

## 2008 BASEL II PILLAR 3 DISCLOSURES

J.P.Morgan UK-regulated entities

## 2008 Basel II Pillar 3 qualitative disclosures

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: Bear, Stearns International 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 are to be made for the first time in 2008, while quantitative disclosures are to be made for the first time in 2009. Accordingly, subject to any waiver application which may be made, J.P.Morgan will make quantitative disclosures in respect of the above-mentioned UK consolidation groups during 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. 2007 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. 2007 Annual Report](#)

[JPMorgan Chase & Co. Form 10-Q: 30 September 2008](#)

### 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.