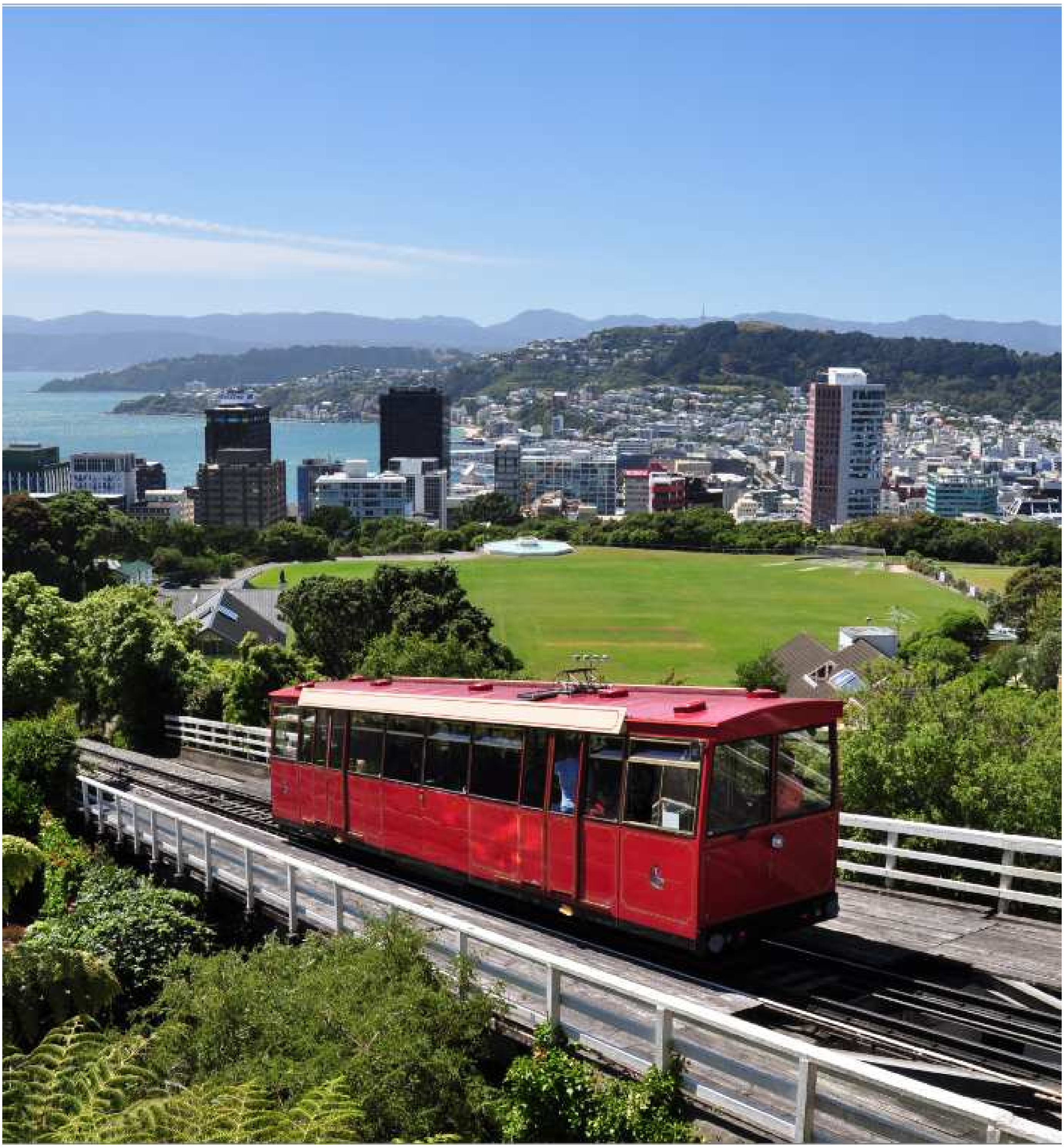
J.P.Morgan

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 2019



Disclosure Statement

For the six months ended 30 June 2019

CONTENTS

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 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
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 May 21, 2019, the annual term of William C. Weldon as a director of the Registered Bank ended and he did not seek reelection. There have been no other changes to the board of Directors of the Registered Bank since 31 December 2018.

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 of JPMorgan Chase & Co.
BA - Stanford University; MA - University of Michigan
United States of America

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

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

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

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

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

Timothy P Flynn - Independent Director
Retired Chairman and Chief Executive Officer of KPMG
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.
Graduate of the United States Military Academy
United States of America

Michael A Neal - Independent 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

Lee R Raymond - Independent Director
Retired Chairman and Chief Executive Officer of Exxon Mobil Corporation
BS - University of Wisconsin; PhD, Chemical Engineering - University of Minnesota
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 Bell is a director of Apple Inc., CDW Corporation, and DowDuPont 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 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 Henry Crown and Company, companies incorporated in the United States of America
- Mr Flynn is a director of Alcoa Corporation, UnitedHealth Group Incorporated, and Walmart 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
- Mr Jackson is a director of Clear Creek Properties, Inc., a company incorporated in the United States of America

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

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

Director Related Transactions

In January 2019, JPMCC entered into agreements for the sale and redevelopment of a retail bank branch property in California to modernise the branch and monetise excess development rights. Following a solicitation and review of proposals from several major real estate developers, a company not affiliated with JPMCC or its directors or executive officers was selected to lead the project. The development company is expected to make the purchase through an existing legal entity as a result of which Director James Crown and member of his immediate family are expected to hold indirect equity interests in the property which in the aggregate would exceed 10%. The purchase price will depend upon the development rights attained and is anticipated to exceed US$32m. The transaction has not been consummated and closing is subject to completion of the development entitlements process and satisfaction of other contractual conditions precedent. The transaction is not material to the overall investment holdings of Mr Crown and members of his immediate family, and it was negotiated with the unaffiliated development company in the ordinary course of business.

There are no other 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 University; MCom – University of New South Wales
Australia

Warren Davis
Senior Country Business Manager, JPMorgan Australia and New Zealand
Australia

Stewart Old
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 2019 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 a Director of J.P. Morgan Trust Company (New Zealand) Limited.

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 respective immediate family members and 5% shareholders). 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 then determines whether approval or ratification of the transaction shall be granted. In reviewing a transaction, the Governance Committee considers facts and circumstances which it deems 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), including loans, provided such transactions in compliance with 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:

- 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.

Conditions of Registration

There was a change to the Conditions of Registration which came into effect on 1 January 2019 . The changes related to updates to the loan-to-valuation ratios.

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

As at 30 June 2019, 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 2019:

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

Conditions of Registration (continued)

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.*

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

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 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, 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.*

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 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 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 2019.

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:

	Current Rating	*Previous Credit Rating (if changed in the previous two years)*	*Outlook*
Moody's Investor Services, Inc	Aa2	Aa3 (changed on 25 Oct 2018)	Stable
Standard & Poor's Corporation	A+	-	Stable
Fitch IBCA, Inc	AA	AA- (changed on 21 June 2018)	Stable

Legend to Rating Scales

Long Term Debt Ratings	*Moody's (a)*	*S&P (b)*	*FITCH (b)*
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 2019 and the Registered Bank's audited financial statements for the fiscal year ended 31 December 2018 ("2018 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.

The Call Report is prepared in accordance with the regulatory instructions issued by the Federal Financial Institutions Examination Council ("FFIEC"), as compared to the 2018 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 2018 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 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, operational 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, and Lee R Raymond.

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

Stewart Old	26 August 2019 Date
Warren Davis	26 August 2019 Date

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

DISCLOSURE STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2019

CONTENTS

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 26 August 2019. 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 and the New Zealand branch operations 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 within the fair value hierarchy table in the audited financial statements of the Banking Group for the year ended 31 December 2018. 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.

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

- **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:

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Critical Accounting Estimates and Judgements (continued)

- 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.

- **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 2019 since the most recent annual financial statements for the year ended 31 December 2018, except for the adoption of new accounting standards effective 1 January 2019. As required by NZ IAS 34, the nature and effect of these changes are set out below.

NZ-IFRS 16 'Leases'

Effective 1 January 2019, the Banking Group adopted NZ-IFRS 16 Leases which superseded NZ IAS 17 Leases and NZ IFRIC 4 Determining whether an Arrangement contains a Lease. NZ-IFRS 16 requires, among other items, the Banking Group to recognize lease right-of-use ("ROU") assets and lease liabilities on the Statement of Financial Position for its leases. As permitted by the Standard, comparative information has not been restated and continues to be reported under NZ-IAS 17 and NZ IFRIC 4.

Upon adoption of IFRS 16, the Banking Group recognized $563,000 of lease ROU assets within property, plant and equipment and $563,000 of lease liabilities within payables in its Statement of Financial Position as of 1 January 2019. The weighted average incremental borrowing rate applied to lease liabilities at the date of initial applications of NZ-IFRS 16 was 3.358%. NZ-IFRS 16 did not have a material impact on the Banking Group's 2019 Statement of Comprehensive Income. As permitted by the Standard, the Banking Group did not reassess whether existing contracts are or contain a lease under NZ-IFRS 16 and instead applied NZ-IFRS 16 to existing contracts that were previously identified as leases under NZ IAS 17.

The Banking Group recognizes lease right-of-use ("ROU") assets and lease liabilities at the lease commencement date. Lease ROU assets are included in Property, Plant and Equipment, and lease liabilities are included in other payable in the Banking Group's Statement of Financial Position. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the lease commencement date plus any initial direct costs incurred, less any lease incentives received. The ROU asset is subsequently amortized on a straight-line basis from the commencement date to the earlier of the end of the useful life of the ROU asset or the lease term. The estimated useful life of the ROU asset is determined on the same basis as those of the property and equipment. In addition, the ROU asset may be reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Banking Group's incremental borrowing rate. The lease liability is measured at amortized cost using a constant periodic rate of interest. It is remeasured when there is a change in an index or rate, or if the Banking Group changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in earnings if the carrying amount of the ROU asset has been reduced to zero.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2019

		Banking Group ($'000)		
	Note	Unaudited 6 months 30/06/2019	Unaudited 6 months 30/06/2018	Audited 12 months 31/12/2018
Interest income	1	14,857	13,158	26,979
Interest expense		(8,851)	(8,948)	(17,986)
Net interest income		**6,006**	**4,210**	**8,993**
Other operating income/(loss)	2	8,584	7,359	19,431
Total operating income		**14,590**	**11,569**	**28,424**
Operating expenses	3	(6,165)	(5,760)	(12,687)
Net profit/(loss) before taxation		**8,425**	**5,809**	**15,737**
Income tax (expense)/benefit	4	(2,445)	(1,704)	(4,839)
Net profit/(loss) after taxation		**5,980**	**4,105**	**10,898**
Other comprehensive income, net of tax	6	417	(414)	(317)
Total comprehensive income for the period		**6,397**	**3,691**	**10,581**

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 2019

	Note	Banking Group ($'000)				
		Share Capital	**Other Reserves**	**Foreign Currency Translation Reserve**	**Retained Earnings**	**Total Equity**
30 June 2018						
Equity as at 1 January 2018 (audited)		**-**	**-**	**-**	**-**	**-**
Opening balance adjustment for adoption of NZ-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 period		**-**	**(434)**	**20**	**4,105**	**3,691**
(Repatriation)/reimbursement (to)/from head office		-	48	(20)	(4,085)	(4,057)
Equity as at 30 June 2018 (unaudited)	**5**	**-**	**-**	**-**	**-**	**-**
31 December 2018						
Equity as at 1 January 2018 (audited)		**-**	**-**	**-**	**-**	-
Opening balance adjustment for adoption of NZ-IFRS 9		-	386	-	(20)	366
Restated equity as at 1 January 2018		**-**	**386**	**-**	**(20)**	**366**
Net profit/(loss) after taxation		-	-	-	10,898	10,898
Movement during the period	**6**	-	(156)	(161)	-	(317)
Total comprehensive income for the year		**-**	**(156)**	**(161)**	**10,898**	**10,581**
(Repatriation)/reimbursement (to)/from head office		-	(230)	161	(10,878)	(10,946)
Equity as at 31 December 2018 (audited)	**5**	**-**	**-**	**-**	**-**	**-**
30 June 2019						
Equity as at 1 January 2019 (audited)		-	-	-	-	-
Net profit/(loss) after taxation		-	-	-	5,980	5,980
Movement during the period	**6**	-	430	(13)	-	417
Total comprehensive income for the period		**-**	**430**	**(13)**	**5,980**	**6,397**
(Repatriation)/reimbursement (to)/from head office		-	(430)	13	(5,980)	(6,397)
Equity as at 30 June 2019 (unaudited)	**5**	**-**	**-**	**-**	**-**	**-**

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Banking Group ($'000)		
		Unaudited	Unaudited (Restated)*	Audited (Restated)*
		6 months 30/06/2019	6 months 6/30/2018	12 months 12/31/2018
ASSETS				
Current Assets				
Cash and cash equivalents	**7**	148,534	310,946	175,330
Margin and other receivables	**8**	70,589	421,072	530,070
Financial assets at fair value through profit or loss	**9**	896,659	805,699	866,802
Financial assets at amortised cost	**10**	149,114	8,029	103,267
Financial assets at fair value through other comprehensive income	**11**	130,383	129,914	129,720
Derivative assets		-	-	11
		1,395,279	**1,675,660**	**1,805,200**
Non Current Assets				
Property, plant & equipment	**20**	388	-	-
Intangible assets	**19**	656	693	674
Deferred tax assets		357	438	357
		1,401	**1,131**	**1,031**
		1,396,680	**1,676,791**	**1,806,231**
LIABILITIES				
Overdrafts	**7(a)**	13,519	-	-
Deposits – short term	**12**	375,045	449,051	408,224
Financial liabilities at fair value through profit or loss	**13**	888,338	791,544	844,237
Payables	**14,20**	112,713	432,448	547,963
Provision for taxation		6,975	3,748	5,807
Derivative liabilities		90	-	-
		1,396,680	**1,676,791**	**1,806,231**
Net Assets		**-**	**-**	**-**
EQUITY				
Attributable to the shareholders of the Banking Group		-	-	-
Total Equity	**5**	**-**	**-**	**-**

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

*Comparatives have been restated to separately disclose financial assets held at amortised cost. Please refer Note 10 and 11 for further details.

STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2019

		Banking Group ($'000)		
		Unaudited 6 months 30/06/2019	Unaudited 6 months 30/06/2018	Audited 12 months 31/12/2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Fees, commissions and other income received		6,572	5,280	10,952
Payments to suppliers and employees		(2,380)	(2,708)	(2,105)
Receipts from/(payments to) related parties		(45,586)	116,218	83,667
Net movement in margin balances		34,638	(4,259)	(2,394)
Net proceed from disposal/(purchase) of financial instruments		14,363	4,889	(3,208)
Net (increase)/decrease in loans		(46,510)	(5,776)	(100,820)
Increase/(decrease) in deposits		5,224	11,655	12,393
Tax paid		(1,542)	(1,201)	(1,894)
Interest received		6,490	4,511	10,294
Interest paid		(11,464)	(13,113)	(25,394)
Net cash inflow/(outflow) from operating activities	**17**	**(40,195)**	**115,496**	**(18,509)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Repatriation of profit		(40)	(1,379)	(2,667)
Principal elements of lease payments		(52)	-	-
Net cash inflow/(outflow) from financing activities		**(92)**	**(1,379)**	**(2,667)**
Net increase/(decrease) in cash		**(40,288)**	**114,117**	**(21,176)**
Opening cash and cash equivalents		**175,330**	**196,616**	**196,616**
Effect of changes in foreign exchange rates on cash balances		(27)	213	(110)
Closing cash and cash equivalents	**7(a)**	**135,015**	**310,946**	**175,330**

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

	Banking Group ($'000)		
	Unaudited	Unaudited (Restated)*	Audited (Restated)*
	6 months 30/06/2019	6 months 30/06/2018	12 months 31/12/2018

NOTE 1 – INTEREST INCOME

Financial assets at amortised cost			
Cash and cash equivalents	1,623	1,731	3,587
Loans and advances	2,048	411	2,135
Financial assets at fair value through profit or loss	9,707	9,521	18,029
Financial assets at fair value through other comprehensive income	1,479	1,495	3,228
Total interest income	**14,857**	**13,158**	**26,979**

*Comparatives have been restated to separately disclose interest on financial assets at amortised cost.

NOTE 2 – OTHER OPERATING INCOME/(LOSS)

Fee and commissions income	8,449	7,553	19,124
Trading income/(loss)	18	(237)	76
Other income	117	43	231
Total other operating income/(loss)	**8,584**	**7,359**	**19,431**

NOTE 3 – OPERATING EXPENSES

Administration expenses	4,124	3,693	8,303
Fee and commissions expenses	800	732	1,674
Employee expenses	417	730	1,347
Other expenses	509	477	939
Occupancy expenses	149	91	302
Depreciation & amortisation	101	19	38
Professional services expenses	61	13	69
Technology & communications expenses	4	5	10
Travel expenses	-	-	5
Total operating expenses	**6,165**	**5,760**	**12,687**

	Banking Group ($'000)		
	Unaudited	**Unaudited**	**Audited**
	6 months 30/06/2019	**6 months 30/06/2018**	**12 months 31/12/2018**
NOTE 4 – INCOME TAX EXPENSE / (BENEFIT)			
(a) The components of tax expense/ (benefit) comprise:			
Current tax	2,463	1,704	4,761
Deferred tax	-	-	81
Over/ (Under) provision for prior years	(18)	-	(3)
	2,445	**1,704**	**4,839**
(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	8,425	5,809	15,737
Income tax expense/(benefit) - prima facie at the Australian rate of 30% and New Zealand rate of 28%	2,463	1,704	4,641
Tax effect of non deductible expense	-	-	201
Adjustment for (over)/under provision in prior periods	(18)	-	(3)
Total income tax expense	**2,445**	**1,704**	**4,839**

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	386
Restated opening balance	**-**	**386**	**386**
Changes in the fair value of loans at FVOCI	430	(434)	(156)
Foreign currency translation reserve movement	(13)	20	(161)
Movement during the period	**417**	**(414)**	**(317)**
(Repatriation)/reimbursement (to)/from head office	(417)	28	(69)
Closing balance	**-**	**-**	**-**

	Banking Group ($'000)		
	Unaudited	**Unaudited**	**Audited**
	6 months 30/06/2019	**6 months 30/06/2018**	**12 months 31/12/2018**
NOTE 7 – CASH AND CASH EQUIVALENTS			
Due from central and other banks			
New Zealand - short term deposit	-	280,000	130,000
New Zealand - at call	145,678	27,732	40,402
Overseas - at call	2,856	3,214	4,928
Total due from central and other banks	148,534	310,946	175,330
Total cash and cash equivalents	**148,534**	**310,946**	**175,330**

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	148,534	310,946	175,330
Overdrafts	(13,519)	-	-
	135,015	**310,946**	**175,330**

NOTE 8 – MARGIN AND OTHER RECEIVABLES

Margin receivable [(1)]	38,893	415,828	521,846
Interest receivable	224	48	163
Amounts due from related parties	23,326	1,864	6
Fee income receivable	8,086	3,149	7,967
Other receivable	60	183	88
Total margin and other receivables	**70,589**	**421,072**	**530,070**

(1) As a result of a change to the business practices in 2019, margins provided on offshore trades as cash (on Balance Sheet) was replaced by bond pledges (Off Balance Sheet). This has led to a decrease in Margin receivable balances.

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

Government bonds, notes and securities	24,305	38,636	126,517
Cash collateral pledged on reverse repurchase agreements	872,354	767,063	740,285
Total financial assets at fair value through profit or loss	**896,659**	**805,699**	**866,802**

There are no changes to fair value that are attributable to changes in credit risk of the financial asset.

	Banking Group ($'000)		
	Unaudited	Unaudited (Restated)*	Audited (Restated)*
	6 months 30/06/2019	6 months 30/06/2018	12 months 31/12/2018

NOTE 10 – FINANCIAL ASSETS AT AMORTISED COST

	30/06/2019	30/06/2018	31/12/2018
Loans and advances	149,137	8,029	103,292
Expected credit loss allowance	(23)	-	(25)
Total financial assets at amortised cost	**149,114**	**8,029**	**103,267**

*Loans in the Commercial Banking line of business and overdrafts in the Corporate and Investment Banking line of business are classified at amortised cost. These comprise the entire balance of financial assets at amortised cost. Prior balances have been restated accordingly.

NOTE 11 – FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30/06/2019	30/06/2018	31/12/2018
Loans and advances	130,000	130,000	130,000
Expected credit loss allowance	(47)	(38)	(50)
Fair value adjustment through other comprehensive income	430	(48)	(230)
Total financial assets at fair value through other comprehensive income	**130,383**	**129,914**	**129,720**

*Comparative balances for 2018 have been restated for classification of loans in Commercial Banking line of business and overdrafts in Corporate and Investment Banking line of business at amortised cost. Please see note 10 for details of balances which are restated.

NOTE 12 – DEPOSITS – SHORT TERM

	30/06/2019	30/06/2018	31/12/2018
Deposits	375,045	449,051	408,224
Total Deposits – short term	**375,045**	**449,051**	**408,224**

Retail deposits of the Registered Bank in New Zealand for the period were Nil (2018: Nil).

NOTE 13 – FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30/06/2019	30/06/2018	31/12/2018
Trading securities	14,633	7,536	7,451
Cash collateral received on repurchase agreements	873,705	784,008	836,786
Total financial liabilities at fair value through profit or loss	**888,338**	**791,544**	**844,237**

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2019

NOTE 14 – PAYABLES

	Banking Group ($'000)		
	Unaudited	**Unaudited**	**Audited**
	6 months 30/06/2019	**6 months 30/06/2018**	**12 months 31/12/2018**
Margin payable [(1)]	64,489	404,921	512,804
Interest payable	28	1	11
Accrued expenses	3,127	2,846	4,279
Amounts due to related parties	42,483	24,513	29,401
Other payable	2,586	167	1,468
Total payables	**112,713**	**432,448**	**547,963**

(1) As a result of a change to the business practices in 2019, margins provided on offshore trades as cash (on Balance Sheet) was replaced by bond pledges (Off Balance Sheet). This has led to a decrease in Margin payable balances.

NOTE 15 – 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 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 period.

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

	Banking Group ($'000)		
	Unaudited	**Unaudited**	**Audited**
	6 months 30/06/2019	**6 months 30/06/2018**	**12 months 31/12/2018**
Total due from related parties	883,964	854,224	942,724
Total due to related parties	247,031	508,095	363,552

NOTE 16 – TOTAL LIABILITIES OF THE REGISTERED BANK IN NEW ZEALAND, NET OF AMOUNTS DUE TO RELATED PARTIES

	NZ Branch ($'000)		
	Unaudited	**Unaudited**	**Audited**
	6 months 30/06/2019	**6 months 30/06/2018**	**12 months 31/12/2018**
Total liabilities net of amounts due to related parties	**223,910**	**203,027**	**205,700**

NOTE 17 – RECONCILIATION OF NET SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Banking Group ($'000)		
	Unaudited 6 months 30/06/2019	**Unaudited 6 months 30/06/2018**	**Audited 12 months 31/12/2018**
Net profit/(loss) for the period	**5,980**	**4,105**	**10,898**
Movement in Head Office Repatriation included in net surplus	(5,926)	(2,745)	(8,070)
Depreciation and amortisation	101	19	37
Changes in operating assets and liabilities:			
Movement in financial instruments	14,345	5,125	(3,284)
Movement in fee income receivable	(119)	(1,038)	(5,856)
Movement in accrued interest receivable	(61)	109	(6)
Movement in amounts due from related parties	(23,320)	301	2,159
Movement in margin receivables	482,953	(54,266)	(160,284)
Movement in other receivable	28	(20)	75
Movement in deferred tax assets	-	-	81
Movement in loans	(46,510)	(5,776)	(100,820)
Movement in deposits	(33,178)	120,624	79,799
Movement in tax payable	1,168	1,092	3,151
Movement in accrued interest payable	17	-	10
Movement in margin payable	(448,315)	50,007	157,890
Movement in other payables	715	167	1,468
Movement in accrued expenses	(1,152)	(652)	781
Movement in amounts due to related parties	13,082	(1,363)	3,525
Movement in foreign exchange translation balances attributable to cash and other balances	(3)	(193)	(63)
Net cash inflow/(outflow) from operating activities	**(40,195)**	**115,496**	**(18,509)**

NOTE 18 – COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2019, the Banking Group had undrawn committed facilities of Nil (31 December 2018: Nil) and stand-by letters of credit due to clients of $1.5mm (31 December 2018: $1.5mm).

NOTE 19 – INTANGIBLE ASSETS

	Banking Group ($'000)		
	Unaudited 6 months 30/06/2019	**Unaudited 6 months 30/06/2018**	**Audited 12 months 31/12/2018**
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	(652)	(615)	(634)
Net Intangibles	**656**	**693**	**674**

NOTE 20 – 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 2019:

Right-of-use assets*
Properties $388,000

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

Lease liabilities **
Current $403,000

** included in the line item 'Payables' in the Statement of Financial Position

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 2019:

Amortization charge of right-of-use assets
Properties $82,000

Interest Expense on Lease Liability
Leases $11,000

NOTE 21 – EVENTS AFTER THE REPORTING PERIOD

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

NOTE 22 – 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 2019 and the Registered Bank's audited financial statements for the fiscal year ended 31 December 2018 ("2018 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 23 – INTEREST EARNING AND DISCOUNT BEARING ASSETS AND LIABILITIES

	Banking Group ($'000)		
	Unaudited 6 months 30/06/2019	Unaudited 6 months 30/06/2018	Audited 12 months 31/12/2018
Interest earning and discount bearing assets	1,045,193	1,254,588	1,042,132
Interest and discount bearing liabilities	1,276,902	1,240,595	1,252,461

NOTE 24 – 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 2019. 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 Fully Phased in Registered Bank 30/06/2019 Unaudited	Basel III Standardised Fully Phased in Registered Bank 30/06/2019 Unaudited	Basel III Advanced Transitional Registered Bank 30/06/2018 Unaudited	Basel III Standardised Registered Bank 30/06/2018 Unaudited
Common Equity Tier 1 Capital	16.71%	14.99%	15.52%	13.92%
Tier 1 Capital	16.71%	14.99%	15.52%	13.92%
Total Capital	17.30%	16.20%	15.93%	14.75%

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2019
SUPPLEMENTAL INFORMATION

On May 18, 2019, Chase Bank USA, N.A. (another subsidiary of JPMorgan Chase & Co) merged with and into JPMorgan Chase Bank, N.A. (the Registered Bank), with JPMorgan Chase Bank, N.A remaining as the surviving entity. From a US regulatory reporting perspective, the capital ratios for JPMorgan Chase Bank, N.A. were revised retrospectively for December 2018 to reflect the impact of the merger as part of regular Q2 reporting in the US. However, capital ratios for 30 June 2018 have not been revised, there being no requirement to do so.

Impact of the merger to Capital Adequacy Ratios as at 31 December 2018 is as below:

Capital Adequacy Ratios	Pre Merger		Post Merger	
	Basel III Advanced Transitional Registered Bank 31/12/2018 Unaudited	Basel III Standardised Registered Bank 31/12/2018 Unaudited	Basel III Advanced Transitional Registered Bank 31/12/2018 Unaudited	Basel III Standardised Registered Bank 31/12/2018 Unaudited
Common Equity Tier 1 Capital	15.5%	13.9%	16.5%	14.6%
Tier 1 Capital	15.5%	13.9%	16.5%	14.6%
Total Capital	15.9%	14.7%	17.1%	15.9%

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 25 – ACTIVITIES OF THE BANKING GROUP IN NEW ZEALAND

As at 30 June 2019, 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 2018.

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 2019, 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 $43,634 million (December 2018: $41,067 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 26 – RISK MANAGEMENT

During the six months ended 30 June 2019, 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.

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 2019 and are held by the Banking Group for the purposes of managing liquidity risk.

	Banking Group ($'000) Unaudited 30/06/2019							
	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	148,534	148,534	-	-	-	-	-	-
*Margin and other receivables	70,589	38,893	31,696	-	-	-	-	-
*Financial assets at fair value through profit or loss	896,659	-	896,659	-	-	-	-	-
*Financial assets at amortised cost	149,114	52,123	96,991	-	-	-	-	-
*Financial assets at fair value through other comprehensive income	130,383	-	130,383	-	-	-	-	-
Property, plant & equipment	388	-	-	-	-	-	-	388
Intangible assets	656	-	-	-	-	-	-	656
Deferred tax assets	357	-	-	-	-	-	-	357
Total Assets	**1,396,680**	**239,550**	**1,155,729**	**-**	**-**	**-**	**-**	**1,401**
LIABILITIES								
*Overdrafts	13,519	13,519	-	-	-	-	-	-
*Deposits – short term	375,045	235,706	139,339	-	-	-	-	-
*Financial liabilities at fair value through profit or loss	888,338	-	888,338	-	-	-	-	-
*Margin Payable	64,489	64,489	-	-	-	-	-	-
Other payables	48,224	-	48,224	-	-	-	-	-
Provision for taxation	6,975	-	-	-	6,745	230	-	-
Derivative liabilities	90	-	-	-	-	-	-	90
Total Liabilities	**1,396,680**	**313,714**	**1,075,901**	**-**	**6,745**	**230**	**-**	**90**

* 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 2019
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NOTE 26 – 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
	30/06/2019
Credit Risk Components:	
Cash and cash equivalents	148,534
Margin and other receivables	70,529
Financial assets at fair value through profit or loss	896,659
Financial assets at amortised cost	149,114
Financial assets at fair value through other comprehensive income	130,383
	1,395,219
Off Balance Sheet: Standby Letter of Credit	1,500
	1,396,719
Credit Risk by industry	
Finance	1,222,254
Manufacturing	145,057
Local Authorities	24,387
Administration & support services	4,508
Other	513
	1,396,719
Credit Risk by geographical area	
Within New Zealand	464,380
Overseas	932,339
	1,396,719

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.

NOTE 26 – 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 30/06/2019
Funding Risk Components:	
Overdrafts	13,519
Deposits – short term	375,045
Financial liabilities at fair value through profit or loss	888,338
Payables	110,126
	1,387,028
Funding Risk by industry	
Finance	1,226,664
Property and business services	47,496
Electricity, gas and water	40,333
Manufacturing	26,398
Wholesale Trade	7,460
Information media & telecommunications	14,030
Other	24,647
	1,387,028
Funding Risk by geographical area	
Within New Zealand	675,049
Overseas	711,979
	1,387,028

NOTE 26 – 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 30/06/2019						
	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**
ASSETS							
Cash and cash equivalents	148,534	148,534	-	-	-	-	-
Margin and other receivables	70,589	-	-	-	-	-	70,589
Financial assets at fair value through profit or loss	896,659	896,659	-	-	-	-	-
Financial assets at amortised cost	149,114	149,114	-	-	-	-	-
Financial assets at fair value through other comprehensive income	130,383	130,383	-	-	-	-	-
Property, plant & equipment	388	-	-	-	-	-	388
Intangible assets	656	-	-	-	-	-	656
Deferred tax assets	357	-	-	-	-	-	357
Total Assets	**1,396,680**	**1,324,690**	**-**	**-**	**-**	**-**	**71,990**
LIABILITIES							
Overdrafts	13,519	-	-	-	-	-	13,519
Deposits – short term	375,045	375,045	-	-	-	-	-
Financial liabilities at fair value through profit or loss	888,338	888,338	-	-	-	-	-
Payables	112,713	-	-	-	-	-	112,713
Provision for taxation	6,975	-	-	-	-	-	6,975
Derivative liabilities	90	-	-	-	-	-	90
Total Liabilities	**1,396,680**	**1,263,383**	**-**	**-**	**-**	**-**	**133,297**

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
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NOTE 27 – EXPOSURES TO MARKET RISK

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

	Banking Group ($'000)	
	Unaudited	
	Implied risk weighted exposure	Notional capital charge
30 June 2019		
Market Risk End-period		
Interest rate risk	-	-
Foreign currency risk	482	39
Equity risk	-	-
1 January 2019 - 30 June 2019		
Market Risk Peak End-of-day		
Interest rate risk	-	-
Foreign currency risk	121,228	9,698
Equity risk	-	-

NOTE 28 –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:

	Banking Group ($'000)				
	Unaudited				
	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
30 June 2019					
Past due and not impaired	718	843	345	5,069 *	6,975

* *Includes $4,508,000 received in August 2019*

30 June 2018					
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 2019
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NOTE 28 – ASSET QUALITY (continued)

	Registered Bank (consolidated)	
	Unaudited	Unaudited
	6 months	6 months
	30/06/2019	30/06/2018
	US$'000	US$'000
Total individually impaired assets (before allowances for credit impairment loss and net of interest held in suspense)	11,807,000	13,292,000
Total individually impaired assets expressed as a percentage of total assets	0.5%	0.6%
Total individual credit impairment allowance	905,000	653,000
Total individual credit impairment allowance expressed as a percentage of total impaired assets	7.7%	4.9%
Total collective credit impairment allowance	10,943,000	7,076,000

	Banking Group		
	Unaudited	Unaudited	Audited
	6 months	6 months	12 months
	30/06/2019	30/06/2018	31/12/2018
	NZ$'000	NZ$'000	NZ$'000
Movements in components of loss allowance (NZ IFRS 9)			
Opening balance	75	-	-
Opening balance adjustment for adoption of IFRS 9	-	20	20
Restated opening balance	75	20	20
The charge to the statement of financial performance for an increase in individual loss allowances	-	18	55
Amounts written off	-	-	-
Recoveries of amounts written off in previous periods	-	-	-
Reversals of previously recognised impairment losses	(5)	-	-
Other movements, and the nature of those other movements	-	-	-
Closing balance	70	38	75
Impacts of changes in gross financial assets on loss allowances (NZ IFRS 9)			
Loans and advances (Note 10 and 11)			
Pre allowance opening balance	233,062	132,553	132,553
Additions	65,646	7,595	102,907
Amounts written off	-	-	-
Deletions	(19,141)	(2,167)	(2,398)
Pre allowance opening balance	279,567	137,981	233,062
Closing loss allowance	(70)	(38)	(75)
Total Loans and advances (Note 10 and 11)	279,497	137,943	232,987

NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2019
SUPPLEMENTAL INFORMATION

NOTE 29 – REGISTERED BANK PROFITABILITY AND SIZE

	Registered Bank (consolidated)	
	Unaudited 6 months 30/06/2019 US$'000	Unaudited 6 months 30/06/2018 US$'000
Net profit/(loss) after taxation	16,106,000	13,562,000
Net profit/(loss) after taxation, over the previous 12 month period, as a percentage of average total assets	1.3%	1.0%
Total assets	2,354,812,000	2,167,700,000
Percentage increase/(decrease) in total assets from previous period	8.6%	0.7%

Independent review report

To the Directors of JPMorgan Chase Bank, National Association

Report on the Disclosure Statement

We have reviewed pages 11 to 33 of the Disclosure Statement for the six months ended 30 June 2019 (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 2019, 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.

Branch Governance Committee's responsibility for the Disclosure Statement

The Branch Governance Committee of the NZ Banking Group (the "Committee") 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 Committee 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 Committee 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 Committee 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 11 to 33 (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 Committee, 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 Committee, as a body, for our review procedures, for this report, or for the conclusions we have formed.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
26 August 2019

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 2019. 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 26 August 2019 and an unqualified review statement is expressed as at that date.

Sam Hinchliffe
Partner