



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	992 854 529
Organisasjonsform:	Norskreg. utenlandsk foretak
Foretaksnavn:	J.P. MORGAN EUROPE LIMITED, OSLO BRANCH
Forretningsadresse:	Tordenskiolds gate 6 0160 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2018 - 31.12.2018
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Konsern

Morselskap i konsern:	Nei
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Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Elisabet L: Robinson
Dato for fastsettelse av årsregnskapet:	28.06.2019

Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 09.09.2020



Resultatregnskap

Beløp i: USD	Note	2018	2017
RESULTATREGNSKAP			
Renteinntekter og lignende inntekter			
Renter og lignende inntekter av utlån til og fordringer på kredittinstitusjoner	2	4 151 935	5 020 565
Sum renteinntekter og lignende inntekter		4 151 935	5 020 565
Rentekostnader og lignende kostnader			
Renter og lignende kostnader på gjeld til kredittinstitusjoner	4	1 283 866	1 386 614
Renter og lignende kostnader på innskudd fra og gjeld til kunder	4	2 554 103	1 949 565
Sum rentekostnader og lignende kostnader		3 837 969	3 336 179
Netto rente- og kredittprovisjonsinntekter		313 966	1 684 386
Utbytte og andre inntekter av verdipapirer med variabel avkastning			
Sum utbytte og andre inntekter av verdipapirer med variabel avkastning		0	0
Provisjonsinntekter og inntekter fra banktjenester			
Andre gebyrer og provisjonsinntekter	3	8 072 957	5 868 600
Sum provisjonsinntekter og inntekter fra banktjenester		8 072 957	5 868 600
Provisjonskostnader og kostnader ved banktjenester			
Sum provisjonskostnader og kostnader ved banktjenester		0	0
Netto verdiendring og gevinst/tap på valuta og verdipapirer som er omløpsmidler			
Netto verdiendring og gevinst/tap på sertifikater, obligasjoner og andre rentebærende verdipapirer		-1 363	-316
Sum netto verdiendring og gevinst/tap på valuta og verdipapirer som er omløpsmidler		-1 363	-316
Andre driftsinntekter			
Sum andre driftsinntekter		0	0
Lønn og generelle administrasjonskostnader			
Lønn	6	2 766 593	3 353 856
Lønn m.v.		2 766 593	3 353 856



Resultatregnskap

Beløp i: USD	Note	2018	2017
Sum lønn og generelle administrasjonskostnader		2 766 593	3 353 856
Avskrivninger m.v. av varige driftsmidler og immaterielle eiendeler			
Ordinære avskrivninger	12	1 808 317	2 411 086
Sum avskrivninger m.v. av varige driftsmidler og immaterielle eiendeler		1 808 317	2 411 086
Andre driftskostnader			
Andre driftskostnader		2 248 565	4 033 244
Sum andre driftskostnader		2 248 565	4 033 244
Tap på utlån, garantier m.v.			
Sum tap på utlån, garantier m.v.		0	0
Nedskrivning/reversering av nedskrivning og gevinst/tap på verdipapirer som er anleggsmidler			
Sum nedskrivning/reversering av nedskrivning og gevinst/tap på verdipapirer som er anleggsmidler		0	0
Resultat av ordinær drift		1 562 085	-2 245 516
Skatt på ordinært resultat	8	0	3 137 862
Resultat av ordinær drift etter skatt		1 562 085	-5 383 378
Resultat av ekstraordinære poster		0	0
Resultat for regnskapsåret		1 562 085	-5 383 378
Overføringer og disponeringer			
Sum disponeringer og overføringer		0	0



Balanse

Beløp i: USD	Note	2018	2017
BALANSE - EIENDELER			
Utlån til og fordringer på kredittinstitusjoner			
Utlån til og fordringer på kredittinstitusjoner uten avtalt løpetid eller oppsigelsesfrist	10	585 219 478	894 287 802
Sum netto utlån og fordringer på kredittinstitusjoner		585 219 478	894 287 802
Utlån til og fordringer på kunder			
Factoring		0	0
Andre utlån	11	8 394 320	2 626 291
Sum netto utlån og fordringer på kunder		8 394 320	2 626 291
Sertifikater, obligasjoner og andre rentebærende verdipapirer med fast avkastning			
Andre rentebærende verdipapirer	16	62 936 782	69 178 575
Utstedt av det offentlige		62 936 782	69 178 575
Utstedt av andre		0	0
Sum sertifikater, obligasjoner og andre rentebærende verdipapirer med fast avkastning		62 936 782	69 178 575
Aksjer, andeler og andre verdipapirer med variabel avkastning			
Sum aksjer, andeler og andre verdipapirer med variabel avkastning		0	0
Eierinteresser i tilknyttede selskaper			
Sum eierinteresser i tilknyttede selskaper		0	0
Eierinteresser i konsernselskaper			
Sum eierinteresser i konsernselskaper		0	0
Immaterielle eiendeler			
Andre immaterielle eiendeler	12	0	1 808 317
Sum immaterielle eiendeler		0	1 808 317
Varige driftsmidler			
Andre varige driftsmidler	12	0	10 150



Balanse

Beløp i: USD	Note	2018	2017
Sum varige driftsmidler		0	10 150
Andre eiendeler			
Andre eiendeler	13	3 334 180	1 323 852
Sum andre eiendeler		3 334 180	1 323 852
Forskuddsbetalte ikke påløpte kostnader og opptjente ikke mottatte inntekter			
Sum forskuddsbetalte ikke påløpte kostnader og opptjente ikke mottatte inntekter		0	0
SUM EIENDELER		659 884 760	969 234 987
BALANSE - GJELD OG EGENKAPITAL			
GJELD			
Gjeld til kredittinstitusjoner			
Lån og innskudd fra kredittinstitusjoner uten avtalt løpetid eller oppsigelsesfrist	14	82 463 386	78 429 685
Sum gjeld til kredittinstitusjoner		82 463 386	78 429 685
Innskudd fra og gjeld til kunder			
Sum innskudd fra og gjeld til kunder		0	0
Gjeld stiftet ved utstedelse av verdipapirer			
Sertifikater og andre kortsiktige låneopptak	15	573 567 270	889 221 975
Sum gjeld stiftet ved utstedelse av verdipapirer		573 567 270	889 221 975
Annen gjeld			
Annen gjeld		1 349 875	1 961 127
Sum annen gjeld		1 349 875	1 961 127
Avsetninger for påløpte kostnader og forpliktelser			
Sum avsetninger for påløpte kostnader og forpliktelser		0	0
Ansvarlig lånekapital			
Sum ansvarlig lånekapital		0	0



Balanse

Beløp i: USD	Note	2018	2017
Sum gjeld		657 380 531	969 612 787
EGENKAPITAL			
Innskutt egenkapital			
Selskapskapital		0	0
Sum innskutt egenkapital		0	0
Opptjent egenkapital			
Annen egenkapital		2 504 227	-377 800
Sum opptjent egenkapital		2 504 227	-377 800
Sum egenkapital		2 504 227	-377 800
SUM GJELD OG EGENKAPITAL		659 884 758	969 234 987



**J.P. Morgan Europe Limited
Oslo Branch NUF**

Organisation Number 992 854 529

Annual Financial Statements 2018



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I Report from the Board of Management

Principal activity of J.P. Morgan Europe Limited

J.P. Morgan Europe Limited (the Company), of which JPMorgan Europe Limited Oslo Filial (the Branch) is a part, conducts international investment banking business including the provision of marketing, custody and payment services to clients on behalf of affiliated entities. The Company is authorised and regulated in the UK by the Financial Services Authority.

The principal activity of the Branch in Norway is the provision of international custody products and local depository services.

Review of business

The Board of Management is satisfied with the performance of the branch during the year.

Going concern

In accordance with the Accounting Act § 3-3a we confirm that the Financial Statements have been prepared under the assumption of a going concern.

Comments related to the financial statements:

The Branch made a net profit of USD 1,562,086 before tax for the year ending December 31st 2018, (2017: let loss of USD 2,245,516).

Net interest income generated USD 313,966 in 2018 (2017: USD 1,684,386). Fees charged to clients generated a further USD 8,072,957 in income (2017: USD 5,868,600).

Principal risks and uncertainties

From the perspective of the Company and the Branch, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed within the Group's annual report which does not form part of this report.



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Key performance indicators (KPIs)

The results of the Company at Parent level are monitored against expectations of the business activities. The board of directors monitors progress on the performance of the Company by reference to the following KPIs:

	2018	2017
Operating income (USD '000)	709,776	804,028
Total assets variance	(35)%	(14)%
Return on asset	1%	
Tier 1 capital (USD '000)	2,126,606	3,908,113

Company KPI's are published in the Company's consolidated financial accounts and a detailed description of the Group KPIs may be found within the Group annual report.

Business environment, strategy and future outlook

During 2018 the interest rate and competitive environment for JPMEL Oslo Branch did not change distinctly within the recent years. The current business model is such that the branch's interest margin opportunities are limited while rates remain at such record lows, even though client deposit levels are at an all-time high. Income attribution for the branch was strong during 2018. The Branch did make a profit in 2018.

The directors of JPMEL anticipate that 2018 will remain profitable for the Company on a consolidated basis and that the existing healthy capital position will be able to take account of any changes required through revisions in the regulatory regime in the countries which the Company operates.

Brexit will have a significant impact across the Firm's European business, including business and legal entity reorganisation. As an impact of the UK invoking Article 50 of the Lisbon Treaty, which commenced withdrawal negotiations with the EU (commonly referred to as "Brexit"), J.P Morgan Chase & Co established a firm-wide Brexit Implementation programme in 2017. The programme covers strategic implementation across all impacted businesses and functions and has an objective to deliver the Firm's capabilities on "day one" of the UK's withdrawal across all impacted legal entities.

During 2018 clients migrated from J.P. Morgan Europe Limited to J.P Morgan bank Luxembourg, client have moved in waves from August 2018 up until February 2019. Custody business staff moved on the 1st December. The valuation of the transition was done on replacement cost, at a sale price of \$1.3m.

Left in the branch is the Corporate Banking line of business. The impact of Brexit will continue to be assessed as part of the Firmwide strategy in considering a strategic post-Brexit legal entity structure.

Management of Risks

Financial risk management

Risk management is an inherent part of the Group (of which the Branch and the Company is a part) business activities and the Branch and the Company has adopted the same risk management policies and procedures as the Group as a whole. The Group and the Company's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of its major risks.

The Company exercises oversight through the Board of Directors and delegation from the Board to various sub-committees which are organised in line with the Group risk management policy. The Board of Management of the Branch exercises oversight of the Branch's business activities through the Nordic Local



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Management Committee. JPMEL head office management is involved in the oversight of the branch through the Nordics Management Committee and through the broader Nordics Business Control Committee.

Risk management and oversight at JPMorgan begins with the Operating Committee of the Board of Directors of the Group, which approves the governance of activities, delegating the formulation of policy and day to day risk oversight and management to the relevant sub-committee i.e. the EMEA Risk Oversight and EMEA Operational Risk & Control Committee.

An overview of the key aspects of risk management and use of financial instruments is provided below. A more detailed description of the policies and processes adopted by all Group companies may be found within the JPMorgan Chase & Co. annual report.

Liquidity Risk

Liquidity risk arises from the general funding needs of the Company's activities and in the management of its assets and liabilities. Any funding needs of the Company are provided by JPMorgan Chase Bank, N.A. or other Group companies whose liquidity management frameworks are intended to maximise liquidity access. To accomplish this, management uses a variety of liquidity risk measures that take into consideration market conditions, prevailing interest rates, liquidity needs and the desired maturity profile.

The Group's funding strategy is to ensure liquidity and diversity of funding sources to meet actual and contingent liabilities through both stable and adverse conditions. The Group holds sizeable amounts of marketable securities that are readily converted to cash, and provide a buffer for dramatic market conditions. The Asset-Liability Committee approves and oversees the execution of the Group's liquidity policy and contingency funding plan while Corporate Treasury formulates the Group's liquidity and contingency planning strategies and is responsible for measuring, monitoring, reporting and managing the Group's and the Company's liquidity risk profile.

Credit Risk

The Group has developed policies and practices that are designed to preserve the independence and integrity of the approval and decision making of extending credit and are intended to ensure credit risks are assessed accurately, approved properly, monitored regularly and managed actively at both the transaction and portfolio levels. Each business within the Group has its own independent credit risk management function, reporting to the Business Executive and the Chief Credit Officer. These units are responsible for making credit decisions on behalf of the Company. They approve significant new transactions and product offerings and exercise on behalf of the directors, final authority over credit risk assessment. They are also responsible for monitoring the credit risk profile of the portfolio and reporting monthly to the Group's Operating Committee. To measure credit risk, the Group employs several methodologies for estimating the likelihood of the obligor or counterparty default. These methodologies vary depending on certain factors, including type of asset, risk measurement parameters and collection processes. Credit risk measurement is based upon the amount of exposure should the obligor or the counterparty default, the probability of default and the loss sensitivity given a default event. Based upon these factors and related market-based inputs the Group estimates both probable and unexpected losses for its assets portfolio.

Market Risk

Market risk represents the potential loss in value of portfolios and financial instruments caused by adverse movements in market variables such as interest and foreign exchange rates, credit spreads, and equity and commodity prices. Market Risk (MR) is a corporate risk governance function within the Group that is independent of the lines of business and identifies, measures, monitors and controls market risk. MR works in partnership with the business segments within the Group and the directors of the Company and seeks to facilitate efficient risk/return decisions, reduce volatility in operating performance and refine and monitor market risk policies and procedures. Since no single measure can reflect all aspects of market risk, the Group uses several measures, both statistical and non-statistical, including:

- Statistical risk measures
- Value-at-Risk (VAR)
 - Risk identification for large exposures (RIFLE)



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Non-statistical risk measures

- Economic value stress tests
- Earnings-at-risk stress tests

The Group's VAR statistical measure gauges the potential loss from adverse market movements in an ordinary market environment. Through the Group's RIFLE system, risk managers identify worst-case losses that could arise from an unusual or specific event, such as a potential tax change, and estimate the probabilities of such a loss. This information is then communicated to the appropriate level of management, thereby permitting the Group and the directors to identify further earnings vulnerabilities. MR regularly reviews and updates risk limits, and the Group's Operating Committee reviews and approves risk limits on ongoing basis.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events. To monitor and control operating risk, the Group maintains a system of comprehensive policies and a control framework designed to provide a sound and well-controlled operational environment.

Corporate employee policy

J.P. Morgan Europe Limited Oslo Branch is a member of the Finansforbundet.

It is the policy of the Branch and the Company to ensure equal opportunity for all persons without discrimination on the basis of race, colour, religion, sex, national origin, age, handicap, veteran status, marital status, or sexual orientation. This policy of equal opportunity applies to all employment practices including, but not limited to, recruiting, hiring, promotion, training and compensation.

All employees are aware of the financial and economic performance of their business units and of the Company as a whole. Communication with all employees continues through the intra-net and other forums.

JPMorgan Chase Bank, N.A. operates an employee share scheme for all employees of JPMorgan Chase & Co. and its subsidiaries, to acquire a proprietary and vested interest in the growth and performance of the Group.

At year end, 2018, the branch employed 5 staff, 40% of whom were female. 60% of staff were aged 40-67 at year end while 40% were in the 24-40 age bracket.

For 2018 there were 106 workdays lost to sick leave absences (2017: 371).

Creditor's payment policy

All invoices from suppliers to the Branch are settled by the Branch locally. The Branch's policy is to pay invoices upon presentation, except where other arrangements have been negotiated with the supplier. It is the policy of the Branch to abide by the terms of payment, provided the supplier performs according to the terms of the contract.

Company secretary

The joint secretaries of the Company who served during the year were as follows:

J.P. Morgan Secretaries (UK) Limited

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



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Daily Leader of J.P. Morgan Europe Limited Oslo Branch

Michael John Davies

Directors

The directors of J.P. Morgan Europe Limited who served during the year and up to the date of signing the financial statements were as follows:

M. Garvin (Chairman)
E. Korablina (Resigned 26 April 2018)
A.T. Doherty
M. Melling (Appointed 10 April 2018)
V Raghavan (CEO)

Directors' interests

None of the directors has any beneficial interest in J.P. Morgan Europe Limited. The Company is a wholly owned subsidiary of a company incorporated in Great Britain. The ultimate holding company is a body corporate incorporated in the United States of America.

Oslo 28 June 2019

Managing Director



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Income Statement

Amounts in USD	Note	2018	2017
Interest income	2	4,151,935	5,020,565
Fee income	3	8,072,957	5,868,600
Foreign exchange gains & (losses)		(1,363)	(316)
Interest Expense	4	(3,837,969)	(3,336,179)
Staff costs	6	(2,766,593)	(3,353,856)
Intangible depreciation	12	(1,808,317)	(2,411,086)
Other costs		(2,248,565)	(4,033,244)
Profit/(Loss) before tax		1,562,086	(2,245,516)
Deferred taxes	8	(0)	(3,137,862)
Profit/(Loss) for the period		1,562,086	(5,383,378)



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Balance Sheet

Amounts in USD	Note	2018	2017
Assets			
Due from banks	10	585,219,478	894,287,802
Loans	11	8,394,320	2,626,291
Fees & Other Receivables	13	3,334,180	1,323,852
Intangible assets	12	0	1,808,317
Fixed Assets	12	0	10,150
Securities purchased under resale agreement	16	62,936,782	69,178,575
Total Assets		659,884,759	969,234,987
Equity			
Retained Earnings		2,504,227	(377,800)
Total Equity		2,504,227	(377,800)
Liabilities			
Deposits by banks	14	82,463,386	78,429,685
Other deposits	15	573,567,270	889,221,975
Other short term liabilities		1,349,875	1,961,127
Total Liabilities		657,380,532	969,612,787
Total Liabilities and Equity		659,884,759	969,234,987

Oslo 29 June 2019

Michael Davies
Managing Director



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Statement of Changes in Equity

Amounts in USD	2018	2017
Last year retained earnings	(377,800)	4,377,498
Adjustment Equity prior year	-	-
Profit/(Loss) for the period	1,562,086	(5,383,378)
Losses reimbursed from head office	1,319,941	628,080
Closing retained earnings	2,504,227	(377,800)

Cash flow statement

	2018	2017
Cash flow from Operational Activities		
Profit/(Loss) for the period	1,562,086	(5,383,787)
Add back depreciation	1,816,941	2,421,634
Change in lending	(5,768,029)	(1,367,200)
Change in short term borrowing	(311,621,004)	161,953,524
Change in other operational balance sheet positions	(2,621,579)	1,831,242
Change in deferred taxes	0	(3,137,862)
Net Cash flow from Operational Activities	(316,631,584)	162,593,683
Cash flow from investment Activities		
Disposal of fixed assets	1,526	0
Net Cash flow from investment Activities	1,526	0
Cash flow from financing Activities		
Losses reimbursed from head office	1,319,941	628,080
Net Cash flow from financing Activities	1,319,941	628,080
Net Cash flow for the period	(315,310,117)	163,221,763
Cash and Cash equivalents at beginning of the period	963,466,377	800,244,614
Cash and Cash equivalents at end of the period	648,156,260	963,466,377



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Notes to the financial statements

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared in accordance with the Simplified IFRS as set forth in the Norwegian Accounting Act § 3-9 and the Norwegian accounting regulations for banks (Forskrift om årsregnskap for banker, kredittforetak og finansieringsforetak).

The principal accounting policies which have been consistently applied throughout the year are as set out below.

1.2 Consolidation

The Branch is a part of J.P. Morgan Europe Limited, a company incorporated in the United Kingdom and itself a wholly owned subsidiary of J.P. Morgan Capital Holdings Limited, a company also incorporated in Great Britain. J.P. Morgan Europe Limited has elected not to prepare group financial statements in accordance with the dispensation set out in Section 228(1) of the UK Companies Act 1985.

1.3 Foreign currency translation

The Bank has adopted a multi-currency accounting system, as a result of which assets and liabilities are recorded in the currencies in which they were created. For the preparation of the annual accounts, amounts in foreign currencies are translated into USD on the following basis:

Assets and liabilities denominated in foreign currencies are translated into USD at exchange rates applicable at the balance sheet date. Income and charges are recorded in currency and translated to USD at the annual average rate. However, assets held as financial fixed assets and intangible assets, which are not hedged in either the spot or forward markets, are translated into USD at the rates prevailing at their acquisition date. Monetary assets and liabilities in foreign currencies are translated into US dollars at rates of exchange ruling on the balance sheet date.

Exchange gains and losses arising from the Bank's net open currency spot position are taken to the profit and loss account in the current year.

The financial statements have been presented in US dollars as the directors are of the opinion that this is the functional currency of the Company.

Year end exchange rate (USD/NOK) 8.6885 (2017: 8.205)

Average rate for the year (USD/NOK) 8.1338 (2017: 8.263)

1.4 Income and expense recognition

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset (when the financial asset is not credit-impaired) or to the amortised cost of the financial liability. When the financial asset become credit impaired the interest is calculated by applying the effective interest rate to the net amortised cost of the financial asset. Interest income and expense calculating using the effective interest method are presented within 'Interest income' and 'Interest expense' in the Income Statement. Fees and commissions are recognised when the underlying contract becomes legally binding or at the agreed due date if later. The branch receives fees for safekeeping and depositary services and the fees are recorded as revenue over the period in which the service relates to.

Expenses are recognised when the underlying contract becomes legally binding or at the agreed due date if later and recorded in the period in which the expense relates to.



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1.5 Intangible fixed assets

Goodwill represents the excess of cost over the fair value of the identifiable net assets of businesses acquired. Goodwill is capitalised as an intangible fixed asset and amortised on a straight-line basis over the period that the directors estimate that the values of the underlying businesses acquired are expected to exceed the value of the underlying assets.

For the purpose of calculating goodwill, fair values of acquired assets and liabilities are determined by reference to market prices.

1.6 Investments

Investments are stated at cost less provision for any impairment.

1.7 Financial assets and financial liabilities

In 2017 under IAS 39 the company classifies its financial assets and financial liabilities in the following categories: financial assets and financial liabilities held for trading; financial assets and financial liabilities designated at fair value through profit or loss and loans and receivables/payables. The directors determine the classification of its investments at initial recognition.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the right to receive cash flows from the assets has expired; or when the Company has transferred its contractual right to receive the cash flows of the financial assets, and either

- Substantially all the risks and rewards of ownership have been transferred; or
 - Substantially all the risks and rewards have neither been retained nor transferred but control is not retained.
- Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires.

In 2018 under IFRS 9 the company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. The company derecognises a financial asset when the contractual rights to the cash flows expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risk and rewards of the ownership are transferred.

At initial recognition, financial assets and liabilities are measured at fair value plus or minus, in the case of a financial asset or liability not at fair value through profit and loss, transaction cost that are incremental and directly attributed to the acquisition or issue the financial asset or liability.

The branch financial assets and liabilities are subsequently measured at amortised cost. The carrying amount of the financial assets are adjusted by recognising an expected credit loss allowance (ECL) through to profit and loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market except those that are classified as held for trading or fair value through profit or loss.

Loans and receivables are initially recognised at fair value including directly related incremental transaction costs. They are subsequently measured at amortised cost, using the effective interest method less any impairment losses. They are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership.



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1.8 Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. 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. For all other financial instruments where representative market prices for an instrument are not available or are unreliable because of poor liquidity, the fair value is derived from prices for its components using appropriate pricing or valuation techniques that are based on independently sourced market parameters.

1.9 Securities purchased under agreement to resell

Securities purchased under agreements to resell the securities to the counterparty, are treated as collateralised lending transactions. The consideration for the transactions can be in the form of cash or securities. If the consideration for the purchase of the securities is given in cash the transaction is recorded on the balance sheet within securities purchase agreement to resell. If the consideration is received or given in the form of securities the transaction is recorded off balance sheet. The difference between the sales and the repurchase price is treated as interest and accrued over the life of the agreement using the effective interest method.

1.10 Impairment

Fixed assets are reviewed for impairment if there are events or changes in circumstances that indicate that the carrying values may not be recoverable. The impairment review, comprises a comparison of the carrying amount of the fixed asset or goodwill with its recoverable amount, which is the higher of net realisable value and value in use. The carrying value of fixed assets and goodwill is written down by the amount of any impairment. This write down is recognised in the period in which it occurs.

1.11 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

1.12 Provisions for liabilities and charges

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

1.13 IFRS 9

IFRS 9 was issued by the International Accounting Standard Board (IASB) in July 2014 and replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The standard introduces new guidance on the classification and measurement of financial assets. The new standard was adopted on 1st January 2018, the change has immaterial impact for the branch. The branch did not have any provision for losses under IAS 39, the historical losses has been immaterial and there are no provisions under IFRS 9.



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2 Interest income

Amounts in USD	2018	2017
Loans and receivables to banks	2,709,167	3,641,553
Other Loans and receivables	1,442,769	1,379,012
	<u>4,151,935</u>	<u>5,020,565</u>
Included in the above are the following amounts receivable from other Group undertakings:		
Loans and receivables to banks	2,636,048	3,560,327

3 Fee income

Amounts in USD	2018	2017
Fees income	8,072,957	5,868,600
Included in the above are the following amounts receivable from other Group undertakings:		
Fees income	4,354,423	1,965,641

4 Interest expense

Amounts in USD	2018	2017
Interest on borrowings from banks	1,283,866	1,386,614
Interest on customer deposits	2,554,103	1,949,565
	<u>3,837,969</u>	<u>3,336,179</u>
Included in the above are the following amounts receivable from other Group undertakings:		
Interest on borrowings from banks	1,167,643	1,321,977

5 Segmental reporting

The Branch has only one class of business: the provision of Security Services. Consequently no segmental analysis of the Company's revenues and assets has been presented in these financial statements.

6 Staff Costs

Amounts in USD	2018	2017
Salaries	1,869,764	2,495,247
Social Security fees	396,012	505,171
Pension expenses	270,906	320,950
Other remuneration	229,911	32,488
Total	2,766,593	3,353,856

The number of employees in the accounting year was 13 in the beginning of the year and 5 at year end.



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7 Directors' emoluments

No employees of the Branch are directors of the Company. The Directors of the Parent Company disclose their emoluments in accordance with the UK Companies Act 1985, the directors' emoluments below represent the proportion paid or payable in respect of qualifying services only. Directors also received emoluments for non-qualifying services, which are not required to be disclosed.

Amounts in USD 000's	2018	2017
Emoluments*	1,388	548
Total contributions to a defined contribution plan	3	3
Number of directors with shares received or receivable under LTIPs	5	1
Number of directors to whom defined contribution pension rights accrued	3	4

*The amounts shown above in respect of emoluments paid to directors excludes amounts paid or due to directors under long term incentive plans, the value of share options granted or exercised and benefits to which directors are entitled under any pension schemes.

Highest paid director

The emoluments (including amounts paid or due to directors under long term incentive plans and the value of share options granted or exercised by directors) of the highest paid director were \$1,052,731 (2017: \$305,000). The contributions paid to the defined contribution scheme for the highest paid director during the year was \$1,920 (2017: \$619). The highest paid director did not exercise share options during the year. During the year, no shares were received or are receivable by the highest paid director under long term incentive plans.



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8 Tax on profit on ordinary activities

Amounts in USD

	2018	2017
Income		
Profit/(Loss) before taxes	1,562,086	(2,245,516)
Tax composition		
Tax on result	390,521	(561,379)
Deferred tax asset not recognized	(361,090)	(2,289,095)
Adjustments with respect to FX on deferred tax assets	0	63,819
Effect of other permanent differences	(29,431)	(51,027)
Tax charge for the year	0	(3,137,862)
Changes in deferred tax assets		
Deferred tax assets 01.01	0	3,137,862
Change for the year	0	(3,137,862)
Deferred tax assets 31.12	0	0
Deferred tax asset		
Tax carried forward	12,203,157	15 275 296
Depreciation	41,070	(529 500)
Total	12,244,227	14 745 796
Deferred tax asset 25%	3,061,057	3,686,449
Deferred tax asset not recognized	3,061,057	3,686,449
Deferred tax asset at year end	0	0



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9 Assets and liabilities in foreign currencies

Amounts in USD	2018	2017
Assets		
US dollars	55,687,133	33,832,689
Norwegian kroner	422,997,968	773,969,001
Euro	112,035,295	113,734,581
Other	69,164,363	47,698,715
Total assets	659,884,759	969,234,987
Liabilities		
US dollars	55,687,133	33,832,689
Norwegian kroner	422,997,968	773,696,001
Euro	112,035,295	113,734,581
Other	69,164,363	47,698,715
Total liabilities	659,884,759	969,234,987

10 Loans and Due from banks

Amounts in USD	2018	2017
Remaining maturity		
- Greater than 3 months but less than a year	-	-
- 3 months or less	585,219,478	894,287,802
Included in the above are the following amounts due from other Group undertakings:		
- Greater than 3 months but less than a year	-	-
- 3 months or less	578,569,685	872,883,412



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11 Loans

Amounts in USD	2018	2017
Remaining maturity		
- Greater than 3 months but less than a year	-	-
- 3 months or less	8,394,334	2,626,291

Included in the above are the following amounts due from other Group undertakings:

- Greater than 3 months but less than a year	-	-
- 3 months or less	-	-



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12 Intangible & Other Fixed Assets

Amounts in USD		
Historical cost	Custody business	Total
As at 1.1.2017	23,078,196	23,078,196
Additions	0	0
Disposals	0	0
As at 1.1.2018	23,078,196	23,078,196
Additions	0	0
Disposals	0	0
As at 31.12.2018	23,078,196	23,078,196
Depreciation		
As at 1.1.2017	18,858,792	18,858,792
Depreciations for the year	2,411,086	2,411,086
As at 1.1.2018	21,269,878	21,269,878
Depreciations for the year	1,808,317	1,808,317
As at 31.12.2018	23,078,196	23,078,196
Book value as at 31.12.2017	1,808,317	1,808,317
Book value as at 31.12.2018	0	0

In 2008, J.P. Morgan Worldwide Securities Services, operating through the J.P. Morgan Europe Limited, announced its intent to:

- Acquire the Nordic institutional global custody business of Nordea Bank AB, Nordea Bank Denmark A/S, Nordea Bank Finland Plc and Nordea Bank Norge ASA ('Nordea') which it operates through the Nordea Global Institutional Custody business area of Nordea,
- Offer local depository services to in-country mutual funds and global custody services and related services to customers through the establishment of branches of the Company in Denmark, Finland, Norway and Sweden.

The transaction was closed in September 2008 after receiving necessary regulatory approvals. The full purchase consideration was in form of cash and relates entirely to purchase goodwill partly paid in 2008 and partly paid in 2009. This represents the intrinsic value of the business transferred, based upon the estimated levels of future profits to be generated by the business. Goodwill arising from the above acquisition is being amortised on a straight-line basis over the period that the directors estimate that the value of the underlying business acquired is expected to exceed the value of the underlying assets. This period is deemed to be 10 years from the original September 2008 closing date.



J.P. Morgan Europe Limited, Oslo Branch
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Amounts in USD				
Historical cost	Leasehold	Furniture	Equipment	Total
As at 1.1.2017	436,814	103,377	76,821	617,295
Additions				
Disposals				
As at 1.1.2018	436,814	103,377	76,821	617,012
Additions	0	0	0	0
Disposals	0	0	1,526	0
As at 31.12.2018	436,814	103,377	75,295	617,012
Depreciation				
As at 1.1.2017	436,073	103,377	56,124	568,457
Depreciations for the year	0	0	11,951	27,858
As at 1.1.2018	436,073	103,377	66,671	596,405
Depreciations for the year	0	0	8,624	10,547
As at 31.12.2018	436,814	103,377	75,295	606,862
Book value as at 31.12.2017	0	0	10,150	10,150
Book value as at 31.12.2018	0	0	0	0
Useful life of assets (yrs.)	10	5	3	

13 Fees & other receivables

Amounts in USD	2018	2017
Fees receivable	3,334,180	1,323,852
Deferred tax	0	0
Total	3,334,180	1,323,852



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14 Deposits by banks

Amounts in USD	2018	2017
With agreed maturity dates or periods of notice, by remaining maturity		
- 3 months or less	82,463,386	78,429,685
- over 5 years	-	-
Included in the above are the following amounts due from:		
- Other Group undertakings	82,463,386	78,290,402

15 Other Deposits

Amounts in USD	2018	2017
With agreed maturity dates or periods of notice, by remaining maturity		
- 3 months or less	573,567,270	889,221,975
- over 5 years	-	-
Included in the above are the following amounts due from:		
- Other Group undertakings	-	-

16 Securities purchased under resale agreement

Amounts in USD	2018	2017
Securities purchased under resale agreement		
Amortised cost		
-with JP Morgan Chase undertakings	62,936,782	69,178,575
Total	62,936,782	69,178,575

These transactions are conducted under terms that are customary to standard lending activities.



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17 Called-up share capital

The Branch is a part of the Company, J.P. Morgan Europe Limited and as such does not have a designated share capital separate from the capital of the Company.

JPMorgan's global remittance policy for Branch profit or loss requires all profits or loss to be remitted to the parent company each month

J.P. Morgan Europe Limited's called up share capital at December 31st 2018 was as follows.

Amounts in USD 000's	2018	2017
Authorised share capital		
1,500,000,000 shares of \$1 each	1,500,000	1,500,000
Issued and fully paid share capital		
1,397,922,234 shares of \$1 each	1,397,922	1,397,922

J.P. Morgan Europe Limited paid \$2bn dividend to its shareholders during 2018 (2017: nil).

18 Financial risk management

Risk management is an inherent part of the Group's business activities and the Company has adopted the same risk management policies and procedures as the Group as a whole. The Group and the Company's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of its major risks. The Company exercises oversight through the Board of Directors and delegation from the Board to various sub-committees which are organised in line with Group Risk Management policy. An overview of the key aspects of risk management and use of financial instruments is provided below. A more detailed description of the policies and processes adopted by all Group companies may be found within the JPMorgan Chase & Co. Annual Report.



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18.1 Liquidity risk

Liquidity risk arises from the general funding needs of the Branch's activities and in the management of its assets and liabilities. The Branch's funding needs are provided by J.P. Morgan Europe Limited which in turn is predominately funded by JPMorgan Chase Bank, N.A. or other Group companies whose liquidity management frameworks are intended to maximise liquidity access.

The following table provides details on the contractual maturity of all liabilities

Amounts in USD	2018			2017		
	Less than 1 year	> 1 year	Total	Less than 1 year	> 1 year	Total
Deposits by banks	82,463,386	-	82,463,386	78,429,685	-	78,429,685
Other deposits	573,567,270	-	573,567,270	889,221,975	-	889,221,975
Other short term liabilities	1,349,875	-	1,349,875	1,961,127	-	1,961,127
Retained earnings	2,504,227		2,504,227	(377,800)		(377,800)
	659,884,759	-	659,884,759	969,234,987	-	969,234,987

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

The following table provides details on the contractual maturity of all receivables:

Amounts in USD	2018			2017		
	Less than 1 year	> 1 year	Total	Less than 1 year	> 1 year	Total
Due from banks	585,219,478	-	585,219,478	894,287,802	-	894,287,802
Loans	8,394,320	-	8,394,320	2,626,291	-	2,626,291
Fees & Other receivables	3,334,180	-	3,334,180	1,323,852	-	1,323,852
Rev. repurchase	62,936,782	-	62,936,782	69,178,575	-	69,178,575
	659,884,759	-	659,884,759	969,234,987	-	969,234,987



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18.2 Credit risk

Each business within the Group has its own independent credit risk management function, reporting to the Business Executive and the Chief Credit Officer. These units are responsible for making credit decisions on behalf of the Company. They approve significant new transactions and product offerings and exercise on behalf of the directors, final authority over credit risk assessment. They are also responsible for monitoring the credit risk profile of the portfolio and reporting monthly to the Group's Operating Committee.

To measure credit risk, the Group employs several methodologies for estimating the likelihood of obligor or counterparty default. These methodologies vary depending on certain factors, including type of asset, risk measurement parameters and collection processes. Credit risk measurement is based upon the amount of exposure should the obligor or the counterparty default, the probability of default and the loss sensitivity given a default event. Based upon these factors and related market-based inputs, the Group estimates both probable and unexpected losses for its asset portfolio.

The amounts in the table below show the maximum credit exposure of the Branch:

Amounts in USD	2018	2017
Loans and Due from banks	585,219,478	894,287,802
Loans, Fees & Other Receivables	11,728,500	3,950,143

Other loans and receivables include short term overdrafts provided to customers, deferred taxes, billed and unbilled fees for services provided to customers. The branch has had no loss provisions.

18.3 Market risk

Market risk represents the potential loss in value of portfolios and financial instruments caused by adverse movements in market variables such as interest and foreign exchange rates, credit spreads, and equity and commodity prices. Market Risk Management (MRM) is a function within the Group that is independent of the businesses and identifies, measures, monitors and controls market risk. MRM works in partnership with the business segments within the Group and the directors.

Since no single measure can reflect all aspects of market risk, the Group uses several measures, both statistical and non-statistical, including:

Statistical Risk Measures

- Value-at-Risk (VAR)
- Risk identification for large exposures (RIFLE)

Non-Statistical Risk Measures

- Economic value stress tests
- Earning-at-risk stress tests
- Other measures of position size and sensitivity to market movements

The Group's VAR statistical measure gauges the potential loss from adverse market movements in an ordinary market environment. Through the Group's RIFLE system, risk managers identify worst-case losses that could arise from an unusual or specific event, such as a potential tax change, and estimate the probabilities of such a loss. This information is then communicated to the appropriate level of management, thereby permitting the Group and the directors to identify further earnings vulnerabilities. MRM regularly reviews and updates risk limits, and the Group's Operating Committee reviews and approves risk limits at least twice a year. VAR is not calculated on a legal entity basis therefore the following risk disclosures have been made.



J.P. Morgan Europe Limited, Oslo Branch
Financial statements for the year ended 31 December 2018

18.4 Foreign exchange risk

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Branch manages its exposure to all currencies against US dollar (the functional currency of the Company and thus the Branch) to within acceptable risk management limits on a daily basis.

As at 31 December 2018, the Branch held no outstanding foreign exchange positions. The Branch's assets and liabilities were matched within currency.

18.5 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's trading and banking books are both subject to cash flow and fair value interest rate risk. As at 31 December 2018, the Branch had not entered into contracts that exposed the entity to interest rate risk. Overnight cash deposits from clients are placed overnight with group companies, predominately the parent company on interest rates linked to the same benchmark rates that are paid to clients. The reverse repo transactions, which are used to secure collateral for pledging at Norges Bank, have a term of less than one month and are almost exactly match funded via time deposits taken from the parent company and as such the Branch was not sensitive to changes in local interest rates in the currencies in which the balances are held.

18.6 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of movements in market price for those instruments. As at December 31st 2018, the Branch held no financial assets for trading that were subject to other price risk

19 Registered charges

There are no registered charges in the Norwegian Registry outstanding at 31 December 2018 against the Branch.

20 Environmental, Social and Governance at JPMorgan Chase

As one of the world's leading financial institutions, JPMorgan Chase we know that accountability, transparency and integrity are the cornerstones of doing good business, which includes effectively managing environmental, social and governance matters. We also recognize that business has a role to play in solving social challenges, and we work to do so by supporting and developing the skills of our employees, offering innovative products that cater to our customers' needs and investing in our communities to help more people share in the benefits of economic growth.

Acknowledging this, JPMorgan Chase is employing its knowledge and capital to help the clients, customers and the communities it serves to respond to the environmental sustainability challenge, while helping our clients take advantage of the business opportunities created by the transition to a more sustainable global economy. We are also managing the environmental impact of the use of resources in our own operations.

In addition to investing in and arranging financing for emerging clean energy technologies, the firm is also committed to managing the resource use in its operations with a view to sustainable use of energy, paper, and responsible practices, such as green building, recycling, and water conservation.

We also promote sustainability within our physical operations, including energy efficiency in our buildings, branches and data centers, and we are working toward our goal to source renewable energy for 100% of our global power needs.

We are continuing to make progress toward our commitment to source renewable energy for 100% of our global power needs by 2020, building on our long-standing efforts to reduce our carbon footprint. We are undertaking a range of actions to drive progress, including:



J.P. Morgan Europe Limited, Oslo Branch
Financial statements for the year ended 31 December 2018

- Installing on-site renewable energy at retail branches and commercial buildings globally.
- Executing Power Purchase Agreements (PPAs) to support the development of new renewable energy projects on grids from which we purchase energy.
- Reducing energy consumption by implementing energy efficient lighting and other technologies.
- Purchasing Renewable Energy Credits (REC) and Verified Emission Reduction (VER) credits to green our electricity supply and offset emissions from employee air travel, respectively.

As of year-end 2018, we have sourced renewable energy for 22% of our global energy use. Our other key milestones achieved during the year include:

- Reduced greenhouse gas (GHG) emissions by over 50% since 2005
- Sourced renewable energy for 22% of our global power consumption
- Recycled more than 40,000 tons of paper globally through our secure-shred program.
- Continued work to retrofit all Chase-owned branches with LED lighting, with more than 700 facilities completed in 2018. This initiative will result in a 50% reduction of lighting energy consumption.
- Installed energy efficient Building Management Systems at 900 Chase branches.
- Offset 100% of emissions from employee air travel through the purchase of VER credits.
- Named an ENERGY STAR® Partner of the Year, recognized by the U.S. Environmental Protection Agency and the U.S. Department of Energy.

More information can be found in the Firm's Environmental Social and Governance report at:
<https://www.jpmorganchase.com/corporate/Corporate-Responsibility/document/jpmc-cr-esg-report-2018.pdf>

21 Auditor Remuneration

Audit costs for the year to PricewaterhouseCoopers AS are \$30,000.

22 Subsequent Events

There are no events following the balance sheet date which would materially affect the numbers disclosed here in these financial statements and no further events to which we believe we need to draw attention.

23 Parent undertaking

The Branch is a part of J.P. Morgan Europe Limited. J.P. Morgan Europe Limited's immediate parent undertaking is J.P. Morgan Securities PLC which is incorporated in Great Britain. The Company's ultimate parent undertaking, and the parent undertakings of the largest group in which the results of the Company are consolidated, is JPMorgan Chase & Co., which is incorporated in the United States of America.

The largest and smallest parent groups' consolidated financial statements can be obtained from the Company's registered office:

25 Bank Street
Canary Wharf
London, E14 5JP
England





J.P.Morgan

PricewaterhouseCoopers AS
Attn: Thomas Steffeinsen

28. June 2019

Management representation letter

This representation letter is provided in connection with your audit of the financial statements of J.P. Morgan Europe Limited, Oslo Branch for the year ended 31 December 2018 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view, in all material aspects, in accordance with the framework(s) for financial reporting that is (are) established in the financial statements.

We confirm to the best of our ability and belief, that:

Financial statements and bookkeeping

- We have fulfilled our responsibilities to ensure that the company's financial statements and the management of the company's financial affairs are subject to satisfactory control, including such internal control that we find necessary to enable the preparation of financial statements that do not contain material misstatement, whether due to fraud or error. We have also fulfilled our responsibilities, as set out in the terms of the audit engagement, for the preparation of the financial statements and believe that the financial statements give a true and fair view of the company's financial position in accordance with the framework(s) for financial reporting that is (are) established in the financial statements.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the framework(s) for financial reporting that is (are) established in the financial statements.
- All events subsequent to the date of the financial statements and circumstances that require adjustment or disclosure, have been adjusted or disclosed.
- We have fulfilled our responsibilities to ensure a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway and have provided the auditor with all relevant information in that respect.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole.

Tax Return

- We have fulfilled/will fulfil our responsibility to control that the information stated in the tax return with tax forms, is correct and complete.



J.P.Morgan

Information provided

- We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters,
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the company from whom you considered it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the company and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the company's financial statements communicated by employees, former employees, analysts, regulatory authorities or others.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- We have disclosed to you the identity of the company's related parties and all the related party relationships and transactions that we are aware of.
- We have appropriately recorded or disclosed all obligations, including litigations, both actual and contingent, and have disclosed all information about all guarantees granted to third parties in the notes to the financial statements.
- The Company has satisfactory title to all assets and there are no liens or encumbrances on the company's assets, except for those that are disclosed in the notes to the financial statements.

Michael John Davies – Managing Director



To the Managing Director of J.P. Morgan Europe Limited, Oslo Branch

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of J.P. Morgan Europe Limited, Oslo Branch, which comprise the balance sheet as at 31 December 2018, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Managing Director for the Financial Statements

The Managing Director (management) is responsible for the preparation and fair presentation of the financial statements in accordance with simplified application of International Accounting Standards

PricewaterhouseCoopers AS, Postboks 748 Sentrum, NO-0106 Oslo

T: 02316, org. no.: 987 009 713 VAT, www.pwc.no

State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm



Independent Auditor's Report - J.P. Morgan Europe Limited, Oslo Branch

according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Managing Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Managing Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 28 June 2019
PricewaterhouseCoopers AS

Thomas Steffensen
State Authorised Public Accountant

(2)



Skatteetaten

Vår dato 04.06.2019	Din/Deres dato 21.05.2019	Saksbehandler Torstein Kinden Helleland
800 80 000 Skatteetaten.no	Din/Deres referanse Micheal J Davies	Telefon 22078139
Org.nr 974761076	Vår referanse 2019/5969283	Postadresse Postboks 9200 Grønland 0134 OSLO

JP Morgan AG
Tordenskioldsgt.6
0110 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 21. mai 2017 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper:

JP Morgan AG, Oslo Branch	org.nr. 921 560 427
JP Morgan Bank Luxembourg SA, Oslo Branch	org.nr. 921 328 753

Skattedirektoratet gir på bakgrunn av en konkret de overnevnte selskapene dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig. Det forutsettes at filialene oppfyller innsendingsplikten av årsregnskap, årsberetning og revisjonsberetning for de selskapene filialene er en del av i henhold til § 8-2 annet ledd.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

JP Morgan Bank Luxembourg SA, Oslo Branch er et NUF av JP Morgan Bank Luxembourg som er hjemmehørende i Luxembourg. Filialen driver virksomhet som depot mottaker. JP Morgan AG, Oslo Branch er et NUF av JP Morgan AG som er hjemmehørende i Tyskland. Filialen driver med investement banking. Filialene driver ikke med tradisjonell bankvirksomhet men med rådgivning til selskaper. Filialene inngår i et internasjonalt konsern der konsernspråket er engelsk. Filialene driver virksomhet i en internasjonal bransje der alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk.

Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:



"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapene er filialer av utenlandske selskaper. Filialene inngår i et internasjonalt konsern der konsernspråket er engelsk. Filialene driver virksomhet i en internasjonal bransje. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Henning Stokke
seniorrådgiver
Juridisk avdeling
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.