

J.P.Morgan

**JPMorgan Chase Bank, National Association,
New Zealand Branch and associated JPMorgan Chase Bank,
New Zealand group**

Disclosure Statement

For the six months ended 30 June 2018



Disclosure Statement
For the six months ended 30 June 2018

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1. DEFINITIONS

In this Disclosure Statement, unless the context otherwise requires:

Term	Description
Registered Bank	The worldwide operations of JPMorgan Chase Bank, National Association or JPMorgan Chase Bank, N.A. This includes the Banking Group.
NZ Branch	The New Zealand operations of Registered Bank conducted through its New Zealand branch.
JPMCC	JPMorgan Chase & Co, the ultimate holding company of the Registered Bank.
Banking Group	The consolidated New Zealand operations of the Registered Bank, and includes the business conducted through NZ Branch and the Registered Bank's subsidiaries and associated companies operating in New Zealand, being J.P. Morgan Australia Limited, J.P. Morgan Markets Australia Pty Limited and J.P. Morgan Securities Australia Limited.

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

2. CORPORATE INFORMATION

Registered Bank

JPMorgan Chase Bank, National Association

Address of the Registered Bank's principal office

1111 Polaris Parkway
Columbus, Ohio, 43240
USA

Ultimate Holding Company

JPMorgan Chase & Co.

Ultimate Holding Company's Address for Service

270 Park Avenue
New York, New York 10017-2014
USA

Incorporation

The Registered Bank is a national banking association offering a wide range of banking and financial services to its customers both domestically and internationally. It is chartered by the Office of the Comptroller of the Currency (OCC), a bureau of the United States Department of the Treasury. The Registered Bank's main office is located in Columbus, Ohio.

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

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

3. FINANCIAL SUPPORT

Ranking of Local Creditors in Winding-up

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

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

Guarantee Arrangements

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

4. CORPORATE GOVERNANCE

Directors of the Registered Bank

On May 15, 2018, Mellody Hobson was elected to the board of Directors of the Registered Bank and succeeded Crandall C Bowles who did not seek reelection. There have been no other changes to the board of Directors of the Registered Bank since 31 December 2017.

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

Linda B Bammann
Independent Director, Retired Deputy Head of Risk Management
BA - Stanford University; MA – University of Michigan
United States of America

James A Bell
Independent Director, Retired Executive Vice President, The Boeing Company
BS - California State University
United States of America

Stephen B Burke
Independent Director, Chief Executive Officer, NBCUniversal, LLC
BA - Colgate University; MBA – Harvard Business School
United States of America

Todd A Combs
Independent Director, Investment Officer, Berkshire Hathaway Inc.
BS - Florida State University
MBA - Columbia Business School
United States of America

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

James Dimon
Director, Chief Executive Officer and President
Bachelor's Degree - Tufts University; MBA – Harvard Business School
United States of America

Timothy P Flynn
Independent Director, Retired Chairman and Chief Executive Officer, KPMG International
BA - The University of St. Thomas
United States of America

Mellody Hobson
Independent Director, President of Ariel Investments, LLC
AB - Princeton University
United States of America

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

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

Lee R Raymond
Independent Director, Retired Chairman and Chief Executive Officer, Exxon Mobil Corporation
BS - University of Wisconsin; Ph.D. Chemical Engineering – University of Minnesota
United States of America

William C Weldon (Non Executive Chairman of the Board)
Independent Director, Retired Chairman and CEO, Johnson & Johnson
BA - Quinnipiac University
United States of America

Address to which communications addressed to the Directors may be sent

Office of the Secretary
JPMorgan Chase Bank, National Association
270 Park Avenue
New York, New York 10017-2070
United States of America

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

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

- Mr Bell is a director of Dow DuPont Inc., CDW Corporation and Apple, Inc., companies incorporated in the United States of America
- Mr Burke is a director of Berkshire Hathaway Inc., a company incorporated in the United States of America
- Mr Combs is a director of Berkshire Hathaway subsidiaries Precision Castparts Corp., Charter Brokerage LLC and Duracell Inc., companies incorporated in the United States of America
- Mr Crown is a director of Henry Crown and Company and General Dynamics Corporation, companies incorporated in the United States of America
- Mr Flynn is a director of Wal-Mart Stores, Inc., United Health Group Incorporated and Alcoa Corporation, companies incorporated in the United States of America

- Ms Hobson is a director of The Estée Lauder Companies Inc. and Starbucks Corporation, companies incorporated in the United States of America
- Mr Jackson is a director of Clear Creek Properties, Inc., a company incorporated in the United States of America
- Mr Weldon is a director of CVS Health Corporation and Exxon Mobil Corporation, companies incorporated in the United States of America

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

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

Director Related Transactions

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

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

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

Paul Uren

Senior Country Officer, JPMorgan Australia and New Zealand Group
Bachelor of Commerce – University of Canterbury, New Zealand
Australia

Warren Davis

Senior Country Business Manager, JPMorgan Australia and New Zealand Group
Australia

Stewart Old

Senior Financial Officer, JPMorgan Australia and New Zealand Group
Bachelor of Arts, Bachelor of Laws, Master of Laws – University of Sydney; Certified Practicing Accountant
Australia

New Zealand Chief Executive Officer

The name, occupation, professional qualifications and country of residence of the New Zealand Chief Executive Officer who held office at any time during the reporting period ended 30 June 2018 are as follows:

From 26 May 2018 to date:

Warren Davis

Acting New Zealand Chief Executive Officer
Senior Country Business Manager, JPMorgan Australia and New Zealand Group
Australia

From 1 January 2018 to 25 May 2018:

Mark R Lawrence*

Chief Executive Officer – New Zealand
Bachelor of Commerce – Otago University
New Zealand

In his capacity as Chief Executive Officer of New Zealand, Mr Mark Lawrence reported to Mr Warren Davis.

*Mark Lawrence resigned from his capacity as Chief Executive Officer – New Zealand effective end of day on 25 May 2018.

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

JPMorgan Chase Bank, National Association - New Zealand Branch
PO Box 5652
Lambton Quay, Wellington 6145
New Zealand

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

Mr Mark Lawrence was a director of J.P. Morgan Trust Company (New Zealand) Limited. His effective date of resignation was 11 May 2018.

Mr Warren Davis was appointed as a Director of J.P. Morgan Trust Company (New Zealand) Limited on 16 May 2018.

New Zealand Chief Executive Officer Related Transactions

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

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

PricewaterhouseCoopers
One International Towers Sydney
Watermans Quay, Barangaroo
Sydney NSW 1171
Australia

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

Transactions with Related Persons

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

- the related person has or will have a direct or indirect material interest; and
- the aggregate amount involved will or may be expected to exceed US\$120,000 in any fiscal year.

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

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

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

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

Transactions with Related Persons (continued)

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

Regulation O

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

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

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

Conflicts of Interest

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

Corporate Governance and Risk Management

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

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

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

Conditions of Registration

There was a change to the Conditions of Registration which came into effect on 1 January 2018 in relation to the residential mortgage lending to property investors and non-property investors and the Framework for Restrictions on High-LVR Residential Mortgage Lending (BS19).

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

As at 30 June 2018, the registration of JPMorgan Chase Bank, N.A. ("the registered bank") in New Zealand is subject to the following conditions (the "**Conditions of Registration**") which came into effect on 1 January 2018:

Conditions of Registration (continued)

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

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

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

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

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

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

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

For the purposes of this condition of registration,—

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

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

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

<i>Capital adequacy ratio</i>	<i>Minimum Requirement On and after 1 January 2015</i>
<i>Common Equity Tier 1 capital</i>	<i>4.5 percent</i>
<i>Tier 1 capital</i>	<i>6 percent</i>
<i>Total capital</i>	<i>8 percent</i>

Conditions of Registration (continued)

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

- (a) must be calculated as a percentage of the registered bank's risk weighted assets; and*
 - (b) are otherwise as administered by the Office of the Comptroller of the Currency and the Federal Reserve Bank of New York.*
- 7. That liabilities of the registered bank in New Zealand, net of amounts due to related parties (including amounts due to a subsidiary or affiliate of the registered bank), do not exceed NZ\$15 billion.*
 - 8. That retail deposits of the registered bank in New Zealand do not exceed \$200 million. For the purposes of this condition retail deposits are defined as deposits by natural persons, excluding deposits with an outstanding balance which exceeds \$250,000.*
 - 9. That, for a loan-to-valuation measurement period, the total of the business of the registered bank in New Zealand's qualifying new mortgage lending amount in respect of property-investment residential mortgage loans with a loan-to-valuation ratio of more than 65%, must not exceed 5% of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the loan-to-valuation measurement period.*
 - 10. That, for a loan-to-valuation measurement period, the total of the business of the registered bank in New Zealand's qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans with a loan-to-valuation ratio of more than 80%, must not exceed 15% of the total of the qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans arising in the loan-to-valuation measurement period.*
 - 11. That the business of the registered bank in New Zealand must not make a residential mortgage loan unless the terms and conditions of the loan contract or the terms and conditions for an associated mortgage require that a borrower obtain the registered bank's agreement before the borrower can grant to another person a charge over the residential property used as security for the loan.*

In these conditions of registration,—

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

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

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

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

In conditions of registration 9 to 11,—

"loan-to-valuation ratio", "non property-investment residential mortgage loans", property-investment residential mortgage loans", "qualifying new mortgage lending amount in respect of property-investment residential mortgage loans", "qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans", and "residential mortgage loan" have the same meaning as in the Reserve Bank of New Zealand document entitled "Framework for Restrictions on High-LVR Residential Mortgage Lending" (BS19) dated January 2018, and where the version of the Reserve Bank of New Zealand document "Capital Adequacy Framework (Standardised Approach)" (BS2A) referred to in BS19 for the purpose of defining these terms is that dated November 2015.

"loan-to-valuation measurement period" means a period of six calendar months ending on the last day of the sixth calendar month, the first of which ends on the last day of June 2018.

5. PENDING PROCEEDINGS OR ARBITRATION

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

6. CURRENT CREDIT RATING OF THE REGISTERED BANK

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

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

Legend to Rating Scales

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

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

7. INSURANCE BUSINESS AND NON-CONSOLIDATED ACTIVITIES

The Banking Group does not conduct any insurance business.

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

8. MORTGAGE BUSINESS

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

9. OTHER MATERIAL MATTERS

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

10. FINANCIAL STATEMENTS OF THE REGISTERED BANK AND BANKING GROUP

Any person, upon request and without charge, may obtain a copy of the Banking Group's most recent Disclosure Statement, which contains a copy of the most recent publicly available (un-audited) consolidated financial statements of the Registered Bank ("Call Report") for the period ended 30 June 2018 and the Registered Bank's audited financial statements for the fiscal year ended 31 December 2017 ("2017 Financials") by requesting a copy from jpm_rbnz_finance_aus@jpmorgan.com. The most recent Call Report is also available online at <http://www.jpmorgan.com/pages/international/newzealand>.

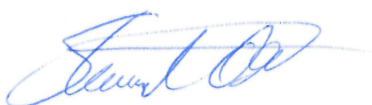
11. STATEMENT BY THE DIRECTORS AND NEW ZEALAND CHIEF EXECUTIVE OFFICER

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

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

The current directors of the Registered Bank are Linda B Bammann, James A Bell, Stephen B Burke, Todd A Combs, James S Crown, James Dimon, Timothy P Flynn, Mellody Hobson, Laban P Jackson Jr, Michael A Neal, Lee R Raymond and William C Weldon.

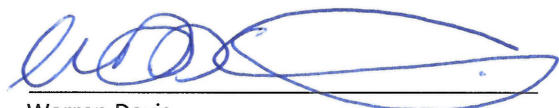
This Disclosure Statement is signed by Mr Old as a Responsible Person on behalf of each of the Directors, and Mr Davis, acting New Zealand Chief Executive Officer.



27 August 2018

Stewart Old

Date



27 August 2018

Warren Davis

Date

Signed on behalf of the Directors of JPMorgan Chase Bank N.A.

Disclosure Statement

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A. Statutory Base

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

These financial statements are for the Banking Group and are authorised by the Directors for issue on 27 August 2018. The Registered Bank has the power to amend and re-issue the financial report.

B. Measurement Base

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

C. Basis of Aggregation and Preparation

This interim report has been prepared in accordance with the New Zealand International Accounting Standard (IAS) 34.

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

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

D. Comparatives

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

E. Critical Accounting Estimates and Judgements

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

- **Fair Value**

Where an active market exists for a financial instrument, fair values are determined by reference to the quoted prices/yields at balance date. Such instruments are classified as level 1 within the fair value hierarchy table in the audited financial statements of the Banking Group for the year ended 31 December 2017. However, for certain financial instruments where no active market exists, judgement is used to select the valuation technique which best estimates its fair value.

The fair value of financial instruments held by the Banking Group at balance date, where valuation techniques or models have been applied, are classified within level 2 of the fair value hierarchy table, as inputs to the techniques and models are market observable.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Critical Accounting Estimates and Judgements (continued)

• Impairment of Goodwill and Intangible Assets

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

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

F. Significant Accounting Policies

There have been no changes in accounting policies or methods of computation in the preparation of the financial statements for the six months ended 30 June 2018 since the most recent annual financial statements for the year ended 31 December 2017, except for the adoption of new accounting standards effective as at 1 January 2018. As required by NZ IAS 34, the nature and effect of these changes are set out below.

NZ-IFRS 9 'Financial Instruments'

Effective 1 January 2018, the Banking group adopted NZ-IFRS 9 'Financial Instruments'. NZ-IFRS 9 sets out new requirements for classification and measurement for financial assets and liabilities. The adoption of NZ-IFRS 9 has resulted in changes to the classification and measurement of certain financial instruments, which have been applied retrospectively by adjusting the opening balance sheet on 1 January 2018. As permitted by the transition provisions of IFRS 9, the Banking Group elected not to restate comparative periods.

Classification and measurement

NZ-IFRS 9 has three classification categories for financial assets; amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The Banking Group classifies its financial assets into one of the three classification categories depending on the Banking Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. As a result of the adoption of NZ-IFRS 9, as at 1 January 2018, the Banking Group reclassified loans of \$130 million from amortised cost to FVTOCI and reverse repurchase agreements of \$767 million from amortised cost to FVTPL. There was one loan and one stand by letter of credit as at 30 June 2018.

The adoption of NZ-IFRS 9 resulted in no required changes to the classification and measurement of financial liabilities. However, the Banking Group elected to designate some financial liabilities as measured at FVTPL upon adoption of NZ-IFRS 9 in order to eliminate or significantly reduce a measurement inconsistency (i.e. an accounting mismatch) that would otherwise have been created on adoption of the Standard. As a result, the company reclassified \$784 million of repurchase agreements from amortised cost to FVTPL as at 1 January 2018.

Impairment

NZ-IFRS 9 changes the impairment methodology for applicable financial assets which requires entities to recognise expected credit losses (ECL) based on unbiased forward looking information, and replaces the existing incurred loss model. NZ-IFRS 9 impairment requirements apply to financial assets that are measured at amortised cost or FVTOCI, and specified off-balance sheet lending-related commitments such as loan commitments and financial guarantee contracts.

In an ECL model, provisions for credit losses are recorded upon initial recognition of the financial asset based on expectations of potential credit losses at that time. The credit loss allowance includes ECLs for financial instruments that may default in the next 12-month period for financial instruments that have not observed a significant increase in credit risk since initial recognition ("stage 1") or over a lifetime period for financial instruments that have observed a significant increase in credit risk since initial recognition

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Significant Accounting Policies (continued)

("stage 2"). The allowance also has adopted lifetime ECLs for financial instruments where there is objective evidence of credit-impairment at the reporting date ("stage 3"). In determining the appropriate stage for a financial instrument, the Banking Group applies the definition of default consistent with the Basel definition of default to maintain uniformity of the definition across the Registered Bank. All of the Banking Group's loans are categorized in Stage 1 and the adoption of the ECL model resulted in \$20,330 increase of additional impairment allowances as at 1 January 2018.

Impact Assessment

The adoption of the NZ-IFRS 9 requirements as at 1 January 2018 have resulted in a reduction in the Company's retained earnings by \$20,330 arising from additional expected credit losses and an increase of \$385,525 to other comprehensive income as a result of the change in classification of loans from amortised cost to FVTOCI. There is no impact for the reclassification of reverse repurchase agreements and repurchase agreements from amortised cost to FVTPL.

NZ-IFRS 15 'Revenue from Contracts with Customers'

NZ IFRS 15 replaces all current guidance on revenue recognition from contracts with customers. It requires identification of discrete performance obligations within a transaction and an associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of the goods or services are transferred to the customer. NZ IFRS 15 also specifies the accounting treatment for costs incurred to obtain or fulfil a contract. Costs are recognised as an asset only if the entity expects to recover them. Any capitalised contract costs are amortised on a systematic basis that is consistent with the transfer of the related goods and services.

NZ IFRS 15 specifically excludes financial instruments recognised under NZ IFRS 9 Financial Instruments. As such, the impacted revenue streams for the Banking Group are limited to fee-based revenue items such as custody fees and securities clearing. Based on the Banking Group's assessment of revenue streams, the Banking Group is not materially impacted upon adoption and no transition adjustment is required.

NZ-IFRS 16 'Leases'

NZ-IFRS 16 will eliminate the distinction between operating and finance leases for lessees and will result in lessees bringing almost all leases onto their balance sheets. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. This standard is effective for periods beginning on or after 1 January 2019. The lease commitments are disclosed in note 17. The accounting by lessors will remain largely unchanged.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

		Banking Group (\$'000)		
	Note	Unaudited 6 months 30/06/2018	Unaudited 6 months 30/06/2017	Audited 12 months 31/12/2017
Interest income	1	13,158	7,569	16,846
Interest expense		(8,948)	(3,701)	(9,354)
Net interest income		4,210	3,868	7,492
Other operating income/(loss)	2	7,359	6,247	13,137
Total operating income		11,569	10,115	20,629
Operating expenses	3	(5,760)	(5,299)	(11,025)
Net profit/(loss) before taxation		5,809	4,816	9,604
Income tax (expense)/benefit	4	(1,704)	(1,412)	(2,952)
Net profit/(loss) after taxation		4,105	3,404	6,652
Other comprehensive income, net of tax	6	(414)	(34)	89
Total comprehensive income for the period		3,691	3,370	6,741

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

Banking Group (\$'000)						
	Note	Share Capital	Other Reserves	Foreign currency translation reserve	Retained Earnings	Total Equity
30 June 2017						
Equity as at 1 January 2017 (audited)		-	-	-	-	-
Net profit/(loss) after taxation		-	-	-	3,404	3,404
Movement during the period	6	-	-	(34)	-	(34)
Total comprehensive income for the period		-	-	(34)	3,404	3,370
(Repatriation)/reimbursement (to)/from head office	5	-	-	34	(3,404)	(3,370)
Equity as at 30 June 2017 (unaudited)		-	-	-	-	-
31 December 2017						
Equity as at 1 January 2017 (audited)		-	-	-	-	-
Net profit/(loss) after taxation		-	-	-	6,652	6,652
Movement during the period	6	-	-	89	-	89
Total comprehensive income for the year		-	-	89	6,652	6,741
(Repatriation)/reimbursement (to)/from head office	5	-	-	(89)	(6,652)	(6,741)
Equity as at 31 December 2017 (audited)		-	-	-	-	-
30 June 2018						
Equity as at 1 January 2018 (audited)		-	-	-	-	-
Opening balance adjustment for adoption of IFRS 9		-	386	-	(20)	366
Restated equity as at 1 January 2018		-	386	-	(20)	366
Net profit/(loss) after taxation		-	-	-	4,105	4,105
Movement during the period	6	-	(434)	20	-	(414)
Total comprehensive income for the year		-	(434)	20	4,105	3,691
(Repatriation)/reimbursement (to)/from head office	5	-	48	(20)	(4,085)	(4,057)
Equity as at 30 June 2018 (unaudited)		-	-	-	-	-

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

Banking Group (\$'000)				
		Unaudited	Unaudited	Audited
	Note	6 months	6 months	12 months
		30/06/2018	30/06/2017	31/12/2017
ASSETS				
Current Assets				
Cash and cash equivalents	7	310,946	288,803	196,616
Margin and other receivables	8	421,072	350,432	366,158
Financial assets at fair value through profit or loss	9	805,699	68,673	66,478
Financial assets at amortised cost:				
Cash collateral pledged on reverse repurchase agreements		-	249,656	810,633
Loans and advances		-	162,613	132,167
Financial assets at fair value through other comprehensive income	10	137,943	-	-
		1,675,660	1,120,177	1,572,052
Non Current Assets				
Intangible assets	18	693	731	712
Deferred tax assets		438	360	438
		1,131	1,091	1,150
Total Assets		1,676,791	1,121,268	1,573,202
LIABILITIES				
Current Liabilities				
Deposits – short term	11	449,051	450,873	328,426
Financial liabilities at fair value through profit or loss	12	791,544	28,407	31,488
Financial liabilities at amortised cost:				
Cash collateral received on repurchase agreements		-	212,477	826,343
Payables	13	432,448	425,680	384,289
Provision for taxation		3,748	3,831	2,656
Total Liabilities		1,676,791	1,121,268	1,573,202
Net Assets		-	-	-
EQUITY				
Attributable to the shareholders of the Banking Group		-	-	-
Total Equity		-	-	-

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

STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

		Banking Group (\$'000)		
		Unaudited 6 months 30/06/2018	Unaudited 6 months 30/06/2017	Audited 12 months 31/12/2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Fees, commissions and other income received		5,280	5,714	11,092
Payments to suppliers and employees		(2,708)	(2,285)	(4,049)
Receipts from/(payments to) related parties		116,218	205,891	33,059
Net movement in margin balances		(4,259)	1,937	(1,047)
Net proceed from disposal/(purchase) of financial instruments		4,889	(40,442)	17,440
Net (increase)/decrease in loans		(5,776)	(47,956)	(17,510)
Increase/(decrease) in deposits		11,655	(45,405)	(47,890)
Tax paid		(1,201)	(497)	(1,078)
Interest received		4,511	6,048	10,979
Interest paid		(13,113)	(4,916)	(14,233)
Net cash inflow/(outflow) from operating activities	16	115,496	78,089	(13,237)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repatriation of profit		(1,379)	(1,139)	(1,967)
Net cash inflow/(outflow) from financing activities		(1,379)	(1,139)	(1,967)
Net increase/(decrease) in cash		114,117	76,950	(15,204)
Opening cash and cash equivalents		196,616	211,601	211,601
Effect of changes in foreign exchange rates on cash balances		213	252	219
Closing cash and cash equivalents	7	310,946	288,803	196,616

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

Banking Group (\$'000)

	Unaudited 6 months 30/06/2018	Unaudited 6 months 30/06/2017	Audited 12 months 31/12/2017
Cash and cash equivalents	1,731	1,932	3,992
Trading securities	-	3,771	9,323
Loans	-	1,866	3,531
Financial assets at fair value through profit or loss	9,521	-	-
Financial assets at fair value through other comprehensive income	1,906	-	-
Total interest income	13,158	7,569	16,846

NOTE 1 - INTEREST INCOME

NOTE 2 – OTHER OPERATING INCOME/(LOSS)

Fee and commissions income	7,553	6,737	13,672
Trading income/(loss)	(237)	(524)	(811)
Other income	43	34	276
Total other operating income/(loss)	7,359	6,247	13,137

NOTE 3 – OPERATING EXPENSES

Administration expenses	3,693	3,185	6,301
Employee expenses	730	865	1,954
Fee and commissions expense	732	742	1,509
Other expenses	477	376	925
Occupancy expenses	91	94	176
Depreciation & amortisation	19	20	38
Professional services expenses	13	10	98
Technology & communications expenses	5	6	13
Travel expenses	-	1	11
Total operating expenses	5,760	5,299	11,025

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2018

Banking Group (\$'000)

Unaudited 6 months 30/06/2018	Unaudited 6 months 30/06/2017	Audited 12 months 31/12/2017
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NOTE 4 – INCOME TAX EXPENSE/ (BENEFIT)

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

Current tax	1,704	1,412	3,045
Deferred tax	-	-	(78)
Over/ (Under) provision for prior years	-	-	(15)
	1,704	1,412	2,952

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

Operating surplus/(deficit) before tax	5,809	4,816	9,604
Income tax expense/(benefit) - prima facie at the Australian rate of 30% and New Zealand rate of 28%	1,704	1,412	2,823
Tax effect of non deductible expense	-	-	144
Adjustment for (over)/under provision in prior periods	-	-	(15)
Total income tax expense	1,704	1,412	2,952

NOTE 5 - EQUITY

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

NOTE 6 – OTHER COMPREHENSIVE INCOME

Opening balance	-	-	-
Opening balance adjustment for adoption of NZ IFRS 9	386	-	-
Restated opening balance	386	-	-
Changes in the fair value of loans at FVTOCI	(434)	-	-
Foreign currency translation reserve movement	20	(34)	89
Movement during the period	(414)	(34)	89
(Repatriation)/reimbursement (to)/from head office	28	34	(89)
Closing balance	-	-	-

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2018

Banking Group (\$'000)

Unaudited 6 months 30/06/2018	Unaudited 6 months 30/06/2017	Audited 12 months 31/12/2017
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NOTE 7 – CASH AND CASH EQUIVALENTS

Due from central and other banks

New Zealand - short term deposit	280,000	237,000	160,000
New Zealand - at call	27,732	49,300	34,438
Overseas - at call	3,214	2,503	2,178
Total due from central and other banks	310,946	288,803	196,616
Total cash and cash equivalents	310,946	288,803	196,616

NOTE 8 – MARGIN AND OTHER RECEIVABLES

Margin receivable	415,828	343,172	361,562
Interest receivable	48	163	157
Amounts due from related parties	1,864	5,262	2,165
Fee income receivable	3,149	1,679	2,111
Income tax receivable	-	1	-
Other receivable	183	155	163
Total margin and other receivables	421,072	350,432	366,158

NOTE 9 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Government bonds, notes and securities	38,636	68,673	66,478
Cash collateral pledged on reverse repurchase agreements	767,063	-	-
Total financial assets at fair value through profit or loss	805,699	68,673	66,478

NOTE 10 – FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Loans and overdrafts	138,029	-	-
Expected credit loss allowance	(38)	-	-
Impact in classification from amortised cost to fair value through other comprehensive income	(48)	-	-
Loans and overdrafts (after NZ-IFRS 9 impact)	137,943	-	-
Total financial assets at fair value through profit or loss	137,943	-	-

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2018

Banking Group (\$'000)

Unaudited 6 months 30/06/2018	Unaudited 6 months 30/06/2017	Audited 12 months 31/12/2017
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NOTE 11 – DEPOSITS - SHORT TERM

Deposits	449,051	450,873	328,426
Total Deposits – short term	449,051	450,873	328,426

Retail deposits of the Registered Bank in New Zealand for the period were Nil (2017: Nil).

NOTE 12 – FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Trading securities	7,536	28,407	31,488
Cash collateral received on repurchase agreements	784,008	-	-
Total financial liabilities at fair value through profit or loss	791,544	28,407	31,488

NOTE 13 – PAYABLES

Margin payable	404,921	339,508	354,914
Interest payable	1	6	1
Accrued expenses	2,846	2,829	3,498
Amounts due to related parties	24,513	83,294	25,876
Other payable	167	43	-
Total payables	432,448	425,680	384,289

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2018

NOTE 14 – RELATED PARTY TRANSACTIONS

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

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

Banking Group (\$'000)			
	Unaudited 6 months 30/06/2018	Unaudited 6 months 30/06/2017	Audited 12 months 31/12/2017
Total due from related parties	854,224	314,045	898,234
Total due to related parties	508,095	428,975	404,179

NOTE 15 – TOTAL LIABILITIES OF THE REGISTERED BANK IN NEW ZEALAND, NET OF AMOUNTS DUE TO RELATED PARTIES

NZ Branch (\$'000)			
	Unaudited 6 months 30/06/2018	Unaudited 6 months 30/06/2017	Audited 12 months 31/12/2017
Total liabilities net of amounts due to related parties	203,027	193,621	192,461

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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

	Banking Group (\$'000)		
	Unaudited 6 months 30/06/2018	Unaudited 6 months 30/06/2017	Audited 12 months 31/12/2017
Net profit/(loss) for the period	4,105	3,404	6,652
Movement in Head Office Repatriation included in net surplus	(2,745)	(2,231)	(4,776)
Depreciation and amortisation	19	19	37
Changes in operating assets and liabilities:		-	
Movement in financial instruments	5,125	(39,915)	18,255
Movement in fee income receivable	(1,038)	510	78
Movement in accrued interest receivable	109	(14)	(8)
Movement in amounts due from related parties	301	(4,560)	(1,463)
Movement in margin receivables	(54,266)	11,255	(7,135)
Movement in other receivable	(20)	(63)	(70)
Movement in deferred tax assets	-	-	(78)
Movement in loans	(5,776)	(47,956)	(17,510)
Movement in deposits	120,624	124,368	1,921
Movement in tax payable	1,092	1,007	(168)
Movement in accrued interest payable	-	(72)	(77)
Movement in margin payable	50,007	(9,318)	6,088
Movement in other payables	167	7	(36)
Movement in accrued expenses	(652)	136	805
Movement in amounts due to related parties	(1,363)	41,798	(15,620)
Movement in foreign exchange translation balances attributable to cash and other balances	(193)	(286)	(132)
Net cash inflow/(outflow) from operating activities	115,496	78,089	(13,237)

NOTE 17 – COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2018, the Banking Group had an undrawn committed facility of Nil (31 December 2017: Nil) and a stand-by letter of credit due to clients of \$1.5mm (31 December 2017: \$2.5mm). In addition, the Banking Group had lease commitments of \$0.17mm as at the reporting date (31 December 2017: \$0.27mm).

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2018
SUPPLEMENTAL INFORMATION

NOTE 18 – INTANGIBLE ASSETS

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

	Banking Group (\$'000)		
	Unaudited	Unaudited	Audited
	6 months	6 months	12 months
	30/06/2018	30/06/2017	31/12/2017
Goodwill	642	642	642
Intangible assets – Custody clearing services software	289	289	289
Intangible assets – Customer contracts/relationships	377	377	377
Accumulated amortisation of intangible assets	(615)	(577)	(596)
Net Intangibles	693	731	712

NOTE 19 – EVENTS AFTER THE REPORTING PERIOD

On 18 August, 2018, the business activities of J.P. Morgan Australia Limited and J.P. Morgan Markets Australia Pty Limited were transferred to J.P. Morgan Securities Australia Limited pursuant to a scheme of arrangement. The set of activities conducted by the Banking Group remains unchanged as a result of the scheme of arrangement. Otherwise, no matters or circumstances have arisen since the end of the reporting period which significantly affected, or may significantly affect, the operations, the results of those operations, or the state of affairs of the Banking Group in future financial years.

NOTE 20 – FINANCIAL STATEMENTS OF THE REGISTERED BANK

Any person, upon request and without charge, may obtain a copy of the Banking Group's most recent Disclosure Statement, which contains a copy of the most recent publicly available (un-audited) consolidated financial statements of the Registered Bank ("Call Report") for the period ended 30 June, 2018 and the Registered Bank's audited financial statements for the fiscal year ended 31 December, 2017 ("2017 Financials") by requesting a copy from jpm_rbnz_finance_aus@jpmorgan.com. The most recent Call Report is also available online at <http://www.jpmorgan.com/pages/international/newzealand>.

NOTE 21 – INTEREST EARNING AND DISCOUNT BEARING ASSETS AND LIABILITIES

	Banking Group (\$'000)		
	Unaudited	Unaudited	Audited
	6 months	6 months	12 months
	30/06/2018	30/06/2017	31/12/2017
Interest earning and discount bearing assets	1,254,588	769,745	1,205,894
Interest and discount bearing liabilities	1,240,595	691,757	1,186,257

NOTE 22 – CAPITAL ADEQUACY

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

Under the risk-based capital guidelines of the OCC, the Registered Bank is required to maintain minimum ratios of CET1, Tier 1 and Total capital to risk-weighted assets ("RWA"). The Registered Bank is required to calculate its capital adequacy under both of the Basel III approaches (Standardized and Advanced) as required by the Collins Amendment of the Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"). The Registered Bank's capital adequacy is evaluated against the lower of the two ratios. Failure to meet these minimum requirements could cause the OCC to take action. The Registered Bank is required to maintain minimum ratios for CET1 of 4.5%, Tier 1 Capital of 6% and Total Capital of 8% as at 30 June, 2018. A capital conservation buffer of 1.875% applies in addition to these ratios.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2018
SUPPLEMENTAL INFORMATION

NOTE 22 – CAPITAL ADEQUACY (continued)

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

Capital Adequacy Ratios	Basel III Advanced Transitional Registered Bank 30/06/2018 Unaudited	Basel III Standardised Registered Bank 30/06/2018 Unaudited	Basel III Advanced Transitional Registered Bank 30/06/2017 Unaudited	Basel III Standardised Registered Bank 30/06/2017 Unaudited
Common Equity Tier 1 Capital	15.52%	13.92%	14.78%	14.11%
Tier 1 Capital	15.52%	13.92%	14.78%	14.11%
Total Capital	15.93%	14.75%	15.20%	15.01%

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

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

NOTE 23 – CONCENTRATION OF CREDIT EXPOSURE TO INDIVIDUAL COUNTERPARTIES

The Banking Group has no aggregate credit exposure to an individual counterparty or group of closely related counterparties (whether bank or non-bank exposures) which equals or exceeds 10% of the Registered Bank's equity as at 30 June 2018, 30 June 2017 or 31 December 2017, or in respect of peak end-of-day aggregate credit exposures for the most recent quarter of the financial period. This does not include exposures to counterparties if they were booked outside of New Zealand.

NOTE 24 – ACTIVITIES OF THE BANKING GROUP IN NEW ZEALAND

As at 30 June 2018, no members of the Banking Group have been involved in:

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

Custodial Services

There were no changes to the activities of the Banking Group and any related arrangements since 31 December 2017.

The financial statements of the Banking Group include income in respect of custodial services provided to customers by the NZ Branch. As at 30 June 2018, securities held on behalf of NZ Branch's customers were excluded from the Statement of Financial Position. The value of securities held in custody by NZ Branch was \$38,740 million (December 2017: \$36,469 million).

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2018
SUPPLEMENTAL INFORMATION

NOTE 25 – RISK MANAGEMENT

During the six months ended 30 June 2018, there have been no material changes to the Banking Group's policies for managing risks in relation to credit risk, interest rate risk, currency risk, equity risk, liquidity risk, operational risk or any other material business risk to which it is exposed.

Exposure to Liquidity Risk

The following table shows a composition of our funding sources that contribute to the liquidity risk position as at 30 June 2018 and are held by the Banking Group for the purposes of managing liquidity risk.

	Banking Group (\$'000)							
	Unaudited							
	30/06/2018							
	Total	On Demand	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Non specified
ASSETS								
*Cash and cash equivalents	310,946	30,946	280,000	-	-	-	-	-
*Margin receivable	415,828	415,828	-	-	-	-	-	-
*Receivables	5,244	-	5,244	-	-	-	-	-
*Government bonds (FVTPL)	38,636	-	38,636	-	-	-	-	-
*Cash collateral pledged on reverse repurchase agreements (FVTPL)	767,063	-	767,063	-	-	-	-	-
*Loans and advances (FVTOCI)	137,943	8,029	129,914	-	-	-	-	-
Intangible assets	693	-	-	-	-	-	-	693
Deferred tax assets	438	-	-	-	-	-	-	438
Total Assets	1,676,791	454,803	1,220,857	-	-	-	-	1,131
LIABILITIES								
*Deposits – short term	449,051	448,499	552	-	-	-	-	-
*Government bonds (FVTPL)	7,536	-	7,536	-	-	-	-	-
*Cash collateral received on repurchase agreements (FVTPL)	784,008	-	784,008	-	-	-	-	-
*Margin payable	404,921	404,921	-	-	-	-	-	-
*Payables	27,527	-	27,527	-	-	-	-	-
Provision for taxation	3,748	-	-	-	1,158	2,590	-	-
Total Liabilities	1,676,791	853,420	819,623	-	1,158	2,590	-	-

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2018
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NOTE 25 – RISK MANAGEMENT (continued)

Concentration of Credit Risk

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

The maximum exposure to credit risk at reporting date was:

	Banking Group (\$'000)
	Unaudited 30/06/2018
Credit Risk by industry	
Finance	1,320,833
Local Authorities	38,636
Other	1
	1,359,470
Credit Risk by geographical area	
Within New Zealand	225,469
Overseas	1,134,001
	1,359,470

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2018
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NOTE 25 – RISK MANAGEMENT (continued)

Concentration of Funding Risk

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

	Banking Group (\$'000)
	Unaudited 30/06/2018
Funding Risk by industry	
Finance	1,497,746
Local Authorities	7,537
Electricity, gas and water	15,425
Manufacturing	29,663
Business Services	56,763
Food Manufacturing	5,818
Communication	2,747
Other	29,817
	1,645,516
Funding Risk by geographical area	
Within New Zealand	766,681
Overseas	878,835
	1,645,516

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2018
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NOTE 25 – RISK MANAGEMENT (continued)

Interest Rate Sensitivity

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

	Banking Group (\$'000)						
	Unaudited 30/06/2018						
		Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Not interest- bearing
	Total						
ASSETS							
Cash - at call	30,946	30,946	-	-	-	-	-
Cash - short-term deposits	280,000	280,000	-	-	-	-	-
Margin receivable	415,828	-	-	-	-	-	415,828
Receivables	3,380	-	-	-	-	-	3,380
Receivables from related parties	1,864	-	-	-	-	-	1,864
Financial assets at fair value through profit or loss	805,699	805,699	-	-	-	-	-
Financial assets at fair value through other comprehensive income	137,943	137,943	-	-	-	-	-
Fixed assets	-	-	-	-	-	-	-
Intangible assets	693	-	-	-	-	-	693
Deferred tax assets	438	-	-	-	-	-	438
Total Assets	1,676,791	1,254,588	-	-	-	-	422,203
LIABILITIES							
Deposits – short term	449,051	449,051	-	-	-	-	-
Financial liabilities at fair value through profit or loss	791,544	791,544	-	-	-	-	-
Margin Payable	404,921	-	-	-	-	-	404,921
Payables	3,014	-	-	-	-	-	3,014
Payables to related parties	24,513	-	-	-	-	-	24,513
Provision for taxation	3,748	-	-	-	-	-	3,748
Total Liabilities	1,676,791	1,240,595	-	-	-	-	436,196

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2018
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NOTE 26 – EXPOSURES TO MARKET RISK

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

	Banking Group (\$'000)	
	Unaudited	
	Implied risk weighted	Notional capital charge
30 June 2018		
Market Risk End-period		
Interest rate risk	-	-
Foreign currency risk	3,660	293
Equity risk	-	-
1 January 2018 - 30 June 2018		
Market Risk Peak End-of-day		
Interest rate risk	-	-
Foreign currency risk	3,660	293
Equity risk	-	-

NOTE 27 –ASSET QUALITY

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

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

The table below presents assets past due at balance date:

	Banking Group (\$'000)			
	Unaudited 30/06/2018			
	Less than 30 days past due	At least 30 days but less than 60 days past due	At least 60 days but less than 90 days past due	At least 90 days past due
				Total
Past due and not impaired	895	546	633	18
				2,092

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2018
SUPPLEMENTAL INFORMATION

NOTE 27 – ASSET QUALITY (continued)

	Registered Bank (consolidated)	
	Unaudited	Unaudited
	6 months	6 months
	30/06/2018	30/06/2017
	US\$'000	US\$'000
Total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense)	10,703,000	12,599,000
Total individually impaired assets expressed as a percentage of total assets	0.5%	0.6%
Total individual credit impairment allowance	9,861,000	10,123,000
Total individual credit impairment allowance expressed as a percentage of total impaired assets	92.1%	80.3%
Total collective credit impairment allowance	-	-
Non-financial assets acquired through the enforcement of security	-	-

Banking Group	
Unaudited	Unaudited
6 months	6 months
30/06/2018	30/06/2017
NZ\$'000	NZ\$'000

Movements in components of loss allowance (NZ IFRS 9)

Opening balance	-	-
Opening balance adjustment for adoption of IFRS 9	20	-
Restated opening balance	20	-
The charge to the statement of financial performance for an increase in individual loss allowances	18	-
Amounts written off	-	-
Recoveries of amounts written off in previous periods	-	-
Reversals of previously recognised impairment losses	-	-
Other movements, and the nature of those other movements	-	-
Closing balance	38	-

Neither the NZ Branch or the Banking Group have any financial assets designated as at fair value through profit or loss on which there have been changes in fair value that are attributable to changes in credit risk of the financial asset.

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2018
SUPPLEMENTAL INFORMATION

NOTE 28 – REGISTERED BANK PROFITABILITY AND SIZE

	Registered Bank (consolidated)	
	Unaudited	Unaudited
	6 months	6 months
	30/06/2018	30/06/2017
	US\$'000	US\$'000
Net profit/(loss) after taxation	13,562,000	10,273,000
Net profit/(loss) after taxation, over the previous 12 month period, as a percentage of average total assets	1.0%	1.0%
Total assets	2,167,700,000	2,152,006,000
Percentage increase/(decrease) in total assets from previous period	0.7%	4.9%



Independent review report

Directors of JPMorgan Chase Bank, National Association

Report on the financial statements

We have reviewed the Disclosure Statement of JPMorgan Chase Bank, National Association, New Zealand Banking Group (the “Banking Group”) on pages 11 to 33, which consists of the financial statements required by Clause 26 of Part 2 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (the “Order”) (as amended) and the supplementary information required by Schedules 5, 7, 9, 10, 12 and 14 of the Order. The financial statements comprise the statement of financial position as at 30 June 2018, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the six months then ended, and the notes to the financial statements that include a statement of significant accounting policies and other explanatory information for the aggregated results of the Banking Group.

Branch Governance Committee’s responsibility for the financial statements

The Branch Governance Committee of the Banking Group (the “Committee”) is responsible for the preparation and presentation of these financial statements in accordance with Clause 26 of Part 2 of the Order and for such internal controls as the Committee determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility

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

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34). As the auditors of the Company, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

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

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

- i. Prepared in accordance with the Capital Adequacy Framework (Basel III Standardised and Advanced approaches) for capital adequacy and Capital Adequacy Framework (Standardised Approach) (BS2A) for credit and market risk exposures; and
- ii. Disclosed in accordance with Schedule 9 of the Order.

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

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

Conclusion

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

- a) The financial statements on pages 11 to 33 (excluding the supplementary information), which have been prepared in all material respects in accordance with NZ IAS 34, do not present fairly the financial position of the Banking Group as at 30 June 2018 and its financial performance and cash flows for the period then ended;
- b) The supplementary information prescribed by Schedules 5, 7, 10, 12 and 14 of the Order, does not fairly state the matters to which it relates in accordance with those Schedules; and
- c) The supplementary information relating to credit and market risk exposures and capital adequacy prescribed by Schedule 9 of the Order, is not, in all material respects:
 - i. Prepared in accordance with the Capital Adequacy Framework (Basel III Standardised and Advanced approaches) for capital adequacy and Capital Adequacy Framework (Standardised Approach) (BS2A) for credit and market risk exposures; and
 - ii. Disclosed in accordance with Schedule 9 of the Order.



Who we report to

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

For and on behalf of:

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

Chartered Accountants
27 August 2018

Sydney

I, Sam Hinchliffe, am currently a member of Chartered Accountants Australia and New Zealand and my membership number is 371737.

PricewaterhouseCoopers was the audit firm appointed to undertake the review of the Disclosure Statement of JPMorgan Chase Bank, National Association New Zealand Banking Group for the six months ended 30 June 2018. I was responsible for the execution of the review and delivery of our firm's auditor's review statement. The review work was completed on 27 August 2018 and an unqualified review statement is expressed as at that date.

A handwritten signature in black ink that appears to read 'L Hinchliffe'.

Sam Hinchliffe
Partner