

MAX RECOVERY LIMITED
(Registered Number: 04994176)

Annual report for the year ended 31 December 2024

MAX RECOVERY LIMITED

Annual report for the year ended 31 December 2024

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MAX RECOVERY LIMITED

Strategic report

The directors present the strategic report of Max Recovery Limited (the "Company") for the year ended 31 December 2024.

Overview

The Company is incorporated in England and Wales. It is an indirect subsidiary of JPMorgan Chase & Co. ("JPMorgan Chase" or the "Firm"). JPMorgan Chase, a financial holding company incorporated under Delaware law in 1968, is a leading financial services firm based in the United States of America ("U.S.A."), with operations worldwide. The Company had \$145,486,000 in assets and \$81,607,000 in total shareholder's equity as of 31 December 2024.

Review of business

The directors were satisfied with the performance of the Company.

In 2024, the Company continues to receive distributions in historical bankruptcy cases as a result of government actions related to insurance product mis-selling. The Company revalues its core distressed and legacy distressed debt portfolios to consider the expected future recoveries.

The results are monitored against expectations of the business activities.

Key performance indicators ("KPIs")

The Board of Directors monitor progress on the performance of the Company using various metrics. The primary KPIs are set out as below:

Financial performance (in \$'000)	2024	2023
Earnings		
Operating income	38,946	31,706
Profit for the financial year (after tax)	20,393	17,758
Balance sheet		
Total assets	145,486	119,141
Return on assets	14.0%	14.9%

Income statement

The Income statement for the year ended 31 December 2024 is set out on page 16. Total operating income was \$38,946,000 for 2024 (2023: \$31,706,000). The results for the Company shows a pre-tax profit of \$27,220,000 for 2024 (2023: \$23,238,000).

Balance sheet

The Balance sheet is set out on page 17. The Company has total assets and total liabilities of \$145,486,000 (2023: \$119,141,000) and \$63,879,000 (2023: \$57,927,000) respectively as at 31 December 2024.

No dividend was paid during the year (2023: \$150,000,000).

Future outlook

The Company's outlook for the full 2025 year should be viewed against the backdrop of the global economy, financial markets activity, the geopolitical and competitive environment, client activity levels and regulatory and legislative developments in the countries where the Company does business. Each of these inter-related factors will affect the performance of the Company and its lines of business.

The duration and potential outcomes of geopolitical conflicts remain uncertain. The Firm and Company continue to monitor and manage the operational risks associated with geopolitical tensions, including expectations on the potential impacts of tariffs, compliance with the financial and economic sanctions and the increased risk of cyber-attacks.

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Strategic report (continued)

Future outlook (continued)

Historically elevated consumer price inflation and the associated rise in market interest rates may have had an impact on the underlying consumers and their ability to continue payments into their insolvency plans. Though consumer prices have continued to be moderate, especially energy cost inflation, the absolute level of prices may plateau at a level that erodes consumers disposable income to an extent that makes their insolvency plan unviable. So far the effects of the cost of living pressures have not resulted in measurable stress in the performance of our receivables portfolios. Government support around energy and cost of living payments for the more vulnerable segments of the population has likely mitigated some of the impact, together with the flexibility built into UK insolvency plans.

Section 172(1) Companies Act 2006 Statement

The directors of Max Recovery Limited are required under the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, the directors must consider certain factors in their decision-making and then make a statement about how they have considered those factors.

The factors the directors must consider are:

- The likely consequences of a decision in the long term;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct;
- The need to act fairly as between members of the Company.

While not every factor may be relevant to every decision the board of the Company (the "Board") makes, considering the Company's stakeholders is a fundamental aspect of the Board's decision-making and the Board recognises that taking impacts on, and relationships with stakeholders into consideration will help the directors to deliver the Company's strategy in line with the wider JPMorgan Chase & Co. group (the "Group") How We Do Business principles.

Supporting the Board's commitment to stakeholders

New directors joining the Board are provided with an induction program that includes training on directors' duties and, with regard to s.172(1), the factors that must be taken into consideration. Directors receive periodic refresher training on directors' duties throughout their tenure. The induction program and continuing board education sessions provide the directors with an understanding of the Company's business, risks, financial performance and regulatory landscape and help to provide them with solid foundation for making decisions with stakeholders in mind.

The Company has a schedule of Matters Reserved for the Board which makes sure that certain material and/or strategic decisions can only be made by the Board and may not be delegated to executive committees or management. Combined with a robust agenda-setting process, this schedule helps the Company to make sure that decisions are made at the right level and that stakeholder impacts are particularly considered in the most significant decisions.

The Board is also supported in its work by the Europe, Middle East and Africa ("EMEA") Management Committee ("EMC"), and the EMEA Regional Oversight Committee.

Relationships with stakeholders

The Company has the benefit of belonging to a large international group. The board of the Company's ultimate parent Company, JPMorgan Chase & Co. ("JPMC"), meets periodically throughout the year with the Group's shareholders, employees and regulators, and with non-governmental organisations, and other persons interested in the Group's strategy, business practices, governance, culture and performance. To the extent that feedback from any such engagement is relevant to the Company and/or its relationship with stakeholders, it is provided to the Board through the internal communication channel relevant to the subject matter.

Understanding the interests of stakeholders in relation to how the Group is run is crucial to the Group's and, consequently, the Board's ability to take proper account of stakeholder impacts and interests in decision-making.

Decision-making

In making its decisions, the Board discusses relevant information and makes enquiries of relevant executive management and control functions, including in relation to the factors set out in s.172(1). In 2024, the Board has made decisions in respect of a wide variety of topics and the following are examples of how the Board considers the s.172(1) factors in its deliberations:

MAX RECOVERY LIMITED

Strategic report (continued)

Section 172(1) Companies Act 2006 Statement (continued)

Decision-making (continued)

- Throughout 2024, the Board actively discussed and evaluated the potential effects of rising living costs on consumers. They received regular updates on how these increases may influence the Company's performance whilst carefully balancing their responsibilities to consumers.
- Since the publication of the Consumer Duty regulation in 2022, the Board, along with the Consumer Duty Champion, has been receiving metrics throughout the year. The Board consistently incorporates Consumer Duty into its discussions and challenges management on their focus on customer outcomes. The Board reviewed and approved its first Consumer Duty Annual Report during 2024, particularly management's assessment that the Company ensures positive consumer outcomes in compliance with regulatory obligations under the Consumer Duty regime, and confirmed that the Company's future business strategy aligns with FCA Consumer Duty obligations.
- The Board reviewed and approved the appointment of Joanna Sanders as a Non-Executive Director. In considering the appointment, the Board took into account the long-term success of the Company.
- In December 2024, the Board discussed the newly implemented "Joint Nominee" strategy, which requires introducer firms to comply with insolvency regulations when appointing an Insolvency Practitioner. The Board engaged in a discussion about certain firms neglecting creditor fee adjustments to the standard fee, a practice deemed unlawful by the Insolvency Practitioner Service.

Risk management

Risk is an inherent part of the Company's business activities. The Company's overall objective is to manage its business, and the associated risks, in a manner that balances serving the interests of its clients, customers and investors, and protecting the safety and soundness of the Company.

The Firm and Company believe that effective risk management requires, among other things:

- Acceptance of responsibility, including identification and escalation of risks by all individuals within the Company;
- Ownership of risk identification, assessment, data and management within each of the Lines of Business ("LOB") and Corporate; and
- A Firmwide risk governance and oversight structure.

The Firm's risk governance structure is based on the principle that each LOB is responsible for managing the risk inherent in its business, albeit with appropriate corporate oversight. Each LOB risk committee is responsible for decisions regarding its business risk strategy, policies (as appropriate) and controls. Therefore, each LOB within the Company forms part of the Firmwide risk governance structure.

All disclosures in the Risk management section (pages 3 - 10) are unaudited unless otherwise stated.

Risk Summary

The following sections outline the key risks that are inherent in the Company's business activities.

A detailed description of the policies and processes adopted by the Firm may be found within the Firm's 2024 Annual Report on Form 10-K. The report is available at <https://jpmorganchaseco.gcs-web.com/financial-information/sec-filings>.

Capital risk (audited)

Capital risk is the risk that the Company has an insufficient level or inadequate composition of capital to support the Company's business activities and associated risks during both normal economic environments and under stressed conditions.

Total equity of \$81,607,000 (2023: \$61,214,000) constitutes the managed capital of the Company, which consists of called-up share capital and retained earnings.

No dividend was paid during the year (2023: \$150,000,000).

The Company is not subject to risk-based capital requirements due to the limited nature of its activities and permissions. However, the Company meets the requirements of the FCA Handbook COND (Threshold Conditions) Section 2.4, holding appropriate resources in relation to its regulated activity. Capital adequacy is of critical importance to the Company. The directors are responsible for setting the objectives, policies and processes relating to the management of the Company's capital.

MAX RECOVERY LIMITED

Strategic report (continued)

Risk management (continued)

Credit risk (audited)

Credit risk is the risk associated with the default or change in credit profile of a client, counterparty or customer. Credit risk management monitors and measures credit risk throughout the Firm and defines credit risk policies and procedures. The credit risk function reports to the Firm's Chief Risk Officer ("CRO").

Expected credit loss measurement

Approach to measuring expected credit losses

The Company estimates credit impairment through an expected credit losses ("ECLs") allowance. ECLs are recognised for financial assets that are measured at amortised cost. The measurement of ECLs must reflect:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and evidence-based information about past events, current (economic) conditions, and forecasts of future economic conditions.

The measurement of ECL also reflects how the Company manages the financial instruments for credit risk purposes such as Traditional Credit Products ("TCP"), and Non-Traditional Credit Products ("Non-TCP"). Instruments in scope of TCP include loans, lending-related commitments, and other lending products stemming from extensions of credit to borrowers (including intercompany and affiliated entities). Non-TCP include, but are not limited to, other third-party and intercompany debt instruments such as fee receivables and intercompany receivables (such as cash and deposits).

The following table sets out the gross carrying amount (before ECL) of the Company's financial assets which are measured at amortised cost by the respective TCP and Non-TCP categories as of 31 December 2024 and 31 December 2023 respectively.

Balance sheet categories	31 December 2024	
	TCP	Non-TCP
	\$'000	\$'000
Assets		
Debtors	34,500	30
Cash and cash equivalents	—	49,355

Balance sheet categories	31 December 2023	
	TCP	Non-TCP
	\$'000	\$'000
Assets		
Debtors	34,500	6
Cash and cash equivalents	—	39,444

For TCP and Non-TCPs, the Company utilises a combination of an established provision matrix, as well as quantitative and qualitative considerations to estimate ECLs.

During the year, the Company recognised no ECL on TCP and Non-TCP balances as the ECL related to these exposures is assessed as immaterial. The Company's approach to measuring ECLs for Non-TCP portfolios depends on the type of instrument.

Refer to the Credit exposures section for an analysis per balance sheet line item.

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Strategic report (continued)

Risk management (continued)

Credit risk (audited) (continued)

Credit exposures

Balance sheet exposure by financial asset

The table below presents the Company's gross balance sheet exposure to credit risk from financial assets.

	<u>2024</u>	<u>2023</u>
	\$'000	\$'000
Financial assets at fair value through profit or loss	58,689	45,191
Debtors	34,530	34,506
Cash and cash equivalents	49,355	39,444
	<u>142,574</u>	<u>119,141</u>

Included within the above assets, balances held with other JPMorganChase undertakings are \$83,855,000 (2023: \$73,944,000).

The Company's credit exposures and credit risk mitigants are further described below. No material ECL allowance is recognised on TCP and Non-TCP financial assets, refer below for further discussion.

Debtors

Debtors mainly consist of amounts due from other JPMorganChase undertakings.

These receivables generally have minimum credit risk due to low probability of default therefore the Company includes these receivables in Stage 1 as there is low risk of default.

Cash and cash equivalents

Cash and balances with banks include deposits which are placed with other JPMorganChase undertakings.

The Company includes cash and cash equivalents in Stage 1 as they are short-term and investment-grade, and banking institutions are considered to have high quality credit with low risk of default and therefore the Company has concluded there is no significant increase in credit risk (SICR).

Liquidity risk (audited)

Liquidity risk is the risk that the Company 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 risk management

The Firm has a Liquidity Risk Management ("LRM") function, acting as second line of defence, whose primary objective is to provide independent oversight of liquidity risk across the Firm. LRM's 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 the 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.

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Strategic report (continued)

Risk management (continued)

Liquidity risk (audited) (continued)

Liquidity management

Treasury and Chief Investment Office ("T/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, taking into account legal, regulatory, and operational restrictions;
- Developing internal liquidity stress testing assumptions;
- Defining and monitoring Firmwide and legal entity-specific liquidity strategies, policies, 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 Funds Transfer Pricing ("FTP") 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:

- Optimise 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 is covered under the Firmwide Liquidity Management Framework. The Company is not subject to specific regulatory liquidity requirements. Due to the nature of the business conducted by the Company, and the fact that its sole source of funding is from the Firm, the Directors do not consider liquidity risk to be material.

The following table provides details on the maturity of all financial liabilities.

	Less than 1 year 2024	Less than 1 year 2023
	\$'000	\$'000
Amounts owed to other JPMorganChase undertakings	63,197	55,883
Accruals	241	213
Other creditors	334	1,020
Trade creditors	107	—
	63,879	57,116

The above liabilities are presented based on the earliest contractual maturity carrying value is considered to be the best representation of undiscounted cash flows for financial liabilities.

Market risk (audited)

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.

Where the Company is exposed to market risk it is managed as part of the Enterprise-wide Market Risk management framework.

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Strategic report (continued)

Risk management (continued)

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 Company'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 behaviour, failure to comply with applicable laws, 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 Company's financial position, the characteristics of its businesses, and the markets and regulatory environments in which it operates.

The Firm's control and risk management places focus on the advancements in third-party and internal use of artificial intelligence by the Lines of Business ("LOB"), such as machine learning, and how it could potentially impact the control and operational risks.

Operational Risk Management Framework

The Company approach to Operational Risk is consistent with the Firmwide approach. The Company leverages the Firm's Compliance, Conduct, and Operational Risk (CCOR) Management Framework which is designed to enable the Firm to govern, identify, measure, monitor and test, manage and report on the Firm's operational risk. The regional governance framework incorporates the firmwide strategy, and the Firm's policies, procedures and LOB / Corporate structure. The regional framework is supplemental and complementary to the global framework and also provides the requisite link between the EMEA companies and the LOBs/Corporates.

Operational risk can manifest itself in various ways. Operational risk subcategories such as Compliance risk, Conduct risk, Legal risk and Estimations and Model risk, as well as other operational risks, can lead to losses which are captured through the Firm's operational risk measurement processes. More information on these risk subcategories, where relevant, can be found in the respective risk management sections.

Outsourcing risk

The Firm's Third-Party Oversight ("TPO") and Inter-affiliates Oversight ("IAO") frameworks assist the LOBs and Corporate 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 disruptions. The Corporate TPO group is responsible for Firmwide training, monitoring, reporting and standards.

Cybersecurity risk

Cybersecurity risk is the risk of the Firm's and Company'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.

MAX RECOVERY LIMITED

Strategic report (continued)

Risk management (continued)

Operational risk (continued)

Cybersecurity risk (continued)

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 and the Company. 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 an Information Security Program designed to prevent, detect, and respond to cyberattacks. The Audit Committee is periodically provided with updates on the Firm's Information Security Program, recommended changes, cybersecurity policies and practices, ongoing efforts to improve security, as well as its efforts regarding significant cybersecurity events. In addition, the Firm has a 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.

Business and technology resiliency risk

Disruptions can occur due to forces beyond the Firm's and Company'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 Program is designed to enable the Firm 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 program 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.

Compliance risk

Compliance risk, a subcategory of operational risk, is the risk of failing to comply with laws, rules, regulations or codes of conduct and standards of self-regulatory organisations.

Each of the LOBs and Corporate within the Company holds primary ownership of and accountability for managing compliance risk. The Firm's Operational Risk and Compliance Organisation ("Operational Risk and Compliance"), which is independent of the LOBs and Corporate, provides independent review, monitoring and oversight of business operations with a focus on compliance with the laws, rules and regulations applicable to the delivery of the Firm's products and services to clients and customers.

These compliance risks relate to a wide variety of laws, rules and regulations across the LOBs, and Corporate, and jurisdictions, and include risks related to financial products and services, relationships and interactions with clients and customers, and employee activities.

For example, compliance risks include those associated with anti-money laundering compliance, trading activities, market conduct, and complying with the laws, rules and regulations related to the offering of products and services across jurisdictional borders. Compliance risk is also inherent in the Firm's fiduciary activities, including the failure to exercise the applicable standard of care to act in the best interest of fiduciary clients and customers or to treat fiduciary clients and customers fairly.

Other functions provide oversight of significant regulatory obligations that are specific to their respective areas of responsibility.

Operational Risk and Compliance implements policies and standards designed to govern, identify, measure, monitor and test, manage, and report on compliance risk.

MAX RECOVERY LIMITED

Strategic report (continued)

Risk management (continued)

Compliance risk (continued)

Governance and oversight

Operational Risk and Compliance is led by the Firm's Chief Compliance Officer ("CCO") and the Firmwide Risk Executive for Operational Risk and Qualitative Risk Appetite who reports to the Firm's CRO. The regional CCOR Heads, including the EMEA CCO, are part of this governance structure.

The Firm maintains oversight and coordination of its compliance risk through the implementation of the CCOR Management Framework. The EMEA CCO is a member of the EMEA Management Committee. The Company's approach aligns with the Firmwide approach.

Code of Conduct

The Firm has a Code of Conduct (the "Code") that sets forth the Firm's expectation that employees will conduct themselves with integrity at all times. The Code provides the principles that help govern employee conduct with clients, customers, suppliers, vendors, shareholders, regulators, other employees, as well as with the markets and communities in which the Firm and the Company operates. The Code requires employees to promptly report any potential or actual violation of the Code, any Firm policy, or any law or regulation applicable to the Firm's business. It also requires employees to report any illegal or unethical conduct, or conduct that violates the underlying principles of the Code, by any of the Firm's employees, consultants, clients, customers, suppliers, contract or temporary workers, or business partners, or agents.

Training is assigned to newly hired employees upon joining the Firm, and to current employees periodically thereafter. Employees are required to affirm their compliance with the Code annually. Employees can report any potential or actual violations of the Code through the Firm's Conduct Hotline (the "Hotline") by phone or the internet. The Hotline is anonymous, where permitted by law, and is available at all times globally, with translation services and is administered by an outside service provider. The Code prohibits retaliation against anyone who raises an issue or concern in good faith.

Conduct risk

Conduct risk, a subcategory of operational risk, is the risk that any action or misconduct by an employee could lead to unfair client or customer outcomes, impact the integrity of the markets in which the Firm and the Company operates, harm employees or the Firm, or compromise the Firm's or Company's reputation.

Overview

Each LOB and Corporate Function is accountable for identifying and managing its conduct risk to provide appropriate engagement, ownership and sustainability of a culture consistent with the Firm's Business Principles.

Governance and oversight

The Firm maintains oversight and coordination of its conduct risk through the CCOR Management Framework. The Company's approach aligns with the Firmwide approach.

Conduct risk management encompasses various aspects of people management practices throughout the employee life cycle, including recruiting, onboarding, training and development, performance management, promotion and compensation processes. Each LOB and each designated corporate function completes an assessment of conduct risk periodically, reviews metrics and issues which may involve conduct risk, and provides conduct education as appropriate.

Legal risk

Legal risk, a subcategory of operational risk, is the risk of loss primarily caused by the actual or alleged failure to meet legal obligations that arise from the rule of law in jurisdictions in which the Firm and the Company operates, agreements with clients and customers, and products and services offered by the Firm and the Company.

Overview

The global Legal function ("Legal") provides legal services and advice to the Firm and the Company. Legal is responsible for managing the Firm's exposure to legal risk by:

- Managing actual and potential litigation and enforcement matters, including internal reviews and investigations related to such matters;
- Advising on products and services, including contract negotiation and documentation;
- Advising on offering and marketing documents and new business initiatives;
- Managing dispute resolution;
- Interpreting existing laws, rules and regulations, and advising on changes to them;
- Advising on advocacy in connection with contemplated and proposed laws, rules and regulations; and
- Providing legal advice to the LOBs, Corporate and the Board.

MAX RECOVERY LIMITED

Strategic report (continued)

Risk management (continued)

Legal risk (continued)

Legal selects, engages and manages outside counsel for the Firm on all matters in which outside counsel is engaged. In addition, Legal advises the Firm's Conflicts Office which reviews the Firm's wholesale transactions that may have the potential to create conflicts of interest for the Firm.

Governance and oversight

The Firm's General Counsel reports to the CEO and is a member of the Operating Committee, the Firmwide Risk Committee and the Firmwide Control Committee. The Firm's General Counsel and other members of Legal report on significant legal matters to the Firm's Board of Directors and to the Audit Committee. Each region, including EMEA, has a General Counsel who is responsible for managing legal risk across all lines of business and functions in the region. Legal serves on and advises various committees and advises the Firm's and the Company's LOBs and Corporate on potential reputation risk issues.

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 various stakeholders, including clients, counterparties, customers, communities, investors, regulators, or employees. Reputation risk is assessed and defined at the Firmwide level and is applicable to the Company.

The types of events that may result in reputation risk are wide-ranging and can 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.

Organisation and management

Reputation Risk Management is an independent risk management function that 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 a standard consistent with the reputation risk framework; and;
- Providing oversight of the governance framework through processes and infrastructure to support consistent identification, escalation, and monitoring of reputation risk issues Firmwide.

Governance and oversight

The Reputation Risk Governance policy establishes the principles for managing reputation risk for the Firm. It is the responsibility of each LOB and Corporate, and the Firm's employees, to consider the reputation of the Firm 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. 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.

On behalf of the Board



Director: Grant Ross

Date: 14 April 2025

MAX RECOVERY LIMITED

Directors' report

The directors present their report and the audited financial statements of Max Recovery Limited (the "Company") for the year ended 31 December 2024. The Company is part of JPMorgan Chase & Co. (together with its subsidiaries, the "Firm" or "JPMorgan Chase"). The Company's registration number is 04994176.

Refer to the Strategic report for future outlook.

Results and dividends

The results for the year are set out on page 16 and show the Company's profit for the financial year is \$20,393,000 (2023: \$17,758,000).

No dividend was paid during the year (2023: \$150,000,000).

Financial risk management

Please refer to the Strategic report for details on financial risk management.

Directors

The directors of the Company who served during the year and up to the date of signing the financial statements were as follows:

Robert Tanna-Smith	Chairman & Director
Joanna Sanders	Director (Appointed on 20 November 2024)
Joanna Martin	Director (Resigned on 10 July 2024)
Grant Ross	Director

Directors' interests

None of the directors have any beneficial interests in the Company. The Company is a subsidiary of a Company incorporated outside England and Wales. The ultimate holding Company is a body corporate incorporated outside England and Wales. The directors are not required to notify the Company of any interests in shares of that or any other body incorporated outside England and Wales.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

MAX RECOVERY LIMITED

Directors' report (continued)

Directors' confirmations

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Qualifying third party indemnity provision

An indemnity is provided to the directors of the Company under the by-laws of JPMorgan Chase & Co. against liabilities and associated costs which they could incur in the course of their duties to the Company. The indemnity was in force during the financial year and also at the date of approval of the financial statements. A copy of the by-laws of JPMorgan Chase & Co. is available at the registered office address of the Company.

Company secretary

The secretary of the Company who served during the year was as follows:

J.P. Morgan Secretaries (UK) Limited

Registered address

25 Bank Street
Canary Wharf
London E14 5JP
England
United Kingdom

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office.

On behalf of the Board



Director: Grant Ross
Date: 14 April 2025

Independent auditors' report to the members of Max Recovery Limited

Report on the audit of the financial statements

Opinion

In our opinion, Max Recovery Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance sheet as at 31 December 2024; the Income statement, the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Max Recovery Limited (continued)

Reporting on other information (continued)

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the rules of the Financial Conduct Authority (FCA), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and corporate tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates, specifically the valuation of certain financial instruments held at fair value. Audit procedures performed by the engagement team included:

- Discussions with management, including Internal Audit, and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of entity level controls put in place by management to prevent and detect irregularities, including additional inquiries and discussion relating to any whistleblowing incidents during 2024;
- Review of key correspondence with the regulatory authority (the FCA);
- Identifying and testing journal entries with specific risk characteristics, in particular any journal entries posted by senior management;
- Challenging assumptions and judgements made by management in their significant accounting estimates, particularly in relation to the valuation of certain, more complex, financial instruments; and
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent auditors' report to the members of Max Recovery Limited (continued)

Responsibilities for the financial statements and the audit (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Sarah Hayman (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 April 2025

MAX RECOVERY LIMITED

Income statement for the year ended 31 December 2024

Year ended 31 December		2024	2023
	Note	\$'000	\$'000
Operating income	6	38,946	31,706
Administrative expenses	7	(11,142)	(11,427)
Other (expense)/income	8	(271)	39
Operating profit		27,533	20,318
Interest and similar income	10	2,649	4,879
Interest expense and similar charges	11	(2,962)	(1,959)
Profit before taxation	12	27,220	23,238
Tax on profit	12	(6,827)	(5,480)
Profit for the financial year		20,393	17,758

Statement of comprehensive income

There were no other items of comprehensive income or expense other than the profit for the financial year shown above (2023: \$nil). As a result, profit for the financial year represents total comprehensive income in both the current and prior financial year.

The notes on pages 19 - 32 form an integral part of these financial statements.

MAX RECOVERY LIMITED
Balance sheet as at 31 December 2024

As at 31 December		2024	2023
	Note	\$'000	\$'000
Non-current assets			
Debtors	13	34,500	34,500
Current assets			
Financial assets at fair value through profit or loss	14	58,689	45,191
Debtors	13	30	6
Other assets	15	2,912	—
Cash and cash equivalents	16	49,355	39,444
Total current assets		110,986	84,641
Total assets		145,486	119,141
Current liabilities			
Creditors	17	(63,879)	(57,927)
Net current assets		47,107	26,714
Net assets		81,607	61,214
Equity			
Share capital	18	5,000	5,000
Retained earnings		76,607	56,214
Total equity		81,607	61,214

The notes on pages 19 - 32 form an integral part of these financial statements.

The Financial statements on pages 16 to 32 were approved by the Board of Directors on 14 April 2025 and signed on its behalf by:



Director: Grant Ross
Date: 14 April 2025

MAX RECOVERY LIMITED

Statement of changes in equity for the year ended 31 December 2024

	Note	Share capital	Retained earnings	Total equity
		\$'000	\$'000	\$'000
Balance as at 1 January 2023		5,000	188,456	193,456
Dividend paid during the year		—	(150,000)	(150,000)
Profit for the financial year		—	17,758	17,758
Balance as at 31 December 2023	18	5,000	56,214	61,214
Profit for the financial year		—	20,393	20,393
Balance as at 31 December 2024	18	5,000	76,607	81,607

The notes on pages 19 - 32 form an integral part of these financial statements.

MAX RECOVERY LIMITED

Notes to the financial statements

1. General information

The Company is a private company limited by shares and is incorporated in England and Wales. The Company's immediate parent undertaking is The Bear Stearns Companies LLC, incorporated in the state of Delaware in United States of America ("U.S."). The Company's ultimate parent undertaking, and the parent undertaking of the only group in which the results of the Company are consolidated, is JPMorgan Chase & Co., which is incorporated in the state of Delaware in the U.S. The consolidated financial statements of the Firm can be obtained from the Company's registered office.

Principal activity

The principal activity of the Company is the purchase and recovery of distressed debt from various third parties in the UK.

2. Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). FRS 101 applies the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") as adopted by the UK, in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of certain financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006 as applicable to the Companies using FRS 101.

The following exemptions from the requirements of IFRS in conformity with the requirements of Companies Act 2006 have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Certain share-based payment disclosures in respect of group equity instruments (IFRS 2 'Share-based payment' paragraphs 45(b) and 46 to 52);
- Comparative information disclosures (paragraph 38 of IAS 1 'Presentation of financial statements' ("IAS 1") for reconciliation of share capital (paragraph 79(a)(iv) of IAS 1);
- Statement of compliance to IFRS (paragraph 16, IAS 1);
- Cash flow statement and related notes IAS 7 'Cash flow statements';
- Disclosures in relation to new or revised standards issued but not yet effective (paragraph 30 and 31, IAS 8, 'Accounting policies, changes in accounting estimates and errors');
- Key management compensation disclosures (paragraph 17, IAS 24 'Related Party Disclosures' ("IAS 24")); and
- Related party transactions with wholly owned JPMorganChase undertakings (paragraph 18 and 19, IAS 24).

3. Accounting and reporting developments

Standards adopted during the year ended 31 December 2024

The Company has applied the following amendments for the first time for the annual reporting period beginning 1 January 2024.

- Classification of Liabilities as Current or Non-current Liabilities with Covenants - Amendments to IAS 1; and
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7.

The amendments listed above did not have any impact on the amounts recognised in prior periods and current period and are not expected to materially affect the future period.

4. Critical accounting estimates and judgements

In the process of applying the Company's accounting policies, management makes judgements, estimates and assumptions for certain categories of assets and liabilities. These judgements, estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the reporting period. Making judgements, estimates and assumptions can involve levels of uncertainty and subjectivity and therefore actual results could differ from the reported amounts. The Company's material accounting policy information is described in Note 5.

Some of the judgements, estimates and assumptions management makes when preparing the Company's financial statements involve high levels of subjectivity and assessments about the future and other sources of uncertainty. Those that may have a material impact on the Company's financial condition, changes in financial condition or results of operations are described below.

MAX RECOVERY LIMITED

Notes to the financial statements (continued)

4. Critical accounting estimates and judgements (continued)

Fair value measurement

The Company carries a significant portion of its assets and liabilities at fair value on a recurring basis. Certain financial instruments are classified on the basis of valuation techniques that feature one or more significant market inputs that are unobservable, and for them, the measurement of fair value is more judgemental:

- Judgements - In classifying a financial instrument in the valuation hierarchy judgement is applied in determining the observability and significance of the inputs to the fair value measurement. A financial instrument's categorisation within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. Refer to Note 14.
- Estimates - For instruments classified in level 3, management judgement must be applied to assess the appropriate models and level of valuation adjustments. Detail on the Company's level 3 financial instruments and the sensitivity of their valuation to the effect of applying reasonable possible alternative assumptions in determining their fair value are set out in Note 14.

5. Material accounting policies

The following are the material accounting policy information applied in the preparation of these financial statements. These policies have been applied consistently in each of the years presented, unless otherwise stated.

5.1 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). U.S. dollars is considered as the functional currency and is also used as the presentation currency of the Company.

5.2 Foreign currency translation

Monetary assets and monetary liabilities in foreign currencies are translated into United States ("U.S.") dollars at rates of exchange ruling on the balance sheet date. Income and expense items denominated in foreign currencies are translated into U.S. dollars at exchange rates prevailing at the date of the transactions. Any gains or losses arising on translation are taken directly to the income statement.

Non-monetary items denominated in foreign currencies that are stated at historical cost are translated into U.S. dollars at the exchange rate ruling at the date when the transaction was initially recognised.

Non-monetary items denominated in foreign currencies that are stated at fair value are translated into U.S. dollars at foreign exchange rates ruling at the dates when the fair values were determined. Translation differences arising on non-monetary items measured at fair value are recognised in the income statement.

5.3 Financial instruments

5.3.1 Financial assets and financial liabilities

i. Recognition of financial assets and financial liabilities

The Company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of securities are recognised on the trade-date, which is the date on which the Company commits to purchase or sell an asset.

ii. Classification and measurement of financial assets and financial liabilities

On initial recognition, financial assets are classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification is based on both the business model for managing the financial assets and their contractual cash flow characteristics. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the assets' performance is evaluated and reported to key management personnel, how risks are assessed and managed, and how managers are compensated.

On initial recognition, financial liabilities are classified as measured at either amortised cost or FVTPL.

MAX RECOVERY LIMITED

Notes to the financial statements (continued)

5. Material accounting policies (continued)

5.3 Financial instruments (continued)

5.3.1 Financial assets and financial liabilities (continued)

a) *Financial assets and financial liabilities measured at amortised cost*

Financial assets are measured at amortised cost if they are held under a business model with the objective to collect contractual cash flows ("Hold-to-Collect") and they have contractual terms under which cash flows are solely payments of principal and interest ("SPPI"). In making the SPPI assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI. As a result of the application of these criteria, only debt financial assets are eligible to be measured at amortised cost.

Financial assets measured at amortised cost include cash and cash equivalents and debtors that are in the Hold to Collect business model.

Financial liabilities are measured at amortised cost unless they are held for trading or designated as measured at fair value through profit or loss. Company's financial liabilities are measured at amortised cost. Financial liabilities measured at amortised cost include, amounts owed to other JPMorganChase undertakings, accruals and certain other liabilities.

Financial assets and financial liabilities measured at amortised cost are initially recognised at fair value including transaction costs (which are explained below). The initial amount recognised is subsequently reduced for principal repayments and adjusted for accrued interest using the effective interest method (see below). In addition, the carrying amount of financial assets is adjusted by recognising an expected credit loss allowance through profit or loss.

The effective interest method is used to allocate interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability or a shorter period when appropriate, to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset or financial liability. The calculation of the effective interest rate includes all fees and commissions paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issuance or disposal of a financial asset or financial liability.

Gains and losses arising on the disposal of financial assets measured at amortised cost are recognised in 'operating income' or other non-interest revenue as relevant.

b) *Financial assets and financial liabilities measured at fair value through profit or loss*

Financial assets and financial liabilities are measured at FVTPL consist primarily of instruments that are held for trading. Under IFRS 9, a financial asset or a financial liability is defined as "held for trading" if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or forms part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking or it is a derivative.

In addition, certain financial assets that are not held for trading are measured at FVTPL if they do not meet the criteria to be measured at amortised cost or FVOCI. For example, if the financial assets are managed on a fair value basis, have contractual cash flows that are not SPPI or are equity securities.

Financial instruments measured at FVTPL are initially recognised at fair value in the balance sheet. Transaction costs and any subsequent fair value gains or losses are recognised in profit or loss as they arise.

The Company manages distressed debt from various third parties measured at FVTPL and reports the gains and losses on the purchase and recovery of portfolio in operating income.

5.3.2 Interest income and interest expense

Unless a financial asset is credit-impaired, interest income is recognised by applying the effective interest method to the carrying amount of a financial asset before adjusting for any allowance for expected credit losses. If a financial asset is credit-impaired, interest income is recognised by applying the effective interest rate to the carrying amount of the financial asset including any allowance for expected credit losses.

Interest expense on financial liabilities is recognised by applying the effective interest method to the amortised cost of financial liabilities.

MAX RECOVERY LIMITED

Notes to the financial statements (continued)

5. Material accounting policies (continued)

5.3 Financial instruments (continued)

5.3.3 Impairment of financial assets

The Company recognises ECL for financial assets that are measured at amortised cost.

The Company establishes an expected credit loss allowance for these instruments to ensure they are reflected in the financial statements at the Company's best estimate of the net amount expected to be collected.

The ECL is determined on in-scope financial instruments measured at amortized cost or FVOCI. ECL is measured collectively via a portfolio-based (modelled) approach for Stage 1 and 2 assets but is generally measured individually for Stage 3 assets. ECL is forecasted over the 12-month term (Stage 1) or expected life (Stage 2 or 3) of in-scope financial instruments, where the forecast period 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 Company applies the definition of default consistent with the Basel definition of default to maintain uniformity of the definition across the Firm.

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

5.4 Operating income

Profits and losses resulting from the purchase and sale of securities and the revaluation of financial instruments are recognised in operating income on a trade-date basis, including related transaction costs and the associated interest.

5.5 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values are determined by reference to observable market prices where available and reliable. Fair values of financial assets and financial liabilities are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. Where market prices are unavailable, fair value is based on valuation models that consider relevant transaction characteristics (such as maturity) and use as inputs observable or unobservable market parameters, including but not limited to yield curves, interest rates, volatilities, equity or debt prices, foreign exchange rates and credit curves. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value.

For financial assets and liabilities held at fair value, most market parameters in the valuation model are either directly observable or are implied from instrument prices. When input values do not directly correspond to the most actively traded market parameters the model may perform numerical procedures in the pricing such as interpolation.

The Company classifies its assets and liabilities according to a hierarchy that has been established under IFRS for disclosure of fair value measurements. The fair value hierarchy is based on the transparency of inputs to the valuation of an asset or liability as of the measurement date. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3 inputs).

A financial instrument's categorisation within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Further details on fair value measurements are provided in note 14 to the financial statements.

5.6 Cash and cash equivalents

Cash and cash equivalents include cash and balances at banks and deposits with banks with maturities of three months or less.

5.7 Current income tax

Income tax payable on taxable profits (current tax) is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior period. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

MAX RECOVERY LIMITED

Notes to the financial statements (continued)

5. Material accounting policies (continued)

5.8 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

5.9 Dividend recognition

Dividend distributions are recognised in the period in which they are declared and approved.

5.10 Segmental analysis

The Company is not in scope of IFRS 8 'Operating segments', as its debt or equity are not traded on a public market, therefore segmental analysis of the Company's revenue and assets by business is not required. The Company operates in the EMEA geographic region.

6. Operating income

	<u>2024</u>	<u>2023</u>
	\$'000	\$'000
Net profit from financial assets at fair value through profit or loss	38,946	31,706

7. Administrative expenses

	<u>2024</u>	<u>2023</u>
	\$'000	\$'000
Expenses charged by other JPMorganChase undertakings ⁽¹⁾	2,896	3,438
Auditors' remuneration ⁽²⁾	297	283
Professional and outside services	6,014	5,989
Secondment expenses	1,132	1,066
Other administrative expenses	803	651
	<u>11,142</u>	<u>11,427</u>

⁽¹⁾Expenses charged by other JPMorganChase undertakings mostly comprise of the charges from Group affiliates relating to operational and administrative support and management services, received from those affiliates.

⁽²⁾The auditors' remuneration for the audit of the Company's annual financial statements is \$297,000 (2023: \$283,000). 2024 Audit fees paid to PricewaterhouseCoopers LLP include prior year adjustments after finalisation of the 2023 financial statements.

8. Other (expense)/income

	<u>2024</u>	<u>2023</u>
	\$'000	\$'000
Foreign exchange translation (loss)/gain	(271)	39

MAX RECOVERY LIMITED

Notes to the financial statements (continued)

9. Directors' emoluments

	2024	2023
	\$'000	\$'000
Aggregate emoluments	11	9
Number of directors with shares received or receivable under LTIPs	3	2
Number of directors to whom defined contribution pension rights accrued	1	—

In accordance with the Companies Act 2006, the directors' emoluments above represent the proportion paid or payable in respect of qualifying services to the Company including LTIPs of \$2,969 in 2024 (2023: \$1,633). Directors also received emoluments for non-qualifying services, which are not required to be disclosed.

Highest paid director

The emoluments of the highest paid director is under £200,000 which is not required to be disclosed under the requirements of the Companies Act 2006.

The directors are employees of other companies in the Firm and all expenses, including remuneration, are paid by those companies and recharged to the Company for one director.

10. Interest and similar income

	2024	2023
	\$'000	\$'000
Interest and similar income:		
Financial Instruments at amortised cost	2,649	4,879

All interest income is from other JPMorganChase undertakings.

11. Interest expenses and similar charges

	2024	2023
	\$'000	\$'000
Interest expenses and similar charges		
Financial instruments at amortised cost	2,962	1,959

All interest expenses are charged by other JPMorganChase undertakings.

12. Tax on profit

	2024	2023
	\$'000	\$'000
(a) Analysis of tax charge for the year		
Current taxation		
Current tax on profits for the year	6,827	5,480
Adjustments in respect of prior years	—	—
Total tax expense for the year	6,827	5,480

MAX RECOVERY LIMITED

Notes to the financial statements (continued)

12. Tax on profit (continued)

(b) Factors affecting the current tax charge for the year

The current tax charge for the year differs from the standard rate of corporation tax in the UK (25%) (2023: 23.52%⁽¹⁾). The differences are explained below:

	2024	2023
	\$'000	\$'000
Profit before taxation	27,220	23,238
Profit before taxation multiplied by standard rate of corporation tax in UK 25% (2023: 23.52% ⁽¹⁾)	6,805	5,465
Effects of:		
Expenses not deductible	22	15
Adjustments in respect of prior years	—	—
Total tax expense for the year	6,827	5,480

¹ For the first three months of 2023, the standard rate of corporation tax in UK was 19%. For the remainder of the year, the standard rate of corporation tax in UK was 25%.

Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules

The Organisation for Economic Co-operation and Development has published model rules and associated guidance related to Pillar Two. The rules apply a system of top-up taxes that aim to ensure corporations are paying income tax at a minimum rate of 15% in every jurisdiction. These rules began to take effect for corporations in 2024.

The International Accounting Standards Board issued, in May 2023, amendments to IAS 12 Income Taxes, that introduced a mandatory temporary exception to recording deferred taxes associated with jurisdictions implementing Pillar Two rules. The Company has applied the mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities related to top-up taxes associated with Pillar Two. As such, any top-up taxes incurred will be treated as a period cost in the period of occurrence.

The Company does not have top-up taxes associated with Pillar Two in the current year, given it is expected to qualify for the temporary country-by-country safe harbor rule in effect this year.

13. Debtors

	2024	2023
	\$'000	\$'000
Debtors: amounts falling due after one year		
Amounts owed by other JPMorganChase undertakings	34,500	34,500
Debtors: amounts falling due within one year		
Other debtors	30	6

14. Financial assets at fair value through profit or loss

	2024	2023
	\$'000	\$'000
At 1 January	45,191	45,517
Net movements during the year	13,498	(326)
At 31 December	58,689	45,191

Financial assets held at fair value through profit or loss represent distressed debt acquired from various third parties. Distressed debt relates to customers that are in insolvency.

MAX RECOVERY LIMITED

Notes to the financial statements (continued)

14. Financial assets at fair value through profit or loss (continued)

It also includes a Fair value attributable to expected distributions in historical bankruptcy cases as a result of the government actions in relation to insurance product mis-selling which led to certain legacy distressed debt portfolios to being revalued to consider the materially higher expected future recoveries.

All fair value changes related to financial assets at fair value through profit or loss are recognised in the income statement as they arise.

Fair value

Valuation process

The Company carries its portfolio of distressed debt at fair value on a recurring basis.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is based on quoted market prices or inputs, where available. If prices or quotes are not available, fair value is based on valuation models and other valuation techniques that consider relevant transaction characteristics (such as maturity) and use, as inputs, observable or unobservable market parameters, including yield curves and interest rates.

The level of precision in estimating unobservable market inputs or other factors can affect the amount of gain or loss recorded for a particular position. Furthermore, while the Company believes its valuation methods are appropriate and consistent with those of other market participants, the methods and assumptions used reflect management judgement and may vary across the Company's businesses and portfolios. The use of different methodologies or assumptions by other market participants compared with those used by the Company could result in a different estimate of fair value at the reporting date.

Risk-taking functions are responsible for providing fair value estimates for assets and liabilities carried on the balance sheet at fair value. The Firm's Valuation Control Group (VCG), which is part of the Firm's Finance function and independent of the risk-taking functions, is responsible for verifying these estimates and determining any fair value adjustments that may be required to ensure that the Company's positions are recorded at fair value. The valuation control function verifies fair value estimates provided by the risk-taking functions by leveraging independently derived prices, valuation inputs and other market data, where available. The Valuation Governance Forum (VGF) is composed of senior finance and risk executives and is responsible for overseeing the management of risks arising from valuation activities conducted across the Firm. The Firmwide VGF is chaired by the Firmwide head of the VCG (under the direction of the Firm's Controller), and includes sub-forums covering the CIB, Consumer and Community Banking ("CCB"), Asset and Wealth Management ("AWM") and certain corporate functions including T/CIO.

Valuation model review and approval

Any valuation models used by the Company to determine fair value are reviewed and approved by the Model Risk function. The function is independent of model owners, developers and users.

Further details on approach to model risk management are provided in Operational risk on page 7.

Fair value hierarchy

The Company classifies its assets and liabilities according to a valuation hierarchy that reflects the observability of significant market inputs. The three levels are defined as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets quoted prices for identical or similar assets or liabilities in markets that are not active and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument

Level 3 - one or more inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorisation within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement.

MAX RECOVERY LIMITED

Notes to the financial statements (continued)

14. Financial assets at fair value through profit or loss (continued)

Fair value (continued)

Valuation methodologies

The following table describes the valuation methodologies used by the Company to measure its more significant products/instruments at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

Product/instrument	Valuation methodology, inputs and assumptions	Classifications in the valuation hierarchy
Core distressed debt portfolio and Legacy distressed debt with government actions	Valuations are based on discounted cash flows, which consider: <ul style="list-style-type: none"> • Bid yields and term structure • Unemployment projections • House price appreciation • Additional recoveries • Servicing costs • Observable market data • Historical recoveries 	Level 3

Assets measured at fair value on a recurring basis

The following table presents the asset reported at fair value as at 31 December 2024 and 2023, by major product category and fair value hierarchy.

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
At 31 December 2024				
Financial assets at fair value through profit or loss				
Debt instruments	—	—	58,689	58,689
Total financial assets	—	—	58,689	58,689

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
At 31 December 2023				
Financial assets at fair value through profit or loss				
Debt instruments	—	—	45,191	45,191
Total financial assets	—	—	45,191	45,191

Level 3 valuations

The Company has established well structured processes for determining fair value, including for instruments where fair value is estimated using significant unobservable inputs (level 3).

Estimating fair value requires the application of judgement. The type and level of judgement required is largely dependent on the amount of observable market information available to the Company. For instruments valued using internally developed valuation models and other valuation techniques that use significant unobservable inputs and are therefore classified within level 3 of the fair value hierarchy, judgements used to estimate fair value are more significant than those required when estimating the fair value of instruments classified within levels 1 and 2.

In arriving at an estimate of fair value for an instrument within level 3, management must first determine the appropriate valuation model or other valuation technique to use. Second, due to the lack of observability of significant inputs, management must assess relevant empirical data in deriving valuation inputs including transaction details, yield curves and interest rates.

The following table presents the Company's primary level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, the significant unobservable inputs, the range of values for those inputs and the weighted averages of such inputs. While the determination to classify an instrument within level 3 is based on the significance of the unobservable inputs to the overall fair value measurement, level 3 financial instruments typically include observable components (that is, components that are actively quoted and can be validated to external sources) in addition to the unobservable components.

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Notes to the financial statements (continued)

14. Financial assets at fair value through profit or loss (continued)

Level 3 valuations (continued)

The range of values presented in the table is representative of the highest and least observable level input used to value the significant groups of instruments within a product/instrument classification. Where provided, the weighted averages of the input values presented in the table are calculated based on the fair value of the instruments that the input is being used to value.

In the Company's view, the input range, weighted and arithmetic average values do not reflect the degree of input uncertainty or an assessment of the reasonableness of the Company's estimates and assumptions. Rather, they reflect the characteristics of the various instruments held by the Company and the relative distribution of instruments within the range of characteristics. For example, two option contracts may have similar levels of market risk exposure and valuation uncertainty, but may have significantly different implied volatility levels because the option contracts have different underlying's, tenors, or strike prices.

The input range and weighted average values will therefore vary from period-to-period and parameter-to-parameter based on the characteristics of the instruments held by the Company at each balance sheet date.

	Asset	Liability	Net fair value	Principal valuation technique	Unobservable input	Range of input values	Weighted average
At 31 December 2024	\$'000	\$'000	\$'000				
Distressed debt	58,689	—	58,689				
Core distressed debt portfolio				Discounted cash flows	Yield	9.78%-42.40%	15.25%
Core distressed debt portfolio				Discounted cash flows	Cash flow timings	0-10 years	1.7 years
Legacy distressed debt with government actions				Discounted cash flows	Yield	20%-30%	22.1%
Legacy distressed debt with government actions				Discounted cash flows	Cash flow timings	0-16.75 years	3.5 years

	Asset	Liability	Net fair value	Principal valuation technique	Unobservable input	Range of input values	Weighted average
At 31 December 2023	\$'000	\$'000	\$'000				
Distressed debt	45,191	—	45,191				
Core distressed debt portfolio				Discounted cash flows	Yield	9.86%- 35.09%	14.32%
Core distressed debt portfolio				Discounted cash flows	Cash flow timings	0-10 years	1.7 years
Legacy distressed debt with government actions				Discounted cash flows	Yield	20%-30%	21.23%
Legacy distressed debt with government actions				Discounted cash flows	Cash flow timings	0-17 years	6.5 years

Changes in and ranges of unobservable inputs

The following discussion provides a description of the impact on a fair value measurement of a change in each unobservable input in isolation, and the interrelationship between unobservable inputs, where relevant and significant. The impact of changes in inputs may not be independent as a change in one unobservable input may give rise to a change in another unobservable input. Where relationships exist between two unobservable inputs, those relationships are discussed below. For the individual relationships described below, the inverse relationship would also generally apply.

There is no independent consensus pricing available for the Firm, and there is limited market activity which can be evaluated. The Firm therefore benchmarks and compares discounting yields for projected recovery cash flows through the observation of this market activity. The Firm also monitors key model parameters, unemployment and house price appreciation, as well as actual performance against model expectations.

Yield - The yield of an asset is the interest rate used to discount future cash flows in a discounted cash flow calculation. An increase in the yield, in isolation, would result in a decrease in a fair value measurement.

Cash flow timings - The cash flow timings is the length of time to receive future forecasted cashflows, as implied by internal valuation models.

MAX RECOVERY LIMITED

Notes to the financial statements (continued)

14. Financial assets at fair value through profit or loss (continued)

Fair value of financial instruments valued using techniques that incorporate unobservable inputs

The fair value of financial instruments may be determined using a valuation technique based on assumptions that are not supported by prices from observable current market transactions in the same instrument or based on available observable market data and changing these assumptions will change the resultant estimate of fair value.

The potential impact as at 31 December of using reasonable possible alternative assumptions for the valuations including significant unobservable inputs have been quantified in the following tables.

The sensitivity analysis for yield with a 50% (2023: 50%) movement for favourable and unfavourable change:

Sensitivity analysis of valuations using unobservable inputs (Yield)	Fair Value	Favourable change	Unfavourable change
	Asset	Income statement	
At 31 December 2024	\$'000	\$'000	\$'000
Financial assets			
Core distressed debt portfolio	34,567	4,011	(3,272)
Legacy distressed debt with government actions	24,122	5,559	(3,447)
Total	58,689	9,570	(6,719)

Sensitivity analysis of valuations using unobservable inputs (Yield)	Fair Value	Favourable change	Unfavourable change
	Asset	Income statement	
At 31 December 2023	\$'000	\$'000	\$'000
Financial assets			
Core distressed debt portfolio	23,510	2,488	(2,030)
Legacy distressed debt with government actions	21,681	7,997	(4,052)
Total	45,191	10,485	(6,082)

Recovery performance - The recovery performance is the level of future actual recoveries vs. those implied by forecast cash flows from internal valuation models.

The sensitivity analysis for recovery performance with a 50% (2023: 50%) movement for favourable and unfavourable change:

Sensitivity analysis of valuations using recovery performance	Fair Value	Favourable change	Unfavourable change
	Asset	Income statement	
At 31 December 2024	\$'000	\$'000	\$'000
Financial assets			
Core distressed debt portfolio	34,567	17,594	(17,594)
Legacy distressed debt with government actions	24,122	12,061	(12,061)
Total	58,689	29,655	(29,655)

MAX RECOVERY LIMITED

Notes to the financial statements (continued)

14. Financial assets at fair value through profit or loss (continued)

Fair value financial instruments valued using techniques that incorporate unobservable inputs (continued)

Sensitivity analysis of valuations using recovery performance	Fair Value	Favourable change	Unfavourable change
	Asset	Income statement	
At 31 December 2023	\$'000	\$'000	\$'000
Financial assets			
Core distressed debt portfolio	23,510	11,755	(11,755)
Legacy distressed debt with government actions	21,681	10,841	(10,841)
Total	45,191	22,596	(22,596)

Cash flow timings - The cash flow timings is the length of time to receive future forecasted cashflows, as implied by internal valuation models.

The sensitivity analysis for cash flow timings with a 50% movement for favourable (shorter period) and unfavourable (longer period) change:

Sensitivity analysis of valuations using cash flow timings	Fair Value	Favourable change	Unfavourable change
	Asset	Income statement	
At 31 December 2024	\$'000	\$'000	\$'000
Financial assets			
Core distressed debt portfolio	34,567	3,970	(3,341)
Legacy distressed debt with government actions	24,122	5,597	(3,582)
Total	58,689	9,567	(6,923)

Sensitivity analysis of valuations using cash flow timings	Fair Value	Favourable change	Unfavourable change
	Asset	Income statement	
At 31 December 2023	\$'000	\$'000	\$'000
Financial assets			
Core distressed debt portfolio	23,510	2,459	(2,066)
Legacy distressed debt with government actions	21,681	8,146	(4,213)
Total	45,191	10,605	(6,279)

Movement in Level 3 assets during the year ended 31 December 2024

	Debt instruments
	\$'000
At 1 January 2024	45,191
Purchases	25,770
Settlements	(49,843)
Net gain recognised in income statement account (includes foreign exchange translation gain/loss)	37,571
At 31 December 2024	58,689

MAX RECOVERY LIMITED

Notes to the financial statements (continued)

14. Financial assets at fair value through profit or loss (continued)

Movement in Level 3 assets during the year ended 31 December 2023

	Debt instruments
	\$'000
At 1 January 2023	45,517
Purchases	7,199
Settlements	(41,568)
Net gain recognised in income statement account (includes foreign exchange translation gain/loss)	34,043
At 31 December 2023	45,191

Transfers between levels for instruments carried at fair value on a recurring basis

The Company only holds level 3 financial instruments. For the year ended 31 December 2024 and 2023, there were no transfers between level 2 and level 3.

Fair value of financial instruments not carried on balance sheet at fair value

Certain financial instruments that are not carried at fair value on balance sheet are carried at amounts that are not materially different to their fair value, due to their short term nature and generally negligible credit risk. These instruments include debtors, cash and cash equivalents and creditors.

The Company has \$83,885,000 (2023: \$73,950,000) of financial assets and \$63,879,000 (2023: \$57,117,000) of financial liabilities that are not measured at fair value on balance sheet.

Offsetting financial assets and financial liabilities

No financial assets and liabilities have been offset in the balance sheet as at 31 December 2024 (2023: \$nil).

15. Other assets

	2024	2023
	\$'000	\$'000
Tax receivable	2,912	—

16. Cash and cash equivalents

All bank balances are held with other JPMorganChase undertakings.

17. Creditors

	2024	2023
	\$'000	\$'000
Amounts owed to other JPMorganChase undertakings	63,197	55,883
Accruals	241	213
Tax liabilities	—	811
Trade creditors	107	—
Other creditors	334	1,020
	63,879	57,927

MAX RECOVERY LIMITED
Notes to the financial statements (continued)

17. Creditors (continued)

Included within creditors are the following balances with other JPMorganChase undertakings:

	<u>2024</u>	<u>2023</u>
	\$'000	\$'000
Amounts owed to other JPMorganChase undertakings	63,197	55,883
Accruals	235	209
	<u>63,432</u>	<u>56,092</u>

18. Share capital

	<u>2024</u>	<u>2023</u>
	\$'000	\$'000
Issued and fully paid share capital		
5,000,000 (2023: 5,000,000) ordinary shares of \$1 each	5,000	5,000

19. Dividends

The Company has not paid any dividend to its parent The Bear Stearns Companies LLC in the current year (2023: \$150,000,000).