Disclosure Statement
For the twelve months ended 31 December 2014

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 1993 and 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 Branch (as defined below) and the Banking Group (as defined below) comply with International Financial Reporting Standards.

The FMC 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 will become a "FMC reporting entity" for the year beginning 1 January 2015. This will result 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 27 March 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

The financial statements of JPMCB NZ, 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 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 Note 27 (Fair Value Measurement). 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 12.0%. 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

Accounting policies, which materially affect the measurement of profit and the financial position, have been applied.

1. Revenue

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when it is probable that the economic benefits will flow to the Company and the revenue amount can be reliably measured.

Interest revenue is recognised on an accrual basis using the effective interest rate method.

Fees and commissions revenue is recognised on the execution of a client order or upon the delivery of a service to a client. Fees and commissions received that are integral to the effective interest rate of a financial asset are recognised using the effective interest method. Loan commitment fees, together with related direct cost, are deferred and recognised as an adjustment to the effective interest rate on a loan once drawn.

Trading revenue includes realised and unrealised gains and losses arising from changes in the fair value of financial instruments and gains and losses from direct hedging. JPMCB manages the hedging holistically for both Australia and New Zealand and follows two methods in doing so:

(i) Direct hedging for single security transactions;
(ii) Macro hedging for large portfolio of transactions.

Any gains or losses from direct hedging are included in the Disclosure Statements of the JPMCB NZ Group regardless whether they have been transacted with New Zealand clients or counter parties to ensure the financial statements reflect economic reality of the underlying transactions. However any gains or losses from macro hedging are excluded in the financial statements as deriving of the specific allocation applicable to JPMCB NZ Group is operationally challenging.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Foreign Currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which it operates (the functional currency). These financial statements are presented in New Zealand dollars, which is the Banking Group's functional and presentation currency. Monetary assets and liabilities denominated in foreign currencies at balance date are converted at rates of exchange ruling at that date. Gains and losses due to currency fluctuations are included in the Statement of Comprehensive Income.

The results and financial position of all foreign operations that have a functional currency different from New Zealand dollars are translated into the presentation currency as follows:

- Assets and liabilities for each financial position presented are translated at the closing rate at the date of that financial position;
- Income and expenses for each Statement of Comprehensive Income are translated at average exchange rates, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions;
- Opening retained earning is brought forward at the closing rate of previous financial year; and
- All resulting exchange differences are recognised in the foreign currency translation reserve as a separate component of equity.

3. Taxation

Current tax is calculated by reference to the amount of income taxes payable or recoverable in tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the Company in respect of the taxable profits to date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax is accounted for using the financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

4. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and bank overdrafts.

Bank overdrafts are classified within current liabilities in the Statement of Financial Position.

5. Goods and Services Tax (GST)

The Statement of Comprehensive Income has been prepared so that all components are stated exclusive of GST, except where GST is not recoverable. All items in the Statement of Financial Position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

6. Provision for Doubtful Debts

All receivables held by the Banking Group are regularly reviewed and a specific provision is raised for any amounts where recovery is considered doubtful.

7. Receivables

Receivables comprise client and other receivables, which are due for settlement no more than 30 days from the date of recognition, and receivables from wholly-owned group entities, which are unsecured and are settled periodically.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, being the principal amounts that are due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful debts.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in the period in which they are identified, and a provision for doubtful debts is established when there is objective evidence that the company will not be able to collect all amounts due. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

8. Impairment

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they may be impaired.

Other assets are tested for impairment at least annually, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

9. Financial Instruments

The Banking Group classifies its financial instruments in the following categories: financial instruments at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its instruments at initial recognition and re-evaluates this designation at every reporting date.

Classification

(i) Financial instruments at fair value through profit and loss

Financial instruments at fair value through profit or loss are financial instruments held for trading. A financial instrument is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading, unless they are designated as hedges. Instruments in this category are classified as current assets or current liabilities if they are expected to be settled within 12 months; otherwise classified under as non-current.

As at balance date, the Banking Group holds the following financial instruments in this category:
- Financial assets at fair value through profit or loss
- Financial liabilities at fair value through profit or loss

9. Financial Instruments (continued)

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Banking Group's loans and receivables comprise 'trade and other receivables', 'commercial loans', 'client overdraft', 'cash collateral pledged on reverse repurchase agreements' and 'cash collateral received on repurchase agreements' in the Statement of Financial Position.

As part of its operating activities, the company lends and borrows securities on a collateralised basis. The securities lent under such agreements are ordinarily not derecognised from the Statement of Financial Position, as the risks and rewards of ownership remain with the initial holder. Cash collateral pledged under such agreements is recognised as a financial asset, while cash received is recognised as a financial liability.

Fees and interest relating to stock borrowing or lending and repurchase or reverse repurchase agreements are recognised in the Statement of Comprehensive Income, using the effective interest rate method, over the expected life of the agreement.

Recognition and measurement

Financial instruments carried at fair value through profit or loss are initially recognised at fair value excluding transaction costs which are expensed in the profit and loss component of the Statement of Comprehensive Income in the period in which they arise.

Gains and losses arising from changes in the fair value of the 'financial instruments at fair value through profit or loss' category are included in the profit and loss component of the Statement of Comprehensive Income in the period in which they arise. Dividend income from financial instruments at fair value through profit or loss is recognised in the profit and loss component of the Statement of Comprehensive Income as part of trading income when the company's right to receive payments is established.

Loans and receivables at initial recognition, are measured at fair value plus transaction costs that are directly attributable to the acquisition of the asset. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Regular way purchases and sales of financial assets are accounted for at trade date.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risks and rewards or ownership.

Financial liabilities are derecognised and removed from the Statement of Financial Position when they are extinguished, that is, when the obligation is discharged, cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms, or the modification of the terms of an existing financial liability, shall be recognised as an extinguishment of the original financial liability and the recognition of a new financial liability.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Impairment

The Banking Group assesses at the end of each reporting period whether there is objective evidence that a financial instrument or group of financial instruments is impaired. A financial instrument or a group of financial instruments is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition for the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial instrument or group of financial instruments that can be reliably estimated.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Financial Instruments (continued)

Impairment (continued)

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Banking Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

10. Intangible Assets

(i) Goodwill

Represents the excess of the purchase consideration over the identifiable net assets of an acquisition at the date of gaining control. Goodwill on acquisition of subsidiaries is included in intangible asset. Goodwill is recognised as an asset and not amortised but tested for impairment annually or more frequently if events or changes in circumstances indicate they may be impaired and is carried at cost less accumulated impairment losses.

(ii) Customer Contracts

Represents customer contracts/relationships are deemed to be acquired at fair value, and are amortised over a useful life of 10 years, on a straight line basis. JPMCB NZ acquires the rights to decide which client (contracts) it will novate subject to clients' agreement. The contracts and relationships are deemed to be one intangible asset as the acquired relationship is critical in entering into contracts with the clients, since such contracts are typically open ended with no maturity and on par with the relationships. Reasonable lifetime for these contracts/relationships is 10 years.

11. Property, Plant and Equipment

Plant and equipment, including leasehold improvements, is measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining the recoverable amount.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Banking Group, commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	19% - 39%
Leasehold Improvements	9% - 25%

11. Property, Plant and Equipment (continued)

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each end of the reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income.

12. Payables

Payables represent liabilities for goods and services provided to the Company prior to the end of the reporting period, which are unpaid. These amounts are unsecured and are usually settled within 30 days of recognition.

Payables to entities within the wholly-owned group are unsecured and are settled periodically, usually within 30 days of recognition.

Payables also include interest expenses and funds payable to clients.

13. Deposits and Amounts Due to Other Financial Institutions

Deposits and amounts due to other financial institutions are recognised initially at fair value plus transaction costs and subsequently at amortised cost using the effective interest rate method.

14. Repatriation of Profits to Head Office

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

15. Interest Expense

Interest expenses include interest on bank overdrafts, borrowings and interest paid to clients for deposits held.

16. Employee Benefit Expenses

Employee benefits, including salaries, annual bonuses, paid annual leave and the costs of non-monetary benefits, including any related on-costs, are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

17. Equity Compensation Benefits

A restricted stock/unit award is the right to be vested in a specific number of shares of JPMorgan Chase & Co. common stock on a specific date(s), provided that the employee meets the grant's restriction requirements. The awards will vest based on the schedule in the Award Agreement and are subject to the related Terms and Conditions of the award, including continued employment. Employees granted restricted stock are shareholders and have voting rights.

The company reimburses JPMorgan Chase & Co for the costs of the equity compensation benefits as such costs which are incurred for the benefit of the company's employees and are part of the total staff costs of the company. These employee benefit expenses which are measured at their fair value at grant date are amortised and recognised in the Statement of Comprehensive Income over the relevant vesting periods. These employee benefit expenses are credited to "Amounts payable to wholly owned group entities" in "Trade and other payables" where an obligation to settle with Head Office arises within 12 months. For employee benefit expenses which are not recharged by Head Office within this timeframe, the corresponding amounts are credited to "Employee Benefit Reserve" in the Statement of Changes in Equity. Employee Benefit Reserve for 2014 is nil (2013: nil).

18. Operating Lease Payments and Receipts

The Banking Group has entered into operating leases for its premises. The total payments made under operating leases net of incentives received, if any, are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

19. Principal Activities

The Banking Group companies are involved in investment banking, treasury and securities services activities.

20. Change in Accounting Policies

No change in accounting policies were made during the period.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

		Banking Group ($'000)		Branch ($'000)	
	Note	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013
Interest income	1	14,808	13,464	10,963	11,566
Interest expense		(9,044)	(7,459)	(6,307)	(6,544)
Net interest income		**5,764**	**6,005**	**4,656**	**5,022**
Other operating income/(loss)	2	13,477	3,373	7,429	7,397
Total operating income		**19,241**	**9,378**	**12,085**	**12,419**
Operating expenses	3	(10,284)	(12,382)	(10,281)	(12,382)
Net profit/(loss) before taxation		**8,957**	**(3,004)**	**1,804**	**37**
Income tax (expense)/benefit	4	(2,583)	880	(437)	(32)
Net profit/(loss) after taxation		**6,374**	**(2,124)**	**1,367**	**5**
Other comprehensive income, net of tax	6	(194)	159	-	-
Total comprehensive income for the period		**6,180**	**(1,965)**	**1,367**	**5**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Banking Group ($'000)				Branch ($'000)		
		Ordinary Shares	Retained Earnings	Foreign currency translation reserve	Total Equity	Ordinary Shares	Retained Earnings	Total Equity
31 December 2013								
Equity as at 1 January 2013 (audited)		**-**	**1,258**	**(1,258)**	**-**	**-**	**-**	**-**
Net profit/(loss) after taxation		-	(2,124)	-	(2,124)	-	5	5
Foreign currency translation reserve movement	6	-	-	159	159	-	-	-
Total comprehensive income for the year		**-**	**(2,124)**	**159**	**(1,965)**	**-**	**5**	**5**
(Repatriation)/reimbursement (to)/from head office		-	866	1,099	1,965	-	(5)	(5)
Equity as at 31 December 2013 (audited)	5	**-**	**-**	**-**	**-**	**-**	**-**	**-**
31 December 2014								
Equity as at 1 January 2014 (audited)		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net profit/(loss) after taxation		-	6,374	-	6,374	-	1,367	1,367
Foreign currency translation reserve movement	6	-	-	(194)	(194)	-	-	-
Total comprehensive income for the year		**-**	**6,374**	**(194)**	**6,180**	**-**	**1,367**	**1,367**
(Repatriation)/reimbursement (to)/from head office		-	(6,374)	194	(6,180)	-	(1,367)	(1,367)
Equity as at 31 December 2014 (audited)	5	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

		Banking Group ($'000)		Branch ($'000)	
	Note	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013
ASSETS					
Current Assets					
Cash and cash equivalents	7	319,181	301,772	319,181	301,772
Trading and other receivables	8	199,649	282,119	3,699	3,411
Financial assets at fair value through profit or loss		217,426	36,809	-	-
Cash collateral pledged on reverse repurchase agreements		230,965	295,965	-	-
Loans and receivables		48,044	51,815	48,044	51,815
		1,015,265	**968,480**	**370,924**	**356,998**
Non Current Assets					
Fixed assets	9	133	204	133	204
Intangible assets	19	825	863	825	863
Deferred tax assets	10	185	133	185	133
		1,143	**1,200**	**1,143**	**1,200**
Total Assets		**1,016,408**	**969,680**	**372,067**	**358,198**
LIABILITIES					
Current Liabilities					
Deposits - short term		364,886	354,135	364,888	354,135
Financial liabilities at fair value through profit or loss		168,542	12,907	-	-
Cash collateral received on repurchase agreements		229,397	309,296	-	-
Payables	11	251,522	292,886	7,179	4,063
Provision for taxation		2,061	456	-	-
Total Liabilities		**1,016,408**	**969,680**	**372,067**	**358,198**
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 YEAR ENDED 31 DECEMBER 2014

		Banking Group ($'000)		Branch ($'000)	
		Audited 12 months 31/12/2014	Audited 12 months 31/12/2013	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013
CASH FLOWS FROM OPERATING ACTIVITIES					
Fees, commissions and other income received		8,569	8,167	7,311	6,556
Payments to suppliers and employees		(1,146)	(7,829)	(950)	(7,990)
Receipts from/(payments to) related parties		155,052	(41,247)	63,702	(26,925)
Net movement in client balances		(54,501)	9,882	-	-
Net proceed from disposal/(purchase) of financial instruments		(37,804)	2,275	104	161
Net (increase)/decrease in loans		3,771	11,291	3,771	11,291
Increase/(decrease) in deposits		(62,189)	98,372	(62,189)	98,372
Tax paid		805	(907)	(680)	(907)
Interest received		12,236	12,950	11,015	11,458
Interest paid		(5,905)	(3,205)	(3,196)	(2,267)
Net cash inflow/(outflow) from operating activities	16	**18,888**	**89,749**	**18,888**	**89,749**
CASH FLOWS FROM INVESTING ACTIVITIES					
Plant and equipment		(17)	(2)	(17)	(2)
Net cash inflow/(outflow) from investing activities		**(17)**	**(2)**	**(17)**	**(2)**
CASH FLOWS FROM FINANCING ACTIVITIES					
(Repatriation)/reimbursement of profit		(1,387)	5,870	(1,387)	5,870
Net cash inflow/(outflow) from financing activities		**(1,387)**	**5,870**	**(1,387)**	**5,870**
Net increase/(decrease) in cash		**17,484**	**95,617**	**17,484**	**95,617**
Opening cash and cash equivalents		**301,772**	**201,864**	**301,772**	**201,864**
Effect of changes in foreign exchange rates on cash balances		(75)	4,291	(75)	4,291
Closing cash and cash equivalents	7(a)	**319,181**	**301,772**	**319,181**	**301,772**

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

	Banking Group ($'000)		Branch ($'000)	
	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013
NOTE 1 - INTEREST INCOME				
Cash and cash equivalents	9,244	9,945	9,243	9,945
Trading securities	3,844	1,898	-	-
Loans	1,720	1,621	1,720	1,621
Total interest income	**14,808**	**13,464**	**10,963**	**11,566**
NOTE 2 - OTHER OPERATING INCOME/(LOSS)				
Fee and commissions income	11,399	11,018	7,325	7,236
Trading income/(loss)	2,078	(9,551)	104	161
Derivative income	-	1,906	-	-
Total other operating income/(loss)	**13,477**	**3,373**	**7,429**	**7,397**
NOTE 3 - OPERATING EXPENSES				
Administration expenses	6,315	8,711	6,315	8,711
Employee expenses	1,629	1,610	1,629	1,610
Occupancy expenses	226	238	226	238
Technology & communications expenses	56	56	56	56
Professional services expenses	69	291	69	291
Depreciation & amortisation	127	126	127	126
Travel expenses	53	32	53	32
Fee and commissions expense	825	566	822	566
Other expenses	984	752	984	752
Total operating expenses	**10,284**	**12,382**	**10,281**	**12,382**

Comparative fee and commissions expense have been reclassified out of other expenses to conform with current year presentation.

Administration expenses include indirect technology expenses of $2.0mm (31 December 2013: $1.9mm) relating to product expansion into New Zealand market.

	Banking Group ($'000)		Branch ($'000)	
NOTE 4 - INCOME TAX EXPENSE / (BENEFIT)				
Operating surplus/(deficit) before tax	8,957	(3,004)	1,804	37
Income tax expense/(benefit) - prima facie at the Australian rate of 30% and New Zealand rate of 28%	**2,651**	**(902)**	**505**	**10**
Tax effect of other assessable income	(42)	74	(42)	74
Adjustment for (over)/under provision in prior periods	(26)	(52)	(26)	(52)
Total income tax expense	**2,583**	**(880)**	**437**	**32**

	Banking Group ($'000)		Branch ($'000)	
	Audited	Audited	Audited	Audited
	12 months	12 months	12 months	12 months
	31/12/2014	31/12/2013	31/12/2014	31/12/2013

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

	Banking Group 31/12/2014	Banking Group 31/12/2013	Branch 31/12/2014	Branch 31/12/2013
Opening balance	-	(1,258)	-	-
Currency retranslation during the period	(194)	159	-	-
(Repatriation)/reimbursement (to)/from head office	194	1,099	-	-
Closing balance	-	-	-	-

NOTE 7 - CASH AND CASH EQUIVALENTS

	Banking Group 31/12/2014	Banking Group 31/12/2013	Branch 31/12/2014	Branch 31/12/2013
Due from central and other banks				
New Zealand - short term deposit	185,000	227,000	185,000	227,000
New Zealand - at call	62,115	56,658	62,115	56,658
Overseas - at call	72,066	18,114	72,066	18,114
Total due from central and other banks	319,181	301,772	319,181	301,772
Total cash and cash equivalents	**319,181**	**301,772**	**319,181**	**301,772**

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:

	Banking Group 31/12/2014	Banking Group 31/12/2013	Branch 31/12/2014	Branch 31/12/2013
Cash and cash equivalents	319,181	301,772	319,181	301,772
Overdrafts	-	-	-	-
	319,181	**301,772**	**319,181**	**301,772**

	Banking Group ($'000)		Branch ($'000)	
	Audited	Audited	Audited	Audited
	12 months	12 months	12 months	12 months
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
NOTE 8 - TRADING AND OTHER RECEIVABLES				
Fee income receivable	1,786	1,796	1,786	1,796
Interest receivable	224	302	224	302
Amounts due from related parties	9,025	31,505	185	-
Margin Receivable	187,110	245,902	-	-
Income tax receivable	1,484	2,594	1,484	1,293
Other receivable	20	20	20	20
	199,649	**282,119**	**3,699**	**3,411**

NOTE 9 - FIXED ASSETS

	Banking Group ($'000)		
	Audited		
	31/12/2014		
	Leasehold Improvements	Plant and equipment	Total
Cost			
Opening Balance	357	104	461
Additions	-	13	13
Disposals	-	-	-
FX Effect	17	5	22
Total Fixed Assets	**374**	**122**	**496**
Accumulated Depreciation			
Opening Balance	202	56	257
Depreciation	66	23	89
Disposals	-	-	-
FX Effect	12	5	17
Total Accumulated Depreciation	**280**	**83**	**363**
Carrying Value	**94**	**39**	**133**

NOTE 9 - FIXED ASSETS (continued)

	Banking Group ($'000) Audited 31/12/2013		
	Leasehold Improvements	Plant and equipment	Total
Cost			
Opening Balance	356	104	460
Additions	-	-	-
Disposals	-	-	-
FX Effect	1	-	1
Total Fixed Assets	**357**	**104**	**461**
Accumulated Depreciation			
Opening Balance	135	35	170
Depreciation	66	21	87
Disposals	-	-	-
FX Effect	-	-	-
Total Accumulated Depreciation	**201**	**56**	**257**
Carrying Value	**156**	**48**	**204**

All Banking Group assets are held in JPMCB NZ Branch, therefore JPMCB NZ Branch numbers have not been disclosed separately.

NOTE 10 - DEFERRED TAX ASSETS

Movements	Depreciation $'000	Employee Entitlement $'000	Other $'000	Total $'000
At 1 January 2013	67	40	24	131
(Charged)/credited				
- to profit or loss	(41)	9	34	2
At 31 December 2013	26	49	58	133
(Charged)/credited				
- to profit or loss	15	(5)	42	52
At 31 December 2014	**41**	**44**	**100**	**185**

NOTE 11 - PAYABLES

	Banking Group ($'000)		Branch ($'000)	
	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013
Interest payable	55	36	12	24
Margin payable	184,763	244,041	-	-
Accrued expenses	5,012	2,091	5,012	2,091
Amounts due to related parties	61,596	46,622	2,059	1,852
Deferred revenue	96	96	96	96
	251,522	**292,886**	**7,179**	**4,063**

NOTE 12 - AUDITORS' REMUNERATION

Fees for services rendered by the Company's auditors in relation to the statutory audit are borne by a related party, J.P. Morgan Administrative Services Australia Limited.

NOTE 13 - KEY MANAGEMENT COMPENSATION

Key management personnel are defined as being Directors and Senior Management of the entities within the Banking Group. The information relating the key management personnel disclosures includes transcations within those individuals, their close family members or entities under their control.

Key Management Compensation

	Banking Group ($'000)		Branch ($'000)	
	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013
Salaries and other short term benefits	854	1,075	273	292
Post-employement benefits	27	35	7	5
Other termination benefits	56	-	-	-
Share-based payments	155	201	-	-
Long term benefits	17	27	-	1
Total key management compensation	**1,109**	**1,338**	**280**	**298**

NOTE 14 - 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 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 year.

NOTE 14 - RELATED PARTY TRANSACTIONS (continued)

	Banking Group ($'000)		Branch ($'000)	
	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013
Due from Related Parties				
Cash and cash equivalents	1,863	3,484	1,863	3,484
Fee income receivable	987	301	987	301
Amounts due from related parties	9,026	31,505	185	-
Margin receivables	8,516	62,531	-	-
Income tax receivable	1,484	1,300	1,484	-
Cash collateral pledged on reverse repurchase agreements	129,009	269,032	-	-
Loans and receivables	901	-	901	-
Total due from related parties	**151,786**	**368,153**	**5,420**	**3,785**
Due to Related Parties				
Deposits - short term	196,005	123,064	196,005	123,064
Interest payable	1	-	-	-
Cash collateral received on repurchase agreements	1,230	19,468	-	-
Amounts due to related parties	61,596	46,622	2,060	1,852
Provision for taxation	2,062	456	-	-
Total due to related parties	**260,894**	**189,610**	**198,065**	**124,916**
Received from Related Parties				
Interest income	2,650	419	26	13
Fee and commissions income	3,526	2,790	709	619
Derivative income	-	1,906	-	-
Total received from related parties	**6,176**	**5,115**	**735**	**632**
Paid to Related Parties				
Interest expense	3,122	4,255	3,122	4,255
Administration expenses	6,208	8,710	6,208	8,710
Income tax expense/(benefit)	2,146	(912)	-	-
Total paid to related parties	**11,476**	**12,053**	**9,330**	**12,965**

NOTE 15 - TOTAL LIABILITIES OF THE REGISTERED BANK, NET OF AMOUNTS DUE TO RELATED PARTIES

	Branch ($'000)		Branch ($'000)	
	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013
Total liabilities net of amounts due to related parties	**755,514**	**72,849**	**174,002**	**233,282**

NOTE 16 - RECONCILIATION OF NET SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Banking Group ($'000)		Branch ($'000)	
	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013
Net profit/(loss) for the period	**6,374**	**(2,124)**	**1,367**	**5**
Movement in Head Office Repatriation included in net surplus	(4,794)	(3,906)	20	(5,875)
Depreciation and amortisation	127	126	127	126
Changes in operating assets and liabilities:				
Movement in financial instruments	(39,881)	11,826	-	-
Movement in fee income receivable	10	(309)	10	(309)
Movement in accrued interest receivable	78	(95)	78	(95)
Movement in amounts due from related parties	22,479	2,700	(185)	7,246
Movement in client funds receivables	58,792	6,924	-	-
Movement in other receivable	1,110	(2,163)	(192)	(876)
Movement in deferred tax assets	(52)	(2)	(52)	(2)
Movement in loans	3,771	11,291	3,771	11,291
Movement in deposits	10,752	82,820	10,752	82,820
Movement in tax payable	793	(386)	-	-
Movement in accrued interest payable	19	(1)	(12)	22
Movement in client funds payable	(59,278)	2,958	-	-
Movement in accrued expenses	2,921	(182)	2,921	(182)
Movement in amounts due to related parties	15,786	(15,547)	207	(81)
Movement in deferred revenue	-	(50)	-	(50)
Movement in foreign exchange translation balances attributable to cash balances	(119)	(4,131)	76	(4,291)
Net cash inflow/(outflow) from operating activities	**18,888**	**89,749**	**18,888**	**89,749**

NOTE 17 - COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2014, the Group had an undrawn committed facility of $141.7mm (31 December 2013: $165.2mm) and a stand-by letter of credit of $95.3mm (31 December 2013: $31.4mm). In addition, the Group had lease commitments of $0.3mm as at the reporting date (31 December 2013: $0.5mm).

NOTE 18 - LEASE COMMITMENTS

Lease payment and lease commitments for the rental and make good of premises are payable as follows:

	Banking Group ($'000)		Branch ($'000)	
	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013
Lease payment included in the Statement of Comprehensive Income	219	238	219	238
Lease commitment				
0-1 year	219	218	219	218
1-5 year	292	290	292	290
> 5 year	-	-	-	-

NOTE 19 - 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 ($'000)		Branch ($'000)	
	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013
Goodwill	642	642	642	642
Intangible assets - Custody clearing services software	289	289	289	289
Intangible assets - Customer contracts/relationships	377	377	377	377
Amortisation of intangible assets	(483)	(445)	(483)	(445)
Net Intangibles	**825**	**863**	**825**	**863**

NOTE 20 - 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.

NOTE 21 - 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 twelve months ended 31 December 2014 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 22 - INTEREST EARNING AND DISCOUNT BEARING ASSETS AND LIABILITIES

	Banking Group ($'000)		Branch ($'000)	
	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013	Audited 12 months 31/12/2014	Audited 12 months 31/12/2013
Interest earning and discount bearing assets	815,616	686,361	367,225	353,587
Interest earning and discount bearing liabilities	762,825	676,338	364,887	354,135

NOTE 23 - 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 January 1, 2014 and continue through the end of 2018 ("Transitional period") as described below. Both Basel III Standardized and Basel III Advanced became effective commencing January 1, 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 February 21, 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 April 1, 2014. The Basel III rules include minimum capital ratio requirements that are also subject to phase-in periods through January 1, 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 January 1, 2016.

Moreover, 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 December 31, 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 January 1, 2016.

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 January 1, 2019. Both JPMorgan Chase and Co. and JPMCB exceeded these requirements as at 31 December 2014.

Capital Adequacy Ratios	Basel III Advanced Transitional JPMCB (consolidated) 31/12/2014 Unaudited	Basel III Standardised JPMCB (consolidated) 31/12/2014 Unaudited	Basel III Standardised JPMCB (consolidated) 31/12/2013 Audited
Tier 1 Capital	11.82%	12.78%	11.93%
Total Capital	12.53%	14.11%	14.13%

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.

NOTE 24 - 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 31 December 2014 or 31 December 2013, or in respect of peak end-of-day aggregate credit exposures for the most recent quarter of the financial year.

NOTE 25 - ACTIVITIES OF THE BANKING GROUP IN NEW ZEALAND

As at 31 December 2014, 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.

Custodial Services

The financial statements of the Branch include income in respect of custodial services provided to customers by the Branch. As at 31 December 2014, 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 $27,962 million (December 2013: $23,104 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 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.

NOTE 26 - RISK MANAGEMENT

The activities of the JPMCBNA NZ Branch and Associated Banking Group expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The JPMorgan Group in Australia and New Zealand undertakes financial risk management functions on a group basis, in line with the global policy and procedure framework of the global JPMorgan Chase & Co. group ("The Firm").

NOTE 26 - RISK MANAGEMENT (continued)

The Australia and New Zealand Risk Committee ("ANZRC") provides oversight of the risks inherent in the firm's business in Australia and New Zealand, including but not limited to market, credit, liquidity risk oversight, principal, operational risk framework, and country risk. It reviews and recommends on key risk metrics (credit, market, liquidity, principal and operational risk) and any other risk related matters as determined by the committee members. The Committee is chaired by the Chief Risk Officer/Country Risk Lead with representatives from the Chief Administrative Office, Treasury, Finance, CIO, Market Risk, Compliance, Internal Audit and Legal as well as from all major lines of business.

The Firm's risk management model is based on global risk management policies, procedures and systems. These are assessed at a regional and location level to ensure that the risks faced by each location are adequately and appropriately identified, quantified, monitored and reported while permitting each location to utilise global systems and expertise to effectively manage these risks.

The Firm's risk management framework and governance structure is intended to provide comprehensive controls and ongoing management of the major risks inherent in its business activities. Global risk management policies are included in JPMorgan Chase & Co.'s financial statements.
Copies are available from our web-page: http://www.jpmorgan.com/pages/jpmorgan/au/home.

Liquidity Risk

Liquidity risk management begins at the Branch level, where reporting and analytics provide management an extensive evaluation of the liquidity posture of the branch. It extends globally as JPMorgan Chase & Co. employs a centralized funding model, and measures liquidity risk at the consolidated Firm level. This allows the Firm to optimize cash globally, maintain a consistent view of liquidity risk and to minimize the economic cost of managing the global liquidity position. The Branch is a beneficiary of the Firm's global funding resources and capital strength, and will borrow from or lend to intra-group entities consistent with the centralized funding model in place across the firm.

The Australia and New Zealand Asset and Liability Committee ("ANZALCO") is the Branch's primary liquidity risk governance committee, the Committee convenes on a monthly basis and its agenda includes review of reports summarizing the liquidity profile of the Branch. It reviews and approves the Liquidity Risk Management Statement which outlines local governance, measurement and monitoring of liquidity risk and contingency funding. The Committee is chaired by the Senior Country Officer with representatives from the Chief Administrative Office, Treasury, Finance, CIO, Market Risk and other major lines of business.

The day-to-day responsibility for management of liquidity risk of the Branch is delegated to the Australia/New Zealand Treasurer who, operating under the functional oversight of Asia-Pacific Regional Treasurer, ensures compliance with RBNZ regulations and the Branch's liquidity risk management statement. It formulates the location's liquidity strategies including contingency planning; monitors the cash flow requirements of the Branch to manage funding gaps; maintains ongoing interaction with lines of business to track business trends and associated funding needs and monitors and maintains access to cost effective funding. This comprehensive liquidity risk management framework ensures the Branch maintains adequate liquidity to meet its cash obligations even during periods of funding stress.

Market Risk

The JPMCBNA NZ Branch and Associated Banking Group are subject to limited market risk through their treasury operations and fixed income market making over NZ Government and NZ Bank Bills (including making a market in repurchase and reverse repurchase transactions).

The Head of Australia and New Zealand Market Risk Management is located in Sydney, and covers all businesses and legal entities within the JPMCBNA NZ Branch and Associated Banking Group NZ Banking Group. It does not operate any unique market risk requirements locally and the identification, monitoring and control functions are conducted in line with the global policy requirements, leveraging the global systems and infrastructure.

Local management oversight of all structural risk exposures managed across Treasury and Fixed Income is conducted through the location ANZALCO. This committee reviews all structural interest rate risk or risk managed locally. Stress testing of the Fixed Income structural interest rate positions are also reported to ANZALCO monthly. The Fixed Income Australia and New Zealand Business Control Committee and the Australia and New Zealand Equities Business Control Committee ("BCC") meets every quarter and includes risk groups such as legal, compliance, tax, market risk and finance valuation and policy.

NOTE 26 - RISK MANAGEMENT (continued)

Market Risk (continued)

The BCC provides an opportunity for these risk groups to monitor, escalate and highlight key risks and potential control gaps.

Credit Risk

The JPMCBNA NZ Branch and Associated Banking Group are subject to limited credit risk from the Banking Groups loans to customers and investment securities. It does not operate any unique credit risk requirements locally and the identification, monitoring and control functions are conducted in line with the global policy requirements, leveraging the global systems and infrastructure.

Monitoring the credit risk profile of the location is conducted by Credit Risk Management in Sydney. In addition, it is responsible for approving new facilities, and has oversight with respect to the performance of existing exposures. Final authority for credit risk assessments is formalised based on a credit authority grid. Where necessary, approval may be sought from offshore credit executives with higher lending authority. The Firm has centralised credit risk management responsibility with respect to managed funds and hedge fund activity for the Asia Pacific region based in Singapore.

Credit Portfolio Management as part of the Credit Portfolio Group is responsible for (i) developing and implementing forward-looking strategies for actively managing the Firm's retained credit portfolio and (ii) focusing on concentrations (thresholds), correlation (industry limits) and credit migration with the objective of maximizing economic performance through the credit cycle.

Operational Risk

Within the JPMCBNA NZ Branch and Associated Banking Group, there are a number of Governance Committees which help to oversee and drive the operational risk framework:

The Branch Governance Committee ("BGC") has responsibility for ensuring:

- compliance with the requirements of JPMorgan Chase Bank, N.A's corporate policies and other relevant laws and regulations (such as Anti-Money Laundering and the Banking Act);
- adherence to RBNZ's Prudential Standards; and
- maintenance of the Risk Management policy framework.

The BGC provides oversight of significant operating risk issues, and monitors the development and implementation of effective strategies to mitigate these risks, as well as monitoring internal controls (i.e. ensuring compliance with policies, procedures, laws and regulations) and local infrastructure (including operations, technology, people and premises) to ensure its adequacy and efficiency in supporting the LOBs conducted in the entity. This committee is chaired by the Senior Country Officer and is composed of the Chief Administrative Officer ("CAO"), Head of Compliance, Senior Financial Officer ("SFO"), Head of Legal and Compliance, Head of Tax, Head of Credit, the New Zealand Chief Executive Officer, Head of IS, Head of TS and the Head of Fixed Income.

Additionally, the Australia and New Zealand Location Operating Committee ("ANZLOC"), which is chaired by the CAO and includes participation by all risk management functions, LOBs and support functions, is responsible for providing an effective and integrated governance structure across all LOBs, legal entities and support functions operating in Australia and New Zealand, escalating significant control and infrastructure matters to the attention of the Australia and New Zealand Location Executive Committee ("ANZLEC").

The ANZLOC feeds into The Asia Pacific Operating Committee ("APOC") and the Asia Pacific Operating Risk and Control Committee ("APORCC"), with the APOC's primary focus being strategy execution and the APORCC overseeing the risk and control agenda. The APORCC meets on a monthly basis and reviews the consolidated high risk issues across all locations in the region. This committee, chaired by the Asia Pacific CFO, presents to the Chairman and CEO of Asia Pacific on a regular basis to keep the Chairman and CEO apprised of the control environment in the region. The Australian CAO is a member of the APOC.

Business Control Committees oversee the operational risk management practices in line with their respective LOB operational risk management policies and the local regulatory framework.

NOTE 26 - RISK MANAGEMENT (continued)

Operational Risk (continued)

All J.P. Morgan Australian incorporated legal entities within the NZ Banking Group have Boards who are ultimately responsible for the oversight of the licensing and regulatory obligations, risk management systems and processes supporting their business activities.

The Risk and Control Self Assessment (RCSA) is a formal process for identifying, prioritising and monitoring operational risk across all LOBs. Each NZ LOB assesses the effectiveness of the individual controls put in place to mitigate key risks, and identifies any gaps in its control environment that could lead to losses. A corrective action plan is then created to address identified weaknesses, with specific accountability assigned which facilitates appropriate reporting and timely follow-up.

In respect of any new products and/or activities, a LOB must seek approval via the New Business Initiative Approval ("NBIA") process. In addition to LOB specific requirements as articulated in respective LOB NBIA policies and procedures, this involves presenting all NBIAs to the Australia & NZ New Business Initiative Approval Global Governance Committee, which is chaired by the CAO with representation and sign-off required by all key risk and corporate functions. The process assesses all risks which the proposal generates and obtains the approval of those responsible for managing those risks prior to implementation.

Location management evaluates the key financial controls for processes and applications that JPMCBNA NZ Branch and Associated Banking Group operates as well as the processes and applications that the location outsources to external and offshore providers. On a quarterly basis, an attestation is provided by senior location management for each entity, confirming that the system of internal controls and program for compliance with applicable laws and regulations, are operating in an adequate and effective manner. These attestations, as well as significant or material changes and issues in the financial reporting process, are reviewed and evaluated centrally by the senior location management team, who in turn provide a location attestation to regional management.

Each LOB has escalation and incident reporting procedures which ensure that incidents are identified and escalated to appropriate personnel including direct supervisors, Legal and Compliance, Audit, Operational Risk Management and Global Security and Investigations. It also ensures incidents are appropriately documented and assessed for potential breaches of regulations and laws relevant to our banking authorisation, and reported as appropriate, and that preventative measures are implemented to prevent the incident occurring again.

On a monthly basis each of the LOBs complete a "Location Operational Risk Scorecard", which ranks key risk indicators ("KRIs") across the broad risk categories of Client, Reputational Risk, Regulatory & Governance, Operational Control, Technology Control, Product Complexity & Capture, Human Resources / People and Planning & Control. The LOB results are then consolidated to form the Location Operational Risk Scorecard ("LORS") which is reviewed by the CAO, ANZLOC and the ANZLEC. The LORS is consolidated into a regional operational risk scorecard, which is tabled at the APORCC. Quantitative disclosures outlining the Banking Group's exposure to the risks discussed above, are covered on the next page:

NOTE 26 - RISK MANAGEMENT (continued)

Exposure to Liquidity Risk

The following table shows a composition of our funding sources that contribute to the liquidity risk position as at 31 December 2014 and are held by the Banking Group for the purposes of managing liquidity risk.

	Banking Group ($'000)							
	Audited							
	31/12/2014							
	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	319,181	319,181	-	-	-	-	-	-
Margin receivable	187,110	187,110	-	-	-	-	-	-
Receivables	12,539	-	11,055	-	1,484	-	-	-
Goverment bonds	217,426	-	217,426	-	-	-	-	-
Cash collateral pledged on reverse repurchase agreements	230,965	-	199,296	-	-	-	-	31,669
Loans and receivables	48,044	-	48,044	-	-	-	-	-
Fixed assets	133	-	-	-	-	-	-	133
Intangible assets	825	-	-	-	-	-	-	825
Deferred tax assets	185	-	-	-	-	-	-	185
Total Assets	**1,016,408**	**506,291**	**475,821**	**-**	**1,484**	**-**	**-**	**32,812**
LIABILITIES								
Deposits - short term	364,886	364,886	-	-	-	-	-	-
Goverment bonds	168,542	-	168,542	-	-	-	-	-
Cash collateral received on repurchase agreements	229,397	-	220,946	-	-	-	-	8,451
Margin payable	184,763	184,763	-	-	-	-	-	-
Payables	66,759	-	66,663	-	-	-	96	-
Provision for taxation	2,061	-	-	-	2,061	-	-	-
Total Liabilities	**1,016,408**	**549,649**	**456,151**	**-**	**2,061**	**-**	**96**	**8,451**

NOTE 26 - RISK MANAGEMENT (continued)

	Banking Group ($'000)							
	Audited 31/12/2013							
	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	301,772	301,772	-	-	-	-	-	-
Client funds receivables	245,902	245,902	-	-	-	-	-	-
Receivables	36,217	-	33,623	-	2,594	-	-	-
Goverment bonds	36,809	-	36,809	-	-	-	-	-
Cash collateral pledged on reverse repurchase agreements	295,965	-	295,965	-	-	-	-	-
Loans and receivables	51,815	-	51,815	-	-	-	-	-
Fixed assets	204	-	-	-	-	-	-	204
Intangible assets	863	-	-	-	-	-	-	863
Deferred tax assets	133	-	-	-	-	-	-	133
Total Assets	**969,680**	**547,674**	**418,212**	**-**	**2,594**	**-**	**-**	**1,200**
LIABILITIES								
Deposits - short term	354,135	354,135	-	-	-	-	-	-
Goverment bonds	12,907	-	12,907	-	-	-	-	-
Cash collateral received on repurchase agreements	309,296	-	309,296	-	-	-	-	-
Client funds payables	244,041	244,041	-	-	-	-	-	-
Payables	48,845	-	48,749	-	-	-	96	-
Provision for taxation	456	-	-	-	456	-	-	-
Total Liabilities	**969,680**	**598,176**	**370,952**	**-**	**456**	**-**	**96**	**-**

NOTE 26 – RISK MANAGEMENT (continued)

JPMCB NZ's Branch analysis of cash flows receivable and payable under financial assets and liabilities by remaining contractual maturities are as follows:

	Branch ($'000) Audited 31/12/2014							
	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	319,181	319,181	-	-	-	-	-	-
Receivables	3,699	-	2,036	-	1,663	-	-	-
Loans and receivables	48,044	48,044	-	-	-	-	-	-
Fixed assets	133	-	-	-	-	-	-	133
Intangible assets	825	-	-	-	-	-	-	825
Deferred tax assets	185	-	-	-	-	-	-	185
Total Assets	**372,067**	**367,225**	**2,036**	**-**	**1,663**	**-**	**-**	**1,143**
LIABILITIES								
Deposits - short term	364,888	364,888	-	-	-	-	-	-
Payables	7,179	-	7,083	-	-	-	96	-
Total Liabilities	**372,067**	**364,888**	**7,083**	**-**	**-**	**-**	**96**	**-**

NOTE 26 - RISK MANAGEMENT (continued)

	Branch ($'000)							
	Audited							
	31/12/2013							
	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	301,772	301,772	-	-	-	-	-	-
Receivables	3,411	-	2,117	-	1,294	-	-	-
Loans and receivables	51,815	-	51,815	-	-	-	-	-
Fixed assets	204	-	-	-	-	-	-	204
Intangible assets	863	-	-	-	-	-	-	863
Deferred tax assets	133	-	-	-	-	-	-	133
Total Assets	**358,198**	**301,772**	**53,932**	**-**	**1,294**	**-**	**-**	**1,200**
LIABILITIES								
Deposits - short term	354,135	354,135	-	-	-	-	-	-
Payables	4,063	-	3,967	-	-	-	96	-
Total Liabilities	**358,198**	**354,135**	**3,967**	**-**	**-**	**-**	**96**	**-**

NOTE 26 - RISK MANAGEMENT (continued)

Concentration of Credit Risk

The carrying amount of JPMCB NZ 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 ($'000)		Branch ($'000)	
	Audited	Audited	Audited	Audited
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Credit Risk by industry				
Finance	418,321	559,231	901	17,000
Local Authorities	217,368	36,347	-	-
Communication	30,185	34,815	30,185	34,815
Electricity	16,757	-	16,757	-
Other	914	98	201	-
	683,545	**630,491**	**48,044**	**51,815**
Credit Risk by geographical area				
Within New Zealand	466,165	308,878	1,101	51,815
Overseas	217,380	321,613	46,943	-
	683,545	**630,491**	**48,044**	**51,815**

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 26 - RISK MANAGEMENT (continued)

Concentration of Funding Risk

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

	Banking Group ($'000)		Branch ($'000)	
	Audited	Audited	Audited	Audited
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Funding Risk by industry				
Finance	674,967	699,900	272,669	175,104
Electricity & Gas	11,862	107,745	-	79,205
Local Authorities	168,542	12,907	-	-
Manufacturing	32,680	48,912	32,680	48,912
Business Services	28,427	26,087	28,427	26,087
Communication	13,129	-	13,129	-
Food Manufacturing	6,587	-	6,587	-
Other	11,394	24,827	11,395	24,827
	947,588	**920,378**	**364,887**	**354,135**
Funding Risk by geographical area				
Within New Zealand	646,421	702,033	284,549	158,867
Overseas	301,167	218,345	80,338	195,268
	947,588	**920,378**	**364,887**	**354,135**

NOTE 26 - RISK MANAGEMENT (continued)

Interest Rate Sensitivity

JPMCB NZ 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)						
	Audited						
	31/12/2014						
	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	134,181	134,181	-	-	-	-	-
Cash - short-term deposits	185,000	185,000	-	-	-	-	-
Margin receivable	187,110	-	-	-	-	-	187,110
Receivables	3,514	-	-	-	-	-	3,514
Receivables from related parties	9,025	-	-	-	-	-	9,025
Financial assets at fair value through profit or loss	217,426	217,426	-	-	-	-	-
Cash collateral pledged on reverse repurchase agreements	230,965	230,965	-	-	-	-	-
Loans and receivables	48,044	48,044	-	-	-	-	-
Fixed assets	133	-	-	-	-	-	133
Intangible assets	825	-	-	-	-	-	825
Deferred tax assets	185	-	-	-	-	-	185
Total Assets	**1,016,408**	**815,616**	**-**	**-**	**-**	**-**	**200,792**
LIABILITIES							
Deposits - short term	364,886	364,886	-	-	-	-	-
Financial liabilities at fair value through profit or loss	168,542	168,542	-	-	-	-	-
Cash collateral received on repurchase agreements	229,397	229,397	-	-	-	-	-
Margin Payable	184,763	-	-	-	-	-	184,763
Payables	5,163	-	-	-	-	-	5,163
Payables to related parties	61,596	-	-	-	-	-	61,596
Provision for taxation	2,061	-	-	-	-	-	2,061
Total Liabilities	**1,016,408**	**762,825**	**-**	**-**	**-**	**-**	**253,583**

NOTE 26 - RISK MANAGEMENT (continued)

	Banking Group ($'000)						
	Audited 31/12/2013						
	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	74,772	74,772	-	-	-	-	-
Cash - short-term deposits	227,000	227,000	-	-	-	-	-
Client funds receivables	245,902	-	-	-	-	-	245,902
Receivables	4,712	-	-	-	-	-	4,712
Receivables from related parties	31,505	-	-	-	-	-	31,505
Financial assets at fair value through profit or loss	36,809	36,809	-	-	-	-	-
Cash collateral pledged on reverse repurchase agreements	295,965	295,965	-	-	-	-	-
Loans and receivables	51,815	51,815	-	-	-	-	-
Fixed assets	204	-	-	-	-	-	204
Intangible assets	863	-	-	-	-	-	863
Deferred tax assets	133	-	-	-	-	-	133
Total Assets	**969,680**	**686,361**	**-**	**-**	**-**	**-**	**283,319**
LIABILITIES							
Deposits - short term	354,135	354,135	-	-	-	-	-
Financial liabilities at fair value through profit or loss	12,907	12,907	-	-	-	-	-
Cash collateral received on repurchase agreements	309,296	309,296	-	-	-	-	-
Client funds payables	244,041	-	-	-	-	-	244,041
Payables	2,223	-	-	-	-	-	2,223
Payables to related parties	46,622	-	-	-	-	-	46,622
Provision for taxation	456	-	-	-	-	-	456
Total Liabilities	**969,680**	**676,338**	**-**	**-**	**-**	**-**	**293,342**

NOTE 26 - RISK MANAGEMENT (continued)

JPMCB NZ's Branch exposure to interest rate risk is as follows:

	Branch ($'000)						
	Audited 31/12/2014						
	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	92,181	92,181	-	-	-	-	-
Cash - short-term deposits	227,000	227,000	-	-	-	-	-
Receivables	3,699	-	-	-	-	-	3,699
Loans and receivables	48,044	48,044	-	-	-	-	-
Fixed assets	133	-	-	-	-	-	133
Intangible assets	825	-	-	-	-	-	825
Deferred tax assets	185	-	-	-	-	-	185
Total Assets	**372,067**	**367,225**	**-**	**-**	**-**	**-**	**4,842**
LIABILITIES							
Deposits - short term	364,888	364,888	-	-	-	-	-
Payables	5,327	-	-	-	-	-	5,327
Payables to related parties	1,852	-	-	-	-	-	1,852
Total Liabilities	**372,067**	**364,888**	**-**	**-**	**-**	**-**	**7,179**

NOTE 26 - RISK MANAGEMENT (continued)

	Branch ($'000)						
	Audited 31/12/2013						
	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	74,772	74,772	-	-	-	-	-
Cash - short-term deposits	227,000	227,000	-	-	-	-	-
Receivables	3,411	-	-	-	-	-	3,411
Receivables from related parties	-	-	-	-	-	-	-
Loans and receivables	51,815	51,815	-	-	-	-	-
Fixed assets	204	-	-	-	-	-	204
Intangible assets	863	-	-	-	-	-	863
Deferred tax assets	133	-	-	-	-	-	133
Total Assets	**358,198**	**353,587**	-	-	-	-	**4,611**
LIABILITIES							
Deposits - short term	354,135	354,135	-	-	-	-	-
Payables	2,211	-	-	-	-	-	2,211
Payables to related parties	1,852	-	-	-	-	-	1,852
Total Liabilities	**358,198**	**354,135**	-	-	-	-	**4,063**

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the Statement of Financial Position are disclosed in the first four columns of the following table.

NOTE 26 - RISK MANAGEMENT (continued)

Offsetting financial assets and financial liabilities (continued)

	Banking Group ($'000) Effects of offsetting on the Balance Sheet			Branch ($'000) Effects of offsetting on the Balance Sheet		
	Gross amounts of Financial Assets	Gross amounts set off in the Balance Sheet	Net amounts of Financial Assets presented in Balance Sheet	Gross amounts of Financial Assets	Gross amounts set off in the Balance Sheet	Net amounts of Financial Assets presented in Balance Sheet
2014						
Amounts receivable from wholly-owned group entities	**12,723**	**(3,697)**	**9,026**	**1,086**	**(901)**	**185**
Total	**12,723**	**(3,697)**	**9,026**	**1,086**	**(901)**	**185**
2013						
Amounts receivable from wholly-owned group entities	49,360	(17,855)	31,505	2,317	(2,317)	-
Total	49,360	(17,855)	31,505	2,317	(2,317)	-
2014						
Amounts payable to wholly-owned group entities	**65,293**	**(3,697)**	**61,596**	**2,960**	**(901)**	**2,059**
Total	**65,293**	**(3,697)**	**61,596**	**2,960**	**(901)**	**2,059**
2013						
Amounts payable to wholly-owned group entities	64,477	(17,855)	46,622	4,169	(2,317)	1,852
Total	64,477	(17,855)	46,622	4,169	(2,317)	1,852

NOTE 27 - FAIR VALUE MEASUREMENT

Financial instruments held at fair value are categorised under a three-level valuation hierarchy, reflecting the availability of observable market inputs for the valuation of each particular class of financial instrument held as of the balance date. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The three levels are defined as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices), including quoted prices for similar assets and liabilities in active markets.
Level 3 - inputs for the asset or liability that are not based on observable market data.

The table below presents the financial instruments held at fair value at balance date, classified by level, according to the fair value hierarchy:

The carrying amounts for the financial assets and liabilities are assumed to be approximate to their fair value due to their short-term nature.

	Banking Group Audited $'000				Branch Audited $'000			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
31 December 2014								
Financial assets at fair value through profit or loss	-	217,426	-	**217,426**	-	-	-	-
Financial liabilities at fair value through profit or loss	-	168,542	-	**168,542**	-	-	-	-
31 December 2013								
Financial assets at fair value through profit or loss	-	36,809	-	**36,809**	-	-	-	-
Financial liabilities at fair value through profit or loss	-	12,907	-	**12,907**	-	-	-	-

NOTE 28 - FINANCIAL INSTRUMENTS BY CATEGORY

The following is an analysis of financial instruments held at the end of the reporting period for the JPMCB NZ Branch and JPMCB NZ Group:

	Banking Group Audited $'000			Branch Audited $'000		
	Loan and receivables	Fair value through profit or loss	Total	Loan and receivables	Fair value through profit or loss	Total
31 December 2014						
Assets						
Current Assets						
Trading and other receivables	199,649	-	**199,649**	3,699	-	**3,699**
Financial assets at fair value through profit or loss	-	217,426	**217,426**	-	-	-
Cash collateral pledged on reverse repurchase agreements	230,965	-	**230,965**	-	-	-
Loans and receivables	48,044	-	**48,044**	48,044	-	**48,044**
	478,658	**217,426**	**696,084**	**51,743**	**-**	**51,743**
Liabilities						
Current Liabilities						
Financial liabilities at fair value through profit or loss	-	168,542	**168,542**	-	-	-
Cash collateral received on repurchase agreements	229,397	-	**229,397**	-	-	-
	229,397	**168,542**	**397,939**	**-**	**-**	**-**

The change in the fair value of loans and receivables is attributable to changes in the credit risk and is not attributable to changes in market conditions that give rise to market risk.

NOTE 28 - FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The following is an analysis of financial instruments held at the end of the reporting period for the JPMCB NZ Branch and JPMCB NZ Group:

	Banking Group Audited $'000			Branch Audited $'000		
	Loan and receivables	Fair value through profit or loss	Total	Loan and receivables	Fair value through profit or loss	Total
31 December 2013						
Assets						
Current Assets						
Trading and other receivables	282,119	-	**282,119**	3,411	-	**3,411**
Financial assets at fair value through profit or loss	-	36,809	**36,809**	-	-	-
Cash collateral pledged on reverse repurchase agreements	295,965	-	**295,965**	-	-	-
Loans and receivables	51,815	-	**51,815**	51,815	-	**51,815**
	629,899	**36,809**	**666,708**	**55,226**	**-**	**55,226**
Liabilities						
Current Liabilities						
Financial liabilities at fair value through profit or loss	-	12,907	**12,907**	-	-	-
Cash collateral received on repurchase agreements	309,296	-	**309,296**	-	-	-
	309,296	**12,907**	**322,203**	**-**	**-**	**-**

NOTE 29 - EXPOSURES TO MARKET RISK

Set out below are details of market risk end-period notional capital charges. This has 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
31 December 2014		
Market Risk End-period		
Interest rate risk	3,375	270
Foreign currency risk	(570)	(46)
1 July 2014 - 31 December 2014		
Market Risk Peak End-of-day		
Interest rate risk	3,375	270
Foreign currency risk	96,319	7,706

NOTE 30 - 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)				
	Audited				
	31/12/2014				
	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	679	193	0	24	896

NOTE 30 - REGISTERED BANK ASSET QUALITY (continued)

	JPMCB NZ Branch		JPMCB NZ Group		JPMCB (consolidated)	
	Audited 12 months 31/12/2014 NZ$'000	Audited 12 months 31/12/2013 NZ$'000	Audited 12 months 31/12/2014 NZ$'000	Audited 12 months 31/12/2013 NZ$'000	Unaudited 12 months 31/12/2014 US$'000	Audited 12 months 31/12/2013 US$'000
Total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense)	-	-	-	-	19,735,000	22,529,000
Total individually impaired assets expressed as a percentage of total assets	-	-	-	-	1.0%	1.2%
Total individual credit impairment allowance	-	-	-	-	11,352,000	13,134,000
Total individual credit impairment allowance expressed as a percentage of total impaired assets	-	-	-	-	57.5%	58.3%
Total collective credit impairment allowance	-	-	-	-	-	-
Non-financial assets acquired through the enforcement of security	-	-	-	-	-	-

NOTE 31 - REGISTERED BANK PROFITABILITY AND SIZE

	JPMCB (consolidated)	
	Unaudited 12 months 31/12/2014 US$'000	Audited 12 months 31/12/2013 US$'000
Net profit/(loss) after taxation	14,778,000	15,438,000
Net profit/(loss) after taxation, over the previous 12 month period, as a percentage of average total assets	0.8%	0.8%
Total assets	1,986,711,000	1,945,467,000
Percentage increase/(decrease) in total assets from previous period	2.1%	2.6%

pwc

Independent Auditors' Report to the Directors of JPMorgan Chase Bank, National Association, New Zealand Branch

Report on the Disclosure Statement (excluding Supplementary Information Relating to Credit and Market Risk Exposures and Capital Adequacy)

We have audited the Disclosure Statement of JPMorgan Chase Bank, national Association, New Zealand Branch ("Bank") on pages 12 to 54 which consists of the financial statements required by Clause 25 of the Registered Bank Disclosure Statement (Overseas Incorporated Registered Banks) Order 2014, as amended, (the "Order") and the supplementary information (excluding the supplementary information relating to credit and market risk exposures and capital adequacy disclosed in Notes 23 and 29) required by Schedules 4, 7, 10, 11 and 13 of the Order. The Disclosure Statement comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income and statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Bank and JPMorgan Chase Bank, New Zealand Banking Group ("Banking Group").

Directors' Responsibility for the Financial Statements

The Directors of the Bank ("Directors") are responsible for the preparation of the Disclosure Statement, which includes financial statements prepared in accordance with Clause 25 of the Order and generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate. The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In addition, the Directors are responsible for including supplementary information in the Disclosure Statement which complies with Schedules 2, 4, 7, 9, 10, 11 and 13 and Clause 25 of the Order.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements and the supplementary information (excluding the supplementary information relating to credit and market risk exposures and capital adequacy disclosed in Notes 23 and 29) disclosed in accordance with Schedules 4, 7, 10, 11 and 13 of the Order based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

pwc

Independent Auditors' Report to the Directors of JPMorgan Chase Bank, National Association, New Zealand Branch (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Bank and Banking Group's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and Banking Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditors we have no relationship with, or interests in, the Bank and Banking Group.

Opinion

In our opinion, the Disclosure Statement on pages 12 to 54 (excluding the supplementary information disclosed in Notes 21, 22, 23, 24, 25, 29, 30 and 31):

(i) comply with generally accepted accounting practice in New Zealand;

(ii) comply with International Financial Reporting Standards; and

(iii) give a true and fair view of the financial position of the Branch as at 31 December 2014, and its financial performance and cash flows for the year then ended.

In our opinion, the supplementary information disclosed in Notes 24, 25, 26, 30 and 31 prescribed by Schedules 4, 7, 10, 11 and 13 of the Order fairly states the matter to which it relates in accordance with those Schedules.

Report on Other Legal and Regulatory Requirements (excluding Supplementary Information Relating to Credit and Market Risk Exposures and Capital Adequacy)

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993 and Clauses 2(1)(d) and 2(1)(e) of Schedule 1 of the Order. In relation to our audit of the financial statements (excluding the supplementary information relating to credit and market risk exposures and capital adequacy disclosed in Notes 23 and 29) for the year ended 31 December 2014:

(i) we have obtained all the information and explanations that we have required; and

(ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

pwc

Independent Auditors' Report to the Directors of JPMorgan Chase Bank, National Association, New Zealand Branch (continued)

Report on the Supplementary Information Relating to Credit and Market Risk Exposures and Capital Adequacy

We have reviewed the supplementary information relating to credit and market risk exposures and capital adequacy as disclosed in Notes 23 and 29 of the Disclosure Statement of the Bank and the Banking Group for the year ended 31 December 2014.

Directors' responsibility for the Supplementary Information Relating to Credit and Market Risk Exposures and Capital Adequacy

The Directors are responsible for including supplementary information relating to credit and market risk exposures and capital adequacy prepared in accordance with Schedule 9 of the Order.

Auditor's responsibility

Our responsibility is to express an opinion on the supplementary information relating to credit and market risk exposures and capital adequacy, disclosed in Notes 23 and 29, based on our review. We are responsible for reviewing the disclosures in order to state whether, on the basis of the procedures described below, 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 Capital Adequacy Framework (Basel III Standardised and Advanced approaches) and Capital Adequacy Framework (Standardised Approach) (BS2A); and
(ii) disclosed in accordance with Schedule 9 of the Order

and for reporting our findings to you.

We conducted our review in accordance with review engagement standard RS-1 Statement of Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand. A review is limited primarily to enquiries of the Bank and the Banking Group personnel and analytical procedures applied to financial data, and thus provides less assurance than an audit. We have not performed an audit on the supplementary information relating to credit and market risk exposures and capital adequacy disclosed in Notes 23 and 29 and, accordingly, we do not express an audit opinion on that supplementary information.

Opinion

Based on our review procedures, which are not an audit, nothing has come to our attention that causes us to believe that the supplementary information relating to credit and market risk exposures and capital adequacy disclosed in Notes 23 and 29, as required by Schedule 9 of the Order, is not in all material respects:

(i) prepared in accordance with Capital Adequacy Framework (Basel III Standardised and Advanced approaches) and Capital Adequacy Framework (Standardised Approach) (BS2A); and
(ii) disclosed in accordance with Schedule 9 of the Order.

pwc

Independent Auditors' Report to the Directors of JPMorgan Chase Bank, National Association, New Zealand Branch (continued)

Restriction on Distribution or Use

This report is made solely to the Directors of the Branch, as a body. Our audit work has been undertaken so that we might state to the Directors of the Branch those matters which we are required to state to them in an auditors' 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 Directors of the Branch, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants
27 March 2015

Sydney

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

PricewaterhouseCoopers was the audit firm appointed to undertake the audit of the JPMorgan Chase Bank, National Association, New Zealand Branch and JPMorgan Chase Bank, New Zealand Banking Group for the year ended 31 December 2014. I was responsible for the execution of the audit and delivery of our firm's auditor's report. The audit work was completed on 27 March 2015 and an unqualified opinion was issued as at that date.

Chris Cooper
Partner

27 March 2015
Sydney