Pillar 3 Quarterly Disclosure Report as at 30th September 2019

J.P. Morgan Bank Luxembourg S.A.

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1.Introduction

Background

The need to assess whether an institution should disclose some information more frequently than annually, under Part Eight of the Capital Requirements Regulation ("CRR")[1], originates in Article 433 and the requirements are further articulated in the European Banking Authority ("EBA") Guidelines[2] ("GL1"), which were adopted by the Commission de Surveillance du Secteur Financier ("CSSF")[3] from 15th November 2017.
In addition, the requirements of EBA Final Report on Guidelines for Disclosure under Part Eight of the CRR[4] ("EBA GL2") have been incorporated into JPMC's disclosure process from 1st January 2018, and are followed for this document.
Production of all Pillar 3 disclosure for J.P. Morgan entities in the EMEA region is governed by the JPMC EMEA Pillar 3 Policy Addendum which outlines scope, review and approval governance process requirements, including annual review on frequency and omissions policies.
All J.P. Morgan Chase entities regulated under the Capital Requirements Directive IV ("CRD IV")[5] have applied the Guidelines by:

- Enhancing the Pillar 3 policy and process to include a full assessment of the need to publish data more frequently than annually; and
- Identifying the key data elements to disclose in order to meet the needs of potential users of the disclosure.

Scope

All J.P. Morgan European regulated entities have been considered in the assessment, under the JPMC EMEA Pillar 3 Policy, for inclusion for disclosure, and then for more frequent than annual disclosure.
J.P. Morgan Bank Luxembourg S.A. ("JPMBL") is defined as an Other Systemically Important Institution ("O-SII") and is therefore included for disclosure under the requirements of EBA GL[2].

The internal assessment process to determine which J.P. Morgan entities should disclose more frequently than annually concluded that JPMBL is meeting the qualitative and quantitative thresholds to necessitate more frequent disclosure.
The data disclosed in this document represents disclosure for the third quarter of 2019. All data is recorded as at 30th September 2019, consistent with CoRep reporting and produced on an unaudited basis. No items have been omitted due to confidentiality, materiality or for proprietary reasons under Titles III and IV of the Guidelines. Any line items that are not applicable have been hidden for presentation purposes.

All information in this report is disclosed in millions of United States Dollars (US$m), unless otherwise specified.
JPMBL is presenting its disclosures on an individual basis (including foreign branches). There are no subsidiaries to be consolidated.
As at 30th September 2019, JPMBL has eleven branches located respectively in:

- Amsterdam (J.P. Morgan Bank Luxembourg S.A., Amsterdam Branch),
- Oslo (J.P. Morgan Bank Luxembourg S.A., Oslo Branch),
- Copenhagen (J.P. Morgan Bank Luxembourg S.A., Copenhagen Branch),
- Helsinki (J.P. Morgan Bank Luxembourg S.A., Helsinki Branch),
- Stockholm (J.P. Morgan Bank Luxembourg S.A., Stockholm Branch),
- Dublin (J.P. Morgan Bank Luxembourg S.A., Dublin Branch),
- Brussels (J.P. Morgan Bank Luxembourg S.A., Brussels Branch),
- Madrid (J.P. Morgan Bank Luxembourg S.A., Madrid Branch),
- Milan (J.P. Morgan Bank Luxembourg S.A., Milan Branch),
- Frankfurt (J.P. Morgan Bank Luxembourg S.A., Frankfurt Branch),
- London (J.P. Morgan Bank Luxembourg S.A., London Branch)

[1]Capital Requirements Regulation (CRR) / Regulation [EU] No. 575/2013
[2]EBA Guidelines on materiality, proprietary and confidentiality and on disclosure frequency 23 December 2014
[3]CSSF expectation of firms' compliance with EBA/GL/2016/11:
http://www.cssf.lu/fileadmin/files/Lois_reglements/Circulaires/Hors_blanchiment_terrorisme/cssf17_673.pdf
[4]EBA Final Report on Guidelines for Disclosure under Part Eight of Regulation (EU) No 575/2013 Version 2 published 16th December 2016
[5]Capital Requirements Directive (CRD IV) / Regulation [EU] Directive 2013/36/EU

Means of Disclosure (Art. 434)

The disclosure report is made available according to Article 434 CRR on the website of JPMorgan Chase & Co. ("JPMC") at http://investor.shareholder.com/jpmorganchase/basel.cfm. The latest Annual disclosure is also available via this link.

Firmwide Disclosure

The ultimate parent of the entity in scope of this disclosure is JPMorgan Chase & Co., which is incorporated in the United States of America. Firmwide disclosure is made under the Basel III requirement available at the below link. In addition, the U.S. Securities and Exchange Commission filings made at the firmwide level, 10K and 10Q, provide further information at the following link: http://investor.shareholder.com/jpmorganchase/basel.cfm.

2.Own Funds (Article 437)

Own Funds Disclosures

Capital resources represent the amount of regulatory capital available to an entity to cover all risks. Defined under the CRR, capital resources are designated into two tiers, Tier 1 and Tier 2. Tier 1 capital consists of Common Equity Tier 1 ("CET1") and Additional Tier 1 ("AT1"). CET1 is the highest quality of capital and typically represents share capital, reserves and audited profit; AT1 contains hybrid debt instruments; Tier 2 capital typically consists of subordinated debt and other eligible capital instruments.

The information represented in the tables below constitutes the applicable data elements for Own Funds identified in Title VII of the Guidelines. Capital ratios are disclosed in accordance with the CRR.

The final column represents the capital position on a fully-phased in basis after all CRR transitional provisions have expired and phase-out of grandfathered capital instruments under pre-CRR national transposition measures is complete. Other capital impacts including instrument maturity or behavioral changes are not considered for the fully-phased in position.

Table 1: CRD IV Regulatory Capital

Transitional Own Funds Disclosure Template ($'m)		Amount at Disclosure Date	Regulation (EU) No 575/2013 Article Reference
Common Equity Tier 1 (CET1) Capital: Instruments and Reserves			
1	Capital instruments and the related share premium accounts	3,250	26 (1), 27, 28, 29, EBA list 26 (3)
	of which: Ordinary Shares	21	EBA list 26 (3)
	of which: Share premium	3,229	EBA list 26 (3)
2	Retained earnings	1,611	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	(2)	26 (1)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**4,859**	
Common Equity Tier 1 (CET1) Capital: Regulatory Adjustments			
7	Additional value adjustments (negative amount)	(0)	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	(27)	36 (1) (b), 37, 472 (4)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(28)**	
29	**Common Equity Tier 1 (CET1) capital**	**4,832**	
59	**Total capital (TC = T1 + T2)**	**4,832**	
60	**Total risk weighted assets**	**24,990**	
Capital Ratios and Buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	19.33%	92 (2) (a), 465
62	Tier 1 (as a percentage of total risk exposure amount)	19.33%	92 (2) (b), 465
63	Total capital (as a percentage of total risk exposure amount)	19.33%	92 (2) (c)
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer (G-SII or O-SII buffer) expressed as a percentage of risk exposure amount)	7.66%	CRD 128, 129, 130
65	*of which: capital conservation buffer requirement*	2.50%	
66	*of which: countercyclical buffer requirement*	0.16%	
67a	*of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer*	0.50%	CRD 131
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	11.33%	CRD 128

Own Funds Reconciliation

The table below presents a reconciliation between unaudited balance sheet own funds and regulatory own funds as at 30th September 2019 in accordance with the requirements set out in Commission Implementing Regulation (EU) No 1423/2013.

Table 2: Reconciliation of Regulatory Own Funds to Balance Sheet

Regulatory Own Funds Reconciliation to Balance Sheet	$'m
193,884 Ordinary Shares of $110 each	21
Share Premium Account	3,229
Retained Earnings	1,797
Other Reserves	19
CET1 Capital - Balance Sheet Own Funds	**5,066**
Less Regulatory Adjustments	**(234)**
(-) Unaudited Profit	(207)
(-) Intangible Assets	(27)
(-) Additional Valuation Adjustments	(0)
CET1 Capital - Regulatory Own Funds After Adjustments	**4,832**
Total Regulatory Own Funds	**4,832**

Main Features of Capital Instruments

The table below presents the main features of regulatory capital instruments for JPMBL as at 30th September 2019 and as required by Commission Implementing Regulation (EU) No 1423/2013. The terms and conditions for these instruments can be found on the Luxembourg business registers (LBR) website.

Table 3: Main Features of Regulatory Capital Instruments

Capital Instruments Main Features ($'m)		JPMBL
		CET1
		$110 ordinary shares
1	Issuer	J.P. Morgan Bank Luxembourg S.A.
3	Governing law(s) of the instrument	Article 37 et seq. of "Luxembourg Company Law: Law of 10th August 1915 on commercial companies" (Loi du 10 août 1915 concernant les sociétés commerciales)
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo
7	Instrument type (types to be specified by each jurisdiction)	Shares of a public limited liability company (Actions d'une société anonyme)
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	USD 21
9	Nominal amount of instrument	USD 110
9a	Issue price	USD 110
10	Accounting classification	Shareholders' equity
11	Original date of issuance	$11m May 16th, 1973 $6m September 3rd, 2018 $4m January 29th, 2019
12	Perpetual or dated	Perpetual
17	Fixed or floating dividend/coupon	Floating
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Equity is the lowest level in the hierarchy
36	Non-compliant transitioned features	No

3.Capital Requirements (Article 438)

The tables below show a breakdown of the risk weighted assets and associated Minimum Capital Requirements for JPMBL.
The Minimum Capital Requirement is the amount of Pillar 1 capital that the CRR requires JPMBL to hold at all times. JPMBL Total Capital Resources must be greater than its Minimum Capital Requirement, allowing for a capital excess to cover any additional obligations, for example, Pillar 2.
The key risk types JPMBL is exposed to for Capital allocation purposes are Credit risk and Operational risk. The basic indicator approach has been used for the calculation of Operational Risk Capital Requirements. The Standardised Approach has been used for the calculation of Credit Risk.

In order to assess the adequacy of its internal capital to support the current and future activities; JPMBL relies on its ICAAP process which is refreshed on a quarterly basis:

- A risk inventory review is performed,
- A three year horizon is covered under the ICAAP which ensure future activities are sustainable from a risk viewpoint as well as a capital viewpoint.

Key changes during the period

- Credit Risk RWA increased primarily due to increased exposures from loans granted to Corporates and Other Assets receivables,
- Counterparty Credit Risk RWA increased mainly due to increase in the derivatives portfolio,
- Market Risk RWA decreased primarily due to movement in standardized approach driven by traded debt derivative and equity derivative instruments.

Table 4: EU OV1 - Overview of RWAs

	$'m	RWA		Minimum capital requirements
		Q3 2019	Q2 2019	Q3 2019
1	**Credit risk (excluding counterparty credit risk) (CCR)**	**21,773**	**20,596**	**1,742**
2	*Of which* the standardised approach	21,773	20,596	1,742
3	*Of which* the foundation IRB (FIRB) approach	-	-	-
4	*Of which* the advanced IRB (AIRB) approach	-	-	-
5	*Of which* equity IRB under the simple risk-weighted approach or the IMA	-	-	-
6	**CCR**	**695**	**620**	**56**
7	*Of which* marked to market	560	495	45
8	*Of which* original exposure	1,806	1,692	n/a
9	*Of which* the standardised approach	560	495	45
10	*Of which* internal model method (IMM)	-	-	-
11	*Of which* risk exposure amount for contributions to the default fund of a CCP	-	-	-
12	*Of which* CVA	135	125	11
13	**Settlement risk**	-	-	-
14	**Securitisation exposures in banking book (after cap)**	-	-	-
15	*Of which* IRB approach	-	-	-
16	*Of which* IRB supervisory formula approach (SFA)	-	-	-
17	*Of which* internal assessment approach (IAA)	-	-	-
18	*Of which* standardised approach	-	-	-
19	**Market Risk**	**10**	**16**	**1**
20	*Of which* the standardised approach	10	16	1
21	*Of which* IMA	-	-	-
22	**Large exposures**	**-**	**-**	**-**
23	**Operational Risk**	**2,513**	**2,513**	**201**
24	*Of which* basic indicator approach	2,513	2,513	201
25	*Of which* standardised approach	-	-	-
26	*Of which* AMA Of which advanced measurement approach	-	-	-
27	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	-	-	-
28	**Floor adjustment**	-	-	-
29	**Total**	**24,990**	**23,745**	**1,999**

4. Leverage (Article 451)

The leverage ratio is a measure of Tier 1 capital as a percentage of exposure as defined under the CRR rules.
The requirement for the calculation and reporting of leverage ratios was introduced as part of CRD IV in 2014, and amended by the European Commission Delegated Act (EU) 2015/62 in 2015.

As a result of this, CRD IV legislation allows for the calculation of a transitional leverage ratio aligned to the phasing in of a number of capital deductions and the phasing out of grandfathered instruments as allowed for the calculation of own funds under the CRR.
CRD IV does not currently include a minimum Leverage Ratio requirement; however, the Basel Committee on Banking Supervision (the 'Basel Committee') has indicatively proposed a minimum requirement of 3%.

Leverage risk is monitored through the same processes and frameworks as capital adequacy and stress-testing. The latter is particularly important, as it is forward-looking: if the Firm's leverage ratios remain sustainable under stressed conditions, the risk of forced de-leveraging will be low.

The Firm has adopted a point-in-time calculation of the leverage ratio, as per Commission Delegated Regulation 2015/62.

Key changes during the period

- Leverage ratio slightly decreased primarily due to an increase of On-Balance-Sheet loans and asset receivables exposures.

The information represented in the tables below constitutes the key applicable data elements for leverage identified in Title VII of the EBA Guidelines.

Table 5: Leverage Ratio Common Disclosure

	LR Com: Leverage Ratio Common Disclosure	$'m
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	52,239
2	(Asset amounts deducted in determining Tier 1 capital)	(28)
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**52,212**
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	201
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to- market method)	447
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(48)
9	Adjusted effective notional amount of written credit derivatives	483
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(483)
11	**Total derivatives exposures (sum of lines 4 to 10)**	**601**
SFT exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	1,122
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	**1,122**
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	1,974
18	(Adjustments for conversion to credit equivalent amounts)	(1,248)
19	**Other off-balance sheet exposures (sum of lines 17 and 18)**	**726**
Capital and total exposure measure		
20	**Tier 1 capital**	**4,832**
21	**Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	**54,661**
Leverage ratio		
22	**Leverage ratio**	**8.84%**

Table 6: Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures

	Leverage Ratio Summary Reconciliation	$'m
1	Total assets as per financial statements	53,670
4	Adjustments for derivative financial instruments	296
5	Adjustment for securities financing transactions (SFTs)	8
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	726
7	Other adjustments	(40)
8	**Leverage ratio total exposure measure**	**54,661**

Table 7: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

	LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	$'m
EU-1	**Total on-balance sheet exposures (exc. Derivatives, SFTs and exempted exposures), of which:**	**52,192**
EU-3	Banking book exposures, of which:	52,192
EU-5	Exposures treated as sovereigns	7,599
EU-7	Institutions	30,090
EU-10	Corporate	13,582
EU-12	Other exposures (e.g. equity, securitisations and other non-credit obligation assets)	920

5. Liquidity (Article 435 (1) (f))

The Liquidity Coverage Ratio[6,7] as per the Commission Delegated Regulation (EU) 2015/61 requires credit institutions to maintain an amount of unencumbered high quality liquid assets that is sufficient to meet their estimated total net cash outflows over a prospective 30 calendar-day period of significant stress.

Key Ratios and Figures

The LCR disclosure in this document has been assessed in accordance with the European Banking Authority (EBA) guidelines on LCR disclosure (EBA/GL/2017/01) applying the necessary considerations set out in the EBA guidelines on materiality, proprietary and confidentiality and on disclosure frequency (EBA/GL/2014/14) and consistent with the EBA guidelines on disclosure requirements (EBA/GL/2016/11).

Table 8: Items prone to rapid change as defined in EBA GL/2017/01

	JPMBL			
Currency and units:	$'m			
Quarter ending on:	30-Sep-19	30-Jun-19	31-Mar-19	31-Dec-18
Number of data points used in the calculation of averages	12	12	12	12
	Total weighted adjusted value (average)			
LIQUIDITY BUFFER	**6,791**	**5,758**	**4,705**	**3,835**
TOTAL NET CASH OUTFLOWS	**4,148**	**3,509**	**2,835**	**2,206**
LIQUIDITY COVERAGE RATIO (%)	**163%**	**165%**	**170%**	**176%**

The weighted adjusted value of the liquidity buffer is the value of the total high quality liquid assets after the application of both haircuts and any applicable cap. The weighted adjusted value of net cash outflows is calculated after the inflows and outflows rates are applied and after any applicable cap on inflows.

JPMBL's average LCR was 163% for the quarter ending on 30th September 2019.

6. Disclosures Not Applicable to JPMBL

The following Articles of CRR are not applicable as at 30th September 2019:

- Use of the IRB Approach to credit risk (Art. 452); and
- Use of the Advanced Measurement Approaches to operational risk (Art. 454).

[6] In line with the EBA guidelines the average ratio disclosed in Table 8 is calculated as an average over the 12 data points used for each item, and therefore the quoted ratio is not equal to the average 'Liquidity buffer' divided by average 'Total net cash outflows'.
[7] From 1 January 2018 the LCR is required to be a minimum of 100%.

7. Glossary of Acronyms

AT	Additional Tier
BIA	Basic Indicator Approach
CET	Common Equity Tier
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CSSF	Commission de Surveillance du Secteur Financier
CVA	Credit Valuation Adjustment
EBA	European Banking Authority
EMEA	Europe, Middle East and Africa
IFRS	International Financial Reporting Standards
LCR	Liquidity Coverage Ratio
JPMBL	J.P. Morgan Bank Luxembourg S.A.
JPMC	J.P. Morgan Chase and Company
GL1	EBA Guidelines
GL2	EBA Final Report on guidelines for disclosure under Part Eight of the CRR
O-SII	Other Systemically Important Institution
CoRep	Common Reporting
LBR	Luxembourg Business Register