

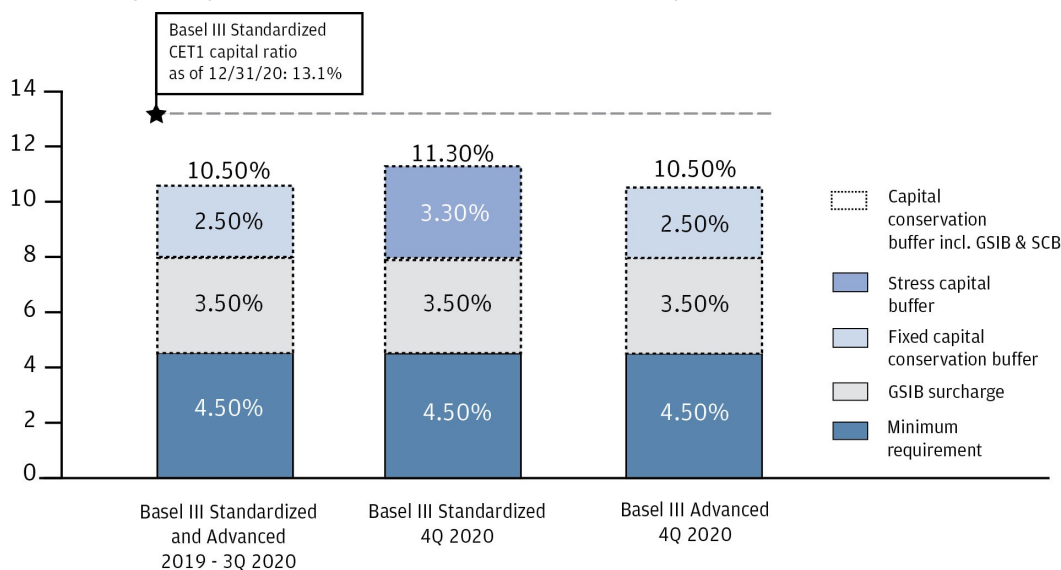
Management's discussion and analysis

TLAC Holdings rule. On October 20, 2020, the federal banking agencies issued a final rule prescribing the regulatory capital treatment for holdings of TLAC debt instruments by certain large banking organizations, such as the Firm and JPMorgan Chase Bank, N.A. This rule expands the scope of the existing capital deductions rule around the

holdings of capital instruments of financial institutions to also include TLAC debt instruments issued by systemically important banking organizations. The final rule will become effective on April 1, 2021 and is not expected to have a material impact on the Firm's risk-based capital metrics.

Risk-based Capital Regulatory Minimums

The following chart presents the Firm's Basel III minimum CET1 capital ratio under the Basel III rules currently in effect.



The Firm's Basel III Standardized-risk-based ratios are currently more binding than the Basel III Advanced-risk-based ratios.

All banking institutions are currently required to have a minimum CET1 capital ratio of 4.5% of risk-weighted assets.

Certain banking organizations, including the Firm, are required to hold additional levels of capital to serve as a "capital conservation buffer". The capital conservation buffer incorporates a global systemically important bank ("GSIB") surcharge, a discretionary countercyclical capital buffer and a fixed capital conservation buffer of 2.5% for Advanced regulatory capital requirements and a variable SCB requirement, floored at 2.5%, for Standardized regulatory capital requirements.

Under the Federal Reserve's GSIB rule, the Firm is required to assess its GSIB surcharge on an annual basis under two separately prescribed methods based on data for the previous fiscal year-end, and is subject to the higher of the two. The first ("Method 1"), reflects the GSIB surcharge as prescribed by the Basel Committee's assessment methodology, and is calculated across five criteria: size, cross-jurisdictional activity, interconnectedness, complexity and substitutability. The second ("Method 2"), modifies the Method 1 requirements to include a measure of short-term wholesale funding in place of substitutability, and introduces a GSIB score "multiplication factor".