

# J.P.Morgan

**JPMorgan Chase Bank, N.A., - New Zealand Branch and associated  
JPMorgan Chase Bank, New Zealand group**

## **Disclosure Statement**

**For the six months ended 30 June 2021**



**Disclosure Statement**  
**For the six months ended 30 June 2021**

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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 New Zealand Branch 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 main office

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

### Ultimate Holding Company

JPMorgan Chase & Co.

### Ultimate Holding Company's Address for Service

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

### Incorporation

The Registered Bank is a national banking association offering a wide range of banking and financial services to its customers both domestically and internationally. It is chartered by the Office of the Comptroller of the Currency (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, N.A. with the Registered Bank being the surviving legal entity.

The Registered Bank is one of the principal, wholly-owned subsidiaries of JPMCC. The shares of common stock of JPMCC are listed on the New York Stock Exchange 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 19 May 2020, the annual terms of James A. Bell and Laban P. Jackson as Independent Non-Executive Directors of the Registered Bank ended and they did not seek re-election. Virginia M. Rometty joined the Board of Directors of the Registered Bank as an Independent Non-Executive Director on 19 May 2020 and Phebe N. Novakovic joined the Board of Directors of the Registered Bank as an Independent Non-Executive Director on 7 December 2020.

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

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

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

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

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

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

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

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

Mellody Hobson - Independent Non-Executive Director  
Co-CEO, President and Director of Ariel Investments, LLC  
BA - Princeton University  
United States of America

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

Phebe Nevenka Novakovic – Independent Non-Executive Director  
Chairman and Chief Executive Officer of General Dynamics and Director of Abbott Laboratories since 2010  
MBA – University of Pennsylvania Wharton School  
United States of America

Virginia M. Rometty - Independent Non-Executive Director  
Chairman of International Business Machines Corporation  
BS - Northwestern 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  
4 New York Plaza, Floor 8  
New York, New York 10004  
United States of America

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

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

- Mr. Burke is a director of Berkshire Hathaway Inc., a company incorporated in the United States of America
- Mr. Combs is a director of Berkshire Hathaway subsidiaries Charter Brokerage LLC, Duracell Inc., and Precision Castparts Corp., companies incorporated in the United States of America
- Mr. Crown is a director of General Dynamics Corporation and the Chairman of Henry Crown and Company, companies incorporated in the United States of America
- Mr. Flynn is a director of Alcoa Corporation, United Healthcare Incorporated, and Wal-Mart Stores, Inc., companies incorporated in the United States of America
- Ms. Hobson is a director and Vice Chair of Starbucks Corporation, a company incorporated in the United States of America
- Mrs. Rometty is a director of International Business Machines Corporation, a company incorporated in the United States of America

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

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

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

### **Director Related Transactions**

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

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

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

Robert Bedwell

Senior Country Officer, JPMorgan Australia and New Zealand

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

Warren Davis

Senior Country Business Manager, JPMorgan Australia and New Zealand  
Australia

Eleen Wong (Appointed: 25 February 2021)

Senior Financial Officer, JPMorgan Australia and New Zealand

BCom – University of Western Australia; Certified Practicing Accountant  
Australia

Stewart Old (Resigned: 25 February 2021)

Senior Financial Officer, JPMorgan Australia and New Zealand

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 2021 are as follows:

Warren Davis

Acting New Zealand Chief Executive Officer

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

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

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

PO Box 5652

Lambton Quay, Wellington 6145

New Zealand

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

Mr Warren Davis is not a Director of any non-banking group companies.

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

There were no transactions between Mr Davis, as the acting 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 duties.

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

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

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

### **Transactions with Related Persons**

JPMCC has adopted a policy entitled "Transactions with Related Persons Policy" (Policy) which sets forth JPMCC's policies and procedures for reviewing and, where appropriate, approving transactions with related persons (i.e. JPMCC's Directors, executive officers and their immediate family members, among others). 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 (other than solely as a result of being a director); 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 Corporate Governance & Nominating Committee of JPMCC ("Governance Committee").

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.

Certain types of transactions are pre-approved under 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), such as banking, brokerage, investment and financial advisory products and services, on terms substantially similar to those extended to unaffiliated third parties not related to JPMCC, provided such transactions are permitted by the Sarbanes-Oxley Act of 2002, 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:

## **Regulation O (continued)**

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

## **Conflicts of Interest**

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

## **Corporate Governance and Risk Management**

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

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

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

## **Audit Committee and Internal Audit**

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

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

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

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

- Audit – Examination of significant business and operational key risks and the controls established to mitigate those risks, including compliance with laws, regulations and established policies and procedures
- Post-acquisition Review – Performed upon the purchase of an entire company, the purchase of a portfolio from another business, the in-sourcing of a business process from another company, or participation in a joint venture to assess the control environment of the acquired company/process in relation to JPMCC standards



## Audit Committee and Internal Audit (continued)

- Targeted Control Review – Focused on a select group of key risks and controls to allow Internal Audit to quickly assess and communicate whether key controls are operating effectively or require remediation
- Continuous Monitoring - Performed to monitor business risk profiles, analyze changes, and adjust risk assessments and planned coverage, as necessary
- Change Activity - Encompasses any event with significant impact on the control environment, including new products/businesses, new/significantly revised regulations, new accounting pronouncements, large-scale remediation programs, system development/implementation, business migrations/consolidations, business divestitures and branch/office closures
- Audit Issue Validation – Audit performs validation on internal audit and regulator identified issues within 60 days of issue closure.

The Audit Committee is composed of four non-management Directors who are required by regulations to meet the independence and expertise requirements. The purpose of the Audit Committee is to assist the Board oversight of:

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

## Conditions of registration for JPMorgan Chase Bank, N.A. in New Zealand

There was a change to the Conditions of Registration which came into effect on 1 March 2021. The registration of JPMorgan Chase Bank, N.A. ("the registered bank") in New Zealand is subject to the following conditions:

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.*

## Conditions of registration for JPMorgan Chase Bank, N.A. in New Zealand (continued)

*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>

*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 ending on or before 30 September 2021, 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 70%, must not exceed 5% of the total of the qualifying new mortgage lending amount in respect of property-investment residential mortgage loans arising in the loan-to-valuation measurement period.*
  10. *That, for a loan-to-valuation measurement period ending on or after 31 October 2021, 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 60%, 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.*

## Conditions of registration for JPMorgan Chase Bank, N.A. in New Zealand (continued)

11. *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 20% 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.*
12. *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 12,—*

*"loan-to-valuation ratio", "non property-investment residential mortgage loan", "property-investment residential mortgage loan", "qualifying new mortgage lending amount in respect of property-investment residential mortgage loans", "qualifying new mortgage lending amount in respect of non property-investment residential mortgage loans", and "residential mortgage loan" have the same meaning as in the Reserve Bank of New Zealand document entitled "Framework for Restrictions on High-LVR Residential Mortgage Lending" (BS19) dated January 2019, 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) the six calendar month period ending on the last day of August 2021; and*

*(b) thereafter 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 September 2021.*

## 5. PENDING PROCEEDINGS OR ARBITRATION

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

## 6. CURRENT CREDIT RATING OF THE REGISTERED BANK

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

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

### Legend to Rating Scales

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

### Legend to Rating Scales (continued)

- (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 2021 and the Registered Bank's audited financial statements for the fiscal year ended 31 December 2020 ("2020 Financials") by requesting a copy from [jpm\\_rbnz\\_finance\\_aus@jpmorgan.com](mailto:jpm_rbnz_finance_aus@jpmorgan.com). The most recent Call Report is also available online at <http://www.jpmorgan.com/pages/international/newzealand>.

The Call Report is prepared in accordance with the regulatory instructions issued by the Federal Financial Institutions Examination Council ("FFIEC"), as compared to the 2020 Financials which is prepared in accordance with U.S. GAAP. In 1997, the FFIEC adopted U.S. GAAP as the reporting basis for the consolidated balance sheet, income statement and related schedules included in the Call Report. Despite the adoption of U.S. GAAP as the reporting basis for the Call Report, the presentation of financial statements in the Call Report differs significantly from the presentation of financial statements included in the 2020 Financials, the Call Report generally contains less disclosure than audited financial statements prepared in accordance with U.S. GAAP.

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

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

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

The current directors of the Registered Bank are Linda B Bammann, Stephen B Burke, Todd A Combs, James S Crown, James Dimon, Timothy P Flynn, Mellody Hobson, Michael A Neal, Phebe Nevenka Novakovic, and Virginia M. Rometty.

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



Warren Davis

23 August 2021

Date



Eleen Wong

23 August 2021

Date

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

# Disclosure Statement

## FOR THE SIX MONTHS ENDED 30 JUNE 2021

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

		Banking Group (\$'000)		
Note		Unaudited	Unaudited	Audited
		6 months 30/06/2021	6 months 30/06/2020	12 months 31/12/2020
Interest income				
Calculated using the effective interest rate method		239	3,475	4,059
Being from instruments held at fair value		14,006	7,945	13,062
<b>Total interest income</b>	<b>1</b>	<b>14,245</b>	<b>11,420</b>	<b>17,121</b>
Interest expense		(2,467)	(5,300)	(9,399)
<b>Net interest income</b>		<b>11,778</b>	<b>6,120</b>	<b>7,722</b>
Other operating income/(loss)	<b>2</b>	(1,177)	14,408	25,302
<b>Total operating income</b>		<b>10,601</b>	<b>20,528</b>	<b>33,024</b>
Operating expenses	<b>3</b>	(6,806)	(7,802)	(14,680)
<b>Net profit/(loss) before taxation</b>		<b>3,795</b>	<b>12,726</b>	<b>18,344</b>
Income tax (expense)/benefit	<b>4</b>	(1,142)	(3,768)	(5,753)
<b>Net profit/(loss) after taxation</b>		<b>2,653</b>	<b>8,958</b>	<b>12,591</b>
Other comprehensive income, net of tax	<b>6</b>	6	96	53
<b>Total comprehensive income for the period</b>		<b>2,659</b>	<b>9,054</b>	<b>12,644</b>

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

Banking Group (\$'000)					
Note	Share Capital	Other Reserves	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
<b>30 June 2020</b>					
Equity as at 1 January 2020 (audited)	-	-	-	-	-
Net profit/(loss) after taxation	-	-	-	8,958	8,958
Movement during the period	-	-	96	-	96
<b>Total comprehensive income for the period</b>	<b>6</b>	<b>-</b>	<b>96</b>	<b>8,958</b>	<b>9,054</b>
(Repatriation)/reimbursement (to)/from head office	-	-	(96)	(8,958)	(9,054)
<b>Equity as at 30 June 2020 (unaudited)</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31 December 2020</b>					
Equity as at 1 January 2020 (audited)	-	-	-	-	-
Net profit/(loss) after taxation	-	-	-	12,591	12,591
Movement during the period	<b>6</b>	-	53	-	53
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>12,591</b>	<b>12,644</b>
(Repatriation)/reimbursement (to)/from head office	-	-	(53)	(12,591)	(12,644)
<b>Equity as at 31 December 2020 (audited)</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>30 June 2021</b>					
Equity as at 1 January 2021 (audited)	-	-	-	-	-
Net profit/(loss) after taxation	-	-	-	2,653	2,653
Movement during the period	<b>6</b>	-	6	-	6
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>2,653</b>	<b>2,659</b>
(Repatriation)/reimbursement (to)/from head office	-	-	(6)	(2,653)	(2,659)
<b>Equity as at 30 June 2021 (unaudited)</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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



**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021**

		Banking Group (\$'000)		
	Note	Unaudited 6 months 30/06/2021	Unaudited 6 months 6/30/2020	Audited 12 months 31/12/2020
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	7	350,821	565,127	418,909
Margin and other receivables	8	20,098	48,527	80,989
Financial assets at fair value through profit or loss	9	1,408,906	3,402,109	1,881,524
Financial assets at amortised cost	10	1,023	149,536	3,053
Derivative assets		-	21	-
		<b>1,780,848</b>	<b>4,165,320</b>	<b>2,384,475</b>
<b>Non Current Assets</b>				
Property, plant & equipment	11	181	350	244
Intangible assets	12	-	-	-
Provision for taxation		733	-	-
Deferred tax assets	13	25	382	444
		<b>939</b>	<b>732</b>	<b>688</b>
		<b>1,781,787</b>	<b>4,166,052</b>	<b>2,385,163</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Deposits – short term	14	354,422	712,118	422,666
Financial liabilities at fair value through profit or loss	15	1,394,381	3,366,731	1,863,994
Payables	11,16	28,169	81,031	93,737
Provision for taxation		4,765	5,807	4,498
		<b>1,781,737</b>	<b>4,165,687</b>	<b>2,384,895</b>
<b>Non Current Liabilities</b>				
Payables	11,16	50	122	50
Provision for taxation		-	243	218
		<b>50</b>	<b>365</b>	<b>268</b>
		<b>1,781,787</b>	<b>4,166,052</b>	<b>2,385,163</b>
<b>Net Assets</b>				
		-	-	-
<b>EQUITY</b>				
Attributable to the shareholders of the Banking Group		-	-	-
<b>Total Equity</b>	5	-	-	-

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 2021**

Banking Group (\$'000)			
	Unaudited 6 months 30/06/2021	Unaudited 6 months 30/06/2020	Audited 12 months 31/12/2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Fees, commissions and other income received	7,913	10,535	18,981
Payments to suppliers and employees	(2,965)	(10,707)	(32,112)
Receipts from/(payments to) related parties	(194,042)	222,032	(134,495)
Net movement in margin balances	(2,569)	6,557	(8,629)
Net proceed from disposal/(purchase) of financial instruments	(8,844)	1,525	17,896
Net (increase)/decrease in loans	2,030	247,555	394,038
Increase/(decrease) in deposits	122,238	(44,298)	16,224
Tax paid	(2,599)	(4,511)	(6,558)
Interest received	13,333	5,908	8,877
Interest paid	(2,064)	(3,537)	(7,083)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>19 (67,569)</b>	<b>431,059</b>	<b>267,139</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Plant and equipment	3	(75)	31
<b>Net cash inflow/(outflow) from investing activities</b>	<b>3</b>	<b>(75)</b>	<b>31</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments for leases	(75)	(75)	(158)
Repatriation of profit	(314)	(1,223)	(4,941)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(389)</b>	<b>(1,298)</b>	<b>(5,099)</b>
<b>Net increase/(decrease) in cash</b>	<b>(67,955)</b>	<b>429,686</b>	<b>262,071</b>
Opening cash and cash equivalents	<b>418,909</b>	<b>136,215</b>	<b>136,215</b>
Effect of changes in foreign exchange rates on cash balances	(133)	(774)	20,623
<b>Closing cash and cash equivalents</b>	<b>7(a) 350,821</b>	<b>565,127</b>	<b>418,909</b>

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

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### A. Statutory Base

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

These financial statements are for the Banking Group and are authorised by the Directors for issue on 23 August 2021. 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

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

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

### D. Comparatives

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

### E. Critical Accounting Estimates and Judgements

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

- **Fair Value**

Where an active market exists for a financial instrument, fair values are determined by reference to the quoted prices/yields at balance date, such instruments are classified as level 1. However, for certain financial instruments where no active market exists, judgement is used to select the valuation technique which best estimates its fair value.

The fair value of 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. Refer to the fair value hierarchy table in Note 29 (Fair Value Measurement).

Loans at fair value through other comprehensive income are classified within level 3 as there are no observable market data.

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.

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

### 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 2021 since the most recent annual financial statements for the year ended 31 December 2020.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**NOTE 1 - INTEREST INCOME**

Financial assets at amortised cost

Cash and cash equivalents

Loans and advances

Financial assets at fair value through profit or loss

Financial assets at fair value through other comprehensive income

**Total interest income**

Banking Group (\$'000)		
Unaudited 6 months 30/06/2021	Unaudited 6 months 30/06/2020	Audited 12 months 31/12/2020
111	296	379
128	1,911	3,020
14,006	7,945	13,062
-	1,268	660
<b>14,245</b>	<b>11,420</b>	<b>17,121</b>

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

Fee and commissions income

Trading income/(loss)

Other (loss)/income

**Total other operating income/(loss)**

Banking Group (\$'000)		
Unaudited 6 months 30/06/2021	Unaudited 6 months 30/06/2020	Audited 12 months 31/12/2020
10,668	11,062	23,624
(11,849)	3,731	2,233
4	(385)	(555)
<b>(1,177)</b>	<b>14,408</b>	<b>25,302</b>

**NOTE 3 – OPERATING EXPENSES**

Administration expenses

Fee and commissions expenses

Employee expenses

Occupancy expenses

Depreciation & amortisation

Professional services expenses

Technology & communications expenses

Credit loss expense

Other expenses

**Total operating expenses**

Banking Group (\$'000)		
Unaudited 6 months 30/06/2021	Unaudited 6 months 30/06/2020	Audited 12 months 31/12/2020
4,867	5,367	9,975
680	820	1,946
715	527	1,188
42	66	77
64	73	140
(1)	158	201
1	2	15
-	149	(43)
438	640	1,181
<b>6,806</b>	<b>7,802</b>	<b>14,680</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**NOTE 4 – INCOME TAX EXPENSE / (BENEFIT)**

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

	Banking Group (\$'000)		
	Unaudited 6 months 30/06/2021	Unaudited 6 months 30/06/2020	Audited 12 months 31/12/2020
Current tax	1,142	3,768	5,815
Deferred tax	-	-	(62)
Over/ (Under) provision for prior years	-	-	-
	<b>1,142</b>	<b>3,768</b>	<b>5,753</b>

**(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	3,795	12,726	18,344
Income tax expense/(benefit) - prima facie at the Australian rate of 30% and New Zealand rate of 28%	1,142	3,768	5,448
Tax effect of non deductible expense	-	-	305
Adjustment for (over)/under provision in prior periods	-	-	-
<b>Total income tax expense</b>	<b>1,142</b>	<b>3,768</b>	<b>5,753</b>

**NOTE 5 - EQUITY**

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

**NOTE 6 – OTHER COMPREHENSIVE INCOME**

	Banking Group (\$'000)		
	Unaudited 6 months 30/06/2021	Unaudited 6 months 30/06/2020	Audited 12 months 31/12/2020
Opening balance	-	-	-
FVOCI additions	-	163	163
FVOCI reversals on loan repayment	-	(163)	(163)
Foreign currency translation reserve movement	6	96	53
<b>Movement during the period</b>	<b>6</b>	<b>96</b>	<b>53</b>
(Repatriation)/reimbursement (to)/from head office	(6)	(96)	(53)
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**Banking Group (\$'000)**

<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>6 months</b>	<b>6 months</b>	<b>12 months</b>
<b>30/06/2021</b>	<b>30/06/2020</b>	<b>31/12/2020</b>

**NOTE 7 – CASH AND CASH EQUIVALENTS**

**Due from central and other banks**

New Zealand - short term deposit	250,000	205,000	300,000
New Zealand - at call	66,803	44,955	53,702
Overseas - at call	34,018	315,172	65,207
<b>Total due from central and other banks</b>	<b>350,821</b>	<b>565,127</b>	<b>418,909</b>
<b>Total cash and cash equivalents</b>	<b>350,821</b>	<b>565,127</b>	<b>418,909</b>

**7 (a) Reconciliation of Cash**

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

Cash and cash equivalents	350,821	565,127	418,909
	<b>350,821</b>	<b>565,127</b>	<b>418,909</b>

**Banking Group (\$'000)**

<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>6 months</b>	<b>6 months</b>	<b>12 months</b>
<b>30/06/2021</b>	<b>30/06/2020</b>	<b>31/12/2020</b>

**NOTE 8 – MARGIN AND OTHER RECEIVABLES**

Margin receivable	15,790	45,368	76,989
Interest receivable	19	67	98
Amounts due from related parties	398	643	-
Fee income receivable	3,481	2,393	3,880
Other receivable	410	56	22
<b>Total margin and other receivables</b>	<b>20,098</b>	<b>48,527</b>	<b>80,989</b>

**Banking Group (\$'000)**

<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>6 months</b>	<b>6 months</b>	<b>12 months</b>
<b>30/06/2021</b>	<b>30/06/2020</b>	<b>31/12/2020</b>

**NOTE 9 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

Government bonds, notes and securities	535,379	114,193	223,760
Cash collateral pledged on reverse repurchase agreements	873,527	3,287,916	1,657,764
<b>Total financial assets at fair value through profit or loss</b>	<b>1,408,906</b>	<b>3,402,109</b>	<b>1,881,524</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**Banking Group (\$'000)**

<b>Unaudited 6 months 30/06/2021</b>	<b>Unaudited 6 months 30/06/2020</b>	<b>Audited 12 months 31/12/2020</b>
Loans and advances	1,023	149,593
Expected credit loss allowance	-	(57)
<b>Total financial assets at amortised cost</b>	<b>1,023</b>	<b>149,536</b>
		<b>3,053</b>

**NOTE 10 - FINANCIAL ASSETS AT AMORTISED COST**

Loans and advances  
Expected credit loss allowance

**Total financial assets at amortised cost**

**NOTE 11 LEASES**

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

The Statement of Financial Positions shows the following amounts relating to leases as at 30 June 2021:

**Right-of-use assets\***

Properties \$109,000 (30 June 2020: \$260,000)

\* included in the line item 'Property, plant & equipment' in the Statement of Financial Position

**Lease liabilities \*\***

Current \$123,000 (30 June 2020: Current \$143,000, Non-current \$122,000)

\*\* included in the line item 'Payables' in the Statement of Financial Position and 'Other Payables' in Note 16

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

The Statement of Comprehensive Income shows the following amounts relating to leases for the six months ended 30 June 2021:

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

Properties \$64,000 (30 June 2020: \$72,000)

**Interest Expense on Lease Liability**

Leases \$2,000 (30 June 2020: \$5,000)

**Banking Group (\$'000)**

<b>Unaudited 6 months 30/06/2021</b>	<b>Unaudited 6 months 30/06/2020</b>	<b>Audited 12 months 31/12/2020</b>
Goodwill	-	-
Intangible assets – Custody clearing services software	289	289
Intangible assets – Customer contracts/relationships	377	377
Accumulated amortisation of intangible assets	(666)	(666)
<b>Net Intangibles</b>	<b>-</b>	<b>-</b>

**NOTE 12 – INTANGIBLE ASSETS**

Goodwill  
Intangible assets – Custody clearing services software  
Intangible assets – Customer contracts/relationships  
Accumulated amortisation of intangible assets

**Net Intangibles**

Goodwill and intangible assets were acquired as part of the purchase of ANZ New Zealand custody business on 18 December 2009. A determination was made that the Registered Bank would cease to support third party direct custody clients in New Zealand (these clients are typically offshore banks and broker-dealers who seek a sub-custodian for safekeeping and settlement on New Zealand securities). Third party direct custody clients in New Zealand will need to appoint new agent banks to provide sub-custodial services in the New Zealand market. There is no impact to clients who contract with the NZ Branch as a global custodian and the Registered Bank remains committed to this business. The NZ Branch will continue to act as the sub-custodian entity in New Zealand for global custody business only. Following this decision, the carrying value of the goodwill on the balance sheet of the Banking Group has been assessed as impaired.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**NOTE 13 – DEPOSITS - SHORT TERM**

Deposits

**Total Deposits – short term**

Banking Group (\$'000)		
Unaudited 6 months 30/06/2021	Unaudited 6 months 30/06/2020	Audited 12 months 31/12/2020
354,422	712,118	422,666
<b>354,422</b>	<b>712,118</b>	<b>422,666</b>

Retail deposits of the Registered Bank in New Zealand for the period were Nil (2020: Nil).

**NOTE 14 - FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

Trading securities

Cash collateral received on repurchase agreements

**Total financial liabilities at fair value through profit or loss**

Banking Group (\$'000)		
Unaudited 6 months 30/06/2021	Unaudited 6 months 30/06/2020	Audited 12 months 31/12/2020
191,534	64,797	132,139
1,202,847	3,301,934	1,731,855
<b>1,394,381</b>	<b>3,366,731</b>	<b>1,863,994</b>

**NOTE 15 – PAYABLES**

Margin payable

Interest payable

Accrued expenses

Amounts due to related parties

Other payable

**Total payables**

Banking Group (\$'000)		
Unaudited 6 months 30/06/2021	Unaudited 6 months 30/06/2020	Audited 12 months 31/12/2020
3,955	51,288	67,723
25	12	4
3,267	1,896	4,498
20,784	27,340	21,298
188	617	264
<b>28,219</b>	<b>81,153</b>	<b>93,787</b>

**NOTE 16 – RELATED PARTY TRANSACTIONS**

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

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

Total due from related parties

Total due to related parties

Banking Group (\$'000)		
Unaudited 6 months 30/06/2021	Unaudited 6 months 30/06/2020	Audited 12 months 31/12/2020
542,481	2,312,348	1,025,819
874,056	2,340,764	1,796,170

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**NOTE 17 – TOTAL LIABILITIES OF THE REGISTERED BANK, NET OF AMOUNTS DUE TO RELATED PARTIES**

	NZ Branch (\$'000)		
	Unaudited	Unaudited	Audited
	6 months	6 months	12 months
	30/06/2021	30/06/2020	31/12/2020
Total liabilities net of amounts due to related parties	256,533	192,838	254,504

**NOTE 18 – RECONCILIATION OF NET SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	Banking Group (\$'000)		
	Unaudited	Unaudited	Unaudited
	6 months	6 months	12 months
	30/06/2021	30/06/2020	31/12/2020
<b>Net profit/(loss) for the period</b>	<b>2,653</b>	<b>8,958</b>	<b>12,591</b>
Movement in Head Office Repatriation included in net surplus	(2,348)	(7,831)	(7,702)
Depreciation and amortisation	67	78	140
Interest expense on leases	2	5	9
<b>Changes in operating assets and liabilities:</b>			
Movement in financial instruments	3,005	(2,206)	15,663
Movement in fee income receivable	399	2,502	1,015
Movement in accrued interest receivable	79	225	194
Movement in amounts due from related parties	(398)	(607)	36
Movement in margin receivables	61,199	(3,588)	(35,209)
Movement in other receivable	(388)	(14)	20
Movement in deferred tax assets	419	-	(62)
Movement in loans	2,030	247,556	394,039
Movement in deposits	(68,244)	188,866	(100,586)
Movement in tax payable	(685)	2,467	1,135
Movement in accrued interest payable	21	(33)	(41)
Movement in margin payable	(63,768)	10,145	26,580
Movement in other payables	(4)	(5,173)	(5,525)
Movement in accrued expenses	(1,231)	(4,049)	(1,447)
Movement in amounts due to related parties	(514)	(7,088)	(13,130)
Movement in foreign exchange translation balances attributable to cash and other balances	137	846	(20,581)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(67,569)</b>	<b>431,059</b>	<b>267,139</b>

**NOTE 19 – COMMITMENTS AND CONTINGENT LIABILITIES**

As at 30 June 2021, the Banking Group had an undrawn committed facility of Nil (30 June 2020: Nil) and a stand-by letter of credit of Nil (30 June 2020: Nil).

**NOTE 20 – EVENTS AFTER THE REPORTING PERIOD**

In July 2021, the NZ Banking Group were advised that the Reserve Bank of New Zealand (RBNZ) will be distributing some reserves to its NZClear members including the NZ Banking Group, as a rebate in the third quarter this year. The rebate will be allocated to each member, based on the percentage of revenue they have contributed to NZClear between July 2016 and June 2021. No other matters or circumstances have arisen since the end of the reporting period which significantly affected, or may significantly affect, the operations, the results of those operations, or the state of affairs of the Banking Group in future financial years.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**  
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**NOTE 21 – INTEREST EARNING AND DISCOUNT BEARING ASSETS AND LIABILITIES**

	Banking Group (\$'000)		
	Unaudited 6 months 30/06/2021	Unaudited 6 months 30/06/2020	Unaudited 12 months 31/12/2020
Interest earning and discount bearing assets	1,760,750	4,116,772	2,303,486
Interest and discount bearing liabilities	1,748,997	4,079,114	2,286,995

**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 2021. A capital conservation buffer of 2.5% applies in addition to these ratios.

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

Capital Adequacy Ratios	Basel III Advanced Transitional Registered Bank 30/06/2021 <u>Unaudited</u>	Basel III Standardised Registered Bank 30/06/2021 <u>Unaudited</u>	Basel III Advanced Transitional Registered Bank 30/06/2020 <u>Unaudited</u>	Basel III Standardised Registered Bank 30/06/2020 <u>Unaudited</u>
Common Equity Tier 1 Capital	18.41%	16.53%	16.57%	14.88%
Tier 1 Capital	18.41%	16.53%	16.57%	14.89%
Total Capital	18.80%	17.70%	16.98%	16.09%

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

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**  
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**NOTE 23 – ACTIVITIES OF THE BANKING GROUP IN NEW ZEALAND**

As at 30 June 2021, 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**

In February 2020, a determination was made that the Registered Bank would cease to support third party direct custody clients in New Zealand (these clients are typically offshore banks and broker-dealers who seek a sub-custodian for safekeeping and settlement on New Zealand securities). Third party direct custody clients in New Zealand will need to appoint new agent banks to provide sub-custodial services in the New Zealand market. There is no impact to clients who contract with the NZ Branch as a global custodian and the Registered Bank remains committed to this business. The NZ Branch will continue to act as the sub-custodian entity in New Zealand for global custody business only.

The financial statements of the Banking Group include income in respect of custodial services provided to customers by the NZ Branch. As at 30 June 2021, securities held on behalf of NZ Branch's customers were excluded from the Statement of Financial Position. The value of securities held in custody by NZ Branch was \$34,229 million (December 2019: \$44,865 million).

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

**NOTE 24 – RISK MANAGEMENT**

During the six months ended 30 June 2021, the Banking Group has not become exposed to a new category of risk and 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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**  
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**NOTE 24 – RISK MANAGEMENT (continued)**

**Exposure to Liquidity Risk**

The following table shows a composition of our funding sources that contribute to the liquidity risk position as at 30 June 2021 and are held by the Banking Group for the purposes of managing liquidity risk.

<b>Banking Group (\$'000)</b>								
<b>Unaudited</b>								
<b>30/06/2021</b>								
	<b>Total</b>	<b>On Demand</b>	<b>Up to 3 months</b>	<b>Over 3 months and up to 6 months</b>	<b>Over 6 months and up to 1 year</b>	<b>Over 1 year and up to 2 years</b>	<b>Over 2 years</b>	<b>Non specified</b>
<b>ASSETS</b>								
*Cash and cash equivalents	350,821	100,821	250,000	-	-	-	-	-
*Margin and other receivables	20,098	15,790	4,308	-	-	-	-	-
*Financial assets at fair value through profit or loss	1,408,906	-	1,408,906	-	-	-	-	-
*Financial assets at amortised cost	1,023	-	1,023	-	-	-	-	-
Property, plant & equipment	181	-	-	-	-	-	-	181
Provision for taxation	733	-	-	-	-	733	-	-
Deferred tax assets	25	-	-	-	-	-	-	25
<b>Total Assets</b>	<b>1,781,787</b>	<b>116,611</b>	<b>1,664,237</b>	<b>-</b>	<b>-</b>	<b>733</b>	<b>-</b>	<b>206</b>
<b>LIABILITIES</b>								
Deposits – short term	354,422	353,663	759	-	-	-	-	-
Financial liabilities at fair value through profit or loss	1,394,381	-	1,394,381	-	-	-	-	-
Margin payable	3,955	3,955	-	-	-	-	-	-
Other payables	24,264	-	24,105	36	73	50	-	-
Provision for taxation	4,765	-	-	-	4,765	-	-	-
<b>Total Liabilities</b>	<b>1,781,787</b>	<b>357,618</b>	<b>1,419,245</b>	<b>36</b>	<b>4,838</b>	<b>50</b>	<b>-</b>	<b>-</b>

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**  
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**NOTE 24 – 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:

	<b>Banking Group (\$'000)</b>
	<b>Unaudited 30/06/2021</b>
<b>Credit Risk Components:</b>	
Cash and cash equivalents	350,821
Margin and other receivables	20,098
Financial assets at fair value through profit or loss	1,408,906
Financial assets at amortised cost	1,023
	<b>1,780,848</b>
<b>Credit Risk by industry</b>	
Finance	1,244,490
Manufacturing	362
Local authorities	535,856
Other	140
	<b>1,780,848</b>
<b>Credit Risk by geographical area</b>	
Within New Zealand	1,073,500
Overseas	707,348
	<b>1,780,848</b>

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**  
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**NOTE 24 – RISK MANAGEMENT (continued)**

**Concentration of Funding Risk**

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

	<b>Banking Group (\$'000)</b>
	<b>Unaudited 30/06/2021</b>
<b>Funding Risk Components:</b>	
Deposits – short term	354,422
Financial liabilities at fair value through profit or loss	1,394,381
Payables	28,219
Derivative liabilities	-
	<b><u>1,777,022</u></b>
<b>Funding Risk by industry</b>	
Finance	1,568,269
Property and business services	69,167
Electricity, gas and water	360
Manufacturing	48,869
Information media & telecommunications	37,523
Wholesale trade	49,725
Other	3,109
	<b><u>1,777,022</u></b>
<b>Funding Risk by geographical area</b>	
Within New Zealand	486,243
Overseas	1,290,779
	<b><u>1,777,022</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**  
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**NOTE 24 – RISK MANAGEMENT (continued)**

**Interest Rate Sensitivity**

The Banking Group's exposure to interest rate risk, is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the period-end interest rates on classes of financial assets and financial liabilities. The table below shows the interest rate repricing schedule for each class of financial assets and financial liabilities, contractual repricing or maturity dates, whichever dates are earlier, grouped into maturity bands.

	Banking Group (\$'000)						
	Unaudited 30/06/2021						
	Total	Up to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 2 years	Over 2 years	Not interest- bearing
<b>ASSETS</b>							
Cash and cash equivalents	350,821	350,821	-	-	-	-	-
Margin and other receivables	20,098	-	-	-	-	-	20,098
Financial assets at fair value through profit or loss	1,408,906	1,408,906	-	-	-	-	-
Financial assets at amortised cost	1,023	1,023	-	-	-	-	-
Property, plant & equipment	181	-	-	-	-	-	181
Provision for taxation	733	-	-	-	-	-	733
Deferred tax assets	25	-	-	-	-	-	25
<b>Total Assets</b>	<b>1,781,787</b>	<b>1,760,750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,037</b>
<b>LIABILITIES</b>							
Deposits – short term	354,422	354,422	-	-	-	-	-
Financial liabilities at fair value through profit or loss	1,394,381	1,394,381	-	-	-	-	-
Margin and other payables	28,219	36	37	50	-	-	28,096
Provision for taxation	4,765	-	-	-	-	-	4,765
<b>Total Liabilities</b>	<b>1,781,787</b>	<b>1,748,839</b>	<b>37</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>32,861</b>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**  
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**NOTE 24 – RISK MANAGEMENT (continued)**

**Sensitivity analysis**

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

	<b>Banking Group (\$'000)</b>				
	<b>Unaudited</b>				
	<b>30/06/2021</b>				
	<b>Interest Rate Risk</b>				
		<b>-1%</b>		<b>+1%</b>	
	<b>Carrying Amount</b>	<b>Profit</b>	<b>Equity</b>	<b>Profit</b>	<b>Equity</b>
<b>ASSETS</b>					
Cash and cash equivalents	350,821	(877)	(877)	877	877
Margin and other receivables	20,098	-	-	-	-
Trading securities	535,379	(25,966)	(25,966)	25,966	25,966
Cash collateral pledged on reverse repurchase agreements	873,527	(1,773)	(1,773)	1,773	1,773
Financial assets at amortised cost	1,023	(3)	(3)	3	3
Property, plant & equipment	181	-	-	-	-
Provision for taxation	733	-	-	-	-
Deferred tax assets	25	-	-	-	-
<b>Total Assets</b>	<b>1,781,787</b>	<b>(28,619)</b>	<b>(28,619)</b>	<b>28,619</b>	<b>28,619</b>
<b>LIABILITIES</b>					
Deposits – short term	354,422	(886)	(886)	886	886
Trading securities	191,534	(2,662)	(2,662)	2,662	2,662
Cash collateral received on repurchase agreements	1,202,847	(553)	(553)	553	553
Payables	28,219	-	-	-	-
Provision for taxation	4,765	-	-	-	-
<b>Total Liabilities</b>	<b>1,781,787</b>	<b>(4,101)</b>	<b>(4,101)</b>	<b>4,101</b>	<b>4,101</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**  
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**NOTE 25 – EXPOSURES TO MARKET RISK**

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

	<b>Banking Group (\$'000)</b>	
	<b>Unaudited</b>	
	<b>Implied risk weighted exposure</b>	<b>Notional capital charge</b>
<b>30 June 2021</b>		
<b>Market Risk End-period</b>		
Interest rate risk	-	-
Foreign currency risk	2	-
Equity risk	-	-
<b>1 January 2021 - 30 June 2021</b>		
<b>Market Risk Peak End-of-day</b>		
Interest rate risk	-	-
Foreign currency risk	7,383	591
Equity risk	-	-

**NOTE 26 –ASSET QUALITY**

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

The table below presents assets past due at balance date:

	<b>Banking Group (\$'000)</b>				
	<b>Unaudited</b>				
	<b>Less than 30 days past due</b>	<b>At least 30 days but less than 60 days past due</b>	<b>At least 60 days but less than 90 days past due</b>	<b>At least 90 days past due</b>	<b>Total</b>
<b>30 June 2021</b>					
Past due and not impaired	1,263	-	-	-	1,263
<b>30 June 2020</b>					
Past due and not impaired	512	-	-	-	512

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**  
**SUPPLEMENTAL INFORMATION**

**NOTE 26 –ASSET QUALITY (continued)**

	<b>Registered Bank (consolidated)</b>	
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>6 months</b>	<b>6 months</b>
	<b>30/06/2021</b>	<b>30/06/2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Total non-accrual loans	9,583,000	8,628,000
Total loans	1,049,714,000	982,341,000
Total non-accrual loans expressed as a percentage of total loans	0.9%	0.9%
Total expected credit losses	19,492,000	32,071,000
Total expected credit losses expressed as a percentage of total loans	1.9%	3.3%

	<b>Banking Group</b>		
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>6 months</b>	<b>6 months</b>	<b>12 months</b>
	<b>30/06/2021</b>	<b>30/06/2020</b>	<b>31/12/2020</b>
	<b>NZ\$'000</b>	<b>NZ\$'000</b>	<b>NZ\$'000</b>
<b>Movements in components of loss allowance (NZ IFRS 9)*</b>			
<b>Stage 1</b>			
Opening balance	-	120	120
The charge to the statement of financial performance for an increase in individual loss allowances	-	(120)	(120)
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	-	-	-
<b>Closing balance</b>	-	-	-
<b>Stage 2</b>			
Opening balance	-	-	-
The charge to the statement of financial performance for an increase in individual loss allowances	-	57	-
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	-	-	-
<b>Closing balance</b>	-	57	-

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**  
**SUPPLEMENTAL INFORMATION**

**NOTE 26 –ASSET QUALITY (continued)**

	Banking Group		
	Unaudited	Unaudited	Audited
	6 months	6 months	12 months
	30/06/2021	30/06/2020	31/12/2020
	NZ\$'000	NZ\$'000	NZ\$'000
<b>Impacts of changes in gross financial assets on loss allowances (NZ IFRS 9)</b>			
<b>Loans and advances (Note 10 and 11)</b>			
Pre allowance opening balance	3,053	396,778	396,778
Additions	1,023	5,579	3,049
Amounts written off	-	-	-
Repayments	(3,053)	(252,764)	(396,774)
Pre allowance closing balance	1,023	149,593	3,053
Fair value through other comprehensive income	-	-	-
Closing loss allowance	-	(57)	-
<b>Total Loans and advances (Note 10 and 11)</b>	<b>1,023</b>	<b>149,536</b>	<b>3,053</b>

**NOTE 27– REGISTERED BANK PROFITABILITY AND SIZE**

	Registered Bank (consolidated)	
	Unaudited	Unaudited
	6 months	6 months
	30/06/2021	30/06/2020
	US\$'000	US\$'000
Net profit/(loss) after taxation	20,413,000	3,676,000
Net profit/(loss) after taxation, over the previous 12 month period, as a percentage of average total assets	1.3%	0.7%
Total assets	3,190,100,000	2,820,922,000
Percentage increase/(decrease) in total assets from previous period	15.7%	19.8%



## ***Independent review report***

To the Directors of JPMorgan Chase Bank, National Association

### ***Report on the Disclosure Statement***

We have reviewed pages 12 to 34 of the Disclosure Statement for the six months ended 30 June 2021 (the "Disclosure Statement") of JPMorgan Chase Bank, National Association in respect of the New Zealand Banking Group (the "NZ Banking Group"), which includes the interim financial statements required by Clause 26 of the Registered Bank Disclosure Statements (Overseas Incorporated Registered Banks) Order 2014 (as amended) (the "Order") and the supplementary information required by Schedules 5, 7, 9, 12 and 14 of the Order. The interim financial statements comprise the statement of financial position as at 30 June 2021, 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 interim financial statements that include a statement of significant accounting policies and other explanatory information. The NZ Banking Group comprises the New Zealand operations of JPMorgan Chase Bank, National Association.

### ***Director's responsibility for the Disclosure Statement***

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

In addition, the Directors are responsible, on behalf of the NZ Banking Group, for the preparation and fair presentation of supplementary information in the Disclosure Statement which complies with Schedules 3, 5, 7, 9, 12 and 14 of the Order.

### ***Our responsibility***

Our responsibility is to express the following conclusions on the interim financial statements and supplementary information presented by the Directors based on our review:

- the interim financial statements (excluding the supplementary information): 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 interim financial statements have not been prepared, in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* (NZ IAS 34) and International Accounting Standard 34: *Interim Financial Reporting* (IAS 34);
- the supplementary information (excluding the supplementary information relating to credit and market risk exposures and capital adequacy): 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, 12 and 14 of the Order; and
- the supplementary information relating to credit and market risk exposures and capital adequacy: 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, disclosed in accordance with Schedule 9 of the Order.



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

A review 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) and International Standards on Auditing. Accordingly, we do not express an audit opinion on the interim financial statements and supplementary information.

We are independent of the NZ Banking Group. Our firm carries out other services for the NZ Banking Group in the areas of providing assurance on the NZ Banking Group's annual financial statements, and regulatory filings. In addition, certain partners and employees of our firm may deal with the NZ Banking Group on normal terms within the ordinary course of trading activities of the NZ Banking Group. These matters have not impaired our independence as auditor of the NZ Banking Group.

### **Conclusion**

We have examined the interim financial statements and supplementary information and based on our review, nothing has come to our attention that causes us to believe that:

- a) the interim financial statements on pages 12 to 34 (excluding the supplementary information) have not been prepared, in all material respects, in accordance with NZ IAS 34 and IAS 34;
- b) the supplementary information that is required to be disclosed under Schedules 5, 7, 12 and 14 of the Order, does not fairly state the matters to which it relates in accordance with those Schedules; and
- c) the supplementary information relating to credit and market risk exposures and capital adequacy that is required to be disclosed under Schedule 9 of the Order is not, in all material respects, disclosed in accordance with Schedule 9 of the Order.



### *Who we report to*

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

For and on behalf of:

A handwritten signature in black ink, reading 'Praveen Kumar Cooper'.

Chartered Accountants  
23 August 2021

Sydney