

Pillar 3 Quarterly Disclosure Report as at 30th Sep 2019

J.P. Morgan Capital Holdings Limited

J.P. Morgan Securities Plc

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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') Guidelines² ('GL1'), which were adopted by the Prudential Regulation Authority ('PRA') from 15th October 2015³.

In addition, the requirements of EBA Final Report on Guidelines for Disclosure under Part Eight of the CRR⁴ ('EBA GL2') have been incorporated into JPMC's disclosure process from 1st January 2018, and are followed for this document.

This document also includes some items required under the amendments to CRR that became applicable in June 2019.

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, and by the EMEA Pillar 3 Process document.

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 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, and is therefore included for disclosure under the requirements of EBA GL2.

J.P.Morgan Securities Plc ('JPMS plc') has been identified as a significant solo entity under Article 13 of the CRR, according to the aforementioned JPMC EMEA Pillar 3 Policy and is included on that basis.

The internal assessment process to determine which J.P. Morgan entities should disclose more frequently than annually concluded that both **JPMCHL** and **JPMS plc** are the UK entities 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 and consistent with CoRep 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.

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>.

Expected departure of the UK from the EU

In 2016, the UK voted to withdraw from the EU, and in March 2017, the UK invoked Article 50 of the Lisbon Treaty, which commenced withdrawal negotiations with the EU. As a result, and after three extensions of the negotiation timeline, the UK is currently scheduled to depart from the EU on 31st January 2020. Negotiations regarding the terms of the UK's withdrawal continue between the UK and the EU, although the situation remains highly uncertain.

The Firm established a Firmwide Brexit Implementation programme in 2017. The Firm has been making the necessary modifications to its legal entity structure and operations in the EU, the locations in which it operates and the staffing in those locations to ensure the continuity of service to the clients. For further details please refer to the Annual reports of the companies for the year ended 31st December 2018 available on the Companies House Website.

¹Capital Requirements Regulation (CRR) / Regulation [EU] No. 575/2013

²EBA Guidelines on materiality, proprietary and confidentiality and on disclosure frequency 23 December 2014

³PRA expectation of firms' compliance with EBA/GL/2014/14: <http://www.bankofengland.co.uk/prd/Pages/crdiv/updates.aspx>

⁴EBA Final Report on Guidelines for Disclosure under Part Eight of Regulation (EU) No 575/2013 Version 2 published 16th December 2016

⁵Capital Requirements Directive (CRD IV) / Regulation [EU] Directive 2013/36/EU

Key Metrics

Table 1: Key Metrics

| \$' mm | JPMCHL | | JPMS plc | |
|---------------------------------------|---------|---------|----------|---------|
| | Q3 2019 | Q2 2019 | Q3 2019 | Q2 2019 |
| Own funds | | | | |
| Tier 1 Capital | 44,894 | 44,573 | 43,613 | 43,598 |
| Tier 2 Capital | 12,000 | 12,000 | 12,000 | 12,000 |
| Total Own Funds | 56,894 | 56,573 | 55,613 | 55,598 |
| Risk Weighted Assets | | | | |
| Risk Weighted Assets | 258,755 | 242,104 | 259,825 | 243,182 |
| Capital Ratios as a Percentage of RWA | | | | |
| Tier 1 Capital Ratio | 17.35% | 18.41% | 16.79% | 17.93% |
| Total Capital Ratio | 21.99% | 23.37% | 21.40% | 22.86% |
| Leverage Ratio | | | | |
| Leverage Exposure | 648,193 | 643,174 | 648,293 | 639,922 |
| Leverage Ratio | 6.93% | 6.93% | 6.73% | 6.81% |
| Liquidity Coverage Ratio | | | | |
| Liquidity Coverage Ratio | 283% | 287% | 278% | 278% |

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 Financial Stability Board ('FSB') Total Loss Absorbing Capacity ('TLAC') standard, issued in November 2015, specified minimum TLAC requirements for G-SIBs, including at the level of their material sub-groups. Within the EU and the UK, the EU Bank Recovery and Resolution Directive ('BRRD') and the UK transposition of the Directive established a requirement for the Bank of England ('BoE') to set a target level for the Minimum Requirement for Own Funds and Eligible Liabilities ('MREL'). Both TLAC and MREL are intended to facilitate the resolution of a financial institution without causing financial instability and without recourse to public funds. The BoE updated Statement of Policy on its Approach to Setting MREL, published in June 2018, included requirements on the internal MREL resources to be held by UK material subsidiaries of overseas groups. In line with the FSB TLAC standard, these rules came into effect, on a transitional basis, from 1st January 2019, with full compliance required by 1st January 2022. Amendments to the CRR published in June 2019 implement the FSB TLAC standard for EU Global Systemically Important Institutions ('G-SIIs') and material subsidiaries of non-EU G-SIIs. These came into effect, on a transitional basis, from 27th June 2019, with full compliance required by 1st January 2022 and apply at the level of the consolidated EU parent entity.

The MREL resources of both JPMCHL and JPMS plc are in the form of own funds instruments and reserves. Neither entity has any eligible liabilities in issue.

The information represented in the tables below constitutes the applicable data elements for Own Funds specified in the Commission Implementing Regulation (EU) No 1423/2013.

Key Changes during the Period

- **JPMCHL:** The total capital ratio has decreased by 1.38% from 23.37% as at 30th June 2019 to 21.99%. The decrease in the total capital ratio is driven by an increase in Risk Weighted Assets ('RWA').
- **JPMS plc:** The total capital ratio has decreased by 1.46% from 22.86% as at 30th June 2019 to 21.40%. The decrease in the total capital ratio is driven by an increase in RWA.

Table 2: CRDIV Regulatory Capital for JPMCHL

| Own Funds Disclosure Template (\$'mm) | | Amount at Disclosure Date | Regulation (EU) No 575/2013 Article Reference |
|--|---|---------------------------|---|
| Common Equity Tier 1 capital: instruments and reserves | | | |
| 1 | Capital instruments and the related share premium accounts | 8,081 | 26 (1), 27, 28, 29 |
| 1.1 | of which: Ordinary shares | 8,081 | EBA list 26 (3) |
| 2 | Retained earnings | 28,620 | 26 (1) (c) |
| 3 | Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards) | 9,537 | 26 (1) |
| 6 | Common Equity Tier 1 (CET1) capital before regulatory adjustments | 46,238 | |
| Common Equity Tier 1 (CET1) capital: regulatory adjustments | | | |
| 7 | Additional value adjustments (negative amount) | (1,302) | 34, 105 |
| 8 | Intangible assets (net of related tax liability) (negative amount) | (42) | 36 (1) (b), 37 |
| 28 | Total regulatory adjustments to Common Equity Tier 1 (CET1) | (1,344) | |
| 29 | Common Equity Tier 1 (CET1) capital | 44,894 | |
| Additional Tier 1 (AT1) capital: Instruments | | | |
| 44 | Additional Tier 1 (AT1) capital | 0 | |
| 45 | Tier 1 capital (T1 = CET1 + AT1) | 44,894 | |
| Tier 2 (T2) capital: instruments and provisions | | | |
| 46 | Capital instruments and the related share premium accounts | 12,000 | 62, 63 |
| 51 | Tier 2 (T2) capital before regulatory adjustments | 12,000 | |
| Tier 2 (T2) capital: regulatory adjustments | | | |
| 57 | Total regulatory adjustments to Tier 2 (T2) capital | 0 | |
| 58 | Tier 2 (T2) capital | 12,000 | |
| 59 | Total capital (TC = T1 + T2) | 56,894 | |
| 60 | Total risk weighted assets | 258,755 | |
| Capital ratios and buffers | | | |
| 61 | Common Equity Tier 1 (as a percentage of total risk exposure amount) | 17.35% | 92 (2) (a) |
| 62 | Tier 1 (as a percentage of total risk exposure amount) | 17.35% | 92 (2) (b) |

| Own Funds Disclosure Template (\$'mm) | | Amount at Disclosure Date | Regulation (EU) No 575/2013 Article Reference |
|---|---|---------------------------|--|
| 63 | Total capital (as a percentage of total risk exposure amount) | 21.99% | 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) | 7.28% | CRD 128, 129, 130, 131, 133 |
| 65 | of which: capital conservation buffer requirement | 2.5% | |
| 66 | of which: countercyclical buffer requirement | 0.28% | |
| 68 | Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) | 11.35% | CRD 128 |
| Amounts below the thresholds for deduction (before risk weighting) | | | |
| 72 | Direct and indirect 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) | 4,078 | 36 (1) (h), 46, 45 56 (c), 59, 60 66 (c), 69, 70 |
| 73 | Direct and indirect 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) | 281 | 36 (1) (i), 45, 48 |
| 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) | 171 | 36 (1) (c), 38, 48 |

Table 3: CRDIV Regulatory Capital for JPMS plc

| Own Funds Disclosure Template (\$'mm) | | Amount at Disclosure Date | Regulation (EU) No 575/2013 Article Reference |
|--|---|---------------------------|---|
| Common Equity Tier 1 capital: instruments and reserves | | | |
| 1 | Capital instruments and the related share premium accounts | 22,394 | 26 (1), 27, 28, 29 |
| 1.1 | of which: Ordinary shares | 22,394 | EBA list 26 (3) |
| 2 | Retained earnings | 15,847 | 26 (1) (c) |
| 3 | Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards) | 6,672 | 26 (1) |
| 6 | Common Equity Tier 1 (CET1) capital before regulatory adjustments | 44,913 | |
| Common Equity Tier 1 (CET1) capital: regulatory adjustments | | | |
| 7 | Additional value adjustments (negative amount) | (1,301) | 34, 105 |
| 28 | Total regulatory adjustments to Common Equity Tier 1 (CET1) | (1,301) | |
| 29 | Common Equity Tier 1 (CET1) capital | 43,612 | |
| Additional Tier 1 (AT1) capital: Instruments | | | |
| 44 | Additional Tier 1 (AT1) capital | 0 | |
| 45 | Tier 1 capital (T1 = CET1 + AT1) | 43,612 | |
| Tier 2 (T2) capital: instruments and provisions | | | |
| 46 | Capital instruments and the related share premium accounts | 12,000 | 62, 63 |
| 51 | Tier 2 (T2) capital before regulatory adjustments | 12,000 | |
| Tier 2 (T2) capital: regulatory adjustments | | | |
| 57 | Total regulatory adjustments to Tier 2 (T2) capital | 0 | |
| 58 | Tier 2 (T2) capital | 12,000 | |
| 59 | Total capital (TC = T1 + T2) | 55,612 | |
| 60 | Total risk weighted assets | 259,825 | |
| 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) | 21.40% | 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) | 7.28% | CRD 128, 129, 130, 131, 133 |
| 65 | of which: capital conservation buffer requirement | 2.5% | |
| 66 | of which: countercyclical buffer requirement | 0.28% | |
| 68 | Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) | 10.79% | CRD 128 |

| Own Funds Disclosure Template (\$'mm) | | Amount at Disclosure Date | Regulation (EU) No 575/2013 Article Reference |
|---|--|---------------------------|--|
| Amounts below the thresholds for deduction (before risk weighting) | | | |
| 72 | Direct and indirect 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) | 4,078 | 36 (1) (h), 46, 45, 56 (c), 59, 60, 66 (c), 69, 70 |
| 73 | Direct and indirect 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) | 2,414 | 36 (1) (i), 45, 48 |
| 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) | 166 | 36 (1) (c), 38, 48 |

Own Funds Reconciliation

The tables below present 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 4: Reconciliation of Regulatory Own Funds to Balance Sheet for JPMCHL

| Regulatory Own Funds Reconciliation to Balance Sheet | \$'mm |
|--|---------------|
| CET1 Capital | |
| 406,909,774 Ordinary Shares of \$10 each | 4,069 |
| Share Premium Account | 4,012 |
| Other Reserves | 9,537 |
| Retained Earnings | 30,401 |
| CET1 Capital - Balance Sheet Own Funds | 48,019 |
| <i>Less Regulatory Adjustments</i> | |
| (-) Unaudited Profit | (1,781) |
| (-) Intangible Assets Goodwill | (42) |
| (-) Additional Valuation Adjustments | (1,302) |
| CET1 Capital - Regulatory Own Funds After Adjustments | 44,894 |
| Subordinated Loan (maturity 17/12/2028) | 12,000 |
| T2 Capital - Regulatory Own Funds After Adjustments | 12,000 |
| Total Regulatory Own Funds | 56,894 |

Table 5: Reconciliation of Regulatory Own Funds to Balance Sheet for JPMS plc

| Regulatory Own Funds Reconciliation to Balance Sheet | \$'mm |
|--|---------------|
| CET1 Capital | |
| 1,244,343 Ordinary Shares of \$10,000 each | 12,443 |
| 50,000 Ordinary Shares of £1.24 each | — |
| Share Premium Account | 9,951 |
| Other Reserves | 6,671 |
| Retained Earnings | 17,530 |
| CET1 Capital - Balance Sheet Own Funds | 46,595 |
| <i>Less Regulatory Adjustments</i> | |
| (-) Unaudited Profit | (1,682) |
| (-) Additional Valuation Adjustments | (1,301) |
| CET1 Capital - Regulatory Own Funds After Adjustments | 43,612 |
| Subordinated Loan (maturity 17/12/2028) | 12,000 |
| T2 Capital - Balance Sheet Own Funds | 12,000 |
| Total Regulatory Own Funds | 55,612 |

Main Features of Capital Instruments

The table below presents the main features of regulatory capital instruments for JPMCHL and JPMS plc 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 Companies House website.

Table 6: Main Features of Regulatory Capital Instruments

| Capital Instruments Main Features | | JPMCHL | | JPMS plc | | | |
|-----------------------------------|--|---|--------------------------------|--|------------------------|------------------------|--------------------------------|
| | | CET1 | T2 | CET1 | CET1 | CET1 | T2 |
| | | \$10 ordinary shares | \$12,000mm subordinated loan | \$10,000 ordinary shares | £1 ordinary shares | £1.24 ordinary shares | \$12,000mm subordinated loan |
| 1 | Issuer | JPMCHL | JPMCHL | JPMS plc | JPMS plc | JPMS plc | JPMS plc |
| 2 | Unique identifier | Private Placement | Internal issuance | Private Placement | Private Placement | Private Placement | Internal issuance |
| 3 | Governing law(s) of the instrument | The Companies Act 2006 | English Law | The Companies Act 2006 | The Companies Act 2006 | The Companies Act 2006 | English Law |
| Regulatory treatment | | | | | | | |
| 4 | Transitional CRR rules | Common Equity Tier 1 | Tier 2 | Common Equity Tier 1 | Common Equity Tier 1 | Common Equity Tier 1 | Tier 2 |
| 5 | Post-transitional CRR rules | Common Equity Tier 1 | Tier 2 | Common Equity Tier 1 | Common Equity Tier 1 | Common Equity Tier 1 | Tier 2 |
| 6 | Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated | (sub-)consolidated | (sub-)consolidated | Solo | Solo | Solo | Solo |
| 7 | Instrument type (types to be specified by each jurisdiction) | \$ Ordinary | \$ Subordinated Notes/ Loan | \$ Ordinary | £ Ordinary | £ Ordinary | \$ Subordinated Notes/ Loan |
| 8 | Amount recognised in regulatory capital (Currency in million, as of most recent reporting date). | \$8,081 includes nominal and premium | \$12,000 | \$22,394 includes nominal and premium | — | — | \$12,000 |
| 9 | Nominal amount of instrument | \$10 | \$12,000,000,000 | \$10,000 | £1 | £1.24 | 12,000,000,000 |
| 9a | Issue price | average issue price \$20 | \$12,000,000,000 | average issue price \$17,997 | £1 | £1.24 | 12,000,000,000 |
| 9b | Redemption price | N/A | 1 | N/A | N/A | N/A | 1 |
| 10 | Accounting classification | Shareholders' equity | Liability-amortised cost | Shareholders' equity | Shareholders' equity | Shareholders' equity | Liability - amortised cost |
| 11 | Original date of issuance (issued paid up share capital) | \$0.2m Nov 18 1999 \$2,000m Jan 25 2000 \$959m Nov 2 2000 \$1,110m Apr 9 2002 \$0.01m Dec 12 2006 \$0.01m Mar 7 2007 | \$12,000m Dec 17 2018 | \$647m Oct 22 1991 \$290m Mar 1 2000 \$500m Jan 2 2007 \$278m Jan 12 2007 \$270m Dec 1 2008 \$230m Dec 4 2008 \$300m Jan 30 2009 \$2,000m Dec 20 2010 \$2,274m May 27 2011 \$362m Dec 12 2011 \$1,263m Dec 16 2013 \$116m Dec 2014 \$662m Jul 27 2015 \$2051m Sep 11 2017 | £0.000002m Oct 27 1999 | £0.062m May 28 2012 | \$12,000m Dec 17 2018 |

| Capital Instruments Main Features | | JPMCHL | | JPMS plc | | | |
|-----------------------------------|---|---|--------------------------------------|--------------------------|--------------------|-----------------------|--------------------------------------|
| | | CET1 | T2 | CET1 | CET1 | CET1 | T2 |
| | | \$10 ordinary shares | \$12,000mm subordinated loan | \$10,000 ordinary shares | £1 ordinary shares | £1.24 ordinary shares | \$12,000mm subordinated loan |
| 12 | Perpetual or dated | Perpetual | Dated | Perpetual | Perpetual | Perpetual | Dated |
| 13 | Original maturity date | No maturity | December 17 2028 | No maturity | No maturity | No maturity | December 17 2028 |
| 14 | Issuer call subject to prior supervisory approval | No | Yes | No | No | No | Yes |
| 15 | Optional call date, contingent call dates and redemption amount | N/A | N/A | N/A | N/A | N/A | N/A |
| 16 | Subsequent call dates, if applicable | N/A | N/A | N/A | N/A | N/A | N/A |
| Coupons / dividends | | | | | | | |
| 17 | Fixed or floating dividend/coupon | N/A | Floating | N/A | N/A | N/A | Floating |
| 18 | Coupon rate and any related index | N/A | 1M USD Libor +1.55% | N/A | N/A | N/A | 1M USD Libor + 1.55% |
| 19 | Existence of a dividend stopper | No | No | No | No | No | No |
| 20 a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | Full discretionary | Mandatory | Full discretionary | Full discretionary | Full discretionary | Mandatory |
| 20 b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | Full discretionary | Mandatory | Full discretionary | Full discretionary | Full discretionary | Mandatory |
| 21 | Existence of step up or other incentive to redeem | No | No | No | No | No | No |
| 22 | Noncumulative or cumulative | Non-cumulative | Non-cumulative | Non-cumulative | Non-cumulative | Non-cumulative | Non-cumulative |
| 23 | Convertible or non-convertible | Non-convertible | Non-convertible | Non-convertible | Non-convertible | Non-convertible | Non-convertible |
| 24 | If convertible, conversion trigger(s) | N/A | N/A | N/A | N/A | N/A | N/A |
| 25 | If convertible, fully or partially | N/A | N/A | N/A | N/A | N/A | N/A |
| 26 | If convertible, conversion rate | N/A | N/A | N/A | N/A | N/A | N/A |
| 27 | If convertible, mandatory or optional conversion | N/A | N/A | N/A | N/A | N/A | N/A |
| 28 | If convertible, specify instrument type convertible into | N/A | N/A | N/A | N/A | N/A | N/A |
| 29 | If convertible, specify issuer of instrument it converts into | N/A | N/A | N/A | N/A | N/A | N/A |
| 30 | Write-down features | N/A | N/A | N/A | N/A | N/A | No |
| 31 | If write-down, write-down trigger(s) | N/A | N/A | N/A | N/A | N/A | N/A |
| 32 | If write-down, full or partial | N/A | N/A | N/A | N/A | N/A | N/A |
| 33 | If write-down, permanent or temporary | N/A | N/A | N/A | N/A | N/A | N/A |
| 34 | If temporary write-down, description of write-up mechanism | N/A | N/A | N/A | N/A | N/A | N/A |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | One class of share & same rights attached to all shares | Unsecured and Subordinated Creditors | Ranks pari passu | Ranks pari passu | Ranks pari passu | Unsecured and Subordinated Creditors |
| 36 | Non-compliant transitioned features | No | No | No | No | No | No |
| 37 | If yes, specify non-compliant features | N/A | N/A | N/A | N/A | N/A | N/A |

3. Capital Requirements (Article 438)

Minimum Capital Requirements

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. The Mark-to-Market Method ('MtM') and Internal Model Method ('IMM') have been employed to calculate OTC derivative exposure in Counterparty Credit Risk ('CCR').

Market risk capital requirements have been measured by using a combination of the standardised approach and internal models including Value-at-Risk ('VaR') approved by the PRA. The basic indicator approach has been used for the calculation of operational risk capital requirements.

Key Changes During the Period

- CCR RWA increased primarily due to increased trading activity in Securities Financing Transactions ('SFTs') and derivatives calculated under MtM method.
- Market risk RWA increased primarily due to movement in standardised approach driven by traded debt instruments and equities.

Table 7: EU OV1 - Overview of RWAs for JPMCHL⁶

| \$'mm | | | RWA | | Minimum capital requirements |
|---|----|---|---------|---------|------------------------------|
| | | | Q3 2019 | Q2 2019 | Q3 2019 |
| | 1 | Credit risk (excluding CCR) | 17,569 | 18,723 | 1,406 |
| Article 438(c)(d) | 2 | Of which the standardised approach | 17,569 | 18,723 | 1,406 |
| Article 107 and Article 438(c)(d) | 6 | CCR | 120,323 | 107,942 | 9,626 |
| Article 438(c)(d) | 7 | Of which mark to market | 28,974 | 26,968 | 2,318 |
| | 10 | Of which internal model method (IMM) | 24,556 | 23,478 | 1,964 |
| Article 438(c)(d) | 11 | Of which risk exposure amount for contributions to the default fund of a CCP | 105 | 87 | 8 |
| Article 438(c)(d) | 12 | Of which CVA | 13,002 | 11,186 | 1,040 |
| Article 438(e) | 13 | Settlement risk | 402 | 304 | 32 |
| Article 438 (e) | 19 | Market risk | 103,574 | 98,207 | 8,286 |
| | 20 | Of which the standardised approach | 90,255 | 84,102 | 7,220 |
| | 21 | Of which IMA | 13,319 | 14,105 | 1,066 |
| Article 438(f) | 23 | Operational risk | 16,581 | 16,579 | 1,326 |
| | 24 | Of which basic indicator approach | 16,581 | 16,579 | 1,326 |
| Article 437(2), Article 48 and Article 60 | 27 | Amounts below the thresholds for deduction (subject to 250% risk weight) | 306 | 349 | 24 |
| | 29 | Total | 258,755 | 242,104 | 20,700 |

Table 8: EU OV1 - Overview of RWAs for JPMS plc⁷

| \$'mm | | | RWA | | Minimum capital requirements |
|-----------------------------------|----|--|---------|---------|------------------------------|
| | | | Q3 2019 | Q2 2019 | Q3 2019 |
| | 1 | Credit risk (excluding CCR) | 16,391 | 17,758 | 1,311 |
| Article 438(c)(d) | 2 | Of which the standardised approach | 16,391 | 17,758 | 1,311 |
| Article 107 and Article 438(c)(d) | 6 | CCR | 120,402 | 107,965 | 9,632 |
| Article 438(c)(d) | 7 | Of which mark to market | 28,974 | 26,968 | 2,318 |
| | 10 | Of which internal model method (IMM) | 24,557 | 23,479 | 1,965 |
| Article 438(c)(d) | 11 | Of which risk exposure amount for contributions to the default fund of a CCP | 105 | 87 | 8 |
| Article 438(c)(d) | 12 | Of which CVA | 13,002 | 11,186 | 1,040 |

⁶ The exposure value to SFTs is included under CCR, it is not shown in the CCR breakdown, as in line with the prescribed template.

⁷ As per footnote 6.

| \$'mm | | | RWA | | Minimum capital requirements |
|---|----|---|---------|---------|------------------------------|
| | | | Q3 2019 | Q2 2019 | Q3 2019 |
| Article 438(e) | 13 | Settlement risk | 295 | 201 | 24 |
| Article 438 (e) | 19 | Market risk | 103,329 | 97,946 | 8,267 |
| | 20 | Of which the standardised approach | 90,010 | 83,841 | 7,201 |
| | 21 | Of which IMA | 13,319 | 14,105 | 1,066 |
| Article 438(f) | 23 | Operational risk | 13,632 | 13,632 | 1,091 |
| | 24 | Of which basic indicator approach | 13,632 | 13,632 | 1,091 |
| Article 437(2), Article 48 and Article 60 | 27 | Amounts below the thresholds for deduction (subject to 250% risk weight) | 5,776 | 5,680 | 462 |
| | 29 | Total | 259,825 | 243,182 | 20,787 |

Total Capital Requirements

In accordance with PRA Supervisory Statement SS31/15 the firm is now required to disclose the Total Capital Requirements ('TCR'). TCR is the sum of Pillar 1 and Pillar 2A capital requirements. The requirement is only applicable for firms at the highest level of consolidation in the UK.

Table 9: Total Capital Requirements for JPMCHL

| \$'mm | JPMCHL | |
|----------------------------|---------|---------|
| | Q3 2019 | Q2 2019 |
| Total Capital Requirements | 27,249 | 25,554 |

Capital Requirements for Counterparty Credit Risk under the IMM

The flow statements explaining changes in the CCR RWAs determined under the IMM are depicted in the table below. The current PRA permission for IMM covers only non-cleared OTC derivatives.

Table 10: EU CCR7 - RWA flow statements of CCR exposures under the IMM for JPMCHL

| \$'mm | | RWA amounts | Capital requirements |
|-------|---|---------------|----------------------|
| 1 | RWA as at end of previous reporting period | 23,478 | 1,878 |
| 2 | Asset size | 1,093 | 87 |
| 3 | Credit quality of counterparties | (14) | (1) |
| 4 | Model updates (IMM only) ⁸ | 5 | 0 |
| 5 | Methodology and policy (IMM only) | 0 | 0 |
| 8 | Other ⁹ | (6) | (1) |
| 9 | RWAs as at the end of the current reporting period | 24,556 | 1,963 |

Capital Requirements for Market Risk under the IMA

The standardised approach and Internal market risk models are employed to compute own funds requirements for market risk. The capital charge under the IMA represents approximately 12.86% of total market risk capital charge. A flow statement explaining variation in the market RWA under the IMA is summarised in the table below.

Table 11: EU MR2-B - RWA flow statements of market risk exposures under the IMA for JPMCHL

| \$'mm | | VaR | SVaR | IRC | Total RWAs | Total capital requirements |
|-------|--|--------------|--------------|--------------|---------------|----------------------------|
| 1 | RWAs at previous quarter end | 1,689 | 9,841 | 2,575 | 14,105 | 1,128 |
| 2 | Movement in risk levels | (226) | (79) | (481) | (786) | (62) |
| 3 | Model updates/changes | 0 | 0 | 0 | 0 | 0 |
| 4 | Methodology and policy | 0 | 0 | 0 | 0 | 0 |
| 8 | RWAs at the end of reporting period | 1,463 | 9,762 | 2,094 | 13,319 | 1,066 |

⁸ All model updates made in the reporting period are deemed to be non-significant under PRA SS12/13 6.11 (b)

⁹ Includes changes in Specific Wrong Way Risk ('SWWR').

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.

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.

Leverage Ratio Commentary

- No significant changes in leverage ratio during Q3 2019.

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

Table 12: Leverage Ratio Common Disclosure

| LR Com: Leverage Ratio Common Disclosure (\$'mm) | | JPMCHL | JPMS plc |
|--|---|-----------|-----------|
| On-balance sheet exposures (excluding derivatives and SFTs) | | | |
| 1 | On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral) | 260,892 | 262,792 |
| 2 | (Asset amounts deducted in determining Tier 1 capital) | (1,302) | (1,301) |
| 3 | Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2) | 259,590 | 261,491 |
| Derivative exposures | | | |
| 4 | Replacement cost associated with all derivatives transactions (i.e net of eligible cash variation margin) | 38,068 | 38,068 |
| 5 | Add-on amounts for PFE associated with all derivatives transactions (mark-to- market method) | 197,214 | 197,433 |
| 7 | (Deductions of receivables assets for cash variation margin provided in derivatives transactions) | (59,268) | (59,268) |
| 8 | (Exempted CCP leg of client-cleared trade exposures) | (15,698) | (15,698) |
| 9 | Adjusted effective notional amount of written credit derivatives | 645,514 | 645,514 |
| 10 | (Adjusted effective notional offsets and add-on deductions for written credit derivatives) | (645,514) | (645,514) |
| 11 | Total derivative exposures (sum of lines 4 to 10) | 160,316 | 160,535 |
| SFT exposures | | | |
| 12 | Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions | 338,798 | 337,950 |
| 13 | (Netted amounts of cash payables and cash receivables of gross SFT assets) | (142,091) | (142,091) |
| 14 | Counterparty credit risk exposure for SFT assets | 22,415 | 22,377 |
| 16 | Total securities financing transaction exposures (sum of lines 12 to 15a) | 219,122 | 218,236 |
| Other off-balance sheet exposures | | | |
| 17 | Off-balance sheet exposures at gross notional amount | 15,919 | 14,338 |
| 18 | (Adjustments for conversion to credit equivalent amounts) | (6,754) | (6,307) |
| 19 | Other off-balance sheet exposures (sum of lines 17 and 18) | 9,165 | 8,031 |
| Capital and total exposure measure | | | |
| 20 | Tier 1 capital | 44,894 | 43,613 |
| 21 | Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b) | 648,193 | 648,293 |
| Leverage ratio | | | |
| 22 | Leverage ratio | 6.93% | 6.73% |

Table 13: Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures

| LR Sum: Leverage Ratio Summary Reconciliation (\$'mm) | | JPMCHL | JPMS plc |
|---|--|-----------|-----------|
| 1 | Total assets as per published financial statements | 792,440 | 793,124 |
| 4 | Adjustments for derivative financial instruments | (174,525) | (173,938) |
| 5 | Adjustment for securities financing transactions (SFTs) | 22,415 | 22,377 |
| 6 | Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures) | 9,165 | 8,031 |
| 7 | Other adjustments | (1,302) | (1,301) |
| 8 | Leverage ratio total exposure measure | 648,193 | 648,293 |

5. Liquidity (Article 435 (1))

The Liquidity Coverage Ratio ('LCR')¹⁰, 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 14: Items prone to rapid change as defined in EBA GL/2017/01 for JPMCHL and JPMS plc

| Scope of consolidation: | JPMCHL | | | | JPMS plc | | | |
|--|---|-----------|-----------|-----------|---|-----------|-----------|-----------|
| Currency and units: | \$'mm | \$'mm | \$'mm | \$'mm | \$'mm | \$'mm | \$'mm | \$'mm |
| Quarter ending on: | 30-Sep-19 | 30-Jun-19 | 31-Mar-19 | 31-Dec-18 | 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 | 12 | 12 | 12 | 12 |
| | Total weighted adjusted value (average) | | | | Total weighted adjusted value (average) | | | |
| LIQUIDITY BUFFER | 57,178 | 58,925 | 59,237 | 61,352 | 55,896 | 56,901 | 56,438 | 57,880 |
| TOTAL NET CASH OUTFLOWS | 20,229 | 20,629 | 21,195 | 22,731 | 20,140 | 20,537 | 21,091 | 22,847 |
| LIQUIDITY COVERAGE RATIO (%) | 283% | 287% | 280% | 275% | 278% | 278% | 268% | 259% |

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.

The liquidity buffer disclosed covers both Pillar I and Pillar II liquidity risks.

¹⁰In line with the EBA guidelines the average ratio disclosed in Table 14 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'.

¹¹ From 1st January 2018 the LCR is required to be a minimum of 100%.

6. Glossary of Acronyms

| | |
|----------|--|
| AT1 | Additional Tier 1 |
| BBRD | Bank Recovery And Resolution Directive |
| BOE | Bank of England |
| CCP | Central Counterparty Clearing House |
| CCR | Counterparty Credit Risk |
| CET 1 | Common Equity Tier 1 |
| CRD IV | Capital Requirements Directive IV |
| CRR | Capital Requirements Regulation |
| CVA | Credit Valuation Adjustment |
| EBA | European Banking Authority |
| EMEA | Europe, Middle East and Africa |
| FSB | The Financial Reporting Standard |
| G-SII | Global Systemically Important Institutions |
| IMA | Internal Models Approach |
| IMM | Internal Model Method |
| JPMC | J.P. Morgan Chase and Company |
| JPMCHL | J.P. Morgan Capital Holdings Limited |
| JPMS plc | J.P. Morgan Securities plc |
| IRC | Incremental Risk Charge |
| LCR | Liquidity Coverage Ratio |
| MREL | Minimum Requirement for own funds and Eligible Liabilities |
| MtM | Mark to Market Method |
| O-SII | Other Systemically Important Institution |
| OTC | Over the Counter |
| PRA | Prudential Regulation Authority |
| RWA | Risk Weighted Assets |
| SFT | Securities Financing Transactions |
| SVar | Stressed Value-at-Risk |
| TCR | Total Capital Requirements |
| TLAC | Total Loss Absorbing Capacity |
| VaR | Value-at-Risk |