

2010 BASEL II PILLAR 3 DISCLOSURES

J.P.Morgan UK-regulated entities

2010 Basel II Pillar 3 qualitative disclosures

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

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

- J.P. Morgan Capital Holdings Limited (primary subsidiaries: J.P. Morgan Securities Ltd., J.P. Morgan Europe Limited and J.P. Morgan plc, and including JPMorgan Cazenove Holdings)
- J.P. Morgan International Bank Limited
- Bear Stearns Holdings Limited (primary subsidiary: J.P. Morgan Markets Limited)
- J.P. Morgan Asset Management International Limited (primary subsidiary: J.P. Morgan Asset Management (UK) Limited). The basis for consolidation for accounting and prudential purposes is different due to the following insurance entities having been deducted from capital resources:
 - Save & Prosper Pensions Limited
 - Save & Prosper Insurance Limited
 - J.P. Morgan Life Limited

All such entities have actual capital resources that are surplus to the required minimum.

Where disclosures are not provided, there are no transactions or exposures within J.P. Morgan Asset Management International group that are required to be disclosed under the rules.

Pillar 3 disclosures comprise two types:

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

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

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

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

[JPMorgan Chase & Co. 2009 Annual Report](#)

[JPMorgan Chase & Co. Form 10-Q: 30 September 2010](#)

Additional qualitative disclosures applicable only to relevant UK entities*Pillar 1 Operational Risk Capital Requirement*

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

Nominated ECAs for Pillar 1 Standardised Credit Risk Capital Requirement

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

Quantitative disclosures

Capital Resources

As at 31 December 2009, the J.P. Morgan entities in scope had capital resources which were more than the required minimum.

The following table shows capital resources as at 31 December 2009.

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

Tier 1, Tier 2 and Tier 3 Capital Resources

	<u>Significant Subsidiaries</u>				*		<u>Significant Subsidiary</u>
<u>As at 31 Dec 09</u>	<u>Consolidated</u>			<u>Consolidated</u>	<u>Consolidated</u>	<u>Consolidated</u>	
	JPMCHL	JPMSL	JPMEL	JPMIB	JPMLL	JPMAM Int	JPMAM UK
	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Tier 1 Capital (excluding innovative tier 1)							
Called-up share capital	4,069	3,716	1,398	520	-	352	38
Eligible reserves	13,268	4,627	2,304	-41	4,087	1,204	312
Minority interests	327	-	-	-	-	-	-
Share premium	4,012	-	231	-	-	-	-
Perpetual non-cumulative preference shares	-	5,153	-	-	25	-	-
Total Tier 1 capital before deductions (excluding innovative Tier 1)	21,676	13,496	3,933	479	4,112	1,556	350
<u>Deductions from Tier 1</u>							
Goodwill and other intangible assets	-336	-32	-126	-	-	-257	-
Total deductions from Tier 1	-336	-32	-126	-	-	-257	-
Total Tier 1 capital after deductions and restrictions (excluding innovative Tier 1)	21,340	13,464	3,807	479	4,112	1,299	350
Tier 2 Capital							
Revaluation reserves	28	-	-	-	-	97	-
Available for sale equity gains	-	-	-	220	-	-	-
Collectively assessed impairment provisions	-	-	-	21	-	-	-
Qualifying subordinated liabilities							
Undated subordinated debt	-	-	-	-	-	-	-
Dated subordinated debt	-	180	-	-	-	480	-

Total Tier 2 capital before deductions	28	180	-	241	-	577	-
<u>Deductions from Tier 2</u>							
Other deductions	-	-	-	-	-	-	-
Total Tier 2 capital after deductions and restrictions	28	180	-	241	-	577	-
<u>Regulatory deductions from Tier 1 and Tier 2 capital</u>							
Investments not consolidated for supervisory purposes	-	-	-7	-	-	-	-
Investment in subs which are not Material Holdings or Qualifying Holdings	-26	-	-	-	-	-	-
Material holdings deduction	-	-302	-	-	-	-	-
Other deductions			-112				
Connected lending of a capital nature	-475	-	-	-	-	-	-
Total deductions from Tier 1 and Tier 2	-501	-302	-119	-	-	-	-
Tier 3 Capital	-	-	-	-	-	-	-
Deductions from total capital							
Illiquid assets	-	-	-	-	-	-240	-46
Total net capital resources	20,867	13,342	3,688	720	4,112	1,636	304

* Significant subsidiary but totals > 99%.

Minimum Capital Requirements

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

BIPRU 11.5.4 (2):

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

<u>As at 31 Dec 09</u>	<u>Consolidated</u> JPMCHL \$MM	<u>Significant Subsidiary</u> JPMSL \$MM	<u>Significant Subsidiary</u> JPMEL \$MM	<u>Consolidated</u> JPMIB \$MM	<u>Consolidated</u> JPMML \$MM	<u>Consolidated</u> JPMAM Int \$MM	<u>Significant Subsidiary</u> JPMAM UK \$MM
Credit Risk Exposure: Analysis by Exposure Class							
Central governments or central banks	3	-	-	-	-	-	-
Administrative bodies and non-commercial undertakings	1	-	1	-	-	-	-
Institutions	101	63	29	-	7	-	-
Corporates	224	-	194	161	37	-	-
Past due items	3	-	3	-	-	-	-
Short term claims on institutions and corporates	2	-	2	209	-	-	-
Other items	5	2	4	0	2	-	-
Total - Standardised Approach Requirement	339	65	233	370	46	-	-

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

<u>As at 31 Dec 09</u>	<u>Consolidated</u>	<u>Significant Subsidiary</u>	<u>Significant Subsidiary</u>	<u>Consolidated</u>	<u>Consolidated</u>	<u>Consolidated</u>	<u>Significant Subsidiary</u>
	JPMCHL	JPMSL	JPMEL	JPMIB	JPMML	JPMAM Int	JPMAM UK
	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Market Risk							
CAD 1 Model based PRR	50	50	-	-	-	-	-
Interest rate PRR	1,386	1,386	-	2	5	-	-
Equity PRR	690	674	1	-	1	-	-
Option PRR	340	340	-	-	-	-	-
Collective investment schemes PRR	120	120	-	-	-	-	-
Commodity PRR	343	343	-	-	-	-	-
Foreign exchange PRR	613	568	42	-	1	86	5
Total Market Risk Capital Requirement	3,542	3,481	43	2	7	86	5
Counterparty risk capital component	2,094	2,088	-	68	73	-	-
Concentration risk capital component	368	517	-	9	-	-	-

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

<u>As at 31 Dec 09</u>	<u>Consolidated</u>	<u>Significant Subsidiary</u>	<u>Significant Subsidiary</u>	<u>Consolidated</u>	<u>Consolidated</u>	<u>Consolidated</u>	<u>Significant Subsidiary</u>
	JPMCHL	JPMSL	JPMEL	JPMIB	JPMML	JPMAM Int	JPMAM UK
	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Operational Risk - Basic Indicator Approach	1,124	582	284	25	76	-	-
Total Operational Risk Capital Requirement	1,124	582	284	25	76	-	-

Counterparty (Trading Book) Credit Risk Exposures

The following shows the Counterparty Credit Risk Exposures.

The JPMEL exposure is nil for the year ending 31 December 2009. The potential future credit exposure was related to internal foreign exchange contracts that JPMEL undertook in relation to its deposits placed with J.P, Morgan Chase Bank London Branch. These were not required under the new funding arrangements with JPMSL that commenced some time during 2009.

There are no such exposures within the Asset Management entities (JPMAM Int and JPMAM UK).

BIPRU 11.5.7 (5):

Counterparty credit exposure

	<u>Standardised Approach</u>			<u>Consolidated</u> JPMIB \$MM	<u>Consolidated</u> JPMML \$MM
	<u>Consolidated</u>	<u>Significant</u> <u>Subsidiary</u>	<u>Significant</u> <u>Subsidiary</u>		
	JPMCHL \$MM	JPMSL \$MM	JPMEL \$MM		
<u>As at 31 Dec 09</u>					
Gross Positive Fair Value of Contracts	28,771	28,771	-	878	1,547
Potential Future Credit Exposure	23,115	23,115	-	409	151
Netting Benefits	22,834	22,834	-	-211	112
Netted Current Credit Exposure	29,052	29,052	-	1,076	1,586
Collateral Held	17,865	17,865	-	-203	278
Net Derivatives Credit Exposure	12,393	12,393	-	873	1,589

BIPRU 11.5.7 (7):

Notional value of credit derivative contracts held for hedging purposes

	<u>Consolidated</u>	<u>Significant</u> <u>Subsidiary</u>
	JPMCHL \$MM	JPMSL \$MM
<u>As at 31 Dec 09</u>		
Notional value of credit derivative hedges under the Standardised Approach	36,341	36,341
Total	36,341	36,341

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

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

	<u>Consolidated</u> JPMCHL	<u>Significant Subsidiary</u> JPMSL	<u>Significant Subsidiary</u> JPMEL	<u>Consolidated</u> JPMIB	<u>Consolidated</u> JPMML
Exposure post CRM under Standardised Approach	\$MM	\$MM	\$MM	\$MM	\$MM
Financial Contract Type as at 31 Dec 09					
Interest Rate Contracts	2,502	2,502	-	45	0
Foreign Currency Contracts	5,222	5,222	-	157	20
Equities Contracts	2,280	2,280	-	671	782
Commodities other than precious Contracts	3,142	3,142	-	0	0
Credit Derivatives	3,444	3,444	-	0	0
Total	16,590	16,590	-	873	1,589

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

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

Credit Risk Exposures before Credit Risk Mitigation (CRM)

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

BIPRU 11.5.8 (3):

Credit risk exposure under the Standardised approach

Consolidated

JPMCHL

	Exposure Pre CRM	Average Exposure Pre CRM over the year
As at 31 Dec 09	\$MM	\$MM
Credit Risk Exposure Class Pre CRM		
Central governments or central banks	405	271
Regional governments or local authorities	2	3
Administrative bodies and non-commercial undertakings	88	92
Institutions	693	917
Corporates	3,485	2,643
Past due items	25	18
Short term claims on institutions and corporates	66	61
Other items	45	20
Total Standardised Approach Credit Risk Exposure	4,809	4,025

Significant Subsidiary

JPMSL

	Exposure Pre CRM	Average Exposure Pre CRM over the year
As at 31 Dec 09	\$MM	\$MM
Credit Risk Exposure Class Pre CRM		
Institutions	2,261	1,708
Corporates	3	31
Other items	17	25
Total Standardised Approach Credit Risk Exposure	2,281	1,764

Significant Subsidiary**JPMEL**

	Exposure Pre CRM	Average Exposure Pre CRM over the year
As at 31 Dec 09	\$MM	\$MM
Credit Risk Exposure Class Pre CRM		
Central governments or central banks	405	313
Regional governments or local authorities	2	2
Administrative bodies and non-commercial undertakings	88	90
Institutions	422	687
Corporates	3,408	2,291
Past due items	24	13
Short term claims on institutions and corporates	8,646	5,746
Other items	45	23
Total Standardised Approach Credit Risk Exposure	13,040	9,165

Consolidated**JPMIB**

	Exposure Pre CRM	Average Exposure Pre CRM over the year
As at 31 Dec 09	\$MM	\$MM
Credit Risk Exposure Class Pre CRM		
Central governments or central banks	435	473
Administrative bodies and non-commercial undertakings	3	4
Institutions	9	9
Corporates	2,005	1,580
Past due items	-	4
Short term claims on institutions and corporates	6,000	5,368
Total Standardised Approach Credit Risk Exposure	8,452	7,438

Consolidated**JPMML**

	Exposure Pre CRM	Average Exposure Pre CRM over the year
As at 31 Dec 09	\$MM	\$MM
Credit Risk Exposure Class Pre CRM		
Central governments or central banks	-	2
Institutions	349	72
Corporates	508	253
Other items	22	122
Total Standardised Approach Credit Risk Exposure	879	449

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

	United Kingdom	Other European Union	United States	Asia	Rest of the World	Total
<u>As at 31 Dec 09</u>	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM						
Central governments or central banks	405	-	-	-	-	405
Regional governments or local authorities	-	2	-	-	-	2
Administrative bodies and non-commercial undertakings	-	88	-	-	-	88
Institutions	448	182	6	58	-	694
Corporates	1,191	1,790	254	223	27	3,485
Past due items	-	19	5	-	-	24
Short term claims on institutions and corporates	66	-	-	-	-	66
Other items	45	-	-	-	-	45
Total Standardised Approach Credit Risk Exposure	2,155	2,081	265	281	27	4,809

Significant Subsidiary**JPMSL**

	United Kingdom	Other European Union	United States	Africa	Asia	Rest of the World	Total
<u>As at 31 Dec 09</u>	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM							
Institutions	986	533	161	1	279	301	2,261
Corporates	-	3	-	-	-	-	3
Other items	14	1	-	-	-	2	17
Total Standardised Approach Credit Risk Exposure	1,000	537	161	1	279	303	2,281

Significant Subsidiary

JPMEL

	United Kingdom	Other European Union	United States	Asia	Rest of the World	Total
<u>As at 31 Dec 09</u>	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM						
Central governments or central banks	405	-	-	-	-	405
Regional governments or local authorities	-	2	-	-	-	2
Administrative bodies and non-commercial undertakings	-	88	-	-	-	88
Institutions	176	182	6	58	-	422
Corporates	1,114	1,790	254	223	27	3,408
Past due items	-	19	5	-	-	24
Short term claims on institutions and corporates	8,646	-	-	-	-	8,646
Other items	45	-	-	-	-	45
Total Standardised Approach Credit Risk Exposure	10,386	2,081	265	281	27	13,040

Consolidated

JPMIB

	United Kingdom	Other European Union	United States	Rest of the World	Total
<u>As at 31 Dec 09</u>	\$MM	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM					
Central governments or central banks	-	185	250	-	435
Administrative bodies and non-commercial undertakings	-	1	-	2	3
Institutions	-	9	-	-	9
Corporates	89	335	11	1,570	2,005
Short term claims on institutions and corporates	3,121	617	14	2,248	6,000
Total Standardised Approach Credit Risk Exposure	3,210	1,147	275	3,820	8,452

Significant Subsidiary

JPMML

	United Kingdom	United States	Total
<u>As at 31 Dec 09</u>	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM			
Institutions	291	58	349
Corporates	508	-	508
Other items	22	-	22
Total Standardised Approach Credit Risk Exposure	821	58	879

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

	Banks	Energy and water	Other	Total
As at 31 Dec 09	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM				
Central governments or central banks	405	-	-	405
Regional governments or local authorities	-	-	2	2
Administrative bodies and non-commercial undertakings	-	-	88	88
Institutions	693	-	-	693
Corporates	-	18	3,468	3,486
Past due items	-	-	24	24
Short term claims on institutions and corporates	66	-	-	66
Other items	-	-	45	45
Total Standardised Approach Credit Risk Exposure	1,164	18	3,627	4,809

Significant Subsidiary**JPMSL**

	Commercial Banking	Investment Banking & Securities Dealing	Other	Total
As at 31 Dec 09	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM				
Institutions	1,888	151	222	2,261
Corporates	-	-	3	3
Other items	-	-	17	17
Total Standardised Approach Credit Risk Exposure	1,888	151	242	2,281

Significant Subsidiary**JPMEL**

	Banks	Energy and water	Other	Total
As at 31 Dec 09	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM				
Central governments or central banks	405	-	-	405
Regional governments or local authorities	-	-	2	2
Administrative bodies and non-commercial undertakings	-	-	88	88
Institutions	422	-	-	422
Corporates	-	18	3,390	3,408
Past due items	-	-	24	24
Short term claims on institutions and corporates	8,646	-	0	8,646
Other items	-	-	45	45
Total Standardised Approach Credit Risk Exposure	9,473	18	3,549	13,040

Consolidated**JPMIB**

	Banks	Other	Total
As at 31 Dec 09	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM			
Central governments or central banks	435	-	435
Administrative bodies and non-commercial undertakings	-	3	3
Institutions	9	-	9
Corporates	-	2,005	2,005
Short term claims on institutions and corporates	3,485	2,515	6,000
Total Standardised Approach Credit Risk Exposure	3,929	4,523	8,452

Significant Subsidiary**JPMML**

	Banks	Financial Institution	Other	Total
As at 31 Dec 09	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM				
Institutions	29	314	6	349
Corporates	-	508	-	508
Other items	-	-	22	22
Total Standardised Approach Credit Risk Exposure	29	822	28	879

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

	Exposure Pre CRM Standardised Approach Credit Risk Exposure Class						
	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 09	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM							
Central governments or central banks	-	405	-	-	-	-	405
Regional governments or local authorities	-	2	-	-	-	-	2
Administrative bodies and non-commercial undertakings	-	88	-	-	-	-	88
Institutions	-	693	-	-	-	-	693
Corporates	-	2,366	484	311	295	30	3,486
Past due items	-	24	-	-	-	-	24
Short term claims on institutions and corporates	-	66	-	-	-	-	66
Other items	-	45	-	-	-	-	45
Total Standardised Approach Credit Risk Exposure	-	3,689	484	311	295	30	4,809

Significant Subsidiary**JPMSL**

	Exposure Pre CRM Standardised Approach Credit Risk Exposure Class						
	On demand and qualifying revolving	Under one year	Over one year but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years or undated	Total
As at 31 Dec 09	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM							
Institutions	1,028	813	-	-	-	420	2,261
Corporates	-	-	-	-	-	3	3
Other items	-	-	-	-	-	17	17
Total Standardised Approach Credit Risk Exposure	1,028	813	-	-	-	440	2,281

Significant Subsidiary

JPMEL

	Exposure Pre CRM Standardised Approach Credit Risk Exposure Class						
	On demand and qualifying revolving	Under one year	Over one year but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years or undated	Total
As at 31 Dec 09	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM							
Central governments or central banks	-	405	-	-	-	-	405
Regional governments or local authorities	-	2	-	-	-	-	2
Administrative bodies and non-commercial undertakings	-	88	-	-	-	-	88
Multilateral development banks	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-
Institutions	-	422	-	-	-	-	422
Corporates	-	2,288	484	311	295	30	3,408
Retail	-	-	-	-	-	-	-
Secured on real estate property	-	-	-	-	-	-	-
Past due items	-	24	-	-	-	-	24
Short term claims on institutions and corporates	-	8,646	-	-	-	-	8,646
Other items	-	45	-	-	-	-	45
Total Standardised Approach Credit Risk Exposure	-	11,920	484	311	295	30	13,040

Consolidated

JPMIB

	Exposure Pre CRM Standardised Approach Credit Risk Exposure Class						
	On demand and qualifying revolving	Under one year	Over one year but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years or undated	Total
As at 31 Dec 09	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM							
Central governments or central banks	250	6	-	-	-	179	435
Regional governments or local authorities	-	-	-	-	-	-	-
Administrative bodies and non-commercial undertakings	-	3	-	-	-	-	3
Institutions	-	-	7	-	2	-	9
Corporates	-	1,933	72	-	-	-	2,005
Short term claims on institutions and corporates	-	5,884	-	-	-	116	6,000
Total Standardised Approach Credit Risk Exposure	250	7,826	79	-	2	295	8,452

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

	On demand and qualifying revolving	Under one year	Over one year but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years or undated	Total
As at 31 Dec 09	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Credit Risk Exposure Class Pre CRM							
Institutions	45	304	-	-	-	-	349
Corporates	83	425	-	-	-	-	508
Other items	0	22	-	-	-	-	22
Total Standardised Approach Credit Risk Exposure	128	751	-	-	-	-	879

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

	Impaired exposures \$MM	Past Due exposures \$MM	Provision \$MM
As at 31 Dec 09			
Finance	-	-	-
Corporate	-	-	21
Other	-	-	-
Total	-	-	21

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

	Impaired exposures \$MM	Past Due exposures \$MM	Provision \$MM
As at 31 Dec 09			
Other European Union	-	-	21
Total	-	-	21

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

Impairment Movement	Provision \$MM
As at 31 Dec 08	4
Acquisitions & Disposals	17
As at 31 Dec 09	21

BIPRU 11.5.10 (5):

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

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

Credit Exposure/ Capital Pre CRM	Credit exposure								Capital
	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Deducted from Capital Resources
As at 31 Dec 09	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	4,108	308	80	6	1	-	609	5,112	3
Regional governments or local authorities	1,045	743	1	18	-	-	1,251	3,058	-
Administrative bodies and non-commercial undertakings	2	-	-	-	-	-	237	239	1
Multilateral development banks	80	-	-	-	-	-	2	82	-
International organisations	2	-	-	-	-	-	1	3	-
Institutions	33,884	13,676	1,473	31	29	-	12,221	61,314	101
Corporates	1,276	2,842	793	363	51	3,238	24,686	33,249	224
Past due items	-	-	-	-	-	-	24	24	3
Short term claims on institutions and corporates	15	2	-	-	-	-	48	65	2
Other items	-	-	-	-	-	-	62	62	5
Total Standardised Approach Credit Risk Exposure/ Capital	40,412	17,571	2,347	418	81	3,238	39,141	103,208	339

Significant Subsidiary

JPMSL

Credit Exposure/ Capital Pre CRM	Credit exposure								Capital
	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Deducted from Capital Resources
As at 31 Dec 09	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	3,704	308	80	6	1	-	609	4,708	-
Regional governments or local authorities	1,044	743	1	18	-	-	1,251	3,057	-
Administrative bodies and non-commercial undertakings	2	-	-	-	-	-	149	151	-
Multilateral development banks	80	-	-	-	-	-	2	82	-
International organisations	2	-	-	-	-	-	1	3	-
Institutions	33,884	13,647	1,473	23	19	-	11,846	60,892	302
Corporates	1,207	2,198	647	40	22	3,238	22,489	29,841	-
Other items	-	-	-	-	-	-	17	17	32
Total Standardised Approach Credit Risk Exposure/ Capital	39,923	16,896	2,201	87	42	3,238	36,364	98,751	334

Significant Subsidiary

JP MEL

Credit Exposure/ Capital Pre CRM	Credit exposure								Capital
	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Deducted from Capital Resources
As at 31 Dec 09	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	405	-	-	-	-	-	-	405	-
Regional governments or local authorities	2	-	-	-	-	-	-	2	-
Administrative bodies and non-commercial undertakings	-	-	-	-	-	-	88	88	1
Multilateral development banks	-	-	-	-	-	-	-	-	0
International organisations	-	-	-	-	-	-	-	-	0
Institutions	-	29	-	7	10	-	376	422	29
Corporates	69	644	146	323	29	-	2,197	3,408	194
Past due items	-	-	-	-	-	-	24	24	3
Short term claims on institutions and corporates	15	2	-	-	-	-	8,628	8,646	2
Other items	-	-	-	-	-	-	45	45	4
Total Standardised Approach Credit Risk Exposure/ Capital	491	675	146	330	39	-	11,358	13,040	233

ConsolidatedJPMIB

Credit Exposure/ Capital Pre CRM	Credit exposure								Capital
	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Deducted from Capital Resources
As at 31 Dec 09	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	183	-	-	-	-	-	252	435	-
Administrative bodies and non-commercial undertakings	-	-	-	-	-	-	3	3	-
Institutions	-	-	-	-	-	-	9	9	-
Corporates	-	-	-	-	-	-	2,005	2,005	161
Short term claims on institutions and corporates	3,386	-	9	-	-	-	2,605	6,000	260
Total Standardised Approach Credit Risk Exposure/ Capital	3,569	-	9	-	-	-	4,874	8,452	421

Significant SubsidiaryJPMML

Credit Exposure/ Capital Pre CRM	Credit exposure								Capital
	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Deducted from Capital Resources
As at 31 Dec 09	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Institutions	21	67	-	-	-	-	261	349	-
Corporates	-	83	425	-	-	-	-	508	-
Other items	6	-	-	-	-	-	16	22	-
Total Standardised Approach Credit Risk Exposure/ Capital	27	150	425	-	-	-	277	879	-

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

	Credit exposure							Capital	
Credit Exposure/ Capital Post CRM	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Deducted from Capital Resources
As at 31 Dec 09	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	1,847	161	15	6	1	-	332	2,362	3
Regional governments or local authorities	992	699	1	10	-	-	873	2,575	-
Administrative bodies and non-commercial undertakings	2	-	-	-	-	-	236	238	1
Multilateral development banks	47	-	-	-	-	-	-	47	-
International organisations	2	-	-	-	-	-	-	2	-
Institutions	5,863	6,713	417	18	28	0	8,630	21,669	101
Corporates	1,143	2,381	669	353	48	373	15,607	20,574	224
Past due items	-	-	-	-	-	-	24	24	3
Short term claims on institutions and corporates	15	2	-	-	-	-	48	65	2
Other items	-	-	-	-	-	-	62	62	5
Total Standardised Approach Credit Risk Exposure/ Capital	9,911	9,956	1,102	387	77	373	25,812	47,618	339

Significant**Subsidiary****JPMSL**

	Credit exposure							Capital	
Credit Exposure/ Capital Post CRM	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Deducted from Capital Resources
As at 31 Dec 09	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	1,443	161	15	6	1	-	332	1,958	-
Regional governments or local authorities	990	699	1	10	-	-	873	2,573	-
Administrative bodies and non-commercial	2	-	-	-	-	-	148	150	-

undertakings									
Multilateral development banks	47	-	-	-	-	-	-	47	-
International organisations	2	-	-	-	-	-	-	2	-
Institutions	5,863	6,684	417	11	18	-	8,255	21,248	302
Corporates	1,074	1,737	523	30	19	373	13,410	17,166	-
Other items	-	-	-	-	-	-	17	17	32
Total Standardised Approach Credit Risk Exposure/ Capital	9,421	9,281	956	57	38	373	23,035	43,161	334

Significant Subsidiary
JPMEL

	Credit exposure							Capital	
Credit Exposure/ Capital Post CRM	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Deducted from Capital Resources
As at 31 Dec 09	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	405	-	-	-	-	-	-	405	-
Regional governments or local authorities	2	-	-	-	-	-	-	2	-
Administrative bodies and non-commercial undertakings	-	-	-	-	-	-	88	88	1
Institutions	-	29	-	7	10	-	376	422	29
Corporates	69	644	146	323	29	-	2,197	3,408	194
Past due items	-	-	-	-	-	-	24	24	3
Short term claims on institutions and corporates	15	2	-	-	-	-	8,628	8,646	2
Other items	-	-	-	-	-	-	45	45	4
Total Standardised Approach Credit Risk Exposure/ Capital	491	675	146	330	39	-	11,358	13,040	233

Consolidated

JPMIB

	Credit exposure							Capital	
Credit Exposure/ Capital Post CRM	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Deducted from Capital Resources
As at 31 Dec 09	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Central governments or central banks	183	-	-	-	-	-	252	435	-
Administrative bodies and non-commercial undertakings	-	-	-	-	-	-	3	3	-
Institutions	-	-	-	-	-	-	9	9	-
Corporates	-	-	-	-	-	-	2,005	2,005	161
Short term claims on institutions and corporates	209	-	9	-	-	-	2,605	2,823	209
Total Standardised Approach Credit Risk Exposure/ Capital	392	-	9	-	-	-	4,874	5,275	370

Significant

Subsidiary

JPMML

	Credit exposure							Capital	
Credit Exposure/ Capital Post CRM	Credit Quality Step 1	Credit Quality Step 2	Credit Quality Step 3	Credit Quality Step 4	Credit Quality Step 5	Credit Quality Step 6	Unrated	Total	Deducted from Capital Resources
As at 31 Dec 09	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM	\$MM
Institutions	21	67	-	-	-	-	261	349	-
Corporates	-	83	425	-	-	-	-	508	-
Other items	6	-	-	-	-	-	16	22	-
Total Standardised Approach Credit Risk Exposure/ Capital	27	150	425	-	-	-	277	879	-

Non Trading Book exposures in Equities.

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

BIPRU 11.5.15 (2), (3), (4) and (5):

Consolidated JPMCHL and Significant Subsidiary JPMSL

Fair value of and gains and losses on equity investments

Non Trading Book Equity Investments As at 31 Dec 09

Fair Value	\$MM
Exchange Traded	-
Private Equity	-
Other	302 *
Total	302

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

-

Unrealised gains/(losses)

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

Latent Revaluation gains/(losses)

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

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

Consolidated

JPAM Int

Fair value of and gains and losses on equity investments

Non Trading Book Equity Investments As at 31 Dec 09

Fair Value	\$MM
Exchange Traded	22
Private Equity	16
Other - Investments in Collective Investment Undertakings	389
Total	427

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

9

Unrealised gains/(losses)

Total Gains or Losses	-23
Amount included in Tier 1,2 or 3 Capital	-80

Latent Revaluation gains/(losses)

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

Significant Subsidiary

JPMAM UK

Fair value of and gains and losses on equity investments

Non Trading Book Equity Investments

As at 31 Dec 09

Fair Value	\$MM
Exchange Traded	-
Private Equity	-
Other - Investments in Collective Investment Undertakings	36
Total	36

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

-1

Unrealised gains/(losses)

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

Latent Revaluation gains/(losses)

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

Non Trading Book exposure to Interest Rate risk.

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

BIPRU 11.5.16 (2):

Sensitivity of the Banking Book to interest rate changes

Consolidated

JPMCHL

As at 31 Dec 09	Change in Economic Value of Equity	
	\$MM	\$MM
Currency	+ 200 basis points	- 200 basis points
GBP	1,025	1,030
USD	1,200	1,206
Euro	924	929
Other	467	470
Total Economic Value of Equity (EVE)	3,616	3,635
Percentage of EVE to Tier 1 and Tier 2 Capital	17%	17%

Significant Subsidiary

JPMEL

As at 31 Dec 09	Change in Economic Value of Equity	
	\$MM	\$MM
Currency	+ 200 basis points	- 200 basis points
GBP	1,025	1,030
USD	1,200	1,206
Euro	924	929
Other	467	470
Total Economic Value of Equity (EVE)	3,616	3,635
Percentage of EVE to Tier 1 and Tier 2 Capital	138%	139%

JPMIB

As at 31 Dec 09	Change in Economic Value of Equity	
	\$MM	\$MM
Currency	+ 200 basis points	- 200 basis points
GBP	6	6
USD	49	49
Euro	11	11
Other	24	24
Total Economic Value of Equity (EVE)	90	90
Percentage of EVE to Tier 1 and Tier 2 Capital	37%	37%

Securitisation

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

Collateral and Guarantees

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

BIPRU 11.6.5 (6) and (7):

Collateral and Guarantees for Standardised Approach

Consolidated

JPMCHL

	Total Exposure after netting and volatility adjustments covered by Eligible Financial Collateral	Total Exposure after netting and volatility adjustments covered by Other (Non-Financial) Eligible Collateral *	Total Exposure - after netting covered by Guarantees and Credit Derivatives
As at 31 Dec 09	\$MM	\$MM	\$MM
Standardised Approach Credit Risk Exposure Class			
Central governments or central banks	405	405	405
Regional governments or local authorities	2	2	2
Administrative bodies and non-commercial undertakings	88	88	88
Institutions	693	693	693
Corporates	3,485	3,485	3,485
Past due items	25	25	25
Short term claims on institutions and corporates	66	66	66
Other items	45	45	45
Total	4,809	4,809	4,809

Significant Subsidiary

JPMSL

	Total Exposure after netting and volatility adjustments covered by Eligible Financial Collateral	Total Exposure after netting and volatility adjustments covered by Other (Non-Financial) Eligible Collateral *	Total Exposure - after netting covered by Guarantees and Credit Derivatives
As at 31 Dec 09	\$MM	\$MM	\$MM
Standardised Approach Credit Risk Exposure Class			
Institutions	2,261	2,261	2,261
Corporates	3	3	3
Other items	17	17	17
Total	2,281	2,281	2,281

* There is no Other (Non-Financial) Eligible Collateral.

Significant Subsidiary**JPMEL**

	Total Exposure after netting and volatility adjustments covered by Eligible Financial Collateral	Total Exposure after netting and volatility adjustments covered by Other (Non- Financial) Eligible Collateral	Total Exposure - after netting covered by Guarantees and Credit Derivatives
As at 31 Dec 09	\$MM	\$MM	\$MM
Standardised Approach Credit Risk Exposure Class			
Corporates	584	-	-
Total	584	-	-

Consolidated**JPMIB**

	Total Exposure after netting and volatility adjustments covered by Eligible Financial Collateral	Total Exposure after netting and volatility adjustments covered by Other (Non- Financial) Eligible Collateral	Total Exposure - after netting covered by Guarantees and Credit Derivatives
As at 31 Dec 09	\$m	\$m	\$m
Standardised Approach Credit Risk Exposure Class			
Short term claims on institutions and corporates	-	-	43
Total	-	-	43