

# Pillar 3 Semi-annual Disclosure Report as at 30<sup>th</sup> June 2021

---

J.P. Morgan Bank Luxembourg S.A.

# Table of Contents

1. Introduction (Articles 431,432,433,434) .....	4
2. Disclosure of key metrics (Articles 447) .....	6
3. Disclosure and reporting on MREL and TLAC .....	7
4. COVID-19 (EBA GL 2020 07) .....	9
5. Glossary of Acronyms .....	11

# List of Tables

<b>Table 1: EU KM1 - Key metrics template (\$m)</b> .....	6
<b>Table 2: EU ILAC nternal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs (\$m)</b> .....	7
<b>Table 3: Information on loans and advances subject to legislative and non-legislative moratoria</b> .....	9
<b>Table 4: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria</b> .....	10
<b>Table 5: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis</b> .....	10

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

## Background

Regulation (EU) 2019/876 (CRR2) amending Regulation (EU) No 575/2013 (the CRR) and the Capital Requirements Directive V (EU) 2019/878 (CRD V) were published in May 2019 in the Union Official Journal.

The new CRD V / CRR 2 texts introduce components of the Basel III framework, including changes into the Pillar 3 framework in the EU. The key updates include introduction of new definitions, scope of disclosure requirements and its reporting frequency, changes to governance.

The revised Pillar 3 framework is applicable from June 2021 (when CRR2 came into force). First disclosure is semi-annual Q2 2021, the first annual disclosure under the new rules will be disclosure for year ending 2021.

In December 2020, the Pillar 3 changes and new scope for JPM Bank Luxembourg SA (JPMBL) were presented to the Management Committee.

## 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.

JPM Bank Luxembourg SA (JPMBL) has been classified as an Other systemically important institution (O-SII) in accordance with Art.131 (1) and (3) of Directive 2013/36/EU since 2018

The data disclosed in this document represents disclosure for the 2<sup>nd</sup> Quarter of 2021. All data is recorded as at 30<sup>th</sup> June 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 30<sup>th</sup> June 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),

## Authorised Management - Statement of Pillar 3 Disclosure

JPMBL's Authorised Management attests that JPMBL has made the disclosures required under Part Eight of the CRR and in accordance with the formal policies and internal processes, systems and controls.

*I certify, after having taken all reasonable measures to this effect, that the information disclosed in this Pillar 3 Disclosure complies, to the best of my knowledge, with Part Eight of EU Regulation No. 2019/876 (and its subsequent amendments) (CRR2) and has been established in accordance with the internal control procedures, policies, systems and controls agreed upon at the management body level.*

*David Fellowes-Freeman  
CFO J.P. Morgan Bank Luxembourg S.A.  
Member of management committee  
Authorised manager of J.P. Morgan Bank Luxembourg S.A.*

## 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 on disclosure requirements under Part VIII of Regulation (EU) No 575/2013 (CRR). Any line items that are not applicable have been hidden for presentation purposes.

## Frequency of disclosure (Article 433)

JPMBL is a large subsidiary as per CRR2 Art.4 (1) (147) and qualifies as large institutions as per Art.4 (1) (146b) and (146d).

As per Art. 433a of the CRR, large institutions have to report on annual, semi-annual and quarterly basis, however JPMBL qualifies for the definition used under Art. 433a (2) and thus by way of derogation of paragraph (1) of Art. 433a, the reporting frequency is limited to annual for the entire scope (respectively Art. 437, 438, 440, 442, 450, 451, 451a, 453) and semi-annual (only Art. 447).

The Pillar 3 disclosure report is published on a semi-annual basis, the month after the release of the financial statements which is FinRep on a semi-annual 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:

Semi-Annual H1 2021: September 2021  
Annual Disclosure 2021: June 2022 (estimate)

## 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:

[Pillar 3 Disclosures - E.U. entities under CRD IV | JPMorgan Chase & Co.](#)

## 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. Disclosure of key metrics (Articles 447)

The table below presents key metrics as at 30<sup>th</sup> June 2021, 31<sup>st</sup> December 2020 and 30<sup>th</sup> June 2020 in application of points (a) to (g) of Article 447 CRR and includes a summary of the main prudential and regulatory information and ratios covered by the CRR.

**Table 1: EU KM1 - Key metrics template (\$m)**

		30/06/2021	31/12/2020	30/06/2020
	<b>Available own funds (amounts)</b>			
1	Common Equity Tier 1 (CET1) capital	5,342	5,149	5,112
2	Tier 1 capital	5,342	5,149	5,112
3	Total capital	8,842	8,649	5,112
	<b>Risk-weighted exposure amounts</b>			
4	Total risk exposure amount	30,871	30,452	25,078
	<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>			
5	Common Equity Tier 1 ratio (%)	17.30%	16.91%	20.39%
6	Tier 1 ratio (%)	17.30%	16.91%	20.39%
7	Total capital ratio (%)	28.64%	28.40%	20.39%
	<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.25%	2.25%	2.25%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.27%	1.27%	1.27%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.69%	1.69%	1.69%
EU 7d	Total SREP own funds requirements (%)	10.25%	10.25%	10.25%
	<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>			
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.06%	0.03%	0.03%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer (%)	0.50%	0.50%	0.50%
11	Combined buffer requirement (%)	3.06%	3.03%	3.03%
EU 11a	Overall capital requirements (%)	13.31%	13.28%	13.28%
12	CET1 available after meeting the total SREP own funds requirements (%)	11.54%	11.14%	14.62%
	<b>Leverage ratio</b>			
13	Total exposure measure	93,208	83,415	59,020
14	Leverage ratio (%)	5.73%	6.17%	8.66%
	<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%	0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	0.00%	0.00%
	<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>			
EU 14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%	0.00%	0.00%

Liquidity Coverage Ratio				
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	22,659	13,813	10,563
EU 16a	Cash outflows - Total weighted value	34,310	27,516	22,210
EU 16b	Cash inflows - Total weighted value	23,638	22,520	19,825
16	Total net cash outflows (adjusted value)	11,827	7,137	5,700
17	Liquidity coverage ratio (%)	189.82%	193.26%	182.74%
Net Stable Funding Ratio				
18	Total available stable funding	41,708	-	-
19	Total required stable funding	25,077	-	-
20	NSFR ratio (%)	166.32%	-	-

### 3. Disclosure and reporting on MREL and TLAC

A significant adjustment of the CRR, which has been applied since 2019, relates to the introduction of a requirement for loss absorption capacity (total loss-absorbing capacity (TLAC)), while banks in the European Union will additionally have to comply with the obligation for minimum requirements for own funds and eligible liabilities (MREL). This is to ensure that in the event of liquidation, sufficient funds are available for loss absorption to avoid recourse to tax assets.

As JPMBL is not a resolution entity or material subsidiary of a non-EU G-SII semi-annual disclosure is limited to EU ILAC shown below.

**Table 2: EU ILAC nternal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs (\$m)**

		Minimum requirement for own funds and eligible liabilities (internal MREL)	Non-EU G-SII requirement for own funds and eligible liabilities (internal TLAC)	Qualitative information
<b>Applicable requirement and level of application</b>				
EU-1	Is the entity subject to a non-EU G-SII requirement for own funds and eligible liabilities? (Y/N)			N
EU-2	If EU-1 is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			
EU-2a	Is the entity subject to an internal MREL? (Y/N)			Y
EU-2b	If EU-2a is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			I
<b>Own funds and eligible liabilities</b>				
EU-3	Common Equity Tier 1 capital (CET1)	5,342		
EU-4	Eligible Additional Tier 1 capital	-		
EU-5	Eligible Tier 2 capital	3,500		
EU-6	Eligible own funds	8,842		
EU-7	Eligible liabilities	-		
EU-8	of which permitted guarantees	-		
EU-9a	(Adjustments)	-		
EU-9b	Own funds and eligible liabilities items after adjustments	8,842		
<b>Total risk exposure amount and total exposure measure</b>				
EU-10	Total risk exposure amount (TREA)	30,871		
EU-11	Total exposure measure (TEM)	93,208		
<b>Ratio of own funds and eligible liabilities</b>				
EU-12	Own funds and eligible liabilities as a percentage of the TREA	28.64%		

EU-13	of which permitted guarantees	0.00%		
EU-14	Own funds and eligible liabilities as a percentage of the TEM	9.49%		
EU-15	of which permitted guarantees	0.00%		
EU-16	CET1 (as a percentage of the TREA) available after meeting the entity's requirements	0.00%		
EU-17	Institution-specific combined buffer requirement			
<b>Requirements</b>				
EU-18	Requirement expressed as a percentage of the TREA	18.22%		
EU-19	of which part of the requirement that may be met with a guarantee	-		
EU-20	Requirement expressed as percentage of the TEM	6.03%		
EU-21	of which part of the requirement that may be met with a guarantee	-		
<b>Memorandum items</b>				
EU-22	Total amount of excluded liabilities referred to in Article 72a(2) of Regulation (EU) No 575/2013			

## 4.COVID-19 (EBA GL 2020 07)

**Table 3: Information on loans and advances subject to legislative and non-legislative moratoria**

	Gross carrying amount	Accumulated impairment, accumulated negative changes in fair value due to credit risk										Gross carrying amount				
		Performing				Non performing			Performing				Non performing		Inflows to non-performing exposures	
			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days		Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	Of which: exposures with forbearance measures		Of which: Unlikely to pay that are not past-due or past-due <= 90 days			
\$'m																
1	Loans and advances subject to moratorium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	of which: Households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	<i>of which: Collateralised by residential immovable property</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	of which: Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	<i>of which: Small and Medium-sized Enterprises</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	<i>of which: Collateralised by commercial immovable property</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

There were no loans with active moratoria as at 30<sup>th</sup> June 2021.

**Table 4: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria**

	\$'m	Number of obligors	Gross carrying amount							
				Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
						<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	Loans and advances for which moratorium was offered	3								
2	Loans and advances subject to moratorium (granted)	3	28	-	28	-	-	-	-	-
3	of which: Households		28	-	28	-	-	-	-	-
4	of which: Collateralised by residential immovable property		28	-	28	-	-	-	-	-
5	of which: Non-financial corporations		-	-	-	-	-	-	-	-
6	of which: Small and Medium-sized Enterprises		-	-	-	-	-	-	-	-
7	of which: Collateralised by commercial immovable property		-	-	-	-	-	-	-	-

These loans represent mortgages against UK property, where a request was granted to postpone interest payments as a result of financial stress resulting from COVID-19. There are no losses associated with these loans. The terms of the loans have not been extended.

**Table 5: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis**

	\$'m	Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
			of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	<b>Newly originated loans and advances subject to public guarantee schemes</b>	-	-	-	-
2	of which: Households	-	-	-	-
3	of which: Collateralised by residential immovable property	-	-	-	-
4	of which: Non-financial corporations	-	-	-	-
5	of which: Small and Medium-sized Enterprises	-	-	-	-
6	of which: Collateralised by commercial immovable property	-	-	-	-

No loans and advances provided meeting that criteria as at 30<sup>th</sup> June 2021.

## 5. Glossary of Acronyms

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
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