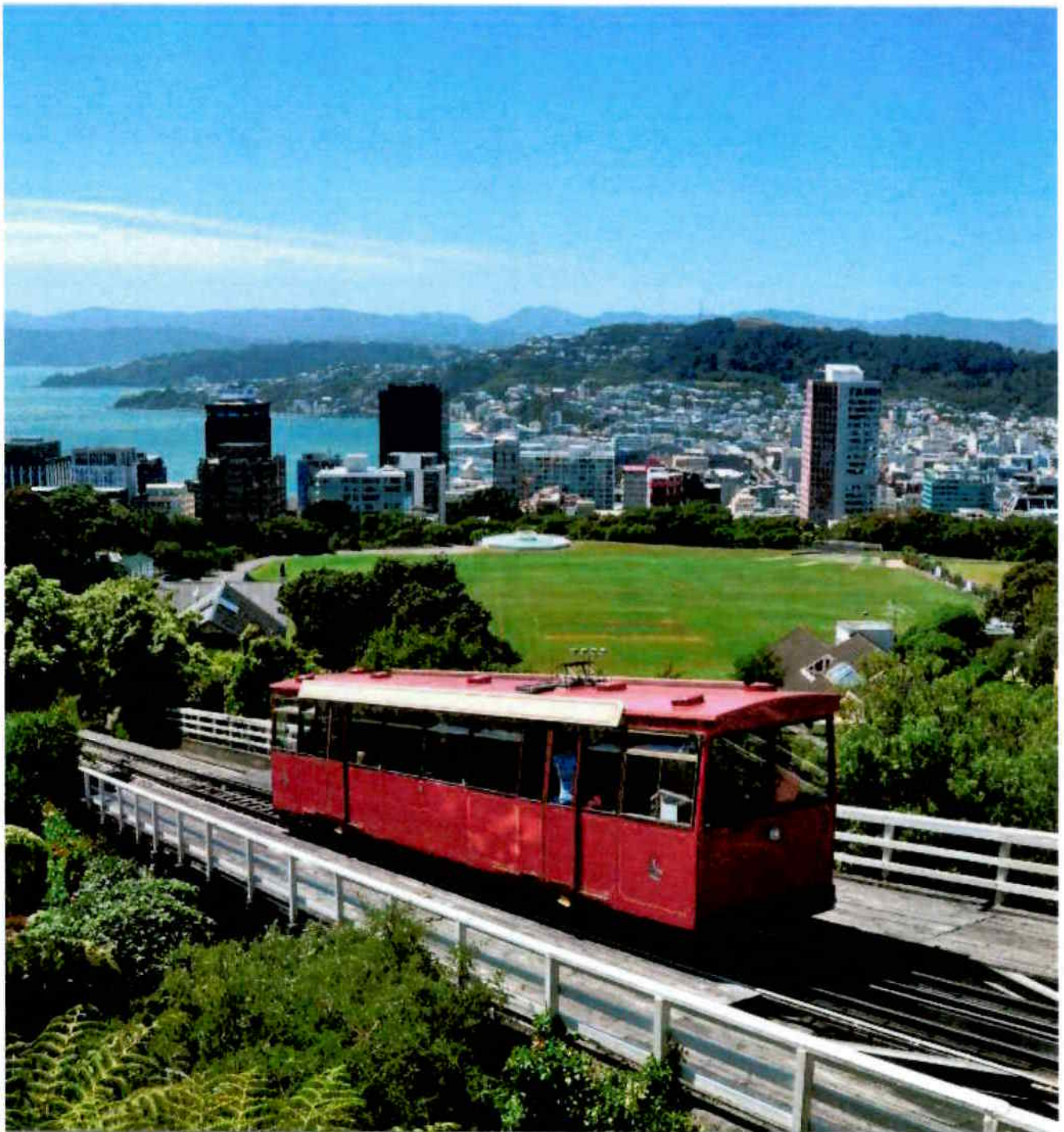


# J.P.Morgan

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

## **Disclosure Statement**

**For the nine months ended 30 September 2015**



# Disclosure Statement

## For the nine months ended 30 September 2015

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## DEFINITIONS

In this Disclosure Statement, unless the context otherwise requires:

**JPMCB** means the worldwide operations of JPMorgan Chase Bank, N.A., including JPMCB NZ Group;

**JPMCB NZ or Branch** means the New Zealand operations of JPMCB conducted through its New Zealand branch;

**JPMCC** means JPMorgan Chase & Co; and

the term "**Banking Group**" or "**JPMCB NZ Group**" means the consolidated New Zealand operations of JPMCB, and includes the business conducted through JPMCB NZ and JPMCB'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.

## CORPORATE INFORMATION

### Registered Bank

JPMorgan Chase Bank, National Association

### Address for Service

Level 13, ASB Tower  
2 Hunter Street  
Wellington 6011  
New Zealand

### Name and Address for Service of the Overseas Bank and Ultimate Holding Company

#### Overseas Bank

JPMorgan Chase Bank, N.A.

#### Ultimate Holding Company

JPMorgan Chase & Co.

#### Overseas Bank Address for Service

1111 Polaris Parkway  
Columbus, Ohio, 43240  
USA

#### Ultimate Holding Company Address for Service

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

### Incorporation

JPMCB is a commercial bank offering a wide range of banking 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. JPMCB's main office is located in Columbus, Ohio, and it has branches in 23 States of America.

JPMCB 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 JPMCB being the surviving legal entity.

JPMCB 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.

## FINANCIAL SUPPORT

### Ranking of Local Creditors in Winding-up

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

The rights of all creditors of JPMCB, including those located in New Zealand, in the event of JPMCB'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 such 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 JPMCB'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 JPMCB's non-U.S. branches (such as JPMCB NZ) who would then rank *pari passu* in order of payment. The basic insurance amount is \$US250,000 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 JPMCB (or the JPMCB NZ Group) are guaranteed as at the date of signing the Disclosure Statement.

## CORPORATE GOVERNANCE

### Directors of JPMCB

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

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

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

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

William C Weldon  
Retired Chairman and CEO, Johnson and Johnson  
Quinnipiac University  
United States of America

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





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

JPMorgan Chase Bank, N.A. - New Zealand Branch  
PO Box 5652  
Lambton Quay, Wellington 6145  
New Zealand

#### Corporate Governance and Risk Management

JPMCB'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 JPMCB is intended to provide comprehensive controls and ongoing management of the major risks inherent in its business activities.

#### Director Related Transactions

There are no transactions between the Directors and JPMCB and any member of JPMCB NZ 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 JPMCB or any member of JPMCB NZ 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.

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 JPMCB) 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 \$US120,000 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 JPMCB), 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 JPMCB may make to persons affiliated with JPMCB. 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 JPMCB 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.

## JPMCB NZ's Chief Executive Officer

The New Zealand Chief Executive Officer is not subject to Regulation O. There are no transactions between the New Zealand Chief Executive Officer and JPMCB or any member of JPMCB NZ 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 JPMCB or any member of JPMCB NZ 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.

## Conflicts of Interest

The Conflicts Office of JPMCC monitors JPMCB'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 JPMCB's reputation as a result of actual or perceived conflicts of interest. Any transaction, product or activity that raises significant reputation risk for JPMCB 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 JPMCB's conflicts risk management and the requirements for reporting them.

## Conditions of Registration

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

As at 30 September 2015, the registration of JPMorgan Chase Bank, N.A. ("the registered bank") in New Zealand was subject to the following conditions which came into effect from 1 November 2014:

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

In these conditions 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 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.



### Conditions of Registration (continued)

For the purposes of these conditions 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:
  - (i) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
  - (ii) the Reserve Bank has advised that it has no objection to the 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 requirements.

Capital adequacy ratio	Minimum Requirement	
	1 January 2014 to 31 December 2014	On and after 1 January 2015
Common Equity Tier 1 capital	4 percent	4.5 percent
Tier 1 capital	5.5 percent	6 percent
Total capital	8 percent	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 \$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 amounts must not for residential properties with a loan-to-valuation ratio of more than 80%, exceed 10% of the total of the qualifying new mortgage lending amounts arising in the loan-to-valuation measurement period.
  10. 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.
  11. That the business of the registered bank in New Zealand must not permit a borrower to grant a charge in favour of another person over a residential property used as security for a residential mortgage loan, unless the sum of the lending secured by the charge and the loan value for the residential mortgage loan would not exceed 80% of the property value of the residential property when the lending secured by the charge is drawn down.
  12. That the business of the registered bank in New Zealand must not provide a residential mortgage loan if the residential property to be mortgaged to the registered bank as security for the residential mortgage loan is subject to a charge in favour of another person, unless the total amount of credit secured by the residential property would not exceed 80% of the property value when the residential mortgage loan is drawn down.



## Conditions of Registration (continued)

13. That the business of the registered bank in New Zealand must not:

- (a) Act as a broker or arrange a residential mortgage loan for the business of the registered bank outside New Zealand or for an associated person of the registered bank outside New Zealand; or
- (b) facilitate the drawdown of a residential mortgage loan the registered bank originated as part of its business outside New Zealand or by an associated person of the registered bank outside New Zealand without notifying the Reserve Bank of this activity in the manner and form specified by the Reserve Bank.

In these conditions of registration:

### “banking group”

(a) 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 (unless paragraph (b) applies); or

(b) if the Financial Reporting Act 1993 applies to the registered bank, 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 9(2) of the Financial Reporting Act 1993;

### “business of the registered bank in New Zealand”

(a) 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 (unless paragraph (b) applies); or

(b) if the Financial Reporting Act 1993 applies to the registered bank, means the New Zealand business of the registered bank as required to be reported in financial statements under section 8(2) of the Financial Reporting Act 1993;

### “generally accepted accounting practice”

(a) has the same meaning as in section 8 of the Financial Reporting Act 2013 (unless paragraph (b) applies); or

(b) means generally accepted accounting practice within the meaning of section 3 of the Financial Reporting Act 1993 if the registered bank is required to prepare financial statements in accordance with that practice;

### “liabilities of the registered bank in New Zealand”

(a) 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 (unless paragraph (b) applies); or

(b) if the Financial Reporting Act 1993 applies to the registered bank, means the liabilities of the registered bank as required to be reported in financial statements under section 8(2) of the Financial Reporting Act 1993.

In conditions of registration 9 to 13:

“loan-to-valuation ratio”, “loan value”, “property value”, “qualifying new mortgage lending amount” 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 October 2014;

“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 March 2014.

New conditions of registration were issued by the Reserve Bank of New Zealand and will apply to JPMCB, NZ on and after 1 November 2015. These changes remove the superseded references to Financial Reporting Act 1993, redundant capital adequacy requirements and existing conditions 9, 11, 12 and 13; and impose the following new conditions:

- 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 amounts 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 amounts in respect of APIL arising in the loan to valuation measurement period.
- 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 amounts 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 amounts in respect of ANPIL arising in the loan to valuation measurement period.
- 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 amounts 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 amounts for non-Auckland loans arising in the loan to valuation measurement period.

The changes have no impact to JPMCB, NZ because JPMCB, NZ does not issue mortgages in New Zealand

## PENDING PROCEEDINGS OR ARBITRATION

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

## CURRENT CREDIT RATING OF JPMCB

JPMCB 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:

	<i>Current Rating</i>	<i>Previous Credit Rating (if changed in the previous two years)</i>	<i>Outlook</i>
Moody's Investor Services, Inc	Aa3	-	Stable
Standard & Poor's Corporation	A+	-	Stable
Fitch IBCA, Inc	AA-	A+	Stable

## Legend to Rating Scales

<i>Long Term Debt Ratings</i>	<i>Moody's (a)</i>	<i>S&amp;P (b)</i>	<i>FITCH (b)</i>
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.

## Members of JPMCB NZ Group

JPMCB NZ Group companies (other than JPMCB NZ), being:

- the New Zealand Operation of J.P. Morgan Australia Limited (incorporated in Australia);
  - the New Zealand Operation of J.P. Morgan Markets Australia Pty Limited (incorporated in Australia); and
  - the New Zealand Operation of J.P. Morgan Securities Australia Limited (incorporated in Australia)
- are involved in investment banking activities. These companies are wholly-owned by JPMCB.

## INSURANCE BUSINESS AND NON-CONSOLIDATED ACTIVITIES

JPMCB NZ Group does not conduct any insurance business.

JPMCB does not conduct in New Zealand, outside of the JPMCB NZ Group, any insurance business or non-financial activities.



## OTHER MATERIAL MATTERS

There are no other matters relating to the business or affairs of JPMCB NZ and the JPMCB NZ 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 JPMCB NZ or any other member of the JPMCB NZ Group is the issuer.

## FINANCIAL STATEMENTS OF THE OVERSEAS BANK AND OVERSEAS BANKING GROUP

Attached to, and forming part of, this Disclosure Statement are the most recent publicly available (audited) financial statements of JPMCB (consolidated) for the twelve months ended 31 December 2014, and (unaudited) financial statements of JPMCB (consolidated) for the nine months ended 30 September 2015, each prepared in accordance with US GAAP.

The most recent publicly available Disclosure Statement of JPMorgan Chase Bank New Zealand Group and JPMorgan Chase Bank, NA can be accessed online at <http://www.jpmorgan.com/pages/international/newzealand>

## STATEMENT BY THE DIRECTORS AND CHIEF EXECUTIVE OFFICER OF JPMCB NZ

Each Director, and the Chief Executive Officer of JPMCB NZ, after due enquiry by them, 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;
- JPMCB NZ has complied with all conditions of registration that applied during the accounting period;
- JPMCB NZ 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.

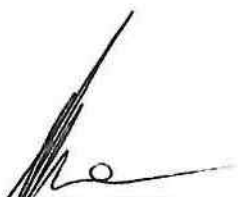
The current directors of JPMCB are James S Crown, William C Weldon, Matthew E Zames, Laban P Jackson, Jr and Marianne Lake.

This Disclosure Statement is signed by Mr Davis and Mr Lawrence as Responsible Persons on behalf of each of the Directors.

  
\_\_\_\_\_  
Warren Davis

23 November 2015

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Mark Lawrence

23 November 2015

\_\_\_\_\_  
Date

**Disclosure Statement**  
**For the nine months ended 30 September 2015**

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## 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 below) 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 Banking Group 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", comprising the New Zealand operations of JPMCB NZ and all those subsidiaries of JPMorgan Chase Bank, N.A. whose business is required to be reported in the financial statements for the Group's New Zealand business.

These financial statements are authorised by the Directors for issue on 23 November 2015. The Company 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 New Zealand International Accounting Standard (IAS) 34.

The financial statements of JPMCB NZ, the New Zealand 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 financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the 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 2014. 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 company 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**

The recoverable amount of goodwill is determined based on the future cash flow projection discounted by reporting units estimated cash of equity capital of 15.0%. The Group's cost of equity is determined using the Capital Asset Pricing Model. The discount rate used for each reporting unit represents an estimate of the cost of equity capital for that reporting unit and is determined based on the Firm's overall cost of equity, as adjusted for the risk characteristics specific to each reporting unit and jurisdiction. To assess the reasonableness of the discount rates used for each reporting unit, management compares the discount rate to the estimated cost of equity for publicly traded institutions with similar businesses and risk characteristics.

All future cash flows are based on approved five year strategic plans, plus a further four year projection incorporating a 3% growth rate to reflect inflation. While the plan assumes certain economic conditions, including net interest margin contractions to 30bps, client attrition of 10% in custody and 5% in fund administration and a 10% repricing for all products, plus market share increases, technology deployments and expense synergies, the forecast is not reliant on any one particular assumption. 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 company'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 nine months ending 30 September 2015 since the most recent annual financial statements for the year ending 31 December 2014.



STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

		Banking Group (\$'000)		
	Note	Unaudited 9 months 30/09/2015	Unaudited 9 months 30/09/2014	Audited 12 months 31/12/2014
Interest income	1	15,287	11,125	14,808
Interest expense		(11,210)	(6,738)	(9,044)
<b>Net interest income</b>		<b>4,077</b>	<b>4,387</b>	<b>5,764</b>
Other operating income/(loss)	2	9,042	9,271	13,477
<b>Total operating income</b>		<b>13,119</b>	<b>13,658</b>	<b>19,241</b>
Operating expenses	3	(8,247)	(7,375)	(10,284)
<b>Net profit/(loss) before taxation</b>		<b>4,872</b>	<b>6,283</b>	<b>8,957</b>
Income tax (expense)/benefit	4	(1,463)	(1,829)	(2,583)
<b>Net profit/(loss) after taxation</b>		<b>3,409</b>	<b>4,454</b>	<b>6,374</b>
Other comprehensive income, net of tax	6	49	102	(194)
<b>Total comprehensive income for the period</b>		<b>3,458</b>	<b>4,556</b>	<b>6,180</b>

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

STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

Banking Group (\$'000)					
	Note	Ordinary Shares	Retained Earnings	Foreign currency translation reserve movement	Total Equity
<b>30 September 2014</b>					
Equity as at 1 January 2014 (audited)		-	-	-	-
Net profit/(loss) after taxation		-	4,454	-	4,454
Foreign currency translation reserve movement	6	-	-	102	102
<b>Total comprehensive income for the period</b>		-	4,454	102	4,556
(Repatriation)/reimbursement (to)/from head office		-	(4,454)	(102)	(4,556)
<b>Equity as at 30 September 2014 (unaudited)</b>	5	-	-	-	-
<b>31 December 2014</b>					
Equity as at 1 January 2014 (audited)		-	-	-	-
Net profit/(loss) after taxation		-	6,374	-	6,374
Foreign currency translation reserve movement	6	-	-	(194)	(194)
<b>Total comprehensive income for the year</b>		-	6,374	(194)	6,180
(Repatriation)/reimbursement (to)/from head office		-	(6,374)	194	(6,180)
<b>Equity as at 31 December 2014 (audited)</b>	5	-	-	-	-
<b>30 September 2015</b>					
Equity as at 1 January 2015 (audited)		-	-	-	-
Net profit/(loss) after taxation		-	3,409	-	3,409
Foreign currency translation reserve movement	6	-	-	49	49
<b>Total comprehensive income for the period</b>		-	3,409	49	3,458
(Repatriation)/reimbursement (to)/from head office		-	(3,409)	(49)	(3,458)
<b>Equity as at 30 September 2015 (unaudited)</b>	5	-	-	-	-

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



STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2015

		Banking Group (\$'000)		
	Note	Unaudited 9 months 30/09/2015	Unaudited 9 months 30/09/2014	Audited 12 months 31/12/2014
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	7	440,682	333,712	319,181
Trading and other receivables	8	462,402	278,793	199,649
Financial assets at fair value through profit or loss		161,147	64,177	217,426
Cash collateral pledged on reverse repurchase agreements		96,128	130,425	230,965
Derivative Assets	16	-	625	-
Loans		80,186	74,917	48,044
		<b>1,240,545</b>	<b>882,649</b>	<b>1,015,265</b>
<b>Non Current Assets</b>				
Fixed assets		93	145	133
Intangible assets	15	797	835	825
Deferred tax assets		93	187	185
		<b>983</b>	<b>1,167</b>	<b>1,143</b>
<b>Total Assets</b>		<b>1,241,528</b>	<b>883,816</b>	<b>1,016,408</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Overdrafts	7(a)	-	32	-
Deposits - short term	9	515,889	407,633	364,886
Financial liabilities at fair value through profit or loss		91,584	53,610	168,542
Cash collateral received on repurchase agreements		148,406	109,786	229,397
Payables	10	482,399	311,550	251,522
Provision for taxation		3,250	1,205	2,061
<b>Total Liabilities</b>		<b>1,241,528</b>	<b>883,816</b>	<b>1,016,408</b>
<b>Net Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>EQUITY</b>				
Attributable to the shareholders of the Banking Group		-	-	-
<b>Total Equity</b>	5	<b>-</b>	<b>-</b>	<b>-</b>

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

STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

		Banking Group (\$'000)		
		Unaudited	Unaudited	Audited
Note		9 months	9 months	12 months
		30/09/2015	30/09/2014	31/12/2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
	Fees, commissions and other income received	6,428	5,922	8,569
	Payments to suppliers and employees	(3,273)	(4,458)	(1,146)
	Receipts from/(payments to) related parties	46,067	126,669	155,052
	Net movement in client balances	(3,150)	48	(54,501)
	Net proceed from disposal/(purchase) of financial instruments	33,198	(20,741)	(37,804)
	Net (increase)/decrease in loans	(32,142)	(23,102)	3,771
	Increase/(decrease) in deposits	72,929	(55,623)	(62,189)
	Tax paid	(822)	(273)	805
	Interest received	12,804	8,849	12,236
	Interest paid	(9,488)	(4,338)	(5,905)
	<b>Net cash inflow/(outflow) from operating activities</b>	<b>122,551</b>	<b>32,953</b>	<b>18,888</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
	Plant and equipment	(73)	(5)	(17)
	<b>Net cash inflow/(outflow) from investing activities</b>	<b>(73)</b>	<b>(5)</b>	<b>(17)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
	(Repatriation)/reimbursement of profit	(587)	(1,034)	(1,387)
	<b>Net cash inflow/(outflow) from financing activities</b>	<b>(587)</b>	<b>(1,034)</b>	<b>(1,387)</b>
	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>121,891</b>	<b>31,914</b>	<b>17,484</b>
	Opening cash and cash equivalents	319,181	301,772	301,772
	Effect of changes in foreign exchange rates on cash balances	(390)	(6)	(75)
	<b>Closing cash and cash equivalents</b>	<b>440,682</b>	<b>333,680</b>	<b>319,181</b>

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



NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

Banking Group (\$'000)

NOTE 1 - INTEREST INCOME

	Unaudited 9 months 30/09/2015	Unaudited 9 months 30/09/2014	Audited 12 months 31/12/2014
Cash and cash equivalents	6,490	6,736	9,244
Trading securities	7,085	3,081	3,844
Loans	1,712	1,308	1,720
<b>Total interest income</b>	<b>15,287</b>	<b>11,125</b>	<b>14,808</b>

NOTE 2 - OTHER OPERATING INCOME/(LOSS)

Fee and commissions income	8,904	8,752	11,399
Trading income/(loss)	30	519	2,078
Other income/(loss)	108	-	-
<b>Total other operating income/(loss)</b>	<b>9,042</b>	<b>9,271</b>	<b>13,477</b>

NOTE 3 - OPERATING EXPENSES

Administration expenses	4,868	4,455	6,315
Employee expenses	1,352	1,174	1,629
Fee and commissions expense	786	676	825
Occupancy expenses	168	170	226
Technology & communications expenses	39	41	56
Professional services expenses	119	88	69
Depreciation & amortisation	141	92	127
Travel expenses	7	37	53
Other expenses	767	642	984
<b>Total operating expenses</b>	<b>8,247</b>	<b>7,375</b>	<b>10,284</b>

Administration expenses include indirect expenses of \$3.4mm (30 September 2014: \$3.4mm) predominantly relating to application software development and production support.

NOTE 4 - INCOME TAX EXPENSE / (BENEFIT)

Operating surplus/(deficit) before tax	4,872	6,283	8,957
Income tax expense/(benefit) - prima facie at the Australian rate of 30% and New Zealand rate of 28%	1,435	1,855	2,651
Tax effect of other assessable income	-	-	(42)
Adjustment for (over)/under provision in prior periods	28	(26)	(26)
<b>Total income tax expense</b>	<b>1,463</b>	<b>1,829</b>	<b>2,583</b>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

Banking Group (\$'000)		
Unaudited	Unaudited	Audited
9 months	9 months	12 months
30/09/2015	30/09/2014	31/12/2014

NOTE 5 - EQUITY

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

NOTE 6 - CURRENCY TRANSLATION RESERVE

Opening balance	-	-	-
Currency retranslation during the period	49	102	(194)
(Repatriation)/reimbursement (to)/from head office	(49)	(102)	194
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

NOTE 7 - CASH AND CASH EQUIVALENTS

Due from central and other banks

New Zealand - short term deposit	317,000	279,684	185,000
New Zealand - at call	26,380	32,555	62,115
Overseas - at call	97,302	21,473	72,066
<b>Total due from central and other banks</b>	<b>440,682</b>	<b>333,712</b>	<b>319,181</b>
<b>Total cash and cash equivalents</b>	<b>440,682</b>	<b>333,712</b>	<b>319,181</b>

7 (a) Reconciliation of Cash

Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:

Cash and cash equivalents	440,682	333,712	319,181
Overdrafts	-	(32)	-
	<b>440,682</b>	<b>333,680</b>	<b>319,181</b>



NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

Banking Group (\$'000)

Unaudited 9 months 30/09/2015	Unaudited 9 months 30/09/2014	Audited 12 months 31/12/2014
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NOTE 8 - TRADING AND OTHER RECEIVABLES

Fee income receivable	1,843	1,989	1,786
Interest receivable	169	194	224
Amounts due from related parties	49,802	16,956	9,025
Margin receivable	410,062	257,903	187,110
Income tax receivable	515	1,718	1,484
Other receivable	11	33	20
	<b>462,402</b>	<b>278,793</b>	<b>199,649</b>

NOTE 9 - DEPOSITS - SHORT TERM

Deposits - at call	515,889	407,633	364,886
<b>Total Deposits - short term</b>	<b>515,889</b>	<b>407,633</b>	<b>364,886</b>

Retail deposits of JPMCB NZ Branch for the period was nil.

NOTE 10 - PAYABLES

Interest payable	61	36	55
Margin payable	404,565	256,091	184,763
Accrued expenses	6,220	4,142	5,012
Amounts due to related parties	71,519	51,223	61,596
Deferred revenue	29	58	96
Other payable	5	-	-
	<b>482,399</b>	<b>311,550</b>	<b>251,522</b>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**NOTE 11 - RELATED PARTY TRANSACTIONS**

The terms "JPMCB" or "Overseas Banking Group" mean the worldwide operations of JPMorgan Chase Bank, N.A., including JPMCB NZ Group. "JPMCB NZ" means the NZ operations of JPMCB conducted through its NZ branch.

The terms "Banking Group" or "JPMCB NZ Group" mean the consolidated New Zealand operations of JPMCB, and include the business conducted through JPMCB NZ and JPMCB's subsidiaries and associated companies in New Zealand (being J.P. Morgan Australia Limited, J.P. Morgan Securities Australia Limited and J.P. Morgan Markets Australia Pty Limited).

All of the Banking Group companies are ultimately owned by JPMCB.

The following branches are included in the Banking Group as they are registered in New Zealand and conduct investment banking activities in New Zealand, although the companies are Australian incorporated:

- the New Zealand Operation of J.P. Morgan Australia Limited (incorporated in Australia);
- the New Zealand Operation of J.P. Morgan Markets Australia Pty Limited (incorporated in Australia); and
- the New Zealand Operation of J.P. Morgan Securities Australia Limited (incorporated in Australia).

During the period, there have been dealings between members of the Banking Group, and dealings with other subsidiaries of JPMCB. 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 are subject to normal commercial terms and conditions. No related party debts have been written off, forgiven or provided for during the period.

	<b>Banking Group (\$'000)</b>		
	<b>Unaudited 9 months 30/09/2015</b>	<b>Unaudited 9 months 30/09/2014</b>	<b>Audited 12 months 31/12/2014</b>
Total due from related parties	231,505	274,195	151,786
Total due to related parties	363,117	301,946	260,894



NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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

	Branch (\$'000)		
	Unaudited	Unaudited	Audited
	9 months 30/09/2015	9 months 30/09/2014	12 months 31/12/2014
Total liabilities net of amounts due to related parties	248,075	179,682	174,002

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

	Banking Group (\$'000)		
	Unaudited	Unaudited	Audited
	9 months 30/09/2015	9 months 30/09/2014	12 months 31/12/2014
Net profit/(loss) for the period	3,409	4,454	6,374
Movement in Head Office Repatriation included in net surplus	(2,870)	(3,522)	(4,794)
Depreciation and amortisation	141	92	127
<b>Changes in operating assets and liabilities:</b>			
Movement in financial instruments	33,167	(21,260)	(39,881)
Movement in fee income receivable	(57)	(193)	10
Movement in accrued interest receivable	54	108	78
Movement in amounts due from related parties	(40,777)	14,549	22,479
Movement in margin receivable	(222,952)	(12,001)	58,792
Movement in other receivable	978	863	1,110
Movement in deferred tax assets	93	(54)	(52)
Movement in loans	(32,142)	(23,102)	3,771
Movement in deposits	151,002	53,498	10,752
Movement in tax payable	1,189	749	793
Movement in accrued interest payable	6	-	19
Movement in margin payable	219,802	12,050	(59,278)
Movement in accrued expenses	1,208	2,051	2,921
Movement in amounts due to related parties	9,923	4,601	15,786
Movement in other payables	5	-	-
Movement in deferred revenue	(67)	(38)	-
Movement in foreign exchange translation balances attributable to cash balances	439	108	(119)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>122,551</b>	<b>32,953</b>	<b>18,888</b>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

**NOTE 14 - COMMITMENTS AND CONTINGENT LIABILITIES**

As at 30 September 2015, the Group had an undrawn committed facility of \$147.5mm (31 December 2014: \$141.7mm) and a stand-by letter of credit of \$24.3mm (31 December 2014: \$95.3mm). In addition, the Group had lease commitments of \$0.1mm as at the reporting date (31 December 2014: \$0.3mm).

**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	Unaudited	Audited
	9 months 30/09/2015	9 months 30/09/2014	12 months 31/12/2014
Goodwill	642	642	642
Intangible assets - Custody clearing services software	289	289	289
Intangible assets - Customer contracts/relationships	377	377	377
Amortisation of intangible assets	(511)	(473)	(483)
<b>Net Intangibles</b>	<b>797</b>	<b>835</b>	<b>825</b>

**NOTE 16 - DERIVATIVE FINANCIAL INSTRUMENTS**

	Banking Group (\$'000)		
	Unaudited	Unaudited	Audited
	9 months 30/09/2015	9 months 30/09/2014	12 months 31/12/2014
<b>Derivative Financial Instrument Assets</b>			
Foreign currency swap contracts	-	625	-
<b>Total current derivative financial instrument assets</b>	<b>-</b>	<b>625</b>	<b>-</b>

**Foreign currency swap contracts**

Foreign currency swap contracts are recognised at fair value on the date the contract is entered into and are subsequently measured at fair value at each reporting date. Fair value is determined based on independent close price. There were no foreign currency swap contracts as at 30 September 2015 (31 December 2014: Nil)

**NOTE 17 - EVENTS AFTER THE REPORTING PERIOD**

No matter 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 JPMCB NZ branch or the JPMCB NZ Group in future financial years.



NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2015  
SUPPLEMENTAL INFORMATION

NOTE 18 - FINANCIAL STATEMENTS OF JPMORGAN CHASE BANK, N.A.

Attached to, and forming part of, this Disclosure Statement are the most recent publicly available (un-audited) financial statements of JPMCB for the nine months ended 30 September 2015 prepared in accordance with US GAAP, and the most recently audited financial statements of JPMCB, being for the twelve months ended 31 December 2014. The most recent publicly available Disclosure Statement of JPMorgan Chase Bank New Zealand Group and JPMorgan Chase Bank, NA can be accessed online at <http://www.jpmorgan.com/pages/international/newzealand>.

NOTE 19 - INTEREST EARNING AND DISCOUNT BEARING ASSETS AND LIABILITIES

	Banking Group (\$'000)		
	Unaudited	Unaudited	Audited
	9 months 30/09/2015	9 months 30/09/2014	12 months 31/12/2014
Interest earning and discount bearing assets	778,143	603,231	815,616
Interest earning and discount bearing liabilities	755,879	571,061	762,825

NOTE 20 - 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 JPMCB.

Basel III, for U.S. bank holding companies and banks, revises, among other things, the definition of capital and introduces a new common equity Tier 1 capital ("CET1 capital") requirement; presents two comprehensive methodologies for calculating risk-weighted assets ("RWA"), a general (Standardized) approach, which replaces Basel I RWA ("Basel III Standardized") 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") as described below. Both Basel III Standardized and Basel III Advanced became effective commencing 1 January 2014 for large and internationally active U.S. bank holding companies and banks, including the Firm and its insured depository institution ("IDI") subsidiaries.

Prior to the implementation of Basel III Advanced, the Firm was required to complete a qualification period ("parallel run") during which it needed to demonstrate that it met the requirements of the rule to the satisfaction of its U.S. banking regulators. On 21 February 2014, the Federal Reserve and the OCC informed the Firm and its national bank subsidiaries that they had satisfactorily completed the parallel run requirements and were approved to calculate capital under Basel III Advanced, in addition to Basel III Standardized, as of 1 April 2014. The Basel III rules include minimum capital ratio requirements that are also subject to phase-in periods through 1 January 2019.

In addition to the regulatory minimum capital requirements, certain banking organizations, including the Firm, will be required to hold an additional 2.5% of CET1 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, the Firm could be limited in the amount of capital that may be distributed, including dividends and common equity repurchases. The capital conservation buffer will be phased-in beginning 1 January 2016.

Moreover, Globally-Systemically Important Banks (G-SIBs) will be required to maintain, in addition to the capital conservation buffer, further amounts of capital ranging from 1% to 2.5% across all tiers of regulatory capital. In November 2014, based upon data as of 31 December 2013, the Financial Stability Board ("FSB") indicated that certain G-SIBs, including the Firm, would be required to hold the additional 2.5% of capital; the requirement will be phased-in beginning 1 January 2016.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2015**  
**SUPPLEMENTAL INFORMATION**

**NOTE 20 - CAPITAL ADEQUACY (continued)**

Consequently, based upon the final rules currently in effect, the minimum Basel III CET1 capital ratio requirement for the Firm and JPMCB is expected to be 9.5%, comprised of the minimum ratio of 4.5% plus the 2.5% capital conservation buffer and the 2.5% G-SIB requirement both beginning 1 January 2019. Both JPMorgan Chase and Co. and JPMCB exceeded these requirements as at 30 September 2015.

Capital Adequacy Ratios	Basel III Advanced Transitional JPMCB NA (consolidated) 30/09/2015 Unaudited	Basel III Standardised JPMCB NA (consolidated) 30/09/2015 Unaudited	Basel III Standardised JPMCB NA (consolidated) 30/09/2014 Unaudited	Basel III Advanced Transitional JPMCB NA (consolidated) 31/12/2014 Audited
Common Equity Tier 1 Capital	13.22%	12.94%	12.36%	11.80%
Tier 1 Capital	13.24%	12.96%	12.36%	11.82%
Total Capital	13.85%	14.09%	13.79%	12.53%

The most recent publicly available Call Report of JPMorgan Chase Bank New Zealand Group and JPMorgan Chase Bank, N.A. can be accessed online at <http://www.jpmorgan.com/pages/international/newzealand>.

The ratios given for JPMCB are for the consolidated JPMCB group, including JPMCB and its subsidiary and associated companies. The capital ratios for unconsolidated JPMCB are not publicly available. JPMCB 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.



NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2015  
SUPPLEMENTAL INFORMATION

**NOTE 21 - CONCENTRATION OF CREDIT EXPOSURE TO INDIVIDUAL COUNTERPARTIES**

JPMCB NZ 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 JPMCB's equity as at 30 September 2015, 30 September 2014 or 31 December 2014, or in respect of peak end-of-day aggregate credit exposures for the most recent quarter of the financial period.

**NOTE 22 - ACTIVITIES OF THE BANKING GROUP IN NEW ZEALAND**

As at 30 September 2015 no members of the Banking Group have been involved in:

- (a) the origination of securitised assets or the marketing or servicing of securitisation schemes; and
- (b) the marketing and distribution of insurance products

**Custodial Services**

The financial statements of the Branch include income in respect of custodial services provided to customers by the Branch. As at 30 September 2015, securities held on behalf of the Branch's customers were excluded from the Branch's Statement of Financial Position. The value of securities held on behalf of the Branch's customers was \$32,842 million (December 2014: \$27,962 million).

The Branch is subject to the typical risks incurred by custodial operations. JPMorgan Chase & Co maintains a range of insurance policies (for its own benefit and that of subsidiaries including the Branch), including Banker's Blanket Bond Insurance that provides cover for it in respect of loss of money/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.

**NOTE 23 - RISK MANAGEMENT**

During the nine months ended 30 September 2015, 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 September 2015 and are held by the Banking Group for the purposes of managing liquidity risk.

	<b>Banking Group (\$'000)</b>
	<b>Unaudited</b>
	<b>30/09/2015</b>
Cash and cash equivalents	440,682
Client funds receivables	410,062
Receivables	52,340
Government bonds	161,133
Non-government bonds	14
Cash collateral pledged	96,128
Loans	80,186
	<b>1,240,545</b>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
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SUPPLEMENTAL INFORMATION

NOTE 24 - EXPOSURES TO MARKET RISK

Set out below are details of market risk end-period 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
<b>30 September 2015</b>		
<b>Market Risk End-period</b>		
Interest rate risk	3,013	241
Foreign currency risk	(1,819)	(146)

NOTE 25 - REGISTERED BANK ASSET QUALITY

There are no expected material losses or diminution in asset value for JPMCB NZ or JPMCB NZ 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				
	30/09/2015				
	Up to 30 days	Over 30 days and up to 60 days	Over 60 days and up to 90 days	Over 90 days	Total
Past due and not impaired	429	223	8	25	684



NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)  
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NOTE 25 - REGISTERED BANK ASSET QUALITY (continued)

	JPMCB NZ Group		JPMCB (consolidated)	
	Unaudited 9 months 30/09/2015 NZ\$'000	Unaudited 9 months 30/09/2014 NZ\$'000	Unaudited 9 months 30/09/2015 US\$'000	Unaudited 9 months 30/09/2014 US\$'000
Total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense)	-	-	17,292,000	20,117,000
Total individually impaired assets expressed as a percentage of total assets	-	-	0.9%	1.1%
Total individual credit impairment allowance	-	-	10,716,000	11,891,000
Total individual credit impairment allowance expressed as a percentage of total impaired assets	-	-	62.0%	59.1%
Total collective credit impairment allowance	-	-	-	-
Non-financial assets acquired through the enforcement of security	-	-	-	-

NOTE 26 - REGISTERED BANK PROFITABILITY AND SIZE

	JPMCB (consolidated)	
	Unaudited 9 months 30/09/2015 US\$'000	Unaudited 9 months 30/09/2014 US\$'000
Net profit/(loss) after taxation	12,681,000	11,453,000
Net profit/(loss) after taxation, over the previous 12 month period, as a percentage of average total assets	0.8%	0.8%
Total assets	1,943,686,000	1,930,131,000
Percentage increase/(decrease) in total assets from previous period	0.7%	-3.0%