

Pillar 3 Quarterly Disclosure Report as at 31st Mar 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.

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 first quarter of 2019.

All data is recorded as at 31st March 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.

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>.

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 two extensions of the negotiation timeline, the UK is currently scheduled to depart from the EU on 31st October, 2019. 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/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 for the entities for which this disclosure relates, is made up of share capital, reserves and audited profit; there is no AT1 in either entity. Tier 2 capital 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 Minimum Requirement for own funds and Eligible Liabilities ('MREL'). Amendments to the EU MREL framework are currently being agreed through the finalisation of the CRD V/ BRRD II package. 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 published its updated Statement of Policy on its approach to setting MREL in June 2018. This included new 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.

The information represented in the tables below constitutes the applicable data elements for Own Funds identified in Title VII of the Guidelines.⁶

Key Changes during the Period

- **JPMCHL:** The total capital ratio has decreased by 0.20% from 23.21% as at 31st December 2018 to 23.01%. The decrease in the total capital ratio is driven by an increase in Risk Weighted Assets ('RWA') due to market risk.
- **JPMS plc:** The total capital ratio has increased by 0.52% from 22.50% as at 31st December 2018 to 23.02%. The increase in total capital ratio is driven by CET1 capital due to recognised audited profits. This is partially offset by an increase in RWA due to market risk.

Table 1: 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, EBA list 26 (3)
	of which: Ordinary shares	8,081	EBA list 26 (3)
2	Retained earnings	27,606	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	9,565	26 (1)
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	45,252	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(1,164)	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	(48)	36 (1) (b), 37, 472 (4)
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(1,212)	
29	Common Equity Tier 1 (CET1) capital	44,040	
Additional Tier 1 (AT1) capital: Instruments			
44	Additional Tier 1 (AT1) capital	—	
45	Tier 1 capital (T1 = CET1 + AT1)	44,040	
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	—	
58	Tier 2 (T2) capital	12,000	
59	Total capital (TC = T1 + T2)	56,040	
60	Total risk weighted assets	243,556	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	18.08%	92 (2) (a), 465

⁶ There are no longer specific transitional items, therefore the 'transitional own funds disclosure template' is replaced by the 'own funds disclosure template' as provided in Commission Implementing Regulation (Eu) No 1423/2013.

Own Funds Disclosure Template (\$'mm)		Amount at Disclosure Date	Regulation (EU) No 575/2013 Article Reference
62	Tier 1 (as a percentage of total risk exposure amount)	18.08%	92 (2) (b), 465
63	Total capital (as a percentage of total risk exposure amount)	23.01%	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)	7.19%	CRD 128, 129, 130
65	of which: capital conservation buffer requirement	2.5%	
66	of which: countercyclical buffer requirement	0.19%	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	12.08%	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)	3,953	36 (1) (h), 46, 45, 472 (10), 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)
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)	543	36 (1) (i), 45, 48, 470, 472 (11)
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)	123	36 (1) (c), 38, 48, 470, 472 (5)

Table 2: 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, EBA list 26 (3)
	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)	6,664	26 (1)
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	44,905	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(1,162)	34, 105
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(1,162)	
29	Common Equity Tier 1 (CET1) capital	43,743	
Additional Tier 1 (AT1) capital: Instruments			
44	Additional Tier 1 (AT1) capital	—	
45	Tier 1 capital (T1 = CET1 + AT1)	43,743	
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	—	
58	Tier 2 (T2) capital	12,000	
59	Total capital (TC = T1 + T2)	55,743	
60	Total risk weighted assets	242,196	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	18.06%	92 (2) (a), 465
62	Tier 1 (as a percentage of total risk exposure amount)	18.06%	92 (2) (b), 465
63	Total capital (as a percentage of total risk exposure amount)	23.02%	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)	7.19%	CRD 128, 129, 130
65	of which: capital conservation buffer requirement	2.5%	
66	of which: countercyclical buffer requirement	0.19%	

Own Funds Disclosure Template (\$'mm)		Amount at Disclosure Date	Regulation (EU) No 575/2013 Article Reference
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	12.06%	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)	3,451	36 (1) (h), 46, 45, 472 (10), 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)
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)	2,385	36 (1) (i), 45, 48, 470, 472 (11)
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)	117	36 (1) (c), 38, 48, 470, 472 (5)

Own Funds Reconciliation

The tables below present a reconciliation between unaudited balance sheet own funds and regulatory own funds as at 31st March 2019 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	\$'mm
CET1 Capital	
406,909,774 Ordinary Shares of \$10 each	4,069
Share Premium Account	4,012
Other Reserves	9,565
Retained Earnings	32,287
CET1 Capital - Balance Sheet Own Funds	49,933
<i>Less Regulatory Adjustments</i>	
(-) Unaudited Profit	(4,681)
(-) Intangible Assets Goodwill	(48)
(-) Additional Valuation Adjustments	(1,164)
CET1 Capital - Regulatory Own Funds After Adjustments	44,040
Subordinated Loan (maturity 17/12/2028)	12,000
T2 Capital - Regulatory Own Funds After Adjustments	12,000
Total Regulatory Own Funds	56,040

Table 4: 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	6,664
Retained Earnings	16,413
CET1 Capital - Balance Sheet Own Funds	45,471
<i>Less Regulatory Adjustments</i>	
(-) Unaudited Profit	(566)
(-) Additional Valuation Adjustments	(1,162)
CET1 Capital - Regulatory Own Funds After Adjustments	43,743
Subordinated Loan (maturity 17/12/2028)	12,000
T2 Capital - Balance Sheet Own Funds	12,000
Total Regulatory Own Funds	55,743

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 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 5: 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 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

- Market risk RWA increased primarily due to movement in standardised approach driven by traded debt instruments and equities.
- CCR decreased driven by reduction in Securities Financing Transactions ('SFTs') exposure partially offset by increases in derivatives under IMM and in Credit Valuation Adjustment ('CVA').

Table 6: EU OV1 - Overview of RWAs for JPMCHL⁷

\$'mm			RWA		Minimum capital requirements
			Q1 2019	Q4 2018	Q1 2019
	1	Credit risk (excluding CCR)	17,711	20,734	1,417
Article 438(c)(d)	2	Of which the standardised approach	17,711	20,734	1,417
Article 107 and Article 438(c)(d)	6	CCR	109,719	111,156	8,777
Article 438(c)(d)	7	Of which mark to market	25,983	26,063	2,079
	10	Of which internal model method (IMM)	23,025	19,731	1,842
Article 438(c)(d)	11	Of which risk exposure amount for contributions to the default fund of a CCP	71	86	6
Article 438(c)(d)	12	Of which CVA	10,680	8,771	854
Article 438(e)	13	Settlement risk	282	357	23
Article 438 (e)	19	Market risk	99,552	92,500	7,964
	20	Of which the standardised approach	84,914	79,256	6,793
	21	Of which IMA	14,638	13,244	1,171
Article 438(f)	23	Operational risk	15,959	15,959	1,277
	24	Of which basic indicator approach	15,959	15,959	1,277
Article 437(2), Article 48 and Article 60	27	Amounts below the thresholds for deduction (subject to 250% risk weight)	333	290	27
	29	Total	243,556	240,996	19,485

Table 7: EU OV1 - Overview of RWAs for JPMS plc⁸

\$'mm			RWA		Minimum capital requirements
			Q1 2019	Q4 2018	Q1 2019
	1	Credit risk (excluding CCR)	15,978	18,651	1,278
Article 438(c)(d)	2	Of which the standardised approach	15,978	18,651	1,278
Article 107 and Article 438(c)(d)	6	CCR	109,756	111,164	8,781
Article 438(c)(d)	7	Of which mark to market	25,975	26,018	2,078
	10	Of which internal model method (IMM)	23,029	19,732	1,842
Article 438(c)(d)	11	Of which risk exposure amount for contributions to the default fund of a CCP	71	86	6
Article 438(c)(d)	12	Of which CVA	10,680	8,771	854

⁷ The exposure value to SFTs is included under CCR, it is not shown in the CCR breakdown, as in line with the prescribed template.

⁸ as per footnote 6

\$'mm			RWA		Minimum capital requirements
			Q1 2019	Q4 2018	Q1 2019
Article 438(e)	13	Settlement risk	181	262	14
Article 438 (e)	19	Market risk	96,995	88,390	7,760
	20	Of which the standardised approach	82,357	75,146	6,589
	21	Of which IMA	14,638	13,244	1,171
Article 438(f)	23	Operational risk	13,632	12,258	1,091
	24	Of which basic indicator approach	13,632	12,258	1,091
Article 437(2), Article 48 and Article 60	27	Amounts below the thresholds for deduction (subject to 250% risk weight)	5,654	5,201	452
	29	Total	242,196	235,926	19,376

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

\$'mm	JPMCHL	
	Q1 2019	Q4 2018
Total Capital Requirements	26,871	26,598

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 9: 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	19,731	1,578
2	Asset size	3,360	269
3	Credit quality of counterparties	71	6
4	Model updates (IMM only) ⁹	—	—
5	Methodology and policy (IMM only)	—	—
8	Other ¹⁰	(137)	(11)
9	RWAs as at the end of the current reporting period	23,025	1,842

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. As it is displayed in the table below, own funds requirements increased by \$111mm to \$1,171mm mainly driven by increases in Stressed Value-at-Risk ('SVaR').

Table 10: 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	2,463	8,078	2,703	13,244	1,060
2	Movement in risk levels	218	1,031	316	1,565	125
3	Model updates/changes	(372)	201	—	(171)	(14)
4	Methodology and policy	—	—	—	—	—
8	RWAs at the end of reporting period	2,309	9,310	3,019	14,638	1,171

⁹ All model updates made in the reporting period are deemed to be non-significant under PRA SS12/13 6.11 (b)

¹⁰ 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

- **JPMCHL:** The leverage ratio has decreased by 0.31% from 6.57% as at 31st December 2018 to 6.26%. The decrease in the leverage ratio is driven by an increase in the leverage exposure primarily due to seasonal increases in on-balance sheet exposure.
- **JPMS plc:** The leverage ratio has increased by 0.05% from 6.17% as at 31st December 2018 to 6.22%. The increase in the leverage ratio is driven by an increase in T1 capital due to recognised audited profits in CET1 capital. The increase was partially offset by increases in the leverage exposure value primarily due to seasonal increases in on-balance sheet exposure.

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: 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)	260,387	260,403
2	(Asset amounts deducted in determining Tier 1 capital)	(1,164)	(1,162)
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	259,223	259,241
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	30,738	30,735
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to- market method)	194,850	194,836
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(47,608)	(47,606)
8	(Exempted CCP leg of client-cleared trade exposures)	(16,445)	(16,446)
9	Adjusted effective notional amount of written credit derivatives	559,848	559,848
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(559,848)	(559,848)
11	Total derivative exposures (sum of lines 4 to 10)	161,535	161,519
SFT exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	427,055	427,995
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(198,157)	(198,157)
14	Counterparty credit risk exposure for SFT assets	43,920	43,916
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	272,818	273,754
Other off-balance sheet exposures			
17	Off-balance sheet exposures at gross notional amount	16,708	15,046
18	(Adjustments for conversion to credit equivalent amounts)	(7,058)	(6,569)
19	Other off-balance sheet exposures (sum of lines 17 and 18)	9,650	8,477
Capital and total exposure measure			
20	Tier 1 capital	44,040	43,743
21	Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	703,226	702,991
Leverage ratio			
22	Leverage ratio	6.26%	6.22%

Table 12: 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	741,087	742,095
4	Adjustments for derivative financial instruments	(90,266)	(90,335)
5	Adjustment for securities financing transactions (SFTs)	43,920	43,916
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	9,649	8,477
7	Other adjustments	(1,164)	(1,162)
8	Leverage ratio total exposure measure	703,226	702,991

5. Liquidity (Article 435 (1))

The Liquidity Coverage Ratio ('LCR')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. From 1st January 2018 the LCR is required to be a minimum of 100%.

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:	\$'mm	\$'mm	\$'mm	\$'mm	\$'mm	\$'mm	\$'mm	\$'mm
Quarter ending on:	31-Mar-19	31-Dec-18	30-Sep-18	30-Jun-18	31-Mar-19	31-Dec-18	30-Sep-18	30-Jun-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	59,237	61,352	63,315	67,367	56,438	57,880	59,331	62,539
TOTAL NET CASH OUTFLOWS	21,195	22,731	24,244	27,172	21,091	22,847	25,046	28,716
LIQUIDITY COVERAGE RATIO (%)	280%	275%	266%	255%	268%	259%	244%	227%

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.

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'.

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
CRR	Capital Requirements Regulation
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
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
RNIV	Risk not in VaR
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