J.P. MORGAN STRUCTURED PRODUCTS B.V.
Amsterdam, the Netherlands

(Chamber of Commerce Number: 34259454)

Annual report for the year ended 31 December 2015

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Annual report for the year ended 31 December 2015

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J.P. MORGAN STRUCTURED PRODUCTS BV
Directors' report for the year ended 31 December 2015

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 2015.

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 2015, 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 JPMorgan Chase & Co.

Key performance indicators

As the Company is managed as part of a global investment bank there are no KPI's 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 loss for the year after taxation is $2,367,000 (2014: profit after taxation $2,050,000). During the year, the Company re-assessed certain accruals for fee income and expenses that were recognised in the financial statements in prior years. The Company determined that these accruals, amounting to $5,153,000 were no longer required and therefore, they have been reversed during 2015. Excluding the impact of this reversal, the underlying operating result was a profit before tax of $2,786,000.

No dividend was paid or proposed during the year (2014: nil).

Events after the reporting period

The Directors are not aware of any events or circumstances which have taken place after 31 December 2015 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.

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Directors' report for the year ended 31 December 2015 (continued)

Directors

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

J.C.P. van Uffelen	(Appointed 6 March 2007)
D.R. Hansson	(Appointed 5 August 2010)
H.P. de Kanter	(Appointed 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.

The Group'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 2015, and
b) the annual report for the year ended 31 December 2015, 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 2015.

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 24 were approved by the Board of Directors on 6 April 2016 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: 6 April 2016

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Balance sheet as at 31 December 2015

	Note	2015 $'000	2014 $'000
Assets			
Current assets			
Financial assets held for trading	4	**19,047,163**	22,058,086
Trade and other receivables	5	**635,924**	556,345
Current tax asset		**1,062**	15
Cash and cash equivalents	6	**684,731**	595,686
Total assets		**20,368,880**	23,210,132
Liabilities			
Current liabilities			
Financial liabilities designated at fair value through profit or loss	7	**19,047,163**	22,058,086
Trade and other payables	10	**245,976**	312,689
Bank overdraft	6	**546,810**	308,059
Total liabilities		**19,839,949**	22,678,834
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		**28,906**	31,273
Total equity		**528,931**	531,298
Total liabilities and equity		**20,368,880**	23,210,132

Chamber of Commerce Number: 34259454

The notes on pages 8 - 24 form an integral part of the financial statements.

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Income Statement for the year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Fee and commission income	12	**5,350**	11,992
Fee and commission expense	12	**(7,795)**	(8,927)
Administrative expenses		**(1,251)**	(2,634)
Net foreign exchange (loss)/gain		**(175)**	1,207
Operating (loss)/profit		**(3,871)**	1,638
Net interest income	15	**838**	1,078
(Loss)/profit before income tax		**(3,033)**	2,716
Income tax gain/(expense)	16	**666**	(666)
(Loss)/profit for the year attributable to equity shareholders of the Company		**(2,367)**	2,050

Statement of comprehensive income for the year ended 31 December 2015

	Note	2015 $'000	2014 $'000
(Loss)/profit for the year		**(2,367)**	2,050
Other comprehensive income		—	—
Total comprehensive (expense)/income for the year		**(2,367)**	2,050

The loss for the year resulted from continuing operations.

The notes on pages 8 - 24 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 2015

	Share capital	Share premium reserve	Legal reserve	Retained earnings	Total equity
	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2015	26	499,997	2	31,273	531,298
Loss for the year and total comprehensive expense	—	—	—	(2,367)	(2,367)
Balance as at 31 December 2015	**26**	**499,997**	**2**	**28,906**	**528,931**
Balance as 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 as at 31 December 2014	**26**	**499,997**	**2**	**31,273**	**531,298**

The notes on pages 8 - 24 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 2015

	Note	2015 $'000	2014 $'000
Cash flow from operating activities			
(Loss)/profit before income tax		**(3,033)**	2,716
Income tax received/(paid)		**(381)**	(277)
Interest income	15	**(838)**	(1,078)
Net foreign exchange loss/(gain)		**175**	(1,207)
		(4,077)	154
Changes in working capital			
Financial assets held for trading		**3,010,923**	(335,870)
Trade and other receivables		**(79,578)**	(313,701)
Financial liabilities designated at fair value through profit or loss		**(3,010,923)**	335,870
Trade and other payables		**(66,714)**	32,871
Net cash used in operating activities		**(150,369)**	(280,676)
Cash flow from investing activities			
Interest received	15	**838**	1,078
Net cash generated from investing activities		**838**	1,078
Net decrease in cash and cash equivalents		**(149,531)**	(279,598)
Net cash and cash equivalents at the beginning of the year		**287,627**	566,018
Effect of exchange rate changes on cash and cash equivalents		**(175)**	1,207
Net cash and cash equivalents at the end of the year	6	**137,921**	287,627

The notes on pages 8 - 24 form an integral part of the financial statements.

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 the risk associated with these notes through hedging with other Group companies. The valuation of a structured note will have no impact on the income statement, capital or net assets; as a change in valuation of a structured note will have an equal offsetting change in the value of the hedging transaction with other Group companies. 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 2015 to 31 December 2015 and have been approved for issue by the Board of Directors on 6 April 2016.

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 the financial statements 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. 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.

New and amended standards adopted by the Company

There are no IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2015 that would be expected to have a material impact on the Company.

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 2016 and concluded that the following standards are relevant:

- IFRS 9 - Financial Instruments (effective date 1 January 2018); and
- IFRS 15 - Revenue from Contracts with Customers (effective date 1 January 2017).

The Company is in the process of assessing the full impact of the above standards to its results. There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

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 cash flows.

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 re-purchasing 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
- 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.

2.5 Fair value

Financial instruments are initially recognised at fair value on the date of initial recognition. 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. Where market prices are unavailable, valuation models are used. These models consider relevant transaction characteristics (such as maturity) and use as inputs observable or unobservable market parameters, including but not limited to yield curves, interest rates, volatilities, equity or debt prices, foreign exchange rates and credit curves. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value.

For financial liabilities held at fair value, the carrying amount reflects the effect on fair value of changes in own credit spreads making maximum use of observable market data. Most market parameters are either directly observable or are implied from instrument prices. The model may perform numerical procedures in the pricing such as interpolation when input values do not directly correspond to the most actively traded market trade parameters.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument, or is based on a valuation technique whose inputs included only data from observable markets then the instrument should be recognised at the fair value derived from such observable market data.

The Company classifies its assets and liabilities according to a hierarchy that has been established under IFRS for disclosure of fair value measurements. The fair value hierarchy is based on the transparency of inputs to the valuation of an asset or liability as of the measurement date. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3 inputs).

A financial instrument's categorisation within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

2.6 Income and expense recognition

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

Fees and commissions are recognised when the underlying contract becomes legally binding.

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.

2.10 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 legal 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.12 Current and deferred income tax

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.

Deferred tax is provided in full, using the liability method, on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet date, which are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

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. The following judgements have had the most significant effect on amounts recognised in the financial statements:

Fair value measurement

The Company carries a significant portion of its assets and liabilities at fair value. The majority of such assets and liabilities are measured at fair value on a recurring basis. Estimating fair value often requires the application of judgement. The type and level of judgement required is largely dependent on the amount of observable market information available to the Company. For instruments valued using internally developed models that use significant unobservable inputs and are therefore classified within level 3 of the valuation hierarchy, judgements used to estimate fair value are more significant than those required when estimating the fair value of instruments classified within levels 1 and 2.

In arriving at an estimate of fair value for an instrument within level 3, the Company must first determine the appropriate model to use. Secondly, the lack of observability of certain significant inputs requires management to assess all relevant empirical data in deriving valuation inputs - including, for example, transaction details, yield curves, interest rates, prepayment rates, default rates, volatilities, correlations, equity or debt prices, valuations of comparable instruments, foreign exchange rates and credit curves. For further discussion of the valuation of level 3 instruments, including unobservable inputs used, see note 8.

For instruments classified in levels 2 and 3, judgement must be applied to assess the appropriate level of valuation adjustments, the Company's credit-worthiness, market funding rates, liquidity considerations, unobservable parameters, and for portfolios that meet specified criteria, the size of the net open risk position. The judgements made are typically affected by the type of product and its specific contractual terms, and the level of liquidity for the product or within the market as a whole. For further discussion of valuation adjustments applied by the Group, see note 8.

The use of methodologies or assumptions different than those used by the Company could result in a different estimate of fair value at the reporting date. For a detailed discussion of the Company's valuation process and hierarchy, and its determination of fair value for individual financial instruments, see note 8.

4. Financial assets held for trading

	2015	2014
	$'000	$'000
Financial assets held for trading	19,047,163	22,058,086

Financial assets held for trading represent over the counter (OTC) transactions with other Group undertakings, see note 8.

5. Trade and other receivables

	2015	2014
	$'000	$'000
Trade receivables	175,847	223,179
Amounts owed by group undertakings	460,077	333,166
	635,924	556,345

Trade and other receivables mainly consist of unsettled trades. All trade and other receivables are non interest bearing.

There were no amounts within trade and other receivables that were past due or impaired as at 31 December 2015 (31 December 2014: $nil).

6. Net cash and cash equivalents

	2015	2014
	$'000	$'000
Cash placed with Group undertakings	595,779	560,147
Cash placed outside the Group	88,952	35,539
	684,731	595,686
Bank Overdraft		
- balances due to Group undertakings	(528,437)	(265,797)
- balances due to third parties	(18,373)	(42,262)
	(546,810)	(308,059)
Net cash and cash equivalents as reported in cash flow statement	**137,921**	**287,627**

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

	2015	2014
	$'000	$'000
Financial liabilities designated at fair value through profit or loss	19,047,163	22,058,086

Financial liabilities designated at fair value through profit and loss include short term and long term structured notes and market participating warrants. The notes involve a wide range of contractual terms and economic payoffs. The details of each note are set out in the prospectus for each issuance.

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 contractual payments associated with the notes issued by the Company are guaranteed by J.P. Morgan Chase Bank, NA.

The decrease in the fair value of the financial liabilities designated at fair value through profit and loss for 2015 attributable to changes in own credit risk is immaterial.

8. Assets and liabilities measured at fair value

Valuation process

The Company carries a portion of its assets and liabilities at fair value on a recurring basis.

Fair value is defined as 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 value is based on quoted market prices, where available. If listed prices or quotes are not available, fair value is based on models that consider relevant transaction characteristics (such as maturity) and use as inputs observable or unobservable market parameters, including but not limited to yield curves, volatilities, equity or debt prices, foreign exchange rates and credit curves.

The level of precision in estimating unobservable market inputs or other factors can affect the amount of gain or loss recorded for a particular position. Furthermore, while the Company believes its valuation methods are appropriate and consistent with those of other market participants, the methods and assumptions used reflect management judgement and may vary across the Company's businesses and portfolios. The use of different methodologies or assumptions to those used by the Company could result in a different estimate of fair value at the reporting date.

Risk-taking functions are responsible for providing fair value estimates for assets and liabilities carried on the balance sheet at fair value. The Group's valuation control function, which is part of the Group's Finance function and independent of the risk-taking functions, is responsible for verifying these estimates and determining any fair value adjustments that may be required to ensure that the Group's positions are recorded at fair value. The valuation control function verifies fair value estimates provided by the risk-taking functions by leveraging independently derived prices, valuation inputs and other market data, where available.

Debit valuation adjustments (DVA) are taken to reflect the credit quality of the Company in the valuation of liabilities measured at fair value. The Group also incorporates the impact of funding in its valuation estimates where there is evidence that a market participant in the principal market would incorporate it in a transfer of the instrument.

Fair value hierarchy

The Company classifies its assets and liabilities according to a valuation hierarchy that reflects the observability of significant market inputs. The three levels are defined as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - one or more inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorisation within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement.

8. Assets and liabilities measured at fair value (continued)

Valuation methodologies

The following table describes the valuation methodologies used by the Group to measure its more significant products/ instruments at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

Product / Instrument	Valuation methodology, inputs and assumptions	Classifications in the valuation hierarchy
Structured notes	• Valuations are based on discounted cash flow analysis that consider the embedded derivative and the terms and payment structure of the note. • The embedded derivative features are considered using models such as the Black-Scholes option pricing model, simulation models, or a combination of models that use observable or unobservable valuation inputs, depending on the embedded derivative. The specific inputs used vary according to the nature of the embedded derivative features, as described in the discussion above regarding derivative valuation. Adjustments are then made to this base valuation to reflect the Company's own creditworthiness (DVA) and to incorporate the impact of funding (FVA).	Level 2 or 3
Derivatives and fully funded OTC financial instruments	Exchange-traded derivatives that are actively traded and valued using the exchange price.	Level 1
	Derivatives that are valued using models such as the Black-Scholes option pricing model, simulation models, or a combination of models, that use observable or unobservable valuation inputs (e.g. plain vanilla options and interest rate and credit default swaps). Inputs include: • Contractual terms including the period to maturity • Readily observable parameters including interest rates and volatility • Credit quality of the counterparty and of the Group • Market funding levels • Correlation levels	Level 2 or 3

8. Assets and liabilities measured at fair value (continued)

Valuation methodologies (continued)

The following tables present the assets and liabilities reported at fair value as of 31 December 2015 and 2014, by major product category and fair value hierarchy.

Assets and liabilities measured at fair value on a recurring basis

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
At 31 December 2015				
Financial assets held for trading:				
Financial assets held for trading	267,845	15,324,486	3,454,832	19,047,163
Total assets at fair value at 31 December 2015	267,845	15,324,486	3,454,832	19,047,163
Financial liabilities designated at fair value through profit or loss				
Structured securities and warrants	—	(14,111,878)	(4,935,285)	(19,047,163)
Total liabilities at fair value at 31 December 2015	—	(14,111,878)	(4,935,285)	(19,047,163)

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
At 31 December 2014				
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)

The Company hedges all structured note issuances by entering into hedging transactions with other Group companies. On occasions, the hedging transactions are booked as multiple elements in order to ensure the risk associated with the notes is fully hedged. Each of these elements is classified in the fair value hierarchy in line with the requirements of IFRS 13, and as such the levelling of the structured notes and hedges can differ.

9. Movements in assets and liabilities measured in Level 3

Level 3 valuations

The Group has established well-documented processes for determining fair value, including for instruments where fair value is estimated using significant unobservable inputs (level 3).

Estimating fair value requires the application of judgement. The type and level of judgement required is largely dependent on the amount of observable market information available to the Company. For instruments valued using internally developed models that use significant unobservable inputs are classified within level 3 of the fair value hierarchy, judgements used to estimate fair value are more significant than those required when estimating the fair value of instruments classified within levels 1 and 2. In arriving at an estimate of fair value for an instrument within level 3, management must first determine the appropriate model to use.

The following table presents the Group's primary level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, the significant unobservable inputs, the range of values for those inputs and, for certain instruments, the weighted averages of such inputs. While the determination to classify an instrument within level 3 is based on the significance of the unobservable inputs to the overall fair value measurement, level 3 financial instruments typically include observable components (that is, components that are actively quoted and can be validated to external sources) in addition to the unobservable components.

The range of values presented in the table is representative of the highest and lowest level input used to value the significant groups of instruments within a product/ instrument classification. Where provided, the weighted averages of the input values presented in the table are calculated based on the fair value of the instruments that the input is being used to value.

In the Company's view, the input range and the weighted average value reflect the characteristics of the various instruments held by the Company and the relative distribution of instruments within the range of characteristics.

The input range and weighted average values will therefore vary from period-to-period and parameter to parameter based on the characteristics of the instruments held by the Company at each balance sheet date.

Level 3 valuations

	Asset	Liability	Net fair value	Principal valuation technique	Unobservable input	Range of input values	Weighted average
At 31 December 2015			**$'000**				
Trading assets	2,960,087	—	2,960,087	Discounted cash flows	Credit Spread	60bps - 225bps	146bps
					Yield	1% - 20%	5%
					Price	$0 - $168	$89
Total derivatives	494,745	(425,129)	69,616				
Credit derivatives				Discounted cash flows	Credit Correlation	35 % - 90%	
Foreign exchange derivatives				Option pricing	FX Correlation	0 % - 60%	
Equity derivatives				Option pricing	Equity Volatility	20 % - 65%	
Interest rate derivatives				Option pricing	Interest rate correlation	(52)% - 99%	
					Interest rate spread volatility	3% - 38%	
Structured notes	—	(4,510,156)	(4,510,156)	Option pricing	Interest rate correlation	(52)% - 99%	
					Interest rate spread volatility	3% - 38%	
					Foreign exchange correlation	0 % - 60%	
					Equity correlation	(50)% - 80%	
				Discounted cash flows	Credit correlation	35% - 90%	

The categories presented in the table have been aggregated based upon the product type.

Level 3 valuations

At 31 December 2014	Asset	Liability	Net fair value	Principal valuation technique	Unobservable input	Range of input values	Weighted average
			$'000				
Trading assets	4,070,183	—	4,070,183	Discounted cash flows	Credit Spread	53bps - 270bps	140bps
					Yield	1% - 22%	7%
					Price	$0 - $131	$90
Total derivatives	1,216,653	(815,773)	400,880				
Credit derivatives				Discounted cash flows	Credit Correlation	47 % - 90%	
Foreign exchange derivatives				Option pricing	FX Correlation	0 % - 60%	
Equity derivatives				Option pricing	Equity Volatility	15 % - 65%	
Interest rate derivatives				Option pricing	Interest rate correlation	(75)% - 95%	
					Interest rate spread volatility	0% - 60%	
Structured notes	—	(6,171,695)	(6,171,695)	Option pricing	Interest rate correlation	(75)% - 95%	
					Interest rate spread volatility	0% - 60%	
					Foreign exchange correlation	0 % - 60%	
					Equity correlation	(55)% - 85%	
				Discounted cash flows	Credit correlation	47% - 90%	

The categories presented in the table have been aggregated based upon the product type.

Changes in and ranges of unobservable inputs

The following discussion provides a description of the impact on fair value measurement of a change in each unobservable input in isolation, and the interrelationship between unobservable inputs, where relevant and significant. The impact of changes in inputs may not be independent as a change in one unobservable input may give rise to a change in another unobservable input; where relationships exist between two unobservable inputs, those relationships are discussed below. Relationships may also exist between observable and unobservable inputs, such relationships have not been included in the discussion below. In addition, for each of the individual relationships described below, the inverse relationship would also generally apply.

Yield - The yield of an asset is the interest rate used to discount future cash flows in a discounted cash flow calculation. An increase in the yield, in isolation, would result in a decrease in a fair value measurement.

Credit spread - The credit spread is the amount of additional annualised return over the market interest rate that a market participant would demand for taking exposure to the credit risk of an instrument. The credit spread for an instrument forms part of the discount rate used in a discounted cash flow calculation. Generally, an increase in the credit spread would result in a decrease in a fair value measurement. For loans, credit spreads reflect the credit quality of the obligor and the tenor of the obligation.

Correlation - Correlation is a measure of the relationship between the movements of two variables (e.g., how the change in one variable influences the change in the other). Correlation is a pricing input for a derivative product where the payoff is driven by one or more underlying risks. Correlation inputs are related to the type of derivative due to the nature of the underlying risks. When parameters are positively correlated, an increase in one parameter will result in an increase in the other parameter. When parameters are negatively correlated, an increase in one parameter will result in a decrease in the other parameter. An increase in correlation can result in an increase or a decrease in a fair value measurement. Given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in a fair value measurement.

Volatility - Volatility is a measure of the variability in possible returns for an instrument, parameter or market index given how much the particular instrument, parameter or index changes in value over time. Volatility is a pricing input for options, including equity options and interest rate options. Generally, the higher the volatility of the underlying, the riskier the instrument. Given a long position in an option, an increase in volatility, in isolation, would generally result in an increase in a fair value measurement.

Fair value of financial instruments valued using techniques that incorporate unobservable inputs

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 2015, 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.

Financial assets held for trading

	2015	**2014**
	$'000	**$'000**
At 1 January	5,286,836	4,949,875
Total gain/(loss) recognised in income statement *	(548,686)	(572,840)
Purchases	5,442,834	6,688,801
Settlements	(5,468,845)	(5,620,280)
Transfers in to level 3	256,746	1,084,594
Transfers out of level 3	(1,514,053)	(1,243,314)
Total assets at fair value at 31 December	3,454,832	5,286,836
Change in unrealised (loss)/profit related to financial instruments held at 31 December *	18,795	(896,532)

Financial liabilities designated at fair value through profit and loss

	2015	2014
	$'000	$'000
At 1 January	6,987,469	5,716,447
Total gain/(loss) recognised in income statement *	(652,825)	(740,531)
Purchases	351,747	984,079
Issuances	6,166,176	8,293,572
Settlements	(6,314,035)	(7,384,530)
Transfers in to level 3	365,533	1,836,310
Transfers out of level 3	(1,968,780)	(1,717,878)
Total assets at fair value at 31 December	4,935,285	6,987,469
Change in unrealised profit/(loss) related to financial instruments held at 31 December *	55,146	(434,266)

* As explained in note 8, the Company's hedging transactions are booked as multiple elements in order to ensure the risk associated with the notes is fully hedged, and as such the levelling of the structured notes and hedges can differ. The gain/(loss) recognised in the income statement as a result of changes in fair value related to level 3 financial instruments, including any changes to unrealised gain/(loss) is offset by an equal and opposite impact as a result of changes in fair value of the related hedging instruments that are classified across multiple levels.

Transfers between levels for instruments carried at fair value on a recurring basis

For the year ended 31 December 2015 and 2014, there were no significant transfers between levels 1 and 2.

During the year ended December 31, 2015, transfers from level 2 to level 3 included the following:

- $0.2 billion of assets and $0.2 billion of liabilities driven by a reduction in observability of structured notes and offsetting equity hedges

During the year ended December 31, 2015, transfers from level 3 to level 2 included the following:

- $0.8bn of assets and $0.8bn of liabilities driven by an increase in observability of equity options
- $0.6 billion of assets and $0.6 billion of liabilities driven by a decrease in the significance of the unobservable in structured notes and offsetting credit hedges
- $0.5bn of liabilities driven a decrease in the significance of the unobservable in equity linked structured notes

Fair value of financial instruments not carried on balance sheet at fair value

Certain financial instruments that are not carried at fair value on balance sheet are carried at amounts that approximate fair value, due to their short term nature and generally negligible credit risk. These instruments include trade and other receivables, cash and cash equivalents, trade and other payables and bank overdraft.

The company has $1,320,655,000 (2014: $1,152,046,000) of current financial assets and $792,785,000 (2014: $620,748,000) of current financial liabilities that are not measured at fair value. Given the short-term nature of these instruments, their carrying amounts in the balance sheet are a reasonable approximation of fair value.

Offsetting financial assets and financial liabilities

No financial assets and liabilities have been offset in the balance sheet as at 31 December 2015 (2014: nil).

Financial instruments, recognised within financial assets held for trading and financial liabilities held for trading, which were subject to master netting arrangements or other similar agreements but not offset, as at 31 December 2015, amounted to $693,782,838 as at 31 December 2015 (2014: $851,028,253).

10. Trade and other payables

	2015	2014
	$'000	$'000
Trade payables	62,580	311,770
Amounts owed to Group undertakings	183,396	919
	245,976	312,689

Trade and other payables mainly consist of unsettled trades. All trade and other payables are non interest bearing.

11. Share Capital

	2015	2014
	€'000	€'000
Authorised share capital		
90,000 Ordinary shares of €1.00 each	€90	€90

	2015	2014
	$'000	$'000
Issued and fully paid share capital		
20,000 (2014: 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 amount 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. Audit fee

	2015	2014
	$'000	$'000
Auditors' remuneration for the audit of the Company's annual financial statements	169	174

The audit fee mentioned comprises of the fee of external auditor PricewaterhouseCoopers Accountants N.V and PricewaterhouseCoopers LLP for the statutory audit of the financial statements. The above audit fee is included within administrative expenses in the income statement.

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 Group undertakings within the EMEA region.

15. Net interest income

	2015	2014
	$'000	$'000
Interest income	838	1,078

16. Income tax expense

	2015	2014
(a) income tax expense:	$'000	$'000
Current tax	—	666
Adjustments in respect of prior years	(666)	—
Tax on profit on ordinary activities	(666)	666
(Loss)/profit for the year before tax	(3,033)	2,716
Tax calculated at applicable tax rates	—	666
Impact of:		
- Adjustments in respect of prior years	(666)	—
Income tax expense	(666)	666

The standard tax rate in the Netherlands is 25% (2014: 25%). A tax rate of 20% is applied to the first €200,000 (2015: $nil, 2014: $264,346).

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 will be unable to meet its contractual and contingent obligations.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.

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

	2015 Less than 1 year	2014 Less than 1 year
	$'000	$'000
Financial liabilities designated at fair value through profit or loss	19,047,163	22,058,086
Bank overdraft	546,810	308,059
Trade and other payables	245,976	312,689
	19,839,949	22,678,834

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. As stated above, the Company's credit risk is substantially hedged with other Group undertakings:

	2015	2014
	$'000	$'000
Financial assets held for trading	19,047,163	22,058,086
Trade and other receivables	635,924	556,345
Cash and cash equivalents	684,731	595,686
	20,367,818	23,210,117

Included within the above assets, the balances held with other Group undertakings are $20,103,018 (2014: $22,951,399,000).

All financial assets are considered to be of an investment grade, which is considered to be of high quality.

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, foreign exchange or interest rate risk in the Company as at 31 December 2015 or 31 December 2014.

18. Managed capital

Total equity of $528,931,000 (2014: $531,298,000) constitutes the managed capital of the Company, which consists entirely of issued share capital, share premium reserve, legal reserve and retained earnings.

The directors are responsible for setting the objectives, policies and processes relating to the management of the Company's capital and maintain a set of policy documents to assist in discharging their responsibilities.

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.

None of the Directors received remuneration from the Company during the year (2015:$nil). The Company did not employ any staff in 2015 or 2014.

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

	JPMorgan Chase Group undertakings 31 December 2015 $'000	JPMorgan Chase Group undertakings 31 December 2014 $'000
Financial assets held for trading	19,047,163	22,058,086
Trade and other receivables	460,077	333,166
Cash and cash equivalents	595,779	560,147
Trade and other payables	(183,396)	(919)
Bank Overdraft	(528,437)	(265,797)

(ii) Income and expenses

	JPMorgan Chase Group undertakings 31 December 2015 $'000	JPMorgan Chase Group undertakings 31 December 2014 $'000
Fees and commission income	5,350	11,992
Fees and commission expense	(7,796)	(8,927)
Administrative expenses	(1,251)	(374)
Interest income	838	1,078

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 J.P. Morgan 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:

25 Bank Street
Canary Wharf London
E14 5JP
England

The Board of Directors

H.P. de Kanter

W.H. Kamphuijs

J.C.P. van Uffelen

D.R. Hansson

R. Terasawa

Date: 6 April 2016

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 financial statements from which it appears that payment of dividends is permissible.

Proposed appropriation of net results

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

Independent auditor's report

The independent auditor's report is included on page 26 of this annual report.

Independent auditor's report

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

Report on the financial statements 2015

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of J.P. Morgan Structured Products B.V. as at 31 December 2015, 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 accompanying financial statements 2015 of J.P. Morgan Structured Products B.V., Amsterdam ('the Company').

The financial statements comprise:

- the balance sheet as at 31 December 2015;
- the following statements for 2015: the income statement, the statements of comprehensive income, changes in equity and cash flows;
- 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 section 'Our responsibilities for the audit of the financial statements' of our report.

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

Ref.: e0377011

PricewaterhouseCoopers Accountants N.V., Fascinatio Boulevard 350, 3065 WB Rotterdam, P.O. Box 8800, 3009 AV Rotterdam, The Netherlands
T: +31 (0) 88 792 00 10, F: +31 (0) 88 792 95 33, www.pwc.nl

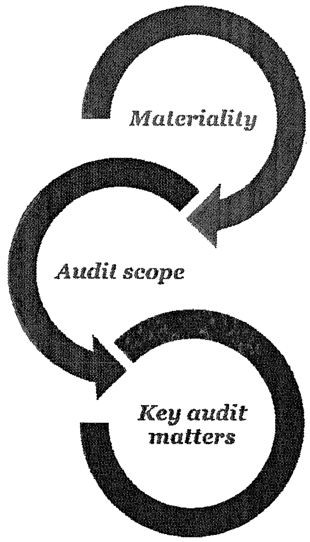
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview and context

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.

We ensured that the audit teams included the appropriate skills and competences which are needed for the audit of the Company.



Materiality

- Overall materiality: USD 202 million which represents 1% of the total assets.

Audit scope

- We conducted audit work primarily in 3 locations: the Netherlands, the United Kingdom and the United States.
- We paid particular attention to the audit of 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 the notes and hedging transactions with other group companies.

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section 'Our responsibilities for the audit 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 on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements on our opinion.

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

Overall materiality	USD 202 million (2014: USD 229 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 are an important metric for the financial performance of the Company.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the board of directors that we would report to them misstatements identified during our audit above USD 10 million (2014: USD 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. The operations of the Company are embedded in the IT environment and process controls of the J.P. Morgan Chase & Co. Group ('the 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 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 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 judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the board of directors, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. 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 or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

Key audit matter	*How our audit addressed the matter*
Valuation of the notes and hedging transactions with other group companies *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', note 7 'financial liabilities designated at fair value through profit or loss', note 8 'Assets and liabilities measured at fair value' and note 9 'Movements in assets and liabilities measured in Level 3'.* Financial liabilities, designated at fair value through profit or loss, and the equivalent amount in financial assets held for trading, amount to USD 19,047 million as at 31 December 2015. 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. 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 the J.P. Morgan Chase & Co Group. The market risk associated with movements in the fair value of the structured note liabilities is offset by the hedging transactions with other group companies. We consider the valuation of the notes and hedging transactions to be a key audit matter, given the magnitude and nature of these positions.	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. We tested the Company's controls over the validation of models used in the valuation of structured note liabilities and hedging transactions. We also tested management's independent price verification controls, which are designed to validate the prices used by the trading desks. We substantively tested the inputs to the fair value calculations. With respect to the discount rates used and inputs for the valuation of the embedded derivative element, this included independently sourcing data from external brokers and price consensus services. Furthermore, we agreed the contractual terms of the notes to the respective prospectus and external sources. We tested the completeness and accuracy of the booking of group hedging transactions to ensure the Company had effective hedges in place. 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 the 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 have 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 opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. 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.

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

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 the 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 J.P. Morgan Structured Products B.V. following the passing of a resolution by the shareholders at the annual meeting held on 26 March 2015 and the appointment has been renewed annually by the shareholders representing a total period of uninterrupted engagement appointment of 9 years.

Rotterdam, 6 April 2016
PricewaterhouseCoopers Accountants N.V.

Original has been signed by M.P.A. Corver RA

Appendix to our auditor's report on the financial statements 2015 of J.P. 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 judgement 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 the following:

- 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 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.