J.P. MORGAN STRUCTURED PRODUCTS B.V.

Amsterdam, the Netherlands

(Chamber of Commerce Number: 34259454)

Annual report for the year ended 31 December 2014

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Annual report for the year ended 31 December 2014

Contents **Page**

Directors' report	1 - 3
Financial statements:	
Balance sheet	4
Income statement	5
Statement of comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8 - 20
Other Information:	
Profit appropriation according to the Articles of Association	21
Proposed appropriation of net results	21
Auditor's report	22

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Directors' report for the year ended 31 December 2014

The directors present their report and the audited financial statements of J.P. Morgan Structured Products B.V. (the "Company") for the year ended 31 December 2014.

Principal activity

The Company's primary activity is the management and issuance of structured notes comprising certificates, warrants and other market participation notes, and the subsequent hedging of these risk positions.

Review of business

During the year, the Company continued to issue securities. The proceeds from the sale of the securities were used to fund the activities of other JPMorgan Chase & Co. (the Group) companies through certain economic hedging arrangements. The principal purpose of these hedging arrangements is to hedge against various risks associated with the issuance activity. In 2014, the Company issued securities in the Asia Pacific region, Europe, the Middle East, Africa, Latin America and the United States of America, and are either issued to private investors or listed on exchanges.

The Company's ultimate controlling entity is J.P. Morgan Chase & Co.

Key performance indicators

As the Company is managed as part of a global investment bank there are no KPIs that are specific to the Company. The results are monitored against expectations of the business activities. A more detailed description of the Group's key performance indicators may be found within the Group annual report.

Business environment, strategy and future outlook

The primary objective of the Company is the continued development of securitised products to be offered and sold to retail, 'high net worth' and institutional investors principally outside of the United States of America, linked to a range of underlying reference assets including equity, credit, interest rates, commodities and so called 'alternatives' such as funds and hedge funds.

Principal risks and uncertainties

The Company's issuance activities expose it to financial and operational risks, which are managed by the Board of Directors, using the Group's risk management framework. The Board of Directors monitors the Company's financial and operational risks and has responsibility for ensuring effective risk management and control.

The financial risks arising from the structured securities issued by the Company are matched by simultaneously entering into equal and offsetting over the counter (OTC) transactions with other group companies so that all such risks are effectively hedged from the perspective of the Company. Further details on the financial risks of the Company are set out in note 17 to the financial statements.

Results and dividends

The results for the year are set out on page 5 and show the Company's profit for the year after taxation is $2,050,000 (2013: $743,000).
No dividend was paid or proposed during the year (2013:$nil).

Events after the reporting period

The Directors are not aware of any events or circumstances which have taken place after 31 December 2014 but before these financial statements have been approved for issue, that could materially affect the financial position or results of the Company and which would require specific disclosure in these financial statements.

Directors

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

J.C.W. van Burg	(Resigned 1 September 2014)
J.C.P. van Uffelen	
D.R. Hansson	
G.H.K. Yu	(Resigned 29 October 2014)
H.P. de Kanter	(Appointed 10 April 2014)
R.W. de Koning	(Resigned 10 April 2014)
R. Terasawa	(Appointed 30 October 2014)
W.H. Kamphuijs	(Appointed 1 September 2014)

Composition of the Board

The size and composition of the Board of Managing Directors and the combined experience and expertise should reflect the best fit for profile and strategy of the Company. The Company is aware that the gender diversity is below the goals as set out in article 2:276 section 2 of the Dutch Civil Code and the Company will pay close attention to gender diversity in the process of recruiting and appointing new Managing Directors.

Creditor payment policy

All invoices from suppliers are settled on the Company's behalf by an affiliated Group company, JPMorgan Chase Bank, N.A.

JPMorgan Chase Bank, N.A.'s policy is to pay invoices (including those in respect of the Company) upon presentation, except where other arrangements have been negotiated with the supplier. It is the policy of the Company to abide by the terms of payment, provided the supplier performs according to the terms of the contract.

Registered address

Herikerbergweg 238
Luna ArenA, 1101CM
Amsterdam

Expected developments of the Company

The directors of the Company expect:

a) that the Company will continue to issue securities;
b) that the Company will not enter into fixed asset investments; and
c) that the interest income will continue to fluctuate in line with the development in market interest rates.

Statement under Transparency Directive (as implemented in Dutch law)

The directors confirm to the best of their knowledge that:

a) the attached financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company for the year ended 31 December 2014, and
b) the annual report for the year ended 31 December 2014, consisting of the directors report and the financial statements, gives a true and fair view of the position as per the balance sheet date 31 December 2014.

The directors further herewith report their arrangements for an audit committee (the "Audit Committee") as follows:

Audit Committee

The Company makes use of the exemption to the requirement to establish its own Audit Committee based on Article 3a of the Royal Decree of 26 July 2008 implementing article 41 of the EU Directive 2006/43EG, as the Audit Committee of JPMorgan Chase & Co. that is compliant with the requirements will fulfil the role of the Company's Audit Committee. JPMorgan Chase & Co. operates an Audit Committee, which covers the Group, including the Company. Details of the Charter, Membership, Duties and Responsibilities can be found on the Group's website.

Independent auditors

The independent auditors, PricewaterhouseCoopers Accountants N.V., have indicated their willingness to continue in office.
A resolution to reappoint PricewaterhouseCoopers Accountants N.V. as auditors to the Company will be proposed at the annual general meeting.

The financial statements on pages 4 to 20 were approved by the Board of Directors on 20 March 2015 and signed on its behalf by:

Board of Directors

H.P. de Kanter

W.H. Kamphuijs

J.C.P. van Uffelen

D.R. Hansson

R. Terasawa

Date: 20 March 2015

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Balance sheet as at 31 December 2014

	Notes	2014 $'000	2013 $'000
Assets			
Current assets			
Financial assets held for trading	4	**22,058,086**	21,722,216
Trade and other receivables	5	**556,345**	242,644
Current tax asset		**15**	404
Cash and cash equivalents	6	**595,686**	670,260
Total assets		**23,210,132**	22,635,524
Liabilities			
Current liabilities			
Financial liabilities designated at fair value through profit or loss	7	**22,058,086**	21,722,216
Trade and other payables	10	**312,689**	279,818
Bank overdraft	6	**308,059**	104,242
Total liabilities		**22,678,834**	22,106,276
Equity			
Capital and reserves attributable to equity shareholders of the Company			
Share capital	11	**26**	26
Share premium reserve		**499,997**	499,997
Legal reserve		**2**	2
Retained earnings		**31,273**	29,223
Total equity		**531,298**	529,248
Total liabilities and equity		**23,210,132**	22,635,524

Chamber of Commerce Number: 34259454

The notes on pages 8 - 20 form an integral part of the financial statements.

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Income statement for the year ended 31 December 2014

	Notes	2014 $'000	2013 $'000
Fee and commission income	12	**11,992**	8,282
Fee and commission expense	12	**(8,927)**	(5,104)
Administrative expenses		**(2,634)**	(3,037)
Net foreign exchange gain/(loss)		**1,207**	(431)
Operating profit/(loss)	13	**1,638**	(290)
Net interest income	15	**1,078**	1,268
Profit before income tax		**2,716**	978
Income tax expense	16	**(666)**	(235)
Profit for the year attributable to equity shareholders of the Company		**2,050**	743

Statement of comprehensive income for the year ended 31 December 2014

	2014 $'000	2013 $'000
Profit for the year	**2,050**	743
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	**2,050**	743

The profit for the year resulted from continuing operations.

The notes on pages 8 - 20 form an integral part of the financial statements.

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Statement of changes in equity for the year ended 31 December 2014

	Share capital	Share premium reserve	Legal reserve	Retained earnings	Total equity
	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2014	26	499,997	2	29,223	529,248
Profit for the year and total comprehensive income	-	-	-	2,050	2,050
Balance at 31 December 2014	**26**	**499,997**	**2**	**31,273**	**531,298**
Balance at 1 January 2013	26	499,997	2	28,480	528,505
Profit for the year and total comprehensive income	-	-	-	743	743
Balance at 31 December 2013	26	499,997	2	29,223	529,248

The notes on pages 8 - 20 form an integral part of the financial statements.

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Statement of cash flows for the year ended 31 December 2014

	Notes	31 December 2014 $'000	31 December 2013 $'000
Cash flow from operating activities			
Profit before income tax		**2,716**	978
Income tax received/(paid)		**(277)**	(521)
Interest income	15	**(1,078)**	(1,268)
Net foreign exchange gain/(loss)		**(1,207)**	431
		154	(380)
Changes in working capital			
Financial assets held for trading		**(335,870)**	(3,351,673)
Trade and other receivables		**(313,701)**	(232,986)
Financial liabilities designated at fair value through profit or loss		**335,870**	3,351,673
Trade and other payables		**32,871**	252,520
Net cash (used in)/ generated from operating activities		**(280,676)**	19,154
Cash flow from investing activities			
Interest received	15	**1,078**	1,268
Net cash generated from investing activities		**1,078**	1,268
Net increase/(decrease) in cash and cash equivalents		**(279,598)**	20,422
Cash and cash equivalents at the beginning of the year		**566,018**	546,027
Effect of exchange rate changes on cash and cash equivalents		**1,207**	(431)
Cash and cash equivalents at the end of the year	6	**287,627**	566,018

The notes on pages 8 - 20 form an integral part of the financial statements.

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Notes to the financial statements for the year ended 31 December 2014

1. General information

J.P. Morgan Structured Products B.V. Amsterdam's (the "Company"), main activity is the issuance of structured notes comprising certificates, warrants and market participation notes, and the subsequent hedging of these risk positions. The Company was incorporated on 6 November 2006.

The Company is a private company with limited liability incorporated and domiciled in the Netherlands and is wholly owned by J.P. Morgan International Finance Limited. The Company's ultimate parent is J.P. Morgan Chase & Co.

These financial statements reflect the operations of the Company during the year from 1 January 2014 to 31 December 2014 and have been approved for issue by the Board of Directors on 20 March 2015.

2. Summary of significant accounting policies

2.1 Accounting convention

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied to all the years presented, unless otherwise stated, and have been prepared on a going concern basis.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union and prepared in accordance with Book 2, Title 9 of the Dutch Civil Code. Certain reclassifications of prior year amounts have been made to conform with the current presentations. The financial statements have been prepared under the historical cost convention, except that financial instruments are stated at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2 Summary of significant accounting policies (continued)

2.1 Accounting convention (continued)

New and amended standards adopted by the Company

On 1 January 2014, the Company adopted amendments to IAS 32, 'Offsetting financial assets and financial liabilities' which provides clarification on the criteria and requirements for offsetting financial assets and financial liabilities. The amendments do not have any significant impact on the Company's financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective but relevant

The directors have assessed the impact of standards, interpretations and amendments to existing standards that have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2015 and concluded that the following is relevant:

- IFRS 9 - Financial Instruments (effective date 1 January 2018)

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company. The Company is yet to assess IFRS 9's full impact.

2.2 Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into 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.

Non-monetary items denominated in foreign currencies that are stated at historical cost are translated into US dollars at the date of the transaction.

2.3 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in US dollars, which is the Company's functional and presentation currency.

The US dollar is the functional currency as this is the currency of the primary economic environment in which the Company operates and generates net cashflows.

2 Summary of significant accounting policies (continued)

2.4 Financial assets and financial liabilities

The Company classifies its financial assets and financial liabilities in the following categories: financial assets and financial liabilities held for trading and financial assets and financial liabilities designated at fair value through profit or loss. The directors determine the classification of its investments at initial recognition.

The Company recognises a financial asset or a financial liability on its balance sheet when it becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities held for trading

The Company considers a financial asset or financial liability as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or forms part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or it is a derivative.

Financial assets and financial liabilities held for trading are initially recognised on trade date at fair value in the balance sheet with transaction costs being recorded in profit or loss and any gains or losses are taken directly to the income statement. Subsequently, they are measured at fair value.

Financial assets and financial liabilities designated at fair value through profit and loss

Financial assets and financial liabilities that the Company designates on initial recognition as being at fair value through profit or loss are recognised at fair value, with transaction costs being recognised in profit or loss and are subsequently measured at fair value. Gains and losses on financial assets and financial liabilities that are designated at fair value through profit or loss are recognised in profit or loss as they arise. A financial instrument may only be designated at inception as held at fair value through profit or loss and cannot subsequently be changed.

Financial assets or financial liabilities are designated as at fair value through profit or loss only if such designation (a) eliminates or significantly reduces a measurement or recognition inconsistency; or (b) applies to a group of financial assets, financial liabilities or both that the Company manages and evaluates on a fair value basis; or (c) relates to an instrument that contains an embedded derivative unless the embedded derivative does not significantly modify the cash flows required by the contract or when a similar hybrid instrument is considered that separation of the embedded derivative is prohibited.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the right to receive cash flows from the assets has expired; or when the Company has transferred its contractual right to receive the cash flows of the financial assets, and either

- substantially all the risks and rewards of ownership have been transferred; or
- substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires.

2 Summary of significant accounting policies (continued)

2.5 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values are determined by reference to observable market prices where available and reliable. Fair values of financial assets and financial liabilities are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments where representative market prices for an instrument are not available or are unreliable because of poor liquidity, the fair value is derived from prices for its components using appropriate pricing or valuation techniques that are based on independently sourced market parameters. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist and valuation models. These valuation models include the same assumptions and take into account the same characteristics of the asset or liability as market participants would.

Fair value measurements are categorised into a three-level hierarchy, based on the type of inputs to the valuation techniques used, as follows: 1) level 1 inputs are quoted prices in active markets for items identical to the asset or liability being measured. If there is a quoted price in an active market (that is, a level 1 input), an entity uses that price without adjustment when measuring fair value; 2) level 2 inputs are other observable inputs; and 3) level 3 inputs are unobservable inputs, but that nevertheless must be developed to reflect the assumptions that market participants would use when determining an appropriate price for the asset or liability. Each fair value measurement is categorised based on the lowest level input that is significant to it.

2.6 Income and expense recognition

Interest income and expense are recognised on an accruals basis using the effective interest rate.

Fees and commissions are recognised when the underlying contract becomes legally binding or at the agreed due date if later, unless a fee is received relating to work to be completed in the future in which case it is recognised over the period in accordance with the effective interest rate method. Effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees receivable, that are an integral part of the instrument's yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

Profits and losses resulting from the revaluation of financial instruments are recognised as trading gains or losses on a trade date basis.

2.7 Cash and cash equivalents

Cash and cash equivalents in the cash flow statement represent cash in hand and balances with banks, other short term liquid investments with original maturities of three months or less, and bank overdrafts.

2.8 Share capital

The share capital of the Company consists of ordinary shares, classified as equity.

2.9 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies (continued)

2.10 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.11 Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a current legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Critical accounting estimates and judgments

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In this regard, the Directors believe that the critical accounting policies where judgement is necessarily applied are those which relate to the valuation of financial instruments. Refer notes 2.4 and 2.5.

4. Financial assets held for trading

	2014	2013
	$'000	$'000
Financial assets held for trading	22,058,086	21,722,216

Financial assets held for trading represent over the counter (OTC) transactions with other Group undertakings.

5. Trade and other receivables

	2014	2013
	$'000	$'000
Trade receivables	223,179	56,509
Amounts owed by group undertakings	333,166	186,135
	556,345	242,644

Trade receivables mainly consists of unsettled trades.

There were no amounts within trade and other receivables that were past due or impaired as at 31 December 2014 (31 December 2013: $nil).

6. Cash and cash equivalents

	2014 $'000	2013 $'000
Cash placed with Group undertakings	560,147	658,056
Cash placed outside the Group	35,539	12,204
Bank Overdraft		
- balances due to Group undertakings	(265,797)	(83,539)
- balances due to third parties	(42,262)	(20,703)
Cash and cash equivalents as reported in cash flow statement	**287,627**	**566,018**

7. Financial liabilities designated at fair value through profit or loss

	2014 $'000	2013 $'000
Financial liabilities designated at fair value through profit or loss	22,058,086	21,722,216

Financial liabilities designated at fair value through profit and loss include short term and long term structured notes and market participating warrants.

Debit valuation adjustments are necessary to reflect the credit quality of the Group in the valuation of such liabilities. The directors consider that the Company is fully hedged and that there would, in the normal course of business, be no impact to the results of the Company due to movements in the fair value of the financial liabilities designated at fair value through profit or loss. The notes issued by the Company are guaranteed by JPMorgan Chase Bank, N.A.

The amount of decrease in the fair value of the financial liabilities designated at fair value through profit and loss for 2014 attributable to changes in own credit risk is $27,957,913 (2013: $52,254,701). This amount is fully offset by an equal and opposite amount in financial assets held for trading.

8. Assets and liabilities measured at fair value

At 31 December 2014	Level 1 Quoted market prices in active markets $'000	Level 2 Internal models with significant observable market parameters $'000	Level 3 Internal models with significant unobservable market parameters $'000	Total carrying value $'000
Financial assets held for trading	257,754	16,513,496	5,286,836	22,058,086
Financial assets held for trading				
Total assets at fair value at 31 December 2014	257,754	16,513,496	5,286,836	22,058,086
Financial liabilities designated at fair value through profit or loss				
Structured securities and warrants	-	(15,070,617)	(6,987,469)	(22,058,086)
Total liabilities at fair value at 31 December 2014	-	(15,070,617)	(6,987,469)	(22,058,086)
At 31 December 2013				
Financial assets held for trading				
Financial assets held for trading	26,652	16,745,689	4,949,875	21,722,216
Total assets at fair value at 31 December 2013	26,652	16,745,689	4,949,875	21,722,216
Financial liabilities designated at fair value through profit or loss				
Structured securities and warrants	-	(16,005,769)	(5,716,447)	(21,722,216)
Total liabilities at fair value at 31 December 2013	-	(16,005,769)	(5,716,447)	(21,722,216)

No amounts have been offset in accordance with the requirements of IAS 32: 'Presentation of financial instruments', as at 31 December 2014 (2013: $nil). Amounts subject to master netting agreements which are not offset in the balance sheet as the offsetting criteria have not been met, amounted to $851,028,253 as at 31 December 2014 (2013: $526,112,336).

9. Movements in assets and liabilities measured in Level 3

Financial assets held for trading

	2014	2013
	$'000	**$'000**
At 1 January	4,949,875	3,771,706
Total gain/(loss) recognised in income statement	(572,840)	(589,269)
Purchases	6,688,801	5,621,480
Settlements	(5,620,280)	(3,630,913)
Transfers in to level 3	1,084,594	1,053,444
Transfers out of level 3	(1,243,314)	(1,276,573)
At 31 December	5,286,836	4,949,875
Total (loss)/ profit for the year included in trading (loss)/ profit for the above assets held at 31 December	(896,532)	452,592

Structured securities liabilities

	2014	2013
	$'000	**$'000**
At 1 January	5,716,447	4,585,547
Total (gain)/loss recognised in income statement	(740,531)	(373,079)
Purchases	984,079	8,710
Issuances	8,293,572	5,920,539
Settlements	(7,384,530)	(4,320,737)
Transfers in to level 3	1,836,310	1,369,716
Transfers out of level 3	(1,717,878)	(1,474,249)
At 31 December	6,987,469	5,716,447
Total loss/ (profit) for the year included in trading loss/ (profit) for the above liabilities held at 31 December	(434,266)	398,810

Price risk from the issued instruments is matched by entering into equal and offsetting (OTC) transactions with other Group companies so that any price risk is effectively hedged. As at 31 December 2014, the use of alternative inputs would result in no change to the results of the Company. Consequently, no sensitivity analysis for level 3 financial instruments is disclosed.

The movements in assets and liabilities measured in level 3 significantly relate to further refinement of the fair value hierarchy classification process, given observability of market data for the input parameters in conjunction with the risk profile of the product.

10. Trade and other payables

	2014	2013
	$'000	**$'000**
Trade payables	311,770	217,917
Amounts owed to Group undertakings	919	61,901
	312,689	**279,818**

Trade payables mainly consists of unsettled trades.

11. Share capital

	2014	2013
	$'000	**$'000**
Authorised share capital		
90,000 Ordinary shares of €1.00 each	€ 90	€ 90
Issued and fully paid share capital		
20,000 (2013: 20,000) Ordinary shares of €1.00 each	$ 26	$ 26

In accordance with the requirements of Article 373 Book 2 of the Dutch Civil Code, the Company holds an amount of $2,000 in a legal reserve in respect of revaluation of the Euro denominated share capital.

There has been no change in the number of authorised share capital during the year.

12. Fees and commissions

All fee and commission income is receivable from other Group undertakings.

All fee and commission expense are paid by other Group undertakings and reimbursed by the Company.

13. Operating profit/(loss)

	2014	2013
	$'000	**$'000**
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration for the audit of the Company's annual financial statements	174	177

The audit fee mentioned comprises solely the fee of external auditor PricewaterhouseCoopers Accountants N.V for the statutory audit of the financial statements.

14. Segmental analysis

In the opinion of the directors, the Company's activities comprise only one business segment, namely Corporate and Investment Banking services. The Company issues structured notes, of which the majority are issued within the EMEA, followed by the Asia Pacific region. All fee and commission income is received from other Group undertakings within the EMEA region.

15. Net interest income

	2014	2013
	$'000	$'000
Interest income	1,078	1,268

All interest income is receivable from other Group undertakings.

16. Income tax expense

(a) income tax expense:	2014 $'000	2013 $'000
Current tax	666	232
Adjustments in respect of prior years	-	3
Tax on profit on ordinary activities	**666**	235
Profit for the year before tax	2,716	978
Tax calculated at applicable tax rates	666	232
Impact of:		
- Adjustments in respect of prior years	-	3
Income tax expense	**666**	235

The standard tax rate in the Netherlands is 25% (2013: 25%). A tax rate of 20% is applied to the first €200,000 (2014: $264,346, 2013: $266,116).

17. Financial risk management

The Company's activities expose it to various financial risks. These are liquidity risk, credit risk and market risk (which includes foreign exchange risk, interest rate risk and price risk). A substantial majority of these risks, which arise from the structured securities issued by the Company are matched by simultaneously entering into equal and offsetting over the counter (OTC) transactions with other group companies so that all such risks are effectively hedged.

The Company operates within the JPMorgan Chase & Co. risk management framework. The Board of Directors monitors the Company's financial risks and has responsibility for ensuring effective risk management and control.

The detailed JPMorgan Chase & Co. risk management framework, including policies and procedures, is set out in the JPMorgan Chase & Co. annual report.

Liquidity risk

Liquidity risk is the risk that the Company's funding sources may be insufficient to meet its liabilities as they fall due. The Company's issuance activities are economically hedged with the OTC transactions with group undertakings. To the extent that settlement-related timing differences between issuance transactions and the OTC hedge transactions may result in funding requirements, these are met by the Group companies involved in the transactions.

17. Financial risk management (continued)

The following table provides details on the contractual maturity of all liabilities:

	2014 Less than 1 year	2013 Less than 1 year
	$'000	$'000
Financial liabilities designated at fair value through profit or loss	22,058,086	21,722,216
Bank overdraft	308,059	104,242
Trade and other payables	312,689	279,818
	22,678,834	22,106,276

Financial liabilities designated at fair value through profit or loss are typically redeemable on customer demand.

Credit risk

Credit risk is the risk that the counterparties to the Company's financial assets may default. The Company's assets are neither past due nor impaired.

The amounts in the table below show the Company's gross maximum exposure to credit risk without taking account of any collateral or credit risk mitigation in place.

	2014	2013
	$'000	$'000
Financial assets held for trading	22,058,086	21,722,216
Trade and other receivables	556,345	242,644
Cash and cash equivalents	595,686	670,260
	23,210,117	22,635,120

Included within the above assets, the balances held with other Group undertakings are $22,951,399,000 (2013: $22,566,407,000).

All financial assets are considered to be of an investment grade.

Market risk

Market risk represents the potential fluctuation in fair value or cashflows of the Company's financial instruments caused by movements in market variables such as interest and foreign exchange rates and equity prices. The market risks, including price, foreign exchange and interest rates risk, arising from the Company's issuances are economically hedged by equal and offsetting over the counter (OTC) transactions with other group companies. There is immaterial residual price or foreign exchange risk in the Company as at 31 December 2014 or 31 December 2013.

The following table shows the effect of change in interest rates by 50 basis points which is considered to be reasonably possible for the portfolio that is based in countries with a low volatility in interest rates.

	2014	2013
	$'000	$'000
50 basis points increase in local interest rates	110,290	108,611
50 basis points decrease in local interest rates	(110,290)	(108,611)

17. Financial risk management (continued)

Fair value of financial assets and financial liabilities

For financial assets and financial liabilities which are not carried at fair value in the balance sheet, carrying value is a reasonable approximation of fair value, as they are repayable on demand by both parties.

18. Managed capital

Total equity of $531,298,000 (2013: $529,248,000) constitutes the managed capital of the Company which consists entirely of issued share capital, share premium reserve, legal reserve and retained earnings.

The Company is not subject to any externally imposed capital requirements.

19. Related party transactions

Related parties comprise:

(a) Directors and shareholders of the Company and companies in which they have an ownership interest;

(b) Group undertakings of the Company.

The Company's parent undertaking is detailed in note 20. There were no transactions with the parent undertaking during the year.

Related party transactions, outstanding balances at year end, and income and expenses for the year, relating to normal business activities are as follows:

(i) Outstanding balances at year end

	Administrative Manager 31 December 2014	JPMorgan Chase Group undertakings 31 December 2014	Administrative Manager 31 December 2013	JPMorgan Chase Group undertakings 31 December 2013
	$'000	$'000	$'000	$'000
Financial assets held for trading	-	22,058,086	-	21,196,104
Trade and other receivables	-	333,166	-	186,135
Cash and cash equivalents	-	560,147	-	658,056
Trade and other payables	-	(919)	-	(61,901)
Bank Overdraft	-	(265,797)	-	(83,539)

(ii) Income and expenses

	Administrative Manager 31 December 2014	JPMorgan Chase Group undertakings 31 December 2014	Administrative Manager 31 December 2013	JPMorgan Chase Group undertakings 31 December 2013
	$'000	$'000	$'000	$'000
Fees and commission income	-	11,992	-	8,282
Fees and commission expense	-	(8,927)	-	(5,104)
Administrative expenses	-	(374)	-	(376)
Interest income	-	1,078	-	1,268

20. Parent undertaking

The Company's immediate parent undertaking is J.P. Morgan International Finance Limited which is incorporated in the state of Delaware in the United States of America.

The Company's ultimate parent undertaking and the parent undertaking of the largest group in which the results of the Company are consolidated, is JPMorgan Chase & Co., which is also incorporated in the state of Delaware in the United States of America.

The parent undertaking of the smallest group in which the Company's results are consolidated is J.P. Morgan International Finance Limited.

The largest and the smallest groups' consolidated financial statements can be obtained from:

The Company Secretary
25 Bank Street
Canary Wharf
London
E14 5JP
United Kingdom

The Board of Directors

H.P. de Kanter	**W.H. Kamphuijs**
J.C.P. van Uffelen	**D.R. Hansson**
R. Terasawa	

Date: 20 March 2015

J.P.MORGAN STRUCTURED PRODUCTS B.V.

Other information

Profit appropriation according to the Articles of Association

The Articles of Association of the Company require that the allocation of profits be determined in a general meeting of the shareholders. The Management Board may resolve to pay interim dividends up to an amount which does not exceed the amount of the distributable part of the net assets. Dividends shall be paid after adoption of the annual accounts from which it appears that payment of dividends is permissible.

Proposed appropriation of net results

Management propose to appropriate the current year profits to the retained earnings. No dividend was paid or proposed during the year.

Audit report

The audit report is included on page 22 of this annual report.

pwc

Independent auditor's report

To: the general meeting of JP Morgan Structured Products B.V.

Report on the financial statements 2014

Our opinion

In our opinion the financial statements give a true and fair view of the financial position of JP Morgan Structured Products B.V. as at 31 December 2014, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2014 of JP Morgan Structured Products B.V., Amsterdam ('the Company').

The financial statements comprise:

- the statement of financial position as at 31 December 2014;
- the following statements for 2014: the income statement, the statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of JP Morgan Structured Products B.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

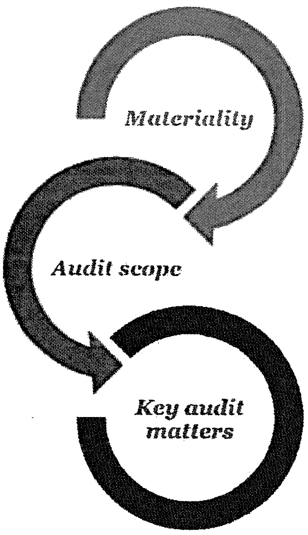
We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, The Netherlands
T: +31 (0) 88 792 00 20, F: +31 (0) 88 792 96 40, www.pwc.nl

Our audit approach

Overview

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the board of directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the board of directors that may represent a risk of material misstatement due to fraud.



Materiality

- Overall materiality: $229 million which represents 1% of total assets.

Audit scope

- We conducted audit work in 5 locations.
- We paid particular attention to the audit of the fair value of the financial assets held for trading and financial liabilities designated at fair value through profit or loss.

Key audit matters

- Valuation of notes.

Materiality

The scope of our audit is influenced by the application of materiality. Our audit opinion aims on providing reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on our opinion.

pwc

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	\$229 million (2013: \$223 million).
How we determined it	1% of total assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis we believe that total assets is an important metric for the financial performance of the Company.

We also take misstatements and/or possible misstatements into account that, in our judgment, are material for qualitative reasons. We agreed with the board of directors that we would report to them misstatements identified during our audit above \$11 million (2013: \$11 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our audit

The Company is a subsidiary of J.P. Morgan Chase & Co Group. The operations of the Company are embedded in the IT environment and process controls of the J.P. Morgan Chase & Co Group.

Considering our responsibility for the opinion on the Company's financial statements we are responsible for the direction, supervision and performance of the audit of the Company. In this context, we used the work performed by PwC network member firms at J.P. Morgan Chase & Co Group companies for assurance over the IT environment and the above mentioned controls. We sent instructions to PwC network member firms, which set out the work to be performed and the agreed scope of testing.

Where the work was performed by auditors of PwC network member firms, we determined the level of involvement we needed to have in the audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole. In this respect we performed the following procedures:

- sent instructions;
- assessed the reports and followed up where necessary;
- had discussions with the auditors of the PwC network member firms.

As part of our testing procedures we tested the existence of the financial assets held for trading by independently reconciling the balances in the ledgers of the counterparties belonging to the J.P. Morgan Chase & Co. Group with the balances in the ledger of the Company. We have also assessed the creditworthiness of these counterparties.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

pwc

Key audit matter	*How our audit addressed the matter*
Valuation of the notes *Refer to the accounting policies "financial assets and liabilities held for trading", "financial assets and financial liabilities designated at fair value through profit or loss", "fair value", "critical accounting estimates and judgements", and note 7 "financial liabilities designated at fair value through profit or loss".* Financial liabilities, designated at fair value through profit or loss, and the equivalent amount in financial assets held for trading, amount to $22,058 million as at 31 December 2014. The financial liabilities designated at fair value through profit or loss consist of structured notes, market participant warrants and derivative-linked products with financial institutions and high net worth individuals in the secondary market. These financial liabilities, specifically debt instruments, are issued with embedded derivatives for which the valuation is determined using valuation models. These valuation models and pricing inputs used are internally tested by management of J.P. Morgan Chase & Co Group. We consider the valuation of the notes a key audit matter, given the magnitude of these positions and the complexity of the valuation models applied.	We obtained an understanding of the valuation methodology and the processes and controls with respect to the valuation of the financial liabilities designated at fair value through profit or loss. In addition, we assessed the appropriateness of the methodology and the models used by management. Furthermore, our audit included testing of the company's internal controls with respect to the models used throughout the valuation process. This included test procedures on controls with respect to price testing and test procedures to obtain comfort that the models used correctly calculate discounted cash flows. We also tested the inputs to the fair value calculation. With respect to the discount rates used and inputs for the valuation of the derivative element, this included independently sourcing the external and internal data. Furthermore, we have substantively tested the notional amount and maturity dates by tracing both the notional and the maturity date back to the respective prospectus and Bloomberg. We assessed the completeness and accuracy of the disclosures relating to the valuation of financial liabilities designated at fair value through profit or loss and financial assets held for trading to assess compliance with disclosure requirements included in EU-IFRS.

Responsibilities of the board of directors

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and for
- such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit has been performed with a high but not absolute level of assurance which makes it possible that we did not detect all frauds or errors.

A more detailed description of our responsibilities is set out in the appendix to our report.

pwc

Report on other legal and regulatory requirements

Our report on the directors' report and the other information

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the directors' report and other information):

- we have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed;
- we report that the directors' report, to the extent we can assess, is consistent with the financial statements.

Our appointment

We were appointed as auditors of JP Morgan Structured Products B.V. following the passing of a resolution by the annual general meeting held on 25 March 2014 and has been renewed annually by the general meeting representing a total period of uninterrupted engagement appointment of 8 years.

Amsterdam, 20 March 2015
PricewaterhouseCoopers Accountants N.V.

Original signed by: R.E.H.M. van Adrichem RA

pwc

Appendix to our auditor's report on the financial statements 2014 of JP Morgan Structured Products B.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgment and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among others of:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- concluding on the appropriateness of the board of directors' use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole.
  However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.