

## 2009 BASEL II PILLAR 3 DISCLOSURES

**J.P.Morgan UK-regulated entities**

## 2009 Basel II Pillar 3 qualitative disclosures

JPMorgan Chase & Co's view is that the full force of Basel II should apply at the consolidated level. It is our belief that the application of Pillar 3 at individual entity level is unduly burdensome and potentially misleading. Our intention is to seek a waiver from individual entity Pillar 3 requirements once we are able to fulfil the requirement of making appropriate public disclosures at Group level. In the interim we have made Pillar 3 disclosures at entity level. These disclosures are not necessarily an accurate reflection of the risk profile of our UK entities. This is because JPMorgan manages its risks on a Line of Business basis. Users are advised that the information should not be used for decision-making purposes.

The Basel II Pillar 3 disclosures included herein are made solely to meet the requirements in the United Kingdom, and relate to the activities of the following UK consolidation groups:

- J.P. Morgan Capital Holdings Limited (primary subsidiaries: J.P. Morgan Securities Ltd., J.P. Morgan Europe Limited and J.P. Morgan plc, and including JPMorgan Cazenove Holdings)
- J.P. Morgan International Bank Limited
- JPMorgan Asset Management International Limited (primary subsidiary: JPMorgan Asset Management (UK) Limited)
- Bear Stearns Holdings Limited (primary subsidiary: JPMorgan Markets Limited)

Pillar 3 disclosures comprise two types:

- Qualitative disclosures relating primarily to risk management practices and
- Quantitative disclosures relating primarily to actual risk exposures

Guidelines provided by the UK Financial Services Authority are that qualitative disclosures were to be made for the first time in 2008, while quantitative disclosures should be made for the first time in 2009.

### Qualitative disclosures applicable to all J.P. Morgan entities globally

J.P.Morgan has published the required qualitative disclosures in the JPMorgan Chase & Co. 2008 Annual Report and more recent quarterly United States Securities and Exchange Commission Form 10-Q filings, which can be accessed via the following links:

[JPMorgan Chase & Co. 2008 Annual Report](#)

[JPMorgan Chase & Co. Form 10-Q: 30 September 2009](#)

### Additional qualitative disclosures applicable only to relevant UK entities

#### *Pillar 1 Operational Risk Capital Requirement*

J.P.Morgan UK entities subject to local capital requirements for operational risk have adopted the Basic Indicator Approach for Pillar 1 purposes.

#### *Nominated ECAs for Pillar 1 Standardised Credit Risk Capital Requirement*

The external credit assessment institutions ("ECAs") used in the determination of credit quality steps are Fitch, Moody's and Standard and Poors. The ratings from each of these ECAs are used for all standardised risk classes.

## Quantitative disclosures

### Capital Resources

As at 31 December 2008, the J.P. Morgan entities in scope had capital resources which were more than the required minimum.

The following table shows capital resources as at 31 December 2008.

### BIPRU 11.5.3 (2), (3), (4) and (5):

#### Tier 1, Tier 2 and Tier 3 Capital Resources

<u>As at 31 Dec 08</u>	<u>Consolidated</u>	<u>Significant Subsidiaries</u>		<u>Consolidated</u>	<u>Consolidated</u>	<u>Consolidated</u>	<u>Significant Subsidiary</u>
	JPMCHL \$MM	JPMSL \$MM	JPMEL \$MM	JPMIB \$MM	JPMML \$MM	JPMAM Int \$MM	JPMAM UK \$MM
<b>Tier 1 Capital</b>							
Called-up share capital	4,069	3,416	1,398	520	629	317	35
Eligible reserves	9,870	3,918	485	-59	1,002	967	148
Minority interests	234	-	-	-	-	-	-
Share premium	4,012	3	-	-	-	-	-
Perpetual non-cumulative preference shares	-	5,153	231	-	322	-	-
Total Tier 1 capital before deductions	18,185	12,490	2,114	461	1,953	1,284	182
<u>Deductions from Tier 1</u>							
Goodwill and other intangible assets	-338	-38	-126	-	-	-248	-
Net losses on equities held in the A-V-S financial asset category	-26	-	-	-	-	-	-
Total deductions from Tier 1	-364	-38	-126	-	-	-	-
<b>Total Tier 1 capital after deductions and restrictions</b>	<b>17,821</b>	<b>12,451</b>	<b>1,988</b>	<b>461</b>	<b>1,953</b>	<b>1,037</b>	<b>182</b>
<b>Tier 2 Capital</b>							
Revaluation reserves	-	-	-	-	-	9	-
Available for sale equity gains	-	-	-	220	-	-	-
Collectively assessed impairment provisions	-	-	-	4	-	-	-

Qualifying subordinated liabilities							
Undated subordinated debt	-	-	-	-	-	-	-
Dated subordinated debt	-	180	-	-	-	433	-
<b>Total Tier 2 capital before deductions</b>	<b>-</b>	<b>180</b>	<b>-</b>	<b>224</b>	<b>976</b>	<b>441</b>	<b>-</b>
<u><i>Deductions from Tier 2</i></u>							
Other deductions	-	-	-	-	-	-	-
<b>Total Tier 2 capital after deductions and restrictions</b>	<b>-</b>	<b>-</b>	<b>1,988</b>	<b>224</b>	<b>976</b>	<b>441</b>	<b>-</b>
<u><i>Regulatory deductions from Tier 1 and Tier 2 capital</i></u>							
Investments not consolidated for supervisory purposes	-	-	-6	-	-	-	-
Investment in subs which are not Material Holdings or Qualifying Holdings	-15	-	-	-	-	-	-
Material holdings deduction	-	-302	-101	-	-	-	-
Connected lending of a capital nature	-612	-	-	-	-	-	-
<b>Total deductions from Tier 1 and Tier 2</b>	<b>-627</b>	<b>-302</b>	<b>-107</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tier 3 Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>2,637</b>	<b>-</b>	<b>-</b>
<b>Deductions from total capital</b>							
Illiquid assets	-	-	-	-	-	-203	-46
<b>Total net capital resources</b>	<b>17,194</b>	<b>12,329</b>	<b>1,881</b>	<b>688</b>	<b>5,566</b>	<b>1,275</b>	<b>137</b>

\* Significant subsidiary but emprises > 99%.

## Minimum Capital Requirements

The below information show the minimum capital requirements for Credit risk, Market risk and Operational risk, using the Standardised approach.

### BIPRU 11.5.4 (2):

#### Minimal Capital Requirements for Credit Risk (Banking Book) under the Standardised Approach

<u>As at 31 Dec 08</u>	<u>Consolidated</u> JPMCHL \$MM	<u>Significant Subsidiaries</u> JPMSL \$MM      JPMEL \$MM		<u>Consolidated</u> JPMIB \$MM	<u>Consolidated</u> JPMML \$MM	<u>Consolidated</u> JPMAM Int \$MM	<u>Significant Subsidiary</u> JPMAM UK \$MM
<b>Credit Risk Exposure: Analysis by Exposure Class</b>							
Central governments or central banks	-	-	-	-	1	-	-
Administrative bodies and non- commercial undertakings	1	-	2	1	-	-	-
Institutions	95	31	89	-	-	-	-
Corporates	97	2	75	120	5	-	-
Short term claims on institutions and corporates	1	-	1	189	-	-	-
Other items	1	1	1	-	18	-	-
<b>Total - Standardised Approach Requirement</b>	<b>195</b>	<b>34</b>	<b>168</b>	<b>310</b>	<b>24</b>	<b>-</b>	<b>-</b>

**BIPRU 11.5.4 (4):****Minimum capital requirements for market risk, counterparty risk and concentration risk**

<b><u>As at 31 Dec 08</u></b>	<b><u>Consolidated</u></b>	<b><u>Significant Subsidiaries</u></b>		<b><u>Consolidated</u></b>	<b><u>Consolidated</u></b>	<b><u>Consolidated</u></b>	<b><u>Significant Subsidiary</u></b>
	JPMCHL \$MM	JPMSL \$MM	JPMEL \$MM	JPMIB \$MM	JPMML \$MM	JPMAM Int \$MM	JPMAM UK \$MM
<b>Market Risk</b>							
CAD 1 Model based PRR	56	56	-	-	24	-	-
Interest rate PRR	1,428	1,415	13	1	13	-	-
Equity PRR	913	889	7	-	23	-	-
Option PRR	74	74	-	-	-	-	-
Collective investment schemes PRR	151	151	-	-	1	-	-
Commodity PRR	197	197	-	-	-	-	-
Foreign exchange PRR	573	534	37	-	25	80	3
<b>Total Market Risk Capital Requirement</b>	<b>3,391</b>	<b>3,315</b>	<b>57</b>	<b>1</b>	<b>86</b>	<b>80</b>	<b>3</b>
Counterparty risk capital component	2,041	2,025	1	62	285	-	-
Concentration risk capital component	348	531	-	10	-	-	-

**BIPRU 11.5.4 (5):****Minimum Capital Requirement for Operational Risk**

<b><u>As at 31 Dec 08</u></b>	<b><u>Consolidated</u></b>	<b><u>Significant Subsidiaries</u></b>		<b><u>Consolidated</u></b>	<b><u>Consolidated</u></b>	<b><u>Consolidated</u></b>	<b><u>Significant Subsidiary</u></b>
	JPMCHL \$MM	JPMSL \$MM	JPMEL \$MM	JPMIB \$MM	JPMML \$MM	JPMAM Int \$MM	JPMAM UK \$MM
Total Operational Risk Capital Requirement (Basic Indicator Approach)	719	462	245	19	134	-	-

## Counterparty (Trading Book) Credit Risk Exposures

The following shows the Counterparty Credit Risk Exposures. There are no such exposures within the Asset Management entities (JPMAM Int and JPMAM UK).

### BIPRU 11.5.7 (5):

#### Counterparty credit exposure

<u>As at 31 Dec 08</u>	<u>Standardised Approach</u>				
	<u>Consolidated</u>	<u>Significant Subsidiaries</u>		<u>Consolidated</u>	<u>Consolidated</u>
	JPMCHL \$MM	JPMSL \$MM	JPMEL \$MM	JPMIB \$MM	JPMML \$MM
Gross Positive Fair Value of Contracts	35,934	35,934	-	1,006	22,628
Potential Future Credit Exposure	9,224	9,172	52	256	3,381
Netting Benefits	24,297	24,297	-	-246	17,370
Netted Current Credit Exposure	20,809	20,809	-	1,016	5,053
Collateral Held	15,557	15,557	-	-155	2,763
Net Derivatives Credit Exposure	13,193	13,141	52	861	5,259

### BIPRU 11.5.7 (7):

#### Notional value of credit derivative contracts held for hedging purposes

<u>As at 31 Dec 08</u>	<u>Consolidated</u>	<u>Significant Subsidiary</u>	<u>Consolidated</u>
	JPMCHL \$MM	JPMSL \$MM	JPMML \$MM
Notional value of credit derivative hedges under the Standardised Approach	21,917	21,917	15,561
<b>Total</b>	<b>21,917</b>	<b>21,917</b>	<b>15,561</b>

**BIPRU 11.5.7 (7):****Counterparty credit exposure analysed by financial contract type**

(Distribution of current credit exposure by types of credit exposure)

	<u>Consolidated</u>	<u>Significant Subsidiaries</u>		<u>Consolidated</u>	<u>Consolidated</u>
	JPMCHL	JPMSL	JPMEL	JPMIB	JPMML
<b>Exposure post CRM under Standardised Approach</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>
<b>Financial Contract Type as at 31 Dec 08</b>					
Interest Rate Contracts	3,092	3,092	-	51	250
Foreign Currency Contracts	962	910	52	310	183
Gold Contracts	-	-	-	-	-
Equities Contracts	3,526	3,526	-	500	4,033
Precious Metal Other than Gold Contracts	-	-	-	-	-
Commodities other than precious Contracts	1,908	1,908	-	-	16
Credit Derivatives	3,706	3,706	-	-	669
Other	-	-	-	-	107
<b>Total</b>	<b>13,193</b>	<b>13,141</b>	<b>52</b>	<b>861</b>	<b>5,259</b>

**BIPRU 11.5.7 (8):****Notional of credit derivative contracts**

This information has not been disclosed as it is deemed confidential information.



## Credit Risk Exposures before Credit Risk Mitigation (CRM)

The following shows the Credit Risk Exposures before the application of credit risk mitigation. In regards to the geographical analysis, the exposures relate to the location in which the customer is based.

### BIPRU 11.5.8 (3):

#### Credit risk exposure under the Standardised approach

##### Consolidated

##### JPMCHL

	Exposure Pre CRM	Average Exposure Pre CRM over the year
<b>As at 31 Dec 08</b>	<b>\$m</b>	<b>\$m</b>
<b>Credit Risk Exposure Class Pre CRM</b>		
Central governments or central banks	2	1
Regional governments or local authorities	3	3
Administrative bodies and non-commercial undertakings	97	107
Institutions	2,350	2,112
Corporates	1,445	2,052
Past due items	5	6
Securitisation positions (Original and Invested)	-	3
Short term claims on institutions and corporates	44	197
Other items	16	318
<b>Total Standardised Approach Credit Risk Exposure</b>	<b>3,962</b>	<b>4,801</b>

##### Significant Subsidiary

##### JPMSL

	Exposure Pre CRM	Average Exposure Pre CRM over the year
<b>As at 31 Dec 08</b>	<b>\$MM</b>	<b>\$MM</b>
<b>Credit Risk Exposure Class Pre CRM</b>		
Institutions	1,205	1,520
Corporates	25	148
Other items	8	7
<b>Total Standardised Approach Credit Risk Exposure</b>	<b>1,238</b>	<b>1,675</b>

**Significant Subsidiary****JPMEL**

	Exposure Pre CRM	Average Exposure Pre CRM over the year
As at 31 Dec 08	\$MM	\$MM
<b>Credit Risk Exposure Class Pre CRM</b>		
Central governments or central banks	2	1
Regional governments or local authorities	3	3
Administrative bodies and non-commercial undertakings	97	107
Institutions	1,145	593
Corporates	1,420	1,904
Past due items	5	6
Securitisation positions (Original and Invested)	-	3
Short term claims on institutions and corporates	44	197
Other items	8	311
<b>Total Standardised Approach Credit Risk Exposure</b>	<b>2,724</b>	<b>3,126</b>

**JPMIB**

	Exposure Pre CRM	Average Exposure Pre CRM over the year
As at 31 Dec 08	\$MM	\$MM
<b>Credit Risk Exposure Class Pre CRM</b>		
Central governments or central banks	338	372
Administrative bodies and non-commercial undertakings	7	5
Institutions	9	10
Corporates	1,516	1,557
Short term claims on institutions and corporates	2,459	2,520
<b>Total Standardised Approach Credit Risk Exposure</b>	<b>4,329</b>	<b>4,464</b>

**JPMML**

	Exposure Pre CRM	Average Exposure Pre CRM over the year
As at 31 Dec 08	\$MM	\$MM
<b>Credit Risk Exposure Class Pre CRM</b>		
Central governments or central banks	11	32
Institutions	-	37
Corporates	62	314
Other items	231	303
<b>Total Standardised Approach Credit Risk Exposure</b>	<b>304</b>	<b>686</b>

**BIPRU 11.5.8 (4):****Geographical analysis of Credit risk exposure under the Standardised approach****Consolidated****JPMCHL**

	United Kingdom	Other European Union	United States	Africa	Asia	Rest of the World	Total
<b><u>As at 31 Dec 08</u></b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<b>Credit Risk Exposure Class Pre CRM</b>							
Central governments or central banks	2	-	-	-	-	-	2
Regional governments or local authorities	-	3	-	-	-	-	3
Administrative bodies and non-commercial undertakings	-	97	-	-	-	-	97
Institutions	502	1,079	375	15	273	105	2,350
Corporates	290	662	219	4	5	265	1,445
Past due items	-	5	-	-	-	-	5
Short term claims on institutions and corporates	27	14	1	-	-	1	44
Other items	13	1	-	-	-	2	16
<b>Total Standardised Approach Credit Risk Exposure</b>	<b>834</b>	<b>1,862</b>	<b>596</b>	<b>18</b>	<b>278</b>	<b>373</b>	<b>3,962</b>

**Significant Subsidiary****JPMSL**

	United Kingdom	Other European Union	United States	Africa	Asia	Rest of the World	Total
<b><u>As at 31 Dec 08</u></b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>
<b>Credit Risk Exposure Class Pre CRM</b>							
Institutions	261	354	197	15	273	105	1,205
Corporates	4	3	5	4	5	5	25
Other items	5	1	-	-	-	2	8
<b>Total Standardised Approach Credit Risk Exposure</b>	<b>270</b>	<b>358</b>	<b>201</b>	<b>18</b>	<b>278</b>	<b>112</b>	<b>1,238</b>

**Significant Subsidiary****JP MEL**

	United Kingdom	Other European Union	United States	Africa	Asia	Rest of the World	Total
<b><u>As at 31 Dec 08</u></b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>
<b>Credit Risk Exposure Class Pre CRM</b>							
Central governments or central banks	2	-	-	-	-	-	2
Regional governments or local authorities	-	3	-	-	-	-	3
Administrative bodies and non-commercial	-	97	-	-	-	-	97

undertakings

Institutions	241	725	179	-	-	-	1,145
Corporates	286	660	215	-	-	260	1,420
Past due items	-	5	-	-	-	-	5
Short term claims on institutions and corporates	27	14	1	-	-	1	44
Other items	8	-	-	-	-	-	8
<b>Total Standardised Approach Credit Risk Exposure</b>	<b>564</b>	<b>1,504</b>	<b>395</b>	<b>-</b>	<b>-</b>	<b>261</b>	<b>2,724</b>

#### JPMIB

	United Kingdom	Other European Union	United States	Africa	Asia	Rest of the World	Total
<b>As at 31 Dec 08</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>
<b>Credit Risk Exposure Class Pre CRM</b>							
Central governments or central banks	-	188	150	-	-	-	338
Administrative bodies and non-commercial undertakings	-	5	-	-	-	2	6
Institutions	-	9	-	-	-	-	9
Corporates	53	356	6	-	-	1,101	1,516
Short term claims on institutions and corporates	187	452	4	-	-	1,816	2,459
<b>Total Standardised Approach Credit Risk Exposure</b>	<b>240</b>	<b>1,010</b>	<b>161</b>	<b>-</b>	<b>-</b>	<b>2,918</b>	<b>4,329</b>

#### JPMML

	United Kingdom	Other European Union	United States	Africa	Asia	Rest of the World	Total
<b>As at 31 Dec 08</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>
<b>Credit Risk Exposure Class Pre CRM</b>							
Central governments or central banks	11	-	-	-	-	-	11
Corporates	-	-	1	-	-	61	62
Other items	22	-	205	-	-	4	231
<b>Total Standardised Approach Credit Risk Exposure</b>	<b>33</b>	<b>-</b>	<b>206</b>	<b>-</b>	<b>-</b>	<b>64</b>	<b>304</b>

**BIPRU 11.5.8 (5):****Industry analysis of Credit risk exposure under the Standardised approach****Consolidated****JPMCHL**

	<b>Banks</b>	<b>Pension Funds</b>	<b>Energy and water</b>	<b>Other</b>	<b>Total</b>
<b>As at 31 Dec 08</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>
<b>Credit Risk Exposure Class Pre CRM</b>					
Central governments or central banks	2	-	-	-	2
Regional governments or local authorities	-	-	-	3	3
Administrative bodies and non-commercial undertakings	-	-	-	97	97
Institutions	2,297	-	-	52	2,350
Corporates	-	-	-	1,445	1,445
Past due items	-	-	-	5	5
Short term claims on institutions and corporates	44	-	-	-	44
Other items	-	-	-	16	16
<b>Total Standardised Approach Credit Risk Exposure</b>	<b>2,343</b>	<b>-</b>	<b>-</b>	<b>1,619</b>	<b>3,962</b>

**Significant Subsidiary****JPMSL**

	<b>Banks</b>	<b>Pension Funds</b>	<b>Energy and water</b>	<b>Other</b>	<b>Total</b>
<b>As at 31 Dec 08</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>
<b>Credit Risk Exposure Class Pre CRM</b>					
Institutions	1,152	-	-	52	1,205
Corporates	-	-	-	25	25
Other items	-	-	-	8	8
<b>Total Standardised Approach Credit Risk Exposure</b>	<b>1,152</b>	<b>-</b>	<b>-</b>	<b>86</b>	<b>1,238</b>

**Significant Subsidiary****JPMEL**

	<b>Banks</b>	<b>Pension Funds</b>	<b>Energy and water</b>	<b>Other</b>	<b>Total</b>
<b>As at 31 Dec 08</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>
<b>Credit Risk Exposure Class Pre CRM</b>					
Central governments or central banks	2	-	-	-	2
Regional governments or local authorities	-	-	-	3	3
Administrative bodies and non-commercial undertakings	-	-	-	97	97
Institutions	1,145	-	-	-	1,145
Corporates	-	-	-	1,420	1,420
Past due items	-	-	-	5	5

Short term claims on institutions and corporates	44	-	-	-	44
Other items	-	-	-	8	8
<b>Total Standardised Approach Credit Risk Exposure</b>	<b>1,191</b>	<b>-</b>	<b>-</b>	<b>1,533</b>	<b>2,724</b>

#### JPMIB

	<b>Banks</b>	<b>Pension Funds</b>	<b>Energy and water</b>	<b>Other</b>	<b>Total</b>
<b>As at 31 Dec 08</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>
<b>Credit Risk Exposure Class Pre CRM</b>					
Central governments or central banks	338	-	-	-	338
Administrative bodies and non-commercial undertakings	-	-	-	6	6
Institutions	-	-	-	9	9
Corporates	-	-	-	1,516	1,516
Short term claims on institutions and corporates	156	-	-	2,303	2,459
<b>Total Standardised Approach Credit Risk Exposure</b>	<b>494</b>	<b>-</b>	<b>-</b>	<b>3,835</b>	<b>4,329</b>

#### JPMML

	<b>Banks</b>	<b>Pension Funds</b>	<b>Energy and water</b>	<b>Other</b>	<b>Total</b>
<b>As at 31 Dec 08</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>
<b>Credit Risk Exposure Class Pre CRM</b>					
Central governments or central banks	11	-	-	-	11
Corporates	62	-	-	-	62
Other items	231	-	-	-	231
<b>Total Standardised Approach Credit Risk Exposure</b>	<b>304</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>304</b>

**BIPRU 11.5.8 (6):****Residual maturity analysis of Credit risk exposure under the Standardised approach****Consolidated****JPMCHL**

	Exposure Pre CRM Standardised Approach Credit Risk Exposure Class						Total
	On demand and qualifying revolving	Under one year	Over one year but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years or undated	
<b>As at 31 Dec 08</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>
<b>Credit Risk Exposure Class Pre CRM</b>							
Central governments or central banks	-	2	-	-	-	-	2
Regional governments or local authorities	-	3	-	-	-	-	3
Administrative bodies and non-commercial undertakings	-	97	-	-	-	-	97
Institutions	889	1,452	-	-	9	-	2,350
Corporates	-	394	276	352	423	-	1,445
Past due items	-	5	-	-	-	-	5
Short term claims on institutions and corporates	-	44	-	-	-	-	44
Other items	-	8	-	-	-	8	16
<b>Total Standardised Approach Credit Risk Exposure</b>	<b>889</b>	<b>2,005</b>	<b>276</b>	<b>352</b>	<b>432</b>	<b>8</b>	<b>3,962</b>

**Significant Subsidiary****JPMSL**

	Exposure Pre CRM Standardised Approach Credit Risk Exposure Class						Total
	On demand and qualifying revolving	Under one year	Over one year but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years or undated	
<b>As at 31 Dec 08</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>
<b>Credit Risk Exposure Class Pre CRM</b>							
Institutions	889	316	-	-	-	-	1,205
Corporates	-	25	-	-	-	-	25
Other items	-	-	-	-	-	8	8
<b>Total Standardised Approach Credit Risk Exposure</b>	<b>889</b>	<b>341</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>1,238</b>

## Significant Subsidiary

### JPMEL

#### Exposure Pre CRM Standardised Approach Credit Risk Exposure Class

	On demand and qualifying revolving	Under one year	Over one year but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years or undated	Total
As at 31 Dec 08	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
<b>Credit Risk Exposure Class Pre CRM</b>							
Central governments or central banks	-	2	-	-	-	-	2
Regional governments or local authorities	-	3	-	-	-	-	3
Administrative bodies and non-commercial undertakings	-	97	-	-	-	-	97
Institutions	-	1,136	-	-	9	-	1,145
Corporates	-	369	276	352	423	-	1,420
Past due items	-	5	-	-	-	-	5
Short term claims on institutions and corporates	-	44	-	-	-	-	44
Other items	-	8	-	-	-	-	8
<b>Total Standardised Approach Credit Risk Exposure</b>	<b>-</b>	<b>1,664</b>	<b>276</b>	<b>352</b>	<b>432</b>	<b>-</b>	<b>2,724</b>

### JPMIB

#### Exposure Pre CRM Standardised Approach Credit Risk Exposure Class

	On demand and qualifying revolving	Under one year	Over one year but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years or undated	Total
As at 31 Dec 08	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
<b>Credit Risk Exposure Class Pre CRM</b>							
Central governments or central banks	150	5	-	-	-	183	338
Administrative bodies and non-commercial undertakings	-	7	-	-	-	-	7
Institutions	-	9	-	-	-	-	9
Corporates	-	1,465	51	-	-	-	1,516
Retail	-	-	-	-	-	-	-
Short term claims on institutions and corporates	-	2,452	-	-	-	7	2,459
<b>Total Standardised Approach Credit Risk Exposure</b>	<b>150</b>	<b>3,937</b>	<b>51</b>	<b>-</b>	<b>-</b>	<b>190</b>	<b>4,329</b>



**JPMML****Exposure Pre CRM Standardised Approach Credit Risk Exposure Class**

	On demand and qualifying revolving	Under one year	Over one year but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years or undated	Total
As at 31 Dec 08	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
<b>Credit Risk Exposure Class Pre CRM</b>							
Central governments or central banks	-	11	-	-	-	-	11
Corporates	62	-	-	-	-	-	62
Other items	77	151	2	-	-	-	231
<b>Total Standardised Approach Credit Risk Exposure</b>	<b>139</b>	<b>163</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>304</b>

**BIPRU 11.5.8 (7):****Industry analysis of impaired and past due exposures and allowance for impairment****JPMIB**

	Impaired exposures	Past Due exposures	Provision
As at 31 Dec 08	\$MM	\$MM	\$MM
Finance	-	-	-
Corporate	-	-	4
Other	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4</b>

**BIPRU 11.5.8 (8):****Geographical analysis of impaired and past due exposures and allowance for impairment****JPMIB**

	Impaired exposures	Past Due exposures	Provision
As at 31 Dec 08	\$MM	\$MM	\$MM
United Kingdom	-	-	4
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4</b>

**BIPRU 11.5.8 (9):****Analysis of movement on impairment and amounts taken directly to the income statement****JPMIB**

Impairment Movement	Provision \$MM
As at 31 Dec 07	4
Acquisitions & Disposals	-
As at 31 Dec 08	4

**BIPRU 11.5.10 (5):**

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

**Credit quality step analysis of Pre CRM exposure and capital deductions under the Standardised Approach****Consolidated****JPMCHL**

Credit Exposure/ Capital Pre CRM	Credit exposure								Capital
	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Deducted from Capital Resources
As at 31 Dec 08	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	3,389	223	42	13	2	-	278	3,948	-
Regional governments or local authorities	438	528	11	13	-	-	1,171	2,161	-
Administrative bodies and non-commercial undertakings	-	-	-	-	-	-	697	697	-
Multilateral development banks	46	-	-	-	-	-	4	50	-
International organisations	20	-	-	-	-	-	-	20	-
Institutions	36,972	7,665	725	28	20	667	15,203	61,280	965
Corporates	1,631	2,156	258	74	43	2,383	23,829	30,375	-
Past due items	-	-	-	-	-	-	5	5	-
Short term claims on institutions and corporates	8	-	-	-	-	-	36	44	-
Other items	-	-	-	-	-	-	16	16	-
<b>Total Standardised Approach Credit Risk Exposure/ Capital</b>	<b>42,505</b>	<b>10,573</b>	<b>1,036</b>	<b>128</b>	<b>65</b>	<b>3,050</b>	<b>41,238</b>	<b>98,595</b>	<b>965</b>

**Significant Subsidiary**

**JPMSL**

Credit Exposure/ Capital Pre CRM	Credit exposure								Capital
	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Deducted from Capital Resources
As at 31 Dec 08	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	3,387	223	42	13	2	-	278	3,946	-
Regional governments or local authorities	436	528	11	13	-	-	1,171	2,158	-
Administrative bodies and non-commercial undertakings	-	-	-	-	-	-	600	600	-
Multilateral development banks	46	-	-	-	-	-	4	50	-
International organisations	20	-	-	-	-	-	-	20	-
Institutions	36,964	7,658	725	28	11	667	14,081	60,135	302
Corporates	1,631	2,068	258	44	43	2,383	22,528	28,955	-
Other items	-	-	-	-	-	-	8	8	38
<b>Total Standardised Approach Credit Risk Exposure/ Capital</b>	<b>42,485</b>	<b>10,477</b>	<b>1,036</b>	<b>99</b>	<b>56</b>	<b>3,050</b>	<b>38,670</b>	<b>95,872</b>	<b>341</b>

**Significant Subsidiary**

**JP MEL**

Credit Exposure/ Capital Pre CRM	Credit exposure								Capital
	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Deducted from Capital Resources
As at 31 Dec 08	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	2	-	-	-	-	-	-	2	-
Regional governments or local authorities	3	-	-	-	-	-	-	3	-
Administrative bodies and non-commercial undertakings	-	-	-	-	-	-	97	97	-
Institutions	7	7	-	0	9	-	1,122	1,145	233
Corporates	-	89	-	30	-	-	1,301	1,420	-
Past due items	-	-	-	-	-	-	5	5	-
Short term claims on institutions and corporates	8	-	-	-	-	-	36	44	-
Other items	-	-	-	-	-	-	8	8	-
<b>Total Standardised Approach Credit Risk Exposure/ Capital</b>	<b>21</b>	<b>96</b>	<b>0</b>	<b>30</b>	<b>9</b>	<b>0</b>	<b>2,568</b>	<b>2,724</b>	<b>233</b>

**JPMIB**

Credit Exposure/ Capital Post CRM	Credit exposure							Capital	
	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Deducted from Capital Resources
As at 31 Dec 08	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	187	-	-	-	-	-	151	338	-
Administrative bodies and non-commercial undertakings	-	-	-	-	-	-	6	6	1
Institutions	-	-	-	-	-	-	9	9	-
Corporates	-	20	-	-	-	-	1,496	1,516	120
Short term claims on institutions and corporates	42	-	23	-	-	-	2,394	2,459	189
<b>Total Standardised Approach Credit Risk Exposure/ Capital</b>	<b>228</b>	<b>20</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,057</b>	<b>4,329</b>	<b>310</b>

**JPMML**

Credit Exposure/ Capital Pre CRM	Credit exposure							Capital	
	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Deducted from Capital Resources
As at 31 Dec 08	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	11	-	-	-	-	-	-	11	-
Corporates	-	-	-	-	-	-	62	62	-
Other items	-	-	-	-	-	-	231	231	-
<b>Total Standardised Approach Credit Risk Exposure/ Capital</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>292</b>	<b>304</b>	<b>-</b>

**BIPRU 11.5.10 (5):****Credit quality step analysis of Post CRM exposure and capital deductions under the Standardised Approach****Consolidated****JPMCHL**

Credit Exposure/ Capital Post CRM	Credit exposure							Capital	
	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Deducted from Capital Resources
	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
<b>As at 31 Dec 08</b>									
Central governments or central banks	2,050	71	8	12	2	-	266	2,409	-
Regional governments or local authorities	382	466	7	3	-	-	271	1,129	-
Administrative bodies and non-commercial undertakings	-	-	-	-	-	-	693	693	-
Multilateral development banks	26	-	-	-	-	-	-	26	-
International organisations	20	-	-	-	-	-	-	20	-
Institutions	13,176	3,275	275	27	19	664	10,597	28,033	965
Corporates	1,392	1,692	118	60	43	2,220	13,786	19,311	-
Past due items	-	-	-	-	-	-	5	5	-
Short term claims on institutions and corporates	8	-	-	-	-	-	36	44	-
Other items	-	-	-	-	-	-	16	16	-
<b>Total Standardised Approach Credit Risk Exposure/ Capital</b>	<b>17,055</b>	<b>5,504</b>	<b>409</b>	<b>101</b>	<b>64</b>	<b>2,884</b>	<b>25,669</b>	<b>51,685</b>	<b>965</b>

**Significant Subsidiary****JPMSL**

Credit Exposure/ Capital Post CRM	Credit exposure							Capital	
	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Deducted from Capital Resources
	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
<b>As at 31 Dec 08</b>									
Central governments or central banks	2,048	71	8	12	2	-	266	2,407	-
Regional governments or local authorities	379	466	7	3	-	-	271	1,126	-
Administrative bodies and non-commercial undertakings	-	-	-	-	-	-	596	596	-
Multilateral development banks	26	-	-	-	-	-	-	26	-
International organisations	20	-	-	-	-	-	-	20	-
Institutions	13,169	3,268	275	27	10	664	9,476	26,888	302

Corporates	1,392	1,603	118	30	43	2,220	12,484	17,891	-
Other items	-	-	-	-	-	-	8	8	38
<b>Total Standardised Approach Credit Risk Exposure/ Capital</b>	<b>17,034</b>	<b>5,408</b>	<b>409</b>	<b>72</b>	<b>55</b>	<b>2,884</b>	<b>23,101</b>	<b>48,962</b>	<b>341</b>

#### Significant Subsidiary

##### JPMEL

#### Credit exposure

#### Capital

Credit Exposure/ Capital Post CRM	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Deducted from Capital Resources
As at 31 Dec 08	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	2	-	-	-	-	-	-	2	-
Regional governments or local authorities	3	-	-	-	-	-	-	3	-
Administrative bodies and non-commercial undertakings	-	-	-	-	-	-	97	97	-
Institutions	7	7	-	-	9	-	1,122	1,145	233
Corporates	-	89	-	30	-	-	656	775	-
Past due items	-	-	-	-	-	-	5	5	-
Short term claims on institutions and corporates	8	-	-	-	-	-	36	44	-
Other items	-	-	-	-	-	-	8	8	-
<b>Total Standardised Approach Credit Risk Exposure/ Capital</b>	<b>21</b>	<b>96</b>	<b>0</b>	<b>30</b>	<b>9</b>	<b>-</b>	<b>1,924</b>	<b>2,079</b>	<b>233</b>

##### JPMIB

#### Credit exposure

#### Capital

Credit Exposure/ Capital Post CRM	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Deducted from Capital Resources
As at 31 Dec 08	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	187	-	-	-	-	-	151	338	-
Administrative bodies and non-commercial undertakings	-	-	-	-	-	-	6	6	1
Institutions	-	-	-	-	-	-	9	9	-
Corporates	-	20	-	-	-	-	1,496	1,516	120
Short term claims on institutions and corporates	42	-	23	-	-	-	2,394	2,459	189
<b>Total Standardised Approach Credit Risk Exposure/ Capital</b>	<b>228</b>	<b>20</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,057</b>	<b>4,329</b>	<b>310</b>

**Significant Subsidiary****JPMML**

Credit Exposure/ Capital Post CRM	Credit exposure							Capital	
	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Deducted from Capital Resources
As at 31 Dec 08	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	-	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	62	62	-
Other items	-	-	-	-	-	-	-	-	-
<b>Total Standardised Approach Credit Risk Exposure/ Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62</b>	<b>62</b>	<b>-</b>

**Non Trading Book exposures in Equities.**

The following shows the exposures in equities in regards to the Non Trading Book.

**BIPRU 11.5.15 (2), (3), (4) and (5):****Consolidated JPMCHL and Significant Subsidiary JPMSL****Fair value of and gains and losses on equity investments**

Non Trading Book Equity Investments	As at 31 Dec 08
<b>Fair Value</b>	<b>\$MM</b>
Exchange Traded	-
Private Equity	-
Other	302 *
<b>Total</b>	<b>302</b>
<b>Cumulative Realised Gains / Losses from Sale and Liquidations of equity investments</b>	-
<b>Unrealised gains/(losses)</b>	
Total Gains or Losses	-
Amount included in Tier 1,2 or 3 Capital	-
<b>Latent Revaluation gains/(losses)</b>	
Total Gains or Losses	-
Amount included in Tier 1,2 or 3 Capital	-

\* 35% investment in J.P.Morgan Chase Finance Ltd.

**Consolidated****JPMAM Int****Fair value of and gains and losses on equity investments****Non Trading Book Equity Investments** **As at 31 Dec 08**

<b>Fair Value</b>	<b>\$MM</b>
Exchange Traded	10
Private Equity	-
Other - Investments in Collective Investment Undertakings	379
<b>Total</b>	<b>389</b>

**Cumulative Realised Gains / Losses from Sale and Liquidations of equity investments** -12

**Unrealised gains/(losses)**

Total Gains or Losses	-80
Amount included in Tier 1,2 or 3 Capital	10

**Latent Revaluation gains/(losses)**

Total Gains or Losses	-
Amount included in Tier 1,2 or 3 Capital	-

**Significant Subsidiary****JPMAM UK****Fair value of and gains and losses on equity investments****Non Trading Book Equity Investments** **As at 31 Dec 08**

<b>Fair Value</b>	<b>\$MM</b>
Exchange Traded	-
Private Equity	-
Other - Investments in Collective Investment Undertakings	30
<b>Total</b>	<b>30</b>

**Cumulative Realised Gains / Losses from Sale and Liquidations of equity investments** -

**Unrealised gains/(losses)**

Total Gains or Losses	-5
Amount included in Tier 1,2 or 3 Capital	3

**Latent Revaluation gains/(losses)**

Total Gains or Losses	-
Amount included in Tier 1,2 or 3 Capital	-



## Non Trading Book exposure to Interest Rate risk.

The following discloses the exposure to interest rate risk in the Non Trading Book.

### BIPRU 11.5.16 (2):

#### Sensitivity of the Banking Book to interest rate changes

##### Consolidated

##### JPMCHL

As at 31 Dec 08	Change in Economic Value of Equity	
	\$MM	\$MM
Currency	+ 200 basis points	- 200 basis points
GBP	206	207
USD	338	340
Euro	549	552
Other	70	70
Total Economic Value of Equity (EVE)	1,163	1,169
Percentage of EVE to Tier 1 and Tier 2 Capital	7%	7%

##### Significant Subsidiary

##### JPMEL

As at 31 Dec 08	Change in Economic Value of Equity	
	\$MM	\$MM
Currency	+ 200 basis points	- 200 basis points
GBP	206	207
USD	336	338
Euro	549	552
Other	70	70
Total Economic Value of Equity (EVE)	1,161	1,167
Percentage of EVE to Tier 1 and Tier 2 Capital	58%	58%

##### JPMIB

As at 31 Dec 08	Change in Economic Value of Equity	
	\$MM	\$MM
Currency	+ 200 basis points	- 200 basis points
GBP	7	7
USD	50	50
Euro	15	15
Other	22	22
Total Economic Value of Equity (EVE)	94	95
Percentage of EVE to Tier 1 and Tier 2 Capital	42%	42%

## Securitisation

The J.P.Morgan entities in scope do not calculate risk weighted exposures in accordance with BIPRU 9. Therefore, disclosure of securitization is not applicable.

## Collateral and Guarantees

The following shows the exposure for assets after collateral and guarantees.

### BIPRU 11.6.5 (6) and (7):

#### Collateral and Guarantees for Standardised Approach

##### Consolidated

##### JPMCHL

	Total Exposure after netting and volatility adjustments covered by Eligible Financial Collateral	Total Exposure after netting and volatility adjustments covered by Other (Non-Financial) Eligible Collateral	Total Exposure - after netting covered by Guarantees and Credit Derivatives
As at 31 Dec 08	\$MM	\$MM	\$MM
<b>Standardised Approach Credit Risk Exposure Class</b>			
Institutions	1,205	1,205	1,205
Corporates	670	25	25
Other items	8	8	8
<b>Total</b>	<b>1,883</b>	<b>1,238</b>	<b>1,238</b>

##### Significant Subsidiary

##### JPMSL

	Total Exposure after netting and volatility adjustments covered by Eligible Financial Collateral	Total Exposure after netting and volatility adjustments covered by Other (Non-Financial) Eligible Collateral	Total Exposure - after netting covered by Guarantees and Credit Derivatives
As at 31 Dec 08	\$MM	\$MM	\$MM
<b>Standardised Approach Credit Risk Exposure Class</b>			
Institutions	1,205	1,205	1,205
Corporates	25	25	25
Other items	8	8	8
<b>Total</b>	<b>1,238</b>	<b>1,238</b>	<b>1,238</b>

**Significant Subsidiary****JPMEL**

	Total Exposure after netting and volatility adjustments covered by Eligible Financial Collateral	Total Exposure after netting and volatility adjustments covered by Other (Non-Financial) Eligible Collateral	Total Exposure - after netting covered by Guarantees and Credit Derivatives
<b>As at 31 Dec 08</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>
<b>Standardised Approach Credit Risk Exposure Class</b>			
Corporates	645	-	-
<b>Total</b>	<b>645</b>	<b>-</b>	<b>-</b>

**JPMIB**

	Total Exposure after netting and volatility adjustments covered by Eligible Financial Collateral	Total Exposure after netting and volatility adjustments covered by Other (Non-Financial) Eligible Collateral	Total Exposure - after netting covered by Guarantees and Credit Derivatives
<b>As at 31 Dec 08</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>
<b>Standardised Approach Credit Risk Exposure Class</b>			
Short term claims on institutions and corporates	-	-	28
<b>Total</b>	<b>-</b>	<b>-</b>	<b>28</b>

**JPMML**

	Total Exposure after netting and volatility adjustments covered by Eligible Financial Collateral	Total Exposure after netting and volatility adjustments covered by Other (Non-Financial) Eligible Collateral	Total Exposure - after netting covered by Guarantees and Credit Derivatives
<b>As at 31 Dec 08</b>	<b>\$MM</b>	<b>\$MM</b>	<b>\$MM</b>
<b>Standardised Approach Credit Risk Exposure Class</b>			
Central governments or central banks	11	-	-
Corporates	-	-	62
Retail	-	-	-
Other items	231	-	-
<b>Total</b>	<b>242</b>	<b>-</b>	<b>62</b>