JPMORGAN CHASE BANK, N.A. JOHANNESBURG BRANCH

Public Disclosure: Regulation 43 of the Regulations relating to Banks South African Reserve Bank

For the year ended 31 December 2017

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Appendices

1. Overview

Aim of the public disclosure report

This report provides information on JPMorgan Chase Bank, N.A. Johannesburg Branch capital structure, capital adequacy, risk exposures, and risk weighted assets ("RWA"). This disclosure fulfils the requirements as set out in The Regulations to Banks, South African Reserve Bank.

Firm-wide disclosure

The ultimate parent of the entity in scope of the disclosure is JPMorgan Chase & Co. ("JPMorgan Chase"), a financial holding company incorporated under Delaware law in 1968.

Firm-wide disclosure is made under Basel III requirement available at the below link. Reference is made to this throughout the document:
http://investor.shareholder.com/jpmorganchase/basel.cfm

The above Firm-wide report should be read in conjunction with the Annual Report on Form 10-K and the Quarterly Report on Form 10-Q which have been filed with the U.S. Securities and Exchange Commission and are available at the following link:
http://investor.shareholder.com/jpmorganchase/sec.cfm

This document refers to JPMorgan Chase or the "Firm" when referring to frameworks, methodologies, systems and controls that are adopted throughout JPMorgan Chase & Co. and its subsidiaries. Entity names are used to refer to documents, financial resources and other tangible concepts relevant only to that entity.

Ownership

JPMorgan Chase Bank, N.A. Johannesburg Branch ("JPMCB Jhb" or the "Branch") is a Branch of JPMorgan Chase Bank, National Association ("the Bank") and has been registered as an external company in South Africa. The Bank is a wholly owned subsidiary of JPMorgan Chase & Co ("the Firm") incorporated in the United States of America.

Business activities

JPMCB Jhb's activities fall within the financial services industry in South Africa and are primarily as follows:

- Deposit taking and placing to and from wholesale clients only;
- Trading in government, government guaranteed and corporate and public sector debt securities;
- Booking, trading and marketing activities in relation to foreign exchange, Interest rate, credit and equity derivatives ;
- Providing investment banking advisory services, including mergers and acquisitions;
- Providing loans to corporate and public sector clients in South Africa;
- Acting as debt facility sponsor, arranger or agent bank and other corporate finance activities;
- Participating as a ZAR Clearer on SAMOS and Bankserve;

- Providing core cash management and liquidity solutions for wholesale clients; and
- Providing trade products and services for clients.

JPMCB Jhb holds a banking license in South Africa and is also an Authorised Dealer and an Authorised Financial Services Provider. It is regulated by the South African Reserve Bank, the Financial Services Board, the Financial Intelligence Centre and the Johannesburg Stock Exchange for bond trading.

Governance

As a branch of the Bank, governance is ultimately the responsibility of the Board of Directors of JPMorgan Chase Bank, N.A. who is responsible for the oversight of management of the Bank. The JPMorgan Chase Bank, N.A. Board accomplishes this function acting directly and through the principal standing committees of the Firm's Board of Directors. Risk oversight on behalf of JPMorgan Chase Bank N.A. is primarily the responsibility of the Risk Policy Committee of the Board of Directors and the Audit Committee of the Firm's Board of Directors and, with respect to compensation and other management-related matters, the Compensation & Management Development Committee of the Firm's Board of Directors.

In South Africa, JPMCB Jhb is managed though the Branch Executive Committee, who are also members of the South Africa Local Management Committee ("SA LMC"). The SA LMC is the most senior cross business and support function governance committee in South Africa and responsible for legal entity risk management and governance.

The Senior Country Officer[1] and Senior Country Business Manager own the overall country strategy and are responsible across all businesses for ensuring that the Firm's business is conducted in an appropriate manner in accordance with Firm policies and values.

The SA LMC is both business focused and the escalation forum for all risks and control issues requiring the attention of senior management.

Risk profile

The management of JPMCB Jhb's risks and uncertainties is integrated with that of the Firm and so changes in the Firm's global risk management policies will have an impact on JPMC Jhb.

Both the Firm and JPMCB Jhb operate within a highly regulated industry and JPMCB Jhb's businesses and results may be significantly affected by the laws and regulations to which it is subject.

Significant changes to the way that major financial services institutions are regulated are occurring worldwide. Several of the reforms being discussed contemplate restructuring of the financial services industry. Such measures are leading to stricter regulation of financial institutions generally, and heightened prudential requirements for systematically important firms, in particular. Included in these are reforms of the over-the-counter derivatives markets, such as mandated clearing, position limits, margin, capital and registration requirements. Many of the reforms have already, or will affect the Firm and JPMCB Jhb's business models.

1 There is two Senior Country Officers in South Africa

Risk management framework

Risk is an inherent part of JPMorgan Chase's business activities. The Firm's overall objective is to manage its business, and the associated risks, in a manner that balances serving the interest of its clients, customers and investors and protects the safety and soundness of the Firm. Firm-wide risk management is overseen and managed on an enterprise-wide basis. The Firm's approach to risk management covers a broad spectrum economic and other core of risk areas, such as credit, market, liquidity, model, structural interest rate, principal, country, operational, compliance, legal, capital and reputation risk, with controls and governance established for each area, as appropriate.

The Firm believes that effective risk management requires:

- Acceptance of responsibility, including identification and escalation of risk issues, by all individuals within the Firm;
- Ownership of risk identification, assessment, data and management within each line of business ("LOB") and corporate functions; and
- Firm-wide structures for risk governance.

The Firm's Operating Committee, which consists of the Chief Executive Officer ("CEO"), Chief Risk Officer ("CRO"), Chief Operating Officer ("COO"), Chief Financial Officer ("CFO") and other senior executives, is the ultimate management escalation point in the Firm, and may refer matters to the Firm's Board of Directors. The Operating Committee is responsible and accountable to the Firm's Board of Directors.

The Firm strives for continual improvement through efforts to enhance controls, ongoing employee training and development, talent retention and other measures. The Firm follows a disciplined and balanced compensation framework with strong internal governance and independent Board oversight. The impact of risk and control issues are carefully considered in the Firm's performance evaluation and incentive compensation processes.

Risk governance & oversight

The Firm's CRO is the head of the Independent Risk Management ("IRM") function and reports to the CEO and the Directors' Risk Policy Committee of the Board ("DRPC"). The CEO appoints the CRO to create the Risk Management Framework subject to approval by the DRPC in the form of the Primary Risk Policies. The Chief Compliance Officer ("CCO"), who reports to the CRO, is also responsible for reporting to the Audit Committee for the Global Compliance Program.

The Firm's Global Compliance Program focuses on overseeing compliance with laws, rules and regulations applicable to the Firm's products and services to clients and counterparties. The IRM function, comprised of Risk Management and Compliance Organizations, is independent of the businesses. The IRM function sets various standards for the risk management governance framework, including risk policy, identification, measurement, assessment, testing, limit setting (e.g. risk appetite, thresholds, etc.), monitoring and reporting. Various groups within the IRM function are aligned to the LOBs and to corporate functions, regions and core areas of risk.
The Firm places reliance on each of its LOBs and other functional areas giving rise to risk. Each LOB or other functional area giving rise to risk is expected to operate its activities within the parameters identified by the IRM function, and within their own management- identified risk

and control standards. The LOBs, inclusive of LOB aligned Operations, Technology and Oversight & Controls, are the "first line of defence" in identifying and managing the risk in their activities, including but not limited to applicable laws, rules and regulations.
The Firm-wide Oversight and Control Group consists of dedicated control officers within each of the lines of business and corporate functions, as well as having a central oversight function. The group is charged with enhancing the Firm's control environment by looking within and across the lines of business and corporate functions to help identify and remediate control issues. The group enables the Firm to detect control problems more quickly, escalate issues promptly and engage other stakeholders to understand common themes and interdependencies among the various parts of the Firm.

The IRM function is independent of the businesses and forms the "second line of defence". The IRM function sets and oversee various standards for the risk governance framework, including risk policy, identification, measurement, assessment, testing, limit setting, monitoring and reporting, and conducts independent challenge of adherence to such standards.
The Internal Audit operates independently from other parts of the Firm and performs independent testing and evaluation of firm-wide processes and controls across the entire enterprise as the Firm's "third line of defence" in managing risk. The Internal Audit Function is headed by the General Auditor, who reports to the Audit Committee.

The independent status of the IRM function is supported by a governance structure that provides for escalation of risk issues to senior management, the Firm-wide Risk Committee, or the Board of Directors.

The Board of Directors provides oversight of risk principally through the DRPC, Audit Committee and, with respect to compensation and other management-related matters, the Compensation & Management Development Committee. Each committee of the Board oversees reputation risk issues within its scope of responsibility.

Links to regional and Firm-wide risk governance

Within the Europe, Middle East and Africa ("EMEA") region, a governance framework has been developed in alignment with the Firm-wide policies and procedures and provides an additional layer of control on a regional and legal entity basis.

- The EMEA Risk Committee ("ERC"), chaired by the EMEA CRO, is responsible for the oversight of all risks within the region, and reports up to the Firm-wide Risk Committee ("FRC") which is the highest management level Risk Committee in the Firm.
- The Legal Entity Risk Committee ("LERC"), a sub-committee of ERC provides governance and oversight for Legal Entity Risk Managers and Chief Risk Officers at a regional level. The LERC is accountable to the ERC and where required, directly to the relevant Boards or Directors' Risk Policy Committees or equivalent of the relevant legal entity.

The Committees above may delegate responsibility for management and oversight of risks to other committees or forums.

JPMCB Jhb

JPMCB Jhb is closely aligned to the regional and Firm-wide risk governance structure.

JPMCB Jhb exercises oversight through the South African Local Management Committee ("SA LMC"), which comprises the members of the Branch Executive Committee, and delegates certain responsibilities to various committees and sub-committees which are aligned to both the Firm-wide risk management framework and South African regulatory requirements. Additionally, the Legal Entity Risk Manager of JPMCB Jhb is a member of the SA LMC, the Legal Entity Risk Committee and the EMEA Risk Committee.

2. Statement of Financial Position

ASSETS	2017 R millions	2016 R millions
Balances with central bank	294	218
Treasury bills	4,129	3,522
Loans and advances, net of credit impairment	9,524	8,818
Investment and trading securities	1,007	412
Derivative financial instruments	19,226	14,931
Other assets	141	605
Total assets	**34,321**	**28,506**
EQUITY AND LIABILITIES		
Deposits	5,641	5,098
Derivative financial instruments	22,213	18,327
Other trading liabilities	913	499
Other liabilities	519	1,307
Total liabilities	**29,285**	**25,230**
Capital from head office	4,993	3,250
Other reserves	44	26
Total equity	**5,037**	**3,276**
Total equity and liabilities	**34,321**	**28,506**

Basis of preparation

The preparation of the numbers within the Statement of Financial Position and the Summarised Statement of Comprehensive Income have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and reported in accordance with SARB's Regulations relating to Banks. These numbers are audited on an annual basis by an independent audit firm.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the Branch has a legally enforceable right to offset the recognised amounts, and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3. Summarised Statement of Comprehensive Income

	2017 R millions	2016 R millions
Net interest income	523	560
Trading revenue and fee income	252	171
Gross operating income	**775**	**731**
Credit impairment released / (raised)	5	(65)
Operating expenses	(473)	(534)
Net profit before taxation	**308**	**131**
Taxation	(99)	(46)
Net profit after taxation	**209**	**85**

4. Capital

JPMCB Jhb

JPMCB Jhb's regulatory capital base as at 31 December 2017, calculated in accordance with the Regulations, was R4 990 million, R4 993 million of which was as a result of a capital injection from the Bank.

There is no difference between regulatory consolidation and accounting consolidation.

Net profits are remitted or net losses reimbursed on a monthly basis from Head Office which ensures that JPMCB Jhb's capital injection of R4 993 million stays intact.

See below information on the Branch's capital, risk weighted assets and capital ratios.

Regulatory capital base for JPMCB Jhb

	2017 R millions	2016 R millions
Common Equity Tier 1		
Capital		
Endowment capital from parent	4,993	3,250
Accumulated other comprehensive income	-	-
Regulatory adjustments		
Goodwill	(13)	(14)
Common equity Tier 1 capital	**4,980**	**3,237**
Additional Tier 1 capital	43	-
Tier 1 Capital	**5022**	**3,237**
Tier 2 capital	10	18
Total capital	**5033**	**3,254**

For more detail, refer:

- Annexure A: Composition of Capital Disclosure Template, and
- Annexure B: Main Features Disclosure Template.

Capital adequacy requirement

JPMCB Jhb

Risk weighted assets as at 31 December

	2017 R millions	2016 R millions
Credit and counterparty credit risk	19,731	15,258
Market risk	1,224	1,177
Operational risk	1,464	1,279
Total risk weighted assets	**22,419**	**17,714**
CET Tier 1 capital adequacy ratio	22.40%	18.27%
Tier 1 capital adequacy ratio	22.40%	18.27%
Total capital adequacy ratio	**22.45%**	**18.37%**

Leverage ratio

Refer appendix C, leverage ratio.

5. Credit Risk

JPMCB Jhb

Financial risk management

JPMCB Jhb has adopted the Firm's Risk Management Framework which seeks to mitigate risk and loss to the Firm, the Bank and JPMCB Jhb. The Firm has established processes and procedures intended to identify, measure, monitor, report and analyse the types of risk to which the Firm and JPMCB Jhb are subject.

JPMCB Jhb is subject to the Firm-wide risk policy framework. A detailed description of the Firm-wide policies and processes may be found within the Firm annual report.

Credit risk governance

Credit risk refers to the risk of loss arising from a borrower, counterparty or obligor failing to meet its contractual obligations.

Credit risk is managed by the Firm on a global level as well as at entity and Branch level. The Firm has developed policies and practices to which JPMCB Jhb is subject that are designed to preserve the independence and integrity of the approval and decision making process in relation to the extension of credit. These policies are intended to ensure that credit risks are assessed accurately, approved properly, monitored regularly and managed actively at the transaction, client and portfolio levels.

Each Line of Business within the Firm has its own independent credit risk management function, reporting to the Firm's Chief Risk Officer.

Credit risk management

The financial condition of JPMCB Jhb's customers, clients and counterparties, including other financial institutions, could adversely affect JPMCB Jhb. Many of the transactions entered into by JPMCB Jhb expose it to credit risk.

Financial services institutions are interrelated as a result of market-making, trading, clearing, counterparty or other relationships. JPMCB Jhb routinely executes transactions with counterparties in the financial services industry, including brokers and dealers, banks, mutual and hedge funds, investment managers and other clients which expose it to credit risk.

JPMCB Jhb is also exposed to risk of non-performance by its clients, which it may seek to mitigate through the maintenance of adequate collateral, a process that is managed centrally. JPMCB Jhb only accepts ZAR deposits as collateral from local corporates in compliance with exchange control regulations. Certain models, assumptions and inputs used in evaluating and monitoring credit risk are validated by support functions that are separate and independent from the businesses.

Credit Executives within the Firm who approve extensions of credit for the JPMCB Jhb ultimately report to the Head of Wholesale Credit Risk. Each line of business ("LOB") within the Firm has its own independent credit risk management function, reporting to the Chief Risk

Officer. To enable monitoring of credit risk, aggregate credit exposure, concentration levels and risk profile changes are reported to senior credit risk management and to the regional risk committee.

Credit risk methodology

A range of methodologies are adopted for quantifying the impact of a counterparty default. JPMCB Jhb reduces its credit risk exposure through the use of risk mitigants (e.g. netting agreements and collateral).

Methodologies for measuring credit risk vary depending on several factors including geography, product and counterparty type, rating and tenor.

Risk rated exposure

Risk ratings are assigned to counterparties to differentiate risk within the portfolio. These ratings are reviewed on an ongoing basis by Credit Risk and revised if needed to reflect the counterparties' current financial position, risk profiles and related collateral. For each credit facility, a Loss Given Default ("LGD") is calculated and is an estimate of losses, given a default event, and takes into consideration any collateral or structural support.

Risk monitoring and control

JPMCB Jhb has adopted and applied the policies and practices developed by the Firm. The Firm-wide policy framework establishes credit approval authorities, risk rating methodologies, portfolio review parameters and guidelines for management of all exposures, including distressed exposures. In addition, certain models, assumptions and inputs used in evaluating and monitoring credit risk are validated by support functions that are separate and independent from the businesses and which are subject to ongoing review.

Credit risk is monitored regularly on an individual counterparty basis with credit limits established that are reviewed and revised, typically on an annual basis.

Risk reporting

To enable monitoring of counterparty credit risk, aggregate credit exposure, concentration levels and risk profile changes, JPMCB Jhb utilises the Firm's extensive suite of credit risk systems and reports which are available to all levels of credit risk officer and are shared with Risk Committees.

JPMCB Jhb adopted the following approaches for calculating the Credit Risk Capital Requirements:

- Credit risk: Standardised Approach
- Counterparty credit risk: Current Exposure Method

Gross credit exposure before credit risk mitigation * as at 31 December

	On-balance sheet R millions	Off-balance sheet R millions	Repo exposure R millions	Derivative instruments R millions	Total R millions
2017					
Banks	2,150	20	2,795	27,103	32,067
Corporate	4,130	3,710		7,335	15,175
Public sector entities				9,798	9,798
Securities firms				132	132
Sovereign	4,129			1,055	5,184
Total	**10,409**	**3,730**	**2,795**	**45,422**	**62,356**
2016					
Banks	1,121	7	2,798	25,314	29,240
Corporate	4,912	1,483		4,358	10,753
Public sector entities				7,144	7,144
Securities firms				103	102
Sovereign	3,522			648	4,170
Total	**9,556**	**1,490**	**2,798**	**37,567**	**51,411**

Average gross credit exposure before credit risk mitigation during the year

	On-balance sheet R millions	Off-balance sheet R millions	Repo exposure R millions	Derivative instruments R millions	Total R millions
2017					
Banks	1,502	11	2,265	27,566	31,344
Corporate	4,705	1,735		5,589	12,030
Public Sector Entities				7,940	7,940
Security Firms				123	123
Sovereign	3,523			763	4,287
Total	**9,731**	**1,746**	**2,265**	**41,982**	**55,723**
2016					
Banks	890	7	5,076	31,508	38,609
Corporate	4,969	2,211	355	4,051	11,246
Public Sector Entities	44	0	0	8,380	8,424
Security Firms	0	0	0	166	166
Sovereign	3,713	0	0	426	4,138
Total	**9,615**	**2,217**	**6,220**	**44,530**	**62,583**

** No netting, no collateral or margin placed taken into account*

Geographical distribution of gross credit exposure as at 31 December

	2017 R millions	2016 R millions
South Africa	34,116	26,852
Europe	25,722	23,922
North America	1,643	107
Rest of world	874	530
Total gross exposure	**62,356**	**51,411**

Maturity profile of gross credit exposure as at 31 December

	2017 R millions	2016 R millions
Less than 1 year	21,082	17,736
1 – 5 years	16,662	9,606
More than 5 years	24,612	24,068
Total gross exposure	**62,356**	**51,411**

Reconciliation of general credit impairments during the year

	2017 R millions	2016 R millions
Balance at beginning of period	18	6
Credit impairment (reversed)/ raised	(8)	12
Amounts written off against credit impairments		
Balance at end of period	**10**	**18**

Reconciliation of specific credit impairments during the year

	2017 R millions	2016 R millions
Balance at beginning of period	12	116
Credit impairment raised		
Amounts written off against credit impairments	(12)	(104)
Balance at end of period	**0**	**12**

Impairment of financial assets

At each reporting date, JPMCB Jhb assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

JPMorgan's provision for credit losses represents management's estimate of probable credit losses inherent in the JPMCB Jhb's loan portfolio at the statement of financial position date

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disclosed as either general provision or specific provision. The impairment of loans is assessed at each reporting period. The impairment is calculated on a general and specific basis, based on historical loss ratios, adjusted for notional and industry specific economic conditions and other indicators present at the reporting date that correlate with defaults and specific client impairments. The impairment loss is recognised in profit and loss.

General provision (Performing loans)

The allowance for losses ("ALL") includes an asset-specific component and a formula based component. Management also estimates an allowance for wholesale lending-related commitments ("ALRC") using methodologies similar to those used to estimate the allowance for loan losses ("ALL"). Changes in the allowance for loan losses ("ALL") and wholesale lending-related commitments ("ALRC") are recorded in the provision for credit losses on the Branch's statement of comprehensive income. The primary credit quality indicator for wholesale loans is the risk rating assigned each loan. Risk ratings on loans consider the probability of default ("PD") and the loss given default ("LGD"). PD is the likelihood that a loan will default and not be repaid. The LGD is the estimated loss on the loan that would be realised upon the default of the borrower and takes into consideration collateral and structural support for each credit facility. Risk ratings generally represent ratings profiles similar to those defined by Standard & Poor's ("S&P") and Moody's and are reviewed on an ongoing basis by Credit Risk Management and are adjusted as necessary for updated information affecting the borrower's ability to fulfill its obligations.

Specific provision (non-performing loans)

The specific provision (or asset-specific component of the allowance) relates to loans considered to be impaired. To determine the asset-specific component of the allowance, larger loans are evaluated individually, while smaller loans are evaluated as pools using historical loss experience for the respective class of assets. The Firm develops product-specific probability of default estimates, which are applied at a loan level to compute expected losses. In developing these probabilities of default, the Firm considers the relationship between the credit quality characteristics of the underlying loans and certain assumptions based upon industry-wide data. The Firm also considers its own historical loss experience to date based on actual re-defaulted modified loans.

Exposure to counterparty credit risk

	Gross positive fair value R millions	Potential future exposure R millions	Netting benefit R millions	Net amount R millions	Collateral held R millions	Credit Exposure Amount after collateral R millions
2017						
Credit derivatives	11	15	5	22	13	9
FX contracts	10,507	8,284	11,170	7,621	514	7,108
Interest rate contracts	10,995	7,056	13,174	4,877	215	4,662
Equity derivatives	2,169	6,385	5,066	3,487	2,211	1,277
Total	**23,683**	**21,740**	**29,415**	**16,007**	**2,952**	**13,055**
2016						
Credit derivatives	4	1,424	1,419	9		9
FX contracts	13,121	6,818	14,052	5,888	304	5,584
Interest rate contracts	7,134	8,938	11,094	4,978	122	4,586
Equity derivatives	1,391	760	980	1,170	890	280
Total	**21,649**	**17,941**	**27,545**	**12,045**	**1,316**	**10,729**

Credit derivatives are held in the trading book and are fully hedged resulting in no net market risk. Credit derivatives are netted with other derivative exposures with the same counterparty under ISDA agreements.

6. Market Risk

Firm-wide

In terms of the Firm-wide Market Risk Management Policy framework, the Firm-wide Risk Executive Market Risk (FRE) and Line of Business Chief Risk Officers (LOB CROs) are responsible for establishing an effective market risk organization. The FRE and LOB Heads of Market Risk establish a framework to measure, monitor and control market risk.

The Market Risk function is scaled and organised according to the quantum and complexity of market risk arising from the business activity. Market risk management is either the responsibility of a dedicated Market Risk group or may be performed as part of the broader Risk Management function.

In addition to the Risk Governance framework detailed in the Risk Governance policy, additional senior Market Risk management risk oversight is provided via two Forums, which typically convene monthly:

- Firm-wide Market Risk Forum:

A platform for the discussion of strategic market risk initiatives, market risk measurement and methodology changes (e.g., stress test shocks), policy and procedures and other matters as appropriate. The Firm-wide Market Risk Forum is not intended to discuss current market risk events or positions, as these are discussed at LOB Risk Committees, as well as various business as usual MR meetings, as appropriate.

- Market Risk Control Forum:

A platform for the discussion of operational control issues impacting the end-to-end Market Risk organization. The Market Risk Control Forum provides appropriate governance, transparency and escalation of material control issues.

Risk measurement

Multiple measures are used to capture market risk and set limits as appropriate. These measures include, but are not limited to, Value-at-Risk (VaR), Stress Testing, Non-statistical measures, Profit & Loss (P&L) Drawdowns / Loss Advisories, Single Name Position Risk (SNPR).

Risk Monitoring and Control

Market risk is controlled primarily through a series of limits set in the context of the market environment and business strategy. In setting limits, the Firm takes into consideration factors such as market volatility, product liquidity and accommodation of client business and management experience. The Firm maintains different levels of limits. Corporate level limits include VaR and stress limits. Similarly, LOB limits include VaR and stress limits and may be supplemented by loss advisories, non-statistical measurements and P&L drawdowns. Limits may also be set within the LOBs, as well at the portfolio or legal entity level.

Limits are set by Market Risk and are regularly reviewed and updated as appropriate, with any changes approved by LOB management and Market Risk. Senior management, including the Firm's CEO and CRO, are responsible for reviewing and approving certain of these risk limits on an ongoing basis. All limits that have not been reviewed within specified time periods by Market Risk are escalated to senior management. The LOBs are responsible for adhering to established limits against which exposures are monitored and reported.

Limit breaches are required to be reported in a timely manner to limit approvers, Market Risk and senior management. In the event of a breach, Market Risk consults with the Firm's senior management and the LOB senior management to determine the appropriate course of action required to return to compliance, which may include a reduction in risk in order to remedy the breach. Certain Firm LOB-level limits that have been breached for three business days or longer, or by more than 30%, are escalated to senior management and the Firm-wide Risk Committee.

Market risk exposures arising from activities managed within JPMCB Jhb are managed as part of the enterprise-wide - market risk management framework.

JPMCB Jhb

JPMCB Jhb adopted the standardised approach for calculating the regulatory market risk capital requirements for the South African Reserve Bank.

Market risk capital requirements weighted exposure as at 31 December

	2017 R millions	2016 R millions
Interest rate risk	1,150	1,010
Foreign exchange net open position	74	167
Total	**1,224**	**1,177**

7. Operational Risk

Operational risk definition

Operational risk is the risk associated with inadequate or failed internal processes, people and systems or arising from external events; operational risk includes cybersecurity risk, business and technology resiliency risk, payment fraud risk, and third-party outsourcing risk. Operational risk is inherent in the Firm's activities and can manifest itself in various ways, including fraudulent acts, business interruptions, inappropriate employee behavior, failure to comply with applicable laws and regulations or failure of vendors to perform in accordance with their arrangements. These events could result in financial losses, litigation and regulatory fines, as well as other damages to the Firm. The goal is to keep operational risk at appropriate levels in light of the Firm's financial position, the characteristics of its businesses, and the markets and regulatory environments in which it operates.

Operational risk management framework

To monitor and control operational risk, the Firm has an Operational Risk Management Framework ("ORMF") which is designed to enable the Firm to maintain a sound and well-controlled operational environment. The ORMF is comprised of four main components: Governance, Risk Identification and Assessment, Measurement, and Monitoring and Reporting.

Governance

The lines of business and corporate functions are responsible for owning and managing their operational risks. The Firm-wide Oversight and Control Group, which consists of control officers within each line of business and corporate function, is responsible for the day-to-day execution of the ORMF.

Line of business and corporate function control committees oversee the operational risk and control environments of their respective businesses and functions. These committees escalate operational risk issues to the Firm-wide Control Committee ("FCC"), as appropriate.

The Firm-wide Risk Executive for Operational Risk Governance ("ORG"), a direct report to the Chief Risk Officer ("CRO"), is responsible for defining the ORMF and establishing minimum standards for its execution. Operational Risk Officers report to both the line of business CROs and to the Firm-wide Risk Executive for ORG, and are independent of the respective businesses or corporate functions they oversee.

The Firm's Operational Risk Governance Policy is approved by the Directors' Risk Policy Committee ("DRPC"). This policy establishes the Operational Risk Management Framework for the Firm.

Risk identification and assessment

The Firm utilizes several tools to identify, assess, mitigate and manage its operational risk. One such tool is the Risk and Control Self Assessment ("RCSA") program which is executed by LOBs and corporate functions in accordance with the minimum standards established by ORG. As part of the RCSA program, lines of business and corporate functions identify key operational risks inherent in their activities, evaluate the effectiveness of relevant controls in place to mitigate identified risks, and define actions to reduce residual risk. Action plans are developed for identified control issues and businesses and corporate functions are held accountable for tracking and resolving issues in a timely manner. Operational Risk Officers independently challenge the execution of the RCSA program and evaluate the appropriateness of the residual risk results.

In addition to the RCSA program, the Firm tracks and monitors events that have or could lead to actual operational risk losses, including litigation-related events. Responsible businesses and corporate functions analyse their losses to evaluate the efficacy of their control environment to assess where controls have failed, and to determine where targeted remediation efforts may be required. ORG provides oversight of these activities and may also perform independent assessments of significant operational risk events and areas of concentrated or emerging risk.

Measurement

In addition to the level of actual operational risk losses, operational risk measurement includes operational risk based capital and operational risk losses under both baseline and stressed conditions. The primary component of the operational risk capital estimate is the Loss Distribution Approach ("LDA") statistical model, which simulates the frequency and severity of future operational risk loss projections based on historical data. The LDA model is used to estimate an aggregate operational risk loss over a one-year time horizon, at a 99.9% confidence level. The LDA model incorporates actual internal operational risk losses in the quarter following the period in which those losses were realized, and the calculation generally continues to reflect such losses even after the issues or business activities giving rise to the losses have been remediated or reduced.

As required under the Basel III capital framework, the Firm's operational risk-based capital methodology, which uses the Advanced Measurement Approach, incorporates internal and external losses as well as management's view of tail risk captured through operational risk scenario analysis, and evaluation of key business environment and internal control metrics.

Monitoring and reporting

ORG has established standards for consistent operational risk monitoring and reporting. The standards also reinforce escalation protocols to senior management and to the Board of Directors. Operational risk reports are produced on a Firm-wide basis as well as by line of business and corporate function.

JPMCB Jhb operational risk overview

JPMCB Jhb adheres to the firm-wide Operational Risk Management Framework.

The Branch has one dedicated Location Control Officer ("LCO"). The LCO forms part of the business reporting into the Oversight and Control Group, and supports the business in the execution of the operational risk management framework at the location level in the region.

A Location Operational Risk and Control Committee are in place as a forum where Senior Managers discuss operational risks and supervise the control environment of each line of business operating in South Africa. Committee members review metrics that indicate soundness of their operational risk processes The Location Operational Risk and Control Committee meets periodically to revise and discuss these metrics, in addition to emerging or existing risks and losses, analyzing the root causes and proposing solutions, with support from the LCO.

JPMCB Jhb operational risk capital measurement

JPMCB Jhb calculates the Operational Risk Capital Requirement (ORCR) for Pillar 1 using the Basic Indicator Approach ("BIA"). The Pillar 1 assessment of Operational risk is calculated in accordance with the BIA under Basel 3. This approach calculates operational risk capital using a single indicator as a proxy for an institution's overall operational risk exposure – referred to as the "relevant indicator".

The relevant indicator is the sum of JPMCB Jhb's net interest income and its net non-interest income before the deduction of any provisions and operating expenses. The Operational Risk Capital Requirement under the BIA is equal to 15% of the average over the previous 3 years of the relevant indicator. If the relevant indicator for a given year is negative, it is excluded from both the numerator and denominator when calculating the average.

On instructions from the SARB, Bank Supervision Department, a risk weight of 18% is used by JPMCB Jhb, instead of the 15% as required by the BIA.

Operational risk weighted exposure as at 31 December

	2017 R millions	2016 R millions
Operational risk	**1,464**	**1,279**

8. Liquidity risk

Firm-wide

Liquidity risk is the risk that the Firm will be unable to meet its contractual and contingent financial obligations as they arise or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its assets and liabilities.

Liquidity risk oversight

The Firm has a liquidity risk oversight function whose primary objective is to provide assessment, measurement, monitoring, and control of liquidity risk across the Firm. Liquidity risk oversight is managed through a dedicated Firm-wide Liquidity Risk Oversight Group. The Chief Investment Office ("CIO"), Treasury and Corporate ("CTC") Chief Risk Officer ("CRO"), who reports to the Firm CRO, as part of the independent risk management function, is responsible for firm-wide Liquidity Risk Oversight. Liquidity Risk Oversight's responsibilities include:

- Establishing and monitoring limits, indicators, and thresholds including liquidity risk appetite tolerances;
- Monitoring internal firm-wide and material legal entity liquidity stress tests, and monitoring and reporting regulatory defined liquidity stress testing;
- Approving or escalating for review liquidity stress assumptions;
- Monitoring liquidity positions, balance sheet variances and funding activities, and;
- Conducting ad hoc analysis to identify potential emerging liquidity risks.

Liquidity management

Treasury and CIO are responsible for liquidity management. The primary objectives of effective liquidity management are to:

- Ensure that the Firm's core businesses and material legal entities are able to operate in support of client needs and meet contractual and contingent financial obligations through normal economic cycles as well as during stress events, and
- Manage an optimal funding mix, and availability of liquidity sources.

The Firm manages liquidity and funding using a centralised, global approach across its entities, taking into consideration both their current liquidity profile and any potential changes over time, in order to optimize liquidity sources and uses.

In the context of the Firm's liquidity management, Treasury and CIO are responsible for:

- Analysing and understanding the liquidity characteristics of the assets and liabilities of the Firm, lines of business and legal entities, taking into account legal, regulatory, and operational restrictions;
- Developing internal liquidity stress testing assumptions;
- Defining and monitoring Firm-wide and legal entity-specific liquidity strategies, policies, guidelines, reporting and contingency funding plans;
- Managing liquidity within the Firm's approved liquidity risk appetite tolerances and limits;

- Managing compliance with regulatory requirements related to funding and liquidity risk, and
- Setting transfer pricing in accordance with underlying liquidity characteristics of balance sheet assets and liabilities as well as certain off-balance sheet items.

Risk governance and measurement

Specific committees responsible for liquidity governance include the firm-wide Asset and Liability Committee ("ALCO") as well as line of business and regional ALCOs, and the CTC Risk Committee. In addition, the DRPC reviews and recommends to the Board of Directors, for formal approval, the Firm's liquidity risk tolerances, liquidity strategy, and liquidity policy at least annually.

Internal stress testing

Liquidity stress tests are intended to ensure that the Firm has sufficient liquidity under a variety of adverse scenario, including scenarios analysed as part of the Firm's resolution and recovery planning. Stress scenarios are produced for JPMorgan Chase & Co. ("Parent Company") and the Firm's material legal entities on a regular basis, and ad hoc stress tests are performed, as needed, in response to specific market events or concerns. Liquidity stress tests assume all of the Firm's contractual financial obligations are met and
take into consideration:

- Varying levels of access to unsecured and secured funding markets,
- Estimated non-contractual and contingent cash outflows, and
- Potential impediments to the availability and transferability of liquidity between jurisdictions and material legal entities such as regulatory, legal or other restrictions.

Liquidity outflow assumptions are modeled across a range of time horizons and currency dimensions and contemplate both market and idiosyncratic stresses.

Liquidity risk stress testing is established at the Firm and material legal entity level. JPMCB Jhb's liquidity stress testing is incorporated within the JPMorgan Chase legal entity liquidity risk framework and follows Firm-wide liquidity assumptions.

Results of stress tests are considered in the formulation of the funding plan of the Branch and assessment of its liquidity position.

Contingency funding plan

The Firm's Contingency Funding Plan ("CFP") is approved by Firm-wide ALCO and the DRPC. The JPMCB Jhb's addendum to the CFP is reviewed and approved by the SA ALCO and by JPMCB Jhb Branch Executive Committee. The CFP and addendum is a compilation of procedures and action plans for managing liquidity through stress events. The CFP incorporates the limits and indicators set by the Liquidity Risk Oversight group. These limits and indicators are reviewed regularly to identify the emergence of risks or vulnerabilities in the Firm's liquidity position. The CFP identifies the alternative contingent liquidity funding and resources available to the Firm and its legal entities in a period of stress.

JPMCB Jhb

JPMCB Jhb has a South African Asset and Liability Committee ("SA ALCO") which is responsible for reviewing the liquidity risk profile of the Branch.

JPMCB Jhb is subject to the SARB's liquidity regulations.

The liquidity coverage ratio ("LCR") recommendations from the Basel Committee on Banking Supervision were finalised in early 2014. Per the directives issued by the SARB, the LCR became a prudential requirement on 1 January 2015 with a minimum requirement of 80% for 2017; JPMCB Jhb commenced disclosure under Pillar 3 of its LCR requirements on a quarterly basis from 31 March 2015.

The LCR is intended to measure the amount of "high quality liquid assets" ("HQLA") held by the Branch in relation to estimated net cash outflows within a 30-day period during an acute stress event.

Liquid asset requirement

Under the SARB liquidity requirements, JPMCB Jhb holds certain unencumbered high quality, liquid assets that are available to raise liquidity if required.

9. Interest Rate Risk in the Banking Book (“IRRBB”)

Firm-wide

Interest rate risk in the banking book

This is the risk resulting from the Firm’s traditional banking activities (accrual accounting on and off balance sheet positions) arising from the extension of loans and credit facilities, taking deposits and issuing debt (collectively referred to as “non-trading activities”).

Governance

Governance for Firm-wide IRR is defined in the IRR Management Policy which is approved by DRPC. The CIO, Treasury and Other Corporate Risk Committee (“CTC RC”) is the governing committee with respect to IRRBB.

- Reviews the IRR Management policy;
- Reviews the IRR profile of the Firm and compliance with IRR limits;
- Provides governance on legal entity related exposures; and
- Reviews significant changes to IRR models and/or model assumptions.

IRR exposures, significant models and/or assumptions including the changes are reviewed by ALCO. The ALCO provides a framework for overseeing the IRR of LOBs, foreign jurisdictions and key legal entities to appropriate LOB ALCOs, Country ALCOs and other local governance bodies.
In addition, oversight of structural interest rate risk is managed through IRR Management, a dedicated risk function reporting to the CTC CRO.

IRR Management is responsible for, but not limited to:

- Creating governance over IRR assumptions and parameter selection/calibration; and
- Identifying and monitoring IRR and establishing limits as appropriate.

Earnings-at-risk

Primary metric used to gauge the Firm’s shorter term IRR exposure is Earnings at Risk (EaR), or the sensitivity of pre-tax income to changes in interest rates over a rolling 12 months compared to a base scenario.

JPMCB Jhb

JPMCB Jhb banking book’s interest rate risk is managed by the Branch Treasurer supported by Corporate Treasury which manages to the Firm wide policies on interest rate risk management as described in JPMorgan Chase’s Annual Report.

Impact of a 2% parallel rate shock on Net interest Income (NII) as at 31 December

	2017 R millions	2016 R millions
Interest Rate Increase	161	82
Interest Rate Decrease	(161)	(82)

10. Remuneration Disclosures

Background

This section sets out the remuneration disclosures required in relation to JPMCB Jhb and in respect of the performance year ending 31 December 2017.

This disclosure sets out general principles. Details of specific remuneration programmes are set forth in the relevant plan terms and conditions as in force from time to time.

Qualitative Disclosures

As part of the Firm, JPMCB Jhb applies J.P. Morgan's global compensation practices and principles. The qualitative remuneration disclosures required under the Basel Pillar 3 standards in respect of all employees of the Firm's businesses operating in EMEA, including staff of JPMCB Jhb, is available in the most recent EMEA Remuneration Policy Disclosure at: http://investor.shareholder.com/jpmorganchase/basel.cfm.

Additional qualitative disclosures specific to JPMCB Jhb

The South African regulations do not include guidance on, or a definition of, "material risk taker" ("MRTs") or "Senior Management". For the purposes of this disclosure, JPMCB Jhb has identified:

- Nine employees of the Branch as "Senior Management" being those employees that comprise its Branch Executive Committee. Eight of these employees received a variable remuneration award in respect of the 2017 performance year.
- Two further employees of the Branch as "Other Material Risk Takers" on the basis of their role (in particular their regulatory designation) and total compensation level. Both received a variable remuneration award in respect of the 2017 performance year.

Quantitative Disclosures

The prescribed disclosures in relation to these two groups are set out below. In preparation of these disclosures, JPMCB Jhb has taken into account its size, in particular the number of individuals identified as "Senior Management" and "Other Material Risk Takers" for the purposes of this disclosure. In light of these considerations, JPMCB Jhb concluded that it was appropriate to aggregate the compensation information for these groups.

Where compensation was denominated in currencies other than ZAR, the annual average FX rate has been used for the purposes of these disclosures (13.279 USD:ZAR). Note that 2016 figures have not been restated.

Total amount of remuneration for the performance year (ZAR '000)	Unrestricted		Deferred	
	2016	2017	2016	2017
Fixed remuneration				
of which:				
Cash-based	34,687	41,917	-	-
Shares and share-linked instruments	-	-	-	-
Other	-	-	-	-
Variable remuneration				
of which: Cash based	47,304	40,741	-	-
Shares and share-linked instruments	-	-	24,951	19,379
Other	-	-	-	

Guaranteed, Sign-on and Severance Payments

No guaranteed bonuses, sign-on awards or severance payments were paid to either group during 2017.

Analysis of Deferred Remuneration

ZAR '000	Outstanding, unvested (value as at 31 December 2017)	Outstanding, vested (value as at 31 December 2017)	Awarded during 2017 (value at award)	Paid out during 2017 (value at pay-out)
Shares and share-linked instruments	84,417	-	24,618	25,036

Performance Adjustment

All awards of deferred variable compensation have been made in RSUs and so their value fluctuates with the value of the Firm's stock. RSUs are subject to malus and clawback as set out in the most recent EMEA Remuneration Policy Disclosure, as referenced above.

A. Appendix: Composition of Capital Disclosure Template

Name of bank/Controlling Company: JPMorgan Chase Bank, N.A. Johannesburg Branch

Year ended: 2017-12-31

Disclosure template relating to all relevant required reporting periods up to and including December 2017			AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT [1] Note 5
Common Equity Tier 1 capital: Instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus	4,993	
2	Retained earnings		
3	Accumulated other comprehensive income (and other reserves)	43	
4	Directly issues capital subject to phase out from CET1 (only applicable to non-joint stock companies) [6]		
	Public sector capital injections grandfathered until 1 January 2018		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		Note 5
6	**Common Equity Tier 1 capital before regulatory adjustments**	5,036	
Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments		Note 5
8	Goodwill (net of related tax liability)	13	Note 5
9	Other intangibles other than goodwill or mortgage-servicing rights (net of related tax liability)		Note 5
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)		Note 5
11	Cash-flow hedge reserve		Note 5
12	Shortfall of provisions to expected losses		Note 5
13	Securitisation gain on sale		Note 5
14	Gains and losses due to changes in own credit risk on fair valued liabilities		Note 5
15	Defined-benefit pension fund net assets		Note 5
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)		Note 5
17	Reciprocal cross-holdings in common equity		Note 5
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the		Note 5

	issued share capital (amount above 10% threshold)		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, (amount above 10% threshold)		Note 5
20	Mortgage servicing rights (amount above 10% threshold)		Note 5
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		Note 5
22	Amount exceeding the 15% threshold		Note 5
23	Of which: significant investments in the common stock of financials		Note 5
24	of which: mortgage servicing rights		Note 5
25	of which: deferred tax assets arising from temporary differences		Note 5
26	Other regulatory adjustments specified by the Registrar or regulatory adjustments specified in the Regulations in addition to the regulatory adjustments specified in the Basel III framework		Note 5
	REGULATORY ADJUSTMENTS APPLIED TO COMMON EQUITY TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT [2,3]	Note 5	
	Of which: (Please specify)	Note 5	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to over deductions		
28	**Total regulatory adjustments to Common equity Tier 1**	13	
29	**Common equity Tier 1 capital (CET1)**	5,022	
Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus		
31	of which: classified as equity under applicable Financial Reporting Standards		
32	of which: classified as liabilities under applicable Financial Reporting Standards		
33	Directly issued capital instruments subject to phase out from Additional Tier 1 [6]		
34	Additional Tier 1 instruments (and CET1 instruments not included in line 5) issued by subsidiaries and held by third parties (amount allowed in group Additional Tier 1)		
35	of which: instruments issued by subsidiaries subject to phase out [6]		
36	**Additional Tier 1 capital before regulatory adjustments**		
Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments		Note 5
38	Reciprocal cross-holdings in Additional Tier 1 instruments		Note 5

39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		Note 5
40	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		Note 5
41	Other regulatory adjustments specified by the Registrar or regulatory adjustments specified in the Regulations in addition to the regulatory adjustments specified in the Basel III framework.		
	REGULATORY ADJUSTMENTS APPLIED TO TIER 1 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT [2, 3]	Note 5	
	OF WHICH: (Please specify)		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
43	**Total regulatory adjustments to Additional Tier 1 capital**		
44	**Additional Tier 1 capital (AT1)**		
45	**Tier 1 capital (T1=CET1 + AT1)**	5,022	
Disclosure template relating to all relevant required reporting periods up to and including December 2017			AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT [1] Note 5
Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus		
47	Directly issued capital instruments subject to phase out from Tier 2 [6]		
48	Tier 2 instruments (and CET1 and AT1 instruments not included in lines 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)		
49	of which: instruments issued by subsidiaries subject to phase out [6]		
50	Provisions	10	
51	Tier 2 capital before regulatory adjustments	10	
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments		Note 5
53	Reciprocal cross-holdings in Tier 2 instruments		Note 5
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the		Note 5

	issued common share capital of the entity (amount above 10% threshold)		
55	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		Note 5
56	Other regulatory adjustments specified by the Registrar or regulatory adjustments specified in the Regulations in addition to the regulatory adjustments specified in the Basel III framework		
	REGULATORY ADJUSTMENTS APPLIED TO TIER 2 IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT [2,3]	Note 5	
	OF WHICH: (Please specify)		
57	**Total regulatory adjustments to Tier 2 capital**		
58	**Tier 2 capital (T2)**	10	
59	**Total capital (TC=T1+T2)**	5,033	
	RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-BASEL III TREATMENT [4]	Note 5	
	OF WHICH: (Please specify)		
60	**Total risk weighted assets**	22,419	
Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	22.40%	
62	Tier 1 (as a percentage of risk weighted assets)	22.40%	
63	Total capital (as a percentage of risk weighted assets)	22.45%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	9.75%	
65	of which: capital conservation buffer requirement	1.25%	
66	of which: banks specific countercyclical buffer requirement	0%	
67	of which: G-SIB buffer requirement	0%	
68	Common Tier 1 available to meet buffers (as a percentage of risk weighted assets)		
Disclosure template relating to all relevant required reporting periods up to and including December 2017			
Minimum requirements specified in these Regulations when different from Basel III minima			
69	Common Equity Tier 1 Minimum ratio (if different from Base III minimum)	8.50%	
70	Tier 1 minimum ratio (if different from Base III minimum)	9.75%	
71	Total capital minimum ratio (if different from Base III minimum)	12.00%	
Amounts below the threshold for deductions (before risk weighting)			

72	Non-significant investments in capital of other financials	NA
73	Significant investments in common stock of financials	NA
74	Mortgage servicing rights (net of related tax liability)	NA
75	Deferred tax assets arising from temporary differences (net of related tax liability)	NA
Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	10
77	Cap on inclusion of provisions in Tier 2 under standardised approach	10
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA
79	Cap on inclusion of provisions in Tier 2 under internal ratings-based approach	NA
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	NA
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	NA
82	Current cap on AT1 instruments subject to phase out arrangements	NA
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	NA
84	Current cap on T2 instruments subject to phase out arrangements	NA
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	NA

Notes:

1. Relates to the amount of each relevant regulatory adjustment that is subject to existing national treatment during the transitional phase. For example, during 2014 Banks are required to make 20 per cent of the regulatory adjustment s in accordance with the Basel III framework. A bank with "Goodwill, net of related tax liability" of R100 million conducts business in a jurisdiction that does not require this to be deducted from common equity. The bank shall report R20 million in the first two empty cells in item 8 and report R80 million in the second of the two cells. The sum of the two cells shall therefore be equal to the total Basel III regulatory adjustment.

2. When the bank described in note 1 above, for example, conducts business in a jurisdiction that requires goodwill to be deducted from Tier 1, the bank shall report in the item inserted between items 41 and 42 the amount of R80 million that the bank in note 1 reported in the last cell of item 8, to indicate that during the transition phase some goodwill will continue to be deducted from Tier 1 (in effect Additional Tier 1).

3. A bank with an unrealised loss of R50 million on its holdings of available-for-sale debt securities, for example, conducts business in a jurisdiction that filters out such unrealised gains and losses. The Basel III transitional arrangements require this bank to recognise 20 per cent of this loss, that is, R10 million, in 2014. This means that 80 per cent of the loss, or R40 million, is not recognised. The aforesaid bank that conducts business in this jurisdiction shall report R40 million in the item between items 26 and 27 as an addition to Common Equity Tier 1, to add back the relevant unrealised loss.

4. A bank with defined benefit pension fund net assets of R50 million, for example, conducts business in a jurisdiction that risk weights such assets at 200 per cent. The Basel III transitional arrangements require this bank to deduct 20 per cent of these assets in 2014, that is, the bank shall report R10 million in the first empty cell in item 15 and R40 million in the second empty cell (the total of the two cells shall be equal to the total Basel III regulatory adjustment). Furthermore, the bank shall disclose in the inserted items between item 59 and 60 that such assets are risk weighted at 200 per cent during the transitional phase, that is, the bank shall report an amount of R80 million (R40 million multiplied with 200 per cent) in that row.

5. Cells with dotted borders relate to items that are impacted by the transitional arrangements.

6. Relates only to specified ineligible capital instruments that are subject to a specified phased out period up to 1 January 2022.

B. Appendix: Main Features Disclosure Template

Name of Bank/Controlling Company: JPMorgan Chase Bank, N.A Johannesburg Branch

Year ended: 2017-12-31

Main features of regulatory capital instruments		
1	Issuer	NA
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement	NA
3	Governing law(s) of the instrument	
	Regulatory Treatment	
4	Transitional Basel III rules	NA
5	Post-transitional Basel III rules	NA
6	Eligible at solo/group/group and solo	NA
7	Instrument type	NA
8	Amount recognised in regulatory capital (R 'million, as of most recent reporting date)	5,033
9	Par value of instrument	NA
10	Accounting classification	Shareholders' Equity
11	Original date of issuance	NA
12	Perpetual or dated	Perpetual
13	Original maturity date	NA
14	Issuer call subject to prior supervisory approval	NA
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	
17	Fixed or floating dividend / coupon	NA
18	Coupon rate and any related index	NA
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	NA
21	Existence of step up or other incentive to redeem	NA
22	Noncumulative or cumulative	NA
23	Convertible or non-convertible	NA
24	If convertible, conversion trigger	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	NA
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument	NA

	type immediately senior to instrument)	
36	Non-compliant transitioned features	NA
37	If yes, specify non-compliant features	NA

C. Appendix: Leverage ratio common disclosure template

Leverage ratio common disclosure template		Line item	Total R' million
On-balance sheet exposures [1]			
	On-balance sheet items, excluding derivatives and SFT's but including collateral	1	13,462
	Asset amounts deducted in determining tier 1 capital 7	2	13
	Total on-balance sheet exposures, excluding derivatives and SFT's (total of items 1 and 2)	**3**	**13,448**
Derivative exposures [2]			
	Replacement cost associated with all derivatives transactions, net of eligible cash variation margin	4	5,792
	Add-on amounts for PFE associated with all derivative transactions	5	10,215
	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	6	
	Deductions of receivables assets for cash variation margin provided in derivatives transactions [7]	7	
	Exempted CCP leg of client-cleared trade exposures [7]	8	
	Adjusted effective notional amount of written credit derivatives	9	
	Adjusted effective notional offsets and add-on deductions for written credit derivatives [7]	10	
	Total derivative exposures (total of items 4 to 10)	**11**	**16,007**
Securities financing transactions exposures [3]			
	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	12	2,795
	Netted amounts of cash payables and cash receivables of gross SFT assets [7]	13	(2,786)
	CCR exposure for SFT assets	14	
	Agent transaction exposures	15	
	Total securities financing transaction exposures (total of items 12 to 15)	**16**	**8**
Other off-balance sheet exposures			
	Off-balance sheet exposure at gross notional amount	17	1,490
	Adjustments for conversion to credit equivalent amounts 7	18	(865)
	Off-balance sheet items (total of items 17 and 18)	**19**	**625**
Capital and total exposure			
	Tier 1 capital [5]	20	5,022
	Total exposures (total of items 3,11,16 and 19)	**21**	**30,089**
Leverage ratio [6]			
	Leverage ratio (expressed as a percentage)	**22**	**16.69**

1. Refer to regulation 38(15) (e) (iv) (A).
2. Refer to regulation 38(15)(e)(iv)(B).
3. Refer to regulation 38(15)(e)(iv)(C).

4. Refer to regulation 38(15)(e)(iv)(D).
5. Refer to regulation 38(15)(d).
6. Refer to regulation 38(15)(c).
7. Report as negative amounts or reductions.

D. Appendix: Acronyms

Acronyms	**Description**
Registrar	Registrar of Banks, South African Reserve Bank
Regulations	Regulations to Banks, South African Reserve Bank
JPMCB Jhb or Branch	JPMorgan Chase Bank, N.A. Johannesburg branch
LMC	Local Management Committee
CTC	Treasury and Corporate Risk Committee
CIO	Chief investment office
DRPC	Risk Policy Committee of the Board of Directors
ALCO	Asset and Liability Committee
the Bank	JPMorgan Chase Bank, National Association
The Firm	JPMorgan Chase & Co
IFRS	International Financial Reporting Standards
RCSA	Risk and control self-assessment