

Disclosure Statement
For the year ended 31 December 2015

Contents

Statement of Significant Accounting Policies	13
Statement of Comprehensive Income	21
Statement of Changes in Equity	22
Statement of Financial Position	23
Statement of Cash Flows	24
Notes to the Financial Statements	
Note 1 Interest Income	25
Note 2 Other Operating Income/(Loss)	25
Note 3 Operating Expenses	25
Note 4 Income Tax Expense/(Benefit)	26
Note 5 Equity	26
Note 6 Currency Translation Reserve	26
Note 7 Cash and Cash Equivalents	26
Note 8 Trading and Other Receivables	27
Note 9 Fixed Assets	27
Note 10 Deferred Tax Assets	28
Note 11 Deposits - Short Term	29
Note 12 Payables	29
Note 13 Auditors' Remuneration	29
Note 14 Key Management Compensation	29
Note 15 Related Party Transactions	30
Note 16 Total Liabilities of the Registered Bank, Net of Amounts Due to Related Parties	31
Note 17 Reconciliation of Net Surplus to Net Cash Inflow from Operating Activities	31
Note 18 Commitments and Contingent Liabilities	32
Note 19 Lease Commitments	32
Note 20 Intangible Assets	32
Note 21 Events after the Reporting Period	32
Note 22 Financial Statements of the Registered Bank	33
Note 23 Interest Earning and Discount Bearing Assets and Liabilities	33
Note 24 Capital Adequacy	33
Note 25 Concentration of Credit Exposure to Individual Counterparties.....	34
Note 26 Activities of the Banking Group in New Zealand	34
Note 27 Risk Management	34
Note 28 Fair Value Measurement	45
Note 29 Financial Instruments by Category	46
Note 30 Exposures to Market Risk	47
Note 31 Asset Quality	47
Note 32 Registered Bank Profitability and Size	48

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A. Statutory Base

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

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

These financial statements are for the Banking Group and are authorised by the Directors for issue on 24 March 2016. The Registered Bank has the power to amend and re-issue the financial report.

B. Measurement Base

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

C. Basis of Aggregation

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

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

D. Comparatives

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

E. Critical Accounting Estimates and Judgements

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

- **Fair Value**

Where an active market exists for a financial instrument, fair values are determined by reference to the quoted prices/yields at balance date. Such instruments are classified as level 1 within the fair value hierarchy table in 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 Banking Group at balance date, where valuation techniques or models have been applied, are classified within level 2 of the fair value hierarchy table, as inputs to the techniques and models are market observable.

- **Impairment of Goodwill and Intangible Assets**

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

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

F. Significant Accounting Policies

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 Banking Group recognises revenue when it is probable that the economic benefits will flow to the Banking Group 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. The Registered Bank 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 Banking 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 the Banking 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 earnings 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 Banking Group 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 Banking Group 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.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Banking Group 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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Banking Group 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 Banking Group'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. NZ branch 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:

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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Banking Group 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 JPMCC 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 Banking Group reimburses JPMCC for the costs of the equity compensation benefits as such costs which are incurred for the benefit of the Banking Group's employees and are part of the total staff costs of the Banking Group. 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 2015 is nil (2014: nil).

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 year.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

		Banking Group (\$'000)	
	Note	Audited 12 months 31/12/2015	Audited 12 months 31/12/2014
Interest income	1	20,336	14,808
Interest expense		(14,901)	(9,044)
Net interest income		5,435	5,764
Other operating income/(loss)	2	11,660	13,477
Total operating income		17,095	19,241
Operating expenses	3	(11,254)	(10,284)
Net profit/(loss) before taxation		5,841	8,957
Income tax (expense)/benefit	4	(1,857)	(2,583)
Net profit/(loss) after taxation		3,984	6,374
Other comprehensive income, net of tax	6	(30)	(194)
Total comprehensive income for the period		3,954	6,180

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 2015

Banking Group (\$'000)				
Note	Ordinary Shares	Retained Earnings	Foreign currency translation reserve	Total Equity
31 December 2014				
	-	-	-	-
	-	6,374	-	6,374
6	-	-	(194)	(194)
	-	6,374	(194)	6,180
	-	(6,374)	194	(6,180)
5	-	-	-	-
31 December 2015				
	-	-	-	-
	-	3,984	-	3,984
6	-	-	(30)	(30)
	-	3,984	(30)	3,954
	-	(3,984)	30	(3,954)
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 2015

		Banking Group (\$'000)	
		Audited	Audited
		12 months	12 months
		31/12/2015	31/12/2014
ASSETS			
Current Assets			
Cash and cash equivalents	7	115,787	319,181
Trading and other receivables	8	415,889	199,649
Financial assets at fair value through profit or loss		101,753	217,426
Cash collateral pledged on reverse repurchase agreements		156,311	230,965
Loans and advances		93,113	48,044
		882,853	1,015,265
Non Current Assets			
Fixed assets	9	49	133
Intangible assets	19	788	825
Deferred tax assets	10	166	185
		1,003	1,143
Total Assets		883,856	1,016,408
LIABILITIES			
Current Liabilities			
Deposits - short term	11	209,535	364,886
Financial liabilities at fair value through profit or loss		93,973	168,542
Cash collateral received on repurchase agreements		149,269	229,397
Payables	12	429,763	251,522
Provision for taxation		1,316	2,061
Total Liabilities		883,856	1,016,408
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 2015

		Banking Group (\$'000)	
		Audited	Audited
		12 months	12 months
		31/12/2015	31/12/2014
CASH FLOWS FROM OPERATING ACTIVITIES			
		8,042	8,569
		(7,497)	(1,146)
		(221,351)	155,052
		942	(54,501)
		35,752	(37,804)
		(45,069)	3,771
		24,340	(62,189)
		(925)	805
		16,494	12,236
		(11,897)	(5,905)
	17	(201,169)	18,888
CASH FLOWS FROM INVESTING ACTIVITIES			
		(47)	(17)
		(47)	(17)
CASH FLOWS FROM FINANCING ACTIVITIES			
		(2,796)	(1,387)
		(2,796)	(1,387)
		(204,012)	17,484
		319,181	301,772
		618	(75)
	7(a)	115,787	319,181

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Banking Group (\$'000)

Audited	Audited
12 months	12 months
31/12/2015	31/12/2014

NOTE 1 - INTEREST INCOME

Cash and cash equivalents	8,773	9,244
Trading securities	9,129	3,844
Loans	2,434	1,720
Total interest income	20,336	14,808

NOTE 2 - OTHER OPERATING INCOME/(LOSS)

Fee and commissions income	11,475	11,399
Trading income/(loss)	123	2,078
Other income	62	-
Total other operating income/(loss)	11,660	13,477

NOTE 3 - OPERATING EXPENSES

Administration expenses	6,629	6,315
Employee expenses	1,888	1,629
Fee and commissions expense	1,114	825
Other expenses	1,023	984
Occupancy expenses	220	226
Depreciation & amortisation	188	127
Professional services expenses	137	69
Technology & communications expenses	47	56
Travel expenses	8	53
Total operating expenses	11,254	10,284

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

Banking Group (\$'000)

Audited	Audited
12 months	12 months
31/12/2015	31/12/2014

NOTE 4 - INCOME TAX EXPENSE / (BENEFIT)

(a) The components of tax expense/ (benefit) comprise:

Current tax	1,810	2,661
Deferred tax	19	(52)
Over/ (Under) provision for prior years	28	(26)
	1,857	2,583

(b) The prima facie tax on operating surplus before tax is reconciled to the income tax expense/ (benefit) as follows

Operating surplus/(deficit) before tax	5,841	8,957
Income tax expense/(benefit) - prima facie at the Australian rate of 30% and New Zealand rate of 28%	1,725	2,651
Tax effect of other/ non assessable income	-	(42)
Tax effect of non deductible expense	104	-
Adjustment for (over)/under provision in prior periods	28	(26)
Total income tax expense	1,857	2,583

NOTE 5 - EQUITY

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

NOTE 6 - OTHER COMPREHENSIVE INCOME

Opening balance	-	-
Currency retranslation during the period (Repatriation)/reimbursement (to)/from head office	(30)	(194)
	30	194
Closing balance	-	-

NOTE 7 - CASH AND CASH EQUIVALENTS

Due from central and other banks

New Zealand - short term deposit	68,000	185,000
New Zealand - at call	29,517	62,115
Overseas - at call	18,270	72,066
Total cash and cash equivalents	115,787	319,181

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

Banking Group (\$'000)

Audited	Audited
12 months	12 months
31/12/2015	31/12/2014

7 (a) Reconciliation of Cash

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

Cash and cash equivalents	115,787	319,181
	115,787	319,181

NOTE 8 - TRADING AND OTHER RECEIVABLES

Fee income receivable	1,720	1,786
Interest receivable	293	224
Amounts due from related parties	3,775	9,025
Margin receivable	409,787	187,110
Income tax receivable	314	1,484
Other receivable	-	20
Total trading and other receivables	415,889	199,649

NOTE 9 - FIXED ASSETS

Banking Group (\$'000)

	Leasehold Improvements	Audited 31/12/2015 Plant and equipment	Total
Cost			
Opening Balance	374	122	496
Additions	-	47	47
Disposals	-	-	-
FX Effect	54	20	74
Total Fixed Assets	428	189	617
Accumulated Depreciation			
Opening Balance	280	83	363
Depreciation	79	72	151
Disposals	-	-	-
FX Effect	43	11	54
Total Accumulated Depreciation	402	166	568
Carrying Value	26	23	49

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 9 - FIXED ASSETS (continued)

	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	258
Depreciation	66	23	89
Disposals	-	-	-
FX Effect	12	4	16
Total Accumulated Depreciation	280	83	363
Carrying Value	94	39	133

NOTE 10 - DEFERRED TAX ASSETS

Movements	Depreciation	Employee	Other	Total
	\$'000	Entitlements \$'000	\$'000	\$'000
At 1 January 2014	26	49	58	133
(Charged)/credited				
- to profit or loss	15	(5)	42	52
At 31 December 2014	41	44	100	185
(Charged)/credited				
- to profit or loss	27	9	(55)	(19)
At 31 December 2015	68	53	45	166

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

	Banking Group (\$'000)	
	Audited	Audited
	12 months	12 months
	31/12/2015	31/12/2014
Deposits	209,535	364,886
Total Deposits - short term	209,535	364,886

NOTE 11 - DEPOSITS - SHORT TERM

Deposits	209,535	364,886
Total Deposits - short term	209,535	364,886

Retail deposits of the Registered Bank in New Zealand for the period was Nil (2014: Nil).

NOTE 12 - PAYABLES

Interest payable	84	55
Margin payable	408,382	184,763
Accrued expenses	2,679	5,012
Amounts due to related parties	18,587	61,596
Deferred revenue	23	96
Other payable	8	-
Total Payables	429,763	251,522

NOTE 13 - AUDITORS' REMUNERATION

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

NOTE 14 - 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 transactions within those individuals, their close family members or entities under their control.

	Banking Group (\$'000)	
	Audited	Audited
	12 months	12 months
	31/12/2015	31/12/2014
Salaries and other short term benefits	804	854
Post-employment benefits	21	27
Other termination benefits	6	56
Share-based payments	164	155
Long term benefits	11	17
Total key management compensation	1,006	1,109

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 15 - RELATED PARTY TRANSACTIONS

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

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

	Banking Group (\$'000)	
	Audited	Audited
	12 months 31/12/2015	12 months 31/12/2014
Due from Related Parties		
Cash and cash equivalents	2,033	1,863
Fee income receivable	24	987
Amounts due from related parties	3,775	9,025
Margin receivable	175,545	8,516
Income tax receivable	-	1,484
Cash collateral pledged on reverse repurchase agreements	37,534	129,009
Loans and receivables	3	901
Total due from related parties	218,914	151,785
Due to Related Parties		
Deposits - short term	16,314	196,005
Interest payable	1	1
Cash collateral received on repurchase agreements	19,587	1,230
Amounts due to related parties	18,587	61,596
Provision for taxation	1,316	2,061
Total due to related parties	55,805	260,893
Received from Related Parties		
Interest income	3,773	2,650
Fee and commissions income	2,545	3,526
Total received from related parties	6,318	6,176
Paid to Related Parties		
Interest expense	2,976	3,122
Administration expenses	6,562	6,208
Income tax expense/(benefit)	1,329	2,146
Total paid to related parties	10,867	11,476

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 16 - TOTAL LIABILITIES OF THE REGISTERED BANK, NET OF AMOUNTS DUE TO RELATED PARTIES

	NZ Branch (\$'000)	
	Audited	Audited
	12 months 31/12/2015	12 months 31/12/2014
Total liabilities net of amounts due to related parties	195,944	174,002

NOTE 17 - RECONCILIATION OF NET SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Banking Group (\$'000)	
	Audited	Audited
	12 months 31/12/2015	12 months 31/12/2014
Net profit/(loss) for the period	3,984	6,374
Movement in Head Office Repatriation included in net surplus	(1,157)	(4,794)
Depreciation and amortisation	188	127
Changes in operating assets and liabilities:		
Movement in financial instruments	35,629	(39,881)
Movement in fee income receivable	66	10
Movement in accrued interest receivable	(69)	78
Movement in amounts due from related parties	5,250	22,479
Movement in margin receivables	(222,677)	58,792
Movement in other receivable	1,190	1,110
Movement in deferred tax assets	19	(52)
Movement in loans	(45,069)	3,771
Movement in deposits	(155,351)	10,752
Movement in tax payable	(745)	793
Movement in accrued interest payable	28	19
Movement in margin payable	223,619	(59,278)
Movement in accrued expenses	(2,325)	2,921
Movement in amounts due to related parties	(43,009)	15,786
Movement in deferred revenue	(73)	-
Movement in foreign exchange translation balances attributable to cash and other balances	(667)	(119)
Net cash inflow/(outflow) from operating activities	(201,169)	18,888

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 18 - COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2015, the Banking Group had an undrawn committed facility of \$225.7mm (31 December 2014: \$141.7mm) and a stand-by letter of credit of \$20.1mm (31 December 2014: \$95.3mm). In addition, the Banking Group had lease commitments of \$0.07mm as at the reporting date (31 December 2014: \$0.3mm).

NOTE 19 - LEASE COMMITMENTS

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

	Banking Group (\$'000)	
	Audited	Audited
	12 months 31/12/2015	12 months 31/12/2014
Lease payment included in the Statement of Comprehensive Income	215	219
Lease commitment		
0-1 year	68	219
1-5 year	-	73
> 5 year	-	-

NOTE 20 - 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)	
	Audited	Audited
	12 months 31/12/2015	12 months 31/12/2014
Goodwill	642	642
Intangible assets - Custody clearing services software	289	289
Intangible assets - Customer contracts/relationships	377	377
Accumulated amortisation of intangible assets	(520)	(483)
Net Intangibles	788	825

NOTE 21 - 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 Banking Group in future financial years.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015
SUPPLEMENTAL INFORMATION

NOTE 22 - FINANCIAL STATEMENTS OF THE REGISTERED BANK

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

NOTE 23 - INTEREST EARNING AND DISCOUNT BEARING ASSETS AND LIABILITIES

	Banking Group (\$'000)	
	Audited	Audited
	12 months	12 months
	31/12/2015	31/12/2014
Interest earning and discount bearing assets	466,964	815,616
Interest and discount bearing liabilities	452,777	762,825

NOTE 24 - CAPITAL ADEQUACY

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

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

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

In addition to the regulatory minimum capital requirements, certain banking organizations, including JPMCC, 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, JPMCC could be limited in the amount of capital that may be distributed, including dividends and common equity repurchases. The capital conservation buffer is to be phased-in over time, beginning 1 January 2016 through 1 January 2019.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015
SUPPLEMENTAL INFORMATION

Consequently, based upon the final rules currently in effect, the minimum Basel III CET1 capital ratio requirement for JPMCC and the Registered Bank is expected to be 10.5%, comprised of the minimum ratio of 4.5% plus the 2.5% capital conservation buffer and the 2.5% G-SIB requirement both beginning 1 January 2019. Both JPMCC and the Registered Bank exceeded these requirements as at 31 December 2015.

Capital Adequacy Ratios	Basel III Advanced Transitional Registered Bank 31/12/2015 Unaudited	Basel III Standardised Registered Bank 31/12/2015 Unaudited	Basel III Advanced Transitional Registered Bank 31/12/2014 Audited	Basel III Standardised Registered Bank 31/12/2014 Audited
Common Equity Tier 1 Capital	13.51%	13.36%	11.80%	12.75%
Tier 1 Capital	13.54%	13.39%	11.82%	12.78%
Total Capital	14.12%	14.50%	12.53%	14.11%

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

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

NOTE 25 - CONCENTRATION OF CREDIT EXPOSURE TO INDIVIDUAL COUNTERPARTIES

The Banking Group has no aggregate credit exposure to an individual counterparty or group of closely related counterparties (whether bank or non-bank exposures) which equals or exceeds 10% of the Registered Bank's equity as at 31 December 2015 or 31 December 2014, or in respect of peak end-of-day aggregate credit exposures for the most recent quarter of the financial year.

NOTE 26 - ACTIVITIES OF THE BANKING GROUP IN NEW ZEALAND

As at 31 December 2015, no members of the Banking Group have been involved in:

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

Custodial Services

The financial statements of the Banking Group include income in respect of custodial services provided to customers by the NZ Branch. As at 31 December 2015, securities held on behalf of NZ Branch's customers were excluded from the Statement of Financial Position. The value of securities held in custody by NZ Branch was \$34,338 million (December 2014: \$27,962 million).

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

NOTE 27 - RISK MANAGEMENT

The Registered Bank subsidiaries in Australia and New Zealand undertake financial risk management functions on a group basis, in line with the global policy and procedure framework of the JPMorgan Chase & Co. group.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015
SUPPLEMENTAL INFORMATION**

NOTE 27 - RISK MANAGEMENT (continued)

The Australia and New Zealand Risk Committee ("ANZRC") provides oversight of the risks inherent in JPMCC's business in Australia and New Zealand, including credit, country, liquidity, market, model, principal, and structural interest rate risks. It also provides oversight of the risk governance frameworks for compliance, fiduciary, operational, and reputational risks. 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 Australia and New Zealand Chief Risk Officer with committee members including the Senior Country Officer, the Senior Country Business Manager and representatives from the various Risk stripes, Treasury, Finance, Chief Investment Office, Compliance, Internal Audit and Legal as well as from all major lines of business.

The Banking Group must implement all relevant Firmwide risk management policies. Where possible, the Banking Group will comply solely with existing global policies given their strength and broad scope. A local policy is only developed in circumstances where a specific regulatory or risk management requirement exists.

Global risk management policies are included in JPMorgan Chase & Co.'s financial statements.

Copies are available from our web-page: <https://www.jpmorganchase.com/corporate/investor-relations/annual-report-proxy.htm>

Liquidity Risk

Liquidity Risk Oversight is managed through a dedicated risk group and it is responsible for independent assessment, measuring, monitoring, and control of liquidity risk across the firm, reporting to the CIO Treasury Corporate CRO. Asia Pacific Liquidity Risk Oversight is responsible for the liquidity risk oversight across legal entities in Asia Pacific (including NZ Branch). Their responsibilities include, but are not limited to:

- Defining, monitoring, and reporting internal firmwide and legal entity stress tests and scenario analysis with associated behavioural assumptions, and monitoring and reporting regulatory defined stress testing;
- Approving or escalating for review new or updated liquidity stress assumptions;
- Defining, monitoring, and reporting liquidity risk metrics that provide insight and control into liquidity risk activities;
- Monitoring and reporting liquidity positions, balance sheet variances, and funding activities; and
- Conducting ad hoc analysis to identify and add transparency to possible emerging liquidity risk.

The day-to-day responsibility for management of liquidity risk of the NZ Branch is delegated to the Australia and New Zealand Treasurer who, operating under the functional oversight of Asia Pacific Regional Treasurer, ensures compliance with the Reserve Bank of New Zealand regulations and NZ Branch's liquidity risk management statement. The Australia and New Zealand Treasurer formulates the location's liquidity strategies including contingency planning; monitors the cash flow requirements of NZ 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 NZ Branch maintains adequate liquidity to meet its cash obligations even during periods of funding stress.

Market Risk (includes currency and interest rate risk)

The Banking Group is subject to limited market risk through its treasury operations and fixed income market making over New Zealand Government and New Zealand 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 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 ANZRC. 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 ANZRC monthly.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015
SUPPLEMENTAL INFORMATION

NOTE 27 - RISK MANAGEMENT (continued)

Credit Risk

The Banking Group is subject to limited credit risk from the Banking Group's loans to customers and securities settlement for custody clients. The Credit Risk Management function uses only globally applicable risk policies, procedures and systems of the Firm.

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. JPMCC has centralised credit risk management responsibility with respect to managed funds and hedge fund activity for the Asia Pacific region based in Singapore. The Credit Risk Management report is presented at the ANZRC each month.

All credit risk of the firm is centrally managed by the Credit Portfolio Group unit within Credit Risk Management. The Credit Portfolio Group focuses on (i) developing and implementing forward-looking strategies for actively managing JPMCC'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

Overview

To monitor and control operational risk, JPMCC maintains an Operational Risk Management Framework ("ORMF") designed to enable the Firm to maintain a sound and well-controlled operational environment. The lines of business and corporate functions are responsible for implementing the ORMF. The Firmwide Oversight and Control Group, which consists of dedicated control officers within each of the lines of business and corporate functional areas, as well as a central oversight team, is responsible for day to day execution of the ORMF. Operational Risk Officers ("OROs") are independent of the lines of business, corporate functions, and Oversight and Control. The OROs provide oversight of the implementation of the ORMF within each line of business and corporate function. The Banking Group adheres to JPMCC's ORMF and global Operational Risk policies. There is a dedicated Location Control Officer for Australia and New Zealand who provides the overall controls execution and oversight across all businesses and functions in the location.

Local Governance

Within the Banking Group there are a number of local Governance Committees which help to oversee and drive the ORMF.

The Australia & New Zealand Location Operating Committee ("ANZLOC") is directly accountable to the Australia & New Zealand Location Management Committee ("ANZLMC") for executing JPMCC's country strategy and is the primary oversight and escalation point for key functional initiatives in the country across all lines of business. The ANZLOC provides oversight to ensure operational risk policies and procedures are adhered to, appropriate controls to manage and mitigate operational and compliance risks are in place across the country, and timely and appropriate escalation of related issues to the ANZLMC and the Asia Pacific Operating Committee.

The ANZLOC has a number Australia and New Zealand sub-committees reporting into it. These committees provide oversight of the operational risks and control environment of the function or LOB, as appropriate. They are responsible for reviewing the identification, management and monitoring of existing and emerging operational issues, remediation actions and trends.

Risk Identification and Self-Assessment

In order to evaluate and monitor operational risk, the lines of business and corporate functions utilize several processes to identify, assess, mitigate and manage operational risk. Firmwide standards are in place for each of these processes and set the minimum requirements for how they must be applied. JPMCC's risk and control self-assessment ("RCSA") process and supporting architecture requires management to identify material inherent operational risks, assess the design and operating effectiveness of relevant controls in place to mitigate such risks, and evaluate residual risk. Action plans are developed for control issues that are identified, and businesses are held accountable for tracking and resolving issues on a timely basis. OROs perform an independent challenge of the RCSA program including residual risk results.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015
SUPPLEMENTAL INFORMATION

NOTE 27 - RISK MANAGEMENT (continued)

Operational Risk (continued)

JPMCC also tracks and monitors operational risk events which are analysed by the responsible businesses and corporate functions. This enables identification of the root causes of the operational risk events and evaluation of the associated controls.

All J.P. Morgan Australian incorporated legal entities within the 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.

Furthermore, lines of business and corporate functions establish key risk indicators to manage and monitor operational risk and the control environment. These assist in the early detection and timely escalation of issues or events.

Risk Monitoring and Reporting

Operational risk management and control reports provide information, including actual operational loss levels, self-assessment results and the status of issue resolution to the lines of business and senior management. In addition, key control indicators and operating metrics are monitored against targets and thresholds. The purpose of these reports is to enable management to maintain operational risk at appropriate levels within each line of business, to escalate issues and to provide consistent data aggregation across JPMCC's businesses and functions.

Each line of business has escalation and incident reporting procedures which ensure that incidents are identified and escalated to appropriate personnel such as direct supervisors, Legal and Compliance, Audit, Operational Risk and Global Security and Investigations. The line of business 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.

Other Controls

Prior to launch, new products are subject to the requirements of the New Business Initiative Approval ("NBIA") program including an assessment of potential impact to legal entities. The NBIA program assesses whether enhancements are required to the existing control framework in order to effectively manage the operational risks inherent in the new product or activity, and the program also requires post implementation review. All NBIAs require approval by the Australia and New Zealand New Business and Outsourcing Initiative Working Group, which is chaired by the Australia and New Zealand Senior Country Business Manager.

Location management evaluates the key financial controls for processes and applications that the 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.

Quantitative disclosures outlining the Banking Group's exposure to the risks discussed above, are covered on the next page:

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015
SUPPLEMENTAL INFORMATION

NOTE 27 - 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 2015 and are held by the Banking Group for the purposes of managing liquidity risk.

Banking Group (\$'000)								
Audited								
31/12/2015								
	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	115,787	115,787	-	-	-	-	-	-
Margin receivable	409,787	409,787	-	-	-	-	-	-
Receivables	6,102	-	5,788	-	314	-	-	-
Government bonds	101,708	-	101,708	-	-	-	-	-
Non-government bonds	45	-	45	-	-	-	-	-
Cash collateral pledged on reverse repurchase agreements	156,311	-	156,311	-	-	-	-	-
Loans and advances	93,113	928	92,185	-	-	-	-	-
Fixed assets	49	-	-	-	-	-	-	49
Intangible assets	788	-	-	-	-	-	-	788
Deferred tax assets	166	-	-	-	-	-	-	166
Total Assets	883,856	526,502	356,037	-	314	-	-	1,003
LIABILITIES								
Deposits - short term	209,535	208,997	538	-	-	-	-	-
Government bonds	93,973	-	93,973	-	-	-	-	-
Cash collateral received on repurchase agreements	149,269	-	149,269	-	-	-	-	-
Margin payable	408,382	408,382	-	-	-	-	-	-
Payables	21,381	-	21,358	-	-	-	-	23
Provision for taxation	1,316	-	-	-	1,316	-	-	-
Total Liabilities	883,856	617,379	265,138	-	1,316	-	-	23

NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2015
 SUPPLEMENTAL INFORMATION

NOTE 27 - RISK MANAGEMENT (continued)

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	-	-	-
Government bonds	217,426	-	217,426	-	-	-	-	-
Non-government bonds	-	-	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-	-	-
Cash collateral pledged on reverse repurchase agreements	230,965	-	199,296	-	-	-	-	31,669
Loans and advances	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	-	-	-	-	-	-
Government 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

NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2015
 SUPPLEMENTAL INFORMATION

NOTE 27 - RISK MANAGEMENT (continued)

Concentration of Credit Risk

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

The maximum exposure to credit risk at reporting date was:

	Banking Group (\$'000)	
	Audited	Audited
	31/12/2015	31/12/2014
Credit Risk by industry		
Finance	629,070	418,321
Local Authorities	101,709	217,368
Communication	30,185	30,185
Electricity	-	16,757
Other	-	914
	760,964	683,545
Credit Risk by geographical area		
Within New Zealand	479,906	466,165
Overseas	281,058	217,380
	760,964	683,545

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2015
 SUPPLEMENTAL INFORMATION

NOTE 27 - RISK MANAGEMENT (continued)

Concentration of Funding Risk

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

	Banking Group (\$'000)	
	Audited 31/12/2015	Audited 31/12/2014
Funding Risk by industry		
Finance	618,499	674,967
Local Authorities	93,973	168,542
Electricity & Gas	46,126	11,862
Manufacturing	34,272	32,680
Business Services	29,530	28,427
Communication	10,796	13,129
Food Manufacturing	4,054	6,587
Other	23,909	11,394
	861,159	947,588
Funding Risk by geographical area		
Within New Zealand	522,318	646,421
Overseas	338,841	301,167
	861,159	947,588

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015
SUPPLEMENTAL INFORMATION

NOTE 27 - RISK MANAGEMENT (continued)

Interest Rate Sensitivity

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

Banking Group (\$'000)							
Audited							
31/12/2015							
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	47,787	47,787	-	-	-	-	-
Cash - short-term deposits	68,000	68,000	-	-	-	-	-
Margin receivable	409,787	-	-	-	-	-	409,787
Receivables	2,327	-	-	-	-	-	2,327
Receivables from related parties	3,775	-	-	-	-	-	3,775
Financial assets at fair value through profit or loss	101,753	101,753	-	-	-	-	-
Cash collateral pledged on reverse repurchase agreements	156,311	156,311	-	-	-	-	-
Loans and advances	93,113	93,113	-	-	-	-	-
Fixed assets	49	-	-	-	-	-	49
Intangible assets	788	-	-	-	-	-	788
Deferred tax assets	166	-	-	-	-	-	166
Total Assets	883,856	466,964	-	-	-	-	416,892
LIABILITIES							
Deposits - short term	209,535	209,535	-	-	-	-	-
Financial liabilities at fair value through profit or loss	93,973	93,973	-	-	-	-	-
Cash collateral received on repurchase agreements	149,269	149,269	-	-	-	-	-
Margin Payable	408,382	-	-	-	-	-	408,382
Payables	2,794	-	-	-	-	-	2,794
Payables to related parties	18,587	-	-	-	-	-	18,587
Provision for taxation	1,316	-	-	-	-	-	1,316
Total Liabilities	883,856	452,777	-	-	-	-	431,079

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015
SUPPLEMENTAL INFORMATION

NOTE 27 - RISK MANAGEMENT (continued)

Banking Group (\$'000)

	Audited						Not interest-bearing
	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		
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 advances	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

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 following table.

NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2015
 SUPPLEMENTAL INFORMATION

NOTE 27 - RISK MANAGEMENT (continued)

Offsetting financial assets and financial liabilities (continued)

	Banking Group (\$'000)		
	Effects of offsetting on the Balance Sheet		
	Gross amounts	Gross amounts set off in the Balance Sheet	Net amounts presented in Balance Sheet
FINANCIAL ASSETS			
2015			
Amounts receivable from wholly-owned group entities	46,919	(43,144)	3,775
Total	46,919	(43,144)	3,775
2014			
Amounts receivable from wholly-owned group entities	12,723	(3,697)	9,026
Total	12,723	(3,697)	9,026
FINANCIAL LIABILITIES			
2015			
Amounts payable to wholly-owned group entities	61,731	(43,144)	18,587
Total	61,731	(43,144)	18,587
2014			
Amounts payable to wholly-owned group entities	65,293	(3,697)	61,596
Total	65,293	(3,697)	61,596

NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2015
 SUPPLEMENTAL INFORMATION

NOTE 28 - 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			Total
	Level 1	Level 2	Level 3	
Audited \$'000				
31 December 2015				
Financial assets at fair value through profit or loss	-	101,753	-	101,753
Financial liabilities at fair value through profit or loss	-	93,973	-	93,973
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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015
SUPPLEMENTAL INFORMATION

NOTE 29 - FINANCIAL INSTRUMENTS BY CATEGORY

The following is an analysis of financial instruments held at the end of the reporting period for the Banking Group:

	Banking Group		
	Audited \$'000		
	Amortised Cost	Fair value through profit or loss	Total
31 December 2015			
Assets			
Current Assets			
Trading and other receivables	415,889	-	415,889
Financial assets at fair value through profit or loss	-	101,753	101,753
Cash collateral pledged on reverse repurchase agreements	156,311	-	156,311
Loans and advances	93,113	-	93,113
	665,313	101,753	767,066
Liabilities			
Current Liabilities			
Financial liabilities at fair value through profit or loss	-	93,973	93,973
Cash collateral received on repurchase agreements	149,269	-	149,269
Payables	429,763	-	429,763
	579,032	93,973	673,005
31 December 2014			
Assets			
Current Assets			
Trading and other receivables	199,649	-	199,649
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 advances	48,044	-	48,044
	478,658	217,426	696,084
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
Payables	251,522	-	-
	480,919	168,542	397,939

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015
SUPPLEMENTAL INFORMATION

NOTE 30 - 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 2015		
Market Risk End-period		
Interest rate risk	1,132	91
Foreign currency risk	35	3
Equity risk	-	-
1 July 2015 - 31 December 2015		
Market Risk Peak End-of-day		
Interest rate risk	2,863	229
Foreign currency risk	2,544	204
Equity risk	-	-

NOTE 31 - ASSET QUALITY

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

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

The table below presents assets past due at balance date:

	Banking Group (\$'000)				
	Audited				
	Up to 30 days	Over 30 days and up to 60 days	Over 60 days and up to 90 days	Over 90 days	Total
31 December 2015					
Past due and not impaired	394	325	222	16	956
31 December 2014					
Past due and not impaired	679	193	0	24	896

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015
SUPPLEMENTAL INFORMATION

NOTE 31 - ASSET QUALITY (continued)

	Banking Group		Registered Bank (consolidated)	
	Audited	Audited	Unaudited	Audited
	12 months	12 months	12 months	12 months
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	NZ\$'000	NZ\$'000	US\$'000	US\$'000
Total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense)	-	-	16,640,000	19,735,000
Total individually impaired assets expressed as a percentage of total assets	-	-	0.9%	1.0%
Total individual credit impairment allowance	-	-	10,807,000	11,352,000
Total individual credit impairment allowance expressed as a percentage of total impaired assets	-	-	64.9%	57.5%
Total collective credit impairment allowance	-	-	-	-
Non-financial assets acquired through the enforcement of security	-	-	-	-

NOTE 32 - REGISTERED BANK PROFITABILITY AND SIZE

	Registered Bank (consolidated)	
	Unaudited	Audited
	12 months	12 months
	31/12/2015	31/12/2014
	US\$'000	US\$'000
Net profit/(loss) after taxation	16,928,000	14,778,000
Net profit/(loss) after taxation, over the previous 12 month period, as a percentage of average total assets	0.8%	0.8%
Total assets	1,914,658,000	1,986,711,000
Percentage increase/(decrease) in total assets from previous period	-3.6%	2.1%



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 13 to 48 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 24, 27, 30 and 31) 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 2015, 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 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, 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 24, 27, 30 and 31) 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.

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



***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 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 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 Banking Group.

Opinion

In our opinion, the Disclosure Statement on pages 13 to 48 (excluding the supplementary information disclosed in Notes 22, 23, 24, 25, 26, 30, 31 and 32, and the Concentration of Credit Risk as disclosed in Note 27):

- (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 Banking Group as at 31 December 2015, and its financial performance and cash flows for the year then ended.

In our opinion, the supplementary information disclosed in Notes 25, 26, and 32 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 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 24, 27, 30 and 31) for the year ended 31 December 2015:

- (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 Banking Group as far as appears from an examination of those records.



***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 24, 27, 30 and 31 of the Disclosure Statement of the Banking Group for the year ended 31 December 2015.

***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 24, 27, 30 and 31, 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 New Zealand Standard on Review Engagements 2410 Review of Financial Statements Performed by the Independent Auditor of the Entity ("NZ SRE 2410"). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the supplementary information relating to credit and market risk exposures and capital adequacy disclosed in Notes 24, 27, 30 and 31.

As the auditor of the Banking Group, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of the supplementary information in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on the supplementary information relating to credit and market risk exposures and capital adequacy.



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

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 24, 27, 30 and 31, 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.

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.

Chartered Accountants
24 March 2016

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 2015. I was responsible for the execution of the audit and delivery of our firm's auditor's report. The audit work was completed on 24 March 2016 and an unqualified opinion was issued as at that date.

Chris Cooper
Partner

24 March 2016
Sydney