

BEAR UK MORTGAGES LIMITED
(Registered Number: 5210244)

Annual report for the year ended 31 December 2015



BEAR UK MORTGAGES LIMITED
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BEAR UK MORTGAGES LIMITED

Strategic report for the year ended 31 December 2015

The directors present the strategic report of Bear UK Mortgages Limited (the "Company") for the year ended 31 December 2015. The Company is a part of JPMorgan Chase & Co. (together with its subsidiaries, the "Firm" or "JPMorgan Chase").

Principal activity

The principal activity of the company is to act as an investment holding company.

Adoption of new financial reporting standards

The Financial Reporting Council issued new financial reporting standards ("FRSs") in the UK and Republic of Ireland for accounting periods beginning on or after 1 January 2015. The new standards fundamentally reform United Kingdom Generally Accepted Accounting Practices ("UK GAAP"), replacing the previous standards ("previous UK GAAP").

The Company has adopted FRS 101 "Reduced Disclosure Framework" ("FRS 101"), with a transition date of 1 January 2014. FRS 101 applies the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union with reduced disclosures.

Unless otherwise stated, all amounts in these financial statements are reported in accordance with FRS 101, and the terms FRS 101 and UK GAAP are used interchangeably. There was no impact on the Company's balance sheet and income statement as a result of adopting FRS 101.

Review of business and future outlook

The directors were satisfied with the performance of the Company.

Income Statement:

The results for the year are set out on page 6 and shows the Company's loss for the financial year is £892 (2014: £26,997).

Balance sheet:

The balance sheet is set out on page 7. The Company has net liabilities of £490 (2014: Net assets of £402) as at 31 December 2015. The Company holds investment in subsidiaries with sufficient positive net assets values and therefore could cover the net liability position either through dividends or selling the investments. Therefore, the directors are satisfied that the Company will be able to meet its obligations when due and will continue to be a going concern for the foreseeable future and have concluded that it is appropriate to prepare the financial statements on a going concern basis.

The directors do not expect any change in the Company's activities in the coming year.

On 23 June 2016, the United Kingdom ("UK") conducted a referendum and voted to leave the European Union. Many international banks, including the Firm, operate substantial parts of their European Union business from entities based in the UK. Upon the UK leaving the European Union, the regulatory and legal environment that would then exist, and to which the Firm's U.K. operations would then be subject, will depend on, in certain respects, the nature of the arrangements agreed with the European Union and other trading partners.

These arrangements cannot be predicted, but currently the Firm does not believe any of the likely identified scenarios would threaten the viability of the Firm's business units or the Firm's ability to serve clients across the European Union and in the UK. However, it is possible that under some scenarios, changes to the Firm's legal entity structure would be required, which might result in a less efficient operating model across the Firm's European legal entities.

Directors do not at this time foresee any material impact to the Company's financial position, business model and risks in the medium term.

Principal risks and uncertainties

The Company's risks and uncertainties is integrated with that of the wider Firm. Given the nature of the Company's residual balances, the Company is not considered subject to significant risks and uncertainties.

Approved by the board of directors and signed on behalf of the board by a director of the Company.



Director
Stephen White
21/09/2016

BEAR UK MORTGAGES LIMITED

Directors' report for the year ended 31 December 2015

The directors present their report and the audited financial statements of Bear UK Mortgages Limited (the "Company") for the year ended 31 December 2015. The Company's registration number is 5210244. The Company is a part of JPMorgan Chase & Co. (together with its subsidiaries, the "Firm" or "JPMorgan Chase").

Results and dividends

The results for the year are set out on page 6 and show the Company's loss for the financial year is £892 (2014: £26,997).

No dividend was paid or are proposed during the year (2014: £nil).

The Company's net liabilities at 31 December 2015 were £490 (2014: Net assets of £402). The position of the Company is set out on page 7.

Directors

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

S.M. White
J.R. Hobson

Directors' interests

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

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"). 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 the year.

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

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

The directors are responsible for 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. They 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.

Disclosure of information to auditors

Each person who is a director of the Company at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

BEAR UK MORTGAGES LIMITED

Directors' report for the year ended 31 December 2015 (continued)

Qualifying third party indemnity provision

An indemnity is provided to the directors of the Company under the By-laws of JPMorgan Chase 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 is kept at the registered office of the Company.

Company secretary

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

J.P. Morgan Secretaries (UK) Limited

Registered address

25 Bank Street
Canary Wharf
London E14 5JP
England and Wales

Independent auditors

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

Approved by the board of directors and signed on behalf of the board by a director of the Company.



Director
Stephen White
21/09/2016

Independent auditors' report to the members of Bear UK Mortgages Limited

Report on the financial statements

Our opinion

In our opinion, Bear UK Mortgages Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the balance sheet as at 31 December 2015;
- the income statement for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Bear UK Mortgages Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Paolo Taurae (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London 21 September 2016

BEAR UK MORTGAGES LIMITED
Income statement for the year ended 31 December 2015

		2015	2014
	Notes	£	£
Other (expense)/income	5	(70)	4,270
(Loss)/Profit		(70)	4,270
Interest payable and similar charges	7	(822)	(788)
Impairment of investments in Firm undertakings	10	—	(30,479)
Loss on ordinary activities before taxation	8	(892)	(26,997)
Tax on loss on ordinary activities	9	—	—
Loss for the financial year		(892)	(26,997)

There were no other items of comprehensive income or expense and therefore, no statement of comprehensive income or expense has been separately presented.

The notes on pages 9 - 13 form an integral part of these financial statements.

BEAR UK MORTGAGES LIMITED
Balance sheet as at 31 December 2015

	Notes	2015 £	2014 £
Fixed assets			
Investments	10	—	—
Current assets			
Debtors	11	—	74
Cash at bank and in hand	12	101	328
Current liabilities			
Bank overdraft	13	(591)	—
Net current (liabilities)/assets		(490)	402
Total assets less current liabilities		(490)	402
Net (liabilities)/assets		(490)	402
Equity			
Called-up share capital	14	57,425,100	57,425,100
Other reserves		1,485,502	1,485,502
Retained earnings		(58,911,092)	(58,910,200)
Total equity		(490)	402

The financial statements on pages 6 - 13 were approved by the Board of Directors on 21/09 2016 and signed on its behalf by:



Director
 Stephen White
21/09/2016

The notes on pages 9 - 13 form an integral part of these financial statements

BEAR UK MORTGAGES LIMITED

Statement of changes in equity for the year ended 31 December 2015

	Called-up share capital	Other reserves	Retained earnings	Total equity
	£	£	£	£
Balance as at 1 January 2014	57,425,100	1,485,502	(58,883,203)	27,399
Loss for the year	—	—	(26,997)	(26,997)
Total comprehensive expense for the year	—	—	(26,997)	(26,997)
Balance as at 31 December 2014	57,425,100	1,485,502	(58,910,200)	402
Loss for the year	—	—	(892)	(892)
Total comprehensive expense for the year	—	—	(892)	(892)
Balance as at 31 December 2015	57,425,100	1,485,502	(58,911,092)	(490)

Other reserves represents Capital contribution reserve.

The notes on pages 9 - 13 form an integral part of these financial statements

BEAR UK MORTGAGES LIMITED

Notes to the financial statements for the year ended 31 December 2015

1. General information

The Company is a private limited entity incorporated and domiciled in England and Wales. The address of its registered office is 25 Bank Street, Canary Wharf, London, E14 5JP. The Company's immediate parent undertaking is The Bear Stearns Companies LLC, incorporated in the United States of America. The Company's ultimate parent undertaking and the parent undertaking of the only group in which the results of the Company are consolidated, is JPMorgan Chase & Co. (the "Firm" or "JPMorgan Chase"), which is incorporated in the state of Delaware in the United States of America. The consolidated financial statements of the Firm can be obtained from the Company's registered office.

2. Basis of preparation

The Financial Reporting Council revised financial reporting standards ("FRSs") in the UK and Republic of Ireland for accounting periods beginning on or after 1 January 2015. The revisions fundamentally reform United Kingdom Generally Accepted Accounting Practices ("UK GAAP"), replacing the previous standards ("previous UK GAAP").

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). FRS 101 applies the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union, with reduced disclosures. The Company has adopted FRS 101 with a transition date of 1 January 2014. The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006.

The Company has a net liability position as at 31 December 2015. The Company holds investment in subsidiaries with sufficient positive net assets values and therefore could cover the net liability position either through dividends or selling the investments. Therefore, the directors are satisfied that the Company will be able to meet its obligations when due and will continue to be a going concern for the foreseeable future and have concluded that it is appropriate to prepare the financial statements on a going concern basis.

There was no impact on the Company's balance sheet and income statement as a result of adopting FRS 101.

The following exemptions from the requirements of IFRS as adopted by the EU have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Comparative information disclosures (paragraph 38 of IAS 1 'Presentation of financial statements' ("IAS 1")) for reconciliation of share capital (paragraph 79(a)(iv) of IAS 1);
- Statement of compliance to IFRSs (paragraph 16, IAS 1);
- Third balance sheet on retrospective accounting policy changes, restatements, or reclassifications (paragraph 40A-D, IAS 1);
- Cash flow statement and related notes IAS 7 'Cash flow statements';
- Disclosures in relation to new or revised standards issued but not yet effective (paragraph 30 and 31, IAS 8, 'Accounting policies, changes in accounting estimates and errors');
- Key management compensation disclosures (paragraph 17, IAS 24 'Related Party Disclosures' ("IAS 24"));
- Related party transactions with wholly owned Group undertakings (IAS 24);
- Disclosure requirements of IFRS 7 'Financial Instruments: Disclosures'; and
- Disclosure requirements of IFRS 13 'Fair Value Measurement' (paragraph 91 - 99 of IFRS 13).

3. Critical accounting estimates and judgements

The preparation of financial statements generally requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. Due to the nature of business undertaken by the Company, no significant accounting estimates or judgements were required in preparation of these financial statements.

4. Significant accounting policies

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

4.1 Consolidation

The Company is a subsidiary undertaking of JPMorgan Chase & Co., a company incorporated in the United States of America. It is included in the consolidated financial statements of its ultimate parent, JPMorgan Chase & Co., which are publically available. Therefore, the Company has elected not to prepare group financial statements in accordance with the dispensation set out in Section 401 of the Companies Act 2006.

BEAR UK MORTGAGES LIMITED

Notes to the financial statements for the year ended 31 December 2015 (continued)

4. Significant accounting policies (continued)

4.2 Foreign currency translation

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

Non-monetary items denominated in foreign currencies that are stated at historical cost are translated into sterling at the exchange rate ruling at the date of the transaction.

The currency of the primary economic environment in which the Company operates is GBP, which is the functional and presentation currency of the Company. The financial statements have been presented in GBP.

4.3 Income and expense recognition

Interest receivable and payable are recognised on an effective interest rate basis.

Expenses are recognised when the underlying contract becomes legally binding or at the agreed due date if later.

4.4 Investments in JPMorgan Chase undertakings

Investments are in JPMorgan Chase undertakings and are stated at cost less provision for any impairment.

4.5 Impairment

The Company assesses at each balance sheet date whether there is any objective evidence that Investments in JPMorgan Chase undertakings are impaired. The impairment review includes a comparison of the carrying amount with its recoverable amount, which is based on the net asset value of the investee company at the balance sheet date.

4.6 Current taxation

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

5. Other (expense)/income

	2015	2014
	£	£
Foreign exchange translation (loss)/gain	(26)	24
Amounts owed to Firm undertakings (written back)/write off	(44)	4,246
	(70)	4,270

6. Directors' emoluments

The directors are employees of other JPMorgan Chase undertaking and all expenses, including remuneration, are paid by those companies and not recharged.

The directors do not consider that a significant element of their remuneration relates to the Company for the current financial year (2014: £nil).

The Company had no employees during the year (2014: nil).

BEAR UK MORTGAGES LIMITED

Notes to the financial statements for the year ended 31 December 2015 (continued)

7. Interest payable and similar charges

	2015	2014
	£	£
Interest payable and similar charges to other JPMorgan Chase undertakings	822	788

8. Loss on ordinary activities before taxation

The auditors' remuneration for the audit of the Company's annual financial statements of £5,150 (2014: £5,000) is met by another JPMorgan Chase undertaking and not recharged.

9. Tax on loss on ordinary activities

	2015	2014
	£	£

(a) Analysis of tax charge for the year

Current taxation

UK Corporation tax on loss for the year	—	—
Total tax expense for the year	—	—

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

The current tax charge for the year differs from the standard rate of corporation tax in the UK of 20%, reduced from 21% effective 1 April 2015. The differences are explained below:

Loss on ordinary activities before taxation	(892)	(26,997)
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax in UK 20.25% (2014: 21.49%)	(181)	(5,803)
Non deductible expenses	—	6,551
Losses surrendered/(claimed) for nil consideration	181	(748)
Total tax expense for the year	—	—

BEAR UK MORTGAGES LIMITED

Notes to the financial statements for the year ended 31 December 2015 (continued)

10. Investments

	2015	2014
	£	£
At 1 January	—	30,479
Impairment	—	(30,479)
At 31 December	—	—

The above investments are shown at cost less any provision for impairment. In the opinion of the directors, the value of the Company's investments is not less than the amount at which it is stated in the balance sheet.

The investments represent share capital in the following entities:

Name	Type	Principal activity	Shares held %
Direct investment			
Bear Packagers Limited	Subsidiary	Dormant company	100.00
Rooftop Holdings Limited*	Non-subsidiary	Holding company	100.00
Indirect investment*			
Rooftop Funding Limited	Non-subsidiary	Provide funding for residential mortgage assets	100.00
Rooftop Mortgages Limited	Non-subsidiary	Origination of mortgages for onward sale	100.00
Intermediary Services Limited	Subsidiary	Dormant company	100.00

All shares held in the above companies are ordinary shares.

All the above direct and indirect investment companies are incorporated in England and Wales.

*The Company, in addition to owning 100% of the ordinary shares in Rooftop Holdings Limited, also owns 25.9% of the preference shares issued. Since voting rights are attached to these preference shares, control of Rooftop Holdings Limited resides with another group undertaking, and Rooftop Holdings Limited is not a subsidiary. All indirect investments are subsidiaries of Rooftop Holdings Limited except Intermediary Services Limited, which is a subsidiary of Bear Packagers Limited. Therefore, the Company has full ownership of the Rooftop investments but no control and these indirect investments are not subsidiaries.

11. Debtors

	2015	2014
	£	£
Amounts owed by other JPMorgan Chase undertakings	—	74

12. Cash at bank and in hand

All bank balances are held with other JPMorgan Chase undertakings.

13. Bank overdraft

	2015	2014
	£	£
Bank balances owed to other JPMorgan Chase undertakings	591	—

BEAR UK MORTGAGES LIMITED

Notes to the financial statements for the year ended 31 December 2015 (continued)

14. Called-up share capital

	2015	2014
	£	£
Issued and fully paid share capital		
2,425,100 (2014: 2,425,100) ordinary shares of £1 each	2,425,100	2,425,100
55,000,000 (2014: 55,000,000) non-cumulative redeemable preference shares of £1 each	55,000,000	55,000,000
	57,425,100	57,425,100

15. Post balance sheet event

On 23 June 2016, the United Kingdom ("UK") conducted a referendum and voted to leave the European Union. Many international banks, including the Firm, operate substantial parts of their European Union business from entities based in the UK. Upon the UK leaving the European Union, the regulatory and legal environment that would then exist, and to which the Firm's U.K. operations would then be subject, will depend on, in certain respects, the nature of the arrangements agreed with the European Union and other trading partners.

These arrangements cannot be predicted, but currently the Firm does not believe any of the likely identified scenarios would threaten the viability of the Firm's business units or the Firm's ability to serve clients across the European Union and in the UK. However, it is possible that under some scenarios, changes to the Firm's legal entity structure would be required, which might result in a less efficient operating model across the Firm's European legal entities.

Directors do not at this time foresee any material impact to the Company's financial position, business model and risks in the medium term.