

# Pillar 3 Annual Disclosure Report as at 31<sup>st</sup> December 2023

---

J.P. Morgan Capital Holdings Limited

# Table of Contents

1. INTRODUCTION .....	4
2. ATTESTATION STATEMENT OF DISCLOSURE (ARTICLE 431) .....	8
3. DISCLOSURE OF RISK MANAGEMENT OBJECTIVES AND POLICIES (ARTICLE 435) .....	9
4. DISCLOSURE OF THE SCOPE OF APPLICATION (ARTICLE 436) .....	23
5. DISCLOSURE OF OWN FUNDS (ARTICLE 437) .....	26
6. DISCLOSURE OF OWN FUNDS REQUIREMENT AND RISK-WEIGHTED EXPOSURE AMOUNTS (ART. 438) .....	32
7. DISCLOSURE OF EXPOSURES TO COUNTERPARTY CREDIT RISK (ARTICLE 439) .....	35
8. DISCLOSURE OF COUNTERCYCLICAL CAPITAL BUFFERS (ART. 440) .....	39
9. DISCLOSURE OF EXPOSURES TO CREDIT RISK AND DILUTION RISK (ART.442) .....	41
10. DISCLOSURE OF ENCUMBERED AND UNENCUMBERED ASSETS (ARTICLE 443) .....	47
11. DISCLOSURE OF THE USE OF THE STANDARDISED APPROACH (ARTICLE 444) .....	49
12. DISCLOSURE OF EXPOSURE TO MARKET RISK (ARTICLE 445) .....	50
13. DISCLOSURE OF OPERATIONAL RISK MANAGEMENT (ARTICLE 446) .....	51
14. DISCLOSURE OF EXPOSURES TO INTEREST RATE RISK ON POSITIONS NOT HELD IN THE TRADING BOOK (ARTICLE 448) .....	52
15. DISCLOSURE OF EXPOSURE TO SECURITISATION POSITIONS (ARTICLE 449) .....	53
16. DISCLOSURE OF REMUNERATION POLICY (ART. 450) .....	58
17. DISCLOSURE OF LEVERAGE RATIO (ART. 451) .....	61
18. DISCLOSURE OF LIQUIDITY REQUIREMENTS (ART. 451A) .....	64
19. DISCLOSURE OF THE USE OF CREDIT RISK MITIGATION TECHNIQUES (ART. 453) .....	70
20. USE OF INTERNAL MARKET RISK MODELS (ARTICLE 455) .....	73
21. ANNEXURE .....	75
22. GLOSSARY OF ACRONYMS .....	76

## List of Tables

Table 1: UK KM1 - Key metrics template	7
Table 2: EMEA Risk Management Structure	10
Table 3: UK LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories	23
Table 4: UK LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements	24
Table 5: UK PV1 - Prudent valuation adjustments (PVA)	25
Table 6: UK CC1 - Composition of regulatory own funds	26
Table 7: UK CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements	28
Table 8: Liability structure	29
Table 9: UK CCA - Main features of regulatory own funds instruments and eligible liabilities instruments	30
Table 10: UK OV1 - Overview of RWAs	32
Table 11: Total Capital Requirements	33
Table 12: UK CCR7 - RWEA flow statements of CCR exposures under the IMM	33
Table 13: MR2-B - RWEA flow statements of market risk exposures under the IMA	34
Table 14: UK CCRA - Impact of Credit Rating Downgrade on collateral	36
Table 15: UK CCR1 - Analysis of CRR exposure by approach	36
Table 16: UK CCR2 - Transactions subject to own funds requirements for CVA risk	37
Table 17: UK CCR3 - Standardised approach – CCR exposures by regulatory exposure class and risk weights	37
Table 18: UK CCR5 - Composition of collateral for CCR exposures	37
Table 19: UK CCR6 - Credit derivatives exposures	38
Table 20: UK CCR8 - Exposures to CCPs	38
Table 21: UK CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer	39
Table 22: UK CCyB2 - Amount of institution-specific countercyclical capital buffer	40
Table 23: UK CR1 - Performing and non-performing exposures and related provisions	42
Table 24: UK CR1-A - Maturity of exposures	43
Table 25: UK CR2 - Changes in the stock of non-performing loans and advances	43
Table 26: UK CQ1- Credit quality of forborne exposures	43
Table 27: UK CQ3 - Credit quality of performing and non-performing exposures by past due days	44
Table 28: UK CQ4 - Quality of non-performing exposures by geography	45
Table 29: UK CQ5 - Credit quality of loans and advances to non-financial corporations by industry	46
Table 30: AE1 - Encumbered and unencumbered assets	47
Table 31: AE2 - Collateral received and own debt securities issued	47
Table 32: AE3 - Sources of encumbrance	48
Table 33: UK CR5 - Standardised approach	49
Table 34: UK MR1 - Market risk under the standardised approach	50
Table 35: OR1 - Operational risk own funds requirements and risk-weighted exposure amounts	51
Table 36: UK IRRBB1 - Quantitative information on IRRBB	52
Table 37: SEC1 - Securitisation exposures in the non-trading book	54
Table 38: SEC2 - Securitisation exposures in the trading book	55
Table 39: SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor	56
Table 40: SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor	56
Table 41: SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments	57
Table 42: UK REM1 - Remuneration awarded for the financial year	59
Table 43: UK REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile	59
Table 44: UK REM3 Analysis of Deferred Compensation	60
Table 45: UK REM4 - Remuneration of 1 million EUR or more per year	60
Table 46: UK REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile	60
Table 47: UK LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures	61
Table 48: UK LR2 - LRCom: Leverage ratio common disclosure	62
Table 49: UK LR3 - LRSpl: Split-up of on balance sheet exposures	63
Table 50: UK LIQ1 - Quantitative information of LCR	66
Table 51: UK LIQ2 - Net Stable Funding Ratio	68
Table 52: UK CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques	71
Table 53: UK CR4 - Standardised approach - Credit risk exposure and CRM effects	71
Table 54: UK MR2-A - Market risk under the Internal Model Approach (IMA)	73
Table 55: UK MR3 - IMA values for trading portfolios	73
Table 56: UK MR4 - Comparison of VaR estimates with gains/losses	74

## 1. Introduction

### Overview

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 risk weighted assets ('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; and
- **Pillar 3** encourages market discipline through a prescribed set of disclosure requirements which allow market participants to assess the risk and capital profiles of banks.

The transposition of the Basel III framework into United Kingdom (UK) law is in two parts: the Capital Requirements Directive ('CRD')<sup>1</sup> which entered into force on 29 December 2006 and the Capital Requirements Regulation ('CRR')<sup>2</sup>. The CRR was published in the Official Journal of the European Union on 27 June 2013, and following Brexit, the European Union ('EU') capital requirements that were in force prior to the end of the implementation period<sup>3</sup> were onshored into UK law into what is commonly referred to as the "UK CRR". Note that the UK published the final rules on the implementation of the remaining provisions<sup>4</sup> (e.g. the Standardised Approach to Counterparty Credit Risk ('SA-CCR'), Investment Firm Prudential Regime ('IFPR')<sup>5</sup>, changes to the large exposures framework<sup>6</sup>, and updated UK leverage requirements<sup>7</sup>) that had not already been onshored into UK law in October 2021, and these were applicable on 01 January 2022. The remainder of 'retained EU law' will be removed and replaced with equivalent UK requirements over the next few years. A key part of that is linked to the UK's implementation of the final package of changes in the Basel 3 regime – known in the UK as Basel 3.1. Part Eight of the CRR includes additional provisions on regulatory disclosures for credit institutions.

In addition, the requirements of the EBA Final Report on Guidelines for Disclosure under Part Eight of the CRR2 ('EBA GL2') have been incorporated into JPMC's disclosure process from 01 January 2018, and are followed for this document. This document also includes some items required under the amendments to CRR that became applicable in June 2019.

This disclosure contains the Pillar 3 disclosure for J.P. Morgan Capital Holdings Limited ('JPMCHL') and provides information on the Firm's capital structure, capital adequacy, risk exposures, and RWA.

This disclosure fulfills the requirements as set out in Part Eight of the UK CRR, and in the PRA Supervisory Statements and Statements of Policy<sup>8</sup> and guidelines<sup>9</sup> issued by the European Banking Authority ('EBA').

These disclosures have been prepared in full accordance with the EMEA Pillar 3 Process document<sup>10</sup>, which itself has been approved at Board level.

The Pillar 3 disclosure has been approved for publication by the Board of Directors of JPMCHL whose disclosure is contained herein.

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

### Means of Disclosure (Article 434)

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

The ultimate parent of the entity in scope of this disclosure is JPMorgan Chase & Co. ('JPMorgan Chase'), a financial holding company incorporated under Delaware law in 1968. Firmwide disclosure is made under Basel III requirement and is available using the same link as the UK regulated entities disclosure. The report should be read in conjunction with the Annual Report on Form 10-K and the Quarterly Report on Form 10-Q which have been filed with the U.S. Securities and Exchange Commission and available at the following link: <http://investor.shareholder.com/jpmorganchase/sec.cfm>

<sup>1</sup> Capital Requirements Directive / Directive 2013/36/EU, commonly known as CRD V, was revised from the CRD IV version and transposed into the UK legislation

<sup>2</sup> Capital Requirements Regulation (CRR) / Regulation (EU) No. 575/2013

<sup>3</sup> The Brexit implementation period ended on 31 December 2020

<sup>4</sup> Commonly referred to as CRR II in the EU

<sup>5</sup> This applies to some JPM UK entities but not those in the JPMCHL group

<sup>6</sup> The large exposure limit for nominated intragroup exposures has been amended through provisions of a NCLEG waiver

<sup>7</sup> Some changes to leverage requirements, such as buffers, reporting and disclosure requirements, did not apply until 1 January 2023 for firms newly in-scope such as JPMCHL

<sup>8</sup> <https://www.bankofengland.co.uk/prudential-regulation/prudential-and-resolution-policy-index/banking/disclosure>

<sup>9</sup> The PRA expects firms to continue to make every effort to comply with these two existing EU Guidelines and Recommendations that are applicable as at the end of the transition period, to the extent that these remain relevant, and to interpret these in light of any relevant onshoring changes to the legislation to which they relate

<sup>10</sup> J.P. Morgan EMEA Pillar 3 Process document – first published June 2016, and approved for CRR II changes in April 2022

## Scope of Application (Article 436)

These disclosures are made for J.P. Morgan entities within the UK and include disclosure for the following:

### J.P. Morgan Capital Holdings Limited ('JPMCHL')

- The primary subsidiaries of which are J.P. Morgan Securities plc. ('JPMS plc') and J.P. Morgan Europe Limited ('JPMEEL').
- The main activities of the entities within the JPMCHL group are Commercial and Investment Bank ('CIB') and International Consumer Banking activities ('ICB').
- JPMCHL is the holding company for a number of regulated entities, which are subject to consolidated supervision at the level of JPMCHL
- JPMS plc and JPMEEL are authorised by the Prudential Regulation Authority ('PRA') and regulated by Financial Conduct Authority ('FCA').

The scope of consolidation for regulatory capital purposes is consistent with the accounting basis for consolidation.

As required under Article 436 CRR, it is confirmed that there are no current or foreseen material practical or legal impediments to the prompt transfer of own funds or repayment between JPMS plc and its parent.

No items have been omitted due to materiality reasons under Titles III and IV of the Guidelines. Any line items that are not applicable have been hidden for presentation purposes.

## Board Declaration - Adequacy of Risk Management Arrangements

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

## Regulatory Developments

### Loss absorbency requirements

Capital Requirements Regulation rules on the Minimum Requirement for own funds and Eligible Liabilities ('MREL'), which, following their on-shoring into UK law by The Capital Requirements (Amendment) (EU Exit) Regulations 2019, previously applied in parallel to the Bank of England ('BoE') requirements at the level of the consolidated UK parent entity, J.P. Morgan Capital Holdings Limited, were revoked with effect from 1 January 2024 by regulation 5(b) of the Financial Services Markets Act of 2023 (Commencement No. 1) Regulations 2023.

### UK Capital Regime

Following the UK's withdrawal from the EU, the legislative and regulatory framework for financial services has been amended on the back of the EU (Withdrawal) Act 2018 (EUWA) to ensure that it continues to operate as intended post-exit. Extensive amendments to the prudential regulatory framework were made through the Financial Services Act 2021, covering aspects of the Basel III standards that were introduced into the EU Capital Requirements Regulation but that did not apply across the EU until after the end of the Brexit transition period – the CRR rules – as well as the finalization of the rules with respect to the implementation of the Basel III framework (globally agreed between 2017-2019), also referred to as the Basel 3.1 standards, that have not yet been implemented by either the EU or the UK. The remaining elements focus on revisions to the credit risk and operational risk calculation methods, reducing the use of and reliance on internal modelling approaches, and introduce internationally agreed changes to the market risk framework.

The UK has taken a 2-step approach in publishing its set of rules on Basel 3.1: a first set was published in December 2023, and a second set will be published in the second quarter of 2024. The Basel 3.1 standards are expected to apply as of 1 July 2025 with certain transitional arrangements until 2030, and are largely aligned with the internationally agreed Basel III principles.

In June 2023, the new Financial Services and Markets Act 2023 (FSMA 2023) received Royal Assent and became law. The Act aims to establish an enhanced regulatory regime that is better tailored to UK markets, by granting new powers for UK regulators to draft rules in their Handbooks, rather than requiring it to be incorporated via statutes. The FSMA 2023 also introduced new secondary objectives for the FCA and Prudential Regulation Authority ('PRA') to facilitate growth and international competitiveness of the UK economy.

Subsequently, the PRA intends to streamline the existing framework by improving accessibility and efficiency as well as usability and clarity to the rules and provisions.

### Consumer Duty

The FCA new Consumer Duty (the 'Duty') came into force in 2023. The Duty applies to the regulated and ancillary activities of all firms regulated under the Financial Services and Markets Act 2000, the Payment Services Regulations 2017 and E-money Regulations 2011 in respect of products and services for prospective and actual retail customers. For new and existing products or services that are open to sale or renewal the rules came into force on 31 July 2023. For closed products or services, the rules will come into force on 31 July 2024.

The Duty requires firms to act to deliver good outcomes for their retail customers. Firms are expected to provide customers with products and services that meet their needs and offer fair value. Retail customers should receive communications they can understand and get the customer support they need, and when they need it. The Duty also requires firms to demonstrate that their products consistently deliver good outcomes.

Consumer Duty governance and implementation programmes were established to coordinate and oversee the required changes.

The Group implemented the necessary regulatory obligations pursuant to the Consumer Duty before the compliance date of 31 July 2023. Work is now being undertaken to further embed and operationalise the Duty.

## Geopolitical tensions

The duration and potential outcomes of geopolitical conflicts, including the war in Ukraine and Middle East instability, remain uncertain.

The Firm's exposure to Russia and Russia-associated clients and counterparties is not material to its financial position or operations, however the Firm and the Group continue to monitor potential secondary impacts of the war in Ukraine and other geopolitical conflicts. This includes increased market volatility, inflationary pressures and the effects of financial and economic sanctions imposed by various Governments on its businesses.

The Firm and the Group also continue to monitor and manage the operational risks associated with geopolitical conflicts, including compliance with the financial and economic sanctions and the increased risk of cyber-attacks.

## Key Changes during the Period

- **Own Funds:**
  - Tier 1 Capital : In Q1-23, \$5bn AT1 instruments were issued and a \$5bn dividend was paid to the parent entity - no net impact on JPMCHL's capital resources.
  - Tier 2 Capital: In Q4-23, Tier 2 Capital has decreased by \$1bn due to redemption of subordinated debt instruments.
- **Total Capital ratio/RWA:**
  - The total capital ratio has decreased by 4.48% from 35.00% as at 31st December 2022 to 30.52%. The decrease in total capital ratio is driven by an increase in RWA.
  - Increase of \$22bn in RWA was driven by \$17bn credit and counterparty credit risk primarily in Securities Financing Transactions due to increase in trading volumes on both Stock Borrow and Margin Lending businesses and reduced collateral recognition for open term repos.
  - Other notable changes in the period include the following items which had a less material impact on RWA: extension of the IMM permission to cover exchange traded derivatives and increased specific market risk on traded debt instruments arising on warrant issuances from another JP Morgan entity.
- **Leverage ratio:**
  - Total leverage exposure decreased by \$8bn from \$584bn as at 31st December 2022 to \$576bn driven by \$18bn Other Assets (reduced cash collateral and variation margin netting) and \$11bn Derivatives (decreased due to movement in mark to market and trading volumes) partially offset by \$20bn increase in Security Financing Transactions exposure to manage funding requirements and trading activities.
- **Liquidity Coverage ratio ('LCR'):**
  - LCR increased by 28% to 246%, primarily driven by an increase in HQLA and a reduction in net funding outflows, including the impact of the inflow cap.

**Table 1: UK KM1 - Key metrics template**

The table below provides a summary of the main regulatory ratios and requirements

\$mm		31-Dec-2023	31-Dec-2022
<b>Available own funds (amounts)</b>			
1	Common Equity Tier 1 (CET1) capital	37,834	42,696
2	Tier 1 capital	47,834	47,696
3	Total capital	58,742	59,696
<b>Risk-weighted exposure amounts</b>			
4	Total risk-weighted exposure amount	192,455	170,430
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>			
5	Common Equity Tier 1 ratio (%)	19.66 %	25.10 %
6	Tier 1 ratio (%)	24.85 %	28.00 %
7	Total capital ratio (%)	30.52 %	35.00 %
<b>Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)</b>			
UK 7a	Additional CET1 SREP requirements (%)	1.41 %	1.44 %
UK 7b	Additional AT1 SREP requirements (%)	0.47 %	0.48 %
UK 7c	Additional T2 SREP requirements (%)	0.63 %	0.64 %
UK 7d	Total SREP own funds requirements (%)	10.51 %	10.57 %
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>			
8	Capital conservation buffer (%)	2.50 %	2.50 %
9	Institution specific countercyclical capital buffer (%)	0.50 %	0.19 %
11	Combined buffer requirement (%)	3.00 %	2.69 %
UK 11a	Overall capital requirements (%)	13.51 %	13.25 %
12	CET1 available after meeting the total SREP own funds requirements (%)	10.55 %	16.02 %
<b>Leverage ratio</b>			
13	Total exposure measure excluding claims on central banks	576,724	584,309
14	Leverage ratio excluding claims on central banks (%)	8.29 %	8.16 %
<b>Additional leverage ratio disclosure requirements</b>			
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	8.29 %	8.16 %
14b	Leverage ratio including claims on central banks (%)	8.17 %	8.00 %
14c	Average leverage ratio excluding claims on central banks (%)	8.29 %	8.16 %
14d	Average leverage ratio including claims on central banks (%)	8.17 %	8.00 %
14e	Countercyclical leverage ratio buffer (%)	0.20 %	— %
<b>Liquidity Coverage Ratio</b>			
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	80,741	77,894
UK 16a	Cash outflows - Total weighted value	130,501	143,297
UK 16b	Cash inflows - Total weighted value	106,303	122,179
16	Total net cash outflows (adjusted value)	33,009	35,824
17	Liquidity coverage ratio (%)	245.86 %	217.48 %
<b>Net Stable Funding Ratio</b>			
18	Total available stable funding	182,733	178,183
19	Total required stable funding	147,578	142,295
20	NSFR ratio (%)	123.83 %	125.93 %

## 2. Attestation Statement of Disclosure (Article 431)

The disclosure information has been prepared in full accordance with the EMEA Pillar 3 Process document, which has been approved at Board level.

The Pillar 3 process outlines:

- The roles and responsibilities in the production of public disclosure
- The annual assessment process requirements for scope and proportionality, 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.

Attestation:

I confirm that I have taken reasonable measures to ensure that the information presented in this Pillar 3 report meets the requirements of Part 8 of onshored EU Regulation No.2013/575, 2019/876 (and its subsequent amendments) and has been prepared in accordance with the internal control procedures, guidelines, systems and controls agreed at management body level.

Grant Ross  
UK CFO & EMEA Regional Controller  
Managing Director

Ian Green  
Managing Director, EMEA CRO  
Firmwide Risk Executive

### 3. Disclosure of Risk Management Objectives and Policies (Article 435)

#### Risk Management Activities

Risk is an inherent part of JPMorgan Chase's business activities. When the Firm extends a consumer or wholesale-loan, advises customers and clients on their investment decisions, makes markets in securities, or offers other products or services, the Firm takes on some degree of risk. The Firm's overall objective is to manage its business, and the associated risks, in a manner that balances serving the interest of its clients, customers and investors whilst protecting the safety and soundness of the Firm.

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

- Acceptance of responsibility, including identification and escalation of risk, by all individuals within the Firm;
- Ownership of risk identification, assessment, data and management within each of the lines of business ('LOB') and Corporate functions ('CFs'); and
- A Firmwide risk governance and oversight structure.

The Firm follows a disciplined and balanced compensation framework with strong internal governance and independent oversight by the Board of Directors (the 'Board'). The impact of risk and control issues is carefully considered in the Firm's performance evaluation and incentive compensation processes.

#### Risk Organization

The Firm's risk governance framework is managed on a Firmwide basis. The Firm has an Independent Risk Management ('IRM') function, which is comprised of Risk Management and Compliance. The Firm's Chief Executive Officer ('CEO') appoints, subject to approval by the Risk Committee of the Board of Directors (the 'Board Risk Committee'), the Firm's Chief Risk Officer ('CRO') to lead the IRM function and manage the risk governance framework of the Firm. The framework is subject to approval by the Board Risk Committee through its review and approval of the Risk Governance and Oversight Policy.

The Firm's CRO oversees and delegates authority to the Firmwide Risk Executives ('FREs'), the Chief Risk Officers of the LOBs and Corporate ('LOB CROs'), and the Firm's Chief Compliance Officer ('CCO'), who, in turn, establish Risk Management and Compliance organizations, develop the Firm's risk governance policies and standards, and define and oversee the implementation of the Firm's risk governance framework. The LOB CROs oversee risks that arise in their LOBs and Corporate, while FREs oversee risks that span across the LOBs, as well as functions and regions. Each area of the Firm giving rise to risk is expected to operate within the parameters identified by the IRM function, and within the risk and control standards established by its own management.

The Firm's "three lines of defense" are as follows:

The first line of defense consists of each LOB, Treasury and Chief Investment Office ('TCIO'), and certain Other Corporate initiatives, including their aligned Operations, Technology and Control Management. The first line of defense own the identification of risks within their respective organizations and the design and execution of controls to manage those risks. Responsibilities also include adherence to applicable laws, rules and regulations and implementation of the risk governance framework established by IRM, which may include policies, standards, limits, thresholds and controls.

The second line of defense is the IRM function, which is separate from the first line of defense and is responsible for independently measuring risk, as well as assessing and challenging the risk management practices of the first line of defence. IRM is also responsible for the identification of risks within its respective organization, adherence to applicable laws, rules and regulations and for the development and implementation of policies and standards with respect to its own processes.

The third line of defense is Internal Audit, an independent function that provides objective assessment of the adequacy and effectiveness of Firmwide processes, controls, governance and risk management. The Internal Audit function is headed by the General Auditor, who reports to the Audit Committee and administratively to the CEO.

In addition, there are other functions that contribute to the Firmwide control environment, but are not considered part of a particular line of defense including Finance, Human Resources and Legal. These other functions are responsible for the identification of risks within their respective organisations, adherence to applicable laws, rules and regulations and implementation of the risk governance framework established by IRM.

#### Risk Governance

The independent status of the IRM function is supported by a risk governance and oversight structure that provides channels for the escalation of risks and issues to senior management, the Firmwide Risk Committee ('FRC'), and the Board of Directors, as appropriate.

The FRC is the Firm's highest management-level risk committee. It oversees the risks inherent in the Firm's business and provides a forum for discussion of topics, and issues that are raised or escalated by its members and other committees.

#### EMEA Risk Governance

Whilst the Firm 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 Board Risk Committees.

To complement the global line of business structure, there is a regional governance construct as below:

- The EMEA Risk Committee ('ERC'), provides oversight of the risks inherent in the Firm's business conducted in EMEA or booked into EMEA entities and relevant branches as well as EMEA branches of ex-EMEA firms.
- The ERC is accountable to the EMEA Management Committee ('EMC') and the boards, Risk Committees ('RC') and Oversight Committees of the relevant legal entities. It reports to the FRC, the EMEA HR Control Forum, in addition to the EMC and the relevant legal entity boards.
- The EMEA CRO leads the Risk Management function in the region and chairs the ERC. The EMEA CRO is a member of the EMC and meets with local regulators on a regular basis.

Under the Individual Accountability Regime, there are four Senior Management Functions ('SMFs') in EMEA Risk Management, including the EMEA CRO and Legal Entity CROs for JPMS plc and JPMEL. There are also a number of certified persons under the Certification Regime, including many of the EMEA Risk Management Heads that are accountable to the EMEA CRO for their regional responsibilities.

**Table 2: EMEA Risk Management Structure**

EMEA Risk Management Chief Risk Officer, EMEA						
Risk Functions						Partners
<i>CIB Underwriting and Reputation Risk</i>	<i>Wholesale Credit Risk</i>	<i>CIO and Treasury Risk</i>	<i>Country Risk</i>	<i>Asset Management Risk</i>	<i>CIB Ex-Trading MRGR</i>	<i>Human Resources</i>
<i>CIB Market Risk</i>	<i>CB Credit Risk</i>	<i>Counterparty Risk</i>	<i>Climate, Nature &amp; Social Risk</i>	<i>International Private Bank Risk</i>	<i>CIB Trading MRGR</i>	<i>EMEA Control Office</i>
<i>Operational Risk Management</i>	<i>International Consumer Banking</i>	<i>Asset Liability Management Risk Oversight</i>	<i>Risk Reporting and Middle Office</i>	<i>Merchant Services Risk</i>	<i>EMEA Risk Governance and Strategy</i>	<i>Risk Technology</i>

## Identification and Measurement of Key Risks

The LOBs and Corporate own the identification of risks within their respective organisations, as well as the design and execution of controls, including IRM-specified controls, to manage those risks. To support this activity, the Firm has a risk identification framework designed to facilitate each LOB and Corporate's responsibility to identify material risks inherent to the Firm's business and operational activities, catalogue them in a central repository and review material risks on a regular basis. The IRM function reviews and challenges the LOB and Corporate's identified risks, maintains the central repository and provides the consolidated Firmwide results to the FRC and Board RC.

In addition, the entities in scope complete the Internal Capital Adequacy Assessment Process ('ICAAP') periodically, which forms part of management and decision-making processes such as the Firm's risk appetite, strategy, capital and risk management frameworks, and stress testing. The ICAAP is used to assess the key risks to which the Firm is exposed; how these risks are measured, managed, monitored and mitigated; and how much capital the Firm should hold to reflect these risks now, in the future and under stressed conditions. Further information is provided on the ICAAP process under Art. 438 of CRR.

## Risk Appetite

Risk Appetite is a high-level statement of the Firm's tolerance for risk. The Firm's overall appetite for risk is governed by Risk Appetite frameworks for quantitative and qualitative risks. Quantitative and qualitative risks are assessed to monitor and measure the Firm's capacity to take risk consistent with its stated risk appetite.

The Firm's risk appetite is periodically set and approved by senior management (including the CEO and CRO) and approved by the Board Risk Committee ('BRC'). Quantitative and qualitative risks are assessed to monitor and measure the Firm's capacity to take risk consistent with its stated risk appetite. Risk appetite results are reported to the Board Risk Committee.

The JPMCHL material subsidiaries have their own risk appetite policy and framework, including quantitative parameters, which leverages the Firm's framework and is approved annually by the relevant Legal Entity Boards specified in the policy. The ERC and relevant Legal Entity ('LE') RC review the risk appetite results quarterly, as applicable.

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.

## Credit Risk

Credit risk is the risk associated with the default or change in credit profile of a client, counterparty or customer. In its wholesale businesses, J.P. Morgan is exposed to credit risk through its underwriting, lending, market-making, and hedging activities with and for clients and counterparties, as well as through its operating services activities (such as cash management and clearing activities) and

securities financing activities. The Firm is also exposed to credit risk through investment securities portfolio and cash placed with banks.

### Credit Risk Organization

Credit risk management is an independent risk management function that monitors, measures and manages credit risk throughout the J.P Morgan group and defines credit risk policies and procedures. The Firm's credit risk management governance includes the following activities:

- Maintaining a credit risk policy framework;
- Monitoring, measuring and managing credit risk across all portfolio segments, including transaction and exposure approval;
- Setting industry and geographic concentration limits, as appropriate, and establishing underwriting guidelines;
- Assigning and managing credit authorities in connection with the approval of all credit exposure;
- Managing criticized exposures and delinquent loans; and
- Estimating credit losses and ensuring appropriate credit risk-based capital management.

### Risk governance and policy framework

- The UK legal entity approach mirrors the firmwide approach with legal entity specific governance overlay;
- Regional and legal entity specific credit risk approval processes are covered by legal entity credit risk policies. Specific policies exist for JPMS plc which contain relevant standards as applicable to the LE. These include standards pertaining to: governance, management of concentrations, credit risk limits, New Business Initiative Approvals ('NBIA'), and the credit risk reporting requirements;
- Primary responsibility for decisions on acceptability of clients and customers from a credit perspective, approval of credit lines, ongoing credit exposure monitoring, and determining impairment provisions is managed centrally according to the Firm's credit risk policies. Specifically, responsibility resides with: Credit Officers in CIB Credit Risk Management for Client Credit Management (including credit analysis) and Credit Executives for credit approval. In addition, a Booking Office Credit Approval ('BOCA') workflow has been established to trigger formal notification and local approval for any new and/or changes to non-rules based facilities for JPMS plc.

### Risk Measurement

To measure credit risk, the Firm employs several methodologies for estimating the likelihood of obligor or counterparty default. Methodologies for measuring credit risk vary depending on several factors, including type of asset, risk measurement parameters and risk management and collection processes. Credit risk measurement is based on the probability of default of an obligor or counterparty, the loss severity given a default event and the exposure at default ('EAD').

Credit loss estimates are based on estimation of the Probability of Default ('PD') and loss severity given a default. Wholesale loans, commercial & industrial and other, include loans made to a variety of clients, ranging from large corporate and institutional clients to high-net-worth individuals. The primary credit quality indicator for wholesale loans is the internal risk rating assigned to each loan. Risk ratings are used to identify the credit quality of loans and differentiate risk within the portfolio.

Risk ratings on loans consider the PD and the loss given default ('LGD'). The PD is the likelihood that a loan will default. The LGD is the estimated loss on the loan that would be realized upon the default and takes into consideration collateral and structural support for each credit facility. The estimation process includes assigning risk ratings to each borrower and credit facility to differentiate risk within the portfolio. These risk ratings are reviewed regularly by Credit Risk Management and revised as needed to reflect the borrower's current financial position, risk profile and related collateral. The calculations and assumptions are based on both internal and external historical experience and management judgment and are reviewed regularly.

Counterparty Risk relies upon multiple measures to capture, monitor, and control counterparty credit risk. This includes but is not limited to metrics on Stress, Peak, Duration Based Settlement Exposure and Gross Market Concentration.

### Stress Testing

Stress testing is important in measuring and managing credit risk in the Firm's credit portfolio. The stress testing process assesses the potential impact of alternative economic and business scenarios on estimated credit losses for the Firm. Economic scenarios and the underlying parameters are defined centrally, articulated in terms of macroeconomic factors and applied across the businesses. The stress test results may indicate credit migration, changes in delinquency trends and potential losses in the credit portfolio. In addition to the periodic stress testing processes, management also considers additional stresses outside these scenarios, including industry and country specific stress scenarios, as necessary. The Firm uses stress testing to inform decisions on setting risk appetite both at a Firm and LOB level as well as to assess the impact of stress on individual counterparties.

### Credit Risk Approval and Control

**Approval of clients:** All clients are subject to credit analysis and financial review by Credit Risk Management before new business is accepted.

**Establishment of credit lines:** All credit exposure must be approved in advance by a Credit Officer(s) with the level of credit authority required by the applicable credit authority grid unless qualifying for rules-based policies, standards or where there are explicit

guidelines that state credit approvals are not required. Such approval, together with details of the credit limits are recorded in the Credit systems.

In some instances, credit lines can be approved according to predetermined rules that are subject to annual review by the appropriate Credit Officers. The policy framework governing this provides a single, consistent global approach while allowing the application of differing local requirements.

**Intraday exposure control:** Intraday overdrafts are an extension of credit during the business day that generate Operating Credit Exposure. Intraday overdrafts can arise from usage of an intraday facility, a credit approved excess usage of the intraday facility, or a credit approved payment outflow where there is no facility. Intraday overdrafts become overnight overdrafts if the account is not fully funded by close of business. Overnight overdrafts result from account debits exceeding fully available account credits by close of business, generating Primary Credit Exposure. Intraday transactions are monitored and actioned as appropriate.

## Risk Monitoring and Management

The Firm has developed policies and practices that are designed to preserve the independence and integrity of the approval and decision-making process of extending credit to ensure credit risks are assessed accurately, approved properly, monitored regularly and managed actively at both the transaction and portfolio levels. The policy framework establishes credit approval authorities, concentration limits, risk-rating methodologies, portfolio review parameters and guidelines for management of distressed exposures. In addition, certain models, assumptions and inputs used in evaluating and monitoring credit risk are independently validated by groups that are separate from the lines of business.

Concentrations of credit risk arise when a number of clients, counterparties or customers are engaged in similar business activities or activities in the same geographic region, or when they have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic conditions. The Firm regularly monitors various segments of its credit portfolios to assess potential credit risk concentrations and to obtain additional collateral when deemed necessary and permitted under the Firm's agreements. Senior management is significantly involved in the credit approval and review process, and risk levels are adjusted as needed to reflect the Firm's risk appetite. Credit risk concentrations are evaluated primarily by industry, geography and credit family, and monitored regularly on both an aggregate portfolio level and on an individual client or counterparty basis.

## Risk Reporting

To enable monitoring of credit risk and effective decision-making, aggregate credit exposure, credit quality forecasts, concentration levels and risk profile changes are reported regularly to senior members of Credit Risk Management. Detailed portfolio reporting of industry, clients, counterparties and customers; and product and geography are prepared, and the appropriateness of the allowance for credit losses is reviewed by senior management at least on a quarterly basis. Through the risk reporting and governance structure, credit risk trends and limit exceptions are provided regularly to, and discussed with, risk committees, senior management and the Board of Directors as appropriate.

## Market Risk

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

## Firmwide Market Risk Governance

Market Risk Management monitors market risks throughout the Firm and defines market risk policies, procedures and frameworks. The Market Risk Management function reports to the Firm's CRO, and seeks to manage risk, facilitate efficient risk/return decisions, reduce volatility in operating performance and provide transparency into the firm's market risk profile for senior management, the Board of Directors and regulators.

The FRE of Market Risk and LOB CROs are responsible for establishing an effective market risk organization. The FRE of Market Risk and LOB Heads of Market Risk establish the framework to measure, monitor and control market risk.

## UK LE Market Risk Governance

The Legal Entity approach to risk governance mirrors the Firmwide approach, and is recorded within the JPMS plc and JPMEL, Market Risk Management Framework documents ('Framework Documents'). The Legal Entity CRO and Market Risk Officer ('MRO') are responsible for considering the Firmwide methodologies / procedures with respect to each Legal Entity.

For local governance purposes Market Risk presents the Framework Documents at least annually to the relevant Risk Committees that recommends to the appropriate Board for approval.

## Firmwide Risk Measurement

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

## Value at Risk ('VaR')

The Firm utilises VaR, a statistical risk measure, to estimate the potential loss from adverse market moves in the current market environment. The Firm has a single VaR framework used as a basis for calculating Risk Management VaR.

Risk Management VaR is calculated using historical simulation based on data for the previous 12 months assuming a one-day holding period and an expected tail-loss methodology which approximates a 95% confidence level. These VaR results are reported to senior management, the Board of Directors and regulators.

## Stress Testing

Along with VaR, stress testing is an important tool to assess risk. While VaR reflects the risk of loss due to adverse changes in markets using recent historical market behaviour, stress testing is intended to capture the Firm's exposure to unlikely but plausible events in abnormal markets. The Firm runs weekly stress tests on market-related risks across the LOBs using multiple scenarios that assume significant changes in risk factors such as credit spreads, equity prices, interest rates, currency rates or commodity prices.

The Firm uses a number of standard scenarios that capture different risk factors across asset classes including geographical factors, specific idiosyncratic factors and extreme tail events. The stress testing framework calculates multiple magnitudes of potential stress for both market rallies and market sell-offs for each risk factor and combines them in multiple ways to capture different market scenarios. For example, certain scenarios assess the potential loss arising from current exposures held by the Firm due to a broad sell off in bond markets or an extreme widening in corporate credit spreads. The flexibility of the stress testing framework allows risk managers to construct new, specific scenarios that can be used to form decisions about future possible stress events. The stress testing framework is known as Firmwide Stress Infrastructure ('FSI') which is a risk management tool that simulates changes to the prices of trading assets across a range of economic and market scenarios. It is used to measure the Firm's vulnerability to losses under a range of stressed but plausible market environments and to understand the risk factors and assets responsible for those losses.

Stress testing complements VaR by allowing risk managers to shock current market prices to more extreme levels relative to those historically realized, and to stress test the relationships between market prices under extreme scenarios.

Stress-test results, trends and qualitative explanations based on current market risk positions are reported to the respective LOB and Firm's senior management to allow them to better understand the sensitivity of positions to certain defined events and to enable them to manage their risks with more transparency. In addition, results are reported to the Board of Directors.

Stress scenarios are defined and reviewed by Market Risk, and significant changes are reviewed by the relevant LOB Risk Committees and may be redefined on a periodic basis to reflect current market conditions.

## Non-statistical risk measures

Measures such as credit spreads, net open positions, basis point values, option sensitivities, are utilized within specific market context and aggregated across businesses.

## Profit & Loss ('P&L') Drawdowns

Metrics to advise senior management of potential out-sized losses and to initiate discussion of remedies (e.g. reduction of exposure).

## Single Name Position Risk ('SNPR')

The SNPR framework captures exposures to credit families (and entities within credit families) or standalone issuers/issuers families not part of credit families, assuming default of the issuer with zero recovery.

## Firmwide Market Risk Monitoring and Control

Market risk limits are employed as the primary control to align the Firm's market risk with certain quantitative parameters within the Firm's Risk Appetite framework.

Market Risk Management sets limits and regularly reviews and updates them as appropriate, with any changes approved by Firm or LOB management and Market Risk Management. Limits that have not been reviewed within a specified time period by Market Risk Management are reported to senior management.

Limit breaches are required to be reported in a timely manner to limit approvers, which include Market Risk and senior management. In the event of a limit breach, Market Risk consults with senior management to determine the course of action required to return to compliance, which may include a reduction in risk in order to remedy the breach or granting a temporary increase in limits to accommodate an expected increase in client activity and/or market volatility. Certain Firm, LOB or legal entity level limits that have been breached are escalated to senior management, the LOB RC, Regional RC and/or the FRC, as appropriate.

## Concentration Risk

Concentration Risk, refers to any significant concentration of factors (e.g. single name, positions, etc.) that may lead to financial losses for the firm. This risk is inherently measured, monitored and controlled as part of the market risk management framework and related controls as described above.

Illiquid trading risk, as part of concentration risk, may include exposure to a lack of liquidity of financial products caused by the complexity of the product, a model derived valuation that includes risk sensitivities that are unobservable, long-dated, or thinly-

traded, or exposure, plain vanilla or otherwise, that is outsized in relation to market liquidity. LOB Risk Committee members with responsibility for trading areas (LOB/Sub-LOB Trading Heads) are responsible for presenting these risks within their business to relevant LOB Risk Committees on a semi-annual basis.

## Material Portfolio of Covered Positions

JPMCHL's market risks arise predominantly from activities in the Firm's CIB business booked in JPMS plc. CIB makes markets in products across fixed income, foreign exchange, equities and commodities markets. JPMCHL's portfolio of covered positions under Basel III is predominantly held by the CIB. Some additional covered positions are held by the Firm's other LOBs.

## Operational Risk

Operational risk is the risk of an adverse outcome resulting from inadequate or failed internal processes or systems; human factors; or external events impacting the Firm's processes or systems. Operational Risk includes compliance, conduct, legal, and estimations and model risk. Operational risk is inherent in the Firm's activities and can manifest itself in various ways, including fraudulent acts, business disruptions (including those caused by extraordinary events beyond the Firm's control), cyber attacks, inappropriate employee behavior, failure to comply with applicable laws, rules and regulations or failure of vendors or other third party providers to perform in accordance with their agreements. Operational Risk Management attempts to manage operational risk at appropriate levels in light of the Firm's financial position, the characteristics of its businesses, and the markets and regulatory environments in which it operates.

## Operational Risk Management Framework

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

## Operational Risk Governance

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

The Firm's Global CCO and FRE for Operational Risk and Qualitative Risk Appetite is responsible for defining the CCOR Management Framework and establishing minimum standards for its execution. The LOB and CF aligned CCOR Lead Officer reports to the Global CCO and FRE for Operational Risk and Qualitative Risk Appetite and are independent of the respective businesses or functions they oversee.

The CCOR Management Framework is included in the Risk Governance and Oversight Policy that is reviewed and approved by the BRC periodically.

## Operational Risk identification

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

## Operational Risk Measurement

Operational Risk and Compliance performs an independent assessment of the operational risks inherent within the LOBs and Corporate, which includes evaluating the effectiveness of the control environment and reporting the results to senior management.

In addition, Operational Risk and Compliance assesses operational risks through quantitative means, including operational risk-based capital and estimation of operational risk losses under both baseline and stressed conditions.

The Firm considers the impact of stressed economic conditions on operational risk losses and develops a forward looking view of material operational risk events that may occur in a stressed environment. The Firm's operational risk stress testing framework is utilized in calculating results for the Firm's Comprehensive Capital Analysis and review ('CCAR') and other stress testing processes.

The legal entities use an internal approach to calculate operational risk capital by leveraging operational risk scenario analysis framework. Risk scenarios that are quantified during the scenario analysis process are derived from the list of material risks and therefore are representative of the most material risks within the legal entity.

Operational risk scenarios focus on exceptional but plausible operational risk events which may or may not have previously impacted the legal entities. Such operational risk events result from inadequate or failed internal processes or systems, human factors, or due to external events. They include legal risk and regulatory fines and exclude business strategy and reputation risk. The scenario analysis process is an important tool for assessing the operational risk exposure, thereby providing a forward-looking view to the Board and senior management of potential future losses based on the risk profile of the legal entities.

## Operational Risk Monitoring and Testing

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

## Management of Operational Risk

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

## Operational Risk Reporting

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

As noted above, Operational risk is inherent in the Firm's activities and can manifest itself in various ways. Further details on how the firm manages cybersecurity risk, business technology resiliency risk, payment fraud risk and outsourcing risk are provided below.

### Cybersecurity Risk

Cybersecurity risk is the risk of the Firm and Group's exposure to harm or loss resulting from misuse or abuse of technology by malicious actors. Cybersecurity risk is an important and continuously evolving focus for the Firm. Significant resources are devoted to protecting and enhancing the security of computer systems, software, networks, storage devices, and other technology assets. The Firm's security efforts are designed to protect against, among other things, cybersecurity attacks by unauthorised parties attempting to obtain access to confidential information, destroy data, disrupt or degrade service, sabotage systems or cause other damage.

The Firm has experienced, and expects that it will continue to experience, a higher volume and complexity of cyber attacks against the backdrop of heightened geopolitical tensions. The Firm has implemented precautionary measures and controls reasonably designed to address this increased risk, such as enhanced threat monitoring.

Ongoing business expansions may expose the Firm to potential new threats as well as expanded regulatory scrutiny including the introduction of new cybersecurity requirements. The Firm continues to make significant investments in enhancing its cyber defence capabilities and to strengthen its partnerships with the appropriate government and law enforcement agencies and other businesses in order to understand the full spectrum of cybersecurity risks in the operating environment, enhance defences and improve resiliency against cybersecurity threats. The Firm actively participates in discussions and simulations of cybersecurity risks both internally and with law enforcement, government officials, peer and industry groups, and has significantly increased efforts to educate employees and certain clients on the topic of cybersecurity risks.

Third parties with which the Firm does business or that facilitate the Firm's business activities (e.g., vendors, supply chain, exchanges, clearing houses, central depositories, and financial intermediaries) are also sources of cybersecurity risk to the Firm. Third party cybersecurity incidents such as system breakdowns or failures, misconduct by the employees of such parties, or cyberattacks, including ransomware and supply-chain compromises could affect their ability to deliver a product or service to the Firm or result in lost or compromised information of the Firm or its clients. Clients are also sources of cybersecurity risk to the Firm and its information assets, particularly when their activities and systems are beyond the Firm's own security and control systems. As a result, the Firm engages in regular and ongoing discussions with certain vendors and clients regarding cybersecurity risks and opportunities to improve security. However, where cybersecurity incidents occur as a result of client failures to maintain the security of their own systems and processes, clients are responsible for losses incurred.

To help safeguard the confidentiality, integrity and availability of the Firm's infrastructure, resources and information, the Firm maintains a cybersecurity programme designed to prevent, detect, and respond to cyberattacks. The Audit Committee is periodically provided with updates on the Firm's Information Security Programme, recommended changes, cybersecurity policies and practices, ongoing efforts to improve security, as well as the Firm's efforts regarding significant cybersecurity events. In addition, the Firm has a detailed cybersecurity incident response plan ("IRP") designed to enable the Firm to respond to attempted cybersecurity incidents, coordinate such responses with law enforcement and other government agencies, and notify clients and customers, as applicable. Among other key focus areas, the IRP is designed to mitigate the risk of insider trading connected to a cybersecurity incident and includes various escalation points.

The Global Cybersecurity and Technology Control organisation, working with each of the Firm's LOBs and Corporate, is responsible for governance and oversight of the Firm's Information Security Programme. In partnership with the Firm's LOBs and Corporate, the Cybersecurity and Technology Control organisation identifies information security risk issues and oversees programmes for the technological protection of the Firm's information resources including applications, infrastructure as well as confidential and personal information related to the Firm's employees and customers. The Cybersecurity and Technology Controls organisation consists of business aligned information security managers that are supported within the organisation by the following products that execute the Information Security Program for the Firm:

- Cyber Operations
- Identity & Access Management

- Governance, Risk & Controls
- Global Technology Product Security

The Global Cybersecurity and Technology Control governance structure is designed to identify, escalate, and mitigate information security risks. This structure uses key governance forums to disseminate information and monitor technology efforts. These forums are established at multiple levels throughout the Firm. The forums are used to escalate information security risks or other matters as appropriate.

The IRM function provides oversight of the activities designed to identify, assess, measure, and mitigate cybersecurity risk.

The Firm's Security Awareness Programme includes training that reinforces the Firm's Information Technology Risk and Security Management policies, standards and practices, as well as the expectation that employees comply with these policies. The Security Awareness Programme engages personnel through training on how to identify potential cybersecurity risks and protect the Firm's resources and information. This training is mandatory for all employees globally on a periodic basis, and it is supplemented by Firmwide testing initiatives, including periodic phishing tests. The Firm provides specialised security training for certain employee roles such as application developers. Finally, the Firm's Global Privacy programme requires all employees to take periodic awareness training on data privacy. This privacy-focused training includes information about confidentiality and security, as well as responding to unauthorised access to or use of information.

#### **Business and technology resiliency risk**

Disruptions can occur due to forces beyond the Firm's control such as the spread of infectious diseases or pandemics, severe weather, power or telecommunications loss, failure of a third party to provide expected services, cyberattacks and terrorism. The Firmwide Business Resiliency Programme is designed to enable the Firm and Group to prepare for, adapt to, withstand and recover from business disruptions including occurrence of an extraordinary event beyond its control that may impact critical business functions and supporting assets (i.e., staff, technology, facilities and third parties). The programme includes governance, awareness training, planning and testing of recovery strategies, as well as strategic and tactical initiatives to identify, assess, and manage business interruption and public safety risks.

#### **Outsourcing risk**

The Firm's Third-Party Oversight ('TPO') and Inter-affiliates Oversight ('IAO') frameworks assist the LOBs and CFs in selecting, documenting, onboarding, monitoring and managing their supplier relationships including services provided by affiliates. The objectives of the TPO framework are to hold suppliers and other third parties to a high level of operational performance and to mitigate key risks including data loss and business disruption. The Corporate Third-Party Oversight group is responsible for Firmwide training, monitoring, reporting and standards.

#### **Payment fraud risk**

Payment fraud risk is the risk of external and internal parties unlawfully obtaining personal monetary benefit through misdirected or otherwise improper payment. The Firm employs various controls for managing payment fraud risk as well as providing employee and client education and awareness trainings.

#### **War in Ukraine and Sanctions**

In response to the war in Ukraine, numerous financial and economic sanctions have been imposed on Russia and Russia-associated entities and individuals by various governments around the world, including the authorities in the U.S., U.K. and EU. These sanctions are complex and continue to evolve. The Firm continues to face increased operational risk associated with addressing these complex compliance-related matters. To manage this increased risk, the Firm has implemented controls reasonably designed to mitigate the risk of non-compliance and to prevent dealing with sanctioned persons or in property subject to sanctions, as well as to block or restrict payments as required by the applicable regulations.

## **Liquidity Risk**

For Liquidity Risk Management please refer to Section 18.

## **Structural Interest Rate Risk ('Interest Rate Risk')**

Structural Interest Rate Risk, also known as Interest Rate Risk, is defined as IRR resulting from traditional banking activities (accrual accounted on and off balance sheet positions). IRR includes the extension of loans and credit facilities, taking deposits and issuing debt (collectively referred to as 'non-trading' activities); and also the impact from the Treasury and Chief Investment Office ('TCIO') investment securities portfolio and other related TCIO activities. IRR from non-trading activities can occur due to a variety of factors, including but not limited to:

- Differences in timing among the maturity or repricing of assets, liabilities and off-balance sheet instruments
- Differences in the amounts of assets, liabilities and off-balance sheet instruments that are maturing or repricing at the same time
- Differences in the amounts by which short-term and long-term market interest rates change
- The impact of changes in the maturity of various assets, liabilities or off-balance sheet instruments as interest rates change

## Oversight and governance

### Governance

Governance for Firmwide IRR is defined in the IRR Management Policy which is approved by the CIO, Treasury and Corporate Risk ('CTC') CRO. The CTC Risk Committee ('RC') which is co-chaired by the JPMC Chief Financial Officer ('CFO') and the CTC CRO, is the governing committee and escalation channel to the Firmwide Risk Committee ('FRC') for the Firmwide management of IRR. The CTC RC reviews:

- The IRR profile of the Firm and compliance with IRR limits; and
- Significant models and/or assumptions used for IRR calculations

In addition to the CTC RC, IRR exposures are reviewed by the Firm's Asset and Liability Committee ('ALCO'), chaired by the Firm's Treasurer and Chief Investment Officer, and supported by the Treasurer Committee. The Treasurer Committee reviews IRR exposures, key legal entities, and significant model and/or model assumption changes.

### Risk Oversight and Responsibilities

The IRR Management group within CTC Risk is an independent risk management function, reporting to the CTC CRO, who also serves as the the Firmwide Risk Executive of IRR. IRRM is responsible for providing independent oversight and governance around assumptions and establishing and monitoring limits for IRR. Its responsibilities include, but are not limited to:

- Establishing and monitoring metrics to manage interest rate risk, which may include, but are not limited to Earnings at Risk ('EaR'), Duration of Equity ('DoE'), Economic Value Sensitivity ('EVS')
- Defining and monitoring interest rate risk limits; signatories to limits include representatives from both the first and second lines of defense
- Developing a process to classify, monitor and report limit breaches
- Performing independent review of the Firm's interest rate risk activities
- Creating and maintaining governance over interest rate risk assumptions
- Overseeing interest rate risk of LOBs net of Funds Transfer Pricing
- Providing independent oversight and governance for applicable legal entities

The Firmwide risk framework applies to all in-scope LEs as described above.

## Risk Identification and Measurement

The Firm manages Interest Rate Risk in the Banking Book ('IRRBB') exposure related to its assets and liabilities on a consolidated Firmwide basis. TCIO manages IRR exposure on behalf of the Firm by identifying, measuring, modelling and monitoring IRR across the Firm's balance sheet. TCIO works with the LOBs in defining methodologies for measuring IRR. TCIO identifies and understands material balance sheet impacts of new initiatives and products and executes market transactions to manage IRR through TCIO's investment securities portfolio. Execution by TCIO will be based on parameters established by senior management, per the TCIO Investment Policy. LOBs are responsible for developing and monitoring the appropriateness of LOB specific IRR modelling assumptions. The Funds Transfer Pricing policy provides a framework to transfer IRRBB from the LOBs to TCIO.

Measures to manage IRR include:

- Earnings-at-risk is a short-term metric that measures the sensitivity of pre-tax net interest income and interest rate sensitive fees to changes in interest rates, compared to a base scenario, generally over 12 months;
- Duration of Equity is a long-term metric that measures the change in the discounted value of asset, liability, and off-balance sheet cash-flows for a 100 basis points change in interest rates, divided by the book value of equity;
- Convexity, a secondary metric, measures the change in DoE for changes in interest rates;
- Economic Value of Equity Sensitivity is an additional long-term metric that measures changes in Economic Value of Equity given changes in interest rates. The EVE metric is the present value of expected future cash-flows across the Firm's balance sheet forecasting the Firm's banking book assets and liabilities given changes in interest rates; and
- Additional scenario analysis, including the Firmwide Stress Infrastructure scenarios and bespoke scenarios, are also run, as required.

## Reputation Risk

Reputation risk is the risk that an action or inaction may negatively impact perception of the Firm's integrity and reduce confidence in the Firm's competence by its various stakeholders, including clients, counterparties, customers, communities, investors, regulators or employees.

## Organization and management

Reputation Risk Management establishes the governance framework for managing reputation risk across the Firm's LOBs and Corporate. Reputation risk is inherently challenging to identify, manage, and quantify.

The Firm's reputation risk management function includes the following activities:

- Maintaining a Firmwide Reputation Risk Governance policy and standard consistent with the reputation risk framework
- Overseeing the governance execution through processes and infrastructure that support consistent identification, escalation, and monitoring of reputation risk issues Firmwide

The types of events that result in reputation risk are wide-ranging and may be introduced by the Firm's employees, business strategies and activities, clients, customers and counterparties with which the Firm does business. These events could contribute to financial losses, litigation, regulatory enforcement actions, fines, penalties or other sanctions, as well as other harm to the Firm.

## Governance and oversight

The Reputation Risk Governance policy establishes the principles for managing reputation risk for the Firm. It is the responsibility of employees in each LOB and Corporate to consider the reputation of the Firm, and not just business benefits and regulatory requirements when deciding whether to offer a new product, engage in a transaction or client relationship, enter a new jurisdiction, initiate a business process or consider any other activity. Employees may escalate potential reputation risk to their respective LOB Reputation Risk Office ('RRO') or Firmwide Reputation Risk Governance, as required. The RRO is the conduit through which transactions or other matters are raised to the relevant Reputation Risk Committee ('RRC') or other applicable Risk Committee for the appropriate escalation and disposition of reputation risk.

Environmental impacts and social concerns are increasingly important considerations in assessing the Firm's reputation risk, and are a component of the Firm's reputation risk governance.

Reputation risk issues that are deemed to be material are escalated as appropriate.

## Securitisation Risk

The risks related to securitisation and re-securitisation positions managed in accordance with the Firm's credit risk and market risk management policies. The Firm's due diligence procedures and risk management and mitigation of securitisation risk are detailed further under Article 449 of CRR (Section 15).

## Fiduciary Risk

Fiduciary risk is the failure to exercise the applicable standard of care, failure to act in the best interests of clients or treat clients fairly as required under applicable laws, rules or regulation, potentially resulting in regulatory risk, reputation risk and financial liability.

Depending on the fiduciary activity and capacity in which the firm or LOB is acting, federal, state statutes, common law and regulation require adherence to specific duties in which the firm must always place the client's interest above its own. As an example, common law requires that fiduciaries act in accordance with the duties of loyalty and care:

- Duty of Loyalty: Act in the best interest of their clients, refrain from impermissible self-dealing, avoid or manage conflicts of interest; and
- Duty of Care: Manage client assets with reasonable care, skill, and prudence in context of whole portfolio and individual securities.

## Risk Governance

The Firmwide fiduciary risk governance is structured as follows:

### Board of Director Committees:

- The Board Risk Committee ('BRC') - Responsibilities include oversight of management's exercise of its responsibility to assess and manage, among other things, the governance frameworks or policies for fiduciary risk; and
- Audit Committee ('AC') - oversee and receive reporting on fiduciary risk.

### Firmwide Fiduciary Committee:

- The Firmwide Fiduciary Risk Governance Committee ('FFRGC') is responsible for providing Firmwide oversight of the governance framework for fiduciary risk or fiduciary related conflicts of interest risk inherent in each of the Firm's LOB. The FFRGC is responsible for reviewing periodic reports from LOBs, reviewing progress of fiduciary regulatory items, and for further escalation to the FRC, BRC, and AC as appropriate.

### LOB Fiduciary Committees:

- Each LOB and their respective risk and governance committees are responsible for the oversight and management of the fiduciary risks in their businesses in accordance with the Fiduciary Framework.

## Risk Appetite

The tolerance for certain risks is controlled by the risk and control frameworks in place throughout the firm and is not numerically quantified. Fiduciary risk is governed in accordance with the Fiduciary Management and Control Policy.

## Approach to risk management

Fiduciaries, under applicable law and regulation, must act in accordance with a higher standard of care than non-fiduciaries, and as a result may be exposed to substantially greater regulatory requirements and oversight, reputation risk and potential liability. Given the specialized nature of these activities the Firm has adopted a Fiduciary framework with a disciplined and structured approach to the identification and management of fiduciary issues and the approach to risk management is as follows:

- Each LOB and in scope Corporate Functions ('CF') are responsible for identifying, determining and documenting its fiduciary activities and related risks and for complying with the regulations, laws and contracts related to its Fiduciary activities. Each LOB / in scope CF owns the risks related to the fiduciary activities it conducts and must work in consultation with Oversight & Control, Risk, Legal and CCOR in managing these risks. Each LOB, in-scope CF, and its respective Risk Committee and/or Control Committee, is responsible for the oversight and management of Fiduciary activities and associated risks within such LOB and in-scope CF;
- Each LOB and in-scope CF must have processes in place for Fiduciary activities in alignment with the Fiduciary Risk Framework, to ensure appropriate review of matters that expose the firm to fiduciary risk. Matters giving rise to associated risks must be escalated to the applicable LOB Risk and/or Control Committees. A Fiduciary risk update will be provided by Fiduciary risk committee representatives to their respective LOB Risk Committee at least annually;
- Significant changes to Firm fiduciary control activities, governing frameworks or decision making processes that impact client investment selections must be reviewed by the appropriate governance committees prior to implementation; and
- Cross-LOB fiduciary risk issues, such as actual, potential or perceived conflicts of interest, must be identified and documented with processes designed to maintain a consistent approach to address and manage cross-LOB Fiduciary activity and related risks. Fiduciary matters with potential impact on other LOBs, must be reported to the appropriate LOB Fiduciary Committee, who will determine whether cross-LOB review of the matter is needed. The LOB Fiduciary Committee will further report significant issues to the FFRGC as appropriate. The FFRGC should escalate issues of significance and provide a periodic update to the FRC, the BRC and the AC, as appropriate.

## Business Strategy Risk

Business Strategy risk is the risk to earnings, capital, liquidity or reputation associated with poorly designed or failed business plans or inadequate responses to changes in the operating environment.

### Approach to Risk Management

The Operating Committee ('OC'), together with the senior leadership of each LOB and Corporate, are responsible for managing the Firm's most significant strategic risks, including business risk. IRM engages regularly in strategic business discussions and decision-making, including participation in relevant business reviews and senior management meetings, risk and control committees and other relevant governance forums, and review of acquisitions and new business initiatives. The Board of Directors oversees management's strategic decisions, and the Board Risk Committee oversees IRM and the Firm's risk governance framework.

In the process of developing business plans and strategic initiatives, LOB and Corporate senior management identify the associated risks that are incorporated into the Firmwide Risk Identification process and their impact on risk appetite. In addition, IRM conducts a qualitative assessment of the LOB and Corporate strategic initiatives to assess their impact on the risk profile of the Firm.

The Firm's strategic planning process, which includes the development of the Firm's strategic plan and other strategic initiatives, is one component of managing the Firm's strategic risk. The strategic plan outlines the Firm's strategic framework and initiatives, and includes components such as budget, risk appetite, capital, earnings and asset-liability management objectives. Guided by the Firm's Business Principles, the Operating Committee and senior management teams in each LOB and Corporate review and update the strategic plan periodically, including evaluating the strategic framework and performance against prior-year initiatives, assessing the operating environment, refining existing strategies and developing new strategies.

The Firm's strategic plan, together with IRM's assessment, are provided to the Board as part of its review and approval of the Firm's strategic plan, and the plan is also reflected in the Firm's budget.

The Firm's balance sheet strategy, which focuses on risk-adjusted returns, strong capital and robust liquidity, is also a component in the management of strategic risk.

J.P. Morgan's stress testing programme is an important component in managing, measuring and reporting business strategic risk, testing the Group's financial resilience in a range of severe economic and market conditions. At least annually, baseline and stressed capital plans are prepared under the ICAAP framework, which include P&L projections (as well as RWAs and the overall capital position) over the three-year time horizon modelled. Where these show risks to capital beyond the entities' risk appetite, remedial action is taken.

For new products and services, failure to identify new or changed risks may expose the Group to financial loss or harm its reputation. Accordingly the New Business Initiative Approval ('NBIA') policy provides a framework that governs the review and approval of new or materially changed products and services, while making sure that risks are identified, measured, monitored and controlled. LOBs are authorised to introduce new products, services and processes and are responsible for the new products and services they introduce.

Under the NBIA policy, the business is required to undertake an analysis of the economic, regulatory and legal entity capital impact of the new business, as appropriate. Sign off for NBIA's impacting the entity include Compliance, Legal, Risk, Operational Risk, Finance, Corporate Tax, Treasury, Technology and Operations.

## Climate-related financial risk

### Risk definition and overview

Climate risk is the risk associated with the impacts of climate change on the Firm's clients, customers, operations and business strategy. Climate change is viewed as a driver of risk that may impact existing types of risks (credit and investment, market, operational and strategic) managed by the Firm. Climate risk is categorised into physical risk and transition risk.

Physical risk refers to economic costs and financial loss associated with a changing climate. Acute physical risk drivers include the increased frequency or severity of climate and weather events, such as floods, wildfires and tropical cyclones. Chronic physical risk drivers include more gradual shifts in the climate, such as sea level rise, persistent changes in precipitation levels and increases in average ambient temperatures.

Transition risk refers to the financial and economic implications associated with a societal adjustment to a low-carbon economy. Transition risk drivers include possible changes in public policy, adoption of new technologies and shifts in consumer preferences. Transition risks may also be influenced by changes in the physical climate.

### Approach to managing climate risk

The Group's principal subsidiaries' (JPMS plc & JPMEI) approach to climate risk management is aligned with the firmwide climate risk framework, which sets forth the capabilities the Firm uses to identify, assess and manage the impacts of physical and transition risk drivers on each of the Firm's four risk types. This framework is comprised of six core firmwide risk capabilities: Risk Governance, Risk Identification, Scenario Analysis, Risk Measurement, Data Management, and Reporting and Disclosures. The details of this framework are available in the Firmwide 2023 Climate Report (available at <https://www.jpmorganchase.com/content/dam/jpmc/jpmorganchase-and-co/documents/Climate-Report-2023.pdf>) (the "JPMC 2023 Climate Report").

### Risk governance and oversight

The Firm's approach to managing climate risk is consistent with the Firm's risk governance structure.

The Firm has a Climate Risk Management function that is responsible for establishing the Firmwide framework and strategy for managing climate risk. The Climate Risk Management function engages across the Firm to help integrate climate considerations into existing risk management frameworks, as appropriate.

The LOBs and Corporate Functions are responsible for integrating climate risk management into existing governance frameworks, or creating new governance frameworks, as appropriate. The LOBs, Corporate and Climate Risk Management are responsible for providing the Board Risk Committee, as appropriate, with information on significant climate risks and climate-related initiatives.

An EMEA Legal Entity Climate Risk team has been established within the EMEA Chief Risk Office team to coordinate climate related deliverables for EMEA legal entities, including the Company. The EMEA Legal Entity Climate Risk team partners with the Climate Risk Management function and other functions across the Firm to respond to regulatory requests and embed climate risk in the legal entities' risk management framework, as appropriate and to align to the firmwide climate risk framework.

The EMEA Risk Governance section provides details regarding risk oversight for JPMCHL through the ERC and EMC. The EMEA CRO chairs the ERC, is accountable to the EMC and is also the SMF for financial risks from climate change. The Firmwide Risk Executive for Climate, Nature and Social Risk is a member of the ERC along with EMEA Risk representatives.

### Climate-related disclosures

The Firm published its 2023 Climate Report in December 2023, which is informed by the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD'). The report outlines the measures the Firm is taking to help its clients navigate the challenges and realise the economic opportunities of the transition to a low-carbon economy. It explains how the Firm is applying its capital, data and expertise, guided by our three key pillars of environmental sustainability strategy, and includes updates around the Firm's new and existing portfolio-level emissions intensity reduction targets and new absolute financed emissions disclosures. The Group is required to publish TCFD-aligned disclosures under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, from 2024 onwards. The Group's compliance with these regulations is disclosed in its annual report.

The Firm also published its 2023 Environmental Social Governance ('ESG') Report that outlines the Firm's work to foster sustainable, inclusive economic growth. The report explains how the Firm harnesses business opportunities, mitigates risks and supports our employees. Also highlighted are the Firm's efforts to support the energy transition and sustainable development, while providing updates on the Firm's \$2.5 trillion Sustainable Development Target and our \$30 billion Racial Equity Commitment. For more information, refer to: <http://www.jpmorgan.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/jpmc-esg-report-2023.pdf>

## Members of the Board of Directors

### J.P. Morgan Capital Holdings Limited

As at 31st December 2023, the JPMCHL Board is comprised of four directors. The directors are:

#### Hernan Cristerna

Hernan Cristerna is the Board Chairman and is an experienced chair as he is also currently the Executive Chairman of Global M&A and a member of the Executive Committee of Investment Banking. Previously, Hernan was co-Head of Global M&A from 2013 until 2019.

He has been at the Firm for over 20 years running different sector and regional businesses. Herman received a B.A. with honours from Claremont McKenna College and holds a Master degree in Business Administration from the Harvard Business School. Hernan advises corporations in different sectors and regions on strategic matters, including mergers, acquisitions, activism, defence and related financing. Hernan's seniority and his familiarity with the business, accompanied by his extensive skills and M&A experience enable him to effectively perform the role as both a director and as the Board Chairman.

#### Deborah Toennies

Debbie Toennies is the Global Head of Regulatory Affairs, Commercial and Investment bank ('CIB'). Debbie Toennies has responsibility for assessing regulatory issues impacting CIB where she and her team set the strategy and direct the Firm's advocacy efforts for regulatory issues which impact the CIB. She also serves as advisor for clients on the changing regulatory landscape. Prior to this role, Debbie was responsible for the analysis, coordination and advocacy of capital, liquidity and securitization regulatory issues within the Office of Regulatory Affairs ('ORA'). Debbie has also previously served as Head of Conduit Management and Business Development within J.P. Morgan's Securitized Products Group where she was an industry leader in advocacy initiatives with global regulators regarding securitization related issues, originated a wide variety of securitization transactions for the Firm's clients and headed investor relations for the securitization business.

Debbie has a B.S. in Accountancy from Miami University and a Masters in Business Administration in Finance and Strategy from the University of Chicago. Debbie's seniority and regulatory background, accompanied by her skills and experience complement the existing board composition.

#### Dale Braithwait

Dale is the Head of Client Account Services at J.P. Morgan. Prior to his current role, Dale was the Global Head of Depository Services at J.P. Morgan and served as a non-executive member of the Eurex Risk Committee. Until July 2019, Dale was the global head of Legal Entity Risk, member of the EMEA Risk Committee, and member of the EMEA Operating Committee. Prior to this, Dale was the Global Head of the Credit Clearing business. Dale joined J.P. Morgan in 1997 and has also held roles relating to trading, risk management, capital management, valuation control, and fund administration. Dale holds a Bachelor of Science in Chemistry and Management from Imperial College, London. Dale's seniority, background in risk management, finance and trading, accompanied with his familiarity with the business, and experience as a director, enables him to perform the role effectively.

#### Jeannette Smits van Oyen

Jeannette Smits van Oyen is a Managing Director and the Co-Global Head of Consumer and Retail Investment Banking Coverage based in London. She has worked on a range of transactions across the Consumer & Retail space, with particular focus on disruptive brands and retail. Prior to her current role, Jeannette was the Global Co-Head of Power & Renewables Investment Banking where she worked with a range of clients including large corporates, financial and infrastructure investors and public debt and equity investors and in leading large, complex transactions. She has over 15 years of service to J.P. Morgan, having joined from Bear Stearns in 2008. She holds a Bachelors of Business and Law from the University of Technology, Sydney, qualified as a Chartered Accountant (ACA) in 1998 and holds a Masters of International Finance from the University of Groningen (The Netherlands) and SKEMA Business School (France). Jeannette is an active participant across various committees at JP Morgan. She is also a Board Member of the Dutch Masters Foundation in London where she is Trustee Representative for the Concertgebouw Orchestra in Amsterdam. Jeannette's seniority, Finance and Consumer & Retail background, accompanied by her skills and experience complement the existing board composition.

#### Directorships

Members of the Board of Directors have also held internal and/or external directorships during the year ended 31st December 2023 as follows:

Name	Internal Directorships	External directorships
Deborah Toennies	1	0
Dale Braithwait	1	0
Hernan Cristerna	1	0
Jeannette Smits van Oyen	1	0

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

## Diversity & Inclusion

At JPMorgan Chase, we believe that having an inclusive workforce that is reflective of diverse backgrounds and perspectives, and creating more equitable access to opportunities in our business pursuits, makes our company stronger and more profitable, as well as a better global corporate citizen. This starts, first and foremost, with taking a broad lens when sourcing talent and building and fostering an inclusive work environment where our employees are respected, trusted and encouraged to bring their authentic and most productive selves to work. It also means actively working to implement an inclusive approach in how we help the communities in which we operate.

We have made progress over the past few years in creating a more diverse and inclusive business. We have also taken a number of steps to build the infrastructure for our firm to deliver on our commitment to Diversity, Equity & Inclusion ('DEI'). This includes developing and implementing a global DEI strategic framework with clear objectives, controls and accountabilities.

We are managing and executing on our priorities because we believe that DEI is an important part of our firm's ability to be successful in the long term. We know there is more work to do, and we aim to both continue that work and be transparent with our stakeholders about our progress. For more information on the firm's DEI strategy, refer to: <https://www.jpmorganchase.com/about/people-culture/diversity-and-inclusion>

The board of JPMCHL places great emphasis on having a diverse membership. Appointments to the board are made on merit, taking into account (among other things) skills, expertise and qualifications for the role, educational and professional background, gender, age and geographical provenance of individual board members and the board collectively.

The board aims at an appropriate representation of all genders within their management body and that the principle of equal opportunities is respected when selecting members of their board. The board has a specific objective to aim for 30% female representation by December 2025, taking opportunities to increase the number of female board members over time where that is consistent with other skills and diversity requirements.

As at 31<sup>st</sup> December 2023, the representation of female directors on the board was as follows:

*JPMCHL (J.P. Morgan Capital Holdings Limited): 50%*

The firm is also a signatory of the Women in Finance Charter ('WIFC') with a commitment to reach 30% female representation in senior positions by December 2025. The UK wide position for our WIFC progress as of June 2023 can be found here: <https://www.jpmorgan.com/disclosures/gender-pay-gap-uk/2023-gender-pay-gap-uk>

#### 4. Disclosure of the Scope of Application (Article 436)

This section outlines differences between carrying values and regulatory exposure values. LI1 table provide linkage of financial statements categories with regulatory risk categories. The row structure represents the same row structure of the balance sheet used in the annual report for 2023. The carrying amounts as reported in published financial statements are allocated to the different risk frameworks. The main sources of differences between carrying amounts as reported in published financial statements and regulatory exposure values are depicted in LI2 table.

There are no differences between the scope of accounting consolidation and the scope of regulatory consolidation in the reporting entity.

**Table 3: UK LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories**

\$mm	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework <sup>11</sup>	Not subject to own funds requirements or subject to deduction from own funds
<b>Breakdown by asset class according to the balance sheet in the published financial statements</b>							
Cash and balances at central banks	9,069	9,069	9,069	—	—	—	—
Cash at bank and in hand	454	454	454	—	—	—	—
Loans and advances to banks	4,721	4,721	4,721	—	—	—	—
Loans and advances to customers	300	300	300	—	—	—	—
Securities purchased under resale agreements	183,922	183,922	—	183,922	—	101,998	—
Securities borrowed	51,259	51,259	—	51,259	—	51,259	—
Financial assets held at fair value through profit or loss	327,770	327,770	482	211,060	19	327,770	—
Other assets	94,083	94,083	7,182	61,422	—	25,479	—
Prepayments and accrued income	2,184	2,184	2,184	—	—	—	—
Goodwill	—	—	—	—	—	—	—
Tangible fixed assets	9	9	9	—	—	—	—
<b>Total Assets</b>	<b>673,771</b>	<b>673,771</b>	<b>24,401</b>	<b>507,663</b>	<b>19</b>	<b>506,506</b>	<b>—</b>
<b>Breakdown by liability classes according to the balance sheet in the published financial statements</b>							
Deposits by banks	31	31	—	—	—	—	31
Customer accounts	21,841	21,841	—	—	—	—	21,841
Securities sold under agreements to repurchase	65,301	65,301	—	65,301	—	65,301	—
Securities loaned	13,081	13,081	—	13,081	—	13,081	—
Financial liabilities held at fair value through profit or loss	237,960	237,960	—	211,660	—	237,960	—
Financial liabilities designated at fair value through profit or loss	25,486	25,486	—	—	—	—	25,486
Other liabilities	246,653	246,653	—	24,900	—	23,359	198,394
Accruals and deferred income	2,507	2,507	—	—	—	—	2,507
Subordinates liabilities	11,000	11,000	—	—	—	—	11,000
<b>Total liabilities</b>	<b>623,860</b>	<b>623,860</b>	<b>—</b>	<b>314,942</b>	<b>—</b>	<b>339,701</b>	<b>259,259</b>

<sup>11</sup> The column represents only values which are subject to specific market risk.

Table 4: UK LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements

\$'mm	Total	Items subject to			
		Credit risk framework	Securitisation framework	CCR framework	Market risk framework
Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	673,771	24,401	19	507,663	506,507
Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	364,601	—	—	314,942	339,701
Total net amount under the scope of prudential consolidation	309,170	24,401	19	192,721	166,806
Off-balance-sheet amounts	1,529	1,529	—	—	—
Differences due to different netting rules, other than those already included in row 2	(50,798)	(1,630)	—	(49,168)	—
Differences due to credit conversion factors	(659)	(659)	—	—	—
Exposure amounts considered for regulatory purposes	259,242	23,641	19	143,553	—

### Explanations of Differences Between Accounting and Regulatory Exposure Amounts

**Off-balance-sheet amounts:** Off-balance sheet items are subject to the regulatory framework. The exposures represent values before the application of the relevant credit conversion factors ('CCF').

**Differences due to different netting rules, haircuts, modelling and collateral usage:**

- The netting differences are due to legally enforceable netting agreements which cannot be applied in the same scope as for accounting framework which allows netting only if legal right of set-off exists and the cash flows are intended to be settled on a net basis. The netting rules also include the effect of Funded Credit Protection in the form of master netting agreements covering repurchase transactions.
- Collateral, haircuts and netting are taken into consideration when deriving exposures under the Internal Model Method ('IMM') for OTC derivatives.
- Exposure amounts considered for regulatory purposes are amounts before application of Credit Risk Mitigation ('CRM') but after application of regulatory netting requirements. The balance sheet includes collateral amounts therefore these values need to be excluded.

Table 5: UK PV1 - Prudent valuation adjustments (PVA)

Prudent Valuation Adjustment ('PVA') represents the excess of valuation adjustments required to achieve prudent value, over any adjustment applied in the firm's fair value that addresses the same source of valuation uncertainty. PVA is represented by type of risks and the total of constituent elements separately for the trading book and non-trading book positions.

\$mm	Risk category				Category level AVA - Valuation uncertainty		Total category level post- diversification		
	Equity	Interest Rates	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA		Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
Category level AVA									
Market price uncertainty	771	311	75	11	23	27	609	607	2
Close-out cost	706	247	23	10	33	—	509	509	—
Concentrated positions	121	111	22	2	—	—	256	255	1
Early termination	—	—	—	—	—	—	—	—	—
Model risk	55	1	—	—	180	21	138	138	—
Operational risk	74	28	9	1	—	—	112	112	—
Future administrative costs	16	31	5	—	—	—	52	52	—
<b>Total Additional Valuation Adjustments (AVAs)</b>							<b>1,676</b>	<b>1,673</b>	<b>3</b>

## 5. Disclosure of Own Funds (Article 437)

### Own Funds Disclosures

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

The UK MREL, which is intended to facilitate the resolution or recapitalization of a financial institution without causing financial instability and without recourse to public funds, is defined in the Bank of England ('BoE') Statement of Policy on its Approach to Setting MREL ('MREL SoP'). The BoE's June 2018 updates to its MREL SoP included requirements on the internal MREL resources to be held by UK material subsidiaries of overseas groups. CRR MREL rules, which, following their on-shoring into UK law by The Capital Requirements (Amendment) (EU Exit) Regulations 2019, previously applied in parallel to the BoE requirements at the level of the consolidated UK parent entity, JPMCHL, were revoked with effect from 1 January 2024 by regulation 5(b) of the Financial Services Markets Act of 2023 (Commencement No. 1) Regulations 2023.

The information represented in the tables below constitutes the applicable data elements for Own Funds specified in the Commission Implementing Regulation (EU) No 1423/2013.

**Table 6: UK CC1 - Composition of regulatory own funds<sup>12</sup>**

Common Equity Tier 1 capital: instruments and reserves		Amounts (\$'mm)	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation
1	Capital instruments and the related share premium accounts	8,081	
1.1	of which: Called-up share capital	4,069	c
1.2	of which: Share premium	4,012	d
2	Retained earnings	22,456	i
3	Accumulated other comprehensive income (and other reserves)	9,350	f, g & h
UK-3a	Funds for general banking risk	—	
5	Minority interests (amount allowed in consolidated CET1)	24	j
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	—	
<b>6</b>	<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>39,911</b>	
<b>Common Equity Tier 1 (CET1) capital: regulatory adjustments</b>			
7	Additional value adjustments (negative amount)	(1,985)	
8	Intangible assets (net of related tax liability) (negative amount)	—	
15	Defined-benefit pension fund assets (negative amount)	(92)	a
<b>28</b>	<b>Total regulatory adjustments to Common Equity Tier 1 (CET1)</b>	<b>(2,077)</b>	
<b>29</b>	<b>Common Equity Tier 1 (CET1) capital</b>	<b>37,834</b>	
<b>Additional Tier 1 (AT1) capital: Instruments</b>			
30	Capital instruments and the related share premium accounts	10,000	e
<b>36</b>	<b>Additional Tier 1 (AT1) capital before regulatory adjustments</b>	<b>10,000</b>	
<b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>			
<b>43</b>	<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	<b>—</b>	
<b>44</b>	<b>Additional Tier 1 (AT1) capital</b>	<b>10,000</b>	

<sup>12</sup> For the purposes of these disclosures, profits related to 2023 but only recognised post-audit, after its completion in 2024, have been included in capital resources.

45	Tier 1 capital (T1 = CET1 + AT1)	47,834	
<b>Tier 2 (T2) capital: instruments</b>			
46	Capital instruments and the related share premium accounts	10,908	b
51	Tier 2 (T2) capital before regulatory adjustments	10,908	
<b>Tier 2 (T2) capital: regulatory adjustments</b>			
57	Total regulatory adjustments to Tier 2 (T2) capital	—	
58	Tier 2 (T2) capital	10,908	
59	Total capital (TC = T1 + T2)	58,742	
60	Total Risk exposure amount	192,455	
<b>Capital ratios and requirements including buffers</b>			
61	Common Equity Tier 1 capital	19.66 %	
62	Tier 1 capital	24.85 %	
63	Total capital	30.52 %	
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	8.91 %	
65	of which: capital conservation buffer requirement	2.50 %	
66	of which: countercyclical buffer requirement	0.50 %	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	10.57 %	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
72	Direct and indirect holdings of own funds and eligible liabilities 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)	2,278	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	513	
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	266	
<b>Applicable caps on the inclusion of provisions in Tier 2</b>			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	—	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	1,306	

## Own Funds Reconciliation

The tables below present a reconciliation between audited balance sheet own funds and regulatory own funds as at 31<sup>st</sup> December 2023 in accordance with the requirements set out in Commission Implementing Regulation (EU) No 1423/2013.

**Table 7: UK CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements**

Regulatory Own Funds Reconciliation to Balance Sheet (\$'mm)	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	31-Dec-2023	31-Dec-2023	
<b>Assets</b>			
Cash and balances at central banks	9,069	9,069	
Cash at bank and in hand	454	454	
Loans and advances to banks	4,721	4,721	
Loans and advances to customers	300	300	
Securities purchased under resale agreements	183,922	183,922	
Securities borrowed	51,259	51,259	
Financial assets at fair value through profit and loss	327,770	327,770	
Other assets	94,083	94,083	
Prepayments and accrued income	2,184	2,184	
Goodwill	—	—	
Tangible fixed assets	9	9	
<b>Total assets</b>	<b>673,771</b>	<b>673,771</b>	
<b>Liabilities</b>			
<b>Deposits by banks</b>	31	31	—
<b>Customer accounts</b>	21,841	21,841	
Securities sold under agreements to repurchase	65,301	65,301	
Securities loaned	13,081	13,081	
Financial liabilities held at fair value through profit or loss	237,960	237,960	
Financial liabilities designated at fair value through profit or loss	25,486	25,486	
Other liabilities	246,653	246,653	
<i>of which: Provisions for pensions and similar obligations</i>	(92)	(92)	a
Accruals and deferred income	2,507	2,507	
Subordinated Liabilities	11,000	11,000	b
<b>Total liabilities</b>	<b>623,860</b>	<b>623,860</b>	
<b>Shareholders' Equity</b>			
Called-up share capital	4,069	4,069	c
Share premium account	4,012	4,012	d
Other equity instruments	10,000	10,000	e
Capital contribution reserve	8,979	8,979	f
Pension reserve	72	72	g
Other reserves	299	299	h
<i>Retained earnings</i>	22,456	22,456	i
<i>Non-controlling interest</i>	24	24	j
<b>Total shareholders' equity</b>	<b>49,911</b>	<b>49,911</b>	

## Liabilities

The amendments to the CRR published in June 2019 specify, under Article 72a(2), the liabilities that shall be excluded from eligible liabilities items for the purposes of MREL compliance. The table below provides a breakdown of the liability structure of JPMCHL, including the aggregate excluded liabilities under the provisions of Article 72a(2).

**Table 8: Liability structure**

Liability structure	Revised Regulation (EU) No 575/2013 Article Reference	JPMCHL (\$'mm)
Tier 2 instruments	Article 72a(1)	11,000
Excluded liabilities	Article 72a(2)	431,858
Residual liabilities		181,002
<b>Total liabilities</b>		<b>623,860</b>

## Main Features of Capital Instruments

The tables below present the main features of regulatory capital instruments for the in scope entities as at 31st December 2023 required by Commission Implementing Regulation (EU) No 1423/2013. The terms and conditions can be found on the Companies House website.

**Table 9: UK CCA - Main features of regulatory own funds instruments and eligible liabilities instruments**

Capital Instruments Main Features		JPMCHL			
		CET1	AT1	AT1	T2
		\$10 ordinary shares	\$5,000m AT1 Notes	\$5,000mm AT1 Notes	\$ 11,000 mm subordinated loan
1	Issuer	JPMCHL	JPMCHL	JPMCHL	JPMCHL
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)		XS9988776655	XS7766554433	XS1234512345
2a	Public or private placement	Private Placement	Private Placement	Private Placement	Private Placement
3	Governing law(s) of the instrument	The Companies Act 2006	English Law	English Law	English Law
3a	Contractual recognition of write down and conversion powers of resolution authorities	No	No	No	No
<b>Regulatory treatment</b>					
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1	Additional Tier 1	Additional Tier 1	Tier 2
5	Post-transitional CRR rules	Common Equity Tier 1	Additional Tier 1	Additional Tier 1	Tier 2
6	Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	(sub-)consolidated	(sub-)consolidated	(sub-)consolidated	(sub-)consolidated
7	Instrument type (types to be specified by each jurisdiction)	\$ Ordinary	\$ Perpetual Floating Rate Permanent Write-down AT1 Notes	\$ Perpetual Floating Rate Permanent Write-down AT1 Notes	\$ Subordinated Notes/ Loan
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	\$8,081 includes nominal and premium	\$5,000mm	\$5,000mm	\$11,000mm
9	Nominal amount of instrument	\$10	\$5,000,000,000	\$5,000,000,000	\$11,000,000,000 (following redemption of \$1,000,000,000 on 18 December 2023)
9a	Issue price	average issue price \$20	\$5,000,000,000	\$5,000,000,000	\$11,000,000,000
9b	Redemption price	N/A	N/A	N/A	1
10	Accounting classification	Shareholders' equity	Other Equity Instrument	Other Equity Instrument	Liability - amortized cost
11	Original date of issuance (issued paid up share capital)	\$0.2m Nov 18 1999	\$5,000mm Dec 06 2022	\$5,000mm Mar 15 2023	Dec 17 2018 (at issue) with initial nominal of \$12,000mm
		\$2,000m Jan 25 2000			
		\$959m Nov 2 2000			
		\$1,110m Apr 9 2002			
		\$0.01m Dec 12 2006			
		\$0.01m Mar 7 2007			
\$0.01m Oct 15 2007					
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated
13	Original maturity date	No maturity	No maturity	No maturity	December 17 2028

14	Issuer call subject to prior supervisory approval	No	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	N/A	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
<b>Coupons / dividends</b>					
17	Fixed or floating dividend/coupon	N/A	Floating	Floating	Floating
18	Coupon rate and any related index	N/A	SOFR + 3.98%	SOFR + 3.57%	SOFR + 1.68%
19	Existence of a dividend stopper	No	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Full discretionary	Full Discretionary	Full Discretionary	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Full discretionary	Full Discretionary	Full Discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
30	Write-down features	N/A	Yes	Yes	No
31	If write-down, write-down trigger(s)	N/A	Yes	Yes	N/A
32	If write-down, full or partial	N/A	Full	Full	N/A
33	If write-down, permanent or temporary	N/A	Permanent	Permanent	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	regulatory	contractual	contractual	subordinated
UK-34 b	Ranking of the instrument in normal insolvency proceedings	ranking below all other liabilities	ranking below all other liabilities except senior to CET1	ranking below all other liabilities except senior to CET1	ranking below all other liabilities except senior to CET1 and AT1
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to AT1 notes and all other liabilities	Subordinated to T2 notes and all other more senior (unsubordinated) liabilities	Subordinated to T2 notes and all other more senior (unsubordinated) liabilities	Subordinated to all other more senior (unsubordinated) liabilities
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A	N/A	N/A	N/A

## 6. Disclosure of Own Funds Requirement and Risk-Weighted Exposure Amounts (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, J.P. Morgan Securities plc and J.P. Morgan Europe Limited, complete an ICAAP on a periodic basis. This forward-looking assessment of capital requirements given the business strategy, risk profile, risk appetite and capital plan result in potential impacts to entities' earnings, capital resources, risk-weighted assets and balance sheet. Through the ICAAP, the entities ensure that they are adequately capitalised in relation to their risk profile and appetite, not only as at the ICAAP date, but through the economic cycle and under a range of severe but plausible stress scenarios, which are designed to capture key vulnerabilities and idiosyncratic risks. The ICAAP results are reviewed by management and reviewed and approved by the Board of Directors.

### Total own funds requirements

The tables below show a breakdown of the RWA and associated total own funds requirements for JPMCHL. The standardised approach has been used for the calculation of credit risk. SACCR (standardised) and IMM (modelled) methods have been employed to calculate derivative exposure in CCR. Market Risk Capital Requirements have been measured by using a combination of the standardised approach and internal models including VaR approved by the PRA. The Basic Indicator Approach has been used for the calculation of Operational Risk Capital Requirements. The minimum capital requirements below represent the Pillar 1 requirements as per the CRR. It does not include additional minimum requirements set out by the PRA or FCA as part of the in scope LEs Total Capital Requirements ('TCR').

The total own fund requirements below represent the Pillar 1 requirements as per the CRR - i.e. 8% of RWAs.

#### Overview of RWAs:

- CCR increase of \$17bn mainly driven by Securities Financing Transactions due to increase in trading volumes on both Stock Borrow and Margin Lending businesses and reduced collateral recognition for open term repos.
- IMM permission extended in Q2-23 to cover exchange traded derivatives increasing the RWA by \$2.3bn which was offset by decrease of \$2bn in Q4-23 driven by seasonal market movements in OTC derivatives.
- Market risk increase of \$5bn driven by increase in standardised approach by \$6.2bn mainly within specific market risk on traded debt instruments arising on warrant issuances from another JP Morgan entity offset by a decrease in IMA by \$1.3bn driven by Incremental risk charge ('IRC') due to reduced credit exposure and VBM driven by decreased volatility in the 1year lookback period.

Table 10: UK OV1 - Overview of RWAs

\$'mm		Total Risk exposure amounts (TREA)		Total own funds requirements
		Q4 2023	Q4 2022	
1	<b>Credit risk (excluding CCR)</b>	<b>10,750</b>	<b>10,821</b>	<b>860</b>
2	Of which the standardised approach	10,750	10,821	860
6	<b>Counterparty credit risk - CCR</b>	<b>98,418</b>	<b>81,649</b>	<b>7,873</b>
7	Of which the standardised approach	12,743	11,596	1,019
8	Of which internal model method (IMM)	16,211	15,679	1,297
UK 8a	Of which exposures to a CCP	522	629	42
UK 8b	Of which credit valuation adjustment - CVA	4,301	5,322	344
9	Of which other CCR	64,641	48,422	5,171
15	<b>Settlement risk</b>	<b>531</b>	<b>652</b>	<b>42</b>
16	<b>Securitisation exposures in the non-trading book (after the cap)</b>	<b>251</b>	<b>241</b>	<b>20</b>
18	Of which SEC-ERBA (including IAA)	198	146	16
UK 19a	Of which 1250% / deduction	53	95	4
20	<b>Position, foreign exchange and commodities risks (Market risk)</b>	<b>66,983</b>	<b>61,947</b>	<b>5,359</b>
21	Of which the standardised approach	51,863	44,688	4,149
22	Of which IMA	15,120	17,259	1,210
UK 22a	Large exposures	—	—	—
23	<b>Operational risk</b>	<b>15,522</b>	<b>15,121</b>	<b>1,242</b>
UK 23a	Of which basic indicator approach	15,522	15,121	1,242
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	743	604	59
29	<b>Total</b>	<b>192,455</b>	<b>170,430</b>	<b>15,396</b>

## Total Capital Requirements

In accordance with PRA Supervisory Statement SS31/15 the firm is now required to disclose the Total Capital Requirements ('TCR'). TCR is the sum of Pillar 1 and Pillar 2A capital requirements. The requirement is only applicable for firms at the highest level of consolidation in the UK regulated by the PRA.

**Table 11: Total Capital Requirements**

\$'mm	JPMCHL	
	Dec'23	Dec'22
Total Capital Requirements	20,226	18,010

**Table 12: UK CCR7 - RWEA flow statements of CCR exposures under the IMM**

The flow statements explaining changes in the CCR RWAs determined under the IMM are depicted in the table below.

IMM permission extended in Q2-23 to cover exchange traded derivatives increasing the RWEA by \$2.3bn which was offset by a decrease of \$2.2bn in Q4-23 driven by seasonal market movements in OTC derivatives.

\$'mm		RWEA
<b>Q1 2023</b>		
1	RWEA as at end of previous reporting period (31st December 2022)	15,679
2	Asset size	(65)
3	Credit quality of counterparties	250
8	Other	212
9	RWEA as at the end of the current reporting period (31st March 2023)	16,076
<b>Q2 2023</b>		
1	RWEA as at end of previous reporting period (31st March 2023)	16,076
2	Asset size	(186)
3	Credit quality of counterparties	168
4	Model updates (IMM only)	2,351
8	Other	8
9	RWEA as at the end of the current reporting period (30th June 2023)	18,417
<b>Q3 2023</b>		
1	RWEA as at end of previous reporting period (30th June 2023)	18,417
2	Asset size	32
3	Credit quality of counterparties	(1)
4	Model updates (IMM only)	17
8	Other	(7)
9	RWEA as at the end of the current reporting period (30th September 2023)	18,458
<b>Q4 2023</b>		
1	RWEA as at end of previous reporting period (30th September 2023)	18,458
2	Asset size	(2,210)
3	Credit quality of counterparties	(1)
4	Model updates (IMM only)	53
8	Other	(89)
9	RWEA as at the end of the current reporting period (31st December 2023)	16,211

**Table 13: MR2-B - RWEA flow statements of market risk exposures under the IMA**

Own funds requirements decreased by \$171mm to \$1.2bn mainly driven by decreases in IRC due to reduced credit exposure and VaR due to decreased volatility in the 1year lookback period.

\$'mm		Value-at-risk (VaR)	Stressed value-at-risk (SVaR)	Incremental risk charge (IRC)	Total RWEAs	Total own funds requirements
<b>Q1 2023</b>						
<b>1</b>	<b>RWEAs at previous period end 31st December 2022</b>	<b>4,392</b>	<b>11,680</b>	<b>1,188</b>	<b>17,259</b>	<b>1,381</b>
1a	Regulatory adjustment <sup>13</sup>	(2,580)	(5,720)	(307)	(8,606)	(689)
1b	RWEAs at the previous quarter-end (end of the day) 31st December 2022	1,812	5,960	881	8,653	692
2	Movement in risk levels	(127)	948	(506)	315	25
3	Model updates/changes		—	—	—	—
8a	RWEAs at the end of the disclosure period (end of the day) (31st March 2023)	1,684	6,908	376	8,967	717
8b	Regulatory adjustment <sup>13</sup>	2,961	6,043	145	9,150	732
<b>8</b>	<b>RWEAs at the end of the disclosure period (31st March 2023)</b>	<b>4,645</b>	<b>12,951</b>	<b>521</b>	<b>18,117</b>	<b>1,449</b>
<b>Q2 2023</b>						
<b>1</b>	<b>RWEAs at previous period end 31st March 2023</b>	<b>4,645</b>	<b>12,951</b>	<b>521</b>	<b>18,117</b>	<b>1,449</b>
1a	Regulatory adjustment <sup>13</sup>	(2,961)	(6,043)	(145)	(9,150)	(732)
1b	RWEAs at the previous quarter-end (end of the day) 31st March 2023	1,684	6,908	376	8,967	717
2	Movement in risk levels	(165)	44	1,395	1,274	102
8a	RWEAs at the end of the disclosure period (end of the day) (30th Jun 2023)	1,519	6,951	1,771	10,241	819
8b	Regulatory adjustment <sup>13</sup>	2,255	5,851	—	8,106	649
<b>8</b>	<b>RWEAs at the end of the disclosure period (30th Jun 2023)</b>	<b>3,774</b>	<b>12,802</b>	<b>1,771</b>	<b>18,347</b>	<b>1,468</b>
<b>Q3 2023</b>						
<b>1</b>	<b>RWEAs at previous period end 30th Jun 2023</b>	<b>3,774</b>	<b>12,802</b>	<b>1,771</b>	<b>18,347</b>	<b>1,468</b>
1a	Regulatory adjustment <sup>13</sup>	(2,255)	(5,851)	—	(8,106)	(649)
1b	RWEAs at the previous quarter-end (end of the day) 30th Jun 2023	1,519	6,951	1,771	10,241	819
2	Movement in risk levels	(322)	(890)	1,095	(117)	(9)
8a	RWEAs at the end of the disclosure period (end of the day) (30th September 2023)	1,197	6,062	2,865	10,124	810
8b	Regulatory adjustment <sup>13</sup>	2,095	5,818	—	7,914	633
<b>8</b>	<b>RWEAs at the end of the disclosure period (30th September 2023)</b>	<b>3,292</b>	<b>11,880</b>	<b>2,865</b>	<b>18,038</b>	<b>1,443</b>
<b>Q4 2023</b>						
<b>1</b>	<b>RWEAs at previous period end 30th September 2023</b>	<b>3,292</b>	<b>11,880</b>	<b>2,865</b>	<b>18,038</b>	<b>1,443</b>
1a	Regulatory adjustment <sup>13</sup>	(2,095)	(5,818)	—	(7,914)	(633)
1b	RWEAs at the previous quarter-end (end of the day) 30th September 2023	1,197	6,062	2,865	10,124	810
2	Movement in risk levels	253	533	(2,472)	(1,685)	(135)
8a	RWEAs at the end of the disclosure period (end of the day) (31st December 2023)	1,450	6,551	393	8,395	672
8b	Regulatory adjustment <sup>13</sup>	1,341	5,225	160	6,725	538
<b>8</b>	<b>RWEAs at the end of the disclosure period (31st December 2023)</b>	<b>2,791</b>	<b>11,776</b>	<b>553</b>	<b>15,120</b>	<b>1,210</b>

<sup>13</sup> Regulatory adjustments constitute difference in RWAs between end-of-day positions and 60-day average for VaR/SVaR or 12-week average for IRC. This also includes multiplication factors as per Article 366 of the CRR.

## 7. Disclosure of Exposures to Counterparty Credit Risk (Article 439)

### Internal Capital and Credit Limits for Counterparty Credit Exposures

The Firm expresses counterparty credit exposure using several measures of potential future exposure using Monte-Carlo methods. Monte-Carlo simulation models generate mark-to-market distributions for a portfolio of financial instruments under various future market states. This calculation takes into account the effects of credit risk mitigants, such as close-out netting and collateral agreements.

To capture the potential future variability of credit exposure, the Firm calculates, on a client-by-client basis, three measures of potential derivatives-related credit loss: Peak, Derivative Risk Equivalent ('DRE'), and Average exposure ('AVG'). These measures all incorporate netting and collateral benefits, where applicable.

**Derivative Transactions:** Peak represents a conservative measure of potential exposure to a counterparty calculated in a manner that is broadly equivalent to a 97.5% confidence level over the life of the transaction. Peak is the primary measure used by the Firm for setting of credit limits for derivative transactions, senior management reporting and derivatives exposure management. DRE exposure is a measure that expresses the risk of derivative exposure on a basis intended to be equivalent to the risk of loan exposures. DRE is a less extreme measure of potential credit loss than Peak and is used for aggregating derivative credit risk exposures with loans and other credit risk. Finally, AVG is a measure of the expected fair value of the Firm's derivative receivables at future time periods, including the benefit of collateral. AVG exposure over the total life of the derivative contract is used as the primary metric for pricing purposes and is used to calculate credit risk capital and the CVA.

CVA is based on the Firm's AVG to a counterparty and the counterparty's credit spread in the credit derivatives market. The Firm believes that active risk management is essential to controlling the dynamic credit risk in the derivatives portfolio.

**Securities Financing Transactions:** Peak is the principal exposure measure for counterparty trading exposures, and is used for limit setting and monitoring purposes. It is calculated as a 93.5% Expected Shortfall measure, which is the weighted average of exposures at all points in the tail from 93.5% upwards. This is calibrated to be broadly equivalent in severity to a percentile measure at 97 to 98% confidence level. Peak is a tail risk measure that assumes that the default of a counterparty coincides with highly disadvantageous market conditions, and so measures a 'near worst case' scenario. Peak exposure depends on trade details, market volatility, and any netting and collateral arrangements (as permitted by risk policy). Peak exposure includes netting if the netting confidence factor is sufficiently high (>75% for partial netting; 100% for full netting), and collateral if the collateral confidence factor (CCF) is 95-100%; for securities financing exposure, which does not separate netting and collateral confidence factors, a Blended Legal Confidence Factor ('BLCF') is used, and taken into account if the BLCF is greater than or equal to 85%. The firm also calculates SRE (securities risk equivalent), which is a less extreme measure of potential credit loss than Peak and is used as an input for aggregating securities credit risk exposures with loans and other credit risk.

In order to assess the internal credit capital required to support its business in the event of unexpected credit losses, the Firm uses Economic Capital, as computed by the Economic Credit Capital ('ECC') model. The ECC model is a Monte-Carlo based approach that leverages correlation factors in the portfolio. It is predominantly applied to bi-lateral counterparty credit exposures. The principal drivers of portfolio capital are:

- The risk characteristics of individual exposures; and
- The correlations among different borrowers.

The model correlates credit spread and asset returns movements across the underlying names and captures the correlation between default and credit spread movements in the portfolio. Portfolio losses are aggregated from simulated single name losses caused by the defaults and credit migrations. Portfolio capital is allocated to each exposure using a formula based on the exposure risk class, probability of default, loss given default, credit equivalent exposure amount and maturity.

### Policies for Securing Collateral and Establishing Credit Reserves

Entities in scope are covered by firm-wide policies relating to the type of acceptable collateral posted in support of all forms of credit exposure. Cash and certain high-quality bonds are generally considered acceptable collateral.

The receipt of collateral to secure credit exposures is reflected through the LGD estimate at the facility level for traditional credit products and through the exposure estimate for Over the Counter ('OTC') derivatives and repo-style transactions. The existence of guarantees is reflected in the internal risk grade assigned to the exposure, if the guarantee meets certain documentation standards and provides acceptable coverage of the obligor's indebtedness and economic and political risks. To address residual risk related to collateral and guarantees, the Firm has instituted policies to assess and monitor the enforceability and effectiveness of these credit risk mitigants.

### Wrong-Way Risk Policies

The firm may be exposed to additional credit risk as a result of wrong way nature of certain OTC Derivatives, Cleared Derivatives, Futures & Options and Securities Financing trades, or the wrong way nature of collateral taken against these trades. The Firm has established a Standard that defines governance framework and additional controls to cover specific and general wrong way risk. Specific Wrong Way Risk ('SWWR') is when the potential exposure on a transaction with a counterparty is highly and adversely correlated with the counterparty's creditworthiness. This risk is generally measured on the basis of an immediate jump-to-default assumption. General Wrong Way Risk ('GWWR') arises for a given counterparty when the exposure and likelihood of default of the counterparty are positively correlated with general market risk factors.

## Impact of Credit Rating Downgrade

The impact of a downgrade in the Firm's credit rating is considered in the JPMorgan Chase & Co. SEC 10-K filing, at a firmwide level. Credit rating downgrade analysis is incorporated within the liquidity risk metrics for JPMCHL's key entities.

The following table shows the potential impact of a single-notch and two-notch downgrade of the long-term credit rating of the Firm's credit rating as at 31st December 2023, related to OTC derivative contracts with contingent collateral or termination features that may be triggered upon a ratings downgrade. Derivatives contracts generally require additional collateral to be posted or terminations to be triggered when the predefined threshold rating is breached:

**Table 14: UK CCRA - Impact of Credit Rating Downgrade on collateral**

\$'mm	Single-notch downgrade	Two-notch downgrade
Non-cumulative outflow	231	396

## Counterparty Credit Risk Analysis

The table below shows counterparty credit risk exposures (excluding CVA and trades cleared through a Central Counterparty Clearing House ('CCP')) by methods used to calculate CRR regulatory requirements for JPMCHL. Counterparty credit risk exposures are calculated under the standardised approaches set out in the CRR. Derivative exposures are calculated using SACCR (CRR Article 271 - 282) and the IMM (CRR Article 283). SFTs use the Financial Collateral Comprehensive Method ('FCCM') (CRR Article 223). Long settlement transactions are treated under the FCCM method.

**Table 15: UK CCR1 - Analysis of CRR exposure by approach**

\$'mm	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
Original Exposure Method (for derivatives)	—	—	—	—	—	—	—	0
Simplified SA-CCR (for derivatives)	—	—	—	—	—	—	—	0
SA-CCR (for derivatives)	7,989	11,040		1.40	92,423	26,641	26,641	12,743
IMM (for derivatives and SFTs)	—	—	15,293	1.40	70,508	21,410	21,410	16,087
Of which securities financing transactions netting sets	—	—	—	—	—	—	—	—
Of which derivatives and long settlement transactions netting sets	—	—	15,293	—	70,508	21,410	21,410	16,087
Of which from contractual cross-product netting sets	—	—	—	—	—	—	—	—
Financial collateral simple method (for SFTs)	—	—	—	—	—	—	—	—
Financial collateral comprehensive method (for SFTs)					657,793	89,629	89,629	64,766
<b>VaR for SFTs</b>					—	—	—	—
<b>Total</b>					<b>820,724</b>	<b>137,680</b>	<b>137,680</b>	<b>93,596</b>

## CVA Capital Charge

The exposure value and associated RWAs subject to CVA capital charges are calculated according to both the Advanced method as set in CRR Article 383 and the Standardised method as prescribed in CRR Article 384.

**Table 16: UK CCR2 - Transactions subject to own funds requirements for CVA risk**

\$'mm		JPMCHL	
		Exposure value	RWEA
1	Total transactions subject to the Advanced method	9,192	2,747
2	(i) VaR component (including the 3× multiplier)		691
3	(ii) stressed VaR component (including the 3× multiplier)		2,057
4	Transactions subject to the Standardised method	4,370	1,554
5	<b>Total transactions subject to own funds requirements for CVA risk</b>	<b>13,562</b>	<b>4,301</b>

**Table 17: UK CCR3 - Standardised approach – CCR exposures by regulatory exposure class and risk weights**

The below given table shows the CCR exposures under the Standardised approach by exposure class and RW.

Exposure class (\$'mm)	Risk weight						Total exposure value
	0%	2%	20%	50%	100%	150%	
Central governments or central banks	2,199	—	35	1	7,538	—	9,773
Regional government or local authorities	—	—	38	—	38	—	76
Public sector entities	180	—	3,825	—	—	—	4,005
Multilateral development banks	4	—	98	13	5	—	120
International organisations	1	—	—	—	—	—	1
Institutions	—	5,851	47,616	4,821	562	—	58,850
Corporates	—	—	415	1,288	63,071	375	65,149
Other items	—	—	—	—	—	5,580	5,580
<b>Total exposure value</b>	<b>2,384</b>	<b>5,851</b>	<b>52,027</b>	<b>6,123</b>	<b>71,214</b>	<b>5,955</b>	<b>143,554</b>

## Collateral Used in Counterparty Credit Risk

The breakdown of all types collateral posted or received by JPMCHL to mitigate CCR exposure to derivatives and SFTs is shown in the tables below. As at 31st December 2023, the majority of collateral used was in high quality bonds and cash while the rest was in equities.

**Table 18: UK CCR5 - Composition of collateral for CCR exposures**

Collateral type	Collateral used in derivative transactions				Collateral used in securities financing transactions (SFTs)	
	Fair value of collateral received (\$mm)		Fair value of posted collateral (\$mm)		Fair value of collateral received (\$mm)	Fair value of collateral posted (\$mm)
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash	1	117,279	—	104,763	230,137	230,231
Debt	4,093	6,329	5,304	1,385	302,222	299,417
Equity	688	—	460	—	94,360	94,360
Other	868	17,688	454	2,085	44,442	44,617
<b>Total</b>	<b>5,650</b>	<b>141,296</b>	<b>6,218</b>	<b>108,233</b>	<b>671,161</b>	<b>668,625</b>

## Credit Derivatives Breakdown

The table below presents a breakdown of credit derivatives notional for JPMCHL by product type and whether they are held for client intermediation (other credit derivatives) or for the firm's own portfolio (credit derivative hedges). The firm makes limited use of credit derivatives hedges for the purpose of credit risk mitigation as disclosed in Section 19. Credit derivatives trading activity is only carried out within the JPMS plc.

**Table 19: UK CCR6 - Credit derivatives exposures**

\$'mm		Protection bought	Protection sold
<b>Notionals</b>			
1	Single-name credit default swaps	200,219	201,254
2	Index credit default swaps	677,921	678,042
3	Total return swaps	14,382	987
4	Credit options	13,243	13,022
5	Other credit derivatives	36,059	36,825
6	<b>Total notionals</b>	<b>941,824</b>	<b>930,130</b>
<b>Fair values</b>			
7	Positive fair value (asset)	2,359	24,893
8	Negative fair value (liability)	(23,332)	(2,503)

## Exposure to CCPs

The following table shows a comprehensive picture of JPMCHL's exposures to CCPs. The exposure amount for default funds contributions is calculated as per Article 308 of CRR.

**Table 20: UK CCR8 - Exposures to CCPs**

\$'mm	Exposure value	RWEA
<b>Exposures to QCCPs (total)</b>		<b>507</b>
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	5,858	118
(i) OTC derivatives	1,443	30
(ii) Exchange-traded derivatives	3,583	72
(iii) SFTs	832	16
Segregated initial margin <sup>14</sup>	—	—
Non-segregated initial margin	—	—
Prefunded default fund contributions	1,059	389
<b>Exposures to non-QCCPs (total)</b>		<b>15</b>
Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	15	15
(iii) SFTs	15	15

<sup>14</sup> For regulatory purposes all segregated margin is treated as non-segregated.

## 8. Disclosure of Countercyclical Capital Buffers (Art. 440)

Under Basel III, each firm is required to hold an additional capital buffer against macroeconomic risks associated with an increase in aggregate credit. Each firm is required to calculate its institution-specific countercyclical buffer rate as a weighted average of the buffer rates that have been set for each jurisdiction to which the firm has relevant credit exposures. The countercyclical buffer is then the institution-specific countercyclical buffer rate multiplied by total RWA.

**Table 21: UK CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer**

S'mm	General credit exposures	Relevant credit exposures – Market risk	Securitisation Exposure value for non-trading book	Total exposure value	Own funds requirements				Risk-weighted exposure amounts	Own fund requirement weights (%)	Countercyclical capital buffer rate (%)
	Exposure value under the standardised approach	Sum of long and short positions of trading book exposures for SA			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
United Kingdom	8,435	2,791		11,226	720	262	—	983	12,283	11.55 %	2.00 %
Netherlands	5,525	7,984		13,508	430	508	—	939	11,733	11.04 %	1.00 %
Ireland	5,269	500	23	5,792	422	92	—	514	6,420	6.04 %	1.00 %
Luxembourg	3,697	490		4,187	298	53	—	352	4,394	4.13 %	0.50 %
Australia	1,359	225		1,584	115	21	—	135	1,690	1.59 %	1.00 %
France	460	885		1,345	44	82	—	126	1,576	1.48 %	0.50 %
Germany	581	751		1,332	38	66	—	104	1,304	1.23 %	0.75 %
Sweden	914	281		1,195	72	25	—	96	1,205	1.13 %	2.00 %
Hong Kong	1,008	134		1,142	81	8	—	89	1,112	1.05 %	1.00 %
Norway	232	98		330	16	5	—	20	255	0.24 %	2.50 %
Denmark	102	45		147	7	4	—	11	138	0.13 %	2.50 %
Czech Republic	2	24		26	—	2	—	2	28	0.03 %	2.00 %
Cyprus	—	24		24	—	2	—	2	26	0.02 %	0.50 %
Slovakia	—	8		8	—	1	—	1	8	0.01 %	1.50 %
Romania	—	6		6	—	1	—	1	6	0.01 %	1.00 %
Bulgaria	—	2		2	—	—	—	—	2	— %	2.00 %
Lithuania	—	1		1	—	—	—	—	1	— %	1.00 %
Estonia	—	—		—	—	—	—	—	—	— %	1.50 %
Iceland	—	—		—	—	—	—	—	—	— %	2.00 %
Slovenia	—	—		—	—	—	—	—	—	— %	0.50 %
Other Countries	50,974	9,221	29	60,225	4,175	935	20	5,130	64,134	60.00 %	— %
<b>Total</b>	<b>78,558</b>	<b>23,470</b>	<b>52</b>	<b>102,080</b>	<b>6,418</b>	<b>2,067</b>	<b>20</b>	<b>8,505</b>	<b>106,317</b>	<b>100.00 %</b>	<b>— %</b>

Table 22: UK CCyB2 - Amount of institution-specific countercyclical capital buffer

		\$mm
1	<b>Total risk exposure amount</b>	<b>192,455</b>
2	Institution specific countercyclical capital buffer rate	0.50 %
3	Institution specific countercyclical capital buffer requirement	957

## 9. Disclosure of Exposures to Credit Risk and Dilution Risk (Art.442)

### Impairment of financial assets and lending-related commitments

Instruments in scope of Traditional Credit Products ('TCP') include loans, lending-related commitments, and other lending products stemming from extensions of credit to borrowers (including intercompany and affiliated entities). The Group establishes an Expected Credit Losses ('ECL') for these instruments to ensure they are reflected in the financial statements at the Group's best estimate of the net amount expected to be collected. The ECL is determined on in-scope financial instruments measured at amortised cost or Fair value through other comprehensive income ('FVOCI'). ECL are measured collectively via a portfolio-based (modelled) approach for Stage 1 and 2 assets but are generally measured individually for Stage 3 assets. ECL are forecasted over the 12-month term (Stage 1) or expected life (Stage 2 or 3) of in-scope financial instruments, where the forecast horizon includes the reasonable and supportable ('R&S') forecast period, the reversion period and the residual period and considers the time value of money. In determining the ECL measurement and staging for a financial instrument, the Group applies the definition of default consistent with the Basel definition of default to maintain uniformity of the definition across the Firm. These topics are discussed in more detail in the sections below.

Determining the appropriateness of the allowance is complex and requires judgement by management about the effect of circumstances that are inherently uncertain. Further, estimating the allowance involves consideration of a range of possible outcomes, which management evaluates to determine its best estimate. Subsequent evaluations of the TCP portfolio, in light of the circumstances then prevailing, may result in significant changes in the ECL in future periods.

The Group must consider the appropriateness of decisions and judgements regarding methodology and inputs utilised in developing estimates of ECL each reporting period and document them appropriately.

### Impairment of non-financial assets

Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

### Past due

A financial asset is past due when a counterparty has failed to make a payment when contractually due following appropriate market convention.

### Credit Risk Adjustments for Derivatives

In determining the fair value of a derivative portfolio, valuation adjustments may be appropriate to reflect the credit quality of the counterparty, the credit quality of the Group, and the funding risk inherent in certain derivatives. The credit and funding risks of the derivative portfolio are generally mitigated by arrangements provided to the Group by JPMorgan Chase Bank, N.A. and therefore the Group takes account of these arrangements in estimating the fair value of its derivative portfolio.

## Net and Average Exposures

Net values of on-balance sheet and off-balance exposures are depicted in the tables below. The net value is gross carrying value of exposure less impairments or provisions. The firm has calculated average exposure based on the average of the four quarter end points during the year

**Table 23: UK CR1 - Performing and non-performing exposures and related provisions**

\$mm	Gross carrying amount/nominal amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures		Performing exposures - accumulated impairment and provisions			Non-performing exposures - accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 3		
<b>Cash balances at central banks and other demand deposits</b>	<b>14,177</b>	<b>14,177</b>	—	—	—	—	—	—	—	—	—	—
<b>Loans and advances</b>	<b>236,757</b>	<b>82,089</b>	<b>141</b>	<b>38</b>	<b>38</b>	<b>(10)</b>	<b>(2)</b>	<b>(8)</b>	<b>(3)</b>	<b>(3)</b>	<b>236,489</b>	<b>35</b>
Central banks	7,527	—	—	—	—	—	—	—	—	—	7,527	—
General governments	6	—	—	—	—	—	—	—	—	—	6	—
Credit institutions	143,211	81,924	—	—	—	—	—	—	—	—	143,211	—
Other financial corporations	82,348	135	44	33	33	(5)	(2)	(3)	—	—	82,085	32
Non-financial corporations	3,665	30	97	5	5	(5)	—	(5)	(3)	(3)	3,660	3
Of which SMEs	—	—	—	—	—	—	—	—	—	—	—	—
Households	—	—	—	—	—	—	—	—	—	—	—	—
<b>Debt securities</b>	—	—	—	—	—	—	—	—	—	—	—	—
Other financial corporations	—	—	—	—	—	—	—	—	—	—	—	—
Non-financial corporations	—	—	—	—	—	—	—	—	—	—	—	—
<b>Off-balance-sheet exposures</b>	<b>1,285</b>	<b>1,172</b>	<b>113</b>	—	—	<b>4</b>	<b>2</b>	<b>2</b>	—	—	<b>595</b>	—
Central banks	—	—	—	—	—	—	—	—	—	—	—	—
General governments	—	—	—	—	—	—	—	—	—	—	—	—
Credit institutions	—	—	—	—	—	—	—	—	—	—	—	—
Other financial corporations	258	215	43	—	—	1	—	1	—	—	71	—
Non-financial corporations	1,025	955	70	—	—	3	2	1	—	—	524	—
Households	2	2	—	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>252,219</b>	<b>97,438</b>	<b>254</b>	<b>38</b>	<b>38</b>	<b>(14)</b>	<b>(4)</b>	<b>(10)</b>	<b>(3)</b>	<b>(3)</b>	<b>237,084</b>	<b>35</b>

**Table 24: UK CR1-A - Maturity of exposures**

The table below shows the maturity breakdown of gross carrying amount net of related accumulated impairment, provisions and accumulated change in fair value due to credit risk.

\$'mm	Net exposure value					Total
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	
Loans and advances	175,540	59,671	1,186	—	385	236,782
Debt securities	—	—	—	—	—	—
<b>Total</b>	<b>175,540</b>	<b>59,671</b>	<b>1,186</b>	<b>—</b>	<b>385</b>	<b>236,782</b>

## Analysis of Non performing Loans and advances

The table below presents changes in non-performing loans and advances between 1<sup>st</sup> January 2023 to 31st December 2023. The non-performing exposures represents loans made to corporate customers.

**Table 25: UK CR2 - Changes in the stock of non-performing loans and advances**

\$'mm	Gross carrying amount
Initial stock of non-performing loans and advances	66
Inflows to non-performing portfolios	—
Outflows due to write-offs	(7)
Outflow due to other situations	(21)
<b>Final stock of non-performing loans and advances</b>	<b>38</b>

## Non-performing, Forborne and Past Due Exposures

The following tables provide an overview on disclosure of non-performing exposures as per EBA/GL/2018/10 and consistent with FinRep submission.

**Table 26: UK CQ1- Credit quality of forborne exposures**

The table below shows gross carrying amount of forborne exposures and the related accumulated impairment, provisions, accumulated change in fair value due to credit risk and collateral and financial guarantees received by portfolio and exposure class.

\$'mm	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne		On performing forborne exposures	On non - performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
		Of which defaulted	Of which impaired					
Loans and advances	—	38	38	38	—	(3)	35	35
Other financial corporations	—	33	33	33	—	—	32	32
Non-financial corporations	—	5	5	5	—	(3)	3	3
<b>Total</b>	<b>—</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>—</b>	<b>(3)</b>	<b>35</b>	<b>35</b>

**Table 27: UK CQ3 - Credit quality of performing and non-performing exposures by past due days**

The table below shows the gross carrying amount/nominal amount of performing and non-performing exposures in line with the Financial statement submissions.

For the on-balance sheet exposures, the template shows the breakdown by past-due band.

\$'mm	Gross carrying amount/nominal amount					
	Performing exposures			Non-performing exposures		
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Of which defaulted
<b>Cash balances at central banks and other demand deposits</b>	<b>14,177</b>	<b>14,177</b>	—	—	—	—
<b>Loans and advances</b>	<b>236,757</b>	<b>236,757</b>	—	<b>38</b>	<b>38</b>	<b>38</b>
Central banks	7,527	7,527	—	—	—	—
General governments	6	6	—	—	—	—
Credit institutions	143,211	143,211	—	—	—	—
Other financial corporations	82,348	82,348	—	33	33	33
Non-financial corporations	3,665	3,665	—	5	5	5
Of which SMEs	—	—	—	—	—	—
Households	—	—	—	—	—	—
<b>Debt securities</b>	—	—	—	—	—	—
<b>Off-balance-sheet exposures</b>	<b>1,285</b>	—	—	—	—	—
Central banks	—	—	—	—	—	—
General governments	—	—	—	—	—	—
Credit institutions	—	—	—	—	—	—
Other financial corporations	258	—	—	—	—	—
Non-financial corporations	1,025	—	—	—	—	—
Households	2	—	—	—	—	—
<b>Total</b>	<b>252,219</b>	<b>250,934</b>	—	<b>38</b>	<b>38</b>	<b>38</b>

**Table 28: UK CQ4 - Quality of non-performing exposures by geography<sup>15</sup>**

The table below shows gross carrying amount of performing and non-performing exposures and the related accumulated impairment, provisions and accumulated change in fair value due to credit risk by geography. The analysis is provided for countries exceeding \$2bn for On-balance sheet exposures and \$100mm for Off-balance sheet exposures.

\$'mm	Gross carrying/nominal amount		Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given
		Of which subject to impairment		
<b>On-balance-sheet exposures</b>	<b>236,794</b>	<b>82,268</b>	<b>(13)</b>	
United States	108,306	77,044	—	
Germany	20,508	—	—	
United Kingdom	16,500	5,040	(3)	
Japan	15,450		—	
Canada	8,086	—	—	
Australia	7,520	—	—	
Nigeria	7,040	—	—	
Saudi Arabia	5,101	—	—	
France	4,702	—	—	
Switzerland	4,567	—	—	
Hong Kong	3,633	—	—	
Israel	3,496	—	—	
Mexico	3,470	—	—	
Singapore	2,786	—	—	
Sweden	2,510	—	—	
United Arab Emirates	2,467	—	—	
Finland	2,313	23	(2)	
Malaysia	2,022	—	—	
Other Countries	16,317	161	(8)	
<b>Off-balance-sheet exposures</b>	<b>1,285</b>			<b>(4)</b>
Luxembourg	392			(2)
United States	246			(1)
Netherlands	181			—
Austria	131			—
Norway	123			(1)
Belgium	105			—
Other Countries	107			—

Countries included within "Other countries" category in Table 28

On-balance sheet
Qatar, Turkey, Taiwan, Province Of China, Cayman Islands, Norway, Egypt, Bahrain, Bahamas, China, Philippines, South Africa, Korea (Republic Of), Luxembourg, Malta, Spain, Panama, Ireland, Denmark, Kazakhstan, Dominican Republic, Virgin Islands (British), Chile, Cote D'Ivoire, Thailand, Honduras, Guatemala, Brazil, Peru, Argentina, Netherlands, Kuwait, Jersey, Bermuda, India

Off-balance sheet
Finland, United Kingdom, Switzerland, Hong Kong, Germany

<sup>15</sup> columns for Non performing and impairment are not presented given NPL is < 5%.

**Table 29: UK CQ5 - Credit quality of loans and advances to non-financial corporations by industry**

The table below shows gross carrying amount of performing and non-performing exposures to non-financial corporations and the related accumulated impairment, provisions and accumulated change in fair value due to credit risk by industry

\$'mm	Gross carrying amount			Accumulated impairment
		Of which non-performing	Of which loans and advances subject to impairment	
Mining and quarrying	3,470	—	—	—
Manufacturing	38	—	38	(3)
Electricity, gas, steam and air conditioning supply	55	—	—	—
Transport and storage	37	—	37	—
Financial and insurance activities	48	5	34	(3)
Administrative and support service activities	23	—	23	(2)
<b>Total</b>	<b>3,671</b>	<b>5</b>	<b>132</b>	<b>(8)</b>

### Collateral obtained by taking possession and execution processes

As at 31st December 2023 there was no collateral that had been obtained by taking possession.

## 10. Disclosure of Encumbered and Unencumbered Assets (Article 443)

### Overview

Asset Encumbrance refers to assets that are pledged or otherwise committed to counterparties to secure, collateralise or credit-enhance a transaction, such that the assets cannot be freely transferred, withdrawn, liquidated, sold, or disposed of. The main sources of encumbrance of JPMCHL's assets are securities financing transactions predominantly repurchase transactions, securities lending, and collateral swaps; derivatives margining and short positions.

The below disclosures represent the computed median values of the four quarters between 1<sup>st</sup> January 2023 and 31<sup>st</sup> December 2023 of encumbered and unencumbered assets as defined by the UK CRR. The median is calculated individually across all cells of the reports and therefore the rows in the tables below are not additive to the totals. The disclosed numbers are computed based on the applicable accounting standards.

**Table 30: AE1 - Encumbered and unencumbered assets**

\$'mm	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
Assets of the disclosing institution	101,154	161			656,986	9,074		
Equity instruments	27,916		27,916		39,802		39,802	
Debt securities	20,361		20,361		29,798		29,798	
<i>of which: covered bonds</i>	—		—		—		—	
<i>of which: securitisations</i>	32		32		551		551	
<i>of which: issued by general governments</i>	15,441		15,441		16,914		16,914	
<i>of which: issued by financial corporations</i>	1,932		1,932		5,979		5,979	
<i>of which: issued by non-financial corporations</i>	2,766		2,766		6,962		6,962	
Other assets	52,393	161			586,429	9,074		

**Table 31: AE2 - Collateral received and own debt securities issued**

\$'mm	Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
			Fair value of collateral received or own debt securities issued available for encumbrance	
		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
<b>Collateral received by the disclosing institution</b>	364,728	219,121	1,353	518
Equity instruments	105,767	21,542	679	98
Debt securities	258,961	197,579	782	397
<i>of which: covered bonds</i>	1,720	1,419	—	—
<i>of which: securitisations</i>	1,378	1,288	—	—
<i>of which: issued by general governments</i>	212,185	190,207	450	381
<i>of which: issued by financial corporations</i>	21,272	893	114	—
<i>of which: issued by non-financial corporations</i>	22,384	3,464	219	2
<b>Own covered bonds and securitisations issued and not yet pledged</b>			—	—
<b>Total Collateral Received And Own Debt Securities Issued</b>	<b>463,198</b>	<b>241,251</b>		

JPMCHL receives securities collateral in securities financing transactions such as reverse repurchase agreements, secured borrowings, margin loans, collateral swaps and derivatives margins.

**Table 32: AE3 - Sources of encumbrance**

\$mm	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
Carrying amount of selected financial liabilities	212,238	227,998

The carrying amount of selected financial liabilities primarily consists of securities financing transactions.

## 11. Disclosure of the Use of the Standardised Approach (Article 444)

### ECAIs and Exposure Classes

Under the Standardised approach, RWA are calculated using credit ratings assigned by External Credit Assessment Institutions ('ECAI'). The firm applies the standard ECAI ratings to risk weight mappings provided in the onshored Commission Implementing Regulation (EU) 2016/1799 which was onshored by the PRA in Annex V of the EU exit instrument: The Technical Standards (Capital Requirements) (EU Exit)(No. 4) Instrument 2020.

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

- Moody's;
- Standard & Poor's ('S&P'); and
- 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 authorities; and
- Short-term claims on institutions and corporates.

All other exposure classes are assigned risk weightings described in the standardised approach as per the CRR (Article 113 to Article 134).

### Exposures at Default by Risk Weights

#### Credit Risk Exposure at Default Pre-Credit Risk Mitigation

The following tables show exposures at default before credit risk mitigation broken down by credit exposure class and risk weights. The tables includes only credit risk exposures (excluding counterparty credit risk). Risk weights applied for European Economic Area ('EEA') member states are applied under Article 114 and hence bucketed under 0%.

**Table 33: UK CR5 - Standardised approach**

Exposure classes (\$'mm)	Risk weight							Total	Of which unrated
	0%	20 %	50 %	100 %	150 %	250 %	1250 %		
Central governments or central banks	9,197	114	—	4	69	232	—	9,616	0
Institutions	—	5,371	178	476	—	—	59	6,084	4,276
Corporates	—	192	1,036	3,134	582	—	4	4,948	4,877
Exposures in default	—	—	—	—	35	—	—	35	0
Exposures associated with particularly high risk	—	—	—	—	84	—	—	84	96
Equity exposures	—	—	—	454	—	29	—	483	0
Other items	—	62	—	2,333	—	—	—	2,395	0
<b>Total</b>	<b>9,197</b>	<b>5,739</b>	<b>1,214</b>	<b>6,401</b>	<b>770</b>	<b>261</b>	<b>63</b>	<b>23,645</b>	<b>9,249</b>

## 12. Disclosure of Exposure to Market Risk (Article 445)

JPMCHL's market risks arise predominantly from activities in the Firm's CIB business booked in JPMS plc. CIB makes markets in products across fixed income, foreign exchange, equities and commodities markets. JPMCHL's portfolio of covered positions under Basel III is predominantly held by the CIB. Some additional covered positions are held by the Firm's other LOBs.

**Table 34: UK MR1 - Market risk under the standardised approach**

\$'mm		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	33,614
2	Equity risk (general and specific)	9,985
3	Foreign exchange risk	4,373
4	Commodity risk	299
	Options	
5	Simplified approach	—
6	Delta-plus approach	1,344
7	Scenario approach	1,693
8	Securitisation (specific risk)	555
9	<b>Total</b>	<b>51,863</b>

### 13. Disclosure of Operational Risk Management (Article 446)

All UK material regulated entities including JPMCHL calculates the operational risk capital requirement for Pillar 1 using the Basic Indicator Approach ('BIA') as set out under Basel III. The BIA sets the required level of operational risk capital as 15% of the bank's annual positive gross income (audited figures) averaged over the previous three years.

**Table 35: OR1 - Operational risk own funds requirements and risk-weighted exposure amounts**

Banking activities (\$'mm)	Relevant indicator			Own funds requirements	Risk weighted exposure amount
	Year-3	Year-2	Last year		
Banking activities subject to basic indicator approach (BIA)	7,516	8,244	9,076	1,242	15,522

## 14. Disclosure of Exposures to Interest Rate Risk on Positions Not Held in the Trading Book (Article 448)

In addition to the Firmwide interest rate risk metrics, the methodology for IRRBB includes an assessment of the impact of changes in interest rates on the economic value of equity of non-trading book activities, as well as on earnings volatility, in line with the PRA Internal Capital Adequacy Assessment rulebook and Supervisory Statement SS31-15. The following metrics are monitored monthly for JPMS plc and JPMEL, which are the main legal entities under JPMCHL.

**Table 36: UK IRRBB1 - Quantitative information on IRRBB**

\$'mm	$\Delta$ EVE	$\Delta$ NII	Tier 1 capital
Parallel shock up	97	1,226	
Parallel shock down	(227)	(1,226)	
Steeper shock	10		
Flattener shock	1		
Short rates shock up	37		
Short rates shock down	(79)		
Maximum	(227)	(1,226)	
<b>Tier 1 capital</b>			<b>47,834</b>

## 15. Disclosure of Exposure to Securitisation Positions (Article 449)

### Securitisation Activities

Of the entities in scope of the CRR for JP Morgan, to the end of December 2023, only JPMS plc is involved in securitisation activity. JPMS plc was involved as an arranger, lead manager, underwriter and investor in Securitisation in 2023.

Within JPMS plc, the securitisation business is concentrated in market-making and underwriting in Asset Backed Securities, Residential Mortgage Backed Securities, Commercial Mortgage Backed Securities and Collateralized Loan Obligations.

The risks related to securitisation and re-securitisation positions are managed in accordance with the Firm's credit risk and market risk management policies.

### Due Diligence

Basel III and CRDIV require that a banking organization is able to demonstrate, to the satisfaction of its regulatory supervisor, a comprehensive understanding of the features of a securitisation exposure that would materially affect its performance. The banking organization's analysis must commensurate with the complexity and the materiality of the exposure in relation to capital of the banking organization. On an ongoing basis (no less frequently than quarterly), the banking organization must evaluate, review, and update as appropriate to the analysis required under section 41(c)(1) of the proposed rule for each securitisation exposure.

The Firm's procedures prior to acquisition of a securitisation exposure include an analysis of:

- Structural features of the securitisation that would materially impact the performance of the exposure;
- Relevant information regarding the performance of the underlying credit exposure(s);
- Relevant market data of the securitisation; and
- For re-securitisation exposures, performance information on the underlying securitisation exposures.

In addition to this pre-trade analysis, the firm maintains data related to ongoing performance of the securitisation and re-securitisation exposures. As updated data becomes available, but at least on a quarterly basis for each securitisation and re-securitisation position, the firm's data is updated to reflect this information. This updated performance data is taken into consideration as positions are monitored and evaluated on an ongoing basis.

If the Firm is unable to meet any of the aforementioned due diligence requirements on each securitisation and re-securitisation position, a 1250% risk weight is applied to that position.

### Risk Management and Mitigation

Each LOB that transacts in these positions and the Market Risk function work together to monitor the positions, position changes, and the composition of the total portfolio. This includes, but is not limited to, the review of daily positions against approved risk limits using risk measures such as market values, risk factor sensitivities and stress loss scenarios. Covered securitisation and re-securitisation positions are included in the Firm's Risk Management VaR and Regulatory VaR. These positions are included in the market risk and limit reports that are distributed on a daily basis to the trading desks, Risk Management and senior managers within the lines of business. In addition to the daily reporting, weekly senior management meetings are scheduled between Front Office and Market Risk where such items as, but not limited to, sizeable transactions or market events impacting risk exposures are discussed.

Various strategies are employed by the Firm to mitigate the risk from securitisation and re-securitisation positions. These include credit risk mitigation at both the transaction and portfolio levels, and include analysis of the underlying collateral, diversification of the positions, and hedging, among others.

The credit risk team works closely with the business during both the transaction structuring phase and post close (through ongoing monitoring) in order to assess and mitigate the credit risk of both securitisation and re-securitisation positions. Tools typically employed are (i) at the transaction level: analysis of the underlying collateral (data modelling, due diligence, asset audit), structure/documentation negotiation and interest rate/FX derivative hedging strategies; and (ii) at the portfolio level: portfolio limits, transaction diversification and other ongoing assessments.

JPMorgan Chase securitisation exposures are sensitive to interest rate levels and the overall credit environment. The Firm may hedge credit spread and interest rate risk, and currency risk associated with non-U.S. denominated assets, as needed, related to its securitisation and re-securitisation positions. JPMorgan Chase's policies allow various financial instruments to be employed to mitigate or hedge the risks of securitisation and re-securitisation positions. Examples of these instruments include U.S. Treasuries, interest rate swaps, FX forwards, and various credit derivatives.

The desk takes on different levels of risk depending on the market and the type of risk required to meet the business objectives, along with providing liquidity for our clients at appropriate market levels. The portfolio of risk is mixed between various asset classes, with the concentration of the portfolio as at 31<sup>st</sup> December 2023 predominantly being senior and mezzanine in the waterfall structure.

## Risk Weighting and use of ECAs

At the European level JPMS Plc calculates capital requirements for securitisations under the CRR. We utilise the standardised approach to calculate risk weighted exposure amounts under Article 251.

As required under the standardised approach used to calculate capital requirements for JPMS plc, the entity applies the following approach to the use of external ratings for the purpose of deriving risk weights:

- Where ratings are provided by three ECAs, the middle rating is used;
- Where ratings are provided by two ECAs, the lower rating is used; and
- Where only one rating is provided, this is used.

The Firm applies external ratings from Moody's, Fitch and Standard and Poors for deriving risk weights for all securitisation and re-securitisation positions.

## Accounting for Securitisation Positions

The Firm's accounting policies for JPMS plc, under FRS 101, include matters relating to the accounting for securitisations. The determination of whether or not transactions whereby assets are securitized in Special Purpose Vehicle ('SPVs') are treated as sales is dependent on whether or not the legal rights to the cash flows of the assets have been transferred to the entity, and whether the Firm has transferred substantially all of the assets risks and rewards. This is in accordance with IFRS 9 Financial Instruments, which is the accounting standard that outlines the rules for derecognition of financial assets. This analysis assists in the determination of whether or not the transactions are accounted for as sales or financings. Accounting for synthetic securitisations is determined under the appropriate accounting guidance, such as the guidance for accounting for derivatives and other financial instruments under IFRS 9.

The Firm will recognize arrangements whereby it will provide financial support for the entity depending on the legal form of the arrangement and the substance of the arrangement. Typically the Firm would look to the guidance under IFRS 9 for these arrangements as they meet the definition of financial instruments. The Firm notes that where JPMS plc has involvement in securitisations, it also needs to determine whether the securitisation entity needs to be consolidated in accordance with the guidance under IFRS 10 Consolidated Financial Statements and disclosed in accordance with IFRS 12 Disclosures of Interests in Other Entities and/or IFRS 9.

## Key Changes during the Period

All movements in the disclosures for securitisation exposures during the period reflect standard business-as-usual activity.

**Table 37: SEC1 - Securitisation exposures in the non-trading book**

\$'mm	Institution acts as sponsor				Institution acts as investor			
	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
	STS	Non-STS			STS	Non-STS		
<b>Total exposures</b>		<b>19</b>		<b>19</b>		<b>33</b>		<b>33</b>
<b>Retail (total)</b>		—		—		10		10
residential mortgage		—		—		10		10
<b>Wholesale (total)</b>		19		19		23		23
commercial mortgage		19		19				—
other wholesale				—		23		23



Table 39: SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

\$mm	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/deductions
<b>Total exposures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19</b>	<b>0</b>	<b>15</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>190</b>	<b>0</b>	<b>53</b>	<b>0</b>	<b>15</b>	<b>0</b>	<b>4</b>
Traditional transactions	0	0	0	0	19	0	15	0	4	0	190	0	53	0	15	0	4
Securitisation	0	0	0	0	19	0	15	0	4	0	190	0	53	0	15	0	4
Retail		0			0								0				
Of which STS																	
Wholesale	0		0	0	19		15		4		190		53		15		4
Of which STS																	
Re-securitisation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Synthetic transactions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Table 40: SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

\$mm	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/deductions
<b>Total exposures</b>	<b>0</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>		<b>1</b>		<b>1</b>		<b>0</b>
Traditional securitisation	0	33	0	0	0	0	33	0	0	0	7		1		1		0
Securitisation	0	33	0	0	0	0	33	0	0	0	7		1		1		0
Retail underlying	0	10	0	0	0		23		0		2		0		0		0
Of which STS																	
Wholesale	0	23	0	0	0		10		0		5		1		0		0

Table 41: SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

\$'mm	Exposures securitised by the institution - Institution acts as originator or as sponsor
	Total outstanding nominal amount
<b>Total exposures</b>	<b>93</b>
<b>Retail (total)</b>	<b>74</b>
residential mortgage	74
<b>Wholesale (total)</b>	<b>19</b>
loans to corporates	
commercial mortgage	19

## 16. Disclosure of Remuneration policy (Art. 450)

### Background

This section sets out the remuneration disclosures required under Article 450 of the CRR<sup>16</sup> in relation to JPMCHL, and in respect of the remuneration period ('Performance Year') ending 31 December 2023.

JPMCHL 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, JPMCHL 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 JPMCHL, are available in the most recent EMEA Remuneration Policy Disclosure at:

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

### Additional qualitative disclosures specific to the UK Entities

JPMCHL and J.P. Morgan Chase Bank N.A. – London Branch (collectively the 'UK Group') complied with the applicable remuneration requirements of the Capital Requirements Directive ('CRD V')<sup>17</sup>, as implemented in the Prudential Regulation Authority Rulebook and Financial Conduct Authority Handbook (the 'Remuneration Rules'). The following additional disclosures should therefore be read in conjunction with the EMEA Remuneration Policy Disclosure:

- The Firm has established a UK Remuneration Committee ('UK RemCo') formed of non-executive directors, including from the Boards of relevant entities in the UK Group.
- The UK RemCo reviews the remuneration policy applicable to the UK Group (the 'Remuneration Policy') on an annual basis, recommends it to the relevant Boards for adoption, and oversees its implementation. The UK RemCo last reviewed the Remuneration Policy that applied for the 2023 Performance Year in December 2023.
- The UK RemCo held four meetings in respect of the 2023 Performance Year.
- The UK Group undertakes an annual review of its staff against the qualitative and quantitative criteria set out in CRD V, the Remuneration Part of the PRA Rulebook and MRT Regulation<sup>18</sup> to identify those roles which could potentially have a material impact on the risk profile of the UK Entities ("CRD V 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 V Identified Staff group is reviewed on an ongoing basis and CRD V Identified Staff are notified of their status and the impact on their remuneration structure.
- The UK Group's Risk and Compliance functions are involved in the review of the Remuneration Policy, including reviewing the approach to the designation of CRD V 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 UK RemCo.
- Following the UK's removal of the CRD V Bonus Cap, variable compensation cannot exceed the maximum fixed to variable compensation ratio(s) approved by the UK Remuneration Committee. The compensation structure that applied to relevant CRD V Identified Staff was as follows<sup>19</sup>:
- At least 40% of Incentive Compensation ('IC') is deferred, rising to a minimum of 60% where (i) IC is GBP 500,000 or more; or (ii) the individual is a Board member of one of the Group Entities.
- The deferral period is at least four years, with vesting generally in four equal tranches on or around the anniversaries of the grant date.
- For the subset of CRD V Identified Staff designated as "Risk Managers" under the Remuneration Rules, the deferral period is typically at least five years, with vesting in five equal tranches on or around the anniversaries of the grant date. For CRD V Identified Staff who hold PRA-designated functions under the Senior Manager Regime, the regulatory required deferral is typically deferred for at least seven years, with vesting in five equal annual tranches from the third anniversary of the grant date.
- At least 50% of IC (both deferred and non-deferred) is awarded as Retained Stock or Restricted Stock Units ('RSUs').
- Retained Stock and relevant RSUs are subject to a twelve month, post-vesting retention period during which the underlying J.P. Morgan shares acquired may not be sold, pledged, assigned or transferred to a private brokerage account, with the exception of

<sup>16</sup>Regulation (EU) No. 2019 / 876

<sup>17</sup>Directive 2013/36/EU, last amended by Directive (EU) 2019/878

<sup>18</sup>Commission Delegated Regulation (EU) No 604/2014

<sup>19</sup>In respect of the 2023 Performance Year, the UK Group dis-applied the CRD V requirements on deferral of variable compensation and payment of variable compensation in shares / non-cash instruments for 22 CRD V Identified Staff benefiting from the derogation set out in Article 94(3)(b) CRD V. In aggregate, their total compensation was USD 18,233K, broken down into USD 17,954k fixed compensation and GBP 279k variable compensation.

RSUs awarded to Risk Managers (excluding FCA designated Senior Managers and any Board members) for which the retention period is six months.

- For awards in respect of the 2017 performance year onwards, individuals are not entitled to receive or accrue dividend-equivalent payments on relevant RSUs until vesting.
- All IC is subject to malus and clawback provisions which reflects the requirements of the Remuneration Rules, in addition to the firmwide recovery provisions and the Firm's Bonus Recoupment Policy.

## Quantitative disclosures

The following aggregate quantitative disclosures relate to the UK Group's CRD V Identified Staff, including CRD V Identified Staff of JPMCHL

In preparation of these disclosures, the Firm has taken into account its obligations to individuals under the applicable EU and local data protection law. In light of these considerations, the Firm has concluded that it is appropriate to aggregate the compensation information in some areas.

**Table 42: UK REM1 - Remuneration awarded for the financial year**

\$'mm		MB Supervisory function	MB Management function	Other senior management	Other identified staff	
1	Fixed remuneration	Number of identified staff	12	10	21	587
2		Total fixed remuneration	3	25	31	456
3		Of which: cash-based	3	25	30	432
7		Of which: other forms	0	0	1	24
9	Variable remuneration	Number of identified staff	0	9	20	531
10		Total variable remuneration	0	32	38	429
11		Of which: cash-based	0	2	3	99
12		Of which: deferred	0	0	0	19
UK-13a		Of which: shares or equivalent ownership interests	0	30	35	330
UK-14a	Of which: deferred	0	28	33	257	
17	<b>Total remuneration</b>	<b>3</b>	<b>57</b>	<b>69</b>	<b>885</b>	

**Table 43: UK REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile**

\$'mm		Other senior management	Other identified staff
<b>Guaranteed variable remuneration awards</b>			
1	Guaranteed variable remuneration awards - Number of identified staff	1	3
2	Guaranteed variable remuneration awards - Total amount	0	3
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	0	3
<b>Severance payments awarded during the financial year</b>			
6	Severance payments awarded during the financial year - Number of identified staff	0	17
7	Severance payments awarded during the financial year - Total amount	0	6
8	Of which paid during the financial year	0	6
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	0	6
11	Of which highest payment that has been awarded to a single person	0	1

Table 44: UK REM3 Analysis of Deferred Compensation

Deferred and retained remuneration (\$'mm )	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
<b>MB Management function</b>	<b>112</b>	<b>26</b>	<b>86</b>	<b>34</b>	<b>27</b>	<b>24</b>
Cash-based	1	0	1	0	0	
Shares or equivalent ownership interests	112	26	86	34	27	24
<b>Other senior management</b>	<b>82</b>	<b>24</b>	<b>58</b>	<b>26</b>	<b>25</b>	<b>19</b>
Cash-based	1	0	1	0	0	
Shares or equivalent ownership interests	80	23	57	26	25	19
<b>Other identified staff</b>	<b>650</b>	<b>246</b>	<b>404</b>	<b>198</b>	<b>256</b>	<b>190</b>
Cash-based	41	16	25	2	16	
Shares or equivalent ownership interests	609	230	379	195	240	190
<b>Total amount</b>	<b>844</b>	<b>295</b>	<b>549</b>	<b>258</b>	<b>308</b>	<b>233</b>

Table 45: UK REM4 - Remuneration of 1 million EUR or more per year

Total Remuneration Banding (EUR)	Number of Identified Staff
1 000 001 to below 1 500 000	139
1 500 001 to below 2 000 000	74
2 000 001 to below 2 500 000	36
2 500 001 to below 3 000 000	18
3 000 001 to below 3 500 000	12
3 500 001 to below 4 000 000	11
4 000 001 to below 4 500 000	2
4 500 001 to below 5 000 000	5
5 000 001 to below 6 000 000	6
Above 6 000 000	14

Table 46: UK REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile

\$'mm	Management body remuneration			Business areas						Total
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	
<b>Total number of identified staff</b>										<b>631</b>
<i>Of which: members of the MB</i>	12	10	22							
<i>Of which: other senior management</i>				10	2	0	4	5	0	
<i>Of which: other identified staff</i>				484	6	1	49	43	5	
<b>Total remuneration of identified staff</b>	<b>3</b>	<b>57</b>	<b>59</b>	<b>829</b>	<b>8</b>	<b>8</b>	<b>67</b>	<b>38</b>	<b>4</b>	
<i>Of which: variable remuneration</i>	0	32	32	405	4	4	35	17	2	
<i>Of which: fixed remuneration</i>	3	25	28	424	4	4	32	20	2	

## 17. Disclosure of Leverage Ratio (Art. 451)

### Managing Leverage Risk

Leverage risk is monitored through the same processes and frameworks as capital adequacy and stress testing.

Leverage is assessed both on a regular point-in-time basis and through stress-testing. The latter is particularly important, as it is forward-looking: if the Company's leverage ratios remain sustainable under stressed conditions, the risk of forced de-leveraging will be low. The results of applying a range of severe but plausible stresses to Company's leverage ratios indicate that at the worst point in the worst stress scenario, the Company maintains a healthy leverage ratio.

The binding leverage ratio requirement, effective from 01 January 2023 is 3.25%, with a minimum of 75% to be met with CET1 resources, plus a countercyclical leverage ratio buffer estimated at 0.20%.

The information represented in the tables below constitutes the key applicable data elements for leverage identified as per the onshored Commission Delegated Regulation (EU) 2015/61.

### Leverage Ratio Commentary

- Total leverage exposure decreased by \$8bn from \$584bn as at 31st December 2022 to \$576bn driven by \$18bn Other Assets (reduced cash collateral and variation margin netting) and \$11bn Derivatives (decreased due to movement in mark to market and trading volume) partially offset by \$20bn increase in Security Financing Transactions exposure to manage funding requirements and trading activities.

**Table 47: UK LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures**

	LRSum (\$'mm)	Applicable Amount
1	Total assets as per published financial statements	673,771
4	(Adjustment for exemption of exposures to central banks)	(9,069)
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	(22,832)
8	Adjustment for derivative financial instruments	(75,466)
9	Adjustment for securities financing transactions (SFTs)	26,795
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1,174
12	Other adjustments	(17,649)
13	<b>Total exposure measure</b>	<b>576,724</b>

Table 48: UK LR2 - LRCom: Leverage ratio common disclosure

LRCom (\$'mm)		December 2023	December 2022
<b>On-balance sheet exposures (excluding derivatives and SFTs)</b>			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	188,574	205,046
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(14,678)	(13,138)
6	(Asset amounts deducted in determining tier 1 capital (leverage))	(1,985)	(1,845)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	171,911	190,063
<b>Derivative exposures</b>			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	50,814	56,929
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	87,498	102,509
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	(13,070)	(17,384)
11	Adjusted effective notional amount of written credit derivatives	927,835	777,049
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(917,792)	(772,598)
13	Total derivatives exposures	135,285	146,505
<b>Securities financing transaction (SFT) exposures</b>			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	342,120	301,440
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(91,492)	(59,665)
16	Counterparty credit risk exposure for SFT assets	26,795	15,952
18	Total securities financing transaction exposures	277,423	257,727
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposures at gross notional amount	1,829	2,700
20	(Adjustments for conversion to credit equivalent amounts)	(655)	(942)
22	Off-balance sheet exposures	1,174	1,758
<b>Capital and total exposure measure</b>			
23	Tier 1 capital (leverage)	47,834	47,696
24	Total exposure measure including claims on central banks	585,793	596,053
UK-24a	(-) Claims on central banks excluded	9,069	11,744
UK-24b	Total exposure measure excluding claims on central banks	576,724	584,309
<b>Leverage ratio</b>			
25	Leverage ratio excluding claims on central banks (%)	8.29 %	8.16 %
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	8.29 %	8.16 %
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	8.29 %	8.16 %
UK-25c	Leverage ratio including claims on central banks (%)	8.17 %	8.00 %
26	Regulatory minimum leverage ratio requirement (%)	3.25 %	3.25 %
<b>Additional leverage ratio disclosure requirements - leverage ratio buffers</b>			
27	Leverage ratio buffer (%)	0.20 %	—
UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)	—	—
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.20 %	—
<b>Additional leverage ratio disclosure requirements - disclosure of mean values</b>			
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	250,628	241,774
UK-31	Average total exposure measure including claims on central banks	591,826	596,053
UK-32	Average total exposure measure excluding claims on central banks	586,192	584,309
UK-33	Average leverage ratio including claims on central banks	8.08 %	8.00 %
UK-34	Average leverage ratio excluding claims on central banks	8.16 %	8.16 %

Table 49: UK LR3 - LRSpl: Split-up of on balance sheet exposures

LRSpl (\$'mm)		CRR leverage ratio exposures
UK-1	<b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b>	<b>173,896</b>
UK-2	Trading book exposures	151,123
UK-3	Banking book exposures, of which:	22,773
UK-5	Exposures treated as sovereigns	9,615
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	—
UK-7	Institutions	5,819
UK-10	Corporate	4,347
UK-11	Exposures in default	35
UK-12	Other exposures (eg: equity, securitisations, and other non-credit obligation assets)	2,957

## 18. Disclosure of Liquidity Requirements (Art. 451a)

The liquidity risk disclosure in this document has been assessed in accordance with the UK CRR and all sections of Article 451a are being disclosed.

### Article 451a(4)

Liquidity Risk is the risk that the Firm 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.

#### Liquidity Management

Treasury and CIO is responsible for liquidity management. The primary objectives of the Firm's 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 addresses these objectives through:

- Analysing and understanding the liquidity characteristics of the assets and liabilities of the Firm, lines of business and legal entities, considering legal, regulatory, and operational restrictions
- Developing internal liquidity stress testing assumptions
- Defining and monitoring firmwide and legal entity specific liquidity strategies, policies, 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.

As part of the Firm's overall liquidity management strategy, the Firm manages liquidity and funding using a centralised, global approach designed to:

- Optimize liquidity sources and uses
- Monitor exposures
- Identify constraints on the transfer of liquidity between the Firm's legal entities, and
- Maintain the appropriate amount of surplus liquidity at a Firmwide and legal entity level, where relevant.

#### Liquidity Risk Management

The Liquidity Risk Management ('LRM') group is part of CTC Risk, an independent risk management function, reporting to the CTC CRO who also serves as the Firmwide Risk Executive for Liquidity Risk. LRM is responsible for the independent assessment, measuring, monitoring, and control of liquidity risk across the Firm. LRM responsibilities include, but are not limited to:

- Defining, monitoring, and reporting liquidity risk metrics
- Independently establishing and monitoring limits and indicators, including liquidity risk appetite
- Developing a process to classify, monitor and report limit breaches
- Performing an independent review of liquidity risk management processes to evaluate their adequacy and effectiveness based on LRM's Independent Review Framework
- Monitoring and reporting internal firmwide and legal entity liquidity stress tests, regulatory defined metrics as well as liquidity positions, balance sheet variances and funding activities, and
- Approving or escalating for review new or updated liquidity stress assumptions.

#### Liquidity Risk Governance

Committees responsible for liquidity governance include the Firmwide ALCO, as well as regional ALCOs, the Treasurer Committee, and the CTC Risk Committee. In addition, the Firmwide Board Risk Committee reviews and recommends to the Board of Directors, for formal approval, the Firm's liquidity risk tolerances, liquidity strategy, and liquidity policy.

#### Internal Stress Testing

Internal liquidity stress tests are intended to ensure that the Firm and its material legal entities have sufficient liquidity under a variety of adverse scenarios, including scenarios analysed as part of the Firm's resolution and recovery planning. Internal stress tests/scenarios are produced for JPMorgan Chase & Co. and the Firm's material legal entities on a regular basis, and other stress tests are performed 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 outflows

- Credit rating downgrades; 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 stresses. 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') sets out the strategies for addressing and managing liquidity resource needs during a liquidity stress event and incorporates liquidity risk limits, indicators and risk appetite tolerances. The CFP also 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

The Company completes an Internal Liquidity Adequacy Assessment Process ('ILAAP'), which provides management with an assessment of the adequacy of JPMCHL's liquidity resources to cover liabilities as they fall due in a range of stressed conditions. Stress scenarios cover both market and idiosyncratic events. The ILAAP details how JPMCHL, through its primary operating subsidiaries, measures, manages and monitors its liquidity and funding risks against prescribed key liquidity risk drivers, the governance model employed and a forward looking liquidity and funding forecast consistent with the entity's business plan. 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 than annually. The ILAAP is reviewed by management and approved by the JPMCHL Board.

### Liquidity Risk Reporting and Measurement System

JPMCHL 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. LRI is also used to execute stress testing and report associated limits and indicators.

## Article 451a(2)

### Liquidity Coverage Ratio (LCR)

The LCR<sup>20</sup>, as per the UK CRR, requires credit institutions to maintain an amount of unencumbered high quality liquid assets that is sufficient to meet their estimated total net cash outflows over a prospective 30 calendar-day period of significant stress. Firms are required to maintain a LCR ratio of at least 100%.

---

<sup>20</sup> The average ratio disclosed in Table 50 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 the average 'Total Net Cash Outflows'.

Table 50: UK LIQ1 - Quantitative information of LCR

(\$'mm)		Total unweighted value (average)				Total weighted value (average)			
Quarter ending on:		12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2023	9/30/2023	6/30/2023	3/31/2023
Number of data points used in the calculation of averages:		12	12	12	12	12	12	12	12
<b>HIGH-QUALITY LIQUID ASSETS</b>									
1	Total high-quality liquid assets (HQLA)					80,741	77,597	77,244	79,250
<b>CASH-OUTFLOWS</b>									
2	Retail deposits and deposits from small business customers, of which:	20,206	18,601	17,088	14,698	2,934	2,676	2,457	2,104
3	Stable deposits	686	606	516	427	34	30	26	21
4	Less stable deposits	19,520	17,995	16,572	14,271	2,900	2,646	2,431	2,083
5	Unsecured wholesale funding	11,019	12,067	13,066	15,309	10,869	11,921	12,927	15,173
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	200	194	186	181	50	48	47	45
7	Non-operational deposits (all counterparties)	10,819	11,873	12,880	15,128	10,819	11,873	12,880	15,128
9	Secured wholesale funding					86,606	92,373	95,605	97,665
10	Additional requirements	28,050	28,287	28,854	28,679	21,905	21,765	21,870	21,502
11	Outflows related to derivative exposures and other collateral requirements	24,869	24,891	25,127	24,577	20,060	19,855	19,820	19,291
12	Outflows related to loss of funding on debt products	1,546	1,469	1,459	1,491	1,546	1,469	1,459	1,491
13	Credit and liquidity facilities	1,635	1,928	2,267	2,611	300	441	591	720
14	Other contractual funding obligations	18,229	18,367	18,710	18,381	6,301	5,744	5,319	4,565
15	Other contingent funding obligations	3,787	3,426	3,015	2,930	1,885	1,709	1,507	1,464
16	<b>TOTAL CASH OUTFLOWS</b>					<b>130,501</b>	<b>136,188</b>	<b>139,683</b>	<b>142,474</b>
<b>CASH-INFLOWS</b>									
17	Secured lending (eg reverse repos)	368,380	378,293	392,940	412,789	100,106	107,978	112,370	114,424
18	Inflows from fully performing exposures	5,728	6,072	5,941	6,362	3,106	3,309	3,395	3,652
19	Other cash inflows	3,092	3,378	3,682	4,130	3,092	3,378	3,681	4,130
20	<b>TOTAL CASH INFLOWS</b>	<b>377,200</b>	<b>387,743</b>	<b>402,563</b>	<b>423,281</b>	<b>106,303</b>	<b>114,665</b>	<b>119,446</b>	<b>122,206</b>
UK-20c	Inflows Subject to 75% Cap	314,767	325,772	339,630	356,604	106,303	114,665	119,446	122,206
						<b>TOTAL ADJUSTED VALUE</b>			
21	<b>LIQUIDITY BUFFER</b>					<b>80,741</b>	<b>77,597</b>	<b>77,244</b>	<b>79,250</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>					<b>33,009</b>	<b>34,047</b>	<b>34,921</b>	<b>35,618</b>
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>					<b>245.86 %</b>	<b>228.79 %</b>	<b>221.25 %</b>	<b>222.35 %</b>

### **Main drivers of the LCR**

In table 50, the 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 adjusted value of net cash outflows is calculated after the cap on inflows is applied, where applicable.

The net cash outflows are based on standardised stress outflow and inflow rates prescribed in the LCR rule, which are applied to the balances of JPMCHL's assets, sources of funding, and obligations. The LCR increased in the year, primarily driven by an increase in HQLA and a reduction in net funding outflows, including the impact of the inflow cap.

### **Composition of JPMCHL's liquidity buffer and concentration of funding sources**

JPMCHL's stock of HQLA primarily consists of unencumbered cash and certain high quality liquid securities as defined in the LCR rule. JPMCHL funds its balance sheet primarily through its capital resources, in addition to long-term evergreen funding from affiliates, retail deposits and wholesale funding.

### **Derivative Exposures and Potential Collateral Calls**

In the normal course of business, JPMCHL uses derivative instruments predominantly for market-making activities and to manage its own credit and other market risk exposure. The LCR cash flows related to derivative contracts primarily reflect potential calls from counterparties to post additional collateral in the form of variation margin or initial margin due to potential valuation changes or downgrades of the Firm's external credit ratings. In addition, the LCR derivative cash flows reflect counterparties' contractual right to substitute higher quality collateral with lower quality collateral, as well as requiring the return of initial margin to clients.

### **Currency Mismatch in the LCR**

JPMCHL ensures that the currency composition of its liquidity buffer is appropriately managed and monitors the liquidity position for each significant currency using its internal stress tests and indicators, as appropriate.

### **Other**

The liquidity buffer disclosed in table 50 covers both Pillar I and Pillar II liquidity risks.

## **Article 451a(3)**

### **Net Stable Funding ratio (NSFR)**

The NSFR is a liquidity requirement equal to the ratio of the institution's available stable funding to the amount of their required stable funding. Firms are required to maintain a net stable funding ratio of at least 100%. The NSFR became a binding standard in the UK on 1 January 2022, when the UK CRR came into force.

The NSFR presented in table 51 reflects the average balances of the four quarters reported during the referenced year.

Table 51: UK LIQ2 - Net Stable Funding Ratio

(\$'mm)		Unweighted value by residual maturity (average)				Weighted value (average)
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
<b>Available stable funding (ASF) Items</b>						
1	Capital items and instruments	48,188	2,492	—	11,727	59,915
2	Own funds	48,188	—	—	11,727	59,915
3	Other capital instruments		2,492	—	—	—
4	Retail deposits		20,711	—	—	18,676
5	Stable deposits		721	—	—	685
6	Less stable deposits		19,990	—	—	17,991
7	Wholesale funding:		169,339	4,743	101,107	104,142
8	Operational deposits		202	—	—	101
9	Other wholesale funding		169,136	4,743	101,107	104,041
10	Interdependent liabilities		—	—	—	—
11	Other liabilities:	—	123,823	—	—	—
12	NSFR derivative liabilities	—				
13	All other liabilities and capital instruments not included in the above categories		123,823	—	—	—
14	<b>Total available stable funding (ASF)</b>					182,733
<b>Required stable funding (RSF) Items</b>						
15	Total high-quality liquid assets (HQLA)				0	6,449
UK-15a	Assets encumbered for more than 12m in cover pool		0	0	0	0
16	Deposits held at other financial institutions for operational purposes		2,352	—	—	1,176
17	Performing loans and securities:		262,823	8,819	88,887	110,747
18	Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut		122,089	606	438	3,928
19	Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions		122,823	1,965	5,249	23,174
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		16,823	5,603	11,024	21,157
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		—	—	—	—
22	Performing residential mortgages, of which:		—	—	—	—
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		—	—	—	—

24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		1,088	646	72,176	62,488
25	Interdependent assets		—	—	—	—
26	Other assets		107,136	4	15,003	29,129
27	Physical traded commodities				—	—
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		2,770	—	14,475	14,658
29	NSFR derivative assets		5,946			5,946
30	NSFR derivative liabilities before deduction of variation margin posted		33,087			1,654
31	All other assets not included in the above categories		65,333	4	528	6,870
32	Off-balance sheet items		1,554	—	—	77
33	<b>Total RSF</b>					<b>147,578</b>
34	<b>Net Stable Funding Ratio (%)</b>					<b>123.83 %</b>

## 19. Disclosure of the Use of Credit Risk Mitigation Techniques (Art. 453)

As part of its management of credit and counterparty 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 efficient use of capital in compliance with the applicable regulations. This is accomplished through a number of means, including loan sales, receipt of collateral, master netting agreements, guarantees, credit derivatives, and other risk-reduction techniques.

As a result of such credit risk mitigation activities the firm is potentially exposed to residual risk to the extent that said techniques prove less effective than expected. In this regard, the firm has established policies and procedures to ensure that this risk is adequately governed and the mitigating technique conservatively measured, as detailed below.

**Receipt of collateral and netting arrangements:** Where possible, the Firm seeks to mitigate its credit risk exposures arising from derivative transactions through the use of collateral agreements and legally enforceable master netting arrangements.

The Firm also seeks to mitigate its credit risk exposures through the use of legally enforceable master netting arrangements. These agreements allow for netting of credit risk exposure to a counterparty resulting from transactions against the Group's obligations to the counterparty in the event of default, to produce lower net credit exposure. Similarly to CCF, Netting Confidence Factor ('NCF') is assigned to each jurisdiction where the Firm has obtained a legal opinion on the enforceability of the master trading agreement to close-out all governed transactions on a net basis in the event of a default (i.e. at a single legal claim). Any changes to CCFs require approval by the Legal Department.

**Guarantees:** The Third-Party Credit Supports policy sets out specific criteria for guarantees to be eligible for capital reduction, and to the extent they are not eligible the exposure retains its full value for the purposes of capital calculation. To ensure the legal enforceability of the commitment by the guarantor, all guarantees must be reviewed by legal counsel at the outset and are also subject to periodic review to ensure their ongoing effectiveness.

**Credit Derivatives:** The Firm uses credit derivatives to manage the credit risk associated with lending exposures activities (loans and unfunded commitments) in its wholesale and consumer businesses and derivatives counterparty exposures in its wholesale businesses, and to manage credit risk arising from certain financial instruments in the Firm's market-making businesses. The effectiveness of credit default swaps ('CDS') as a hedge against the Firm's exposures may vary depending on a number of factors, including the named reference entity (i.e., the Firm may experience losses on specific exposures that are different than the named reference entities in the purchased CDS); the contractual terms of the CDS (which may have a defined credit event that does not align with an actual loss realised by the Firm); and the maturity of the Firm's CDS protection (which in some cases may be shorter than the Firm's exposures). However, the Firm generally seeks to purchase credit protection with a maturity date that is the same or similar to the maturity date of the exposure for which the protection was purchased, and remaining differences in maturity are actively monitored and managed by the Firm.

### Collateral Valuation and Management

Firm-wide collateral policies apply to JPMS plc.

A haircut is applied to non-cash assets accepted as collateral. This is in recognition of the fact that collateral is subject to price volatility and liquidity constraints. Furthermore, there is a timing gap between the calculation of exposure and the liquidation of offsetting collateral. In addition, a CCF is assigned to each jurisdiction where the Firm has obtained a legal opinion on collateral enforceability. Any changes to CCFs require approval by Legal Department. If the CCF is lower than 95% then, although J.P. Morgan would strictly have legal rights to collateral, conservatively no benefit is given to collateral in the exposure calculation for the purposes of capital requirements.

JPMS plc's Collateral Management Metrics are reported quarterly to risk managers and discussed in the Quarterly JPMS plc Risk Review.

### Main Types of Collateral

As at 31 December 2023, circa 72% of the collateral which JPMS plc held was in cash and 28% in securities with 22% of total collateral in government bonds from G6 countries. If restricting the collateral assets to posting from external counterparties to JPMS plc, circa 71% was in cash and 29% in securities with 23% of total in government bonds from G6 countries.

### Credit Risk Mitigation Effect for Credit Risk Exposures

The following tables illustrate the effect of credit risk mitigation techniques applied for credit risk exposures (i.e. on-balance sheet and off-balance sheet exposures) including RWA density as a synthetic metric on the riskiness of each exposure class portfolio.

### Credit Risk Mitigation Techniques

To reduce capital requirements exposures can be secured by collateral, financial guarantees or credit derivatives. JPMCHL secure their exposure only by collateral as it is shown in the tables below.

**Table 52: UK CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques**

The table below shows net carrying values of credit risk exposures analysed by use of different credit risk mitigation techniques as recognised under the applicable accounting framework regardless of whether these techniques are recognised under CRR.

\$'mm		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
1	<b>Loans and advances</b>	14,445	236,524	236,356	168	
2	Debt securities	—	—	—	—	
3	<b>Total</b>	<b>14,445</b>	<b>236,524</b>	<b>236,356</b>	<b>168</b>	
4	<i>Of which non-performing exposures</i>		35	33	2	
5	<i>Of which defaulted</i>		35			

**Table 53: UK CR4 - Standardised approach - Credit risk exposure and CRM effects**

The table below shows the effect of CRM techniques on credit risk exposures under the standardised approach. It shows exposures both pre and post CRM and CCFs as well as associated RWAs and RWA density, split by exposure class. It excludes counterparty credit risk and securitisations.

Exposure classes (\$'mm)	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
Central governments or central banks	9,616		9,616		710	7.39 %
Regional government or local authorities						
Public sector entities	—		—		—	20.00 %
International organisations						
Institutions	5,819	529	5,819	265	2,378	39.09 %
Corporates	4,348	987	4,348	600	4,613	93.23 %
Retail	—	2	—	—	—	
Exposures in default	35		35		50	149.62 %
Exposures associated with particularly high risk	79	11	79	5	128	151.86 %
Collective investment undertakings						
Equity	483		483		525	108.92 %
Other items	2,395		2,395		2,346	97.94 %
<b>Total</b>	<b>22,775</b>	<b>1,529</b>	<b>22,775</b>	<b>870</b>	<b>10,750</b>	<b>45.47 %</b>

## Exposures Covered by Credit Derivatives and Guarantees

Credit derivatives exposure is measured at the net notional amount of protection purchased or sold for the same underlying reference entity, inclusive of the fair value of the derivative receivable or payable, reflecting the manner in which the Firm manages these exposures.

The Group provides lending-related financial instruments (e.g. commitments and guarantees) to meet the financing needs of its customers. The contractual amount of these financial instruments represents the maximum possible credit risk to the Group should the counterparty draw upon the commitment or the Group be required to fulfil its obligation under the guarantee, and should the counterparty subsequently fail to perform according to the terms of the contract. Most of these commitments and guarantees expire without being drawn or a default occurring. As a result, the total contractual amount of these instruments is not, in the Group's view, representative of its actual future credit exposure or funding requirements.

## Balance Sheet Netting

The gross balance sheet exposure represents the Group's maximum exposure to credit risk from the financial assets. Gross balance sheet exposure is reported on a net-by-counterparty basis for derivatives and securities purchased under resale agreements when the legal right and intention of offset exists under an enforceable netting agreement as required under section 11.38A of FRS102. Net exposure after risk mitigants is presented after taking into account assets which are primarily exposed to market risk, enforceable master netting agreements (where the offsetting criteria under section 11.38A is not met) and the value of any collateral received in respect of financial assets.

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

When they are offset on the Firm's balance sheet, the Group offsets interest income on Securities purchased under agreements to resell against interest expense on Securities sold under agreements to repurchase.

## Credit Risk Netting

In resale agreements and securities borrowed transactions, the Group is exposed to credit risk to the extent that the value of the securities received is less than initial cash principal advanced and any collateral amounts exchanged. In repurchase agreements and securities loaned transactions, credit risk exposure arises to the extent that the value of underlying securities exceeds the value of the initial cash principal advanced, and any collateral amounts exchanged.

Additionally, the Group typically enters into master netting agreements and other similar arrangements with its counterparties, which provide for the right to liquidate the underlying securities and any collateral amounts exchanged in the event of a counterparty default. It is also the Group's policy to take possession, where possible, of the securities underlying resale agreements and securities borrowed transactions.

## 20. Use of Internal Market Risk Models (Article 455)

### Own Funds Requirements for Market Risk under the IMA

The standardised approach (Section 11) and Internal market risk models are employed to compute own funds requirements for market risk in JPMCHL. For qualitative information please refer to Section 3.

The capital charge under IMA represents approximately 27.8% of total market risk capital charge. The table below summarises the components of the own funds requirements under the IMA for market risk.

**Table 54: UK MR2-A - Market risk under the Internal Model Approach (IMA)**

\$'mm		JPMCHL	
		RWEAs	Own funds requirements
1	VaR (higher of values a and b)	2,791	223
(a)	Previous day's VaR (VaRt-1)		116
(b)	Multiplication factor (mc) x average of previous 60 working days (VaRavg)		223
2	SVaR (higher of values a and b)	11,776	943
(a)	Latest available SVaR (SVaRt-1))		524
(b)	Multiplication factor (ms) x average of previous 60 working days (sVaRavg)		942
3	IRC (higher of values a and b)	553	44
(a)	Most recent IRC measure		31
(b)	12 weeks average IRC measure		44
6	<b>Total</b>	<b>15,120</b>	<b>1,210</b>

### Other Quantitative Information for Market Risk under the IMA

The following table displays the capital requirement values (maximum, minimum, average and the ending for the reporting period) resulting from different types of models approved by the PRA to be used for computing the regulatory capital charge at group level. The table captures data from 1<sup>st</sup> January 2023 till 31<sup>st</sup> December 2023.

**Table 55: UK MR3 - IMA values for trading portfolios**

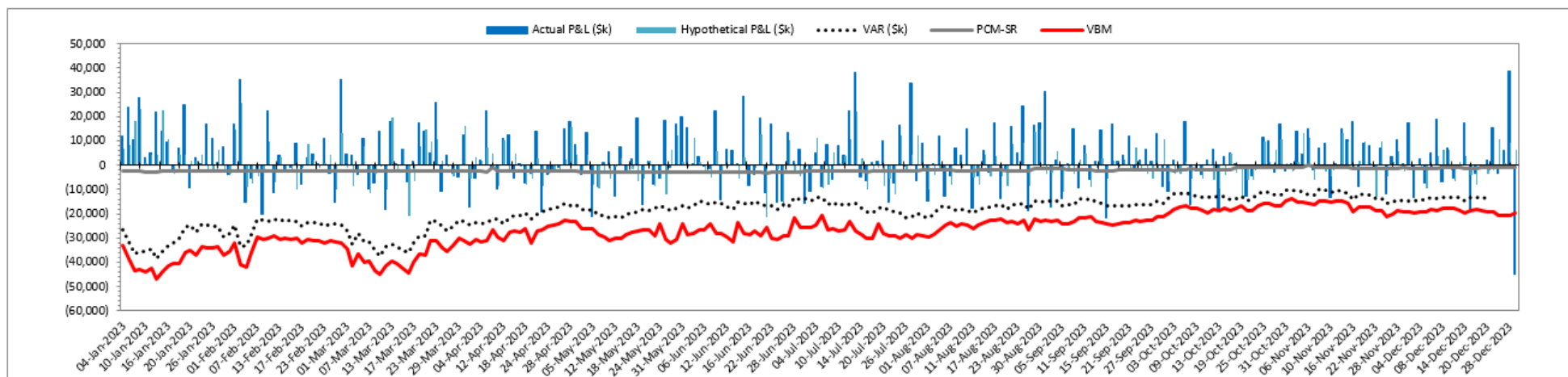
(\$'mm)		JPMCHL
<b>VaR (10 day 99%)</b>		
1	Maximum value	181
2	Average value	123
3	Minimum value	90
4	Period end	116
<b>SVaR (10 day 99%)</b>		
5	Maximum value	593
6	Average value	520
7	Minimum value	425
8	Period end	524
<b>IRC (99.9%)</b>		
9	Maximum value	234
10	Average value	75
11	Minimum value	23
12	Period end	31

## VBM Back-Testing

The Firm evaluates the effectiveness of its VBM<sup>21</sup> methodology by back-testing, which compares daily market risk-related gains and losses with daily VBM results for a one-day holding period and a 99% confidence level as prescribed by capital rules. Market risk related gains and losses are defined as profits and losses on trading book positions, captured through Hypothetical P&L and Actual P&L<sup>22</sup>.

VBM 'back-testing exceptions' occur when market risk related losses are greater than the estimate predicted by the VBM for the corresponding day. The following chart presents the VBM back-testing results for JPMS plc trading book positions covered by current IMA permission. In 2023, the concerned trading book positions observed one top level back-testing exception.

Table 56: UK MR4 - Comparison of VaR estimates with gains/losses



<sup>21</sup> J.P. Morgan uses 'VaR-based measure' ('VBM'), which should be treated as VaR for IMA regulatory capital purposes (as defined in the CRR).

<sup>22</sup> **Hypothetical P&L** (which is defined in JPM internal terminology as 'Clean P&L') is defined as market risk-related gains and losses on in-scope products and legal entities, excluding fees, brokerage commissions, fair value adjustments, net interest income, carry and gains and loss arising from day one positions.

**Actual P&L** consists of 'Hypothetical P&L,' as defined above, plus carry, gains and losses from day one positions and certain reserves. P&L is updated with reserves including but not limited to fair value adjustments, model limitation and price testing at month-end.

## 21. Annexure

The following Pillar 3 templates were not applicable to JPMCHL as at 31 December 2023. The table below references the excluded templates together with a summary of the reason for exclusion:

PRA template reference		Template name	Reasons for exclusion
Article 436	UK LI3	Outline of the differences in the scopes of consolidation	Accounting and regulatory scope of consolidation is same
Article 438	UK INS1	Insurance participations	No instrument held in insurance
	UK INS2	Financial conglomerates information on own funds and capital adequacy ratio	No reportable exposure
	CR-10	Specialised lending and equity exposures under the simple risk weighted approach	Threshold for disclosure not met
Article 439	UK CCR4	IRB approach – CCR exposures by exposure class and PD scale	The entity does not follow IRB approach
Article 441	n/a	Disclosure of the indicators of global systemic importance	This is applicable to GSIIIs while the entity is not a GSII firm
Article 442	UK CR2-A	Changes in the stock of non-performing loans and advances and related net accumulated recoveries (Modified)	Threshold for disclosure not met
	UK CQ2	Quality of forbearance	Threshold for disclosure not met
	CQ6	Collateral valuation - loans and advances	Threshold for disclosure not met
	CQ8	Collateral obtained by taking possession and execution processes – vintage breakdown	Threshold for disclosure not met
Article 452	CRE	Disclosure requirements related to IRB Approach.	The entity does not follow IRB approach
	CR6	Institutions calculating the risk-weighted exposure amounts under the IRB Approach to credit risk	
	CR6-A	Scope of the use of IRB and SA approaches.	
	UK CR9	IRB approach – Back-testing of PD per exposure class.	
	UK CR9.1	IRB approach– Back-testing of PD per exposure class (only for PD estimates in accordance with point (f) of Article 180(1) CRR	
Article 453	UK CR7	IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques	The entity does not follow IRB approach
	UK CR7-A	IRB approach – Disclosure of the extent of the use of CRM techniques (New)	The entity does not follow IRB approach
Article 454		Disclosure of the Use of the Advanced Measurement Approaches to Operational Risk	The entity does not follow Advance Measurement approach and Basic Indicator Approach is applicable

## 22. Glossary of Acronyms

AC	Audit Committee	JPM	J.P. Morgan
ALCO	Asset and Liability Committee	JPMCHL	J.P. Morgan Capital Holdings Limited
AT1	Additional Tier 1	JPMELE	J.P. Morgan Europe Limited
AVA	Additional Valuation Adjustment	JPMS plc	J.P. Morgan Securities PLC
AVG	Average exposure	LCR	Liquidity Coverage Ratio
BIA	Basic Indicator Approach	LE	Legal Entity
BLCF	Blended Legal Confidence Factor	LERM	LE Risk Managers
BOCA	Booking Office Credit Approval	LGD	Loss given default
BoE	Bank of England	LOB	Line Of Business
BRC	Board Risk Committee	LRI	Liquidity Risk Infrastructure
CB	Consumer Banking	LRM	Liquidity Risk Management
CCAR	Comprehensive Capital Analysis and review	M&A	Mergers & Acquisition
CCF	Collateral Confidence Factor	MR	Market Risk
CCO	Chief Compliance Officer	MREL	Minimum Requirement for Own Funds and Eligible Liabilities
CCOR	Compliance, Conduct and Operational Risk	MRO	Market Risk Officer
CCP	Central Counterparty Clearing House	NBIA	New Business Initiative Approvals
CCR	Counterparty Credit Risk	NCF	Netting Confidence Factor
CDS	Credit Default Swaps	NSFR	Net Stable Funding Ratio
CET1	Common Equity Tier 1	ORA	Office of Regulatory Affairs
CEO	Chief Executive Officer	OC	Operating Committee
CFs	Corporate Functions	OTC	Over the Counter
CFO	Chief Financial Officer	PD	Probability of Default
CFP	Contingency Funding Plan	PFE	Potential Future Exposure
CIB	Commercial and Investment Bank	PRA	Prudential Regulation Authority
COE	Centres of Excellence	PSE	Public Sector Entities
CRD	Capital Requirements Directive	PVA	Prudent Valuation Adjustment
CRM	Credit Risk Mitigation	QCCP	Qualifying Central Counterparty
CRO	Chief Risk Officer	RC	Risk Committee
CRR	Capital Requirements Regulation	RM&C	Risk Management and Compliance
CTC	CIO, Treasury and Corporate Risk	RRC	Reputation Risk Committee
CVA	Credit Valuation Adjustment	RRO	Reputation Risk Office
DEI	Diversity, Equity & Inclusion	RSUs	Restricted Stock Units
DLT	Distributed ledger Technology	RWA	Risk Weighted Assets
DoE	Duration of Equity	RWEA	Risk Weighted Exposure Amount
DRE	Derivative Risk Equivalent	SACCR	Standardised Approach for Counterparty Credit Risk
EAD	Exposure at default	SFT	Securities Financing Transactions
EaR	Earnings at Risk	SMFs	Senior Management Functions
EBA	European Banking Authority	SNPR	Single Name Position Risk
ECAI	External Credit Assessment Institutions	SPVs	Special Purpose Vehicle
ECC	Economic Credit Capital	SREP	Supervisory Review and Evaluation Process
ECL	Expected Credit Losses	SVaR	Stressed Value-at-Risk
EEA	European Economic Area	SWWR	Specific Wrong Way Risk
EMC	EMEA Management Committee	TAG	Transaction Approval Group
EMEA	Europe, Middle East and Africa	TCFD	Task Force on Climate-related Financial Disclosures
ERC	EMEA Risk Committee	TCIO	Treasury and Chief Investment Office
ESG	Environmental Social Governance	TCP	Traditional Credit Products
EU	European Union	TCR	Total Capital Requirements
EVE	Economic Value of Equity	TPO	Third party Oversight
EVS	Economic Value Sensitivity	UK	United Kingdom
FCA	Financial Conduct Authority	UK RemCo	UK Remuneration Committee
FCCM	Financial Collateral Comprehensive Method	US	United States
FFRGC	Firmwide Fiduciary Risk Governance Committee	VaR	Value-at-Risk
FRC	Firmwide Risk Committee	VBM	VaR- based measure
FRE	Firmwide Risk Executives	WIFC	Women in Finance Charter
FRS	Financial Reporting Standard		
FSI	Firmwide Stress Infrastructure		
FSMA	Financial Services and Markets Act		

FVOCI	Fair value through other comprehensive income		
FX	Foreign exchange		
GWWR	General Wrong Way Risk		
HQLA	High Quality Liquid Assets		
IC	Incentive Compensation		
ICAAP	Internal Capital Adequacy Assessment Process		
ICB	International Consumer Banking		
IFPR	Investment Firm Prudential Regime		
IFRS	International Financial Reporting Standards		
ILAAP	Internal Liquidity Adequacy Assessment Process		
IMA	Internal Models Approach		
IMM	Internal Model Method		
IAO	Inter-affiliates Oversight		
IRC	Incremental Risk Charge		
IRM	Independent Risk Management		
IRR	Interest Rate Risk		
IRRBB	Interest Rate Risk in the Banking Book		