

Pillar 3 Quarterly Disclosure Report as at 31st March 2021

J.P. Morgan Bank Luxembourg S.A.

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1. Introduction (Articles 431,432,433,434)

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”) Guidelines² (“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 (“EBA GL2”) have been incorporated into J.P. Morgan Chase & Co. (“JPMC”) 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”) 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 (Article 431)

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 GL².

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 1st Quarter of 2021. All data is recorded as at 31st March 2021, consistent with Common Reporting (“CoRep”) reporting. All information in this report is disclosed in millions of United States Dollars (\$m), unless otherwise specified. JPMBL is presenting its disclosures on an individual basis (including foreign branches) as there are no subsidiaries to be consolidated.

As at 31st March 2021, JPMBL has 11 branches respectively located in:

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

The disclosure report is made available on the website of JPMorgan Chase & Co. (“JPMC”) at:

<http://investor.shareholder.com/jpmorganchase/basel.cfm>.

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

Non-material, proprietary of confidential information (Article 432)

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.

Frequency of disclosure (Article 433)

The Pillar 3 disclosure report is published on a quarterly basis, the month after the release of the financial statements which is FinRep on a quarterly basis and the Financial Statements on an annual basis. Therefore the disclosure report is published for 2021 and the upcoming year as per the following:

Quarterly Disclosure Q1 2021: June 2021

Semi-Annual H1 2021: September 2021

Quarterly Disclosure Q3 2021: December 2021

Annual Disclosure 2021: June 2022

Means of Disclosure (Article 434)

JPMBL leverages dedicated local and firmwide teams responsible to interpret the regulation, stay up to date on the latest development as a mean of verification to comply with the disclosure requirements.

In addition, all disclosure are made available in one single location:

<https://jpmorganchaseco.gcs-web.com/financial-information/basel-pillar-and-lcr-disclosures/pillar-luxembourg>

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.

In addition to JPMBL’s Tier 1 capital (comprised solely by CET1 as per Table below), \$3.5bn of Tier 2 capital were issued by JPMBL on 18th November 2020, which were approved by the ECB on 19th November 2020. The counterparty is J.P. Morgan International Finance (“JPMIF”), which is the parent and only shareholder of JPMBL.

Table 1: CRD IV Regulatory Capital

| 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 |
| | <i>of which:</i> Ordinary Shares | 21 | EBA list 26 (3) |
| | <i>of which:</i> Share premium | 3,229 | EBA list 26 (3) |
| 2 | Retained earnings | 1,930 | 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 | 5,178 | |
| Common Equity Tier 1 (CET1) Capital: Regulatory Adjustments | | | |
| 7 | Additional value adjustments (negative amount) | (1) | 34, 105 |
| 8 | Intangible assets (net of related tax liability) (negative amount) | (29) | 36 (1) (b), 37 |
| 28 | Total regulatory adjustments to Common Equity Tier 1 (CET1) | (29) | |
| 29 | Common Equity Tier 1 (CET1) capital | 5,149 | |
| Additional Tier 1 (AT1) Capital: Instruments | | | |
| 36 | Additional Tier 1 (AT1) capital before regulatory adjustments | - | |
| Additional Tier 1 (AT1) capital before regulatory adjustments | | | |
| 43 | Total regulatory adjustments to Additional Tier 1 (AT1) capital | - | |
| 44 | Additional Tier 1 (AT1) capital | - | |
| 45 | Tier 1 capital (T1 = CET1 + AT1) | 5,149 | |
| Tier 2 (T2) Capital: Instruments and Provisions | | | |
| 46 | Capital instruments and the related share premium accounts | 3,500 | 62, 63 |
| 51 | Tier 2 (T2) capital before regulatory adjustments | 3,500 | |
| Tier 2 (T2) Capital: Regulatory Adjustments | | | |
| 57 | Total regulatory adjustments to Tier 2 (T2) capital | - | |
| 58 | Tier 2 (T2) capital | 3,500 | |
| 59 | Total capital (TC = T1 + T2) | 8,649 | |
| 60 | Total risk weighted assets | 30,669 | |
| Capital Ratios and Buffers | | | |
| 61 | Common Equity Tier 1 (as a percentage of total risk exposure amount) | 16.79% | 92 (2) (a) |
| 62 | Tier 1 (as a percentage of total risk exposure amount) | 16.79% | 92 (2) (b) |
| 63 | Total capital (as a percentage of total risk exposure amount) | 28.20% | 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) | 7.56% | CRD 128, 129, 130, 131, 133 |
| 65 | <i>of which:</i> capital conservation buffer requirement | 2.50% | |
| 66 | <i>of which:</i> countercyclical buffer requirement | 0.06% | |
| 67a | <i>of which:</i> Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer | 0.50% | |
| 68 | Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) | 8.79% | CRD 128 |

Own Funds Reconciliation

The tables below present a reconciliation between audited balance sheet own funds and regulatory own funds as at 31st March 2021 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 |
|--|--------------|
| Balance Sheet Own Funds | |
| 193,884 Ordinary Shares of \$110 each | 21 |
| Pension Reserve | - |
| Share Premium Account | 3,229 |
| Retained Earnings | 2,184 |
| Other Reserves | - |
| CET1 Capital - Balance Sheet Own Funds | 5,434 |
| Less Regulatory Adjustments | (285) |
| (-) Unaudited Profit | (256) |
| (-) Intangible Assets: Goodwill | - |
| (-) Available for Sale Financial Asset Reserve | - |
| (-) Intangible Assets | (29) |
| (-) Additional Valuation Adjustments | (1) |
| CET1 Capital - Regulatory Own Funds After Adjustments | 5,149 |
| TIER 2 CAPITAL | 3,500 |
| Total Regulatory Own Funds | 8,649 |

Main Features of Capital Instruments

The table below presents the main features of regulatory capital instruments for JPMBL as at 31st March 2021 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 register website.

Table 3: Main Features of Regulatory Capital Instruments

| Capital Instruments Main Features | | JPMBL CET1 193,884 ordinary shares at \$110 each | JPMBL Tier 2 17,500,000 notes at \$200 each |
|-----------------------------------|---|--|--|
| 1 | Issuer | J.P. Morgan Bank Luxembourg S.A. | J.P. Morgan Bank Luxembourg S.A. |
| 2 | Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement) | N/A | N/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) | Luxembourg law |
| 4 | Transitional CRR rules | Common Equity Tier 1 | Tier 2 Capital |
| 5 | Post-transitional CRR rules | Common Equity Tier 1 | Tier 2 Capital |
| 6 | Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated | Solo | Solo |
| 7 | Instrument type (types to be specified by each jurisdiction) | Shares of a public limited liability company (Actions d'une société anonyme) | Global Registered Note Certificate 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) | \$21m | \$3,500m |
| 9 | Nominal amount of instrument | \$110 | \$200 per note |

| | | | |
|-----|---|---|--|
| 9a | Issue price | \$110 | \$200 per note |
| 9b | Redemption price | N/A | \$200 per note |
| 10 | Accounting classification | Shareholders' equity | Subordinated liability |
| 11 | Original date of issuance | \$11m May 16th, 1973 \$6m September 3rd, 2018 \$4m January 29th, 2019 | November 18th, 2020 |
| 12 | Perpetual or dated | Perpetual | Dated |
| 13 | Original maturity date | N/A | November 20th, 2028 |
| 14 | Issuer call subject to prior supervisory approval | N/A | Yes |
| 15 | Optional call date, contingent call dates and redemption amount | N/A | Redemption for regulatory or taxation reasons possible in whole but not in part, at any time upon 10 and not more than 60 day's prior notice at redemption price |
| 16 | Subsequent call dates, if applicable | N/A | Redemption for regulatory or taxation reasons possible in whole but not in part, at any time upon 10 and not more than 60 day's prior notice at redemption price |
| 17 | Fixed or floating dividend/coupon | Floating | Floating |
| 18 | Coupon rate and any related index | N/A | 1M USD Libor + 111 basis points |
| 19 | Existence of a dividend stopper | No | No |
| 20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | Fully discretionary | N/A |
| 20b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | Fully discretionary | N/A |
| 21 | Existence of step up or other incentive to redeem | N/A | No |
| 22 | Noncumulative or cumulative | Non-cumulative | N/A |
| 23 | Convertible or non-convertible | Non-convertible | Non-convertible |
| 24 | If convertible, conversion trigger(s) | N/A | N/A |
| 25 | If convertible, fully or partially | N/A | N/A |
| 26 | If convertible, conversion rate | N/A | N/A |
| 27 | If convertible, mandatory or optional conversion | N/A | N/A |
| 28 | If convertible, specify instrument type convertible into | N/A | N/A |
| 29 | If convertible, specify issuer of instrument it converts into | N/A | N/A |
| 30 | Write-down features | N/A | No |
| 31 | If write-down, write-down trigger(s) | N/A | N/A |
| 32 | If write-down, full or partial | N/A | N/A |
| 33 | If write-down, permanent or temporary | N/A | N/A |
| 34 | If temporary write-down, description of write-up mechanism | N/A | N/A |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Equity is the lowest level in the hierarchy | Subordinated to all unsecured obligations |
| 36 | Non-compliant transitioned features | No | N/A |
| 37 | If yes, specify non-compliant features | N/A | N/A |

3. Capital Requirements (Article 438)

A strong capital position is essential to the Firm's business strategy and competitive position. The Firm's capital strategy focuses on long-term stability, which enables the Firm to build and invest in market-leading businesses, even in a highly stressed environment.

Internal Capital Adequacy Assessment Process

The entities in scope complete an ICAAP on a periodic basis, which provides management with a view of the impact of severe and unexpected events on earnings, risk-weighted assets and capital. The Firm's ICAAP integrates stress testing protocols with capital planning. The process assesses the potential impact of alternative economic and business scenarios on the Firm's earnings, capital resources, risk-weighted assets and balance sheet. These scenarios are articulated in terms of macroeconomic factors, which are key drivers of business results; global market shocks, which generate short-term but severe trading losses; and idiosyncratic operational risk events. The scenarios are intended to capture and stress key vulnerabilities and idiosyncratic risks facing the entities in scope. However, when defining a broad range of scenarios, realized events can always be worse. Accordingly, management considers additional stresses outside these scenarios, as necessary. ICAAP results are reviewed by management and the relevant Board of Directors.

Minimum Capital Requirements

The tables below show a breakdown of the risk weighted assets and associated Minimum Capital Requirements for JPMBL.

The standardised approach has been used for the calculation of Credit Capital Requirements. The Basic Indicator Approach ("BIA") has been used for the calculation of Operational Risk Capital Requirements using projected revenues to calculate the relevant indicator. The minimum capital requirements below represent the Pillar 1 requirements as per the CRR to be maintained 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 below requirements do not include additional minimum requirements set out by the ECB as part of the Supervisory Review and Evaluation Process ("SREP").

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 standardized approach has been used for the calculation of Credit Risk.

Table 4: EU OV1 - Overview of RWAs

| | \$'m | RWA | | Minimum capital requirements |
|----|--|---------------|---------------|------------------------------|
| | | Q1 2021 | Q4 2020 | |
| 1 | Credit risk (excluding counterparty credit risk) (CCR) | 26,943 | 26,753 | 2,155 |
| 2 | Of which the standardised approach | 26,943 | 26,753 | 2,155 |
| 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 | 807 | 937 | 65 |
| 7 | Of which marked to market | 640 | 774 | 51 |
| 8 | Of which original exposure | 12,630 | 9,046 | n/a |
| 9 | Of which the standardised approach | 57 | 14 | 5 |
| 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 | 110 | 150 | 9 |
| 13 | Settlement risk | - | - | - |
| 14 | Securitisation exposures in the banking book (after the 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 | 4 | 0 | 0 |
| 20 | Of which the standardised approach | 4 | 0 | 0 |
| 21 | Of which IMA | - | - | - |
| 22 | Large exposures | - | - | - |

| | | | | |
|----|---|---------------|---------------|--------------|
| 23 | Operational Risk | 2,878 | 2,726 | 230 |
| 24 | Of which basic indicator approach | 2,878 | 2,726 | 230 |
| 25 | Of which standardised approach | - | - | - |
| 26 | Of which advanced measurement approach | - | - | - |
| 27 | Amounts below the thresholds for deduction (subject to 250% risk weight) | 38 | 35 | 3 |
| 28 | Floor adjustment | - | - | - |
| 29 | Total | 30,669 | 30,452 | 2,454 |

1st Quarter 2021 vs 4th Quarter 2020: increase in Credit Risk under the standardised approach (row 2) primarily driven by on and off balance sheet exposure due to incremental growth.

Table 5: EU OV1 additional - Overview of RWAs by exposure class

| Exposure classes \$'m | | RWA | Overall capital requirements |
|-----------------------|--------------------------------------|---------------|------------------------------|
| 1 | Central Governments or central banks | 38 | 5 |
| 3 | Public sector entities | - | - |
| 6 | Institutions | 8,457 | 1,125 |
| 7 | Corporates | 17,990 | 2,394 |
| 8 | Retail | - | - |
| 9 | High Risk Exposures | 317 | 42 |
| 16 | Other exposures | 877 | 117 |
| 17 | Total | 27,678 | 3,683 |

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

| Reference Data | |
|----------------------|----------------------------------|
| Reference Date | 31 March 2021 |
| Entity name | J.P. Morgan Bank Luxembourg S.A. |
| Level of application | Individual |

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

| LRSum: Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures | | \$'m |
|---|---|---------------|
| 1 | Total assets as per published financial statements | 85,171 |
| 2 | Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation | - |
| 3 | (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013) | - |
| 4 | Adjustments for derivative financial instruments | 92 |
| 5 | Adjustment for securities financing transactions (SFTs) | (118) |
| 6 | Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures) | 552 |
| EU-6a | (Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013) | - |
| EU-6b | (Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013) | - |
| 7 | Other adjustments | (58) |
| 8 | Leverage ratio total exposure measure | 85,638 |

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

| LRSpI: 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: | 72,603 |
| EU-3 | Banking book exposures, of which: | 72,603 |
| EU-5 | Exposures treated as sovereigns | 17,057 |
| EU-7 | Institutions | 38,733 |
| EU-10 | Corporate | 15,937 |
| EU-12 | Other exposures (e.g. equity, securitisations and other non-credit obligation assets) | 877 |

Table 8: Leverage Ratio Common Disclosure

| LRCom: 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) | 72,695 |
| 2 | (Asset amounts deducted in determining Tier 1 capital) | (29) |
| 3 | Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2) | 72,666 |
| Derivative exposures | | |
| 4 | Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin) | 263 |
| 5 | Add-on amounts for PFE associated with all derivatives transactions (mark-to- market method) | 466 |
| 7 | (Deductions of receivables assets for cash variation margin provided in derivatives transactions) | (91) |
| 9 | Adjusted effective notional amount of written credit derivatives | 68 |
| 10 | (Adjusted effective notional offsets and add-on deductions for written credit derivatives) | (68) |
| 11 | Total derivatives exposures (sum of lines 4 to 10) | 637 |
| SFT exposures | | |
| 12 | Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions | 11,783 |
| 16 | Total securities financing transaction exposures (sum of lines 12 to 15a) | 11,783 |
| Other off-balance sheet exposures | | |
| 17 | Off-balance sheet exposures at gross notional amount | 2,536 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | (1,984) |
| 19 | Other off-balance sheet exposures (sum of lines 17 and 18) | 552 |
| Capital and total exposure measure | | |
| 20 | Tier 1 capital | 5,149 |
| 21 | Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b) | 85,638 |
| Leverage ratio | | |
| 22 | Leverage ratio | 6.01% |

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

Liquidity Risk is the risk that J.P. Morgan Bank Luxembourg S.A. 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 JPMBL Board has ultimate responsibility for liquidity risk within the entity. The Board reviews and establishes an appropriate level of liquidity risk appetite, and it also reviews and periodically approves relevant frameworks and policies that specify how liquidity risk is managed in relation to the entity.

JPMBL's liquidity and funding management is integrated into JPMorgan Chase & Co.'s (the Firm's) liquidity management framework.

Liquidity Coverage Ratio (LCR)

The Liquidity Coverage Ratio⁴ 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.

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

| \$'m | | Total weighted adjusted value (average) | | | |
|---|-------------------------------------|--|---------------|---------------|---------------|
| | | 31-Mar-21 | 31-Dec-20 | 30-Sep-20 | 30-Jun-20 |
| Reference date | | 31-Mar-21 | 31-Dec-20 | 30-Sep-20 | 30-Jun-20 |
| Number of data points used in the calculation of averages | | 12 | 12 | 12 | 12 |
| 21 | LIQUIDITY BUFFER | 16,874 | 13,813 | 11,991 | 10,563 |
| 22 | TOTAL NET CASH OUTFLOWS | 9,085 | 7,137 | 6,247 | 5,700 |
| 23 | LIQUIDITY COVERAGE RATIO (%) | 189% | 193% | 190% | 183% |

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 LCR was 170% for the quarter ending as at 31st March 2021.

⁴ In line with the EBA guidelines the average ratio disclosed in Table 9 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'.

6. Disclosures Not Applicable as at 31st March 2021

The following Articles of CRR are not applicable to JPMBL as at March 31st 2021:

- Indicators of global systemic importance (Article 441);
- Exposure to equities not included in the trading book (Article 447);
- Exposure to securitization positions (Article 449);
- Use of the IRB Approach to credit risk (Article 452);
- Use of the Advanced Measurement Approaches to operational risk (Article 454);
- Use of Internal Market Risk Models (Article 455).
- CRR 'quick fix' : EBA/GL/2020/12 : Guidelines amending Guidelines EBA/GL/2018/01 on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 (CRR) on the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds to ensure compliance with the CRR 'quick' fix in response to the COVID-19 pandemic.
- IFRS9 transitional arrangements : Guidelines on uniform disclosures under Article 473a of regulation (EU) No 575/2013 as regards the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds

7. Glossary of Acronyms

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| ALCO | Assets and Liabilities Committee |
| AT1 | Additional Tier 1 |
| BOCA | Booking Office Country Approach |
| BoD | Board of Directors |
| BRC | Board Risk Committee |
| CCF | Credit Conversion Factor |
| CCOR | Compliance, Conduct, and Operational Risk |
| CCP | Central Counterparty |
| CCR | Counterparty Credit Risk |
| CEO | Chief Executive Officer |
| CET1 | Common Equity Tier 1 |
| CFP | Contingency Funding Plan |
| CFO | Chief Financial Officer |
| CoRep | Corporate Reporting |
| CRD IV | Capital Requirements Directive IV |
| CRO | Chief Risk Officer |
| CRR | Capital Requirements Regulation |
| CSSF | Commission de Surveillance du Secteur Financier |
| CVA | Credit Valuation Adjustment |
| DRE | Derivatives Risk Equivalent |
| EaR | Earnings at Risk |
| EBA | European Banking Authority |
| EBA GL1 | EBA Guidelines on materiality, proprietary and confidentiality and on disclosure frequency 23 December 2014 |
| EBA GL2 | EBA Final Report on Guidelines for Disclosure under Part Eight of Regulation (EU) No 575/2013 Version 2 published 16th December 2016 |
| ECAI | External Credit Assessment Institutions |
| ECL | Expected Credit Losses |
| EEA | European Economic Area |
| EMC | EMEA Management Committee |
| EMEA | Europe Middle East and Africa |
| ERC | EMEA Risk Committee |
| EU | European Union |
| EVS | Economic Value Sensitivities |
| Firm | J.P. Morgan Chase & Co. |
| FRC | Firmwide Risk Committee |
| ICAAP | Internal Capital Adequacy Assessment Process |
| ILAAP | Internal Liquidity Adequacy Assessment Process |
| IRR | Interest Rate Risk |
| IRRBB | Interest Rate Risk in the Banking Book |
| JPM | J.P. Morgan |
| JPMAG | J.P. Morgan AG |
| JPMBL | J.P. Morgan Bank Luxembourg S.A. |
| JPMBL MC | Management Committee |
| JPMC | J.P. Morgan Chase & Co. |
| | |
| LCR | Liquidity Coverage Ratio |
| LDA | Loss Distribution Approach |
| LGD | Loss Given Default |

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|-------|--|
| LOB | Line of Business |
| MRO | Market Risk Officer |
| NBIA | New Business Initiatives Approvals |
| O-SII | Other Systemically Important Institution |
| PD | Probability of Default |
| ROC | JPMBL Risk Oversight Committee |
| RWA | Risk Weighted Assets |
| TAG | Transaction Approval Group |
| VaR | Value at Risk |
| WM | Wealth Management |