Pillar 3 Disclosure Report as at 31.12.2017

J.P. Morgan Bank (Ireland) plc

30th September 2018

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Pillar 3 Disclosure Report 2017

1. Introduction

Background

The Basel Committee on Banking Supervision published its set of rules on 16 December 2010, referred to as Basel III. The Basel framework consists of a three "Pillar" approach:

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

The transposition of the Basel III framework into European law is in two parts: the Capital Requirements Directive IV (CRD IV/Directive 2013/36/EU) and the Capital Requirements Regulation (CRR/Regulation [EU] Nr. 575/2013). It was published in the Official Journal of the European Union on 27 June 2013. Part 8 of CRR includes additional provisions on regulatory disclosure for credit institutions. Both the Directive and the Regulation are applicable since 1 January 2014.

Aim of the disclosure report

This report provides information on the capital structure, capital adequacy, risk exposures, and risk weighted assets of J.P. Morgan Bank (Ireland) plc and its subsidiaries, J.P. Morgan Administration Services (Ireland) Limited and J.P. Morgan Ireland (Nominees) Limited, hereafter referred to as JPMBI.

This disclosure fulfils the requirements as set out in Part Eight of the CRR, and in the supplementary Implementing Technical Standards and guidelines issued by the European Banking Authority (EBA).1

In accordance with Article 432 CRR and EBA guidelines in EBA/GL/2014/142 on material, proprietary or confidential information, the representations in this report are based on materiality as defined in EBA/GL/2014/14.

The Pillar 3 process outlines:

• The roles and responsibilities in the production of public disclosure
• The annual assessment process requirements for entity scope, disclosure frequency, accuracy and completeness of disclosure, process for omissions on the grounds of materiality, proprietary or confidentiality, and
• The overall governance requirements around disclosures and the processes to compile them.

These disclosures have been prepared in full accordance with the EMEA Pillar 3 Process Document, which itself has been approved at Board level by JPMBI.

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[1] 1 Capital Requirements Regulation (CRR) / Regulation (EU) No. 575/2013
2 EBA /GL/2014/14 Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No. 575/2013 published 23th December 2017 and EBA/ GL/2016/11 Guidelines on disclosure requirements under part eight of regulation (EU) No. 575/2013 published 4th August 2017 3 J.P. Morgan EMEA Pillar 3 Process document - first published June 2016, latest update and approval April 2018 Capital Requirements Directive (CRD IV) / Regulation (EU) Directive 2013/36/EU

EBA Final draft Implementing Technical 1. Standards on the disclosure of Own Funds 26th July 2013. EBA Final draft Implementing Technical Standards amending ITS on the disclosure of Leverage Ratio 15th June 2015.
[2] EBA Guidelines on materiality, proprietary and confidentiality and on disclosure frequency 23rd December 2014.

Frequency and means of disclosure (Art. 433 and 434)

JPMBI publishes an annual report in accordance with Article 433 CRR.

The internal assessment process (under Title II of Guidelines) to determine which J.P. Morgan entities should disclose more frequently than annually concluded that, JPMBI does not meet the qualitative and quantitative thresholds to necessitate more frequent disclosure.

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The disclosure report is made available according to Article 434 CRR on the website of JPMorgan Chase & Co. at https://investor.shareholder.com/jpmorganchase/basel.cfm

Scope of application (Art. 436)

These disclosures are made at the consolidated level of JPMBI.

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

- Corporate & Investment Bank –Global Treasury Services
- Investor Services –Trustee and Custody & Fund Services

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

Firmwide disclosure

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

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

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

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

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

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

'JPMBI' is used to refer interchangeably to J.P. Morgan Bank (Ireland) plc as stand-alone entity as well as the consolidated group.

2. Risk management and objectives (Art. 435)

Firmwide Risk Management Framework

Risk is an inherent part of JPMorgan Chase'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:

- 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 of the lines of business and corporate functions; and
- Firmwide structures for risk governance.

The Firm follows a disciplined and balanced compensation framework with strong internal governance and independent Board oversight.

Risk The Firm has an Independent Risk Management (IRM) function, which consists of the Risk Management and Compliance organizations. The CEO appoints, subject to the Board of Directors' Risk Policy Committee ("DRPC") approval, the Firm's CRO to lead the IRM organization and manage the risk governance framework of the Firm. The Firm places reliance on each of its LOBs and other functional areas giving rise to risk. Each LOB and other functional area giving rise to risk is expected to operate within the parameters identified by the IRM function, and within its own management-identified risk and control standards. The LOBs, inclusive of LOB aligned Operations, Technology and Oversight & Controls, are the "first line of defense" in identifying and managing the risk in their activities, including but not limited to applicable laws, rules and regulations.

The IRM function is independent of the businesses and forms "the second line of defense". The IRM function sets and oversees various standards for the risk governance framework, including risk policy, identification, measurement, assessment, testing, limit setting, monitoring and reporting, and conducts independent challenge of adherence to such standards.

The Internal Audit function operates independently from other parts of the Firm and performs independent testing and evaluation of firmwide processes and controls across the entire enterprise as the Firm's 'third line of defense' in managing risk. The Internal Audit Function is headed by the General Auditor, who reports to the Audit Committee.

In addition, there are other functions that contribute to the firmwide control environment including Finance, Human Resource, Legal and Corporate Oversight & Control.

Three Lines of Defence

JPMBI maintains a philosophy of strong corporate governance. Key participants include:

- JPMBI Board of Directors who own the risk appetite of the Bank;
- JPMBI Senior Management delegated by the Board to perform the day-to-day management of the Bank;
- JPMBI Internal Control functions.

The model adopted by JPMBI can be illustrated as follows:

First Line of Defence	Second Line of Defence	Third Line of Defence
Business Executives	Risk Management	Internal Audit
Client Servicing	Compliance	
Business Operations	Financial Control	
Product	IT Governance and Controls	
Business Control Office		

Exhibit 1: JPMBI Three Line of Defence

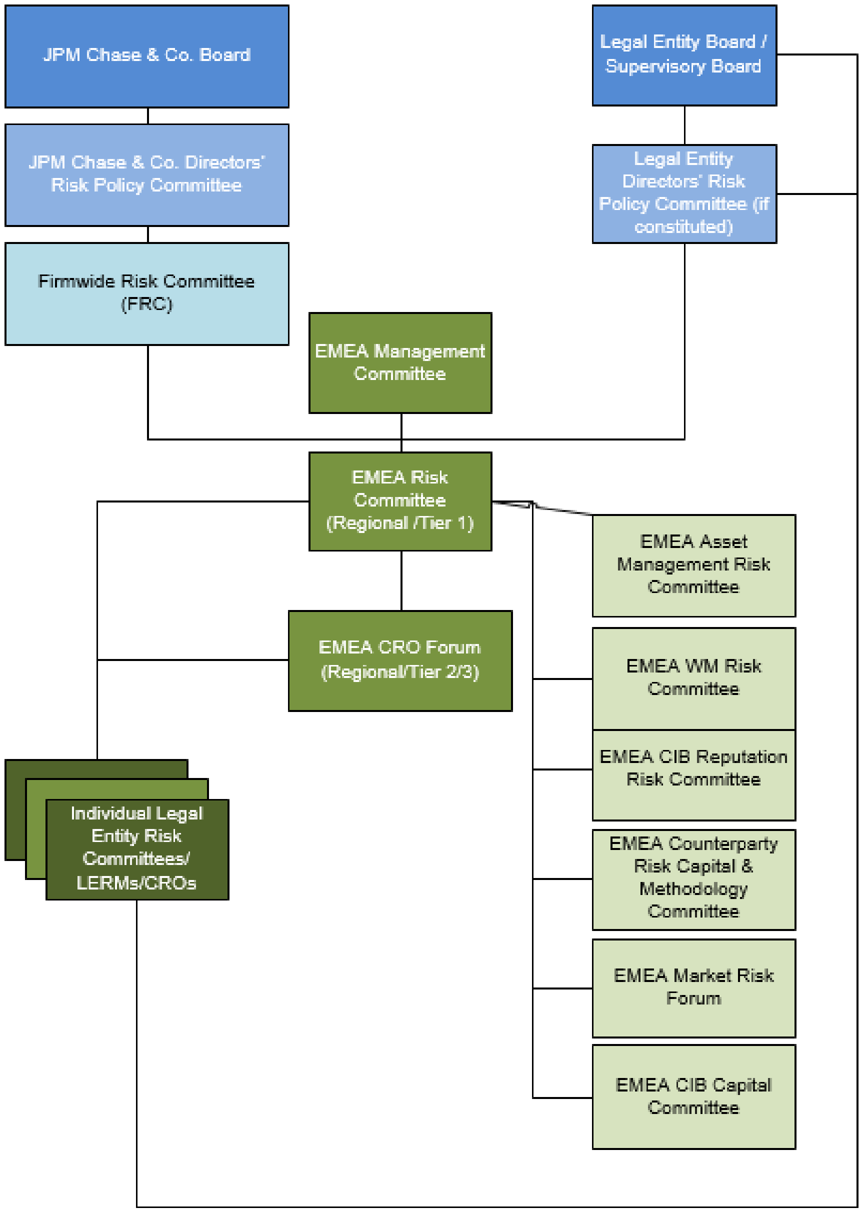
- The First Line of Defence is represented by the business units that take or acquire risks and are responsible for monitoring, assessing and improving the operational control environment on a continuous basis.
- The Second Line of Defence is represented by four distinct risk and controls functions – Independent Risk Management, Compliance, Financial Control and Information Technology Governance and Controls – that act as advisories to the business on a day-to-day basis but have the power and independence to report and escalate risks or business issues directly to JPMBI Senior Management and ultimately the Directors of the Board.
- The Third Line of Defence is represented by Internal Audit who provides JPMBI Senior Management and the Directors of the Board with independent assessment on the effectiveness of the internal controls established.

The model adopted by JPMBI is in line with the J.P. Morgan corporate three lines of defence model.
The Board of Directors completes its supervisory role by reviewing the summary reports prepared by the internal control functions at least once a year. The Bank's policies set standards of control and conduct for which responsibility is given to Management for ensuring compliance.

Risk Governance and Oversight

The independent status of the Risk Management organization is supported by a governance structure that provides for escalation of risk issues to senior management, the Firmwide Risk Committee, and the Board of Directors, as appropriate.

The chart below illustrates the Board of Directors and key senior management level committees in the Firm's risk governance structure. In addition, there are other committees, forums and paths of escalation that support the oversight of risk, not shown in the chart below.



The Firmwide Risk Committee (FRC) is the Firm's highest management-level risk committee. It provides oversight of the risks inherent in the Firm's businesses. The FRC is co-chaired by the Firm's CEO and CRO. The FRC serves as an escalation point for risk topics and issues raised by its members, the Line of Business Risk Committees, Firmwide Control Committee, Firmwide Fiduciary Risk Governance Committee, Firmwide Estimations Risk Committee, Culture and Conduct Risk Committee and regional Risk Committees, as appropriate. The FRC escalates significant issues to the DRPC, as appropriate.

Global LE Risk Governance

Framework Overview

The Global Legal Entity Risk framework was established to support firmwide risk governance and oversight at the legal entity level. The framework is designed to drive appropriate oversight, best practices and escalation for legal entities globally based on tiered governance principles. Governance standards are established for each tier of governance, and include risk committee membership, reporting requirements and appointment of Legal Entity Risk Managers (LERMs). The framework is overseen by the Legal Entity Risk Forum and is organized through the regional legal entity Risk governance teams. These regional teams also support the LERMs on oversight of specific legal entity regulatory requirements.

LE Risk Forum

The LE Risk Forum exercises oversight and control of the legal entity risk management and governance standards across all regions. It is responsible for:

- creating and administering consistent global standards, guidance and procedures in relation to LE risk management and governance;
- addressing and prioritizing escalated LE and cross-regional risk management and governance matters; and
- engaging with the various Risk Management functions, Lines of Business and other Corporate functions of the firm to achieve the aforementioned objectives.

The LE Risk Forum promotes alignment with established firmwide processes and procedures; any divergence driven by local laws and regulations is reviewed by the Forum and subsequently documented by the Global LE Risk Team. LE Risk Forum membership comprises the regional CROs, the CRO of JPMCB N.A, firmwide risk executives and regional and LOB LE Risk Governance representatives.

LE Risk Tiering

Risk Management oversight of LEs is executed according to the risk profile of a LE. The risk profile of a LE is derived by applying the LE Risk Tiering methodology, the result of which will determine a LE's 'Risk Tier'. Risk Tiering comprises four categories ranging from one to four, with Risk Tier one representing the highest requirement for LE Risk governance and oversight. The tiering methodology is comprised of qualitative and quantitative elements and a different level of oversight is established for each Tier, driven by a range of internal and external risk governance requirements. The core and recommended governance standards have been created for each Tier of governance. JPMBI is a Tier 2 legal entity.

Regional Governance

Whilst J.P. Morgan has established a comprehensive Firmwide risk policy framework, this is supplemented as required by legal entity-specific risk policies, which are approved by the relevant entity Boards and DRPCs.

Within the Europe, Middle East and Africa ("EMEA") region, a governance framework has been developed in alignment with firmwide policies and procedures and provides an additional layer of control on a regional and legal entity basis. Each regulated legal entity has its own Board of Directors which is accountable for overall oversight of the entity. The Boards delegate certain matters to a number of key regional Committees for regional risk control and oversight. The EMEA governance framework connects legal entity, LOB and global governance structures. The key committees of relevance are the EMEA Management

Committee ('EMC'), the Regional Management Meeting, the EMEA Risk Committee ('ERC') and the EMEA Operating Committee ("EOC"):

- The EMC provides oversight for any business conducted in EMEA or booked into EMEA entities (excluding Asset Management entities). The EMC ensures that any significant decisions are aligned to the Firm's strategy in light of any relevant EMEA regulatory requirements, considers the material risks and issues that are escalated to the EMC, and provides the necessary oversight and challenge for any proposed mitigation/remediation activities. The EMC is accountable to the Boards of the individual legal entities.
- The ERC provides oversight of the risks inherent in the Firm's business conducted in EMEA or booked into EMEA entities and EMEA branches of ex-EMEA firms. In addition to its regional responsibilities, the ERC has direct oversight of the risks in all EMEA Tier 1 entities. Tier 2 and 3 entities are overseen by the EMEA CRO Forum (established May 2018), a sub-forum of the ERC, where the JPMBI CRO is a member. The ERC is accountable to the EMC and the Firmwide Risk Committee ("FRC") and the Boards or Directors' Risk Policy Committees of the individual legal entities. The ERC met 22 times during 2017.
- The EOC provides oversight and management of the operating environment to ensure appropriate management of operational risk and the maintenance of a sound internal control environment across all LOBs in the EMEA region. The EOC is accountable to the EMC and the Boards of the individual legal entities.

JPMBI Risk Committee

JPMBI's Risk Committee convenes and reports to JPMBI's Board of Directors on a quarterly basis. The membership of the Risk Committee is composed of a majority of non-executive directors and is chaired by a non-executive director in accordance with the CBI's Corporate Governance Requirements. The role and responsibilities of the Risk Committee are set out in its Terms of Reference which are reviewed by the Committee on at least an annual basis.

The main responsibility of the Risk Committee is to assist the Board of Directors in its mission to assess the adequacy of the risks that are assessed and the institution's ability to manage these risks; the internal and regulatory own funds and liquidity reserves. The proceedings of the Risk Committee are documented in meeting minutes and approved by the Risk Committee. In addition, the minutes are provided to JPMBI's Board of Directors.

JPMBI Custody and Funds Services Executive Meeting (CFS) - Senior Management Team (SMT)

The CFS Executive meeting (also referred to as SMT) is in charge of the effective, sound and prudent day-to-day business and risk management. Responsibility is delegated by the JPMBI Board of Directors to the SMT to implement the strategies and guiding principles laid down by the JPMBI Board of Directors in addition to the day to day running of the institution. Members of the SMT rely upon, and escalate into, an EMEA governance structure as illustrated at Appendix 2a. The JPMBI SMT meeting was replaced in January 2017 by the Custody & Fund Services (CFS) Executive Meeting. In addition, the JPMBI Board of Directors relies on the three internal control functions to maintain the legal entity control environment. In accordance with the CBI's Corporate Governance Requirements, the internal control functions are the risk function, the compliance function and the internal audit function. These functions are headed by the Chief Risk Officer, the Head of Compliance and the Head of Internal Audit respectively.

JPMBI Outsourcing Governance Forum

The JPM Ireland Outsourcing Governance Forum is a forum established on behalf of the Boards. It convenes on a monthly basis and an ad hoc basis as required. The forum is responsible for the governance and oversight of inter-affiliate operations outsourcing on behalf of the Irish Legal entities. The objectives of the forum are; Governance and oversight of inter-affiliate outsourcing of operational activity. Establishment of best practices on behalf of the Legal entities as it relates to inter-affiliate outsourcing.

JPMBI Location Operational Risk & Control Committee (LORCC)

The role of the LORCC is to act as a cross line of business & functions committee for any business conducted in the location or booked into the location. The LORCC has responsibility for the review of operational risk control themes and issues in the location and for the escalation to the Local Infrastructure Operating Committee (LIOC), as well as holding members accountable for remediating such themes and issues.

Identification and measurement of key risks

JPMBI's ability to properly measure, monitor and report risk is critical to both its soundness and profitability. JPMBI adheres to the firmwide risk policy framework, which includes a combination of firmwide risk policies as well as legal entity specific policies. Furthermore, JPMBI has an established Risk Identification and Assessment process to monitor and analyse the impact of material risks on the amount of internal capital necessary to cover those risks. The key risks that JPMBI is exposed to are Credit Risk, Operational Risk, Concentration Risk, Interest Rate Risk in the Banking Book (IRRBB), Business Risk, Reputational Risk, Governance Risk and Group Risk.
The key risk types JPMBI is exposed to for Capital allocation purposes are Credit and Operational risks.

Operational Risk is material to JPMBI. The entity has established processes and a developed infrastructure to support the businesses conducted in the legal entity: Depository Bank (Custody and Trust & Fiduciary), Demand Deposit Accounts, and Fund Accounting and Transfer Agency services provided through its 100% owned subsidiary. To monitor and control operational risk, the Firm maintains an Operational Risk Management Framework (ORMF), detailed in section 11.
Credit Risk also represents a material risk and may encompass overdrafts to custody clients, intercompany deposits, intraday and overnight overdrafts to corporate clients.

Loans and advances to customers described in the annual accounts are the result of temporary overdrafts granted to clients. The Bank's lending is limited to short-term overdrafts linked to Investment Fund operations.

JPMBI places its overnight liquidity with its parent JPMCB N.A, London Branch.

Credit concentration risk is managed at the firmwide level through a matrix of credit family exposure thresholds, industry limits and country risk limits. JPMBI monitors, reviews and accounts for concentration risk on ongoing basis: JPMBI is exposed to concentration risk in the form of Group Risk and Credit Concentration Risk.

Further details on Credit and Concentration Risks are provided in section 4.

Other risk types considered as part of Pillar 2 calculations:

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 Chief Investment Office (CIO) investment portfolio and other related CIO, Treasury activities

Bank aims to reduce its legal and reputational risk by ensuring amongst other things the following:

- Subject all staff to the Code of Conduct and obtain their affirmation that they have complied with the rules and principles on an annual basis;
- Capture and review clients' complaints on a timely basis and take timely action to prevent any escalation of a potential litigation;
- Employing qualified employees and provide regular mandatory training;
- Ensuring that senior managers understand the responsibilities of oversight and fostering a culture of escalation within the Bank.
- Additionally all staff receive culture and conduct training to ensure employees understand the responsibilities of oversight and to foster a culture of escalation within the bank.

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

Business risk is managed through JPMBI's strategic and business planning as part of its Capital Management Framework.

Governance Risk is the risk that JPMBI does not have appropriate personnel, structures or procedures in place to ensure sound and prudent management of the firm. This may include the risk of deviation from regulations designed to achieve good governance in credit institutions such as the Central Bank of Ireland's Corporate Governance Code or a deviation from tax transfer pricing which could adversely impact on the long-term viability of the company.

As a subsidiary of a highly regulated global financial group it is firmly rooted in group risk governance structures, processes and methodologies. The governance structures that are adopted by JPMBI follow best group practice and have been adjudged by the board and management to be appropriately designed so as to materially comply with the Irish Central Bank's governance requirements. Core governance risk is managed locally.

Risk Appetite

JPMBI's risk appetite framework is derived from the Entity's role in supporting execution of firmwide strategy, whilst simultaneously meeting minimum regulatory requirements and serving clients through severe but plausible financial stresses. The framework focuses on key binding constraints for a regulated subsidiary operation, including regulatory capital and liquidity requirements. The most likely trigger mechanism for a collapse of the subsidiary would be regulatory action after breaches of capital or liquidity requirements and inability of the parent companies to inject further resources. This has therefore been used to help define the maximum risk appetite for the entity, while the corresponding risk appetite is set below this upper boundary.

JPMBI's Risk Appetite framework is documented in a Risk Appetite statement and a supporting Risk Appetite Parameters and Guidelines document. The framework has several components including roles and responsibilities, a risk appetite statement, quantitative measures of risk appetite, and monitoring mechanism through risk appetites, policies, procedures and governance.

'Risk capacity' is defined as the maximum level of risk that JPMBI could bear without breaching constraints imposed by regulatory capital or liquidity requirements, other regulatory restrictions, or obligation owed to third parties which impact capital. Risk capacity is therefore the upper boundary of risk appetite and in some cases the threshold corresponds to the regulatory minimum. 'Risk appetite' must always be defined to be equal or below risk capacity in order to ensure regulatory compliance.

Parameters

At the firm level, risk appetite is set for a number of quantitative and qualitative parameters including stressed net income. At the JPMBI level, a number of factors make profitability parameters less relevant.

Where applicable, quantitative risk appetite parameters reported are expressed as losses under stress for individual risk stripes. Those parameters can be used by the risk stripes to propose more granular limits and policies. JPMBI risk appetites is set for credit risk, liquidity risk and capital risk to act as boundaries to avoid potential adverse outcomes. Results are reviewed quarterly by the JPMBI Risk Committee.

Other elements of risk appetite are managed in a qualitative way, through policies, procedures, and escalation and monitoring through Firmwide governance committees. This includes reputational risk as well as conduct risk.

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. The management body will keep this under review.

Board Declaration – Adequacy of Risk Management Arrangements

The Board of JPMBI is satisfied that Management has taken reasonable care to establish and maintain risk systems and controls as appropriate to its business.

Members of the Board of Directors J.P. Morgan Bank (Ireland) plc

The J.P. Morgan Bank (Ireland) plc Board is comprised of 5 non-executive directors and three executive directors. The directors during 2017 were:

- **Christopher Rowland**

Mr. Rowland joined the Board of J.P. Morgan Bank (Ireland) Plc in October 2014. He is currently the Product Executive and Global Head of Depository for J.P. Morgan's Custody business. Additionally he is a board member of J.P. Morgan Bank in Luxembourg. Mr. Rowland has worked at J.P. Morgan twice, most recently joining the firm in 2006 to establish the EMEA product management group for Global Custody followed by running the product development strategy for the Custody business, establishing Corporate and Investment Bank securities processing utilities and running the Global Fund Services business. Previously at J.P. Morgan, Mr. Rowland performed operations, project management and operational outsourcing sales roles covering derivative products in the Investment Bank. Mr. Rowland spent 4 years at BNP Paribas Securities Services where he led the sales and relationship management team for the Direct Custody and Clearing business in the UK. He holds a Bachelor of Arts in history and politics from Swansea University.

- **Declan Breslin**

Mr. Breslin joined the Board of J.P. Morgan Bank (Ireland) Plc in February 2016. He is a Managing Director and Global Head of Client Service and Implementation for Custody and Fund Services (CFS). His team is responsible for the day-to-day client service and on boarding for the clients on J.P. Morgan's CFS platform. Declan began his career in London with Deutsche Bank before moving to Lehman Brothers in 2003, where he ran Client Service and Transition across all products both pre- and post- bankruptcy. He worked closely with the administrator post-bankruptcy before transferring to Nomura International to build out their global Prime Brokerage platform. Declan graduated from the Queen's University of Belfast in 1998 with a Bachelor of Science in Finance and holds a Master of Science in Finance from the University of London.

- **Ed Neeck**

Mr. Neeck joined the Board of J.P. Morgan Bank (Ireland) Plc in September 2015. He is a Managing Director and head of Risk Management for J.P. Morgan Investor Services -Custody & Fund Services. He is responsible for risk management related activities for all Custody & Fund Services products including: Custody, Fund Accounting, Fund Administration, Agency Lending, Depository Receipts, Transfer Agency, Investment Operations Services, Hedge Fund Services and Private Equity and Real Estate Services. In addition to holding several senior Risk Management positions in Investor Services, Mr. Neeck has also held many other key positions since he joined J.P. Morgan over 25 years ago. He served as head of Network Management and oversaw the management of the firm's relationships with cash correspondent and sub-custodian banks. He started his career at J.P. Morgan in internal auditing and moved on to senior roles in operations, product management.

- **Carin Bryans**

Ms. Bryans joined the Board of J.P. Morgan Bank (Ireland) plc in July 2002. She is currently responsible for J.P. Morgan's Corporate & Investment Bank business in Ireland. Ms. Bryans joined Chase Manhattan Bank in 1990 and has held a wide range of positions including head of Operations and Head of Client Services. Ms Bryans holds an undergraduate degree in Finance and International Business from The University of Texas in Austin, and an MBA from The Michael Smurfit Graduate School of Business in Dublin. Ms Bryans was the Chairman of the Irish Funds Industry Association for 2010/2011, is a member of the IFSC Funds Group, and is a founding member of Women in Banking and Finance Ireland.

- **Eilish Finan**

Ms. Finan joined the Board of J.P. Morgan Bank (Ireland) Plc in December 2011 as an independent non-executive director of the company. Ms. Finan is a Chartered Director and a Chartered Accountant with 28 years' experience in the Financial Services industry. Ms. Finan is an experienced Board Director, Chairman & Trustee. Her portfolio of board memberships is varied and includes: JP Morgan Bank Ireland, Metlife Europe DAC, Metlife Europe Insurance DAC and New Ireland Assurance Company. She also serves on the boards of a number of companies with diverse and international asset management activities. Ms. Finan served a 4 year term on the Board of National Asset Management Agency (NAMA) from 2009-2013. Ms. Finan spent 17+ years as an Executive Director & CFO with AIG Global Investments, where she assumed global responsibility for a variety of regulated businesses operating over multiple asset classes and multiple jurisdictions. In her earlier career, Ms. Finan worked with KPMG as a Chartered Accountant. She is a Fellow of Chartered Accountants Ireland and carries an Electronic Engineering Degree & a BA in Mathematics from Trinity College Dublin. She holds a Diploma in Corporate Governance from the UCD Smurfit Business School and carries the Chartered Director designation from the Institute of Directors in the UK. She holds the designation of Certified Bank Director issued by The Institute of Banking in Ireland.

- **Stephen Herbert**

Mr. Herbert joined the Board of J.P. Morgan Bank (Ireland) Plc in September 2011. He is currently an independent non-Executive director. Mr. Herbert is a US Certified Public Accountant with over thirty years of experience in public accounting in the United States and Japan, including twenty two years auditing and consulting in the financial services industry, primarily in banking and securities. Mr.
Herbert formerly worked in Deloitte & Touche in the US as a partner in the national and New York office banking and securities practices and Senior Partner in Japan responsible for providing accounting and regulatory consulting services to major international Companies. Mr. Herbert holds a Bachelor of Arts in English and a Master of Science in Accountancy.

- **Evelyn Herlihy**

Ms. Herlihy joined the Board of J.P. Morgan Bank (Ireland) Plc in December 2007. She is currently the Chief Risk Officer of the company. Ms. Herlihy joined J.P. Morgan in 1995. She has previously held roles in Fund Services Operations. Previously Ms. Herlihy trained and worked with KPMG as a Chartered Accountant. Ms. Herlihy holds a Bachelor of Commerce from University College Dublin, a post graduate Diploma in Professional Accounting and is a Fellow of the Institute of Chartered Accountants in Ireland.

- **Tim Markham**

Mr. Markham joined the Board of J.P. Morgan Bank (Ireland) Plc in February 2017. He is the regional manager for J.P. Morgan's Depositary Services business in Ireland and the Channel Islands which includes independent oversight, cash monitoring and safe-keeping functions. Prior to joining J.P. Morgan in 2005, Mr. Markham was a directors in Ernst & Young, Dublin with 15 years audit and financial services experience. Mr. Markham holds a Bachelor of Business degree from Trinity College Dublin and is a fellow of the Institute of Chartered Accountants in Ireland.

- **Michael Davies**

Mr. Davies joined the Board of J.P. Morgan Bank (Ireland) Plc in September 2017. He is the Senior Country Business Manager for Ireland and the Nordics. He also manages the Senior Country Business Managers for Luxembourg, Channel Islands, Central & Eastern Europe and Spain and the Senior Financial Officers for Benelux, France, Italy, Israel and Sub Sahara Africa. Since joining J.P. Morgan in 1990, Mr. Davies has held numerous roles in the UK and in EMEA including Financial Controller for the UK, EMEA Chief Financial Officer for Institutional Trust Services and now co-head of Financial Controller for the Corporate Investment Bank business in EMEA. Mr. Davies is a fellow of the Chartered Institute of Management Accountants.

Members of the Board of Directors have held other internal and/or external directorships at the year ended December 31, 2017 as follows:

Name	Internal Directorships	External Directorships
Carin Bryans	**3**	**2**
Ellish Finan	**1**	**7**
Evelyn Herlihy	**1**	**0**
Stephen Herbert	**1**	**0**
Christopher Rowland	**1**	**0**
Declan Breslin	**1**	**0**
Ed Neeck	**1**	**0**
Tim Markham	0	0
Michael Davies	2	0

Exhibit 2: Member of the Board of Directors

Directorships held within the same group are counted as one directorship, and those in organisations with non-commercial objectives are not counted.

Diversity & Inclusion

JPMBI has a disciplined focus on our workforce, workplace and marketplace – with management accountability as the foundation and element most critical to the ability to hire, train and retain great and diverse employees whose unique perspectives help realise the business objectives. JPMBI is committed to a culture of openness and meritocracy, and believe in giving every individual an opportunity to succeed while bringing their whole selves to work.

In 2014 we set an internal target to achieve 30% representation of women on certain key boards in EMEA. We continue to make progress towards achieving this target across those boards and conduct a review on an annual basis.

Further information on the Firm's global Diversity and Inclusion strategy is available at:

https://www.jpmorgan.com/country/GB/en/emea/crd4

3. Own funds (Art. 437)

This table shows the components of regulatory capital presented on a transitional and fully loaded basis as at 31 December 2017. This disclosure has been prepared using the format set out in Annex IV and Annex VI of the final 'implementing technical standards with regard to disclosure of own funds requirements for institution' (Commission implementing regulation - EU 1423/2013).

	JPMBI		
	31 December 2017 Transitional Position	Transitional Impacts	31 December 2017 Fully Loaded Position
	$m	$m	$m
Common Equity Tier 1 capital: instruments and reserves			
Capital instruments and the related share premium accounts	57	-	57
Retained earnings	359	-	359
Accumulated other comprehensive income (and other reserves)	-	-	-
Common Equity Tier 1 capital before regulatory adjustments	**416**	**-**	**416**
Common Equity Tier 1 capital: regulatory adjustments			
Goodwill and intangible assets (net of related tax liability)	-	-	-
Additional Value Adjustments	(2)	-	(2)
Total regulatory adjustments to Common Equity Tier 1	**(2)**	**-**	**(2)**
Common Equity Tier 1 capital	**414**	**-**	**414**
Additional Tier 1 (AT1) capital			
Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	-	-
Tier 1 capital (T1 = CET1 + AT1)	**412**	**-**	**412**
Tier 2 capital: instruments and provisions			
Capital instruments and the related share premium accounts	-	-	-
Tier 2 capital	**-**	**-**	**-**
Total capital (TC = T1 + T2)	**404**	**-**	**404**
Total risk weighted assets	**569**	**-**	**569**
Capital ratios			
Common Equity Tier 1 (as a percentage of risk exposure amount)	63.98%	-	63.98%
Tier 1 (as a percentage of risk exposure amount)	63.98%	-	63.98%
Total capital (as a percentage of risk exposure amount)	63.98%	-	63.98%
Common Equity Tier 1 available to meet buffers	63.98%	-	63.98%
Amounts below the thresholds for deduction (before risk weighting)			
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)	-	-	-
Direct and indirect holdings by the institution of the CET 1 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)	-	-	-
Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability)	-	-	-

Exhibit 3: CRD IV regulatory capital for JPMBI

Capital Instruments

JPMBI does not hold any capital instruments.

This table breaks down the capital issued by instrument and provides selected main features. Regulatory capital might differ from the amounts recorded under IFRS due to PRA/FCA requirements. The full terms and conditions of instruments can be found as registered at Companies House. A link to this location is provided on the Basel 3 page of the company website, adjacent to this document. http://investor.shareholder.com/jpmorganchase/basel.cfm

Capital Instruments Main Features **All amounts in $**		**CET1**	**CET1**
1	Issuer	JPMBI	JPMBI
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A
3	Governing law(s) of the instrument	Irish	Irish
Regulatory treatment			
4	Transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Consolidated	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Redeemable Shares
8	Amount recognised in regulatory capital (Currency, as of most recent reporting date)	$56,500,000	$56,075
9	Nominal amount of instrument	$1	€1.27
9a	Issue price	$1	€1.27
9b	Redemption price	N/A	€1.27
10	Accounting classification	Shareholders' equity	Shareholders' equity
11	Original date of issuance	January 1, 1994	January 1, 2002
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	No	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

Coupons / dividends			
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	Noncumulative	Noncumulative
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)	One class of share & same rights attached to all shares	One class of share & same rights attached to all shares
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A

Exhibit 4: Summary of main features of capital resources [3]

[3] Answers in the Main Features of Regulatory Capital Instruments table have been provided using the list of options provided in the COMMISSION IMPLEMENTING REGULATION (EU) No 1423/2013. Rows 19, 21, 22, 23 and 36 are N/A for the ordinary shares

4. Capital requirements (Art. 438)

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

Internal Capital Adequacy Assessment Process

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

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

The key risk types JPMBI is exposed to for Capital allocation purposes are Operational risk and Credit risk.

Operational Risk capital measurement

Firmwide approach

In addition to the level of actual operational risk losses, operational risk measurement includes operational risk based capital and operational risk loss projections under both baseline and stressed conditions. The primary component of the operational risk capital estimate is the Loss Distribution Approach ("LDA") statistical model, which simulates the frequency and severity of future operational risk loss projections based on historical data. The LDA model is used to estimate an aggregate operational risk loss over a one-year time horizon, at a 99.9% confidence level. The LDA model incorporates actual internal operational risk losses in the quarter following the period in which those losses were realized, and the calculation generally continues to reflect such losses even after the issues or business activities giving rise to the losses have been remediated or reduced. As required under the Basel III capital framework, the Firm's operational risk-based capital methodology, which uses the Advanced Measurement Approach, incorporates internal and external losses as well as management's view of tail risk captured through operational risk scenario analysis, and evaluation of key business environment and internal control metrics. 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 utilized in calculating results for the Firm's Comprehensive Capital Analysis and Review ("CCAR") framework and the Internal Capital Adequacy Assessment Process ("ICAAP").

JPMBI assessment

JPMBI calculates the Operational Risk Capital Requirement for Pillar 1 using the Basic Indicator Approach (BIA) as set out under Basel 3. The BIA sets the required level of operational risk capital as 15% of the bank's annual positive gross income averaged over the previous 3 years.

In addition to the Pillar 1 assessment, JPMBI adopted an internal approach to calculate operational risk capital under Pillar 2 based on Scenario Analysis. The primary objective of Scenario Analysis is to provide the senior management with a forward-looking view of exceptional but plausible operational risk events and to assess their potential outcome. JPMBI has used Scenario Analysis to facilitate the assessment of operational risk capital and to project future expected losses under various economic conditions. Scenarios reflect risks that could materialize within the foreseeable future and may or may not have previously impacted JPMBI.

Credit Risk and Concentration risk capital measurement

JPMBI calculates the Credit Risk Capital Requirement for Pillar 1 using the Standardised Approach (SA).

For JPMBI's Pillar 2 Credit and Concentration risk assessment, J.P. Morgan's adopted, which is used throughout the firm to identify distinctively the amount of capital required for credit risk and concentration risk.

Credit Risk Economic Capital is defined as the cushion against unexpected losses at a 99.9% confidence level based on maintaining a targeted "AA" rating standard for JPMorgan Chase & Co. The firm's economic capital model measures default losses, changes in accounting reserves and mark-to-market losses. To compute economic capital, the loss distribution for the wholesale credit portfolio is calculated by running Monte-Carlo simulations using J.P. Morgan's Proprietary Capital Model with a one-year horizon.

Since 2017, the ECC model is run also for JPMBI and as at December 31st, 2017, the capital amount and the concentration risk add-on recommended by this model for CCR for JPMBI are lower than the ones calculated by the above models or requested by CBI ($2mm). Hence the ECC model results have not been applied.

Minimum capital requirement

Tables 3 and 4 present minimum capital requirements for JPMBI. The standardized approach has been used for the calculation of Credit Risk and Market Risk Capital Requirements.

The basic indicator approach has been used for the calculation of Operational Risk Capital Requirements. The Large Exposures Capital Requirement is entirely due to exposures to other JPMorgan group entities.

Own funds credit exposure class As at 31 December 2017	JPMBI $m
Central governments or central banks	-
Public sector entities	-
Multilateral Development Banks	-
Institutions	21
Corporates	4
Secured by mortgages on immovable property	-
Items associated with particularly high risk	-
Claims on institutions and corporate with a short-term credit assessment	-
Other items	4
Total Capital Requirements	29

Exhibit 5: Minimum Capital Requirements for Credit Risk (Banking Book) under the Standardised Approach

Own funds As at 31 December 2017	JPMBI $m
Position Risk	-
Commodities Risk	-
Foreign-Exchange Risk	0
Settlement Risk	-
Large Exposures	-
Operational Risk	23

Exhibit 6: Minimum capital requirement for market risk, settlement risk, large exposures and operational risk

5. Capital Planning Buffer

The ICAAP analyses JPMBI`s capital adequacy at the assessment date and projected forward over a three-year planning horizon, including the effects of severe but plausible stress scenarios, to ensure that it maintains an appropriate Capital Planning Buffer over internal and external capital minimum standards.

The Capital Planning Buffer is described as the quantum of capital the Bank should hold now, to absorb losses and/or cover increased capital requirements in adverse circumstances that are outside of its normal and direct control. This buffer can be released/used in such stressed circumstances, allowing the Bank to continue to meet its minimum regulatory capital requirements.

In addition to Pillar 1, JPMBI adopted an internal approach to assess its capital adequacy under Pillar 2 add -on. This involves using its Pillar 1 capital requirements as a starting point and then using its internal capital adequacy assessment to apply any Pillar 2 add-ons (to the Pillar 1 minimum) that are required to adequately capture the risks to which the Bank is exposed. The second component is known as “Pillar 2 Buffer”, and considers what additional capital buffer is required to maintain that capitalization over the economic cycle, including a severe stress.

Based on the analysis undertaken, JPMBI’s capital resources remain adequate to support the Bank`s underlying risk profile and strategic growth objectives.

JPMBI maintains a substantial capital surplus throughout the scenarios considered. JPMBI`s total capital ratio remains well above the required minimum level of 8% (excluding the Capital Conservation Buffer) at all times and under all scenarios.

Therefore, at this stage, the Bank believes that continuing to monitor the impact of the stress scenarios is the most appropriate course of action– since the impact is both within the capital currently available, and within the 2.5% of RWAs or greater which the firm must hold as an equivalent buffer under CRD IV (Capital Conservation Buffer). In addition, JPMBI capital forecasting is based on a combination of factors including potential new business, forecasted market conditions, forecasted business activity, etc.

Our conclusion based on the Risk Assessment and Quantification and the capital position analysis above is that JPMBI is adequately capitalized relative to the risks it is running, and relative to the projected business in JPMBI. This assessment will be kept under review as the business profile of JPMBI changes, and in any event at least annually.

6. Credit risk adjustments (Art. 442)

JPMBI did not have any credit risk adjustments for the year end 31st December 2017.

Definition

Impairment loss: Amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount (IAS 36).

Past due: A financial asset is past due when a counterparty has failed to make a payment when contractually due (IFRS 7).

Credit risk adjustments for derivatives

JPMBI did not hold any derivatives for the period ended 31st December.

Credit Risk Exposures before credit risk mitigation

Primary responsibility for determining impairment provisions is managed according to the Firm's Credit Policy. J.P. Morgan's methodology for determining impairment provisions and the establishment of impairment provisions are managed centrally.

The following tables show the credit risk exposures before the application of credit risk mitigation.

EAD pre-CRM credit exposure class	JPMBI	
	Exposure Pre CRM	Average Exposure Pre CRM over the Year
As at 31 Dec 17	$m	$m
Central governments or central banks	140	123
Regional governments or local authorities	-	-
Multilateral development banks	-	-
Institutions	1,238	1,294
Corporates	51	59
Public sector entities	-	-
Past due items	-	-
Items belonging to regulatory high-risk categories (e.g. Private equity)	-	-
Short term claims on institutions and corporates	-	-
Other items	49	31
Total Standardised Approach Credit Risk Exposure	**1,478**	**1, 507**

Exhibit 7: Credit Risk Exposures before Credit Risk Mitigation (CRM) for JPMBI

Geographical location of exposures

These tables show exposure at default pre-CRM (credit risk mitigation), broken down by credit exposure class and geographic location of the counterparty. In regards to the geographical analysis, the exposures relate to the location in which the customer is based.

EAD pre-CRM credit exposure class	JPMBI						
	United Kingdom	Europe	United States	Africa	Asia	Rest of the world	Total
As at 31 Dec 17	$m	$m	$m	$m	$m	$m	$m
Central governments or central banks	-	140	-	-	-	-	140
Regional governments or local authorities	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-
Institutions	1,203	23	20	-	-	-	1,246
Corporates	-	33	8	-	-	2	43
Retail	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-	-
Items belonging to regulatory high-risk categories (e.g. Private equity)	-	-	-	-	-	-	-
Short term claims on institutions and corporates	-	-	-	-	-	-	-
Other items	-	49	-	-	-	-	49
Total Standardised Approach Credit Risk Exposure	**1,203**	**245**	**28**			**2**	**1,478**

Exhibit 8: Geographic analysis of credit exposure for JPMBI

Industry analysis of credit exposures

These tables show exposure at default pre-CRM (credit risk mitigation), broken down by credit exposure class and the industrial sector associated with the obligor or counterparty.

EAD pre-CRM credit exposure class	JPMBI				
	Banks	Non-Bank Financial Institutions	Non-Financial Corporations	Other	Total
As at 31 Dec 17	$m	$m	$m	$m	$m
Central governments or central banks	140	-	-	-	140
Regional governments or local authorities	-	-	-	-	-
Multilateral development banks	-	-	-	-	-
International organisations	-	-	-	-	-
Institutions	1,250	-	-	-	1,250
Corporates	-	39	-	-	39
Retail	-	-	-	-	-
Mortgages	-	-	-	-	-
Public sector entities	-	-	-	-	-
Items belonging to regulatory high-risk categories (e.g. Private equity)	-	-	-	-	-
Short term claims on institutions and corporates	-	-	-	-	-
Other items	-	-	-	49	49
Total Standardised Approach Credit Risk Exposure	**1,390**	**39**	**-**	**49**	**1,478**

Exhibit 9: Industry analysis of credit exposure for JPMBI

Residual maturity analysis of credit exposures

These tables show exposure at default pre-CRM (credit risk mitigation), broken down by credit exposure class and residual maturity. Residual maturity is the remaining number of years before and obligation becomes due according to the existing terms of agreement.

EAD pre-CRM credit exposure class	JPMBI						
	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 17	$m	$m	$m	$m	$m	$m	$m
Central governments or central banks	140	-	-	-	-	-	140
Regional governments or local authorities	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-
Institutions	1,250	-	-	-	-	-	1,250
Corporates	39	-	-	-	-	-	39
Mortgages	-	-	-	-		-	-
Public sector entities	-	-	-	-	-	-	-
Items belonging to regulatory high-risk categories (e.g. Private equity)	-	-	-	-	-	-	-
Short term claims on institutions and corporates	-	-	-	-	-	-	-
Other items	-	-	-	-	49	-	49
Total Standardised Approach Credit Risk Exposure	**1,429**	**-**	**-**	**-**	**49**	**-**	**1,478**

Exhibit 10: Residual maturity analysis of credit exposures for JPMBI

Past due and impaired loan

JPMBI did not hold any past due and impaired loans for the period ended 31st December 2017.

7. Intra Group Financial Support Disclosure

JPMBI has not entered into any group financial support arrangements pursuant to Article 19 of Directive 2014/59/EU".

8. Unencumbered assets (Art. 443)

As at December 31, 2017 the encumbrance of assets was calculated according to Article 443 CRR and Regulation (EU) 2015/79.

JPMBI does not have any encumbered assets. The carrying amount of unencumbered assets was USD 1.5 billion as at 31 December 2017.

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

ECAIs and exposure classes

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

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

- Moody's
- Standard & Poor's (S&P)
- Fitch

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

- Central governments and central banks
- Institutions
- Corporates
- Securitisation positions
- Multilateral development banks
- Regional governments and local authoritiesShort-term claims on institutions and corporates

All other exposure classes are assigned risk weightings described in the Standard approach for RWA calculation.

CQS and Risk Weight Mapping for Rated and Unrated Counterparties

J. P. Morgan uses the credit rating to CQS (credit quality step) mapping tables (Table 1 and 2) provided by EBA[4] to determine appropriate CQS for counterparties and securities. Exposures cannot be assigned a risk weight lower than sovereign risk weight. Long-term and short-term risk weight percentages are then determined using exposure class and maturity in compliance with CRR[5].

Credit Quality Step	Fitch's assessments	Moody's assessments	S&P's assessments	Corporate and CIUs	Institution			Sovereign	Securitisation (Standardised Approach)
					Sovereign method	Credit Assessment method			
						Maturity	Maturity 3 months or less		
1	AAA to AA-	Aaa to Aa3	AAA to AA-	20%	20%	20%	20%	0%	20%
2	A+ to A-	A1 to A3	A+ to A-	50%	50%	50%	20%	20%	50%
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	100%	100%	50%	20%	50%	100%
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	100%	100%	100%	50%	100%	350%
5	B+ to B-	B1 to B-	B+ to B-	150%	100%	100%	50%	100%	1250%
6	CCC+ and below	Caa1 and below	CCC+ and below	150%	150%	150%	150%	150%	1250%

Exhibit 11: Standardised approach: mapping of ECAIs' credit assessments to credit quality steps. Long term mapping

[4] http://www.eba.europa.eu/documents/10180/16166/4+Ausust+2006_Mapping.pdf

[5] PART THREE, Title III, Chapter II, Section 2, CRR: http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0575&from=EN

Credit Quality Step	Fitch	Moody's	S&P	Risk weight	Securitisation (Standardised approach)
1	F1+, F1	P-1	A-1+, A-1	20%	20%
2	F2	P-2	A-2	50%	50%
3	F3	P-3	A-3	100%	100%
4	Below F3	NP	All short-term ratings below A-3	150%	1250%
5				150%	1250%
6				150%	1250%

Exhibit 12: Standardised approach: mapping of ECAIs' credit assessments to credit quality steps. Short term mapping

If institution is unrated, central government CQS rating is used (or 20% risk weight if maturity is less than 3 months). If corporate is unrated, higher of 100% and central government risk weight is assigned. For an exposure to a regional government or local authority, the risk weight is determined based on the CQS setting applicable to the central government. Unrated central governments and banks are assigned 100% risk weight.

In accordance with Article 139 of the CRR, to determine the risk weight assigned to the issue, the issue credit assessment is used. When no directly applicable credit assessment exists for the issue, the general credit assessment for the issuer is used, provided the criteria stated in CRR[6] are satisfied. Otherwise the issue exposure is treated as unrated.

JP Morgan applies risk weights as prescribed in the CRR[7].

Exposures at default pre-, and post-, credit risk mitigation by credit quality step

The following tables show exposures at default pre-CRM (credit risk mitigation), and then at default post-CRM, broken down by credit exposure class and credit quality step. The tables include exposures subject to the Standardised approach.

This table shows exposure at default pre-CRM (credit risk mitigation), broken down by credit exposure class and credit quality step. This table includes exposures subject to the Standardised approach.

EAD pre-CRM credit exposure class	JPMBI							
	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 (7)	Total
As at 31 Dec 17	$m	$m	$m	$m	$m	$m	$m	$m
Central governments or central banks	-	-	-	-	-	-	140	140
Regional governments or local authorities	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-
Institutions	1,227	-	23	-	-	-	-	1,250
Corporates	-	-	39	-	-	-	-	39
Retail	-	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-	-	-
Items belonging to regulatory high-risk categories (e.g. Private equity)	-	-	-	-	-	-	-	-
Short term claims on institutions and corporates	-	-	-	-	-	-	-	-
Other items	-	-	49	-	-	-	-	49
Total Standardised Approach Credit Risk Exposure/Capital	**1,227**	**-**	**111**	**-**	**-**	**-**	**140**	**1,478**

Exhibit 13: Credit quality step analysis of Pre CRM exposure and capital deductions under the Standardised Approach for JPMBI

[6] PART THREE, Title III, Chapter II, Section 2, Article 139 (2), CRR: http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0575&from=EN

[7] PART THREE, Title III, Chapter II, Section 2, CRR: http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0575&from=EN

This table shows exposure at default post-CRM (credit risk mitigation), broken down by credit exposure class and credit quality step. This table includes exposures subject to the Standardised approach.

EAD post-CRM credit exposure class	JPMBI							
As at 31 Dec 17	Credit Quality Step 1 $m	Credit Quality Step 2 $m	Credit Quality Step 3 $m	Credit Quality Step 4 $m	Credit Quality Step 5 $m	Credit Quality Step 6 $m	Unrated (7) $m	Total $m
Central governments or central banks	-	-	-	-	-	-	140	140
Regional governments or local authorities	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-
Institutions	1,228	-	23	-	-	-	-	1,251
Corporates	-	-	38	-	-	-	-	38
Retail	-		-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-	-	-
Items belonging to regulatory high-risk categories (e.g. Private equity)	-	-	-	-	-	-	-	-
Short term claims on institutions and corporates	-	-	-	-	-	-	-	-
Other items	-	-	49	-	-	-	-	49
Total Standardised Approach Credit Risk Exposure/ Capital	**1, 228**	**-**	**110**	**-**	**-**	**-**	**140**	**1,478**

Exhibit 14: Credit quality step analysis of Post -CRM exposure and capital deductions under the Standardised Approach for JPMBI

10. Exposure to market risk (Art. 445)

Definition

Market risk is the exposure to an adverse change in the market value of financial instruments caused by a change in market parameters. The primary categories of market parameters are Interest Rates, Foreign Exchange Rates, Equity Prices, Credit Spreads and Commodity Prices.

Market risk management, part of an independent risk management function, is responsible for monitoring market risks throughout the Firm and defines market risk policies and procedures. The Market Risk function reports to the Firm's CRO.

The Firmwide Risk Executive (FRE) Market Risk and Line of Business (LOB) Chief Risk Officers (CROs) are responsible for managing firmwide market risk. The LOB Market Risk functions are responsible for establishing methodologies and procedures to measure, monitor and control market risk, using information provided by the Firm's risk infrastructure. The JPMBI Chief Risk Officer (CRO) is responsible for application of these processes to JPMBI.

Business Overview

JPMBI has market risk limits in place at the legal entity level to control its market risk exposure.

Market Risk Management

Market risk limits are employed as the primary second line of defence control. Business units should not exceed their limits unless authorized by a Temporary Limit Approval (TLA) or limit change.

The LOB Market Risk (MR) and JPMBI CRO establish JPMBI level limits. Business Heads, MR and JPMBI CRO are signatories to limits. Limits require formal approval by appropriate limit signatories. Any subsequent revised limits or TLAs must be signed-off by appropriate limit signatories to be effective.

As part of its holistic analysis of the JPMBI's market risk, LOB MR reviews market risk limits for JPMBI at least semi-annually. Limit reviews appropriately consider the underlying trading, investing and hedging strategies of the business.

Market Risk Quantification

JPMBI is only exposed to market risk through foreign exchange risk. Foreign exchange risk is a function of the difference between long and short positions in each currency and the currency mismatch between revenues and costs, where they are un-hedged.

As of December 31, 2017, Pillar 1 foreign exchange risk is below the reporting threshold of 2% of regulatory capital. However, capital has been allocated against foreign exchange risk.

Market Risk	2017	
	Minimum Capital $m	RWA $m
JPMBI		
CAD 1 Model based PRR	-	-
Interest rate PRR	-	-
Equity PRR	-	-
Option PRR	-	-
Collective investment schemes PRR	-	-
Commodity PRR	-	-
Foreign exchange PRR	1	7
Total Market Risk Capital Requirement	**1**	**7**

Exhibit 15: Minimum capital requirement for market risk

11. Operational Risk (Art. 446)

Definition

Operational risk is the risk associated with inadequate or failed internal processes, people and systems, or from external events ; operational risk includes cyber-security risk, business and technology resiliency risk, payment fraud risk, and third-party outsourcing risk. Operational risk is inherent in the Firm's and Bank's activities and can manifest itself in various ways, including fraudulent acts, business interruptions, inappropriate employee behaviour, failure to comply with applicable laws and regulations or failure of vendors to perform in accordance with their arrangements. These events could result in financial losses, litigation and regulatory fines, as well as other damages to the Firm and Bank. The goal is to keep operational risk at appropriate levels in light of the Firm's financial position, the characteristics of its businesses, and the markets and regulatory environments in which it operates.

To monitor and control operational risk, the Firm has an Operational Risk Management Framework ("ORMF") which is designed to enable the Firm to maintain a sound and well-controlled operational environment. The ORMF has four main components: Governance, Risk Identification and Assessment, Measurement, and Monitoring and Reporting.

Governance

The lines of business and corporate functions are responsible for owning and managing their operational risks. The Firmwide Control Management Group, which consists of control officers within each LOB and corporate function, is responsible for the day-to-day execution of the ORMF. LOB and corporate function control committees oversee the operational risk and control environments of their respective businesses and functions. These committees escalate operational risk issues to the Firmwide Control Committee ("FCC"), as appropriate. The Firmwide Risk Executive for Operational Risk Governance ("ORG"), a direct report to the Chief Risk Officer ("CRO"), is responsible for defining the ORMF and establishing minimum standards for its execution. Operational Risk Officers report to both the LOB CROs and to the Firmwide Risk Executive for ORG, and are independent of the respective businesses or corporate functions they oversee.

The Firm's Operational Risk Governance Policy is approved by the Directors' Risk Policy Committee ("DRPC"). This policy establishes the Operational Risk Management Framework for the Firm.

Risk Identification and Assessment

The Firm utilizes several tools to identify, assess, mitigate and manage its operational risk. One such tool is the RCSA program which is executed by LOBs and corporate functions in accordance with the minimum standards established by ORG. As part of the RCSA program, lines of business and corporate functions identify key operational risks inherent in their activities, evaluate the effectiveness of relevant controls in place to mitigate identified risks, and define actions to reduce residual risk. Action plans are developed for identified control issues and businesses and corporate functions are held accountable for tracking and resolving issues in a timely manner. Operational Risk Officers independently challenge the execution of the RCSA program and evaluate the appropriateness of the residual risk results. In addition to the RCSA program, the Firm tracks and monitors events that have led to or could lead to actual operational risk losses, including litigation-related events. Responsible businesses and corporate functions analyse their losses to evaluate the effectiveness of their control environment to assess where controls have failed, and to determine where targeted remediation efforts may be required. ORG provides oversight of these activities and may also perform independent assessments of significant operational risk events and areas of concentrated or emerging risk.

Measurement

Pillar 1

The Pillar 1 assessment of Operational risk is calculated in accordance with the Basel III Basic Indicator Approach (BIA). For information related to operational risk measurement refer to Section 4 Capital Requirements.

The following tables detail the operational risk RWAs reported in 2017 (Table 1) split by the method used to calculate operational risk capital requirement for each entity.

Calculation Method	JPMBI $m
Basic Indicator Approach	283
Fixed Overhead Requirement	-
TOTAL RWA	**283**

Exhibit 16: Risk weighted assets for operational risk in 2017

Monitoring and Reporting

ORG has established standards for consistent operational risk monitoring and reporting. The standards also reinforce escalation protocols to senior management and to the Board of Directors. Operational risk reports are produced on a firmwide basis as well as by LOB and corporate function.

12. Exposure to interest rate risk on positions not included in the trading book (Art. 448)

Definition

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 Treasury & Chief Investment Office (TCIO) investment portfolio and other related Treasury and CIO activities. IRR from non-trading activities can occur due to a variety of factors, including but not limited to:

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

Oversight and Governance

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

- Reviews the IRR Management policy;
- Reviews the IRR profile of the Firm and compliance with IRR limits; and
- Provides Governance on LE related exposures; and
- Reviews significant models and/or assumptions including the changes related to IRR management.

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

In addition, oversight of structural interest rate risk is managed through IRR Management, a dedicated risk function reporting to the CTC CRO. IRR Management is responsible for, but not limited to, the following:

- Measuring and monitoring IRR and establishing limits;
- Creating and maintaining governance over IRR assumptions.

Risk Identification and Measurement

TCIO manages IRRBB exposure on behalf of the Firm by identifying, measuring, modelling and monitoring IRR across the firm's balance sheet. TCIO identifies and understands material balance sheet impacts of new initiatives and products and executes market transactions to manage IRR through TCIO investment portfolio's positions. Execution by TCIO will be based on parameters established by senior management, per the TCIO Investment Policy. Lines of businesses are responsible for developing and monitoring the appropriateness of LOB specificIRR modelling assumptions.

Measures to manage IRR include:

Earnings-at-Risk (EaR)

Primary metrix used to gauge the firm's shorter term IRR exposure which measures the sensitivity of pre-tax income to changes in interest rates over a rolling 12 months compared to a base scenario

Economic Value Sensitivity (EVS)

EVS is an additional firmwide metric utilized to determine changes in asset/liability values due to changes in interest rates.

Sensitivity of the Banking Book to interest rate changes

The impact of 200bps parallel rates increase and decrease on the economic value (EVS) of JPMBI has been estimated as at December 31, 2017; the results are in the tables below:

Scenario	EVS (US$m)
+200bps	41
-200bps	-31

Exhibit 17: Sensitivity of the Banking Book to interest rate changes

13. Non Trading Book Equity Investments

On a standalone basis the non-trading book equity positions within JPMBI is related to the holding of an investment in its subsidiary. As these disclosures are made on a consolidated basis there are no non trading equity positions on the balance sheet.

14. Remuneration policy (Art. 450)

Background

This section sets out the remuneration disclosures required under Article 450 CRR in relation to JPMBI, and in respect of the performance year ending 31 December 2017.

JPMBI 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, JPMBI 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 JPMBI, is available in the most recent EMEA Remuneration Policy Disclosure at:

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

Additional qualitative disclosures specific to JPMBI

JPMBI complied with the applicable remuneration requirements of the Capital Requirements Directive ("**CRD IV**")[8], as implemented in Ireland by the European Union (Capital Requirements) Regulations 2014 (the "**Remuneration Rules**"). The following additional disclosures should therefore be read in conjunction with the EMEA Remuneration Policy Disclosure:

- The JPMBI Board is responsible for overseeing the development and implementation of the remuneration policies and practices applicable to JPMBI, in conjunction with the Firm's Compensation and Management Development Committee ("**CMDC**").
- The JPMBI Board reviews the Company's Remuneration Policy on an annual basis, and oversees its implementation. As at 31 December 2017, the Board last reviewed and adopted the Remuneration Policy in September 2017 – which included changes to implement the European Banking Authority's Guidelines on Sound Remuneration Policies – and was satisfied with its implementation.
- JPMBI 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 JPMBI ("**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.
- JPMBI'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 CRD IV 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 JPMBI Board.
- In accordance with the Central Bank of Ireland's Policy Statement of 31 January 2017[9], as a "Less Significant Institution" and taking into account its size, internal organisation and the nature, scope and complexity of its activities, JPMBI considers it appropriate to dis-apply the rules on retained shares, deferral and performance adjustment 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.

8 Directive 2013/36/EU

9 Central Bank of Ireland Policy Statement – EBA Remuneration Guidelines: The Central Bank of Ireland's approach to proportionality relating to the pay-out process applicable to variable remuneration, 31 January 2017

Quantitative disclosures

The following aggregate quantitative disclosures relate to JPMBI's 16 CRD IV Identified Staff, being those staff whose professional activities have a material impact on the Company's risk profile, as described above.

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

Total Compensation by Business Area

In EUR thousands	Total Compensation 2017
Management Body[10] and Senior Management	2,195
Other CRD IV Identified Staff	467
Total	**2,662**

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

15. Leverage (Art. 451)

Managing leverage risk

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

The capital adequacy framework is based around a regular cycle of point-in-time capital calculations and reporting, supplemented by forward-looking projections and stress-testing, with corrective action taken as and when required to maintain an appropriate level of capitalisation. Each part of the process is subject to rigorous control.

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

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

CRR Leverage Ratio **Table LRCom: Leverage ratio common disclosure**		**JPMBI $m** **CRR leverage ratio exposures**
	On-balance sheet exposures (excl. derivatives and SFTs)	
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	1,478
2	(Asset amounts deducted in determining Tier 1 capital)	(2)
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**-**
	Derivative exposures	**1,476**
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	-
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	-
EU-5a	Exposure determined under Original Exposure Method	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	**Total derivative exposures (sum of lines 4 to 10)**	**-**

	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	-
15	Agent transaction exposures	-
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	**-**
	Other off-balance sheet exposures	
17	Off-balance sheet exposures at gross notional amount	-
18	(Adjustments for conversion to credit equivalent amounts)	-
19	**Other off-balance sheet exposures (sum of lines 17 to 18)**	**-**
	Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)	
EU-19a	(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
	Capital and Total Exposure	
20	**Tier 1 capital**	**414**
21	**Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	**-**
	Leverage ratio	
22	Leverage ratio	28.04%
	Choice on transitional arrangements and amount of derecognised fiduciary items	
EU-23	Choice on transitional arrangements for the definition of the capital measure	Fully phased-in
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	-

Exhibit 18: Leverage ratio common disclosure

16. Use of Credit Risk Mitigation techniques (Art. 453)

As part of its management of credit exposures, the firm actively engages in credit risk mitigation techniques to reduce the amount of credit risk it is taking, to spread the concentration of risk across its portfolio and ultimately to ensure capital efficiency in compliance with the applicable regulations. This is carried out for JPMBI through accepting pledges over custody assets and receiving a guarantee from the parent company JPMCB N.A., London Branch. In specific, JPMBI custody clients - apart from Trustee clients - have signed a standard JPMBI Global Custody Agreement ('GCA'). This Agreement contains – in addition to rights of set off over cash balances (this excludes Pension Fund, Insurance and other clients) – a lien with right of sale over the clients' assets which JPMBI would exercise to repay any outstanding amounts in the event of client overdraft default In addition, for clients where JPMBI has no legal rights to access their assets in the event of default, for the purposes of Large Exposure mitigation rules, JPMBI can use a standby letter of credit to the value of $300m, issued by JPMCB N.A., London Branch.

17. Liquidity Coverage Ratio (LCR)

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

JPMBI's liquidity and funding management is integrated into JPMorgan Chase & Co.'s (the Firm's) liquidity management framework.

Liquidity profile

JPMBI is a deposit taking entity and its primary business is driven by custody and fund services and treasury services clients in the form of sight deposits. Based on their operational classifications, JPMBI client deposits are considered highly stable funding within a liquidity stress. In addition, JPMBL also holds a capital base, the combination of deposits and capital form a large natural excess liquidity position. Excess cash is predominantly placed with the group on an unsecured basis and at the Central Bank.

Liquidity management

Corporate Treasury and CIO are responsible for liquidity management. The primary objectives of effective liquidity management are to:

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

The Firm manages liquidity and funding using a centralized, global approach across its entities, taking into consideration both their current liquidity profile and any potential changes over time, in order to optimize liquidity sources and uses.In the context of the Firm's liquidity management, Treasury and CIO is responsible for:

- Analysing and understanding the liquidity characteristics of the assets and liabilities of the Firm, lines of business and legal entities, taking into account legal, regulatory, and operational restrictions;
- Developing internal liquidity stress testing assumptions;
- Defining and monitoring firmwide and legal entity specific liquidity strategies, policies, guidelines, reporting and contingency funding plans;
- Managing liquidity within the Firm's approved liquidity risk appetite tolerances and limits;
- Managing compliance with regulatory requirements related to funding and liquidity risk, and
- Setting transfer pricing in accordance with underlying liquidity characteristics of balance sheet assets and liabilities as well as certain off-balance sheet items.

Risk governance and measurement

The specific committee responsible for JPMBI liquidity governance is the EMEA ALCO.

Liquidity risk oversight

The Firm has a liquidity risk oversight function whose primary objective is to provide assessment, measurement, monitoring, and control of liquidity risk across the Firm. Liquidity risk oversight is managed through a dedicated firmwide Liquidity Risk Oversight group. Liquidity Risk Oversight's responsibilities include:

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

Internal stress testing

Liquidity stress tests are intended to ensure that the Firm has sufficient liquidity under a variety of adverse scenarios, including scenarios analysed as part of the Firm's resolution and recovery planning. Stress scenarios are produced for the Firm and the Firm's material legal entities on a regular basis and ad hoc stress tests are performed, as needed, in response to specific market events or concerns.

Liquidity stress tests assume all of the Firm's contractual financial obligations are met and take into consideration:

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

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

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

Contingency Funding Plan

The Firm's contingency funding plan ("CFP") is approved by the Firmwide ALCO and the DRPC. The JPMBI's addendum to the CFP is approved by the JPMBI Board. The CFP and the addendum is a compilation of procedures and action plans for managing liquidity through stress events. The CFP incorporates the limits and indicators set by the Liquidity Risk Oversight group. These limits and indicators are reviewed regularly to identify the emergence of risks or vulnerabilities in the Firm's liquidity position. The CFP identifies the alternative contingent funding and liquidity resources available to the Firm and its legal entities in a period of stress.

Internal Liquidity Adequacy Assessment Process

Annually, JPMBI completes the Internal Liquidity Adequacy Assessment Process ("ILAAP"), which provides management with an assessment of the adequacy of the entity's liquidity resources to cover liabilities as they fall due in stressed conditions. Stress scenarios cover both market and idiosyncratic events.

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

Liquidity risk reporting and measurement system

JPMBI uses the firm's strategic liquidity risk technology platform (Liquidity Risk Infrastructure - LRI) to report and measure its liquidity risk position. LRI is the single global source for data consumption and reporting capabilities of the firm's liquidity reporting (both internal and external) and analytics as well as line of business, legal entity, currency and specific jurisdictional requirements and is also used to execute stress testing and associated limits and indicators.

Liquidity Coverage ration (LCR)

From 1 October 2015 JPMBI, was expected to comply with the liquidity coverage ratio ("LCR") guidance set out in the Delegated Act (Commission delegated regulation (EU) 2015/61). The LCR is intended to measure the amount of "high quality liquid assets ("HQLA") held by the Company in relation to estimated net liquidity outflows within a 30 calendar day stress period. The LCR was required to be 60% at 1 October 2015, rising to 70% on 1 January 2016 and 80% on 1 January 2017 until reaching the 100% minimum by 1 January 2018. In 2017, the Company was compliant with the fully phased-in LCR.

The LCR disclosure in the table below has been assessed in accordance with the European Banking Authority (EBA) guidelines on LCR disclosure (EBA/GL/2017/01) applying the necessary considerations set out in the EBA guidelines on materiality, proprietary and confidentiality and on disclosure frequency (EBA/GL/2014/14) and consistent with the EBA guidelines on disclosure requirements (EBA/GL/2016/11):

JPMBI (In EUR mm) as of 31-Dec-2017	Total weighted adjusted value (average)
Number of data points used in the calculation of averages	12
Liquidity Buffer	96.39
Total Net Cash Outflows	53.88
Liquidity Coverage Ratio	181%

The weighted adjusted value of the liquidity buffer is the value of the total high quality liquid assets after the application of both haircuts and any applicable cap. The weighted adjusted value of net cash outflows is calculated after the inflows and outflows rates are applied and after any applicable cap on inflows.

In line with the EBA guidelines the average ratio disclosed in the table is calculated as an average over the 12 data points used for each item, and therefore the quoted ratio is not equal to the average 'Liquidity buffer' divided by average 'Total net cash outflows’.

18. Disclosures not applicable to JPMBI for the period ending 31 December 2017

The following Articles of CRR are not applicable as at December 31, 2017:

- Exposure to counterparty credit risk (Art. 439)
- Capital buffers (Art. 440)
- Indicators of global systemic importance (Art. 441)
- Credit risk adjustments (Art. 442)
- Unencumbered assets (Art. 443)
- Exposure to Securitisation Positions (Art. 449)
- Use of the IRB Approach to credit risk (Art. 452)
- Use of the Advanced Measurement Approaches to operational risk (Art. 454)
- Use of Internal Market Risk Models (Art. 455)