J.P.Morgan

JPMorgan Chase Bank, National Association, New Zealand Branch and associated JPMorgan Chase Bank, New Zealand group

Disclosure Statement

For the six months ended 30 June 2016

Disclosure Statement

For the six months ended 30 June 2016

CONTENTS

1. DEFINITIONS

In this Disclosure Statement, unless the context otherwise requires:

Term	Description
Registered Bank	The worldwide operations of JPMorgan Chase Bank, National Association or JPMorgan Chase Bank, NA. This includes the Banking Group
NZ Branch	The New Zealand operations of Registered Bank conducted through its New Zealand branch
JPMCC	JPMorgan Chase & Co, the ultimate holding company of the Registered Bank
Banking Group	The consolidated New Zealand operations of the Registered Bank, and includes the business conducted through NZ Branch and the Registered Bank's subsidiaries and associated companies operating in New Zealand, being J.P. Morgan Australia Limited, J.P. Morgan Markets Australia Pty Limited and J.P. Morgan Securities Australia Limited.

Unless otherwise defined in this Disclosure Statement, terms defined in the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) ("the **Order**") have the same meaning in this document.

2. CORPORATE INFORMATION

Registered Bank

JPMorgan Chase Bank, National Association

Address of the Registered Bank's principal office

1111 Polaris Parkway
Columbus, Ohio, 43240
USA

Ultimate Holding Company

JPMorgan Chase & Co.

Ultimate Holding Company's Address for Service

270 Park Avenue
New York, New York 10017-2014
USA

Incorporation

The Registered Bank is a national banking association offering a wide range of banking and financial services to its customers both domestically and internationally. It is chartered by the Office of the Comptroller of the Currency (OCC), a bureau of the United States Department of the Treasury. The Registered Bank's main office is located in Columbus, Ohio.

The Registered Bank was organised in the legal form of a banking corporation under the laws of the State of New York on 26 November 1968 for an unlimited duration. On 13 November 2004 it converted from a New York State banking corporation to a national banking association. On the same date Bank One, National Association (Chicago, Illinois) and Bank One, National Association (Columbus, Ohio) merged into JPMorgan Chase Bank, with the Registered Bank being the surviving legal entity.

The Registered Bank is one of the principal, wholly-owned subsidiaries of JPMCC. The ordinary shares of JPMCC are listed on the New York and London Exchanges and form part of the Dow Jones Industrial Average index of the New York Stock Exchange. JPMCC delisted its shares from the Tokyo Exchange effective Sunday, 26 April 2015.

3. FINANCIAL SUPPORT

Ranking of Local Creditors in Winding-up

NZ Branch is a branch of the Registered Bank and is not a separate legal entity. Therefore, assets and liabilities of NZ Branch are consolidated in the balance sheet of the Registered Bank.

The rights of all creditors of the Registered Bank, including those located in New Zealand, in the event of the Registered Bank's insolvency, would be governed by the U.S. Federal Deposit Insurance Act of 1950. Under U.S. federal law, the Office of the Comptroller of the Currency, as the appropriate federal banking regulator of national banks, is empowered to declare a national bank insolvent, and appoint the Federal Deposit Insurance Corporation (the "FDIC") as receiver. In this role, the FDIC is authorised to liquidate the assets of the insolvent institution and distribute the proceeds to the institution's creditors. Payment to holders of insured deposits held in the Registered Bank's U.S. Branches, administrative expenses of the receiver and secured creditors rank in priority of payment over all other unsecured creditors, including depositors in the Registered Bank's non-U.S. branches (such as NZ Branch) who would then rank *pari passu* in order of payment. The basic insurance amount is US$250,000 per U.S depositor per insured. In addition, U.S. federal law provides that national banks are not required to repay deposits at their non-U.S. branches if the relevant branch cannot pay them due to an action by the local government preventing payment or an act of war, insurrection or civil strife, unless the bank has expressly agreed in writing to repay the deposits under those circumstances.

Guarantee Arrangements

No material obligations of the New Zealand business of the Registered Bank (or the Banking Group) are guaranteed as at the date of signing the Disclosure Statement.

4. CORPORATE GOVERNANCE

Directors of the Registered Bank

A number of changes to the Directors of the Registered Bank were made on 17 May 2016, please see below for the relevant changes.

The name, occupation, professional qualifications and country of residence of each Director of the Registered Bank are as follows:

<u>No change</u>

James S Crown
Independent Director, President of Henry Crown and Company
BA - Hampshire College; Law Degree - Stanford University Law School
United States of America

Laban P Jackson, Jr
Independent Director, Chairman and Chief Executive Officer of Clear Creek Properties, Inc.
US Military Academy
United States of America

William C Weldon (Non Executive Chairman of the Board)
Independent Director, Retired Chairman and CEO, Johnson and Johnson
Quinnipiac University
United States of America

<u>Appointed on 17 May 2016</u>

Linda B Bammann
Independent Director, Retired Deputy Head of Risk Management
BA - Stanford University; MA – University of Michigan
United States of America

James A Bell
Independent Director, Retired Executive Vice President, The Boeing Company
BS - California State University
United States of America

Crandall C Bowles
Independent Director, Chairman Emeritus, The Springs Company
BA - Wellesley College; MBA – Columbia University
United States of America

Stephen B Burke
Independent Director, Chief Executive Officer, NBCUniversal, LLC
BA - Colgate University; MBA – Harvard Business School
United States of America

James Dimon
Director, Chief Executive Officer and President
Bachelor's Degree - Tufts University; MBA – Harvard Business School
United States of America

Timothy P Flynn
Independent Director, Retired Chairman and Chief Executive Officer, KPMG International
BA - The University of St. Thomas
United States of America

Michael A Neal
Independent Director, Retired Vice Chairman, General Electric Company; Retired Chairman and Chief Executive Officer, GE Capital
BS - Georgia Institute of Technology
United States of America

Lee R Raymond
Independent Director, Lead Director, JPMorgan Chase & Co., Retired Chairman and Chief Executive Officer, Exxon Mobil Corporation
BS - University of Wisconsin; Ph.D. Chemical Engineering – University of Minnesota
United States of America

Resigned on 17 May 2016

Marianne Lake
Executive Director, Chief Executive Officer, President, and Chief Financial Officer
BSc of Physics – Reading University
United Kingdom

Matthew E Zames
Executive Director and Chief Operating Officer
Massachusetts Institute of Technology
United States of America

Address to which communications addressed to the Directors may be sent

Office of the Secretary
JPMorgan Chase Bank, National Association
270 Park Avenue
New York, New York 10017-2070
United States of America

Non-banking group companies of which the Directors of the Registered Bank are directors

The following Directors of the Registered Bank hold the following directorships:

- Mr Crown is a director of Henry Crown and Company and General Dynamics Corporation, companies incorporated in the United States of America
- Mr Jackson is a director of Clear Creek Properties, Inc., a company incorporated in the United States of America
- Mr Weldon is a director of CVS Health Corporation and Exxon Mobil Corporation, companies incorporated in the United States of America
- Mr Bell is a director of Dow Chemical Company, CDW Corporation and Apple, Inc., companies incorporated in the United States of America
- Mr Bowles is a director of Deere and Company, a company incorporated in the United States of America
- Mr Burke is a director of Berkshire Hathaway Inc., a company incorporated in the United States of America
- Mr Flynn is a director of Wal-Mart Stores, Inc., a company incorporated in the United States of America

Each of the directors of the Registered Bank also serves on the Board of Directors of JPMCC

In addition, the directors of the Registered Bank are directors of a number of companies which are either wholly-owned subsidiaries of the Registered Bank, are of a charitable or philanthropic nature, or relate to their personal superannuation or business affairs, and which are not listed in this document.

Director Related Transactions

There are no transactions between the Directors and the Registered Bank or any member of the Banking Group as at the date of this Disclosure Statement which have either been entered into on terms other than those which would in the ordinary course of business of the Registered Bank or any member of the Banking Group, be given to any other person of like circumstances or means, or which could otherwise be reasonably likely to materially influence the exercise of the Directors' duties.

Responsible Persons authorised in writing to sign this Disclosure Statement in accordance with section 82 of the Reserve Bank of New Zealand Act 1989 on behalf of each Director

The name, occupation, professional qualifications and country of residence of each Responsible Person are as follows:

Robert C Priestley
Senior Country Officer, JPMorgan Australia and New Zealand Group
Bachelor of Commerce – University of Melbourne; Association of Chartered Accountants; Fellow of the Australian Institute of Management
Australia

Warren Davis
Senior Country Business Manager, JPMorgan Australia and New Zealand Group
Australia

Stewart Old
Senior Financial Officer, JPMorgan Australia and New Zealand Group
Bachelor of Arts, Bachelor of Laws, Master of Laws – University of Sydney; Certified Practicing Accountant
Australia

New Zealand Chief Executive Officer

The name, occupation, professional qualifications and country of residence of the New Zealand Chief Executive Officer who held office at any time during the reporting period ended 30 June 2016 are as follows:

Mark R Lawrence
Chief Executive Officer – New Zealand
Bachelor of Commerce – Otago University
New Zealand

In his capacity as Chief Executive Officer of New Zealand, Mr Mark Lawrence reports to Mr Warren Davis.

Address to which communications addressed to the Responsible Persons, and the New Zealand Chief Executive Officer, may be sent

JPMorgan Chase Bank, National Association - New Zealand Branch
PO Box 5652
Lambton Quay, Wellington 6145
New Zealand

Non-banking group companies of which the New Zealand Chief Executive Officer is a director

Mr Lawrence is a director of JP Morgan Trust Company (New Zealand) Limited.

New Zealand Chief Executive Officer Related Transactions

There are no transactions between the New Zealand Chief Executive Officer and the Registered Bank or any member of the Banking Group as at the date of this Disclosure Statement which have either been entered into on terms other than those which would, in the ordinary course of business of the Registered Bank or any member of the Banking Group, be given to any other person of like circumstances or means, or which could otherwise be reasonably likely to materially influence the exercise of the New Zealand Chief Executive Officer's duties.

Name and address of any auditor whose report is referred to in this Disclosure Statement

PricewaterhouseCoopers
201 Sussex Street
Sydney NSW 1171
Australia

PricewaterhouseCoopers LLP
300 Madison Avenue
New York, New York 10017
United States of America

Transactions with Related Persons

JPMCC has adopted a policy entitled "Transactions with Related Persons Policy" (Policy) which sets forth JPMCC's policies and procedures for reviewing and approving transactions with related persons (i.e. JPMCC's Directors, executive officers and their immediate family members). The transactions covered by the Policy include any financial transaction, arrangement or relationship in which JPMCC (including the Registered Bank) is a participant, where:

- the related person has or will have a direct or indirect material interest; and
- the aggregate amount involved will or may be expected to exceed US$120,000 in any fiscal year.

After becoming aware of any transaction which may be subject to the Policy, the related person is required to report all relevant facts with respect to the transaction to the General Counsel of JPMCC.

Upon determination by the General Counsel that a transaction requires review under the Policy, the material facts of the transaction and the related person's interest in the transaction are provided, in the case of Directors, to the Governance Committee of JPMCC and, in the case of executive officers, to the Audit Committee.

The transaction is then reviewed by the applicable committee, which determines whether approval or ratification of the transaction shall be granted. In reviewing a transaction, the applicable committee considers facts and circumstances which it considers relevant to its determination. Material facts may include:

- management's assessment of the commercial reasonableness of the transaction;
- the materiality of the related person's direct or indirect interest in the transaction;
- whether the transaction may involve an actual or the appearance of a conflict of interest; and
- if the transaction involves a Director, the impact of the transaction on the Director's independence.

Certain types of transactions are pre-approved in accordance with the terms of the Policy. These include transactions in the ordinary course of business involving financial products and services provided by, or to, JPMCC (including the Registered Bank), including loans, provided such transactions are in compliance with the Sarbanes-Oxley Act, Federal Reserve Board Regulation O and other applicable laws and regulations.

Regulation O

Regulation O of the Federal Reserve Board of the United States of America establishes requirements for loans and other extensions of credit that the Registered Bank may make to persons affiliated with the Registered Bank. The purpose of Regulation O is to protect the soundness of financial institutions in the United States of America by preventing unwarranted extensions of credit by a financial institution to persons affiliated with the financial institution that could put the financial institution's capital at risk. Regulation O prohibits the Registered Bank from lending to its Directors and their related interests unless such extensions of credit:

- are made on substantially the same terms and conditions, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated third parties;
- are made following credit underwriting procedures that are not less stringent than for comparable transactions with unrelated third parties; and
- do not involve more than the normal risk of repayment or present other unfavourable features.

The New Zealand Chief Executive Officer is not subject to Regulation O.

Conflicts of Interest

The Conflicts Office of JPMCC monitors the Registered Bank's business activities to avoid or manage any conflicts of interests and related reputation risks. The Conflicts Office reviews transactions, products and activities that may pose significant risks to the Registered Bank's reputation as a result of actual or perceived conflicts of interest. Any transaction, product or activity that raises significant reputation risk for the Registered Bank as a result of actual or perceived conflicts of interest must be referred to the Conflicts Office for review and approval. JPMCC's policy entitled "Global Conflicts Policy" (and related, business-specific modifications) describes the activities subject to the Registered Bank's conflicts risk management and the requirements for reporting them.

Corporate Governance and Risk Management

The Registered Bank's Board and management execute their duties with regards to meeting prudential and statutory requirements by setting in place prudent risk management policies and controls.

The risk management framework and governance structure of the Registered Bank is intended to provide comprehensive controls and ongoing management of the major risks inherent in its business activities.

Conditions of Registration

The Registered Bank was entered into the Reserve Bank of New Zealand register of registered banks effective 1 October 2007.

As at 30 June 2016 the registration of JPMorgan Chase Bank, N.A. ("the registered bank") in New Zealand is subject to the following conditions (the "**Conditions of Registration**") which came into effect on 1 November 2015:

1. *That the banking group does not conduct any non-financial activities that in aggregate are material relative to its total activities.*

   In this condition of registration, the meaning of "material" is based on generally accepted accounting practice.

2. *That the banking group's insurance business is not greater than 1% of its total consolidated assets.*

   For the purposes of this condition of registration, the banking group's insurance business is the sum of the following amounts for entities in the banking group:

   (a) if the business of an entity predominantly consists of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total consolidated assets of the group headed by the entity; and

   (b) if the entity conducts insurance business and its business does not predominantly consist of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total liabilities relating to the entity's

Conditions of Registration (continued)

insurance business plus the equity retained by the entity to meet the solvency or financial soundness needs of its insurance business.

In determining the total amount of the banking group's insurance business–

(a) all amounts must relate to on balance sheet items only and must comply with generally accepted accounting practice; and

(b) if products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets must be considered part of insurance business.

For the purposes of this condition of registration,–

"insurance business" means the undertaking or assumption of liability as an insurer under a contract of insurance:

"insurer" and "contract of insurance" have the same meaning as provided in sections 6 and 7 of the Insurance (Prudential Supervision) Act 2010.

3. *That the business of the registered bank in New Zealand does not constitute a predominant proportion of the business of the registered bank.*

4. *That no appointment to the position of the New Zealand chief executive officer of the registered bank shall be made unless:*

   (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and

   (b) the Reserve Bank has advised that it has no objection to that appointment.

5. *That JPMorgan Chase Bank, N.A. complies with the requirements imposed on it by the Office of the Comptroller of the Currency and the Federal Reserve Bank of New York.*

6. *That, with reference to the following table, each capital adequacy, ratio of JPMorgan Chase Bank, N.A. must be equal to or greater than the applicable minimum requirement.*

Capital adequacy ratio	*Minimum Requirement On and after 1 January 2015*
Common Equity Tier 1 capital	*4.5 percent*
Tier 1 capital	*6 percent*
Total capital	*8 percent*

For the purposes of this condition of registration, the capital adequacy ratios–

(a) must be calculated as a percentage of the registered bank's risk weighted assets; and

(b) are otherwise as administered by the Office of the Comptroller of the Currency and the Federal Reserve Bank of New York.

7. *That liabilities of the registered bank in New Zealand, net of amounts due to related parties (including amounts due to a subsidiary or affiliate of the registered bank) do not exceed NZ$15 billion.*

8. *That retail deposits of the registered bank in New Zealand do not exceed $200 million. For the purposes of this condition, retail deposits are defined as deposits by natural persons, excluding deposits with an outstanding balance which exceeds $250,000.*

9. *That, for a loan-to-valuation measurement period, the total of the business of the registered bank in New Zealand's qualifying new mortgage lending amount in respect of APIL with a loan-to-valuation ratio of more than 70%, must not exceed 5% of the total of the qualifying new mortgage lending amount in respect of APIL arising in the loan-to-valuation measurement period.*

Conditions of Registration (continued)

10. *That, for a loan-to-valuation measurement period, the total of the business of the registered bank in New Zealand's qualifying new mortgage lending amount in respect of ANPIL with a loan-to-valuation ratio of more than 80%, must not exceed 10% of the total of the qualifying new mortgage lending amount in respect of ANPIL arising in the loan-to-valuation measurement period.*

11. *That, for a loan-to-valuation measurement period, the total of the business of the registered bank in New Zealand's qualifying new mortgage lending amount in respect of non-Auckland loans with a loan-to-valuation ratio of more than 80%, must not exceed 15% of the total of the qualifying new mortgage lending amount in respect of non-Auckland loans arising in the loan to valuation measurement period.*

12. *That the business of the registered bank in New Zealand must not make a residential mortgage loan unless the terms and conditions of the loan contract or the terms and conditions for an associated mortgage require that a borrower obtain the registered bank's agreement before the borrower can grant to another person a charge over the residential property used as a security for the loan.*

In these conditions of registration,–

"banking group" means the New Zealand business of the registered bank and its subsidiaries as required to be reported in group financial statements for the group's New Zealand business under section 461B(2) of the Financial Markets Conduct Act 2013.

"business of the registered bank in New Zealand" means the New Zealand business of the registered bank as defined in the requirement for financial statements for the New Zealand business in section 461B(1) of the Financial Markets Conduct Act 2013.

"generally accepted accounting practice" has the same meaning as in section 8 of the Financial Reporting Act 2013.

"liabilities of the registered bank in New Zealand" means the liabilities that the registered bank would be required to report in financial statements for its New Zealand business if section 461B(1) of the Financial Markets Conduct Act 2013 applied.

In conditions of registration 9 to 12,–

"ANPIL", "APIL", "loan-to-valuation ratio", "non-Auckland loan", "qualifying new mortgage lending amount in respect of [...]" and "residential mortgage loan" have the same meaning as in the Reserve Bank of New Zealand document entitled "Framework for Restrictions on High-LVR Residential Mortgage Lending" (BS 19) dated November 2015, where the version of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Standardised Approach)" (BS2A) referred to in BS19 for the purpose of defining these terms is that dated November 2015.

"loan-to-valuation measurement period" means a period of six calendar months ending on the last day of the sixth calendar month, the first of which ends on the last day of April 2016.

There were no changes to the conditions of registration from 31 December 2015.

5. PENDING PROCEEDINGS OR ARBITRATION

There are no pending proceedings or arbitration of which we are aware that may have a material adverse effect on the Banking Group, nor, to the extent publicly available, that may have a material adverse effect on the Registered Bank.

6. CURRENT CREDIT RATING OF THE REGISTERED BANK

The Registered Bank has the following general credit ratings applicable to long term senior unsecured obligations payable in any country or currency and applicable in New Zealand, in New Zealand dollars:

	Current Rating	*Previous Credit Rating (if changed in the previous two years)*	*Outlook*
Moody's Investor Services, Inc	Aa3	-	Stable
Standard & Poor's Corporation	A+	-	Stable
Fitch IBCA, Inc	AA-	A+ (changed on 19 May 2015)	Stable

Legend to Rating Scales

Long Term Debt Ratings	*Moody's (a)*	*S&P (b)*	*FITCH (b)*
Highest quality/Extremely strong capacity to pay interest and principal High quality/Very strong Upper medium grade/Strong	Aaa Aa A	AAA AA A	AAA AA A
Medium grade (lowest investment grade)/Adequate Predominately speculative/Less near term vulnerability to default Speculative, low grade/Greater vulnerability	Baa Ba B	BBB BB B	BBB BB B
Poor to default/Identifiable vulnerability Highest speculations Lowest quality, no interest	Caa Ca C	CCC CC C	CCC CC C
Payment in default, in arrears – questionable value		D	D

(a) Moody's applies numeric modifiers to each generic ratings category from Aa to B, indicating that the counterparty is:
- (1) in the higher end of its letter rating category
- (2) in mid-range
- (3) in lower end

(b) S&P and Fitch apply plus (+) or minus (-) signs to ratings from AA to CCC, to indicate relative standing within the major rating categories.

7. INSURANCE BUSINESS AND NON-CONSOLIDATED ACTIVITIES

The Banking Group does not conduct any insurance business.

The Registered Bank does not conduct in New Zealand, outside of the Banking Group, any insurance business or non-financial activities.

8. MORTGAGE BUSINESS

The Banking Group does not provide mortgage loans in New Zealand.

9. OTHER MATERIAL MATTERS

There are no other matters relating to the business or affairs of the Registered Bank and the Banking Group which are not contained elsewhere in this Disclosure Statement which, if disclosed, would materially adversely affect the decision of a person to subscribe for debt securities of which the Registered Bank or any member of the Banking Group is the issuer.

10. FINANCIAL STATEMENTS OF THE REGISTERED BANK AND BANKING GROUP

Attached to, and forming part of, this Disclosure Statement are the most recent publicly available audited financial statements of the Registered Bank (consolidated) for the twelve months ended 31 December 2015, and (unaudited) financial statements of the Registered Bank (consolidated) for the six months ended 30 June 2016, each prepared in accordance with US GAAP.

The most recent publicly available Disclosure Statement of the Banking Group and the Registered Bank can be accessed online at http://www.jpmorgan.com/pages/international/newzealand

11. STATEMENT BY THE DIRECTORS AND NEW ZEALAND CHIEF EXECUTIVE OFFICER

Each Director, and the New Zealand Chief Executive Officer, after due enquiry, believe that:

- This Disclosure Statement contains all the information that is required by the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) as at the date on which this Disclosure Statement is signed;
- The Registered Bank has complied with all conditions of registration that applied during the accounting period;
- NZ Branch had systems in place to monitor and control adequately the material risks of the Registered Bank's Banking Group, including credit risk, concentration of credit risk, interest rate risk, currency risk, equity risk, liquidity risk and other business risks, and that those systems were being properly applied during the accounting period; and
- This Disclosure Statement is not false or misleading as at the date on which this Disclosure Statement is signed.

The current directors of the Registered Bank are James S Crown, William C Weldon, Laban P Jackson Jr, Linda B Bammann, James A Bell, Crandall C Bowles, Stephen B Burke, James Dimon, Timothy P Flynn, Michael A Neal and Lee R Raymond.

This Disclosure Statement is signed by Mr Old as a Responsible Person on behalf of each of the Directors, and Mr Lawrence, New Zealand Chief Executive Officer

Stewart Old — 25 August 2016 — Date

Mark Lawrence — 25 August 2016 — Date

Disclosure Statement
For the six months ended 30 June 2016

Contents

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A. Statutory Base

These financial statements have been prepared and presented in accordance with the requirements of the Financial Reporting Act 2013, the Financial Markets Conduct Act 2013 (the Act), the Companies Act 1993, the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order, 2014 (as amended), the Reserve Bank of New Zealand Act 1989, applicable New Zealand equivalents to International Financial Reporting Standards (NZ-IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial report, comprising the financial statements and accompanying notes of the Banking Group (as defined on page 1) comply with International Financial Reporting Standards.

The Act governs how financial products are created, promoted and sold, and the ongoing responsibilities of those who offer, deal and trade them. It covers a number of different areas, including fair dealing provisions, disclosure of offers of financial products, and Financial Reporting. The Act became effective on a phased basis, with the last phase occurring in December 2014. Management have considered the impact of the Act and, from a Financial Reporting perspective, note that the Registered Bank has become a "FMC reporting entity" from 1 January 2015. This has resulted in increased reporting requirements for auditors should a modified audit opinion be issued, and a reduction in the reporting deadline for New Zealand Companies Office submissions.

These financial statements are for the Banking Group and are authorised by the Directors for issue on 25 August 2016. The Registered Bank has the power to amend and re-issue the financial report.

B. Measurement Base

The financial statements are based on the general principles of historical cost, as modified by the valuation of certain assets which are recorded at their fair values. The going concern concept and the accruals concept of accounting have been adopted. All amounts are expressed in New Zealand dollars and all references to "$" are to New Zealand dollars unless otherwise stated. The amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

C. Basis of Aggregation and Preparation

This interim report has been prepared in accordance with the New Zealand International Accounting Standard (IAS) 34.

The financial statements of NZ Branch, the New Zealand branch operations of J.P. Morgan Australia Limited, J.P. Morgan Securities Australia Limited and J.P. Morgan Markets Australia Pty Limited, have been aggregated to form the Banking Group.

All transactions and balances between entities within the Banking Group have been eliminated.

D. Comparatives

Where necessary, comparatives have been reclassified to conform with changes in presentation in the current reporting period. Where restatements are material, the nature of and the reason for the restatement are disclosed in the relevant note.

E. Critical Accounting Estimates and Judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Banking Group's accounting policies. Estimates and judgements are determined using historical knowledge and other factors, including a reasonable expectation of future events. Estimates, where applied, are subject to continuing evaluation for appropriateness. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are detailed below.

- **Fair Value**
  Where an active market exists for a financial instrument, fair values are determined by reference to the quoted prices/yields at balance date. Such instruments are classified as level 1 within the fair value hierarchy table in the audited financial statements of the Banking Group for the year ended 31 December 2015. However, for certain financial instruments where no active market exists, judgement is used to select the valuation technique which best estimates its fair value.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Critical Accounting Estimates and Judgements (continued)

The fair value of financial instruments held by the Banking Group at balance date, where valuation techniques or models have been applied, are classified within level 2 of the fair value hierarchy table, as inputs to the techniques and models are market observable.

- **Impairment of Goodwill and Intangible Assets**

  Goodwill and intangible assets are tested annually for impairment to determine whether the fair value is less than the carrying amount and whether the impairment is other than temporary. The fair value is determined based on present value of future cash flow projection at a discount rate of 15.0%. The cash flow projection model is based on management assumptions of future growth rates for expenses and revenue. All future cash flows are based on five year projections based on most recent forecasts, incorporating a 2% growth rate. The business forecasts applied by management are considered appropriate as they are based on past experience and are consistent with observable current market information. The results of the impairment testing performed did not result in any impairment being identified.

There are no other judgements that management has made in the process of applying the Banking Group's accounting policies that have a significant effect on the amounts recognised in the financial statements, nor any key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

F. Significant Accounting Policies

There have been no changes in accounting policies or methods of computation in the preparation of the financial statements for the six months ended 30 June 2016 since the most recent annual financial statements for the year ended 31 December 2015.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Note	Banking Group ($'000)		
		Unaudited 6 months 30/06/2016	Unaudited 6 months 30/06/2015	Audited 12 months 31/12/2015
Interest income	1	7,705	10,887	20,336
Interest expense		(5,098)	(8,062)	(14,901)
Net interest income		**2,607**	**2,825**	**5,435**
Other operating income/(loss)	2	3,141	6,028	11,660
Total operating income		**5,748**	**8,853**	**17,095**
Operating expenses	3	(5,989)	(5,318)	11,254
Net profit/(loss) before taxation		**(241)**	**3,535**	**5,841**
Income tax (expense)/benefit	4	78	(1,046)	(1,857)
Net profit/(loss) after taxation		**(163)**	**2,489**	**3,984**
Other comprehensive income, net of tax	6	33	124	(30)
Total comprehensive income for the period		**(130)**	**2,613**	**3,954**

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016

		Banking Group ($'000)			
	Note	Ordinary Shares	Retained Earnings	Foreign currency translation reserve	Total Equity
30 June 2015 (six month period)					
Equity as at 1 January 2015 (audited)		-	-	-	-
Net profit/(loss) after taxation		-	2,489	-	2,489
Foreign currency translation reserve movement	6	-	-	124	124
Total comprehensive income for the period		-	**2,489**	**124**	**2,613**
(Repatriation)/reimbursement (to)/from head office		-	(2,489)	(124)	(2,613)
Equity as at 30 June 2015 (unaudited)	5	-	-	-	-
31 December 2015 (twelve month period)					
Equity as at 1 January 2015 (audited)		-	-	-	-
Net profit/(loss) after taxation		-	3,984	-	3,984
Foreign currency translation reserve movement	6	-	-	(30)	(30)
Total comprehensive income for the year		-	**3,984**	**(30)**	**3,954**
(Repatriation)/reimbursement (to)/from head office		-	(3,984)	30	(3,954)
Equity as at 31 December 2015 (audited)	5	-	-		-
30 June 2016 (six month period)					
Equity as at 1 January 2016 (audited)		-	-	-	-
Net profit/(loss) after taxation		-	(163)	-	(163)
Foreign currency translation reserve movement	6	-	-	33	33
Total comprehensive income for the year		-	**(163)**	**33**	**(130)**
(Repatriation)/reimbursement (to)/from head office		-	163	(33)	130
Equity as at 30 June 2016 (unaudited)	5	-	-	-	-

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	Banking Group ($'000)		
		Unaudited 6 months 30/06/2016	Unaudited 6 months 30/06/2015	Audited 12 months 31/12/2015
ASSETS				
Current Assets				
Cash and cash equivalents	7	277,529	371,921	115,787
Trading and other receivables	8	402,260	289,076	415,889
Financial assets at fair value through profit or loss		100,079	196,920	101,753
Cash collateral pledged on reverse repurchase agreements		299,999	163,010	156,311
Loans and advances		98,003	80,418	93,113
		1,177,870	**1,101,345**	**882,853**
Non Current Assets				
Fixed assets		-	148	49
Intangible assets	15	769	806	788
Deferred tax assets		460	185	166
		1,229	**1,139**	**1,003**
Total Assets		**1,179,099**	**1,102,484**	**883,856**
LIABILITIES				
Current Liabilities				
Deposits – short term	9	376,822	449,748	209,535
Financial liabilities at fair value through profit or loss		76,505	168,320	93,973
Cash collateral received on repurchase agreements		241,631	221,036	149,269
Payables	10	482,677	260,263	429,763
Provision for taxation		1,464	3,117	1,316
Total Liabilities		**1,179,099**	**1,102,484**	**883,856**
Net Assets		-	-	-
EQUITY				
Attributable to the shareholders of the Banking Group		-	-	-
Total Equity	5	-	-	-

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

		Banking Group ($'000)		
		Unaudited 6 months 30/06/2016	**Unaudited 6 months 30/06/2015**	**Audited 12 months 31/12/2015**
CASH FLOWS FROM OPERATING ACTIVITIES				
Fees, commissions and other income received		4,356	4,530	8,042
Payments to suppliers and employees		(3,008)	(1,278)	(7,497)
Receipts from/(payments to) related parties		196,122	(44,490)	(221,351)
Net movement in margin balances		(1,744)	2,477	942
Net proceed from disposal/(purchase) of financial instruments		(69,948)	79,967	35,752
Net (increase)/decrease in loans		(4,890)	(32,374)	(45,069)
Increase/(decrease) in deposits		42,976	44,594	24,340
Tax paid		(1,025)	(1,663)	(925)
Interest received		7,007	8,369	16,494
Interest paid		(7,432)	(6,342)	(11,897)
Net cash inflow/(outflow) from operating activities	**13**	**162,414**	**53,790**	**(201,169)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Plant and equipment		-	(85)	(47)
Net cash inflow/(outflow) from investing activities		**-**	**(85)**	**(47)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Repatriation of profit		(955)	(624)	(2,796)
Net cash inflow/(outflow) from financing activities		**(955)**	**(624)**	**(2,796)**
Net increase/(decrease) in cash		**161,459**	**53,081**	**(204,012)**
Opening cash and cash equivalents		**115,787**	**319,181**	**319,181**
Effect of changes in foreign exchange rates on cash balances		283	(341)	618
Closing cash and cash equivalents	**7**	**277,529**	**371,921**	**115,787**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Banking Group ($'000)		
	Unaudited 6 months 30/06/2016	Unaudited 6 months 30/06/2015	Audited 12 months 31/12/2015
NOTE 1 - INTEREST INCOME			
Cash and cash equivalents	3,217	4,656	8,773
Trading securities	2,831	5,171	9,129
Loans	1,657	1,060	2,434
Total interest income	**7,705**	**10,887**	**20,336**
NOTE 2 – OTHER OPERATING INCOME/(LOSS)			
Fee and commissions income	5,935	5,940	11,475
Trading income/(loss)	(2,829)	88	123
Other income/(loss)	35	-	62
Total other operating income/(loss)	**3,141**	**6,028**	**11,660**
NOTE 3 – OPERATING EXPENSES			
Administration expenses	3,318	3,180	6,629
Employee expenses	718	850	1,888
Fee and commissions expense	521	496	1,114
Occupancy expenses	99	112	220
Depreciation & amortisation	69	92	188
Professional services expenses	52	25	137
Technology & communications expenses	8	29	47
Travel expenses	1	2	8
Other expenses	1,203	532	1,023
Total operating expenses	**5,989**	**5,318**	**11,254**

	Banking Group ($'000)		
	Unaudited 6 months 30/06/2016	Unaudited 6 months 30/06/2015	Audited 12 months 31/12/2015
NOTE 4 – INCOME TAX EXPENSE/ (BENEFIT)			
(a) The components of tax expense / (benefit) comprise:			
Current tax	(94)	1,046	1,810
Deferred tax	-	-	19
Over / (Under) provision for prior years	16	-	28
	(78)	**1,046**	**1,857**
(b) The prima facie tax on operating surplus before tax is reconciled to the income tax expense / (benefit) as follows			
Operating surplus / (deficit) before tax	(241)	3,535	5,841
Income tax expense / (benefit) - prima facie at the Australian rate of 30% and New Zealand rate of 28%	(94)	1,046	1,725
Tax effect of other / non assessable income	-	-	-
Tax effect of non deductible expense	-	-	104
Adjustment for (over) / under provision in prior periods	16	-	28
Total income tax expense	**(78)**	**1,046**	**1,857**

NOTE 5 - EQUITY

Profits of the Banking Group are repatriated to Head Office on a monthly basis. Similarly, any losses are reimbursed by Head Office on a monthly basis.

NOTE 6 – OTHER COMPREHENSIVE INCOME

Opening balance	-	-	-
Currency retranslation during the period	33	124	(30)
(Repatriation) / reimbursement (to)/from head office	(33)	(124)	30
Closing balance	-	-	-

NOTE 7 – CASH AND CASH EQUIVALENTS

Due from central and other banks			
New Zealand - short term deposit	224,000	310,000	68,000
New Zealand - at call	40,746	42,075	29,517
Overseas - at call	12,783	19,846	18,270
Total due from central and other banks	**277,529**	**371,921**	**115,787**
Total cash and cash equivalents	**277,529**	**371,921**	**115,787**

	Banking Group ($'000)		
	Unaudited 6 months 30/06/2016	Unaudited 6 months 30/06/2015	Audited 12 months 31/12/2015
NOTE 8 – TRADING AND OTHER RECEIVABLES			
Fee income receivable	1,977	2,166	1,720
Interest receivable	97	204	293
Amounts due from related parties	2,203	82,228	3,775
Margin receivable	396,939	203,006	409,787
Income tax receivable	731	1,455	314
Other receivable	313	17	-
Total trading and other receivables	**402,260**	**289,076**	**415,889**
NOTE 9 – DEPOSITS - SHORT TERM			
Deposits	376,822	449,748	209,535
Total Deposits – short term	**376,822**	**449,748**	**209,535**

Retail deposits of the Registered Bank in New Zealand for the period were Nil (2015: Nil).

NOTE 10 – PAYABLES			
Interest payable	77	58	84
Margin payable	393,790	203,136	408,382
Accrued expenses	2,531	5,314	2,679
Amounts due to related parties	86,268	51,668	18,587
Deferred revenue	10	83	23
Other payable	1	4	8
Total payables	**482,677**	**260,263**	**429,763**

NOTE 11 – RELATED PARTY TRANSACTIONS

During the period, there have been dealings between members of the Banking Group, and dealings with other subsidiaries of the Registered Bank. Dealings include activities such as funding, accepting deposits, payment of fees on behalf of the Banking Group, income attribution received from overseas desks for the sale of credits and rates products, and transactions between J.P. Morgan Australia Group Pty Limited, the head entity in the Australian tax consolidated group, and the three Australian incorporated companies within the Banking Group under various tax sharing agreements. These transactions were made on terms equivalent to those that prevail in arm's length transactions. No related party debts have been written off, forgiven or provided for during the period.

All of the Banking Group companies are ultimately owned by the Registered Bank.

	Banking Group ($'000)		
	Unaudited	Unaudited	Audited
	6 months	6 months	12 months
	30/06/2016	30/06/2015	31/12/2015
Total due from related parties	283,952	88,299	218,914
Total due to related parties	313,629	294,390	55,805

NOTE 12 – TOTAL LIABILITIES OF THE REGISTERED BANK, NET OF AMOUNTS DUE TO RELATED PARTIES

	NZ Branch ($'000)		
	Unaudited	Unaudited	Audited
	6 months	6 months	12 months
	30/06/2016	30/06/2015	31/12/2015
Total liabilities net of amounts due to related parties	238,742	218,877	195,944

NOTE 13 – RECONCILIATION OF NET SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Banking Group ($'000)		
	Unaudited 6 months 30/06/2016	Unaudited 6 months 30/06/2015	Audited 12 months 31/12/2015
Net profit/(loss) for the period	**(163)**	**2,489**	**3,984**
Movement in Head Office Repatriation included in net surplus	1,085	(1,989)	(1,157)
Depreciation and amortisation	69	92	188
Changes in operating assets and liabilities:			
Movement in financial instruments	(67,119)	79,879	35,629
Movement in fee income receivable	(257)	(380)	66
Movement in accrued interest receivable	196	19	(69)
Movement in amounts due from related parties	1,572	(73,203)	5,250
Movement in margin receivables	12,848	(15,896)	(222,677)
Movement in other receivable	(730)	32	1,190
Movement in deferred tax assets	(294)	1	19
Movement in loans	(4,890)	(32,374)	(45,069)
Movement in deposits	167,287	84,863	(155,351)
Movement in tax payable	148	1,056	(745)
Movement in accrued interest payable	(7)	3	28
Movement in margin payable	(14,592)	18,373	223,619
Movement in other payables	-	-	-
Movement in accrued expenses	(155)	302	(2,325)
Movement in amounts due to related parties	67,681	(9,928)	(43,009)
Movement in deferred revenue	(13)	(13)	(73)
and other balances	(252)	464	(667)
Net cash inflow/(outflow) from operating activities	**162,414**	**53,790**	**(201,169)**

NOTE 14 – COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2016, the Banking Group had an undrawn committed facility of Nil (31 December 2015: $225.7mm) and stand-by letters of credit of $4.7mm (31 December 2015: $20.1mm). In addition, the Banking Group had lease commitments of $0.58mm as at the reporting date (31 December 2015: $0.07mm).

NOTE 15 – INTANGIBLE ASSETS

Goodwill and intangible assets were acquired as part of the purchase of ANZ New Zealand custody business on 18 December 2009.

	Banking Group ($'000)		
	Unaudited 6 months 30/06/2016	Unaudited 6 months 30/06/2015	Audited 12 months 31/12/2015
Goodwill	642	642	642
Intangible assets – Custody clearing services software	289	289	289
Intangible assets – Customer contracts/relationships	377	377	377
Accumulated amortisation of intangible assets	(539)	(502)	(520)
Net Intangibles	**769**	**806**	**788**

NOTE 16 – EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the reporting period which significantly affected, or may significantly affect, the operations, the results of those operations, or the state of affairs of the Banking Group in future financial years.

NOTE 17 – FINANCIAL STATEMENTS OF THE REGISTERED BANK

Attached to, and forming part of, this Disclosure Statement are the most recently publicly available (un-audited) financial statements of the Registered Bank for the six months ended 30 June 2016, and the most recent publicly available audited financial statements of the Registered Bank for the twelve months ended 31 December 2015, each prepared in accordance with US GAAP. The most recent publicly available Disclosure Statement of the Banking Group and the Registered Bank can be accessed online at http://www.jpmorgan.com/pages/international/newzealand.

NOTE 18 – INTEREST EARNING AND DISCOUNT BEARING ASSETS AND LIABILITIES

	Banking Group ($'000)		
	Unaudited 6 months 30/06/2016	Unaudited 6 months 30/06/2015	Audited 12 months 31/12/2015
Interest earning and discount bearing assets	775,610	812,269	466,964
Interest and discount bearing liabilities	694,958	839,104	452,777

NOTE 19 – CAPITAL ADEQUACY

The Federal Reserve Board establishes capital requirements, including well-capitalised standards, for the consolidated financial holding company, JPMorgan Chase & Co. The Office of the Comptroller of the Currency establishes similar requirements for the Registered Bank.

Basel III, for U.S. bank holding companies and banks, revised, among other things, the definition of capital and introduced a new common equity Tier 1 capital ("CET1 capital") requirement. Basel III presents two comprehensive methodologies for calculating risk-weighted assets ("RWA"), a general (Standardized) approach, which replaced Basel I RWA ("Basel III Standardized") effective 1 January 2015 and an advanced approach, which replaces Basel II RWA ("Basel III Advanced"); and sets out minimum capital ratios and overall capital adequacy standards. Certain of the requirements of Basel III are subject to phase-in periods that began 1 January 2014 and continue through the end of 2018 ("Transitional period").

NOTE 19 – CAPITAL ADEQUACY (continued)

Basel III capital rules will become fully phased-in on January 1, 2019, at which point JPMCC will continue to calculate its capital ratios under both the Basel III Standardized and Advanced Approaches. Basel III also includes a requirement for Advanced Approach banking organizations, including JPMCC, to calculate a Supplementary Leverage Ratio ("SLR"). The SLR is defined as Tier 1 capital under Basel III divided by JPMCC's total leverage exposure. Total leverage exposure is calculated by taking JPMCC's total average on-balance sheet assets, less amounts permitted to be deducted for Tier 1 capital, and adding certain off-balance sheet exposures, such as undrawn commitments and
derivatives potential future exposure.

In addition to the regulatory minimum capital ratio of 4.5% of CET1 capital, certain banking organizations, including JPMCC, will be required to hold an additional amounts of capital to serve as a "capital conservation buffer." The capital conservation buffer is intended to be used to absorb potential losses in times of financial or economic stress; if not maintained, JPMCC could be limited in the amount of capital that may be distributed, including dividends and common equity repurchases. The capital conservation buffer is to be phased-in over time, beginning 1 January 2016 through 1 January 2019. When fully phased-in, the capital conservation buffer requires an additional 2.5% of CET1 capital, as well as additional levels of capital in the form of a GSIB surcharge and the recently implemented countercyclical capital buffer. The countercyclical capital buffer is a potential expansion of the capital conservation buffer that takes into account the macro financial environment in which large, internationally active banks function. As of December 31, 2015 the Federal Reserve reaffirmed setting the U.S. countercyclical capital buffer at 0%, and stated that it will review the amount at least annually.

On July 20, 2015, the Federal Reserve issued a final rule requiring GSIBs to calculate their GSIB surcharge, on an annual basis, under two separately prescribed methods, and to be subject to the higher of the two. The first method ("Method 1") reflects the GSIB surcharge as prescribed by Basel rules, and is calculated across five criteria: size, cross-jurisdictional activity, interconnectedness, complexity and substitutability. The second method ("Method 2") modifies the requirements to include a measure of short-term wholesale funding in place of substitutability, and introduces a GSIB score "multiplication factor." Based upon data as of December 31, 2015, the Firm estimates its fully
phased-in GSIB surcharge would be 2% of CET1 capital under Method 1 and 3.5% under Method 2.

Consequently, based upon the final rules currently in effect, the minimum Basel III CET1 capital ratio requirement for JPMCC and the Registered Bank is expected to be 10.5%, comprised of the minimum ratio of 4.5% plus the 2.5% capital conservation buffer and the 3.5% G-SIB requirement both beginning 1 January 2019. Both JPMCC and the Registered Bank exceeded these requirements as at 30 June 2016.

Capital Adequacy Ratios	Basel III Advanced Transitional Registered Bank 30/06/2016 Unaudited	Basel III Standardised Registered Bank 30/06/2016 Unaudited	Basel III Advanced Transitional Registered Bank 30/06/2015 Unaudited	Basel III Standardised Registered Bank 30/06/2015 Unaudited
Common Equity Tier 1 Capital	13.45%	13.23%	12.68%	12.70%
Tier 1 Capital	13.47%	13.24%	12.70%	12.71%
Total Capital	14.02%	14.37%	13.35%	13.91%

The most recent publicly available Call Report of the Banking Group and the Registered Bank can be accessed online at http://www.jpmorgan.com/pages/international/newzealand.

The ratios given for Registered Bank are for the consolidated group, including the Registered Bank and its subsidiary and associated companies. The capital ratios for the Registered Bank on an unconsolidated basis are not publicly available. The Registered Bank is subject to the capital requirements of the Office of the Comptroller of the Currency, the capital requirements of which are at least equal to those specified under the Basel framework and are not publicly available.

NOTE 20 – CONCENTRATION OF CREDIT EXPOSURE TO INDIVIDUAL COUNTERPARTIES

The Banking Group has no aggregate credit exposure to an individual counterparty or group of closely related counterparties (whether bank or non-bank exposures) which equals or exceeds 10% of the Registered Bank's equity as at 30 June 2016, 30 June 2015 or 31 December 2015, or in respect of peak end-of-day aggregate credit exposures for the most recent quarter of the financial period.

NOTE 21 – ACTIVITIES OF THE BANKING GROUP IN NEW ZEALAND

As at 30 June 2016 no members of the Banking Group have been involved in:

(a) the origination of securitised assets or the marketing or servicing of securitisation schemes;
(b) the marketing and distribution of insurance products; and
(c) the establishment, marketing, or sponsorship of trust or funds management

Custodial Services

There were no changes to the activities of the Banking Group and any related arrangements since 31 December 2015

The financial statements of the Banking Group include income in respect of custodial services provided to customers by the NZ Branch. As at 30 June 2016 securities held on behalf of NZ Branch's customers were excluded from the Statement of Financial Position. The value of securities held in custody by NZ Branch was $35,434 million (December 2015: $34,338 million).

NZ Branch is subject to the typical risks incurred by custodial operations. JPMCC maintains a range of insurance policies (for its own benefit and that of subsidiaries including NZ Branch), including Banker's Blanket Bond Insurance which provides cover for it in respect of loss of money or securities (through fraud, theft or disappearance). Such Banker's Blanket Bond cover is maintained with limits of cover which vary from time to time but which are considered prudent and in accordance with international levels and insurance market capacity.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2016
SUPPLEMENTAL INFORMATION

NOTE 22 – RISK MANAGEMENT

During the six months ended 30 June 2016, there have been no material changes to the Banking Group's policies for managing risks in relation to credit risk, interest rate risk, currency risk, equity risk, liquidity risk, operational risk or any other material business risk to which it is exposed.

Exposure to Liquidity Risk

The following table shows a composition of our funding sources that contribute to the liquidity risk position as at 30 June 2016 and are held by the Banking Group for the purposes of managing liquidity risk.

	Banking Group ($'000) Unaudited 30/06/2016							
	Total	On Demand	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Non specified
ASSETS								
Cash and cash equivalents	277,529	53,529	224,000	-	-	-	-	-
Margin receivable	396,939	396,939	-	-	-	-	-	-
Receivables	5,321	-	4,590	-	731	-	-	-
Goverment bonds	100,051	-	100,051	-	-	-	-	-
Non-goverment bonds	28	-	28	-	-	-	-	-
Cash collateral pledged on reverse repurchase agreements	299,999	-	299,999	-	-	-	-	-
Loans and advances	98,003	5,818	92,185	-	-	-	-	-
Intangible assets	769	-	-	-	-	-	-	769
Deferred tax assets	460	-	-	-	-	-	-	460
Total Assets	**1,179,099**	**456,286**	**720,853**	**-**	**731**	**-**	**-**	**1,229**
LIABILITIES								
Deposits – short term	376,822	376,822		-	-	-	-	-
Goverment bonds	76,505	-	76,505	-	-	-	-	-
Cash collateral received on repurchase agreements	241,631	-	241,631	-	-	-	-	-
Margin payable	393,790	393,790	-	-	-	-	-	-
Payables	88,887	-	88,883	4	-	-	-	
Provision for taxation	1,464	-	-	-	1,464	-	-	-
Total Liabilities	**1,179,099**	**770,612**	**407,019**	**4**	**1,464**	**-**	**-**	**-**

NOTE 22 – RISK MANAGEMENT (continued)

Concentration of Credit Risk

The carrying amount of the Banking Group's financial assets represents the maximum credit exposure. The concentration of credit risk is determined based on categories provided by The Reserve Bank of New Zealand for the preparation of regulatory returns. Each concentration is identified by shared characteristics, specifically industry and geographical area.

The maximum exposure to credit risk at reporting date was:

	Banking Group ($'000)
	Unaudited
	30/06/2016
Credit Risk by industry	
Finance	794,969
Local Authorities	100,051
	895,020
Credit Risk by geographical area	
Within New Zealand	299,099
Overseas	595,921
	895,020

Cash balances are held with registered banks in New Zealand rated AA- by S&P. There is no provision for doubtful debts in relation to the receivables, and there are no significant concentrations of credit risk at the end of the reporting period.

NOTE 22 – RISK MANAGEMENT (continued)

Concentration of Funding Risk

The carrying amount of the Banking Group's financial liabilities represents the maximum funding exposure. The maximum exposure to funding risk at reporting date was:

	Banking Group ($'000)
	Unaudited
	30/06/2016
Funding Risk by industry	
Finance	886,335
Local Authorities	76,506
Electricity, gas and water	15,351
Manufacturing	37,121
Business Services	30,532
Communication	8,876
Food Manufacturing	4,330
Other	29,697
	1,088,748
Funding Risk by geographical area	
Within New Zealand	507,963
Overseas	580,785
	1,088,748

NOTE 22 – RISK MANAGEMENT (continued)

Interest Rate Sensitivity

The Banking Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the period-end interest rates on classes of financial assets and financial liabilities, is as follows:

	Banking Group ($'000)						
	Unaudited						
	30/06/2016						
	Total	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Not interest-bearing
ASSETS							
Cash - at call	53,529	53,529	-	-	-	-	-
Cash - short-term deposits	224,000	224,000	-	-	-	-	-
Margin receivable	396,939	-	-	-	-	-	396,939
Receivables	3,118	-	-	-	-	-	3,118
Receivables from related parties	2,203	-	-	-	-	-	2,203
Financial assets at fair value through profit or loss	100,079	100,079	-	-	-	-	-
Cash collateral pledged on reverse repurchase agreements	299,999	299,999	-	-	-	-	-
Loans and advances	98,003	98,003	-	-	-	-	-
Fixed assets	-	-	-	-	-	-	-
Intangible assets	769	-	-	-	-	-	769
Deferred tax assets	460	-	-	-	-	-	460
Total Assets	**1,179,099**	**775,610**	-	-	-	-	**403,489**
LIABILITIES							
Deposits – short term	376,822	376,822	-	-	-	-	-
Financial liabilities at fair value through profit or loss	76,505	76,505	-	-	-	-	-
Cash collateral received on repurchase agreements	241,631	241,631	-	-	-	-	-
Margin Payable	393,790	-	-	-	-	-	393,790
Payables	2,619	-	-	-	-	-	2,619
Payables to related parties	86,268	-	-	-	-	-	86,268
Provision for taxation	1,464	-	-	-	-	-	1,464
Total Liabilities	**1,179,099**	**694,958**	-	-	-	-	**484,141**

NOTE 23 – EXPOSURES TO MARKET RISK

Set out below are details of market risk end-period notional capital charges and market risk peak end of day notional capital charges. These have been derived using the Capital Adequacy Framework (Standardised Approach) (BS2A) methodology, which is in accordance with Schedule 9 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended). Market risk exposures have been derived using the Capital Adequacy Framework (Standardised Approach) (BS2A) methodology.

	Banking Group ($'000) Unaudited	
	Implied risk weighted exposure	**Notional capital charge**
30 June 2016		
Market Risk End-period		
Interest rate risk	-	-
Foreign currency risk	135	11
Equity risk	-	-
1 January 2016 - 30 June 2016		
Market Risk Peak End-of-day		
Interest rate risk	988	79
Foreign currency risk	950,090	76,007
Equity risk	-	-

NOTE 24 –ASSET QUALITY

There are no expected material losses or diminution in asset value for Banking Group. The provision of information in relation to the following classes of assets is therefore not necessary:

- aggregate amount of any undrawn balances on lending commitments to counterparties for whom drawn balances are classified as individually impaired;
- other individually impaired assets;
- restructured assets;
- financial assets acquired through the enforcement of security;
- real estate assets acquired through the enforcement of security;
- other assets acquired through the enforcement of security; and
- other assets under administration.

The table below presents assets past due at balance date:

	Banking Group ($'000) Unaudited 30/06/2016				
	Less than 30 days	30 days and less than 60 days	60 days and less than 90 days	Over 90 days	Total
Past due and not impaired	373	-	-	-	373

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2016
SUPPLEMENTAL INFORMATION

NOTE 24 – ASSET QUALITY (continued)

	Banking Group		Registered Bank (consolidated)	
	Unaudited 6 months 30/06/2016 NZ$'000	Unaudited 6 months 30/06/2015 NZ$'000	Unaudited 6 months 30/06/2016 US$'000	Unaudited 6 months 30/06/2015 US$'000
Total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense)	-	-	15,862,000	18,000,000
Total individually impaired assets expressed as a percentage of total assets	-	-	0.8%	0.9%
Total individual credit impairment allowance	-	-	11,401,000	11,095,000
Total individual credit impairment allowance expressed as a percentage of total impaired assets	-	-	71.9%	61.6%
Total collective credit impairment allowance	-	-	-	-
Non-financial assets acquired through the enforcement of security	-	-	-	-

NOTE 25 – REGISTERED BANK PROFITABILITY AND SIZE

	Registered Bank (consolidated)	
	Unaudited 6 months 30/06/2016 US$'000	Unaudited 6 months 30/06/2015 US$'000
Net profit/(loss) after taxation	8,994,000	8,834,000
Net profit/(loss) after taxation, over the previous 12 month period, as a percentage of average total assets	0.8%	0.8%
Total assets	2,051,004,000	2,001,866,000
Percentage increase/(decrease) in total assets from previous period	2.5%	0.0%

Independent Auditor's Review Statement to the Directors of JPMorgan Chase Bank, National Association

Statement on the Financial Statements

We have reviewed pages 11 to 31 of the Disclosure Statement of the JPMorgan Chase Bank, National Association, New Zealand Banking Group (the "Banking Group"), which consists of the financial statements required by Clause 26 of Part 2 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (the "Order") (as amended) and the supplementary information required by Schedules 5, 7, 9, 10, 12 and 14 of the Order. The financial statements comprise the statement of financial position as at 30 June 2016, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended, and the notes to the financial statements that include a statement of accounting policies and other explanatory information for the aggregated results of the Banking Group.

Branch Governance Committee's Responsibility for the Financial Statements

The Branch Governance Committee of the Banking Group (the "Committee") are responsible for the Disclosure Statement, which includes financial statements prepared in accordance with Clause 26 of Part 2 of the Order and that present fairly the financial position of the Banking Group as at 30 June 2016, and its financial performance and cash flows for the period ended on that date. The Committee is also responsible for such internal controls as the Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In addition, the Committee is responsible for the preparation and fair presentation of supplementary information in the half year Disclosure Statement which complies with Schedules 5, 7, 9, 10, 12 and 14 of the Order.

Auditor's Responsibility

We are responsible for reviewing the financial statements and the supplementary information, disclosed in accordance with Clause 26 of Part 2, Schedules 5, 7, 9, 10, 12 and 14 of the Order and presented to us by the Committee.

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting*. As the auditors of the Banking Group, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

We are responsible for reviewing the supplementary information (excluding the supplementary information relating to credit and market risk exposures and capital adequacy) in order to report to you whether, in our opinion on the basis of the procedures performed by us, anything has come to our attention that would cause us to believe that the supplementary information does not fairly state the matters to which it relates in accordance with Schedules 5, 7, 10, 12 and 14 of the Order.

We are responsible for reviewing the supplementary information relating to credit and market risk exposures and capital adequacy in order to report to you whether, in our opinion on the basis of the procedures performed by us, anything has come to our attention that would cause us to believe that the supplementary information is not in all material respects:

i. Prepared in accordance with the Capital Adequacy Framework (Basel III Standardised and Advanced approaches) for capital adequacy and Capital Adequacy Framework (Standardised Approach) (BS2A) for credit and market risk exposures; and
ii. Disclosed in accordance with Schedule 9 of the Order.

A review is limited primarily to enquiries of the Banking Group's personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit on the financial statements and, accordingly, we do not express an audit opinion.

A review of financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditors perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Accordingly we do not express an audit opinion on these financial statements.

We carry out other assignments on behalf of the Banking Group in the areas of taxation advice and other assurance and advisory services. In addition, certain partners and employees of our firm may deal with the Banking Group on normal terms within the ordinary course of trading activities of the Banking Group. These matters have not impaired our independence as auditors of the Banking Group. We have no other interests in the Banking Group.

Opinion

Based on our review nothing has come to our attention that causes us to believe that:

a) The financial statements on pages 11 to 31 (excluding the supplementary information), which have been prepared in all material respects in accordance with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting*, do not present fairly the financial position of the Banking Group as at 30 June 2016 and its financial performance and cash flows for the period ended on that date;

b) The supplementary information prescribed by Schedules 5, 7, 10, 12 and 14 of the Order, does not fairly state the matters to which it relates in accordance with those Schedules; and

c) The supplementary information relating to credit and market risk exposures and capital adequacy prescribed by Schedule 9 of the Order, is not, in all material respects:

   i. Prepared in accordance with the Capital Adequacy Framework (Basel III Standardised and Advanced approaches) for capital adequacy and Capital Adequacy Framework (Standardised Approach) (BS2A) for credit and market risk exposures; and
   ii. Disclosed in accordance with Schedule 9 of the Order.

Restriction on Distribution or Use

This report is made solely to the Committee, as a body. Our review work has been undertaken so that we might state to the Committee those matters which we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Banking Group and the Committee, as a body, for our review procedures, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants
25 August 2016

Sydney

I, Chris Cooper, am currently a member of the Institute of Chartered Accountants in Australia and my membership number is 30333(CA member number).

PricewaterhouseCoopers was the audit firm appointed to undertake the review of the JPMorgan Chase Bank, National Association New Zealand Banking Group for the six months ended 30 June 2016. I was responsible for the execution of the review and delivery of our firm's auditor's review statement. The review work was completed on 25 August 2016 and an unqualified review statement is expressed as that date.

Chris Cooper
Partner