

Pillar 3 Quarterly Disclosure Report as at 30th June 2017

J.P. Morgan Capital Holdings Limited

J.P. Morgan Securities plc.

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') Guidelines² ('the Guidelines'), which were adopted by the Prudential Regulation Authority ('PRA') from 15th October 2015.³

All J.P. Morgan Chase entities regulated under the Capital Requirements Directive IV ('CRD IV')⁴ have applied the Guidelines by:

- Enhancing the Pillar 3 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

J.P. Morgan Capital Holdings Limited ('JPMCHL') is the highest consolidated level of J.P. Morgan entities within the UK and is defined as an Other Systemically Important Institution ('O-SII') as disclosed by the EBA on 25th April 2016.

All J.P. Morgan European regulated entities have been considered for more frequent disclosure. The internal assessment process (under Title II of Guidelines) to determine which J.P. Morgan entities should disclose more frequently than annually concluded that both **JPMCHL** and **J.P. Morgan Securities Plc ('JPMS plc')** are the only European entities meeting the qualitative and quantitative thresholds to necessitate more frequent disclosure.

No items have been omitted due to confidentiality, materiality or for proprietary reasons under Titles III and IV of the Guidelines.

The data disclosed in this document represents disclosure for the second quarter of 2017, as at 30th June 2017 and is produced on an unaudited basis.

Any line items that are not applicable have been hidden for presentation purposes.

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/sec.cfm>. The latest Annual disclosure is also available via this link.

Firmwide Disclosure

The ultimate parent of the entities 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/sec.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 PRA expectation of firms' compliance with EBA/GL/2014/14: <http://www.bankofengland.co.uk/pr/Pages/crddiv/updates.aspx>

⁴ [Capital Requirements Directive \(CRD IV\) / Regulation \[EU\] Directive 2013/36/EU](#)

2. Own Funds (Art. 437)

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.

As part of the Firm's legal entity rationalisation efforts, management undertook certain steps in June 2017 to simplify the UK legal entity structure of the JPMCHL group. Key events that impacted JPMCHL included:

- J.P. Morgan Overseas Capital LLC ("JPMOC LLC") distributed ordinary shares in JPMCHL to J.P. Morgan International Finance Limited ("JPMIFL"), resulting in JPMCHL becoming a wholly owned subsidiary of JPMIFL.
- Fixed rate preference shares issued by J.P. Morgan Chase International Holdings ("JPMCIH") to J.P. Morgan Whitefriars (UK) were contributed in to JPMCHL by its immediate parent JPMIFL. As a result, the non-controlling interest in the Group was reduced by \$1,957 million with a corresponding increase in capital contribution reserve.
- JPMCHL became 100% parent of JPMS plc following a series of inter-company transactions.

The above changes have been deemed to be highly significant changes in the period, impacting the disclosures in this document. The impacts are as follows: -

- Significant increase in Table 1, Row 3: Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards) and Table 3, Other Reserves.
- Removal of the rows in Table 1 which were relevant to non-significant investment deduction for JPMCHL. The changes increased the non-significant investment deduction threshold resulting in the non-significant investment exposure becoming lower than the threshold.

The information represented in the tables below constitutes the applicable data elements for Own Funds identified in Title VII of the Guidelines.

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 behavioural changes are not considered for the fully-phased in position.

Table 1: CRD IV Regulatory Capital for JPMCHL as at 30th June 2017

Transitional Own Funds Disclosure Template (\$'m)		Amount at Disclosure Date	Regulation (EU) No 575/2013 Article Reference	Fully-Phased in Position
Common Equity Tier 1 (CET1) Capital: Instruments and Reserves				
1	Capital instruments and the related share premium accounts	8,081	26 (1), 27, 28, 29, EBA list 26 (3)	8,081
	of which: Ordinary shares	8,081	EBA list 26 (3)	8,081
2	Retained earnings	24,853	26 (1) (c)	24,853
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	9,519	26 (1)	9,519
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	42,453		42,453
Common Equity Tier 1 (CET1) Capital: Regulatory Adjustments				
7	Additional value adjustments (negative amount)	(1,086)	34, 105	(1,086)
8	Intangible assets (net of related tax liability) (negative amount)	(134)	36 (1) (b), 37, 472 (4)	(134)
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(1,220)		(1,220)
29	Common Equity Tier 1 (CET1) capital	41,233		41,233
Additional Tier 1 (AT1) Capital: Instruments				
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	42	85, 86	0
35	of which: instruments issued by subsidiaries subject to phase out	42	486 (3)	0
36	Additional Tier 1 (AT1) capital before regulatory adjustments	42		0
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	0		0
44	Additional Tier 1 (AT1) capital	42		0
45	Tier 1 capital (T1 = CET1 + AT1)	41,275		41,233

Transitional Own Funds Disclosure Template (\$'m)		Amount at Disclosure Date	Regulation (EU) No 575/2013 Article Reference	Fully-Phased in Position
Tier 2 (T2) Capital: Instruments and Provisions				
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	42	87, 88, 480	84
51	Tier 2 (T2) capital before regulatory adjustments	42		84
Tier 2 (T2) Capital: Regulatory Adjustments				
57	Total regulatory adjustments to Tier 2 (T2) capital	0		0
58	Tier 2 (T2) capital	42		84
59	Total capital (TC = T1 + T2)	41,317		41,317
60	Total risk weighted assets	233,118		233,118
Capital Ratios and Buffers				
61	Common Equity Tier 1 ratio	17.7%	92 (2) (a), 465	17.7%
62	Tier 1 ratio	17.7%	92 (2) (b), 465	17.7%
63	Total capital ratio	17.7%	92 (2) (c)	17.7%
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 systematically important institution buffer expressed as a percentage of risk exposure amount)	5.8%	CRD 128, 129, 130	7.1%
65	of which: capital conservation buffer requirement	1.3%		2.5%
66	of which: countercyclical buffer requirement	0.1%		0.1%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	9.7%	CRD 128	9.7%
Amounts Below the Thresholds for Deduction (Before Risk Weighting)				
72	Direct, indirect and synthetic holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	3,913	36 (1) (h), 45, 46, 472 (10), 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)	3,913
73	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	650	36 (1), (i), 45, 48, 470, 472 (11)	650
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	260	36 (1) (c), 38, 48, 470, 472 (5)	260

Table 2: CRD IV Regulatory Capital for JPMS Plc as at 30th June 2017

Transitional Own Funds Disclosure Template (\$'m)		Amount at Disclosure Date	Regulation (EU) No 575/2013 Article Reference	Fully-Phased in Position
Common Equity Tier 1 (CET1) Capital: Instruments and Reserves				
1	Capital instruments and the related share premium accounts	20,343	26 (1), 27, 28, 29, EBA list 26 (3)	20,343
	of which: Ordinary shares	20,343	EBA list 26 (3)	20,343
2	Retained earnings	9,787	26 (1) (c)	9,787
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	1,770	26 (1)	1,770
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	31,900		31,900

Transitional Own Funds Disclosure Template (\$'m)		Amount at Disclosure Date	Regulation (EU) No 575/2013 Article Reference	Fully-Phased in Position
Common Equity Tier 1 (CET1) Capital: Regulatory Adjustments				
7	Additional value adjustments (negative amount)	(1,085)	34, 105	(1,085)
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	(151)		(151)
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	(753)	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)	(906)
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(1,989)		(2,142)
29	Common Equity Tier 1 (CET1) capital	29,911		29,758
Additional Tier 1 (AT1) Capital: Instruments				
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	2,523	486 (3)	0
36	Additional Tier 1 (AT1) capital before regulatory adjustments	2,523		0
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	(40)	56 (c), 59, 60, 79, 475 (4)	(45)
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013 of which: Direct holdings of non-significant investments in the capital of other financial sector entities	(7)	477, 477 (3), 477 (4) (a)	0
		(7)		0
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	(47)		(45)
44	Additional Tier 1 (AT1) capital	2,476		(45)
45	Tier 1 capital (T1 = CET1 + AT1)	32,387		29,713
Tier 2 (T2) Capital: Instruments and Provisions				
46	Capital instruments and the related share premium accounts	4,540	62, 63	7,063
51	Tier 2 (T2) capital before regulatory adjustments	4,540		7,063
Tier 2 (T2) Capital: Regulatory Adjustments				
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	(65)	66 (c), 69, 70, 79, 477 (4)	(67)
57	Total regulatory adjustments to Tier 2 (T2) capital	(65)		(67)
58	Tier 2 (T2) capital	4,475		6,996
59	Total capital (TC = T1 + T2)	36,862		36,709
60	Total risk weighted assets	224,551		224,170
Capital Ratios and Buffers				
61	Common Equity Tier 1 ratio	13.3%	92 (2) (a), 465	13.3%
62	Tier 1 ratio	14.4%	92 (2) (b), 465	13.3%
63	Total capital ratio	16.4%	92 (2) (c)	16.4%
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 systematically important institution buffer expressed as a percentage of risk exposure amount)	5.8%	CRD 128, 129, 130	7.1%
65	of which: capital conservation buffer requirement	1.2%		2.5%
66	of which: countercyclical buffer requirement	0.1%		0.1%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	8.4%	CRD 128	7.3%

Transitional Own Funds Disclosure Template (\$'m)		Amount at Disclosure Date	Regulation (EU) No 575/2013 Article Reference	Fully-Phased in Position
Amounts Below the Thresholds for Deduction (Before Risk Weighting)				
72	Direct, indirect and synthetic holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	3,066	36 (1) (h), 45, 46, 472 (10), 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)	3,066
73	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	3,066	36 (1), (i), 45, 48, 470, 472 (11)	3,066
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	168	36 (1) (c), 38, 48, 470, 472 (5)	168
Capital Instruments Subject to Phase-Out Arrangements (Only Applicable Between 1 Jan 2014 and 1 Jan 2022)				
82	Current cap on AT1 instruments subject to phase out arrangements	2,523	484 (4), 486 (3) & (5)	N/A
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	2,523	484 (4), 486 (3) & (5)	N/A

Own Funds Reconciliation

The tables below present a reconciliation between unaudited balance sheet own funds and regulatory own funds as at 30th June 2017 in accordance with the requirements set out in Commission Implementing Regulation (EU) No 1423/2013.

Table 3: Reconciliation of Regulatory Own Funds to Balance Sheet for JPMCHL as at 30th June 2017

Regulatory Own Funds Reconciliation to Balance Sheet	\$'m
CET1 Capital	
406,909,774 Ordinary Shares of \$10 each	4,069
Share Premium Account	4,012
Pension Reserve	(43)
Other Reserves	9,562
Retained Earnings	29,378
CET1 Capital - Balance Sheet Own Funds	46,978
<i>Less Regulatory Adjustments</i>	
(-) Unaudited Profit	(4,526)
(-) Intangible Assets Goodwill	(134)
(-) Additional Valuation Adjustments	(1,086)
CET1 Capital - Regulatory Own Funds After Adjustments	41,233
AT1 Capital	
AT1 Capital - Balance Sheet Own Funds	0
AT1 Capital - Qualifying Own Funds	42
<i>Less Regulatory Adjustments</i>	
AT1 Capital - Regulatory Own Funds After Adjustments	42
T2 Capital	
T2 Capital - Balance Sheet Own Funds	0
T2 Capital - Qualifying Own Funds	42
T2 Capital - Regulatory Own Funds After Adjustments	42
Total Regulatory Own Funds	41,317

Table 4: Reconciliation of Regulatory Own Funds to Balance Sheet for JPMS plc as at 30th June 2017

Regulatory Own Funds Reconciliation to Balance Sheet	\$'m
CET1 Capital	
1,039,262 Ordinary Shares of \$10,000 each	10,393
50,000 Ordinary Shares of £1.24 each	0
Share Premium Account	9,951
Other Reserves	1,770
Retained Earnings	11,630
CET1 Capital - Balance Sheet Own Funds	33,744
<i>Less Regulatory Adjustments</i>	
(-) Unaudited Profit	(1,843)
(-) Additional Valuation Adjustments	(1,085)
(-) CET1 Instruments of Significant Investments Above 10% Threshold for Deduction	(906)
(+) PRA Transitional Adjustment for CET1 Instruments of Significant Investments Within the Consolidation Group	152
(-) Non significant investments	(151)
CET1 Capital - Regulatory Own Funds After Adjustments	29,911
AT1 Capital	
AT1 Capital - Balance Sheet Own Funds	0
<i>Less Regulatory Adjustments</i>	
(+) PRA Transitional Adjustment for Grandfathered AT1 Capital Instruments	2,523
(-) Non Significant Investments	(45)
(-) Other Transitional Adjustments to AT1 Capital	(2)
AT1 Capital - Regulatory Own Funds After Adjustments	2,476
T2 Capital	
31,000 Preferred Ordinary Shares of \$10,000 Each*	310
5 Year Floating Rate of \$10,000 Each (Preference Shares)*	2,650
10 Year Fixed Rate of \$10,000 Each (Preference Shares)*	2,087
20 Year Fixed Rate of \$10,000 Each (Preference Shares)	2,000
Subordinated Loan 04/12/2017	180
T2 Capital - Balance Sheet Own Funds	7,227
<i>Less Regulatory Adjustments</i>	
(-) PRA Transitional Adjustment for T2 Instruments Grandfathered and Recognised as AT1 Capital Instruments	(2,523)
(-) Non Significant Investments	(67)
(-) Amortisation of Subordinated Loan 04/12/2017	(164)
(+) Other Transitional Adjustments to T2 Capital	2
T2 Capital - Regulatory Own Funds After Adjustments	4,475
Total Regulatory Own Funds	36,862

Main Features of Capital Instruments

The table below presents the main features of regulatory capital instruments for JPMCHL and JPMS plc as at 30th June 2017 and as required by Commission Implementing Regulation (EU) No 1423/2013. The terms and conditions for these instruments can be found on the Companies House website.

Table 5: Main Features of Regulatory Capital Instruments for JPMCHL and JPMS plc as at 30th June 2017⁵

Capital Instruments Main Features (\$'m)	JPMCHL	JPMS plc							
	CET1	CET1	CET1	CET1	AT1 / T2	AT1 / T2	AT1 / T2	T2	T2
	\$10 ordinary shares	\$10,000 ordinary shares	£1 ordinary shares	£1.24 ordinary shares	10 year fixed preference shares	5 year floating preference shares	\$10,000 preferred ordinary shares	20 year fixed preference shares	\$180mm subordinated loan
1 Issuer	JPMCHL	JPMS plc	JPMS plc	JPMS plc	JPMS plc	JPMS plc	JPMS plc	JPMS plc	JPMS plc
2 Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement	Private Placement
3 Governing law(s) of the instrument	The Companies Act 2006	The Companies Act 2006	The Companies Act 2006	The Companies Act 2006	The Companies Act 2006	The Companies Act 2006	The Companies Act 2006	The Companies Act 2006	Contracts (Rights of Third Parties) Act 1999
Regulatory treatment									
4 Transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Additional Tier 1/ Tier 2	Additional Tier / Tier 2	Additional Tier 1/ Tier 2	Tier 2	Tier 2
5 Post-transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
6 Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Consolidated	Solo	Solo	Solo	Solo	Solo	Solo	Solo	Solo
7 Instrument type (types to be specified by each jurisdiction)	\$ Ordinary	\$ Ordinary	£ Ordinary	£ Ordinary	\$ Preference	\$ Preference	\$ Preferred ordinary	\$ Preference	\$ Subordinated loan
8 Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	8,081 includes nominal and premium	20,348 includes nominal and premium	0	0	1,043 - AT1 / 1,043 - T2	1,325 - AT1 / 1,325 - T2	155 AT1 / 155 - T2	2,000	25
9 Nominal amount of instrument	10	10,000	1	1	10,000	10,000	10,000	10,000	180
9a Issue price	10	10,000	1	1.24	10,000	10,000	10,000	10,000	1
9b Redemption price	N/A	N/A	N/A	N/A	10,000	10,000	10,000	10,000	100%
10 Accounting classification	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Liability

⁵ Answers in the Main Features of Regulatory Capital Instruments table have been provided using the list of options provided in the COMMISSION IMPLEMENTING REGULATION (EU) No 1423/2013. Rows 19, 21, 22, 23 and 36 are N/A for the ordinary shares

[illegible]

[illegible]

3. Capital Requirements (Art. 438)

The tables below show a breakdown of the risk weighted assets and associated Minimum Capital Requirements for JPMCHL and JPMS plc. The Minimum Capital Requirement is the amount of Pillar 1 capital that the CRR requires JPMCHL and JPMS plc to hold at all times. Both JPMCHL and JPMS plc's 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 standardised approach has been used for the calculation of Credit Risk. Market Risk Capital Requirements have been measured by using combination of the standardised approach and internal models including Value-at-Risk (VaR) approved by the PRA. This is the first UK Pillar 3 disclosure document to include Market Risk Capital Requirements that have been measured by internal models. Previously all Market Risk Capital Requirements were calculated using the standardised approach. The basic indicator approach has been used for the calculation of Operational Risk Capital Requirements. The information represented in the tables below constitutes the key data elements for Capital Requirements identified in Title VII of the EBA Guidelines.

Table 6: Minimum Capital Requirements for JPMCHL and JPMS plc as at 30th June 2017

Risk Type (\$'m)	JPMCHL		JPMS plc	
	Capital Requirement	RWA	Capital Requirement	RWA
Credit Risk (inc. Counterparty Risk)	9,006	112,575	8,795	109,932
Position Risk (Standardised Approach)	4,222	52,778	4,119	51,481
Position Risk (Internal Models Approach)	597	7,463	597	7,463
Commodity Risk (Standardised Approach)	229	2,862	229	2,862
Foreign-Exchange Risk (Standardised Approach)	794	9,926	781	9,763
Market Risk	5,842	73,029	5,726	71,569
Default Fund Contribution Requirement	5	61	5	61
Settlement Risk	35	438	29	368
Credit Valuation Adjustment Risk	2,546	31,828	2,528	31,605
Large Exposures Risk	0	0	0	0
Operational Risk	1,215	15,187	881	11,016
Total	18,649	233,118	17,964	224,551

The tables below show a breakdown of the Minimum Capital Requirements for Credit Risk (including Counterparty Risk) for JPMCHL and JPMS plc. Credit Risk (including Counterparty Risk) is the risk of loss arising from a borrower or counterparty failing to meet its financial obligations.

Table 7: Minimum Capital Requirements for Credit Risk (including Counterparty Risk) for JPMCHL and JPMS plc as at 30th June 2017

Credit Exposure Class (\$'m)	JPMCHL		JPMS plc	
	Capital Requirement	RWA	Capital Requirement	RWA
Central governments or central banks	101	1,258	87	1,091
Regional governments or local authorities	8	103	8	103
Public sector entities	4	45	4	45
Multilateral Development Banks	4	52	4	52
Institutions	2,013	25,168	2,014	25,169
Corporates	4,889	61,110	4,235	52,948
Secured by mortgages on immovable property	67	833	0	0
Items associated with particular high risk	1,831	22,890	1,828	22,845
Equity	12	149	585	7,309
Other items	77	967	30	370
Total	9,006	112,575	8,795	109,932

4. Leverage (Art. 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.

Table 8: Leverage Ratio Common Disclosure for JPMCHL and JPMS plc as at 30th June 2017

LRCom: Leverage Ratio Common Disclosure (\$'m)		JPMCHL	JPMS plc
On-Balance Sheet Exposures (exc. Derivatives and SFTs)			
1	On-balance sheet items (exc. derivatives, SFTs and fiduciary assets, but including collateral)	235,900	229,992
2	(Asset amounts deducted in determining Tier 1 capital)	(1,291)	(2,188)
3	Total on-balance sheet exposures (exc. derivatives, SFTs and fiduciary assets)	234,609	227,804
Derivatives Exposures			
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	37,298	37,164
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	161,724	161,050
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(41,336)	(41,098)
8	(Exempted CCP leg of client-cleared trade exposures)	(3,758)	(3,758)
9	Adjusted effective notional amount of written credit derivatives	285,112	284,911
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(285,112)	(284,911)
11	Total derivative exposures	153,928	153,358
Securities Financing Transaction Exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	272,244	262,182
13	(Netted amount of cash payables and cash receivables of gross SFT assets)	(109,236)	(109,236)
14	Counterparty credit risk exposure for SFT assets	53,520	53,389
16	Total securities financing transaction exposures	216,528	206,335
Other Off-Balance Sheet Exposures			
17	Off-balance sheet exposures at gross notional amount	22,914	18,901
18	(Adjustments for conversion to credit equivalent amounts)	(10,455)	(8,812)
19	Other off-balance sheet exposures	12,459	10,089
Capital and Total Exposure			
20	Tier 1 capital	41,233	29,713
21	Total leverage ratio exposures (3 + 11 + 16 + 19)	617,524	597,586
22	Leverage ratio	6.68%	4.97%
EU-23	Choice on transitional arrangements and amount of derecognised fiduciary items	Fully phased-in	Fully phased-in

Table 9: Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures for JPMCHL and JPMS plc as at 30th June 2017

LRSum: Leverage Ratio Summary Reconciliation (\$'m)		JPMCHL	JPMS plc
1	Total assets as per unaudited financial statements	616,333	599,817
4	Adjustments for derivative financial instrument	(63,498)	(63,521)
5	Adjustments for securities financing transactions ('SFTs')	53,520	53,389
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	12,460	10,089
7	Other adjustments	(1,291)	(2,188)
8	Leverage Ratio Exposure	617,524	597,586