JPMorgan Life Limited

Annual report and financial statements for the year ended 31 December 2021

(Registered in England & Wales - Registered Number: 03261506)

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JPMorgan Life Limited

Directors and advisers

Directors

P L Farrell (Chief Executive)

A M Lewis

N B Masters (Independent Non Executive)

S E Pond

A K Whalley (Independent Non Executive)

Actuarial Function Holder

P Simmons, Willis Towers Watson

Company Secretaries

JPMorgan Asset Management (UK) Limited

Registered Office

25 Bank Street
London
E14 5JP

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

JPMorgan Life Limited
Strategic report for the year ended 31 December 2021

The directors present their strategic report of JPMorgan Life Limited (the "Company" or "JPMLL") for the year ended 31 December 2021.

Review of the business

The principal activity of the Company is the provision of investment management services for corporate pension arrangements in the UK. The Company issues unit-linked pension policies to both defined benefit ("DB") and defined contribution ("DC") pension schemes. The Company has created a range of unit-linked pension funds, specifically designed to accept money from the trustees of registered occupational and personal pension schemes. Reinsurance is accepted from authorised UK insurance companies which wish to provide these unit-linked funds to their clients.

In October 2020, the Board communicated with all clients its intention to close all of the unit-linked funds, and to ultimately wind up the Company. As at 31st December 2021, the majority of clients had either transferred to other non-JPMLL JPMorgan Asset Management fund offerings or had fully redeemed their holdings.

The Company is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority ("PRA").

Principal risks and uncertainties

Whilst management of the Company's risks and uncertainties is integrated with that of JPMorgan Chase & Co. (the "Firm") and its associated subsidiaries (collectively, the "Group") of which the Company is a part, the Company also manages its risk at a legal entity level.

The Company has developed a framework for identifying the risks to which the business is exposed and their impact on economic capital. This process is risk based and uses Own Risk and Solvency Assessment ("ORSA") principles to manage its capital requirements and to ensure the Company has the financial strength and capital adequacy to support the growth of the business and to meet the requirements of policyholders and regulators. The principal financial risks and uncertainties to which the Company is exposed are described in note 2 to the financial statements.

The Company is not at significant risk of loss resulting from inadequate or failed processes or systems. All major services are provided to the Company by other JPMorgan entities which indemnify the Company for any losses arising from such failures. A formal system of oversight of outsourced services is in place to monitor service provision.

The Board also delegates the oversight of certain items to three board committees: the JPMorgan Asset Management International Limited ("JPMAMIL") Remuneration Committee, the JPMAMIL Audit, Risk and Compliance Committee and the JPMAMIL Investment Oversight Committee. Each board committee is comprised of independent non-executive directors from within the Asset Management EMEA group. Following each quarterly meeting, the Board receive tailored reports from each board committee on any matters considered appropriate or significant to the Company.

Results and performance

The results for the year, as set out on pages 16 to 17 show a profit for the financial year of £1,024,000 (2020: loss of £1,345,000). In the opinion of the Board the results were satisfactory.

During the year the Company continued to write business for existing clients in respect of its UK pooled fund product. Due to the planned closure of the funds, outflows exceeded inflows resulting in total assets under management decreasing over the year despite positive market returns.

In accordance with the business strategy set out on page 3 nine of the Company's unit-linked funds were closed during 2021. The Board has maintained its focus on the client experience including the performance of all of its funds and notes that performance has remained satisfactory over the period.

Key performance indicators

The directors monitor the financial performance and financial position of the Company which remains satisfactory, in the opinion of the Board:

	2021	2020
	£000	£000
Financial results:		
Profit/(loss) before tax	1,264	(1,660)
Shareholders' funds at year end	21,620	20,596
Solvency position:		
Available and eligible own funds	21,848	21,185
Ratio of eligible own funds to SCR	699%	565%
Net policyholder (outflows)/inflows (as disclosed in note 13)	(1,575,100)	343,642
Assets under management:		
Direct policyholders	1,194,518	1,285,132
Reinsurance policyholders	-	1,296,313
Total assets under management	1,194,518	2,581,445

Business environment

The closure of DB pension schemes to new members and future accruals continues, with a consequent increase in DC scheme membership. Additionally, the introduction of automatic enrolment for new entrants is driving further growth in DC pension schemes.

Strategy

JPMLL's business strategy is set within the context of the wider JPMAM business, with JPMLL's unit-linked fund range being one of a suite of investment vehicles available to JPMAM UK's pension scheme clients. As a result of the changing needs of UK pension schemes and developments in both the pensions market and JPMAM's UK product range, there has been a decreasing number of pension schemes for whom unit-linked life funds are still the investment vehicle of choice. Consequently, and in the wider context of an initiative to rationalise and simplify the Group, the Company wrote to all its clients in October 2020 to give them 12 months' notice that all existing Life funds would be closed and that the Company would subsequently be wound up.

Clients had the option to transfer to any alternative investment vehicle within the Group, or to transfer to another provider entirely. At the end of the notice period the Company kept open Life funds for clients who had still not been able to make alternative arrangements, and as at 31 December 2021 there were still two clients holding investments in four Life funds. The Company continues to work with those clients to facilitate their exit during 2022.

The Company has paid all transaction costs incurred by clients when exiting Life funds (the difference between the net asset value and the bid price of the fund). Once all Life funds have been closed the Company will apply to its regulators to have its permissions to do business cancelled, and when permission is granted it will commence the process of liquidating the entity.

Future developments

As noted, the Board will commence the process of winding up the Company once the final Life funds have been closed during 2022.

Going concern

Due to the aforementioned decision to wind up the Company, these financial statements are prepared on a basis other than a going concern. The Company has set aside a provision to meet the expected transaction and closure-related costs. There has been no identified requirement to revalue or reclassify any additional balance sheet items. Refer to Note 1 to the financial statements (page 19).

COVID-19

As the COVID-19 pandemic has continued to evolve, the Firm has remained focused on serving its clients, customers and communities, as well as the well-being of its employees. The Firm continues to actively monitor and adapt to health and safety developments at local and regional levels as more of its global workforce returns to the office. For more detail on Firmwide measures refer to operational risk (page 7).

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.

Geopolitical events

Since the financial year end there has been significant volatility in financial markets which have been influenced by recent geopolitical events around the world, including but not limited to the events in Ukraine and the subsequent international sanctions on certain Russian individuals and interests. Senior management continues to monitor this development, and evaluate its impact on the Company. JPMorgan Asset Management and the Company are obliged to comply with sanctions, including but not limited to those related to the trading of certain securities which have recently become subject to sanctions. When sanctions are imposed, the Company will assess the changes to its legal and regulatory obligations, and take all steps necessary to comply with those obligations. JPMAM continues to monitor and assess the impact of sanctions in relation to a broad variety of risks, and at the time does not anticipate a significant reduction in its capital and liquidity. Refer to note 20 (page 34) for further discussion of the financial impact.

Section 172(1) Companies Act 2006 Statement

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

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

While not every factor may be relevant to every decision the Board makes, considering the Company's stakeholders is a fundamental aspect of the Board's decision-making and the Board recognises the importance of considering the potential impacts of its decisions on its relationships with stakeholders in delivering the Company's strategy in line with the wider JPMorgan Chase & Co. group How We Do Business principles.

Supporting the Board's commitment to stakeholders

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

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

The Board is also supported in its work by a Board Audit, Risk and Compliance Committee, a Board Remuneration Committee and Board Investment Oversight Committee, whose responsibilities are delegated by the Board and are described further on page 9, and by the AM EMEA Business Control Committee and the AM EMEA Risk Committee.

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

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

Decision-making
In making its decisions, the Board discusses relevant information and makes enquiries of relevant executive management and control functions, including in relation to the factors set out in s.172(1). In 2021, the Board made decisions in respect of a wide variety of topics and the following are examples of how the Board considers the s.172(1) factors in its deliberations:

- Following a decision to close the Life Funds and thereafter liquidate the Company, the Board has dedicated significant focus as part of its deliberations and decision-making processes to ensure that good customer outcomes and experiences were delivered. Included within these decisions, the Board had agreed to provide customers with 12 months' notice of the closure of their associated plans and had been offered the provision of alternative JPM investment solutions. Furthermore, when the 12 months' notice period expired in October 2021 the Board agreed to keep the Company open for a further period for just two clients who had been unable to make alternative arrangements for their investments by that time. The Board had considered and ensured that decisions made in respect of the execution and communication strategy of the closure of the Life Funds resulted in fair and equitable treatment of all customers, which provided for the best customer outcomes. As the Company is dual-regulated, the Board has also ensured, through regular meetings with the FCA and PRA respectively, that regulators were kept apprised of the Company's approach to the Life Funds closure.

Environmental, Social and Governance matters
The Firm works with clients in nearly every sector of the economy - including corporations, development finance institutions, governments, and investors - to help advance environmental and social best practices and capitalise on opportunities created by the transition to a lower-carbon, more sustainable future. The Firm also strives to promote sustainability, including energy efficiency and renewable energy, across its operations globally. Assessing its clients' approach to, and performance on, environmental and social issues is an important component of the Firm's risk management process. The Firm's Environmental and Social Policy Framework, which is available on our website, outlines the Firm's approach to evaluating risks posed by environmental and social matters, including certain activities that the Firm will not finance, and sectors and activities subject to environmental and social due diligence.

In May 2021, the Firm announced a \$2.5Tn Sustainable Development Target, including \$1Tn in green financing and \$1.5Tn in community development financing. The Sustainable Development Target is intended to address a broad set of challenges in the developing world and developing countries where social and economic development gaps persist. In October 2021, the Firm joined the NetZero Banking Alliance to build on its Paris aligned financing commitment and to support the ambition to greater climate action.

JPMorgan Asset Management additionally became a signatory of the Net Zero Asset Managers Initiative (NZAMI) in October 2021. As a signatory, JPMorgan Asset Management has committed to support investing that is aligned with goal of net zero greenhouse gas emissions by 2050 or sooner. This commitment includes:

- Engaging with clients to accelerate the global low-carbon transition to net zero within their portfolios
- Setting short-term interim targets for assets that could be appropriately managed in line with net zero pathways
- Continuing to accelerate corporate engagement and stewardship, and policy advocacy consistent with net zero ambitions

The FCA issued Policy Statement 21/4 'Enhancing climate-related disclosures by asset managers, life insurers and FCA-regulated pension providers' in December 2021. The stated aim of which was to increase transparency on climate-related risks and opportunities and consumers to make considered choices, requiring disclosures consistent with the recommendations of the Taskforce on Climate-related Financial Disclosures ('TCFD'). From 1st January 2022, large companies are required to report on how climate-related risks and opportunities are taken into account in managing client investments, including discussion of governance, strategy, metrics and target-setting. The Company is not in scope of the disclosure requirements in 2022.

Minimizing the environmental impact of its physical operations in an important part of the Firm's overall sustainability strategy. Doing so supports the Firm's commitment to operating responsibly, enhances the Firm's resiliency and reduces costs. Given the nature of the Firm's business, the direct environmental impacts stem primarily from the operation of corporate offices, bank branches and data centres. In 2020, the Firm committed to achieve carbon neutrality across its operations annually. This commitment includes Scope 1 (direct) GHG emissions from buildings and Firm-owned aircraft and vehicles; Scope 2 (indirect) GHG emissions from purchased electricity; and Scope 3 (indirect) GHG emissions associated with business travel. In 2021, the Firm met the carbon-neutral target for the second year in a row and is committed to maintaining carbon-neutral operations each year going forward.

The Firm discloses relevant data and metrics on its scope 1, 2 and 3 GHG emissions and energy consumption in its Environmental, Social, and Governance Report, which is published annually and available at www.jpmorganchase.com/esg.

The Company supports the Firm's efforts in achieving established targets on environmental and social matters.

Streamlined Energy and Carbon Reporting ('SECR')

The Company has no employees and neither owns buildings nor other physical assets. As the energy usage is therefore less than 40,000 KWh annually, it has applied the permitted exemption not to report carbon emissions under SECR. The required SECR disclosures for the JPMorgan Asset Management International Limited group's UK business can be found in the financial statements of JPMorgan Asset Management (UK) Limited.

Approved by the Board on 4th April 2022 and signed on its behalf by:

A M Lewis
Director

4th April 2022

JPMorgan Life Limited
Directors' report for the year ended 31 December 2021

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2021.

Dividends

The Company paid an interim dividend of £nil (2020: £nil). The directors are not recommending a final dividend (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:

P L Farrell
A M Lewis
N B Masters
S E Pond
A K Whalley

Liability insurance

As permitted by Section 233 of the Companies Act 2006 the directors are covered for insurance purposes by the JPMorgan Chase & Co. blanket insurance maintained at a consolidated level for the global business.

Third party indemnities

An indemnity is provided to the directors of the Company under the by-laws of JPMorgan Chase & Co. against liabilities and associated costs which they could incur in the course of their duties to the Company. The indemnity remains in force at the date of these financial statements and a copy of the by-laws of JPMorgan Chase & Co. is kept at the registered office of the Company.

Company secretary

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

JPMorgan Asset Management (UK) Limited

Financial instruments and risk management

Information on the use of financial instruments by the Company and its management of financial risk is disclosed in note 2 to the financial statements.

COVID-19
The Firm is monitoring the COVID-19 pandemic closely, based on the guidance being provided by the relevant health and government authorities, and continues to implement protocols and processes in response to the development of the pandemic. The Firm has organised a central team to continue to consider what steps should be taken around the globe to protect our employees, prepare our businesses, and serve our clients and the communities where we live and work. Our business remains operational and senior leaders across the firm continue to monitor operational metrics.

Climate change risk
Climate change manifesting as physical or transition risks could have a material adverse impact on JPMorgan Chase's business operations, clients and customers

The Firm and the Company operate in regions, countries and communities 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 the Firm and the Company either through changes to 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.

Climate-related physical risks include both acute weather events and chronic shifts in the climate. Potential physical risks from climate change may include altered distribution and intensity of rainfall, prolonged droughts or flooding, increased frequency of wildfires, rising sea levels, or a rising heat index.

Transition risks arise from the process of adjusting to a low-carbon economy. In addition to possible changes in climate policy and financial regulation, potential transition risks may include economic and other changes engendered by the development of low-carbon technological advances (e.g., electric vehicles and renewable energy) and/or changes in consumer preferences towards low-carbon goods and services. Transition risks could be further accelerated by the occurrence of changes in the physical climate.

These climate-related physical risks and transition risks could have a financial impact on the Firm and Company both directly and as a result of material adverse impacts to its clients and customers, including:

- declines in asset values (with comparable decline in linked liabilities)
- significant interruptions to business operations, and
- negative consequences to business models, with a need to make changes in response to those consequences

Governance and oversight

The Firm is developing an approach to initially identify and assess the financial risks from climate change, which can also be leveraged at Company level.

The Firm additionally published its first report in 2019 on its approach toward managing climate-related risks and capitalizing on the opportunities that arise through a transition to a lower carbon economy. This report was informed by the recommendations of the Task Force on Climate-related Financial Disclosures and is available on our website.

The Firm and Company continue to refine their approach to assessing climate-related risks, in part because of the expectation that climate impacts will continue to emerge and evolve over time. The Company does not consider any adjustment to these financial statements in relation to climate change to be necessary.

Future developments

Future developments are discussed in the strategic report under the heading "Future developments". As previously noted, the Board has implemented the decision to close the Life funds and wind up the Company.

Section 172(1) Companies Act 2006 Statement

Section 172(1) Companies Act 2006 Statement is discussed in the strategic report under the heading "Section 172(1) Companies Act 2006 Statement".

Mandatory Audit Firm Rotation

EU legislation in the form of the Statutory Audit Regulation and Directive came into force in June 2016, and requires Mandatory Audit Firm Rotation for Public Interest Entities ("PIE's") after a certain period of time. For a PIE firm where the tenure of the current auditor was greater than 20 years when the EU legislation came into effect, they were granted a 6 year transition period to rotate auditor. It is the Board's intention that the Company will be wound up prior to the requirement to appoint new auditors by 31 December 2023.

Statement of disclosure of information to auditors

Each of the persons who is a director of the Company at the date of signing of this report confirms that:

- so far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31 December 2020 (as defined in the Companies Act 2006) of which the Company's independent auditors are unaware; and
- the director has taken all steps that he/she ought to have taken in his duty as a director in order to make him/herself aware of any relevant audit information and to establish that the Company's independent auditors are aware of that information.

Independent auditors

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

Statement of directors' responsibilities

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

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. As previously disclosed, the Board has made the decision to close the Life funds and wind up the Company. As such, these financial statements are prepared on a basis other than a going concern.

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

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

Approved by the Board on 4th April 2022 and signed on its behalf by:

A M Lewis
Director

4th April 2022

Report on the audit of the financial statements

Opinion

In our opinion, JPMorgan Life Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2021; the Income statement, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the JPMorgan Asset Management International Limited Audit, Risk and Compliance Committee .

Basis for opinion

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

Our audit approach

Overview

Audit scope

- We performed a full scope audit of the complete Financial information of the company in accordance with our materiality and risk assessment.

Key audit matters

- Risk of fraud in revenue recognition

Materiality

- Overall materiality: £216,203 (2020: £205,960) based on 1% of Net Assets, other than Assets held to cover linked liabilities and Technical provisions for linked liabilities (and the associated line items on the Income statement) for which £11,973,660 (2020: £25,912,641) has been used based on 1% of Assets held to cover linked liabilities.
- Performance materiality: £162,152 (2020: £154,470), other than Assets held to cover linked liabilities and Technical provisions for linked liabilities (and the associated line items on the Income statement) for which £8,980,245 (2020: £19,434,481) has been used.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Impact of COVID-19 subsequent event, which was a key audit matter last year, is no longer included because of the reduced uncertainty of the impact of COVID-19 in the current year as markets and economies continue to recover. Otherwise, the key audit matters below are consistent with last year.

Independent auditors' report to the members of JPMorgan Life Limited (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Risk of fraud in revenue recognition

We have assessed the risk of fraud in revenue recognition is isolated to the posting of fraudulent journals. There is a presumption that management always has the opportunity to manipulate revenue through posting manual journals.</td><td>We have performed the following procedures with regards to the risk of fraud in revenue recognition:
Tested a sample of journal entries based on our determined fraud risk criteria.
In addition, we performed the following procedures over revenue:
Obtained an understanding of control activities related to revenue;
Obtained an understanding of the activities performed by the Custodian and placed reliance on the controls in place at the service organisation, where applicable;
Validated the design and operating effectiveness of key controls related to the input of data and calculation of specific revenue items;
Assessed the revenue recognition accounting policy for compliance with accounting standards;
Agreed a sample of annual management fees to supporting evidence, including invoices and cash receipts; and
Performed cut-off testing procedures to confirm revenue is recorded in the correct period.
No exceptions were noted from the procedures we performed.</td></tr>
</table>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

We have performed a full scope audit, taking into account our determination of materiality and assessment of the risks of material misstatement in the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Independent auditors' report to the members of JPMorgan Life Limited (continued)

Overall company materiality	£216,203 (2020: £205,960).
How we determined it	1% of Net Assets, other than Assets held to cover linked liabilities and Technical provisions for linked liabilities (and the associated line items on the Income statement) for which £11,973,660 (2020: £25,912,641) has been used based on 1% of Assets held to cover linked liabilities.
Rationale for benchmark applied	The company's primary focus is on its regulatory capital and satisfying its capital requirements. As such we deem that net assets ("total shareholder's funds") is the most appropriate benchmark in determining materiality. The company issues unit-linked pension policies. As a result, technical provisions for linked liabilities are covered by assets held to cover linked liabilities and investment return derived on the assets is offset by the change in provisions for investment contract liabilities. In accordance with the guidance on the audit of insurers issued in the United Kingdom by the Financial Reporting Council, we have applied a higher materiality for these balances for the purpose of identifying and evaluating the effect of misstatements that are likely only to lead to a reclassification between line items within assets and liabilities. This materiality is based on 1% of Assets held to cover linked liabilities.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to £162,152 (2020: £154,470) for the company financial statements, other than Assets held to cover linked liabilities and Technical provisions for linked liabilities (and the associated line items on the Income statement) for which £8,980,245 (2020: £19,434,481) has been used for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the JPMorgan Asset Management International Limited Audit, Risk and Compliance Committee that we would report to them misstatements identified during our audit above above £610,000 on policyholder assets and liabilities and £10,000 for all other balances (2020: above £1.3m on policyholder assets and liabilities and £10,000 for all other balances) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

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

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

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

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

Independent auditors' report to the members of JPMorgan Life Limited (continued)

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate posting of manual journals and management bias in critical estimates. Audit procedures performed by the engagement team included:

- Discussions with the Board, Internal Audit, senior management involved in Risk and Compliance functions and the company's legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reading key correspondance with the Prudential Regulation Authority and Financial Conduct Authority in relation to compliance with laws and regulations;
- Reviewing relevant meeting minutes, including those of the Audit, Risk and Compliance Committee;
- Validating the appropriateness of journal entries identified based on our fraud risk criteria; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the directors on 10 October 1996 to audit the financial statements for the year ended 31 December 1997 and subsequent financial periods. The period of total uninterrupted engagement is 24 years, covering the years ended 31 December 1997 to 31 December 2021.

Thomas Ferguson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
4 April 2022

JPMorgan Life Limited
Income statement for the year ended 31 December 2021

	Note	2021	2020
		£000	£000
Technical account - long-term business			
Investment income	4	551,609	99,591
Unrealised (losses)/gains on investments	4	(357,547)	118,016
Other technical income, net of reinsurance	5	5,813	6,679
Change in other technical provisions, net of reinsurance:			
Technical provisions for linked liabilities	13	(194,051)	(217,594)
Net operating expenses	6	(746)	(3,463)
Investment expenses and charges	9	(3,814)	(4,379)
Tax attributable to the long-term business	10	(240)	(195)
		1,024	(1,345)
Non-technical account			
Balance on the long-term business technical account		1,024	(1,345)
Tax credit/(charge) attributable to the balance on the long-term business technical account	10	240	(315)
Pre-tax profit/(loss) from long-term business		1,264	(1,660)
Investment income	4	-	-
Profit/(loss) on ordinary activities before tax		1,264	(1,660)
Tax on profit/(loss) on ordinary activities	10	(240)	315
Profit/(loss) for the financial year and total comprehensive (expense)/income for the year		1,024	(1,345)

The results for the year have all derived from operations that are due to close within 12 months of the signing of these financial statements.

The Company has no comprehensive income other than the profit for the year of £1,024,000 (2020: loss of £1,345,000).

The notes on pages 19 to 34 form part of the financial statements.

JPMorgan Life Limited
Statement of financial position as at 31 December 2021

	Note	2021	2020
		£000	£000
Assets			
Investments:			
Assets held to cover linked liabilities	11	1,197,366	2,591,264
Debtors:			
Debtors arising out of direct insurance operations		1,390	4,676
Other debtors		1,612	24
Other assets:			
Cash at bank and in hand		19,340	22,754
Total assets		1,219,708	2,618,718
Liabilities and equity			
Capital and reserves:			
Called up share capital	12	7,000	7,000
Capital contribution reserve		14,000	14,000
Retained earnings/(accumulated losses)		620	(404)
Total shareholder's funds		21,620	20,596
Technical provisions for linked liabilities	13	1,194,518	2,581,446
Provisions for other risks and charges	14	165	2,035
Creditors:			
Amounts owed to credit institutions	15	-	58
Other creditors including taxation and social security	16	3,405	14,583
Total liabilities and equity		1,219,708	2,618,718

The financial statements on pages 17 to 34 were approved by the Board of Directors on 4th April 2022 and signed on its behalf by:

A M Lewis
Director

Company registered number: 03261506

The notes on pages 19 to 34 form part of the financial statements.

JPMorgan Life Limited
Statement of changes in equity for the year ended 31 December 2021

	Called up share capital £000	Capital contribution reserve £000	(Accumulated losses) / retained earnings £000	Total funds £000
At 1 January 2021	7,000	14,000	(404)	20,596
Profit for the financial year	-	-	1,024	1,024
Dividends	-	-	-	-
At 31 December 2021	**7,000**	**14,000**	**620**	**21,620**

	Called up share capital £000	Capital contribution reserve £000	Retained earnings / (accumulated losses) £000	Total funds £000
At 1 January 2020	7,000	14,000	941	21,941
Loss for the financial year	-	-	(1,345)	(1,345)
Dividends	-	-	-	-
At 31 December 2020	**7,000**	**14,000**	**(404)**	**20,596**

The following describes the nature and purpose of each reserve within equity:

- Called up share capital - nominal value of share capital subscribed for.
- Capital contribution reserve - additional capital provided by the immediate parent undertaking.
- Retained earnings - all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

The notes on pages 19 to 34 form part of the financial statements.

1. Accounting policies

General information

The Company is a private company and is incorporated and domiciled in the UK. The address of its registered office is 25 Bank Street, London, E14 5JP.

Basis of preparation

The financial statements have been prepared in accordance with FRS101 and the provisions of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("SI 2008/410") relating to insurance companies.

As previously disclosed, the Board has implemented the decision to close the Life funds and wind up the Company. As such, these financial statements are prepared on a basis other than a going concern. The Company has therefore set aside a provision to meet the expected transaction and closure-related costs (see Note 14). The Company has also reviewed the requirements to reclassify fixed/non-current assets and long-term/non-current liabilities as current assets and liabilities and to write down assets to their recoverable value. There were no identified requirements to adjust the financial statements as a result of this review.

The financial statements have been prepared in accordance with the Companies Act 2006; under the historical cost convention less impairment and in accordance with IFRSs. In preparing these financial statements the Company has taken advantage of disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by UK endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by JPMorgan Chase & Co.

The financial statements of JPMorgan Chase & Co. can be obtained as described in note 19.

Accounting and reporting developments

There are no amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2021 that have a material impact on the Company's financial statements.

Critical estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The nature of estimation means that actual outcomes could differ from those estimates. The following judgement has had the most significant effect on amounts recognised in the financial statements:

Exit provision

As a result of the Board's decision to close the Life funds, and wind up the Company, a provision has been raised to meet the expected transaction and closure-related costs (see Note 14). This covers the cost of clients exiting each fund, i.e. the different between the net asset value and the bid price for the fund, as well as other expenses including tax advice. The final amount of the exit costs will depend on market conditions at the time of each transaction. There is therefore estimation uncertainty in calculating the provision.

1. Accounting policies (continued)
Other financial investments and assets held to cover linked liabilities

(i) Derivative financial instruments

Derivative contracts are held at fair value. Fair values of derivatives are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including valuations supplied by counterparties, as appropriate. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in fair value are recorded in the income statement within 'investment income' or 'unrealised (losses)/gains on investments'.

The foreign currency denominated exposures are translated into sterling at rates of exchange ruling on the balance sheet date. Any realised or unrealised foreign exchange gain or loss resulting from forward foreign exchange contracts and foreign currency denominated exposures are taken to the profit and loss account.

(ii) Financial assets and liabilities

The Company recognises financial instruments from the trade date, and continues to recognise them until, in the case of assets, the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership, or in the case of liabilities, until the liability has been settled, extinguished or has expired.

Investments are classified as financial assets at fair value through profit or loss. Investments are designated under this category upon initial recognition and this is consistent with the Group's risk management framework.

Realised and recognised gains or losses arising from changes in fair value are included in the profit and loss account of the period in which they arise. The assets are subsequently measured at fair value with gains or losses recognised in profit or loss and presented net within other (expenses)/income in the period in which they arise. Fair values are determined by reference to active market or using valuation techniques where no active market exists.

(iii) Impairment of financial assets

The Company's approach to measuring expected credit losses ("ECLs") depends on the type of instrument.

Charges receivable

For charges receivable arising from contracts with customers, the Company applies a provision matrix as a practical expedient for calculating expected credit losses. The matrix provides that a receivable is considered to have had a significant increase in credit risk ("SICR") if it is 90 days past due and credit-impaired, if it is 180 days past due at which point an ECL for 100% of the amount owned is recognised.

Other financial instruments

The Company has determined that ECLs on other financial instruments are immaterial due to the high quality credit rating of the portfolio and therefore minimal credit exposure. Similarly the Company has determined that these other financial instruments are without SICR due to the credit quality and/or the short-term nature of the instrument.

For inter-company loans and receivables, the Company evaluates the counterparty based on the Firm's resolution and recovery plan, tenor of the loan/receivable, and any collateral received

The Company continues to monitor its financial instruments to ensure the described framework is appropriate and its exposure to credit risk and ECLs on these instruments are adequately reflected in the allowance for credit losses.

1. Accounting policies (continued)

Revenue recognition

Recognition

The company earns revenue from the provision of investment management services for corporate pension arrangements in the UK. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model;

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Fee arrangements

Below are details of fee arrangements and how these are measured and recognised, for revenue from the provision of services:

Performance obligations

Investment management fees arise from the provision of investment management services for corporate pension arrangements in the UK. Investment management services are satisfied over time as the services are provided and are typically based upon a percentage of the value of the client's assets under management. Any fees collected in advance are deferred and recognised as income over the period in which services are rendered.

Transaction price

Transaction price is determined based on the transaction price negotiated with the customer, net of rebates and value added tax.

Investment income

Investment income is accounted for on an accruals basis (net of any applicable VAT). Investment income on long term business fund investments includes income on collective investment schemes and is included in the long term business technical account. Investment income on shareholder fund investments is accounted for through the non-technical account.

Other technical income, net of reinsurance

Other technical income is recognised net of any applicable VAT on an accruals basis.

1. Accounting policies (continued)

Unit-linked investment contracts

All of the contracts issued by the Company are unit-linked contracts which are classified as investment contracts as the contracts transfer financial risk with no significant insurance risk. Amounts received in respect of investment contracts are accounted for using deposit accounting and are credited directly to the statement of financial position as an adjustment to the liability to the policyholder. Amounts paid to investment contract holders are debited directly to the statement of financial position liability. Financial liabilities are carried in the statement of financial position as 'Technical provisions for linked liabilities'.

Movements arising on contract balances are recognised in the income statement (shown as 'Change in other technical provisions, net of reinsurance: Technical provisions for linked liabilities') to reflect movements in the gains and losses from the matching linked assets.

Charges receivable from unit-linked investment contracts are included in the income statement (included in 'Other technical income, net of reinsurance') on an accruals basis when the performance obligations are satisfied.

Technical provision for unit-linked investment contracts

Liabilities under unit-linked investment contracts are recognised when the notional units are created and are dependent on the value of the underlying financial assets. The basis of the valuation is the number of notional units in issue multiplied by the unit price, which is driven by the valuation of the underlying assets. Financial liabilities for unit-linked investment contracts are carried in the statement of financial position at amortised cost, which is equivalent to the amount payable on demand without penalty and also the fair value of these financial liabilities.

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 Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Foreign currency

Monetary assets and liabilities held in foreign currencies at the statement of financial position date are expressed in sterling at rates ruling on that date. Income and expenditure denominated in foreign currencies are translated at rates ruling on the date on which the transaction occurs. All resulting exchange gains or losses are dealt with in the income statement.

1. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. In the statement of financial position, bank overdrafts are shown within creditors: amounts owed to credit institutions.

Amounts owed to group undertakings

Amounts owed to group undertakings are recognised at amortised cost.

Taxation

Provision is made for deferred tax liabilities, using the liability method, arising from all material temporary differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

The transfer of the balance on the long-term business technical account to the non-technical account is grossed up by attributable tax, using the effective rate of tax applicable for the period.

Dividend Distribution

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

JPMorgan Life Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

2. Management of financial risk

Risk management is an inherent part of the business activities of JPMorgan Chase & Co. and its associated subsidiaries (collectively, the "Group"), of which the Company is a part. The Company has adopted the same risk management policies and procedures as the Group as a whole. 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, who in turn delegate to the various sub-committees which are organised in line with the Group risk management policy.

The Company is exposed to a range of financial risks through its financial assets and financial liabilities. The most important components of this financial risk are market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Separate portfolios of assets are maintained for the unit-linked funds and corporate assets. The following tables set out the assets and matching liabilities of these funds reconciled to the statement of financial position.

	Unit-linked policyholders' funds	Corporate	Total
	£000	£000	£000
As at 31 December 2021:			
Assets			
Assets held to cover linked liabilities	1,197.366	-	1,197,366
Debtors arising out of direct insurance operations	-	1,390	1,390
Other debtors	-	1,612	1,612
Cash at bank and in hand	-	19,340	19,340
Total assets	1,197,366	22,342	1,219,708
Liabilities and equity			
Shareholder's funds	-	21,620	21,620
Technical provisions for linked liabilities	1,194,518	-	1,194,518
Provisions for other risks	-	165	165
Amounts owed to credit institutions	-	-	-
Other creditors including taxation and social security	2,848	557	3,405
Total liabilities and equity	1,197,366	22,342	1,219,708
As at 31 December 2020:			
Assets			
Assets held to cover linked liabilities	2,591,264	-	2,591,264
Debtors arising out of direct insurance operations	-	4,676	4,676
Other debtors	-	24	24
Cash at bank and in hand	-	22,754	22,754
Total assets	2,591,264	27,454	2,618,718
Liabilities and equity			
Shareholder's funds	-	20,596	20,596
Technical provisions for linked liabilities	2,581,446	-	2,581,446
Provisions for other risks	-	2,035	2,035
Amounts owed to credit institutions	58	-	58
Other creditors including taxation and social security	9,760	4,823	14,583
Total liabilities and equity	2,591,264	27,454	2,618,718

2. Management of financial risk (continued)

Market risk

Unit-linked funds are managed to provide returns in line with expectations of policyholders. Market and credit risks in these funds are borne by policyholders. The Company manages these risks by setting investment guidelines for each fund which restrict market and counterparty exposures depending on each fund's investment objectives. The policyholder liabilities exactly match the net assets held within the funds and therefore the Company is only exposed to the risk of lower management charges from a fall in the value of policyholder assets. The Company receives management charges based on the market value of policyholder funds and its management charge income is therefore subject to changes in the market value of policyholder assets. Management charge income will therefore be affected by lower market prices and higher volatility.

Financial risks within corporate assets are borne by the Company. Corporate assets are invested to protect capital and to minimise market and credit risk. With the exception of seed capital, these assets are invested in deposit accounts with JPMorgan and third party banks. Each month the Company monitors the credit ratings for the banks where it has deposit accounts.

The Company may also provide seeding for new internal funds. To reduce the exposure to market risk the Company hedges its seed capital investments. The Company has no other corporate assets which are directly exposed to market risk.

The Company has little currency risk as all policyholder contracts are sterling denominated. Foreign currency investments may be held in policyholder funds where the currency risk is borne by policyholders.

Use of derivatives is limited but may be used to gain market exposures or to hedge foreign currency investments in policyholder funds and seed capital. All derivatives are recorded at fair value.

Credit risk

Credit risk is managed by closely monitoring the non-linked assets where the Company is exposed. The Company does not pursue credit risk as a way of generating shareholder return. Credit risk in policyholder funds is borne by policyholders.

The assets bearing credit risk excluding those in 'Assets held to cover linked liabilities' are summarised below:

	2021	2020
	£000	£000
Debtors arising out of direct insurance operations	1,390	4,676
Other debtors	1,612	24
Cash at bank and in hand	19,340	22,754
Total assets bearing credit risk	22,342	27,454

No financial assets are past due or impaired at the reporting date and management expects no significant losses from non-performance by these counterparties.

2. Management of financial risk (continued)

Liquidity risk

Liquidity risk in policyholder funds is managed by investing only in readily realisable investments. In the event of a shortfall in liquidity JPMLL has access to an immediate loan facility available from another JPMorgan Chase group entity, and bank overdrafts are allowed in the internal funds. Interest on intercompany loans and bank overdrafts is payable at market rates.

The table below provides a maturity analysis of the Company's financial liabilities, including those which would be met from investment policyholder assets:

	Due in less than 1 year	Due in more than 1 year	Total
	£000	£000	£000
As at 31 December 2021:			
Technical provisions for linked liabilities	1,194,518	-	1,194,518
Creditors	415	-	415
Derivative creditors	2,845	-	2,845
Financial liabilities	1,197,778	-	1,197,778
As at 31 December 2020:			
Technical provisions for linked liabilities	2,581,446	-	2,581,446
Creditors	13,067	-	13,067
Derivative creditors	1,425	-	1,425
Financial liabilities	2,595,938	-	2,595,938

Financial liabilities under unit-linked investment contracts do not have contractual maturity dates and are shown as due in less than one year for disclosure purposes. These liabilities do not pose a material liquidity risk as there are matching policyholder assets which could be realised to meet surrenders as and when they arise.

Capital management

The Company is required to calculate a Minimum Capital Requirement (MCR) and a Solvency Capital Requirement (SCR) using the standard formula approach. In addition to this the Company is required to carry out an Own Risk and Solvency Assessment (ORSA) of the capital required to meet its liabilities in all reasonably foreseeable circumstances. The overall capital management objective is to maintain surplus capital in excess of the MCR, SCR and ORSA capital requirements, and to maintain appropriate additional margins over this to absorb changes in both capital resources and capital requirements.

The Company's regulatory capital position is summarised below:

	2021	2020
	£000	£000
Shareholder's funds	21,620	20,596
Adjustments onto regulatory basis	228	589
Total available own funds	21,848	21,185

2. Management of financial risk (continued)

Stress testing is performed to verify that the Company will be able to maintain available own funds in excess of its capital requirements over a five year period under a number of stress scenarios, taking into consideration:

- the level of available own funds over capital requirement;
- actions that could be taken to preserve available own funds; and
- the ability to access additional funds, if required.

Capital projections are based on the current financial resources of the Company and expected flows from its operations, with stress tests being applied to the economic value of assets and earnings at risk. Reverse stress testing is also carried out and documented in the ORSA.

As a general principle, the Company does not have any significant appetite for risk above the level that is commercially required for the operation of a life insurer writing unit-linked business and is consistent with its long term sustainability. The main policies adopted to manage risks to the capital position are to closely match the profile of policyholder assets and liabilities and to invest shareholder funds in money market funds and demand deposit accounts, in order to minimise exposures to market and credit risk, as described above. The capital position is sensitive to changes in market conditions. The most significant sensitivity arises from market risk in relation to the Company's investment to provide seeding for new internal funds. The management of the Company has a defined set of principles, which the business is required to operate and which constitute the appetite for the business for taking risk.

The Company's capital management policy is to ensure that adequate available own funds are maintained at all times. The Company carries a significant surplus of available own funds over the minimum requirement to accommodate both business developments and unforeseen events. Dividends are paid up periodically, subject to regulatory and tax rules (where applicable), to distribute profit to the parent group. Dividend payments are subject to a formal approval process by the Board and notification to the PRA. Dividends will only be payable after the Board has considered the current and future expected capital position of the Company and at all times dividends must be able to be cancelled after declaration. In declaring a dividend, the Company would consider advice from the actuarial function holder and anticipated business developments.

Policyholder liabilities, being the technical provision for linked liabilities of £1,194,518,000 (2020: £2,581,446,000), relate solely to insurance business accounted for as financial instruments in accordance with the requirements of FRS101.

JPMorgan Life Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

2. Management of financial risk (continued)

Fair value estimation

The following table presents the financial instruments held at fair value in the statement of financial position by valuation method. The different levels have been defined as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities,
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company's financial instruments measured at fair value are as follows:

	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
At 31 December 2021:				
Assets				
Financial assets at fair value through profit or loss:				
Assets held to cover linked liabilities:				
- Shares and other variable yield securities	6,065	2,341	-	8,406
- Holdings in collective investment schemes	49,167	-	-	49,167
- Debt securities and other fixed interest securities	-	1,106,584	-	1,106,584
- Derivative contracts	-	13,274	-	13,274
	55,232	1,122,199	-	1,177,431
Liabilities				
Financial liabilities at fair value through profit or loss:				
Technical provisions for linked liabilities	1,194,518	-	-	1,194,518
Other creditors including taxation and social security				
- Derivatives	-	2,845	-	2,845
	1,194,518	2,845	-	1,197,363

	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
At 31 December 2020:				
Assets				
Financial assets at fair value through profit or loss:				
Assets held to cover linked liabilities:				
- Shares and other variable yield securities	890,156	948	-	891,104
- Holdings in collective investment schemes	792,098	-	-	792,098
- Debt securities and other fixed interest securities	-	833,118	-	833,118
- Derivative contracts	-	22,175	-	22,175
	1,682,254	856,241	-	2,538,495
Liabilities				
Financial liabilities at fair value through profit or loss:				
Technical provisions for linked liabilities	2,581,446	-	-	2,581,446
Other creditors including taxation and social security				
- Derivatives	-	1,425	-	1,425
	2,581,446	1,425	-	2,582,871

The fair value of financial instruments traded in active markets is based on quoted prices as described in the accounting policies. These instruments are included in Level 1.

2. Management of financial risk (continued)

If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There have been no significant transfers between Level 1 and Level 2 financial instruments during the year (2020: nil). There have been no significant changes in Level 3 financial instruments during the year (2020: nil). The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

3. Particulars of business

All business arises from the provision of unit-linked pension contracts in the United Kingdom.

All premiums and claims relate to investment contracts and are not recognised in the income statement but are credited or debited directly to the statement of financial position as shown in note 15.

4. Investment income

	Technical Account 2021	Non-technical Account 2021	Technical Account 2020	Non-technical Account 2020
	£000	£000	£000	£000
Income from other investments	66,221	-	43,357	-
Gains on the realisation of investments	485,388	-	56,234	-
Investment income	551,609	-	99,591	-
Unrealised (losses)/gains on investments	(357,547)	-	118,016	-
Total investment return	194,062	-	217,607	-

All investment income and gains arise from investments at fair value through profit or loss designated as such upon initial recognition.

5. Other technical income, net of reinsurance

	2021	2020
	£000	£000
Charges receivable from unit-linked investment contracts	5,813	6,679
Management fee rebates from Group companies	0	0
Other income	5,813	6,679

6. Net operating expenses

The net operating expenses charged to the technical account are administrative expenses including charges for custody and fund administration services. Operating expenses include auditors' remuneration of £75,000 (2020: £88,000) for the audit of financial statements and £nil (2020: £20,000) for non-audit services, being other assurance activities related to Solvency II.

7. Staff numbers and costs

The Company had no direct employees during the year (2020: nil). Staff costs are included in recharges from other group undertakings, but it is not possible to separately identify the element of the recharges relating to staff costs.

8. Directors

	2021	2020
	£000	£000
Aggregate emoluments	288	345
Total defined contribution pension payments for all directors	1	3
Aggregate amounts receivable (excluding shares) under long-term incentive schemes	28	-

Retirement benefits:

	2021	2020
	No.	No.
Number of directors to whom defined contribution pension rights accrued	1	3
Number of directors who received shares as part of long-term incentive schemes	3	3
Number of directors who exercised share options	-	-

Highest paid director:

	2021	2020
	£000	£000
Emoluments of highest paid director	-	137
Total amount contributed to the defined contribution scheme for the highest paid director	-	2
The highest paid director did (Yes) or did not (No) have shares received or receivable under long-term incentive schemes	-	Yes
The highest paid director did (Yes) or did not (No) exercise any share options during the year	-	No

The amounts shown above in respect of emoluments paid to directors exclude 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.

9. Investment expenses and charges

	2021	2020
	£000	£000
Investment management expenses	3,814	4,379

10. Taxation

	Technical Account 2021	Non-technical Account 2021	Technical Account 2020	Non-technical Account 2020
	£000	£000	£000	£000
UK corporation tax at 19% (20120: 19%)	254	-	207	-
Deferred tax	(14)	-	(10)	-
Notional tax attributable to shareholder's long-term business profit	-	240	-	(315)
Adjustment in respect of prior years	-	-	(2)	-
	240	240	195	(315)

10. Taxation (continued)

Reconciliation of the tax charge for year

Tax expense for the year is equal (2020: equal) to the standard rate of corporation tax in the UK for the year ended 31 December 2020 of 19% (2020: 19%).

	2021	2020
	£000	£000
Profit/(loss) on ordinary activities before tax	1,264	(1,660)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	240	(315)
Tax charge/(credit) for year	240	(315)

Factors that may affect future tax charges

The chancellor announced in the 2021 Budget that corporation tax would increase from the current rate of 19% to 25% with the effect from 1 April 2023. The change will have no impact on the deferred tax balances shown in these accounts as it is believed all timing differences subject to deferred tax will have reversed prior to the proposed introduction of the higher rate.

11. Assets held to cover linked liabilities

	Carrying value 2021	Book cost 2021	Carrying value 2020	Book cost 2020
	£000	£000	£000	£000
Assets held to cover linked liabilities	1,197,366	1,164,152	2,591,264	2,209,742

Assets held to cover linked liabilities comprise:

	Carrying value 2021	Carrying value 2020
	£000	£000
Shares and other variable yield securities	8,405	895,014
Holdings in collective investment schemes	49,167	792,140
Debt securities and other fixed interest securities	1,122,192	845,083
Derivative contracts	13,274	22,175
Financial instruments at fair value through profit or loss	1,193,038	2,554,412
Other assets	4,328	36,852
	1,197,366	2,591,264

All derivatives are held under assets held to cover linked liabilities. The fair value of the derivative contracts represents the unrealised gain or loss on the contracts which has been reflected in the income statement. The fair value of the derivative contracts was as follows:

Assets held to cover linked liabilities	Assets 2021	Liabilities 2021	Assets 2020	Liabilities 2020
	£000	£000	£000	£000
Forward currency contracts	12,778	2,845	21,215	697
Futures contracts	-	-	944	728
Call options	496	-	16	-
	13,274	2,845	22,175	1,425

The derivative liabilities are separately disclosed in note 16.

12. Called up share capital

	2021	2020
	£000	£000
Authorised		
15,000,000 (2020: 15,000,000) ordinary shares of £1 each	15,000	15,000
Issued and fully paid		
7,000,000 (2020: 7,000,000) ordinary shares of £1 each	7,000	7,000

13. Technical provisions for linked liabilities

	2020	2020
	£000	£000
Brought forward	2,581,446	2,026,889
Receipts from policyholders under investment contracts	369,015	680,686
Payments to policyholders of investment contracts	(1,944,182)	(337,044)
Charges receivable from policyholders of investment contracts	(5,812)	(6,679)
Change in technical provisions shown in the technical account	194,051	217,594
Carried forward	1,194,518	2,581,446

The change in technical provisions shown in the technical account is in respect of investment contracts which are financial liabilities measured at fair value through profit and loss. This comprises principally the allocation of the net investment return to policyholders of investment contracts less allowances for tax and charges.

14. Provisions for other risks and charges

The Company had the following provisions during the year:

	Deferred taxation	Exit costs	Total
	£000	£000	£000
Provisions as at 1st January 2021	27	2,008	2,035
Amounts utilised	-	(1,746)	(1,746)
Credits to the income statement	(13)	(111)	(124)
Provisions as at 31st December 2021	14	151	165

The provision for deferred taxation relates to:

	2021	2020
	£000	£000
Technical provision adjustments	12	23
Other	2	4
	14	27

The provision for exit costs relates to the expected transaction and closure-related costs following the decision in 2020 to close the Life funds. This covers the cost of clients exiting each fund, i.e. the different between the net asset value and the bid price for the fund, as well as other expenses including tax advice. The final amount of the exit costs will depend on market conditions at the time of each transaction. The Company expects the provision to be fully utilised by the close of 2022.

15. Amounts owed to credit institutions

	2021	2020
	£000	£000
Bank overdrafts	-	58

16. Other creditors including taxation and social security

	2021	2020
	£000	£000
Amounts owed to group undertakings	86	450
Corporation tax	145	91
Derivatives	2,845	1,425
Other creditors	329	12,617
	3,405	14,583

Amounts due to group undertakings generally are unsecured, interest free and repayable on demand.

17. Related party transactions

As the Company is wholly owned subsidiary undertaking it has taken advantage of an exemption under FRS101 and has not disclosed transactions with other wholly owned group companies. Management fee rebates are receivable form group companies on these investments as shown in note 5.

During the year the following material transactions took place with related parties which are not group companies:

(a) JPMorgan collective investment schemes
The Company has invested in collective investment schemes managed by group companies with a value of £49,167,000 as at 31 December 2021 (2020: £769,443,000).

(b) JP Morgan Chase group pension schemes
The JPMC UK Retirement Plan invests in the Company's products. Assets managed on behalf of the plan are recorded as assets held to cover linked liabilities.

Movements in assets managed on behalf of the plans during the year were as follows:

	2021	2020
	£000	£000
Assets brought forward	83,822	79,373
Subscriptions	1,291	3,961
Redemptions	(94,554)	(4,553)
Increase/(decrease) in value of assets	9,441	5,041
Assets carried forward	-	83,822

Charges of £nil with respect to the plans were due at 31 December 2021 (2020: £nil).

18. Charges on assets

The Company during the year granted floating charges to certain insurance companies to secure liabilities under reinsurance contracts such that those liabilities rank pari passu with other liabilities under direct insurance contracts. The charges were secured on the long-term insurance assets of the Company. There were no such outstanding charges at the balance sheet date.

19. Ultimate parent undertaking

The immediate parent undertaking is JPMorgan Asset Management International Limited, registered in England and Wales. During 2020, 100% of the ownership of the Company was transferred to JPMorgan Asset Management International Limited from JPMorgan Asset Management Holdings (UK) Limited, as part of the Firm's commitment to streamline its legal entity organisational structure.

The parent company of the group for which consolidated financial statements are prepared and the ultimate holding Company is JPMorgan Chase & Co. which is incorporated in the United States of America.

The consolidated financial statements of JPMorgan Chase & Co. and are available to the public and may be obtained from the Company's registered office at:

The Company Secretary
25 Bank Street
London
E14 5JP

20. Subsequent events since the balance sheet date

Since the financial year end there has been significant volatility in financial markets which have been influenced by geopolitical events around the world. Such disruptions might potentially affect the financial and/or operational performance of the Company. Senior management continues to monitor this development and evaluate its impact on the Company. As at the date on which this set of financial statements was authorised for issue, the Company was not aware of any material adverse effects on the financial position, operations, or capital position as a result of the market disruption, nor were there any identified exposures to Russian markets or sanctioned parties.

Due to the nature of the contracts written by JPMLL, its liabilities to policyholders ("technical provisions") at 31 December 2021 are matched to the linked assets (the value of units in unit-linked funds). Consequently during the market volatility experienced to date in 2022, it can be assumed that the Company's technical provisions have fluctuated in value in line with fluctuations in the value of unit-linked funds, and at no time would the Company have not been able to meet its liabilities to policyholders. Because JPMLL's shareholder funds are invested in demand deposit accounts, the value of the Company's excess capital ("total basic own funds") is not materially different from 31 December 2021. The Company's solvency position has negligible exposure to market movements. Consequently, the Company's SCR and SCR coverage ratio is not expected to have materially changed since 31 December 2021. Similarly, the MCR and MCR coverage ratio is not expected to have materially changed.