J.P. MORGAN STRUCTURED PRODUCTS B.V.

(Registered Number: 34259454)

Financial statements for the six month period ended 30 June 2014

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Interim report for the six month period ended 30 June 2014

Contents | **Page**

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Directors' report for the period ended 30 June 2014

The directors present their report and the financial statements of the Company for the six month period ended 30 June 2014.

Principal activity

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

Review of business

During the period, the Company continued to issue securities. The proceeds of the sale of securities were used to enter into economic hedging agreements with other J.P. Morgan Chase & Co. companies ("the Group"). The principal purpose of these hedging arrangements is to hedge against various risks associated with the issuance activities. During this interim period, the Company issued securities in the Asia Pacific region, Europe, the Middle East, Africa, Latin America and the United States of America.

Key performance indicators

The results are monitored against expectations of the business activities. A more detailed description of the Group 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. Further details on the financial risks of the Company are set out in note 15 to the interim financial statements.

Results and dividends

The results for the period are set out on page 4 and show the Company's profit for the period after taxation is $424,000 (2013: profit of $498,000)

No dividend was paid or proposed during the period (2013: $nil)

Directors

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

D.R. Hansson	
J.C.W. van Burg	
J.C.P. van Uffelen	
R.W. de Koning	(Resigned 10 April 2014)
G.H.K. Yu	
H.P. de Kanter	(Appointed 10 April 2014)

Creditor payment policy

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

JP Morgan 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

Luna ArenA
Herikerbergweg 238
1101 CM Amsterdam Zuidoost
The Netherlands

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 depend on 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 and give a true and fair view of the assets, liabilities, financial position and financial performance of the Company for the six month period ended 30 June 2014, and

b) the interim report for the six month period ended 30 June 2014, consisting of the directors report and the financial statements, give a true and fair view of the position as at 30 June 2014 and of the developments during the period, expected developments and of circumstances on which the developments of the profitability of the Company depend.

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 acticle 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.

The financial statements on pages 4 to 14 were approved by the Board of Directors on 21 August 2014 and signed on its behalf.

By order of the Board

J.C.P. van Uffelen	**H.P. de Kanter**

Date: 21 August 2014

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Income statement for the six month period ended 30 June 2014

	Notes	**Unaudited 30 June 2014 $'000**	Unaudited 30 June 2013 $'000
Fee and commission income	10	**5,250**	3,342
Fee and commission expense	10	**(3,521)**	(2,236)
Administrative expenses		**(1,706)**	(1,590)
Net foreign exchange (loss)/gain		**(8)**	185
Operating profit/(loss)		**15**	(299)
Net interest income	11	**548**	942
Profit before income tax		**563**	643
Income tax expense	12	**(139)**	(145)
Profit for the period attributable to equity shareholders of the Company		**424**	498

Statement of comprehensive income for the six month period ended 30 June 2014

	Unaudited 30 June 2014 $'000	Unaudited 30 June 2013 $'000
Profit for the period	**424**	498
Other comprehensive income for the period, net of tax	**-**	**-**
Total comprehensive income for the period	**424**	498

The profit for the period resulted from continuing operations.

The notes on pages 8 - 14 form an integral part of the financial statements.

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Statement of changes in equity for the period ended 30 June 2014 (unaudited)

	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 period	-	-	-	424	424
Balance at 30 June 2014	**26**	**499,997**	**2**	**29,647**	**529,672**
Balance at 1 January 2013	26	499,997	2	28,480	528,505
Profit for the period	-	-	-	498	498
Balance at 30 June 2013	26	499,997	2	28,978	529,003

The notes on pages 8 - 14 form an integral part of the financial statements.

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Balance sheet as at 30 June 2014

	Notes	**Unaudited 30 June 2014 $'000**	31 December 2013 $'000
Assets			
Current assets			
Financial assets held for trading	4	**22,020,114**	21,722,216
Trade and other receivables	5	**83,126**	242,644
Current tax asset		**533**	404
Cash and cash equivalents	6	**768,082**	670,260
Total assets		**22,871,855**	22,635,524
Liabilities			
Current liabilities			
Financial liabilities designated at fair value through profit or loss	7	**22,020,114**	21,722,216
Trade and other payables	8	**97,488**	279,818
Bank overdraft	6	**224,581**	104,242
Total liabilities		**22,342,183**	22,106,276
Equity			
Capital and reserves attributable to equity shareholders of the Company			
Share capital	9	**26**	26
Share premium reserve		**499,997**	499,997
Legal reserve		**2**	2
Retained earnings		**29,647**	29,223
Total equity		**529,672**	529,248
Total liabilities and equity		**22,871,855**	22,635,524

By the order of the Board

J.C.P. van Uffelen

H.P. de Kanter

Date: 21 August 2014

The notes on pages 8 - 14 form an integral part of the financial statements.

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Cash flow statement for the period ended 30 June 2014

	Notes	**Unaudited 30 June 2014 $'000**	31 December 2013 $'000
Cash flow from operating activities			
Profit before income tax		**563**	978
Income tax paid		**(268)**	(521)
Interest income	11	**(548)**	(1,755)
Net foreign exchange loss		**8**	431
		(245)	(867)
Changes in working capital			
Financial assets held for trading		**(297,898)**	(3,351,673)
Trade and other receivables		**159,518**	(232,986)
Financial liabilities designated at fair value through profit or loss		**297,898**	3,351,673
Trade and other payables		**(182,330)**	252,520
Net cash used in from operating activities		**(23,057)**	18,667
Cash flow from investing activities			
Interest received	11	**548**	1,755
Net cash generated from investing activities		**548**	1,755
Net increase/(decrease) in cash and cash equivalents		**(22,509)**	20,422
Cash and cash equivalents at the beginning of the period		**566,018**	546,027
Effect of realised exchange rate changes on cash and cash equivalents		**(8)**	(431)
Cash and cash equivalents at the end of the period	6	**543,501**	566,018

The notes on pages 8 - 14 form an integral part of the financial statements.

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Notes to the financial statements for the period ended 30 June 2014

1. General information

J.P. Morgan Structured Products B.V. (the "Company"), Amsterdam, was incorporated on 6 November 2006 as a private company with limited liability under the laws of the Netherlands. These financial statements reflect the operations of the Company during the period from 1 January 2014 to 30 June 2014. The interim financial statements have neither been audited nor reviewed by the external auditors.

The Company's main activity is the issuance of structured notes comprising certificates, warrants and notes including equity linked, reverse convertible and market participation notes, and the subsequent hedging of these risk positions.

These interim financial statements have been approved for issue by the Board of Directors on 21 August 2014.

2. Basis of preparation

The condensed interim financial information for the six month period ended 30 June 2014 has been prepared in accordance with IAS 34, Interim financial reporting. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards.

3. Accounting Policies

The interim financial statements have been prepared on the going concern basis and under the historical cost convention as modified by the revaluation of certain financial instruments. The interim financial statements have also been prepared using accounting policies consistent with those adopted by the Company in its annual financial statements for the year ended 31 December 2013.

3.1 New and amended standards adopted by the Company

The following standards and improvements to standards were effective for the first time for the financial year beginning 1 January 2014 and have been adopted by the Company, with effect 1 January 2014. There was no material impact on the Profit and Loss, and opening balance of Retained Earnings for current period and any prior periods reported, as a result of adoption of these standards.

- IAS 32 - Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)

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

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

4. Financial assets held for trading

	Unaudited 30 June 2014 $'000	31 December 2013 $'000
Financial assets held for trading	22,020,114	21,722,216

All financial assets held for trading represent funded total return swaps held with other Group undertakings.

Included within financial assets held for trading are financial instruments for which fair values are derived in whole or in part from appropriate pricing or valuation techniques that are not based on directly observable market transactions. The directors consider that the Company is perfectly hedged and that there would be no impact due to movements in the fair value of the financial assets held for trading to the results of the Company (refer to note 7).

The directors consider that due to the economic hedge relationship between financial assets held for trading and financial liabilities designated at fair value through profit or loss, the effect of any reasonable possible alternative assumptions used in the valuation techique is not signficant to the results for the Company.

5. Trade and other receivables

	Unaudited 30 June 2014 $'000	31 December 2013 $'000
Trade receivables	65,079	144,372
Amounts owed by Group undertakings	18,047	98,272
	83,126	242,644

There were no amounts within trade and other receivables that were past due or impaired as at 30 June 2014 and as at 31 December 2013.

6. Cash and cash equivalents

	Unaudited 30 June 2014 $'000	31 December 2013 $'000
Cash placed with Group undertakings	713,838	658,056
Balances with third party	54,244	12,204
Cash and cash equivalents	**768,082**	**670,260**
Bank overdraft		
- balances due to Group undertakings	(219,693)	(83,539)
- balances due to third parties	(4,888)	(20,703)
Cash and cash equivalents as reported in cash flow statement	**543,501**	**566,018**

Cash and cash equivalents include balances held with other JPMorgan Chase group undertakings.

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

	Unaudited 30 June 2014 $'000	31 December 2013 $'000
Financial liabilities designated at fair value through profit or loss	22,020,114	21,722,216

Included within financial liabilities designated at fair value through profit or loss are financial instruments for which fair values are derived in whole or in part from appropriate pricing or valuation techniques that are not based on directly observable market transactions. 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 due to movement in the fair value of the financial liabilities designated at fair value through profit or loss.

The change in fair value of financial liabilities designated at fair value through profit and loss, due to change in the credit risk of the Company, for the 2014 interim period is $49,782,582 (2013: $52,254,701). This amount is fully offset by an equal and opposite amount in financial assets held for trading.

8. Trade and other payables

	Unaudited 30 June 2014 $'000	31 December 2013 $'000
Trade creditors	66,809	217,917
Amounts owed to Group undertakings	30,679	61,901
	97,488	**279,818**

9. Share capital

	Unaudited 30 June 2014 $'000	31 December 2013 $'000
Issued and fully paid share capital		
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 Euro denominated share capital.

10. Fee and commission

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

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

11. Net interest income

	Unaudited 30 June 2014 $'000	Unaudited 30 June 2013 $'000
Net interest income	548	942

All interest income is receivable from other Group undertakings.

12. Current income tax

	Unaudited 30 June 2014 $'000	Unaudited 30 June 2013 $'000
Income tax expense:		
Current tax	139	145
Tax on profit on ordinary activities	139	145
Profit for the year before tax	563	643
Tax calculated at applicable tax rates	139	145
Income tax expense	139	145

13. Managed capital

Total equity of $529,672,000 constitutes the managed capital of the Company which consists entirely of issued share capital, share premium reserve and retained earnings.

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

J.P. MORGAN STRUCTURED PRODUCTS B.V.
Notes to the financial statements for the period ended 30 June 2014 (continued)

14. 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 16. There were no transactions with the parent undertaking during the period.

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

(i) Outstanding balances at period end	**Unaudited Administrative Manager 30 June 2014**	**Unaudited JPMorgan Chase group undertakings 30 June 2014**	**Administrative Manager 31 December 2013**	**JPMorgan Chase group undertakings 31 December 2013**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets held for trading	-	22,020,116	-	21,196,104
Trade and other receivables	-	83,126	-	98,272
Cash and cash equivalents	-	713,838	-	658,056
Bank overdraft	-	(219,693)	-	(83,539)
Trade and other payables	-	(30,679)	-	(61,901)

(ii) Income and expenses	**Unaudited Administrative Manager 30 June 2014**	**Unaudited JPMorgan Chase group undertakings 30 June 2014**	**Unaudited Administrative Manager 30 June 2013**	**Unaudited JPMorgan Chase group undertakings 30 June 2013**
	$'000	**$'000**	**$'000**	**$'000**
Fees and commission income	-	5,250	-	3,342
Fees and commission expense	(2,418)	(1,103)	-	(2,236)
Administrative expenses	-	(1,706)	(1,590)	-
Interest income	-	547	-	942

15. 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 and price risk). These risks arise from the Company's structured debt securities issuance activities. They are managed by entering into equal and offsetting over the counter ("OTC") derivatives with other group companies, in order for the Company to effectively hedge itself.

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

The detailed JP Morgan Chase & Co. risk management framework, including policies and procedures, is set out in the JP Morgan Chase & Co. annual report, as at 31 December 2013.

Liquidity risk

Liquidity risk is the risk that the Company's funding sources may be insufficient to meet its liabilities as they fall due. Liquidity arises from the Company's security issuance activities. Security issuances are economically hedged with the OTC contracts entered into with other group companies. In the event that settlement-related timing differences arise between issuances and the OTC hedge, funding is provided by the group companies involved in the transaction.

	30 June 2014 Less than 1 year	Total	31 Dec 2013 Less than 1 year	Total
	$'000	$'000	$'000	$'000
Financial liabilities designated at fair value through profit and loss	22,020,114	22,020,114	21,722,216	21,722,216
Bank overdraft	224,581	224,581	104,242	104,242
Trade and other payables	97,488	97,488	279,816	279,816
	22,342,183	22,342,183	22,106,274	22,106,274

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

Credit risk

Credit risk is the risk of financial loss to the Company, as a result of a counterparty defaulting on its obligation towards the Company. As at 30 June 2014, 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 before taking into account the value of any collateral or economic hedges in place:

	30 June 2014	31 Dec 2013
	$'000	$'000
Financial assets held for trading	22,020,114	21,722,216
Trade and other receivables	83,126	242,644
Cash and cash equivalents	768,082	670,260
	22,871,322	22,635,120

Included within the above assets, are balances held with group companies of $22,815,413,000 (2013: $21,882,032,000).

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

15. Financial risk management (continued)

Market risk

Market risk is the exposure to an adverse change in the fair value or cashflows of the Company's financial instruments caused by a changes in market variables such as interest and foreign currency rates or equity and commodity prices. Market risk arises from the Company's security issuance activities. These issuances are economically hedged by the OTC contracts entered with other group companies. There is some insignificant residual price or foreign exchange risk in the Company, as at 30 June 2014 and 30 June 2013.

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, the carrying value is a reasonable approximation of fair value, as they are repayable on demand by both parties.

16. 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
E14 5JP
London