Pillar 3 Report Q4 2022

J.P. Morgan SE

October 2023

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1. Introduction

Background

The Basel Committee on Banking Supervision published “Basel III” as a regulatory framework on December 16, 2010.

Basel III in its broadest sense also includes the Basel II framework agreement from 2004, consisting of three complementary pillars, Pillar 1 – Minimum Capital Requirements, Pillar 2 – Supervisory Review Process, and Pillar 3 – Disclosure, under which information about the scope of application, own funds, risk, the risk analysis process, and thus capital adequacy are to be made public to market participants.

The implementation of the Basel III framework into European law in the form of a proposed combined Directive and Regulation, the Capital Requirements Directive IV (CRD IV/EU Directive 2013/36/EU) and the Capital Requirements Regulation (CRR/Regulation (EU) No. 575/2013), occurred on June 27, 2013, with their publication in the EU Official Journal. Part 8 of CRR contains the expanded provisions for the supervisory disclosures by credit institutions.

On September 3, 2013, the CRD IV Implementation Act was published in the German Federal Gazette. Both the Directive and the Regulation have been in force since January 1, 2014.

In the CRR Amendment Regulation (EU) 2019/876 (Capital Requirements Regulation II (CRR II)) dated May 20, 2019, the requirements for institutions’ regulatory disclosure were also adjusted. Together with Capital Requirements Directive V (EU) 2019/878 (CRD V), compliance with CRR II is mandatory from June 28, 2021. On June 24, 2020, the European Banking Authority (EBA) published the final drafts for regulatory reporting (EBA/ITS/2020/05) and for disclosure (EBA/ITS/2020/04) under CRR II. All information provided in this disclosure report relating to CRR includes CRR II.

In this report, J.P. Morgan SE is implementing the disclosure requirements under Articles 431 – 455 of Regulation (EU) 2019/876 – Capital Requirements Regulation II (CRR II), CRD V and EBA/ITS/2020/04 and any relevant guidelines published by the EBA disclosures.

J.P. Morgan SE

J.P. Morgan SE (hereafter – the “Bank”, "we", the “Company”, the "entity"), with registered office in Frankfurt am Main, is a Societas Europea (SE) under German Law registered in the Trade Register of the Frankfurt District Court under number HRB 126056, which is active in the European Economic Area (EEA) in the main business segments of Banking (consisting of Investment & Corporate Banking, Payments and Lending), Markets, Securities Services, Commercial Banking and Private Bank. The 2022 financial year was characterized by the creation of J.P. Morgan SE in January 2022 as a result of the cross-border merger of J.P. Morgan Bank Luxembourg S.A. and J.P. Morgan Bank Ireland plc into J.P. Morgan AG with a change in the legal form from a German corporation to a European corporation at the same time.

J.P. Morgan SE is an intermediate 100% subsidiary of JPMorgan Chase & Co. with registered office in Wilmington/Delaware, in the United States of America. The Bank has a full bank license according to § 1 Para. 1 German Banking Act and pursues the banking business with institutional and wealth management clients, banks, corporate clients and public authorities. The shares of J.P. Morgan SE are in full ownership of J.P. Morgan International Finance Limited with registered office in Newark/Delaware, in the United States of America.

Segment “Banking”

Banking Segment

Corporations, governments and institutions throughout Europe entrust us with their business. Our Investment & Corporate Banking provides strategic advice, capital raising and risk management expertise. Payments offers a full suite of treasury, trade and global payment solutions, while Lending supports the activities of our clients by granting loan commitments.

Global Investment Banking

J.P. Morgan SE’s Investment & Corporate Banking business is one of the leading wholesale banking client franchises in the EEA. We serve clients, including corporations, governments, banks and financial institutions, private equity companies and family/start-up companies. Our clients operate in the EEA and beyond, and with the strength of our franchise, we offer a complete range of strategic banking services to help clients achieve their goals. Our approach to serving clients has always centered on doing first-class business in a first-class way. We strive to build trusted, long-term relationships by taking a holistic and forward-looking view on our relationships, and identifying ways to help clients achieve their most important business objectives.

Global Investment Banking focuses on the origination, structuring and other activities for Debt Capital Markets (“DCM”), Equity Capital Markets (“ECM”) and Mergers & Acquisitions (“M&A”) with underwriting and placement activities carried out by the relevant Markets team.

Payments

J.P. Morgan Payments ("JPMP") is a global sub-line of business within JPM Group’s Corporate and Investment Bank. Payments in J.P.Morgan SE is comprised of Payments & Commerce Solutions ("P&CS") (excluding Merchant Services and Commercial Cards), Liquidity & Account Solutions, and Trade & Working Capital. JPMP offers integrated, comprehensive payments, liquidity and financing solutions to clients across industry segments and markets, and a suite of working capital and risk management solutions. J.P. Morgan SE and the associated Payments business have 5 main booking locations with Frankfurt, Amsterdam, Dublin and Luxembourg representing major Payments booking centers offering payments processing in 35 currencies, and focusing on offering open bank solutions, while Brussels has become a smaller booking location after the migration from JPMCB Brussels branch into J.P. Morgan SE Brussels branch in 2022.

J.P. Morgan SE services Financial Institutions (including Central Banks), Public Sectors, Non-Bank Financial Institutions (incl. FinTech companies), Corporates and other JPM Group entities. With the rapid growth of new products and services and the changing payments landscape (e.g. digital wallet, marketplaces, real-time) in recent years, the client base is also changing with FinTechs representing now an important client segment for J.P. Morgan SE.

J.P. Morgan SE continues to bear the global responsibility for Group-wide "high value" payment transactions in Euro. The Bank is a member of all relevant Euro clearings, bit for high-value payments and for bulk payments, and is one of the leading banks in the area of clearing in TARGET2 and EURO1.

In the area of trade and working capital, we offer our customers a large number of innovative working capital-oriented products in addition to traditional financing and hedging products. These are products such as supplier financing programs or inventory financing programs. We book the trade & working capital business of J.P. Morgan SE exclusively in Frankfurt.

Lending

In 2022, J.P. Morgan SE continued to support its clients in the European Economic Area ("EEA"), including private and public corporates, financial institutions and private equity companies, by granting further loan commitments offering a complete product range.

Segment “Markets”

J.P. Morgan SE is a primary client-facing entity for EEA as well as non-EEA clients and holds JPM Group’s memberships of the EEA trading venues. This includes memberships on all relevant European stock exchanges and with the majority of European central counterparties ("CCP"). CCPs outside the EEA are accessed under indirect clearing agreements through the memberships of other sister companies within the JPM Group.

At the end of 2022, the Bank employed Trading personnel primarily in Paris, with a significant additional footprint of Markets sales staff in selective branches with a focus on servicing predominately EEA clients.

The client base consists of institutional clients across all client sectors, including banks, asset managers, pension funds, insurance companies, hedge funds, private equity firms, special purpose vehicles ("SPV"), public sector entities and corporates.

An overview of the business areas in the “Markets” segment is provided below:

Fixed Income:

- Rates
- Fixed Income Financing
- Securitized Product Group
- Global Credit Trading & Syndicate
- Commodities
- Currency & Emerging Markets

Equities:

- Equities (cash Equities, EDG, prime finance, global clearing).

Segment „Securities Services“

Operating under the merged entity J.P. Morgan SE, we continue to act as a regulated custodian in Germany, having offered global custody and custodian services for institutional clients since 1995, while now expanded allowing the Group's global Securities Services business unit to offer our full range of products and services through branches of J.P. Morgan SE in Amsterdam, Brussels, Copenhagen, Dublin, Helsinki, Luxembourg, Oslo and Stockholm.

The full service center setup with standalone processing and infrastructure provides the platform for J.P. Morgan to be one of the largest European providers of securities services. Furthermore, the business has established centers of excellence throughout the world that enable a consistent operating model and service experience for its clients across the range of their services.

In 2022 across the merged entity, we provided safekeeping for a total volume of €2.98 trillion for our institutional clients across custody and collateral.

Within key EEA locations, J.P. Morgan SE is the 2nd largest custodian in Luxembourg (for local domiciled funds) and 3rd in Ireland. In Germany, we are the 5th largest custodian. .

Segment „Commercial Banking“

Commercial Banking (“CB”) provides comprehensive financial solutions, including lending, payments, investment banking and asset management products across three primary client segments: Middle Market Banking, Corporate Client Banking and Commercial Real Estate Banking. Middle Market Banking covers small and midsized companies, local governments and nonprofit clients. Corporate Client Banking covers large corporations. Commercial Real Estate Banking covers investors, developers, and owners of multifamily, office, retail, industrial and affordable housing properties.

CB engages and introduces other LOBs to meet the needs of its clients, acting primarily as a coverage function that leverages product capabilities of the Corporate & Investment Bank, including Payments, DCM, ECM, M&A and corporate derivative products and services.CB's business in J.P. Morgan SE targets Corporates headquartered in the European Economic Area("EEA"), as well as EEA-based subsidiaries of multinational Corporates.

Segment „Private Bank“

The Private Bank (PB) in J.P. Morgan SE has a strategic focus to provide services to Ultra-High Net Worth ("UHNW") clients across EMEA and offers expertise across wealth management disciplines to help advance toward their goals to grow, manage and sustain their wealth. PB serves clients in existing core onshore markets i.e. Benelux (Belgium, Netherlands, Luxembourg), the Nordics region (Sweden, Denmark, Norway, Finland and Iceland) with bankers presence in Copenhagen and Stockholm, Germany, Italy, Spain, Greece and the UK and offshore markets i.e. Russia, Israel, MENAT (Middle East, North Africa and Turkey) and Ireland (covered out of Luxembourg).

The business targets UHNW individuals (> USD 25 mm) whose assets may be held in trusts, or other tax and estate planning vehicles, such as limited partnerships or personal investment companies.

PB products can be broadly classified into Investment, offering on a fully managed, collaborative or self-directed approach basis, depending on the level of guidance and involvement of our client advisors, Lending and Banking services with a full range of cash management options.

Objective of the Disclosure Report

This Disclosure Report, combined with the 2022 Annual Report, provides a comprehensive overview of the risk profile and risk management at J.P. Morgan SE.

The Disclosure Report implements the requirements of Articles 431 – 455 of the CRR. The Disclosure Report includes, in particular, information about:

- own funds structure, own funds requirements and key metrics for J.P. Morgan SE
- information on internal loss absorption assets, as well as capital instruments and eligible liabilities
- detailed information about credit or counterparty risks, market price risks, interest rate risks in the banking book, operational risks, credit risk adjustments and credit risk mitigation techniques and unencumbered assets
- information required under Article 450 CRR on the remuneration system at J.P. Morgan SE (in accordance with the German Institutional Remuneration Regulation [Institutsvergütungsverordnung])
- Capital buffers, securitizations, leverage and liquidity.

According to Article 432 CRR, and in line with EBA/GL/2014/14 on the materiality and confidentiality of disclosure, the principle of materiality applies to the contents reported. Legally protected or confidential information is not included in this report. As permitted by Article 432(2) CRR, the present report waives disclosure of information on how the business model affects the encumbrance of assets, the significance of the encumbrance for the business model of the institution (Table EU AE4(b)) and information on Article 448 (g) with regard to the average and longest repricing maturity assigned to non-maturity deposits. In order to ensure adequate disclosure in practice, regular reviews of the report's contents are held.

Certification of appropriateness of the disclosure obligations (under Article 431 CRR)

The Management Board of J.P. Morgan SE certifies that the Bank has made the disclosures required in this part in accordance with the formal procedures and internal processes, systems and controls. The requirements under Articles 432, 433 and 434 CRR are regularly reviewed and adjusted as necessary for the Bank. The Bank uses a quality assurance procedure that requires reviews of the Disclosure Report across several hierarchical levels. Despite the use of a standard regulatory software application, reconciliation activities are also carried out between the relevant disclosure forms and the reporting forms for COREP, FINREP, liquidity, unencumbered assets, securitizations, etc.

I confirm that I have taken all reasonable measures to ensure that, to the best of my knowledge, the information presented in this Pillar 3 disclosure complies with the requirements of Part 8 of EU Regulation No. 2013/575 and 2019/876 (and its subsequent amendments) (CRR2) and has been prepared in accordance with the formal policies, internal control processes, guidelines, systems and controls agreed upon at the senior management level.

Burkhard Kuebel-Sorger

CFO J.P. Morgan SE

Frequency and means of disclosure (as per Articles 433, 433a, 433b, 433c, 434 CRR)

Since the first quarter of 2021, J.P. Morgan SE has prepared a quarterly disclosure report in accordance with Article 433a CRR, and since the second quarter of 2021, as a large, unlisted institution in accordance with Articles 433a (2) and 433a (3) CRR.

As required by Art. 434 CRR, the Disclosure Report is published on the website of JPMorgan Chase & Co. at http://investor.shareholder.com/jpmorganchase/basel.cfm

Scope (as per Article 436 CRR)

This Disclosure Report is based on the regulatory scope of consolidation. This includes J.P. Morgan SE. As of 31/12/2022, J.P. Morgan SE has two subsidiaries which, due to their size, do not constitute a consolidated requirement in accordance with Article 19 CRR.

The annual financial statements of J.P. Morgan SE are prepared in accordance with IFRS. This provides the basis for the quantitative information in the present report, and the basis for the creation of the regulatory notifications under CRR.

All values in this Disclosure Report, unless otherwise specified, are shown in EUR million. Cells displayed as "0" are related to values less than EUR 500,000. An empty cell means no value exists. Due to rounding, numbers presented in the templates may not always add up precisely to the totals. Unless otherwise stated, the information in this report relates to 31/12/2022.

Figure 1: EU LI1 - Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories (in € m.)

31/12/2022		a	b	c	d	e	f	g
		Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Carrying values of items				
				Subject to the credit risk framework	Subject to the CCR framework	Subject to the Securitization framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset classes according to the balance sheet in the published financial statements								
1	Cash and central bank balances	75,341	75,341	75,341				
2	Loans and advances to banks	9,763	9,763	9,763				
3	Loans and advances to customers	19,747	19,747	19,747				
4	Securities purchased under agreements to resell or borrowed	66,244	66,244		66,244			
5	Investment securities							
6	Trading assets	220,384	220,384		220,384	636	219,748	
7	Property and equipment	339	339	339				
8	Intangible assets	29	29	29				
9	Deferred tax assets	164	164	164				
10	Current tax asset	118	118	118				
11	Other assets	43,700	43,700	1,685	42,015			
12	**Total assets**	**435,829**	**435,829**	**107,187**	**328,643**	**636**	**219,748**	
Breakdown by liability classes according to the balance sheet in the published financial statements								
1	Deposits from banks	43,097	43,097	8,110				34,987
2	Deposits from customers	94,780	94,780					94,780
3	Securities sold under repurchase agreements or loaned	27,851	27,851		27,851			
4	Trading liabilities	194,541	194,541		194,541		194,541	
5	Financial liabilities designated at fair value through profit or loss	2,992	2,992		2,992		2,992	
6	Provisions	87	87					87
7	Current tax liabilities	319	319					319
8	Other liabilities	33,292	33,292					33,292
9	Subordinated liabilities	15,171	15,171					15,171
10	Equity	23,700	23,700					23,700
11	**Total liabilities**	**435,829**	**435,829**	**8,110**	**225,383**		**197,532**	**202,337**

Figure 2: EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements

(in € m.)

31/12/2022		a	b	c	d	e
		Total	Items subject to			
			Credit risk framework	Securitization framework	CCR framework	Market risk framework
1	Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	656,213	107,187	636	328,643	219,748
2	Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	431,025	8,110		225,383	197,532
3	Total net amount under the scope of prudential consolidation	225,188	99,077	636	103,259	22,216
4	Off-balance-sheet amounts	57,911	57,911			
5	Differences in valuations	856			856	
6	Differences due to different netting rules, other than those already included in row 2					
7	Differences due to consideration of provisions					
8	Differences due to the use of credit risk mitigation techniques (CRMs)	(75,645)	(26,967)		(48,678)	
9	Differences due to credit conversion factors	(27,112)	(27,112)			
10	Differences due to Securitization with risk transfer					
11	Other differences	24,102	11,569		30,540	
12	Exposure amounts considered for regulatory purposes	205,300	114,478	636	85,978	4,208

Figure 3: EU LI3 - Outline of the differences in the scopes of consolidation (entity by entity)

a	b	c	d	e	f	g	h
31/12/2022	Method of accounting consolidation	Method of prudential consolidation					Description of the entity
Name of the entity		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
J.P. Morgan SE	Full consolidation	X					Credit institution

Figure 4: EU LIA - Explanations of differences between accounting and regulatory exposure amounts

31/12/2022 Legal basis	Row number	Qualitative information
Article 436(b) CRR	a	There are no differences between columns a and b for J.P. Morgan SE in the EU LI1 reporting template as of 31/12/2022
Article 436(d) CRR	b	The main difference between the accounting and regulatory scope of consolidation shown in template EU LI2 is driven by credit risk mitigation techniques in the area of counterparty credit risk.

Figure 5: EU LIB - Other qualitative information on the scope of application

31/12/2022 Legal basis	Row number	Qualitative information
Article 436(f) CRR	a	There were no impediments to the immediate transfer of own funds or the repayment of liabilities within the Group during 2022.
Article 436(g) CRR	b	Since J.P. Morgan SE has no subsidiaries to consolidate, there are no subsidiaries not included in the consolidation with less own funds than the prescribed amount.
Article 436(h) CRR	c	The use of the exception under Article 7 CRR or of consolidation on an individual basis under Article 9 CRR was not applied by J.P. Morgan SE in 2022
Article 436(g) CRR	d	Since J.P. Morgan SE has no subsidiaries to consolidate, there is no total amount by which the actual own funds in all subsidiaries not included in the consolidation are less than the prescribed amount.

Figure 6: EU PV1 - Prudent valuation adjustments (PVA)) (in € m.)

31/12/2022		a	b	c	d	e	EU e1	EU e2	f	g	h
		Risk category					Category level AVA - Valuation uncertainty		Total category level post-diversification		
	Category level AVA	Equity	Interest Rates	Foreign exchange	Credit	Com-modities	Unearned credit spreads AVA	Invest-ment and funding costs AVA		Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
1	Market price uncertainty	230	333		98	0	12	13	312	309	3
2	Not applicable										
3	Close-out cost	289	319		65	8	42		306	306	0
4	Concentrated positions	44	42		21				107	107	0
5	Early termination										
6	Model risk	24			0		28	3	28	28	
7	Operational risk	21	29		11	0			62	61	0
8	Not applicable										
9	Not applicable										
10	Future administrative costs	19	20		1	0			41	41	
11	Not applicable										
12	Total Additional Valuation Adjustments (AVAs)								856	852	4

2. Objectives and principles of risk management (as per Article 435 CRR)

Statement on the adequacy of the risk management procedures (information required by Article 435 (1) (e) CRR)

The Management Board of J.P. Morgan SE classifies existing risk management methods and procedures as being appropriate to the business and risk strategy and the resulting risk profile of J.P. Morgan SE. Approval of this declaration by the Management Board is part of the approval process for this Disclosure Report.

Risk Statement of the Management Board (as required by Article 435 (1) (f) and Article 451a (4) CRR in combination with EU OVA (a), EU CRA (a) and EU LIQA (i))

With regard to the risk statement as defined by Article 435 (1) (f) CRR, please refer to the following explanations in this report in connection with the approval of this report by the Management Board. Intragroup transactions are not relevant to J.P. Morgan SE, as it is a non-consolidating company.

RISK MANAGEMENT

Risk is an inherent part of the business activities of J.P. Morgan SE and JPMorgan Chase & Co. ("the Firm"). When J.P. Morgan SE extends a loan, makes markets in securities, or offers other products or services, it takes on some degree of risk. The 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 entity and the Firm.

Effective risk management in J.P. Morgan SE requires, among other things:

- Acceptance of responsibility, including identification and escalation of risk issues, by all individuals within the entity
- Ownership of risk identification, assessment, data and management within each of the lines of business (LOBs) and Corporate functions, and
- Independent risk governance which is embedded into Firmwide risk governance and oversight structure as appropriate.

The entity and the Firm strive for continual improvement in their efforts to enhance controls, ongoing employee training and development, talent retention, and other measures.

J.P. Morgan SE Risk Management has remained focused on serving its stakeholders. In compliance with directives by governments around the world, the Firm and the entity have been reducing the exposures and managing key risks arising from the Russia-Ukraine crisis, including country, credit, market, capital and liquidity risk, as well as assessing potential secondary impacts of the crisis. J.P. Morgan SE has implemented strategies, processes and controls designed to respond to increased market volatility, client demand for credit and liquidity, distress in certain industries or economic sectors and governmental actions, including the imposition of financial and economic sanctions.

Arising from the merger of the three legacy entities in Germany, Luxembourg and Ireland, the risk profile of J.P. Morgan SE in January 2022 was impacted by the significant increase in scale of the entity, together with the addition of Private Banking business and on-going growth throughout 2022. There continues to be developments to internal processes for management of the risk profile, for example, enhancements to risk inventory post the merger and to risk taxonomy/risk classification. The on-going instability in the geopolitical environment is closely monitored and the impact to the risk profile assessed where applicable to individual risks. Recent market turbulences with the collapse of Silicon Valley Bank and the takeover of Credit Suisse by UBS had limited impact on J.P. Morgan SE's risk profile. Exposures to affected counterparties were limited.

Risk Management is also focused on risks related to the increased potential for cyber-attacks that may be conducted in retaliation for the sanctions imposed on Russia, and has instituted additional precautionary measures to address these risks, and procedures to expedite the remediation of any high risk vulnerabilities, as they are identified. Regular interactions were implemented with the business within the entity as well as close dialogue across risk stripes to closely monitor market developments.

The current outlook for 2023 should be viewed against the backdrop of the global and EU economies, the on-going war between Russia and Ukraine, financial markets activity, the geopolitical environment, the competitive environment, client and customer activity levels, and regulatory and legislative developments in the EU and other countries where the Firm does business. Each of these factors may affect the performance of the entity and the Firm. J.P. Morgan SE will continue to make appropriate adjustments to its businesses and operations in response to ongoing developments in the business, economic, regulatory, and legal environments in which it operates.

RISK GOVERNANCE FRAMEWORK

The risk governance framework involves understanding the drivers of risks, types of risks, and impacts of risks.

Drivers of risks are factors that cause a risk to exist. These include, but are not limited to the economic environment, regulatory or government policy, competitor or market evolution, business decisions, process or judgment error, deliberate wrongdoing, dysfunctional markets and natural disasters.

Types of risks are categories by which risks manifest themselves. The Firm and the entity risks are generally categorized in the following four risk types:

- Strategic risk is the risk to earnings, capital, liquidity, or reputation arising from poorly designed or failed business plans or inadequate responses to changes in operating environment.
- Credit and investment risk is the risk associated with the default or change in credit profile of a client, counterparty or customer, or loss of principal or a reduction in expected returns on investments.
- 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.
- 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.

Impacts of risks are consequences of risks, both quantitative and qualitative. There may be many consequences of risks manifesting, including quantitative impacts such as a reduction in earnings and capital, liquidity outflows, and fines or penalties, or qualitative impacts such as damage to the Firm's and entity's reputation, loss of clients and customers, and regulatory and enforcement actions.

J.P. Morgan SE Risk Strategy

J.P. Morgan SE's approach to risk management builds on the Firmwide approach. The risk strategy brings together the various components of the Firm's and J.P. Morgan SE's Risk Governance Framework. It sets out the principles for risk management in J.P. Morgan SE as defined by the Management Board of J.P. Morgan SE and is approved by the Supervisory Board. The completeness and suitability of the risk strategy are reviewed at least annually based on the J.P. Morgan SE business strategy.

The principles set out in the risk strategy are derived from J.P. Morgan SE's Business Strategy 2023-2025, where it outlines the key external factors that could threaten the execution of J.P. Morgan SE's Business Strategy. These include amongst others climate change, inflation, trade disputes and changes in the regulatory environment that could present difficulties for the LOBs to successfully implement their business strategies and meet their targets.

The linkage of the risk strategy to the business strategy is ensured by the involvement of the risk function in the business strategy process. The risk function is involved in any update to the business strategy and assesses necessary changes to the Risk Strategy and Risk Appetite from a risk perspective. It also takes into consideration the business strategy in the forward-looking risk identification process which ultimately goes into the Risk Appetite and monitors Business Risk Indicators in the Risk Appetite Statement, especially in the Return on Equity (RoE).

J.P. Morgan SE's businesses are highly regulated, and the laws, rules and regulations that apply to J.P. Morgan SE have a significant impact on its business and operations. The Risk Strategy of the entity is compliant to the specific rules and regulations for a German bank and through its branch network established across a number of jurisdictions in EMEA. The increased regulation and supervision of J.P. Morgan SE has affected the way that it sets risk strategy and structures its risk appetite.

J.P. Morgan SE's risk strategy could be adversely impacted by changes in laws, rules and regulations, or changes in the application, interpretation or enforcement of laws, rules and regulations, that:

- proscribe or institute more stringent restrictions on certain financial services activities
- impose new requirements relating to the impact of business activities on environmental, social and governance ("ESG") concerns, the management of risks associated with those concerns and the offering of products intended to achieve ESG-related objectives, or
- introduce changes to antitrust or anti-competition laws, rules and regulations that adversely affect the business activities of J.P. Morgan SE.

External Market Change that can cause uncertainty to J.P. Morgan SE's businesses and operations has also been accounted in building the risk strategy. New monetary, fiscal and policy initiatives within the European Union could impact the European market and global economic growth and create market volatility in the financial market.

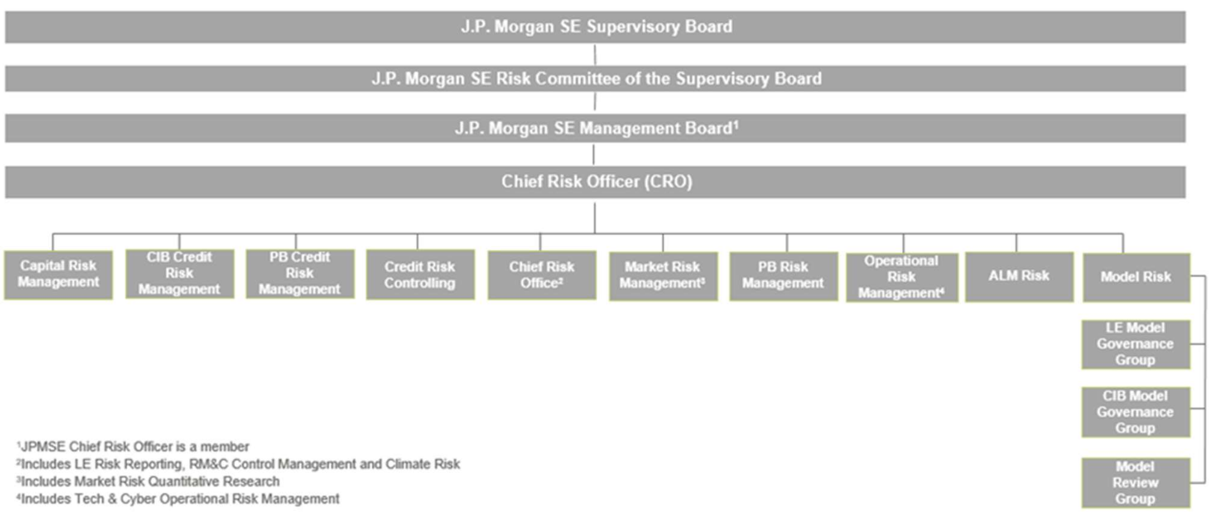
J.P. Morgan SE overall appetite for risk is governed by Risk Appetite framework for quantitative and qualitative risks. By setting a tolerance for risk, the entity aims to always ensure risk-bearing capacity and liquidity. The risk strategy covers all material risks identified by the Risk Inventory and is, if necessary, further specified for individual risk categories in the form of partial risk strategies and then made concrete and operational using policies, frameworks, guidelines, and operating procedures.

The following principles apply for overall risk management and monitoring:

- Clearly defined organizational structures and documented processes are in place for all risks and respective business activities, from which the responsibilities and competencies of all involved functions are derived.
- There is a clear segregation of duties between first and second line of defense to avoid potential conflicts of interest.
- J.P. Morgan SE defines and implements suitable procedures for risk identification, measurement, aggregation, management, monitoring, and communication of the risk categories.
- There is an established approach to creating and managing a sound risk culture within the entity through the Business Conduct and Risk Culture Framework. This is further achieved through J.P. Morgan SE's Remuneration Policy to encourage individuals to behave with standards of integrity and deter excessive risk taking.

J.P. Morgan SE Risk Governance and Oversight Structure

J.P. Morgan SE has an Independent Risk Management (IRM) function, which consists of the Risk Management and Compliance organizations. The Chief Risk Officer ("CRO"), a Management Board member, leads the IRM organization and is responsible for the risk governance of J.P. Morgan SE.



Each area of J.P. Morgan SE giving rise to risk is expected to operate within the parameters identified by the IRM function, and within its own management-identified risk and control standards. J.P. Morgan SE's first line of defense consists of each LOB, Treasury and Chief Investment Office (T/CIO) and certain Other Corporate initiatives, including their aligned Operations, Technology and Control Management. The first line of defense own the identification of risks within their respective organizations and the design and execution of controls to manage those risks. Responsibilities also include adherence to applicable laws, rules and regulations and implementation of the risk governance framework established by IRM, which may include policies, standards, limits, thresholds and controls.

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

The J.P. Morgan SE CRO is responsible for independently overseeing, monitoring/controlling and reporting J.P. Morgan SE risks. In order to ensure optimal effectiveness of J.P. Morgan SE’s Risk Management and to leverage the Firmwide expertise, J.P. Morgan SE Risk is integrated into Firmwide and Europe, Middle East and Asia (EMEA) risk stripes aiming to achieve consistency across legal entities.

The Internal Audit function, as the third line of defense, operates independently and provides objective assessment of the adequacy and effectiveness of entity's processes, controls, governance and risk management. In addition, other functions contribute to the J.P. Morgan SE control environment, including Finance, Human Resources, Legal, Control Management and Technology.

The independent status of the IRM function is supported by a governance structure that provides for escalation of risk issues to senior management, the J.P. Morgan SE Risk Oversight Committee ("ROC"), or the J.P. Morgan SE Management Board. J.P. Morgan SE’s risk management is organized into risk functions which cover the risk profile of the entity.

The overall objective of the Management Board of J.P. Morgan SE, under the supervision of the Supervisory Board, is to take reasonable care to establish and maintain risk systems and controls that are appropriate to the business of J.P. Morgan SE and its branches. J.P. Morgan SE Management Board delegated the J.P. Morgan SE ROC to review the entity’s overall risk situation monthly in light of current market conditions and identifies forward looking risk concerns and mitigations. The ROC provides oversight of any risk issues in relation to risk-bearing capacity and the J.P. Morgan SE Internal Capital Adequacy Assessment Process (ICAAP), where appropriate or required. Analysis, monitoring and reporting of performance against risk and capital limits is presented to the relevant forum on a regular basis.

If necessary, the J.P. Morgan SE ROC escalates issues to the Management Board, the Risk Committee of the Supervisory Board and/or the Supervisory Board of J.P. Morgan SE.

J.P. MORGAN SE RISK MANAGEMENT FRAMEWORK

Risk Identification

Part of J.P. Morgan SE’s risk management framework is the identification of risks, as well as the design and execution of controls, inclusive of Risk Management-specified controls, to manage those risks. To support this activity, J.P. Morgan SE has established a risk inventory procedure which is based on the Firmwide risk identification framework. It is designed to supplement the existing risk management processes by providing a means to comprehensively and consistently document material risks that are inherent in the entity’s business.

The classification of individual risk categories as a material risk is based on whether the occurrence of the risk could have a serious negative effect on J.P. Morgan SE’s risk-bearing capacity, liquidity or capital situation or profitability. The materiality thresholds are recalibrated on an annual basis to consider the size, business model and complexity of the legal entity.

As per the risk inventory dated December 31, 2022, the following risk categories are considered material for J.P. Morgan SE:

- Credit risk including wholesale credit risk, and investment portfolio risk (pension risk)
- Market risk, including interest rate risk in the banking book (IRRBB)
- Operational risk
- Strategic risk including capital risk, business risk and liquidity risk

The materiality assessment follows a gross approach (i.e. without taking into account actions designed to mitigate the underlying risks) and is forward-looking (1 year horizon) to ensure a comprehensive overview of J.P. Morgan SE's potential vulnerabilities, identifying also the risks that J.P. Morgan SE may be exposed to in the future.

Risk Appetite

J.P. Morgan SE has developed a Risk Appetite Framework for quantitative and qualitative risks. Quantitative parameters are used to monitor and measure J.P. Morgan SE’s risk bearing capacity consistent with its stated risk appetite. Qualitative Risk Appetite assessment and monitoring protocol has been added leveraging the firmwide Qualitative Risk Appetite framework, but which are tailored to J.P. Morgan SE’s own business profile, governance, regional footprint and scale of activities.

Risk appetite is set for the material risks. It is set below risk capacity which is the maximum level of risk J.P. Morgan SE could bear without breaching constraints imposed by regulatory capital or liquidity requirements, other regulatory restrictions, or obligations to third parties which impact capital. Risk appetite must always be defined to be below Risk Capacity and incorporate a buffer deemed prudent by the J.P. Morgan SE Management Board. The buffer may be expressed in absolute or relative terms and may be lower than the ''business as usual'' buffer that management adheres to outside of a stress period. Where applicable, risk appetite quantitative parameters are expressed as losses under stress for individual risk types which can be used by risk stripes to propose more granular limits calibrated to these risk appetite levels.

Quantitative Risk Appetite thresholds were calibrated to account for the updated business strategy and increased risk sensitivities coming into the entity. The operationalization of Risk Appetite remains the same and calibration was carried out on stress results as the maximum amount of risk J.P. Morgan SE is willing to take.

J.P. Morgan SE manages and mitigates each of its qualitative risks down to appropriate levels by application of materially effective controls adequate to reduce risks where possible and practical. Factors that indicate a qualitative risk is “in excess” of these appropriate levels are for example:

- Significant levels of risk that exist without mitigating controls
- Inability to monitor and evaluate either the risk or performance of controls through metrics or
- Indication of a breakdown in the business operating model requiring significant changes to the business strategy, organizational structure, and governance processes

Risk Measurement and Reporting

Risk measurement and reporting in J.P. Morgan SE are performed by risk category on a daily (credit, capital, market, and liquidity risk), monthly (IRRBB, Country and Conduct Risk) or quarterly cycle (operational, model, climate, reputation, business and pension risks). The Internal Capital (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) is refreshed on a quarterly basis. All risk reports are subject to the data governance policy and the BCBS 239 framework.

In addition to regulatory limits, the Management Board at J.P. Morgan SE has defined a series of early warning indicators, which are monitored in a timely manner. Indicators and risk limits are clearly documented and include inter alia recovery indicators, credit limits, investment limits, bidding limits, position limits, as well as the minimum liquidity of J.P. Morgan SE. These also consider concentration risk with respect to other entities being part of JPMorgan Chase & Co.

For its meetings, the Management Board receives a detailed monthly overview of the development of the business areas, information on financial trends, a detailed risk report as well as a report from the Corporate functions. The scope of the quarterly risk report extends considerably beyond the monthly reporting and presents the risk situation in more detail.

For their meetings, the Supervisory Board as well as its Risk Committee receive a current summary of the topics discussed in the meetings of the Management Board, including a summary of the risk report. Any changes on the overall risk strategy of the entity, including its risk appetite and guiding principles governing risk measurement and reporting are presented to the Supervisory Board.

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)

The ICAAP including the risk bearing capacity analysis is a key steering instrument at J.P. Morgan SE with the goal of maintaining, at all times, an appropriate risk profile, adequate capitalization and thereby ensuring business continuity on an ongoing basis.

The normative perspective is a multi-year assessment of J.P. Morgan SE's ability to meet all capital-related regulatory and supervisory requirements on an ongoing basis under a baseline and adverse scenarios.

The economic perspective assesses capital adequacy, covering all material risks, over a 1-year horizon using internal quantification methodologies and an internal definition of economic capital resources.

J.P. Morgan SE's ICAAP architecture consists of several building blocks which coherently fit together and ensure that the J.P. Morgan SE maintains at all times sufficient capital to cover the risks that it is exposed to.

- **Risk identification and assessment**: This forms the basis of the ICAAP and results in an inventory of risks to which J.P. Morgan SE is exposed to. These risks are subsequently assessed for materiality based on defined materiality thresholds. Further details below.
- **Risk quantification**: Under the economic perspective and by the usage of internal quantification methodologies, J.P. Morgan SE quantifies material risks that may cause economic losses and deplete internal capital. In order to determine the regulatory capital demand, the quantification of risks in the normative perspective follows regulatory and accounting rules. Capital is held against all material risks except for those that cannot be adequately covered by capital, e.g. liquidity risk. However, any spillover effects on capital are taken into consideration.
- **Capital resources**: The available capital resources represent the amount of capital available to absorb unexpected losses and meet regulatory requirements on capital. A significant portion of J.P. Morgan SE's capital resources is in the form of Tier 1 capital which is the capital form capable of absorbing losses in a business continuity environment. While the normative perspective utilizes regulatory capital aligned with CRR rules and accounting standards, the economic perspective employs a more conservative definition of capital resources building on the normative perspective whereby only capital items capable of absorbing losses in a business continuity environment are considered.

- **Risk appetite**: J.P. Morgan SE has established a risk appetite framework which expresses the level of risk J.P. Morgan SE is willing to take to achieve its strategic objectives. Breaches of appetite are subject to a dedicated governance framework triggering escalations and management actions aimed at maintaining capital adequacy. The risk limits which are set below the Risk Appetite introduce additional levels of escalation. Further details can be found in the section “Risk Appetite".
- **Capital planning**: The capital plan is compatible with J.P. Morgan SE's business strategy, risk appetite and capital resources. Internally set targets and limits of capital adequacy metrics constitute constraints in order to safeguard capital adequacy on a forward-looking basis.
- **Stress testing**: Capital adequacy metrics both under the normative and the economic perspective are subject to regular stress testing to evaluate J.P. Morgan SE’s capital position and detect key vulnerabilities. Capital plan figures are considered under various tailored adverse scenarios in order to assess the resiliency of J.P. Morgan SE and the viability of its business strategy.
- **Reverse stress testin**g: Reverse stress testing is a risk management tool which aims to improve the awareness of current and potential vulnerabilities, by assessing which scenarios may lead the Entity to the point of non-viability. The Reverse Stress Test is an integral part of J.P. Morgan SE’s stress testing and is carried out as part of the ICAAP on an annual basis. This analysis is performed on a risk-by-risk basis and takes into account the nature, size, scale and complexity of J.P. Morgan SE’s business activities and risks. The list of potential scenarios and relative assumptions is the result of an assessment which considers all type of external adverse events, as well as the J.P. Morgan SE-specific risk factors, events and circumstances that could cause the business model of the Entity to become unviable.
- **Capital adequacy assessment**: J.P. Morgan SE's Management Board produces and signs annually a Capital Adequacy Statement (CAS) reflecting its view on capital adequacy, which is linked to specific conclusions and management actions to be taken to safeguard capital adequacy on a forward-looking basis.

J.P. Morgan SE submits the results of the annual ICAAP, signed by the Management Board, to the supervisory authorities as part of the monitoring by the ECB. Further, the ICAAP as a key risk management instrument, is at least refreshed and reported to the management body on a quarterly basis. The ICAAP also defines limits, which are used in the daily capital monitoring.

Normative Perspective

Capital methodologies in the normative perspective

- **Credit Risk and Counterparty Credit Risk**: J.P. Morgan SE applies the standardized approach (CRSA of CRR) to calculate its pillar 1 capital requirements for credit risk. External credit ratings are used to determine the credit quality steps and the associated risk weights based on the exposure class. The risk weights are then applied to the exposure to derive risk weighted assets (RWAs).
    - For OTC derivatives, both the internal model method (IMM) and SA-CCR are used to calculate exposure.
    - For securities financing and other collateralized transactions, the financial collateral comprehensive method, including supervisory volatility adjustments, is used to calculate exposure values.

- **Market Risk**: J.P. Morgan SE currently uses the standardized approach to calculate its regulatory market risk capital requirements. Capital requirements for FX risk, Interest Rate risk, Equity risk, and Commodity risk are calculated and aggregated without consideration of diversification effects.
    - Interest Rate Risk: J.P. Morgan SE uses the maturity approach, but for sub-sets of products, it has received the permission by the ECB to apply sensitivity models for interest rate risk in 2021.
    - Equity Risk: The standardized approach is used with a look-through for stock indices for the purposes of specific and general equity risks.
    - Commodity Risk: The maturity ladder approach is used to calculate capital requirements.
    - Non-delta risks (i.e. gamma and vega): The entity uses both the Delta-Plus method and the equity asset class scenario approach to quantify non-delta risks.
- **Credit Valuation Adjustment (CVA) Risk**: J.P. Morgan SE currently uses the standardized approach to calculate a CVA risk charge for OTC derivatives. Both the Internal Model Method (IMM) as well as SA-CCR are used to calculate the exposures.
- **Operational Risk**: Under the Basic Indicator Approach (BIA) as defined in the CRR, the capital requirement is equal to 15% of the average over the previous three years of the relevant indicator. J.P. Morgan SE applies currently the modified BIA for calculating its OpRisk-RWA, where also forward-looking revenues are used instead of historical revenues. This approach avoids an underestimation of the OpRisk RWA during this transitional phase where historical revenues aren't representative of the current state of the entity following the transformation it has undergone through Brexit and the completed merger into J.P. Morgan SE.

Economic Perspective

J.P. Morgan SE assesses its internal capital adequacy from an economic perspective as the ratio of total economic capital demand to internal capital resources. As per December 31, 2022 utilization is 39% compared to 46% a year earlier. The economic capital demand increased by +32% in 2022 mainly due to position migrations in the context of the creation of J.P. Morgan SE on January 22, 2022. Over the same period, the internal capital increased by € 6.4 billion mainly driven by the merger as the Tier 1 capital of J.P. Morgan Bank Luxembourg S.A. and J.P. Morgan Bank (Ireland) plc had been transferred into the new legal entity. The economic capital demand and internal capital is calculated at least on a quarterly basis and reported, as part of J.P. Morgan SE's risk reporting, to the Management Board.

J.P. Morgan SE does currently not take into account inter-risk diversification (i.e. between risk types) in the calculation of its total economic capital demand. The risk aggregation approach in use sums up risk-level economic capital results.

Economic capital risk measurement methodologies

All material risks are considered in the total economic capital demand and are quantified over a 1-year holding period at a 99.9% confidence level.

- **Credit Risk**: Credit Risk is quantified using the wholesale Economic Credit Capital model (ECC), with add-ons for risks not yet covered by the model. ECC seeks to capture the distribution of portfolio losses arising from credit risk through either defaults or changes in value. The model produces loss distributions that are then used to assess the entity's capital adequacy in the ICAAP. The principal drivers of portfolio capital are the risk characteristics of individual exposures and the correlations among different borrowers.

- **Market Risk**: J.P. Morgan SE determines its market risk capital requirements under the economic internal perspective using a Basel 2.5 market risk model, which is based on a combination of full-revaluation and sensitivity approaches across all trading book positions within a consistent risk factor simulation framework capturing both linear and high-order risk factors during market movements.
- **IRRBB**: J.P. Morgan SE's IRR capitalization methodology under the economic perspective intends to capture the impact to the economic value of equity from an adverse interest rate scenario.
- **Operational Risk**: The operational risk capital quantification for J.P. Morgan SE is based on results of a scenario analysis process in addition to analysis of historical recurring losses and existing legal matters. The risk scenarios that are quantified during the scenario analysis process are derived from the list of material risks and therefore are a representation of the most material risks within J.P. Morgan SE. The lower and upper bound of an exceptional but plausible loss is used as an input into the economic capital model to derive the operational risk capital for the entity.
- **Business Risk**: The quantification is based on historically observed deviations between planned and actual P&L items such as operating income and operating expenses excluding loan loss provisions. The methodology uses historical simulation of the observed (weighted) deviations and calculates business risk factors by determining the 99.9th quantile from the historical distribution. Applied to the current P&L plan, it results in an estimated capitalization amount for Business Risk over a 1-year risk horizon.
- **Pension Risk**: Economic capital is derived by stressing both assets and liabilities in J.P. Morgan SE's defined benefit pension schemes and capitalizing any resulting deficits which the entity could be liable to fund.

While the general aim is to quantify all material risks, some of the defined risks are not (directly) quantified as part of the ICAAP. This is the case when the risk is covered in a separate process: General Liquidity Risk is covered as part of the ILAAP. Capital risk is considered intrinsically within the ICAAP framework.

Internal Capital Resources

J.P. Morgan SE uses its regulatory own funds as a starting point for deriving its internal capital. Adjustments are made for positions that do not reflect the fair value concept underlying the economic perspective. Furthermore, capital items that do not provide loss absorbing capacity in a going concern situation (e.g., Tier 2 capital) are de-recognized for internal capital purposes.

In J.P. Morgan SE's view, all risks are adequately covered by capital and the capital in the entity is of high quality as it mainly consists of CET1 capital.

RISK CATEGORIES

The following paragraphs provide details of the individual risk types. The 2022 Risk Management Report is a consolidated report that is aligned with International Financial Reporting Standard 7 (IFRS 7) Financial Instruments: Disclosures. Key sections under include financial instruments grouped appropriately to the nature of the information presented and aligned with audited financial reports.

Credit risk

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

J.P. Morgan SE Credit Risk's overall strategy is to manage risks arising from the execution of the business strategy in a manner that balances serving the interest of its clients, customers and investors and protects the safety and soundness of the entity. To achieve this, J.P. Morgan SE Credit Risk seeks to maintain a risk profile that is diversified in terms of obligor type and rating, product type, industry, family, collateral and geographic concentration.

Credit Risk management

Credit Risk Management is an independent risk management function that monitors, measures and manages credit risk in J.P. Morgan SE and defines credit risk framework and procedures. This includes:

- maintaining a credit risk management framework
- monitoring, measuring and managing credit risk across all portfolio segments, including transaction and exposure approvals both at Firmwide and entity levels
- setting industry and geographical concentration limits as appropriate, and establishing underwriting guidelines
- assigning and managing credit authorities in connection with the approval of credit exposure
- managing criticized exposures and delinquent loans and
- estimating credit losses and supporting appropriate credit risk-based capital management.

The comprehensive Firmwide Credit Risk Framework is supplemented by regional frameworks as required. As such, J.P. Morgan SE's Credit Risk Management framework supplements the firmwide credit risk policy framework and is approved by J.P. Morgan SE's Management Board and the ROC. It specifies that credit decisions are made on the basis of clearly-defined, separate responsibilities for "Front Office" ("Markt") and "Back Office" ("Marktfolge") as well as the process of assigning and managing credit authorities in connection with the approval of all credit exposure.

Risk identification and measurement

The Credit Risk Management function monitors, measures, manages and limits credit risk across J.P. Morgan SE's businesses. Credit risk measurement employs several methodologies for estimating the likelihood of obligor or counterparty default. Methodologies for measuring credit risk vary depending on several factors, including type of asset, risk measurement parameters, and risk management and collection processes. Credit risk measurement is based on the probability of default (PD) of an obligor or counterparty, the loss severity given a default event (LGD) and the exposure at default (EAD).

Risk ratings are reviewed regularly by Credit Risk Management and revised as needed to reflect the borrower's current financial position, risk profile and related collateral. The calculations and assumptions are based on both internal and external historical experience and management judgment are reviewed regularly.

For portfolios that fluctuate in value based upon an underlying reference asset or index, potential future exposure is measured using probable and unexpected loss calculations based upon estimates of probability of default and loss severity given a default.

Expected credit losses

Credit impairment is estimated through an allowance for expected credit losses ("ECLs"), recognized in three stages. The measurement of ECLs reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes. To this end J.P. Morgan SE uses five economic scenarios and calculates the ECL by weighting the outcomes.

The measurement of ECL also reflects how the Firm categorizes and manages the financial instruments for credit risk purposes, specifically Traditional Credit Products ("TCP"), and Non-Traditional Credit Products ("Non-TCP"). Instruments in scope for TCP include loans and lending-related commitments stemming from extensions of credit to borrowers; whereas Non-TCP includes, but is not limited to, other debt instruments valued at amortized cost such as reverse repurchase agreements and margin loans.

The determination of the ECL is based on the Staging of financial instruments. Stage 1 captures the instruments for which credit risk has reduced or has not significantly increased since initial balance sheet recognition. The ECL for Stage 1 assets is the expected credit losses over the next year (12-month ECL). Stage 2 captures the instruments for which credit risk has increased significantly since initial balance sheet recognition. The ECL for Stage 2 assets considers the expected credit losses over the entire residual term of the instrument (Lifetime ECL). Stage 3 assets are those which are classified as impaired as of the reporting date.

The ECL is determined for Stage 1 and Stage 2 customers on a collective basis using statistical risk parameters and forecasts of the economic environment. The underlying modelling framework is regularly reviewed and updated if necessary. For impaired instruments the ECL is determined individually on counterparty level. For Stage 3 exposures J.P. Morgan SE considers several counterparty specific scenarios as a base for calculation of the allowance. An impaired loan's allowance is measured using the present value of expected cash flows, discounted using the contractual interest rate as of the date the loan was deemed to be impaired. If the present value of expected cash flows is less than the gross carrying amount of the instrument, the ECL is equal to the shortfall.

In determining how exposures should be grouped for collective valuation, the Bank considers many factors including, but not limited to, internal credit ratings, loan duration, borrower country, and industry sector. Internal risk assessments generally correspond to those defined by Standard & Poor's ("S&P") and Moody's Investors Service.

Stress testing

Stress testing is important in measuring and managing credit risk in J.P. Morgan SE's credit portfolio. The process assesses the potential impact of alternative economic and business scenarios on estimated credit losses for J.P. Morgan SE.

Economic scenarios and the underlying parameters are defined centrally, articulated in terms of macroeconomic factors and applied across the businesses. The stress test results may indicate credit migration, changes in delinquency trends and potential losses in the credit portfolio. In addition to the periodic stress testing processes, management also considers additional stresses outside these scenarios, including industry and country specific stress scenarios, as necessary. Stress testing is used to inform decisions on setting risk appetite, as well as to assess the impact of stress on individual counterparties.

Credit Risk Approval and Control

- Approval of clients: All clients are subject to credit analysis and financial review by Credit Risk Management before new business is accepted.
- Establishment of credit lines: All credit exposure must be approved in advance by a J.P. Morgan SE Credit Officer with the level of credit authority required by the applicable credit authority grid. Such approvals, together with details of the credit limits, are recorded in the Credit Systems.
- In some instances, credit lines can be approved according to predetermined rules that are subject to annual review by the appropriate J.P. Morgan SE Credit Officers and the CRO of J.P. Morgan SE.
- Intraday exposure control: Intraday credit risk arising from cash payments is captured by the Firm's intraday exposure control system. Any exposure which exceeds a facility and is outside of a tolerance range requires the approval of an authorized Credit Officer.

Risk monitoring and management

J.P. Morgan SE implements policies and practices developed by the Firm. The policy framework establishes credit approval authorities, concentration limits, risk-rating methodologies, portfolio review parameters and guidelines for management of distressed exposures.

In addition, certain models, assumptions and inputs used in evaluating and monitoring credit risk are independently validated by groups separate from the LOBs.

As part of its management of credit and counterparty credit exposures, credit risk mitigation techniques are actively used to reduce the amount of credit risk, to spread the concentration of risk across the portfolio, and ultimately to ensure efficient use of capital in compliance with the applicable regulations. This is accomplished through a number of means, including receipt of collateral, master netting agreements, guarantees and credit derivatives and other risk-reduction techniques.

Credit risk is monitored regularly at an aggregate portfolio, product, segment, industry and individual client and counterparty level with established concentration limits that are reviewed and revised as deemed appropriate by management, typically on an annual basis. Industry and counterparty limits, as measured in terms of exposure and economic risk appetite, are subject to stress-based loss constraints.

Wrong-way risk is actively monitored. This refers to the risk that exposure to a counterparty is positively correlated with the risk of a default by the same counterparty, which could cause exposure to increase at the same time as the counterparty's capacity to meet its obligations is decreasing.

The Credit Risk Reporting Tool ("CRRT") provides the ability for live aggregation of loans and portfolios by isolation of client or facility level attributes, for example by obligor rating, industry (and sub-industry), product or geography, permitting J.P. Morgan SE to monitor the risks, within the portfolio. A credit risk report is prepared and a forum held on a monthly basis, attended by the Credit Officers, J.P. Morgan SE LOB Heads of Credit and Credit Risk Controlling, where key trends and any concentrations in the portfolio are highlighted, discussed, and further investigated as appropriate, with further escalation to the Risk Oversight Committee as deemed appropriate – in particular, forborne and non-performing loans are escalated to the ROC on a monthly basis.

Risk reporting

Credit risk reporting is carried out daily (e.g., for overdrafts), while a monthly credit risk report is used for monitoring credit risk and to support effective decision-making on the part of J.P. Morgan SE. Monthly reporting includes aggregate credit exposure, concentration levels and risk profile changes and is reported regularly to senior members of Credit Risk Management. Detailed portfolio reporting of industry, clients, counterparties and customers, product and geographic concentrations also occurs monthly, and the appropriateness of the allowance for credit losses is reviewed by senior management at least on a quarterly basis.

Through the risk reporting and governance structure, credit risk trends and limit exceptions are provided regularly to, and discussed with, the Risk Oversight Committee, the LOB Heads of Credit Risk and Credit Risk Controlling, the CRO and the Management Board of directors as appropriate.

Market risk

Market risk is the risk associated with the effect of changes in market factors such as interest and foreign exchange rates, equity and commodity prices, credit spreads or implied volatilities, on the value of assets and liabilities held for both the short and long term.

Market Risk Management monitors market risks and defines market risk policies and procedures. For detailed information on managing the risk i.e., the strategy, processes, structure and organization, and risk measurement and control, please see Chapter 13 "Market Risk".

Structural Interest Rate Risk

Structural Interest Rate Risk (IRR), or Interest Rate Risk in the Banking Book (“IRRBB”), is defined as the risk stemming from interest rate exposure resulting from traditional banking transactions (transactions for the period shown in the balance sheet and balance sheet-neutral transactions). For detailed information on managing the risk, i.e., the strategy, processes, structure and organization, and risk measurement and control, please see Chapter 15 "Interest Rate Risk in the Banking Book".

Liquidity risk

Liquidity risk is the risk of J.P. Morgan SE becoming 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. For detailed information on managing the risk, i.e., the strategy, processes, structure and organization, and risk measurement and control, please see Chapter 18 "Liquidity".

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 or the entity’s processes or systems. Operational Risk includes compliance, conduct, legal, and estimations and model risk.

Operational risk is inherent in the entity’s activities and can manifest itself in various ways, including fraudulent acts, business disruptions (including those caused by extraordinary events beyond the control of the entity), cyberattacks, inappropriate employee behavior, failure to comply with applicable laws, rules and regulations, inappropriate model application 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 entity’s financial position, the characteristics of its businesses, and the markets and regulatory environments in which it operates. For detailed information on managing the risk, i.e., the strategy, processes, structure and organization, and risk measurement and control, please see Chapter 14 "Operational Risk".

Estimations and Model risk

Estimations and Model risk, a subcategory of operational risk, is the potential for adverse consequences from decisions based on incorrect or misused estimation outputs.

Risk profile

J.P. Morgan SE uses models and other analytical and judgment-based estimations across various businesses and functions. The estimation methods are of varying levels of sophistication and are used for many purposes, such as the valuation of positions and measurement of risk, assessing regulatory capital requirements, conducting stress testing, evaluating the allowance for credit losses and making business decisions. As estimations are simplified representations of real-world relationships, their use presents risk due to possible flaws in their methodology and numerical routines, inputs and assumptions, implementation, use, or relationships between interdependent estimations. Estimations are tiered based on complexity, exposure and reliance to provide an indicator of the potential risk posed by the estimation: with Tier 1 posing the highest risk and Tier 4 the lowest.

J.P. Morgan SE's model risk management objectives are to identify, monitor, measure where possible and manage model risk. To this end, model risk policies and procedures mandate the following:

- Robust review of models in order to identify model risks
- Ensure compensating controls are considered where necessary
- Perform ongoing performance monitoring of models to ensure that they continue to perform throughout their life
- Ensure all models are adequately documented and tested

Capital risk

Capital risk is the risk that J.P. Morgan SE has an insufficient level or composition of capital to support its business activities and associated risks during both normal economic environments and under stressed conditions.

A strong capital position is essential to J.P. Morgan SE’s business strategy and competitive position. J.P. Morgan SE’s capital risk management strategy focuses on maintaining long-term stability to enable it to build and invest in market-leading businesses, even in a highly stressed environment. Prior to making any decisions that could impact future business activities, the Management Board considers the implications on J.P. Morgan SE’s capital.

Capital Risk Management

J.P. Morgan SE has a dedicated Capital Risk Management function, within its Risk Management function, whose primary objective is to provide independent oversight of capital risk across the entity. Capital Risk Management's responsibilities include, but are not limited to:

- Defining, monitoring and reporting capital risk metrics
- Establishing, calibrating and monitoring capital risk limits and indicators, including capital risk appetite
- Developing a process to classify, monitor and report capital limit breaches
- Performing an assessment of the entity's capital management activities, including changes made to the Contingency Capital Plan (CCP) described below
- Conducting assessments of the Firm's regulatory capital framework to ensure compliance with applicable capital rules

Capital Management

The Management Board is responsible for capital management. The primary objective of J.P. Morgan SE's capital management is to hold sufficient capital to:

- Support risks underlying business activities with a view of preserving capital strength
- Meet and exceed minimum regulatory requirements on capital
- Continue to build and invest in business activities through normal and stressed environments
- Retain flexibility to take advantage of future investment opportunities
- Ensure continued operation in the event of the parent company stress or resolution

The J.P. Morgan SE Management Board receives regular updates on the capital position and projections and has oversight of decisions related to capital usage and capital strategy.

The quarterly ICAAP aims to ensure that J.P. Morgan SE is adequately capitalized in relation to its risk profile and risk appetite through the economic cycle and under a range of severe but plausible stress scenarios. The quarterly ICAAP results are reviewed by the ICAAP Steering Committee, the Risk Oversight Committee and the J.P. Morgan SE Management Board.

Contingency Capital Plan

J.P. Morgan SE's contingency capital plan specifies the principles underlying the entity's approach towards capital management in normal economic conditions and during periods of stress. The contingency capital plan defines how J.P. Morgan SE calibrates its targeted capital levels and meets minimum capital requirements, monitors the ongoing appropriateness of planned capital distributions, where applicable and sets out the capital contingency actions that are expected to be taken or considered at various levels of capital depletion during a period of stress.

Business risk

J.P. Morgan SE defines business risk as the risk associated with J.P. Morgan SE's current and future business plans and objectives. Business risk includes the risk to current or anticipated earnings, capital, liquidity, enterprise value, or J.P. Morgan SE's reputation arising from adverse business decisions, poor implementation of business decisions, or lack of responsiveness to changes in the industry or external environment.

The risk is driven by a combination of factors (internal and external) where unexpected changes could adversely impact the ability of the LOBs to successfully implement their business strategies and meet their targets. A regular comparison of the actuals with the plan, which might result in adjustments if necessary, should minimize such deviations.

This economic capital requirement for business risk results together with the other economic risk categories in the total economic capital requirement of J.P. Morgan SE.

The Risk Strategy of J.P. Morgan SE aims to minimize business risks through oversight and control processes. This is reflected in the J.P. Morgan SE Business Strategy 2023-2025. This strategy for managing Business Risk in J.P. Morgan SE takes account of the range of uncertainties that can impact on key planning assumptions and can lead to deviations between planned and actual results. It is the role of the J.P. Morgan SE Management Board to review business results and address any material deviations from the Business Plan and anticipated changes to the business profile that may require an update to the underlying assumptions.

Pension risk

J.P. Morgan SE defines pension risk as the risk caused by contractual or other liabilities to, or with respect to, a pension scheme (whether established for its employees or those of a related company or otherwise). Pension risk is driven by market and demographic risk where the pension scheme may be unable to meet future expected benefit payments. Pension risk therefore represents the potential necessity for increased pension risk provisions.

J.P. Morgan SE manages pension risk with a dedicated pension governance framework. This includes regular reporting, a pension committee and a corresponding investment committee. J.P. Morgan SE's pension schemes are exposed to significant falls in equity and/or other risky asset markets, decreases in real and/or nominal interest rates, and increases in inflation expectations and life expectancy, each of which, or in combination, could lead to a pension capital shortfall and consequent impact to J.P. Morgan SE's Profit and Loss.

Pension risk is quantified on the basis of a VaR model with a 99.9% confidence level and a 1-year holding period, semi-annually evaluated by J.P. Morgan SE's pension administrator, and taken into account in a separate quantification. Should this VaR exceed the asset surplus of the pension fund, this amount will be deducted from the risk-bearing capacity.

RISKS MANIFESTING ACROSS VARIOUS RISK TYPES

Country risk

J.P. Morgan SE, through its LOBs and Corporate functions, may be exposed to country risk resulting from financial, economic, political or other significant developments which adversely affect the value of the entity's exposures related to a particular country or set of countries.

J.P. Morgan SE's approach to country risk management mirrors the Firmwide approach and is complemented by country-specific guidelines for exposure and stress. Entity specific thresholds for country risk are monitored monthly and reported to the Risk Oversight Committee and the Management Board.

Organization and Management

Country Risk Management is an independent risk management function that assesses, manages and monitors country risk and reports to the Firm's CRO. For J.P. Morgan SE, this group actively monitors the portfolio of the entity with the following activities:

- Maintaining policies, procedures and standards consistent with a comprehensive country risk framework
- Assigning sovereign ratings, assessing country risks and establishing risk tolerance relative to a country
- Measuring and monitoring country risk exposure and stress across the entity
- Managing and approving country limits and reporting trends and limit breaches to the Management Board
- Developing surveillance tools, such as signaling models and ratings indicators, for early identification of potential country risk concerns
- Providing country risk scenario analysis

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 constituents, including clients, counterparties, customers, investors, regulators, employees, communities or the broader public.

Organization and management

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

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

- Maintaining a Firmwide Reputation Risk Governance policy and a standard consistent with the reputation risk framework

- Overseeing the governance execution through processes and infrastructure that support consistent identification, escalation, management and monitoring of reputation risk issues Firmwide

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

Climate Risk

Climate risk is the risk associated with the impacts of climate change on the Firm's and J.P. Morgan SE's clients, customers, operations and business strategy. Climate change is viewed as a driver of risk that may impact existing types of risks managed by the Firm and J.P. Morgan SE. Climate risk is categorized into physical risk and transition risk.

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

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

Organization and management

J.P. Morgan SE's approach to climate risk management is driven by the firmwide Climate Risk Management Framework which sets the principles for climate risk management. For more information on the firmwide Climate Risk Management Framework, please refer to the 2022 Climate Report[1].

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

Climate Risk also includes the Global Environmental and Social Risk Management (GESRM) team, which is responsible for establishing the Firm's environmental and social ("E&S") risk standards that outline the approach for identification, escalation and management of transactions and activities that may present an increased E&S risk.

The LOBs and Corporate are responsible for the identification, assessment and management of climate risks present in their business activities and for adherence to applicable climate-related laws, rules and regulations.

J.P. Morgan SE Risk Management has established a dedicated setup for Climate and Environmental Risk management which reflects the principle that climate risk is a risk driver that is being integrated into existing risk types and is not being treated as a standalone risk type. Within the Chief Risk Office team (CRO team), a Climate & Environmental (C&E) Risk lead has been appointed with the task to manage the overall Climate and Environmental Risk delivery of the J.P. Morgan SE Risk function and

[1] https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/documents/Climate-Report-2022.pdf

to ensure the linkage to the firmwide Climate and Environmental Risk teams. C&E Risk leads have been appointed across all risk stripes.

Governance and oversight

J.P. Morgan SE's approach to managing climate risk is consistent with the Legal Entities' risk governance structure. The LOBs and Corporate are responsible for integrating climate risk management into existing governance frameworks, or creating new governance frameworks, as appropriate. J.P. Morgan SE Risk Management is integrated into the legal entity governance structure. The C&E Risk lead or the head of the CRO team represent J.P. Morgan SE in all relevant Climate and Environmental Risk forums and committees within J.P. Morgan SE and in the firm.

J.P. Morgan SE Risk Management has established a dedicated program for its Climate and Environmental Risk related deliverables ("C&E Risk Program") throughout 2022 and 2023 to align to the requirements of the ECB Guide on Climate and Environmental Risks. Program updates are reported within the program as well as through the wider J.P. Morgan SE governance. ROC, Management Board as well as the Supervisory Board are regularly updated on project progress as well as key deliverables.

For JPMorgan Chase & Co, transparency about our business is a particular priority. The Firm regularly reports on environmental, social and governance issues, referred to below as "ESG". Information on ESG issues and the approaches taken with respect to them is communicated through a number of channels. An overview of this can be found on the JPMorgan Chase ESG information website.

In addition to the Firmwide ESG reporting, J.P. Morgan SE is publishing a nonfinancial statement at the entity level as an appendix to its 2022 Annual Report[2].

Fiduciary and Investment Risks

J.P. Morgan SE provides custody and investment services which requires the bank to operate with a duty of care and loyalty towards its clients. As an Investment Manager for clients' discretionary portfolios, the bank has a fiduciary obligation to ensure clients' assets are managed in-line with the agreed upon mandate with due skill, care, and diligence. In addition, J.P. Morgan SE must ensure that the best interest of the client is put before its own, its employees' or other clients' interests by identifying and managing conflicts or appearance of conflicts and that fair treatment of clients is at the heart of its business model. Further, Private Bank oversees Investment Risk on investment strategies for which J.P. Morgan SE exercises investment discretion, not meeting the stated objective and expectations set at the onboarding.

Information regarding the Group management regulations

In accordance with the requirements of the German Stock Corporation Act (AktG), J.P. Morgan SE has appointed a Management Board (Sections 76 et seqq. AktG) and a Supervisory Board (Sections 95-116 AktG) and respects the resulting allocation of tasks between the management and the supervisory body. The applicable requirements of the German Banking Act (KWG), the suitability of the management body, the selection of the members of the Supervisory Board and the

[2] https://www.jpmorgan.com/DE/en/disclosures

Management Board, and the objective to promote diversity are equally taken into account and implemented. Legal requirements for the limitation of the mandates of the Management Board (pursuant to Section 25c (2) KWG) and the Supervisory Board (pursuant to Section 25d (3) KWG) are complied with and verified.

Management Board of J.P. Morgan SE

The articles of association of J.P. Morgan SE stipulate that the Management Board consists of at least two members. Personnel changes to the Management Board were notified to the competent supervisory authorities in a timely manner. J.P. Morgan SE was managed by a seven-person Management Board as of the reporting date of December 31, 2022.

The Management Board is responsible for the applicable requirements of Section 25a KWG with regard to the proper business organization in compliance with the specifications in Section 25c KWG and the tasks assigned in the articles of association. The allocation of responsibilities among the members of the Management Board is determined by the Management Board in the Schedule of Responsibilities of J.P. Morgan SE, taking into account the prescribed separation between front and back office.

Members of the Management Board are appointed by the Supervisory Board in accordance with the provisions of the AktG and the KWG and in accordance with the articles of association of J.P. Morgan SE. The Supervisory Board is advised by the Nomination Committee on the structure, size, composition and performance of the Bank's Management and Supervisory Boards as well as about the knowledge, abilities and experience of the individual members of the Management Board and members of the Supervisory Board and of the respective body in its entirety and the results of the collective suitability to the Supervisory Board. The Nomination Committee monitors the compliance with the gender-diversity targets, and identifies and assesses candidates to fill vacancies for the Bank's Management Board and reviews and makes recommendations regarding the succession for the Management Board and Supervisory Board. The Nomination Committee reports to the Supervisory Board following its meetings.

J.P. Morgan SE has established rules and criteria for the selection of members of the Management Board in accordance with the applicable requirements. To qualify, a candidate must have sufficient theoretical and practical knowledge of the business unit concerned and management experience. In addition, the candidate must have a strong personality and relevant success in one or more business units relevant to the Group, whereby the size and complexity and the risk profile of the Group should correspond to that of J.P. Morgan SE.

The Nomination Committee reviews the individual and collective suitability of the Suitability Board and the Management Board at least annually and on an ad-hoc basis when the need arises. The requirements are based on those outlined in the Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2021/06).

The goal is to have a Management Board made up of individuals with a combination of skills, experience and personal qualities that are consistent with J.P. Morgan SE and also the J.P. Morgan Group.

Candidates who are employees of the J.P. Morgan Group may be recommended by the Management Board or Supervisory Board or by the shareholders.

Management Board meetings take place regularly. The meetings take place as often as the business requires, but at least once a month.

The members of the Management Board of J.P. Morgan SE as of December 31, 2022 are:

Please note that Cindyrella Amistadi, Tom Prickett and Gunnar Regier have retired from the Management Board in March 2023.

Stefan Behr

Chairman of the Management Board since November 1, 2020, and member of the Management Board since June 2013; Mr. Behr is currently responsible for Corporate Banking, Investment Banking, Wholesale Payments, Securities Services, Lending and Commercial Bank. Mr. Behr headed Corporate Banking for Europe, the Middle East and Africa until he was appointed Chairman of the Management Board. Mr. Behr has worked for the J.P. Morgan Group since July 2012, and before that, at the Royal Bank of Scotland/ABN Amro starting in 2006. He has worked in banking for over 30 years. In 1991, Mr. Behr graduated as a graduate industrial engineer from the Technical University of Darmstadt.

Cindyrella Amistadi

Management Board member since April 2021; Ms. Amistadi is responsible for the Outsourcing, Operations and Technology division. She gained experience primarily in the areas of tax, finance and operations before joining the J.P. Morgan Group in June 2018. Prior to her appointment to the Management Board of J.P. Morgan SE, she was Head of Operations at J.P. Morgan Bank Luxembourg S.A. Ms. Amistadi has held senior banking roles for more than 15 years and studied business law at the Robert Schuman University in Strasbourg. In 2002, she earned a master's degree in international management in Metz, France.

Nicolas Conron

Management Board member since May 2018; as Chief Risk Officer, Mr. Conron is responsible for the Risk Management division and thus represents the back office at the Management Board level. He is also responsible for the Compliance division. He has worked for the J.P. Morgan Group since November 1998 and since then has served in several risk management roles, including most recently Global Head of Credit Risk for Treasury and Chief Information Officer. Mr. Conron studied economics at Monash University in Melbourne and completed an Executive MBA at the London Business School in 1999.

Burkhard Kübel-Sorger

Management Board member since April 2010; as Chief Financial Officer, Mr. Kuebel-Sorger is responsible for the Finance division. Mr. Kuebel-Sorger was entrusted with the implementation of the Brexit strategy for J.P. Morgan SE and, since joining J.P. Morgan SE in May 2005, has served in various capacities, including Chief Risk Officer and Chief Operations Officer. Overall, Mr. Kuebel-Sorger has more than 25 years of professional experience in the financial industry. Prior to joining J.P. Morgan, he was a Managing Director within the ABB Group and was responsible for the Treasury division. In 1991, Mr. Kuebel-Sorger earned a degree in business administration and a master's degree in European management from ESCP Business School Paris.

Gunnar Regier

Member of the Management Board since May 2019; as Head of Markets for Germany and Austria, Mr. Regier covers the Markets division as a member of the Management Board. He is also a permanent representative of J.P. Morgan Securities plc., Frankfurt. Mr. Regier began his career at J.P. Morgan 23 years ago and has been responsible for and supervised all market activities of J.P. Morgan SE since September 2018. Mr. Regier studied business administration and economics and attended the European Business School, Oestrich-Winkel, and the Universidad Argentina de La Empresa [Argentine University of Enterprise], Buenos Aires, and the University of California in Berkeley.

Tom Prickett

Management Board member since January 24, 2022. Mr. Prickett covers the Markets trading division as a member of the Management Board. Mr. Prickett holds a degree in mathematics from the University of Nottingham.

Pablo Garnica

Management Board member since January 24, 2022. Mr. Garnica is responsible for Private Banking and has more than 34 years of experience in financial services. Since joining J.P. Morgan in 1996, he has played a key role in facilitating partnerships across the firm's businesses to best align clients' sophisticated financial needs. Prior to joining J.P. Morgan in 1996, Mr. Garnica spent several years at Banesto in both Mexico and the United States, serving Latin American private clients and family businesses. Mr. Garnica holds a degree in Economics and Business from Colegio Universitario de Estudios Financieros (CUNEF).

Supervisory Board of J.P. Morgan SE

J.P. Morgan SE has set up a Supervisory Board to supervise the Management Board in accordance with the requirements of the AktG and in connection with the One-Third Employee Representation Act [Drittelbeteiligungsgesetz]. According to the One-Third Employee Representation Act, one-third of the Supervisory Board members must be employee representatives. In line with the articles of association of J.P. Morgan SE, the Management Board was monitored by a twelve-member Supervisory Board as of the reference date of December 31, 2022. Personnel changes to the Supervisory Board were notified to the competent supervisory authorities in a timely manner.

Mark Golding has resigned as a director effective August 25, 2022 and Paul Uminski was appointed effective August 26, 2022. Elena Korablina has resigned as a director effective December 31, 2022 and Elizabeth Munro was appointed effective January 1, 2023. Guy America has resigned as a director effective January 18, 2023 and Pranav Thakur was appointed effective January 19, 2023.

The Supervisory Board as a whole must have the necessary skills, knowledge and experience to supervise and control the Management Board of J.P. Morgan SE. The Supervisory Board members are selected according to the rules and criteria established by J.P. Morgan SE. The members of the Supervisory Board are elected by the shareholders at the Annual General Meeting. Suitable candidates may be recommended by the Management Board, Supervisory Board or by the shareholders. The search for independent members of the Supervisory Board (independent, nonexecutive director) is carried out via an external market search.

The members of the Supervisory Board must prove their professional suitability and reliability. They must be able to spend sufficient time fulfilling their tasks and have sound knowledge in all relevant areas in accordance with the applicable legal requirements.

The Supervisory Board meets as often as necessary, but at least once per quarter.

The members of the Supervisory Board of J.P. Morgan SE as of December 31, 2022 are:

Please note that Elena Korablina and Guy America are not part of the Supervisory Board in 2023.

Mark Garvin

Member of the Supervisory Board for more than 20 years. Mr. Garvin is Chairman of the Supervisory Board of J.P. Morgan SE. Mr. Garvin has worked for the J.P. Morgan Group and for its predecessor banks since 1978. After working for Latin America in various roles, he became a credit officer in Paris in 1982. He moved to London in 1985, where he took responsibility for customer service in the United Kingdom. He was named Deputy General Manager of the London office in 1988 and Senior Country Officer of the United Kingdom in 1992. He was named Chief Operating Officer for Europe, Middle East and Africa in 1997, and Chairman Treasury & Securities Services International in 2004. He held this position until he took over his current role in 2012. Mr. Garvin studied at Georgetown University, USA, and earned his MBA from American University.

Guy America

Member of the Supervisory Board since April 2018. Mr. America is Deputy Chairman of the Supervisory Board of J.P. Morgan SE. Mr. America is a member of the FICC Markets Standards Board (FMSB) and the Association for Financial Markets in Europe (AFME). Since 2014, Mr. America has been Co-Head of Global Spread Markets, responsible in a global role for monitoring all activities in the areas of Credit Trading, Securitized Products Group and Public Finance. Mr. America has been working for the J.P. Morgan Group since September 1994. He began his career as an analyst in Bond Option Trading and completed the J.P. Morgan Graduate Training Program in New York in 1995. Mr. America held various positions in Credit Trading until he was appointed Managing Director, Head of European Credit Trading, in 2003. In 2010, he took over the supervision of the Global Credit Trading Business as Head of Global Credit Trading before being entrusted with the oversight of all activities in Credit Markets in 2012. Mr. America studied economics at Erasmus University Rotterdam.

Andrew Cox

Member of the Supervisory Board since December 2021. Mr. Cox has 20 years of experience in Risk Management and Credit and has worked for the J.P. Morgan Group in various roles since 1987. Mr. Cox studied physics at Kings College, London.

Susan Dean

Ms. Dean is Managing Director for the Commercial Bank International division. Prior to taking on the responsibility of this business worldwide in 2020, she was responsible for several areas across Europe and previously gained experience as Managing Director in various areas such as Treasury Services, Transaction Services and Sales. Ms. Dean started her banking career in 1981 with bank training after successfully completing her schooling in England in 1980. She has more than 40 years of banking experience and has worked for the J.P. Morgan Group since 2004.

Paul Uminski

Member of the Supervisory Board since August 2023. Mr. Uminski has many years of experience in IT, supplemented by in-depth knowledge in the areas of risk and controls. Mr. Uminski worked for Goldman Sachs from 2003 to 2012 He studied Civil Engineering from University of Leeds and Computational Finance at Carnegie Mellon University.

Elena Korablina

Ms. Korablina worked at the firm for over 20 years. She is currently the Group controller. Prior to her current role, she held a number of roles at the firm, including Global Market CFO, EMEA CFO, EMEA Regional Controller, Global Product Controller for several Markets businesses, and Senior Finance Officer in different locations across Europe, including Moscow, Luxembourg, and London. Before joining J.P. Morgan, Elena was an auditor with PricewaterhouseCoopers in Moscow. Ms. Korablina earned a Bachelor of Science in Mathematical Economics from Moscow State University.

Thomas Freise

Member of the Supervisory Board since July 2008. Mr. Freise is an employee representative on the Supervisory Board and a member of the Audit and Control Committee, the Remuneration and Control Committee and the Nomination Committee. Mr. Freise has been working in the financial industry for over 33 years and has held the position of Chairman of the Works Council since December 2012, for which he is exempted from work. In 1982, Mr. Freise completed his training as an industrial clerk.

Wanda Eriksen

Member of the Supervisory Board since January 2020. Ms. Eriksen is an independent member of the Supervisory Board and heads the Audit and Control Committee, the Remuneration and Control Committee and the Appointments Committee. She is also a member of the Risk Committee. Ms. Eriksen is an auditor and has many years of experience in the supervision of companies. She holds Swiss and US citizenship and studied at the University of Illinois at Champaign-Urbana, USA, where Ms. Eriksen obtained a master's degree in accounting science in 1990. Ms. Eriksen has specific experience in the areas of accounting, regulatory requirements, risk analysis, internal control systems, assessment of business developments and strategies and the assessment of persons in top management as well as corporate governance. She has also been Chairwoman of the Management Board at the Swiss Federal Audit Oversight Authority since 2018.

Marco Kistner

Member of the Supervisory Board since February 2021. Mr. Kistner is an independent member of the Supervisory Board and heads the Risk Committee. He is also a member of the Audit and Control Committee, the Remuneration and Control Committee and the Nomination Committee. Mr. Kistner has been in the banking industry for more than 30 years and has many years of experience in the area of risk. As Chief Risk Officer Germany and Branch Manager, he was most recently responsible between 2016 and 2019 for Deutsche Bank, for which he worked for more than 30 years in total. Mr. Kistner holds a degree as a bank economist.

Tracey Campbell Devery

Member of the Supervisory Board since March 2022. Ms. Campbell Devery is an employee representative on the Supervisory Board and has been working in the Securities Services division since July 2005. Between 1999 and 2005, Ms. Campbell Devery worked as Head of Trustee in Bank of Ireland Securities Services. Ms. Campbell Devery is a Qualified Financial Advisor.

Maja Torun

Member of the Supervisory Board since March 2022. Ms. Torun is an employee representative on the Supervisory Board and is working in the Global Investment Banking business since July 2020. Ms. Torun has also worked in investment banking for Citibank and Deutsche Bank. Ms. Torun holds a MA in Applied Linguistics from Warsaw University, an MSc in International Relations from Warsaw School of Economics, Master in International Management from CEMS and an MBA from INSEAD.

Stephane Wathelet

Member of the Supervisory Board since March 2022. Mr. Wathelet is an employee representative on the Supervisory Board and has been working in the Securities Services division since September 2010. Mr Wathelet has previously held roles with

ING Life Luxembourg, HBOS Europe Financial Services and Chase Manhattan Bank Luxembourg. Mr. Wathelet holds an MBA from University of Liège.

Number of management or supervisory appointments held by members of the Management and Supervisory Boards

The following information refers to the requirements of Article 435 (2) CRR.

As of 31/12/2022, the members of the Management Board held the following number of appointments to a management or supervisory board (excluding their appointment at J.P. Morgan SE):

Figure 7: Mandates held by members of the Management Board

Name	Number of appointments to a management board	Number of appointments to a supervisory board
Stefan Behr	--	--
Cindyrella Amistadi	--	--
Nicolas Conron	1	--
Pablo Garnica	--	--
Burkhard Kübel-Sorger	--	--
Tom Prickett	--	--
Gunnar Regier	--	2

As of 31/12/2022, the members of the Supervisory Board held the following number of appointments to a management or supervisory board (excluding their appointment at J.P. Morgan SE):

Figure 8: Appointments held by members of the Supervisory Board

Name	Number of appointments to a management board	Number of appointments to a supervisory board
Mark S. Garvin	--	--
Guy America	--	--
Andrew Cox	--	--
Susan Dean	--	--
Paul Uminski	--	--
Elena Korablina	--	--
Thomas Freise	--	--
Wanda Eriksen	--	3
Marco Kistner	--	--
Maja Torun	--	--
Tracey Campbell Devery	--	--
Stephane Wathelet	--	--

Diversity strategy

We want to build a business that our customers and clients trust, and employees want to work for. To do this, we are placing diversity, equity and inclusion (DEI) at the heart of everything we do.

In 2017, the J.P. Morgan A.G. Supervisory Board established a five-year target of 30% for the number of women on both the Supervisory Board and the Management Board. Since the goal was set, there have been a number of structural and demographic changes to the entity, including the addition of certain lines of business. Following the merger of J.P. Morgan AG with J.P. Morgan Bank (Ireland) plc and J.P. Morgan Bank Luxembourg S.A. in January 2022, the diversity, equity and inclusion strategy for the newly established J. P. Morgan SE was reviewed and the target of 30% was upheld. The target will be reviewed for the Supervisory Board and Management Board in 2027.

As at year-end 2022, women represented 42% of the Supervisory Board and 14% of the Management Board. We know we have more work to do to increase the representation of women in senior roles. Guided by the firmwide DEI framework, the Management Board works tirelessly to advance an inclusive workplace culture where our people feel supported to bring their whole, authentic selves to work every day, confident that they can thrive with equal opportunities for career advancement. DEI is what makes the Bank and our Firm strong, and we want to build a workforce that brings together people with unique skills, backgrounds and professional experiences.

Description of the information flow to the management body, formation of committees

Reporting to the Management Board

For its at least monthly sessions, the Management Board receives a detailed overview of the development of the business units, information on financial trends, a detailed risk report as well as a report from the Corporate Functions. The risk strategy is based on the risk-type-specific organizational guidelines (note: term from AT 5 MaRisk) of the risk function. These define clear responsibilities as well as escalation processes in the event that critical thresholds are exceeded or undershot or defined limits are broken. The organizational guidelines are regularly updated and, if necessary, approved by the Management Board. In the spirit of strong governance, the Bank's Management Board has mandated a number of committees for overseeing the day-to-day activities. It has delegated the monitoring of operational business activities and the associated operational risks to the Location Operational Risk & Control Committee ("LORCC"). The Management Board has also mandated the Risk Oversight Committee which consists of experts of all significant types of risk, with the following tasks. It is responsible for setting J.P. Morgan SE's risk appetite, for monitoring the risk strategy, developing adequate methods and procedures for the assessment of the risk-bearing capacity, for analyzing individual risk events and for regularly informing the Management Board about the risk profile of J.P. Morgan SE. In the light of the Bank's branch network encompassing 13 branches in the EEA and a third-country branch in the UK, the Management Board is overseeing business activities and adherence with legal entity strategy, key policies and regulatory obligations through the Branch Oversight Committee. In addition, the Management Board has mandated the Assets & Liabilities Committee, which is chaired by the Bank's Treasurer, to monitor the liquidity and refinancing risk as well as the interest rate risk in the banking book of the Bank. In January 2022, the ICAAP Steering Committee was put in place. The committee defines the normative and economic perspective methodology as well as the stress scenarios for the quarterly ICAAP update. It reviews and challenges the quarterly results in preparation of the subsequent discussion by the Management Board. The R&R Steering Committee is responsibility for the oversight of all Recovery & Resolution activities related of J.P. Morgan SE and its branches, including the preparation and annual update of the Bank's recovery plan as well as execution of the multi-annual work programme of the Single Resolution Board ("SRB"), working closely with the firmwide Recovery & Resolution function with J.P. Morgan SE being classified as a 'Material Legal Entity' for JPM Group.

The members of the Management Board, irrespective of their responsibility for the management of business as a whole (overall responsibility), manage their area of responsibility in accordance with the schedule of responsibilities. Management measures affecting the responsibilities of several members of the Management Board must be agreed on between the responsible members of the Management Board. The members of the Management Board must inform each other of important activities, decisions and operations within their areas of responsibility regularly and, in urgent cases, outside of Management Board meetings. The Management Board has a framework in place with quantitative parameters outlining the escalation measures required from risk events resulting from operational risk, regulatory reporting or technology events.

In 2022 the five segments, Banking, Markets, Securities Services, Commercial Banking and Private Bank, were managed by four members of the Management Board and by three additional members of the Management Board, namely the CFO, the CRO and a Board Member with responsibilities for Outsourcing, Operations and Technology.

In addition to the outlined governance structure, J.P. Morgan SE has established a "three Lines of Defense" model, in which an independent risk management function is overseeing the segments and Corporate Functions, supplemented by an internal audit function.

Reporting to the Supervisory Board

For its sessions, the Supervisory Board receives a current summary of the topics discussed in the meetings of the Management Board, including a summary of the risk report. In addition, the Supervisory Board receives a monthly overview from the Chairman of the Management Board, which provides information about the development in current areas.

The Supervisory Board has formed a Risk, Audit and Nomination Committee as well as a Remuneration Control Committee. All four committees each have three members.

The Risk Committee of the Supervisory Board, chaired by an independent director, aims to advise the Supervisory Board on the Bank's current and future risk appetite and strategy, to support the Supervisory Board to monitor the implementation of the Bank's risk strategy as well as to form an opinion about the Bank's Internal Capital Adequacy Assessment Process ("ICAAP") results and the development of the risk profile across the various risk stripes. In addition, the Risk Committee is closely kept up-to-date in the definition of the recovery scenarios and their analysis. The Risk Committee, in carrying out its responsibilities, deliberates on a regular basis on the adequacy of the risks incurred with J.P. Morgan SE's current and future ability to manage these risks and the internal and regulatory own funds and liquidity reserves, taking into account the results of the stress tests. related to the Bank's ICAAP and Internal Liquidity Adequacy Assessment Process ("ILAAP"). In 2022 the Risk Committee had particular focus on the consequences of the war in the Ukraine on the Bank's risk profile, especially the impact on the Bank's credit portfolio as well as the consequences of EU sanctions. Furthermore it closely monitored the progress made by the Bank regarding the integration of climate and environmental risk into its risk strategy.

The Audit Committee of the Supervisory Board, chaired by an independent director, usually meets five times a year, with the auditors participating at least twice a year to discuss the audit plan, the annual financial statements and the final results of the statutory audit report. The Audit Committee focuses on the monitoring of the financial accounting process, the implementation of the statutory audit of accounts, particularly regarding the independence of the auditor and services provided by the external auditor, as well as effectiveness of the internal control system across the three Lines of Defense. During 2022 the Audit Committee additionally focused on the effectiveness of the Bank's branch oversight model as well as the sustainability of the outsourcing oversight model and plans for further enhancements.

The Remuneration Control Committee of the Supervisory Board meets with the primary objective to monitor the structure of the Bank's remuneration system for the Management Board and Material Risk Takers and to support the Supervisory Board with regard to the actual remuneration decision. The Remuneration Committee provides oversight of the alignment of remuneration processes with the Bank's policies, including the Remuneration Policy and the Malus & Clawback Policy.

The Nomination Committee advises the Supervisory Board on the structure, size, composition and performance of the Bank's Management with additional focus following the successful Merger in January 2022.

In general, the Management Board submits an ad hoc report to the Supervisory Board in the case of relevant events.

3. Regulatory own funds (as per Article 437 CRR)

J.P. Morgan SE's own funds consist of Common Equity Tier 1 (CET1) capital, Tier 2 capital and prudential filters.

Tier 1 capital consists of:

- the paid-in share capital totaling EUR 1,867 million divided into 160 million no-par shares. The no-par shares are 100% paid-in. It is held exclusively by J.P. Morgan International Finance Limited, Newark, Delaware, USA.
- the share premium, capital reserve, accumulated other comprehensive income and the retained earnings

These are, where relevant, corrected by regulatory filters:

- deductions for assets of a defined-benefit pension fund
- deductions for additional valuation adjustments
- inadequate coverage of non-performing exposures
- deductions for intangible assets
- gains and losses from derivative liabilities recognized at fair value, which are attributable to changes in the Bank's own credit risk (debit valuation adjustments – DVAs)

The Tier 2 capital consists of five subordinated loans:

- a subordinated loan of EUR 840 million with a term of 10 years (from 03/12/2020)
- a subordinated loan of EUR 1,630 million with a term of 10 years (from 08/01/2021)
- a subordinated loan of EUR 6,920 million with a term of 10 years (from 08/10/2021)
- a subordinated loan of USD 3,500 million with a term of 8 years (from 18/11/2020)
- a subordinated loan of EUR 2,500 million with a term of 10 years (from 23/12/2022)

Complete terms and conditions of the capital instruments are published on the following website at https://www.jpmorgan.com/DE/en/disclosures.

Figure 9: EU CC1 – Composition of regulatory own funds (in € m.)

31/12/2022		a)	b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	7,271	A / B
	of which: Instrument type 1		
	of which: Instrument type 2		
	of which: Instrument type 3		

2	Retained earnings	1,087	B
3	Accumulated other comprehensive income (and other reserves)	14,105	B
EU-3a	Funds for general banking risk		
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1		
5	Minority interests (amount allowed in consolidated CET1)		
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	1,238	
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	23,700	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(1,033)	
8	Intangible assets (net of related tax liability) (negative amount)	(29)	
9	Not applicable		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value		
12	Negative amounts resulting from the calculation of expected loss amounts		
13	Any increase in equity that results from securitized assets (negative amount)		
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		
15	Defined-benefit pension fund assets (negative amount)	(75)	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		

19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)		
EU-20c	of which: Securitization positions (negative amount)		
EU-20d	of which: free deliveries (negative amount)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		
22	Amount exceeding the 17,65% threshold (negative amount)		
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		
24	Not applicable		
25	of which: deferred tax assets arising from temporary differences		
EU-25a	Losses for the current financial year (negative amount)		
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to		
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		
27a	Other regulatory adjustments	(46)	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(1,184)	
29	Common Equity Tier 1 (CET1) capital	22,516	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts		
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		

33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1		
EU-33a	Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1		
EU-33b	Amount of qualifying items referred to in Article 494b(1) subject to phase out from AT1		
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		
35	of which: instruments issued by subsidiaries subject to phase out		
36	Additional Tier 1 (AT1) capital before regulatory adjustments		
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)		
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
41	Not applicable		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)		
42a	Other regulatory adjustments to AT1 capital		
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital		
44	Additional Tier 1 (AT1) capital		

45	Tier 1 capital (T1 = CET1 + AT1)	22,516	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	15,171	
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR		
EU-47a	Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2		
EU-47b	Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2		
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		
49	of which: instruments issued by subsidiaries subject to phase out		
50	Credit risk adjustments		
51	Tier 2 (T2) capital before regulatory adjustments	15,171	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
54a	Not applicable		

55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
56	Not applicable		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		
56b	Other regulatory adjustments to T2 capital		
57	Total regulatory adjustments to Tier 2 (T2) capital		
58	Tier 2 (T2) capital	15,171	
59	Total capital (TC = T1 + T2)	37,687	
60	Total risk exposure amount	107,887	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1	20.87%	
62	Tier 1	20.87%	
63	Total capital	34.93%	
64	Institution CET1 overall capital requirements	9.55%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.25%	
67	of which: systemic risk buffer requirement		
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.75%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage		
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	12.81%	
69	Not applicable		
70	Not applicable		
71	Not applicable		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	270	

73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	1	
74	Not applicable		
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	164	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)		
77	Cap on inclusion of credit risk adjustments in T2 under standardized approach	704	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)		
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

* The reference in column b of the EU CC1 reporting template is linked to the reference in column c of the EU CC2 reporting template

A presentation of the main features of the capital instruments can be found in Annex A of this Disclosure Report. With regard to Article 437 (e) CRR, J.P. Morgan SE does not apply any restrictions on the calculation of own funds.

Reconciliation of own funds with the balance sheet

Article 437 (a) CRR requires disclosure of a full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and the filters and deductions applied to own funds of the institution with the balance sheet in the audited financial statements of the institution.

The reconciliation of the own funds reported in the balance sheet with the capital reported for regulatory purposes is shown in the following table.

Figure 10: EU CC2 – Reconciliation of regulatory own funds against the balance sheet included in the audited financial statements

(in € m.)

31/12/2022		a)	b)	c)
		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference*
		As at period end	As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements				
1	Cash and central bank balances	75,341	75,341	
2	Loans and advances to banks	9,763	9,763	
3	Loans and advances to customers	19,747	19,747	
4	Securities purchased under agreements to resell or borrowed	66,244	66,244	
5	Trading assets	220,384	220,384	
6	Property and equipment	339	339	
7	Intangible assets	29	29	
8	Deferred tax assets	164	164	
9	Current tax asset	118	118	
10	Other assets	43,700	43,700	
11	**Total assets**	**435,829**	**435,829**	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements				
1	Deposits from banks	43,097	43,097	
2	Deposits from customers	94,780	94,780	
3	Securities sold under repurchase agreements or loaned	27,851	27,851	
4	Trading liabilities	194,541	194,541	
5	Financial liabilities designated at fair value through profit or loss	2,992	2,992	
6	Provisions	87	87	
7	Tax liabilities	319	319	
8	Other liabilities	33,292	33,292	
9	Subordinated liabilities	15,171	15,171	
10	**Total liabilities**	**412,129**	**412,129**	
Shareholders' Equity				
1	Subscribed capital	1,867	1,867	A
2	Share premium	5,404	5,404	A
3	Other capital reserves	14,069	14,069	B
4	Retained earnings	2,325	2,325	B
5	Other reserves	36	36	B
6	**Total shareholders' equity**	**23,700**	**23,700**	

* The reference in column c of the EU CC2 reporting template is linked to the reference in column b of the EU CC1 reporting template.

4. Own funds and eligible liabilities (under Article 437a and 447h CRR)

Main features of capital instruments

A description of the main features of Common Equity Tier 1, Additional Tier 1 and Tier 2 capital instruments issued by J.P. Morgan SE is given in Annex A of this Disclosure Report.

Key features of eligible liabilities

As of 31/12/2022, J.P. Morgan SE has eligible liabilities amounting to EUR 10 million.

TLAC and MREL

2019 saw the introduction of the Total Loss Absorbing Capacity (TLAC) requirement, and for banks in the European Union, the Minimum Requirements for Own Funds and Eligible Liabilities (MREL) in addition. This is to ensure that in the event of liquidation, sufficient funds are available for loss absorption to avoid recourse to tax assets.

The following tables disclose the requirements for internal MREL and internal TLAC.

Figure 11: EU ILAC - internal loss absorption capacity: MREL (internal) and, if applicable, requirements for own funds and eligible liabilities for non-EU G-SIIs (in € m.)

31/12/2022		a	b	c
		Minimum requirement for own funds and eligible liabilities (internal MREL)	Non-EU G-SII requirement for own funds and eligible liabilities (internal TLAC)	Quali-tative infor-mation
Applicable requirement and level of application				
EU-1	Is the entity subject to a Non-EU G-SII Requirement for own funds and eligible liabilities? (Y/N)			Y
EU-2	If EU 1 is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			I
EU-2a	Is the entity subject to an internal MREL requirement? (Y/N)			Y
EU-2b	If EU 2a is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			I
Own funds and eligible liabilities				
EU-3	Common Equity Tier 1 capital (CET1)	22,516	22,516	
EU-4	Eligible Additional Tier 1 instruments			
EU-5	Eligible Tier 2 instruments	15,171	15,171	
EU-6	Eligible own funds	37,687	37,687	
EU-7	Eligible liabilities	10	10	
EU-8	Of which permitted guarantees			
EU-9a	(Adjustments)			
EU-9b	Own funds and eligible liabilities items after adjustments	37,697	37,697	
Total risk exposure amount and total exposure measure				
EU-10	Total risk exposure amount	107,887	107,887	
EU-11	Total exposure measure	354,435	354,435	
Ratio of own funds and eligible liabilities				
EU-12	Own funds and eligible liabilities (as a percentage of TREA)	34.94 %	34.94 %	
EU-13	of which permitted guarantees			
EU-14	Own funds and eligible liabilities (as a percentage of leverage exposure)	10.64 %	10.64 %	
EU-15	of which permitted guarantees			
EU-16	CET1 (as a percentage of TREA) available after meeting the entity's requirements			
EU-17	Institution-specific combined buffer requirement		3.50 %	
Requirements				
EU-18	Requirement expressed as a percentage of the total risk exposure amount	23.38 %	16.20 %	
EU-19	of which may be met with guarantees			
EU-20	Internal MREL expressed as percentage of the total exposure measure	5.85 %	6.08 %	
EU-21	of which may be met with guarantees			
Memorandum items				
EU-22	Total amount of excluded liabilities referred to in Article 72a(2) CRR		335,773	

Figure 12: EU TLAC2a: Creditors' ranking (in € m.)

31/12/2022		Insolvency ranking						Sum
		1	3	12	12	13	14	
		Resolution entity	Resolution entity	Resolution entity	Other	Other	Other	
1	Empty set in the EU							
2	Description of insolvency rank (free text)	Common equity Tier 1 instruments	Tier 2 instruments	General creditors' claims	General creditors' claims	Deposits not covered, but preferential	Deposits covered and preferential	
3	Liabilities and own funds including derivative liabilities	22,516	15,171	137,078	216,133	43,083	663	434,645
4	of which excluded liabilities			21,791	68,799		663	91,253
5	Liabilities and own funds less excluded liabilities	22,516	15,171	115,287	147,334	43,083		343,392
6	Subset of liabilities and own funds less excluded liabilities that are own funds and eligible liabilities for the purpose of [choose as a appropriate: internal TLAC/internal MREL]	22,516	15,171		10			37,697
7	of which residual maturity ≥ 1 year < 2 years				10			10
8	of which residual maturity ≥ 2 year < 5 years							
9	of which residual maturity ≥ 5 years < 10 years		15,171					15,171
10	of which residual maturity ≥ 10 years, but excluding perpetual securities	20,649						20,649
11	of which perpetual securities	1,867						1,867

5. Capital requirements, risk-weighted exposure amounts, and key metrics (under Article 438 and 447 CRR)

Regulatory own funds requirement

J.P. Morgan SE determines the regulatory own funds requirement in accordance with the rules in the CRR. In addition to the credit risk, market risk and operational risk, the credit valuation risk (credit value adjustment – CVA) was also included:

- Credit risk: For the credit risk, the own funds requirement is determined using the standardized approach.
- Market risk: For market risk, the own funds requirement is determined using the standardized methods.
- Operational risk: To determine the own funds requirements for operational risk, the basic indicator approach is used. Since 12/31/2020, the Bank has received approval to determine the operational risk on the basis of planned and actual figures, which was applied for the first time with the report as of 12/31/2020. In 2022 the 3 years average has been calculated based on 2021 actuals and planned figures for 2022 and 2023.
- Own funds requirements for counterparty credit risk are determined using the standardized approach (SA-CCR) and a method based on an internal modeling method (IMM). The standardized method is used to determine the own funds requirements for the CVA risk.

The following overview shows the total RWAs that form the denominator of the risk-based own funds requirements under Article 92 CRR.

Figure 13: EU OV1 – Overview of total risk exposure amounts (in € m.)

31/12/2022		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		a	b	c
		DEC-22	SEP-22	DEC-22
1	Credit risk (excluding CCR)	33,984	36,532	2,719
2	Of which the standardized approach	31,481	34,048	2,519
3	Of which the Foundation IRB (F-IRB) approach			
4	Of which: slotting approach			
EU 4a	Of which: equities under the simple risk weighted approach			
5	Of which the Advanced IRB (A-IRB) approach			
6	Counterparty credit risk - CCR	29,364	36,480	2,349
7	Of which the standardized approach	4,398	5,366	352
8	Of which internal model method (IMM)	15,701	19,747	1,256
EU 8a	Of which exposures to a CCP	881	760	70
EU 8b	Of which credit valuation adjustment - CVA	4,368	5,842	349
9	Of which other CCR	4,016	4,764	321
15	Settlement risk	230	223	18
16	Securitization exposures in the non-trading book (after the cap)	494	528	40
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)	123	137	10
19	Of which SEC-SA approach			
EU 19a	Of which 1250%	372	386	30
20	Position, foreign exchange and commodities risks (Market risk)	36,010	43,825	2,881
21	Of which the standardized approach	36,010	43,825	2,881
22	Of which IMA			
EU 22a	Large exposures			
23	Operational risk	7,805	7,805	624
EU 23a	Of which basic indicator approach	7,805	7,805	624
EU 23b	Of which standardized approach			
EU 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	409	342	33
29	**Total**	**107,887**	**125,393**	**8,631**

The RWAs for J.P. Morgan SE decreased from EUR 125,393 million in the prior quarter to EUR 107,887 million mainly driven by a reduction in Counterparty Credit Risk and Market Risk.

Under Articles 36, 38, 48 CRR, the value of deferred tax assets as of the reporting date is EUR 164 million. Therefore, the amount is below the limit of 10% of the Common Equity Tier 1 capital and is therefore not deducted from the own funds, but is allocated a risk weighting of 250%.

Figure 14: EU KM1 – Key metrics template (if not specified in the rows of the table, in € m.)

Column e of figure EU KM1 represent J.P. Morgan SE before the merger. Other columns show J.P. Morgan SE amounts after the merger. J.P. Morgan Bank Luxembourg S.A. and the J.P. Morgan Bank (Ireland) plc, were merged into J.P. Morgan AG, as the acquiring legal entity effective January 22, 2022. At the same time, J.P. Morgan AG changed the legal form of a German Stock Corporation ("Aktiengesellschaft" – AG) to a European Company ("Societas Europaea" – SE).

31/12/2022		a	b	c	d	e
		DEC-22	SEP-22	JUN-22	MAR-22	DEC-21
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	22,516		21,434		16,218
2	Tier 1 capital	22,516		21,434		16,218
3	Total capital	37,687		34,193		25,758
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	107,887		123,689		89,857
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	20.87 %		17.33 %		18.05 %
6	Tier 1 ratio (%)	20.87 %		17.33 %		18.05 %
7	Total capital ratio (%)	34.93 %		27.64 %		28.67 %
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.75 %		2.75 %		2.75 %
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.55 %		1.55 %		1.55 %
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.06 %		2.06 %		2.06 %
EU 7d	Total SREP own funds requirements (%)	10.75 %		10.75 %		10.75 %
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50 %		2.50 %		2.50 %
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)					
9	Institution specific countercyclical capital buffer (%)	0.25 %		0.08 %		0.08 %
EU 9a	Systemic risk buffer (%)					
10	Global Systemically Important Institution buffer (%)					
EU 10a	Other Systemically Important Institution buffer	0.75 %		0.75 %		0.25 %
11	Combined buffer requirement (%)	3.50 %		3.33 %		2.83 %
EU 11a	Overall capital requirements (%)	14.25 %		14.08 %		13.58 %
12	CET1 available after meeting the total SREP own funds requirements (%)	13,817		11,461		8,973
	Leverage ratio					
13	Total exposure measure	354,435		419,780		205,107
14	Leverage ratio (%)	6.35 %		5.11 %		7.91 %
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)					
EU 14b	of which: to be made up of CET1 capital (percentage points)					
EU 14c	Total SREP leverage ratio requirements (%)	3.00 %		3.00 %		4.31 %
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)					
EU 14e	Overall leverage ratio requirements (%)	3.00 %		3.00 %		4.31 %
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	94,407		76,960		62,441
EU 16a	Cash outflows - Total weighted value	135,406		97,466		65,809
EU 16b	Cash inflows - Total weighted value	73,181		55,814		39,342
16	Total net cash outflows (adjusted value)	62,225		42,093		26,908
17	Liquidity coverage ratio (%)	152.49 %		224.41 %		263.50 %
	Net Stable Funding Ratio					
18	Total available stable funding	86,664		80,735		62,608
19	Total required stable funding	57,107		60,755		40,394
20	NSFR ratio (%)	151.76 %		132.89 %		154.99 %

Approach to assess capital adequacy (under Article 438 (a) CRR)

The Internal Capital Adequacy Assessment Process (ICAAP) is a key steering instrument at J.P. Morgan SE with the goal of maintaining, at all times, an appropriate risk profile, adequate capitalization and thereby ensuring business continuity on an ongoing basis. The ICAAP covers the entirety of procedures, methods and processes which ensure J.P. Morgan SE has sufficient capital to bear its risks, absorb losses and follow a sustainable strategy to achieve its business objectives. The ICAAP constitutes an integral part of the J.P. Morgan SE's management framework under two perspectives, the normative and economic perspective, with the following components.

The risk identification and materiality assessment process, through which risks are identified and analyzed for their materiality, forms the central basis of the ICAAP. The risk inventory, which takes into account both the economic and normative perspective, is based on a gross approach. All material risks, with the exception of liquidity risk due to its specific nature, are included in the capital adequacy assessment.

The risk appetite and thus the level of risk that J.P. Morgan SE is willing to take to achieve its strategic objectives is set for all material risks. The risk appetite includes capital risk appetite indicators covering the normative and economic perspective. In addition, ICAAP specific limits are defined, whose utilization is monitored and reported as part of the quarterly ICAAP calculations.

Existing capital resources define the risk coverage potential. While the normative perspective uses regulatory capital derived from CRR and accounting standards, the economic perspective uses an internal capital definition of risk coverage potential based on regulatory capital.

Risk measurement methods and models are used to quantify the regulatory and economic capital demand required to cover all material risks. The normative perspective which incorporates regulatory capital models is based on the Bank's capital planning (which takes into account the thresholds defined under the risk appetite and is aligned with the Bank's strategy and available capital) and a three-year time horizon. From an economic perspective, the economic capital demand for all material risks (credit risk, market risk, IRRBB, operational risks, business risk and pension risk) is determined using economic capital models, assuming a 99.9% confidence level and a one-year time horizon. No diversification effects are assumed between the risk types. The economic and normative perspective look at both baseline and adverse scenarios.

Multiple stress scenarios are used to assess the Bank's resilience and risk-bearing capacity as part of the capital planning. The normative and economic capital adequacy is subjected to regular stress tests in order to identify potential vulnerabilities and to assess whether the capital requirements can be met even under adverse conditions.

The capital adequacy is continuously monitored with dedicated reporting. Monitoring and evaluation is performed considering both current and medium-term perspectives. Complementing the continuous year-round process, the ICAAP concludes with a comprehensive annual capital adequacy assessment.

Result of the institution’s own procedure for assessing the adequacy of its internal capital (under Article 438 (c) CRR)

J.P. Morgan SE concludes that the Bank is adequately capitalized in baseline and stress scenarios as at 31/12/2022 from both the economic and normative perspective for material risks and regarding the relevant regulatory requirements.

Per Article 438 (c) CRR J.P. Morgan SE is obliged to and is able to disclose, upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process.

6. Counterparty credit risk (as per Article 439 CRR)

Counterparty credit risk at J.P. Morgan SE arises from:

- The use of derivative financial instruments in the area of interest rate, FX, equities, credit and commodities under the SA-CCR approach.
- Securities financing transactions (reverse repos) used to invest excess liquidity and to receive eligible securities as collateral for euro clearing.
- Clearing activities in exchange-traded derivatives (futures & options) in the Global Clearing division.

Internal capital and credit limits related to counterparty credit risk

The Bank expresses counterparty credit risk via Monte Carlo simulation models which generate mark-to-market distributions for a portfolio of financial instruments under various future market conditions. This calculation takes into account the impact of credit risk mitigations such as close-out netting and collateral arrangements, subject to appropriate legal opinions being in place.

To capture the potential future variability of credit risk, the Bank calculates three measures of potential credit losses related to derivatives per client: Maximum value (“Peak”), derivative risk equivalent ("DRE") and average risk ("AVG").

Peak represents a conservative measure of a counterparty’s potential risk, calculated in a manner that is equivalent to a 97.5% confidence level over the lifetime of the transaction. Peak is the primary measure used by the Bank for establishing credit limits for derivative transactions, for reporting to senior management and for derivative commitment management. DRE is a measure that expresses the risk of a derivative exposure on a basis that is intended to correspond to the risk of a loan. DRE is a less extreme measure of potential credit losses than Peak and is used to aggregate credit risks from derivatives with loans and other credit risks. Finally, AVG is a measure of the expected fair value of the Group’s derivative receivables in future periods, including the application of collateral. AVG exposure over the total term of the derivative contract is used for pricing purposes and is used to calculate credit risk capital and Credit Valuation Adjustment (CVA).

CVA is based on the AVG exposure to the counterparty and the counterparty’s credit spread. J.P. Morgan SE believes that active risk management is essential to control dynamic credit risk in the derivatives portfolio. The Bank actively manages the risk of changes in the CVA.

For SFTs, the Bank applies the Securities Risk Equivalent, a measure that is conceptually close to the DRE.

The Bank uses economic capital to assess the internal credit capital required to support the business in the event of unexpected credit losses. To calculate the economic capital, the allocation of losses for the portfolio is calculated by running Monte Carlo simulations applying J.P. Morgan’s Economic Credit Capital model with a one-year horizon. The key drivers of portfolio capital are:

- the risk characteristics of individual exposures; and
- correlations between different borrowers.

Portfolio capital is allocated to each exposure using a formula based on the exposure risk class, probability of default ("PD"), loss given default ("LGD"), credit equivalent exposure amount and maturity.

Policies to safeguard collateral and build up credit reserves

J.P. Morgan SE is subject to firm-wide policies regarding the type of acceptable collateral that can be used to hedge all forms of credit exposure. Cash and certain high-quality bonds are generally considered acceptable collateral.

Receipt of collateral to hedge credit exposures is reflected by the facility-level LGD estimate for traditional credit products and reflected by the exposure estimate for over-the-counter ("OTC") derivatives and repo-like transactions. The existence of guarantees is reflected in the internal risk class assigned to the exposure if the guarantee meets certain documentation standards and provides adequate coverage of the debtor's leverage, as well as economic and political risks. To address the residual risk when dealing with collateral and guarantees, the Firm has adopted policies to evaluate and monitor the enforceability and effectiveness of these credit risk mitigation measures.

Correlation risk guidelines

J.P. Morgan SE may be exposed to additional credit risk because certain OTC derivatives, cleared derivatives and securities financing transactions, or the collateral taken for those transactions, are affected by unfavorable correlation. A credit policy that defines the governance framework and additional controls has been established accordingly to cover the specific and general correlation risk. Certain unfavorably correlated OTC derivatives and securities financing transactions are assigned a conservative credit exposure, which would result in a higher CVA and economic credit capital than for unrelated transactions.

Unlike Specific Wrong Way ("SWW") risk, General Wrong Way ("GWW") risk tends to require a more subjective assessment of the correlation between the risk drivers of a transaction and the creditworthiness of the counterparty. Here, the potential risk of a transaction is materially related to the creditworthiness of the counterparty, but without there being any direct or legal connection.

In general, the impact of a downgrade in the company's credit rating is presented at a Group-wide level in the JPMorgan Chase & Co. SEC 10-K report. With reference to Article 439 (d) CRR, there are some contractual agreements that oblige J.P. Morgan SE to provide additional collateral to its counterparties in the event of a downgrade in its own rating. Such agreements are found less in the area of the German Framework Agreements, but in particular in the area of the ISDA contracts. J.P. Morgan SE would have to provide EUR 23 million of collateral if its credit rating was downgraded by 3 notches.

In determining the exposure value, J.P. Morgan SE does not have permission to determine alpha using its own estimates and therefore uses a value of 1.4 as defined in Article 284 (4) CRR.

The following tables show J.P. Morgan SE's counterparty credit risk.

Figure 15: EU CCR1 – Analysis of CCR exposure by approach (in € m.)

31/12/2022		a	b	c	d	e	f	g	h
		Replace-ment cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU1	EU - Original Exposure Method (for derivatives)				1.4				
EU2	EU - Simplified SA-CCR (for derivatives)				1.4				
1	SA-CCR (for derivatives)	353	5,315		1.4	65,188	7,936	7,932	4,398
2	IMM (for derivatives and SFTs)			14,994	1.4	35,486	20,992	20,902	15,701
2a	Of which securities financing transactions netting sets								
2b	Of which derivatives and long settlement transactions netting sets			14,994		35,486	20,992	20,902	15,701
2c	Of which from contractual cross-product netting sets								
3	Financial collateral simple method (for SFTs)								
4	Financial collateral comprehensive method (for SFTs)					254,476	19,750	19,750	4,023
5	VaR for SFTs								
6	**Total**					**355,150**	**48,678**	**48,584**	**24,122**

Figure 16: EU CCR2 – Transactions subject to own funds requirements for CVA risk (in € m.)

31/12/2022		a	b
		Exposure value	RWEA
1	Total transactions subject to the Advanced method		
2	(i) VaR component (including the 3× multiplier)		
3	(ii) stressed VaR component (including the 3× multiplier)		
4	Transactions subject to the Standardized method	11,091	4,368
EU4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
5	Total transactions subject to own funds requirements for CVA risk	11,091	4,368

Figure 17: EU CCR3 – Standardized approach – CCR exposures by regulatory exposure class and risk weights (in € m.)

31/12/2022		Risk weight											
Exposure classes		a	b	c	d	e	f	g	h	i	j	k	l
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	6,996				34	83			506			7,619
2	Regional government or local authorities	96											96
3	Public sector entities	710				486	8			72			1,276
4	Multilateral development banks	15					9						23
5	International organizations	66											66
6	Institutions		37,300			7,403	1,705			151			46,559
7	Corporates					11,397	1,172			17,226	5		29,800
8	Retail												
9	Institutions and corporates with a short-term credit assessment												
10	Other items										538		538
11	Total exposure value	7,883	37,300			19,320	2,977			17,956	543		85,978

Figure 18: EU CCR5 - Composition of collateral for CCR exposures (in € m.)

	31/12/2022	a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
	Collateral type	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	1	26,651	0	29,113		160,801		179,039
2	Cash – other currencies	19	19,485	18	12,737		28,691		41,458
3	Domestic sovereign debt						43,396		48,366
4	Other sovereign debt	1,694	1,258	1,793	69		152,585		112,271
5	Government agency debt						546		1,072
6	Corporate bonds	26	6				4,434		8,377
7	Equity securities		122				4,945		14,157
8	Other collateral	219	17,187	408	2,390		21,264		17,089
9	**Total**	**1,959**	**64,709**	**2,220**	**44,309**		**416,662**		**421,828**

Figure 19: EU CCR6 – Credit derivatives exposures (in € m.)

31/12/2022		a	b
		Protection bought	Protection sold
Notionals			
1	Single-name credit default swaps	8,497	9,395
2	Index credit default swaps	13,846	10,862
3	Total return swaps	1,161	1,341
4	Credit options		
5	Other credit derivatives		
6	**Total notionals**	**23,504**	**21,599**
Fair values			
7	Positive fair value (asset)	547	589
8	Negative fair value (liability)	(520)	(627)

Template EU CCR7 has not been disclosed, as J.P. Morgan SE is not listed and no G-SII. For all other large institutions the EBA mapping tool refers to C.34.11 column 20 which is empty, triggering an empty CCR7 template.

Figure 20: EU CCR8 – Exposures to CCPs (in € m.)

31/12/2022		a	b
		Exposure value	RWEA
1	**Exposures to QCCPs (total)**		**881**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	37,300	746
3	(i) OTC derivatives	28,579	572
4	(ii) Exchange-traded derivatives	4,030	81
5	(iii) SFTs	4,691	94
6	(iv) Netting sets where cross-product netting has been approved		
7	Segregated initial margin	3,058	
8	Non-segregated initial margin	35	7
9	Prefunded default fund contributions	749	128
10	Unfunded default fund contributions	1,692	
11	**Exposures to non-QCCPs (total)**		
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
13	(i) OTC derivatives		
14	(ii) Exchange-traded derivatives		
15	(iii) SFTs		
16	(iv) Netting sets where cross-product netting has been approved		
17	Segregated initial margin		
18	Non-segregated initial margin		
19	Prefunded default fund contributions		
20	Unfunded default fund contributions		

7. Countercyclical capital buffer (as per Article 440 CRR)

The countercyclical capital buffer (CCB) is regarded as a banking regulator macro-prudential instrument. It aims to counteract the risk of excessive lending growth in the banking sector. The institution-specific countercyclical capital buffer increases the supervisory minimum ratio to be maintained for CET1.

The following figure shows the geographic distribution of the exposures relevant for the calculation of the countercyclical capital buffer.

Figure 21: EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (in € m.)

	31/12/2022	a)	b)	c)	d)	e)	f)
		General credit exposures		Relevant credit exposures – Market risk		Securitization exposures Exposure value for non-trading book	Total exposure value
		Exposure value under the standardized approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models		
	Breakdown by country:						
1	Andorra	9		11			20
2	Armenia	10					10
3	Australia	81		24		—	105
4	Austria	238		151			389
5	Bahamas	83		—			83
6	Bahrain	28					28
7	Belgium	3,138		363			3,501
8	Belize	1					1
9	Bermuda	78		46			124
10	Botswana	—					—
11	Brazil	113		3			116
12	Bulgaria	37					37
13	Canada	291		281			572
14	Cayman Islands	896		7			903
15	Chile	3		—			3
16	China	21		4			26
17	Colombia	1		—			1
18	Côte d'Ivoire	—					—
19	Curacao	—		—			—
20	Cyprus	246		—			247
21	Czechia	32		—			32
22	Denmark	816		65			880
23	Dominican Republic	—					—
24	Egypt	34		—			34
25	El Salvador	2					2
26	Estonia	78		14			92
27	Faroe Islands			—			—
28	Finland	340		267			607
29	France	5,870		2,628			8,499
30	Georgia	—					—

31	Germany	3,069		2,494			5,563
32	Ghana	—					—
33	Gibraltar	7		—			7
34	Greece	93		7			101
35	Grenada	—					—
36	Guernsey	1,077		—			1,077
37	Hong Kong	51		51			102
38	Hungary	138		—			139
39	Iceland	—					—
40	India	2		2			5
41	Indonesia			5			5
42	Ireland	1,028		200		67	1,295
43	Isle of Man	112		—			112
44	Israel	154		1			155
45	Italy	4,739		410		—	5,149
46	Japan	—		72			72
47	Jersey	1,120		106		4	1,230
48	Jordan			—			—
49	Kazakhstan	—					—
50	Kenya	7					7
51	Korea, Republic of	—		70			70
52	Kuwait	127		—			127
53	Latvia	1		13			13
54	Lebanon	3					3
55	Liberia	63		1			64
56	Liechtenstein	117					117
57	Lithuania	—					—
58	Luxembourg	6,822		432		561	7,815
59	Malaysia	34		—			34
60	Malta	106		—			106
61	Marshall Islands	19		—			19
62	Mauritania	—					—
63	Mauritius	7		—			7
64	Mexico	35		1			37
65	Monaco	48					48
66	Morocco	1					1
67	Netherlands	2,980		1,183		2	4,165
68	New Zealand	—		122			123
69	Nigeria	58					58
70	Norway	652		275			927
71	Oman	—		52			52
72	Pakistan	—					—
73	Panama	4		1			5
74	Peru	3		—			3
75	Philippines	—		—			—
76	Poland	213		17			229
77	Portugal	426		56			482
78	Puerto Rico	—		—			—
79	Qatar	—		—			—
80	Romania	33					33
81	Russian Federation	93					93
82	Saint Kitts and Nevis	—					—

83	Saint Vincent and the Grenadines	—					—
84	San Marino	—		—			—
85	Saudi Arabia	24		—			24
86	Singapore	25		15			40
87	Slovakia	3		6			9
88	South Africa	1		12		—	13
89	Spain	3,825		475		—	4,300
90	Sweden	1,657		491			2,148
91	Switzerland	398		358			757
92	Taiwan, Province of China	8		1			9
93	Thailand	8		1			9
94	Tunisia	—					—
95	Türkiye	15		—			15
96	Uganda	—					—
97	United Arab Emirates	189		—			189
98	United Kingdom of Great Britain and Northern Ireland	16,198		1,758		1	17,957
99	United States of America	2,660		897			3,557
100	Virgin Islands (British)	1,550		—			1,550
101	Wallis and Futuna	3					3
102	Zambia	—					—
103	Zimbabwe	—					—
	Total	**62,455**		**13,451**		**636**	**76,542**

Figure 22: EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (in € m.) (continued)

	31/12/2022	g)	h)	i)	j)	k)	l)	m)
		Own fund requirements						
		Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitization positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Breakdown by country:							
1	Andorra	1	1		1	17	0.02 %	
2	Armenia	1			1	10	0.01 %	
3	Australia	6	1	—	8	100	0.14 %	
4	Austria	18	8		25	313	0.43 %	
5	Bahamas	5	—		5	64	0.09 %	
6	Bahrain	2			2	27	0.04 %	
7	Belgium	158	39		196	2,456	3.39 %	
8	Belize	—			—	1		
9	Bermuda	6	4		10	122	0.17 %	
10	Botswana	—			—	—		
11	Brazil	9	—		9	116	0.16 %	
12	Bulgaria	4			4	56	0.08 %	1.00 %
13	Canada	23	6		30	369	0.51 %	
14	Cayman Islands	70	—		71	885	1.22 %	
15	Chile	—	—		—	2		

16	China	1	—		1	18	0.02 %	
17	Colombia	—	—		—	1		
18	Côte d'Ivoire	—			—	—		
19	Curacao	—	—		—	—		
20	Cyprus	20	—		20	247	0.34 %	
21	Czechia	2	—		2	29	0.04 %	1.50 %
22	Denmark	63	13		76	955	1.32 %	2.00 %
23	Dominican Republic	—			—	—		
24	Egypt	3	—		3	34	0.05 %	
25	El Salvador	—			—	3		
26	Estonia	6	—		6	81	0.11 %	1.00 %
27	Faroe Islands		—		—	—		
28	Finland	27	35		62	771	1.06 %	
29	France	423	215		638	7,980	11.02 %	
30	Georgia							
31	Germany	228	247		475	5,935	8.20 %	
32	Ghana	—			—	—		
33	Gibraltar	1	—		1	7	0.01 %	
34	Greece	6	—		6	77	0.11 %	
35	Grenada	—			—	—		
36	Guernsey	87	—		87	1,094	1.51 %	
37	Hong Kong	2	4		6	76	0.11 %	1.00 %
38	Hungary	11	—		11	139	0.19 %	
39	Iceland	—			—	—		2.00 %
40	India	—	—		—	5	0.01 %	
41	Indonesia		—		—	—		
42	Ireland	83	20	322	425	5,318	7.35 %	
43	Isle of Man	9	—		9	118	0.16 %	
44	Israel	11	—		11	140	0.19 %	
45	Italy	382	40	2	424	5,300	7.32 %	
46	Japan	—	6		6	76	0.11 %	
47	Jersey	89	12	55	156	1,944	2.69 %	
48	Jordan		—		—	—		
49	Kazakhstan	—			—	—		
50	Kenya	1			1	7	0.01 %	
51	Korea, Republic of	—	2		2	21	0.03 %	
52	Kuwait	7	—		7	93	0.13 %	
53	Latvia	—	—		—	3		
54	Lebanon	—			—	1		
55	Liberia	5	—		5	64	0.09 %	
56	Liechtenstein	9			9	117	0.16 %	
57	Lithuania	—			—	—		
58	Luxembourg	556	38	112	707	8,836	12.21 %	0.50 %
59	Malaysia	3	—		3	34	0.05 %	
60	Malta	9	—		9	110	0.15 %	
61	Marshall Islands	2	—		2	19	0.03 %	
62	Mauritania	—			—	—		
63	Mauritius	—	—		—	4	0.01 %	
64	Mexico	3	—		3	36	0.05 %	
65	Monaco	3			3	37	0.05 %	
66	Morocco	—			—	1		
67	Netherlands	250	101	—	352	4,401	6.08 %	
68	New Zealand	—	2		2	30	0.04 %	

69	Nigeria	7			7	88	0.12 %	
70	Norway	36	6		42	527	0.73 %	2.00 %
71	Oman	—			—	—		
72	Pakistan	—			—	—		
73	Panama	—	—		—	5	0.01 %	
74	Peru	—	—		—	3		
75	Philippines	—	—		—	—		
76	Poland	17	—		17	209	0.29 %	
77	Portugal	34	27		61	768	1.06 %	
78	Puerto Rico	—	—		—	—		
79	Qatar	—	—		—	—		
80	Romania	3			3	33	0.04 %	0.50 %
81	Russian Federation	7			7	93	0.13 %	
82	Saint Kitts and Nevis	—			—	—		
83	Saint Vincent and the Grenadines	—			—	—		
84	San Marino	—	—		—	—		
85	Saudi Arabia	1	—		1	9	0.01 %	
86	Singapore	2	1		3	34	0.05 %	
87	Slovakia	—	—		—	4	0.01 %	1.00 %
88	South Africa	—	—	1	2	19	0.03 %	
89	Spain	312	62	—	375	4,684	6.47 %	
90	Sweden	132	25		156	1,956	2.70 %	1.00 %
91	Switzerland	30	35		65	807	1.11 %	
92	Taiwan, Province of China	—	—		—	5	0.01 %	
93	Thailand	1	—		1	9	0.01 %	
94	Tunisia	—			—	—		
95	Türkiye	1	—		1	15	0.02 %	
96	Uganda	—			—	—		
97	United Arab Emirates	9	—		9	114	0.16 %	
98	United Kingdom of Great Britain and Northern Ireland	495	195	1	691	8,642	11.94 %	1.00 %
99	United States of America	206	126		332	4,146	5.73 %	
100	Virgin Islands (British)	121	—		121	1,516	2.09 %	
101	Wallis and Futuna	—			—	3	— %	
102	Zambia	—			—	—		
103	Zimbabwe	—			—	—		
	Total	**4,022**	**1,275**	**494**	**5,791**	**72,387**	**100.00 %**	

The institution-specific countercyclical capital buffer is shown in the following figure.

Figure 23: EU CCyB2 – Amount of institution-specific countercyclical capital buffer (in € m.)

	31/12/2022	a)
1	Total risk exposure amount	107,887
2	Institution specific countercyclical capital buffer rate	0.25 %
3	Institution specific countercyclical capital buffer requirement	272

8. Credit and dilution risk and credit risk adjustment information (as per Article 442 CRR)

Information required by Article 442 (a) and (b) CRR

Risk provisioning

Credit risk adjustments are defined as per Article 4 (1) No. 95 CRR, in conjunction with Commission Delegated Regulation (EU) No. 183/2014, as the amount of general and specific provisions for credit risk.

J.P. Morgan SE uses an expected credit loss model (ECL) in accordance with IFRS 9 to determine the credit risk provisioning on financial assets and credit-related obligations. The ECL is calculated for financial instruments valued at amortized cost or FVOCI. For financial instruments in Levels 1 and 2, the calculation is model-based, while for financial instruments in Level 3, the ECL is generally determined individually. The ECL is a forecast over the 12-month period (Level 1) or the remaining term (Level 2 or 3). The forecast horizon includes information for the appropriate and reasonable forecast period (2 years), a one-year normalization phase and the remaining term of the respective financial instrument. When determining the ECL valuation and level allocation for a financial instrument, the Group applies the definition of "default" that corresponds to the Basel definition of "default." The ECL calculation includes probability of default (PD) for the individual borrowers over 12 months (Level 1) or over the term of the financial instrument (Level 2). In addition, the gross exposure of the Bank is included in the calculation in the event of default of the debtor (Exposure at Default – EAD). Finally, the severity of the loss (Loss Given Default – LGD) is included in the ECL calculation, which also takes existing loan collateral into account. For Level 3 financial instruments, an individual ECL calculation is carried out on the basis of a discounted cash flow valuation, in which borrower-specific scenarios are incorporated.

Credit risk provisions on financial assets measured at fair value are deducted from the corresponding assets on the balance sheet, and credit risk provisions on financial assets valued at FVOCI are reported in Other comprehensive income (Equity) on the balance sheet. Value adjustments on loan commitments and financial guarantees are shown as provisions (liabilities) on the balance sheet.

In general, the Bank applies the definition of default provided by Article 178 CRR to determine defaults and credit impairments (Level 3). There are no differences between the accounting and regulatory areas of application and definitions used for "overdue" and "impaired receivables." The application is consistent for both, as under Article 178 it defines that a borrower should be classified as in default / down-rated if:

a) the Bank is of the opinion that it is unlikely that the borrower will pay a credit obligation in full without the need for recourse measures, such as e.g., the sale of collateral, and/or

b) the borrower has a material credit obligation to the Bank that is more than 90 days past due

Defaulted credit commitments by CRR definition are allocated to Level 3 and treated as rating-reduced under IFRS 9.

"Overdue exposures" are also tracked centrally and are handled by the Bank as follows:

a) Borrowers who are more than 90 days past due are allocated to IFRS 9 Level 3;

b) Nontechnical delinquencies of over 30 days and less than 90 days are assigned to IFRS 9 Level 2 if they exceed the corresponding defined thresholds (> 1% and > EUR 500 amount delinquent)

c) Delinquencies of 30 days and less do not have their classification changed.

J.P. Morgan SE applies a materiality threshold for 90 day past due exposures. Exposures above that threshold (more than 1% of on balance sheet exposure and EUR 500) are treated as impaired.

Methods for determining general and specific credit risk adjustments

The measurement of ECLs for general credit risk adjustments reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes. To this end J.P. Morgan SE uses five economic scenarios and calculates the ECL by weighting the outcomes. The five macroeconomic scenarios consist of a central, relative adverse, extreme adverse, relative upside and extreme upside scenario, and are updated by the Firm's central forecasting team. The scenarios take into consideration the Firm's macroeconomic outlook, internal perspectives from subject matter experts across the Firm, and market consensus and involve a governed process that incorporates feedback from senior management across LOBs, Corporate Finance and Risk Management.

The effects of the current economic crisis are captured in macroeconomic scenarios which in turn are reflected in the calculation of ECLs. Additionally J.P. Morgan SE has decided to adjust the standard weighting scheme and attribute higher weights to the adverse scenarios compared to further reflect uncertainties in the outlook.

J.P. Morgan SE uses the models of J.P. Morgan Group to determine the ECL results for the credit portfolio. The historical credit data of the Group is pooled to generate a broad database for the calibration and validation of the risk models. The models are then specifically tailored to regions and industry sectors.

To model the default Risk of credit exposures, J.P. Morgan separately models the point-in-time PD as well as risk migrations between grades. These results are combined with a through-the-cycle approach for the PD beyond the reasonable and supportable (R&S) period (eight quarters). The point-in-time PD and migrations are driven by the macroeconomic variables (MEV) in the different scenarios.

For LGD modelling purposes J.P. Morgan SE applies a two stage approach. The LGD is modelled as the product of the probability of impairment of the facility (stage 1) and the expected LGD in case of impairment (stage 2). The modelled LGD is dependent on the availability and type and collaterals the type of the credit product. The model generates point-in-time forecast dependent on the MEVs of the underlying scenario for the R&S horizon and through the cycle forecasts beyond that horizon.

The exposure at default is modelled based on the type of the credit facility, utilization and line of business. Future utilization is considered dependent on underlying scenario for the R&S horizon. After the R&S forecast period a long run EAD is determined.

For Stage three exposures (specific credit risk adjustments) J.P. Morgan SE considers several counterparty specific scenarios as a base for calculation of the allowance. An impaired loan's allowance is measured using the present value of expected cash flows, discounted using the contractual interest rate as of the date the loan was deemed to be impaired. If the present value of expected cash flows is less than the gross carrying amount of the instrument, the ECL is equal to the shortfall.

Institute's own definition of a restructured risk position

The institution's own definition of a restructured exposure for the Bank is similar to the exposure in the implementation of Article 178 (3) (d) CRR, which is specified in the EBA guidelines on the application of the definition of default under Article 178 CRR and the definition of a prohibited exposure under Annex V of the Commission Implementing Regulation (EU) No 680/2014.

Exposures against the background of the COVID-19 crisis

J.P. Morgan SE did not have any exposures in 2022 that are included in the disclosure tables. Therefore, there are no tables to publish and no disclosure of exposures that are subject to measures relating to the COVID-19 crisis.

Information under Article 442 (c), (d), (e), (f) and (g) CRR

In 2022 no collateral has been obtained by taking possession and execution processes, hence template EU CQ7 will not be disclosed.

Figure 24: EU CR1: Performing and non-performing exposures and related provisions (in € m.)

31/12/2022		a	b	c	d	e	f
		Gross carrying amount/nominal amount					
		Performing exposures			Non-performing exposures		
			of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3
5	Cash balances at central banks and other demand deposits	85,189	85,189				
10	Loans and advances	39,532	33,242	4,731	140		116
20	Central banks						
30	General governments						
40	Credit institutions	19,988	19,938				
50	Other financial corporations	11,961	8,576	2,297	57		46
60	Non-financial corporations	2,183	1,371	390	82		71
70	Of which: SMEs						
80	Households	5,400	3,356	2,043	—		—
90	Debt Securities						
100	Central banks						
110	General governments						
120	Credit institutions						
130	Other financial corporations						
140	Non-financial corporations						
150	Off-balance sheet exposures	40,623	38,876	1,747	3	—	3
160	Central banks						
170	General governments						
180	Credit institutions	16,388	16,387	—			
190	Other financial corporations	13,053	12,504	549			
200	Non-financial corporations	10,860	9,749	1,112	3	—	3
210	Households	322	235	86			
220	**Total**	**165,344**	**157,307**	**6,478**	**142**	—	**119**

Figure 25: EU CR1: Performing and non-performing exposures and related provisions (in € m.) (continued)

31/12/2022		g	h	i	j	k	l	m	n	o
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collaterals and financial guarantees received	
		Performing exposures - Accumulated impairment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3			
5	Cash balances at central banks and other demand deposits									
10	Loans and advances	(168)	(72)	(95)	(16)		(16)	(24)	35,879	59
20	Central banks									
30	General governments									
40	Credit institutions	(1)	(1)						19,919	
50	Other financial corporations	(105)	(52)	(52)	(16)		(16)	(5)	9,922	41
60	Non-financial corporations	(22)	(7)	(15)				(19)	686	18
70	Of which: SMEs									
80	Households	(40)	(13)	(28)					5,352	
90	Debt Securities									
100	Central banks									
110	General governments									
120	Credit institutions									
130	Other financial corporations									
140	Non-financial corporations									
150	Off-balance sheet exposures	75	35	40	0	0			7,263	3
160	Central banks									
170	General governments									
180	Credit institutions	0	0	0					100	
190	Other financial corporations	26	10	16					3,468	0
200	Non-financial corporations	49	25	24	0	0			3,520	3
210	Households	0	0	0					176	
220	**Total**	**(243)**	**(108)**	**(135)**	**(16)**	**0**	**(16)**	**(24)**	**43,143**	**61**

Figure 26: EU CR1-A: Maturity of exposures (in € m.)

31/12/2022		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	12,910	12,720	9,781	4,261		39,672
2	Debt Securities						
3	**Total**	**12,910**	**12,720**	**9,781**	**4,261**		**39,672**

Figure 27: EU CR2: Changes in the stock of non-performing loans and advances (in € m.)

31/12/2022		a
		Gross carrying amount
10	**Initial stock of non-performing loans and advances**	**132**
20	Inflows to non-performing portfolios	172
30	Outflows from non-performing portfolios	(164)
40	Outflows due to write-offs	
50	Outflow due to other situations	(164)
60	**Final stock of non-performing loans and advances**	**140**

Figure 28: EU CQ1: Credit quality of forborne exposures (in € m.)

31/12/2022		a	b	c	d	e	f	g	h
		Gross carrying amount/ Nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collaterals received and financial guarantees received on forborne exposures	
		Perfor-ming forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which: Collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which de-faulted	Of which impaired				
5	Cash balances at central banks and other demand deposits								
10	Loans and advances	9	105	105	93	(2)	(5)	42	35
20	Central banks								
30	General governments								
40	Credit institutions								
50	Other financial corporations		34	34	23		(5)	29	29
60	Non-financial corporations	9	71	71	71	(2)		13	6
70	Households								
80	Debt Securities								
90	Loan commitments given	82	3	3	3	6		78	3
100	**Total**	**91**	**107**	**107**	**96**	**(8)**	**(5)**	**120**	**38**

Figure 29: EU CQ3: Credit quality of performing and non-performing exposures by past due days (in € m.)

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount / Nominal amount											
		Performing exposures			Non-performing exposures								
31/12/2022			Not past due or Past due < 30 days	Past due > 30 days < 90 days		Unlikely to pay that are not past-due or past-due < = 90 days	Past due > 90 days <= 180 days	Past due > 180 days < =1 year	Past due > 1 year <= 2 years	Past due > 2 year <= 5 years	Past due > 5 year <= 7 years	Past due > 7 years	Of which de-faulted
5	Cash balances at central banks and other demand deposits	85,189	85,189										
10	Loans and advances	39,532	39,491	41	140	118	—	21					140
20	Central banks												
30	General												
40	Credit institutions	19,988	19,988										
50	Other financial corporations	11,961	11,961	—	57	36	—	21					57
60	Non-financial corporations	2,183	2,142	41	82	82	—						82
70	Of which SMEs												
80	Households	5,400	5,400		—			—					—
90	Debt Securities												
100	Central banks												
110	General governments												
120	Credit institutions												
130	Other financial corporations												
140	Non-financial corporations												
150	Off-balance sheet exposures	40,623			3								3
160	Central banks												
170	General governments												
180	Credit institutions	16,388											
190	Other financial corporations	13,053											
200	Non-financial corporations	10,860			3								3
210	Households	322											
220	**Total**	**165,344**	**124,680**	**41**	**142**	**118**	**—**	**21**					**142**

Figure 30: EU CQ4: Quality of non-performing exposures by geography (in € m.)

		a	b	c	d	e	f	g
31/12/2022		Gross carrying/Nominal amount				Accumu-lated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			of which: non-performing		of which: subject to impairment			
				of which: defaulted				
10	**On balance sheet exposures**	**39,672**	**140**	**140**	**38,089**	**(184)**		
20	Australia	—			—			
30	Austria	10			10	—		
40	Bahamas	79			79	(1)		
50	Bahrain	26			26	—		
60	Barbados	2			2			
70	Belgium	343			335	(7)		
80	Belize	1			1			
90	Bermuda	188			188	(7)		
100	Brazil	4			4	—		
110	Bulgaria	37			37	(1)		
120	Canada	—			—			
130	Cayman Islands	477			398	(6)		
140	China	14			14	—		
150	Colombia	—			—			
160	Curacao	—			—			
170	Cyprus	115			115	(2)		
180	Czechia	7			7	—		
190	Denmark	34			34	—		
200	Dominican Republic	—			—			
210	Egypt	9			9	—		
220	Estonia	—			—			
230	Finland	22			18	—		
240	France	1,328	18	18	983	(17)		
250	Germany	696	24	24	691	(8)		
260	Gibraltar	11			11			
270	Greece	88			88	—		
280	Guernsey	468			468	(1)		
290	Holy See	—			—	—		
300	Hong Kong	54			54	(1)		
310	Hungary	52			52	—		
320	Ireland	48			48	(1)		
330	Isle of Man	355			355	—		
340	Israel	16			16	—		
350	Italy	2,677	—	—	2,677	(9)		
360	Jersey	505			505	(2)		
370	Kazakhstan	—			—			
380	Kuwait	98			98	—		
390	Latvia	—			—			
400	Lebanon	3			3			
410	Liberia	63			63	—		
420	Liechtenstein	—			—			
430	Lithuania	—			—	—		
440	Luxembourg	2,147	65	65	1,876	(17)		

450	Malaysia	8			8	—		
460	Malta	58			58	(2)		
470	Marshall Islands	15			15	—		
480	Mauritius	10			10	—		
490	Mexico	—			—	—		
500	Monaco	121			121	(5)		
510	Netherlands	399			399	(4)		
520	Norway	99			14	—		
530	Poland	128			128	—		
540	Portugal	—			—	—		
550	Puerto Rico	—			—			
560	Qatar	159						
570	Romania	27			27	—		
580	Russian Federation	11			11	(1)		
590	Saint Vincent and the Grenadines	—			—	—		
600	Saudi Arabia	91			91	—		
610	Singapore	20			20	—		
620	Slovakia	3			3	—		
630	South Africa	—			—			
640	Spain	1,900			1,485	(5)		
650	Sweden	426			404	(17)		
660	Switzerland	302			302	(1)		
670	Thailand	—			—	—		
680	Türkiye	314			314	—		
690	United Arab Emirates	146	—	—	146	(2)		
700	United Kingdom of Great Britain and Northern Ireland	4,381	9	9	4,268	(30)		
710	United States of America	19,644	—	—	19,568	(3)		
720	Uruguay	—			—			
730	Virgin Islands (British)	1,430	24	24	1,430	(35)		
740	**Off balance sheet exposures**	**40,626**	**3**	**3**			**75**	
750	Australia	7					—	
760	Austria	369					2	
770	Bahamas	1						
780	Belgium	1,699					3	
790	Bermuda	8					—	
800	Brazil	150					—	
810	Canada	358					—	
820	Cayman Islands	70					—	
830	Cyprus	211					—	
840	Denmark	—					—	
850	Egypt	5						
860	Finland	276					—	
870	France	4,522	3	3			24	
880	Germany	1,024					2	
890	Greece	27					—	
900	Guernsey	411					—	
910	Hong Kong	21						
920	Hungary	65					—	
930	Ireland	293					1	
940	Isle of Man	33					—	
950	Italy	358					1	
960	Jersey	235					—	

970	Kuwait	62					—	
980	Liechtenstein	234					—	
990	Luxembourg	993					7	
1,000	Marshall Islands	3						
1,010	Morocco	—					—	
1,020	Netherlands	5,627					3	
1,030	Norway	881					—	
1,040	Poland	147					1	
1,050	Portugal	151					—	
1,060	Romania	4					—	
1,070	Saudi Arabia	3						
1,080	Singapore	12					—	
1,090	Spain	1,849					10	
1,100	Sweden	2,064					6	
1,110	Switzerland	107					1	
1,120	Türkiye	105						
1,130	United Kingdom of Great Britain and Northern Ireland	14,388	—	—			1	
1,140	United States of America	3,844					12	
1,150	Virgin Islands (British)	8					—	
1,160	**Total**	**80,298**	**142**	**142**	**38,089**	**(184)**	**75**	

Figure 31: EU CQ5: Credit quality of loans and advances to non-financial corporations by industry (in € m.)

	31/12/2022	a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			of which: non-performing		of which: loans and advances subject to impairment		
				of which: defaulted			
10	Agriculture, forestry and fishing	0			0	0	
20	Mining and quarrying	187			187	0	
30	Manufacturing	505			499	(7)	
40	Electricity, gas, steam and air conditioning supply	49			49	0	
50	Water supply	0			0	0	
60	Construction	198			143	0	
70	Wholesale and retail trade	122			63	0	
80	Transport and storage	240			240	(1)	
90	Accommodation and food service activities	64	64	64	64		
100	Information and communication	210			138	(6)	
110	Real estate activities	319			319	(4)	
120	Financial and insurance activities						
130	Professional, scientific and technical activities	19			19	0	
140	Administrative and support service activities	115	6	6	105	(3)	
150	Public administration and defense, compulsory social security						
160	Education	0			0	0	
170	Human health services and social work activities	36			0		
180	Arts, entertainment and recreation	200	12	12	6	(1)	
190	Other services	0					
200	**Total**	**2,265**	**82**	**82**	**1,832**	**(22)**	

9. Use of external ratings under the standardized approach (as per Article 444 CRR)

ECAIs under Article 4 CRR and exposure classes

For the external credit rating of banking book exposures assigned to the standardized approach (as per Article 112 CRR), the ratings from the following rating agencies are applied:

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

Generally, all available results from rating agencies are used for all exposure classes under the standardized approach.

The relevant credit rating assessment is selected as per Article 113 CRR in conjunction with Article 135 CRR. J.P. Morgan SE uses the mappings specified by the EBA to assign ratings to the Credit Quality Steps (CQS). If only one external credit rating assessment is available for the item to be assessed, this is applied directly. However, if several external ratings exist for the specific item, the relevant rating is determined as required by the regulatory requirements for multiple ratings. If no issue-specific credit rating assessment exists and no comparable rating can be found for other exposures to the borrower, then the external rating of the debtor, i.e., the issuer rating, is taken into account.

Since J.P. Morgan SE adheres to the standard allocation published by the EBA, no tabular representation of the allocation of external credit ratings of all ECAIs to the risk weightings is provided.

Figure 32: EU CR4 – Standardized approach – Credit risk exposure and CRM effects (in € m.)

31/12/2022	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEA	RWEA density (%)
		a	b	c	d	e	f
1	Central governments or central banks	75,667		75,667		409	0.54 %
2	Regional government or local authorities						
3	Public sector entities	62	19	62	12	26	34.51 %
4	Multilateral development banks						
5	International organizations						
6	Institutions	11,392	11,053	3,283	3,297	1,540	23.41 %
7	Corporates	17,911	46,505	17,911	10,258	26,348	93.53 %
8	Retail						
9	Secured by mortgages on immovable property	1,721		1,721		609	35.36 %
10	Exposures in default	118	3	118	1	172	144.38 %
11	Exposures associated with particularly high risk	346	330	346	115	690	150.00 %
12	Covered bonds	2		2		2	100.00 %
13	Institutions and corporates with a short-term credit assessment						
14	Collective investment undertakings						
15	Equity						
16	Other items	1,685		1,685		1,685	100.00 %
17	**TOTAL**	**108,904**	**57,911**	**100,795**	**13,684**	**31,481**	**27.50 %**

Figure 33: EU CR5 – Standardized approach (in € m.)

31/12/2022	Exposure classes	Risk weight								
		0 %	2%	4%	10%	20%	35%	50%	70%	75%
		a	b	c	d	e	f	g	h	i
1	Central governments or central banks	75,504								
2	Regional government or local authorities									
3	Public sector entities					61		—		
4	Multilateral development banks									
5	International organizations									
6	Institutions					5,887		659		
7	Corporates					1,857		1,742		
8	Retail									
9	Secured by mortgages on immovable property						1,712			
10	Exposures in default									
11	Exposures associated with particularly high risk									
12	Covered bonds									
13	Institutions and corporates with a short-term credit assessment									
14	Unit or shares in collective investment undertakings									
15	Equity									
16	Other items									
17	**TOTAL**	**75,504**				**7,805**	**1,712**	**2,402**		

Figure 34: EU CR5 – Standardized approach (in € m.) (continued)

31/12/2022	Exposure classes	Risk weight						Total	Of which unra-ted
		100%	150%	250%	370%	1250%	Others		
		j	k	l	m	n	o	p	q
1	Central governments or central banks			164				75,667	506
2	Regional government or local authorities								
3	Public sector entities	13						74	72
4	Multilateral development banks								
5	International organizations								
6	Institutions	33				0		6,580	151
7	Corporates	23,692	869			9		28,169	17,226
8	Retail								
9	Secured by mortgages on immovable property	10						1,721	
10	Exposures in default	13	106					119	
11	Exposures associated with particularly high risk		460					460	
12	Covered bonds	2						2	
13	Institutions and corporates with a short-term credit assessment								
14	Unit or shares in collective investment undertakings								
15	Equity								
16	Other items	1,685						1,685	
17	**TOTAL**	**25,449**	**1,435**	**164**		**9**		**114,478**	

10. Credit risk mitigation techniques (as per Article 453 CRR)

Use of credit risk mitigation techniques

As part of the management of credit and counterparty exposures, J.P. Morgan SE actively uses credit risk mitigation techniques to reduce credit risk, distribute risk concentration across the entire portfolio and ultimately ensure efficient use of capital in accordance with applicable regulations. This is achieved by a number of means, including sales of loans, the receipt of collateral, framework netting agreements, guarantees and credit derivatives, and other risk mitigation techniques.

The outcome of these credit risk mitigation activities is that the Bank may potentially be exposed to residual risk wherever these techniques prove less effective than expected. In this area, the Bank has implemented policies and procedures to ensure that the risk is adequately controlled and that mitigation techniques are measured conservatively as described below.

J.P. Morgan SE also seeks to mitigate its credit risk through the use of legally enforceable netting framework agreements. These framework agreements make it possible for the credit risk with a counterparty that arises from transactions to be offset against the obligations to the counterparty in the event of a default, in order to achieve a lower net credit risk. Similar to the CCF, a Netting Confidence Factor ("NCF") is assigned to each jurisdiction/type of institution for which the Bank has obtained a legal opinion on the enforceability of the framework trade agreement to close out all regulated transactions on a net basis in the event of default (i.e., as a single legal claim). If the NCF is below 100%, no netting benefit is granted.

Guarantees: The guidelines on third party credit support establish specific criteria for guarantees to be eligible for a reduction in capital. And if they are not eligible, the exposure remains at its full value for the purposes of capital calculation. To ensure the legal enforceability of the guarantor's commitment, all guarantees must be reviewed by lawyers at the outset, and they are also subject to periodic reviews of their continued effectiveness.

Credit derivatives: J.P. Morgan SE uses credit derivatives to mitigate the credit risk associated with traditional credit transactions (loans and credit-related obligations) and the counterparty risk of wholesale derivatives. The effectiveness of credit default swaps ("CDS") for hedging may vary depending on a number of factors, including the named reference issuer (i.e., the company may suffer losses on certain exposures, that are different from the named reference issuers in the purchased CDS); the terms and conditions of the CDS (which may include a defined credit event, that differs from the actual loss realized by the company); and the maturity of the Bank's CDS protection (which in some cases may be shorter than the exposure).

The Bank generally seeks to obtain credit protection with a maturity date equal to or longer than the maturity date of the exposure for which the hedging was acquired. Remaining maturity differences are actively monitored and managed by the Bank.

Valuation and management of collateral

The market value of collateral is monitored daily. Marketable assets accepted as collateral (other than cash) are not recognized at full market value in order to reflect the fact that collateral is subject to price fluctuations and liquidity. For each asset class, a standard haircut is applied to reduce the value and mitigate any potential decline in the price of collateral. J.P. Morgan SE utilizes collateral confidence factors (CCF) which are assigned by Legal to each jurisdiction in which the Bank has obtained a legal opinion on the enforceability of collateral. Any changes to CCFs require approval from the Legal Department. Where the CCF is less than 95%, the collateral is recognized conservatively without any benefit for the calculation of the risk for the purpose of capital requirements, even though the Bank would legally have the rights to the collateral.

The Bank has internal guidelines regarding the types of collateral that are acceptable. These guidelines also apply to the business that is booked by J.P. Morgan SE. Cash and high-quality government bonds are generally considered acceptable collateral; other types of financial collateral may also be accepted, subject to compliance with regulatory rules

Main types of collateral

As of December 31, 2022, approximately 56% of the collateral held by the Bank was cash and 44% was securities, of which 23% was government bonds from G6 states. If restricting the collateral assets to posting external counterparties with the Bank, approximately 54% is cash and 46% is securities, of which 23% in bonds from G6 states. Given the existing prudent standards and the scope of the governance and controls for credit risk mitigation, the potential residual risk is effectively mitigated. Therefore, no additional mitigation of the risk in relation to capital is considered necessary.

Credit risk netting

In most countries in which the Bank operates, credit risk may be reduced by using netting. The Bank's usual practice is to conclude standard framework agreements with counterparties (e.g., International Swaps and Derivatives Association, Global Master Repurchase Agreement, Global Master Stock Lending Agreement). These framework agreements make it possible for the credit exposure with a counterparty that arises from transactions to be offset against the obligations of the Group to the counterparty in the event of a default, in order to arrive at a lower net credit risk. These agreements can also reduce the settlement risk (e.g., for foreign exchange transactions) by offsetting payments on the same day in the same currency against each other. The Bank applies the requirements of the CRR in relation to the application of netting from a regulatory capital perspective.

Application of on-balance sheet and off-balance sheet netting

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

J.P. Morgan SE uses master netting agreements to mitigate counterparty credit risk in certain transactions, including derivative and securities financing transactions. A master netting agreement is a single agreement with a counterparty that permits multiple transactions governed by that agreement to be terminated and settled through a single payment in a single currency in the normal course of the business and in the event of a default (e.g., bankruptcy, failure to make a required payment or securities transfer or deliver collateral or margin when due).

Further details on offsetting of financial assets and liabilities are provided in note 31 to the financial statements.

Regulatory application of credit risk mitigation techniques

Figure 35: EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques (in € m.)

31/12/2022		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	88,739	35,938	34,913	1,025	
2	Debt securities					
3	Total	88,739	35,938	34,913	1,025	
4	Of which non-performing exposures	65	59	31	27	
EU-5	Of which defaulted	65	59			

For guarantees and credit derivatives that are used for credit collateral, the main types of guarantors (credit derivative counterparties do not exist in this context as defined in EU CR3) and their creditworthiness used to reduce capital requirements can be classified as follows:

Figure 36: Exposures secured by financial guarantees and credit derivatives (in € m.)

31/12/2022	Financial guarantees	Credit derivatives
Financial companies and other credit institutions	844	
BB+ to B-	96	
no rating	748	
Non-financial companies	181	
BBB+ to BBB-	97	
BB+ to B-	4	
no rating	81	
Total	**1,025**	

11. Securitizations (as per Article 449 CRR)

As defined by Art. 4 (61) CRR, a securitization is a transaction or structure under which the credit risk associated with an exposure or pool of exposures is split into tranches, and it has the following characteristics:

- the payments made relating to the transaction or structure depend on the performance of the exposure or pool of exposures; and
- the ranking of the tranches determines the distribution of losses during the term of the transaction or structure.

Within the framework of the securitization business, the roles of the originator, sponsor and investor defined under supervisory law exist. In addition, a distinction is made between traditional and synthetic securitizations, with the main difference being that in a traditional securitization, assets are transferred from a bank's balance sheet to a securitization structure, while in a synthetic securitization, credit risk is transferred by credit derivatives or guarantees.

With regard to the extent of the Bank's exposures in its role as an investor, as well as the approaches used to calculate the risk-weighted amounts and exposures in the banking or trading book and to distinguish between STS and non-STS items, please see the tables included in this chapter. Traditional and synthetic securitizations as well as securitizations and re-securitizations are also covered in the tables included in this chapter. A list of securitization special purpose entities under Art. 449 (d) and the legal entity under Art. 449 (e) and (f) are not necessary given the role of the Bank is limited to investor. No description under Art. 449 (i) is provided, since the Bank does not apply the internal assessment approach in relation to securitizations.

Securitization framework

Essential products of the Bank related to securitization are Perfect Asset Swaps (PAS), Credit Linked Notes (CLNs), Credit Default Swaps (CDS), Asset-backed Securities (ABS), Residential Mortgage-Backed Securities (RMBS) and Commercial Mortgage-Backed Securities (CMBS). The products are traded by the following desks within the Bank: ABS Origination Desk, CMBS Desk, SPG Trading (ABS, CMBS, RMBS) and Credit Exotics Desk. Currently, the Bank is not involved in STS (Simple, Transparent and Standardized) securitizations. In addition, J.P. Morgan SE executes derivative transactions with securitization special purpose companies. In accordance with Art. 247 (3) of Regulation (EU) No. 2017/2401, these must be taken into account as securitization exposures. The business activity takes place exclusively in the Bank's trading book and meets the requirements of Article 2 (12) of the Securitization Regulation. The Bank is classified only as an institutional investor. The Bank can in theory act as sponsor and/or originator, and this is also covered in the internal specifications. However, no activities of this type took place during financial year 2022.

Risk management and risk reduction

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

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

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

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

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

Accounting and valuation methods and quantitative information

The decision whether or not to securitize transactions involving assets in special purpose entities depends on whether or not the statutory rights to the payment flows of the assets have been transferred to the Group and whether or not the Group has essentially transferred the entire risk and income of assets. This is consistent with IFRS 9 Financial Instruments: Classification and valuation, the accounting standard that defines the rules for derecognition of financial assets. The Group recognizes agreements with which it financially supports the guidelines according to IFRS 9 for these agreements, as they correspond to the definition of financial instruments. Should the Bank become involved in securitizations, these interests are reflected in accordance with the guidelines in IFRS 10 Consolidated Financial Statements, IFRS 12 Information on Investments in Other Companies and/or IFRS 9 Classification and Valuation of Financial Instruments.

The Bank does not apply and difference in accounting treatment for securitization and re-securitization positions.

J.P. Morgan SE uses ECAIs S&P, Moody's and Fitch for securitization exposures resulting from derivatives, physical products and loans.

Figure 37: EU-SEC1 -Securitization exposures in the non-trading book (in € m.)

	31/12/2022	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS					STS	Non-STS			STS	Non-STS		
			of which SRT		of which SRT		of which SRT									
1	Total exposures													636		636
2	Retail (total)													561		561
3	residential mortgage													1		1
4	credit card															
5	other retail exposures													560		560
6	re-securitization															
7	Wholesale (total)													71		71
8	loans to corporates													47		47
9	commercial mortgage															
10	lease and receivables															
11	other wholesale													24		24
12	re-securitization													3		3

Figure 38: EU-SEC2 - Securitization exposures in the trading book (in € m.)

31/12/2022		a	b	c	d	e	f	g	h	i	j	k	l
		Institution acts as originator				Institution acts as sponsor				Institution acts as investor			
		Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS	Non-STS			STS	Non-STS			STS	Non-STS		
1	Total exposures										274		274
2	Retail (total)										138		138
3	residential mortgage										72		72
4	credit card												
5	other retail exposures										66		66
6	re-securitization												
7	Wholesale (total)										136		136
8	loans to corporates										6		6
9	commercial mortgage										43		43
10	lease and receivables												
11	other wholesale										87		87
12	re-securitization												

Figure 39: EU-SEC4 – Securitization exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor (in € m.)

31/12/2022		a	b	c	d	e	f	g	h	i
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW / deductions
1	Total exposures	604	0	1	1	30		606		30
2	Traditional) securitization	604	0	1	1	30		606		30
3	securitization	604	0	1	1	27		606		27
4	Retail underlying	560	0		1	0		561		0
5	Of which STS									
6	Wholesale	44	0	1	0	27		45		27
7	Of which STS									
8	Re-securitization					3				3
9	Synthetic securitization									
10	securitization									
11	Retail underlying									
12	Wholesale									
13	Re-securitization									

Figure 40: EU-SEC4 - Securitization exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor (in € m.) (continued)

31/12/2022		j	k	l	m	n	o	EU-p	EU-q
		RWEA (by regulatory approach)				Capital charge after cap			
		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW
1	Total exposures		123		372		10		30
2	Traditional) securitization		123		372		10		30
3	securitization		123		337		10		27
4	Retail underlying		113		4		9		0
5	Of which STS								
6	Wholesale		10		333		1		27
7	Of which STS								
8	Re-securitization				35				3
9	Synthetic securitization								
10	securitization								
11	Retail underlying								
12	Wholesale								
13	Re-securitization								

12. Encumbered and unencumbered assets (as per Article 443 CRR)

Asset Encumbrance (AE) refers to assets that are pledged or otherwise committed to counterparties to secure, collateralize or credit-enhance a transaction, such that the assets cannot be freely transferred, withdrawn, liquidated, sold or disposed of. J.P. Morgan SE's encumbered assets are predominantly:

- Minimum reserve deposits at the Bundesbank
- Rehypothecated collateral in secured financing transactions and short cover
- Assets deposited with clearing counterparties
- Collateral provided for the negative fair value of derivative transactions
- Segregated cash from the clearing business

The following information presents the calculated medians of the four quarters during 2022. It should be noted that the median is calculated individually for each cell, so the totals in the tables below are not a sum of the rows underneath.

Figure 41: EU AE1 — Encumbered and unencumbered assets (in € m.)

31/12/2022		Carrying amount of encumbered assets		Fair value of encumbered assets	
		Total	of which notionally eligible EHQLA and HQLA	Total	of which notionally eligible EHQLA and HQLA
10	**Assets of the reporting institution**	**118,566**	**16,073**		
30	Equity instruments	3,059	562	3,059	562
40	Debt securities	20,782	15,529	20,782	15,529
50	of which: covered bonds	1,209	1,209	1,209	1,209
60	of which: securitizations	2	2	2	2
70	of which: issued by general governments	16,049	13,005	16,049	13,005
80	of which: issued by financial corporations	2,386	774	2,386	774
90	of which: issued by non-financial corporations	1,308	719	1,308	719
120	Other assets	96,346			

Figure 42: EU AE1 — Encumbered and unencumbered assets (in € m.) (continued)

31/12/2022		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		Total	of which EHQLA and HQLA	Total	of which EHQLA and HQLA
10	**Assets of the reporting institution**	**392,382**	**76,677**		
30	Equity instruments	1,758	52	1,758	52
40	Debt securities	6,672	3,067	6,672	3,067
50	of which: covered bonds	511	482	511	482
60	of which: securitizations	159	156	159	156
70	of which: issued by general governments	3,725	1,702	3,725	1,702
80	of which: issued by financial corporations	1,641	253	1,641	253
90	of which: issued by non-financial corporations	381	139	381	139
120	Other assets	383,952	72,197		

Figure 43: EU AE2 - Collateral received and own debt securities issued (in € m.)

31/12/2022		Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	
		Total	of which notionally eligible EHQLA and HQLA	Total	of which EHQLA and HQLA
130	Collateral received by the disclosing institution	179,918	149,435	1,183	919
140	Loans on demand				
150	Equity instruments	3,371	878	74	43
160	Debt securities	176,546	148,588	1,069	887
170	of which: covered bonds	983	983		
180	of which: securitizations	19	19		
190	of which: issued by general governments	159,655	144,732	937	851
200	of which: issued by financial corporations	8,703	613	46	2
210	of which: issued by non-financial corporations	6,546	2,617	95	32
220	Loans and advances other than loans on demand				
230	Other collateral received				
240	Own debt securities issued other than own covered bonds or securitizations				
241	Own covered bonds and securitization issued and not yet pledged				
250	TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	298,606	165,919		

Figure 44: EU AE3 – Sources of encumbrance (in € m.)

31/12/2022		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitizations encumbered
10	Carrying amount of selected financial liabilities	149,778	225,724

13. Market risk (as per Article 445 CRR)

Market risk management strategies and processes

J.P. Morgan SE Market Risk establish the market risk management framework to measure, monitor and control market risk exposures at the level of J.P. Morgan SE, including but not limited to:

- Overseeing, monitoring and reporting market risk exposures generated by business activities managed in J.P. Morgan SE
- Determining market risk reporting requirements for J.P. Morgan SE
- Market risk arising from new business activities should be documented in NBIA, as applicable
- Establishing market risk limits and other controls, as appropriate, to restrict market risk at the level of J.P. Morgan SE within acceptable parameters
- Reviewing significant business activities and market dynamics driving market risk or has the potential to drive market risk in the various business areas, at the level of J.P. Morgan SE in the monthly J.P. Morgan SE Market Risk Forum

Market Risk limits are employed as the primary control for J.P. Morgan SE, its LOBs and their business units. Additionally, they are subject to controls beyond market risk limits, including but not limited to permitted Instruments and Pre-Trade Governance controls and Single Name Position Risk as a means to control market risk.

Risk identification process is carried out within J.P. Morgan SE. Market Risk regularly reviews the types and materiality of risks inventoried by the LOBs, providing effective challenge during the review. Market Risk frequently evaluates and assesses the material market risks comprehensively. The Market Risk inventory is also presented to the J.P. Morgan SE ROC on a quarterly basis.

J.P. Morgan SE market risk exposure primarily arises from J.P. Morgan SE Markets lines of businesses which engage into market making activities offering a broad range of financial products in the cash and derivatives markets to clients. As the business creates / structures products and facilitates secondary market liquidity based on client demands, traders seek to actively hedge the primary risk factors of the resulting portfolio risk exposure. Wherever possible, the desks dynamically hedge their primary risk factors via selling exposure or replicating portfolios of hedging instruments.

Structure and organization of market risk management function

As mentioned above, J.P. Morgan SE Market Risk function is responsible for establishing the market risk management framework to measure, monitor and control market risk exposures at J.P. Morgan SE level.

J.P. Morgan SE Market Risk team is led by the J.P. Morgan SE Market Risk Officer (MRO), and is comprised of LOB asset class-aligned Market Risk Coverage teams, and cross asset class functional market risk teams who provide oversight on matters related to market risk governance, ICAAP, stress testing, market risk economic capital, and regulatory interactions for market risk topics.

Risk reporting and measurement systems

J.P. Morgan SE has its own set of regular market risk reports, which includes daily market risk report, containing a comprehensive set of market risk metrics which provide transparency into J.P. Morgan SE market risk profile daily. Market risk limit information are available as part of the daily market risk report. J.P. Morgan SE Market Risk utilizes Limits Central (Market Risk's primary limits management system) to monitor market risk limit utilization and breaches, including the documentation on market risk limit breaches and course of action taken. J.P. Morgan SE Market Risk utilizes multiple measures such as VaR, Stress testing and non-statistical measures to measure and monitor market risk exposures at the level of J.P. Morgan SE, as well as for the business units operating within J.P. Morgan SE.

Figure 45: EU MR1 Market risk under the standardized approach(in € m.)

31/12/2022		a
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	27,949
2	Equity risk (general and specific)	3,980
3	Foreign exchange risk	
4	Commodity risk	0
	Options	
5	Simplified approach	
6	Delta-plus approach	3,295
7	Scenario approach	347
8	Securitization (specific risk)	438
9	**Total**	**36,010**

14. Operational risk (as per Article 446 CRR)

Strategies and processes

J.P. Morgan SE's Risk Strategy, including J.P. Morgan SE's Risk Appetite, is reviewed and updated as required at least annually. The Risk Committee of the J.P. Morgan SE Supervisory Board reviews all changes to the Risk Strategy and recommends it to the Supervisory Board for approval. The J.P. Morgan SE Management Board and the J.P. Morgan SE Supervisory Board approve all changes to the Risk Strategy.

J.P. Morgan SE Compliance, Conduct and Operational Risk Management Framework (J.P. Morgan SE CCOR Management Framework) is designed to enable J.P. Morgan SE to govern, identify, measure, monitor and test, manage and report on the legal entity's operational risk.

Structure and organization of the Risk Management function for operational risks

The Head of Operational Risk is responsible for establishing and defining the Operational Risk Management Framework within J.P. Morgan SE, which is part of the J.P. Morgan SE CCOR Management Framework.

Lines of business (LOBs) and Corporate are responsible for managing operational risk. The Control Management organization, which consists of control managers in each LOB and Corporate, is responsible for the day-to-day execution of the CCOR framework.

The LORCC receives reports on the quality and stability of processes, addressing key operational risk issues, focusing on processes with control concerns, and oversees remediation.

The Global Chief Compliance Officer ("CCO") and the Bank's Firmwide Risk Executive ("FRE") for Operational Risk and Qualitative Risk Appetite is responsible for defining the CCOR Management Framework and setting minimum standards for its execution. The LOB and Corporate aligned CCOR Lead Officers report to the Global CCO and FRE for operational risk and qualitative risk appetite, and are independent of the respective businesses or functions they oversee. At J.P. Morgan SE, the Operational Risk Officer ("ORO") reports to CRO.

The CCOR Management Framework is included in the Risk Governance and Oversight Policy. The CCOR Management Framework of J.P. Morgan SE is regularly reviewed and approved by the J.P. Morgan SE CCO and the ORO periodically.

New operational risk concerns and actual operational risk events are escalated, as required, to the LORCC and other relevant control bodies.

Risk measurement and control

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

J.P. Morgan SE measures its regulatory capital using the Basic Indicator Approach (BIA), whereas economic capital for operational risks is measured using an internal approach that uses a framework for analyzing scenarios for operational risks.

Operational risk scenarios focus on exceptional, but plausible, operational risk events that may have previously impacted the Bank. These operational risk events result from inappropriate or faulty internal processes or systems, human factors, or external events. They include legal risks and regulatory fines, and exclude business strategy and reputational risks. The scenario analysis process is an important tool for assessing operational risk, and provides the Management Board and Supervisory Board with a forward-looking view of potential future losses under stress conditions based on the risk profile of J.P. Morgan SE.

The results of the scenario analysis process are used as input into the capital model to derive the working risk capital for the Bank.

In addition, measuring the Bank's operational risk includes capital for operational risks and loss projections from operational risks under both baseline and stress conditions.

Operational risk reporting

All employees of J.P. Morgan SE are expected to escalate risks appropriately. Risks identified by Operational Risk and Compliance are escalated to the J.P. Morgan SE ROC and the LORCC, as needed.

Operational Risk and Compliance has established standards designed to ensure consistent operational risks reporting and operational risk reports are produced on an entity-wide basis, as well as by LOBs and Corporate.

Reporting includes the evaluation of key risk and performance indicators against established thresholds as well as the assessment of different types of operational risks against stated risk appetite. The standards reinforce escalation protocols to the J.P. Morgan SE Management Board and Supervisory Board.

Guidelines for managing and mitigating operational risk

CCOR keeps the company informed about compliance, behavior and operational risks, thereby providing a second line of defense for all areas of the firm (except Internal Audit). These activities include identifying issues for the first line of defense to resolve through action plans and review of KRI and KPI thresholds. CCOR uses a centralized strategy for metrics and dashboard reports to support these activities.

- J.P. Morgan SE Operational Risk Management (ORM) is involved in results reviews where necessary and also where the results directly impact the Bank's operating environment.
- J.P. Morgan SE ORM is able to report issues in CORE as needed to resolve findings from CCOR activities.

The Qualitative Operational Risk Appetite Framework assesses compliance, behavioral, reputational and operational risks. The approach taken by the Group for managing and mitigating these qualitative risks down to an appropriate level is to apply substantially effective controls that are appropriate to reduce risks where possible and practicable. However, significant levels of risk without mitigating controls, with no ability to monitor and evaluate either the risk or the performance of controls by means of metrics, and evidence of a breakdown in the business model requiring significant changes to business strategy, organizational structure and governance processes could result in qualitative risks exceeding the tolerance level. The assessment of qualitative risks that are within tolerance is considered across several factors, such as established governance and escalation protocols, appropriate metrics to monitor the execution and situation of the risk and controls, established change management and problem management protocols and risk identification together with mitigating controls and mechanisms to assess and report the state of the risk and control environment. The J.P. Morgan SE Qualitative Risk Appetite Framework follows the same guidelines and principles as described in the Firmwide Qualitative Risk Appetite Policy.

Factors that indicate that a qualitative risk is "in excess" of this level include:

- without mitigating controls, there is a significant level of risk
- inability to monitor and assess the risk or the performance of controls using metrics
- indication of a breakdown in the business model that requires significant changes to business strategy, organizational structure and governance processes.

Own Funds

J.P. Morgan SE calculates the operational risk capital requirement for Pillar 1 using the Basic Indicator Approach (BIA) as set out under Basel III.

As part of the creation of J.P. Morgan SE, the entity calculates its operational risk own funds requirements in accordance with paragraph 2 and 3 of Article 315 CRR II. Therefore the RWA for operational risk is quantified by using a combination of both forward-looking revenues and historical revenues as the relevant indicator. The operational risk RWA projection is based on the observed value for the relevant indicator in 2021 and 2022 and the future revenue forecast for J.P. Morgan SE for 2023 and 2024 calculated as 15% of the relevant average revenues for the corresponding twelve-month period in line with permission granted by the regulator. Forward-looking revenues are used to reflect the change in the entity's risk profile. The increase in the projected RWA for operational risk is driven by the expected increase in plan revenues over the coming years.

The following figure shows the relevant indicator of the last 3 years and the Pillar 1 operational risk capital requirement for J.P. Morgan SE of 2022.

Figure 46: EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts (in € m.)

31/12/2022						
		a	b	c	d	e
Banking activities		Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	4,526	4,383	3,942	624	7,805
2	Banking activities subject to standardized (TSA) / alternative standardized (ASA) approaches					
3	Subject to TSA:					
4	Subject to ASA:					
5	Banking activities subject to advanced measurement approaches AMA					

15. Interest rate risk in the banking book (as per Article 448 CRR)

Structural interest rate risk

Structural Interest Rate Risk (IRR), or Interest Rate Risk in the Banking Book ("IRRBB"), is defined as the risk stemming from interest rate exposure resulting from traditional banking activities (accrual accounted positions); these include the extension of loans and credit facilities, taking deposits and issuing debt (collectively referred to as "non-trading" activities) and also the impact from the Treasury and Chief Investment Office ("T/CIO") investment portfolio and other related T/CIO activities. IRRBB from non-trading activities can occur due to a variety of factors, including, but not limited to:

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

The strategy for interest rate risk is to preserve the long-term economic value (EV) of the balance sheet, while maximizing net interest income (NII) without adversely impacting the stability of NII. Specifically, this is achieved by managing two key metrics that respectively measure the sensitivity of the entity's EV and NII to changes in interest rates, under an array of scenarios designed to capture the vulnerabilities of the entity, such that they never exceed pre-determined levels represented by risk appetites.

Supervision and control

Management of IRRBB within J.P. Morgan SE is delegated to the J.P. Morgan SE Treasurer with primary oversight exercised through the J.P. Morgan SE Asset and Liability Committee (ALCO); the J.P. Morgan SE ALCO, chaired by the J.P. Morgan SE Treasurer, is responsible for reviewing the IRRBB exposures and/or profile of J.P. Morgan SE, and IRRBB assumptions applied within the entity.

Independent oversight of IRRBB within J.P. Morgan SE is delegated to the J.P. Morgan SE Risk Oversight Committee (ROC).

The oversight of structural interest rate risk is carried out by the ALM Risk Management function. ALM Risk Management is responsible for, but not limited to:

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

Risk identification and measurement

The J.P. Morgan SE Treasurer manages IRRBB exposure by identifying, measuring, modelling and monitoring IRRBB across the balance sheet. The J.P. Morgan SE Treasurer identifies and understands material balance sheet impacts of new initiatives and products and will execute transactions to manage IRRBB as appropriate and ensure compliance with internal and regulatory requirements. LOBs are responsible for developing and monitoring the appropriateness of LOB-specific IRRBB modelling assumptions.

Metrics to manage IRRBB include:

- Earnings-at-Risk (EaR), which estimates the change in net interest income (NII) and certain fees affected by interest rates over a given horizon for a particular interest rate scenario.
- Economic Value Sensitivity (EVS), which estimates the change in the economic value of the J.P. Morgan SE balance sheet caused by changes in interest rates.

J.P. Morgan SE's exposure to IRRBB on the non-trading book is monitored through the above mentioned economic and earnings-based measures on a monthly basis. IRRBB for J.P. Morgan SE is assessed under a range of scenarios, including but not limited to regulatory defined scenarios (per EBA/GL/2018/02), and scenarios recommended in the 2016 BCBS IRRBB guidance. These scenarios include parallel, as well as steeper and flatter shifts in yield curves, and they include the prescribed interest rate floor, as defined in the EBA guidelines.

Note that these scenarios consider the impact on exposures due to changes in interest rates, as well as pricing sensitivities of deposits, optionality and changes in product mix when applicable. The scenarios do not include assumptions about actions that could be taken in response to any such instantaneous rate changes. The pricing sensitivity of deposits in the baseline and scenarios use assumed rates paid which may differ from actual rates paid due to timing lags and other factors, and further use assumptions on the repricing maturity of deposits based on historic observations.

Credit spread risk in the banking book (CSRBB) currently has no significant influence on the calculations of J.P. Morgan SE IRRBB metrics.

Reporting

J.P. Morgan SE has a monthly IRRBB report that covers various scenarios for the above IRRBB metrics, which are reported as needed to monitor and control the IRRBB for likely rate changes. The report includes notifications of J.P. Morgan SE IRRBB limit utilizations and breaches. IRRBB metrics are reported monthly to J.P. Morgan SE ROC.

Explanation of changes between 2021 and 2022

The main drivers of interest rate risk at J.P. Morgan SE as of December 2022 are customer deposits on the liabilities side of the balance sheet and loans on the assets side. The resulting IRRBB profile is net short at the current interest rate level, with the binding scenario still being the parallel-down scenario as seen in the table.

A key reason for the worsening in both Economic Value Sensitivity (EVS) and Earnings-at Risk (EaR) is the J.P. Morgan SE merger in January 2022, specifically, the addition of J.P. Morgan Bank Luxembourg's (JPMBL) deposit base, although partly offset on the asset side by the inclusion of JPMBL's loans base.

Changes in the Earnings at Risk (EaR) parallel downwards shift scenario during the year are also driven by the merger, specifically, the inclusion of the JPMBL deposit base and the increase in Tier-1 capital, partly offset by the fixed-rate fixed-term intercompany placements executed during 2022.

Figure 47: EU IRRBB1 - Interest rate risks of non-trading book activities (in € m.)

31/12/2022					
		a	b	c	d
Supervisory shock scenarios		Changes of the economic value of equity[3,4]		Changes of the net interest income	
		Current period	Last period	Current period	Last period
1	Parallel upwards	107	147	514	383
2	Parallel downwards	(350)	(82)	(572)	(305)
3	Steeper	54	33		
4	Flatter	(76)	13		
5	Short-Term interest rates upwards	(11)	54		
6	Short-Term interest rates downwards	(86)	(33)		

[3] *as per modelling assumptions prescribed in the EBA guidelines*

[4] *includes the interest rate floor as defined in the EBA guidelines*

16. Remuneration policy (as per Article 450 CRR)

Background

This section sets out the remuneration disclosures required under Article 450 of the Capital Requirements Regulation (the "CRR II")[5] and clause 16 (1) of the Requirements for the Compensation in Financial Institutions ("InstVergV") in relation to J.P. Morgan SE and in respect of the remuneration period ("Performance Year") ending 31 December 2022.

J.P. Morgan SE is part of the J.P. Morgan Chase & Co group of companies.

This disclosure sets out general principles. Details of specific remuneration programs are set forth in the relevant plan terms and conditions as in force from time to time.

Qualitative disclosures

As part of the Firm, the Company applies J.P. Morgan's global compensation philosophy and pay practices, which are reflected in the remuneration policy applicable to the Company. The qualitative remuneration disclosures required under Paragraphs 1 (a) – (f) of Article 450 of the CRR II for all employees of the Firm's subsidiaries and branches located in EMEA, including staff of the Company, is available in the most recent EMEA Remuneration Policy Disclosure, which is included in Annex "EMEA Remuneration Policy Disclosure" and also available at:

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

Additional qualitative disclosures specific to the Company

The Company complied with the applicable remuneration requirements of the Capital Requirements Directive ("CRD V")[6], as implemented by the InstVergV and the German Banking Act and associated guidance (the "Remuneration Rules"). The following additional disclosures should therefore be read in conjunction with the EMEA Remuneration Policy Disclosure.

<u>J.P. Morgan SE's Management and Supervisory Board, and Remuneration Control Committee ("RemCo"):</u>

- The J.P. Morgan SE Management Board (the "Management Board") is competent and responsible for the remuneration of the employees of J.P. Morgan SE, including approving, at least annually, the applicable remuneration policy and the Company's approach to the designation of CRD V Identified Staff. The Management Board last reviewed the Remuneration Policy that applied for the 2022 Performance Year in November 2022, updated including to take account of regulatory feedback and expectations, and was satisfied with its implementation.
- In accordance with the Remuneration Rules, J.P. Morgan SE has established a RemCo formed of non-executive members of the Supervisory Board of J.P. Morgan SE (the "Supervisory Board").

[5] Regulation (EU) 575/2013/EU, last amended by Regulation (EU) 2019/876.
[6] Directive (EU) 2013/36, last amended by Directive (EU) 2019/878.

- The RemCo is responsible for supporting the Supervisory Board by the preparation of decisions regarding remuneration as they apply to the Management Board, including performing an annual review of the applicable remuneration policy and overseeing its implementation. During the 2022 Performance Year, the RemCo comprised of two Non-Executive Directors, and one Employee Representative of J.P. Morgan SE. The RemCo last reviewed the Remuneration Policy that applied for the 2022 Performance Year in December 2022, updated including to take account of regulatory feedback and expectations as previously described , and was satisfied with its implementation.
- German law establishes additional requirements for the remuneration of the Management Board, which is overseen by the Supervisory Board in order to meet these local compliance requirements.
- The Supervisory Board held eight meetings in the calendar year 2022. The RemCo held seven meetings in respect of the 2022 Performance Year.

J.P. Morgan SE's Remuneration Policy and Classification of Identified Staff

- The Company undertakes an annual review of its staff against the qualitative and quantitative criteria set out in the relevant Regulatory Technical Standard[7] to identify those roles which could potentially have a material impact on the risk profile of the Company ("CRD V Identified Staff"). A description of the types of employees considered as material risk takers is set out in the EMEA Remuneration Policy Disclosure. This CRD V Identified Staff group is reviewed on an ongoing basis and CRD V Identified Staff are notified of their status and the impact on their remuneration structure.
- J.P. Morgan SE's Risk and Compliance functions are involved in the review of the remuneration policy, including reviewing the Company's approach to the designation of its CRD V Identified Staff. The Internal Audit function performs a central and independent review of the implementation of the Remuneration Policy on an annual basis, and relevant findings are reported to the RemCo and Management Board.

Shareholder Approval for Higher Fixed to Variable Ratio

- The Company has obtained the relevant shareholder approval in accordance with Article 94(1)g of CRD V (and its local implementation) to pay employees, including senior management, up to a maximum fixed to variable compensation ratio of 1 : 2. This approval was received on 29 September 2014 and 100% of shareholders were represented and in favor.

Compensation Structure for Identified Staff

- The compensation structure that applied to CRD V Identified Staff is as follows[8]:

[7] Delegated Regulation (EU) 2021/923.

[8] In respect of the 2022 Performance Year, J.P. Morgan SE dis-applied the CRD V requirements on deferral of variable compensation and payment of variable compensation in shares / non-cash instruments for 14 CRD V Identified Staff benefiting from the derogation set out in Article 94(3)(b) CRD V. In aggregate, their total compensation was EUR 6,739k, broken down into EUR 6,178k fixed compensation and EUR 561k variable compensation.

- At least 40% of Incentive Compensation (IC) is deferred, rising to a minimum of 60% where (i) IC is EUR 500,000 or more; or (ii) CRD V Identified Staff are members of the Management Board or designated as being a member of "senior management" ("Senior Management").
- The deferral period is at least four years, with vesting generally in four equal tranches on or around the anniversaries of the grant date.
- For CRD V Identified Staff who are members of the Management Board or Senior Management, the deferral period is at least five years, with vesting in five equal tranches on or around the anniversaries of the grant date.
- At least 50% of IC (both deferred and non-deferred) is awarded as Retained Stock or Restricted Stock Units("RSUs").
- Retained Stock and relevant RSUs are subject to a twelve month, post-vesting retention period during which the underlying J.P. Morgan shares acquired may not be sold, pledged, assigned or transferred to a private brokerage account.
- Individuals are not entitled to receive or accrue dividend-equivalent payments on relevant RSUs until vesting. CRD V Identified Staff are not entitled to receive or accrue interest on unvested Deferred Cash Awards.
- All IC is subject to malus and clawback provisions which reflects the requirements of the Remuneration Rules, in addition to the firmwide recovery provisions and the Bonus Recoupment Policy.

Link Between Pay and Performance - Goal Setting

- All employees who are part of the annual review process are evaluated against the four performance dimensions (Business Results, Risk, Control and Conduct, Client / Customer / Stakeholder and Teamwork and Leadership). These performance dimensions appropriately consider short, medium and long-term priorities that drive sustained shareholder value, while accounting for risk, controls, and conduct objectives. To promote a proper pay-for-performance alignment, relative weightings are not assigned to these dimensions. No single performance dimension in isolation determines total compensation; however, it is possible for a single significant shortcoming in any performance dimension to have a downward impact on variable compensation without limitation.
- There are specific expectations under each performance dimension which differ depending on the employee's level and / or role. Specific guidance is shared with J.P. Morgan SE employees in the Control Functions to clarify how those performance dimensions apply to their roles, in particular to reinforce that their goals and remuneration decisions are set and taken by reference to their function and independence of the Lines of Business that they cover.
- In addition to these specific expectations, each performance year the Supervisory Board and Management Board, as appropriate, set:
  - Joint Performance Goals of the Management Board, approved by the Supervisory Board;
  - Individual Performance Goals for each Management Board member, approved by the Supervisory Board; and

- Performance Goals that apply to all J.P. Morgan SE employees (the "J.P. Morgan SE Goals"), approved by the Management Board,

  in each case incorporating some metrics where relevant to each Business Segment and / or Function. These metrics are one part of J.P. Morgan SE's Business Strategy and / or J.P. Morgan SE's Risk Strategy ("J.P. Morgan SE Metrics") and are used to help steer the Business Segment and / or Function in its assessment of performance.

- Employees may set additional goals against each performance dimension in collaboration with their manager, such as to take account of the J.P. Morgan SE Goals and, for J.P. Morgan SE Identified Staff, incorporating appropriate J.P. Morgan SE Metrics. As goal setting is an ongoing and iterative process, employees and their managers may, through regular check-ins, discuss progress against goals throughout the year.

<u>Link Between Pay and Performance – Performance Development and Individual Compensation Decisions</u>

- Managers and employees receive holistic performance feedback, including on Risk, Controls, and Conduct, gathered in a number of ways, including from the employee's peers, managers, colleagues, direct reports and other team members. For J.P. Morgan SE employees and their managers this includes requesting / considering feedback against their Performance Goals as they relate to J.P. Morgan SE Goals.
- Managers record a performance rating against each performance dimension reflecting the employee's performance considering Performance Goals, firmwide expectations by level and any feedback received (Strong, On Track or Growth Area).
- For the Risk, Controls, and Conduct rating, managers evaluate Managing Directors, Executive Directors and J.P. Morgan SE Identified Staff either as "As Expected for Role" or "Less Than Expected". Managers answer a question for Vice-President and below employees as to whether they exhibit behaviors in line with the Risk, Controls, and Conduct expectations. The manager's determination of a rating is informed by their own direct knowledge of the employee's risk taking activities and risk outcomes, reported conduct issues, as well as feedback the manager has received from various sources of information, such as those noted above.
- For J.P. Morgan SE Identified Staff, part of the enhanced review process includes soliciting feedback directly from risk and control professionals who independently assess employees' risk, controls, and conduct behavior. This feedback is used to help identify J.P. Morgan SE employees responsible for significant risk and control behavior or conduct issues, supervisory issues, and other risk and control related issues that impact J.P. Morgan SE, for example a breach of J.P. Morgan SE's Risk Appetite Framework.
- This input is used in managers' evaluations of the performance of Identified Staff including J.P.Morgan SE Identified Staff and is considered in determining a manager's overall performance evaluation of the employee and the determination of the employee's Risk, Controls, and Conduct Assessment, as well as determining any annual incentive compensation, and when appropriate, any recovery or clawback actions.

  Individual compensation decisions for members of the Management Board are approved by the Supervisory Board on recommendation from the RemCo. Decisions for all other J.P. Morgan SE employees are taken by the relevant planning manager with input from the J.P. Morgan SE Manager and oversight from the relevant member of the J.P. Morgan SE Management Board.

Link Between Pay and Performance – Incentive Compensation Review and Risk Adjustment

- J.P. Morgan SE's incentive compensation spend is subject to review and / or approval by the Management Board, and RemCo and Supervisory Board in accordance with their respective responsibilities. That review process incorporates references to inputs such as relevant J.P. Morgan SE Metrics including but not limited to profitability, risk-balanced returns and known current and future risks relevant to J.P. Morgan SE.

- To support this review, the Management Board, and RemCo and Supervisory Board are provided with input by J.P. Morgan SE's Finance and Risk Management functions, including their view that the proposed incentive compensation spend in the given performance year takes into account J.P. Morgan SE's risk bearing ability, the capital planning over numerous years and J.P. Morgan SE's earnings situation and is expected to allow J.P. Morgan SE to conserve or restore appropriate equity capital and liquidity and its combined buffer requirements.

- The compensation program is designed to hold Staff accountable, when appropriate, for meaningful actions or issues that negatively impact business performance or reputation in current or future years. Risk, controls and conduct issues are therefore carefully considered throughout the performance development and incentive compensation processes, with relevant updates provided to J.P. Morgan SE's Management Board, RemCo and Supervisory Board during year-end as it relates to J.P. Morgan SE employees.

- To hold individuals responsible for taking risks inconsistent with our risk appetite and to discourage future imprudent behavior, policies and procedures are in place that enable us to take prompt and proportionate actions with respect to accountable individuals, including:
  - Reduce or altogether eliminate annual incentive compensation
  - Cancel unvested awards (in full or in part)
  - Clawback/Recover previously paid incentive compensation (cash and/or equity)
  - Demotion, negative performance rating or other appropriate employment actions
  - Termination of employment

- The precise actions that may be taken with respect to accountable individuals are based on the relevant circumstances, including the nature of their involvement, the magnitude of the event, the impact, and local laws.

Quantitative disclosures

CRD V Identified Staff

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

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

Figure 48: EU REM1 – Total Compensation for the 2022 Performance Year (in € m.)*

31/12/2022			a	b	c	d
			Supervisory Board	Management Board	Other Senior Management**	Other CRD V Identified Staff
1	Fixed Compensation	Number of identified staff	16	7		275
2		Total fixed remuneration	0	7		195
3		Of which: cash-based	0	7		179
EU-4a		Of which: shares or equivalent ownership interests				
5		Of which: share-linked instruments or equivalent non-cash instruments				
EU-5x		Of which: other instruments				
7		Of which: other forms		0		17
9	Variable Compensation	Number of identified staff		7		268
10		Total variable remuneration		10		187
11		Of which: cash-based		1		42
12		Of which: deferred		0		9
EU-13a		Of which: shares or equivalent ownership interests		9		144
EU-14a		Of which: deferred		8		113
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments				1
EU-14b		Of which: deferred				1
EU-14x		Of which: other instruments				
EU-14y		Of which: deferred				
15		Of which: other forms				
16		Of which: deferred				
17	**Total Compensation**		**0**	**17**		**382**

*Any payment made under a profit-sharing arrangement required by local law is excluded.

**J.P. Morgan SE had no additional Senior Management in respect of the 2022 Performance Year

Figure 49: EU REM2 - Guaranteed Variable Compensation and Severance Payments (in € m.)

31/12/2022		a	b	c	d
		Supervisory Board	Management Board	Other Senior Management	Other CRD V Identified Staff
	Guaranteed Variable Compensation awards *				
1	Number of CRD V Identified Staff				2
2	Total amount				0
3	Of which paid during the financial year, that are not taken into account in the bonus cap				0
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Number of CRD V Identified Staff				
5	Total amount				
	Severance payments awarded during the financial year				
6	Number of CRD V Identified Staff				2
7	Total amount				1
8	Of which paid during the financial year				1
9	Of which deferred				
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap				1
11	Of which highest payment that has been awarded to a single person				1

*Both awards relate to sign-on payments during the 2022 Performance Year to employees on joining in lieu of a lost bonus award / opportunity

Figure 50: REM3 – Deferred Compensation for the 2022 Performance Year (in € m.)

31/12/2022		a	b	c	d	e	f	EU - g	EU - h
Deferred and retained remuneration		Total amount of deferred compensation awarded for previous performance periods *	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred compensation that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred compen-sation that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments **	Total amount of deferred compen-sation awarded before the financial year actually paid out in the financial year	Total of amount of deferred compen-sation awarded for previous performance period that has vested but is subject to retention periods
1	Supervisory Board								
2	Cash-based								
3	Shares or equivalent ownership interests								
4	Share-linked instruments or equivalent non-cash instruments								

5	Other instruments								
6	Other forms								
7	Management Board	16	6	10			(1)	6	4
8	Cash-based	1	0	0			0	0	0
9	Shares or equivalent ownership interests	15	6	9			(1)	6	4
10	Share-linked instruments or equivalent non-cash instruments								
11	Other instruments								
12	Other forms								
13	Other Senior Management								
14	Cash-based								
15	Shares or equivalent ownership interests								
16	Share-linked instruments or equivalent non-cash instruments								
17	Other instruments								
18	Other forms								
19	Other CRD V Identified Staff	259	113	145			(20)	120	58
20	Cash-based	11	5	6			0	5	
21	Shares or equivalent ownership interests	246	108	138			(20)	114	58
22	Share-linked instruments or equivalent non-cash instruments	2	1	1			—	1	
23	Other instruments								
24	Other forms								
25	**Total Amount**	**274**	**119**	**155**			**(21)**	**126**	**62**

*All outstanding deferred awards are subject to malus and clawback provisions as set out in the most recent EMEA Remuneration Policy Disclosure

** The value of RSUs fluctuates with the value of the Firm's stock; the value of Deferred Cash awards fluctuates with the applicable interest rate (where eligible)

Figure 51: EU REM4 – Total Compensation Banding for CRD V Identified Staff Earning at Least EUR 1 Million

	31/12/2022	a
	Total Compensation Bands	Number of CRD V Identified Staff
1	1 000 000 to below 1 500 000	79
2	1 500 000 to below 2 000 000	36
3	2 000 000 to below 2 500 000	13
4	2 500 000 to below 3 000 000	7
5	3 000 000 to below 3 500 000	6
6	3 500 000 to below 4 000 000	5
7	4 000 000 to below 4 500 000	7
8	4 500 000 to below 5 000 000	
9	Above 5 000 000	5

Figure 52: EU REM5 - Total Compensation for the 2022 Performance Year – Breakdown by Business Area (in € m.)

	31/12/2022	a	b	c	d	e	f	g	h	i	j
		Management Body Compensation			Business areas						
		Super-visory Board	Manage-ment Board	Total Manage-ment Body	Invest-ment banking	Retail banking	Asset manage-ment	Corpo-rate functions	Inde-pendent internal control functions	All other	Total
1	Total Number of CRD V Identified Staff										298
2	Of which: members of the Management Body	16	7	23							
3	Of which: other senior management										
4	Of which: other CRD V Identified Staff				175		58	13	23	6	
5	Total Compensation of CRD V Identified Staff	0	17	17	264		81	13	15	10	
6	Of which: variable compensation		10	10	126		43	7	5	5	
7	Of which: fixed compensation	0	7	7	138		38	6	10	4	

17. Leverage (as per Article 451 CRR)

According to the regulation, the leverage ratio is calculated as an institution's capital measure (Tier 1 capital) divided by its total exposure measure, which is determined according to the instructions in the Delegated Regulation. The total exposure measure consists of the combination of unweighted balance sheet assets and off-balance sheet positions.

Figure 53: EU LRA – Disclosure of LR qualitative information

31/12/2022		a)
Row		
a)	Description of the processes used to manage the risk of excessive leverage	As part of the Internal Capital Adequacy Assessment Process (ICAAP), J.P. Morgan SE models several scenarios (baseline and adverse scenarios under the normative perspective) that support monitoring the risk of excessive leverage.
b)	Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers	The key factors that impacted the leverage ratio of J.P. Morgan SE during the reporting period are derivatives and SFTs as a consequence of the cross border merger of J.P. Morgan Bank Luxembourg S.A. and J.P. Morgan Bank Ireland plc into J.P. Morgan AG in Q1 2022. The Tier 1 capital in the leverage ratio was increased in 2022.

Additionally to the regular monitoring of the actual leverage ratio, the risk of excessive leverage is monitored through forecasting of the ratio under baseline and stress scenarios , and the approach is consistent with the capital adequacy. Both elements of the Leverage Ratio, the capital and leverage exposure, are projected based on the evolution of the balance sheet and capital. For the stressed leverage ratio the elements are estimated according to the applied stress scenarios. With this process J.P. Morgan SE ensures that the Leverage Ratio maintains within the regulatory and internal targets. In case there is an indication of excessive leverage, corrective actions of the planning are taken, in order to ensure that leverage ratio remains within the desirable levels.

If the leverage ratio can be maintained even in a stressed environment, the risk of forced "deleveraging" remains low.

Figure 54: EU LR1 – LRSum – Summary reconciliation of accounting assets and leverage ratio exposures (in € m.)

31/12/2022		a)
		Applicable amount
1	Total assets as per published financial statements	435,829
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	—
3	(Adjustment for securitized exposures that meet the operational requirements for the recognition of risk transference)	
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	
5	(Adjustment for fiduciary assets recognized on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	(8,123)
7	Adjustment for eligible cash pooling transactions	
8	Adjustments for derivative financial instruments	(71,345)
9	Adjustment for securities financing transactions (SFTs)	4,719
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	15,201
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	(1,033)
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	
12	Other adjustments	(20,814)
13	Total exposure measure	354,435

Figure 55: EU LR2 – LRCom – Leverage ratio common disclosure (in € m.)

31/12/2022		CRR leverage ratio exposures	
		a)	b)
		DEC-22	SEP-22
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	168,765	223,227
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework		
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(20,506)	(21,104)
4	(Adjustment for securities received under securities financing transactions that are recognized as an asset)		
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	(1,138)	(1,211)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**147,121**	**200,912**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	39,895	50,334
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardized approach		
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	77,112	71,466
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardized approach		
EU-9b	Exposure determined under Original Exposure Method		
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	(8,106)	(7,625)
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardized approach)		

EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original Exposure Method)		
11	Adjusted effective notional amount of written credit derivatives	235,362	224,906
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(223,478)	(212,235)
13	**Total derivatives exposures**	**120,784**	**126,846**
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	66,609	90,993
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
16	Counterparty credit risk exposure for SFT assets	4,719	6,054
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		
17	Agent transaction exposures	—	
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		
18	**Total securities financing transaction exposures**	**71,328**	**97,047**
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount		
20	(Adjustments for conversion to credit equivalent amounts)	15,201	16,184
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)		
22	**Off-balance sheet exposures**	**15,201**	**16,184**
	Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))		
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)		
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)		
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))		
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)		
EU-22g	(Excluded excess collateral deposited at triparty agents)		
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)		
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)		
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)		
EU-22k	**(Total exempted exposures)**		
	Capital and total exposure measure		
23	**Tier 1 capital**	**22,516**	**21,234**
24	**Total exposure measure**	**354,435**	**440,988**
	Leverage ratio		
25	Leverage ratio	6.35 %	4.82 %
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	6.35 %	4.82 %
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	6.35 %	4.82 %
26	Regulatory minimum leverage ratio requirement (%)	3.00 %	3.00 %
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)		
EU-26b	of which: to be made up of CET1 capital (percentage points)		
27	Leverage ratio buffer requirement (%)		
EU-27a	Overall leverage ratio requirement (%)	3.00 %	3.00 %
	Choice on transitional arrangements and relevant exposures		
EU-27b	Choice on transitional arrangements for the definition of the capital measure	fully phased-in	fully phased-in
	Disclosure of mean values		

28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	72,471	89,047
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	66,609	90,993
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	360,296	439,042
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	360,296	439,042
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.25 %	4.84 %
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.25 %	4.84 %

Figure 56: EU LR2 – LRCom – Leverage ratio common disclosure (Average) (in € m.)

31/12/2022		CRR leverage ratio exposures
		a)
		Average Q1-Q4 2022
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	181,493
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(18,563)
4	(Adjustment for securities received under securities financing transactions that are recognized as an asset)	
5	(General credit risk adjustments to on-balance sheet items)	
6	(Asset amounts deducted in determining Tier 1 capital)	(1,088)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**161,842**
Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	39,599
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardized approach	
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	68,742
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardized approach	
EU-9b	Exposure determined under Original Exposure Method	
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	(7,471)
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardized approach)	
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original Exposure Method)	
11	Adjusted effective notional amount of written credit derivatives	214,135
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(202,089)
13	**Total derivatives exposures**	**112,915**
Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	87,273
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	
16	Counterparty credit risk exposure for SFT assets	5,099
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	

17	Agent transaction exposures	—
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	
18	**Total securities financing transaction exposures**	**92,371**
	Other off-balance sheet exposures	
19	Off-balance sheet exposures at gross notional amount	
20	(Adjustments for conversion to credit equivalent amounts)	15,889
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	
22	**Off-balance sheet exposures**	**15,889**
	Excluded exposures	
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	
EU-22g	(Excluded excess collateral deposited at triparty agents)	
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	
EU-22k	**(Total exempted exposures)**	
	Capital and total exposure measure	
23	**Tier 1 capital**	**21,682**
24	**Total exposure measure**	**383,018**
	Leverage ratio	
25	Leverage ratio	5.66 %
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	5.66 %
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	5.39 %
26	Regulatory minimum leverage ratio requirement (%)	3.33 %
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	
EU-26b	of which: to be made up of CET1 capital (percentage points)	
27	Leverage ratio buffer requirement (%)	
EU-27a	Overall leverage ratio requirement (%)	3.33 %
	Choice on transitional arrangements and relevant exposures	
EU-27b	Choice on transitional arrangements for the definition of the capital measure	fully phased-in
	Disclosure of mean values	
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	80,058
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	22,379
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	440,696
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	459,841
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.00 %

31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.00 %

Figure 57: EU LR3 – LRSpl – Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (in € m.)

31/12/2022		a)
		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	148,259
EU-2	Trading book exposures	38,804
EU-3	Banking book exposures, of which:	109,455
EU-4	Covered bonds	
EU-5	Exposures treated as sovereigns	75,729
EU-6	Exposures to regional governments, MDB, international organizations and PSE not treated as sovereigns	
EU-7	Institutions	11,392
EU-8	Secured by mortgages of immovable properties	1,721
EU-9	Retail exposures	
EU-10	Corporates	16,121
EU-11	Exposures in default	118
EU-12	Other exposures (e.g. equity, securitizations, and other non-credit obligation assets)	4,374

18. Liquidity (as per Article 451a CRR)

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

Article 451a(4)

Liquidity Risk is the risk that the Firm will be unable to meet its contractual and contingent financial obligations as they arise or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its assets and liabilities.

Liquidity Risk Management

The independent J.P. Morgan SE ALM Risk function is the second line of defense responsible for independent assessment, measuring, monitoring, and control of liquidity risk across the entity, reporting to the J.P. Morgan SE CRO. Key responsibilities include:

- Defining, monitoring, and reporting liquidity risk metrics
- 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
- Monitoring and reporting internal firmwide and legal entity liquidity stress tests, regulatory defined metrics as well as liquidity positions, balance sheet variances and funding activities, and
- Approving or escalating for review new or updated liquidity stress assumptions.

Liquidity management

Treasury and CIO (“TCIO”) is responsible for liquidity management. As part of the Firm’s overall liquidity management strategy, the Firm manages liquidity and funding using a centralized, global approach in order to:

- Optimize liquidity sources and uses;
- Monitor exposures;
- Identify constraints on the transfer of liquidity between the Firm’s legal entities;
- Maintain the appropriate amount of surplus liquidity at a firmwide and legal entity level, where relevant.
- In the context of the Firm’s liquidity management, TCIO is responsible for:

- Analyzing 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 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 relating to funding and liquidity risk;
- Setting transfer pricing in accordance with underlying liquidity characteristics of balance sheet assets and liabilities as well as certain off-balance sheet items.

TCIO has established a regional team to cover TCIO activities of J.P. Morgan SE with a J.P. Morgan SE Treasurer reporting to the J.P. Morgan SE CEO. The J.P. Morgan SE Treasurer is responsible for the management of the current and projected funding and liquidity needs of J.P. Morgan SE, operating within approved liquidity risk appetites and tolerances set by the J.P. Morgan SE Management Board. The J.P. Morgan SE Treasury function, reporting to the J.P. Morgan SE Treasurer, is responsible for the day-to-day monitoring and management of J.P. Morgan SE's liquidity risks and managing projected activity.

Liquidity Risk Governance

The Management Board of J.P. Morgan SE is ultimately responsible for the liquidity and funding risks within the entity and for establishing an appropriate liquidity risk appetite that reflects the nature and complexity of the business undertaken by J.P. Morgan SE.

The Management Board of J.P. Morgan SE has delegated first line oversight of liquidity and funding risks to the J.P. Morgan SE ALCO; and a dedicated J.P. Morgan SE Treasury team covers TCIO activities in J.P. Morgan SE.

J.P. Morgan SE, as part of the firmwide framework, employs a first, second and third line of defense approach to liquidity and funding risk management as outlined above.

Internal Stress Testing

Liquidity stress tests are intended to ensure that the J.P. Morgan SE has sufficient liquidity under a variety of adverse scenarios, including scenarios analyzed as part of the J.P. Morgan SE's recovery planning. Stress scenarios are produced for J.P. Morgan SE on a regular basis, and other stress tests are performed in response to specific market events or concerns.

Liquidity stress tests assume all of J.P. Morgan SE's contractual financial obligations are met and take into consideration:

- Varying levels of access to unsecured and secured funding markets
- Estimated non-contractual and contingent cash outflows
- Considerations of credit rating downgrades;
- Collateral haircuts; and

- Potential impediments to the availability and transferability of liquidity between jurisdictions and material legal entities such as regulatory, legal, or other restrictions.

Liquidity outflows are modelled across a range of time horizons and currency dimensions and contemplate both market and idiosyncratic stresses. Results of stress tests are considered in the formulation of the J.P. Morgan SE's funding plan and assessment of its liquidity position.

Contingency Funding Plan

The Firm's Contingency Funding Plan ("CFP") sets out the strategies for addressing and managing liquidity resource needs during a liquidity stress event and incorporates liquidity risk limits, indicators and risk appetite tolerances. The CFP also identifies the alternative contingent funding and liquidity resources available to the Firm and its legal entities in a period of stress.

The Firm's Contingency Funding Plan is then supplemented with a J.P. Morgan SE Addendum which

- Provides a framework with potential J.P. Morgan SE action steps and communication procedures for the various stages of liquidity risk; and
- Identifies the alternative contingent liquidity resources available to J.P. Morgan SE in a stress event along with the respective functions responsible for execution and decision-making.

Internal Liquidity Adequacy Assessment Process

J.P. Morgan SE completes an Internal Liquidity Adequacy Assessment Process ("ILAAP"), which provides management with an assessment of the adequacy of J.P. Morgan SE's liquidity resources to cover liabilities as they fall due in a range of stressed conditions. Stress scenarios cover both market and idiosyncratic events. The ILAAP consists of a number of interlinked components that form part of management's decision-making processes such as the entity's strategy, risk appetite, liquidity and funding risk management framework, and stress testing. The ILAAP summarizes the material liquidity risks from the J.P. Morgan SE Risk Inventory to which J.P. Morgan SE is exposed; how these risks are measured, managed, monitored and mitigated; and how much liquidity J.P. Morgan SE should hold against these risks. The ILAAP is reviewed by the J.P. Morgan SE ALCO and Risk Oversight Committee and approved by the J.P. Morgan SE Management Board. Key elements of the ILAAP are updated on a regular basis and the J.P. Morgan SE Management Board is informed of any key changes to the entities liquidity or funding adequacy as necessary.

Liquidity Risk Reporting and Measurement System

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

Article 451a(2)

Liquidity Coverage Ratio (LCR)

The Liquidity Coverage Ratio[9], as per the CRR II, requires credit institutions to maintain an amount of unencumbered high quality liquid assets that is sufficient to meet their estimated total net cash outflows over a prospective 30 calendar-day period of significant stress. Firms are required to maintain LCR ratio of at least 100%.

[9] In line with the EBA guidelines the average ratio disclosed in Table EU LIQ1 is calculated as an average over the 12 data points used for each item, and therefore the quoted ratio is not equal to the average 'Liquidity buffer' divided by average 'Total net cash outflows'.

Figure 58: EU LIQ1 - Quantitative information of LCR (in € m.)

31/12/2022		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	31/12/22	30/09/22	30/06/22	31/03/22	31/12/22	30/09/22	30/06/22	31/03/22
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation (EU) 2015/61					94,407	85,545	76,960	67,805
CASH - OUTFLOWS									
2	retail deposits and deposits from small business customers, of which:	8,178	6,124	4,103	2,153	1,233	967	678	367
3	Stable deposits	71	53	36	18	4	3	2	1
4	Less stable deposits	6,922	5,426	3,802	2,055	1,230	964	676	366
5	Unsecured wholesale funding	130,208	106,485	82,240	59,677	73,814	61,563	49,031	38,122
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	64,262	51,711	38,716	25,779	15,984	12,866	9,636	6,420
7	Non-operational deposits (all counterparties)	65,946	54,773	43,523	33,898	57,830	48,698	39,395	31,703
8	Unsecured debt								
9	Secured wholesale funding					29,163	25,344	23,549	23,029
10	Additional requirements	39,890	37,575	33,801	30,542	27,189	24,899	21,157	18,121
11	Outflows related to derivative exposures and other collateral requirements	24,102	22,133	18,861	16,423	23,682	21,671	18,317	15,805
12	Outflows related to loss of funding on debt products	20	15	13	8	20	15	13	8
13	Credit and liquidity facilities	15,767	15,427	14,927	14,111	3,487	3,213	2,828	2,308
14	Other contractual funding obligations	24,978	22,925	20,585	19,500	2,056	1,998	2,052	2,131
15	Other contingent funding obligations	14,695	11,501	8,198	4,729	1,950	1,484	999	501
16	TOTAL CASH OUTFLOWS					135,406	116,255	97,466	82,271
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	143,989	133,959	125,831	123,540	30,520	27,724	26,384	26,165
18	Inflows from fully performing exposures	30,277	25,640	20,563	16,606	27,592	23,452	19,172	15,619
19	Other cash inflows	29,558	24,419	17,792	11,443	15,069	13,109	10,259	7,674
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
EU-19b	(Excess inflows from a related specialized credit institution)								
20	TOTAL CASH INFLOWS	203,824	184,018	164,187	151,589	73,181	64,285	55,814	49,459
EU-20a	Fully exempt inflows				—				—
EU-20b	Inflows subject to 90% cap								
EU-20c	Inflows subject to 75% cap	199,975	180,344	160,707	148,619	73,181	64,285	55,814	49,459
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					94,407	85,545	76,960	67,805
22	TOTAL NET CASH OUTFLOWS					62,225	52,412	42,093	33,254
23	LIQUIDITY COVERAGE RATIO					152.49 %	194.19 %	224.41 %	246.18 %

Main drivers of the LCR

In table EU LIQ1, the adjusted value of the liquidity buffer is the value of the total high quality liquid assets (HQLA) after the application of both haircuts and any applicable cap. The adjusted value of net cash outflows is calculated after the cap on inflows is applied where applicable.

The stock of eligible HQLA, for purposes of calculating the LCR, is the amount of unencumbered HQLA that satisfy certain operational considerations as defined in the LCR rule. HQLA for J.P. Morgan SE primarily consist of cash and certain high-quality liquid securities as defined in the LCR rule. The net cash outflows are based on standardized stress outflow and inflow rates prescribed in the LCR rule, which are applied to the balances of J.P. Morgan SE's assets, sources of funding, and obligations.

Over the course of the year the stock of HQLA has increased in line with the increase of the net cash outflows. The difference between the average net cash outflows of the 12 months preceding December 2022 and the 12 months preceding each of the three previous quarters is due to the merger that took place in January 2022. Any balances, for periods prior to the merger, included in the average calculations are based on standalone J.P. Morgan SE (formerly JPMAG).

Composition of J.P. Morgan SE's liquidity buffer and concentration of funding sources

J.P. Morgan SE's stock of HQLA primarily consists of unencumbered cash with Central Banks and certain high quality liquid securities as defined in the LCR rule. J.P. Morgan SE funds its balance sheet through diverse sources of funding including capital and long term debt, operational and non-operational deposits, secured funding in the capital markets and term evergreen funding from affiliates.

Derivative Exposures and Potential Collateral Calls

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

Currency Mismatch in the LCR

J.P. Morgan SE ensures that the currency composition of its liquidity buffer is broadly matched with that of its net outflows by monitoring the liquidity position for each significant currency using its internal stress tests and indicators, as appropriate.

Article 451a(3)

Net Stable Funding ratio (NSFR)

The NSFR is a liquidity requirement equal to the ratio of the institution’s available stable funding to the amount of their required stable funding. Firms are required to maintain a net stable funding ratio of at least 100%. The NSFR became a binding standard in EU in June 2021, when the CRRII came into force.

The NSFR ratio and the amount of available and required stable funding disclosed in the table below are the spot balances as at the end of the referenced date.

Figure 59: EU LIQ2: Net Stable Funding Ratio (in € m.)

31/12/2022		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	23,700			15,171	38,871
2	Own funds	23,700			15,171	38,871
3	Other capital instruments					
4	Retail deposits		7,444	499		7,152
5	Stable deposits		70	1		67
6	Less stable deposits		7,373	498		7,084
7	Wholesale funding:		237,834	1,730	6,322	40,640
8	Operational deposits		52,062			26,031
9	Other wholesale funding		185,772	1,730	6,322	14,609
10	Interdependent liabilities		26,284			
11	Other liabilities:		43,977			
12	NSFR derivative liabilities					
13	All other liabilities and capital instruments not included in the above categories		43,977			
14	Total available stable funding (ASF)					86,664
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					2,010
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes		2,119			1,060
17	Performing loans and securities:		177,345	4,049	25,698	38,135
18	Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut		113,089	872	2,930	6,194
19	Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions		50,767	1,658	5,033	9,479
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		12,686	1,200	4,770	10,998
21	With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk					
22	Performing residential mortgages, of which:				1,712	1,113
23	With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk				1,712	1,113
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		804	320	11,253	10,352
25	Interdependent assets		26,284			
26	Other assets:		73,441	2	6,615	14,209
27	Physical traded commodities				88	74
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		2,147		5,993	6,919
29	NSFR derivative assets		568			568
30	NSFR derivative liabilities before deduction of variation margin posted		36,671			1,834
31	All other assets not included in the above categories		34,056	2	535	4,814
32	Off-balance sheet items		24,646			1,693
33	**Total required stable funding (RSF)**					**57,107**
34	**Net Stable Funding Ratio (%)**					**151.76 %**

19. Disclosure requirements that are not relevant to J.P. Morgan SE

The Disclosure Report does not include information about disclosure rules that were not applicable for J.P. Morgan SE in the current disclosure period. In particular, this concerns the following requirements:

- Indicators of global system relevance (as per Article 441 CRR):

  J.P. Morgan SE is not classified as a global system-relevant institution. Thus, no disclosure is needed under Article 441 CRR.

- Disclosure of environmental, social and governance risks (ESG risks) as per Article 449a CRR:

  J.P. Morgan SE is classified as large, non-listed institution. Hence, no disclosure is needed under Article 449a CRR.

- Application of the IRB approach to credit risks (as per Article 452 CRR):

  J.P. Morgan SE does not calculate any risk-weighted exposure values using the IRB approach. Thus, no disclosure is needed under Article 452 CRR.

- Operational risks (as per Article 454 CRR):

  J.P. Morgan SE did not use any advanced methods to calculate own funds requirements arising from operational risks, as defined in Articles 321-324 CRR. Thus, no disclosure is needed under Article 454 CRR.

- Market risks (as per Article 455 CRR):

  In the current disclosure period J.P. Morgan SE did not use any internal models to calculate own funds requirements arising from market risks, as defined in Article 363 CRR. Thus, no disclosure is needed under Article 455 CRR.

20. Annex: Main features of regulatory own funds instruments

Figure 60: EU CCA – Main features of regulatory own funds instruments

	31/12/2022	Common Equity Tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
	Main features of capital instruments						
1	Issuer	J.P. Morgan SE	J.P. Morgan SE	J.P. Morgan SE	J.P. Morgan SE	J.P. Morgan SE	J.P. Morgan SE
2	Unique identifier	1	2	3	4	5	6
2a	Public placement or private placement	Private	Private	Private	Private	Private	Private
3	Law applicable to instrument	German law	German law	German law	German law	Luxembourg law	German law
3a	Contractual recognition of write-down or conversion powers of the resolution authorities	No	No	No	No	No	No
	Regulatory treatment						
4	Current treatment, taking into account CRR transitional regulations where applicable	Common Equity Tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
5	CRR regulations after transitional time	Common Equity Tier 1 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
6	Eligible on individual/(partially) consolidated basis/individual and (partially) consolidated basis	Individual	Individual	Individual	Individual	Individual	Individual
7	Type of instrument	Capital	Subordinated loans, registered security	Subordinated loans, registered security	Subordinated loans, registered security	Subordinated loans, registered security	Subordinated loans, registered security
8	Amount eligible as regulatory capital or eligible liabilities	EUR 1,867 million	EUR 840 million	EUR 1,630 million	EUR 6,920 million	USD 3,500 million	EUR 2,500 million
9	Instrument nominal value	EUR 1,867 million	EUR 840 million	EUR 1,630 million	EUR 6,920 million	USD 3,500 million	EUR 2,500 million
9a	Issue price	EUR 11.67 per share	100%	100%	100%	100%	100%
9b	Repayment price		100%	100%	100%	100%	100%
10	Accounting classification	Subscribed capital	Liabilities - German accounting standards	Liabilities - German accounting standards	Liabilities - German accounting standards	Subordinated liability according to Luxembourg GAAP	Liabilities - German accounting standards
11	Original issue date	Aug 1978	3/12/2020	8/1/2021	8/10/2021	18/11/2020	23/12/2022
12	Perpetual or with expiry date	Perpetual	With maturity date	With maturity date	With maturity date	With maturity date	With maturity date
13	Original maturity date		3/12/2030	8/1/2031	8/10/2031	20/11/2028	23/12/2032
14	Can be terminated by issuer with the prior consent of the supervisory authority		Yes	Yes	Yes	Yes	Yes
15	Selectable termination date, conditional termination dates and repayment amount		In case of a tax/regulatory event, termination option between 10th day and 60th day prior to each interest payment date	In case of a tax/regulatory event, termination option between 10th day and 60th day prior to each interest payment date	In case of a tax/regulatory event, termination option between 10th day and 60th day prior to each interest payment date	In case of a tax/regulatory event, termination option (total but not partial) between 10th day and 60th day prior to each interest payment date	In case of a tax/regulatory event, termination option (total but not partial) between 10th day and 60th day prior to each interest payment date

16	Later termination dates, if applicable		In case of a tax/regulatory event, termination option between 10th day and 60th day prior to each interest payment date	In case of a tax/regulatory event, termination option between 10th day and 60th day prior to each interest payment date	In case of a tax/regulatory event, termination option between 10th day and 60th day prior to each interest payment date	In case of a tax/regulatory event, termination option (total but not partial) between 10th day and 60th day prior to each interest payment date	In case of a tax/regulatory event, termination option (total but not partial) between 10th day and 60th day prior to each interest payment date
	Coupons/dividends						
17	Fixed or variable dividend/coupon payments	Variable	Variable	Variable	Variable	Variable	Variable
18	Nominal coupon and any reference index		€STR + 97bp	€STR + 93bp	€STR + 97bp	SOFR + 124bp	€STR + 179bp
19	Existence of a “dividend stop”	No	No	No	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (with respect to time)	Fully discretionary	N/A	N/A	N/A	N/A	N/A
20b	Fully discretionary, partially discretionary or mandatory (with respect to amount)	Fully discretionary	N/A	N/A	N/A	N/A	N/A
21	Existence of a cost increase clause or other repayment incentive	No	No	No	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	N/A	N/A	N/A	N/A	N/A
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible: Trigger for the conversion	N/A	N/A	N/A	N/A	N/A	N/A
25	If convertible: in whole or in part	N/A	N/A	N/A	N/A	N/A	N/A
26	If convertible: Conversion rate	N/A	N/A	N/A	N/A	N/A	N/A
27	If convertible: Conversion is obligatory or optional	N/A	N/A	N/A	N/A	N/A	N/A
28	If convertible: Type of instrument being converted to	N/A	N/A	N/A	N/A	N/A	N/A
29	If convertible: Issuer of the instrument being converted to	N/A	N/A	N/A	N/A	N/A	N/A
30	Write-down features	No	No	No	No	No	No
31	For write-down features: Trigger for the write-down	N/A	N/A	N/A	N/A	N/A	N/A
32	In case of write-down: in whole or in part	N/A	N/A	N/A	N/A	N/A	N/A
33	In case of write-down: permanent or temporary	N/A	N/A	N/A	N/A	N/A	N/A
34	For temporary write-down: Mechanism for revaluation	N/A	N/A	N/A	N/A	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	N/A	N/A	N/A	N/A	N/A	N/A
EU-34b	Ranking of the instrument in regular insolvency proceedings	1	3	3	3	3	3
35	Position in the ranking in the event of liquidation	Subordinate to the subordinated creditors	Subordinate to all non-subordinate creditors	Subordinate to all non-subordinate creditors	Subordinate to all non-subordinate creditors	Subordinate to all non-subordinate creditors	Subordinate to all non-subordinate creditors
36	Non-compliant features of the converted instruments	N/A	N/A	N/A	N/A	N/A	N/A
37	If applicable, specify non-compliant features	N/A	N/A	N/A	N/A	N/A	N/A
37a	Link to the full terms and conditions of the instrument	https://www.jpmorgan.com/DE/en/disclosures	https://www.jpmorgan.com/DE/en/disclosures	https://www.jpmorgan.com/DE/en/disclosures	https://www.jpmorgan.com/DE/en/disclosures	https://www.jpmorgan.com/DE/en/disclosures	https://www.jpmorgan.com/DE/en/disclosures

21. Annex: EMEA Remuneration Policy Disclosure

Background

This document sets out a summary of the compensation (remuneration) policy applying to J.P. Morgan's subsidiaries and branches located in Europe, the Middle East and Africa (the "Legal Entities", collectively the "EMEA Business") in respect of the performance year ending 31 December 2022.

This document fulfills the qualitative remuneration disclosures required under the Basel Pillar 3 requirements, including the information required under paragraphs 1 (a) – (f) of Article 450 of the Capital Requirements Regulation (the "CRR")[10] for relevant Legal Entities regulated in the European Union ("EU") and the United Kingdom ("UK"), as well as the corresponding requirements in other EMEA jurisdictions.

The quantitative remuneration disclosures required under the Basel Pillar 3 requirements (including paragraphs 1 (g) – (i) of Article 450 of the CRR) are included in the individual Pillar 3 disclosures for each relevant Legal Entity[11]. These individual disclosures also contain any additional qualitative disclosures specific to that relevant Legal Entity.

In this document, the terms "J.P. Morgan" or "Firm" refers to the J.P. Morgan Chase & Co. group of companies, and each of the entities in that group globally, unless otherwise specified. As part of the Firm, the EMEA Business is governed by J.P. Morgan's global compensation philosophy and pay practices. This document should therefore be read together with the Firm's latest U.S. Proxy Statement (the "Proxy Statement")[12].

This document sets out general principles that are subject to specific provisions contained within the relevant plan terms and conditions as in force from time to time.

This policy statement was last updated in April 2023, with no material changes in policy from the 2022 version.

Governance and Oversight

Compensation & Management Development Committee

The Firm strongly believes that its firmwide compensation philosophy and its implementation fosters proper governance and regulatory compliance. At the global level, the Firm's Compensation and Management Development Committee ("CMDC"), a committee of the board of J.P. Morgan Chase & Co, the ultimate parent company of the Firm, comprising entirely of non-management directors, provides independent oversight and controls relating to Firmwide compensation practices. The CMDC is comprised entirely of independent directors. The CMDC's charter and current membership can be found on the Firm's website[13].

[10] Regulation (EU) No. 575 / 2013, last amended by Regulation (EU) 2019/876.

[11] These disclosures are available at: http://investor.shareholder.com/jpmorganchase/basel.cfm

[12] Most recent Proxy Statement is available at: http://investor.shareholder.com/jpmorganchase/index.cfm

[13] CMDC Charter and current membership is available at: https://www.jpmorganchase.com/corporate/About-JPMC/ab-compensation-management.htm

The CMDC oversees the Firm's compensation programs throughout the year, which enables the programs to be proactive in addressing both current and emerging developments or challenges. The key committee responsibilities of the CMDC related to the Firm's compensation programs include:

- Periodically reviewing and approving a statement of the Firm's compensation philosophy, principles and practices
- Reviewing the Firm's compensation practices and the relationship among risk, risk management and compensation (including safety and soundness and avoiding practices that could encourage excessive risk taking)
- Adopting pay practices and approving any necessary formulas, performance metrics or pool calculations in compliance with applicable U.S. and global regulatory, statutory or governance requirements
- Reviewing and approving overall incentive compensation pools (including equity/cash mix)
- Reviewing the business-aligned incentive compensation plan governance, design and evaluation framework
- Reviewing over multiple meetings and approving compensation for the Firm's Operating Committee and, for the CEO, making a compensation recommendation to the Board for consideration and ratification by the independent directors
- Reviewing compensation for certain regulatory designated employees under Federal Reserve standards ("Tier 1 employees"), Identified Staff (as defined below in the 'Regulatory Considerations' section) or other similar standards (together, "Designated Employees")
- Reviewing and approving the design and terms of compensation awards, including recovery/clawback provisions

Additionally, the CMDC holds an annual joint session with the Board's Risk Committee to review the firmwide HR and compensation practices, including:

- How the Firm integrates risk, controls and conduct considerations into key HR practices including performance development, compensation, promotion and succession planning
- Compensation features and elements designed to discourage imprudent risk-taking (e.g. multi-year vesting, clawbacks, prohibition on hedging, etc.)
- Annual incentive pool processes for lines of business ("LOBs") and functions
- Regulatory updates which have impacted or may impact HR practices in the future

The committees are also provided with information on the Firm's performance development process, a summary of risk, controls, and conduct feedback, and updates regarding HR Control Forum issues.

The CMDC met formally 7 times in the 2022 performance year. For that performance year, the CMDC and Board of Directors did not engage the services of a compensation consultant. Instead, the Firm's Human Resources department provided the CMDC and the Board with both internal and external compensation data and regular updates in an effort to comply with relevant rules and guidance from the Firm's regulators and applicable laws.

Compensation Philosophy

The Firm's compensation philosophy provides the guiding principles that drive compensation-related decisions across all levels of the Firm, including the EMEA Business. The compensation philosophy promotes an equitable and well-governed approach to compensation which includes pay-for-performance practices that attract and retain top talent in a competitive market, is responsive to and aligned with shareholders, reinforces the Firm's culture and the Firm's How We Do Business Principles ("Business Principles")[14], and integrates risk, controls, and conduct considerations.

The table below sets forth a summary of the Firm's compensation philosophy:

Compensation philosophy	
Paying for performance and aligning with shareholders' interests	• In making compensation-related decisions, the Firm focuses on risk-adjusted performance (the Firm's risk and control professionals help contextualize the risk taken to achieve the return) and rewards behaviors that generate sustained value for the Firm. This means that compensation should not be overly formulaic, rigid or focused on the short term.
Encouraging a shared success culture	• Teamwork and leadership should be encouraged and rewarded to foster a culture that supports our Business Principles. • Contributions should be considered across the Firm, within business units, and at an individual level when evaluating an employee's performance.
Attracting and retaining top talent	• The Firm's long-term success depends on the talents of its employees. The Firm's compensation philosophy plays a significant role in its ability to attract, properly motivate and retain top and diverse talent. • Competitive and reasonable compensation should help attract and retain the best talent to grow and sustain the Firm's business. • Diversity, equity and inclusion priorities and progress are incorporated into year-end performance evaluations and compensation decisions for Operating Committee members and a select group of senior leaders.
Integrating risk management and compensation	• Risk management, compensation recovery, and repayment policies should be robust and designed to encourage behaving with standards of integrity that are required by the Firm's culture and Business Principles. Excessive risk-taking should be deterred. • Conduct matters should be reviewed following Firmwide frameworks. • Recoupment policies should include recovery of cash and equity compensation. • The Firm's pay practices must comply with applicable rules and regulations, both in the U.S. and globally.
No special perquisites and non-performance based compensation	• Compensation should be straightforward and consist primarily of cash and equity incentives. • The Firm does not have special supplemental retirement or other special benefits just for executives, nor does it have any change in control agreements, golden parachutes, merger bonuses, or other special severance benefit arrangements for executives.

[14] The full set of Business Principles is included in "How We Do Business – The Report" which is posted on https://www.jpmorganchase.com/about/our-business/business-principles

Maintaining strong governance	• Strong corporate governance is fostered by independent Board oversight of the executive compensation program by the CMDC, including defining the Firm's compensation philosophy, reviewing and approving the Firm's overall incentive compensation pools, and approving compensation for the Operating Committee, including the terms of compensation awards. • The Firm has a rigorous process in place to review risk, control, and conduct issues at the Firm, line of business, functional, and regional level, which can impact compensation pools as well as reduce compensation at the individual level, in addition to other employee actions.
Transparency with shareholders	• Transparency to shareholders regarding the Firm's executive compensation program is important. The Firm discloses all material terms of its executive pay program, and any actions on the part of the Firm in response to significant events, as appropriate.

Alignment of pay practices with compensation philosophy

The effectiveness of the Firm's compensation program is dependent on the alignment of sound pay-for-performance practices with its compensation philosophy as illustrated in the table below:

Alignment of pay practices with compensation philosophy	
• **Principles-based compensation philosophy** Guiding principles that drive compensation-related decision-making across all levels of the Firm.	• **Competitive Benchmarking** The Firm benchmarks pay levels and pay practices against relevant market data.
• **Robust anti-hedging/anti-pledging provisions** Strict prohibition on hedging and pledging of unvested awards and shares owned.	• **Responsible use of equity** The Firm used less than 1% of weighted average diluted shares in 2022 for employee compensation.
• **Clawback Provisions** Comprehensive recovery provisions enable the Firm to cancel or reduce unvested awards and require repayment of previously awarded compensation, if appropriate.	• **Risk, Controls, and Conduct impacts pay** The Firm considers material risk, controls, and conduct issues and makes adjustments to compensation, if appropriate.
• **Pay-at-Risk** Appropriately balanced short-, medium-, and long-term incentives that are linked to long-term, sustainable value, safety and soundness.	• **Robust Shareholder Engagement** Each year, the firm provides the Board of J.P. Morgan Chase & Co with feedback from shareholders on a variety of topics, including the Firm's compensation programs and practices.

In addition, Operating Committee members are required to retain significant portions of net shares received from awards to increase ownership over the long-term. Further details on stock ownership and retention requirements are included in the Firm's Proxy Statement.

Regulatory considerations

As financial services businesses, the Legal Entities in the EMEA Business are subject to multiple regulations on compensation, particularly within the EU and the UK.

Many of these regulations require the Firm to identify employees who, due to their role and / or responsibilities, are designated as "material risk takers" (also referred to as "Identified Staff"). Often Identified Staff are governed by more prescriptive rules in respect to their compensation, including the structure of their incentive (variable) compensation.

The Firm does not pay variable remuneration through vehicles or methods that are intended to facilitate non-compliance with any applicable remuneration rules.

In relation to the Capital Requirements Directive V ("CRD V"), relevant Legal Entities in the EMEA Business designate individuals as Identified Staff based on the criteria set out by the European Banking Authority and any applicable local regulations ("CRD V Identified Staff"). Under the Alternative Investment Fund Managers Directive ("AIFMD") and the latest iteration of the Undertakings for Collective Investment in Transferable Securities Directive ("UCITS V"), relevant Legal Entities in the EMEA Business are also required to identify individuals who, due to their role and / or responsibilities, could potentially have a material impact on their risk profile or that of the Alternative Investment Funds and UCITS funds they manage. Under the Investment Firms Prudential Regime ("IFPR"), relevant Legal Entities in the EMEA Business are also required to identify individuals who, due to their role and / or responsibilities could have a material impact on the risk profile of that Legal Entity. Individuals are designated as Identified Staff under AIFMD and UCITS V based on the guidance set out by the European Securities and Markets Authority and any applicable local regulations ("AIFMD Identified Staff" and "UCITS Identified Staff") respectively, and under IFPR based on the guidance set out by the Financial Conduct Authority ("IFPR Identified Staff"), together with CRD V Identified Staff referred to as "Identified Staff".

Individuals classified as Identified Staff for the relevant entities may include (but are not limited to):

- Executive and Non-Executive members of the Board of Directors of relevant entities
- Senior management,
- Heads of Risk, Compliance and Internal Audit and, if applicable, their relevant direct reports
- Heads of 'material business units' and, if applicable, their relevant direct reports
- Heads of key functions, including Finance, Human Resources, Technology and Legal
- Heads of Portfolio Management and other senior Portfolio Managers (depending on the size and materiality of the funds they manage)
- Individuals whose total compensation for the prior performance year was above the relevant quantitative criteria and who are deemed to have a material impact on the risk profile, in accordance with the application of the relevant Regulatory Technical Standards

The Identified Staff groups are reviewed on an ongoing basis and Identified Staff are notified of their status and any impact on their remuneration structure. An individual may be Identified Staff under one or more of CRD V, AIFMD, UCITS V, and IFPR.

Legal Entity governance

The CMDC periodically reviews the Firm's compensation philosophy and its implementation, which include pay-for-performance practices that attract and retain top talent, are aligned with shareholders, reinforce the Firm's culture and Business Principles, integrate risk, controls, and conduct considerations, and comply with relevant requirements. The CMDC receives updates on material regulatory developments which may impact remuneration structure or practices to understand the Firm's obligations in this area, including in relation to the EMEA Business.

In addition, where applicable, the Board of Directors of the relevant Legal Entities in the EMEA Business are responsible for reviewing, adopting and /or approving, at least annually, the terms of the applicable remuneration policy, and overseeing its implementation as it applies to the entity. In certain jurisdictions, these responsibilities may be delegated to a Remuneration Committee formed of non-executive members of the relevant Board.

Where applicable, the Legal Entity's Risk and Compliance functions are involved in the review of the applicable remuneration policy, including reviewing the approach to the identification of its Identified Staff. The Internal Audit function annually conducts independent testing that includes an evaluation of the design, implementation and effectiveness of the Firm's remuneration policies, including an assessment of compliance with regulatory requirements, and its findings are reported to the relevant Boards.

Measures taken to avoid conflicts of interest

The Firm's compensation governance practices contain a number of measures to avoid conflicts of interest, including the following:

- The CMDC is composed entirely of independent directors and provides independent oversight and control of the Firm's compensation philosophy
- All employees that are part of the Firm's annual review process are evaluated against common performance dimensions to help facilitate a balanced assessment of employee performance. Employees in roles which could expose the Firm to greater risks, including Identified Staff, are subject to a more disciplined evaluation process, including soliciting additional formal Risk and Control Feedback from Control Function partners on an annual basis
- All employees are prohibited from the hedging and pledging of unvested equity awards and unexercised options or stock appreciation rights. Operating Committee members are also prohibited from the hedging and pledging of shares owned outright or through deferred compensation
- There is active engagement, transparency and assessments of risk and control issues by Risk, Compliance and Internal Audit ("Control Function") heads, senior management and subject matter experts across the Firm
- Remuneration for the Control Functions is determined by reference to independent objectives and the incentive compensation allocations for these groups are managed separately from the LOBs that the Control Functions cover
- The Firm's Chief Executive Officer, Chief Risk Officer, Chief Financial Officer and Director of Human Resources review incentive compensation pool recommendations which are then presented to the CMDC in December. Additionally, the CMDC holds an annual joint session with the Board Risk Committee in December to review Firmwide Human Resources and compensation practices including how the Firm integrate risk, controls and conduct considerations into key HR practices including performance development, compensation, promotion and succession planning In

January, the CMDC makes the ultimate decision on the appropriate incentive pool after the joint committee discussion

- Individual compensation decisions are also subject to oversight and governance, including HR review. Highly paid individuals are subject to review by the Firm's Operating Committee and the CMDC
- Strong clawback and recovery provisions enable the Firm to cancel or reduce unvested awards and require repayment of previously awarded compensation, if appropriate
- Performance development and related compensation processes focus on delivering products and services to maintain a focus on safeguarding, developing and deepening long term and sustained client relationships based on client needs
- A portion of the variable remuneration for certain of the Investor population (including Portfolio Managers and Research Analysts) of the Asset and Wealth Management businesses are subject to a mandatory deferral in units that track the funds they manage/contribute to. The Firm has assessed the potential conflicts of interest arising from this arrangement and is satisfied that the best interests of clients are better served by aligning variable pay to the performance of the funds under management

Compensation Structure

The Firm's disciplined pay-for-performance framework focuses on Total Compensation – base salary and incentive pay based on the performance of the Firm, the LOB or function, and the individual. This includes a holistic evaluation of an employee's performance across Performance Dimensions and Firmwide Expectations.

Fixed compensation is set at a level which allows a fully flexible policy on incentive (variable) compensation, including the possibility to pay zero incentive compensation. Where applicable, the EMEA Business complies with limits on the ratio between fixed and variable compensation, in accordance with the applicable regulation. The Firm has obtained the relevant shareholder approvals in accordance with Article 94(1)g of CRD V (and its local implementation) to pay CRD V Identified Staff in the EMEA Business a maximum ratio of fixed to variable compensation of 1 : 2.

The following sections set out the components of compensation that may be available to staff of the EMEA Business.

Components of fixed compensation

Fixed compensation consists primarily of base salary. Many factors can influence an employee's base salary, such as the role, experience level, market pay levels for comparable jobs, location of the job, and available talent. Base salary can be all, or a meaningful part, of an employee's Total Compensation, depending on the LOB/Function and the employees role. Base salary is typically reviewed annually as part of the year-end planning cycle, with any increases generally taking effect in February of the following year.

Individual salary increases are managed within the context of the Firm's annual salary budget. The Firm's overall annual salary budgets are determined after reviewing expenses, economic outlook, market competition, country-specific inflation and other relevant factors.

Base salaries are supplemented by benefits and pension contributions, provided in accordance with local market practice and company objectives. They include, but are not limited to, the provision of (typically) defined contribution pension plans (including certain matched employer contributions), medical coverage, life insurance and other routine employment benefits. In certain locations, employees may receive fixed allowances reflecting their role, responsibilities or experience ("Fixed Allowances") or local costs of living ("Local Allowances"). Fixed Allowances and Local Allowances are not based on performance, and are generally paid in cash on a monthly basis.

In the case of employees on international assignments, other fixed allowances may be provided in addition to base salary taking into account living costs and applicable tax rates in their host country and/or the role to which the member of staff has been assigned ("Assignment Allowances"). Such staff may participate in the pension arrangements as are applicable to their home country and be eligible for tax/legal support.

The Firm does not provide discretionary pension benefits based on performance.

Components of incentive (variable) compensation

In the EMEA Business, incentive (variable) compensation is primarily delivered through the Firm's Annual Incentive Compensation Plan, a discretionary compensation program that aligns with the key tenets included in the Firm's compensation philosophy. The plan serves to motivate and reward employees for delivering sustained results and demonstrates a heavy focus on risk, controls, and conduct and the Firm's Business Principles.

Discretionary incentive compensation ("IC") delivered under this plan can be composed of the following:

- Cash Incentive
- Retained Stock (only awarded to Identified Staff)
- Restricted Stock Units ("RSUs")
- Performance Share Units ("PSUs") (only awarded to members of the Firm's Operating Committee)
- Deferred Cash (only awarded to Identified Staff)
- Mandatory Investor Plan ("MIP") (only awarded to certain employees in the Asset & Wealth Management LOB)

Awards are subject to the Firm's right to cancel or reduce an unvested or unexercised award ("Malus"), and require repayment of the value of certain shares distributed under awards already vested ("Clawback") in certain circumstances, as further described below. Further details on these components of IC are set out below.

<u>Cash Incentive</u>

The portion of IC payable in cash is generally delivered shortly after the end of the relevant performance year. Generally, as employees become more senior or the impact of their role increases, a greater portion of IC will be awarded in deferred vehicles (see below).

<u>Retained Stock</u>

For Identified Staff, a portion of non-deferred IC may be delivered in immediately vested stock which is subject to a post-vesting retention period during which the shares acquired may not be sold, pledged, assigned, hedged or transferred. The length of this retention period and the proportion of IC delivered in Retained Stock is at least in line with the minimum required by the applicable regulations under which they are designated as Identified Staff.

Restricted Stock Units

The deferred equity portion of IC is awarded in the form of RSUs (each RSU represents a right to receive one share of J.P. Morgan Chase common stock on the vesting date). Dividend equivalents are paid on the RSUs at the time actual dividends are paid on common stock, other than where prohibited under local regulations.

The percentage of IC being deferred and awarded is higher for more highly compensated employees, thus increasing the aggregate value subject to the continued performance of the Firm’s stock.

For employees who are not designated as Identified Staff, generally 50% of the RSU portion of the award vests on the second anniversary of the grant date and 50% vests on the third anniversary of the grant date. For Identified Staff, generally the RSU portion may vest in equal annual tranches pro-rata over the relevant deferral period, but no faster.

Also for Identified Staff, the RSUs may be subject to a post-vesting retention period during which the shares acquired may not be sold, pledged, assigned, hedged or transferred. The length of this retention period, the proportion of IC deferred in equity and the length of the deferral period is at least in line with the minimum required by the applicable regulations under which they are designated as Identified Staff.

Performance Stock Units

The Firm has a long-term incentive compensation program consisting of Performance Share Units (“PSUs”), which are currently only awarded to members of the Firm’s Operating Committee. Further details are set out in the Firm’s Proxy Statement.

Deferred Cash

For Identified Staff, deferred incentives may also be awarded in the form of deferred cash which vests over a multi-year period in line with RSUs awarded in respect of the same performance year. Interest is accrued on Deferred Cash and paid at, and subject to, vesting other than where prohibited under local regulations.

Mandatory Investor Plan

For staff in the Asset & Wealth Management LOBs, deferred incentives may also be awarded in fund-tracking units under the Mandatory Investor Plan. Selected individuals in the “Investor” population (including Portfolio Managers and Research Analysts) are subject to a mandatory deferral of long-term incentive compensation under the MIP. Sales employees on a selective basis may also participate in the MIP on a voluntary basis.

MIP awards provide for a rate of return equal to that of the funds/strategies that the Investors cover. The goal of the MIP is to align the Investors’ pay with that of their client’s experience and to provide a direct long-term link between how the Investors perform and how they are paid. Subject to any minimum mandatory equity requirements for relevant Identified Staff, 100% of the Investors’ deferred incentive compensation is eligible for the MIP of which 50% is required to be notionally invested in the specific fund/strategy they cover as determined by their respective Investment Team Head and approved by the relevant Investment Committee. The remaining portion of the overall amount is electable and may be notionally invested in other funds/strategies made available under the plan and/or can take the form of RSUs.

Other Compensation Plans

In addition to the Annual Incentive Compensation Plan described above, a small number of employees in the Asset & Wealth Management LOBs may also participate in business aligned incentive compensation plans, tailored to the specific needs for their business and/or relevant market practice. All such local compensation plans are in line with the Firm’s compensation philosophy described above.

Awards to new hires and leavers

The EMEA Business does not award guaranteed variable compensation except on an exceptional basis in certain circumstances when hiring new staff and limited to the first year of employment. Such awards would not be made if the relevant Legal Entity did not have a sound and strong capital base.

The Firm may replace unvested awards forfeited by new hires from their previous employer ("Buy-out Awards") if such awards align with the long term interests of the EMEA Business. Buy-outs for Identified Staff will comply with the appropriate regulatory requirements.

All payments made on termination of employment must align with local legal and regulatory requirements and must be consistent with the Firm's aim of ensuring that individuals are not rewarded for failure or misconduct (this includes no "golden parachutes"). Identified Staff are reviewed prior to separating from the Firm to determine if they are associated with any risk, controls, and conduct issues that may warrant current or potential future monitoring for forfeiture or clawback of an award.

In cases of redundancy and similar situations, employees may be eligible to receive a payment and/or arrangements under relevant social plans, policies, practices, agreements or local laws, under which such payments and/or arrangements will be determined in accordance with formulas set out in the applicable social plans, policies, practices, agreements or local laws.

Compensation of Non-Executive Directors

Non-Executive Directors receive only fixed compensation, based on their experience, role (including Board Committee membership) and time commitment. Where a Non-Executive Director also performs an executive role within another part of the Firm, the individual's variable compensation reflects only their executive duties. Such Non-Executive Directors may still be eligible to receive a fixed annual fee based on their time commitment.

Link between Pay and Performance

As described in the Firm's compensation philosophy, in making compensation related decisions, the Firm focuses on risk adjusted performance (the Firm's risk and control professionals help contextualize the risk taken to achieve the return) and rewards behaviors that generate sustained value for the Firm. This means compensation should not be overly formulaic, rigid or focused on the short-term.

The CMDC uses a disciplined pay-for-performance framework to make decisions about compensation so that compensation is commensurate with the overall performance of the Firm, the respective businesses and individual performance.

Setting of incentive compensation pools

Each major LOB and function is allocated incentive compensation funding as part of the annual year-end compensation process.

These compensation pools are determined by executive management and the CMDC based on a holistic review of the performance of the Firm and LOB/function, and take into consideration several key criteria including:

- Business results

- Risk, Controls, and Conduct
- Progress against the Firm's key strategic framework
- Alignment with the Firm's operating principles
- Market competition and trends
- Other factors, including major staffing decisions and other qualitative factors, including adherence to our Business Principles

A variety of financial measures are used to assess the Firm's financial performance, including but not limited to Revenue, Net Income, Return on Capital in excess of cost of capital, Shareholder Value Added (SVA), and Return on Tangible Common Equity. Financial performance is measured at multiple levels where possible, including LOB and sub-LOB level.

Incentive compensation is determined in the context of the Firm's capital and liquidity considerations, it is discretionary, completely flexible and each LOB incurs capital charges as if they were stand-alone businesses as part of the allocation process that underscores incentive accruals and pool determinations.

Performance Development

The Firm's performance development process actively manages the performance of its employees through the year, taking into account both what has been accomplished and how it was accomplished. To that end, the Firm uses both quantitative and qualitative criteria to assess performance and to then inform individual compensation determinations.

Performance Dimensions

All employees who are part of the Firm's annual review process are evaluated against four common performance dimensions:

- Business Results
- Risk, Controls, and Conduct
- Client / Customer / Stakeholder
- Teamwork and Leadership

These performance dimensions appropriately consider short, medium and long-term priorities that drive sustained shareholder value, while accounting for risk, controls, and conduct objectives. To promote a proper pay-for-performance alignment, the Firm does not assign relative weightings to these dimensions and also considers other relevant factors, including market practices.

Performance Goals and expectations

The Firm has specific expectations under each performance dimension which differ depending on the employee's level and / or role. Demonstrating the expected behaviors consistent with the Firm's Business Principles and Code of Conduct is an important factor in the performance development process and these expectations are generally incorporated into these standard expectations which are available to employees in the Firm's performance development system. These also contain an expectation that our managers hire, train and retain great diverse employees, promote an inclusive work environment and engage in diversity initiatives.

Employees may set additional goals against each performance dimension in collaboration with their manager. As priority setting is an ongoing and iterative process, employees and their managers may, through regular check-ins, discuss progress against goals throughout the year.

The Risk, Controls and Conduct dimension is a key focus for the Firm and there currently are three expectations specific to this dimension: (1) Drives a robust risk and control environment, (2) Demonstrates expected behaviors, and (3) Identifies, escalates and remediates issues. In addition, Environmental, Social, and Governance ("ESG") matters are an important consideration in how we do business - including how we develop products and services, serve our customers, support employees and help lift our communities – and so may also be incorporated into individual goals depending on the employee's role.

As described above, the compensation and performance development process for Control Functions is determined by reference to priorities that are independent from the LOBs that the Control Functions support.

Performance feedback

Managers and employees receive holistic performance feedback, including on Risk, Controls, and Conduct, gathered in a number of ways, including from the employee's peers, managers, colleagues, direct reports and other team members. Where relevant, feedback may also be gathered on performance in respect of a specific legal entity. Code of Conduct data in relation to written warnings is embedded in the Performance Development tool and managers confirm they considered these when completing the employee's Annual Review.

Performance ratings

The Firm operates a multiple ratings approach using a 3-point scale (with no overall rating) to assess employees at every level against each of the performance dimensions, with the exception of the Risk, Controls, and Conduct dimension.

Managers record a performance rating against each performance dimension reflecting the employee's performance considering performance goals, firmwide expectations by level and any feedback received. The 3-point performance rating scale is as follows:

- Strong
- On Track
- Growth Area

For the Risk, Controls, and Conduct rating, managers evaluate Managing Directors, Executive Directors and Identified Staff either as "As Expected for Role" or "Less Than Expected". Managers answer a question for Vice President and below employees as to whether they exhibit behaviors in line with the Risk, Controls, and Conduct expectations. The manager's determination of a rating is informed by their own direct knowledge of the employee's risk taking activities and risk outcomes, reported conduct issues, as well as feedback the manager has received from various sources of information, such as those noted above and in the following section.

Performance Development reviews for Identified Staff

For Identified Staff, part of the enhanced review process includes soliciting feedback directly from risk and control professionals who independently assess employees' risk, controls, and conduct behavior. This feedback is used to evaluate whether the employee is meeting the Firm's risk/control behavior expectations and to provide input to managers to help hold individuals accountable for this aspect of their performance. The feedback from this process is intended to help identify individuals responsible for significant risk and control behavior or conduct issues, supervisory issues (e.g., failure to appropriately supervise, reasonably anticipate a material issue, or take appropriate action when the issue arose), and other risk and control related issues that impact the individual's business unit and/or the Firm.

This input is used in managers' evaluations of the performance of Identified Staff and the determination of the employee's Risk, Controls, and Conduct Evaluation.

Performance Development reviews for Investors

When conducting the balanced assessment of performance for the Investor population, regard is also given to the performance of relevant funds / strategies. Each Investor's performance is evaluated annually based on a number of factors, including, but not limited to:

- blended investment performance relative to the competitive indices or peers, with investment performance generally weighted more to the long term;
- individual contribution relative to the client's risk and return objectives; and
- adherence with the Firm's compliance, risk, regulatory and client fiduciary responsibilities including adherence to the sustainability risk policies.

An individual performance assessment using the criteria above, in addition to the overall performance of the relevant business unit and investment team, is integrated into the final assessment of IC for an individual Investor as part of the assessment of Business Results.

Risk Management

As described in J.P. Morgan's compensation philosophy, risk management, compensation recovery and repayment policies should be robust and designed to encourage behaving with the standards of integrity that are required by the Firm's culture and Business Principles. Excessive risk-taking should be deterred.

Risk, Controls, and Conduct review process

The Firm has a single enterprise-wide framework for management to oversee and respond to workforce conduct-related matters that may otherwise expose the Firm to financial, reputational, compliance and other operating risks. Actual or potential misconduct for matters that create material risk and control concerns are escalated to the Firm's HR Control Forums process. Misconduct in this context is defined as:

- Intentional employee misconduct or behavior in a manner injurious to the firm; or
- Gross negligence in performance of job function(s), including gross negligence in managerial oversight of employees who commit misconduct, in a manner injurious to the firm
- Gross negligence in managerial oversight would likely entail reasonable evidence of misbehavior or misconduct, material error, fraud or misleading information or failure to take expected steps as a senior manager that resulted in or could have resulted in a materially negative consequence to the Firm, business or clients.

Issues may be raised through Lines of Business / functions (Regional and Global), Control Committee, Risk Committee, or HR Control Forum Members on behalf of their functions (Audit, Legal, Risk, Compliance, and Control Management).

The process is both bottoms up (Region/LOB) and top down (Firm-wide) and includes various touch points through the year to review risk, controls, and conduct issues, culminating with the year-end Firmwide HR Control Forum.

The Firmwide HR Control Forums review outputs from and provide feedback to LOB/ Functions/regional HR Control Forums and provide constructive challenge.

Holding Staff Accountable

The Firm's compensation program is designed to hold Staff accountable, when appropriate, for meaningful actions or issues that negatively impact business performance or the Firm's reputation in current or future years. The Risk, controls and conduct issues are therefore carefully considered throughout the Firm's performance development and incentive compensation processes.

The vast majority of issues are reviewed and dispositioned through the Firm's Code of Conduct Policy and Know Your Employee Framework. Certain employees are subject to an enhanced performance evaluation process, described above, which feeds into year-end compensation decision-making, where appropriate. There is also the HR Control Forum process where the CMDC reviews a summary of outcomes of the Firmwide HR Control Forums and the outcomes of these Forums are factored into incentive compensation, where appropriate.

Identified Staff are also subject to an enhanced exit process prior to separating from the Firm to determine the circumstances surrounding the employee's termination, including seeking feedback from senior Control Function employees to see if they are associated with any known or potential emerging risk, controls and conduct issues that may warrant current or potential future monitoring for forfeiture or clawback of an award.

To hold individuals responsible for taking risks inconsistent with the Firm's risk appetite and to discourage future imprudent behavior, the Firm has policies and procedures that enable it to take prompt and proportionate actions with respect to accountable individuals, including:

- Reduce or altogether eliminate annual incentive compensation
- Cancel unvested awards (in full or in part)
- Clawback/Recover previously paid incentive compensation (cash and/or equity)
- Demotion, negative performance rating or other appropriate employment actions
- Termination of employment

The precise actions the Firm may take with respect to accountable individuals are based on the relevant circumstances, including the nature of their involvement, the magnitude of the event, the impact on the Firm, and local laws. A description of the relevant recovery provisions is set out below.

Malus and Clawback provisions

The Firm maintains Malus and Clawback provisions on both cash incentives and deferred awards, which enable the Firm to reduce or cancel unvested awards and recover previously paid compensation in certain situations. While incentive awards are intended and expected to vest according to their terms, the Firm's strong recovery provisions permit recovery of incentive compensation awards in appropriate circumstances.

All incentive awards are subject to the Firm's Bonus Recoupment Policy, which is available on the Firm's external website[15]. In addition, all incentive awards for Identified Staff are subject to the extensive Malus and Clawback provisions summarized in the table below, as well as additional provisions where required by local regulations. In particular, all IC awards (upfront and deferred) made to relevant CRD V Identified Staff regulated in the UK are subject to an extended clawback regime as required by local UK regulations.

EQUITY CLAWBACK REVIEW PROVISIONS		AWARD TYPE	
CLAWBACK TYPE	CLAWBACK TRIGGER	VESTED	UNVESTED
Restatement	• In the event of a **material restatement of the Firm's financial results** for the relevant period • This provision **also applies to cash incentives**	✓	✓
Misconduct	• If the employee engaged in **conduct detrimental** to the Firm that causes material financial or reputational harm to the Firm, or engaged in knowing and willful misconduct related to employment	✓	✓
	• If the award was based on **material misrepresentation** by the employee	✓	✓
	• If the employee is terminated **for cause**	✓	✓
Risk-related and other	• If the employee improperly or with gross negligence **failed to identify**, **raise or assess**, in a timely manner and as reasonably expected, issues and/or concerns with respect to **risks material to the Firm**	✓	✓
	• If the award was based on **materially inaccurate performance metrics**, whether or not the employee was responsible for the inaccuracy	✓	✓

[15] Available at https://www.jpmorganchase.com/corporate/About-JPMC/ab-corporate-governance-principles.htm#recoupment

Protection Based Vesting*	• If a LOB in which the employee is employed or exercises responsibility **did not meet its annual line of business financial threshold or, in the case of an Operating Committee member, i**f awards granted to participants in a LOB **for which the Operating Committee member exercised responsibilit**y were in whole or in part cancelled because the LOB did not meet its annual LOB financial threshold	✓
	• If **performance in relation to the priorities** for an Operating Committee member's position, or if the Firm's performance in relation to the priorities for which they share responsibility as a member of the Operating Committee, **has been unsatisfactory for a sustained period of time****	✓
	• If for any one calendar year during the vesting period, **pre-tax pre-provision income is negativ**e, as reported by the Firm	✓
	• If, for the three calendar years preceding the third year vesting date, the Firm **does not meet a 15% cumulative return on tangible common equity****	✓

*Provisions apply to PSUs and RSUs granted after 2011 and may result in cancellation of up to a total of 50% of the award
** These provisions only apply to members of the Firm's Operating Committee and the Firm's Firmwide Controller.

Culture and Conduct

The Firm reinforces its culture and remains focused on managing employee conduct. The Business Principles are embedded throughout the employee lifecycle, starting with the onboarding process and extending to ongoing training, compensation, promoting and rewarding employees; and the Firm's performance development and compensation processes are designed to hold employees accountable for their conduct, where appropriate.

The Firm strives to clearly and frequently communicate its expectations that all employee conduct must adhere to the highest ethical standards encompassed by the Business Principles, including through town hall meetings and senior leadership messages, business conduct training and by including culture and conduct related questions in the Firm's employee surveys and exit surveys.

The Firm endeavors to promote a culture of respect that allows every employee to feel safe and empowered at work. To that end, the Firm has in place employee training and protocols for preventing, reporting and addressing sexual, discriminatory or other misconduct and prohibits retaliation against an individual because the person reported a concern or assisted with any inquiry or investigation.

With the Business Principles serving as a guide for how we do business, the Firm's Code of Conduct (the "Code") is a collection of principles designed to assist employees and directors in making decisions about their conduct in relation to the Firm's business. All employees are trained on the principles of the Code, and must annually affirm that they have read, understand, and are in compliance with the Code.

Alongside this framework is the Firm's Conduct Risk Program which is governed by the Compliance, Conduct and Operational Risk Management Policy which establishes the framework for governance, identification, measurement, monitoring, and testing, management and reporting within the Firm. Conduct Risk is the responsibility of each LOB, function, and employee and each LOB or function is accountable for identifying and managing its conduct risk to provide appropriate engagement, ownership and sustainability of a culture consistent with the Business Principles. The CMDC provides oversight of the Firm's culture, including reviewing updates from management regarding significant employee conduct issues.

The Firm's performance development and incentive compensation processes (see Section 3 above) are consistent with the Conduct Risk Management Standard, including the management of actual or potential misconduct of individuals who may be involved in material risk and control issues which can be escalated to the HR Control Forums (see Section 4 above).

Equal Pay and Equal Opportunity

The Firm is committed to equal pay for equal work. As outlined in the Firm's Equal Opportunity, Anti-Discrimination and Anti-Harassment Policy, the Firm is also committed to providing equal opportunity in accordance with applicable local law in all areas of people management, including recruitment, employment, assignment, transfer, promotion, compensation, benefits and training. The Firm's remuneration policies and practices are consistent with this commitment and do not discriminate on the basis of gender or any other personal characteristic protected under applicable local law or the Firm's Code of Conduct.

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