle East. Patrick also spent five years at Ivy Asset Management, part of BNY Mellon, where he was global head of Client Development and Chief Executive of the London office.

After graduating from Edinburgh University with an MA (Hons), Patrick served as an officer in the British Army for five years. He qualified as a member of the UK Society of Investment Professionals in 2000.

Stephen Pond (Executive Director JPMAMIL & JPMAMUK)

Steve Pond, Executive Director, was appointed to both the JPMAMIL and JPMAMUK Boards as of 27 June 2018, he was also appointed as the Chief Financial Officer of Asset Management EMEA.

He joined Investment Management in New York in 2004 and moved to London in 2007 and held several positions within the Finance department. Prior to joining Investment Management he was an analyst on a JPMC corporate management training programme. He joined the company in 2002. He has been a CFA charterholder since 2009. Steve obtained a BA in Economics from the College of William and Mary in Williamsburg, VA, USA.

Marion Mulvey (Executive Director JPMAMIL & JPMAMUK)

Marion is Co-Chief Administrative Officer and Head of Asset Management Operations in EMEA for J.P. Morgan Asset Management. She also has global responsibility for Equities and Multi-Asset Solutions Middle Office Operations, Regulatory Reporting and Fee Billing.

Marion joined J.P. Morgan in 2014 from Citigroup, where her last role was as Product Head for the Alternatives Fund Administration business in EMEA. Marion spent 13 years with that business in total and also held a number of senior operational roles including Head of Fund Accounting in EMEA.

Previously, Marion worked at Salomon Smith Barney for 3 years, managing the European Equity Product Control team.

Marion trained as a Chartered Accountant holding roles both in private practice and as an Audit Manager in the financial services audit department at KPMG.

She is a Fellow of the Institute of Chartered Accountants in Ireland.

Marion is also a member of the Institute of Directors, holding a Certificate and Diploma in Company Direction.

Marion was appointed to the JPMAMUK and JPMAMIL Boards of Directors on 29 April 2019.

Sarah Nichomoff (Non-Executive Director JPMAMIL & JPMAMUK)

Sarah is Head of Electronic and Program Trading Execution for Equities at J.P. Morgan. She is responsible for agency execution as well as managing the strategic direction, design and delivery of J.P. Morgan's execution platform in the region. This includes liquidity management, portfolio optimization, algorithmic execution, and quantitative analytics.

Sarah joined J.P. Morgan in 1999 and has held various roles in Technology, Equities and Prime Brokerage at J.P. Morgan.

Sarah is an observer on the board of Turquoise Global Holdings Limited. She has previously served on the boards of the National Stock Exchange (NSX) and BIDS Trading LP (Block Interest Discovery Service), an alternative execution venue specializing in equity block trading.

Sarah holds a B.S. in Computer Science from Tulane University's School of Engineering.

Sarah was appointed to the JPMAMUK and JPMAMIL Boards of Directors on 18 June 2019.

Dana Haimoff (Executive Director JPMAMIL & JPMAMUK)

Dana joined the Private Equity Group in 2002. Prior to joining the Group, she spent six years with Merrill Lynch working with alternative asset funds and initiating, developing and servicing new and existing client accounts.

Dana's experience includes sourcing and leading investments in private equity funds, secondary and direct investment opportunities and working with clients in evaluating their alternative asset class commitments.

Prior to joining Merrill Lynch, she worked at Prudential Securities in the Corporate Finance Group's private equity and debt placement practice and at Ernst & Young as an International Tax Consultant. She earned a BS from Skidmore College and an MBA from Columbia Business School.

Dana currently serves on the LP advisory boards of over a dozen private equity funds.

Dana is the co-Founder and board member of Level20, a not-for-profit organization set up to encourage women to succeed in the private equity industry. She also serves as an LP Committee member of the British Venture Capital Association.

Dana was appointed to the JPMAMUK and JPMAMIL Boards of Directors on 18 July 2019.

Deborah Reidy (Independent Non-Executive Director JPMAMIL & JPMAMUK)

Deborah Reidy was appointed as an Independent Non-Executive Director of the JPMAMIL and JPMAMUK Boards on 22 December 2020.

Deborah has spent over 30 years within the investment management, pensions and consulting industries in New York and Europe, in both the private and public sector. She occupied senior positions, including Partner at Mercer in Dublin, Head of Investment Manager Selection for Ireland's National Pensions Reserve Fund and led Aon's Irish investment consulting practice for over 14 years. She also has extensive Board experience as an Executive and Non-Executive Director for Aon Hewitt spanning over 10 years.

Deborah is also currently an Independent Non-Executive Director of a number of Irish fund vehicles including Beresford Funds ICAV, Liontrust Global Funds Plc and GAM Star Fund Plc in addition to Independent Non-Executive Director of Irish Life Investment Managers.

Deborah is currently a Council Member of the Irish Fund Directors Association, Dublin, as well as a Member of the Institute of Directors.

Deborah holds a B.S in Finance and International Business from New York University and also an MBA from Fordham University.

Directorships held by members of the Boards of Directors during the year ended December 31, 2020

Name	JPMAMIL		JPMAM UK	
	Exec	Non-Exec	Exec	Non-Exec
Ruston Smith		9		9
Deborah Reidy		6		6
Patrick Thomson	1		1	
Stephen Pond	1		1	
Marion Mulvey	1		1	
Sarah Nichomoff	1		1	
Dana Haimoff	1		1	

Members of the Board of Directors have also held internal and/or external directorships during the year ended December 31, 2020 as follows:

Name	JPMAMIL		JPMAM UK	
	Internal	External	Internal	External
Ruston Smith	1	8	1	8
Deborah Reidy	1	5	1	5
Patrick Thomson	1		1	
Stephen Pond	1		1	
Marion Mulvey	1		1	
Sarah Nichomoff	1		1	
Dana Haimoff	1		1	

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

Changes to the board composition since December 2020

There have been no changes of board composition since 31 December 2020.

Diversity & Inclusion

Diversity and inclusion are key priorities for the business and we are committed to increasing diverse representation within the firm.

JPMAM UK is a signatory of the Women in Finance charter with a commitment to reach 30% female representation in senior positions by June 2023. As of the end of the year, the boards of JPMAM (UK) and JPMAMIL were majority female.

3. Information on the scope of application of the regulatory framework (Art 436)

As at 31 December 2020, JPMAMIL's own funds have been calculated based on the audited non-statutory financial statements. The basis of consolidation adopted for the audited non-statutory financial statements of JPMAMIL is the same as the JPMAMIL regulatory consolidation. JPMAMIL has taken advantage of the exemption available to it under Section 401 of the UK Companies Act 2006 from preparation of statutory consolidated financial statements and thus the non-statutory financial statements are the same in scope as the regulatory consolidation group.

JPMAMIL has not applied any transitional provisions.

Table 1: EU LI1 Differences between accounting and regulatory scope of consolidation and the mapping of financial statement categories with regulatory risk categories for JPMAMIL*

	Carrying values under scope of regulatory consolidation	Carrying values of items (£'m)				
		Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets						
Deposits with, and loans to, credit institutions	1,625.3	1,625.3	—	—	—	—
Equity shares	709.4	709.4	—	—	—	—
Investment in group undertakings	139.8	—	—	—	—	139.8
Derivatives	15.6	—	15.6	—	—	—
Goodwill	101.5	—	—	—	—	101.5
Tangible fixed assets	7.9	7.9	—	—	—	—
Prepayments and accrued income	322.5	322.5	—	—	—	—
Other assets	1,746.1	1,745.1	—	—	—	1.0
Total Assets	4,668.1	4,410.2	15.6	—	—	242.3
Liabilities						
Deposits from banks and building societies (overdrafts)	16.9	—	—	—	—	16.9
Derivatives	5.0	—	5.0	—	—	—
Taxation liabilities	49.8	—	—	—	—	49.8
Accruals and deferred income	317.0	—	—	—	—	317.0
Other liabilities	1,101.7	—	—	—	—	1,101.7
Total liabilities	1,490.4	—	5.0	—	—	1,485.4

*JPMAMIL is not required to produce statutory financial statements, therefore JPMAMIL has no difference between accounting and regulatory scope.

Table 2: EU LI1 Differences between accounting and regulatory scope and the mapping of financial statement categories with regulatory risk categories for JPMAMUK

	Carrying values under scope of regulatory consolidation	Carrying values of items (£'m)				
		Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets						
Deposits with, and loans to, credit institutions	528.7	528.7	—	—	—	—
Equity shares	22.1	22.1	—	—	—	—
Investment in group undertakings	10.4	—	—	—	—	10.4
Derivatives	1.6	—	2.8	—	—	—
Tangible fixed assets	3.0	—	—	—	—	3.0
Prepayments and accrued income	115.3	109.9	—	—	—	5.4
Other assets	273.2	240.1	—	—	—	33.1
Total Assets	954.3	900.8	2.8	—	—	51.9
Liabilities						
Taxation liabilities	30.7	—	—	—	—	30.7
Accruals and deferred income	147.0	—	—	—	—	147.0
Other liabilities	133.8	—	—	—	—	133.8
Total liabilities	311.5	—	—	—	—	311.5

4. Own Funds (Article 437)

Key Change During the Period

JPMAMIL Capital Resources - JPMAMIL's total capital has increased from £2,623.3m to £2,931.3m over the period, predominantly as a result of the 2020 profit after tax. JPMAMIL's own funds solely consist of Common Equity Tier 1 capital. The authorised and issued share capital represents 220 million ordinary shares of £1 each.

Retained earnings amounted to £2,662.4m as at 31 December 2020.

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

- The capital contribution reserve as at 31 December 2020 amounted to £185.5m;
- Other reserves relate to foreign currency translation reserves and reserves related to Luxembourg domiciled subsidiaries and are non-distributable tax and legal reserves accumulated through transfers from retained earnings. These appropriations are a local legal requirement. As at 31 December 2020 other reserves amounted to £108.0m; and
- JPMAMIL has no other outstanding capital instruments, other than the shares mentioned above.
- Deductions from Capital - JPMAMIL has made deductions from regulatory capital according to Article 36 CRR. Total deductions as at 31 December 2020 amounted to £244.6m (2019: £223.7m) and consist mainly of goodwill and CET1 instruments of financial sector entities where the institution has a significant investment.

JPMAMUK Capital Resources - JPMAMUK's total capital has increased from 2019 to 2020. JPMAMUK's own funds solely consist of Common Equity Tier 1 capital. The authorised and issued share capital represents 24 million ordinary shares of £1 each.

Retained earnings amounted to £612.9m as at 31 December 2020.

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

- The capital contribution reserve as at 31 December 2020 amounted to £10.4m

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

JPMAMUK's own funds have been calculated in accordance to GENPRU2.2 Capital Resources and Annex 5 Capital resources table for BIPRU investment firm deducting illiquid assets. Total deductions as at 31 December 2020 amounted to £51.8m and consist mainly of a deferred tax asset and JPMAMUK's investment in a joint venture.

Own Funds Disclosures

Capital resources represent the amount of regulatory capital available to an entity to cover all risks. Defined under the CRR, capital resources are designated into two tiers, Tier 1 and Tier 2. Tier 1 capital consists of Common Equity Tier 1 ("CET1") and Additional Tier 1 ("AT1"). CET1 is the highest quality of capital and typically represents share capital, reserves and audited profit; AT1 contains hybrid debt instruments; Tier 2

capital typically consists of subordinated debt and other eligible capital instruments.

The information represented in the tables below constitutes the applicable data elements for Own Funds identified in Title VII of the Guidelines. Capital ratios are disclosed in accordance with the CRR.

The final column represents the capital position on a fully-phased in basis after all CRR transitional provisions have expired and phase-out of grandfathered capital instruments under pre-CRR national transposition measures is complete.

Table 3: CRDIV Regulatory Capital for JPMAMIL

		Amount at Disclosure Date	Regulation (EU) No 575/2013 Article Reference
1	Capital instruments and the related share premium accounts	220.0	26 (1), 27, 28, 29, EBA list 26 (3)
	of which: Ordinary Shares	220.0	EBA list 26 (3)
2	Retained earnings	2,662.4	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	293.5	26 (1)
3a	Funds for general banking risk	—	26 (1) (f)
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	3,175.9	
7	Additional value adjustments (negative amount)	(0.8)	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	(101.5)	36 (1) (b), 37, 472 (4)
15	Defined-benefit pension fund assets (negative amount)	(1.0)	36 (1) (e), 41, 472 (7)
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)	(141.3)	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(244.6)	
29	Common Equity Tier 1 (CET1) capital	2,931.3	
45	Tier 1 capital (T1 = CET1 + AT1)	2,931.3	
59	Total capital (TC = T1 + T2)	2,931.3	
60	Total risk weighted assets	4,114.4	
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	71.2 %	92 (2) (a), 465
62	Tier 1 (as a percentage of total risk exposure amount)	71.2 %	92 (2) (b), 465
63	Total capital (as a percentage of total risk exposure amount)	71.2 %	92 (2) (c)
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)	54.6	36 (1) (h), 46, 45, 472 (10), 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)
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)	141.3	36 (1) (i), 45, 48, 470, 472 (11)
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)	28.4	36 (1) (c), 38, 48, 470, 472 (5)

Table 4: CRDIV Regulatory Capital for JPMAMUK

		Amount at Disclosure Date	Regulation (EU) No 575/2013 Article Reference
Common Equity Tier 1 capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	24.0	26 (1), 27, 28, 29, EBA list 26 (3)
	of which: Ordinary shares	24.0	EBA list 26 (3)
2	Retained earnings	612.9	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	10.4	26 (1)
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	647.3	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
	Illiquid Assets	(51.8)	*
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(51.8)	
29	Common Equity Tier 1 (CET1) capital	595.5	
Additional Tier 1 (AT1) capital: Instruments			
36	Additional Tier 1 (AT1) capital before regulatory adjustments	—	
Additional Tier 1 (AT1) capital: regulatory adjustments			
45	Tier 1 capital (T1 = CET1 + AT1)	595.5	
59	Total capital (TC = T1 + T2)	595.5	
60	Total risk weighted assets	1,500.7	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	39.7 %	92 (2) (a), 465
62	Tier 1 (as a percentage of total risk exposure amount)	39.7 %	92 (2) (b), 465
63	Total capital (as a percentage of total risk exposure amount)	39.7 %	92 (2) (c)

* as per GENPRU 2.2.260

Own Funds Reconciliation

The tables below present a reconciliation between audited balance sheet own funds and regulatory own funds as at 31 December 2020 in accordance with the requirements set out in Commission Implementing Regulation (EU) No 1423/2013.

Table 5: Reconciliation of Regulatory Own Funds to Balance Sheet for JPMAMIL

Regulatory Own Funds Reconciliation to Balance Sheet	Reference	£'m
CET1 Capital		
220,000,000 Ordinary Shares of £1 each		220.0
Other Reserves		293.5
Retained Earnings		2,662.4
CET1 Capital - Balance Sheet Own Funds		3,175.9
<i>Less Regulatory Adjustments</i>		
(-) Unaudited Profit		—
(-) Intangible Assets/Goodwill	CRR Article 36 (1)b	(101.5)
(-) Additional Valuation Adjustments	CRR Article 34	(0.8)
(-) Defined-benefit pension fund assets	CRR Article 36 (1)e	(1.0)
(-) 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)	CRR Article 36 (1)i	(141.3)
Total Regulatory Own Funds		2,931.3

JPMAMIL is not required to publish consolidated audited statutory financial statements. Therefore, the disclosures above are based on audited non-statutory financial statements.

For JPMAM UK the tables below presents a reconciliation between audited statutory balance sheet own funds and regulatory own funds as at 31 December 2020 in accordance with the requirements set out in Commission Implementing Regulation (EU) No 1423/2013.

Table 6: Reconciliation of Regulatory Own Funds to Balance Sheet for JPMAMUK

Regulatory Own Funds Reconciliation to Balance Sheet	Reference	£'m
CET1 Capital		
24,000,000 Ordinary Shares of £1 each		24.0
Other Reserves		10.4
Retained Earnings		612.9
CET1 Capital - Balance Sheet Own Funds		647.3
<i>Less Regulatory Adjustments</i>		
(-) Illiquid Assets	*	(51.8)
Total Regulatory Own Funds		595.5

* as per GENPRU 2.2.260

As at 31 December 2020 JPMAMUK's own funds have been calculated based on the audited statutory financial statements.

Main Features of Capital Instruments

The tables below present the main features of regulatory capital instruments for the in scope entities as at 31 December 2020 required by Commission Implementing Regulation (EU) No 1423/2013. The terms and conditions can be found on the UK Companies House website.

Table 7: Main Features of Regulatory Capital Instruments

Capital Instruments Main Features		JPMAMIL	JPMAMUK
		CET1	CET1
		£1 ordinary shares	£1 ordinary shares
1	Issuer	JPMAMIL	JPMAMUK
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Private Placement	Private Placement
3	Governing law(s) of the instrument	English	English
4	Transitional CRR rules / BIPRU	CET1	CET1
5	Post-transitional CRR rules	CET1	CET1
6	Eligible at solo/(sub-) consolidated/ solo&(sub-)consolidated	Solo and Consolidation	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares with full voting rights	Ordinary shares with full voting rights
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	£220m	£24m
9	Nominal amount of instrument	£1.00	£1.00
9a	Issue price	£1.00	£1.00
9b	Redemption price	N/A	N/A
10	Accounting classification	Share capital	Share capital
11	Original date of issuance	£100 - 5 th April 2001 £220,000,000 - 29 th Sept 2003	£10,000 - 1 st April 1974. £2,490,000 - 12 th Aug 1987. £3,500,000 - 13 th Mar 2000, £18,000,000 - 16 th April 2003
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No Maturity	No Maturity
14	Issuer call subject to prior supervisory approval	Yes	No
15	Optional call date, contingent call dates and redemption amount	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A
17	Fixed or floating dividend/coupon	N/A	N/A
18	Coupon rate and any related index	N/A	N/A
19	Existence of a dividend stopper	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down features	N/A	N/A
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A	N/A
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A

5. Capital Requirements (Article 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 at least on an annual basis, which provides the Board with a view of the impact of severe and unexpected events on earnings, risk-weighted assets and capital. JPMAMIL's ICAAP integrates stress testing protocols with capital planning.

The process assesses the potential impact of alternative economic and business scenarios on the JPMAMIL's earnings, capital resources, risk-weighted assets and balance sheet. These scenarios are articulated in terms of macroeconomic factors, which are key drivers of business results; global market shocks, which generate short-term but severe trading losses; and idiosyncratic operational risk events. The scenarios are intended to capture and stress key vulnerabilities and idiosyncratic risks facing the entities in scope. However, when defining a broad range of scenarios, realised events can always be worse. Accordingly, the Board and management considers additional stresses outside these scenarios, as necessary.

Minimum Capital Requirements

The tables below present minimum capital requirements for JPMAMIL and its significant regulated subsidiary, JPMAMUK.

Pillar 1 Capital Requirement

In calculating the capital requirements as set out in article 92 of the CRR, JPMAMIL has applied article 95(1) of the CRR. The capital requirement for JPMAMIL is driven by market risk and credit risk.

Pillar 1 Credit Risk Capital Requirement

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

Pillar 1 Market Risk Capital Requirement

For the purposes of article 92(3)(c) of the CRR, JPMAMIL has calculated its capital requirements relating to foreign exchange risk. To determine the capital requirements relating to foreign exchange risk JPMAMIL has applied 8% to the overall net foreign exchange position calculated in accordance with Articles 351 & 352 of the CRR.

Table 8: EU OV1 - Overview of RWAs for JPMAMIL

£'m			RWA		Minimum capital requirements
			Dec-20	Dec-19	
	1	Credit risk (excluding CCR)	3,290.9	2,668.7	263.3
Article 438(c)(d)	2	Of which the standardised approach	3,290.9	2,668.7	263.3
Article 107 and Article 438(c)(d)	6	CCR	22.0	20.3	1.8
Article 438(c)(d)	7	Of which marked to market	22.0	20.3	1.8
Article 438(e)	19	Market risk	801.5	666.6	64.1
	20	Of which the standardised approach	801.5	666.6	64.1
	29	Total	4,114.4	3,355.6	329.2

Table 9: EU OV1 - Overview of RWAs for JPMAMUK

£'m			RWA		Minimum capital requirements
			Dec-20	Dec-19	
	1	Credit risk (excluding CCR)	461.7	400.8	36.9
Article 438(c)(d)	2	Of which the standardised approach	461.7	400.8	36.9
Article 107 and Article 438(c)(d)	6	CCR	0.2	0.2	—
Article 438(c)(d)	7	Of which marked to market	0.2	0.2	—
Article 438(e)	19	Market risk	103.6	90.2	8.3
	20	Of which the standardised approach	103.6	90.2	8.3
	29	Total	565.5	491.2	45.2

Table 10: EU OV1 additional - Overview of RWAs by exposure class

Exposure classes (£'m)		JPMAMIL		JPMAMUK	
		RWA	Capital requirement	RWA	Capital requirement
1	Central governments or central banks	5.9	0.5	4.3	0.3
2	Regional governments or local authorities	—	—	0.5	—
3	Public sector entities	1.8	0.1	—	—
6	Institutions	380.1	30.4	109.2	8.7
7	Corporates	1,782.2	142.6	315.6	25.2
11	Items associated with particularly high risk categories	455.7	36.5	24.5	2.0
14	Collective investments undertakings (CIU)	679.3	54.3	7.8	0.6
16	Other exposures	7.9	0.6	—	—
17	Total	3,312.9	265.0	461.9	36.9

6. Exposure to Counterparty Credit Risk (Article 439)

Internal Capital and Credit Limits for Counterparty Credit Exposures

JPMAMIL

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

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

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 where the potential exposure at default on a transaction is highly related to the counterparty's credit quality. JPMAMIL's usage of OTC derivatives is generally for hedging purposes, and therefore wrong way risk is limited.

Impact of Credit Rating Downgrade

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

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. Counterparty credit risk exposures are calculated under the standardised approaches set out in the CRR. All derivative exposures are calculated using the Mark to Market method (CRR Article 274)

Table 11: EU CCR5-A - Impact of netting and collateral held on exposure values for JPMAMIL

The table below shows the outstanding exposure:

As at 31st Dec 2020 (£'m)	Gross Positive Fair value of contracts	Potential future credit exposures	Netting benefits	Net current credit exposure	Collateral held	Net credit exposure
Mark to market method	15.6	39.7	—	55.3	8.0	63.3

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

As at 31st Dec 2020 (£'m)	Mark to market approach
Foreign exchange contracts	24.1
Credit derivative contracts	17.5
Equity contracts	13.7
	55.3

Table 12: EU CCR5-A - Impact of netting and collateral held on exposure values for JPMAMUK

The table below shows the outstanding exposure:

As at 31st Dec 2020 (£'m)	Gross Positive Fair value of contracts	Potential future credit exposures	Netting benefits	Net current credit exposure	Collateral held	Net credit exposure
Mark to market method	—	1.1	—	1.1	—	1.1

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

As at 31st Dec 2020 (£'m)	Mark to market approach
Foreign exchange contracts	1.1
	1.1

7. Credit Risk Adjustments (Article 442)

Definitions

The following definitions are used for accounting purposes:

- Impairment of financial assets: Impairment losses on loans and receivables are measured as the difference between the financial assets carrying amount and the present value of the estimated future cash flows discounted at the financial asset's effective interest rate.
- Impairment of non-financial assets: An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).
- Past due: A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Credit Risk Exposures

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

JPMAMIL reverses any specific provisions for doubtful debts and include any impaired exposures in the calculation of the credit risk capital requirement to ensure conservative treatment.

As at 31 December 2020 no general specific risk adjustments or specific credit risk adjustments were applied to the calculation of the credit risk capital requirement.

Credit Risk Exposure before Credit Risk Mitigation

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

JPMAMIL reverses any specific provisions for doubtful debts and include any impaired exposures in the calculation of the credit risk capital requirement to ensure conservative treatment.

As at 31 December 2020 no general risk adjustments or specific credit risk adjustments were applied to the calculation of the credit risk capital requirement.

Table 13: EU CRB-B - Total and average net amount of exposures

		JPMAMIL		JPMAM UK	
		Net exposure at the end of the period	Average net exposure over the period	Net exposure at the end of the period	Average net exposure over the period
16	Central governments or central banks	19.1	17.2	16.9	15.5
17	Regional governments or local authorities	—	—	2.4	2.7
18	Public sector entities	8.4	7.7	—	—
21	Institutions	1,748.7	1,717.4	543.2	472.9
22	Corporates	1,788.1	1,982.1	318.4	294.2
29	Items associated with particularly high risk	284.5	270.0	16.3	14.5
32	Collective investments undertakings (CIU)	679.3	708.9	7.8	7.7
34	Other exposures	7.9	9.2	—	—
36	Total SA	4,536.0	4,712.5	905.0	807.5
37	Total	4,536.0	4,712.5	905.0	807.5

Credit Risk Exposure after Credit Risk Mitigation

As mentioned above JPMAMIL reverses any specific provisions for doubtful debts and include any impaired exposures in the calculation of the credit risk capital requirement to ensure conservative treatment.

As at 31 December 2020 no general risk adjustments or specific credit risk adjustments were applied to the calculation of the credit risk capital requirement therefore exposure will be the same as reported above.

Geographical Location of Exposures

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

Table 14: EU CRB-C - Geographical breakdown of exposures for JPMAMIL

		United Kingdom	Luxembourg	Other European	United States	Asia	Rest of the World	Total
16	Central Governments or central banks	0.8	—	—	1.1	12.7	4.5	19.1
18	Public sector entities	2.4	3.3	2.7	—	—	—	8.4
21	Institutions	1,532.8	72.8	99.6	17.8	15.0	10.7	1,748.7
22	Corporates	118.0	1,112.2	83.7	424.6	14.5	35.1	1,788.1
29	Items associated with particularly high risk	271.5	10.4	1.0	1.5	—	0.1	284.5
32	Collective investment undertakings (CIU)	675.3	4.0	—	—	—	—	679.3
34	Other exposures	7.9	—	—	—	—	—	7.9
36	Total SA approach	2,608.7	1,202.7	187.0	445.0	42.2	50.4	4,536.0
37	Total	2,608.7	1,202.7	187.0	445.0	42.2	50.4	4,536.0

Table 15: EU CRB-C - Geographical breakdown of exposures for JPMAMUK

		United Kingdom	Luxembourg	Other European	United States	Asia	Rest of the World	Total
16	Central Governments or central banks	0.6	—	—	0.6	9.8	5.9	16.9
17	Regional governments or local authorities	2.4	—	—	—	—	—	2.4
21	Institutions	541.6	0.2	0.2	0.2	0.4	0.6	543.2
22	Corporates	32.9	11.2	33.4	196.2	11.1	33.6	318.4
29	Items associated with particularly high risk	15.4	—	0.4	0.5	—	—	16.3
32	Collective investment undertakings (CIU)	7.8	—	—	—	—	—	7.8
36	Total SA approach	600.7	11.4	34.0	197.5	21.3	40.1	905.0
37	Total	600.7	11.4	34.0	197.5	21.3	40.1	905.0

Industry Analysis of Credit Exposures

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

Table 16: EU CRB-D - Concentration of exposures by industry or counterparty types for JPMAMIL

		Banks	Mutual Funds	Other	Total
16	Central Governments or central banks	19.1	—	—	19.1
18	Public sector entities	—	—	8.4	8.4
21	Institutions	1,748.7	—	—	1,748.7
22	Corporates	—	139.1	1,649.0	1,788.1
29	Items associated with particularly high risk	—	117.0	167.5	284.5
32	Collective investment undertakings (CIU)	—	679.3	—	679.3
35	Others (Residual Exposure)	—	—	7.9	7.9
36	Total SA approach	1,767.8	935.4	1,832.8	4,536.0
37	Total	1,767.8	935.4	1,832.8	4,536.0

Table 17: EU CRB-D - Concentration of exposures by industry or counterparty types for JPMAMUK

		Banks	Mutual Funds	Other	Total
16	Central Governments or central banks	16.9	—	—	16.9
17	Regional governments or local authorities	—	—	2.4	2.4
21	Institutions	543.2	—	—	543.2
22	Corporates	—	—	318.4	318.4
29	Items associated with particularly high risk	—	—	16.3	16.3
32	Collective investment undertakings (CIU)	—	7.8	—	7.8
36	Total SA approach	560.1	7.8	337.1	905.0
37	Total	560.1	7.8	337.1	905.0

Table 18 : Breakdown of past due and impaired assets by exposure class for JPMAMIL

		Past Due*	Impaired	Total
16	Central Governments or central banks	3.0	1.2	4.2
21	Institutions	0.1	—	0.1
22	Corporates	32.6	0.3	32.9
29	Items associated with particularly high risk	1.2	—	1.2
36	Total SA approach	36.9	1.5	38.4
37	Total	36.9	1.5	38.4

* balances over 60 days have been classed as past due

Table 19: Breakdown of past due and impaired assets by exposure class for JPMAMUK

		Past Due*	Impaired	Total
16	Central Governments or central banks	(0.6)	1.2	0.6
22	Corporates	7.2	0.3	7.5
29	Items associated with particularly high risk	1.8	—	1.8
36	Total SA approach	8.4	1.5	9.9
37	Total	8.4	1.5	9.9

* balances over 60 days have been classed as past due

Table 20: Breakdown of past due and impaired assets by geographical location for JPMAMIL

	United Kingdom	Luxembourg	Other European	United States	Asia	Rest of the World	Total
Past due*	19.0	3.1	5.9	3.9	3.3	1.7	36.9
Impaired	0.1	—	—	—	1.2	0.2	1.5
Total	19.1	3.1	5.9	3.9	4.5	1.9	38.4

* balances over 60 days have been classed as past due

Table 21: Breakdown of past due and impaired assets by geographical location for JPMAMUK

	United Kingdom	Luxembourg	Other European	United States	Asia	Rest of the World	Total
Past due*	2.4	0.4	1.8	3.0	0.3	0.5	8.4
Impaired	0.1	—	—	—	1.2	0.2	1.5
Total	2.5	0.4	1.8	3.0	1.5	0.7	9.9

* balances over 60 days have been classed as past due

Table 22: Reconciliation of changes in the specific and general credit risk adjustments

	JPMAMIL*	JPMAMUK
Opening balance - 1 January 2020	0.5	0.5
Exchange and other adjustments	—	—
Recoveries	—	—
Amounts charged against profit	1.0	1.0
Closing balance - 31 December 2020	1.5	1.5

* JPMAMIL has reversed any specific provisions for doubtful debts and included these exposures in the calculation credit risk capital requirement

Residual Maturity Analysis of Credit Risk Exposures

The tables below show exposures 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 23: EU CRB-E - Maturity of exposures for JPMAMIL

Exposure class (£'m)		Net exposures					Total
		On Demand	< = 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	
16	Central Governments or central banks	—	19.1	—	—	—	19.1
18	Public sector entities	—	8.4	—	—	—	8.4
21	Institutions	1,523.7	225.0	—	—	—	1,748.7
22	Corporates	—	1,756.1	31.0	1.0	—	1,788.1
29	Items associated with particularly high risk	—	202.5	16.2	65.8	—	284.5
32	Collective investment undertakings (CIU)	—	679.3	—	—	—	679.3
34	Other exposures	—	7.9	—	—	—	7.9
36	Total standardised approach	1,523.7	2,898.3	47.2	66.8	—	4,536.0
37	Total	1,523.7	2,898.3	47.2	66.8	—	4,536.0

Table 24: EU CRB-E - Maturity of exposures for JPMAMUK

Exposure class (GBP £'m)		Net exposures					Total
		On Demand	< = 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	
16	Central Governments or central banks	—	16.9	—	—	—	16.9
17	Regional governments or local authorities	—	2.4	—	—	—	2.4
21	Institutions	427.0	116.2	—	—	—	543.2
22	Corporates	—	318.4	—	—	—	318.4
29	Items associated with particularly high risk	—	16.3	—	—	—	16.3
32	Collective investment undertakings (CIU)	—	7.8	—	—	—	7.8
36	Total standardised approach	427.0	478.0	—	—	—	905.0
37	Total	427.0	478.0	—	—	—	905.0

Credit Quality Analysis of Credit Exposures

Table 25: EU CR1-A - Credit quality of exposures by exposure class and instrument for JPMAMIL

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
		Defaulted exposures	Non-defaulted exposures					(a+b-c-d-e)
16	Central governments or central banks	—	19.1	—	—	—	—	19.1
18	Public sector entities	—	8.4	—	—	—	—	8.4
21	Institutions	—	1,748.7	—	—	—	—	1,748.7
22	Corporates	—	1,788.1	—	—	—	—	1,788.1
29	Items associated with particularly high risk	—	284.5	—	—	—	—	284.5
32	Collective investments undertakings	—	679.3	—	—	—	—	679.3
34	Other exposures	—	7.9	—	—	—	—	7.9
36	Total standardised approach	—	4,536.0	—	—	—	—	4,536.0
37	Total	—	4,536.0	—	—	—	—	4,536.0
38	<i>Of which:</i> Loans	—	1,625.3	—	—	—	—	1,625.3
40	<i>Of which:</i> Off-balance-sheet exposures	—	109.2	—	—	—	—	109.2

Table 26: EU CR1-A - Credit quality of exposures by exposure class and instrument for JPMAMUK

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
		Defaulted exposures	Non-defaulted exposures					(a+b-c-d-e)
16	Central governments or central banks	—	16.9	—	—	—	—	16.9
17	Regional governments or local authorities	—	2.4	—	—	—	—	2.4
21	Institutions	—	543.2	—	—	—	—	543.2
22	Corporates	—	318.4	—	—	—	—	318.4
29	Items associated with particularly high risk	—	16.3	—	—	—	—	16.3
32	Collective investments undertakings	—	7.8	—	—	—	—	7.8
36	Total standardised approach	—	905.0	—	—	—	—	905.0
37	Total	—	905.0	—	—	—	—	905.0
38	<i>Of which: Loans</i>	—	528.7	—	—	—	—	528.7

Table 27: EU CR1-B - Credit quality of exposures by industry or counterparty types for JPMAMIL

Industry sector (£'m)		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net Values
		Defaulted exposures	Non-defaulted exposures					(a+b-c-d-e)
1	Banks	—	1,767.8	—	—	—	—	1,767.8
2	Mutual Funds	—	935.4	—	—	—	—	935.4
3	Other	—	1,832.8	—	—	—	—	1,832.8
12	Total	—	4,536.0	—	—	—	—	4,536.0

Table 28: EU CR1-B - Credit quality of exposures by industry or counterparty types for JPMAMUK

Industry sector (£'m)		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net Values
		Defaulted exposures	Non-defaulted exposures					(a+b-c-d-e)
1	Banks	—	560.1	—	—	—	—	560.1
2	Mutual Funds	—	7.8	—	—	—	—	7.8
3	Other	—	337.1	—	—	—	—	337.1
12	Total	—	905.0	—	—	—	—	905.0

Geographical Location of Exposures

Table 29: EU CR1-C - Credit quality of exposures by geography for JPMAMIL

Country (£'m)		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net Values
		Defaulted exposures	Non-defaulted exposures					(a+b-c-d-e)
1	EMEA	—	3,998.4	—	—	—	—	3,998.4
2	United Kingdom	—	2,608.7	—	—	—	—	2,608.7
3	Luxembourg	—	1,202.7	—	—	—	—	1,202.7
4	Other Countries in EMEA (Residual Exposure)	—	187.0	—	—	—	—	187.0
5	APAC	—	42.2	—	—	—	—	42.2
6	Hong Kong	—	8.4	—	—	—	—	8.4
7	Japan	—	4.0	—	—	—	—	4.0
8	Singapore	—	15.4	—	—	—	—	15.4
10	Other APAC	—	14.4	—	—	—	—	14.4
11	AMERICA	—	445.0	—	—	—	—	445.0
12	United States of America	—	445.0	—	—	—	—	445.0
13	Other Geographical Areas	—	50.4	—	—	—	—	50.4
14	Total	—	4,536.0	—	—	—	—	4,536.0

Table 30: EU CR1-C - Credit quality of exposures by geography for JPMAMUK

Country (£'m)		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net Values
		Defaulted exposures	Non-defaulted exposures					(a+b-c-d-e)
1	EMEA	—	646.1	—	—	—	—	646.1
2	United Kingdom	—	600.7	—	—	—	—	600.7
3	Luxembourg	—	11.4	—	—	—	—	11.4
4	Other Countries in EMEA (Residual Exposure)	—	34.0	—	—	—	—	34.0
5	APAC	—	21.3	—	—	—	—	21.3
6	Taiwan	—	4.0	—	—	—	—	4.0
7	Singapore	—	9.1	—	—	—	—	9.1
8	China	—	1.3	—	—	—	—	1.3
10	Other APAC	—	6.9	—	—	—	—	6.9
11	AMERICA	—	197.5	—	—	—	—	197.5
12	United States of America	—	197.5	—	—	—	—	197.5
13	Other Geographical Areas	—	40.1	—	—	—	—	40.1
14	Total	—	905.0	—	—	—	—	905.0

8. Unencumbered Assets (Article 443)

Table 31: Template A - Assets

		Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
		010	040	060	090
10	Assets of the reporting institution	46.7		4,772.9	
20	Loans on demand	2.9	—	1,575.0	—
30	Equity instruments	—	—	870.7	—
40	Debt securities	—	—	—	—
120	Other assets	44.3		2,240.4	

Table 32: Template B - Collateral received

		Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
		010	040
130	Collateral received by the reporting institution	—	—
140	Loans on demand	—	—
150	Equity instruments	—	—
160	Debt securities	—	—
230	Other collateral received	—	—
240	Own debt securities issued other than own covered bonds or ABSs	—	—

Table 33: Template C - Encumbered assets/collateral received and associated liabilities

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
		010	030
10	Carrying amount of selected financial liabilities	14.7	44.3

Template D - Information on importance of encumbrance

The above disclosure represents the computed median values of the four quarters between 31 December 2019 and 31 December 2020, in accordance with the European Banking Authority Guidelines EBA/GL/2014/03 on the disclosure of encumbered and unencumbered assets. Asset encumbrance for JPMorgan Asset Management International Limited (JPMAMIL) is almost wholly driven by the subsidiary JPMorgan Asset Management International Limited (Solo) whose source of encumbrance is derivative activity. The use of asset encumbrance has been relatively stable over time with types of assets remaining consistent. All collateral has been placed with affiliate entities outside the JPMAMIL regulatory consolidation group. The “other assets” balance is not considered available for encumbrance. Assets and collateral have been determined as encumbered consistent with the definition provided in the EBA Guidelines on the Disclosure of Encumbered assets (EBA GL/2014/03). Assets are considered encumbered when they have been pledged or used to secure, collateralise or credit enhance a transaction which impacts their transferability and free use. The JPMAMIL group primarily adopts standard collateral agreements and collateralises at appropriate levels based on industry standard contractual agreements. Transactions are not generally overcollateralised.

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

ECAs and Exposure Classes

Under the Standardised approach, RWA are calculated using credit ratings assigned by External Credit Assessment Institutions (“ECAI”). The firm applies the standard ECAI ratings to risk weight mappings provided by the EBA.

JPMAMIL uses the following ECAs to determine risk weights for this purpose:

- Moody’s;
- Standard & Poor’s (“S&P”)

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

- Central governments and central banks
- Public sector entities
- Regional Government & Local authorities
- Institutions
- Corporates
- Collective investment undertakings
- Equity
- Equity Investment
- High risk items
- Other Items

Exposures at Default by Risk Weights

Credit Risk Exposure at Default Pre-Credit Risk Mitigation

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

Table 34: EU CR5 - Standardised approach for JPMAMIL (pre CRM)

Exposure class		Risk weight								Total	Of which unrated
		0%	20%	50%	100%	150%	250%	Others	Deducted		
1	Central governments or central banks	7.8	2.8	7.1	1.4	—	—	—	—	19.1	19.1
3	Public sector entities	—	8.2	—	0.2	—	—	—	—	8.4	8.4
6	Institutions	—	1,710.7	0.1	37.9	—	—	—	—	1,748.7	83.7
7	Corporates	—	5.3	2.5	1,779.7	0.6	—	—	—	1,788.1	1,778.8
11	Higher-risk categories	—	—	—	—	256.1	28.4	—	—	284.5	284.4
14	Collective investment undertakings	—	—	—	679.3	—	—	—	—	679.3	679.3
16	Other items	—	—	—	7.9	—	—	—	—	7.9	7.9
17	Total	7.8	1,727.0	9.7	2,506.4	256.7	28.4	—	—	4,536.0	2,861.6

Table 35: EU CR5 - Standardised approach for JPMAMUK (pre CRM)

Exposure class		Risk weight								Total	Of which unrated
		0%	20%	50%	100%	150%	250%	Others	Deducted		
1	Central governments or central banks	7.0	4.4	4.1	1.4	—	—	—	—	16.9	16.9
2	Regional government or local authorities	—	2.4	—	—	—	—	—	—	2.4	2.4
6	Institutions	—	542.6	—	0.6	—	—	—	—	543.2	11.3
7	Corporates	—	2.8	1.8	313.2	0.6	—	—	—	318.4	312.8
11	Higher-risk categories	—	—	—	—	16.3	—	—	—	16.3	16.3
14	Collective investment undertakings	—	—	—	7.8	—	—	—	—	7.8	7.8
17	Total	7.0	552.2	5.9	323.0	16.9	—	—	—	905.0	367.5

Table 36: EU CR5 - Standardised approach for JPMAMIL (pre-CRM)

Exposure classes									Total
		1	2	3	4	5	6	Unrated	
1	Central governments or central banks	—	—	—	—	—	—	19.1	19.1
3	Public sector entities	—	—	—	—	—	—	8.4	8.4
6	Institutions	84.8	1,564.6	15.6	—	—	—	83.7	1,748.7
7	Corporates	5.3	2.5	1.0	—	—	0.6	1,778.7	1,788.1
11	Higher-risk categories	—	—	—	—	—	—	284.5	284.5
14	Collective investment undertakings	—	—	—	—	—	—	679.3	679.3
16	Other items	—	—	—	—	—	—	7.9	7.9
17	Total	90.1	1,567.1	16.6	—	—	0.6	2,861.6	4,536.0

Table 37: EU CR5 - Standardised approach for JPMAMUK (pre-CRM)

Exposure classes									Total
		1	2	3	4	5	6	Unrated	
1	Central governments or central banks	—	—	—	—	—	—	16.9	16.9
2	Regional government or local authorities	—	—	—	—	—	—	2.4	2.4
6	Institutions	0.4	531.5	—	—	—	—	11.3	543.2
7	Corporates	2.8	1.8	0.4	—	—	0.6	312.8	318.4
11	Higher-risk categories	—	—	—	—	—	—	16.3	16.3
14	Collective investment undertakings	—	—	—	—	—	—	7.8	7.8
17	Total	3.2	533.3	0.4	—	—	0.6	367.5	905.0

10. Exposure to Market Risk (Article 445)

Market risk is the exposure to an adverse change in the market value of financial instruments caused by a change in market parameters.

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

On a solo entity level, the mismatch between the cost of the subsidiary in the parent's accounts and the subsidiary's net value in the subsidiary's own books results in market risk capital requirements. However, when considering JPMAMIL as a single undertaking and applying the market risk capital requirement to the group on a consolidated basis, all such mismatches would be eliminated. The remaining exposure will be a result of any unhedged FX positions on the balance sheet. This approach is applied for the Pillar 2 market risk calculation.

In addition to its exposure to foreign exchange risk JPMAMIL also has no exposure to commodity risk. The capital requirement for commodity risk is calculated in accordance with the 'simplified approach' outlined in article 360 of the EU CRR.

Business Overview

- JPMAMIL does not have a trading book and does not pursue market risk as a way of earning additional shareholder returns.
- The companies in the JPMAMIL group do not pursue market risk as a way of earning additional shareholder returns.
- JPMAMIL uses forward FX contracts to manage certain foreign currency exposures in respect of its balance sheet.
- Investments in subsidiaries are hedged at net US GAAP book value of the subsidiary in the subsidiary's functional currency.

Market Risk Management

The companies in the JPMAMIL group do not pursue market risk as a way of earning additional shareholder returns. All exposures subject to market risk must comply with the Firmwide Market Risk Management policy. Positions are marked to market and monitored by Finance.

Table 38: EU MR1 - Market risk under the standardised approach

		JPMAMIL		JPMAMUK	
		RWA	Capital requirements	RWAs	Capital requirements
	Outright products				
3	Foreign exchange risk	801.5	64.1	103.6	8.3
9	Total	801.5	64.1	103.6	8.3

11. Operational Risk (Article 446)

Pillar 1

Under the rules for a limited licence Firm, there is no Pillar 1 operational risk requirement for JPMAMIL, or JPMAMUK.

Pillar 2

JPMAMIL use an internal approach to calculate operational risk capital under Pillar 2 leveraging an operational risk scenario analysis framework. Operational risk scenarios focus on exceptional but plausible operational risk events which may or may not have previously impacted JPMAMIL. Such operational risk events result from inadequate or failed internal processes or systems, human factors, or due to external events. They include legal risk and regulatory fines and exclude business strategy and reputational risk. The scenario analysis process is an important tool for assessing the operational risk exposure, thereby providing a forward looking view to the Board and senior management of potential future losses based on the risk profile of JPMAMIL. The Pillar 2 operational risk capital requirement for JPMAMIL is set as the two largest high severity losses.

12. Non Trading Book Equity Investments (Article 447)

Seed capital

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

Co-investment

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

Other collective investment undertakings

- Deferred compensation hedge positions - the Group recognises a liability relating to deferred incentive compensation for certain employees, which tracks the performance of specific funds. In order to hedge the associated liabilities, purchases of units in these funds are executed to materially offset profit or loss generated from the movement in the fair value of the liability. To optimize hedging efficiency, JPMAMIL reviews its seed capital assets, MIP assets and MIP liabilities on a net basis. Contingent on the net exposures to major market indices, JPMAMIL holds both long and short futures contracts and credit derivatives to hedge the market risk associated with these net positions.

All exposures are marked to market.

Value of Investments

The table below shows the balance sheet value of investments in JPMAMIL undertakings as at 31st December 2020.

Table 39: Balance Sheet Value of Investments

As at 31 Dec 2020 (£'m)	JPMAMIL	JPMAMUK
Fair value of equity exposures recognised on the balance sheet		
Exchange Traded*	438.2	14.3
Private Equity	0.6	—
Other investment undertaking	330.9	7.8
Total	769.7	22.1
Cumulative realised gain or (losses) arising from sales and liquidations for the period	(20.1)	0.4
Unrealised gains and (losses)		
Total gains or (losses)	38.9	2.7
Amount included in CET1	140.8	4.1
Latent revaluation gains/(losses)		
Total gains/losses	—	100.7
Amount included in CET1	—	—

*Includes ETF funds

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

Definition

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

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

Firmwide approach to Interest Rate Risk in the Banking Book

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

Measures to manage IRR at firmwide level are:

Earnings-at-risk: Primary measure used to gauge the Firm's shorter term IRR exposure which measures the sensitivity of pre-tax income to changes in interest rates over rolling 12 months compared to base scenario.

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.

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

Sensitivity of the banking book to interest rate changes

Should interest rates rise by 200bps, the effect on profit and loss of JPMAMIL as at 31 December 2020 is £35.6m. Should interest rates fall by 200bps, the effect on the profit and loss of JPMAMIL as at 31 December 2020 is -£34.8m. The JPMAMIL Board does not consider this impact to be material to the consolidated regulatory position of the group.

14. Remuneration (Article 450)

Background

This section sets out the remuneration disclosures required under Article 450 of the Capital Requirements Regulation (the “**CRR**”)¹ in relation to the UK Entities, and in respect of the remuneration period (“**Performance Year**”) ending 31 December 2020.

The Group is 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.

This section 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

As part of the Firm, the Group applies J.P. Morgan’s global compensation philosophy and pay practices. The qualitative remuneration disclosures required under Paragraphs 1(a) – (f) of Article 450 CRR for all employees of the Firm’s subsidiaries and branches located in EMEA, including staff of the Group, is available in the most recent EMEA Remuneration Policy Disclosure at:

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

Additional qualitative disclosures specific to the Group

The Group complied with the applicable remuneration requirements of the Capital Requirements Directive (“**CRD IV**”)², as implemented in the Financial Conduct Authority Handbook (the “**Remuneration Rules**”). The following additional disclosures should therefore be read in conjunction with the EMEA Remuneration Policy Disclosure:

- In the 2018 Performance Year, JPMAMIL established a Remuneration Committee (“**RemCo**”) formed of relevant non-executive members of the Boards of the Group Entities.
- The RemCo reviews the remuneration policy applicable to the Group (the “**Remuneration Policy**”) on an annual basis, recommends it to the relevant Boards for adoption, and oversees its implementation. The Boards last reviewed and adopted the Remuneration Policy that applied for the 2020 Performance Year in June 2020 with no material changes and were satisfied with its implementation.
- The Group undertakes an annual review of its staff against the qualitative and quantitative criteria set out in the European Banking Authority’s relevant Regulatory Technical Standard to identify those roles which could potentially have a material impact on the risk profile of the Group (“**CRD IV Identified Staff**”). A description of the types of employees considered as material risk takers is set out in the EMEA Remuneration Policy Disclosure. This CRD IV Identified Staff group is reviewed on an ongoing basis and Identified Staff are notified of their status and the impact on their remuneration structure.
- The Group’s Risk and Compliance functions are involved in the review of the Remuneration Policy, including reviewing the Company’s approach to the designation of its Identified Staff. The Internal Audit function performs a central and independent review of the implementation of the Remuneration Policy on an annual basis, and relevant findings are reported to the JPMAMIL Board.

¹ Regulation (EU) No. 575 / 2013

² Directive 2013/36/EU

- The Group is considered to be in “proportionality level three” under the FCA’s ‘General Guidance on Proportionality’³. The Group considers it appropriate to dis-apply the rules on retained shares, deferral, performance adjustment and, where appropriate, the specific ratio between fixed and variable components of total remuneration on the basis that:
 - the Firmwide compensation structure includes appropriate levels of deferral, payment in non-cash instruments, and malus and clawback provisions (as set out in the EMEA Remuneration Policy Disclosure) which it considers to be consistent with and promote effective risk management; and
 - relevant subsidiaries in the Group also comply with the applicable remuneration requirements of the Alternative Investment Fund Manager Directive (“AIFMD”), the UCITS V Directive and the Solvency II Directive.

Quantitative Disclosures

The following aggregate quantitative disclosures relate to the Group’s CRD IV Identified Staff, being those staff whose professional activities have a material impact on the Group’s risk profile, as described above.

In preparation of these disclosures, the Group has taken into account its size, internal organisation and the nature, scope and complexity of its activities.

Table 40: Total Compensation by Business Area

In £'k	Total Compensation 2020
Management Body *	4,909
Senior Management	27,394
Other CRD IV identified staff	
Asset Management	83,131
Independent Control Functions	2,504
Total	117,938

* Includes both Executive and Non-Executive members of the Board

Table 41: Breakdown of Total Compensation

In £'k	Fixed Compensation	Variable Compensation	Number of beneficiaries
CRD IV Identified Staff	31,221	86,717	104

³ FCA FG 17/6 (‘The IFPRU Remuneration Code (SYSC19A) - General Guidance on Proportionality’)

15. Use of Credit Risk Mitigation Techniques (Article 453)

As at 31 December 2020, no financial collateral or guarantees were applied to the credit risk exposure under the standardised approach by JPMAMIL or JPMAMUK.

16. Disclosures Not Applicable to the UK Entities

The following Articles of CRR are not applicable as at December 31, 2020:

- Capital buffers (Art. 440);
- Indicators of global systemic importance (Art. 441);
- Exposure to securitisation positions (Art. 449);
- Leverage (Art 451);
- Use of the IRB Approach to credit risk (Art. 452); and
- Use of Internal Market Risk Models (Art. 455).

17. Glossary of Acronyms

AT1	Additional Tier 1
AuM	Assets under Management
BRC	Board Risk Committee
CCAR	Comprehensive Capital Analysis and Review
CCOR	Compliance, Conduct and Operational Risk
CEO	Chief Executive officer
CET1	Common Equity Tier 1
CIO	Chief Investment Office
COO	Chief Operations Officer
CQS	Credit Quality Step
CRD	Capital Requirements Directive
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
EBA	European Banking Authority
ECAI	External Credit Assessment Institutions
EMEA	Europe, Middle East and Africa
FCA	Financial Conduct Authority
FRC	Firmwide Risk Committee
FRE	Firm Risk Executive
FRS	Financial Reporting Standard
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
IRM	Independent Risk Management
IRR	Interest Rate Risk
IRRBB	Interest Rate Risk in the Banking Book
ITS	Implementing Technical Standards
JPMAME	JPMorgan Asset Management Europe S.a.r.l
JPMAMIL	J.P. Morgan Asset Management International Limited
JPMAMUK	J.P. Morgan International (UK) Limited
JPMorgan Chase	JPMorgan Chase and Co
LOB	Line of Business
MRGR	Model Risk Governance and Review
ORM	Operational Risk Management
OTC	Over the Counter
P&L	Profit and Loss
RWA	Risk Weighted Assets
S&P	Standard & Poor's
UCITS	Collective Investment in Transferable Securities
VaR	Value-at-Risk