

Pillar 3 Quarterly Disclosure Report as at 31st March 2018

J.P. Morgan Capital Holdings Limited

J.P. Morgan Securities Plc

Table of Contents

1. INTRODUCTION	4
2. OWN FUNDS (ARTICLE 437)	5
3. CAPITAL REQUIREMENTS (ARTICLE 438)	10
4. LEVERAGE (ARTICLE 451)	12
5. LIQUIDITY (ARTICLE 435 (1)(F))	14
6. GLOSSARY OF ACRONYMS	15

List of Tables

Table 1: CRDIV Regulatory Capital for JPMCHL	5
Table 2: CRDIV Regulatory Capital for JPMS plc	6
Table 3: Reconciliation of Regulatory Own Funds to Balance Sheet for JPMCHL	7
Table 4: Reconciliation of Regulatory Own Funds to Balance Sheet for JPMS plc	7
Table 5: Main Features of Regulatory Capital Instruments	8
Table 6: EU OV1 - Overview of RWAs for JPMCHL	10
Table 7: EU OV1 - Overview of RWAs for JPMS plc	10
Table 8: Total Capital Requirements for JPMCHL	11
Table 9: EU CCR7 - RWA flow statements of CCR exposures under the IMM for JPMCHL	11
Table 10: EU MR2-B – RWA flow statements of market risk exposures under the IMA for JPMCHL	11
Table 11: Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures	12
Table 12: Leverage Ratio Common Disclosure	12
Table 13: Items prone to rapid change as defined in EBA GL/2017/01 for JPMCHL and JPMS plc	13

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.

Production of all Pillar 3 disclosure for J.P. Morgan entities in the EMEA region is governed by the JPMC EMEA Pillar 3 Policy Addendum which outlines scope, review and approval governance process requirements, including annual review on frequency and omissions policies.

All J.P. Morgan Chase entities regulated under the Capital Requirements Directive IV ('CRD IV')⁵ have applied the Guidelines by:

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

Scope

All J.P. Morgan European regulated entities have been considered in the assessment, under the JPMC EMEA Pillar 3 Policy, for inclusion for disclosure, and then for more frequent than annual disclosure.

J.P. Morgan 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 first quarter of 2018.

All data is recorded as at 31st March 2018 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.

Means of Disclosure (Article 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>.

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/pr/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

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.

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: CRDIV Regulatory Capital for JPMCHL

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 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	27,634	26 (1) (c)	27,634
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	9,548	26 (1)	9,548
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	45,263		45,263
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	(1,416)	34, 105	(1,416)
8	Intangible assets (net of related tax liability) (negative amount)	(164)	36 (1) (b), 37, 472 (4)	(164)
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(1,580)		(1,580)
29	Common Equity Tier 1 (CET1) capital	43,683		43,683
Additional Tier 1 (AT1) capital: Instruments				
44	Additional Tier 1 (AT1) capital	0		0
45	Tier 1 capital (T1 = CET1 + AT1)	43,683		43,683
Tier 2 (T2) capital: instruments and provisions				
58	Tier 2 (T2) capital	0		0
59	Total capital (TC = T1 + T2)	43,683		43,683
60	Total risk weighted assets	252,904		252,904
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	17.27%	92 (2) (a), 465	17.27%
62	Tier 1 (as a percentage of total risk exposure amount)	17.27%	92 (2) (b), 465	17.27%
63	Total capital (as a percentage of total risk exposure amount)	17.27%	92 (2) (c)	17.27%
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)	6.44%	CRD 128, 129, 130	7.06%
65	of which: capital conservation buffer requirement	1.88%		2.5%
66	of which: countercyclical buffer requirement	0.06%		0.06%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	9.27%	CRD 128	9.27%
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)	3,958	36 (1) (h), 46, 45, 472 (10), 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)	3,958
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)	414	36 (1) (i), 45, 48, 470, 472 (11)	414
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)	162	36 (1) (c), 38, 48, 470, 472 (5)	162

Table 2: CRDIV Regulatory Capital for JPMS plc

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 capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	22,394	26 (1), 27, 28, 29, EBA list 26 (3)	22,394
	of which: Ordinary shares	22,394	EBA list 26 (3)	22,394
2	Retained earnings	12,402	26 (1) (c)	12,402
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	6,693	26 (1)	6,693
5a	Independently reviewed interim profits net of any foreseeable charge or dividend		26 (2)	
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	41,489		41,489
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	(1,416)	34, 105	(1,416)
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(1,416)		(1,416)
29	Common Equity Tier 1 (CET1) capital	40,073		40,073
Additional Tier 1 (AT1) capital: Instruments				
44	Additional Tier 1 (AT1) capital	0		0
45	Tier 1 capital (T1 = CET1 + AT1)	40,073		40,073
Tier 2 (T2) capital: instruments and provisions				
58	Tier 2 (T2) capital	0		0
59	Total capital (TC = T1 + T2)	40,073		40,073
60	Total risk weighted assets	245,883		245,883
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	16.3%	92 (2) (a), 465	16.3%
62	Tier 1 (as a percentage of total risk exposure amount)	16.3%	92 (2) (b), 465	16.3%
63	Total capital (as a percentage of total risk exposure amount)	16.3%	92 (2) (c)	16.3%
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)	6.44%	CRD 128, 129, 130	7.06%
65	of which: capital conservation buffer requirement	1.88%		2.5%
66	of which: countercyclical buffer requirement	0.06%		0.06%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	8.3%	CRD 128	8.3%
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)	3,612	36 (1) (h), 46, 45, 472 (10), 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)	3,612
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)	3,661	36 (1) (i), 45, 48, 470, 472 (11)	3,661
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)	105	36 (1) (c), 38, 48, 470, 472 (5)	105

Own Funds Reconciliation

The tables below present a reconciliation between unaudited balance sheet own funds and regulatory own funds as at 31st March 2018 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

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	(95)
Other Reserves	9,643
Retained Earnings	31,720
CET1 Capital - Balance Sheet Own Funds	49,349
<i>Less Regulatory Adjustments</i>	
(-) Unaudited Profit	(4,086)
(-) Intangible Assets Goodwill	(164)
(-) Additional Valuation Adjustments	(1,416)
CET1 Capital - Regulatory Own Funds After Adjustments	43,683
Total Regulatory Own Funds	43,683

Table 4: Reconciliation of Regulatory Own Funds to Balance Sheet for JPMS plc

Regulatory Own Funds Reconciliation to Balance Sheet	(\$'m)
CET1 Capital	
1,244,343 Ordinary Shares of \$10,000 each	12,443
50,000 Ordinary Shares of £1.24 each	0
Share Premium Account	9,951
Other Reserves	6,693
Retained Earnings	13,288
CET1 Capital - Balance Sheet Own Funds	42,375
<i>Less Regulatory Adjustments</i>	
(-) Unaudited Profit	(886)
(-) Additional Valuation Adjustments	(1,416)
CET1 Capital - Regulatory Own Funds After Adjustments	40,073
Total Regulatory Own Funds	40,073

Main Features of Capital Instruments

The table below presents the main features of regulatory capital instruments for JPMCHL and JPMS plc as at 31st March 2018 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

Capital Instruments Main Features (\$m)		JPMCHL	JPMS plc		
		CET1	CET1	CET1	CET1
		\$10 ordinary shares	\$10,000 ordinary shares	£1 ordinary shares	£1 .24 ordinary shares
1	Issuer	JPMCHL	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
3	Governing law(s) of the instrument	The Companies Act 2006	The Companies Act 2006	The Companies Act 2006	The Companies Act 2006
Regulatory treatment					
4	Transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	(sub-)consolidated	Solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	\$ Ordinary	\$ Ordinary	£ Ordinary	£ Ordinary
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date).	\$8,081 includes nominal and premium	\$22,394 includes nominal and premium	0	0
9	Nominal amount of instrument	\$10	\$10,000	£1	£1.24
9a	Issue price	average issue price \$20	average issue price \$17,997	£1	£1.24
9b	Redemption price	N/A	N/A	N/A	N/A
10	Accounting classification	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity
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	\$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	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	No	No	No	No

Capital Instruments Main Features (\$m)		JPMCHL	JPMS plc		
		CET1	CET1	CET1	CET1
		\$10 ordinary shares	\$10,000 ordinary shares	£1 ordinary shares	£1 .24 ordinary shares
15	Optional call date, contingent call dates and redemption amount	N/A	N/A	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
Coupons / dividends					
17	Fixed or floating dividend/coupon	N/A	N/A	N/A	N/A
18	Coupon rate and any related index	N/A	N/A	N/A	N/A
19	Existence of a dividend stopper	No	No	No	No
20 a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Full discretionary	Full discretionary	Full discretionary	Full discretionary
20 b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Full discretionary	Full discretionary	Full discretionary	Full discretionary
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	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
30	Write-down features	N/A	N/A	N/A	N/A
31	If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A	N/A
33	If write-down, permanent or temporary	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
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	One class of share & same rights attached to all shares	Ranks pari passu	Ranks pari passu	Ranks pari passu
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features	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 and internal model method ('IMM') have been employed to calculate OTC derivative exposure in Credit Counterparty Risk.

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

- This is the first UK Pillar 3 disclosure document to include IMM following approval received from the PRA. Previously all OTC derivative exposures were calculated using the mark-to-market method. The IMM implementation has resulted in the RWAs reduction in CCR and CVA.
- Market risk RWAs have increased following the expansion of IMA scope to include additional business lines.

Table 6: EU OV1 - Overview of RWAs for JPMCHL⁶

(\$'m)			RWA		Minimum capital requirements
			Q1 2018	Q4 2017	Q1 2018
	1	Credit risk (excluding CCR)	31,821	32,805	2,546
Article 438(c)(d)	2	Of which the standardised approach	31,821	32,805	2,546
Article 107 and Article 438(c)(d)	6	CCR	102,440	121,114	8,195
Article 438(c)(d)	7	Of which mark to market	30,651	59,914	2,452
	10	Of which internal model method (IMM)	22,767		1,821
Article 438(c)(d)	11	Of which risk exposure amount for contributions to the default fund of a CCP	95	84	8
Article 438(c)(d)	12	Of which CVA	10,984	30,109	879
Article 438(e)	13	Settlement risk	667	654	53
Article 438 (e)	19	Market risk	102,397	84,477	8,192
	20	Of which the standardised approach	85,361	77,666	6,829
	21	Of which IMA	17,036	6,811	1,363
Article 438(f)	23	Operational risk	15,134	15,134	1,211
	24	Of which basic indicator approach	15,134	15,134	1,211
Article 437(2), Article 48 and Article 60	27	Amounts below the thresholds for deduction (subject to 250% risk weight)	445	468	36
	29	Total	252,904	254,652	20,233

Table 7: EU OV1 - Overview of RWAs for JPMS plc⁷

(\$'m)			RWA		Minimum capital requirements
			Q1 2018	Q4 2017	Q1 2018
	1	Credit risk (excluding CCR)	23,761	25,165	1,901
Article 438(c)(d)	2	Of which the standardised approach	23,761	25,165	1,901
Article 107 and Article 438(c)(d)	6	CCR	101,697	120,376	8,136
Article 438(c)(d)	7	Of which mark to market	30,044	59,342	2,404
	10	Of which internal model method (IMM)	22,767		1,821
Article 438(c)(d)	11	Of which risk exposure amount for contributions to the default fund of a CCP	95	84	8
Article 438(c)(d)	12	Of which CVA	10,813	29,965	865

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

⁷as per footnote 6

(\$'m)			RWA		Minimum capital requirements
			Q1 2018	Q4 2017	Q1 2018
Article 438(e)	13	Settlement risk	590	581	47
Article 438 (e)	19	Market risk	98,960	82,628	7,917
	20	Of which the standardised approach	81,924	75,817	6,554
	21	Of which IMA	17,036	6,811	1,363
Article 438(e)	22	Large exposures	0	463	0
Article 438(f)	23	Operational risk	12,258	11,016	981
	24	Of which basic indicator approach	12,258	11,016	981
Article 437(2), Article 48 and Article 60	27	Amounts below the thresholds for deduction (subject to 250% risk weight)	8,617	8,707	689
	29	Total	245,883	248,936	19,671

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 8: Total Capital Requirements for JPMCHL

(\$'m)	JPMCHL
Total Capital Requirements	27,868

Capital Requirements for Counterparty Credit Risk under the IMM

This is the first quarter for which Pillar 1 capital requirements have been reported using the IMM. The PRA permission covers non-cleared OTC derivatives.

Table 9: EU CCR7 - RWA flow statements of CCR exposures under the IMM for JPMCHL

(\$'m)		RWA amounts	Capital requirements
1	RWA as at end of previous reporting period	0	0
i	Model implementation	22,767	1,821
9	RWAs as at the end of the current reporting period	22,767	1,821

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 IMA represents approximately 16.6% of total market risk capital charge. As it is displayed in the table below, own funds requirements increased by \$818m to \$1,363m mainly driven by the expansion of IMA scope to include additional business lines. There were no material methodology or policy changes to the calculations.

Table 10: EU MR2-B – RWA flow statements of market risk exposures under the IMA for JPMCHL

(\$'m)		VaR	SVaR	IRC	Total RWAs	Total capital requirements
1	RWAs at previous quarter end	1,141	2,810	2,860	6,811	545
2	Movement in risk levels	286	705	460	1,451	116
3	Model updates/changes	1,058	7,716	0	8,774	702
4	Methodology and policy				0	
8	RWAs at the end of reporting period	2,485	11,231	3,320	17,036	1,363

4. Leverage (Article 451)

The leverage ratio is a measure of Tier 1 capital as a percentage of exposure as defined under the CRR rules.

The requirement for the calculation and reporting of leverage ratios was introduced as part of CRD IV in 2014, and amended by the European Commission Delegated Act (EU) 2015/62 in 2015.

As a result of this, CRD IV legislation allows for the calculation of a transitional leverage ratio aligned to the phasing in of a number of capital deductions and the phasing out of grandfathered instruments as allowed for the calculation of own funds under the CRR.

CRD IV does not currently include a minimum Leverage Ratio requirement; however, the Basel Committee on Banking Supervision (the 'Basel Committee') has indicatively proposed a minimum requirement of 3%.

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

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

Key Changes During the Period

- The JPMCHL's and JPMS plc's leverage ratios have decreased by 0.62% and 0.63% respectively in the first quarter. The decrease in the leverage ratio is driven mainly by an increase in on-balance sheet items impacting the denominator of the ratio. This movement was primarily the result of an increase in business activity.

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

Table 11: Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures

LR Sum: Leverage Ratio Summary Reconciliation (\$m)		JPMCHL	JPMS plc
1	Total assets as per published financial statements	666,167	657,603
4	Adjustments for derivative financial instruments	(42,400)	(41,814)
5	Adjustment for securities financing transactions (SFTs)	43,478	43,434
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	12,724	10,745
7	Other adjustments	(1,416)	(1,416)
8	Leverage ratio total exposure measure	678,553	668,552

Table 12: Leverage Ratio Common Disclosure

LR Com: Leverage Ratio Common Disclosure (\$'m)		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)	265,553	260,470
2	(Asset amounts deducted in determining Tier 1 capital)	(1,416)	(1,416)
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	264,137	259,054
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	39,582	40,263
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	222,201	221,467
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(60,114)	(59,904)
8	(Exempted CCP leg of client-cleared trade exposures)	(27,637)	(27,637)
9	Adjusted effective notional amount of written credit derivatives	371,586	371,132
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(371,586)	(371,132)
11	Total derivative exposures (sum of lines 4 to 10)	174,032	174,189
SFT exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	345,000	341,948
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(160,818)	(160,818)
14	Counterparty credit risk exposure for SFT assets	43,478	43,434
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	227,660	224,564
Other off-balance sheet exposures			
17	Off-balance sheet exposures at gross notional amount	22,357	18,726
18	(Adjustments for conversion to credit equivalent amounts)	(9,633)	(7,981)
19	Other off-balance sheet exposures (sum of lines 17 and 18)	12,724	10,745

LR Com: Leverage Ratio Common Disclosure (\$'m)		JPMCHL	JPMS plc
Capital and total exposure measure			
20	Tier 1 capital	43,683	40,073
21	Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	678,553	668,552
Leverage ratio			
22	Leverage ratio	6.44%	5.99%

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

The Liquidity Coverage Ratio ('LCR')⁸, 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, in line with the PRA's LCR phasing-in schedule, was required to be 80% at 1st October 2015, rising to 90% on 1st January 2017 until reaching a minimum requirement of 100% from 1st January 2018.

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 13: 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:	(\$'m)	(\$'m)	(\$'m)	(\$'m)
Quarter ending on:	31-Dec-17	31-Mar-18	31-Dec-17	31-Mar-18
Number of data points used in the calculation of averages:	12	12	12	12
	Total weighted adjusted value (average)	Total weighted adjusted value (average)	Total weighted adjusted value (average)	Total weighted adjusted value (average)
LIQUIDITY BUFFER	76,225	72,401	69,645	66,738
TOTAL NET CASH OUTFLOWS	31,072	29,608	33,266	31,849
LIQUIDITY COVERAGE RATIO (%)	250%	250%	214%	216%

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.

⁸ The average ratio disclosed is calculated as a simple average over the 12 data points used and not as a formula of liquidity buffer divided by total net cash outflows

6. Glossary of Acronyms

ALCO	Asset and Liability Committee	LCR	Liquidity Coverage Ratio
ALMM	Additional Liquidity Monitoring Metrics	LDA	Loss Distribution Approach
APAC	Asia Pacific	LGD	Loss given default
AT	Additional Tier	LOB	Line of Business
BIA	Basic Indicator Approach	NBIA	New Business Initiative Approval
BRRD	Bank Recovery and Resolution Directive	NSFR	Net Stable Funding Ratio
BSUKHL	Bear Stearns United Kingdom Holdings Limited	ORC	Operational Risk Regulatory Capital
CCP	Central Counterparty Clearing House	ORG	Operational Risk Governance
CEO	Chief Executive officer	ORMF	Operational Risk Management Framework
CET	Common Equity Tier	OTC	Over the Counter
CFO	Chief Finance Office	PD	Probability of Default
CIB	Corporate and Investment Bank	PRA	Prudential Regulation Authority
CIO	Chief Investment Office	RCSA	Risk Control Self Assessment
CMDC	Compensation and Management Development Committee	RWA	Risk Weighted Assets
CQS	Credit Quality Step	S&P	Standard & Poor's
CRD	Capital Requirements Directive	SFT	Securities Financing Transactions
CRO	Chief Risk Officer	SNPR	Single Name Position Risk
CRR	Capital Requirements Regulation	TCR	Total Capital Requirements
CTC	CIO, Treasury and Corporate	UKMC	UK Management Committee
CTC RC	The CIO, Treasury and Other Corporate Risk Committee	VaR	Value-at-Risk
CVA	Credit Valuation Adjustment		
DRE	Derivative Risk Equivalent		
DRPC	Directors' Risk Policy Committee		
EBA	European Banking Authority		
ECAI	External Credit Assessment Institutions		
EMEA	Europe, Middle East and Africa		
EOC	EMEA Operating Committee		
ERC	EMEA Risk Committee		
FCCM	Financial Collateral Comprehensive Method		
FRC	Firmwide Risk Committee		
FRS	Financial Reporting Standard		
IAS	International Accounting Standards		
ICAAP	Internal Capital Adequacy Assessment Process		
IFRS	International Financial Reporting Standards		
ILAAP	Internal Liquidity Adequacy Assessment Process		
IMA	Internal Model Approach		
IMM	Internal Model Method		
IRM	Independent Risk Management		
IRR	Interest Rate Risk		
IRRBB	Interest Rate Risk in the Banking Book		
ITS	Implementing Technical Standards		
JPMAME	JPMorgan Asset Management (Europe) Sarl		
JPMC	J.P. Morgan Chase and Company		
JPMCHL	J.P. Morgan Capital Holdings Limited		
JPMEL	J.P. Morgan Europe Limited		
JPMFIL	J.P. Morgan Financial Investments Limited		
JPMIB	J.P. Morgan International Bank Limited		
JPML	J.P. Morgan Limited		
JPMML	J.P.Morgan Markets Limited		
JPMMLL	J.P. Morgan Mansart Management Limited		
JPMS plc	J.P. Morgan Securities plc		