Consumer & Community Banking

Gordon Smith

2015 financial results

Consumer & Community Banking (CCB) had another strong year in 2015. For the full year, we achieved a return on equity of 18% on net income of $9.8 billion and revenue of $43.8 billion.

All of our CCB businesses performed well. We continued our strategy of delivering an outstanding customer experience and developing stronger relationships with customers. In 2015, we added approximately 600,000 households to Chase; and today, we have consumer relationships with nearly 50% of U.S. households and over 90 million credit, debit and prepaid accounts.

In 2015, we also stepped up our focus on growing engaged customers – people who choose Chase as their primary bank and have a Chase debit or credit card at the top of their wallet. In doing so, we grew our CCB average deposits 9% to more than $530 billion and are #1 in primary bank relationships within our Chase footprint. And we remain the #1 credit card issuer in the United States based on loans outstanding.

When I look back over the last three years, the people in CCB have made remarkable progress. It felt like only a short time ago when we were faced with considerable headwinds – several regulatory actions, inconsistent customer experiences across Chase and an expense base growing faster than revenue. And all this was happening during a period of formidable economic headwinds – an extremely challenged Mortgage Banking market and flat interest rates compressed our net interest income in Consumer Banking.

We worked through that rough economic period by relentlessly focusing on three priorities: 1) strengthening our controls, 2) delivering a great customer experience and 3) reducing expenses. These three priorities have become a core part of our DNA and how we run the business.

We had to make some very tough decisions around simplifying our business, reducing the number of people and prioritizing investments to focus on our strategy. We had to stop doing things we liked and discontinue some products that just weren't core to how we serve customers. And we are very glad we did. We will not lose our intense focus on those priorities, but with several key milestones behind us, we now can accelerate the pace of innovation at Chase. We are excited about what's coming in 2016 – new product launches, digital features, technology and innovative marketing investments.

Scale matters

In my nine years at Chase, I've never been more optimistic about where we are and where we are headed. In short, I wouldn't trade our hand for anyone else's. We have a set of businesses with leadership positions that would be very difficult to replicate. In 2015, Chase was #1 in total U.S. credit and debit payments volume, the #1 wholly owned merchant acquirer, the #2 mortgage originator and servicer, and the #3 bank auto lender. We also grew our deposit volumes at nearly twice the industry growth rate. And we continue to deepen relationships across Chase.

We also continue to lead the industry in digital adoption. Chase.com is the #1 most visited banking portal in the United States, with nearly 40 million active online customers. Our Chase Mobile® app has nearly 23 million active mobile customers, up 20% since 2014, the highest mobile growth rate among large banks.

In short, scale matters. Scale matters to our shareholders because it allows us to use our strong operating leverage to invest and grow in good times and bad. And scale matters to our customers because we can provide them with leading products that meet all of their financial needs at every stage of their lives. But we know customers don't care about scale unless it's relevant to them.

2015 Performance Highlights

Key business drivers			
$ in billions, except ratios and where otherwise noted; all balances are average		2015	YoY
Consumer & Community Banking	Households (in millions)	57.8	1%
	Active mobile users (in millions)	22.8	**20%**
Credit Card	New accounts opened[1] (in millions)	8.7	(1%)
	Sales volume[1]	$496	**7%**
	Loans	$126	1%
	Net charge-off rate[2]	2.51%	(24 bps)
Commerce Solutions	Merchant processing volume	$949	**12%**
Auto Finance	Loan and lease originations	$32	**18%**
	Loan and lease portfolio	$64	9%
Mortgage Banking	Total mortgage originations	$106	**36%**
	Third-party mortgage loans serviced	$715	(9%)
	Loans	$204	**11%**
	Mortgage Banking net charge-offs[3]	$0.3	**(41%)**
Business Banking	Deposits	$101	**11%**
	Loans	$20	6%
	Loan originations	$7	3%
Consumer Banking	Deposits	$414	**9%**
	Client investment assets (end of period)	$219	2%

[1] Excludes Commercial Card
[2] Excludes held-for-sale loans
[3] Excludes write-offs of purchased credit-impaired loans
bps = basis points

Scale does not mean acting like a "big bank." Today's customers expect a great customer experience everywhere they do business, and banking is no exception. We have been intensely focused on delivering an outstanding customer experience – customer by customer across every interaction – branches, call centers, chase.com and mobile banking.

We measure customers' satisfaction in many ways. One key source is J.D. Power, where Chase has made significant progress since 2010. Our Credit Card business now is #3, up from #5 in 2010, and our score jumped 81 points over the same time frame. In addition, Chase has been recognized nationally as having the strongest performance in attracting new customers, satisfying and retaining customers, and winning a larger share of its customers' total retail banking business by TNS for the third year in a row.

Similarly, our Net Promotor Score (NPS), which tracks how many customers would refer a friend to Chase minus those who would not, has increased across most businesses – most notably in Mortgage Banking originations, where NPS has gone up by 38 points since 2010. Finally, our Chase Mobile app is the #1 rated mobile banking app. However, we will never declare "victory" in providing a great customer experience. There always will be work to do and areas where we aren't getting it totally right. But we feel extremely proud of the significant progress we've made and our upward momentum.

Digital

Digital is a core part of our customer experience. We know digitally centric customers are happier with Chase and stay with us longer. Since 2012, nearly 100 million transactions that used to be done in branches are increasingly migrating to faster and easier digital channels. Of the 3.7 million new checking accounts we acquired in 2015, almost 60% of these were for millennial customers, who often choose Chase because of our digital capabilities. While millennials clearly are a digital-first generation, research shows that approximately 60% of all consumers rate mobile banking as an important or extremely important factor when switching banks. In fact, for new customers of Consumer Banking, 65% actively use mobile banking after six months, up from 53% in 2014.

Today's ATMs have come a long way since they were first installed in 1969 – they now are another important digital option for customers. Nearly 90% of transactions that historically were performed in branches by a teller soon will be possible at our new ATMs. That's a huge convenience for our customers who want to self-serve – we have nearly 18,000 ATMs around the country. Digital also is a significantly less expensive way to serve customers – it costs us about half as much to serve a digitally centric customer than all other primary relationships. As an example, the cost to deposit a check with a teller is about 65 cents, whereas a check deposited with mobile QuickDeposit℠ costs pennies. And in 2016, our customers will be able to withdraw cash using a PIN from their phone rather than a debit card.

We've also made it easier than ever for customers who prefer electronic statements to receive them. Customers now can easily access their statements online on their desktops, on their phones or other mobile devices at their convenience. Today, more than 60% of new checking accounts are paperless within 30 days of opening an account, up dramatically from roughly 25% two years ago. Many customers prefer the convenience, and it's a more efficient option for the bank. Sending a customer an electronic statement costs about a penny vs. approximately 50 cents for a paper one. Even more important, we save a lot of trees in the process.

Credit — the best of times

We are experiencing one of the most benign credit environments we have ever seen. While low interest rates have been a headwind for Consumer Banking, low credit losses have been a significant tailwind. Net charge-off rates are very low across CCB at 0.99%. We know it won't last forever. We have seen these cycles turn quickly, and we won't forget the hard-fought lessons of 2008. We are very focused on maintaining our highly disciplined approach to credit and running a high-quality lending business that should have relative stability throughout the economic cycle.

Nowhere has this been more true than in our Mortgage Banking business. We've evolved into a higher-quality, less volatile business with fewer products. We continue to improve the quality of our servicing portfolio both by managing down our defaulted units and increasing the quality of our new originations. We've also continued to simplify by eliminating complex products that few of our customers were using. And we are seeing results. Our net charge-off rates in Mortgage Banking are down from a high of 4.31% in 2009. And approximately 90% of our Mortgage Banking losses from 2008 to 2015 were from products we no longer offer today.

In Auto, we've seen certain competitors get more aggressive in lending to customers with riskier credit, but we've maintained our discipline by focusing on customers with high credit scores and responsible loan-to-value ratios.

Our disciplined strategy may result in lower revenue growth in the short term compared with some of our competitors, but we believe our approach builds a more stable business for the long term. We want to establish sustainable credit for our customers in good times and bad and ensure that our company and our shareholders are protected from a bubble mentality that may come back to haunt us later.

Expense discipline

Along with credit discipline, we have been very disciplined with expenses. Since 2012, we've made significant progress in reducing our noninterest expense by nearly $4 billion. We did this by making tough decisions across the firm to cut structural expenses.

However, it's important to distinguish what expenses need to be cut and which investments can generate value for our customers and future revenue for our shareholders. There are two key areas where we have been steadfast in funding: technology and marketing. We've invested to upgrade our systems, making them more automated and easier to use for customers and employees. And we know continued investment in marketing provides proven returns.

For example, a $100 million investment in Credit Card marketing typically generates on average ~400,000 new accounts, ~$3 billion in annual customer spend and ~$600 million in outstanding balances. And the same investment in Consumer Banking marketing will generate on average ~300,000 new households and ~$2.6 billion in deposits. These investments not only drive revenue and deposits but represent new households that we can deepen relationships with over time. That said, if the market turns or we see a change in how these investments perform, we can pull them back quickly.

Payments

Payments is another significant area of opportunity. We're unique in the market because we are a complete payments system with an unmatched combination of scale and reach. Chase customers make approximately 36 million credit and debit card payments every day on more than 90 million credit, debit and prepaid card accounts. Our Commerce Solutions business processed almost $1 trillion of payments volume in 2015 alone. And our ChaseNet℠ proprietary closed-loop network allows us to complete the entire payments transaction between cardholder and merchant. With that combination, we've built a world-class payments franchise, and it's become a significant differentiator for us.

Last fall, we announced Chase Pay℠, our proprietary digital payment solution that will connect merchants and consumers through a simple, secure payment experience. It will address both the merchant experience and consumer-to-business payments.

We also are participating in other consumer-to-business payments options, including Apple Pay™ and Samsung Pay™, to give our customers choices in their payments – and to encourage them to make their Chase card their first choice. In addition, we issued more than 80 million chip-enabled credit and debit cards to keep payments safe and secure.

Partnerships

Over the past year, we announced or renewed several significant partnerships. In our Credit Card business, we renewed three key co-brand partners – Amazon, United Airlines and Southwest Airlines. All have been longtime partners, and our customers continue to highly value these cards.

The economics on most partner relationships in the industry are compressing, but they still are significant revenue generators for us and are a strong component of our growth. Co-brand new account volumes increased almost 40% from 2012 to 2015. In Auto Finance, we renewed a core partnership with Mazda North American Operations, the U.S. sales arm for Mazda vehicles, where we have been its finance partner since 2008. We also began a multi-year relationship with Enterprise Car Sales to finance consumers purchasing rental-fleet vehicles, as well as other vehicles, from more than 130 U.S.-based locations around the country.

Build, partner or buy

Competition is changing. We not only have to compete with the large and formidable competitors we always have but also with new market entrants both big and small. Large technology companies, like Apple and Google, are getting into the payments space, and every day, new companies are emerging to compete with subsegments of our businesses. Many of these disruptors are tapping into an exceptional experience or user interface that customers like. Across industries, whether retail, transportation or banking, companies have excelled at removing customer pain points with simple experiences. The experience itself has created loyalty.

Our strategy is to take that customer insight to heart and strive to create simple, largely digital experiences. Last year alone, we introduced several innovations. We were one of the first U.S. banks to introduce touch ID log-in for customers using the Chase Mobile app on their iPhone. We posted credit score information online for our Slate® customers and created a mobile app for our popular Chase Freedom® rewards card. We began to move customers to a new chase.com site, which is easier and faster for customers to use, and we started using a digital token instead of a customer's account number to more securely authorize transactions.

In addition, we explored partnerships and have found that many of these new companies are excited to work with us. Often there is a great fit for both sides – we can quickly apply their technology to benefit our customers, and these companies strengthen and grow from working with Chase. As an example, we announced a collaboration with an online business lender to help us create a new small business solution for quick access to working capital. This new, entirely digital offering, Chase Business Quick Capital℠, will provide real-time approvals for small dollar loans. Once approved, our business customers will get next-day – or, in many cases, same-day – funding to run and grow their businesses. We'll still apply our same strong credit standards but will give our customers a disruptively easy experience and working capital product they have been asking for.

We always are evaluating other potential partners, and where it makes sense to collaborate, white label or directly acquire, we will do so if we think it gives our customers a better experience and makes Chase stronger for the future. We can't get complacent for a minute, but with our loyal customer base of nearly 58 million households and the ability to invest, partner and innovate, we will be very hard to truly disrupt.

Conclusion

Across CCB, we feel very well-positioned for the future. The CCB leadership team and I are so proud to serve our customers and shareholders and to lead this exceptional business. Thank you for your investment in our company.

Gordon

Gordon Smith
CEO, Consumer & Community Banking

2015 HIGHLIGHTS AND ACCOMPLISHMENTS

- Consumer relationships with almost half of U.S. households
- #1 in primary bank relationships in our Chase footprint
- Deposit volume growing at nearly twice the industry rate
- #1 most visited banking portal in the U.S. – chase.com
- #1 rated mobile banking app
- #1 credit card issuer in the U.S. based on loans outstanding
- #1 U.S. co-brand credit card issuer
- #1 in total U.S. credit and debit payments volume
- #1 wholly owned merchant acquirer
- #2 mortgage originator and servicer
- #3 bank auto lender

Corporate & Investment Bank

Daniel Pinto

With a solid foundation built on scale, completeness and the reach of a global network, the Corporate & Investment Bank (CIB) is well-situated to sustain its leadership in 2016.

Among the steps we've taken to secure our position, we have committed to being at the forefront of the technology evolution. We are embracing the innovations that will raise the level of our client service and are identifying ways to increase productivity in our own operations.

Our clients – major corporations with operations around the world – turn to J.P. Morgan for the integrated services and financial capabilities of an investment bank that can help them implement strategic solutions. Whether it's to raise capital, advise on a merger or acquisition, provide hedging or liquidity solutions, or help with payments across borders and currencies, the CIB has the complete range of services to fulfill client needs.

The CIB's business model continues to deliver for its clients, demonstrating its worth and resilience. We strengthened our market-leading positions across products and geographies, but we know that our top rankings cannot be taken for granted and must be continually earned through our work and our dedication to doing right by our clients. Our firm's leadership is due to several factors, but, above all, our success is a testament to our employees based in 60 countries and their focus on client service.

2015 accomplishments

We delivered solid results in 2015 and made progress on multiple priorities. The CIB reported net income of $8.1 billion on net revenue of $33.5 billion with a reported return on equity (ROE) of 12%. Excluding legal expense and business simplification, the CIB earned $9.2 billion with an ROE of 14%. This reflects an increase of 110 basis points, compared with 2014, on capital of $62 billion.

Our strong performance was achieved despite external concerns over:

- Slower emerging markets growth, particularly in natural resource-driven economies.
- Persistently low global interest rates, weakening credit markets and liquidity challenges.
- A slowdown in China's gross domestic product growth rate and currency volatility.
- Geopolitical challenges.
- The Fed's long-awaited move to tighten interest rates.

Our ability to maintain expense discipline, while absorbing increased regulatory and control costs, was demonstrated by our success this year in achieving a reduction of $1.6 billion in expenses toward our previously stated $2.8 billion target by 2017.

Throughout the year, we identified ways to redeploy resources in order to maximize shareholder returns. For example, we reduced non-operating deposits, level 3 assets and over-the-counter derivative notionals, all while minimizing the impact to clients. These actions helped to lower the firm's estimated global systemically important bank (GSIB) capital surcharge from 4.5% to an estimated 3.5%. This was a significant undertaking and demonstrated our ability to adapt nimbly to the changing regulatory landscape.

While making these business adjustments, we never lost our client focus. Once again, J.P. Morgan ranked #1 in Global Investment Banking fees, according to Dealogic, with a 7.9% market share. In addition, the CIB ranked in top-tier positions in 16 out of 17 product areas, according to Coalition, another industry analytics firm. For example, Equity Capital Markets ranked #1, up from #2 in 2014. In Fixed Income Markets, Securitization and Foreign Exchange also moved up, garnering top-tier positions last year. In Equity Markets, we are making progress in Cash Equities, having gained 90 basis points in market share compared with 2014. Our consistently high rankings and progress are a result of the trust our clients place in us year after year.

During 2015, we helped clients raise $1.4 trillion of capital. Of that amount, $55 billion was for nonprofits and government entities, such as state and local agencies and institutions.

Technology and innovation are embedded in all of our businesses

The CIB accounts for a significant portion of the firm's more than $9 billion technology budget.

Our clients count on us to deliver immediate access to strategic advice, markets and solutions using the most efficient means possible. To meet their expectations, we are embracing structural market changes and developing state-of-the-art electronic trading capabilities across a broad range of products.

Our technology commitment is unwavering and is aimed at decreasing costs, which makes our operations more efficient and improves our clients' experience. Technology is enabling us to shorten client onboarding times, speed transaction execution and reduce trading errors. Clients are using J.P. Morgan Markets to access research, analytics and reports on their mobile devices.

In addition, we are embedding technologists within our product groups and strengthening our partnerships with in-house teams to explore ways to broaden our use of newer technologies, such as distributed ledgers, machine learning, big data and cloud infrastructure. We are also building Financial Technology Innovation Centers, as well as launching a residency program and inviting startup firms to work with us on breakthrough, scalable technologies.

Technology already is benefiting our businesses: In Rates, electronic client revenue was up 47% year-over-year; in Equities, the gain was 27%. And the cost per trade has shrunk between 30% and 50% since 2011, depending upon the asset class.

We launched a technology platform for chief financial officers and corporate treasurers, J.P. Morgan Corporate Finance Dashboard, to provide mobile access to customizable market information and live desk commentary through J.P. Morgan Markets. In addition, we have introduced a version of J.P. Morgan QuickPay to speed electronic payment capabilities for corporate clients.

Treasury Services: An integral contributor to the CIB's growth

Global multinational companies require an international bank, particularly as the growth in cross-border trade requires a sophisticated roster of services. J.P. Morgan's Treasury Services business ranks #2 globally and supports about 80% of the global Fortune 500, including the world's top 25 banks.

In all, Treasury Services has about 14,000 wholesale clients, including Commercial Banking's roster, and handles $5 trillion in payments per day. Treasury Services also ranks #1 in global U.S. dollar wire transfers.

The business landscape, fragmented by multiple players, creates an opportunity for the consolidation of market share as clients look for global solutions.

According to consulting firms and our internal analysis, the Treasury Services revenue pool is expected to grow from $144 billion as of 2014 to around $280 billion by about 2024. The cross-border business has grown 13% in the past three years and, while we have a strong existing franchise, significant opportunities still remain. As global commerce becomes increasingly interconnected, multinational clients will extend their operations across more borders. Our ability to scale our services to their needs for efficient payment systems, additional hedging solutions and foreign exchange products will help drive solid growth in our Treasury Services business.

A noteworthy success last year was our rigorous effort to reduce non-operating deposits by $75 billion out of the CIB's overall $130 billion reduction.

Treasury Services has a platform that is difficult to replicate and offers holistic client coverage. Our unique capabilities in advisory and account structuring position J.P. Morgan well to serve the growing number of global multinationals that have complex needs across regions, countries and currencies.

Investing in Custody and Fund Services to build on strong market position

The Custody and Fund Services business provides custody, fund accounting and post-trade services. The long-term prospects for the business are strong, driven by growth in institutional assets under management, globalization of asset flows, desire for higher efficiencies and innovation across the value chain.

With nearly $20 trillion in assets under custody, Custody and Fund Services is strategically important to the CIB. According to consulting firms and our internal analysis, the Custody and Fund Services revenue pool is expected to grow from $38 billion as of 2014 to $54 billion by about 2020. The business generates significant, sustainable revenue; produces a through-the-cycle operating margin of more than 25%; and provides about $100 billion in operating deposits, which supports the firm's liquidity and balance sheet positions.

As clients expand their product ranges, asset classes and distribution channels, we will be able to drive future growth through investments in high-growth areas, such as exchange-traded funds, alternatives and derivatives. We will continue to build on our world-class capabilities in Emerging Markets, which already encompasses more than 75 emerging and frontier markets worldwide. Additionally, we are focused on driving process automation and standardization across the operating model while investing in analytical tools and capabilities to meet increasing demands for data transparency and integration across products.

2016 strategies

We are in a competitive business. We must be willing to adapt to changing environments and not be content to rest on the laurels earned in previous years. We intend to target sectors and countries where we see expansion opportunities.

We will continue to invest strategically in talent to cover key growth sectors, such as technology, media and telecommunications, and healthcare. In addition, we are investing in countries, such as Germany, the United Kingdom and China, building a talent base where we see the greatest long-term opportunities. Another focus will be to effectively deploy capital by undertaking a comprehensive view of our clients, taking into account capital and liquidity utilization, pricing terms and overall profitability.

Sustaining our strength in Global Investment Banking has enabled us to deliver the entire firm. J.P. Morgan has distinguished itself with its clients by integrating our product and coverage teams to deliver seamless solutions. In just one example, the CIB and Commercial Banking have continued to collaborate so that midsized firms can benefit from the differentiated services offered within the Investment Bank. As a result of that collaboration with Commercial Banking, between 2008 and 2014, we grew Investment Banking revenue from $1 billion to $2 billion, and last year, we gained another 10%, generating $2.2 billion.

Merger and acquisition activity, a highlight in 2015, is expected to remain strong. Despite the challenging year for Fixed Income, we were able to increase our market share by 170 basis points, according to Coalition.

We intend to strengthen our #1 position in Fixed Income by closing the few regional and product gaps that exist. We're sometimes asked: "Why not reduce the Fixed Income business?" The answer: The business delivers a solid 15% return to shareholders. Additionally, our ability to serve the needs of our Fixed Income clients helps ensure a broad-based relationship that earns business across products.

The Equities business was strong in 2015 despite increased competition. According to Coalition, our revenue growth of 13.5% last year and 28.4% since 2011 exceeded the overall market's growth in both periods. Over the past five years, our Equities business has outperformed the #1 competitor in revenue growth, according to Coalition. To accelerate this progress, we strengthened the relationship between the Prime Brokerage and Equities businesses, integrating the leadership and its offerings. Equities also is making a great deal of progress on the optimization front by investing in a client profitability engine and other analytical tools that improve our ability to monitor and utilize the CIB's balance sheet.

The CIB's scale, completeness and global network have enabled J.P. Morgan to be our clients' safe haven, whether in times of volatility or stability. While this is an important and essential role, our culture also demands we serve our clients with integrity and provide the best advice, talent and appropriate portfolio of products. To that end, we discuss our culture openly in various forums and regularly ask employees for feedback to understand what we do well and ways we can do better. Thousands of employees have participated in focus groups, and we conduct training to ensure we consistently instill best practices and stay true to our principles in all of our dealings.

A forward-looking approach

Looking ahead, we have been investing in the technology and infrastructure that will ensure we retain, expand and improve on our client relationships by being attuned to the various ways they want to work with us.

Building on our capital strength, the CIB is focused on optimizing capital across multiple regulatory constraints in order to deploy our resources profitably. We have a proven track record of being able to execute on capital optimization but in ways that carefully consider the impact on clients. Long term, the approach is to identify ways to maximize returns while adhering to the risk, liquidity and leverage standards governing the CIB.

The CIB has maintained its strength while adjusting to the inevitable market shifts and by remaining true to its overriding model. We were able to withstand the headwinds of 2015 on the strength of a business model that takes advantage of scale, completeness and the reach of a global network. Last year's challenges – consisting of market volatility, geopolitical events, uncertain moves in commodity prices and a slowdown in emerging markets, among others – have carried over into 2016.

We are confident that our business model will continue to be successful in the coming year and beyond. We are committed to remaining a global investment bank with a complete range of products. And by embracing technology, we intend to mine the efficiencies of digital capabilities while improving the services we can provide to clients.

Above all, we know that our leadership is only one way to measure how well we serve our clients. As was the case last year, our top priority is to help our clients achieve their objectives backed by the best products and services we can provide. In the end, our clients' success is the true measure of ours.

Daniel Pinto
CEO, Corporate & Investment Bank

2015 HIGHLIGHTS AND ACCOMPLISHMENTS

- Ranked #1 in Global Investment Banking fees with a 7.9% market share, according to Dealogic, and ranked in top-tier positions in 16 out of 17 product areas across the CIB, according to Coalition.
- The CIB has embarked on a major effort to embrace technology in order to offer clients a broader array of trading platforms in which to transact with J.P. Morgan.
- Raised $1.4 trillion of capital for clients. Of that amount, $55 billion was on behalf of nonprofits and government entities, such as state and local agencies and institutions.
- The CIB's leadership and role as a trusted partner to our clients helped drive the firm's total merger and acquisition volume to $1.5 trillion.
- Reduced non-operating deposits, level 3 assets and over-the-counter derivative notionals, which helped reduce our estimated GSIB capital surcharge from 4.5% to 3.5%.
- The Treasury Services business supports approximately 80% of the global Fortune 500, including the world's top 25 banks.
- Treasury Services handles $5 trillion in payments per day.
- Custody and Fund Services has nearly $20 trillion in assets under custody.

Commercial Banking

Douglas Petno

Danny Meyer's vision to update the classic burger and milk shake stand began in 2001 with a humble hot dog cart built to raise funds for a public park in New York City. In 2009, amidst a turbulent market and an uncertain economy, Meyer needed a partner to help grow Shake Shack, his fine-casual dining concept. Recognizing their team's passion, track record and management talent, our bankers supported CEO Randy Garutti and the growing company with a loan at a critical time. Marking another important milestone, Shake Shack selected our firm to lead its successful initial public offering on the New York Stock Exchange in January 2015. Today Meyer, Garutti and the entire Shake Shack team are bringing this community-gathering experience to devoted fans across the globe. We are incredibly proud of our client's success and deeply appreciate the trust and confidence they placed in us.

Building the best commercial bank has one principle at its core: standing by all of our clients, like Shake Shack, and providing unwavering support even in difficult times. While we have addressed significant changes in our industry, we remained focused on our clients and worked hard to bring value to our relationships. This continues to guide our strategy and how we do business, and I'm excited to share our 2015 results and our plans for 2016.

2015 performance

For the year, Commercial Banking (CB) produced strong results, with $6.9 billion of revenue, $2.2 billion of net income and a return on equity of 15%. Loan growth across the business was robust, ending 2015 with record loan balances of $168 billion, up $19 billion from the prior year. Our Middle Market business grew loans for the sixth consecutive year, and our Commercial Real Estate businesses continued to deliver record results.

With our disciplined underwriting and proven credit model, CB's credit performance remained exceptional in 2015, marking the fourth straight year of net charge-offs less than 10 basis points. While certain areas of the economy are facing challenges, such as the energy and commodities sectors, CB's overall loan portfolio remains in excellent shape, and we feel very well-positioned as we closely monitor market conditions.

To set the standard in the industry, we continued to enhance our regulatory and control capabilities. While we have more to do, we are quite proud of the tremendous progress we have made in further safeguarding our clients and our business. Our fortress risk and compliance principles serve to guide us every day.

Franchise strength

Being a part of JPMorgan Chase gives us unmatched capabilities to serve our clients. No other commercial bank has both our strong client franchise and the ability to offer the number one investment bank, a leading asset management franchise, comprehensive payments solutions and an extensive branch network. Bringing these robust services to all of our clients, as we did with Shake Shack, provides us with unique competitive advantages and the opportunity to build deep, enduring relationships.

Our partnership with the Corporate & Investment Bank (CIB) is a fantastic example of where our broad-based capabilities differentiate us with our clients. With dedicated investment banking (IB) coverage, we've deepened our client relationships by providing important strategic advice and capital market access. This successful partnership has consistently delivered record IB revenue for CB clients, growing to $2.2 billion in 2015. Notably, we achieved this even while overall industry IB revenue contracted last year.

Executing our disciplined growth strategy

Across CB, we continue to make great progress in executing our long-term growth strategy. We are building with patience and discipline, hiring great bankers, picking the best clients and selectively expanding our loan portfolios.

Commercial & Industrial

To bring clients deeper sector expertise and to better manage our risk, we've expanded our specialized industry model. Today, we have 15 key dedicated industry teams working with more than 9,000 clients and covering 12,000 prospects. Our clients clearly benefit from our sector-specific knowledge and focused coverage. As a result, we've seen meaningful gains in market share across these important segments.

2015 marked the sixth year of our Middle Market expansion strategy. Through this effort, we've added nearly 2,000 clients, and in 2015, we generated record revenue of $351 million across our expansion markets. In these new regions, we are building organically – banker by banker, client by client – essentially creating a nice-sized bank from scratch, ending 2015 with nearly $11 billion of loans and over $8 billion in deposits. Last year, we opened new offices in Fresno, California; Greenville, South Carolina; Hartford, Connecticut; and Wilmington, Delaware. We expect to further expand our footprint in 2016.

Commercial Real Estate

With continued focus and discipline, we believe we're building a commercial real estate business that is differentiated from our competitors. Our franchise consists of three well-coordinated businesses: Commercial Term Lending, Real Estate Banking and Community Development Banking. Together, our real estate teams originated $32 billion in loans in 2015, up 28% from the prior year.

As the industry moves through the real estate cycle, we believe we can continue to grow our portfolio safely by adding high-quality clients in large, established markets. In the next three years, there will be over $1 trillion of commercial real estate maturities that will drive future originations. We see real opportunities to capture additional market share in targeted geographic areas while maintaining our credit and pricing discipline.

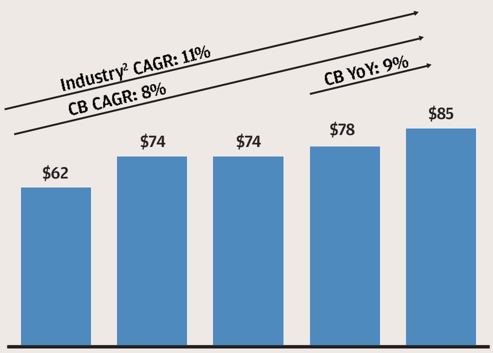
A real source of pride across our company is our Community Development Banking (CDB) business. In 2015, the CDB team financed nearly 100 projects that created more than 10,000 units of affordable housing. One in particular, the Alice Griffith Community, located on Candlestick Point in San Francisco, started its fourth phase of construction that will bring much-needed affordable housing and amenities to the area. The effort not only replaces a troubled public housing complex but also creates new affordable units that will be linked with services, schools and access to jobs.

Investing in our future

While our business model is proven, we are in no way standing still. We are driving our business forward through investments in technology and innovation. We see real opportunity to enhance our business processes, improve our customer experience, and increase the speed and security of our clients' transactions.

Commercial & Industrial Loan Portfolio — Disciplined C&I Growth[1]

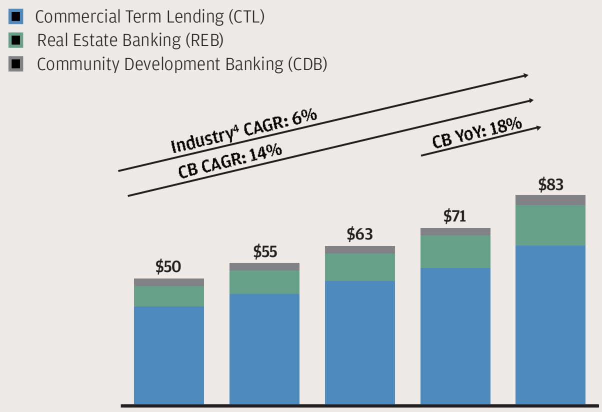
C&I loans outstanding ($ in billions, EOP)



	2011	2012	2013	2014	2015
Utilization (%)	31%	32%	30%	32%	32%

Commercial Real Estate Loan Portfolio — Executing Prudent Growth Strategy[3]

CRE loans outstanding ($ in billions, EOP)



	2011	2012	2013	2014	2015
Originations ($B)[5]	$15	$22	$24	$25	$32

[1] CB's C&I grouping is internally defined to include certain client segments (Middle Market, which includes nonprofit clients, and Corporate Client Banking) and will not align with regulatory definitions.
[2] Industry data from FRB H.8 Assets and Liabilities of Commercial Banks in the United States – Commercial and industrial loans; includes all commercial banks, not seasonally adjusted.
[3] CB's Commercial Real Estate (CRE) grouping is internally defined to include certain client segments (REB, CTL, CDB) and will not align with regulatory definitions.
[4] Industry data from FRB H.8 Assets and Liabilities of Commercial Banks in the United States – Real estate loans: Commercial real estate loans; includes all commercial banks, not seasonally adjusted.
[5] Prior years' originations have been revised to conform to current presentation.

CAGR = Compound annual growth rate YoY = Year-over-year EOP = End of period

One exciting example is the work we're doing alongside Consumer & Community Banking to upgrade our digital and online platforms. Our enhanced capabilities will expand functionality and allow clients to execute transactions more quickly and easily. In addition, we recently partnered with the CIB to launch a new corporate QuickPay capability, which will help our clients migrate business-to-business payments from expensive paper checks to simple email transactions.

Lastly, with expanded data and analytical capabilities, we are focusing on transforming information into intelligence and insights to help us manage risk and shape product development. We've also been developing analytical tools to help our bankers better identify and target new clients in markets across the United States.

Looking forward

Our business takes great pride in the outstanding clients we serve, and we are grateful every day for the confidence they place in us. I want to thank our extremely talented team for making that confidence possible and building true partnerships with our clients. Our success depends on our people, and your Commercial Banking team shows unwavering dedication to the clients and communities they serve.

Looking forward, I'm incredibly optimistic about the future of Commercial Banking. We are maintaining our long-term focus and making the right strategic investments to build upon our enduring business. I'm confident our team will seize the opportunities in front of us and continue to deliver for our clients and shareholders.

Douglas Petno
CEO, Commercial Banking

2015 HIGHLIGHTS AND ACCOMPLISHMENTS

Performance highlights

- Delivered revenue of $6.9 billion
- Grew end-of-period loans 13%; 22 consecutive quarters of loan growth
- Generated return on equity of 15% on $14 billion of allocated capital
- Continued superior credit quality – net charge-off ratio of 0.01%

Leadership positions

- #1 U.S. multifamily lender[1]
- #1 Customer Satisfaction, *CFO* Magazine Commercial Banking Survey, 2015
- Top 3 in overall Middle Market, large Middle Market and Asset Based Lending bookrunner[2]
- Recognized in 2015 by Greenwich Associates as a Best Brand for Middle Market Banking overall and in loans or lines of credit, cash management, trade finance and investment banking

Business segment highlights

- Middle Market Banking – Added more than 600 new clients
- Corporate Client Banking – Record gross investment banking revenue[3]
- Commercial Term Lending – Record originations of over $19 billion
- Real Estate Banking – Completed its best year ever with record originations over $11 billion
- Community Development Banking – Originated over $1 billion in new construction loans, building more than 10,000 units of affordable housing in over 70 cities

Firmwide contribution

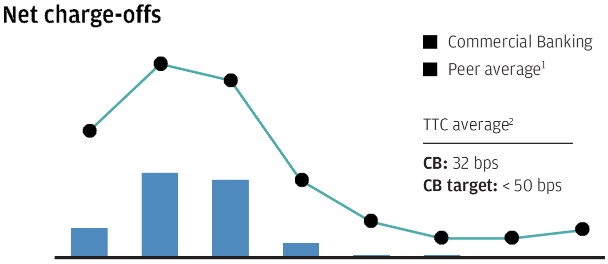
- Commercial Banking clients accounted for 36% of total North American investment banking fees[4]
- Over $120 billion in assets under management from Commercial Banking clients, generating more than $445 million in Investment Management revenue
- $469 million in Card Services revenue[3]
- $2.6 billion in Treasury Services revenue

Progress in key growth areas

- Middle Market expansion – Record revenue of $351 million; 46% CAGR[5] since 2010
- Investment banking – Record gross revenue of $2.2 billion; 10% CAGR[5] since 2010
- International banking – Revenue[6] of $288 million; 16% CAGR[5] since 2010

[1] SNL Financial based on Federal Deposit Insurance Corporation data as of 3Q 2015
[2] Thomson Reuters as of year-end 2015
[3] Investment banking and Card Services revenue represents gross revenue generated by CB clients
[4] Calculated based on gross domestic investment banking revenue for syndicated and leveraged finance, M&A, equity underwriting and bond underwriting
[5] Compound annual growth rate
[6] Overseas revenue from U.S. multinational clients

Net charge-offs



	2008	2009	2010	2011	2012	2013	2014	2015
Peers	1.35%	2.23%	2.00%	0.75%	0.33%	0.11%	0.08%	0.15%
CB	0.35%	1.02%	0.94%	0.18%	0.03%	0.03%	0.00%	0.01%

[1] Peer averages include CB-equivalent segments or wholesale portfolios at BAC, CMA, FITB, KEY, PNC, USB, WFC.
[2] Through-the-cycle (TTC), 2008–2015 average.
bps = basis points

Asset Management

Mary Callahan Erdoes

Success as an asset manager begins with two characteristics: longevity and consistency. Clients want to know that you are committed to the business for the long term, and they expect a proven track record for outperformance.

At J.P. Morgan Asset Management, we have been building a client-first, fiduciary culture for more than 180 years, working with an increasingly diverse group of institutions and individuals in more than 130 countries to help them manage their money.

Our longevity has helped us earn a level of client trust and a depth of investment experience and expertise that are difficult to replicate. Our advisors have stood side by side with clients during their most promising and most trying times. That's why the relationships we have built endure. In fact, in 2016, we have 260 families celebrating their 75th or greater anniversary of working with us.

In addition to long-standing clients, we have many long-tenured employees: More than 3,300 of our Asset Management colleagues have been with the firm for at least 15 years, including nearly 1,000 who have been with the firm for 25 years or more. We also have had tremendous consistency among our top senior portfolio management talent, with a retention rate greater than 95%.

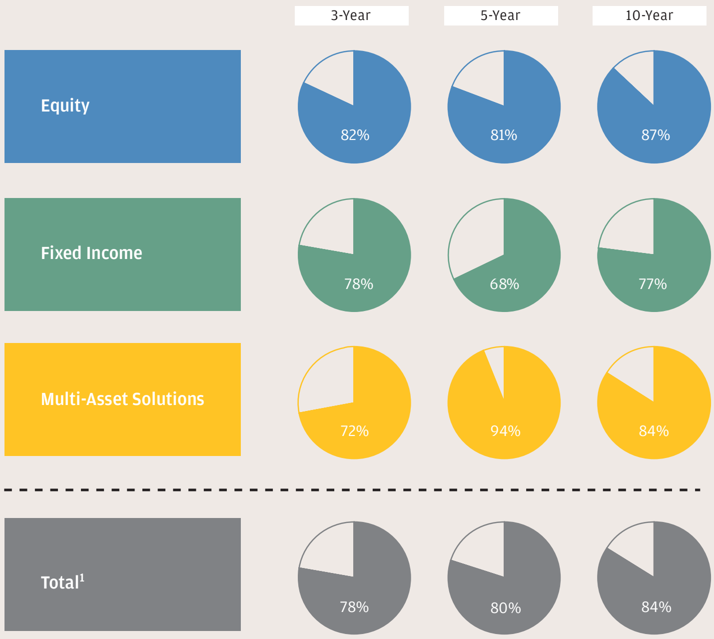
These portfolio managers have managed through market peaks and valleys – and all the volatility that comes in between. They understand what it means to invest for the long term and are able to look past market noise to make smart investment decisions that are grounded in deep research and local insights and that generate alpha for our clients.

Superior investment performance driving strong financial results

A global team with a proven track record and commitment to innovation

Our more than 600 portfolio managers work closely with our 250 research analysts and 30 market strategists in Global Investment Management (GIM) to form the foundation of our investments platform. Each of them wakes up every day thinking

% of 2015 AUM Over Peer Median[1]
(net of fees)



[1] For footnoted information, refer to slide 25 in the 2016 Asset Management Investor Day presentation, which is available on JPMorgan Chase & Co.'s website at https://www.jpmorganchase.com/corporate/investor-relations/event-calendar.htm, under the heading JPMorgan Chase 2016 Investor Day, Asset Management, and on Form 8-K as furnished to the SEC on February 24, 2016, which is available on the SEC's website at www.sec.gov.

about how to capitalize on market opportunities for our clients – a group that includes 60% of the world's largest pension funds, sovereign wealth funds and central banks.

At the end of 2015, 84% of our 10-year, long-term mutual fund assets under management (AUM) ranked in the top two quartiles. That collective performance is complemented by equally strong asset class performance in Equity (87%), Fixed Income (77%) and Multi-Asset Solutions (84%), resulting in a record 231 of our mutual funds earning a four- or five-star rating and positive client asset flows every year since 2004.

In addition to our existing suite of mutual funds, we remain focused on product innovation. In 2015, we introduced 40 new funds. At the same time, we closed down or merged 37 to help ensure that we are offering an optimized portfolio of products to our clients and that they are benefiting from our best performance.

Strong financial performance

Our consistently strong investment performance is one of the primary reasons we have been able to continue to produce strong financial results for shareholders. In 2015, Asset Management generated record revenue of $12.1 billion in a challenging environment.

It also is the reason we have been able to grow our AUM and client assets consistently. Since 2010, our assets under management have increased by an annual rate of 6% to $1.7 trillion, and our client assets have grown 5% annually to $2.4 trillion.

The credit side of our business continues to be an important driver of our growth, with both loan balances (excluding mortgages) and mortgage balances reaching record levels of $84 billion and $27 billion, respectively, in 2015.

Investing in talent and technology

Talent and technology continue to be at the center of our success, both today and in the future. We need to have the best people on the ground and ready to work with clients wherever they need our solutions and expertise. And those people need to be armed with technology tools that enable them to serve clients efficiently and effectively.

Training top advisors

As a business, we are constantly educating our advisors to ensure that they are at the forefront of industry trends and important compliance and controls issues. Last year, over 850,000 hours of training were completed across more than 750 Asset Management programs. This comprehensive curriculum covers topics ranging from markets and economy to product innovation to understanding cybersecurity to regulatory changes and additional advisory skills.

Improving the client experience

Technology is playing a critical role in improving the client experience. For example, Global Wealth Management (GWM) is developing a digital strategy that will enable clients to engage with us how and when they want, using the channels they want. Our goal is to complement the advice and solutions our people offer with tools for clients that want to interact or consume our thought leadership in new ways.

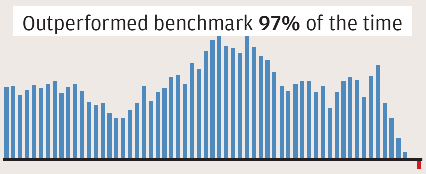
Increasing efficiency

Technology also enables us to be more efficient across our business,

Investment Process Has Led to Strong Results vs. Benchmark and Peers

Disciplined Equity Fund

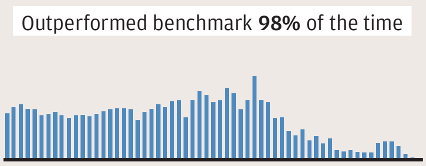
10-year average alpha 40 bps (11th percentile)



2010–2015 rolling 5-year periods ▸

Core Bond Fund

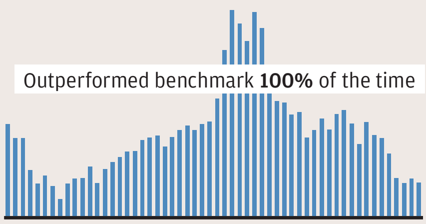
10-year average alpha 27 bps (28th percentile)



2010–2015 rolling 5-year periods ▸

SmartRetirement 2030 Fund

Average alpha 83 bps since inception (1st percentile)



2011–2015 rolling 5-year periods ▸

Data as of 12/31/15. Percentage outperformance vs. benchmark based on rolling 5-year monthly periods going back 10 years (or since fund inception in 2006 for SmartRetirement 2030). All excess returns calculated vs. primary prospectus benchmarks. Category percentile ranks are calculated vs. respective Morningstar categories. Institutional share classes used for Disciplined Equity and SmartRetirement 2030. Select share class used for Core Bond. All performance is net of fees.

For additional important information, please refer to the Investor Day presentation's notes appendix beginning on slide 23.

from sales support to controls. In GIM, we continue to enhance our application toolset for our sales teams, which helps our advisors access information and materials on our entire product range, investment capabilities and market insights and more quickly respond to client requests. On the controls side, we continue to introduce new technology tools that automate previously manual processes, such as our client onboarding processes, which creates a more seamless client experience and improves the integrity of our data and how we capture the information.

Maximizing analytics

Big data is one of the tools that is dramatically improving our analytics. Using big data and our innovative visualization tools, our portfolio managers can take historical data and combine it with predictive analytics to inform how to model their next moves. Big data also helps us identify areas where we can collaborate across the firm to serve clients that would benefit from Asset Management's offerings and vice versa.

Value of being part of JPMorgan Chase

The ability to partner across the broader 235,000-person JPMorgan Chase global franchise is one of our business's truly unique characteristics. It gives us the opportunity to help clients with more of their financial needs and enables us to benefit from a world-class global platform and infrastructure.

Working together across businesses

Asset Management is uniquely positioned as a hub that connects the different businesses of JPMorgan Chase. Consumer & Community Banking intersects with GWM on credit cards, banking and mortgages. GWM provides the solutions for Chase Wealth Management's investments offering. And the Corporate & Investment Bank works with both GIM and GWM on custody services, as well as when clients have transition events and need cash management or individual wealth management.

Benefiting from shared infrastructure

The JPMorgan Chase platform offers a significant competitive advantage for us. We are able to leverage many core infrastructure capabilities – from cybersecurity to digital capabilities to shared real estate – rather than having to build our own from scratch. Consider this: Forty percent of our GWM clients also use Chase retail branches on a monthly basis. We both benefit from and contribute to the strength of the JPMorgan Chase brand.

Well-positioned for the future

We are proud of the performance we have delivered to our clients and shareholders and are excited about the opportunities that are in front of us. And we know that if we remain focused on doing first-class business in a first-class way and continue to deliver strong investment performance and product innovation, supported by robust controls, our success will follow.

Mary

Mary Callahan Erdoes
CEO, Asset Management

2015 HIGHLIGHTS AND ACCOMPLISHMENTS

Business highlights

- Fiduciary mindset ingrained since mid-1800s
- Positive client asset flows every year since 2004
- $2.4 trillion in client assets
- Record revenue of $12.1 billion
- Record loan balances of $84 billion
- Record mortgage balances of $27 billion
- #1 cumulative long-term active mutual fund flows (2010–2015)
- #3 cumulative long-term active + passive mutual fund/ETF flows (2010–2015)
- Retention rate of over 95% for top senior portfolio management talent
- 250 research analysts, 30+ market strategists, 5,000+ annual company visits
- #2 global money market fund

Leadership positions

- #1 Institutional Money Market Fund Manager Worldwide (*iMoneyNet*, September 2015)
- #1 Private Bank in the World (*Global Finance*, October 2015)
- #1 Private Bank Overall in North America (*Euromoney*, February 2016)
- #1 Private Bank Overall in Latin America (*Euromoney*, February 2016)
- #1 U.S. Private Equity Money Manager (*Pensions & Investments*, May 2015)
- Top Pan-European Fund Management Firm (Thomson Reuters Extel, June 2015)
- Best Asset Management Company for Asia (*The Asset*, May 2015)
- #2 Hedge Fund Manager (*Absolute Return*, September 2015)

Corporate Responsibility

Peter Scher

In today's economy, too many people – particularly too many young people – are being left behind. More than 5 million young Americans are out of school and out of work, including more than one in five young black adults. Reliable pathways to the middle class have dissolved. Lower-income families, already struggling to make ends meet, are falling even further behind.

This is not sustainable. Creating more opportunity for more people to participate in and share the rewards of economic growth is a moral and an economic imperative.

But government cannot solve this challenge – certainly not on its own. The private sector needs to step up and be part of the solution.

JPMorgan Chase & Co. is leveraging the assets of our firm – our people, expertise and technology – to help address these trends. Each year, we deploy more than $200 million in philanthropic capital toward programs aimed at expanding access to opportunity and advancing economic mobility around the world.

We are applying the same rigor and analysis to these efforts as we do to other aspects of our business. Unlike traditional models of corporate philanthropy, our strategic investments are driven by robust data and research. We are supporting innovative research from our proprietary data on the finances of nearly 50 million U.S. households to real-time labor market dynamics in countries throughout Europe and Asia.

Putting our firm's capabilities to work

Our efforts are focused on areas where we can best put our firm's capabilities to work and where we can most effectively drive change. Millions of jobs in the United States and Europe are being created that require a high school degree but not a four-year college degree. Through our New Skills at Work initiative, we are connecting job seekers to tangible opportunities by helping them gain the right skills for today's high-quality jobs. We are expanding on this work with an ambitious new program, New Skills for Youth, to arm young people – particularly those most at risk of winding up out of school, unemployed or stuck in low-wage jobs – with the skills and training needed to get on the road to a well-paying, long-term career.

Through Small Business Forward, we are opening the doors that have too often been shut to minority and community-based small business owners by creating programs and investments that provide the capital and support these entrepreneurs need in order to succeed. Through the JPMorgan Chase Institute and the Financial Solutions Lab, we are applying our unrivaled data and insights into consumers' finances and deep technological expertise to help low- and moderate-income households become more financially secure. The Global Cities Initiative continues to help cities around the world generate the economic growth that will fuel greater opportunity. And through Invested in Detroit, we are bringing all these pieces together to support and accelerate the turnaround of one of America's iconic cities.

All of these efforts are driven by the conviction that creating more widely shared prosperity – and giving more people the opportunity to move up the economic ladder – is not only good for our communities, it's good for our company. We are very proud of what we have accomplished in 2015 and look forward to continuing and expanding this important work in the year ahead.

Peter Scher
Head of Corporate Responsibility