

ROOFTOP HOLDINGS LIMITED
(Registered Number: 05210277)

Annual report for year ended 31 December 2020



ROOFTOP HOLDINGS LIMITED

Annual report for the year ended 31 December 2020

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ROOFTOP HOLDINGS LIMITED

Directors' report

The directors present their report and audited financial statements of Rooftop Holdings Limited (the "Company") for the year ended 31 December 2020. The Company is part of JPMorgan Chase & Co. (together with its subsidiaries, the "Firm" or "JPMorgan Chase"). The Company's registration number is 05210277.

Results and dividends

The results for the year are set out on page 7 and shows the Company's loss for the financial year is £916 (2019: loss of £288).

No dividend was paid or proposed during the year.

Future outlook

The Company's outlook for the full 2021 year should be viewed against the backdrop of the global economy, financial markets activity, the geopolitical environment, the competitive environment, client activity levels and regulatory and legislative developments in the countries where the Company does business. Each of these inter-related factors will affect the performance of the Company and its lines of business ("LOB").

Departure of the UK from the EU

The UK's departure from the EU, which is commonly referred to as "Brexit," occurred on January 31, 2020, and, following a transition period, was completed on December 31, 2020. The terms of the departure are consistent with the Firm's implementation assumptions of a "hard Brexit" where the UK has exited the EU Single Market and UK banks have lost the broad "EU passport" under which they previously provided services to EU firms.

The Brexit Free Trade Agreement (FTA) concluded in December 2020 contains only minimal provisions on Financial Services and any future developments will rely on regulatory determinations, including potential future equivalence assessments.

The Firm has executed and continues to execute on its Firmwide Brexit Implementation program with the objective of being able to continue delivering the Firm's capabilities to its EU clients. The program encompasses a strategic implementation plan across all impacted businesses and functions, including an ongoing assessment of political, legal and regulatory and other implementation risks. A key focus of the program has been to ensure continuity of service to the Firm's EU clients in the areas like regulatory and legal entities; clients; and business and operations.

The Firm's legal entities in Germany, Luxembourg and Ireland are now licensed to provide and are providing services to the Firm's EU clients, including through a branch network covering locations such as Paris, Madrid and Milan. Subject to limited exceptions, the Firm's U.K.-based legal entities are no longer permitted to transact business from the U.K. with EU clients.

The impact of Brexit on the Company's business model and risks will continue to be assessed as part of the Firmwide strategy in considering a strategic post-Brexit legal entity structure.

COVID-19

The Firm continues to monitor the Coronavirus Disease 2019 ("COVID-19"), based on the guidance being provided by the relevant health and government authorities, and continues to implement protocols and processes in response to the spread of the virus. The Company does not currently anticipate a significant reduction in its capital and liquidity positions over the coming year as a result of COVID-19.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Firm and are not managed separately. The directors do not consider that the Company is exposed to significant financial risks. Further details on the financial risks of the Company are set out in note 12 to the financial statements.

Directors

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

M. Allen

D. Lehané

Directors' interests

None of the directors held 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.

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Directors' report (continued)

Statement of directors' responsibilities

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

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 fair, balanced and understandable view of the Company's position and performance, and that they provide the information necessary for member's to assess the Company's position and performance, business model and strategy. In preparing the 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; 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 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.

Directors' confirmations

Directors consider the annual report and accounts, taken as a whole, to give a true and fair view of the assets, liabilities, financial position and profit of the Company.

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Qualifying third party indemnity provisions

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 was in force during the financial year and also at the date of approval of the financial statements. A copy of the by-laws of JPMorgan Chase & Co. is available at the registered office address of the Company.

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Directors' report (continued)

Company secretary

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

J. P. Morgan Secretaries (UK) Limited.

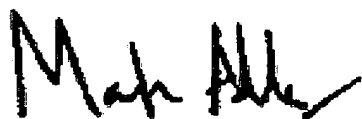
Registered address

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.

On behalf of the board



Name: Mark Allen

Director

Date: 28 July 2021

Independent auditors' report to the members of Rooftop Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Rooftop Holdings Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss 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, which comprise: the balance sheet as at 31 December 2020; the income statement, the statement of comprehensive income and 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.

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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 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 Rooftop Holdings Limited (continued)

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2020 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 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 the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 the posting of inappropriate journal entries and the application of management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries, in particular any journal entries posted by senior management; and
- Incorporating unpredictability into the nature, timing and /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.

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.

Independent auditors' report to the members of Rooftop Holdings Limited (continued)

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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Sheena Coutinho (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

29 July 2021

ROOFTOP HOLDINGS LIMITED

Income Statement

Year ended 31 December		2020	2019
	Note	£	£
Other expense	5	(916)	(288)
Operating loss		(916)	(288)
Loss before taxation	7	(916)	(288)
Tax on loss	8	—	—
Loss for the financial year		(916)	(288)

Statement of comprehensive income

There were no other items of comprehensive income or expense other than the loss for the financial year shown above (2019: £nil). As a result, loss for the financial year represents total comprehensive expense in both the current and prior financial year.

The notes on pages 10 - 14 form an integral part of the financial statements.

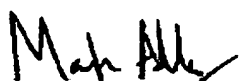
ROOFTOP HOLDINGS LIMITED

Balance sheet

As at 31 December		2020	2019
	Note	£	£
Current assets			
Cash and cash equivalents	9	542,372	527,442
Other receivable	10	—	15,846
Total current assets		542,372	543,288
Net assets		542,372	543,288
Equity			
Called-up share capital	11	1,000	1,000
Retained earnings		541,372	542,288
Total equity		542,372	543,288

The notes on pages 10 - 14 form an integral part of these financial statements.

The financial statements on pages 10 - 14 were approved by the Board of Directors on 28 July 2021 and signed on its behalf by:



Name: Mark Allen

Director

Date: 28 July 2021

ROOFTOP HOLDINGS LIMITED

Statement of changes in equity

	Called-up share capital	Retained earnings	Total equity
	£	£	£
Balance as at 1 January 2019	1,000	527,362	528,362
Dividend remediation (refer to note 10)	—	15,214	15,214
Loss for the financial year	—	(288)	(288)
Balance as at 31 December 2019	1,000	542,288	543,288
Loss for the financial year	—	(916)	(916)
Balance as at 31 December 2020	1,000	541,372	542,372

The notes on pages 10 - 14 form an integral part of the financial statements.

ROOFTOP HOLDINGS LIMITED

Notes to the financial statements

1. General information

The Company is a private company limited by shares, incorporated and domiciled in England and Wales. The Company's immediate parent undertaking is The Bear Stearns Companies LLC, which is incorporated in the state of Delaware 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. (together with its subsidiaries, 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 at 25 Bank Street, Canary Wharf, London, E14 5JP, England and Wales.

Principal activity

The principal activity of the Company is management of cash.

2. Basis of preparation

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") in conformity with the requirements of the Companies Act 2006.

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 following exemptions from the requirements of IFRS in conformity with the requirements of the Companies Act 2006 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 with IFRSs - Paragraph 16, 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")); and
- Related party transactions with wholly owned Firm undertakings (paragraph 18 and 19, IAS 24).

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 Company's business and balances, no significant accounting estimates or judgements were required in preparation of these financial statements.

4. Significant accounting policies

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

4.1 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). GBP is considered as the functional and presentation currency of the Company.

4.2 Foreign currency translation

Monetary assets and monetary liabilities in foreign currencies are translated into 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 U.S. dollars at exchange rates prevailing at the date of the transactions. Any gains or losses arising on translation are taken directly to the income statement.

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

Non-monetary items denominated in foreign currencies that are stated at fair value are translated into GBP at foreign exchange rates ruling at the dates when the fair values were determined. Translation differences arising on non-monetary items measured at fair value are recognised in the income statement.

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Notes to the financial statements (continued)

4. Significant accounting policies (continued)

4.3 Dividend recognition

Dividend income is recognised when the right to receive payment is established.

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

4.4 Current Tax

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

4.5 Cash and cash equivalents

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

4.6 Financial instruments

4.6.1 Financial assets and financial liabilities

i. Recognition of financial assets and financial liabilities

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

ii. Classification and measurement of financial assets and financial liabilities

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

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

a) Financial assets and financial liabilities measured at amortised cost

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

Financial assets measured at amortised cost include cash and cash equivalents and debtors.

Financial liabilities are measured at amortised cost unless they are held for trading or designated as measured at FVTPL. Most of the Company's financial liabilities are measured at amortised cost.

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

ROOFTOP HOLDINGS LIMITED

Notes to the financial statements (continued)

4. Significant accounting policies (continued)

4.6 Financial instruments (continued)

4.6.1 Financial assets and financial liabilities (continued)

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

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

4.7. Other expense

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

5. Other expense

	2020	2019
	£	£
Foreign exchange translation (loss)/gain	(20)	607
Administrative expenses	(896)	(895)
	(916)	(288)

6. Directors' Emoluments and staff cost

	2020	2019
	£	£
Emoluments	157	655
Total contributions to a defined contribution plan	12	45
Number of directors with shares received or receivable under LTIPs	1	1
Number of directors to whom defined contribution pension rights accrued	2	2

In accordance with the Companies Act 2006, the directors' emoluments above represent the proportion paid or payable in respect of qualifying services to the Company including LTIPs. Directors also received emoluments for non-qualifying services, which are not required to be disclosed.

Highest paid director

For 2020, the emoluments of the highest paid director is under £200,000 which is not required to be disclosed under the requirements of the Companies Act 2006.

The directors are employees of other companies in the Firm and all expenses, including remuneration, are paid by those companies and not recharged.

The Company had no employees during the year (2019: none).

7. Loss on ordinary activities before taxation

The auditors' remuneration of £6,500 (2019: £6,000) for the audit of financial statements is met by another JPMorgan Chase undertaking and not recharged.

ROOFTOP HOLDINGS LIMITED

Notes to the financial statements (continued)

8. Tax on loss

(a) Analysis of tax credit for the year

	2020	2019
	£	£
Current taxation		
UK Corporation tax on loss for the year	—	—
Total tax credit for the year	—	—

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

The tax charge for the year differs from the standard rate of corporation tax in the UK 19% (2019: 19%). The differences are explained below:

	2020	2019
	£	£
Loss before taxation	(916)	(288)
Loss before taxation multiplied by standard rate of corporation tax in UK 19% (2019: 19%)	(174)	(55)
Effects of:		
Income not taxable	—	(120)
Group relief claimed	—	175
Losses surrendered for nil consideration	174	—
Total tax credit for the year	—	—

9. Cash and cash equivalents

Included within the cash at bank and in hand are balances held with other JPMorgan Chase undertakings of £542,372 (2019: £527,442).

10. Other receivable

It was identified that the dividend payments made in 2017 by the Company to its then shareholders amounting to £15,214 were paid without the Company having sufficient distributable reserves. A capital reduction required to create sufficient distributable reserves was registered post the dividend payment in error.

These dividend payments were received back by the Company in April 2020, to remediate the situation. For the purposes of these accounts, in the prior year's figures, the cash payment had been recorded as a receivable from its shareholders and no dividend had been recorded.

11. Called-up share capital

	2020	2019
	£	£
Called up, allotted and fully paid		
10,000 (2019: 10,000) ordinary shares of £0.10 each	1,000	1,000
	1,000	1,000

12. Financial risk management

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

Credit risk

Credit risk is the risk associated with the default or change in credit profile of a client, counterparty or customer. Credit risk is managed by the Firm on a global level.

The Company's credit exposures and credit risk mitigants are further described below:

ROOFTOP HOLDINGS LIMITED

Notes to the financial statements (continued)

12. Financial risk management (continued)

Credit risk (continued)

Cash and cash equivalents

The Company places substantially all of its deposits with banks which are of investment-grade, which are considered to have high quality credit with low risk of default.

Liquidity risk

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

The Company's unsecured and secured funding capacity is sufficient to meet its balance sheet obligations in the foreseeable future.