Pillar 3 Semi-Annual Disclosure Report as at 30th June 2018

J.P. Morgan Bank Luxembourg S.A.

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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') Guidelines[2] ('GL1'), which were adopted by the Commission de Surveillance du Secteur Financier ('CSSF')[3] from 15th November 2017.

In addition, the requirements of EBA Final Report on Guidelines for Disclosure under Part Eight of the CRR[4] ('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 Bank Luxembourg S.A. ('JPMBL') is defined as an Other Systemically Important Institution ('O-SII') and is therefore included for disclosure under the requirements of EBA GL[2].

The internal assessment process to determine which J.P. Morgan entities should disclose more frequently than annually concluded that JPMBL is meeting the qualitative and quantitative thresholds to necessitate more frequent disclosure.

The data disclosed in this document represents disclosure for the second quarter of 2018, and for selected areas defined by EBA GL2, for the first half of 2018. All data is recorded as at 30th June 2018, consistent with CoRep reporting 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.

All information in this report is disclosed in millions of United States Dollars (US$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 30th June 2018, JPMBL has one branch located in Amsterdam (J.P. Morgan Bank Luxembourg S.A., Amsterdam Branch).

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

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.

[1] Capital Requirements Regulation (CRR) / Regulation [EU] No. 575/2013
[2] EBA Guidelines on materiality, proprietary and confidentiality and on disclosure frequency 23 December 2014
[3] CSSF expectation of firms' compliance with EBA/GL/2016/11: http://www.cssf.lu/fileadmin/files/Lois_reglements/Circulaires/Hors_blanchiment_terrorisme/cssf17_673.pdf
[4] EBA Final Report on Guidelines for Disclosure under Part Eight of Regulation (EU) No 575/2013 Version 2 published 16th December 2016
[5] Capital Requirements Directive (CRD IV) / Regulation [EU] Directive 2013/36/EU

2.Own Funds (Art. 437)

Own Funds Disclosures

Capital resources represent the amount of regulatory capital available to an entity to cover all risks. Defined under the CRR, capital resources are designated into two tiers, Tier 1 and Tier 2. Tier 1 capital consists of Common Equity Tier 1 (“CET1”) and Additional Tier 1 (“AT1”). CET1 is the highest quality of capital and typically represents share capital, reserves and audited profit; AT1 contains hybrid debt instruments; Tier 2 capital typically consists of subordinated debt and other eligible capital instruments.

The information represented in the tables below constitutes the applicable data elements for Own Funds identified in Title VII of the Guidelines. Capital ratios are disclosed in accordance with the CRR.

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 JPMBL

	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	11	26 (1), 27, 28, 29, EBA list 26 (3)	11
	of which: Ordinary Shares	11	EBA list 26 (3)	11
2	Retained earnings	1,392	26 (1) (c)	1,392
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	-	26 (1)	-
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	1,403		1,403
Common Equity Tier 1 (CET1) Capital: Regulatory Adjustments				
44	**Additional Tier 1 (AT1) capital**	-		-
45	**Tier 1 capital (T1 = CET1 + AT1)**	1,403		1,403
Tier 2 (T2) Capital: Regulatory Adjustments				
58	**Tier 2 (T2) capital**	-		-
59	**Total capital (TC = T1 + T2)**	1,403		1,403
60	**Total risk weighted assets**	3,368		3,368
Capital Ratios and Buffers				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	41.64%	92 (2) (a), 465	41.64%
62	Tier 1 (as a percentage of total risk exposure amount)	41.64%	92 (2) (b), 465	41.64%
63	Total capital (as a percentage of total risk exposure amount)	41.64%	92 (2) (c)	41.64%
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)	9.38%	CRD 128, 129, 130	9.50%
65	*of which*: capital conservation buffer requirement	2.50%		2.50%
66	*of which:* countercyclical buffer requirement	0.00%		0.00%
67	*of which*: systemic risk buffer requirement	0.00%		0.00%
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.38%	CRD 131	0.50%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	33.64%	CRD 128	33.64%

Own Funds Reconciliation

The tables below present a reconciliation between unaudited balance sheet own funds and regulatory own funds as at 30th June 2018 in accordance with the requirements set out in Commission Implementing Regulation (EU) No 1423/2013.

Table 2: Reconciliation of Regulatory Own Funds to Balance Sheet for JPMBL

Regulatory Own Funds Reconciliation to Balance Sheet	$'m
CET1 Capital	1,403
100,000 Ordinary Shares of $110 each	11
Other Reserves	19
Retained Earnings	1,373
CET1 Capital - Balance Sheet Own Funds	**1,403**
CET1 Capital - Regulatory Own Funds After Adjustments	**1,403**
Total Regulatory Own Funds	**1,403**

Main Features of Capital Instruments

The table below presents the main features of regulatory capital instruments for JPMBL as at 30th June 2018 and as required by Commission Implementing Regulation (EU) No 1423/2013. The terms and conditions for these instruments can be found on the Luxembourg business registers (LBR) website.

1423/2013. The terms and conditions for these instruments can be found on the Luxembourg business registers website.

Table 3: Main Features of Regulatory Capital Instruments

Capital Instruments Main Features ($'m)		JPMBL
		CET1
		$110 ordinary shares
1	Issuer	J.P. Morgan Bank Luxembourg S.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private	N/A
3	Governing law(s) of the instrument	Article 37 et seq. of "Luxembourg Company Law: Law of
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo
7	Instrument type (types to be specified by each jurisdiction)	Shares of a public limited liability company (Actions
8	Amount recognised in regulatory capital (Currency in million, as of most	USD 11
9	Nominal amount of instrument	USD 110
9a	Issue price	USD 110
9b	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	May 16th, 1973
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type	Equity is the lowest level in the hierarchy
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

3.Capital Requirements (Art. 438)

The tables below show a breakdown of the risk weighted assets and associated Minimum Capital Requirements for JPMBL.
The Minimum Capital Requirement is the amount of Pillar 1 capital that the CRR requires JPMBL to hold at all times. JPMBL Total Capital Resources must be greater than its Minimum Capital Requirement, allowing for a capital excess to cover any additional obligations, for example, Pillar 2.
The key risk types JPMBL is exposed to for Capital allocation purposes are Credit risk and Operational risk. The basic indicator approach has been used for the calculation of Operational Risk Capital Requirements. The standardised approach has been used for the calculation of Credit Risk.

Table 4: EU OV1 - Overview of RWAs for JPMBL

	($'m)	RWA		Minimum capital requirements
		Q2 2018	Q1 2018	
1	Credit risk (excluding counterparty credit risk) (CCR)	2,674	2,862	344
2	*Of which* the standardised approach	2,674	2,862	344
6	**CCR**	-	-	-
13	**Settlement risk**	-	-	-
14	**Securitisation exposures in banking book (after cap)**	-	-	-
19	**Market Risk**	-	-	-
22	**Large exposures**	-	-	-
23	**Operational Risk**	**695**	**695**	**89**
24	*Of which* basic indicator approach	695	695	89
27	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	-	-	-
28	**Floor adjustment**	-	-	-
29	**Total**	**3,368**	**3,557**	**433**

4. Exposure to Counterparty Credit Risk (Article 439)

Counterparty Credit Risk Analysis

Counterparty credit risk' or 'CCR' means the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. The assessment of CCR exposures as defined by the CRR is specifically applied to the following transaction types: derivative instruments, repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions.

As of June 30th 2018 counterparty credit risk was not applicable to JPMBL as the Bank held no such exposures on its Balance Sheet.

CVA Capital Charge

Credit Valuation Adjustment' or 'CVA' means an adjustment to the mid-market valuation of the portfolio of transactions with a counterparty. That adjustment reflects the current market value of the credit risk of the counterparty to the institution, but does not reflect the current market value of the credit risk of the institution to the counterparty.

JPMBL shall calculate the own funds requirements for CVA risk for all OTC derivative instruments in respect of all of its business activities, other than credit derivatives recognised to reduce risk-weighted exposure amounts for credit risk.

The exposure value and associated RWAs subject to CVA capital charges shall be calculated according to the Standardised method as prescribed in Article 384 of CRR.

As of June 30th 2018 JPMBL has no derivative or counterparty credit risk exposure thus CVA is not applicable.

Exposure to CCPs

As a consequence to the above, JPMBL has no exposure to CCPs as of June 30th 2018.

5. Credit Risk Adjustments (Article 442)

Definitions

The following definitions are used for accounting purposes:

- **Impairment of financial assets:** Impairment losses on loans and receivables are measured as the difference between the financial assets carrying amount and the present value of the estimated future cash flows discounted at the financial asset's effective interest rate.

- **Impairment of non-financial assets:** An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

- **Past due:** A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Analysis of Credit Exposures

The tables below show defaulted and non-defaulted exposures before credit risk mitigation broken down by exposure class and associated credit risk adjustments. Credit risk adjustments arising from loan loss provisions which are individually immaterial are not used to reduce the exposure value. This is consistent with the CoRep submission.

Table 5: EU CR1-A – Credit quality of exposures by exposure class and instrument for JPMBL

	($'m)	a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net Values
		Defaulted exposures	Non-defaulted exposures					(a+b-c-d)
1	Central governments or central banks	—	3,691	—	—	—	—	3,691
2	Institutions	—	11,631	—	—	—	—	11,631
3	Corporates	—	1,090	0	—	—	—	1,090
4	Other Residual Exposure	—	159	—	—	—	—	159
5	Total standardised approach	—	16,571	—	—	—	—	16,571
6	**Total**	**—**	**16,571**	**—**	**—**	**—**	**—**	**16,571**
7	Of which: Loans	—	5,918	—	—	—	—	5,918
9	Of which: Off-balance-sheet exposures	—	905	—	—	—	—	905

Industry Analysis of Credit Exposures

The tables below present an analysis of credit quality of on-balance sheet and off-balance sheet exposures before credit risk mitigation by industry sector and associated credit risk adjustments.

Table 6: EU CR1-B – Credit quality of exposures by industry or counterparty types for JPMBL

	($'m)	a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net Values
		Defaulted exposures	Non-defaulted exposures					(a+b-c-d)
1	Finance Industry	—	16,407	0	—	—	—	16,407
2	Manufacturing	—	4	—	—	—	—	4
3	Other Exposures	—	160	—	—	—	—	160
4	**Total**	**—**	**16,571**	**0**	**—**	**—**	**—**	**16,571**

Geographical Location of Exposures

The tables below show credit exposures before credit risk mitigation broken down by geographic location. Other geographical areas includes multilateral development banks and international organisations which operate across multiple regions.

Table 7: EU CR1-C – Credit quality of exposures by geography for JPMBL

($'m)		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net Values
		Defaulted exposures	Non-defaulted exposures					(a+b-c-d)
1	**EMEA**	**—**	**5,075**	**0**	**—**	**—**	**—**	**5,075**
2	GERMANY	—	21	—	—	—	—	21
3	ITALY	—	26	—	—	—	—	26
4	LUXEMBOURG	—	5,020	0	—	—	—	5,020
5	Other Countries in EMEA (Residual Exposure)	—	8	—	—	—	—	8
6	**APAC**	**—**	**1**	**—**	**—**	**—**	**—**	**1**
7	Other Countries in APAC (Residual Exposure)	—	1	—	—	—	—	1
8	**AMERICA**	**—**	**11,495**	**—**	**—**	**—**	**—**	**11,495**
9	UNITED STATES OF AMERICA	—	11,495	—	—	—	—	11,495
10	**Total**	**—**	**16,571**	**—**	**—**	**—**	**—**	**16,571**

Non-performing and Forborne Exposures

The following tables provide an overview of non-performing and forborne exposures as per the Commision Implementing regulation (EU) No 680/2017. No exposure was forborne as at 30th June 2018.

Table 8: EU CR1-E – Non-performing and forborne exposures for JPMBL

($'m)		a	b	c	d	e	f	g	h	i	j	k	l	m
		Gross carrying amount of performing and non-performing exposures							Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received	
			Of which performing but past due > 30 days and <= 90 days	Of which performing forborne	Of which non-performing				On performing exposures		On non-performing exposures		On non-performing exposures	Of which forborne exposures
						Of which defaulted	Of which impaired	Of which forborne		Of which forborne		Of which forborne		
010	Loans and advances	15,507	—	—	—	—	—	—	0	—	—	—	—	—
030	Off-balance-sheet exposures	905	—	—	—	—	—	—	—	—	—	—	—	—

Credit Risk Adjustments

No general or specific credit risk adjustment was made in the reporting period.

Defaulted and Impaired Exposures

Defaulted exposures

JPMBL has no defaulted exposures as of June 30th 2018.

Impaired exposures

From January 2018 allowances representing management's estimates of Expected Credit Losses (ECL) have been made against some exposures in accordance with the applicable IFRS 9 accounting framework. These ECL are accounted for under the form of credit-impairments in the meaning of IFRS 9.

The impairment standard of IFRS9 requires legal entities to take ECL provisions upon initial recognition of some financial instruments and to update the amount of allowance for credit losses (ACL) in subsequent reporting periods depending on the extent of credit deterioration since initial recognition.
In that context the Bank utilizes a three stage model for impairment assessments based on the changes in credit quality since initial recognition:

- Stage 1 – performing instruments that have not experienced a Significant Increase in Credit Risk since initial recognition.
- Stage 2 – performing instruments that have experienced a Significant Increase in Credit Risk since initial recognition.
- Stage 3 – nonperforming instruments that are determined to be credit impaired

As of June 30th 2018 all ECL are Stage 1 and amounting to USD 25,102 in total.
ECL are treated as specific credit risk adjustments to the Bank's related exposures as disclosed in "CR1" tables above.

JPMBL has no other impaired exposures than the ones determined under the above framework.

Past Due Exposures

As at 30th June 2018 there were no past due exposures reported in JPMBL.

6. Use of External Credit Assessment Institutions (Article 444)

ECAIs and Exposure Classes

Under the Standardised approach, RWA are calculated using credit ratings assigned by External Credit Assessment Institutions ('ECAI'). The firm applies the standard ECAI ratings to risk weight mappings provided by the EBA.

J. P. Morgan uses the following ECAIs to determine risk weights for this purpose:

- Moody's;
- Standard & Poor's ('S&P'); and
- Fitch.

These rating assessments are used for calculation of the risk weights for the following classes of exposure:

- Central governments and central banks;
- Institutions.

All other exposure classes are assigned risk weightings described in the standardised approach as per the CRR (Article 113 to Article 134).

Exposures at Default by Risk Weights

Credit Risk Exposures at Default Post-Credit Risk Mitigation

The breakdown of credit risk exposures post conversion factor and post risk mitigation technique (including volatility adjustments) under the standardised approach, by exposure class, is presented in the table below.

Table 9: EU CR5 – Standardised approach (post-CRM) for JPMBL

Exposure classes ($'m)		Risk weight									Total	Of which unrated
		0%	2%	20%	50%	100%	150%	250%	1250%	Deducted		
1	Central governments or central banks	3,691	—	—	—	—	—	—	—	—	3,961	—
6	Institutions	—	—	11,619	10	2	—	—	—	—	11,631	2
7	Corporates	905	—	—	—	185	—	—	—	—	1,090	1,090
16	Other items	—	—	—	—	159	—	—	—	—	159	159
17	**Total**	4,596	—	11,619	10	346	—	—	—	—	16,571	1,251

7. Exposure to Market Risk (Article 445)

JPMBL's market risks arise predominantly from foreign-exchange risk on account of unmatched currency positions in the banking book. Foreign exchange risk is a function of the difference between long and short positions in each currency. The foreign exchange exposures included in the balance sheet relate mainly to takings and placings in currencies other than JPMBL's base currency, and the currency mismatch between revenues and costs, whereby there is no material cost.

Table 10: EU MR1 – Market risk under the standardised approach for JPMBL

		JPMBL ($'m)	
		a	b
		RWAs	Capital requirements
	Outright products		
3	Foreign exchange risk	7	—
9	**Total**	7	—

As of June 30th 2018, Pillar 1 foreign exchange risk is below the reporting threshold of 2% of regulatory capital. Hence, no capital has been allocated against foreign exchange risk.

8. Leverage (Article 451)

The leverage ratio is a measure of Tier 1 capital as a percentage of exposure as defined under the CRR rules.
The requirement for the calculation and reporting of leverage ratios was introduced as part of CRD IV in 2014, and amended by the European Commission Delegated Act (EU) 2015/62 in 2015.

As a result of this, CRD IV legislation allows for the calculation of a transitional leverage ratio aligned to the phasing in of a number of capital deductions and the phasing out of grandfathered instruments as allowed for the calculation of own funds under the CRR.
CRD IV does not currently include a minimum Leverage Ratio requirement; however, the Basel Committee on Banking Supervision (the'Basel Committee') has indicatively proposed a minimum requirement of 3%.

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

The Firm has adopted a point-in-time calculation of the leverage ratio, as per Commission Delegated Regulation 2015/62.
The information represented in the tables below constitutes the key applicable data elements for leverage identified in Title VII of the EBA Guidelines.

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

	Regulatory Own Funds Reconciliation to Balance Sheet	$'m
1	Total assets as per prudential reporting	15,665
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	91
13	**Leverage ratio total exposure measure**	**15,756**

Table 12: Leverage Ratio Common Disclosure

	Regulatory Own Funds Reconciliation to Balance Sheet	$'m
	On-balance sheet exposures	
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	15,665
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**15,665**
	Other off-balance sheet exposures	
17	Off-balance sheet exposures at gross notional amount	905
18	(Adjustments for conversion to credit equivalent amounts)	- 815
19	**Other off-balance sheet exposures (sum of lines 17 and 18)**	**91**
	Capital and total exposure measure	
20	**Tier 1 capital**	**1,403**
21	**Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	**15,756**
	Leverage ratio	
22	**Leverage ratio**	**8.9%**

9. Use of Credit Risk Mitigation Techniques (Article 453)

Credit Risk Mitigation Techniques

To reduce capital requirements exposures can be secured by collateral, financial guarantees or credit derivatives. JPMBL has historically secured some of its exposures with the group by collateral in the context of secured lending transactions.

As of June 30th 2018 JPMBL has no collateral, financial guarantees or credit derivatives used as credit risk mitigants for its exposures.

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

The Liquidity Coverage Ratio[11] 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 was required to be 60% at 1st October 2015, rising to 70% on 1st January 2016 and 80% 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 JPMBL

	JPMBL
Currency and units:	($'m)
Quarter ending on:	30-Jun-18
Number of data points used in the calculation of averages	12
	Total weighted adjusted value (average)
LIQUIDITY BUFFER	**3,301**
TOTAL NET CASH OUTFLOWS	**1,966**
LIQUIDITY COVERAGE RATIO (%)	**168%**

The weighted adjusted value of the liquidity buffer is the value of the total high quality liquid assets after the application of both haircuts and any applicable cap. The weighted adjusted value of net cash outflows is calculated after the inflows and outflows rates are applied and after any applicable cap on inflows.

JPMBL's average LCR was 168% for the quarter ending on 30th June 2018.

[11] In line with the EBA guidelines the average ratio disclosed in Table 13 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. Glossary of Acronyms

AT	Additional Tier
BIA	Basic Indicator Approach
CET	Common Equity Tier
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CSSF	Commission de Surveillance du Secteur Financier
CVA	Credit Valuation Adjustment
EBA	European Banking Authority
EMEA	Europe, Middle East and Africa
IFRS	International Financial Reporting Standards
LCR	Liquidity Coverage Ratio
JPMBL	J.P. Morgan Bank Luxembourg S.A.
JPMC	J.P. Morgan Chase and Company