J.P. Morgan

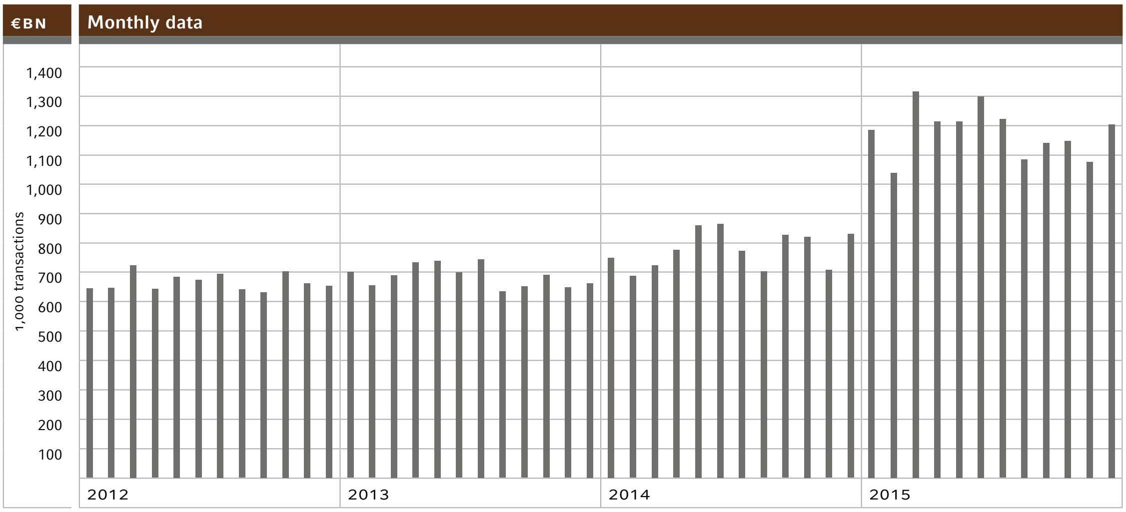
ANNUAL REPORT 2015 OF J.P. MORGAN AG

INDICATORS J.P. MORGAN AG

€M	2015	2014	2013	2012
Net Revenue	136.4	118.7	105.7	100.1
Net interest income	29.7	13.6	13.9	10.0
Net commission income	73.4	63.3	59.8	50.1
Total expenses	119.3	105.3	89.7	77.6
Income before Tax and extraordinary items	17.1	13.5	16.1	22.5
Net income	8.1	10.9	9.8	22.5
Equity	**629**	**621**	**611**	**275**
Return on Equity (RoE)	1.30 %	1.80 %	2.21 %	8.16 %
Return on Investment	0.06 %	0.08 %	0.09 %	0.14 %
Cost-Income Ratio	87.46 %	88.71 %	84.78 %	77.55 %
Pre-tax profit margin	12.55 %	11.37 %	15.22 %	22.45 %
Tier 1 capital ratio	88.9 %	115.13 %	87.90 %	37.80 %
Total capital ratio	114.3 %	143.92 %	112.70 %	71.90 %

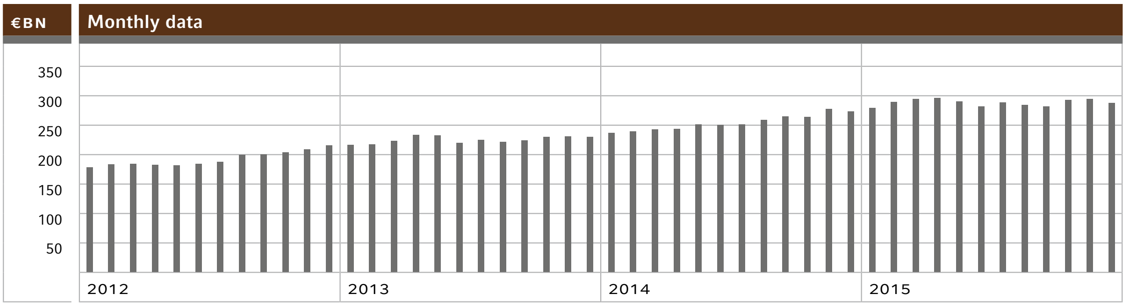
HIGH VALUE PAYMENTS

> PAGE 3: TREASURY SERVICES



ASSETS UNDER CUSTODY

> PAGE 4: INVESTOR SERVICES



CONTENT

Annual Report 2015

MANAGEMENT REPORT AS OF DECEMBER 31, 2015

Business and General Conditions

ORGANISATION AND LEGAL STRUCTURE

J.P. Morgan AG with its registered office in Frankfurt am Main is a 100 % indirect subsidiary of JPMorgan Chase & Co. with its registered office in Columbus, Ohio, in the United States of America. J.P. Morgan AG works on various levels, mainly in liquidity management and in the business segments, closely with different Group affiliates, and provides services to and receives them from various Group affiliates. The shares of J.P. Morgan AG are held directly by the J.P. Morgan International Finance Limited with its registered office in Newark, United States of America.

J.P. Morgan AG is led by a three-member Management Board and controlled by a six-member Supervisory Board. The Management Board generally convenes on a monthly basis, with the Supervisory Board meeting at least four times per year. In 2016, the Supervisory Board has held two meetings, and the Audit Committee has held one meeting as of the present. On a quarterly basis, the Supervisory Board receives a written MaRisk [Minimum Requirements for Risk Management]-compliant risk report. The names of the members of the Management Board and the Supervisory Board are listed in the Notes.

For the Management Board meetings, a detailed presentation is prepared by the divisions Treasury Services and Investor Services, which covers all major business events of the past month, as well as the development of KPIS and KRIS. Likewise the meeting contains material on financial development, a detailed risk update, and a report from Corporate Functions for discussion, consideration and passing of resolutions. The minutes of the Management Board meetings are kept by an employee from the Legal Department.

For its meetings, the Supervisory Board receives an up-to-date summary of the topics discussed in the Management Board meetings, in order to gain a detailed overview of the course of business, financial development, risk capacity, regulatory discussion, the status of current projects, and the work of Corporate Functions, for the purposes of discussion, consideration, and passing resolutions. Supervisory Board meeting minutes are kept by the Head of the Legal Department or an external lawyer.

The Supervisory Board's Audit Committee normally meets with the auditor twice a year to discuss the audit plan as well as the annual financial statements and audit report. Minutes of the meeting of the Supervisory Board's Audit Committee are recorded by a Legal Department employee.

In addition, the Supervisory Board has established a remuneration committee that held meetings in 2015 when required.

The Bank has a full banking license pursuant to Section 1 (1) of the KWG [Kreditwesengesetz – German Banking Act] (Nos. 1 to 5 and 7 to 9) and conducts banking business with institutional clients, banks, corporate clients and clients from the public sector.

INTERNAL CONTROL SYSTEM

In addition to regular meetings of the Management Board and the Supervisory Board, the Local Operational Risk & Control Committee, representing all functions subordinated to the CFO/COO Management Board, manages corporate governance in everyday business on behalf of the Management Board. J.P. Morgan AG's corporate functions continue to support not only the Bank's business segments but also all other Group units in Frankfurt am Main. The Treasury Services and

Investor Services segments are each managed by one Member of the Board (Front Office) and controlled by a Member of the Management Board (CFO/COO).

In addition to the key controlling variables of net interest income and net commission income, a conservative risk policy that in particular limits the possible credit and counterparty risk, provides the basis for successful management of J.P. Morgan AG by the Management Board. Methods and procedures for evaluating risk-bearing capacity, the risk profile of J.P. Morgan AG, as well as individual occurrences of risk are discussed on behalf of the Management Board in J.P. Morgan AG's risk committee.

All aspects of the business segments are transparently covered by a wide-ranging set of scorecards and controlled in particular by the means of trend analysis and key performance indicators on a monthly basis in meetings of the Business Forum, comprised of Sales, Operations and control functions, with the inclusion of the regional business control officers of the Group. Additionally, treasury activities are discussed and monitored in a monthly Asset & Liability Committee. The Management Board is thus enabled to identify changes or risks in the business performance in a timely manner and to make appropriate decisions and implement the necessary measures.

Moreover, comprehensive reports on all data representing loan utilisation, overdrafts, condition of collateral and key COREP figures are produced on a daily basis by the Finance and Credit Division for the Management Board. These reports are continuously being developed to meet the increasing regulatory requirements.

SEGMENTS AND ESSENTIAL PRODUCTS AND PROCESSES

J.P. Morgan AG is an integral part of the global J.P. Morgan Group and forms the backbone of the J.P. Morgan Group's operations in Germany. The full integration of the Bank into J.P. Morgan's global Treasury Services and Investor Services segments of the Group's Corporate & Investment Bank plays a crucial role, as it provides us with the necessary international network to deliver client services that do justice to J.P. Morgan's mission "First class business in a first class way". In 2015, the Bank continued to concentrate on its core business, in order to fulfil its roles, based in Frankfurt am Main, as € clearing provider of the Group, custodian bank and as a global custodian for the German investment market.

Thus, in 2015 we focussed on efficiency enhancements in our operating processes in order, on the one hand, to improve the residual risk profile on the basis of improved control processes and, on the other, to optimise interaction with our customers, as well. The development of our KPIS and KRIS as well as individual feedback from our customers encourage us to continue in this way in 2016, as well.

Treasury Services

J.P. Morgan AG is globally responsible for the € Clearing Operations division. In the coming years, in view of an increasing unification of the European payment transactions and due to our high investments in technology, we expect to deliver our leading global technology and our client service in the mass payment market centrally from J.P. Morgan AG and in close cooperation with our sister companies both to corporate clients and to financial institutions throughout Europe. We are continually expanding our top position as a € clearer in TARGET2 and EBA by offering improved features to our multinational corporate clients and financial institutions both domestically and abroad.

On the basis of these infrastructure services, our sales teams offer highly advanced solutions in the areas of cash, treasury and trade finance management for corporate clients, insurance companies, asset managers, and financial institutions. Advanced technology and expansion of the Group's locations within the scope of the Global Corporate Banking concept enable our sales teams to offer ever more comprehensive global cash management solutions that provide notable advantages in the management of liquidity, particularly for our international clients. Together with our highly developed service concept, this allowed us to continue to grow with selected, international target clients, above all in global cash management and in trade finance management.

Investor Services

In J.P. Morgan Group's global business area of Investor Services, J.P. Morgan AG of Frankfurt am Main acts as a fully-licensed and regulated custodian, which has been offering global custody and custodian bank services to institutional clients in Germany since 1995. In this function, J.P. Morgan AG is currently providing custodial services to 168 investment funds with more than 800 segments (individually managed portfolios) for its client base, with a value of € 168 billion.

In addition to the safekeeping and servicing of assets and the maintenance of an up-to-date inventory (with regard to custodial and non custodial assets), as well as settlement services for transactions, one of our core functions is the provision of various oversight functions to protect the relevant investment assets and the interests of the underlying investor. As part of our control functions, we ensure as a depositary bank that the ongoing activity of the investment management company is promptly supported and is in conformity with the statutory regulations, supervisory provisions and contractual conditions, as well as safeguarding the underlying assets of the investment funds.

Through the controls carried out by J.P. Morgan AG as well as independent controls of the investment management company (KVG) – especially the monitoring of legality (control of the instructions of the KVG), control of the share price and net asset values calculated by the KVG, investment compliance monitoring, the obligation to verify asset ownership, monitoring of cash flows, controls in the framework of depository management (inter alia monitoring of sub-custodians), controls relating to unit trades and returns, as well as the control of collateral – we ultimately ensure that the KVG has appropriate and coherent procedures and processes (including, among others, appropriate valuation principles for asset values of investment funds) available to it and that they are continuously applied with regard to the respective investment funds.

In addition to services in connection with safekeeping and settlement of transactions, a comprehensive range of products, additional services, and above all, client reporting is provided.

In our function as a custodian for investment funds, we notice that institutional investors (e. g. insurance companies and pension funds) are very flexible in the search for returns and consider, as well as implement, alternative investment solutions. In the low-interest environment, infrastructure loans and financing form a wide field with a broad range of applications. In this regard, the search for solutions for a suitable investment strategy reveals a heightened interest in so-called infrastructure debts. As permissible asset items, such investments can be acquired in principle for an investment fund, and are very interesting for institutional investors due to their long maturities. As a custodian, J.P. Morgan AG has embraced this strategic orientation and the challenges arising from it, in particular in the assessment, the representation and the property inspection, in order to help clients make the appropriate investments.

A similar growth potential in so-called alternative assets can be observed in the area of Private Equity. For this class of investments, J.P. Morgan offers comprehensive end-to-end solutions for administration as well as in regard to the reporting system on the Private Equity and Real Estate Platform (PeReS), which can be connected with the appropriate depositary function. Mandates won in the past successfully substantiate the claim to be perceived as a multifunctional service provider by our client base.

Within the J.P. Morgan Group, the execution of OTC derivatives subject to clearing is offered through central counterparties (so-called CCPS). Clients are supported in observing and complying with regulatory provisions efficiently and adequately. The opportunity to select J.P. Morgan as a clearing member provides a good chance to influence business activities in a positive manner.

MARKETS AND COMPETITIVE POSITION

In Treasury Services, there is a need to differentiate between relationship management and our function as global operating hub for € clearing operations. In relationship management, J.P. Morgan AG is responsible for institutional clients, banks, corporate clients and public sector clients primarily based in Germany or Austria. In the area of banking, this includes subsidiary companies based in Germany or Austria whose parent companies have their headquarters in other countries.

Based on our global responsibility for the € Clearing Operations division resting with the core team in Frankfurt am Main, as well as teams in sister companies of the Group in Mumbai (India) and in Manila (Philippines), J.P. Morgan AG services clients from various countries where the J.P. Morgan Group operates. In its function as € Clearer in TARGET2 and EBA, J.P. Morgan AG is among the largest providers of payment services in Germany in terms of the volume of payments settled daily.

In the Investor Services area we currently offer our services as a custodian bank and depository primarily to special funds according to the Investment Act and Alternative Investment Funds (AIF), subject to the KAGB, in addition to direct investments by institutional clients (especially insurance companies, pension provision institutions, pension funds, and church institutions), corporate clients and public sector clients in Germany. This also includes subsidiaries or branches based in Germany whose parent companies have their headquarters in other countries. J.P. Morgan AG is one of the leading depository/custodian banks in Germany.

Thanks to the strong product and technology leadership of the J.P. Morgan Group, J.P. Morgan AG is able to win various important mandates/clients in the Investor Services sector, emphasising the commitment of J.P. Morgan AG and the J.P. Morgan Group to client-oriented and innovative product solutions, using economies of scale of standardised processes. The strong capital base of J.P. Morgan AG as well as its membership of the voluntary deposit protection scheme has been received positively among our clients, underlining the Group's commitment to J.P. Morgan AG and the German office.

KEY LEGAL AND ECONOMIC INFLUENCE FACTORS

The legal and regulatory environment in 2015 was stable. The focus was on the implementation of EU initiatives, but had no significant impact on the core business and customer relationships of J.P. Morgan AG.

At the centre of the dialogue with customers was again the placement of excess liquidity in view of the continued negative interest rate policy of the European Central Bank, on the one hand, and in view of the efforts of the Group to reduce the so-called "Non-Operating Deposits". On this point, we would also like to make reference to the publications of JPMorgan Chase & Co. available on its website.

Topics that occupy us already today with a look to coming years include, inter alia, implementation projects such as the implementation of the extended requirements as to the tasks and duties of the custodian that the BaFin (German Federal Financial Supervisory Authority) published in October 2015, but also pioneering innovations.

PERSONNEL DEVELOPMENT

The number of employees of J.P. Morgan AG increased in 2015 from 262 to an average of 268, in contrast to the previous year. In 2015, the turnover rate was 9 %; it thus declined in contrast to the rate of 12 % for 2014. 20 % of the total number of employees made use of flexible work arrangements, as in the previous year.

In line with our business concept, we continue to put the highest emphasis on the qualitative selection of new hires and continued training and education programs for our staff.

The J.P. Morgan AG human resources policy focuses on the highest level of quality and diversity among employees, and is simultaneously committed to adjusting to the needs of our employees.

The underlying features of J.P. Morgan AG's remuneration system are presented in a separate Remuneration Report which can be found at the following website: http://www.jpmorgan.com/investor relations/SEC & Other Fillings/Basel Pillar 3 Disclosures/germany

BUSINESS DEVELOPMENT

2015 was a year of consolidation for J.P. Morgan AG, with an economic development that was satisfactory nevertheless.

Our final result continued to suffer under the continued low-interest-rate policy of the central banks, but the net commission income especially was nevertheless able to be increased through price increases in Treasury Services in comparison with the previous year, while the result in Investor Services was able to be maintained at the good level of the previous year.

Overall, the net interest and commission income of 2015 turned out markedly stronger than expected as compared to the planning for the fiscal year.

Unfortunately, due to increased Group-internal project and administrative costs as well as the unfavourable development of the USD exchange rate, we experienced an increase in expense of around 13 %, which placed a lasting burden on the operative result in both segments.

The balance sheet total as at December 31, 2015 fell by 14 % as compared with the balance sheet date assessment of December 31, 2014; however, this should not be interpreted as an indicator of the decline of the business activities, but rather as the expression of optimised Treasury Management within the J.P. Morgan Group.

From an overall perspective, we judge the year 2015 as cautiously positive. The business development of our core activities in Treasury Services and Investor Services met our expectations.

Earnings, Financial and Assets Position

EARNINGS

Thanks to the intensification of our activities with existing customers, J.P. Morgan AG managed to increase its net commission income in 2015. During the business year, the net commission income was 15.9% higher than the previous year's value, with a total of € 73.4 million. As compared to the previous year, the net interest income enjoyed positive growth, and at € 29.7 million stands € 16.1 million higher than in the previous year. Among the significant factors influencing the net interest income, the expansion of the bond portfolio – composed of first-class securities – decided upon in the previous year, as well as the restructuring of the Reverse Repo Portfolio should all be mentioned. The estimates of the net interest income for 2015 were outperformed, while the net commission income is largely in line with the planning. The other operating income declined by 20.4% to the current € 33.3 million for the year 2015. In particular, the valuation resulting from the change in the fair value of the cover assets and the expenditures from the discounting of pension reserves contributed to this result.

The personnel and administrative expenses increased by 13.4 % compared to the previous year. This rise was primarily driven by increased project costs. The Income before Tax and extraordinary items thus increased by 26.6 % to € 17.1 million. The annual surplus for business year 2015 amounted to € 8.1 million after taxes.

This result means a return on equity of 1.3 % after 1.8 % in the previous year.

FINANCIAL POSITION

Principles and Objectives

J.P. Morgan AG's balance sheet is driven by deposits provided by institutional clients and banks through the € Clearing segment and the custodian bank business, and continued to show an exceptionally stable financial position in 2015. Clients are enabled to utilise credits solely in the form of intra-day lines and short-term overnight overdrafts in the event of incorrect trades in both business segments. Excess liquidity generated by these deposit-driven business policies is invested mainly in reverse repo-transactions with JPMorgan Chase Bank, N.A. The bond portfolio, consisting of securities from first-grade issuers, was markedly reduced in a gradual process over the course of the 2015 fiscal year.

J.P. Morgan AG held sufficient liquidity at all times in 2015, as well. The bank manages liquidity conservatively. The liquidity ratio reached 1.91 as at December 31, 2015, and came to 1.83 on average, while the liquidity coverage ratio was 149.0 %.

Capital Structure

The liable equity increased in comparison to December 31, 2014 by the accumulated profit of the previous year. With the balance as of December 31, 2015, the result is a Tier 1 capital ratio of 88.87 % and a total capital ratio of 114.32 %. With this amount of capital available, J.P. Morgan AG remains in a comfortable position to support existing business, as well as the planned business growth as required with capital. J.P. Morgan AG's regulatory equity was composed of the following components as at the reporting date of December 31, 2015:

Tier 1:	€ 649 million share capital, reserves and funds for general banking risks
Upper Tier 2:	€ 0 million
Lower Tier 2:	€ 186 million subordinated loan
Total Tier 2:	€ 186 million

Off-Balance Sheet Business

Within the division of Trade Finance, the credit risks in the form of contingent liabilities taken on J.P. Morgan AG's own books continue to be for the most part directly collateralised within the Group. For issuances made by J.P. Morgan AG, we hold total return swaps with JPMorgan Chase Bank, N.A., for hedging purposes, as well as for hedging of interest rate change risks from the rate swaps securities portfolio.

ASSET SITUATION

The receivables from our clients decreased slightly, due to a lower utilisation of short-term overdraft loans and through a lower utilisation of available liquidity as at the reporting date, by € 9 million to € 222 million, and deposits decreased by € 491 million to € 6,244 million as at the reporting date. The receivables of the credit institutions increased due to the high treasury activities by € 48 million to € 9,900 million (of which, credit with central banks of € 1,961 million). By contrast, liabilities had fallen by € 1,477 million to € 5,369 million on the balance sheet date. The balance sheet total of J.P. Morgan AG thus declined, reaching € 12,516 million as at the reporting date. The total capital ratio as per December 31, 2015 was 114.32, amounting to an average of 131.63 for the year 2015.

The securities portfolio with first-class debtor securities was markedly reduced over the course of the financial year, decreasing gradually in comparison with December 31, 2014 by € 1,027 million to a book value of € 359 million. There were no significant changes after the balance sheet date.

Financial and Non-financial Performance Indicators

FINANCIAL PERFORMANCE INDICATORS

Financial performance indicators, defined for internal control of J.P. Morgan AG, comprise in particular absolute KPIS (Key Performance Indicators) such as the net interest income, net commission income, and Income before Tax and extraordinary items. In addition, return on equity, cost-income ratio, and the pre-tax profit margin are used to measure performance. The KPIS are derived directly from the information in the balance sheet and the income statement in the annual financial statement, and for the current and previous financial years amount to the following:

€M	2015	2014
Net Revenue	136.4	118.7
Net interest income	29.7	13.6
Net commission income	73.4	63.3
Total expenses	119.3	105.3
Income before Tax and extraordinary items	17.1	13.5
Net income	8.1	10.9
Equity	**629**	**621**
Return on equity (RoE) (Net income/ average equity)	1.3 %	1.8 %
Return on Investment (Net income/ balance sheet total)	0.06 %	0.08 %
Cost-income ratio (total expenses/ net revenue)	87.46 %	88.71 %
Pre-tax profit margin (income from regular business activity/net revenue)	12.55 %	11.37 %
Tier 1 capital ratio	88.9 %	115.13 %
Total capital ratio	114.3 %	143.92 %

The notable increase in the net interest income of around 119 % in comparison with the previous year can primarily be attributed to the development of the bond portfolio consisting of first-class securities, the restructuring of the reverse repo portfolio, as well as the positive net interest income from foreign currency holdings.

The development of the net commission income was likewise positive, although the earnings of the custodian bank remained stable at a high level and the increase in commission earnings arising from payment transactions was able to be achieved essentially through price increases for Group-internal services. Additional earnings from customer acquisitions did not play a significant role in either segment in 2015.

The payment volumes through TARGET2 in 2015 exceeded the previous year's value by 6.9%; we were able to observe a similar trend in relation to EBA EURO1 as the second high-value payment channel of J.P. Morgan AG in € payment transactions. The growth of the custodian bank even amounted to – as measured by the assets under custody – over 8%, such that the negative impacts of an ever-strengthening price pressure were able to be cushioned.

The net revenues goal of € 133 million could be slightly outperformed despite the unsatisfactory development in the pensions area with € 136.4 million.

As compared with the timeframe for the previous year, the operational result thus improved by around 26.6 % to € 17.1 million in comparison with the previous year.

The cost-income ratio could – despite this positive trend – only be reduced insignificantly from 88.71 % to 87.46 %. This is primarily to be attributed to the unfavourable development of the USD exchange rate over the course of 2015, as intra-Group transactions in USD are a major factor with around 40 % of the total expenditure.

The return on equity (ROE) fell from 1.8 % in the previous year to 1.3 %, and thus lay under 2 % as forecast. The Tier 1 and total equity capital ratios fell as expected in comparison with December 31, 2014 due to the changes, but nevertheless continued to remain in an extremely comfortable range.

NON-FINANCIAL PERFORMANCE INDICATORS

Non-financial performance indicators are guided by the role of J.P. Morgan AG as a transaction bank in € payment transactions and as a Global Custodian. Along with the actual volumes settled by J.P. Morgan AG for its clients, we focus on the degree of automation and the actual losses from operative errors. In addition, we measure the fluctuation rate as an indicator of stability of our operative platform from the point of view of employees.

	2015	2014
Number of payment instructions – High Value (TARGET2 & EBA EURO1)	4.5 million	4.2 million
Number of payment instructions – Low Value (STEP2 only)	71 million	132 million
Straight-through processing rate	98.42 %	98.35 %
Assets under Custody (in € billions)	287	274
Customer satisfaction – Custodian bank (Internal Score)	3,727	2,751
Operative losses (in € millions)	0.6	0.2
Fluctuation rate	9 %	12 %
Gender Diversity	35 %	36 %

The non-financial performance indicators that describe the transaction volumes of J.P. Morgan AG show a stable environment with a further improvement of the degree of automation in payment transactions at an already very high level. Although our settlement volume in low-value clearing declined notably in 2015 in comparison with the previous year, this is the result of a controlled consolidation and risk strategy in regard to our customer portfolio.

In the area of custodian banking, we were able to achieve a marked increase in customer satisfaction. This positive development is also reflected in the increased value of the assets that our customers have entrusted to us as a custodian. After a heightened number of client complaints in the previous year, during which we were temporarily unable to do justice to the J.P. Morgan business principle of "Excellent Client Service," our decisive measures to meet the expectations of our customers or even to exceed them have had a sustainable effect.

From an operations perspective, the goal continues to be greater automatisation, which goes hand-in-hand with efficiency enhancement and cost savings, as well as with the reduction of sources of error.

The operating losses thus remained within an acceptable framework in 2015, as well, even if we lagged behind our ambitious goals. "Operational excellence" remains our guiding principle, and is connected with our efforts to achieve constant improvement in our technology platform, the internal control systems and the ongoing training of our employees. It is important to us that we analyse operational errors in detail and draw the necessary consequences here for the future. It is for this reason that we have a particularly strong commitment to an open "risk and error culture".

We see the low fluctuation rate in a financial centre like Frankfurt with intensified competition for "talent" likewise as a result of our efforts to constantly improve the working environment as well as the development opportunities of our employees. One of our priorities continues to decisively implement the goals of a "great team & winning culture".

In 2016 we expect an increase in the number of payment instructions in the High Value field and Assets under Custody. By contrast, we expect a decrease in the Low Value field. The Straight Through Processing Rate and Customer Satisfaction should increase modestly. We expect a rise in the fluctuation rate.

BUSINESS PRINCIPLES "HOW WE DO BUSINESS"

J.P. Morgan AG is completely integrated into the corporate culture of JPMorgan Chase & Co, whose guiding principles are convincingly described by the four pillars of the Group-wide business principles:

– Exceptional Client Service
– Operational Excellence
– A Commitment to Integrity, Fairness and Responsibility
– A Great Team and Winning Culture

For further details please visit the website of JPMorgan Chase & Co.:
http://www.jpmorganchase.com/corporate/About-JPMc/business-principles.htm

Relationships with Related Companies and Persons

With regard to the related companies of J.P. Morgan AG, we have identified our parent company JPMorgan Chase Bank, N.A., as well as J.P. Morgan International Finance Ltd. We consider the members of the Management Board and the Supervisory Board of J.P. Morgan AG and their family members as related persons.

The following financial transactions are carried out with related companies:

– Money market transactions, investing and borrowing money
– Transactions in Total Return Swaps
– Reverse Repos
– Nostro accounts
– Provision of subordinated capital
– Purchasing and supplying corporate services

All transactions have been closed on normal market terms. J.P. Morgan AG received appropriate compensation for every legal transaction with associated companies that were known to J.P. Morgan AG at the time at which the legal transactions were undertaken. There are no transactions conducted with related persons.

Outlook

SIGNIFICANT OPPORTUNITIES AND RISKS FOR THE UPCOMING FINANCIAL YEARS

Our outlook from recent years substantially retains its validity for the coming year:

In regard to economic development in Germany, we proceed from sustained, albeit weaker, positive development of the gross domestic product, borne by an expansive monetary policy and supported by a sustainable rise in productivity. We expect an economic situation characterised by weak growth and an increasing deflationary pressure in the euro area. The global economic dynamic will lose the relatively unified picture that it has had in past years, such that a heterogeneous picture with great regional difference will emerge. Here the fall in the oil price and the overall declining prices for commodities, as well as shifts in exchange rate relations and the geopolitical environment, continue to play a decisive role.

Also over the next years we expect to see a continuation of the trend towards professionalising cash management in companies, pension funds and insurers, with the goal of further integration of the value-added chain in the liquidity management of a company for continued income optimisation. In view of the negative interest environment, which in our opinion will not significantly change in 2016, and in view of the expansive monetary policy, the opportunity for banks to raise “non-operating liquidity” of customers, and the income and risk targets of our customers, will continue to be the focus of the dialogue between banks and customers.

In view of banks’ continued high investment needs and the increasing costs of appropriately implementing regulatory requirements, we observe early tendencies toward consolidation on the market, which could result in new opportunities for us to grow organically. The leading global position of our parent company as well as the worldwide investments in the technology behind our business will continue to assist us in reinforcing our competitive position on the market. With the phased implementation of Target2Securities (T2S), we observe already today as well as in future a further shift in the competitive environment that will continue in the coming years. Here, J.P. Morgan AG will play a significant role as a Group-internal service provider in € payment transactions. Here, we see opportunities for the growth of net commission income in Treasury Services of up to 10 %, but also risks that could lead to a decline of 5 % in the net commission income, although the risks due to Group-wide interdependence are rather to be considered low.

The trend for the large institutional investors to adapt their investments to the altered image of an economy which is becoming more and more global and the resulting demand for Global Custodian services will be sustained in 2016, as well. This could result in growth opportunities for the custodian banking business that could exceed a growth of 5 % of the assets under custody.

The Global Corporate Banking Organisation, which has been built up in the last few years and which provides us with a strongly expanded presence in the core markets around the world, has made a substantial contribution here in intensifying customer proximity, developing customer-specific solutions, and realising cross-selling opportunities.

We view the disproportionate regulation of the financial markets as presenting continued risk for our business; however, we continue to assume that regulators worldwide will develop and implement a coordinated and measured concept for the regulation. Above all, we see here a further encumbrance by an intensification of control tasks and reporting requirements, which must be compensated by cost savings in the operational divisions in order not to impair the income situation of J.P. Morgan AG in a lasting manner.

Possibilities of passing on these costs to our customers are only possible to a limited extent in view of the increasing price pressure in the transactional business with many competitors. The question of liquidity costs in particular will be a topic in the coming years that we will discuss with our customers.

We see further risks in the political destabilisation of some countries or regions, which could lead to a clear deterioration of the market situation, with potential negative effects on the solvency of our clients, and resulting sustained losses.

EXPECTATIONS FOR THE BANK'S FUTURE PERFORMANCE

Thanks to our consistent conservative risk policy, we do not expect any risk-related losses for the next two years, as well.

For 2016, we expect an increase in the net commission income in Investor Services, but also in Treasury Services thanks to the acquisition of new customers in the high-value segment. In regard to the net interest income, we expect a slight fall in net interest income due to the marked reduction in holdings in our securities portfolio.

Thanks to sustained disciplined cost management, we expect that the costs will remain on the level of the previous year, so that the planned result – without considering the effects from pension obligations – will lie at € 13 million.

ASSUMPTIONS

These expectations are based on the assumptions of a stable political situation in Germany and in Europe, with successful crisis management and a stagnating economic performance of the European countries in the next two years. Germany will thus – on the basis of the published Economic Research Report of the J.P. Morgan Group – nevertheless in contrast with the previous year with an expected GDP growth of 1.9 % – no longer bear a prominent position in the euro area as a motor of growth. We likewise proceed under the assumption that Great Britain will not exit the European Union.

With regard to the world economy, we assume that the dynamic development of the past years of emerging economies will further cool down in 2016 due to the continuing low price of oil, the persistent geopolitical uncertainties and falling domestic demand in certain important emerging economies, thus exerting a negative influence on the economic development in the established industrialised countries.

Moreover, we assume that the ECB will maintain its negative-interest policy in 2016, as well, and that it will continue in 2017. In addition, we made the assumption that the average trend of the euro with respect to the US dollar will remain on average at the level of the beginning of 2016.

DEVELOPMENT OF SEGMENTS

In the planning calculation for the next years, for Investor Services, we assume an average growth of total revenues of 5 % p.a. for the years 2016 and 2017, while for Treasury Services we expect a slight fall in total revenues in 2016 as a result of conservative planning of the net interest income, but this trend will be reversed again in 2017 with a growth of 4 % thanks to the acquisition of new customers. Overall, we assume an average growth of the net commission income of 4.1 % p.a. for 2016 and 2017.

In 2016, we expect net revenues amounting to € 124 million according to the planning in comparison with € 136.4 million in the previous year, although the difference is to be explained by a one-off effect due to the sale of the securities portfolio in the previous year.

Thus, in 2016, the return on equity will be markedly below 2 %, the profit margin is expected to be 5 %, and the cost-income ratio will remain constantly high at 95 %. We expect the Tier 1 capital ratio and the total capital ratio to be unchanged in the current financial year.

FINANCIAL SOLVENCY

J.P. Morgan AG is solvent at all times owing to the business model-driven structure of our balance sheet. In addition, the Bank manages a high liquidity ratio (1.95 as at 12/31/2015), and operates a very strictly limited maturity transformation to achieve an additional interest rate margin. With a liquidity coverage ratio of 149.0 % as at December 31, 2015, this also lies markedly above the minimum ratio of 60 % that has been mandatory since October 2015.

Risk Report

MANAGEMENT & CONTROLLING

The Management Board of the "Back Office" is responsible for risk management at J.P. Morgan AG, with regular reporting to the general management, as well as to J.P. Morgan AG's Supervisory Board. J.P. Morgan AG classifies a risk as a potential loss or a failure to realise a profit due to internal or external factors, and manages these in the context of risk management.

J.P. Morgan AG's control system is composed of the business areas ("First Line of Defence"), the control functions and Internal Auditing:

- First Line of Defence: It lies within the responsibility of the business areas to develop and implement effective internal controls. This includes the identification and addressing of risks and acting within a robust controlling environment.
- Control functions: Risk Management, Accounting & Controlling, Compliance and Legal each have clearly defined

duties but also work together closely in order to monitor and supervise business activities.

– Internal Auditing: Internal Auditing acts independently of the business areas and control functions of J.P. Morgan AG. It reviews the effectiveness of corporate management, of internal controls and of risk management. In addition, an annual assessment of the early risk identification and internal monitoring system is carried out by the independent auditor.

Independent control functions are in charge of the operational implementation of the risk control and monitoring, taking into account the Group-wide infrastructure and policies. They report directly to the Management Board "Back Office" as the Chief Risk Officer (CRO).

These include, in particular, the Market and Credit Risk Officer for the risk monitoring of credit and market price risks, the Risk Governance Officer as risk controller, the Treasury & Credit Control for the monitoring of liquidity and market price risks, and the Location Control Officer for monitoring the operational risks.

RISK STRATEGY AND RISK MANAGEMENT

The risk strategy is derived directly from J.P. Morgan AG's business strategy. It is defined by the general management of J.P. Morgan AG and is approved each year by the Supervisory Board.

The risk strategy defines how J.P. Morgan AG will manage the risks it has taken as part of its business activities. By limiting and managing the risks, risk-bearing capability and liquidity are ensured at all times. The risk strategy covers all main risks and is, if necessary, further specified for individual risk categories in the form of partial risk strategies and then made concrete and operational using policies, guidelines and working instructions. The completeness and suitability of the risk strategy is reviewed during the annual risk assessment (or during as needed ad-hoc risk assessments). This ensures that the risk strategy takes all relevant risks faced by J.P. Morgan AG into consideration.

The classification of individual risk categories as a relevant risk is based on whether the occurrence of the risk could have a serious negative effect on J.P. Morgan AG's risk-bearing capability.

As per the risk inventory, in 2015 the following risk categories are significant for J.P. Morgan AG:

– Credit risk,
– Market risk,
– Interest rate risks of the banking book,
– Business risk,
– Liquidity risk,
– Pension risk and
– Operational risks.

The analysis also defines the risk appetite by allocating the available risk covering potential to the individual risk categories. This facilitates compliance with the limits, and allows for the monitoring of that compliance throughout the financial year.

The following principles also apply for the risk management and monitoring:

– There are clearly defined organisational structures and documented processes for all risk affected business areas, from which the responsibilities and competencies of all functions involved are derived.

– There is a clear segregation of duties between Front Office and Back Office in order to avoid potential conflicts of interest.
– For the risk identification, measuring, aggregating, managing, monitoring and communicating of the risk categories, suitable procedures are defined and implemented at J.P. Morgan AG, including the Group-wide infrastructure.
– Appropriate limits for all significant risk categories have been adequately defined and are effectively controlled.

RISK MEASUREMENT AND REPORTING

Risk measurement and reporting take place in J.P. Morgan AG according to risk category on a daily (credit, market and liquidity risk), monthly (operational and earnings risks) or quarterly cycle (pension risks). The risk-bearing capacity is analysed monthly.

In addition to regulatory limits, the Management Board at J.P. Morgan AG defined a series of early-warning indicators, which are monitored daily and in a timely manner. Indicators and risk limits include, among others, renovation indicators, credit limits, investment limits, bidding limits, position limits as well as the minimum liquidity of J.P. Morgan AG, and are clearly documented. These also consider the concentration risk with respect to other J.P. Morgan entities.

For its monthly sessions, the Management Board receives a detailed overview of the development of the business areas, information on financial trends, a detailed risk report as well as a report from the Corporate Functions. The scope of the quarterly risk report extends considerably beyond the monthly reporting and presents the risk situation in more detail.

For its sessions, the Supervisory Board receives a current summary of the topics discussed in the meetings of the Management Board, including a summary of the risk report.

RISK-BEARING CAPABILITY AND STRESS TESTING

The risk-bearing capability analysis is a core component of the overall bank control of J.P. Morgan AG, with the goal of guaranteeing a suitable risk profile and adequate capital at all times. J.P. Morgan AG decided on a Going-Concern approach, whereby it could continue the core business activities even if all items of the defined risk covering potential were consumed through exposure to risks. The confidence level of 95% corresponds to the underlying assumptions of the Going-Concern approach; risk coverage potential and the economic capital model are configured accordingly. The observation period lasts one year. As a secondary control circuit, a Gone-Concern approach is observed in parallel, with a confidence level of 99.91%.

According to the risk inventory credit risks, market risks, operational risks, pension risks, business risks and interest rate risks in the banking book are quantified as relevant risk categories in the context of the risk-bearing capacity calculation.

Liquidity risks are a part of the stress testing.

The risk cover potential essentially consists of J.P. Morgan AG's retained earnings, the § 340g HGB reserve for general banking risks, accumulated profits, the profits achieved in the financial year as well as the planned profits of the following years. The quantification of the business risk, which is primarily meant to delineate planning uncertainty, is deducted from this.

In fiscal year 2015, as well, we further developed the risk-bearing capacity concept of J.P. Morgan AG. This primarily concerns the revised definition of the risk cover potential for

€M	Regulatory 12/31/2014	Regulatory 06/30/2015	Regulatory 12/31/2015	Economic 12/31/2014	Economic 06/30/2015	Economic 12/31/2015
Type of risk						
Credit risk	25.8	19.6	35.7	15.7	17.3	12.6
Operational risk	15.2	16.2	16.2	4.6	20.1	15.0
Market risk	4.6	7.0	3.6	17.5	5.6	5.3
IRBB	–	–	–	–	–	**27.8**
Pension risk	–	–	–	**25.0**	**25.0**	–
Capital requirement	**45.7**	**42.8**	**55.5**	**62.8**	**68.0**	**60.7**
Risk coverage pool	821.3	833.8	834.2	141.9	152.1	99.2

the Going-Concern approach, the consideration of the interest-rate risk from the banking book, the further development of the calculation of the concentration risk, as well as the separate treatment of pension risk as complementary components in the risk-bearing capacity concept.

The quantification of the capital requirement for the occurring risks takes place through internal, institute-specific calculation approaches. The calculation of the risk-bearing capability takes place on a quarterly basis. As per December 31, 2015 utilisation stood at 61.2 % As part of the integrated stress testing, the risk-bearing capability was guaranteed at any time.

For verification of the risk bearing capability, stress scenarios are defined for each risk category. These engage with each other as part of integrated macroeconomic stress scenarios.

They are analysed in part on a monthly, otherwise quarterly basis. The risk-bearing capability concept and the stress tests are validated annually, building on the risk inventory.

The regulatory capital requirement for the individual risk categories is monitored by the Regulatory Reporting Team on a daily basis and is shown in the table above (all figures given in million €). The economic capital requirement pursuant to the Going-Concern and Gone-Concern approaches is additionally calculated by Risk Governance on a monthly basis. In 2016, as well, we will work continuously on the further development of the risk-bearing capacity concept, although we expect further method-related adjustments on the basis of the regulatory implementation of the SREP concept.

RISK CATEGORIES

Credit risk

Credit risk refers to the risk of loss arising from the default of a customer, client or counterparty.

Based on J.P. Morgan AG's core business segments, credit risk is the most significant risk:

– on the one hand, credit default risk, which arises primarily through the drawing of overdrafts to customers who maintain their payment transaction accounts in the € clearing or the custodian banking function at J.P. Morgan AG,

– on the other, counterparty risk, particularly with respect to other Group companies in the context of Treasury activities of J.P. Morgan AG.

Depending on the credit rating of the client, the allocation of overdraft facilities is also accompanied by the implementation of defined risk-mitigation steps (e.g., the provision of collateral). Risk reduction strategies are deployed in the same way with respect to other Group companies.

Within the division of Trade Finance, the credit risks in the form of contingent liabilities taken on J.P. Morgan AG's own books continue to be for the most part directly collateralised within the Group. There are no significant call risks.

On the basis of J.P. Morgan AG's business model as a Group-wide service provider in € payment transactions, but also as a custodian bank with a focus on special funds, concentration risks exist that are likewise taken into account in J.P. Morgan AG's risk-bearing capacity concept. Here, we expect no significant changes in the coming year.

Since J.P. Morgan AG does not run an active trading book, issuer risk, replacement risk, and settlement risk play an extremely minor role.

By means of its credit risk strategy, which is derived from the general business and risk strategy, the Management Board defines the risk profile in regard to its clients and credit products. Moreover, structural organisation and processes for risk steering, potential measures to minimise risk and risk reporting are defined more closely in the Group-wide policies and in the J.P. Morgan AG MaRisk Guidelines. The Management Board makes credit decisions on the basis of the clearly defined separate responsibilities for "Front Office" and "Back Office".

Procedures for intensified loan management as well as the treatment of problematic loans exist but continued not to require application during the financial year 2015. For the year 2016, as well, we expect no defaults, for which reason no provisions for losses on loans were formed that would be necessary in the case of an expected loss resulting from the default of a customer.

J.P. Morgan AG uses an unexpected loss model with a confidence level of 95 % (99.91 % in Gone-Concern) to calculate the economic capital requirement. As the basis for the Exposure at Default (EAD) the client's drawing behaviour is estimated for the payment transactions accounts on the basis of historical data, or otherwise market value positions per the reporting date are taken into consideration. EAD, Probability of Default (PD), and Loss Given Default (LGD) are the important input parameters for the risk model. In addition, concentration risks are quantified for all relevant portfolios on the basis of the Herfindahl Hirschman Index.

A series of different scenarios are considered within the scope of the credit risk stress test that assume that client ratings, income from securities, drawing behaviour, portfolio concentrations or correlations could significantly worsen over the course of time. There is thus a regular validation of the stress tests and their results.

J.P. Morgan AG uses the credit risk standard approach (KSA) for the regulatory quantification of the credit risk.

Daily monitoring of counterparty default risk at the individual client level is done by Treasury & Credit Control, using the Group-wide credit limit control system, which records individual limits and utilisation at account level and/or at the level of single borrower units. The system does not allow unauthorised intra-day limits. In essence, the main focus is on the monitoring of so-called intraday lines of credit and overdraft facility usage. A corresponding report of daily exposures and all new accounts and lines and/or all changes of existing lines is being presented daily for approval to the Credit Risk Officer as well as the general management. Moreover, compliance with the approved limit structure, the monitoring of the risk-bearing capability as well as the analysis of the portfolio structure (e.g., maturities, credit products, segments and countries) including concentration risk is summarised in monthly or quarterly reports to the Management Board.

The loan portfolio as well as the credit risk underwent no significant changes in 2015. Key values of the loan portfolio include:

€M	12/31/2015	12/31/2014
Lines of payment transaction (Intra-Day)	25.9 billion	25.7 billion
Lines of payment transaction (Overnight-Day)	4.2 billion	4.4 billion
Overdrafts	688	171
RWA for credit risk	446	323
RTF Going-Concern	12.6	15.7
RTF Gone-Concern	119.5	163.9

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events. It includes legal risk, but excludes strategic and business risk.

Operational risk is inherent in J.P. Morgan AG's activities and can manifest itself in various ways, including fraudulent acts, business interruptions, inappropriate behavior of employees, failure to comply with applicable laws and regulations or failure of vendors to perform in accordance with their arrangements. These events could result in financial losses, litigation and regulatory fines, as well as other damage. The goal is to keep operational risk at appropriate levels, in light of the business model of J.P. Morgan AG.

To monitor and control operational risk, the Firm maintains an Operational Risk Management Framework ("ORMF") designed to enable the Firm to maintain a sound and well-controlled operational environment. The four main components of the ORMF include: governance, risk identification and assessment, monitoring and reporting, and measurement.

Risk management

The ORMF specifies policies and guidelines valid Group-wide, in which the management of operational risks is specified. This includes risk identification and assessment, monitoring and reporting, and measurement and is specified in J.P. Morgan AG's Operational Risk Manual, for which Risk Governance together with the Location Control Officer are jointly responsible. The legal department is generally involved in case of legal risks. The legal department decides whether an external law firm needs to be mandated.

Identification and Self-Assessment of Risks

In order to evaluate and monitor operational risk, the lines of business and corporate functions utilize several processes to identify, assess, mitigate and manage operational risk. Firmwide standards are in place for each of these processes and set the minimum requirements for how they must be applied.

The Firm's risk and control self-assessment ("RCSA") process and supporting architecture requires management to identify material inherent operational risks, assess the design and operating effectiveness of relevant controls in place to mitigate such risks, and evaluate residual risk. Action plans are developed for control issues that are identified, and businesses are held accountable for tracking and resolving issues on a timely basis. Risk Management performs an independent challenge of the RCSA program including residual risk results.

Risk Monitoring and Reporting

Operational risk management and control reports provide information, including actual operational losses, self-assessment results and the status of issue resolution to the lines of business and senior management. In addition, key control indicators and operating metrics are monitored against targets and thresholds. The purpose of these reports is to enable management to maintain operational risk at appropriate levels and enable prompt escalation. A summary of the results is presented to the Management Board as part of the quarterly MaRisk reports.

J.P. Morgan AG's Operational Risk Capital for the risk-bearing capability is derived from the firm's Advanced Model Approach (AMA) regulatory capital model. This is modelled on loss events specific to J.P. Morgan.

Information from the institutionalised loss event database, the qualitative results from the regular Control Self Assessments, the definitions of the risk-based Outsourcing Controlling, the results from the Internal Audit, as well as the Control Testing by the Compliance Department and the Location Control Officer as well as by other Group-wide control functions are then used within the framework of the scenario analysis (Stress Test) at product level.

Key values for operational risk are:

€M	12/31/2015	12/31/2014
Losses arising from operational risks	0.6	0.2
Regulatory capital requirement	203	190
RTF Going-Concern	15.0	20.6
RTF Gone-Concern	28.2	38.7

Personnel Risks

Human Resource risks are those associated with the employment of staff for example, the cost of employment, health and safety issues; over-reliance on key individuals and inadequate succession planning; the cost and reputational damage of litigation by employees and/or arising from employee misconduct; and the risks associated with inappropriate compensation practices. Personnel risks fall under the definition of operational risks and are addressed in the ORMF.

IT Risks

The systems used by J.P. Morgan AG are a part of the IT infrastructure of the J.P. Morgan Group. IT risks form a part of the operational risks and are addressed in the ORMF.

Process Risks

Process risk means the risk of loss resulting from inadequate or failed internal processes. Process risks form a part of the operational risks and are addressed in the ORMF.

Extensive business continuity planning is intended to guarantee the orderly operation of critical processes in order to safeguard J.P. Morgan AG against damages threatening its existence. The threat scenarios considered include the unavailability of employees, the breakdown of support systems, and the inability to use the building. The appropriate emergency plans were developed with the inclusion of Group-wide infrastructure and are regularly tested.

Liquidity risk

J.P. Morgan AG defines Liquidity risk as the risk of loss arising from the firm's inability to meet its current or future payment commitments in total or when they are due. On the basis of J.P. Morgan AG's business activities, the liquidity risk in the narrower sense and the intraday liquidity risk have relevance, while the market liquidity risk and the refinancing risk have no material importance for the risk profile of the bank.

The liquidity situation of J.P. Morgan AG is driven by customer deposits. The liquidity is primarily invested in reverse repos with JPMCB, London Branch. Maturity transformation takes place only to a very limited extent.

Key values for the Liquidity risk are:

	12/31/2015	12/31/2014
Liquidity Ratio	1.91	1.95
Leverage Ratio	4.91 %	4.31 %
Liquidity Coverage Ratio	149 %	149 %
Net Stable Funding Ratio	161 %	107 %

In the business and risk strategy, the J.P. Morgan AG Management Board defines the management of liquidity risks, which are specified accordingly in detail in the Liquidity Management Policy as well as in the Contingency Funding Plan. The risk mitigating instruments here include warning thresholds and escalation mechanisms to the Management Board. Compliance with this policy is ensured by the Treasury & Credit Control department which reports to the CRO.

Liquidity management is handled by the J.P. Morgan AG Treasury Function in compliance with Group-wide policies and J.P. Morgan AG's Liquidity Management Policy and Contingency Funding Plan. JPMAG's liquidity and funding management is integrated into JPMorgan Chase & Co.'s (the Firm's) liquidity management framework. The primary objectives of effective liquidity management are to ensure that the Firm's core businesses are able to operate in support of client needs, meet contractual and contingent obligations through normal economic cycles as well as stress events, ensure funding mix optimisation, and availability of liquidity sources.

Within the framework of euro clearing, intraday liquidity management takes place in order to guarantee sufficient liquidity at all times in the J.P. Morgan AG TARGET2 account for participation in real-time gross settlement.

JPMAG's stress tests are intended to ensure sufficient liquidity for the legal entity under a variety of adverse scenarios. Results of stress tests are therefore considered in the formulation of JPMAG's assessment of its liquidity position. Liquidity outflow assumptions are modelled across a range of time horizons and contemplate both market and idiosyncratic stress. Standard stress tests are performed on a regular basis and ad hoc stress tests are performed in response to specific market events or concerns. Liquidity stress tests assume all of the entity's contractual obligations are met and then take into consideration varying levels of access to unsecured and secured funding markets. Additionally, assumptions with respect to potential non-contractual and contingent outflows are contemplated. JPMAG sufficiently passed all liquidity stress tests conducted in 2015. In the context of intra-day liquidity management, J.P. Morgan AG performs a series of simulations in which a changed payment pattern on the part of market participants and clients is assumed.

Market price risk

J.P. Morgan AG defines Market risk as the potential for adverse changes in the value of the Firm's assets and liabilities resulting from changes in market variables such as interest rates, foreign exchange rates, equity prices, commodity prices, implied volatilities or credit spreads. Given J.P. Morgan AG's business activities, credit spread risks as well as exchange-rate risks have an impact, if a limited one, while interest rate risks in the trading book, share price and commodity price risks have no importance whatsoever for the Bank's risk profile.

Market price risks additionally arise from a portfolio of fixed-interest rate securities of public issuers. The so-called Strategic Investment Portfolio, which was created in 2014 and had holdings amounting to € 1.4 billion at the end of 2014, still had, as a result of a decision of the Management Board to prematurely reduce its holdings and achieve an extraordinary income, holdings amounting to € 359 million as at December 31, 2015. The changed influence on the risk profile of J.P. Morgan AG can be read from the almost constant value-at-risk, which is determined in order to quantify market price risks, in a situation of markedly fallen portfolio volumes. The value-at-risk approach is based on the historical simulation with a 95 % confidence level and one-day holding period.

The scope for managing market price risks is defined by the Management Board in the business and risk strategy and defined more closely in the Asset Limits and the Triggers Policy. Risk positions may only be employed within approved limits; these positions are valued and accordingly monitored on an ongoing basis. Daily monitoring and the reporting of market price risks are done by the Treasury and Credit Control division. Daily adherence to limits and the impacts on the risk capacity are summarised in reports to the Management Board on a monthly and quarterly basis.

	Value at Risk (in US $)	
T$	12/31/2015	12/31/2014
Reporting date	182	1,773
60-day trend	180	2,129
One-year average	187	1,937

Interest rate risks of the banking book

Since J.P. Morgan AG has no active trading book, interest rate risks arise essentially in the treasury management of € liquidity, shown separately in the risk profile as IRRBB (Interest rate risks of the banking book). The interest rate risk in the banking book (IRRBB) is defined as the interest rate risk that is produced by the traditional banking transactions of the company (transactions recognised on an accrual basis in the balance sheet and balance-sheet-neutral transactions). These transactions include the granting of credit, the granting of credit lines, the deposit business and the issuance of bonds (referred to in summary as non-trading activities) as well as the impacts of the CIO Investment Portfolio and other related CIO Treasury activities.

In order to quantify the IRRBB, J.P. Morgan AG uses the result of the interest rate shock specified by the banking supervisory authorities of +/−200 basis points currently.

To calculate interest rate change risk for its investment book, J.P. Morgan AG likewise uses the price value of a basis point interest approach. Exceeded limits are generally escalated to the Management Board. In addition to the year-end value, the table below also shows the maximum, minimum and average values (always absolute values) of a basis point interest approach for the market risk.

$	Basis point interest approach
12/31/2015	1,347
Minimum 2015	25
Maximum 2015	16,698
Average 2015	2,530

Currency risks arise to a very limited extent from the settlement of foreign currency payments on behalf of clients who hold a payment transaction or deposit account with J.P. Morgan AG and from intra-Group settlements in US $. To limit the currency risks, only limits for the spot position are thus defined.

Pension risk
J.P. Morgan AG defines Pension risk as the risk caused by contractual or other liabilities to or with respect to a pension scheme (whether established for its employees or those of a related company or otherwise). Pension risk is driven by market and demographic risk where the pension scheme may be unable to meet future expected benefit payments.

Pension risk is thus the potential necessity of increasing pension reserves. The pension risks are determined on the basis of a VaR model but are considered in an additional calculation in the quantification of the risk-bearing capacity. If the VaR should exceed the excess of planned pension assets, this position would be deducted from the risk cover potential.

Business risk
J.P. Morgan AG defines Business risk as any risk arising from changes in its business, including: the acute risk to earnings posed by falling or volatile income; and the broader risk of a firm's business model or strategy proving inappropriate due to macroeconomic, geopolitical, industry, regulatory or other factors; or its remuneration policy. Regular plan monitoring and if necessary the appropriate adjustments ensure that these deviations are minimised.

Reputation risk
The outstanding reputation of J.P. Morgan is an invaluable, but fragile asset in the interaction with its client base, but also in its interaction with other market participants as well as governmental regulators and authorities.

In this context, J.P. Morgan AG stresses the importance of Compliance, Risk Management, the Legal Department, Financial Control and Internal Audit, and the necessity of their active representation in various governance meetings in order to ensure compliance with internal J.P. Morgan procedures and/or regulatory requirements. It also ensures that these units are involved as soon as possible in any escalation processes with clients.

Summarising Presentation
The conservative risk policy and the solid capital resources ensure the very comfortable risk position of J.P. Morgan AG going forward.

The quantification of the capital requirement for the occurring risks takes place through internal, institute-specific calculation approaches. The calculation of the risk bearing capability takes place on a quarterly basis. As per 31 December 2015 utilisation stood at 61.2 %. As part of the integrated stress testing, the risk bearing capability was guaranteed at any time.

The following key performance and risk indicators essentially represent the risk profile of J.P. Morgan AG:

€M	2015	2014
RWA Overall	**679**	**571**
Total capital	834	821
Tier 1 capital ratio	95 %	115 %
Total capital ratio	122 %	144 %
Liquidity ratio	1.91	1.95
Leverage Ratio	4.91	4.31
Liquidity Coverage Ratio	149 %	149 %
Net Stable Funding Ratio	161 %	107 %
Risk capital requirement Going-Concern	60.7	63
Risk cover potential Going-Concern	99.2	141.9
Risk capital requirement Gone-Concern	222.8	291.6
Risk cover potential Gone-Concern	801.7	684.3

In 2015, as well, J.P. Morgan AG did not observe any credit default.

RISK CONTROL AND MONITORING

Timely, independent and risk-based reporting the risk categories credit risk, market price risk, liquidity risk and operational risk is provided to the Management Board on a daily, weekly and monthly basis; Risk Management summarises said reports as part of the quarterly MaRisk reports.

The various control functions at J.P. Morgan AG – mainly the Internal Audit, Compliance and Risk Management departments – create an annual review and audit plan based on the results of the risk assessment of the operational risks, particularly in order to ensure the effectiveness of the defined controlling measures.

The Internal Audit department of J.P. Morgan AG is an integral component of Group auditing and reports directly to the Chairperson of the Management Board. It is responsible for the review of the business operations at J.P. Morgan AG based on a risk-oriented audit approach, which covers all activities and processes at J.P. Morgan AG and thus the outsourced activities as well. The Group auditing department of JPMorgan Chase Bank, N.A., London, is generally involved when this type of audit is performed.

DEFINITION OF LIMITS

In addition to regulatory limits, the Management Board at J.P. Morgan AG defined a series of early-warning indicators, which are monitored daily and in a timely manner. These limits are defined in the Limit and Trigger Guidance and include, among others, renovation indicators, credit limits, investment limits, bidding limits, as well as the minimum liquidity of J.P. Morgan AG.

The risk-based framework of J.P. Morgan AG is approved by the Management Board and updated on a regular basis. It defines roles and responsibilities as well as escalation procedures in the event that critical threshold values are exceeded or fallen short of, or that defined limits are breached.

CHANGE PROCESSES

The introduction of new products and the expansion of business into new markets occurs in line with the Group-wide "New Business Initiative Policy". Under the responsibility of the "Back Office" Management Board in its role as CRO, an analysis takes place of the potential risks, the design of the operative processes, their regulatory impacts, and their impact on J.P. Morgan AG's risk capacity. If the product involves an expansion of trading activities, the CRO shall also ensure there is a sufficient test phase prior to introduction in real production.

Integrating various functions such as Financial Control, Tax, Legal, Compliance Internal Review and Risk as coordinated by the CRO guarantees a review of the planned product launch independent of the trading function. This committee documents its findings along with a recommendation for approval, which are then submitted for discussion to the general management. Only after approval is the initiative integrated into real production at J.P. Morgan AG.

Internal control system

GENERAL REMARKS

Please refer to the explanations provided in the risk report for a presentation of the risks and the measures for limiting risks. The internal control system (ICS) and the risk management system, which cover the J.P. Morgan AG accounting process, focus on the guidelines, procedures and measures taken to ensure the efficacy, economic viability and orderliness of the accounting as well as guaranteeing adherence to the key statutory regulations. The internal control system consists of two areas, Control and Monitoring. In organisational terms, the Financial Control & Tax division is responsible for the control.

The monitoring measures consist of elements integrated into the process and external, independent elements. Among other things, the integrated measures include a monthly control process covering all the Bank's activities, during which the balance sheet as at that date and the income statement are examined to assess and confirm their correct presentation and risks. Moreover, in all instances the four-eye principle is applied, along with technical controls, mainly by software-controlled audit mechanisms. Furthermore, qualified staff members with due expertise and specialist functions such as Financial Control & Tax take part in the process-integrated monitoring and control functions.

The Management Board and the Supervisory Board (in particular the Audit Committee) as well as the internal audit department are involved in the internal monitoring system in the form of process-independent audit measures. The audit of the annual financial statements constitutes a key element of process-independent monitoring.

With a view to the accounting, the risk management system is geared to identify, evaluate and communicate risks from faulty bookkeeping, accounting, and reporting in a timely manner.

IT USE

The software used in the Bank to input accounting processes is made up of the IT systems used throughout the Group. The orderly functioning of the programs and interfaces utilised is regularly assessed and confirmed. As part of the examination of our IT, the group auditors check the due operation of the accounting-related applications at all computer centre locations. The complete IT system, including that for accounting, is secured against unauthorised access.

KEY REGULATIONS AND CONTROL ACTIVITIES TO ENSURE DUE, ORDERLY AND RELIABLE ACCOUNTING

The internal control system's structure and measures ensure that business transactions are entered swiftly and completely in line with the statutory and the internal regulations and that assets and liabilities are accurately calculated, valued and carried in the annual financial statements. The booking documentation provides a reliable information base and a clear paper trail.

The regulations of the Financial Accounting Standards Board are applied within the J.P. Morgan Group as uniform valuation and accounting principles according to US-GAAP, supplemented and commented on by the Group's "Accounting Policies" section. Here, again, stipulations are made with regard to the intra-Group settlement policies. As part of the preparation of the individual financial statements of J.P. Morgan AG, a reconciliation statement is prepared from US-GAAP to the annual financial statements in accordance with the German Commercial Code. Here, local work directives cover the details of the formal requirements and the tangible data for the individual financial statements.

Pursuant to the country-specific reporting under § 26a Para. 1 S. 2 KWG, J.P. Morgan AG has neither foreign branch offices nor subsidiaries in this sense.

Assurance by the Management Board

We hereby assure that to the best of our knowledge and in line with the applicable accounting principles for financial reporting, this report offers a fair picture of the Bank's assets, financial / liquidity and earnings situation that corresponds to the facts and that the course of business, the business results and the Bank's position are presented in such a way as to convey a true and fair picture, and that the material opportunities and risks of the Bank's presumable future performance in the remainder of the current business year are described.

Frankfurt am Main, April 18, 2016

J.P. Morgan AG
Frankfurt am Main
The Management Board

BURKHARD KÜBEL-SORGER STEFAN BEHR

MICHELLE GRUNDMANN

Financial statements 2015 of J.P. Morgan AG

ANNUAL BALANCE SHEET AS AT DECEMBER 31, 2015 OF J.P. MORGAN AG, FRANKFURT AM MAIN

ASSETS

€					Notes	2015 €	2014 T€
Cash reserves							
– Cash on hand				100			–
– Credits with central banks				1,961,334,187			2,947,098
incl.: with Deutsche Bundesbank	EUR	1,961,334,187					2,947,098
					2.1.	**1,961,334,287**	**2,947,098**
Debt instruments of public agencies and bills of exchange, eligible for refinancing with central banks:							
– Treasury bills, discounted treasury notes and similar debt instruments issued by public-sector institutions				–			–
incl.: eligible for refinancing with Deutsche Bundesbank	EUR	–					–
– Bill of exchange				–			–
incl.: eligible for refinancing with Deutsche Bundesbank	EUR	–				–	–
Receivables from credit institutions							
– due daily				9,900,886,112			9,853,013
– other receivables				15,325			18
					2.2.	**9,900,901,437**	**9,853,031**
Receivables from clients					**2.3.**	**222,195,117**	**213,616**
incl.: secured by mortgage	EUR	–					–
incl.: municipal credits	EUR	–					–
Bonds and other fixed-interest securities							
– Money market instruments							
from public issuers			–				–
incl.: eligible as collateral with Deutsche Bundesbank	EUR	–	–				–
from other issuers			–				–
incl.: eligible as collateral with Deutsche Bundesbank	EUR	–	–				–
				–			–
– bonds and debt securities							
from public issuers			358,791,056				1,385,731
incl.: eligible as collateral with Deutsche Bundesbank	EUR	358,791,056					1,385,731
from other issuers			–				–
incl.: eligible as collateral with Deutsche Bundesbank	EUR	–	–				–
				385,791,056			1,385,731
– own debt securities				–			
Nominal amount	EUR	–		–			–
					2.4.	**358,791,056**	**1,385,731**

ASSETS (CONTINUED)

€			Notes	2015 €	2014 T€
Shares and other non-fixed-interest securities				–	–
Investments			2.5.	159,403	248
incl.: in credit institutions	EUR	–			
incl.: in financial services institutions	EUR	–			–
Shares in affiliated companies					
incl.: in credit institutions	EUR	–			–
incl.: in financial services institutions	EUR	–			–
Trust assets					
incl.: fiduciary loans	EUR	–			–
Tangible assets			2.6.	16,249,804	12,337
Other assets			2.7.	3,295,848	5,070
Accrued and deferred expenses			2.8.	908,600	822
Excess of plan assets over pension liability			2.9.	52,100,289	52,882
Total assets				12,515,935,841	14,470,835

LIABILITIES

€					Notes	2015 €	2014 T€
Liabilities to credit institutions							
– due daily				2,927,128,274			2,722,110
– with agreed maturity or notice period				2,442,223,728			4,124,539
					2.11.	**5,369,352,002**	**6,846,649**
Liabilities to clients							
– savings deposits							
with agreed notice period of three months			–				–
with agreed notice period of more than three months			–				–
				–			–
– other liabilities							
due daily			6,193,442,209				6,516,766
with agreed maturity or notice period			50,447,101				218,348
				6,243,889,310	**2.12.**	**6,243,889,310**	**6,735,114**
Securitised liabilities							
– issued debt instruments				–			–
– other securitised liabilities				–			–
							–
incl.: money market instruments	EUR	–					–
incl.: acceptances and promissory notes outstanding	EUR	–					–
Trust liabilities						–	–
incl.: fiduciary loans	EUR	–					–
Other liabilities					**2.13.**	**13,666,582**	**10,501**
Deferred income						**63,679**	**77**
Provisions							
– Provisions for pensions and similar obligations				–			–
– Tax provisions				4,475,295			2,436
– Other provisions				12,923,057			12,311
					2.14.	**17,398,352**	**14,747**
Subordinated liabilities					**2.15.**	**185,604,492**	**185,880**
Profit participation right						–	–
incl.: maturity after less than two years	EUR	–				–	–

LIABILITIES (CONTINUED)

€			Notes	2015 €	2014 T€
Fund for general banking risks			**2.16.**	**56,300,000**	**56,300**
Equity					
– Called-in capital					
Subscribed capital		160,000,000	**2.17.**		**160,000**
minus unclaimed outstanding deposits		–			–
– Capital reserves		418,681,895			411,123
– Retained earnings					
Legal reserves	6,000,000				6,000
Reserve for interests in a dominant or majority stake holding company	–				–
Reserves as stated in the Articles of Association	–				–
other revenue reserves	36,884,971				23,778
		42,884,971			29,778
– Balance sheet profit		8,094,558			20,667
				629,661,424	**621,567**
Total liabilities				**12,515,935,841**	**14,470,835**
Contingent liabilities					
– Contingent liabilities from rediscounted, settled bills		–			–
– Liabilities from guarantees and indemnity agreements		149,571,229			44,059
– Collateral provided for third-party liabilities		–			–
			2.20.	**149,571,229**	**44,059**
Other commitments					
– Repurchase obligations under reverse repurchasing agreements		–			–
– Placement and underwriting obligations		–			–
– Irrevocable loan commitments		–			–
				–	–

INCOME STATEMENT
OF J.P. MORGAN AG, FRANKFURT AM MAIN

FOR THE PERIOD FROM JANUARY 1, 2015, UNTIL DECEMBER 31, 2015

€					Notes	2015 €	2014 T€
Interest income from							
– lending and money-market transactions		22,655,441					14,596
– less negative interest arising from lending and money-market transactions		–5,965,790	16,689,651				
– fixed-income securities and debt register claims		13,600,177					19,053
– less negative interest arising from debt register claims		–	13,600,177				
– Total interest income				30,289,828			33,649
Interest expenses from							
– lending and money-market transactions		2,601,445					5,150
– less positive interest arising from lending and money-market transactions		–11,217,968	–8,616,520				
– fixed-income securities and debt register claims		9,183,116					14,921
– less positive interest arising from debt register claims		–	–				
– Total interest expenses				–566,596			20,071
					3.1.	**29,723,232**	**13,577**
Current income from							
– equities and other non-fixed-income securities				–			–
– investments				24,546			4
– shares in affiliated companies				–			–
						24,546	**4**
Commissions income				74,640,279			64,959
Commissions expenses				1,271,471			1,634
					3.2.	**73,368,808**	**63,325**
Net income from trading portfolio						–	–
Other operating income					**3.3.**	**33,272,916**	**41,804**
General administrative expenses							
– Personnel expenses							
Wages and salaries			26,246,318				25,216
– Social security contributions and expenses for pension provisions and benefits			3,356,539	29,602,857			6,031
incl.: for retirement benefits	EUR	463,929					3,196
– other administrative expenses				83,027,187			67,405
					3.4.	**112,630,044**	**98,653**

FOR THE PERIOD FROM JANUARY 1, 2015, UNTIL DECEMBER 31, 2015 (CONTINUED)

€					Notes	2015 €	2014 T€
Depreciation, amortisation and valuation adjustments of intangible and tangible fixed assets					**2.6.**	**2,190,142**	**2,871**
Other operating expenses					**3.5.**	**4,451,131**	**3,794**
Depreciation and value adjustments in respect of receivables and specific securities and allocations to provisions for credit risks				–	**3.7.**		
Income from allocations to receivables and specific securities as well as allocations to loan transaction accruals				–	**3.6.**		127
						–	**127**
Depreciation, amortisation and write-downs of equity investments, shares in affiliated companies and securities classified as fixed assets				–			–
Income from reversals of investments, shares in affiliated companies and securities classified as fixed assets				–			–
						–	–
Income before Tax and extraordinary items						**17,118,185**	**13,520**
Extraordinary income				–			–
Extraordinary expenses				–			–
Extraordinary result						**–**	**–**
Taxes on income and revenue				9,011,024			2,631
including changes in deferred taxes:	EUR	–					
Other taxes, not indicated under other operating expenses				12,603			13
					3.8.	**−9,231,906**	**−2,645**
Profit transferred on the basis of profit pooling, profit and loss transfer, or partial profit transfer agreements						–	–
Annual net profit						**8,094,558**	**10,875**
Profit/loss carried forward						**0**	**9,792**
Retained profit						**8,094,558**	**20,667**

J.P. MORGAN AG, FRANKFURT AM MAIN
NOTES TO THE ANNUAL FINANCIAL STATEMENT 2015

1. General remarks

1.1. GENERAL PRINCIPLES

J.P. Morgan AG, Frankfurt am Main, is a registered stock corporation under German law active in Germany in the main segments of transaction banking, securities custody and deposit and loan business.

The J.P. Morgan AG annual financial statement has been prepared according to the regulations of the German Commercial Code and the Decree on Accounting for Banks and Financial Service Providers.

The structure of the balance sheet and the income statement is unchanged as compared to the prior year. For the profit and loss statement, the recognition of negative interest was expanded on in net interest income.

1.2. CHANGED ACCOUNTING AND VALUATION METHODS

The accounting and valuation methods adopted in the 2015 annual financial statements were used as for the previous year.

1.3. FOREIGN CURRENCY CONVERSION

Foreign-currency receivables and liabilities have been converted using the European Central Bank reference rates applicable at the reporting date. Transactions denominated in foreign currency are translated at the end-of-month rate for the month in which the business was transacted. Exchange gains/losses are reported in profit or loss under other income.

2. Key accounting and valuation principles and explanations

2.1. CASH RESERVES

T€	12/31/2015	12/31/2014
Cash reserves	**1,961,334**	**2,947,098**
Cash on hand	–	–
Credit with central banks	1,961,334	2,947,098
incl.: with Deutsche Bundesbank	1,961,334	2,947,098

Liquid funds are reported at nominal value. As at the reporting date, there is € 100 in liquid funds in the cash on hand, and liquidity was invested with Deutsche Bundesbank.

2.2. RECEIVABLES FROM CREDIT INSTITUTIONS

T€	12/31/2015	12/31/2014
Receivables from credit institutions	**9,900,901**	**9,853,031**
incl.: receivables from affiliated companies	9,808,418	9,826,389
Breakdown by remaining maturity:		
a) due daily	9,900,886	9,853,013
b) other receivables	15	18
1. up to three months,	15	18
2. more than three months to one year,	–	–
3. more than one year to five years,	–	–
4. more than five years	–	–

Receivables from banks are reported at the nominal value or at the lower cost of acquisition plus accrued interest.

2.3. RECEIVABLES FROM CLIENTS

T€	12/31/2015	12/31/2014
Receivables from clients	**222,195**	**213,616**
incl.: receivables from affiliated companies	134,790	70,061
Breakdown by remaining maturity:		
a) due daily	27,817	31,231
b) undefined maturity	194,060	181,814
c) other receivables	318	571
1. up to three months,	–	–
2. more than three months to one year,	318	–
3. more than one year to five years,	–	571
4. more than five years	–	–

Receivables from clients are reported at nominal value or at the lower cost of acquisition plus accrued interest.

2.4. BONDS AND OTHER FIXED-INTEREST SECURITIES

T€	12/31/2015	12/31/2014
Bonds and other fixed-interest securities	**358,791**	**1,385,731**
maturing in the following year	–	200,087
Bonds and debt securities		
from public issuers	358,791	1,385,731
incl.: eligible as collateral with Deutsche Bundesbank	358,791	1,385,731
including marketable securities	358,791	1,385,731
listed on the stock exchange	358,791	1,385,731
not listed on the stock exchange	–	–

2.5. INVESTMENTS

T€	12/31/2015	12/31/2014
Investments	**159**	**248**
incl.: in credit institutions	0	89

The holding in Liquiditäts und Konsortialbank GmbH, Frankfurt am Main, was repaid over the course of the financial year.

The remaining shareholding was recognised under acquisition costs.

This position includes only listed bonds. Bonds and other fixed-income securities are valued at acquisition with the acquisition cost.

Since 2013 the securities have been a component of the liquidity reserves. The securities are assessed according to the strict lowest value principle pursuant to § 253, Para. 4 HGB. Depreciations and write-ups of the securities in the liquidity reserve are reported in the income statement under "Depreciation and value adjustments in respect of receivables and specific securities and allocations to provisions for credit risks" as well as "Allocations to loans-transaction accruals" or" Income from allocations to receivables and specific securities" as well as "Reversal of loans-transaction accruals".

For hedging interest rate change risks, the securities were partially combined with interest rate hedging instruments to form micro-valuation units.

As at 31 December 2015, hidden reserves amounting to € 5.1 million existed in the securities of the liquidity reserve, taking the existing valuation units into consideration. Due to the classification of all securities as liquidity reserve, no hidden liabilities exist.

The bonds are listed on the Luxembourg Stock Exchange, Luxembourg, and the German Stock Exchanges in Frankfurt and Berlin.

2.6. CHANGE IN FIXED ASSETS

T€	Other equipment and office equipment	Technical equipment and machinery	Total
Cumulative acquisition costs as at 01/01/2015	**10,521**	**2,690**	**13,211**
Additions	6,687	74	6,761
Disposals	−835	−6	−841
Cumulative acquisition costs as at 12/31/2015	**16,373**	**2,758**	**19,131**
Scheduled depreciation in the current year	1,653	542	2,194
Cumulated depreciation as at 12/31/2015	1,913	968	2,881
Residual value as at 12/31/2015	**14,460**	**1,790**	**16,250**
Residual value as at 12/31/2014	**10,079**	**2,258**	**12,337**

Tangible assets are valued at acquisition cost minus scheduled straight-line depreciation. The value of the used parts of buildings amounts to € 11.4 million, while that of operating and business equipment amounts to € 4.8 million.

2.7. OTHER ASSETS

T€	12/31/2015	12/31/2014
Other assets	**3,296**	**5,070**

This is mainly sales tax receivables in the amount of € 1.0 million, as well as tax receivables from corporate tax of € 0.3 million, as well as € 0.5 million from the fair value of reinsurance policies and receivables from payment transaction services in the amount of € 0.8 million.

2.8. ACCRUED AND DEFERRED EXPENSES

T€	12/31/2015	12/31/2014
Accrued and deferred expenses	**909**	**822**

Accrued and deferred expenses include T€ 907 for the monthly pension payments already made in 2015 for accounting reasons.

2.9. EXCESS OF PLAN ASSETS OVER PENSION LIABILITY

In line with § 246 Para. 2 S. 2 HGB, assets that serve to cover debts from pension obligations and similar long-term obligations were netted against the liabilities. The excess carrying value of the balance is then entered under the item for "Positive consolidation difference from asset offsetting". The actuarial report was calculated using the mortality tables of Prof. Dr. Klaus Heubeck 2005 G.

The evaluation was carried out in accordance with the accepted principles of actuarial mathematics using the so-called "Projected Unit Credit Method" (PUC method).

T€	12/31/2015	12/31/2014
Valuation parameters (BilMoG [Bilanzrechtsmodernisierungsgesetz – German Accounting Law Modernisation Act])		
Pension obligations:		
Actuarial interest rate	3.89 %	4.53 %
Future increase of benefits	3.00 %	3.00 %
Increase of pension	1.75 %	2.00 %
In order to account for fluctuation, age-specific and gender-specific fluctuation probabilities were used	Mercer Standard	Mercer Standard
Partial retirement:		
Actuarial interest rate	3.89 %	4.54 %
Future increase of benefits	3.00 %	3.00 %
Increase of pension	0.00 %	0.00 %

€		12/31/2015
Pension obligations	01/01/2015	**138,964,712**
Allocations		12,549,543
Allocations from deferred compensation		0
Consumption (pension payments)		−5,891,055
Pension obligations	12/31/2015	**145,623,198**
Assets	01/01/2015	**191,845,810**
Additions		718,508
Disposals		0
Reversal of impairment on part values that have risen again		0
Market valuation in relation to acquisition costs (under other operating income)		5,159,169
Assets	12/31/2015	**197,723,487**
Excess of plan assets over pension liabilities	01/01/2015	**52,881,870**
Excess of plan assets over pension liabilities	12/31/2015	**52,100,289**
Acquisition costs of assets	01/01/2015	**119,534,711**
Acquisition costs of assets	12/31/2015	**120,287,495**
Trend for allocations to pension provisions		
Allocations		12,549,543
Proof of expenses for partial retirement under “Wages and salaries”		17,792
Proof of change in the discount rate and discounting/compounding of pension liabilities under other operative income		−13,401,660
Allocations to pension provisions	01/01/ – 12/31/2015	**−834,325**

	2015
Asset investment measures pursuant to § 285 No. 26	
– Special Institutional Funds	**JPMC I Universal Fund**
Legal basis:	Risk management approach:
Basis of the calculation:	Market value (NAV) of assets
Reinvestment:	Capitalisation funds
§ 253 Para. 3 S. 4:	No amortisation, as valued according to § 246 Para. 2 HGB
Term:	No restriction on the daily return
Valuation as per §§ 168, 278 KAGB [Capital Investment Act] or comparable foreign law as at balance sheet date:	T€ 175,380; shares 1,093,811
Capital assets:	Not eligible for listing on the stock exchange/ unlisted
– Mutual funds	**JPMorgan Funds – Global Unconstrained Equity**
Legal basis:	Luxembourg law
Basis of the calculation:	Market value (NAV) of assets
Reinvestment:	Capitalisation funds
§ 253 Para. 3 S. 4:	No amortisation, as valued according to § 246 Para. 2 HGB
Term:	No restriction on the daily return
Valuation as per §§ 168, 278 KAGB [Capital Investment Act] or comparable foreign law as at balance sheet date:	T€ 222,700; shares 14,404,080
Capital assets:	Not eligible for listing on the stock exchange/ unlisted

All pension assets are held to hedge pension benefits granted to employees. The primary investment target of the funds is to cover long term the financial obligations.

The fund unit prices are calculated as follows: A net asset value (NAV) is allocated to each share class – this is the value of the assets of a share class minus the liabilities for that class. The NAV is then divided by the total number of current shares belonging to that share class to arrive at the unit price.

2.10. OTHER ACCOUNTING AND VALUATION METHODS

Other assets are valued under consideration of the strict lowest value principle.

Expenses and income deferrals have been formed and allocated to the respective balance sheet item.

Liabilities are carried at the sums repayable and securitised liabilities are held at their nominal value.

Appropriate provisions have been made for uncertain liabilities, including imminent losses in the amount of T€ 300.

Interest driven business, in the banking book, was valued using the periodical approach (p&l based method) for loss free valuation. In accordance with this method, it was not required to form a threatened loss reserve.

The amount barred from distribution in accordance with § 268 Para. 8 HGB comes to € 77.6 million as at December 31, 2015. Free reserves within the meaning of § 268 Para. 8 HGB amounted to € 455.6 million.

Provisions were valued at the settlement amount, factoring in expected increases in prices and costs.

Provisions with a remaining term of more than one year have been discounted/revalued at the average market interest rates as calculated and announced by Deutsche Bundesbank (§ 253 Para. 2 HGB). Income and expenses from discounting and revaluing were entered not netted, depending on whether the provisions were made for loan business or for non-banking business, under the interest income/interest expense item (§ 277 Para. 5 HGB) or in other operating income/expenses (§ 340a Para. 2 in conjunction with § 277 Para. 5 HGB).

Deferred taxes are calculated for temporary differences between the commercial valuations of assets, liabilities and deferred income and their taxable value and tax loss. The underlying temporary differences are mainly due to different valuations of securities, pension obligations and the valuation of plan assets and provisions and lead to a net deferred tax asset (surplus). For the calculation of deferred taxes, a corporate income tax rate including solidarity surcharge of 15.825 % and an industrial tax rate of 16.10 % were assumed. The right available under § 274, Para. 1, S. 2, HGB for activation of deferred taxes is not exercised.

Valuation units were set up for registered bonds, bearer bonds and debentures issued that are hedged by total return swaps (TRS) against market price risk. Moreover, parts of the fixed-interest securities were combined with interest rate swaps as a hedge into a valuation unit.

The TRS and the interest rate swaps were combined at a single transaction level with the underlying transactions in a clear hedging relationship and their effectiveness was tested.

Owing to the clear hedging relationship, the transactions involved are Micro-Hedges that represent an efficient and perfect hedging relationship for the entire term. The fair values covered by the Total Return Swaps in relation to the underlying liabilities are calculated using customary valuation models. Efficiency is measured by using the dollar offset method, or with the use of suitable statistical procedures such as regression analysis.

The fair value of all Total Return Swaps as at December 31, 2015 was T€ –4,846. The value of the Interest Rate Swaps as at the reporting date came to T€ –14,951. Valuation was carried out using internal valuation procedures. The Group uses valuation procedures to establish the fair value of financial instruments where prices quoted in active markets are not available. Therefore, where possible, parameter inputs to the valuation procedures are based on observable data derived from prices of relevant financial instruments traded in an active market. The use of these models involves some level of management estimation and judgment, the degree of which will depend on the price transparency for the financial instrument and its market and the instrument's complexity.

The term of the individual TRS matches that of the liabilities hedged and was as follows as at December 31, 2015:

T€	Total Return Swaps	Liabilities
Total Return Swaps Overview (Nominal)		
Maturity		
2016	15,526	15,526
2017	–	–
2018	25,000	25,000
2020	–	–
2022	10,000	10,000

In total, 5 valuation units were formed, and 5 Total Return Swaps established to cover 5 liability items.

The term structure of the Interest Rate Swaps in connection with bonds is presented in the following table:

T€	Interest Rate Swaps	Bonds
Interest Rate Swap overview (nominal)		
Maturity		
2022	–	–
2023	–	–
2024	160,000	160,000
2025	–	200,000

The effective portion of the valuation units formed is presented according to the freezing method.

2.11. LIABILITIES TO CREDIT INSTITUTIONS

T€	12/31/2015	12/31/2014
Liabilities to credit institutions	**5,369,352**	**6,846,649**
incl.: liabilities to affiliated companies	4,322,329	5,091,628
Maturity structure:		
a) due daily	2,927,128	2,722,110
b) with agreed maturity or notice period	2,442,224	4,124,539
1. up to three months,	2,342,224	3,833,356
2. more than three months to one year,	–	41,183
3. more than one year to five years,	–	–
4. more than five years	100,000	250,000

The JPMorgan Chase Bank, N.A., London Branch, has furnished a cash security of € 500 million to secure granted lines of credit, as well as a cash security of € 100 million to secure transactions with derivatives.

2.12. LIABILITIES TO CLIENTS

T€	12/31/2015	12/31/2014
Liabilities to clients	**6,243,889**	**6,735,114**
incl.: liabilities to affiliated companies	101,776	91,473
Maturity structure:		
a) due daily	6,193,442	6,516,766
b) with agreed maturity or notice period	50,447	218,348
1. up to three months,	15,447	130,395
2. more than three months to one year,	–	52,953
3. more than one year to five years,	25,000	25,000
4. more than five years	10,000	10,000

2.13. OTHER LIABILITIES

T€	12/31/2015	12/31/2014
Other liabilities	**13,667**	**10,501**
consisting of:		
– Profit transfer	0	0
– Interest for profit participation rights (J.P. Morgan Beteiligungs- und Verwaltungsgesellschaft [J.P. Morgan Holding and Management Corporation] mbH)	0	0
– Value added tax	7,036	5,755
– Liabilities from deliveries and services	3,442	1,149
– other liabilities	3,189	3,597

The other liabilities mainly include liabilities from deliveries and services, as well as value added tax liabilities.

2.14. PROVISIONS

T€	12/31/2015	12/31/2014
Provisions	**17,398**	**14,747**
consisting of:		
– tax provisions	4,475	2,436
– other provisions	12,923	12,311

The provisions carried contain all obligations discernible on the reporting date relating to past business transactions or past occurrences, taken into account and valued in line with § 253 HGB.

Provisions for anniversaries contained in the figure were calculated using an actuarial report and on the basis of the mortality tables of Prof. Dr. Klaus Heubeck 2005 G and in line with the valuation method as per § 253 Para. 1 HGB.

Other provisions consist for the most part of provisions regarding personnel expenditure and asset retirement obligations for the leased office building.

2.15. SUBORDINATED LIABILITIES

T€	12/31/2015	12/31/2014
Subordinated liabilities	**185,604**	**185,880**
incl.: subordinated liabilities to affiliated companies	185,604	185,880

The subordinated capital posted at the end of the financial year 2015 comprises a subordinate loan of € 150,000,000 taken out on December 21, 2009, as well as another subordinate loan of € 35,790,432, which was transferred to J.P. Morgan AG within the scope of the merger between J.P. Morgan Beteiligungs- und Verwaltungsgesellschaft mbH and J.P. Morgan AG.

Interest payments are made quarterly starting on December 21, 2009 or for the capital gained within the context of the merger, on a semi-annual basis. Interest to be paid is calculated on the basis of the respective three-month EURIBOR (European InterBank Offered Rate) or rather six-month EURIBOR interest rate. The subordinated capital to the amount of € 150,000,000 is due on December 21, 2009. The subordinated loan to the amount of € 35,790,000 has no term with an option for termination at any time with a notice period of two years. In the event of insolvency, all remaining lenders will be serviced in order of priority. There are no early repayment obligations.

The subordinated liabilities meet the requirements of § 10 Para. 5a of KWG [Kreditwesengesetz – German Banking Act].

2.16. FUND FOR GENERAL BANKING RISKS

T€	12/31/2015	12/31/2014
Status as of 01/01/2015	**56,300**	**56,300**
Additions	–	–
Disposals	–	–
Status as of 12/31/2015	**56,300**	**56,300**

2.17. SUBSCRIBED CAPITAL, CAPITAL RESERVE AND RETAINED EARNINGS

The share capital amounts to € 160,000,000 divided into 160,000,000 shares.

The shares are 100 % paid-in.

The capital reserves were increased by € 7.6 million to € 418.6 million. This amount represents reserves not barred from distribution as per § 272 Para. 2 No. 4 HGB. The retained earnings were allocated an amount of € 13.1 million.

2.18. OTHER ITEMS DUE TO AFFILIATED COMPANIES

T€	12/31/2015	12/31/2014
Other items due to affiliated companies		
Other assets	0	0
Other liabilities	1,913	425
Liabilities from profit transfer	0	0

2.19. FOREIGN CURRENCY ASSETS AND LIABILITIES

T€	12/31/2015	12/31/2014
Foreign currency assets and liabilities		
Assets	2,016,372	1,499,773
Liabilities	2,023,770	1,502,159

2.20. CONTINGENT LIABILITIES

T€	12/31/2015	12/31/2014
Contingent liabilities		
Liabilities from guarantees and indemnity agreements	149,571	44,059

Two guarantees amounting to € 50 million and € 75 million, which are secured through appropriate securities, were granted to a domestic corporate customer.

For the remaining guarantees, no securities were furnished.

The guarantees are generally covered by counter-guarantees.

There are no significant call risks.

3. Explanatory Notes to the Income Statement

3.1. NET INTEREST INCOME

T€	01/01/–12/31/2015	01/01/–12/31/2014
Interest income (net)	**29,723**	**13,577**
Interest income from:	**30,289**	**33,649**
a) Lending and money-market transactions	22,655	14,596
less negative interest arising from lending and money-market transactions	–5,966	0
b) Fixed-income securities and debt register claims	13,600	19,053
Interest expenses:	**–566**	**20,071**
a) Lending and money-market transactions	2,601	5,150
less negative interest arising from lending and money-market transactions	–11,218	0
b) Fixed-income securities and debt register claims	9,183	14,921

The net interest income rose by 119 % in comparison with the equivalent period, whereby the large holding of customer deposits connected with negative interest decisively led to a net interest surplus from lending and money-market transactions in the reporting period. The remaining increase is primarily to be attributed to reverse repo transactions, which led to an increase in interest earnings of T€ 7,935 to T€ 10,790. The positive balance of interest from bonds rose in comparison with the previous year by T€ 934.

3.2. NET COMMISSION INCOME

T€	01/01/–12/31/2015	01/01/–12/31/2014
Commission income (net)	**73,369**	**63,325**

The net commission income increased by 15.9 % in comparison to the previous year. In particular, increasing income from payment transactions contributed positively to this increase.

3.3. OTHER OPERATING INCOME

T€	01/01/–12/31/2015	01/01/–12/31/2014
Other operating income	**33,273**	**41,804**
including:		
– Services rendered for Group entities	27,208	32,522
– Miscellaneous other operating income	6,065	9,282

The decrease in other operating income of 20.4 % as compared to the previous year can primarily be attributed to the negative valuation result in the amount of T€ –8,267 (2014: T€ 7,689) from changes in the fair value and income from the assets, the change in the calculatory interest rate and effects of discounting/compounding of pension liabilities. A positive effect was achieved from the sale of securities from the liquidity reserve amounting to T€ 11,349. Further, other income included services to companies of the Group.

3.4. GENERAL ADMINISTRATIVE EXPENSES

T€	01/01/–12/31/2015	01/01/–12/31/2014
General administrative expenses	**112,630**	**98,653**
incl.:		
Personnel expenses	29,603	31,248
– Wages and salaries	26,246	25,216
– Social security contributions and expenses for pension provisions and benefits	3,357	6,032
• of which for retirement	464	3,196
other administrative expenses	83,027	67,405

The increase in general administrative expenses results mainly from increased expenses on services to companies of the Group.

3.5. OTHER OPERATING EXPENSES

T€	01/01/–12/31/2015	01/01/–12/31/2014
Other operating expenses	**4,451**	**3,794**

The other operational expenses primarily include intra-Group expenses for the administration and sale of securities from the liquidity reserve.

3.6. INCOME FROM ALLOCATION TO RECEIVABLES AND CERTAIN SECURITIES AS WELL AS FROM REVERSAL OF ACCRUALS IN THE LENDING BUSINESS

T€	01/01/–12/31/2015	01/01/–12/31/2014
Income from allocations	**0**	**127**

As at the reporting date, no earnings from write-ups had been recorded.

3.7. DEPRECIATION AND VALUE ADJUSTMENTS IN RESPECT OF RECEIVABLES AND SPECIFIC SECURITIES AND ALLOCATIONS TO PROVISIONS FOR CREDIT RISKS

T€	01/01/–12/31/2015	01/01/–12/31/2014
Write-offs of securities in the liquidity reserve	**0**	**0**

On the reporting date there were no expenses arising from the evaluation of the debt securities based on the strict lowest value principle.

3.8. TAX ON INCOME AND REVENUE AND OTHER TAXES

T€	01/01/ – 12/31/2015	01/01/ – 12/31/2014
Taxes	**9,024**	**2,644**
Industrial tax	4,554	1,351
Corporate tax	4,457	1,280
Other	13	13

In the fiscal year out-of-period tax expenses in the amount of € 13,000 were recorded.

4. Other data

T€	Market value on 12/31/2015 positive	Market value on 12/31/2015 negative	Market value on 12/31/2014 positive	Market value on 12/31/2014 negative	Market value on 12/31/2013 positive	Market value on 12/31/2013 negative
Total Return Swaps	4,104	8,950	14,205	13,651	35,834	56,247
Interest Rate Swaps	–	14,951	–	117,104	–	–

Forward transactions which were not yet settled at the reporting date consisted of Total Return Swaps and Interest Rate Swaps. The Total Return Swaps and Interest Rate Swaps were concluded to hedge against market risks.

4.1. RELATIONS WITH AFFILIATED COMPANIES

The sole shareholder of J.P. Morgan AG is J.P. Morgan International Finance Limited, Newark/ Delaware, USA. A dependency report pursuant to § 312 AktG [Aktiengesetz – German Stock Corporations Act] is issued.

J.P. Morgan Chase & Co, J.P. Morgan Chase Bank, National Association, J.P. Morgan International Inc and Bank One International Holdings Corporation informed us by their letter of February 18, 2016 that there exists an indirect stake of 100 %. J.P. Morgan International Finance Limited informed us by its letter of February 18, 2016 that there exists an indirect stake of 100 %.

The consolidated annual financial statements for the smallest and largest group of companies is disclosed by JPMorgan Chase & Co., New York, whose shares are traded on the New York Stock Exchange and on some European and Asian exchanges. The consolidated annual financial statements can be obtained on request from J.P. Morgan AG, Frankfurt am Main.

The Bank is a member of the Deposit Protection Fund of the Association of German Banks.

4.2. NUMBER OF EMPLOYEES

On average for the year there were 268 employees, distributed as follows:

Number	12/31/2015	12/31/2014
Yearly average	**268**	**262**
Distribution of employees		
Authorised signatories	10	13
Authorised officers	108	123
Commercial employees	150	126

Employees sent overseas are not included in this chart.

4.3. TOTAL REMUNERATION OF THE ACTIVE MEMBERS OF THE BOARDS

The remuneration paid to members of the Management Board amounted to € 2,017 million. A portion of this came from restricted stock units which had a fair value on their grant date of € 0,381 million.

The remuneration paid to members of the Supervisory Board amounted to T€ 10 in 2015.

No loans were granted to Board members during the business year.

4.4. TOTAL PAYMENTS TO FORMER BOARD MEMBERS AND THEIR DEPENDENTS

Pension provisions for these persons totalled T€ 23,886 as at December 31, 2015. The total remuneration for former members of the Management Board and their dependents amounted to T€ 745 as at December 31, 2015.

4.5. FEE EXPENSES[1]

T€	01/01/ – 12/31/2015	01/01/ – 12/31/2014
Total fee expenses for the financial year calculated by the auditors for	**348**	**202**
Financial document auditing services	**254**	**144**
of which, for the previous year	49	–15
of which, expenses in the current financial year	0	0
of which, expenses for creating provisions	205	160
Other confirmation services	**95**	**58**
of which, for the previous year	11	–9
of which, expenses in the current financial year	4	0
of which, expenses for creating provisions	80	67
Tax advisory services	**0**	**0**
of which, for the previous year	0	0
of which, expenses in the current financial year	0	0
of which, expenses for creating provisions	0	0

[1] Net expenses, excluding VAT

4.6. EXPLANATORY NOTES ON OTHER FINANCIAL COMMITMENTS

The Company utilises services from various Group member companies as part of its outsourcing functions. The business procurement contracts have a notice period of three months.

The rental contract for the business premises runs until September 30, 2024.

Management Board
Burkhard Kübel-Sorger Chairperson of the Management Board, Managing Director, J.P. Morgan AG
Michelle Grundmann Managing Director, J.P. Morgan AG
Stefan Behr Managing Director, J.P. Morgan AG
Supervisory Board
Mark S. Garvin Chairperson, Managing Director, J.P. Morgan Europe Limited, London
Frédéric P. Mouchel Vice Chairperson, Managing Director, JPMorgan Chase Bank N.A., London Branch
Melanie Martin Managing Director, JPMorgan Chase Bank N.A., London Branch
Dorothee Blessing (from 15 September, 2015) Regional Head Germany/Austria/Switzerland & Vice Chairman Investment Banking EMEA
Martin Wiesmann (until 9. September, 2015) Senior Country Officer Germany, Managing Director, J.P.Morgan Securities plc Frankfurt Branch
Thomas Freise Employee Representative, J.P. Morgan AG
Christoph Fickel Employee Representative, J.P. Morgan AG

Frankfurt am Main, April 18, 2016

J.P. Morgan AG
Frankfurt am Main
The Management Board

BURKHARD KÜBEL-SORGER　　STEFAN BEHR　　MICHELLE GRUNDMANN

AUDITOR'S REPORT

We have audited the annual financial statements comprising the balance sheet, the income statement, the notes to the financial statements, together with the bookkeeping system, and the management report of J.P. Morgan AG, Frankfurt am Main, for the business year from January 1 to December 31, 2015. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's Management Board. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 HGB, and the generally accepted standards for the audit of financial statements established by IDW (Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany]). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with the principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company, as well as expectations as to possible errors were taken into consideration in the determination of the audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Management Board, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not give rise to any cause for objection.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with the principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, April 18, 2016

PricewaterhouseCoopers
Stock Company
Audit Company

CHRISTOPH LEHMANN	PPA. FATIH AGIRMAN
Auditor	Auditor

REPORT OF THE SUPERVISORY BOARD

SUPERVISION AND CONTROL

The Supervisory Board monitored the Management Board continuously throughout the year on the basis of written and oral reports and performed its duties in accordance with the law. Important matters of business management were examined by the Supervisory Board in regard to the Bank's economic situation, the business policy, liquidity, capital and risk management. Moreover, the Supervisory Board was informed in detail on the risk management by means of the quarterly MaRisk reports.

PERSONNEL CHANGES IN THE MANAGEMENT BOARD

No personnel changes took place in the Management Board during fiscal year 2015.

PERSONNEL CHANGES IN THE SUPERVISORY BOARD

In fiscal year 2015 the Supervisory Board was composed of the following persons: Mark S. Garvin (Chairperson), Frédéric Mouchel (Vice Chairperson), Martin Wiesmann, Melanie Martin, as well as Dorothee Blessing with Christoph Fickel and Thomas Freise as employee representatives.

In the 2015 fiscal year, Mr Martin Wiesmann stepped down on September 9, 2015. Ms Dorothee Blessing was newly appointed to the Supervisory Board as at September 15, 2015.

AUDIT COMMITTEE

On April 25, 2016, the Audit Committee discussed the annual financial statements and the audit report for the financial year, and on November 17, 2015 the audit plan.

The Audit Committee is responsible for checking the accounting process, the effectiveness of the internal control system, the effectiveness of the risk management system and the effectiveness of the internal audit system as well as the statutory audit, particularly the independence of the auditor and any additional services performed by the auditor.

On the basis of the recommendation of the Audit Committee (§ 124, Para. 3, S. 2 AktG) it was proposed at the Annual General Meeting to elect PricewaterhouseCoopers AG, Frankfurt am Main, as statutory auditor for the Annual Financial Statements and the Management Report for the 2016 financial year.

ANNUAL FINANCIAL STATEMENT

The Annual Financial Statement and the Management Board Report for the 2015 Financial Year have been examined by the auditing firm selected at the Annual General Meeting, PricewaterhouseCoopers AG, Frankfurt am Main. The auditing firm issued an unqualified audit opinion.

The Annual Financial Statements and the Management Report were discussed and reviewed with the auditors by the Audit Committee during the meeting on April 25, 2016. Based on the final result of the Audit Committee's investigation, the Supervisory Board did not raise any objections. Financial statements and the Management Report per December 31, 2015 presented by the Management Board were approved by the Supervisory Board today. The Annual Financial Statements, as submitted by the Management Board, are hereby approved and established.

The Supervisory Board would like to express its sincere gratitude to the Management Board and all employees of the Bank for their dedication and joint hard work.

April 26, 2016

The Supervisory Board

FRÉDÉRIC P. MOUCHEL
Vice Chairperson

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