

# J.P.Morgan

**JPMorgan Chase Bank, N.A., - New Zealand Branch and Associated  
JPMorgan Chase Bank, New Zealand Banking Group**

## **Disclosure Statement**

**For the six months ended 30 June 2023**



# Disclosure Statement

For the six months ended 30 June 2023

## CONTENTS

1. DEFINITIONS .....	1
2. CORPORATE INFORMATION .....	1
3. FINANCIAL SUPPORT .....	2
4. CORPORATE GOVERNANCE.....	2
5. PENDING PROCEEDINGS OR ARBITRATION.....	10
6. CURRENT CREDIT RATING OF THE REGISTERED BANK.....	10
7. INSURANCE BUSINESS AND NON-CONSOLIDATED ACTIVITIES.....	10
8. MORTGAGE BUSINESS.....	10
9. OTHER MATERIAL MATTERS .....	10
10. FINANCIAL STATEMENTS OF THE REGISTERED BANK AND BANKING GROUP .....	11
11. STATEMENT BY THE DIRECTORS AND NEW ZEALAND CHIEF EXECUTIVE OFFICER .....	11
12. DISCLOSURE STATEMENT.....	12
13. INDEPENDENT ASSURANCE REPORT TO THE MEMBERS .....	35

## 1. DEFINITIONS

In this Disclosure Statement, unless the context otherwise requires:

Term	Description
Registered Bank	The worldwide operations of JPMorgan Chase Bank, National Association or JPMorgan Chase Bank, N.A. This includes the Banking Group.
NZ Branch	The New Zealand operations of the Registered Bank conducted through its New Zealand Branch.
JPMCC	JPMorgan Chase & Co, the ultimate non-bank holding company of the Registered Bank.
Banking Group	The consolidated New Zealand operations of the Registered Bank, and includes the business conducted through the New Zealand Branch and J.P. Morgan Securities Australia Limited.
General Auditor	External and independent party appointed to conduct an assessment on internal controls and financial reporting.

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

## 2. CORPORATE INFORMATION

### Registered Bank

JPMorgan Chase Bank, National Association

### Address of the Registered Bank’s main office

1111 Polaris Parkway  
Columbus, Delaware, Ohio, 43240  
United States of America

### Ultimate Non-Bank Holding Company

JPMorgan Chase & Co.

### Ultimate Non-Bank Holding Company’s Address for Service

383 Madison Avenue  
New York, New York 10179  
United States of America

### Incorporation

The Registered Bank is a national banking association offering a wide range of banking and financial services to its customers both domestically and internationally. It is chartered by the Office of the Comptroller of the Currency (the “OCC”), an independent bureau of the United States Department of the Treasury. The Registered Bank’s business address is located at 1111 Polaris Parkway, Columbus, Delaware, OH, 43240, United States.

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

The Registered Bank is a wholly-owned bank subsidiary of JPMCC. The shares of common stock of JPMCC are listed on the New York Stock Exchange.

### 3. FINANCIAL SUPPORT

#### Ranking of Local Creditors in Winding-up

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

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

#### Guarantee Arrangements

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

### 4. CORPORATE GOVERNANCE

#### Directors of the Registered Bank

Since 31 December 2022, there have been changes to the Board of Directors of the Registered Bank as outlined below.

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

Linda B Bammann - Independent Non-Executive Director  
Retired Deputy Head of Risk Management of JPMorgan Chase & Co.  
BA - Stanford University; MA - University of Michigan  
United States of America

Stephen B Burke - Independent Non-Executive Director – Non-Executive Chairman of the Board  
Retired President, Chairman and Chief Executive Officer of NBCUniversal, LLC and NCBUniversal Media, LLC.  
Senior Advisor of Comcast Corporation  
BA - Colgate University; MBA - Harvard Business School  
United States of America

Todd A Combs - Independent Non-Executive Director  
Investment Officer at Berkshire Hathaway Inc.  
President and Chief Executive Officer of GEICO  
BS - Florida State University; MBA - Columbia Business School  
United States of America

James S Crown - Independent Non-Executive Director (Resigned: 26 June 2023)  
Chairman and Chief Executive Officer of Henry Crown and Company  
BA - Hampshire College; J.D. - Stanford University Law School  
United States of America

Alicia B Davis – Independent Non-Executive Director (Appointed: 20 March 2023)  
Chief Executive Officer of Alto Pharmacy, LLC  
BA- Northwestern University, MA – Rensselaer Polytechnic Institute, MBA – Indiana University

## **Directors of the Registered Bank (continued)**

James Dimon - Director  
Chief Executive Officer, Chairman and President of JPMorgan Chase Bank, National Association  
Chairman of the Board and Chief Executive Officer of JPMorgan Chase & Co.  
BA - Tufts University; MBA - Harvard Business School  
United States of America

Timothy P Flynn - Independent Non-Executive Director  
Retired Chairman of KPMG International, and Retired Chairman and Chief Executive Officer of KPMG  
Director of United Health Group and of Wal-Mart Stores, Inc.  
BA - The University of St. Thomas  
United States of America

Alex Gorsky – Independent Non-Executive Director  
Retired Chairman and Chief Executive Officer of Johnson & Johnson  
MBA – University of Pennsylvania Wharton School  
United States of America

Melody Hobson - Independent Non-Executive Director  
Co-CEO, President and Director of Ariel Investments, LLC and Director and Vice Chair of Starbucks Corporation  
BA - Princeton University  
United States of America

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

Phebe N Novakovic – Independent Non-Executive Director  
Chairman and Chief Executive Officer of General Dynamics  
MBA – University of Pennsylvania Wharton School  
United States of America

Virginia M. Rometty - Independent Non-Executive Director  
Retired President and Chief Executive Officer of IBM  
BS - Northwestern University  
United States of America

## **Address to which communications addressed to the Directors may be sent**

JPMorgan Chase & Co.  
Attention (Board member(s))  
Office of the Secretary  
JPMorgan Chase Bank, National Association  
4 New York Plaza, Floor 8  
New York, New York 10004-241310004  
United States of America

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

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

- Mr. Burke is a director of Berkshire Hathaway Inc., a company incorporated in the United States of America
- Mr. Combs is a director of Berkshire Hathaway subsidiaries Charter Brokerage LLC, Duracell Inc., and Precision Castparts Corp., companies incorporated in the United States of America

## **Non-banking group companies of which the Directors of the Registered Bank are directors (continued)**

- Mr. Crown is a director of General Dynamics Corporation and the Chairman and Chief Executive Officer of Henry Crown and Company, companies incorporated in the United States of America (Resigned: 26 June 2023)
- Mr. Flynn is a director of United Health Group, and Wal-Mart Stores, Inc., companies incorporated in the United States of America
- Mr Gorsky is a director of Apple, IBM, New York-Presbyterian Hospital and the Travis Manion Foundation, companies incorporated in the United States of America
- Ms. Hobson is a director and Vice Chair of Starbucks Corporation, a company incorporated in the United States of America

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

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

## **Director Related Transactions**

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

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

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

Robert Bedwell

Senior Country Officer, JPMorgan Australia and New Zealand

BCom – University of Western Sydney; MCom – University of New South Wales

Australia

Warren Davis

Senior Country Business Manager, JPMorgan Australia and New Zealand Group

Australia

Kelly Mebberson (Resigned: 21 August 2023)

Senior Financial Officer, JPMorgan Australia and New Zealand

BCom – University of Auckland, New Zealand; MCom – University of Sydney; Certified Practising Accountant

Australia

## **New Zealand Chief Executive Officer**

The name, occupation, professional qualifications and country of residence of the New Zealand Chief Executive Officer who held office at any time during the reporting period ended 30 June 2023 are as follows:

Robert Bedwell

New Zealand Chief Executive Officer

BCom – University of Western Sydney; MCom – University of New South Wales

Australia

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

JPMorgan Chase Bank, N.A. - New Zealand Branch

PO Box 5652

Lambton Quay, Wellington 6145

New Zealand

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

Mr Robert Bedwell is a Director of the Australian Financial Markets Association, J.P. Morgan Securities Australia Limited and J.P. Morgan Australia Group Pty Limited.

## **New Zealand Chief Executive Officer Related Transactions**

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

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

PricewaterhouseCoopers  
One International Towers Sydney  
Watermans Quay, Barangaroo  
Sydney NSW 2000  
Australia

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

## **Transactions with Related Persons**

JPMCC has adopted several policies and procedures for identifying conflicts of interest and reviewing and, where appropriate approving transactions with related persons (i.e. JPMCC's Directors, executive officers and their immediate family members, among others).

Independent Non-Executive Directors are required to complete a Conflicts Questionnaire at the time of appointment, in relation to interest and relationships with connected persons. On a quarterly basis, if there are changes in the form of additions or deletions to their previously disclosed conflicts, the director should inform their Corporate Governance Contact.

Directors who are an employee of JPMCC are subject to comply with J.P. Morgan's Code of Conduct, the Firmwide Outside Activities Policy and/or the Personal Account Declaration (PAD) Policy. After becoming aware of any activities or transactions which may be subject to these policies Policy, the related person is required to report all relevant facts with respect to the transaction to the Compliance Officer of JPMCC for pre-clearance.

## **Regulation O**

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

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

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

## **Conflicts of Interest**

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

## **Corporate Governance and Risk Management**

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

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

Within the three lines of defense model of the Registered Bank, the lines of business own management of risks and compliance with applicable laws/rules/regulations, while independent functions (Risk, Compliance, Audit) provide oversight, guidance and effective challenge.

## **Audit Committee and Internal Audit**

The Banking Group is audited by J.P. Morgan Internal Audit, which is an independent function that provides objective assurance guided by a philosophy of adding value to improve the operations of the organization. It assists the organization in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, and internal control processes.

The scope of Internal Audit encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the design of the organization's governance, risk management, and internal control processes as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives.

The General Auditor reports functionally to the Audit Committee of the Board of Directors and administratively to the Chief Executive Officer. This reporting relationship is designed to ensure the ongoing independence of the Internal Audit function in order to provide for the objectivity of its findings, recommendations and opinions.

Internal Audit follows a comprehensive four year risk-based cycle audit plan, which is developed after risk assessments are completed at the Audit Universe Item (AUI) level ("Bottom Up" Risk Assessment). The plan is supplemented to ensure that key risks, controls, and topics obtain adequate coverage in the plan year (referred to as the "Top Down" Analysis). Depending on the nature and risk profile of the business and the related audit objectives, one or more of the following audit activity types may be leveraged:

- Audit – Examination of significant business and operational key risks and the controls established to mitigate those risks, including compliance with laws, regulations and established policies and procedures
- Change Activity (including Post-acquisition Integration Reviews) – Encompasses any event with significant impact on the control environment, including new products/businesses, new/significantly revised regulations, new accounting pronouncements, large-scale remediation programs, system development/implementation, business migrations/consolidations, business divestitures and branch/office closures. Post-acquisition integration reviews are performed upon the purchase of an entire company, the purchase of a portfolio from another business, the in-sourcing of a business process from another company, or participation in a joint venture to assess the control environment of the acquired company/process in relation to JPMC standards



## Audit Committee and Internal Audit (continued)

- Targeted Control Review – Focused on a select group of key risks and controls to allow Internal Audit to quickly assess and communicate whether key controls are operating effectively or require remediation
- Continuous Auditing – component of audit coverage and ongoing evaluation of the Firm’s businesses; provides near real-time assessments of controls through repeatable and automated tests of automated controls, and system-dependent manual controls
- Audit Issue Validation – Audit issues (audit identified issues and non-audit identified issues considered relevant to scope) are validated for appropriate remediation within 60 days and 12 months of closure for High and Medium severity issues respectively.

The Board of Directors’ Audit Committee is comprised solely of four non-management Directors who are required to meet the independence and expertise requirements of all applicable laws and regulations. The purpose of the Audit Committee is to assist the Board of Directors' oversight of:

- The independent registered public accounting firm's qualifications and independence;
- The performance of the JPMCC’s internal audit function and the independent registered public accounting firm; and
- Management's responsibilities to assure that there is an effective system of controls reasonably designed to:
  - Safeguard the assets and income of JPMCC;
  - Assure the integrity of JPMCC’s financial statements; and
  - Maintain compliance with JPMCC’s ethical standards, policies, plans and procedures, and with laws and regulations.

## Conditions of Registration

### Changes to the Conditions of Registration

There have been the following changes to the Bank’s Conditions of Registration during the six months ended 30 June 2023:

Change #	Effective Date of Change	Description of Change
1	1 June 2023	The conditions of registration were amended to implement changes to Loan-to-Value Restrictions (LVRs), which take into effect on 1 June 2023. The 10% limit for loans with LVR above 80% for owner occupiers, was changed to a 15% limit for loans with LVR above 80% and the 5% limit for loans with LVR above 60% for investors was amended to a LVR above 65%.

### The Conditions of Registration for JPMorgan Chase Bank, N.A. in New Zealand as at 30 June 2023

The registration of JPMorgan Chase Bank, N.A. (“the registered bank”) in New Zealand is subject to the following conditions which came into effect on 1 June 2023:

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

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

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

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

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

## Conditions of Registration (continued)

### The Conditions of Registration for JPMorgan Chase Bank, N.A. in New Zealand as at 30 June 2023

(b) if the entity conducts insurance business and its business does not predominantly consist of insurance business and the entity is not a subsidiary of another entity in the banking group whose business predominantly consists of insurance business, the amount of the insurance business to sum is the total liabilities relating to the entity's insurance business plus the equity retained by the entity to meet the solvency or financial soundness needs of its insurance business.

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

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

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

For the purposes of this condition of registration, —

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

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

3. That the business of the registered bank in New Zealand does not constitute a predominant proportion of the total business of the registered bank.
4. That no appointment to the position of the New Zealand chief executive officer of the registered bank shall be made unless:
  - (a) the Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee; and
  - (b) the Reserve Bank has advised that it has no objection to that appointment.
5. That JPMorgan Chase Bank, N.A. complies with the requirements imposed on it by the Office of the Comptroller of the Currency and the Federal Reserve Bank of New York.
6. That, with reference to the following table, each capital adequacy ratio of JPMorgan Chase Bank, N.A. must be equal to or greater than the applicable minimum requirement.

Capital adequacy ratio	Minimum requirement on and after 1 January 2015
Common Equity Tier 1 capital	4.5 percent
Tier 1 capital	6 percent
Total capital	8 percent

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

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

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

7. That liabilities of the registered bank in New Zealand, net of amounts due to related parties (including amounts due to a subsidiary or affiliate of the registered bank), do not exceed NZ\$15 billion.
8. That retail deposits of the registered bank in New Zealand do not exceed \$200 million. For the purposes of this condition retail deposits are defined as deposits by natural persons, excluding deposits with an outstanding balance which exceeds \$250,000.

## Conditions of Registration (continued)

### The Conditions of Registration for JPMorgan Chase Bank, N.A. in New Zealand as at 30 June 2023

9. *That, for a loan-to-valuation measurement period ending on or after 30 November 2023, the total of the business of the registered bank in New Zealand’s qualifying new mortgage lending amount in respect of property-investment residential mortgage loans with a loan-to-valuation ratio of more than 65%, must not exceed 5% of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the loan-to-valuation measurement period.*
10. *That, for a loan-to-valuation measurement period ending on or after 30 November 2023, the total of the business of the registered bank in New Zealand’s qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans with a loan-to-valuation ratio of more than 80%, must not exceed 15% of the total of the qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the loan-to-valuation measurement period.*
11. *That the business of the registered bank in New Zealand must not make a residential mortgage loan unless the terms and conditions of the loan contract or the terms and conditions for an associated mortgage require that a borrower obtain the registered bank’s agreement before the borrower can grant to another person a charge over the residential property used as security for the loan.*

*In these conditions of registration,—*

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

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

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

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

*In conditions of registration 9 to 11,—*

*“loan-to-valuation ratio”, “non property-investment residential mortgage loan”, “property-investment residential mortgage loan”, “qualifying new mortgage lending amount in respect of property-investment residential mortgage loans”, “qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans”, and “residential mortgage loan” have the same meaning as in the Reserve Bank of New Zealand document entitled “Framework for Restrictions on High-LVR Residential Mortgage Lending” (BS19) dated October 2021, and where the version dates of the Reserve Bank of New Zealand Banking Prudential Requirement (BPR) documents referred to in BS19 for the purpose of defining these terms are –*

<b>BPR document</b>	<b>Version date</b>
BPR131: Standardised credit risk RWAs	1 October 2021
BPR001: Glossary	1 July 2021

*“loan-to-valuation measurement period” means a period of six calendar months ending on the last day of the sixth calendar month.*

## 5. PENDING PROCEEDINGS OR ARBITRATION

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

## 6. CURRENT CREDIT RATING OF THE REGISTERED BANK

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

	<i>Current Rating</i>	<i>Previous Credit Rating (if changed in the previous two years)</i>	<i>Outlook</i>
Moody's Investor Services, Inc	Aa2	-	Stable
Standard & Poor's Corporation	A+	-	Positive
Fitch IBCA, Inc	AA	-	Stable

### Legend to Rating Scales

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

- (a) Moody's applies numeric modifiers to each generic ratings category from Aa to B, indicating that the counterparty is:
- (1) in the higher end of its letter rating category
  - (2) in mid-range
  - (3) in lower end
- (b) S&P and Fitch apply plus (+) or minus (-) signs to ratings from AA to CCC, to indicate relative standing within the major rating categories.

## 7. INSURANCE BUSINESS AND NON-CONSOLIDATED ACTIVITIES

The Banking Group does not conduct any insurance business.

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

## 8. MORTGAGE BUSINESS

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

## 9. OTHER MATERIAL MATTERS

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

## 10. FINANCIAL STATEMENTS OF THE REGISTERED BANK AND BANKING GROUP

Any person, upon request and without charge, may obtain a copy of the Banking Group's most recent Disclosure Statement, which contains a copy of the most recent publicly available (un-audited) consolidated financial statements of the Registered Bank ("Call Report") for the period ended 30 June 2023 and the Registered Bank's audited financial statements for the fiscal year ended 31 December 2022 ("2022 Financials") by requesting a copy from [jpm\\_rbnz\\_finance\\_aus@jpmorgan.com](mailto:jpm_rbnz_finance_aus@jpmorgan.com). The most recent Call Report is also available online at <http://www.jpmorgan.com/pages/international/newzealand>.

The Call Report is prepared in accordance with the regulatory instructions issued by the Federal Financial Institutions Examination Council ("FFIEC"), as compared to the 2022 Financials which is prepared in accordance with U.S. GAAP. In 1997, the FFIEC adopted U.S. GAAP as the reporting basis for the consolidated balance sheet, income statement and related schedules included in the Call Report. Despite the adoption of U.S. GAAP as the reporting basis for the Call Report, the presentation of financial statements in the Call Report differs significantly from the presentation of financial statements included in the 2022 Financials, the Call Report generally contains less disclosure than audited financial statements prepared in accordance with U.S. GAAP.

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

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


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

The current members of the Board of Directors of the Registered Bank are Linda B Bammann, Stephen B Burke, Todd A Combs, Alicia Davis, James Dimon, Timothy P Flynn, Alex Gorsky, Mellody Hobson, Michael A Neal, Phebe N Novakovic, and Virginia M. Rometty.

The Disclosure Statement is signed by Mr Warren Davis as a Responsible Person on behalf of each of the Directors, and Mr Bedwell, as New Zealand Chief Executive Officer.

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

28 August 2023  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Robert Bedwell

28 August 2023  
\_\_\_\_\_  
Date

Signed on behalf of the Directors of JPMorgan Chase Bank, National Association.

## 12. Disclosure Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2023

### Contents

STATEMENT OF COMPREHENSIVE INCOME .....	13
STATEMENT OF CHANGES IN EQUITY .....	14
STATEMENT OF FINANCIAL POSITION .....	15
STATEMENT OF CASH FLOWS .....	16
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES.....	17
NOTES TO THE FINANCIAL STATEMENTS.....	19
NOTE 1 – NET INTEREST INCOME.....	19
NOTE 2 – OTHER OPERATING INCOME/(LOSS) .....	19
NOTE 3 – OPERATING EXPENSES .....	19
NOTE 4 – CREDIT IMPAIRMENT LOSSES .....	20
NOTE 5 – INCOME TAX EXPENSE/(BENEFIT).....	20
NOTE 6 – EQUITY .....	20
NOTE 7 – OTHER COMPREHENSIVE INCOME .....	20
NOTE 8 – CASH AND CASH EQUIVALENTS .....	21
NOTE 9 – MARGIN AND OTHER RECEIVABLES.....	21
NOTE 10 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS .....	21
NOTE 11 – FINANCIAL ASSETS AT AMORTISED COST .....	22
NOTE 12 – FINANCIAL ASSETS THROUGH OTHER COMPREHENSIVE INCOME .....	23
NOTE 13 – LEASES.....	23
NOTE 14 – DEPOSITS – SHORT-TERM .....	23
NOTE 15 – FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS .....	23
NOTE 16 – MARGIN AND OTHER PAYABLES.....	24
NOTE 17 – RELATED PARTY TRANSACTIONS .....	24
NOTE 18 – TOTAL LIABILITIES OF THE REGISTERED BANK, NET OF AMOUNTS DUE TO RELATED PARTIES .....	24
NOTE 19 – COMMITMENTS AND CONTINGENT LIABILITIES .....	24
NOTE 20 – RECONCILIATION OF NET SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES .....	25
NOTE 21 – EVENTS AFTER THE REPORTING PERIOD .....	25
NOTE 22 – INTEREST EARNING AND DISCOUNT BEARING ASSETS AND LIABILITIES .....	26
NOTE 23 – CAPITAL ADEQUACY .....	26
NOTE 24 – ACTIVITIES OF THE BANKING GROUP IN NEW ZEALAND .....	27
NOTE 25 – RISK MANAGEMENT.....	27
NOTE 26 – EXPOSURE TO MARKET RISK.....	33
NOTE 27 – ASSET QUALITY .....	33
NOTE 28 – REGISTERED BANK PROFITABILITY AND SIZE .....	34

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

		<b>Banking Group (\$'000)</b>		
	<b>Note</b>	<b>Unaudited 6 months 30/06/2023</b>	<b>Unaudited 6 months 30/06/2022</b>	<b>Audited 12 months 31/12/2022</b>
Interest income				
Calculated using the effective interest rate method		17,086	3,383	12,872
Being from instruments held at fair value		89,214	17,773	73,456
<b>Total Interest income</b>		<b>106,300</b>	<b>21,156</b>	<b>86,328</b>
Interest expense				
Calculated using the effective interest rate method		(9,425)	(1,627)	(6,696)
Being from instruments held at fair value		(81,695)	(7,774)	(51,288)
<b>Total Interest expense</b>		<b>(91,120)</b>	<b>(9,401)</b>	<b>(57,984)</b>
<b>Net interest income</b>	<b>1</b>	<b>15,180</b>	<b>11,755</b>	<b>28,344</b>
Other operating income/(loss)	<b>2</b>	12,597	(4,720)	(6,062)
<b>Total operating income</b>		<b>27,777</b>	<b>7,035</b>	<b>22,282</b>
Operating expenses	<b>3</b>	(5,905)	(6,048)	(12,113)
Credit impairment benefit/(losses)	<b>4</b>	307	(342)	(326)
<b>Net profit/(loss) before taxation</b>		<b>22,179</b>	<b>645</b>	<b>9,843</b>
Income tax expense	<b>5</b>	(6,651)	(198)	(3,230)
<b>Net profit/(loss) after taxation</b>		<b>15,528</b>	<b>447</b>	<b>6,613</b>
Other comprehensive (loss)/income, net of tax	<b>7</b>	(8)	(16)	(77)
<b>Total comprehensive income for the period</b>		<b>15,520</b>	<b>431</b>	<b>6,536</b>

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

STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2023

		Banking Group (\$'000)				
Note	Share Capital	Other Reserves	Foreign Currency Translation Reserve	Retained Earnings	Total Equity	
<b>30 June 2022</b>						
	Equity as at 1 January 2022 (audited)	-	-	-	-	
	Net profit/(loss) after taxation	-	-	447	447	
7	Movement during the period	-	(16)	-	(16)	
	<b>Total comprehensive income for the period</b>	-	<b>(16)</b>	<b>447</b>	<b>431</b>	
	(Repatriation)/reimbursement (to)/from head office	-	16	(447)	(431)	
6	<b>Equity as at 30 June 2022 (unaudited)</b>	-	-	-	-	
<b>31 December 2022</b>						
	Equity as at 1 January 2022 (audited)	-	-	-	-	
	Net profit/(loss) after taxation	-	-	6,613	6,613	
7	Movement during the period	-	(77)	-	(77)	
	<b>Total comprehensive income for the year</b>	-	<b>(77)</b>	<b>6,613</b>	<b>6,536</b>	
	(Repatriation)/reimbursement (to)/from head office	-	77	(6,613)	(6,536)	
6	<b>Equity as at 31 December 2022 (audited)</b>	-	-	-	-	
<b>30 June 2023</b>						
	Equity as at 1 January 2023 (audited)	-	-	-	-	
	Net profit/(loss) after taxation	-	-	15,528	15,528	
7	Movements during the period	-	(93)	85	(8)	
	<b>Total comprehensive income for the period</b>	-	<b>(93)</b>	<b>85</b>	<b>15,520</b>	
	(Repatriation)/reimbursement (to)/from Australian Operation	-	<b>93</b>	<b>(85)</b>	<b>(15,520)</b>	
6	<b>Equity as at 30 June 2023 (unaudited)</b>	-	-	-	-	

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



**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2023**

		Banking Group (\$'000)		
	Note	Unaudited 6 months 30/06/2023	Unaudited 6 months 30/06/2022	Audited 12 months 31/12/2022
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	8	528,529	420,138	485,216
Margin and other receivables	9	35,732	13,276	37,885
Financial assets at fair value through profit or loss	10	3,339,240	1,406,299	5,269,263
Financial assets at amortised cost	11	112,597	94,678	95,313
Financial assets at fair value through other comprehensive income	12	39,862	-	-
Income tax asset		-	795	-
		<b>4,055,960</b>	<b>1,935,186</b>	<b>5,887,677</b>
<b>Non Current Assets</b>				
Right-of-use asset	13	304	460	372
Property, plant & equipment		61	69	63
Income tax asset		-	1,184	-
Deferred tax assets		971	943	1,355
		<b>1,336</b>	<b>2,656</b>	<b>1,790</b>
		<b>4,057,296</b>	<b>1,937,842</b>	<b>5,889,467</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Deposits – short term	14	681,962	519,304	582,172
Financial liabilities at fair value through profit or loss	15	3,095,012	1,289,331	5,243,600
Derivative liabilities		27	63	-
Margin and other payables	16	273,662	128,713	61,827
Lease liabilities	13	152	150	152
Provision for taxation		4,999	-	166
		<b>4,055,814</b>	<b>1,937,561</b>	<b>5,887,917</b>
<b>Non Current Liabilities</b>				
Lease liabilities	13	128	281	204
Provision for taxation		1,354	-	1,346
		<b>1,482</b>	<b>281</b>	<b>1,550</b>
		<b>4,057,296</b>	<b>1,937,842</b>	<b>5,889,467</b>
<b>Net Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>EQUITY</b>				
Attributable to the shareholders of the Banking Group		-	-	-
<b>Total Equity</b>	6	<b>-</b>	<b>-</b>	<b>-</b>

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

**STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	<b>Banking Group (\$'000)</b>		
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>6 months</b>	<b>6 months</b>	<b>12 months</b>
	<b>30/06/2023</b>	<b>30/06/2022</b>	<b>31/12/2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Fees, commissions and other income received	10,930	6,191	13,898
Payments to suppliers and employees	(3,270)	(15,236)	(18,819)
Payments to related parties	(426,419)	(405,935)	(528,237)
Net movement in margin balances	(12,857)	(2,512)	(2,708)
Net (cashflows)/proceeds from (disposal)/purchase of financial instruments	(166,192)	(45,313)	17,352
Net (increase)/decrease in loans	(57,146)	(79,543)	(78,656)
Increase/(decrease) in deposits	637,934	(31,765)	50,362
Tax paid	(6,869)	1,081	(1,980)
Interest received	85,521	14,893	50,648
Interest paid	(5,534)	(2,429)	(7,727)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>20 56,097</b>	<b>(560,568)</b>	<b>(505,867)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Plant and equipment	2	(5)	5
<b>Net cash inflow/(outflow) from investing activities</b>	<b>2</b>	<b>(5)</b>	<b>5</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments for leases	(77)	(75)	(153)
Repatriation of profit	(3,742)	77	(2,454)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(3,819)</b>	<b>2</b>	<b>(2,607)</b>
<b>Net increase/(decrease) in cash</b>	<b>52,280</b>	<b>(560,571)</b>	<b>(508,469)</b>
Opening cash and cash equivalents	<b>485,216</b>	<b>981,428</b>	<b>981,428</b>
Effect of changes in foreign exchange rates on cash balances	(8,967)	(719)	12,257
<b>Closing cash and cash equivalents</b>	<b>8 528,529</b>	<b>420,138</b>	<b>485,216</b>

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

## 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.

These financial statements are for the Banking Group and are authorised by the Directors for issue on 28 August 2023. 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 and liabilities which are recorded at their fair values. The going concern concept and the accruals concept of accounting have been adopted. All amounts are expressed in New Zealand dollars and all references to “\$” are to New Zealand dollars unless otherwise stated. The amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

### C. Basis of Aggregation and Preparation

The financial statements of NZ Branch and the New Zealand branch operations of J.P. Morgan Securities Australia 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 at balance date. These instruments are classified as level 1. However, for certain financial instruments where no active market exists, judgement is used to select the valuation technique which best estimates its fair value.

The fair value of all other financial instruments held by the Banking Group at balance date is determined using valuation techniques or models which apply market observable inputs. These instruments are classified as level 2.

The Banking Group does not hold any financial instruments classified as level 3 on the fair value hierarchy.

- **Measurement of the expected credit loss allowance**

An expected credit loss allowance (“ECL”) is required for financial assets measured at amortised cost and fair value through other comprehensive income as well as lending-related commitments such as loan commitments and financial guarantees. The measurement of ECL requires the use of complex models and significant assumptions about future economic conditions and credit behaviours.

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### E. Critical Accounting Estimates and Judgements (continued)

- **Measurement of the expected credit loss allowance (continued)**

A number of significant judgements are also required in measuring ECL, such as:

- Determining the criteria for identifying when financial instruments have experienced a significant increase in credit risk;
- Choosing appropriate forecasts and assumptions for the measurement of ECL;
- Application of post-model adjustments;
- Establishing the number and relative weightings of forward-looking scenarios for each type of financial instrument/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

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

### F. Significant Accounting Policies

There have been no changes in accounting policies or methods of computation in the preparation of the financial statements for the six months ended 30 June 2023, since the most recent annual financial statements for the year ended 31 December 2022.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

**NOTE 1 – NET INTEREST INCOME**

	<b>Banking Group (\$'000)</b>		
	<b>Unaudited 6 months 30/06/2023</b>	<b>Unaudited 6 months 30/06/2022</b>	<b>Audited 12 months 31/12/2022</b>
Financial assets at amortised cost			
Cash and cash equivalents	10,856	1,915	8,163
Loans and advances	5,357	1,468	4,709
Financial assets at fair value through profit or loss			
Bank bills	33,812	1,004	16,058
Government bonds, notes and securities	13,945	10,805	25,859
Cash collateral pledged on reverse repurchase agreements	41,457	5,964	31,539
Financial assets at fair value through other comprehensive income	873	-	-
<b>Total interest income</b>	<b>106,300</b>	<b>21,156</b>	<b>86,328</b>
Financial liabilities at amortised cost	(9,423)	(1,609)	(6,676)
Financial liabilities at fair value through profit or loss			
Trading securities	(2,029)	(979)	(2,251)
Cash collateral received on repurchase agreements	(79,666)	(6,795)	(49,037)
Other	(2)	(18)	(20)
<b>Total interest expense</b>	<b>(91,120)</b>	<b>(9,401)</b>	<b>(57,984)</b>
<b>Total net interest income</b>	<b>15,180</b>	<b>11,755</b>	<b>28,344</b>

**NOTE 2 – OTHER OPERATING INCOME/(LOSS)**

	<b>Banking Group (\$'000)</b>		
	<b>Unaudited 6 months 30/06/2023</b>	<b>Unaudited 6 months 30/06/2022</b>	<b>Audited 12 months 31/12/2022</b>
Fee and commissions income	14,313	9,116	16,510
Trading (loss)/income	(1,461)	(13,678)	(23,031)
Other (loss)/income	(255)	(158)	459
<b>Total other operating (loss)/income</b>	<b>12,597</b>	<b>(4,720)</b>	<b>(6,062)</b>

**NOTE 3 – OPERATING EXPENSES**

	<b>Banking Group (\$'000)</b>		
	<b>Unaudited 6 months 30/06/2023</b>	<b>Unaudited 6 months 30/06/2022</b>	<b>Audited 12 months 31/12/2022</b>
Administration expenses	2,788	3,997	6,750
Fee and commissions expenses	1,330	668	2,197
Employee expenses	730	603	1,434
Occupancy expenses	46	62	75
Depreciation & amortisation	87	76	168
Professional services expenses	317	12	206
Other expenses	607	630	1,283
<b>Total operating expenses</b>	<b>5,905</b>	<b>6,048</b>	<b>12,113</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**

Banking Group (\$'000)		
Unaudited 6 months 30/06/2023	Unaudited 6 months 30/06/2022	Audited 12 months 31/12/2022

**NOTE 4 – CREDIT IMPAIRMENT LOSSES**

Movement in collectively assessed Provisions for Expected Credit Losses, net of write-offs	61	(381)	(473)
Movement in individually assessed Provisions for Expected Credit Losses, net of write-offs	-	-	-
Reversals of previously recognised impairment losses	246	39	147
	<u>307</u>	<u>(342)</u>	<u>(326)</u>

Banking Group (\$'000)		
Unaudited 6 months 30/06/2023	Unaudited 6 months 30/06/2022	Audited 12 months 31/12/2022

**NOTE 5 – INCOME TAX EXPENSE/(BENEFIT)**

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

Current tax	6,259	59	3,502
Deferred tax	384	-	(412)
Relating to prior periods	8	139	140
	<u>6,651</u>	<u>198</u>	<u>3,230</u>

(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	22,179	645	9,843
Income tax expense/(benefit) - prima facie at the Australian rate of 30% and New Zealand rate of 28%	6,533	155	2,851
Relating to prior periods	8	139	140
Tax effect on non deductible expense	110	(96)	62
Tax effect on other assessable income	-	-	177
<b>Total income tax expense</b>	<u>6,651</u>	<u>198</u>	<u>3,230</u>

**NOTE 6 – EQUITY**

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

Banking Group (\$'000)		
Unaudited 6 months 30/06/2023	Unaudited 6 months 30/06/2022	Audited 12 months 31/12/2022

**NOTE 7 – OTHER COMPREHENSIVE INCOME**

Opening balance	-	-	-
Gains/(losses) on loans designated as FVOCI	(93)	-	-
Foreign currency translation reserve movement	85	(16)	(77)
<b>Movement during the period</b>	<u>(8)</u>	<u>(16)</u>	<u>(77)</u>
(Repatriation)/reimbursement (to)/from head office	8	16	77
<b>Closing balance</b>	<u>-</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**

<b>Banking Group (\$'000)</b>		
<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>6 months</b>	<b>6 months</b>	<b>12 months</b>
<b>30/06/2023</b>	<b>30/06/2022</b>	<b>31/12/2022</b>

**NOTE 8 – CASH AND CASH EQUIVALENTS**

**Due from central and other banks**

New Zealand - short term deposit	175,000	280,000	300,000
New Zealand - at call	146,863	98,029	162,494
Overseas - at call	206,666	42,109	22,722
<b>Total due from central and other banks</b>	<b>528,529</b>	<b>420,138</b>	<b>485,216</b>
<b>Total cash and cash equivalents</b>	<b>528,529</b>	<b>420,138</b>	<b>485,216</b>

**8 (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	528,529	420,138	485,216
	<b>528,529</b>	<b>420,138</b>	<b>485,216</b>

<b>Banking Group (\$'000)</b>		
<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>6 months</b>	<b>6 months</b>	<b>12 months</b>
<b>30/06/2023</b>	<b>30/06/2022</b>	<b>31/12/2022</b>

**NOTE 9 – MARGIN AND OTHER RECEIVABLES**

Trade receivable	-	-	19,189
Margin receivable	28,484	8,873	6,059
Interest receivable	3,043	342	10,497
Amounts due from related parties	1,913	1,041	902
Fee income receivable	1,982	3,020	1,209
Other receivable	310	-	29
<b>Total margin and other receivables</b>	<b>35,732</b>	<b>13,276</b>	<b>37,885</b>

<b>Banking Group (\$'000)</b>		
<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>6 months</b>	<b>6 months</b>	<b>12 months</b>
<b>30/06/2023</b>	<b>30/06/2022</b>	<b>31/12/2022</b>

**NOTE 10 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

Bank bills	2,096,419	-	2,456,026
Government bonds, notes and securities	125,748	479,522	912,834
Cash collateral pledged on reverse repurchase agreements	1,117,073	926,777	1,900,403
<b>Total financial assets at fair value through profit or loss</b>	<b>3,339,240</b>	<b>1,406,299</b>	<b>5,269,263</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE SIX MONTHS ENDED 30 JUNE 2023

Banking Group (\$'000)		
Unaudited 6 months 30/06/2023	Unaudited 6 months 30/06/2022	Audited 12 months 31/12/2022
Loans and advances	114,376	96,825
Expected credit loss allowance	(1,779)	(2,147)
<b>Total financial assets at amortised cost</b>	<b>112,597</b>	<b>95,313</b>

NOTE 11 – FINANCIAL ASSETS AT AMORTISED COST

	ECL				Gross Carrying Amount			
	Stage 1 12-month ECL \$'000	Stage 2 Lifetime ECL \$'000	Stage 3 Lifetime ECL \$'000	Total \$'000	Stage 1 \$'000	Stage 2 \$'000	Stage 3 \$'000	Total \$'000
	<b>30 June 2022</b>							
<b>As at 1 January 2022</b>	(283)	-	-	(283)	16,940	-	-	16,940
New loans originated from existing commitments	(1,826)	-	-	(1,826)	29,669	-	-	29,669
New loans originated or purchased	(77)	-	-	(77)	52,210	-	-	52,210
Loans derecognised or repaid	39	-	-	39	(1,994)	-	-	1,994
Stage transfers	-	-	-	-	-	-	-	-
<b>As at 30 June 2022</b>	<b>(2,147)</b>	<b>-</b>	<b>-</b>	<b>(2,147)</b>	<b>96,825</b>	<b>-</b>	<b>-</b>	<b>96,825</b>
<b>31 December 2022</b>								
<b>As at 1 January 2022</b>	(283)	-	-	(283)	16,940	-	-	16,940
New loans originated from existing commitments	(1,854)	-	-	(1,854)	29,705	-	-	29,705
New loans originated or purchased	(58)	-	-	(58)	59,510	-	-	59,510
Loans derecognised or repaid	147	-	-	147	(8,794)	-	-	(8,794)
Stage transfers	-	-	-	-	-	-	-	-
<b>As at 31 December 2022</b>	<b>(2,048)</b>	<b>-</b>	<b>-</b>	<b>(2,048)</b>	<b>97,361</b>	<b>-</b>	<b>-</b>	<b>97,361</b>
<b>30 June 2023</b>								
<b>As at 1 January 2023</b>	(2,048)	-	-	(2,048)	97,361	-	-	97,361
New loans originated from existing commitments	-	-	-	-	-	-	-	-
New loans originated or purchased	(18)	-	-	(18)	39,977	-	-	39,977
Loans derecognised or repaid	287	-	-	287	(22,962)	-	-	(22,962)
Stage transfers	-	-	-	-	-	-	-	-
<b>As at 30 June 2023</b>	<b>(1,779)</b>	<b>-</b>	<b>-</b>	<b>(1,779)</b>	<b>114,376</b>	<b>-</b>	<b>-</b>	<b>114,376</b>

\*There were no Stage 2 or 3 loss allowances during the period

Neither the NZ Branch or the Banking Group have any financial assets designated as fair value through profit or loss on which there have been changes in fair value that are attributable to changes in credit risk of the financial asset. There were no individually impaired assets for the Banking Group at any point during the 2023 and the 2022 financial years.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	<b>Banking Group (\$'000)</b>		
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>6 months</b>	<b>6 months</b>	<b>12 months</b>
	<b>30/06/2023</b>	<b>30/06/2022</b>	<b>31/12/2022</b>
<b>NOTE 12 – FINANCIAL ASSETS THROUGH OTHER COMPREHENSIVE INCOME</b>			
Loans and advances	39,955	-	-
Fair value adjustments	(93)	-	-
<b>Total financial assets at fair value through other comprehensive income</b>	<b>39,862</b>	<b>-</b>	<b>-</b>

**NOTE 13 – LEASES**

**Amounts recognised in the Statement of Financial Position**

The Statement of Financial Positions shows the following amounts relating to leases as at 30 June 2023:

**Right-of-use assets**

Properties \$304,000 (30 June 2022: \$460,000)

**Lease liabilities**

Current \$152,000 and Non-current \$128,000 (30 June 2022: Current \$150,000, Non-current: \$281,000).

**Amounts recognised in the Statement of Comprehensive Income**

The Statement of Comprehensive Income shows the following amounts relating to leases for the six months ended 30 June 2023:

**Amortization charge of right-of-use assets**

Properties \$159,000 (30 June 2022: \$76,000)

**Interest Expense on Lease Liability**

Leases \$2,000 (30 June 2022: \$18,000)

	<b>Banking Group (\$'000)</b>		
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>6 months</b>	<b>6 months</b>	<b>12 months</b>
	<b>30/06/2023</b>	<b>30/06/2022</b>	<b>31/12/2022</b>
<b>NOTE 14 – DEPOSITS – SHORT-TERM</b>			
Deposits	681,962	519,304	582,172
<b>Total Deposits – short term</b>	<b>681,962</b>	<b>519,304</b>	<b>582,172</b>

Retail deposits of the Registered Bank in New Zealand for the six months ended 30 June 2023 were Nil (2022: Nil).

	<b>Banking Group (\$'000)</b>		
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>6 months</b>	<b>6 months</b>	<b>12 months</b>
	<b>30/06/2023</b>	<b>30/06/2022</b>	<b>31/12/2022</b>
<b>NOTE 15 – FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			
Trading securities	83,357	75,589	214,083
Cash collateral received on repurchase agreements	3,011,655	1,213,742	5,029,517
<b>Total financial liabilities at fair value through profit or loss</b>	<b>3,095,012</b>	<b>1,289,331</b>	<b>5,243,600</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**

	<b>Banking Group (\$'000)</b>		
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>6 months</b>	<b>6 months</b>	<b>12 months</b>
	<b>30/06/2023</b>	<b>30/06/2022</b>	<b>31/12/2022</b>
<b>NOTE 16 – MARGIN AND OTHER PAYABLES</b>			
Margin payable	13,396	6,837	3,828
Interest payable	8,289	486	2,526
Accrued expenses	1,497	1,778	3,145
Amounts due to related parties	215,308	119,514	52,097
Trade payables	34,496	-	-
Other payable	676	98	231
<b>Total margin and other payables</b>	<b>273,662</b>	<b>128,713</b>	<b>61,827</b>

**NOTE 17 – 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 Australian incorporated company 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.

	<b>Banking Group (\$'000)</b>		
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>6 months</b>	<b>6 months</b>	<b>12 months</b>
	<b>30/06/2023</b>	<b>30/06/2022</b>	<b>31/12/2022</b>
Total due from related parties	820,135	919,239	1,522,096
Total due to related parties	3,019,828	1,519,805	5,276,118

**NOTE 18 – TOTAL LIABILITIES OF THE REGISTERED BANK, NET OF AMOUNTS DUE TO RELATED PARTIES**

	<b>NZ Branch (\$'000)</b>		
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>6 months</b>	<b>6 months</b>	<b>12 months</b>
	<b>30/06/2023</b>	<b>30/06/2022</b>	<b>31/12/2022</b>
Total (assets)/liabilities net of amounts due to related parties	<b>(427,036)</b>	<b>289,652</b>	<b>(550,277)</b>

**NOTE 19 – COMMITMENTS AND CONTINGENT LIABILITIES**

As at 30 June 2023, the Banking Group has no undrawn committed facilities (30 June 2022: \$8.2 million, 31 December 2022: \$14.7 million with the expected credit loss allowance to be Nil and \$0.08 million respectively). As at 30 June 2023 the Banking Group did not have any contingent liabilities.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**

**NOTE 20 – RECONCILIATION OF NET SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>Banking Group (\$'000)</b>		
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
	<b>6 months</b>	<b>6 months</b>	<b>12 months</b>
	<b>30/06/2023</b>	<b>30/06/2022</b>	<b>31/12/2022</b>
<b>Net profit/(loss) for the period</b>	<b>15,528</b>	<b>447</b>	<b>6,613</b>
Movement in Head Office Repatriation included in net surplus	(11,871)	(508)	(4,085)
Depreciation and amortisation	82	76	159
Interest expense on leases	2	18	20
<b>Changes in operating assets and liabilities:</b>			
Movement in trading securities	656,360	(37,320)	(332,138)
Movement in bank bills	359,607	-	(2,456,026)
Movement in cash collateral	(1,234,532)	5,622	2,847,771
Movement in derivatives	27	63	-
Movement in trade receivable	19,189	-	(19,189)
Movement in fee income receivable	(773)	(311)	1,500
Movement in accrued interest receivable	7,454	(230)	(5,737)
Movement in amounts due from related parties	(1,011)	(1,041)	(902)
Movement in margin receivables	(22,425)	73	2,887
Movement in other receivable	(281)	5	(24)
Movement in deferred tax assets	384	-	(412)
Movement in loans	(57,146)	(79,543)	(78,655)
Movement in deposits	99,790	(469,250)	(418,217)
Movement in tax payable	4,842	(1,227)	2,263
Movement in trade payable	34,496	-	-
Movement in accrued interest payable	5,763	289	1,981
Movement in margin payable	9,568	(2,586)	(5,595)
Movement in other payables	445	(32)	(1,421)
Movement in accrued expenses	(1,648)	(13,589)	(387)
Movement in amounts due to related parties	163,211	37,821	(33,896)
Movement in foreign exchange translation balances attributable to cash and other balances	9,036	655	(12,377)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>56,097</b>	<b>(560,568)</b>	<b>(505,867)</b>

**NOTE 21 – EVENTS AFTER THE REPORTING PERIOD**

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**  
**SUPPLEMENTAL INFORMATION**

**NOTE 22 – INTEREST EARNING AND DISCOUNT BEARING ASSETS AND LIABILITIES**

	<b>Banking Group (\$'000)</b>		
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
	<b>6 months</b>	<b>6 months</b>	<b>12 months</b>
	<b>30/06/2023</b>	<b>30/06/2022</b>	<b>31/12/2022</b>
Interest earning and discount bearing assets	4,020,228	1,921,115	5,849,792
Interest and discount bearing liabilities	3,776,974	1,807,694	5,825,966

**NOTE 23 – CAPITAL ADEQUACY**

The Federal Reserve Board establishes capital requirements for the consolidated financial holding company, JPMCC. The Office of the Comptroller of the Currency (“OCC”) establishes similar requirements for the Registered Bank.

Under the risk-based capital guidelines of the OCC, the Registered Bank is required to maintain minimum ratios of CET1, Tier 1 and Total capital to risk-weighted assets (“RWA”). The Registered Bank is required to calculate its capital adequacy under both of the Basel III approaches (Standardized and Advanced) as required by the Collins Amendment of the Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”). The Registered Bank’s capital adequacy is evaluated against the lower of the two ratios. Failure to meet these minimum requirements could cause the OCC to take action. The Registered Bank is required to maintain minimum ratios for CET1 of 4.5%, Tier 1 Capital of 6% and Total Capital of 8% as at 30 June 2023. A capital conservation buffer of 2.5% applies in addition to these ratios.

The ratios given below for the Registered Bank are for the consolidated group, including the Registered Bank and its subsidiary and associated companies. The capital ratios for the Registered Bank on an unconsolidated basis are not publicly available.

<b>Capital Adequacy Ratios</b>	<b>Basel III Advanced Transitional Registered Bank 30/06/2023 Unaudited</b>	<b>Basel III Standardised Registered Bank 30/06/2023 Unaudited</b>	<b>Basel III Advanced Transitional Registered Bank 30/06/2022 Unaudited</b>	<b>Basel III Standardised Registered Bank 30/06/2022 Unaudited</b>
Common Equity Tier 1 Capital	18.1%	17.0%	18.0%	16.1%
Tier 1 Capital	18.1%	17.0%	18.0%	16.1%
Total Capital	18.5%	18.2%	18.4%	17.2%

As at the reporting date, the Registered Bank was well-capitalised and met all capital requirements to which it was subject.

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>.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**  
**SUPPLEMENTAL INFORMATION**

**NOTE 24 – ACTIVITIES OF THE BANKING GROUP IN NEW ZEALAND**

As at 30 June 2023, 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 NZ Branch acts as the sub-custodian entity in New Zealand for global custody business only. The financial statements of the Banking Group include income in respect of custodial services provided to customers by the NZ Branch. As at 30 June 2023, 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 \$33,465 million (30 June 2022: \$30,730 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 25 – RISK MANAGEMENT**

During the six months ended 30 June 2023, the Banking Group has not become exposed to any new category of risk and there have been no material changes to the Banking Group's policies for managing risks in relation to liquidity risk, market risk (currency and interest rate risk), credit risk, operational risk or any other material business risks to which it is exposed to.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**  
**SUPPLEMENTAL INFORMATION**

**NOTE 25 – 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 30 June 2023 and are held by the Banking Group for the purposes of managing liquidity risk.

	Banking Group (\$'000)							
	Unaudited							
	30/06/2023							
	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
<b>ASSETS</b>								
*Cash and cash equivalents	528,529	353,529	175,000	-	-	-	-	-
*Margin and other receivables	35,732	28,484	7,248	-	-	-	-	-
*Financial assets at fair value through profit or loss	3,339,240	-	3,339,240	-	-	-	-	-
*Financial assets at amortised cost	112,597	-	112,597	-	-	-	-	-
*Financial assets at fair value through other comprehensive income	39,862	-	39,862	-	-	-	-	-
Right-of-use asset	304	-	-	-	-	-	-	304
Property, plant & equipment	61	-	-	-	-	-	-	61
Deferred tax assets	971	-	-	-	-	-	-	971
<b>Total Assets</b>	<b>4,057,296</b>	<b>382,013</b>	<b>3,673,947</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,336</b>
<b>LIABILITIES</b>								
Deposits – short term	681,962	681,409	553	-	-	-	-	-
Financial liabilities at fair value through profit or loss	3,095,012	-	3,095,012	-	-	-	-	-
Derivative liabilities	27	-	27	-	-	-	-	-
Margin and other payables	273,662	13,396	260,266	-	-	-	-	-
Provision for taxation	6,353	-	-	-	4,999	1,354	-	-
Lease liabilities	280	-	38	38	76	128	-	-
<b>Total Liabilities</b>	<b>4,057,296</b>	<b>694,805</b>	<b>3,355,896</b>	<b>38</b>	<b>5,075</b>	<b>1,482</b>	<b>-</b>	<b>-</b>

\* Represents the Banking Group's assets held for managing liquidity risk.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**  
**SUPPLEMENTAL INFORMATION**

**NOTE 25– RISK MANAGEMENT (continued)**

**Exposure to Interest Rate Risk**

The tables below summarise the pre-tax sensitivity of financial assets and financial liabilities to changes in the interest rate. The carrying value of the assets and liabilities were used as the basis for the analysis and financial modelling was used to determine the impact on those values of changes in each risk scenario. The sensitivity to interest rate movements, models the impact of a 1% parallel movement, both up and down, in the yield curve on earnings.

	<b>Banking Group (\$'000)</b>				
	<b>Unaudited</b>				
	<b>30/06/2023</b>				
	<b>Carrying Amount</b>	<b>Interest Rate Risk</b>			
		<b>-1%</b>	<b>+1%</b>		
	<b>Profit</b>	<b>Equity</b>	<b>Profit</b>	<b>Equity</b>	
<b>ASSETS</b>					
Cash and cash equivalents	528,529	(29,069)	(29,069)	29,069	29,069
Margin and other receivables	35,732	-	-	-	-
Bank bills	2,096,419	(115,373)	(115,373)	115,373	115,373
Government bonds, notes and securities	125,748	(6,119)	(6,119)	6,119	6,119
Cash collateral pledged on reverse repurchase agreements	1,117,073	(61,085)	(61,085)	61,085	61,085
Financial assets at amortised cost	112,597	(6,193)	(6,193)	6,193	6,193
Financial assets at fair value through other comprehensive income	39,862	(2,192)	(2,192)	2,192	2,192
Right-of-use asset	304	-	-	-	-
Property, plant & equipment	61	-	-	-	-
Deferred tax assets	971	-	-	-	-
<b>Total Assets</b>	<b>4,057,296</b>	<b>(220,031)</b>	<b>(220,031)</b>	<b>220,031</b>	<b>220,031</b>
<b>LIABILITIES</b>					
Deposits – short term	681,962	(37,508)	(37,508)	37,508	37,508
Trading securities	83,357	(3,865)	(3,865)	3,865	3,865
Cash collateral received on repurchase agreements	3,011,655	(162,165)	(162,165)	162,165	162,165
Derivative Liabilities	27	(1)	(1)	1	1
Margin and other payables	273,662	-	-	-	-
Lease liabilities	280	-	-	-	-
Provision for taxation	6,353	-	-	-	-
<b>Total Liabilities</b>	<b>4,057,296</b>	<b>(203,539)</b>	<b>(203,539)</b>	<b>203,539</b>	<b>203,539</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**  
**SUPPLEMENTAL INFORMATION**

**NOTE 25 – RISK MANAGEMENT (continued)**

**Concentration of Credit Risk**

The gross 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:

	<b>Banking Group (\$'000)</b>
	<b>Unaudited 30/06/2023</b>
<b>Credit Risk Components:</b>	
Cash and cash equivalents	528,529
Margin and other receivables	35,732
Financial assets at fair value through profit or loss	3,339,240
Financial assets at amortised cost	114,376
Financial assets at fair value through other comprehensive income	40,000
	<b>4,057,877</b>
<b>Credit Risk by industry</b>	
Finance	3,811,692
Wholesale trade	74,293
Local authorities	125,748
Other	46,144
	<b>4,057,877</b>
<b>Credit Risk by geographical area</b>	
Within New Zealand	3,020,775
Overseas	1,037,102
	<b>4,057,877</b>

Cash balances that are held with registered banks in New Zealand are rated AA- by S&P.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**  
**SUPPLEMENTAL INFORMATION**

**NOTE 25 – 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:

	<b>Banking Group</b> <b>(\$'000)</b>
	<b>Unaudited</b> <b>30/06/2023</b>
<b>Funding Risk Components:</b>	
Deposits – short term	681,962
Financial liabilities at fair value through profit or loss	3,095,012
Derivative Liabilities	27
Margin and other payables	273,662
	<b>4,050,663</b>

**Funding Risk by industry**

Finance	3,513,658
Administration & support services	85,613
Manufacturing	138,105
Local authorities	13,735
Information media & telecommunications	160,430
Wholesale trade	13
Other	139,109
	<b>4,050,663</b>

**Funding Risk by geographical area**

Within New Zealand	598,776
Overseas	3,451,887
	<b>4,050,663</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**  
**SUPPLEMENTAL INFORMATION**

**NOTE 25 – RISK MANAGEMENT (continued)**

**Interest Rate Sensitivity**

The Banking Group's exposure to interest rate risk, 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. The table below shows the interest rate repricing schedule for each class of financial assets and financial liabilities, contractual repricing or maturity dates, whichever dates are earlier, grouped into maturity bands.

	Banking Group (\$'000)						
	Unaudited 30/06/2023						
	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
<b>ASSETS</b>							
Cash and cash equivalents	528,529	528,529	-	-	-	-	-
Margin and other receivables	35,732	-	-	-	-	-	35,732
Financial assets at fair value through profit or loss	3,339,240	3,339,240	-	-	-	-	-
Financial assets at amortised cost	112,597	112,597	-	-	-	-	-
Financial assets at fair value through other comprehensive income	39,862	39,862	-	-	-	-	-
Right-of-use asset	304	-	-	-	-	-	304
Property, plant & equipment	61	-	-	-	-	-	61
Deferred tax assets	971	-	-	-	-	-	971
<b>Total Assets</b>	<b>4,057,296</b>	<b>4,020,228</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,068</b>
<b>LIABILITIES</b>							
Deposits – short term	681,962	681,962	-	-	-	-	-
Financial liabilities at fair value through profit or loss	3,095,012	3,095,012	-	-	-	-	-
Derivative liabilities	27	27	-	-	-	-	-
Margin and other payables	273,662	-	-	-	-	-	273,662
Provision for taxation	6,353	-	-	-	-	-	6,353
Lease liabilities	280	38	38	76	128	-	-
<b>Total Liabilities</b>	<b>4,057,296</b>	<b>3,777,039</b>	<b>38</b>	<b>76</b>	<b>128</b>	<b>-</b>	<b>280,015</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**  
**SUPPLEMENTAL INFORMATION**

**NOTE 26 – EXPOSURE TO MARKET RISK**

Set out below are details of market risk end-period notional capital charges. This has been derived using the Banking Prudential Requirements BPR140: Market Risk, 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 Banking Prudential Requirements BPR140: Market Risk.

	<b>Banking Group (\$'000)</b>	
	<b>Unaudited</b>	
	<b>Implied risk weighted exposure</b>	<b>Notional capital charge</b>
<b>30 June 2023</b>		
<b>Market Risk End-period</b>		
Interest rate risk	-	-
Currency risk	223,814	17,905
Equity risk	-	-
<b>1 January 2023 - 30 June 2023</b>		
<b>Market Risk Peak End-of-day</b>		
Interest rate risk	-	-
Currency risk	223,814	17,905
Equity risk	-	-

**NOTE 27 – ASSET QUALITY**

There are no expected material losses or diminution in asset value for the 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:

	<b>Banking Group (\$'000)</b>				<b>Total</b>
	<b>Unaudited</b>				
	<b>Less than 30 days past due</b>	<b>At least 30 days but less than 60 days past due</b>	<b>At least 60 days but less than 90 days past due</b>	<b>At least 90 days past due</b>	
<b>30 June 2023</b>					
Past due and not impaired	83	-	-	-	83
<b>30 June 2022</b>					
Past due and not impaired	359	491	-	-	850

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**  
**SUPPLEMENTAL INFORMATION**

**NOTE 27 – ASSET QUALITY (continued)**

As at the reporting date, the Banking Group has no individually impaired assets, or any assets under administration.

	<b>Registered Bank (consolidated)</b>	
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>6 months</b>	<b>6 months</b>
	<b>30/06/2023</b>	<b>30/06/2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Total non-accrual loans	7,492,000	7,615,000
Total loans	1,308,352,000	1,110,598,000
Total non-accrual loans expressed as a percentage of total loans	0.6%	0.7%
Total expected credit losses	21,919,000	17,747,000
Total expected credit losses expressed as a percentage of total loans	1.7%	1.6%

**NOTE 28 – REGISTERED BANK PROFITABILITY AND SIZE**

	<b>Registered Bank (consolidated)</b>	
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>6 months</b>	<b>6 months</b>
	<b>30/06/2023</b>	<b>30/06/2022</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Net profit/(loss) after taxation	25,712,000	14,294,000
Net profit/(loss) after taxation, over the previous 12 month period, as a percentage of average total assets	1.4%	1.0%
Total assets	3,382,195,000	3,380,824,000
Percentage increase/(decrease) in total assets from previous period	0.04%	6.0%



## Independent auditor's review report

To the Directors of JPMorgan Chase Bank, National Association

### Report on the Disclosure Statement

#### Our conclusion

We have reviewed pages 13 to 34 of the Disclosure Statement of JPMorgan Chase Bank, N.A., - New Zealand Branch and Associated JPMorgan Chase Bank, New Zealand Group (the "NZ Banking Group"), which comprise the financial statements required by Clause 26 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (the "Order") and the supplementary information required by Schedules 5, 7, 12 and 14 of the Order. The NZ Banking Group comprises the New Zealand operations of JPMorgan Chase Bank, National Association.

The financial statements comprise the Statement of Financial Position as at 30 June 2023, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash flows for the six months ended on that date, and the supplementary information, comprising a statement of significant accounting policies and Notes to the Financial Statements.

The supplementary information is included within the Notes to the Financial Statements.

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

- financial statements (excluding the supplementary information) do not present fairly, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).
- supplementary information (excluding the supplementary information relating to credit and market risk exposures) that is required to be disclosed under Schedules 5, 7, 12 and 14 of the Order, does not fairly state the matters to which it relates in accordance with those schedules.

#### Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the Disclosure Statements* section of our report.

We are independent of the NZ Banking Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual Disclosure Statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

#### Responsibilities of the Directors for the Disclosure Statements

The Directors of the NZ Banking Group (the "Directors") are responsible on behalf of the NZ Banking Group for the preparation and fair presentation of the Disclosure Statement, which includes financial statements in accordance with Clause 26 of the Order and for such internal controls as the Directors determine is necessary IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### **PricewaterhouseCoopers, ABN 52 780 433 757**

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### **Responsibilities of the Directors for the Disclosure Statements (Continued)**

In addition, the Directors are responsible, on behalf of the NZ Banking Group, for the preparation and fair presentation of supplementary information in the Disclosure Statement which complies with Schedule 3, 5, 7, 12 and 14 of the Order.

### **Auditor's responsibilities for the review of the Disclosure Statement**

Our responsibility is to express a conclusion on the financial statements and supplementary information based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that:

- the financial statements (excluding the supplementary information), taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34.
- the supplementary information (excluding the supplementary information relating to credit and market risk exposures and capital adequacy), taken as a whole, does not fairly state the matters to which it relates in accordance with Schedules 5, 7, 12 and 14 of the Order.

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

### **Who we report to**

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

The engagement partner on the review resulting in this independent auditor's review report is Ewan Barron.

For and on behalf of:

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

Chartered Accountants  
28 August 2023

Sydney



## Independent assurance report

To the Directors of JPMorgan Chase Bank, National Association

## Limited assurance report on compliance with the information required on credit and market risk exposures and capital adequacy

### Our conclusion

We have undertaken a limited assurance engagement on the New Zealand banking operations of the Overseas Bank's (the "NZ Banking Group") compliance, in all material respects, with clause 23 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (the "Order") which requires information prescribed in Schedule 9 of the Order relating to credit and market risk exposures and capital adequacy to be disclosed in its half year Disclosure Statement for the six month period ended 30 June 2023 (the "Disclosure Statement").

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the NZ Banking Group's information relating to credit and market risk exposures and capital adequacy, included in the Disclosure Statement in compliance with clause 23 of the Order and disclosed in Note 23 – Capital Adequacy on page 26 of 34, is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

### Basis for conclusion

We have conducted our engagement in accordance with Standard on Assurance Engagements 3100 (Revised) *Compliance Engagements* ("SAE 3100 (Revised)") issued by the New Zealand Auditing and Assurance Standards Board.

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

### Directors' responsibilities

The Directors are responsible on behalf of JPMorgan Chase Bank, National Association for compliance with the Order, including clause 23 of the Order which requires information relating to credit and market risk exposures and capital adequacy prescribed in Schedule 9 of the Order to be included in the NZ Banking Group's Disclosure Statement, for the identification of risks that may threaten compliance with that clause, controls that would mitigate those risks and monitoring ongoing compliance.

### Our independence and quality management

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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### **Our independence and quality management (Continued)**

We apply Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of the NZ Banking Group. Other than in our capacity as auditors and providers of other related assurance services we have no relationship with, or interests in, the NZ Banking Group.

### **Assurance practitioner's responsibilities**

Our responsibility is to express a limited assurance conclusion on whether the NZ Banking Group's information relating to credit and market risk exposures and capital adequacy, included in the Disclosure Statement in compliance with clause 23 of the Order is not, in all material respects, disclosed in accordance with Schedule 9 of the Order. SAE 3100 (Revised) requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our attention that causes us to believe that the NZ Banking Group's information relating to credit and market risk exposures and capital adequacy, included in the Disclosure Statement in compliance with clause 23 of the Order, is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.

In a limited assurance engagement, the assurance practitioner performs procedures, primarily consisting of discussion and enquiries of management and others within the entity, as appropriate, and observation and walk-throughs, and evaluates the evidence obtained. The procedures selected depend on our judgement, including identifying areas where the risk of material non-compliance with clause 26 of the Order in respect of the information relating to credit and market risk exposures and capital adequacy is likely to arise.

Given the circumstances of the engagement we:

- obtained an understanding of the process, models, data and internal controls implemented over the preparation of the information relating to credit and market risk exposures and capital adequacy;
- obtained an understanding of the NZ Banking Group's compliance framework and internal control environment to ensure the information relating to credit and market risk exposures and capital adequacy is in compliance with the Reserve Bank of New Zealand's (the "RBNZ") prudential requirements for banks;
- obtained an understanding and assessed the impact of any matters of non-compliance with the RBNZ's prudential requirements for banks that relate to credit and market risk exposures and capital adequacy and inspected relevant correspondence with the RBNZ;
- performed analytical and other procedures on the information relating to credit and market risk exposures and capital adequacy disclosed in accordance with Schedule 9 of the Order, and considered its consistency with the interim financial statements; and
- agreed the information relating to credit and market risk exposures and capital adequacy disclosed in accordance with Schedule 9 of the Order to information extracted from the NZ Banking Group's models, accounting records or other supporting documentation, which included publicly available information as prescribed by clauses 5 and 6 of Schedule 9 of the Order.





The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion on compliance with the compliance requirements.

### **Inherent limitations**

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance with the compliance requirements may occur and not be detected.

A limited assurance engagement on the NZ Banking Group's information relating to credit and market risk exposures and capital adequacy prescribed in Schedule 9 of the Order to be included in the Disclosure Statement in compliance with clause 23 of the Order does not provide assurance on whether compliance will continue in the future.

### **Use of report**

This report has been prepared for use by the Directors, as a body, for the purpose of establishing that these compliance requirements have been met.

Our report should not be used for any other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility for any reliance on this report to anyone other than the Directors, as a body, or for any purpose other than that for which it was prepared.

The engagement partner on the engagement resulting in this independent assurance report is Ewan Barron.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

Chartered Accountants  
28 August 2023

Sydney