

J.P.Morgan

**JPMorgan Chase Bank, National Association,
New Zealand Branch**

Disclosure Statement

For the six months ended 30 June 2014



Disclosure Statement

For the six months ended 30 June 2014

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DEFINITIONS

In this Disclosure Statement, unless the context otherwise requires:

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

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

JPMCC means JPMorgan Chase & Co; and

the term “**Banking Group**” or “**JPMCB NZ Group**” means the consolidated New Zealand operations of JPMCB, and includes the business conducted through JPMCB NZ and JPMCB’s subsidiaries and associated companies operating in New Zealand, being J.P. Morgan Australia Limited, J.P. Morgan Markets Australia Pty Limited and J.P. Morgan Securities Australia Limited.

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

CORPORATE INFORMATION

Registered Bank

JPMorgan Chase Bank, National Association (generally abbreviated to JPMorgan Chase Bank, N.A.), New Zealand Branch.

Address for Service

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

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

Overseas Bank
JPMorgan Chase Bank, N.A.

Ultimate Holding Company
JPMorgan Chase & Co.

Overseas Bank Address for Service
1111 Polaris Parkway
Columbus, Ohio, 43240
USA

Ultimate Holding Company Address for Service
270 Park Avenue
New York, New York 10017-2014
USA

Incorporation

JPMCB is a commercial bank offering a wide range of banking services to its customers both domestically and internationally. It is chartered by the Office of the Comptroller of the Currency (OCC), a bureau of the United States Department of the Treasury. JPMCB’s main office is located in Columbus, Ohio, and it has branches in 23 States of America.

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

JPMCB is one of the principal, wholly-owned subsidiaries of JPMCC. The ordinary shares of JPMCC are listed on the New York, London and Tokyo Stock Exchanges and form part of the Dow Jones Industrial Average index of the New York Stock Exchange.

FINANCIAL SUPPORT

Ranking of Local Creditors in Winding-up

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

The rights of all creditors of JPMCB, including those located in New Zealand, in the event of JPMCB's insolvency, would be governed by the U.S. Federal Deposit Insurance Act of 1950. Under U.S. federal law, the office of the Comptroller of the Currency, as the appropriate federal banking regulator of national banks, is empowered to declare a national bank insolvent, and appoint the Federal Deposit Insurance Corporation (the "FDIC") as receiver. In such role, the FDIC is authorised to liquidate the assets of the insolvent institution and distribute the proceeds to the institution's creditors. Payment to holders of insured deposits held in JPMCB's U.S. Branches, administrative expenses of the receiver and secured creditors rank in priority of payment over all other unsecured creditors, including depositors in JPMCB's non-U.S. branches (such as JPMCB NZ) who would then rank *pari passu* in order of payment. The basic insurance amount is \$US250,000 per U.S. depositor per insured. In addition, U.S. federal law provides that national banks are not required to repay deposits at their non-U.S. branches if the relevant branch cannot pay them due to an action by the local government preventing payment or an act of war, insurrection or civil strife, unless the bank has expressly agreed in writing to repay the deposits under those circumstances.

Guarantee Arrangements

No material obligations of JPMCB (or the JPMCB NZ Group) are guaranteed as at the date of signing the Disclosure Statement.

CORPORATE GOVERNANCE

Directors of JPMCB

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

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

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

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

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

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

Address to which communications addressed to the Directors may be sent

Office of the Secretary
JPMorgan Chase Bank, N.A.
270 Park Avenue
New York, New York 10017-2070
United States of America

Non-banking group companies of which the Directors of JPMCB are directors

The following Directors of JPMCB hold the following directorships:

- Mr Crown is a director of Henry Crown and Company and General Dynamics Corporation, companies incorporated in the United States of America
- Mr Jackson is a director of Clear Creek Properties, Inc., a company incorporated in the United States of America
- Mr Weldon is a director of CVS Caremark Corporation, The Chubb Corporation, and Exxon Mobil Corporation, companies incorporated in the United States of America

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

JPMCB NZ's Chief Executive Officer and Chief Administration Officer

The name, occupation, professional qualifications and country of residence of the JPMCB NZ Chief Executive Officer who held office at any time during the reporting period ended 30 June 2014 are as follows:

Mark Richard Lawrence
Chief Executive Officer - New Zealand
Bachelor of Commerce - Otago University
New Zealand

The name, occupation, professional qualifications and country of residence of the JPMCB NZ Chief Administrative Officer are as follows:

Warren Davis
Chief Administrative Officer - Australia and New Zealand
Australia

Non-banking group companies of which the New Zealand Chief Executive Officer and Chief Administration Officer are directors

Mr Davis is the director of Ord Minnet Holdings Pty Limited, a company registered in Australia. In addition, Mr Davis is a director of a number of companies which are either wholly-owned subsidiaries of JPMCB, are of a charitable or philanthropic nature, or relate to his personal superannuation or business affairs, and which are not listed in this document.

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

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

- Robert Clive Priestley Senior Country Officer, JPMorgan Australia and New Zealand Group, and Chief Executive Officer, ASEAN
- Warren Davis Chief Administrative Officer, JPMorgan Australia and New Zealand Group

Mr Robert Priestley is the Senior Country Officer, JPMorgan Australia and New Zealand Group, and Chief Executive Officer, ASEAN. In his capacity as Chief Executive Officer of New Zealand, Mr Mark Lawrence reports to Mr Warren Davis.

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

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

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

PricewaterhouseCoopers
201 Sussex Street
Sydney NSW 1171
Australia

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

Corporate Governance and Risk Management

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

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

Director Related Transactions

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

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

- the related person has or will have a direct or indirect material interest; and
- the aggregate amount involved will or may be expected to exceed \$US120,000 in any fiscal year.

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

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

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

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

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

Regulation O

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

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

JPMCB NZ's Chief Executive Officer

The New Zealand Chief Executive Officer is not subject to Regulation O. There are no transactions between the New Zealand Chief Executive Officer and JPMCB or any member of JPMCB NZ Group as at the date of this Disclosure Statement which have either been entered into on terms other than those which would, in the ordinary course of business of JPMCB or any member of JPMCB NZ Group, be given to any other person of like circumstances or means, or which could otherwise be reasonably likely to materially influence the exercise of the New Zealand Chief Executive Officer's duties.

Conflicts of Interest

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

Conditions of Registration

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

The definitions at the end of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) have been updated for cross-references to the Financial Reporting Act 1993, which is being replaced by the Financial Reporting Act 2013 effective from 1 July 2014.

The registration of JPMorgan Chase Bank, N.A. ("the registered bank") in New Zealand is subject to the following conditions which came into effect from 1 July 2014:

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

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

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

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

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

Conditions of Registration (continued)

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

- (a) all amounts must relate to on balance sheet items only, and must comply with generally accepted accounting practice; and
- (b) if products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets must be considered part of insurance business.

For the purposes of these conditions of registration -

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

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

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

Capital adequacy ratio	Minimum Requirement	
	1 January 2014 to 31 December 2014	On and after 1 January 2015
Common Equity Tier 1 capital	4 percent	4.5 percent
Tier 1 capital	5.5 percent	6 percent
Total capital	8 percent	8 percent

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

- (a) must be calculated as a percentage of the registered bank's risk weighted assets; and
 - (b) are otherwise as administered by the Office of the Comptroller of the Currency and the Federal Reserve Bank of New York.
7. That liabilities of the registered bank in New Zealand, net of amounts due to related parties (including amounts due to a subsidiary or affiliate of the registered bank) do not exceed NZ\$15 billion.
 8. That retail deposits of the registered bank in New Zealand do not exceed \$200 million. For the purposes of this condition retail deposits are defined as deposits by natural persons, excluding deposits with an outstanding balance which exceeds \$250,000.
 9. That, for a loan-to-valuation measurement period, the total of the business of the registered bank in New Zealand's qualifying new mortgage lending amounts must not for residential properties with a loan-to-valuation ratio of more than 80%, exceed 10% of the total of the qualifying new mortgage lending amounts arising in the loan-to-valuation measurement period.
 10. That the business of the registered bank in New Zealand must not make a residential mortgage loan unless the terms and conditions of the loan contract or the terms and conditions for an associated mortgage require that a borrower obtain the registered bank's agreement before the borrower can grant to another person a charge over the residential property used as a security for the loan.

11. That the business of the registered bank in New Zealand must not permit a borrower to grant a charge in favour of another person over a residential property used as security for a residential mortgage loan unless the sum of the lending secured by the charge and the loan value for the residential mortgage loan would not exceed 80% of the property value of the residential property when the lending secured by the charge is drawn down.
12. That the business of the registered bank in New Zealand must not provide a residential mortgage loan if the residential property to be mortgaged to the registered bank as security for the residential mortgage loan is subject to a charge in favour of another person unless the total amount of credit secured by the residential property would not exceed 80% of the property value when the residential mortgage loan is drawn down.
13. That the business of the registered bank in New Zealand must not
 - (a) act as broker or arrange a residential mortgage loan for the business of the registered bank outside New Zealand or for an associated person of the registered bank outside New Zealand; or
 - (b) facilitate the drawdown of a residential mortgage loan the registered bank originated as part of its business outside New Zealand or by an associated person of the registered bank outside New Zealand without notifying the Reserve Bank of this activity in the manner and form specified by the Reserve Bank.

In these conditions of registration,

“banking group”

- (a) means the New Zealand business of the registered bank and its subsidiaries as required to be reported in group financial statements for the group’s New Zealand business under section 461B(2) of the Financial Markets Conduct Act 2013 (unless paragraph (b) applies); or
- (b) if the Financial Reporting Act 1993 applies to the registered bank, means the New Zealand business of the registered bank and its subsidiaries as required to be reported in group financial statements for the group’s New Zealand business under section 9(2) of the Financial Reporting Act 1993;

“business of the registered bank in New Zealand”

- (a) means the New Zealand business of the registered bank as defined in the requirement for financial statements for New Zealand business in section 461B(1) of the Financial Markets Conduct Act 2013 (unless paragraph (b) applies); or
- (b) if the Financial Reporting Act 1993 applies to the registered bank, means the New Zealand business of the registered bank as required to be reported in financial statements under section 8(2) of the Financial Reporting Act 1993;

“generally accepted accounting practice”

- (a) has the same meaning as in section 8 of the Financial Reporting Act 2013 (unless paragraph (b) applies); or
- (b) means generally accepted accounting practice within the meaning of section 3 of the Financial Reporting Act 1993 if the registered bank is required to prepare financial statements in accordance with that practice;

“liabilities of the registered bank in New Zealand”

- (a) means the liabilities that the registered bank would be required to report in financial statements for its New Zealand business if section 461B(1) of the Financial Markets Conduct Act 2013 applied (unless paragraph (b) applies); or
- (b) if the Financial Reporting Act 1993 applies to the registered bank, means the liabilities of the registered bank as required to be reported in financial statements under section 8(2) of the Financial Reporting Act 1993.

In conditions of registration 9 to 13 -

“loan-to-valuation ratio”, “loan value”, “property value”, “qualifying new mortgage lending amount” and “residential mortgage loan” have the same meaning as in the Reserve Bank of New Zealand document entitled “Framework for Restrictions on High-LVR Residential Mortgage Lending” (BS 19) dated July 2014;

“loan-to-valuation measurement period” means a period of six calendar months ending on the last day of the sixth calendar month, the first of which ends on the last day of March 2014.

PENDING PROCEEDINGS OR ARBITRATION

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

CURRENT CREDIT RATING OF JPMCB

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

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

Legend to Rating Scales

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

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

Members of JPMCB NZ Group

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

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

are involved in investment banking activities. These companies are wholly-owned by JPMCB.

INSURANCE BUSINESS AND NON-CONSOLIDATED ACTIVITIES

JPMCB NZ Group does not conduct any insurance business.

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

OTHER MATERIAL MATTERS

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

FINANCIAL STATEMENTS OF THE OVERSEAS BANK AND OVERSEAS BANKING GROUP

Attached to, and forming part of, this Disclosure Statement are the most recent publicly available (audited) financial statements of JPMCB (consolidated) for the twelve months ended 31 December 2013, and (unaudited) financial statements of JPMCB (consolidated) for the six months ended 30 June 2014, each prepared in accordance with US GAAP.

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

STATEMENT BY THE DIRECTORS AND CHIEF EXECUTIVE OFFICER OF JPMCB NZ

Each Director, and the Chief Executive Officer of JPMCB NZ, after due enquiry by them, believe that:

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

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

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



Warren Davis

28 August 2014

Date



Mark Lawrence

28 August 2014

Date

Disclosure Statement
For the six months ended 30 June 2014

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A. Statutory Base

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

These financial statements are for the "Banking Group", comprising the New Zealand operations of JPMCB NZ and all those subsidiaries of JPMorgan Chase Bank, N.A. whose business is required to be reported in the financial statements for the Group's New Zealand business. These financial statements should be read in conjunction with the audited financial statements of the banking group for the year-ended 31 December 2013.

These financial statements are authorised by the Directors for issue on 28 August 2014. The company has the power to amend and re-issue the financial report.

B. Measurement Base

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

C. Basis of Aggregation

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

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

D. Comparatives

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

E. Critical Accounting Estimates and Judgements

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

- **Fair Value**

Where an active market exists for a financial instrument, fair values are determined by reference to the quoted prices/yields at balance date. Such instruments are classified as level 1 within the fair value hierarchy table in the audited financial statements of the Banking Group for the year-ended 31 December 2013. 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 financial instruments held by the company at balance date, where valuation techniques or models have been applied, are classified within level 2 of the fair value hierarchy table, as inputs to the techniques and models are market observable.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Critical Accounting Estimates and Judgements (continued)

- **Impairment of Goodwill and Intangible Assets**

The recoverable amount of goodwill is determined based on the future cash flow projection discounted by reporting units estimated cash of equity capital of 12.0%. The Group's cost of equity is determined using the Capital Asset Pricing Model. The discount rate used for each reporting unit represents an estimate of the cost of equity capital for that reporting unit and is determined based on the Firm's overall cost of equity, as adjusted for the risk characteristics specific to each reporting unit and jurisdiction. To assess the reasonableness of the discount rates used for each reporting unit, management compares the discount rate to the estimated cost of equity for publicly traded institutions with similar businesses and risk characteristics.

All future cash flows are based on approved five year strategic plans, plus a further four year projection incorporating a 3% growth rate to reflect inflation. While the plan assumes certain economic conditions, including net interest margin contractions to 30bps, client attrition of 10% in custody and 5% in fund administration and a 10% repricing for all products, plus market share increases, technology deployments and expense synergies, the forecast is not reliant on any one particular assumption. The business forecasts applied by management are considered appropriate as they are based on past experience and are consistent with observable current market information. The results of the latest impairment testing performed in December 2013 did not result in any impairment being identified.

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

F. Significant Accounting Policies

There have been no changes in accounting policies or methods of computation in the preparation of the financial statements for the six months ended 30 June 2014 since the most recent annual financial statements for the year ended 31 December 2013.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2014

		Banking Group (\$'000)		
	Note	Unaudited 6 months 30/06/2014	Unaudited 6 months 30/06/2013	Audited 12 months 31/12/2013
Interest income	1	7,741	6,852	13,464
Interest expense		(4,664)	(3,724)	(7,459)
Net interest income		3,077	3,128	6,005
Other operating income/(loss)	2	4,641	223	3,373
Total operating income		7,718	3,351	9,378
Operating expenses	3	(5,083)	(6,264)	(12,382)
Net profit/(loss) before taxation		2,635	(2,913)	(3,004)
Income tax (expense)/benefit	4	(749)	816	880
Net profit/(loss) after taxation		1,886	(2,097)	(2,124)
Other comprehensive income, net of tax	6	-	49	159
Total comprehensive income for the period		1,886	(2,048)	(1,965)

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

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2014

Banking Group (\$'000)				
Note	Ordinary Shares	Retained Earnings	Foreign currency translation reserve movement	Total Equity
30 June 2013				
	-	1,258	(1,258)	-
	-	(2,097)	-	(2,097)
6	-	-	49	49
	-	(2,097)	49	(2,048)
	-	839	1,209	2,048
5	-	-	-	-
31 December 2013				
	-	1,258	(1,258)	-
	-	(2,124)	-	(2,124)
6	-	-	159	159
	-	(2,124)	159	(1,965)
	-	866	1,099	1,965
5	-	-	-	-
30 June 2014				
	-	-	-	-
	-	1,886	-	1,886
6	-	-	-	-
	-	1,886	-	1,886
	-	(1,886)	-	(1,886)
5	-	-	-	-

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

		Banking Group (\$'000)		
		Unaudited	Unaudited	Audited
		6 months	6 months	12 months
		30/06/2014	30/06/2013	31/12/2013
ASSETS				
Current Assets				
Cash and cash equivalents	7	224,970	553,460	301,772
Trading and other receivables	8	279,916	40,933	282,119
Financial assets at fair value through profit or loss		31,312	202,331	36,809
Cash collateral pledged on reverse repurchase agreements		25,171	32,241	295,965
Loans		34,603	60,328	51,815
		595,972	889,293	968,480
Non Current Assets				
Fixed assets		150	260	204
Intangible assets	15	844	882	863
Deferred tax assets		187	124	133
		1,181	1,266	1,200
Total Assets		597,153	890,559	969,680
LIABILITIES				
Current Liabilities				
Deposits - short term	9	258,629	615,251	354,135
Financial liabilities at fair value through profit or loss		12,205	128,165	12,907
Derivative liabilities	16	-	1,966	-
Cash collateral received on repurchase agreements		15,018	93,137	309,296
Payables	10	310,674	288,804	292,886
Provision for taxation		627	700	456
Total Liabilities		597,153	1,128,023	969,680
Net Assets		-	(237,464)	-
EQUITY				
Attributable to the shareholders of the Banking Group		-	-	-
Total Equity	5	-	-	-

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

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2014

Banking Group (\$'000)			
	Unaudited	Unaudited	Audited
Note	6 months	6 months	12 months
	30/06/2014	30/06/2013	31/12/2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Fees, commissions and other income received	4,265	4,119	8,167
Payments to suppliers and employees	(3,910)	(4,977)	(7,829)
Receipts from/(payments to) related parties	(21,078)	325,110	(41,247)
Net movement in client balances	8,584	2,211	9,882
Net proceed from disposal/(purchase) of financial instruments	(18,859)	4,249	2,275
Net (increase)/decrease in loans	17,212	2,778	11,291
Increase/(decrease) in deposits	(65,987)	5,038	98,372
Tax paid	(7)	(755)	(907)
Interest received	6,022	6,729	12,950
Interest paid	(3,229)	(1,399)	(3,205)
Net cash inflow/(outflow) from operating activities	13 (76,987)	343,103	89,749
CASH FLOWS FROM INVESTING ACTIVITIES			
Plant and equipment	12	(13)	(2)
Net cash inflow/(outflow) from investing activities	12	(13)	(2)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repatriation)/reimbursement of profit	8	6,484	5,870
Net cash inflow/(outflow) from financing activities	8	6,484	5,870
Net increase/(decrease) in cash and cash equivalents	(76,967)	349,574	95,617
Opening cash and cash equivalents	301,772	201,864	201,864
Effect of changes in foreign exchange rates on cash balances	165	2,022	4,291
Closing cash and cash equivalents	7(a) 224,970	553,460	301,772

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2014

Banking Group (\$'000)

Unaudited 6 months 30/06/2014	Unaudited 6 months 30/06/2013	Audited 12 months 31/12/2013
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NOTE 1 - INTEREST INCOME

Cash and cash equivalents	4,290	4,998	9,945
Trading securities	2,569	1,057	1,898
Loans	882	797	1,621
Total interest income	7,741	6,852	13,464

NOTE 2 - OTHER OPERATING INCOME/(LOSS)

Fee and commissions income	4,814	5,778	11,018
Trading income/(loss)	(173)	(6,844)	(9,551)
Derivative income	-	1,289	1,906
Other income	-	-	-
Total other operating income/(loss)	4,641	223	3,373

NOTE 3 - OPERATING EXPENSES

Administration expenses	3,096	4,681	8,711
Employee expenses	737	686	1,610
Fee and commissions expense	471	267	692
Occupancy expenses	115	118	238
Technology & communications expenses	30	39	56
Professional services expenses	60	18	291
Depreciation & amortisation	61	62	126
Travel expenses	13	10	32
Other expenses	500	383	626
Total operating expenses	5,083	6,264	12,382

Administration expenses include indirect technology expenses of \$1.1mm (31 December 2013: \$1.9mm) relating to product expansion into New Zealand market.

NOTE 4 - INCOME TAX EXPENSE / (BENEFIT)

Operating surplus/(deficit) before tax	2,635	(2,913)	(3,004)
Income tax expense/(benefit) - prima facie at the Australian rate of 30% and New Zealand rate of 28%	775	(868)	(902)
Tax effect of other assessable income	-	-	74
Adjustment for (over)/under provision in prior periods	(26)	52	(52)
Total income tax expense	749	(816)	(880)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 JUNE 2014

Banking Group (\$'000)

Unaudited 6 months 30/06/2014	Unaudited 6 months 30/06/2013	Audited 12 months 31/12/2013
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NOTE 5 - EQUITY

Paid in share capital	-	-	-
Reserves	-	-	-
Retained earnings	-	-	-
Total equity at the end of the period	-	-	-

NOTE 6 - CURRENCY TRANSLATION RESERVE

Opening balance	-	(1,258)	(1,258)
Currency retranslation during the period (Repatriation)/reimbursement (to)/from head office	-	49	159
	-	1,209	1,099
Closing balance	-	-	-

NOTE 7 - CASH AND CASH EQUIVALENTS

Due from central and other banks

New Zealand - short term deposit	125,000	453,000	227,000
New Zealand - at call	43,808	72,475	56,658
Overseas - at call	56,162	27,985	18,114
Total due from central and other banks	224,970	553,460	301,772
Total cash and cash equivalents	224,970	553,460	301,772

7 (a) Reconciliation of Cash

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

Cash and cash equivalents	224,970	553,460	301,772
Overdrafts	-	-	-
	224,970	553,460	301,772

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 JUNE 2014

Banking Group (\$'000)

	Unaudited 6 months 30/06/2014	Unaudited 6 months 30/06/2013	Audited 12 months 31/12/2013
Fee income receivable	1,496	1,535	1,796
Interest receivable	184	326	302
Amounts due from related parties	16,049	37,153	31,505
Margin receivable	260,109	237,464	245,902
Income tax receivable	1,963	1,899	2,594
Other receivable	115	20	20
	279,916	278,397	282,119

NOTE 8 - TRADING AND OTHER RECEIVABLES

NOTE 9 - DEPOSITS - SHORT TERM

Deposits - at call	258,629	615,251	354,135
Total Deposits - short term	258,629	615,251	354,135

Retail deposits for NZ Branch for the period was \$0mm.

NOTE 10 - PAYABLES

Interest payable	6	10	36
Margin payable	259,104	227,932	244,041
Accrued expenses	2,772	761	2,091
Amounts due to related parties	48,721	59,771	46,622
Deferred revenue	71	330	96
	310,674	288,804	292,886

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 JUNE 2014

NOTE 11 - RELATED PARTY TRANSACTIONS

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

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

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

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

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

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

	Banking Group (\$'000)		
	Unaudited 6 months 30/06/2014	Unaudited 6 months 30/06/2013	Audited 12 months 31/12/2013
Total due from related parties	104,010	43,981	368,153
Total due to related parties	153,384	543,540	189,610

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 JUNE 2014

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

	Branch (\$'000)		
	Unaudited	Unaudited	Audited
	6 months 30/06/2014	6 months 30/06/2013	12 months 31/12/2013
Total liabilities net of amounts due to related parties	167,930	138,838	233,282

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

	Banking Group (\$'000)		
	Unaudited	Unaudited	Audited
	6 months 30/06/2014	6 months 30/06/2013	12 months 31/12/2013
Net profit/(loss) for the period	1,886	(2,097)	(2,124)
Movement in Head Office Repatriation included in net surplus	(1,894)	(4,436)	(3,906)
Depreciation and amortisation	61	62	126
Changes in operating assets and liabilities:			
Movement in financial instruments	(18,687)	11,092	11,826
Movement in fee income receivable	300	(48)	(309)
Movement in accrued interest receivable	118	(119)	(95)
Movement in amounts due from related parties	15,456	(2,948)	2,700
Movement in margin receivable	(14,208)	15,362	6,924
Movement in other receivable	536	(1,512)	(2,163)
Movement in deferred tax assets	(54)	7	(2)
Movement in loans	17,212	2,778	11,291
Movement in deposits	(95,506)	343,936	82,820
Movement in tax payable	171	(97)	(386)
Movement in accrued interest payable	(30)	(27)	(1)
Movement in margin payable	15,063	(13,151)	2,958
Movement in accrued expenses	681	(1,512)	(182)
Movement in amounts due to related parties	2,099	(2,398)	(15,547)
Movement in deferred revenue	(25)	184	(50)
Movement in foreign exchange translation balances attributable to cash balances	(166)	(1,973)	(4,131)
Net cash inflow/(outflow) from operating activities	(76,987)	343,103	89,749

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 JUNE 2014

NOTE 14 - COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2014, the Banking Group had an undrawn committed facility of \$117.1mm (31 December 2013: \$165.2mm) and a stand-by letter of credit of \$64.4mm (31 December 2013: \$31.4mm). In addition, the Banking Group had lease commitments of \$0.4mm as at the reporting date (31 December 2013: \$0.5mm).

NOTE 15 - INTANGIBLE ASSETS

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

	Banking Group (\$'000)		
	Unaudited 6 months 30/06/2014	Unaudited 6 months 30/06/2013	Audited 12 months 31/12/2013
Goodwill	642	642	642
Intangible assets - Custody clearing services software	289	289	289
Intangible assets - Customer contracts/relationships	377	377	377
Amortisation of intangible assets	(464)	(426)	(445)
Net Intangibles	844	882	863

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 JUNE 2014

NOTE 16 - DERIVATIVE LIABILITIES

	Banking Group (\$'000)		
	Unaudited	Unaudited	Audited
	6 months 30/06/2014	6 months 30/06/2013	12 months 31/12/2013
Equity swap contracts	-	1,966	-
Total current derivative financial instrument liabilities	-	1,966	-

JPMorgan group globally have established JPMorgan Chase Bank N.A. ("JPMCBNA"), London Branch as one of the central client facing entities for OTC derivatives for the group. This provides a streamlined booking model which allows offshore clients to have exposure to various equity markets globally by dealing with a central JPMorgan entity, with whom they can settle in a single currency.

Clients enter into transactions with JPMCBNA London Branch, which in turn enters into an offsetting transaction with affiliates, including the company with respect to Australian equities. During the current financial year, the company has entered into single stock equity swap transactions with JPMCBNA London Branch, offsetting the equity swap transactions JPMCBNA London Branch entered into with external clients. The company's equity swap transactions are therefore a client driven activity, as opposed to being a hedging activity for any of the other assets and liabilities on the company's balance sheet.

Swap contracts between JPMCBNA London Branch are covered by Master Confirmation Agreements (MCAs) which dictate how frequently clients wish to reset and roll their swaps. Each client typically has their own unique set of preferences. If MCA is not in place, the terms of the swaps are negotiated with the client at point of trade and a written confirmation is sent to client. Contracts between the company and JPMCBNA London are covered by International Swaps and Derivatives Association agreements.

The company offsets the risks incurred on its equity swaps by holding long/short single stock positions, depending on whether the equity swap positions are short/long. Typically there is a financing spread earned on the swaps.

Equity Swaps are recognised at fair value on the date the contract is entered into and are subsequently measured at fair value at each reporting date. Fair value is determined based on internal valuation model which uses quoted market prices of the underlying equity that are readily available in active markets and daily financing accrual earned on the swap.

There is no outstanding balance as at 30 June 2014 (31 December 2013: Nil).

NOTE 17 - EVENTS AFTER THE REPORTING PERIOD

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 JUNE 2014
SUPPLEMENTAL INFORMATION

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

Attached to, and forming part of, this Disclosure Statement are the most recent publicly available (un-audited) financial statements of JPMCB for the six months ended 30 June 2014 prepared in accordance with US GAAP, and the most recently audited financial statements of JPMCB, being for the twelve months ended 31 December 2013. The most recent publicly available Disclosure Statement of JPMorgan Chase Bank New Zealand Group and JPMorgan Chase Bank, NA can be accessed online at at <http://www.jpmorgan.com/pages/international/newzealand>.

NOTE 19 - INTEREST EARNING AND DISCOUNT BEARING ASSETS AND LIABILITIES

	Banking Group (\$'000)		
	Unaudited	Unaudited	Audited
	6 months 30/06/2014	6 months 30/06/2013	12 months 31/12/2013
Interest earning and discount bearing assets	316,056	728,589	686,361
Interest earning and discount bearing liabilities	285,852	718,979	676,338

NOTE 20 - CAPITAL ADEQUACY

The Federal Reserve Board establishes capital requirements, including well-capitalised standards, for the consolidated financial holding company, JPMorgan Chase & Co. The Office of the Comptroller of the Currency establishes similar requirements for JPMCB. These requirements are equal to those specified under the Basel Framework, that is, 4% of Tier 1 Capital and 8% of Total Capital as a percentage of risk weighted assets. Both JPMorgan Chase & Co. and JPMCB exceeded these requirements as at 30 June 2014.

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

Capital Adequacy Ratios	JPMCB (consolidated) 30/06/2014 Unaudited	JPMCB (consolidated) 30/06/2013 Unaudited	JPMCB (consolidated) 31/12/2013 Audited
Tier 1 Capital	12.08%	10.01%	11.93%
Total Capital	13.58%	12.87%	14.13%

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

Risk Weighted Exposures

Risk weighted exposures for the Banking Group are derived in accordance with the Reserve Bank of New Zealand's Capital Adequacy Framework as required by the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended).

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 JUNE 2014
SUPPLEMENTAL INFORMATION

NOTE 21 - CONCENTRATION OF CREDIT EXPOSURE TO INDIVIDUAL COUNTERPARTIES

JPMCB NZ Group has no aggregate credit exposure to an individual counterparty or group of closely related counterparties (whether bank or non-bank exposures) which equals or exceeds 10% of JPMCB's equity as at 30 June 2014, 30 June 2013 or 31 December 2013, or in respect of peak end-of-day aggregate credit exposures for the most recent quarter of the financial period.

NOTE 22 - ACTIVITIES OF THE BANKING GROUP IN NEW ZEALAND

As at 30 June 2014 no members of the Banking Group have been involved in:

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

Custodial Services

The financial statements of the Branch include income in respect of custodial services provided to customers by the Branch. As at 30 June 2014, securities held on behalf of the Branch's customers were excluded from the Branch's Statement of Financial Position. The value of securities held on behalf of the Branch's customers was \$26,401 million (December 2013: \$23,104 million).

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

NOTE 23 - RISK MANAGEMENT

During the six months ended 30 June 2014, there have been no material changes to the Banking Group's policies for managing risks in relation to credit risk, interest rate risk, currency risk, equity risk, liquidity risk, operational risk or any other material business risk to which it is exposed.

Exposure to Liquidity Risk

The following table shows a composition of our funding sources that contribute to the liquidity risk position as at 30 June 2014 and are held by the Banking Group for the purposes of managing liquidity risk.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
 FOR THE PERIOD ENDED 30 JUNE 2014
 SUPPLEMENTAL INFORMATION

NOTE 23 - RISK MANAGEMENT (continued)

Exposure to Liquidity Risk (continued)

Banking Group (\$'000)

	Unaudited							
	30/06/2014							
	Total	On Demand	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Non specified
ASSETS								
Cash and cash equivalents	224,970	224,970	-	-	-	-	-	-
Margin receivable	260,109	260,109	-	-	-	-	-	-
Receivables	19,807	-	17,844	-	1,963	-	-	-
Government bonds	31,312	-	31,312	-	-	-	-	-
Non-government bonds	-	-	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-	-	-
Cash collateral pledged on reverse repurchase agreements	25,171	-	25,171	-	-	-	-	-
Loans	34,603	54	34,549	-	-	-	-	-
Fixed assets	150	-	-	-	-	-	-	150
Intangible assets	844	-	-	-	-	-	-	844
Deferred tax assets	187	-	-	-	-	-	-	187
Total Assets	597,153	485,133	108,876	-	1,963	-	-	1,181
LIABILITIES								
Deposits - short term	258,629	258,629	-	-	-	-	-	-
Government bonds	12,205	-	12,205	-	-	-	-	-
Cash collateral received on repurchase agreements	15,018	-	15,018	-	-	-	-	-
Margin payable	259,104	259,104	-	-	-	-	-	-
Payables	51,570	-	51,499	-	-	-	71	-
Provision for taxation	627	-	-	-	627	-	-	-
Total Liabilities	597,153	517,733	78,722	-	627	-	71	-

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
 FOR THE PERIOD ENDED 30 JUNE 2014
 SUPPLEMENTAL INFORMATION

NOTE 23 - RISK MANAGEMENT (continued)

Concentration of Credit Risk

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

The maximum exposure to credit risk at reporting date was:

	<u>Banking Group (\$'000)</u>
	Unaudited
	<u>30/06/2014</u>
Credit Risk by industry	
Finance	285,812
Local Authorities	30,835
Communication	32,963
Mining	1,586
	<u>351,196</u>
Credit Risk by geographical area	
Within New Zealand	271,923
Overseas	79,273
	<u>351,196</u>

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
 FOR THE PERIOD ENDED 30 JUNE 2014
 SUPPLEMENTAL INFORMATION

NOTE 23 - RISK MANAGEMENT (continued)

Concentration of Funding Risk

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

	<u>Banking Group (\$'000)</u>
	Unaudited
	<u>30/06/2014</u>
Funding Risk by industry	
Accommodation and Restaurants	2
Finance	405,592
Electricity, Gas and Water	56,976
Local Authorities	9,244
Manufacturing	25,209
Property and Business Services	25,099
Retail Trade	3,434
Wholesale Trade	1,357
Food Manufacturing	4,669
Communication	7,875
Transport and Storage	1,033
Health and Community Services	44
Personal and Other Services	697
Other	3,726
	<u>544,957</u>
Funding Risk by geographical area	
Within New Zealand	289,704
Overseas	255,253
	<u>544,957</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 JUNE 2014
SUPPLEMENTAL INFORMATION

NOTE 23 - RISK MANAGEMENT (continued)

Interest Rate Sensitivity

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

	Banking Group (\$'000)						Not interest- bearing
	Unaudited						
	30/06/2014						
Total	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years		
ASSETS							
Cash - at call	99,970	99,970	-	-	-	-	-
Cash - short-term deposits	125,000	125,000	-	-	-	-	-
Margin receivable	260,109	-	-	-	-	-	260,109
Receivables	3,758	-	-	-	-	-	3,758
Receivables from related parties	16,049	-	-	-	-	-	16,049
Financial assets at fair value through profit or loss	31,312	31,312	-	-	-	-	-
Cash collateral pledged on reverse repurchase agreements	25,171	25,171	-	-	-	-	-
Loans	34,603	34,603	-	-	-	-	-
Fixed assets	150	-	-	-	-	-	150
Intangible assets	844	-	-	-	-	-	844
Deferred tax assets	187	-	-	-	-	-	187
Total Assets	597,153	316,056	-	-	-	-	281,097
LIABILITIES							
Deposits - short term	258,629	258,629	-	-	-	-	-
Financial liabilities at fair value through profit or loss	12,205	12,205	-	-	-	-	-
Cash collateral received on repurchase agreements	15,018	15,018	-	-	-	-	-
Margin payable	259,104	-	-	-	-	-	259,104
Payables	2,849	-	-	-	-	-	2,849
Payables to related parties	48,721	-	-	-	-	-	48,721
Provision for taxation	627	-	-	-	-	-	627
Total Liabilities	597,153	285,852	-	-	-	-	311,301

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
 FOR THE PERIOD ENDED 30 JUNE 2014
 SUPPLEMENTAL INFORMATION

NOTE 24 - EXPOSURES TO MARKET RISK

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

	Banking Group (\$'000)	
	Unaudited	
	Implied risk weighted exposure	Notional capital charge
30 June 2014		
Market Risk End-period		
Interest rate risk	1,300	104
Foreign currency risk	(664)	(53)
Equity risk	-	-
1 January 2014 - 30 June 2014		
Market Risk Peak End-of-day		
Interest rate risk	1,938	155
Foreign currency risk	(3,987)	(319)
Equity risk	-	-

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
 FOR THE PERIOD ENDED 30 JUNE 2014
 SUPPLEMENTAL INFORMATION

NOTE 25 - REGISTERED BANK ASSET QUALITY

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

- 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.

Table below presents assets past due at balance date:

	Banking Group (\$'000)				
	Unaudited				
	30/06/2014				
	Up to 30 days	Over 30 days and up to 60 days	Over 60 days and up to 90 days	Over 90 days	Total
Past due and not impaired	21	22	6	20	69

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 JUNE 2014
SUPPLEMENTAL INFORMATION

NOTE 25 - REGISTERED BANK ASSET QUALITY (continued)

	JPMCB NZ Group		JPMCB (consolidated)	
	Unaudited 6 months 30/06/2014 NZ\$'000	Unaudited 6 months 30/06/2013 NZ\$'000	Unaudited 6 months 30/06/2014 US\$'000	Unaudited 6 months 30/06/2013 US\$'000
Total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense)	-	-	20,967,000	28,700,000
Total individually impaired assets expressed as a percentage of total assets	-	-	1.0%	1.5%
Total individual credit impairment allowance	-	-	12,383,000	15,624,000
Total individual credit impairment allowance expressed as a percentage of total impaired assets	-	-	59.1%	54.4%
Total collective credit impairment allowance	-	-	-	-
Non-financial assets acquired through the enforcement of security	-	-	-	-

NOTE 26 - REGISTERED BANK PROFITABILITY AND SIZE

	JPMCB (consolidated)	
	Unaudited 6 months 30/06/2014 US\$'000	Unaudited 6 months 30/06/2013 US\$'000
Net profit/(loss) after taxation	8,122,000	10,189,000
Net profit/(loss) after taxation, over the previous 12 month period, as a percentage of average total assets	0.7%	1.0%
Total assets	2,002,047,000	1,947,794,000
Percentage increase/(decrease) in total assets from previous period	2.8%	7.4%



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

Statement on the Financial Statements

We have reviewed pages 10 to 32 of the General Disclosure Statement for the six months ended 30 June 2014, which consists of the financial statements required by Clause 26 of Part 2 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (the "Order") and the supplementary information required by Schedules 5, 7, 9, 10, 12 and 14 of the Order. The financial statements comprise the statement of financial position as at 30 June 2014, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months then ended, and the notes to the financial statements that include a statement of accounting policies and other explanatory information for the aggregated results of the JPMorgan Chase Bank, National Association, New Zealand Banking Group (the "Banking Group").

Directors' Responsibility for the Financial Statements

The Directors of JPMorgan Chase Bank, National Association, New Zealand Branch (the "Directors") are responsible for the General Disclosure Statement for the sixth months ended at 30 June 2014, which includes financial statements prepared in accordance with Clause 26 of Part 2 of the Order and that present fairly the financial position of the Banking Group as at 30 June 2014, and its financial performance and cash flows for the period ended on that date. The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

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

We are responsible for reviewing the financial statements (excluding the supplementary information) in order to report to you whether, in our opinion on the basis of the procedures performed by us, anything has come to our attention that would cause us to believe that the financial statements have not been prepared, in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting.

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

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Independent Auditor's Review Statement to the Directors of JPMorgan Chase Bank, National Association, New Zealand Branch (continued)

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

- i. Prepared in accordance with the Capital Adequacy Framework (Standardised Approach) (BS2A); and
- ii. Disclosed in accordance with Schedule 9 of the Order.

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

We have reviewed the financial statements of the Banking Group for the six months ended 30 June 2014 in accordance with the Review Engagement Standards issued by the New Zealand.

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

Opinion

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

- a) The financial statements on pages 10 to 32 (excluding the supplementary information), which have been prepared in all material respects in accordance with New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting, do not present fairly the financial position of the Banking Group as at 30 June 2014 and its financial performance and cash flows for the six months ended on that date;
- b) The supplementary information prescribed by Schedules 5, 7, 10, 12 and 14 of the Order, does not fairly state the matters to which it relates in accordance with those Schedules; and
- c) The supplementary information relating to credit and market risk exposures and capital adequacy prescribed by Schedule 9 of the Order, is not, in all material respects:
 - i. Prepared in accordance with the Capital Adequacy Framework (Standardised Approach) (BS2A); and
 - ii. Disclosed in accordance with Schedule 9 of the Order.



**Independent Auditor's Review Statement to the Directors of
JPMorgan Chase Bank, National Association, New Zealand Branch
(continued)**

Restriction on Distribution or Use

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

PricewaterhouseCoopers

Chartered Accountants
27 August 2014

Sydney

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

PricewaterhouseCoopers was the audit firm appointed to undertake the review of the JPMorgan Chase Bank, National Association, New Zealand Banking Group (the "Banking Group") for the six months ended 30 June 2014. I was responsible for the execution of the review and delivery of our firm's auditor's review statement. The review work was completed on 28 August 2014 and an unqualified review statement is expressed as that date.

Chris Cooper

Chris Cooper
Partner