J.P. MORGAN STRUCTURED PRODUCTS B.V.
Amsterdam, the Netherlands

(Chamber of Commerce Number: 34259454)

Annual report for the year ended 31 December 2021

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J.P. MORGAN STRUCTURED PRODUCTS B.V.
Directors' report

The directors present their report and the financial statements of J.P. Morgan Structured Products B.V. (the "Company") for the year ended 31 December 2021.

Principal activity

The Company's primary activity is the management and issuance of structured products comprising certificates, warrants and market participation notes, and the subsequent economic hedging ("hedge", "hedging") of these positions.

Review of business

During the year, the Company continued to issue structured products. The proceeds from the sale of the structured products were used to fund the activities of other JPMorgan Chase & Co. (together with its subsidiaries "Firm" or "JPMorgan Chase") undertakings through certain economic hedging arrangements. The principal purpose of these hedging arrangements is to hedge against various risks associated with the issuance activity. In 2021, the Company issued structured products to private investors or listed on exchanges in the Asia Pacific region, Europe, the Middle East, Africa, Latin America and the United States of America.

The Company's ultimate controlling entity is JPMorgan Chase & Co. which is incorporated in Delaware (headquartered in New York).

Key performance indicators ("KPIs")

As the Company is managed as part of the Corporate Investment Bank of JPMorgan Chase there are no KPIs that are specific to the Company. The results are monitored against expectations of the business activities. A more detailed description of the Firm's key performance indicators may be found within the JPMorgan Chase & Co. 2021 Annual Report.

Business environment, strategy and future outlook

The primary objective of the Company is the continued development of structured products to be offered and sold to retail, 'high net worth' and institutional investors principally outside of the United States of America, linked to a range of underlying reference assets including equity, credit, interest rates, commodities and 'alternatives' such as funds and hedge funds.

The Firm is monitoring Official Sector guidance on potential use of "synthetic" LIBOR for legacy products and the development of legislative safe harbours in the U.S. The current assumption is that majority of these products will fall under the tough legacy classification and as such will be in scope for remediation via proposed Official Sector remediation methods.

Ukraine-Russia Crisis

The Company continues to assess the potential broader impacts of the Russian invasion of Ukraine and related sanctions on the global economy, financial markets, and specific industry and economic sectors, including potential recessionary and inflationary pressures.

The Firm has engaged and continues to engage with regulators and industry groups to analyse and implement procedures to comply with financial and economic sanctions imposed on Russian entities and individuals in line with applicable sanctions.

The Firm 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.

The Company continues to support employees who have been affected by the Ukraine-Russia crisis. For further details refer to note 24.

COVID-19

The Firm has taken action to protect and support its employees during the Coronavirus Disease 2019 ("COVID-19") pandemic, including continued implementation of health and safety protocols. For more detail on Firmwide measures refer to risk management below and financial risk management (note 20).

The Company does not currently anticipate a significant reduction in its capital and liquidity positions over the coming year as a result of COVID-19.

Principal risks and uncertainties

The Company's issuance activities expose it to financial and operational risks, which are managed by the Board of Directors, using the Firm's risk management framework. The Board of Directors monitor the Company's financial and operational risks and has responsibility for ensuring effective risk management and control (Refer note 20).

Risk Management

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

A detailed description of the policies and processes adopted by the Firm may be found within the JPMorgan Chase 2021 Annual Report on Form 10-K. The report is available at https://jpmorganchaseco.gcs-web.com/financial-information/sec-filings.

Operational risk

Operational risk is the risk of an adverse outcome resulting from inadequate or failed internal processes or systems; human factors; or external events impacting the Firm's processes or systems; Operational risk includes compliance, conduct, legal and estimations and model risk.

Operational risk is inherent in the Company's activities and can manifest itself in various ways, including fraudulent acts, business disruptions (including those caused by extraordinary events beyond the Firm's control), cyber attacks, inappropriate employee behaviour, failure to comply with applicable laws, and regulations or failure of vendors or other third party providers to perform in accordance with their agreements. Operational Risk Management attempts to manage operational risk at appropriate levels in light of the Company's financial position, the characteristics of its businesses, and the markets and regulatory environments in which it operates.

Operational Risk Management Framework

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

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

Cybersecurity risk

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

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

Due to the impact of the COVID-19 pandemic, the Firm increased the use of remote access and video conferencing solutions provided by third parties to facilitate remote work. As a result the Firm deployed additional precautionary measures and controls to mitigate cybersecurity risks and those measures and controls remain in place.

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

To protect the confidentiality, integrity and availability of the Firm's infrastructure, resources and information, the Firm maintains a cybersecurity program designed to prevent, detect, and respond to cyberattacks. The Audit Committee is periodically provided with updates on the Firm's Information Security Program, recommended changes, cybersecurity policies and practices, ongoing efforts to improve security, as well as its efforts regarding significant cybersecurity events.

Risk management (continued)

Operational risk (continued)

Business and technology resiliency risk

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

For the past 2-years, the Firm has closely monitored COVID-19 developments and implemented various protocols to meet its standards and regulatory expectations. Those protocols have evolved as the virus has evolved. The Firm and the Company continues to monitor the situation and will adapt its own measures based on changes to the public health guidance and the needs of the business. However, readiness to reintroduce measures if appropriate will be maintained.

Payment fraud risk

Payment fraud risk is the risk of external and internal parties unlawfully obtaining personal monetary benefit through misdirected or otherwise improper payment. The risk of payment fraud normalized in 2021 since the heightened levels experienced during earlier stages of the COVID-19 pandemic. The Firm continues to employ various controls for managing payment fraud risk as well as providing employee and client education and awareness trainings.

Compliance risk

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

Each Line of Business ("LOB") and Corporate within the Company holds primary ownership and accountability for managing compliance risks. The Firm's Compliance Organisation ("Compliance"), which is independent of the line of business, works closely with senior management to provide independent review, monitoring and oversight of business operations with a focus on compliance with the laws, rules and regulatory obligations applicable to the offering of the Firm's products and services to clients and customers.

These compliance risks relate to a wide variety of legal and regulatory obligations, depending on the LOB and the jurisdiction, and include those related to products and services, relationships and interactions with clients and customers, and employee activities. For example, compliance risks include those associated with anti-money laundering compliance, trading activities, market conduct, and complying with the rules and regulations related to the offering of products and services across jurisdictional borders. Compliance risk is also inherent in the Firm's and Company's activities, including a failure to exercise an applicable standard of care, to act in the best interest of clients and customers or to treat clients and customers fairly.

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

Compliance, Conduct, and Operational Risk ("CCOR") Management implements policies and standards designed to govern, identify, measure, monitor and test, manage, and report compliance risk.

Governance and oversight

Compliance is led by the Firm's Chief Compliance Officer ("CCO") and the Firmwide Risk Executive for Operational Risk who reports to the Firm's Chief Risk Officer ("CRO"). The regional CCOs, including the EMEA CCO, are part of this structure. The Firm maintains oversight and coordination of its compliance risk through the implementation of the CCOR Risk Management Framework.

Code of Conduct

The Firm has a Code of Conduct (the "Code") that sets out the Firm's expectation that employees will conduct themselves with integrity at all times and provides the principles that govern employee conduct with clients, customers, shareholders and one another, as well as with the markets and communities in which the Firm and the Company does business. The Code requires employees to promptly report any known or suspected violation of the Code, any internal Firm policy, or any law or regulation applicable to the Firm's business. It also requires employees to report any illegal conduct, or conduct that violates the underlying principles of the Code, by any of the Firm's and Company employees, customers, suppliers, contract workers, business partners, or agents.

Risk management (continued)

Compliance risk (continued)

Code of Conduct (continued)

All newly hired employees are assigned Code training and current employees are periodically assigned Code training on an ongoing basis. Employees are required to affirm their compliance with the Code periodically. Employees can report any potential or actual violations of the Code through the Code Reporting Hotline by phone or the internet. It is administered by an outside service provider. The Code prohibits retaliation against anyone who raises an issue or concern in good faith.

Legal Risk

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

Overview

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

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

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

Governance and oversight

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

Reputation risk

Reputation risk is the risk that an action or inaction may negatively impact perception of the Firm's integrity and reduce confidence in the Firm's competence by various constituents, including clients, counterparties, customers, investors, regulators, employees, communities or the broader public. Reputation risk is assessed and defined at the Firmwide level and is applicable to the Company.

Organisation and management

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

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

- Maintaining a Firmwide Reputation Risk Governance policy and standard consistent with the reputation risk framework.
- Overseeing the governance execution through processes and infrastructure that support consistent identification, escalation, 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 and regulatory fines, as well as other harm to the Firm.

Risk management (continued)

Reputation risk (continued)

Governance and oversight

The Reputation Risk Governance policy establishes the principles for managing reputation risk for the Firm. It is the responsibility of employees in each LOB and Corporate to consider the reputation of the Firm when deciding whether to offer a new product, engage in a transaction or client relationship, enter a new jurisdiction, initiate a business process or consider any other activity. Sustainability, social responsibility and environmental impacts are important considerations in assessing the Firm's reputation risk, and are a component of the Firm's reputation risk governance. Reputation risk issues deemed material are escalated as appropriate.

Climate-related financial risk

JPMorgan Chase operates in many regions, countries and communities around the world where its businesses, and the activities of its clients and customers, could be impacted by climate change. Climate change could manifest as a financial risk to JPMorgan Chase either through changes in the physical climate or from the process of transitioning to a low-carbon economy, including changes in climate policy or in the regulation of financial institutions with respect to risks posed by climate change.

A Firmwide Climate Risk Management Framework to identify and assess the financial risks from climate change was developed in 2021, with the expectation of further enhancements in coming years. A key principle underpinning the Framework is that climate risk is a risk driver that is being integrated into the Firm's existing risk types and is not being treated as a standalone risk type. From this perspective, the Firm sees climate change manifesting through, and magnifying, existing risks types such as credit and investment risk, market risk, liquidity and operational risk. Therefore, climate risk drivers will be captured through existing taxonomies and monitored through existing Firmwide, LOB and Company specific risk management and monitoring frameworks as appropriate. Owing to the nature of its business, the Company may potentially be exposed to climate change predominantly through its financial and broader linkages with JPMorgan Chase.

Financial Risks

Further details on the financial risks of the Company are set out in note 20 to the financial statements.

Results and dividends

The results for the year are set out on page 8 and show the Company's profit for the financial year after taxation is $7.6 million (2020: $22.3 million).

The balance sheet is set out on page 7. The Company has total assets and total equity of $36,171.8 million (2020: $37,647.5 million) and $592.8 million (2020: $585.2 million) respectively, as at 31 December 2021.

No dividend was paid or proposed during the year (2020: nil).

Directors

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

J.C.P. van Uffelen	(Appointed 6 March 2007)
W.H. Kamphuijs	(Resigned 14 July 2021)
N.J. Dargan	(Resigned 24 March 2022)
M.F.C van der Werff	(Resigned 21 January 2022)
S. E. Cheah	(Appointed 13 December 2018)
S.E.J. Ruigrok	(Appointed 14 July 2021)
D.M.A. Spreeuwers	(Appointed 21 January 2022)

Composition of the Board

The size and composition of the Board of Directors and the combined experience and expertise should reflect the best fit for the profile and strategy of the Company. The Board of Directors of the Company consisted of three male members and two female members until 24 March 2022. As from the resignation of Mr Dargan the Board consists of two male and two female directors. The Board of Directors recognizes the importance of gender balanced compositions and will take this again into account when selecting potential nominees in case of future changes in the Board.

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Directors' report (continued)

Registered address

Herikerbergweg 238
Luna Arena, 1101CM
Amsterdam

Expected developments of the Company

The directors of the Company expect that:

a) the Company will continue to issue structured products;
b) the Company will not enter into fixed asset investments; and
c) interest income will continue to fluctuate in line with the development in market interest rates.

Statement under the Transparency Directive (as implemented in Dutch law)

The directors confirm to the best of their knowledge that:

a) the attached financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union and give a true and fair view of the assets, liabilities, financial position and profit of the Company for the year ended 31 December 2021, and
b) the annual report for the year ended 31 December 2021, consisting of the Directors' report and the financial statements, gives a true and fair view of the position as per the balance sheet date 31 December 2021.

The directors further herewith report their arrangements for an audit committee (the "Audit Committee") as follows:

Audit Committee

The Company makes use of the exemption to the requirement to establish its own Audit Committee based on Article 3a of the Royal Decree of 26 July 2008 implementing article 41 of the EU Directive 2006/43EG, as the Audit Committee of JPMorgan Chase & Co. fulfils the requirements at group level. The Audit Committee of JPMorgan Chase & Co., which covers the Firm, including the Company and is formed of entirely non-management, independent directors in compliance with the recommendations from the EU Commission. Details of the Charter, Membership, Duties and Responsibilities can be found on the Firm's website.

Independent auditors

Effective for the year ended 31 December 2021 the previous auditors Mazars Accountants N.V. has resigned and PricewaterhouseCoopers Accountants N.V. has been reappointed as the auditors of the Company for the year 2021.

The financial statements on pages 7 to 33 were approved by the Board of Directors on 12 April 2022 and signed on its behalf by:

Board of Directors

S.E. Cheah

D.M.A.Spreeuwers

J.C.P. van Uffelen

S.E.J. Ruigrok

Date: 12 April 2022

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Balance sheet
(before profit appropriation)

31 December	Note	2021 $'000	2020 $'000
Assets			
Non-current assets			
Trade and other receivables	8	2,500,000	1,800,000
Current assets			
Financial assets held at fair value through profit and loss	7	28,701,694	29,709,550
Trade and other receivables	8	309,484	172,438
Current tax asset		4,780	—
Cash and cash equivalents	9	4,655,871	5,965,558
Total assets		**36,171,829**	**37,647,546**
Liabilities			
Current liabilities			
Financial liabilities designated at fair value through profit or loss	10	24,262,697	22,263,301
Financial liabilities held at fair value through profit and loss	11	4,438,997	7,446,249
Trade and other payables	14	6,733,301	7,317,125
Current tax liability		—	7,354
Bank overdraft	9	144,051	28,357
Total liabilities		**35,579,046**	**37,062,386**
Equity			
Capital and reserves attributable to equity shareholders of the Company			
Share capital	15	26	26
Share premium reserve		499,997	499,997
Legal reserve		2	2
Retained earnings		85,135	62,845
Net results		7,623	22,290
Total equity		**592,783**	**585,160**
Total liabilities and equity		**36,171,829**	**37,647,546**

Chamber of Commerce Number: 34259454

The notes on pages 11 - 33 form an integral part of the financial statements.

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Income statement

Year ended 31 December	Note	2021	2020
		$'000	**$'000**
Fee and commission income	16	25,344	21,797
Fee and commission expense	16	—	(2,385)
Administrative expenses		(25,020)	(19,276)
Net foreign exchange loss		(276)	(675)
Operating profit/(loss)	16	**48**	**(539)**
Interest income	18	16,594	63,684
Interest expense	18	(6,929)	(33,372)
Net interest income		**9,665**	**30,312**
Profit before income tax		**9,713**	**29,773**
Income tax expense	19	(2,090)	(7,483)
Profit for the year attributable to equity shareholders of the Company		**7,623**	**22,290**

The profit for the year resulted from continuing operations.

Statement of comprehensive income

There were no other items of comprehensive income or expense other than the profit for the financial year shown above (2020: $nil). As a result, profit for the financial year represents total comprehensive income in both the current and prior financial year.

The notes on pages 11 - 33 form an integral part of the financial statements.

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Statement of changes in equity

	Share capital	Share premium reserve	Legal reserve	Retained earnings	Net results*	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance as at 1 January 2021	**26**	**499,997**	**2**	**62,845**	**22,290**	**585,160**
Transfer to retained earnings	—	—	—	22,290	(22,290)	—
Profit for the financial year	—	—	—	—	7,623	7,623
Balance as at 31 December 2021	**26**	**499,997**	**2**	**85,135**	**7,623**	**592,783**
Balance as at 1 January 2020	**26**	**499,997**	**2**	**40,257**	**22,588**	**562,870**
Transfer to retained earnings	—	—	—	22,588	(22,588)	—
Profit for the financial year	—	—	—	—	22,290	22,290
Balance as at 31 December 2020	**26**	**499,997**	**2**	**62,845**	**22,290**	**585,160**

*The Net results column was added in the current year to align the presentation of the Statement of changes in equity with requirements of Book 2,Title 9 of the Dutch Civil Code.

The notes on pages 11 - 33 form an integral part of the financial statements.

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Statement of cash flows

Year ended 31 December	Note	2021	2020
		$'000	$'000
Cash flow from operating activities			
Profit before income tax		**9,713**	**29,773**
Income tax paid		(14,224)	(7,855)
Interest received	18	(16,594)	(63,684)
Interest paid	18	6,929	33,372
Net foreign exchange loss		276	675
		(13,900)	**(7,719)**
Changes in working capital			
Decrease/(Increase) in financial assets held at fair value through profit or loss		1,007,856	(2,861,507)
(Increase)/Decrease in trade and other receivables		(137,322)	120,781
(Decrease)/Increase in financial liabilities held at fair value through profit or loss		(3,007,252)	3,506,765
Increase/(Decrease) in financial liabilities designated at fair value through profit or loss		1,999,396	(645,258)
Increase/(Decrease) in trade and other payables		20,338	(114,379)
		(116,984)	**6,402**
Net cash used in operating activities		**(130,884)**	**(1,317)**
Cash flow generated from investing activities			
Movement in amounts owed by JPMorgan Chase undertakings		(700,000)	2,600,000
Interest received	18	16,594	63,684
Net cash (used in)/ generated from investing activities		**(683,406)**	**2,663,684**
Cash flow from financing activities			
Movement in amounts owed to JPMorgan Chase undertakings		(604,162)	(932,367)
Interest paid	18	(6,929)	(33,372)
Net cash used in financing activities		**(611,091)**	**(965,739)**
Net (decrease)/increase in cash and cash equivalents		**(1,425,381)**	**1,696,628**
Net cash and cash equivalents at the beginning of the year		5,937,201	4,240,573
Net cash and cash equivalents at the end of the year	9	**4,511,820**	**5,937,201**

The notes on pages 11 - 33 form an integral part of the financial statements.

1. General information

J.P. Morgan Structured Products B.V. (the "Company") was incorporated on 6 November 2006 as a private company with limited liability and is incorporated in The Netherlands, with registration number 34259454. The address of the registered office is at Herikerbergweg 238, Luna Arena, 1101CM, Amsterdam, The Netherlands. The Company's immediate parent undertaking is J.P. Morgan International Finance Limited which is incorporated in the state of Delaware in the United States of America. The Company's ultimate parent undertaking of the largest group in which the results of the Company are consolidated is J.P. Morgan Chase & Co. (together with its subsidiaries, the "Firm" or "JPMorgan Chase"), which is also incorporated in the state of Delaware in the United States of America. The parent undertaking of the smallest group in which the Company's results are consolidated is J.P. Morgan International Finance Limited. The largest and the smallest group's consolidated financial statements can be obtained from 25 Bank Street, Canary Wharf, London E14 5JP, England.

The Company's main activity is the issuance of structured products comprising certificates, warrants and market participation notes, and the subsequent economic hedging ("hedge", "hedging") of the risk associated with these notes through hedging with other JPMorgan Chase companies. The valuation of a structured product will have no impact on the income statement, capital or net assets; as a change in valuation of a structured product will have an equal offsetting change in the value of the hedging transaction with other JPMorgan Chase undertakings.

These financial statements reflect the operations of the Company during the year from 1 January 2021 to 31 December 2021 and have been approved for issue by the Board of Directors on 12 April 2022.

2. Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union and prepared in accordance with Book 2, Title 9 of the Dutch Civil Code. The financial statements have been prepared on a going concern basis under the historical cost convention, except that financial instruments are stated at fair value. Relevant facts and circumstances relating to the financial position on 31 December 2021 and for a period of at least 12 months from the date of signing of the financial statements were assessed in order to reach the going concern assumption. The main areas assessed are the financial performance and financial position of the Company.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

3. Standards adopted during the year ended 31 December 2021

On January 1, 2021, the Company adopted amendments to IFRS 9, "Financial instruments", IAS 39, "Financial Instruments: Recognition and Measurement", IFRS 7, "Financial Instruments: Disclosures", as Phase 2 of the IASB's project addressing the potential effects from the reform of the Interbank Offered Rate ("IBOR") on financial reporting.

The amendments require that, for financial instruments classified as amortised cost and debt financial assets classified as FVOCI, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. This practical expedient is only applicable to changes that are required by interest rate benchmark reform, which is the case if, and only if, the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis.

For the year ended 31 December 2021, the Group has applied the practical expedients offered under the amendments. Although the Company has significant exposures to IBORs predominantly in financial instruments, the amendments did not have a material impact on transition on the Company's financial statements.

The Company does not apply hedge accounting, hence, the amendments related to hedge accounting requirements are not applicable to the Company. Additionally the Company is required to disclose additional information about its exposure to risks arising from interest rate benchmark reform and related risk management activity. See page 30-31.

3. Accounting and reporting developments (continued)

3.2 New standards, guidance and amendments not yet adopted

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2021 and which the Company has not early adopted. These new and amended standards are not expected to have a material impact on the Company's financial statements.

- Onerous Contracts - cost of fulfilling a Contract (Amendments to IAS 37)
- Reference to Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities from a Single Transactions (Amendments to IAS 12)

4. Summary of significant accounting policies

The following are the principal accounting policies applied in the preparation of these financial statements. These policies have been applied consistently to all the years presented, unless otherwise stated.

4.1 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

United States ("U.S.") dollars is considered as the functional and presentation currency of the Company.

4.2 Foreign currency translation

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

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

4.3 Financial instruments

4.3.1 Financial assets and financial liabilities

i. Recognition of financial assets and financial liabilities

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

ii. Classification and measurement of financial assets and financial liabilities

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

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

4. Summary of significant accounting policies (continued)

4.3 Financial instruments (continued)

4.3.1 Financial assets and financial liabilities (continued)

iii. Financial assets and financial liabilities measured at amortised cost

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

Financial assets measured at amortised cost include trade and other receivables and cash and cash equivalents.

Financial liabilities are measured at amortised cost unless they are held for trading or are designated as measured at FVTPL. Financial liabilities measured at amortised cost include trade and other payables and bank overdraft.

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

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

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

iv. Financial assets and financial liabilities measured at fair value through profit or loss

Financial assets and financial liabilities are measured at FVTPL if they are held for trading. Under IFRS 9, a financial asset or a financial liability is defined as “held for trading” if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or forms part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking or it is a derivative. However, such financial instruments are used by the Company predominantly in connection with its client-driven market-making and/or for hedging certain assets, liabilities, positions, cash flows or anticipated transactions (i.e. risk management activities). Financial assets and financial liabilities held for trading comprise both debt and equity securities, loans and derivatives and the related are unrealised gains and losses.

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

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

The Company manages cash instruments, in the form of debt and equity securities, and derivatives on a unified basis, including hedging relationships between cash securities and derivatives. Accordingly, the Firm reports the gains and losses on the cash instruments and the gains and losses on the derivatives on a net basis in trading profits.

4. Summary of significant accounting policies (continued)

4.3 Financial instruments (continued)

4.3.1 Financial assets and financial liabilities (continued)

v. Financial assets and financial liabilities designated at fair value through profit or loss

Subject to certain criteria, the Company can designate financial assets and financial liabilities to be measured at FVTPL. Designation is only possible when the financial instrument is initially recognised and cannot subsequently be reclassified. Financial assets can be designated as measured at FVTPL only if such designation eliminates or significantly reduces a measurement or recognition inconsistency. Financial liabilities can be designated as measured at FVTPL only if such designation (a) eliminates or significantly reduces a measurement or recognition inconsistency; or (b) applies to a group of financial assets, financial liabilities or both that the Company manages and evaluates on a fair value basis; or (c) relates to an instrument that contains an embedded derivative unless the embedded derivative does not significantly modify the cash flows required by the contract or when a similar hybrid instrument is considered that separation of the embedded derivative is prohibited.

Financial assets and financial liabilities that the Company designates as measured at FVTPL are recognised at fair value at initial recognition, with transaction costs being recognised in profit or loss and subsequently measured at fair value. Gains and losses on financial assets and financial liabilities designated at FVTPL are recognised in profit or loss as they arise.

4.3.2 Interest income and interest expense

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

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

4.3.3 Trading profit

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

4.3.4 Impairment of financial assets

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

The ECL is determined on in-scope financial instruments measured at amortized cost or FVOCI. ECL are measured collectively via a portfolio-based (modelled) approach for Stage 1 and 2 assets but are generally measured individually for Stage 3 assets. ECL are forecasted over the 12-month term (Stage 1) or expected life (Stage 2 or 3) of in-scope financial instruments, where the forecast horizon includes the reasonable and supportable (R&S) forecast period, the reversion period and the residual period and considers the time value of money. In determining the ECL measurement and staging for a financial instrument, the Company applies the definition of default consistent with the Basel definition of default to maintain uniformity of the definition across the Firm. Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of circumstances that are inherently uncertain. Further, estimating the allowance involves consideration of a range of possible outcomes, which management evaluates to determine its best estimate.

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

4.4 Fair value

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

Fair values are determined by reference to observable market prices where available and reliable. Fair values of financial assets and financial liabilities are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. Where market prices are unavailable, fair value is based on valuation models that consider relevant transaction characteristics (such as maturity) and used as inputs observable or unobservable market parameters, including but not limited to yield curves, interest rates, volatilities, equity or debt prices, foreign exchange rates and credit curves. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. The Company manages certain portfolios of financial instruments on the basis of net open risk exposure and has elected to estimate the fair value, of such portfolios on the basis of a transfer of the entire net open risk position in an orderly transaction.

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

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

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

Further details on fair value measurements are provided in note 12 to the financial statements.

4.5 Fee and commission income and expense

Fee and commissions obtained through Firm attribution agreements are recognised when the underlying contract becomes legally binding or at the agreed due date if later.

4.6 Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual right to receive cash flows from the asset has expired, or has been transferred with either of the following conditions met:

a) the Company has transferred substantially all the risks and rewards of ownership of the asset; or

b) the Company has neither retained nor transferred substantially all of the risks and rewards; but has relinquished control of the asset.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires.

4.7 Recognition of deferred day one profit and loss

The Company enters into transactions where fair value is determined using valuation models that use significant unobservable inputs. Such a financial instrument is initially recognised at the transaction price, although the value obtained from the relevant valuation model may differ. The difference between the transaction price and the model value, commonly referred to as 'day one profit and loss', is not recognised immediately in the income statement.

The timing of recognition of deferred day one profit and loss is determined for each class of financial asset and liability. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement. The financial instrument is subsequently measured at fair value, adjusted for the deferred day one profit and loss.

4.8 Cash and cash equivalents

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

4.9 Share capital

The share capital of the Company consists of ordinary shares, classified as equity.

4. Summary of significant accounting policies (continued)

4.10 Current and deferred income tax

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

Deferred tax is provided in full, using the liability method, on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet date, which are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are only offset when there is both a legal right and an intention to settle on a net basis.

5. Critical accounting estimates and judgements

In the process of applying the Company’s accounting policies, management makes judgements, estimates and assumptions for certain categories of assets and liabilities. These judgements, estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the reporting period. Making judgements, estimates and assumptions can involve levels of uncertainty and subjectivity and therefore actual results could differ from the reported amounts. The Company’s significant accounting policies are described in Note 4.

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

Fair value measurement

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

- Judgements:
  - In classifying a financial instrument in the valuation hierarchy judgement is applied in determining whether one or more inputs are observable and significant to the fair value measurement. A financial instrument's categorisation within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement.
  - For instruments classified in levels 2 and 3, management judgement must be applied to assess the appropriate models and level of valuation adjustments. Refer to note 12.
- Estimates:
  - Detail on the Company's level 3 financial instruments and the sensitivity of their valuation to the effect of applying reasonable possible alternative assumptions in determining their fair value are set out in note 12.

6. Segmental analysis

Business segments

The Company's activities comprise only one business segment, namely Corporate and Investment Banking. The Company issues structured notes, of which the majority are issued within EMEA. All fee and commission income is received from JPMorgan Chase undertakings within the EMEA region. Therefore segmental analysis of the Company's revenue and assets by business is not necessary.

Geographical segments

The Company operates in three geographic regions as listed below:

- EMEA
- AMERICAS
- APAC

The following table presents revenues from business activities and total assets by geographic area.

	EMEA		AMERICAS		APAC		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Interest income	16,594	63,684	—	—	—	—	16,594	63,684
Fees and commissions income	25,344	21,797	—	—	—	—	25,344	21,797
Total assets	22,564,677	23,044,065	4,338,035	3,929,260	9,269,117	10,674,221	36,171,829	37,647,546

7. Financial assets held at fair value through profit and loss

	2021	2020
	$'000	**$'000**
Financial assets held at fair value through profit and loss	28,701,694	29,709,550

Financial assets held at fair value through profit and loss predominantly represent derivatives and fully funded over the counter ("OTC") financial instruments with other JPMorgan Chase undertakings, see note 12. Credit valuation adjustments (“CVA”) are necessary to reflect counterparty credit quality in the valuation of assets measured at fair value. CVA for the current period for financial assets held at fair value through profit and loss is $0.4 million (2020: $17.7 million) which is fully offset by an equal and opposite amount in financial liabilities designated at fair value through profit or loss. (Refer notes 10 and 11).

8. Trade and other receivables

	2021	2020
	$'000	**$'000**
Trade and other receivables: amounts falling due after one year		
Amounts owed by JPMorgan Chase undertakings	2,500,000	1,800,000
	2,500,000	**1,800,000**
Trade and other receivables: amounts falling due within one year		
Trade and other receivables (others)	65,198	59,494
Amounts owed by JPMorgan Chase undertakings	244,286	112,944
	309,484	**172,438**

None of the amounts within trade and other receivables were past due or impaired as at 31 December 2021 (31 December 2020: nil).

9. Net cash and cash equivalents

	2021	2020
	$'000	**$'000**
Cash held with JPMorgan Chase undertakings	4,538,550	5,872,170
Cash held with third parties	117,321	93,388
	4,655,871	**5,965,558**
Bank overdraft		
Balances due to JPMorgan Chase undertakings	(131,180)	(4,021)
Balances due to third parties	(12,871)	(24,336)
	(144,051)	**(28,357)**
Net cash and cash equivalents as reported in the cash flow statement	**4,511,820**	**5,937,201**

10. Financial liabilities designated at fair value through profit or loss

	2021	2020
	$'000	**$'000**
Financial liabilities designated at fair value through profit or loss	24,262,697	22,263,301

Financial liabilities designated at fair value through profit and loss include short term and long term structured notes. In certain instances, the customers have the rights to exercise put options. Other securities include early redemption clauses. As a result, the notes have been disclosed as having a maturity within one year in the table above. The contractual payments associated with the notes issued by the Company are all guaranteed, predominantly by JPMorgan Chase Bank, N.A. and may be repayable on customer demand. The details of each note are set out in the prospectus for each issuance.

Debit valuation adjustments and funding valuation adjustments are necessary to reflect the credit quality of the Company in the valuation of such liabilities. The directors consider that the Company is fully hedged and that there would, in the normal course of business, be no impact to the results of the Company due to movements in the fair value of the financial liabilities designated at fair value through profit or loss. As such also the relevant concentration risk is minimal.

The cumulative changes in its own credit and funding risk in the financial liabilities designated at fair value through profit or loss and held at fair value through profit or loss for 2021 is $0.4 million (2020: $17.7 million) as on balance sheet date. This is fully offset by an equal and opposite amount in financial assets held at fair value through profit or loss (Refer note 7) leading to nil impact in income statement.

11. Financial liabilities held at fair value through profit and loss

	2021	2020
	$'000	**$'000**
Financial liabilities held at fair value through profit or loss	4,438,997	7,446,249

Financial liabilities held at fair value through profit or loss consists of warrants and derivatives.

12. Assets and liabilities measured at fair value

Valuation process

The Company carries a portion of its assets and liabilities at fair value on a recurring basis.

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

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

Risk-taking functions are responsible for providing fair value estimates for assets and liabilities carried on the balance sheet at fair value. The Firm's valuation control function, which is part of the Firm's Finance function and independent of the risk-taking functions, is responsible for verifying these estimates and determining any fair value adjustments that may be required to ensure that the Firm's positions are recorded at fair value. The valuation control function verifies fair value estimates provided by the risk-taking functions by leveraging independently derived prices, valuation inputs and other market data, where available.

Debit valuation adjustments ("DVA") are taken to reflect the credit quality of the Company in the valuation of liabilities measured at fair value. The Firm also incorporates the impact of funding in its valuation estimates where there is evidence that a market participant in the principal market would incorporate it in a transfer of the instrument.

Credit valuation adjustments ("CVA") are necessary to reflect counterparty credit quality in the valuation of assets measured at fair value.

Valuation model review and approval

If prices or quotes are not available for an instrument or a similar instrument, fair value is generally determined using valuation models that consider relevant transaction terms such as maturity and use as inputs market-based or independently sourced parameters. The Model Risk Governance and Review function is independent of the model owners and reviews and approves valuation models used by the Company.

Fair value hierarchy

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

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

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

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

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

12. Assets and liabilities measured at fair value (continued)

Valuation methodologies

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

Product / Instrument	Valuation methodology, inputs and assumptions	Classifications in the valuation hierarchy
Structured notes	• Valuations are based on discounted cash flow analysis that consider the embedded derivative and the terms and payment structure of the note. • The embedded derivative features are considered using models such as the Black-Scholes option pricing model, simulation models, or a combination of models that use observable or unobservable valuation inputs, depending on the embedded derivative. The specific inputs used vary according to the nature of the embedded derivative features, as described in the discussion below regarding derivative valuation. Adjustments are then made to this base valuation to reflect the Firm's own credit risk (DVA).	Level 2 or 3
Equity securities	Quoted market prices are used.	Level 1
Derivatives and fully funded OTC financial instruments	Derivatives that are valued using models such as the Black-Scholes option pricing model, simulation models, or a combination of models, that use observable or unobservable valuation inputs as well as considering the contractual terms. The key valuation inputs used will depend on the type of derivative and the nature of the underlying instruments and may include equity prices, commodity prices, interest rate yield curves, foreign exchange rates, volatilities, correlations, credit default swaps ("CDS") spreads and recovery rates. Additionally, the credit quality of the counterparty and of the Firm's as well as market funding levels may also be considered. In addition, specific inputs used for derivatives that are valued based on models with significant unobservable inputs are as follows: *Equity option specific inputs include:* • Forward equity price • Equity volatility • Equity correlation • Equity - FX correlation • Equity - IR correlation	Level 2 or 3

The following tables present the assets and liabilities reported at fair value as of 31 December 2021 and 2020, by major product category and fair value hierarchy.

Assets and liabilities measured at fair value on a recurring basis

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	**$'000**
At 31 December 2021				
Financial assets held at fair value through profit and loss:				
Financial assets held at fair value through profit and loss	426,307	15,907,672	12,367,715	28,701,694
Total financial assets	**426,307**	**15,907,672**	**12,367,715**	**28,701,694**
Financial liabilities held at fair value through profit and loss:				
Financial liabilities held at fair value through profit and loss	—	(3,394,185)	(1,044,812)	(4,438,997)
Financial liabilities designated at fair value through profit or loss:				
Structured notes	—	(12,936,066)	(11,326,631)	(24,262,697)
Total financial liabilities	**—**	**(16,330,251)**	**(12,371,443)**	**(28,701,694)**

12. Assets and liabilities measured at fair value (continued)

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
At 31 December 2020				
Financial assets held at fair value through profit and loss:				
Financial assets held at fair value through profit and loss	371,734	17,155,257	12,182,559	29,709,550
Total financial assets	**371,734**	**17,155,257**	**12,182,559**	**29,709,550**
Financial liabilities held at fair value through profit and loss:				
Financial liabilities held at fair value through profit and loss	—	(6,443,321)	(1,002,928)	(7,446,249)
Financial liabilities designated at fair value through profit or loss:				
Structured notes	—	(11,179,371)	(11,083,930)	(22,263,301)
Total financial liabilities	**—**	**(17,622,692)**	**(12,086,858)**	**(29,709,550)**

The Company hedges all structured note issuances by entering into hedging transactions with other JPMorgan Chase companies. The hedging transactions can be booked as multiple elements in order to ensure the risk associated with the notes is fully hedged. Each of these elements is classified in the fair value hierarchy in line with the requirements of IFRS 13 'Fair Value Measurement', and as such the fair value hierarchy of the structured notes and hedges can differ.

Level 3 valuations

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

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

In arriving at an estimate of fair value for an instrument within level 3, management must first determine the appropriate valuation model or other valuation technique to use. Second, due to the lack of observability of significant inputs, management must assess relevant empirical data in deriving valuation inputs including transaction details, yield curves, interest rates, prepayment speed, default rates, volatilities, correlations, prices (such as commodity, equity or debt prices), valuations of comparable instruments, foreign exchange rates and credit curves.

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

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

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

12. Assets and liabilities measured at fair value (continued)

Level 3 valuations (continued)

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

Product/instrument	Asset	Liability	Net fair value	Principal valuation technique	Unobservable input	Range of input values	Average (a)
At 31 December 2021	**$'000**	**$'000**	**$'000**				
Derivatives and fully funded OTC financial instruments	12,367,715	(1,044,812)	11,322,903	Option pricing	Equity correlation	20% - 100%	61%
					Equity - FX correlation	(76)% - 46%	-27%
					Equity - Interest rate correlation	27% - 27%	27%
					Equity volatility	4% - 114%	33%
Structured notes	—	(11,326,631)	(11,326,631)	Option pricing	Equity correlation	20% - 100%	61%
					Equity - FX correlation	(76)% - 46%	-27%
					Equity - Interest rate correlation	27% - 27%	27%
					Equity volatility	4% - 114%	33%
Total	**12,367,715**	**(12,371,443)**	**(3,728)**				

(a) Amounts represent arithmetic averages.

Product/instrument	Asset	Liability	Net fair value	Principal valuation technique	Unobservable input	Range of input values	Average (a)
At 31 December 2020	**$'000**	**$'000**	**$'000**				
Derivatives and fully funded OTC financial instruments	12,182,559	(1,002,928)	11,179,631	Option pricing	Interest rate correlation	1% - 60%	24.5%
					Interest rate volatility	6.85bps-89.08bps	42.11bps
					Interest rate - FX correlation	0% - 35%	11.7%
					Equity correlation	17% - 100%	65%
					Equity - FX correlation	(80)% - 55%	-23%
					Equity - Interest rate correlation	20% - 50%	33%
					Commodity volatility	35% - 35%	35%
					Equity volatility	4% - 103%	29%
Structured notes	—	(11,083,930)	(11,083,930)	Option pricing	Interest rate correlation	1% - 60%	24.5%
					Interest rate volatility	6.85bps-89.08bps	42.11bps
					Interest rate - FX correlation	0% - 35%	11.7%
					Equity correlation	17% - 100%	65%
					Equity - FX correlation	(80)% - 55%	-23%
					Equity - Interest rate correlation	20% - 50%	33%
					Equity volatility	4% - 103%	29%
Total	**12,182,559**	**(12,086,858)**	**95,701**				

(a) Amounts represent arithmetic averages.

The categories presented in the tables have been aggregated based upon the product type, which may differ from their classification on the balance sheet and fair values are shown net.

Given significant economic hedging between derivatives and structured notes, the inputs considered are consistent across both.

J.P. MORGAN STRUCTURED PRODUCTS B.V.

Notes to the financial statements (continued)

12. Assets and liabilities measured at fair value (continued)

Level 3 valuations (continued)

Changes in and ranges of unobservable inputs

The following discussion provides a description of the impact on fair value measurement of a change in each unobservable input in isolation, and the interrelationship between unobservable inputs, where relevant and significant. The impact of changes in inputs may not be independent as a change in one unobservable input may give rise to a change in another unobservable input. Where relationships exist between two unobservable inputs, those relationships are discussed below. Relationships may also exist between observable and unobservable inputs (for example, as observable interest rates rise, unobservable prepayment rates decline); such relationships have not been included in the discussion below. In addition, for each of the individual relationships described below, the inverse relationship would also generally apply.

Correlation - Correlation is a measure of the relationship between the movements of two variables. Correlation is a pricing input for a derivative product where the payoff is driven by one or more underlying risks. Correlation inputs are related to the type of derivative due to the nature of the underlying risks. When parameters are positively correlated, an increase in one parameter will result in an increase in the other parameter. When parameters are negatively correlated, an increase in one parameter will result in a decrease in the other parameter. An increase in correlation can result in an increase or a decrease in a fair value measurement. For example, a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in a fair value measurement.

Volatility - Volatility is a measure of the variability in possible returns for an instrument, parameter or market index given how much the particular instrument, parameter or index changes in value over time. Volatility is a pricing input for options, including equity options and interest rate options. Generally, the higher the volatility of the underlying, the riskier the instrument. Given a long position in an option, an increase in volatility, in isolation, would generally result in an increase in a fair value measurement.

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

Price risk from the issued instruments is matched by entering into equal and offsetting OTC financial transactions with other JPMorgan Chase companies so that any price risk is effectively hedged. As at 31 December 2021, the use of alternative inputs would not change the results of the Company. Consequently, no sensitivity analysis for level 3 financial instruments is disclosed.

Movement in assets and liabilities in Level 3 during year ended 31 December 2021

Financial assets held at fair value through profit and loss

	2021	2020
	$'000	$'000
At 1 January	**12,182,559**	**10,868,133**
Total (loss)/gain recognised in income statement *	(1,453,212)	7,469
Purchases	12,782,014	11,347,534
Settlements	(10,654,171)	(10,060,502)
Transfers in to level 3	171,789	1,363,960
Transfers out of level 3	(661,264)	(1,344,035)
At 31 December	**12,367,715**	**12,182,559**
Change in unrealised gain related to financial instruments held at 31 December *	**163,006**	**411,194**

12. Assets and liabilities measured at fair value (continued)

Movement in assets and liabilities in Level 3 during year ended 31 December 2021 (continued)

Financial liabilities held at fair value through profit and loss and designated at fair value through profit and loss

	2021	2020
	$'000	$'000
At 1 January	**12,086,858**	**10,252,117**
Total (gain)/loss recognised in income statement *	(1,363,365)	26,653
Purchases	1,576,204	1,044,386
Issuances	11,284,459	9,877,099
Settlements	(10,253,787)	(9,044,821)
Transfers in to level 3	239,536	881,064
Transfers out of level 3	(1,198,462)	(949,640)
At 31 December	**12,371,443**	**12,086,858**
Change in unrealised loss related to financial instruments held at 31 December *	**251,598**	**625,630**

* As explained above, the Company's hedging transactions are booked as multiple elements in order to ensure the risk associated with the notes is fully hedged, and as such the levelling of the structured notes and hedges can differ. The gain/(loss) recognised in the income statement as a result of changes in fair value related to level 3 financial instruments, including any changes to unrealised gain/(loss) is offset by an equal and opposite impact as a result of changes in fair value of the related hedging instruments that are classified across multiple fair value levels.

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

For the years ended 31 December 2021 and 2020, there were no transfers between levels 1 and 2.

During the year ended 31 December 2021, transfers from level 2 to level 3 included the following:

- $172 million of assets driven by reduction in observability of derivatives and fully funded OTC financial instruments.
- $240 million of liabilities driven by a reduction in observability of structured notes.

During the year ended 31 December 2021, transfers from level 3 to level 2 included the following:

- $661 million of assets driven by increase in observability of derivatives and fully funded OTC financial instruments.
- $1,198 million of liabilities driven by increase in observability of structured notes.

During the year ended 31 December 2020, significant transfers from level 2 to level 3 included the following:

- $1,364 million of assets driven by reduction in observability of derivatives and fully funded OTC financial instruments.
- $881 million of liabilities driven by a reduction in observability of structured notes.

During the year ended 31 December 2020, transfers from level 3 to level 2 included the following:

- $1,344 million of assets driven by increase in observability of derivatives and fully funded OTC financial instruments.
- $950 million of liabilities driven by increase in observability of structured notes.

All transfers are assumed to occur at the beginning of the period in which they occur.

12. Assets and liabilities measured at fair value (continued)

Movement in Level 3 assets and liabilities (continued)

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

Certain financial instruments that are not carried at fair value on balance sheet are carried at amounts that approximate fair value, due to their short term nature and generally negligible credit risk. These instruments include cash and cash equivalents, bank overdraft, trade and other receivables and trade and other payables.

The Company has $7,465.4 million (2020: $7,938.0 million) of financial assets and $6,877.4 million (2020: $7,345.5 million) of current financial liabilities that are not measured at fair value. Given the short-term nature of these instruments, their carrying amounts in the balance sheet are a reasonable approximation of fair value.

COVID-19 Pandemic

While models are inherently imprecise, the degree of imprecision or uncertainty can be heightened by the market or economic environment. This is particularly true when the current and forecasting environment is significantly different from the historical macroeconomic environments upon which the models were calibrated, as the Company has experienced during the COVID-19 pandemic. This uncertainty may necessitate a greater degree of judgement and analytics to inform adjustments to model outputs than in typical periods.

13. Offsetting financial assets and financial liabilities

No financial assets and liabilities have been offset on the balance sheet as at 31 December 2021 (2020: nil).

Financial instruments, recognised within financial assets held at fair value through profit and loss and financial liabilities held at fair value through profit and loss, which were subject to master netting arrangements or other similar agreements but not offset, as at 31 December 2021, amounted to $3,916.2 million (2020: $6,620.2 million).

14. Trade and other payables

	2021	**2020**
	$'000	**$'000**
Trade payables	71,538	51,200
Amounts owed to JPMorgan Chase undertakings	6,661,763	7,265,925
	6,733,301	**7,317,125**

Current year trade and other payables predominantly consist of variation margin received from other JPMorgan Chase undertakings.

15. Share capital

	2021	**2020**
	€'000	**€'000**
Authorised share capital		
90,000 (2020: 90,000) Ordinary shares of €1.00 each	90	90

	2021	**2020**
	$'000	**$'000**
Issued and fully paid share capital		
20,000 (2020: 20,000) Ordinary shares of €1.00 each	26	26

In accordance with the requirements of Article 373 Book 2 of the Dutch Civil Code, the Company holds an amount of $2,000 in a legal reserve in respect of revaluation of the Euro denominated share capital. There has been no change in the amount of authorised share capital during the year.

16. Operating profit/(loss)

Included in trading profit are net gains/(losses) from financial liabilities designated at FVTPL and financial assets and liabilities held at FVTPL:

	2021	2020
	$'000	$'000
Net loss on financial liabilities designated at FVTPL	(733,250)	(468,391)
Net gain on financial assets and liabilities held at FVTPL	733,250	468,391
	—	—

All fee and commission income is received from other JPMorgan Chase undertakings.

All fee and commission expense is paid by other JPMorgan Chase undertakings and reimbursed by the Company.

17. Audit fee

	2021	2020
	$'000	$'000
Auditors' remuneration for the audit of the Company's annual financial statements	315	44

18. Interest income and expense

All interest income and expenses are from financial instruments held at amortised cost, which are receivable from or due to JPMorgan Chase undertakings respectively.

19. Income tax expense

	2021	2020
Income tax expense:	$'000	$'000
Current tax	2,399	7,424
Adjustment in respect of previous years	(309)	59
Tax on profit on ordinary activities	**2,090**	**7,483**
Profit for the year before tax	**9,713**	**29,773**
Tax calculated at applicable tax rates	2,399	7,424
Adjustments in respect of previous years	(309)	59
Income tax expense	**2,090**	**7,483**

The standard tax rate in the Netherlands is 25% (2020: 25%). A tax rate of 15% (2020: 16.5%) is applied to the first €245,000 (2020:€200,000).

20. Financial risk management

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

JPMorgan Chase, and the Company believe that effective risk management requires, among other things:

- Acceptance of responsibility, including identification and escalation of risks by all individuals within the Company.
- Ownership of risk identification, assessment, data and management within each LOB and Corporate; and
- Firmwide structures for risk governance.

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

The Company exercises oversight through the Board of Directors which are aligned to the Firm risk management framework and regulatory requirements.

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

Credit risk

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

COVID-19 Pandemic

In 2021, the credit environment improved following the broad-based deterioration in 2020 that resulted from the impacts of the COVID-19 pandemic.

Expected credit loss measurement

Approach to measuring expected credit losses

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

(a) An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;

(b) The time value of money; and

(c) Reasonable and evidence-based information about past events, current (economic) conditions, and forecasts of future economic conditions.

The measurement of ECL also reflects how the Company manages the financial instruments it uses for credit risk purposes such as Traditional Credit Products ("TCP"), and non-traditional credit products ("Non-TCP"). The Company does not hold any TCP instruments. Non-TCP consist of financial assets measured at amortised cost which include trade and other receivables and cash instruments.

20. Financial risk management (continued)

Credit risk (continued)

Expected credit loss measurement (continued)

Approach to measuring expected credit losses (continued)

The following table sets out the balances of the Company's financial assets that are measured at amortised cost within the Non-TCP category:

	Non-TCP	
Balance sheet categories	**2021**	**2020**
	$'000	**$'000**
Assets		
Trade and other receivables	2,809,484	1,972,438
Cash and cash equivalents	4,655,871	5,965,558

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

During the year, the Company did not recognise any ECL on Non-TCP balances as the ECL related to these exposures is assessed as immaterial. The Company's approach to measuring ECLs for Non-TCP portfolios depends on the type of instrument. Refer to the Credit exposures section below for an analysis per balance sheet line item.

Credit exposures

Balance sheet exposure by financial asset

The table below presents the Company's gross balance sheet exposure to financial assets without taking account of any collateral or economic hedges in place.

	2021	**2020**
	$'000	**$'000**
Financial assets held at fair value through profit and loss	28,275,387	29,337,816
Trade and other receivables	2,809,484	1,972,438
Cash and cash equivalents	4,655,871	5,965,558
	35,740,742	**37,275,812**

Included within the above assets, are balances held with other JPMorgan Chase undertakings of $35,501 million (2020: $37,068 million).

Financial assets held at fair value through profit and loss does not include equity securities captured under market risk.

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

Trade and other receivables

Trade and other receivables mainly consist of amounts due from brokers/dealers such as failed sales, unsettled cash and amounts due from JPMorgan Chase undertakings.

Failed sale receivables generally have minimal credit risk due to the low probability of default of a clearing organisation default and failure to deliver, the short-term nature of receivables related to securities settlements which are predominately on a delivery versus payment basis.

Unsettled cash receivables relate to cash collateral paid to counterparties in respect of derivative financial instruments. Margin posted in cash is reflected as a receivable from the counterparty and is carried at amortised cost. The Company includes these receivables in Stage 1 due to the robust multi-layered credit protection inherent in the design and operations of the margin posted model.

20. Financial risk management (continued)

Credit risk (continued)

Expected credit loss measurement (continued)

Trade and other receivables (continued)

The majority of amounts due from JPMorgan Chase undertakings are with a borrower who is a Material Legal Entity ("MLE"). As MLEs are adequately capitalised to ensure the MLE can fulfil all of its debt obligations even in the event of an orderly liquidation of JPMorgan Chase and are of investment grade, these inter-company receivables are included in Stage 1 as they are held with MLEs and considered to not have an increase in credit risk that would result in material expected credit losses. Receivables from MLEs are only included in Stage 2 if the obligor is no longer considered an MLE and there is evidence of credit deterioration of the obligor, or if certain support triggers defined in the JPMorgan Chase's Resolution Plan occur. Receivables from MLEs are not credit-impaired as the Firm ensures MLEs are more than adequately capitalised as required by the Firms Resolution Plan. The Company recognises no allowance on these balances.

Cash and cash equivalents

The Company places substantially all of its deposits with banks which are of investment-grade. The Company includes cash and cash equivalents in Stage 1 as investment-grade institutions are considered to have high quality credit with low risk of default and therefore a significant increase in credit risk is not deemed probable or material. The Company recognises no allowance on these balances.

Liquidity risk

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

Liquidity management

The primary objectives of the Firm's liquidity management are to:

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

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

- Optimise 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, Treasury and Chief Investment Office ("T/CIO") is responsible for:

- Analysing and understanding the liquidity characteristics of the assets and liabilities of the Firm, lines of business and legal entities, taking into account legal, regulatory, and operational restrictions.
- Developing internal liquidity stress testing assumptions for the JPM Group stress scenarios, Resolution Liquidity Adequacy and Positioning (RLAP), Resolution Liquidity Execution Needs (RLEN), and recovery planning
- Defining and monitoring Firmwide and legal entity-specific liquidity strategies, policies, reporting and contingency funding plans.
- Managing liquidity within the firm's approved liquidity risk appetite tolerances and limits.
- Managing compliance with regulatory requirements related to funding and liquidity risk.
- Setting transfer pricing in accordance with underlying liquidity characteristics of balance sheet assets and liabilities as well as certain off-balance sheet items.

The Company's issuances are economically hedged with the OTC transactions with other JPMorgan Chase undertakings. To the extent that settlement-related timing differences between issuances and the OTC hedge may result in funding requirements, these are funded by other Firm companies involved in the transactions. The contractual payments associated with the notes issued by the Company are predominantly guaranteed by other JPM Affiliates.

20. Financial risk management (continued)

Liquidity risk (continued)

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

	2021 Less than 1 year	2020 Less than 1 year
	$'000	**$'000**
Financial liabilities designated at fair value through profit or loss	24,262,697	22,263,301
Financial liabilities held at fair value through profit and loss	4,438,997	7,446,249
Bank overdraft	144,051	28,357
Trade and other payables	6,733,301	7,317,125
	35,579,046	**37,055,032**

Included with the above liabilities, the balances held with other JPMorgan Chase undertakings are $13,697 million (2020: $16,599 million).

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.

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

Interbank offered rate ("IBOR") Transition

The Financial Stability Board ("FSB") and the Financial Stability Oversight Council ("FSOC") have observed that the secular decline in interbank short-term funding poses structural risks for unsecured benchmark interest rates such as Interbank Offered Rates ("IBORs"), and therefore regulators and market participants in various jurisdictions have been working to identify alternative reference rates that are compliant with the International Organisation of Securities Commission's standards for transaction-based benchmarks. On 5 March 2021, the Financial Conduct Authority ("FCA") confirmed the delay to the cessation of the principal tenors of U.S. dollar LIBOR (i.e., overnight, "One-month", "three-month", "six-month" and "12-month" LIBOR) until June 30, 2023 and announced that there has been no change to the scheduled cessation of U.K. sterling ("GBP"), Japanese yen ("JPY"), Swiss franc and Euro LIBOR, as well as the remaining tenors of U.S. dollar LIBOR, from December 31, 2021.

On November 16, 2021 the Financial Conduct Authority (“FCA”) confirmed that it will allow, for a period of at least one year, the use of “synthetic” U.K. sterling and Japanese yen LIBOR rates in all legacy LIBOR contracts, other than cleared derivatives, that had not been transitioned to replacement rates by January 1, 2022. The use of these synthetic LIBORs, will allow market participants additional time to complete their transition to replacement rates or otherwise to reduce their exposure to contracts that do not have robust fallback mechanisms and that are difficult to amend

In the U.S., U.K., EU, Japan and Switzerland the Alternative Reference Rate Committee ("ARRC"), the Working-Group on Sterling Risk-Free Reference Rates ("Sterling RFR WG"), the Working Group on Euro Risk-Free Rates ("Euro RFR WG"), the Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks and the National Working Group on Swiss Franc Reference Rates respectively, groups composed of market and official sector participants, have identified the secured Overnight Financing Rate ("SOFR") the Sterling Overnight Index Average Rate ("SONIA") the Euro Short-term Rate ("ESTR") the Tokyo Overnight Average Rate ("TONA") and the Swiss Average Overnight ("SARON") as the recommended alternative benchmark rates.

The Firm established a Firmwide LIBOR Transition program in early 2018. The Firmwide CFO and the CEO of the Corporate & Investment Bank (“CIB”) oversee the program as senior sponsors. In 2021, the Firm continued to work towards reducing its exposure to IBOR-referencing contracts, including derivatives, bilateral and syndicated loans, securities, and debt and preferred stock issuances, to meet the industry milestones and recommendations published by National Working Groups (“NWG”). In 2021, the Firm prioritized contract remediation for those currencies and tenors of LIBOR for which publication ceased on December 31, 2021.

20. Financial risk management (continued)

Market risk (continued)

Interbank Offered Rate ("IBOR") (continued)

The Firm has made significant progress towards reducing its exposure to IBOR-referencing contracts, including in derivatives, bilateral and syndicated loans, securities, and debt and preferred stock issuances, and is on-track to meet its internal milestones for contract remediation as well as the industry milestones and recommendations published by National Working Groups. In connection with the transition from LIBOR, as of December 31, 2021 the Firm had remediated substantially all of the notional amount of its bilateral derivatives contracts linked to non-U.S. dollar LIBOR, and substantially all of its non-U.S. dollar LIBOR linked loans. During the fourth quarter of 2021, the principal central counterparties ("CCPs") converted cleared derivatives contracts linked to non-U.S. dollar LIBOR to replacement rates before the cessation of the publication of those LIBORs on December 31, 2021. The Firm continues its client outreach with respect to U.S. dollar LIBOR referencing contracts

The Federal Reserve ("Fed'), the Office of the Comptroller of the Currency ("OCC") and the Federal Deposit Insurance Corporation ("FDIC") and the FCA have encouraged banks to cease entering into new contracts that use U.S. dollar LIBOR as a reference rate by December 31, 2021, and in connection with this, the Firm now offers various floating rate products, and provides and arranged various types of floating rate debt financings, that reference the Secured Overnight Financing Rate ("SOFR") across its businesses. The Firm will continue to engage with clients in relation to USD LIBOR transition in 2022 and will continue to support clients as they transition to SOFR.

On August 27, 2020, the International Accounting Standards Board ("IASB") issued guidance that provides practical expedients to contracts and hedge accounting relationships affected by the reference rate reform. These practical expedients are intended to simplify the operational impact of applying existing IFRS requirements to transactions impacted by the reference rate reform, and the Company applied the practical expedients from 1 January 2021.

The table below shows the outstanding principal amounts of non-derivative financial instruments, the gross notional value of derivative financial instruments and the contractual amounts of off-balance sheet exposures held by the Company as at December 31, 2021 that are subject to IBOR reform that have yet to transition. The table includes financial instruments with a contractual maturity date later than the relevant agreed IBOR cessation date and includes contracts that have been changed to incorporate the new alternative reference rates but which have yet to become effective as at 31 December 2021. Substantially all of these contracts have fallback mechanisms that will transition the IBOR-referencing contracts to the new alternative reference rates at the next fixing date subsequent to 31 December 2021.

As at 31 December 2021	USD LIBOR	JPY LIBOR	USD ICE Swap Rate/ CMS	Multiple basis [1]
	$'000	$'000	$'000	$'000
Non-derivative financial liabilities (outstanding principal amount):				
Debt issuance	257,557	17,369	4,982,395	339,000
Total non-derivative financial liabilities	**257,557**	**17,369**	**4,982,395**	**339,000**
Derivative financial instruments (gross notional value [2])				
Interest rate derivatives - OTC (3rd party)	500	—	—	—
Interest rate derivatives - OTC (Intercompany)	268,712	17,369	6,738,203	460,500
Total derivative financial instruments	**269,212**	**17,369**	**6,738,203**	**460,500**

[1] Multiple basis rates to underlying contracts utilising multiple benchmarks subject to reform
[2] Represents the sum of gross long and gross short notional derivative contracts

21. Managed capital

Total equity of $592.8 million (2020: $585.2 million) constitutes the managed capital of the Company, which consists entirely of issued share capital, share premium reserve, legal reserve and retained earnings.

The directors are responsible for setting the objectives, policies and processes relating to the management of the Company's capital and maintain a set of policy documents to assist in discharging their responsibilities.

The Company is not subject to any externally imposed capital requirements.

22. Related party transactions

Related parties comprise:

(a) Directors and shareholders of the Company and companies in which they have an ownership interest

(b) Other JPMorgan Chase undertakings

None of the directors received remuneration from the Company during the year (2020: nil). The Company did not employ any staff in 2021 or 2020.

The Company's parent undertaking is detailed in note 1. There were no transactions with the parent undertaking during the year.

Related party transactions, outstanding balances at year end, and income and expenses for the year, all related to normal business activities at arm's length, are as follows:

Outstanding balances at year end

	JPMorgan Chase undertakings 31 December 2021 $'000	JPMorgan Chase undertakings 31 December 2020 $'000
Financial assets held at fair value through profit or loss	28,217,751	29,283,290
Trade and other receivables	2,744,286	1,912,944
Cash and cash equivalents	4,538,550	5,872,170
Financial liabilities held at fair value through profit or loss	(3,911,308)	(6,629,237)
Financial liabilities designated at fair value through profit or loss	(2,992,924)	(2,699,878)
Trade and other payables	(6,661,763)	(7,265,925)
Bank overdraft	(131,180)	(4,021)

Income and expenses

	JPMorgan Chase undertakings 31 December 2021 $'000	JPMorgan Chase undertakings 31 December 2020 $'000
Net gains	980,740	509,400
Fees and commission income	25,344	21,797
Fees and commission expense	—	(2,385)
Administrative expenses	(1,109)	(638)
Net interest income	9,665	30,312

23. Proposed appropriation of net results

Management propose to appropriate the current year profit to retained earnings. No dividend was paid or proposed during the year.

24. Post balance sheet events

In late February 2022, Russia invaded Ukraine and in response the world imposed severe sanctions against Russia that have impacted the global economy, financial markets and specific industry and economic sectors, including potential recessionary and inflationary pressures. As at 31 December 2021, the Company had no direct exposure to Russia and was not aware of any material adverse effects on the financial position, operations or capital position as a result of the market disruption.

The Firm faces heightened operational risk in its efforts to comply with these sanctions programs, as the requirements under these programs are highly complex and continue to evolve. The Firm has implemented controls reasonably designed to comply with applicable sanctions and issued guidance to its affected LOBs to assist them with adhering to the Firm's obligations.

The Board of Directors

S.E. Cheah

D.M.A. Spreeuwers

J.C.P. van Uffelen

S.E.J. Ruigrok

Date: 12 April 2022

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Other information

Profit appropriation according to the Articles of Association

Article 20 Chapter VIII of The Articles of Association of the Company require that the allocation of profits be determined in a general meeting of the shareholders. The Management Board may resolve to pay interim dividends up to an amount which does not exceed the amount of the distributable part of the net assets. Dividends shall be paid after adoption of the annual financial statements from which it appears that payment of dividends is permissible.

Independent auditor's report

To: the general meeting of J.P. Morgan Structured Products B.V.

Report on the financial statements 2021

Our opinion

In our opinion, the financial statements of J.P. Morgan Structured Products B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2021, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2021 of J.P. Morgan Structured Products B.V., Amsterdam.

The financial statements comprise:

- the balance sheet as at 31 December 2021;
- the following statements for 2021: the income statement, statements of comprehensive income, changes in equity and cash flows;
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, the Netherlands
T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, www.pwc.nl

Independence

We are independent of J.P. Morgan Structured Products B.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, like our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Overview and context

The Company's main activity is the issuance of structured products comprising certificates, warrants and market participation notes, and the subsequent hedging of the risk associated with these notes through hedging with other J.P. Morgan Chase companies. We paid specific attention to the areas of focus driven by the operations of the Company, as set out below.

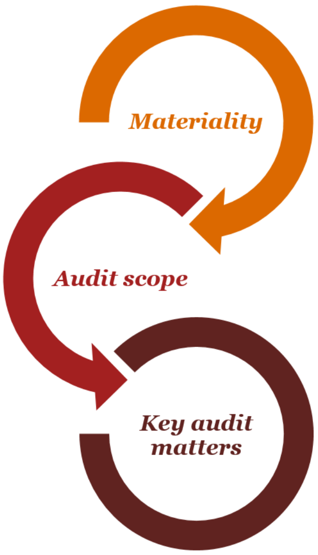
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also paid attention to the risk related to climate change. In note 5 'Critical accounting estimates and judgements' of the financial statements the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the valuation of the notes, warrants and derivatives, and hedging transactions with other group companies, we considered these matters as a key audit matter as set out in the section 'Key audit matters' of this report.

The Company assessed the possible effects of climate change on its financial position. We refer to section 'Climate-related financial risk' of the director's report. We discussed their assessment and their governance thereof with the board of directors and evaluated the potential impact on the Company including underlying assumptions and estimates as included in the financial statements. Given the nature of the Company's activities, the impact of climate change is not considered to impact our key audit matter.

Other areas of focus, that were not considered as key audit matters, are areas such as the impact of COVID-19, IBOR reform and taxation.

We ensured that the audit team included the appropriate skills and competences, which are needed for the audit of the Company. We therefore included specialists in the area of valuation services in our team.

The outline of our audit approach was as follows:



Materiality

- Overall materiality: USD 361.7 million.

Audit scope

- We conducted audit work in three locations: the Netherlands, the United Kingdom and the United States.

Key audit matters

- Valuation of the notes, warrants and derivatives, and hedging transactions with other group companies.

First-year audit consideration

After our appointment as the Company's auditors, we developed and executed a comprehensive transition plan. As part of this transition plan, we carried out a process of understanding the strategy of the Company, its business, its internal control environment and IT systems. We looked at where and how this affected the Company's financial statements and internal control framework. Additionally, we read the prior year financial statements and we reviewed the predecessor auditor's files and discussed the outcome thereof. Based on these procedures, we obtained sufficient and appropriate audit evidence regarding the opening balances. Furthermore, we prepared our risk assessment, our audit strategy and our audit plan, which we discussed with the board of directors.

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall materiality	USD 361.7 million.
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 1% of total assets.
Rationale for benchmark applied	We used total assets as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis, we believe that profits are not the main indicator of financial performance of the Company, and that total assets is the most relevant and suitable benchmark.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the board of directors that we would report to them any misstatements identified during our audit above USD 18.1 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our audit

The Company is a subsidiary of J.P. Morgan Chase & Co. The operations of the Company are embedded in the IT environment and process controls of the J.P. Morgan Chase & Co. Group ('the Group').

Considering our responsibility for the opinion on the Company's financial statements, we are responsible for the direction, supervision and performance of the audit of the Company. In this context, we used the work performed by the auditors of J.P. Morgan Chase & Co Group companies in the United States for assurance over the IT environment and the above mentioned controls.

Where the work was performed by the auditors of J.P. Morgan Chase & Co Group companies, we determined the level of involvement we needed to have in the audit work to be able to conclude whether sufficient and appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole. In this respect, we performed the following procedures:

- We issued detailed audit instructions prescribing the scope of work to be performed, our risk assessment, the key audit areas and the reporting requirements.
- The reports were assessed, and observations were discussed with the auditors of J.P. Morgan Chase & Co Group companies and with management.
- We have gained digital access to the audit file of the auditors of J.P. Morgan Chase & Co Group companies and performed a remote file review.

As part of our testing procedures, we tested the existence of financial assets held for trading by independently reconciling the balances in the ledgers of counterparties belonging to the Group with the balances in the general ledger of the Company. We also assessed the creditworthiness of these counterparties.

By performing the procedures described above at component level, combined with additional procedures at group level, we have obtained sufficient and appropriate audit evidence regarding the financial information of the Company taken as a whole to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the internal control system. This included the board of directors' risk assessment process, the board of directors' process for responding to the risks of fraud and monitoring the internal control system, as well as the outcomes.

We evaluated the design and relevant aspects of the internal control system and in particular the fraud risk assessment, as well as the code of conduct and whistleblowing procedures, among other things. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We have asked members of the board of directors whether they are aware of any actual or suspected fraud.

As part of our process of identifying fraud risks, we have evaluated fraud risk factors with respect to financial reporting for fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We have identified the following fraud risk and performed the following specific procedures:

Identified fraud risk	***Audit work and observations***
The risk of management override of control Inherently, management is in a unique position to perpetrate fraud, because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in: • The appropriateness of journal entries and other adjustments made in the preparation of the financial statements. • Estimates. • Significant transactions, if any, outside the normal course of business for the entity.	We evaluated the design and implementation of the internal control measures, i.e. authorisation of payments, that are intended to mitigate the risk of management override of control and to the extent relevant for our audit tested the effectiveness of these controls. Furthermore, we evaluated the design and implementation of the controls in the processes for generating and processing journal entries and making of estimates. We have selected journal entries based on risk criteria and performed specific audit procedures on these, also paying attention to significant transactions, if any, outside normal business operations. We also performed specific audit procedures on management estimates, with specific attention to the valuation of the notes and hedging transactions with other group companies. We refer to the section 'Key audit matters' for the performed audit procedures. Our work did not lead to specific indications of fraud or suspicions of fraud regarding the risk of management override of control by the board of directors.

We incorporated an element of unpredictability in our audit. We reviewed lawyer's letters and correspondence with regulators. During the audit, we remained alert to indications of fraud. We also considered the outcome of our audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures.

Audit approach Going Concern

The board of directors prepared the financial statements on the assumption that the entity is a going concern and that it will continue all its operations for at least 12 months from the date of preparation of the financial statements. Our procedures to evaluate the board of directors' going concern assessment include, amongst others:

- Considering whether management identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks).
- Considering whether the board of directors' going concern assessment includes all relevant information of which we are aware as a result of our audit and inquiring with the board of directors regarding the board of directors' most important assumptions underlying their going concern assessment. The main areas assessed by the board of directors are the financial performance and financial position of the Company.
- Analysing the financial position as at balance sheet date in relation to the financial position as at prior year balance sheet date to assess whether events or circumstances exist that may lead to a going concern risk.
- Evaluating the financial position of the Company, the creditworthiness of the counterparties to the financial assets and trade and other receivables with other J.P. Morgan Chase undertakings by assessing observable data from rating agencies, developments in credit spreads, current financial data (such as recent financial information and cash flows) and other publicly available data and by discussing and obtaining information from the group auditor.
- Assessing that the Company's issuances are economically hedged with the OTC transactions with other JPMorgan Chase undertakings.
- Performing inquiries of the board of directors as to their knowledge of going concern risks beyond the period of the board of directors' assessment.

Our procedures did not result in outcomes contrary to the board of directors' assumptions and judgements used in the application of the going-concern assumption.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the board of directors. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matter and included a summary of the audit procedures we performed on this matter.

Key audit matter	***How our audit addressed the matter***
Valuation of the notes, warrants and derivatives, and hedging transactions with other group companies *Refer to the accounting policies note 4.3.1.subsection 'Financial assets and financial liabilities measured at fair value through profit or loss', 'Financial assets and financial liabilities designated at fair value through profit or loss', note 4.4 'Fair value', note 5 'Critical accounting estimates and judgements', note 7 'Financial assets held at fair value through profit and loss', note 10 'Financial liabilities designated at fair value through profit or loss', note 11 'Financial liabilities held at fair value through profit and loss' and note 12 'Assets and liabilities at fair value'.*	We obtained an understanding of the valuation methodology and evaluated the design and implementation of the processes and controls with respect to the valuation of the financial liabilities held at fair value through profit and loss and the financial liabilities designated at fair value through profit or loss. We tested the Company's controls over the validation of models used in the valuation of structured note liabilities and hedging transactions. We also tested management's independent price verification controls, which are designed to validate the prices used by the trading desks. We found that we could, to the extent relevant to our audit, rely on these controls.

Key audit matter	***How our audit addressed the matter***
Financial liabilities designated at fair value through profit or loss and financial liabilities held at fair value through profit and loss, and the equivalent amount in financial assets held at fair value through profit or loss amount to USD 28,701 million as at 31 December 2021, which are largely level 2 and level 3 valuations. The financial liabilities designated at fair value through profit or loss consist of structured notes. Financial liabilities held at fair value through profit or loss consist of market participant warrants and derivative-linked products with financial institutions and high-net-worth individuals. These financial liabilities, specifically debt instruments, are issued with embedded derivatives for which the valuation is determined using valuation models and pricing inputs (including estimates), which involve management judgement for level 2 and level 3 instruments. These valuation models and pricing inputs (as disclosed in note 12 'Assets and liabilities at fair value') used are internally tested by management of the J.P. Morgan Chase & Co Group. The market risk associated with movements in the fair value of the structured note liabilities is offset by the hedging transactions with other group companies. We consider the valuation of the notes and hedging transactions to be a key audit matter, given the magnitude and nature of these positions. Therefore, this area is subject to a higher risk of misstatement due to error or fraud.	We substantively tested the inputs to the fair value calculations. With respect to the discount rates used and inputs for the valuation of the embedded derivative element, this included independently sourcing data from independent third party sources. With respect to the unobservable inputs used, this included assessing the significance of the unobservable inputs used by management for a sample of level 2 and 3 instruments in line with Valuation Control Group (VCG) policy and recalculated the range of unobservable input values. Furthermore, we agreed the terms of a sample of notes to the respective prospectuses. As part of our audit procedures, we considered the risk of management bias, for this estimation but also together with other estimations, and concluded that the resulting estimates and judgements involved are not indicative of such bias. We tested the completeness and accuracy of the booking of economic group hedging transactions to ensure the Company had effective economic hedges in place. We evaluated the adequacy of the disclosures relating to the valuation of financial assets held at fair value through profit and loss, financial liabilities designated at fair value through profit or loss and financial liabilities held at fair value through profit and loss for compliance with the disclosure requirements included in EU-IFRS.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were appointed as auditors of J.P Morgan Structured Products B.V. This followed the passing of a resolution by the shareholders at the annual general meeting held on 13 April 2021. Our appointment represents a total period of uninterrupted engagement appointment of one year.

European Single Electronic Format (ESEF)

J.P. Morgan Structured Products B.V. has prepared the annual report, including the financial statements, in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the financial statements of J.P. Morgan Structured Products B.V., complies, in all material, respects with the RTS on ESEF.

The board of directors is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF. Our responsibility is to obtain reasonable assurance for our opinion on whether the annual report complies with the RTS on ESEF.

Our procedures, taking into account Alert 43 of the NBA (Royal Netherlands Institute of Chartered Accountants), included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the annual report in XHTML format; and
- Examining whether the annual report in XHTML format is in accordance with the RTS on ESEF.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company, for the period to which our statutory audit relates, are disclosed in note 17 'Audit fee' to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 13 April 2022
PricewaterhouseCoopers Accountants N.V.

Original has been signed by V.S. van der Reijden RA

Appendix to our auditor's report on the financial statements 2021 of J.P. Morgan Structured Products B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole.
  However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the board of directors in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.