

J.P. MORGAN CHASE INTERNATIONAL HOLDINGS
(Registered Number: 01049473)

Annual report for the year ended 31 December 2015



J.P. MORGAN CHASE INTERNATIONAL HOLDINGS
Annual report for the year ended 31 December 2015

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J.P. MORGAN CHASE INTERNATIONAL HOLDINGS

Strategic report for the year ended 31 December 2015

The directors present their strategic report of J.P. Morgan Chase International Holdings (the "Company") for the year ended 31 December 2015. The Company, together with its subsidiaries (the "Group"), is part of JPMorgan Chase & Co. group (together with its subsidiaries, the "Firm" or "JPMorgan Chase").

Principal activity

The principal activity of the Company continued to be that of a holding company for various JPMorgan Chase companies, including one of the principal UK trading companies, J.P. Morgan Securities plc.

Adoption of new financial reporting standards

The Financial Reporting Council issued new financial reporting standards ("FRSs") in the UK and Republic of Ireland for accounting periods beginning on or after 1 January 2015. The new standards fundamentally reform United Kingdom Generally Accepted Accounting Practices ("UK GAAP"), replacing the previous standards ("previous UK GAAP").

The Company has adopted FRS 101 "Reduced Disclosure Framework" ("FRS 101"), with a transition date of 1 January 2014. FRS 101 applies the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union with reduced disclosures.

Unless otherwise stated, all amounts in these financial statements are reported in accordance with FRS 101, and the terms FRS 101 and UK GAAP are used interchangeably. There was no impact on the Company's balance sheet and income statement as a result of adopting FRS 101.

Review of business and future outlook

The Directors were satisfied with the performance of the company and its position at year end.

Income statement

The results for the year are set out on page 7 and shows the Company's profit for the financial year after taxation of \$49,031,000 (2014: \$200,684,000).

During 2015, the Company received dividends of \$896,110,417 (2014: \$950,064,600) from its subsidiaries.

Balance sheet

The Company's balance sheet is set out on page 8. The Company has total assets and total liabilities of \$30,824,677,000 (2014: \$28,274,954,000) and \$12,637,376,000 (2014: \$12,636,684,000) respectively, as at 31 December 2015.

In the third quarter of 2015, as part of an internal re-organisation, the Company entered into certain transactions with other JPMorgan Chase undertakings. The Company received a \$2.5 billion capital contribution from its parent, J.P. Morgan Chase (UK) Holdings Limited. Through this capital contribution, the Company acquired 100% share capital of Bank One Europe Limited; all of the membership interest in CP Group Holding Cooperatief U.A. and 99.99999% limited partnership interest in Asselijn Finance C.V., fair-valued respectively at \$193 million, \$1,073 million and \$1,229 million, and a cash contribution of \$5 million. Upon receipt of the capital contribution, the Company immediately sold its holding in these three companies at fair value, in exchange for additional shares to J.P. Morgan Securities plc. The Company also made a cash contribution of \$5 million to J.P. Morgan Securities plc.

As a result of a dividend payout by Crosby Sterling (Holdings) Limited, the reduction in net assets has triggered an impairment review on the carrying amount of the investment. The Company's investment in Crosby Sterling (Holdings) Limited has been written down by \$111 million.

On 23 June 2016, the United Kingdom ("UK") conducted a referendum and voted to leave the European Union. Many international banks, including the Firm, operate substantial parts of their European Union business from entities based in the UK. Upon the UK leaving the European Union, the regulatory and legal environment that would then exist, and to which the Firm's U.K. operations would then be subject, will depend on, in certain respects, the nature of the arrangements agreed with the European Union and other trading partners.

These arrangements cannot be predicted, but currently the Firm does not believe any of the likely identified scenarios would threaten the viability of the Firm's business units or the Firm's ability to serve clients across the European Union and in the UK. However, it is possible that under some scenarios, changes to the Firm's legal entity structure would be required, which might result in a less efficient operating model across the Firm's European legal entities.

Directors do not at this time foresee any material impact to the Company's financial position, business model and risks in the medium term.

J.P. MORGAN CHASE INTERNATIONAL HOLDINGS

Strategic report for the year ended 31 December 2015 (continued)

Review of business and future outlook (continued)

As part of the Firm's legal entity rationalisation efforts aimed at enhancing the Firm's resolvability, management are considering plans to simplify the UK legal entity structure that may result in the liquidation of the Company. The finalisation and execution of the plans is subject to completion of legal and regulatory requirements and receipt of all necessary regulatory approvals. As such, material uncertainty exists that may cast significant doubt about the entity's ability to continue as a going concern. However, the Directors have concluded that it is appropriate to prepare these financial statements on a going concern basis as no decision has been taken at this time.

Principal risks and uncertainties

Whilst management of the Company's risks and uncertainties is integrated with that of the wider group, the Company also manages certain risks at a legal entity level through Board meetings. The Company is a holding company and its greatest risk lies in the value of its investments in subsidiaries. An impairment assessment of the value of investments in subsidiaries is conducted annually.

Key performance indicators ("KPIs")

The results are monitored against expectations of the business activities.

	2015	2014
Earnings		
Profit for the financial year (\$'000)	49,031	200,684
Balance sheet		
Net Assets (\$'000)	18,187,301	15,638,270
Return on net assets	0.27%	1.28%

Approved by the Board of Directors and signed on behalf of the Board by a Director of the Company



Director

Stephen White
23/09/2016

J.P. MORGAN CHASE INTERNATIONAL HOLDINGS

Directors' report for the year ended 31 December 2015

The directors present their report and the audited financial statements of J.P. Morgan Chase International Holdings ("the Company") for the year ended 31 December 2015. The Company's registered number is 01049473. The Company is an unlimited company and is part of JPMorgan Chase & Co. (together with its subsidiaries, the "Firm" or "JPMorgan Chase").

Results and dividends

The results for the year are set out on page 7 and show the Company's profit for the financial year after taxation is \$49,031,000 (2014: \$200,684,000).

The Company paid no preference dividends during the year (2014: \$156,592,000).

The Company received dividends of \$896,110,417 during the year (2014: \$950,064,600).

Directors

The directors of the Company who served during the year and up to the date of signing the financial statements were as follows:

A.J. Clennell	(Resigned 14 July 2015)
N.J.D. Collett	(Resigned 15 April 2015)
J.R. Hobson	(Appointed 14 July 2015)
M.P. Melling	
S.A. O'Connor	
F. Smith	(Appointed 15 April 2015)
S.M. White	
C. Wiseman	

Directors' interests

None of the directors has any beneficial interest in the Company. The Company is a subsidiary of a company incorporated in England and Wales. The ultimate holding company is a body corporate incorporated outside England and Wales. The directors are not required to notify the Company of any interests in shares of that or any other body incorporated outside England and Wales.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the year.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

J.P. MORGAN CHASE INTERNATIONAL HOLDINGS

Directors' report for the year ended 31 December 2015 (continued)

Disclosure of information to auditors

Each person who is a director of the Company at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware; and
- each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Qualifying third party indemnity provision

An indemnity is provided to the directors of the Company under the by-laws of JPMorgan Chase & Co. against liabilities and associated costs which they could incur in the course of their duties to the Company. The indemnity remains in force at the date of these financial statements and a copy of the by-laws of JPMorgan Chase & Co. is kept at the registered office of the Company.

Company secretary

The secretary of the Company who served during the year was as follows:

J P Morgan Secretaries (UK) Limited

Registered address

25 Bank Street
Canary Wharf
London E14 5JP
England and Wales

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office.

Approved by the Board of Directors and signed on behalf of the Board by a Director of the Company.

Director



Stephen White

..... 23/09/2016

Independent auditor's report to the members of J.P. Morgan Chase International Holdings

Report on the financial statements

Our opinion

In our opinion J.P. Morgan Chase International Holdings' financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. Management are considering plans to simplify the UK legal entity structure that may result in the liquidation of the company. The finalisation and execution of the plans is subject to completion of legal and regulatory requirements and receipt of all necessary regulatory approvals. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the balance sheet as at 31 December 2015;
- the income statement for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditor's report to the members of J.P. Morgan Chase International Holdings (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Paolo Taurae (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London *23 September 2016*

J.P. MORGAN CHASE INTERNATIONAL HOLDINGS
Income statement for the year ended 31 December 2015

	Notes	2015 \$'000	2014 \$'000
Other expense	5	(13,775)	(12,132)
Dividend income	17	896,110	950,065
Operating profit		882,335	937,933
Other interest receivable and similar income	7	6	—
Interest payable and similar charges	8	(718,671)	(719,356)
Impairment of investments in JPMorgan Chase undertakings	11	(111,278)	(6,763)
Loss on liquidation of investments in JPMorgan Chase undertakings		—	(11,062)
Profit on ordinary activities before taxation	9	52,392	200,752
Tax on profit on ordinary activities	10	(3,361)	(68)
Profit for the financial year		49,031	200,684

There were no other items of comprehensive income or expense and therefore, no statement of comprehensive income or expense has been separately presented.

The notes on pages 10 - 16 form an integral part of these financial statements.

J.P. MORGAN CHASE INTERNATIONAL HOLDINGS
Balance sheet as at 31 December 2015

	Notes	2015 \$'000	2014 \$'000
Fixed assets			
Investments in JPMorgan Chase undertakings	11	30,613,184	28,224,462
Current assets			
Debtors	12	6	6
Cash at bank and in hand	13	211,487	50,486
		211,493	50,492
Creditors: amounts falling due within one year	14	(484,404)	(783,712)
Net current liabilities		(272,911)	(733,220)
Total assets less current liabilities		30,340,273	27,491,242
Creditors: amounts falling due after more than one year	15	(12,152,972)	(11,852,972)
Net assets		18,187,301	15,638,270
Equity			
Called-up share capital	16	3,070,779	3,070,779
Share premium account		4,763,712	4,763,712
Other reserves		10,089,748	7,589,748
Retained earnings		263,062	214,031
Total equity		18,187,301	15,638,270

The financial statements on pages 7 - 16 were approved by the Board of Directors on 23 September 2016 and signed on its behalf by:



Director

Stephen White
 23/09/2016

The notes on pages 10 - 16 form an integral part of these financial statements.

J.P. MORGAN CHASE INTERNATIONAL HOLDINGS
Statement of changes in equity for the year ended 31 December 2015

	Called-up share capital	Share premium account	Total other reserves		Retained earnings	Total
			Capital contribution reserve	Other reserves		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 January 2014	2,994,853	3,283,537	5,764,229	1,825,519	169,939	14,038,077
Profit for the year	—	—	—	—	200,684	200,684
Dividends paid	—	—	—	—	(156,592)	(156,592)
Issuance of shares	75,926	1,480,175	—	—	—	1,556,101
Balance as at 31 December 2014	3,070,779	4,763,712	5,764,229	1,825,519	214,031	15,638,270
Profit for the year	—	—	—	—	49,031	49,031
Movement in other reserves	—	—	2,500,000	—	—	2,500,000
Balance as at 31 December 2015	3,070,779	4,763,712	8,264,229	1,825,519	263,062	18,187,301

The notes on pages 10 - 16 form an integral part of these financial statements.

J.P. MORGAN CHASE INTERNATIONAL HOLDINGS

Notes to the financial statements for the year ended 31 December 2015

1. General information

The Company is a private unlimited company and is incorporated and domiciled in England and Wales. The address of its registered office is 25 Bank Street, Canary Wharf, London, E14 5JP. The Company's immediate parent undertaking is J.P. Morgan Chase (UK) Holdings Limited, incorporated in England and Wales. The parent undertaking of the smallest group in which the Company's results are consolidated is JPMorgan Capital Holdings Limited. The Company's ultimate parent undertaking and controlling party is JPMorgan Chase & Co. (the "Firm" or "JPMorgan Chase"), which is incorporated in the state of Delaware in the United States of America. JPMorgan Chase & Co. is also the parent undertaking of the largest group in which the results of the Company are consolidated. The largest and smallest parent groups' consolidated financial statements can be obtained from the Company's registered office.

2. Basis of preparation

The Financial Reporting Council revised financial reporting standards ("FRSs") in the United Kingdom ("UK") and Republic of Ireland for accounting periods beginning on or after 1 January 2015. The revisions fundamentally reform United Kingdom Generally Accepted Accounting Practices ("UK GAAP"), replacing the previous standards ("previous UK GAAP").

These financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101"). FRS 101 applies the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union with reduced disclosures. The Company has adopted FRS 101 with a transition date of 1 January 2014. The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006. As part of the Firm's legal entity rationalisation efforts aimed at enhancing the Firm's resolvability, management are considering plans to simplify the UK legal entity structure that may result in the liquidation of the Company. The finalisation and execution of the plans is subject to completion of legal and regulatory requirements and receipt of all necessary regulatory approvals. As such, material uncertainty exists that may cast significant doubt about the entity's ability to continue as a going concern. However, the Directors have concluded that it is appropriate to prepare these financial statements on a going concern basis as no decision has been taken at this time.

There was no impact on the Company's balance sheet and income statement as a result of adopting FRS 101.

The following exemptions from the requirements of IFRS as adopted by the EU have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Comparative information disclosures for the following (paragraph 38 of IAS 1 'Presentation of financial statements' ("IAS 1")) for reconciliation of share capital (paragraph 79(a)(iv) of IAS 1);
- Statement of compliance with IFRS (paragraph 16, IAS 1);
- Third balance sheet on retrospective accounting policy changes, restatements, or reclassifications (paragraph 40A-D, IAS 1);
- Cash flow statement and related notes, IAS 7 'Cash flow statements';
- Disclosures in relation to new or revised standards issued but not yet effective (paragraph 30 and 31, IAS 8 'Accounting policies, changes in accounting estimates and errors');
- Key management compensation disclosures (paragraph 17, IAS 24 'Related Party Disclosures' ("IAS 24"));
- Related party transactions with wholly owned group undertakings (IAS 24);
- Disclosure requirements of IFRS 7 'Financial Instruments: Disclosures'; and
- Disclosure requirements of IFRS 13 'Fair Value Measurement' (paragraph 91-99).

3. Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The nature of estimation means that actual outcomes could differ from those estimates. Due to nature of business undertaken by the Company, no significant accounting estimates or judgements were required in preparation of these financial statements.

J.P. MORGAN CHASE INTERNATIONAL HOLDINGS

Notes to the financial statements for the year ended 31 December 2015 (continued)

4. Significant accounting policies

The following are principal accounting policies in the preparation of these financial statements. These policies have been applied consistently to all the years presented, unless otherwise stated.

4.1 Consolidation

The Company is a wholly owned subsidiary undertaking of J.P. Morgan Chase (UK) Holdings Limited, a company incorporated in England and Wales and of its ultimate parent, JPMorgan Chase & Co. a company incorporated in the United States of America. It is included in the consolidated financial statements of JPMorgan Chase & Co. which are publically available. Therefore, the Company has elected not to prepare group financial statements in accordance with the dispensation set out in Section 401 of the Companies Act 2006.

4.2 Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into United States dollars ("US dollars") at rates of exchange ruling on the balance sheet date. Income and expense items denominated in foreign currencies are translated into US dollars at exchange rates prevailing at the date of the transactions. Any gains or losses arising on translation are taken directly to the income statement.

The currency of the primary economic environment in which the Company operates is US dollars, which is the functional and presentation currency of the Company. The financial statements have been presented in US dollars.

4.3 Income and expense recognition

Interest receivable and payable are recognised on an effective interest rate basis. Effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount.

4.4 Dividend recognition

Dividend income is recognised when the right to receive payment is established.

Dividend distributions are recognised in the period in which they are declared and approved.

4.5 Investments in JPMorgan Chase undertakings

Investments in JPMorgan Chase undertakings are stated at cost less provision for any impairment. Where the investments in the share capital of group undertakings are acquired by way of a dividend in kind, these are recognised at fair value.

4.6 Impairment

The Company assesses at each balance sheet date whether there is any objective evidence that investments in JPMorgan Chase undertakings are impaired. The impairment review includes a comparison of the carrying amount with its recoverable amount, which is based on the net asset value of the investee company at the balance sheet date.

4.7 Current taxation

Income tax payable on taxable profits (current tax) is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior period. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

5. Other expense

	2015	2014
	\$'000	\$'000
Foreign exchange translation loss	(2,486)	(2,671)
Other expense	(11,289)	(9,461)
	(13,775)	(12,132)

J.P. MORGAN CHASE INTERNATIONAL HOLDINGS
Notes to the financial statements for the year ended 31 December 2015 (continued)

6. Directors emoluments

The directors are employees of other companies in the Firm and all expenses, including remuneration, are paid by those companies and not recharged. The directors do not consider that a significant element of their remuneration relates to the Company for the current financial year.

The Company had no employees during the year (2014: none).

7. Other interest receivable and similar income

	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Other interest receivable and similar income	6	—

All other interest receivable and similar income is receivable from JPMorgan Chase undertakings.

8. Interest payable and similar charges

	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Interest payable and similar charges	718,671	719,356

All interest payable and similar charges are payable to JPMorgan Chase undertakings.

9. Profit on ordinary activities before taxation

The auditors' remuneration for the audit of financial statements of \$39,725 (2014: \$40,448) is met by another JPMorgan Chase undertaking and not recharged.

10. Tax on profit on ordinary activities

	<u>2015</u>	<u>2014</u>
	\$'000	\$'000

(a) Analysis of tax charge for the year

Current taxation

UK Corporation tax on profit for the year	—	—
Foreign tax	—	68
Interest on overdue tax	3,361	—
Total current tax charge for the year	3,361	68

J.P. MORGAN CHASE INTERNATIONAL HOLDINGS

Notes to the financial statements for the year ended 31 December 2015 (continued)

10. Tax on profit on ordinary activities (continued)

(b) Factors affecting the current tax charge for the year

The current tax charge for the year differs from the standard rate of corporation tax in the UK of 20% reduced from 21% effective from 1 April 2015. The differences are explained below:

	2015	2014
	\$'000	\$'000
Profit on ordinary activities before taxation	52,392	200,752
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in UK 20.25% (2014: 21.49%)	10,609	43,148
Effects of:		
Non taxable income	(181,462)	(204,199)
Non deductible expenditure	24,820	5,872
Losses surrendered for nil consideration	146,033	155,179
Foreign tax	—	68
Interest on overdue tax	3,361	—
Current tax charge for the year	3,361	68

11. Investments in JPMorgan Chase undertakings

	2015	2014
	\$'000	\$'000
At 1 January	28,224,462	26,692,915
Additions	4,995,107	3,105,439
Disposals	(2,495,107)	(1,549,338)
Write down	(111,278)	(6,763)
Liquidation	—	(17,791)
At 31 December	30,613,184	28,224,462

In the third quarter of 2015, as part of an internal re-organisation, the Company entered into certain transactions with other JPMorgan Chase undertakings. The Company received a \$2.5 billion capital contribution from its parent, J.P. Morgan Chase (UK) Holdings Limited. Through this capital contribution, the Company acquired 100% share capital of Bank One Europe Limited; all of the membership interest in CP Group Holding Cooperatief U.A. and 99.99999% limited partnership interest in Asselijn Finance C.V., fair-valued respectively at \$193 million, \$1,073 million and \$1,229 million, and a cash contribution of \$5 million. Upon receipt of the capital contribution, the Company immediately sold its holding in these three companies at fair value, in exchange for additional shares in J.P. Morgan Securities plc. The Company also made a cash contribution of \$5 million to J.P. Morgan Securities plc.

As a result of a dividend payout by Crosby Sterling (Holdings) Limited, the reduction in net assets has triggered an impairment review on the carrying amount of the investment. The Company's investment in Crosby Sterling (Holdings) Limited has been written down by \$111 million.

J.P. MORGAN CHASE INTERNATIONAL HOLDINGS

Notes to the financial statements for the year ended 31 December 2015 (continued)

11. Investments in JPMorgan Chase undertakings (continued)

The investments represent share capital in the following entities:

Name	Country of incorporation	Principal activity	Direct/Indirect Holding	Shares held %
Crosby Sterling (Holdings) Limited	Great Britain	Investment company	Direct	21.00
J.P. Morgan EU Holdings Limited	Great Britain	Investment holding company	Direct	100.00
J.P. Morgan Securities plc	Great Britain	Investment banking and advisory	Direct	99.36
J.P. Morgan Courtage SAS	France	Investment company	Direct	100.00
J.P. Morgan International Bank Limited	Great Britain	Private banking	Direct	100.00
Greenwood Nominees Limited	United Kingdom	Nominee company	Indirect	99.36
J.P. Morgan Europe Limited	United Kingdom	Banking	Indirect	99.36
Cazenove Group Limited	United Kingdom	Holding company	Indirect	99.36
J.P. Morgan Prime Nominees Ltd	United Kingdom	Nominee company	Indirect	99.36
J.P. Morgan Services LLP	United Kingdom	Dormant company	Indirect	79.09
J.P. Morgan Chase Finance Limited	United Kingdom	Holding company	Indirect	34.78
Bank One Europe Limited	United Kingdom	Investment company	Indirect	99.36
CP Group Holding Cooperatief U.A	Netherlands	Investment company	Indirect	99.36
J.P. Morgan Private Fund Management Limited	England & Wales	Investment	Indirect	100.00
J.P. Morgan Equities South Africa Proprietary Ltd	South Africa	Securities trading & brokerage	Indirect	100.00
J.P. Morgan (SC) Limited	England & Wales	Investment holding company	Indirect	100.00
Chase Securities International Limited	England & Wales	Investment company	Indirect	99.36
Chase International Securities (C.1.) Limited	Jersey	Investment company	Indirect	99.36
Chase Asset Trading (C.1.) Limited	Jersey	Investment company	Indirect	99.36
Chemical Nominees Limited	England & Wales	Investment company	Indirect	99.36
Cazenove Holdings Limited	Jersey	Holding company	Indirect	99.36
Cazenove IP Limited	England & Wales	Investment company	Indirect	99.36
Cazenove U.S. Holdings Limited	England & Wales	Holding company	Indirect	99.36
J.P. Morgan Cazenove Holdings	England & Wales	Holding company	Indirect	50.88
J.P. Morgan Cazenove Limited	England & Wales	Investment company	Indirect	50.88
J.P. Morgan Cazenove Service Company	England & Wales	Service company	Indirect	50.88
Claris Limited*	Channel Islands	Notes issuer	Indirect	70.97
Cheyne Capital Guaranteed S.A. Series 2007-1 *	Luxembourg	Notes issuer	Indirect	99.36
Octopus Mortgages 1 Limited*	Ireland	Commercial real estate	Indirect	99.36
Octopus Mortgages 2 Limited*	Ireland	Commercial real estate	Indirect	99.36
Octopus Mortgages 3 Limited*	Ireland	Commercial real estate	Indirect	99.36
Octopus Mortgages 4 Limited*	Ireland	Commercial real estate	Indirect	99.36

* The above entities are special purpose vehicles which meet the definition (per section 1162 of the Companies Act 2006) of a subsidiary undertaking.

All shares held in the above companies are ordinary shares.

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

12. Debtors

	2015	2014
	\$'000	\$'000
Amounts owed by JPMorgan Chase undertakings	6	6

13. Cash at bank and in hand

All bank balances are held with JPMorgan Chase undertakings.

J.P. MORGAN CHASE INTERNATIONAL HOLDINGS

Notes to the financial statements for the year ended 31 December 2015 (continued)

14. Creditors: amounts falling due within one year

	2015	2014
	\$'000	\$'000
Amounts owed to JPMorgan Chase undertakings	327,835	329,725
Subordinated loan from JPMorgan Chase undertakings	150,000	450,000
Other taxation	6,569	3,987
	484,404	783,712

The subordinated loan is unsecured and is subordinated in right of payment to the ordinary creditors, including depositors. The loan is payable to J.P. Morgan Capital Holdings Limited (Geneva Branch) at an interest rate of 5.78%.

15. Creditors: amounts falling due after more than one year

	2015	2014
	\$'000	\$'000
Subordinated loan from JPMorgan Chase undertakings	11,952,972	11,652,972
Other long term loan	200,000	200,000
	12,152,972	11,852,972

Subordinated loan

The following loan capital is unsecured and is subordinated in right of payment to the ordinary creditors, including depositors, as follows:

	Date	Interest rate (%)	2015 \$'000	2014 \$'000
J.P. Morgan Capital Holdings Limited (Geneva Branch)	2016	5.78	—	150,000
J.P. Morgan Capital Holdings Limited (Geneva Branch)	2017	5.54	500,000	500,000
J.P. Morgan Capital Holdings Limited (Geneva Branch)	2017	7.01	959,122	959,122
J.P. Morgan Capital Holdings Limited (Geneva Branch)	2017	6.17	750,000	750,000
J.P. Morgan Capital Holdings Limited (Geneva Branch)	2018	5.87	3,000,000	3,000,000
J.P. Morgan Capital Holdings Limited (Geneva Branch)	2017	5.67	510,000	510,000
J.P. Morgan Capital Holdings Limited (Geneva Branch)	2017	4.97	302,250	302,250
J.P. Morgan Capital Holdings Limited (Geneva Branch)	2017	5.92	199,600	199,600
J.P. Morgan Capital Holdings Limited (Geneva Branch)	2017	5.88	713,150	713,150
J.P. Morgan Capital Holdings Limited (Geneva Branch)	2017	5.88	2,086,850	2,086,850
J.P. Morgan Capital Holdings Limited (Geneva Branch)	2020	4.98	482,000	482,000
J.P. Morgan Capital Holdings Limited (Geneva Branch)	2021	5.72	2,000,000	2,000,000
J.P. Morgan Capital Holdings Limited (Geneva Branch)	2025	3.99	450,000	—
			11,952,972	11,652,972

The other long term loan is based on a six month LIBOR rate, which was 0.85% at 31 December 2015 (2014: 0.36%). The principal is payable in full at maturity to a JPMorgan Chase undertaking.

J.P. MORGAN CHASE INTERNATIONAL HOLDINGS
Notes to the financial statements for the year ended 31 December 2015 (continued)

16. Called-up share capital

	2015	2014
	\$'000	\$'000
Issued and fully paid share capital		
At 1 January		
3,791,073,899 ordinary shares (2014: 3,697,337,617) of \$0.81 each	3,070,769	2,994,843
100,000 preference shares (2014: 100,000) of \$0.1 each	10	10
Movements during the year		
Nil (2014: 93,736,282 ordinary shares of 0.81 each)	—	75,926
	3,070,779	3,070,779
At 31 December		
3,791,073,899 (2014: 3,791,073,899) ordinary shares of \$0.81 each	3,070,769	3,070,769
100,000 preference shares (2013: 100,000) of \$0.1 each	10	10
	3,070,779	3,070,779

The preference shares are 20 year fixed rate preference shares. Dividends are payable at the discretion of the directors of the Company. After twenty years and one month from the date of issue, the Company has the option to redeem these preference shares in whole or in part.

17. Dividends

The Company paid no preference dividends during the year (2014: \$156,592,000).

The Company received dividends of \$896,110,417 during the year (2014: \$950,064,600).

18. Post balance sheet events

On 9 May, 2016, the Company paid preference dividends of \$156,592,000 (\$1,565.92 per share), to J.P. Morgan Whitefriars UK.

On 23 June 2016, the United Kingdom ("UK") conducted a referendum and voted to leave the European Union. Many international banks, including the Firm, operate substantial parts of their European Union business from entities based in the UK. Upon the UK leaving the European Union, the regulatory and legal environment that would then exist, and to which the Firm's U.K. operations would then be subject, will depend on, in certain respects, the nature of the arrangements agreed with the European Union and other trading partners.

These arrangements cannot be predicted, but currently the Firm does not believe any of the likely identified scenarios would threaten the viability of the Firm's business units or the Firm's ability to serve clients across the European Union and in the UK. However, it is possible that under some scenarios, changes to the Firm's legal entity structure would be required, which might result in a less efficient operating model across the Firm's European legal entities.

Directors do not at this time foresee any material impact to the Company's financial position, business model and risks in the medium term.