JOHNSON CONTROLS INC
Form 4
November 02, 2005

# FORM 4

## UNITED STATES SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

## STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
VALANJU SUBHASH S

(Last) (First) (Middle)

5757 N. GREEN BAY AVENUE, P.O. BOX 591

(Street)

MILWAUKEE, WI 53201-0591

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
JOHNSON CONTROLS INC [JCI]

3. Date of Earliest Transaction (Month/Day/Year)
11/01/2005

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Vice President and CIO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1.Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | 11/01/2005 | | A | | 29.514 | A | $ 67.7655 | 5,092 | D | |
| Common Stock | | | | | | | | 6,201.705 (1) | I | By 401(k) Plan Trust |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**
**(*e.g.*, puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount Underlying Securities (Instr. 3 and 4) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amou Numb Shares |
| Phantom Stock Units - EICP Plan | (2) | | | | | | | (3) | (3) | Common Stock | 20,1 |
| Phantom Stock Units - LTPP Plan | (2) | | | | | | | (4) | (4) | Common Stock | 2,55 |
| Phantom Stock Units/Excess Benefit Plan-Common | (2) | | | | | | | (5) | (5) | Common Stock | 1,78 |
| Stock Option | $ 28.8907 | | | | | | | 11/18/2000 | 11/18/2008 | Common Stock | 10 |
| Stock Option | $ 29.2032 | | | | | | | 11/17/2001 | 11/17/2009 | Common Stock | 24 |
| Stock Option | $ 28.4219 | | | | | | | 11/15/2002 | 11/15/2010 | Common Stock | 30 |
| Stock Option | $ 40.115 | | | | | | | 11/14/2003 | 11/14/2011 | Common Stock | 22 |
| Stock Option | $ 40.2975 | | | | | | | 11/20/2004 (6) | 11/20/2012 | Common Stock | 24 |
| Stock Option | $ 52.55 | | | | | | | 11/19/2005 (6) | 11/19/2013 | Common Stock | 24 |
| Stock Option | $ 61.69 | | | | | | | 11/17/2006 (6) | 11/17/2014 | Common Stock | 21 |

# Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---|---|---|---|
| | Director | 10% Owner | Officer | Other |

VALANJU SUBHASH S
5757 N. GREEN BAY AVENUE
P.O. BOX 591
MILWAUKEE, WI 53201-0591

Vice President and CIO

## Signatures

Arlene D. Gumm Attorney-In-Fact for Subhash S. Valanju — 11/02/2005

**Signature of Reporting Person — Date

## Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

**(1)** The number of underlying securities is based on the stock fund balance on November 1, 2005. The actual number of shares issuable upon the distribution date is not determinable since the stock fund is a unitized account consisting of 96% company stock and 4% money market fund. The stock account balance reflected in this report is based on a November 1, 2005 stock fund price of $67.87 per share.

**(2)** The phantom stock units convert to the common stock's cash value on a one-for-one basis.

**(3)** The phantom stock units were accrued under the Johnson Controls Executive Incentive Compensation Plan and are to be settled 100% in cash upon the reporting person's retirement.

**(4)** The phantom stock units were accrued under the Johnson Controls Long-Term Performance Plan and are to be settled 100% in cash upon the reporting person's retirement.

**(5)** The phantom stock units were accrued under the Johnson Controls Equalization 401(k) Benefit Plan and are to be settled 100% in cash upon the reporting person's retirement.

**(6)** Fifty percent of the options become exercisable two years after the grant date; the remaining 50%, three years after grant date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. Foreign exchange
Hedge forecasted revenue and expense
Cash flow hedge
Corporate/PE
139
Foreign exchange
Hedge the value of the Firm’s investments in non-U.S. subsidiaries
Net investment hedge
Corporate/PE
140
Commodity
Hedge commodity inventory
Fair value hedge
CIB
137-138
Manage specifically identified risk exposures not designated in qualifying hedge accounting relationships:

Interest rate
Manage the risk of the mortgage pipeline, warehouse loans and MSRs
Specified risk management
CCB

140
Credit
Manage the credit risk of wholesale lending exposures
Specified risk management
CIB
140
Credit[(a)]
Manage the credit risk of certain AFS securities
Specified risk management
Corporate/PE
140
Commodity
Manage the risk of certain commodities-related contracts and investments
Specified risk management
CIB
140
Interest rate and foreign exchange
Manage the risk of certain other specified assets and liabilities
Specified risk management
Corporate/PE
140
Market-making derivatives and other activities:

Various
Market-making and related risk management
Market-making and other
CIB
140
Various[(b)]
Other derivatives, including the synthetic credit portfolio
Market-making and other
CIB, Corporate/PE
140

(a) Includes a limited number of single-name credit derivatives used to mitigate the credit risk arising from specified AFS securities.

(b) The synthetic credit portfolio is a portfolio of index credit derivatives, including short and long positions, that was held by CIO. On July 2, 2012, CIO transferred the synthetic credit portfolio, other than a portion that aggregated to a notional amount of approximately $12 billion, to CIB. The positions making up the portion of the synthetic credit portfolio retained by CIO on July 2, 2012, were effectively closed out during the third quarter of 2012. The results of the synthetic credit portfolio, including the portion transferred to CIB, have been included in the gains and losses on derivatives related to market-making activities and other derivatives category on page 140 of this Note.

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Notional amount of derivative contracts

The following table summarizes the notional amount of derivative contracts outstanding as of June 30, 2013, and December 31, 2012.

| (in billions) | Notional amounts[c] June 30, 2013 | December 31, 2012 |
|---|---|---|
| Interest rate contracts | | |
| Swaps[a] | $34,836 | $33,129 |
| Futures and forwards | 12,888 | 11,824 |
| Written options | 4,081 | 3,866 |
| Purchased options | 4,195 | 3,911 |
| Total interest rate contracts | 56,000 | 52,730 |
| Credit derivatives[b] | 6,291 | 5,981 |
| Foreign exchange contracts | | |
| Cross-currency swaps[a] | 3,390 | 3,409 |
| Spot, futures and forwards | 4,277 | 4,033 |
| Written options | 791 | 651 |
| Purchased options | 781 | 661 |
| Total foreign exchange contracts | 9,239 | 8,754 |
| Equity contracts | | |
| Swaps | 184 | 163 |
| Futures and forwards | 60 | 49 |
| Written options | 487 | 442 |
| Purchased options | 433 | 403 |
| Total equity contracts | 1,164 | 1,057 |
| Commodity contracts | | |
| Swaps[a] | 275 | 312 |
| Spot, futures and forwards | 109 | 190 |
| Written options[a] | 232 | 262 |
| Purchased options | 234 | 260 |
| Total commodity contracts | 850 | 1,024 |
| Total derivative notional amounts | $73,544 | $69,546 |

(a) The prior period amounts have been revised. This revision had no impact on the Firm's Consolidated Balance Sheets or its results of operations.

(b) Primarily consists of credit default swaps. For more information on volumes and types of credit derivative contracts, see the Credit derivatives discussion on pages 141–142 of this Note.

(c) Represents the sum of gross long and gross short third-party notional derivative contracts.

While the notional amounts disclosed above give an indication of the volume of the Firm's derivatives activity, the notional amounts significantly exceed, in the Firm's view, the possible losses that could arise from such transactions. For most derivative transactions, the notional amount is not exchanged; it is used simply as a reference to calculate payments.

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Impact of derivatives on the Consolidated Balance Sheets

The following table summarizes information on derivative receivables and payables (before and after netting adjustments) that are reflected on the Firm's Consolidated Balance Sheets as of June 30, 2013, and December 31, 2012, by accounting designation (e.g., whether the derivatives were designated in qualifying hedge accounting relationships or not) and contract type.

Derivative receivables and payables[(a)]

| | Gross derivative receivables | | | | Gross derivative payables | | | |
|---|---|---|---|---|---|---|---|---|
| June 30, 2013 (in millions) | Not designated as hedges | Designated as hedges | Total derivative receivables | Net derivative receivables[(c)] | Not designated as hedges | Designated as hedges | Total derivative payables | Net derivative payables[(c)] |
| Trading assets and liabilities | | | | | | | | |
| Interest rate | $967,026 | $4,186 | $971,212 | $ 31,697 | $933,868 | $4,317 | $938,185 | $18,416 |
| Credit | 93,661 | — | 93,661 | 2,364 | 91,643 | — | 91,643 | 2,611 |
| Foreign exchange | 174,697 | 2,560 | 177,257 | 14,317 | 192,625 | 435 | 193,060 | 16,710 |
| Equity | 52,059 | — | 52,059 | 13,569 | 53,404 | — | 53,404 | 14,728 |
| Commodity | 52,741 | 2,382 | 55,123 | 11,804 | 55,807 | 20 | 55,827 | 11,920 |
| Total fair value of trading assets and liabilities | $1,340,184 | $9,128 | $1,349,312 | $ 73,751 | $1,327,347 | $4,772 | $1,332,119 | $64,385 |

| | Gross derivative receivables | | | | Gross derivative payables | | | |
|---|---|---|---|---|---|---|---|---|
| December 31, 2012 (in millions) | Not designated as hedges | Designated as hedges | Total derivative receivables | Net derivative receivables[(c)] | Not designated as hedges | | Total derivative payables | Net derivative payables[(c)] |
| Trading assets and liabilities | | | | | | | | |
| Interest rate[(b)] | $1,296,503 | $6,064 | $1,302,567 | $ 39,205 | $1,257,599 | $3,120 | $1,260,719 | $24,906 |
| Credit | 100,310 | — | 100,310 | 1,735 | 100,027 | — | 100,027 | 2,504 |
| Foreign exchange[(b)] | 173,363 | 1,577 | 174,940 | 14,142 | 186,404 | 2,133 | 188,537 | 18,601 |
| Equity[(b)] | 42,662 | — | 42,662 | 9,266 | 44,534 | — | 44,534 | 11,819 |
| Commodity[(b)] | 43,216 | 586 | 43,802 | 10,635 | 46,998 | 644 | 47,642 | 12,826 |
| Total fair value of trading assets and liabilities | $1,656,054 | $8,227 | $1,664,281 | $ 74,983 | $1,635,562 | $5,897 | $1,641,459 | $70,656 |

(a) Balances exclude structured notes for which the fair value option has been elected. See Note 4 on pages 128–130 of this Form 10-Q for further information.

(b) The prior period amounts have been revised. This revision had no impact on the Firm's Consolidated Balance Sheets or its results of operations.

(c) As permitted under U.S. GAAP, the Firm has elected to net derivative receivables and derivative payables and the related cash collateral receivables and payables when a legally enforceable master netting agreement exists.

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The following table presents, as of June 30, 2013, and December 31, 2012, the gross and net derivative receivables for which netting is permissible under U.S. GAAP by contract and settlement type. Derivative receivables have been netted with respect to those receivables as to which the netting requirements have been met, including obtaining a legal opinion with respect to the enforceability of the netting ("U.S. GAAP nettable derivative receivables"); where such a legal opinion has either not been sought or obtained, the receivables are not netted, and are shown separately in the table below ("Derivative receivables not nettable under U.S. GAAP").

| | June 30, 2013 | | | December 31, 2012 | | |
|---|---|---|---|---|---|---|
| (in millions) | Gross derivative receivables | Amounts netted on the Consolidated balance sheets | Net derivative receivables | Gross derivative receivables | Amounts netted on the Consolidated balance sheets | Net derivative receivables |
| U.S. GAAP nettable derivative receivables | | | | | | |
| Interest rate contracts: | | | | | | |
| Over–the–counter ("OTC")[a] | $592,762 | $(568,551) | $24,211 | $794,517 | $(771,684) | $22,833 |
| OTC–cleared | 370,991 | (370,964) | 27 | 491,947 | (491,678) | 269 |
| Exchange traded[b] | — | — | — | — | — | — |
| Total interest rate contracts | 963,753 | (939,515) | 24,238 | 1,286,464 | (1,263,362) | 23,102 |
| Credit contracts: | | | | | | |
| OTC | 82,980 | (81,113) | 1,867 | 90,744 | (90,104) | 640 |
| OTC–cleared | 10,185 | (10,184) | 1 | 8,471 | (8,471) | — |
| Total credit contracts | 93,165 | (91,297) | 1,868 | 99,215 | (98,575) | 640 |
| Foreign exchange contracts: | | | | | | |
| OTC[a] | 171,703 | (162,852) | 8,851 | 168,740 | (160,775) | 7,965 |
| OTC–cleared | 88 | (88) | — | 23 | (23) | — |
| Exchange traded[b] | — | — | — | — | — | — |
| Total foreign exchange contracts | 171,791 | (162,940) | 8,851 | 168,763 | (160,798) | 7,965 |
| Equity contracts: | | | | | | |
| OTC | 31,838 | (28,006) | 3,832 | 26,008 | (24,628) | 1,380 |
| OTC–cleared | — | — | — | — | — | — |
| Exchange traded[b] | 18,483 | (10,484) | 7,999 | 12,841 | (8,768) | 4,073 |
| Total equity contracts | 50,321 | (38,490) | 11,831 | 38,849 | (33,396) | 5,453 |
| Commodity contracts: | | | | | | |
| OTC[a] | 27,765 | (19,514) | 8,251 | 26,881 | (20,760) | 6,121 |
| OTC–cleared | — | — | — | — | — | — |
| Exchange traded[b] | 25,381 | (23,805) | 1,576 | 15,108 | (12,407) | 2,701 |
| Total commodity contracts | 53,146 | (43,319) | 9,827 | 41,989 | (33,167) | 8,822 |
| U.S. GAAP nettable derivative receivables | $1,332,176 | $(1,275,561)[c] | $56,615 | $1,635,280 | $(1,589,298)[c] | $45,982 |
| Derivative receivables not nettable under U.S. GAAP | 17,136 | | 17,136 | 29,001 | | 29,001 |
| Total derivative receivables recognized on the Consolidated Balance Sheets | $1,349,312 | | $73,751 | $1,664,281 | | $74,983 |

(a) The prior period amounts have been revised. This revision had no impact on the Firm's Consolidated Balance Sheets or its results of operations.

(b) Exchange traded derivative amounts that relate to futures contracts are settled daily.

(c) Included cash collateral netted of $64.6 billion and $79.2 billion at June 30, 2013, and December 31, 2012, respectively.

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The following table presents, as of June 30, 2013, and December 31, 2012, the gross and net derivative payables for which netting is permissible under U.S. GAAP by contract and settlement type. Derivative payables have been netted with respect to those payables as to which the netting requirements have been met, including obtaining a legal opinion with respect to the enforceability of the netting ("U.S. GAAP nettable derivative payables"); where such a legal opinion has either not been sought or obtained, the payables are not netted, and are shown separately in the table below ("Derivative payables not nettable under U.S. GAAP").

| | June 30, 2013 | | | December 31, 2012 | | |
|---|---|---|---|---|---|---|
| (in millions) | Gross derivative payables | Amounts netted on the Consolidated balance sheets | Net derivative payables | Gross derivative payables | Amounts netted on the Consolidated balance sheets | Net derivative payables |
| U.S. GAAP nettable derivative payables | | | | | | |
| Interest rate contracts: | | | | | | |
| OTC[a] | $576,955 | $(560,519) | $16,436 | $774,769 | $(754,050) | $20,719 |
| OTC–cleared | 359,270 | (359,250) | 20 | 482,018 | (481,763) | 255 |
| Exchange traded[b] | — | — | — | — | — | — |
| Total interest rate contracts | 936,225 | (919,769) | 16,456 | 1,256,787 | (1,235,813) | 20,974 |
| Credit contracts: | | | | | | |
| OTC | 80,148 | (78,490) | 1,658 | 89,170 | (88,151) | 1,019 |
| OTC–cleared | 10,543 | (10,542) | 1 | 9,372 | (9,372) | — |
| Total credit contracts | 90,691 | (89,032) | 1,659 | 98,542 | (97,523) | 1,019 |
| Foreign exchange contracts: | | | | | | |
| OTC[a] | 188,344 | (176,231) | 12,113 | 181,166 | (169,913) | 11,253 |
| OTC–cleared | 125 | (119) | 6 | 29 | (23) | 6 |
| Exchange traded[b] | — | — | — | — | — | — |
| Total foreign exchange contracts | 188,469 | (176,350) | 12,119 | 181,195 | (169,936) | 11,259 |
| Equity contracts: | | | | | | |
| OTC | 33,123 | (28,192) | 4,931 | 28,320 | (23,948) | 4,372 |
| OTC–cleared | — | — | — | — | — | — |
| Exchange traded[b] | 17,392 | (10,484) | 6,908 | 12,000 | (8,767) | 3,233 |
| Total equity contracts | 50,515 | (38,676) | 11,839 | 40,320 | (32,715) | 7,605 |
| Commodity contracts: | | | | | | |
| OTC[a] | 28,616 | (20,102) | 8,514 | 28,761 | (22,409) | 6,352 |
| OTC–cleared | — | — | — | — | — | — |
| Exchange traded[b] | 25,341 | (23,805) | 1,536 | 14,488 | (12,407) | 2,081 |
| Total commodity contracts | 53,957 | (43,907) | 10,050 | 43,249 | (34,816) | 8,433 |
| U.S. GAAP nettable derivative payables | $1,319,857 | $(1,267,734)[c] | $52,123 | $1,620,093 | $(1,570,803)[c] | $49,290 |
| Derivative payables not nettable under U.S. GAAP | 12,262 | | 12,262 | 21,366 | | 21,366 |
| Total derivative payables recognized on the Consolidated Balance Sheets | $1,332,119 | | $64,385 | $1,641,459 | | $70,656 |

(a) The prior period amounts have been revised. This revision had no impact on the Firm's Consolidated Balance Sheets or its results of operations.

(b) Exchange traded derivative balances that relate to futures contracts are settled daily.

(c) Included cash collateral netted of $56.8 billion and $60.7 billion related to OTC and OTC-cleared derivatives at June 30, 2013, and December 31, 2012, respectively.

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In addition to the cash collateral received and transferred that is presented on a net basis with net derivative receivables and payables, the Firm receives and transfers additional collateral (financial instruments and cash). These amounts mitigate counterparty credit risk associated with the Firm's derivative instruments but are not eligible for net presentation, because (a) the collateral is non-cash

financial instruments (generally U.S. government and agency securities and other G7 government bonds), (b) the amount of collateral held or transferred exceeds the fair value exposure, at the individual counterparty level, as of the date presented, or (c) the collateral relates to derivative receivables or payables not nettable under U.S. GAAP.

The following tables present information regarding certain non-cash financial instrument collateral received and transferred as of June 30, 2013, and December 31, 2012, that is not eligible for net presentation under U.S. GAAP. The collateral included in these tables relates only to the U.S. GAAP nettable derivative instruments and excludes additional collateral that exceeds the fair value exposure and excludes all collateral related to derivative instruments not nettable under U.S. GAAP.

Derivative receivable collateral

| | June 30, 2013 | | | December 31, 2012 | | |
|---|---|---|---|---|---|---|
| (in millions) | Net derivative receivables | Collateral not nettable on the Consolidated balance sheets | Net exposure | Net derivative receivables | Collateral not nettable on the Consolidated balance sheets | Net exposure |
| U.S. GAAP nettable derivative receivables | $56,615 | $(9,833 )[(a)] | $46,782 | $45,982 | $(11,350 )[(a)] | $34,632 |

Derivative payable collateral[(b)]

| | June 30, 2013 | | | December 31, 2012 | | |
|---|---|---|---|---|---|---|
| (in millions) | Net derivative payables | Collateral not nettable on the Consolidated balance sheets | Net amount[(c)] | Net derivative payables | Collateral not nettable on the Consolidated balance sheets | Net amount[(c)] |
| U.S. GAAP nettable derivative payables | $52,123 | $(8,740 )[(a)] | $43,383 | $49,290 | $(20,109 )[(a)] | $29,181 |

(a) Represents liquid security collateral as well as cash collateral held at third party custodians. For some counterparties, the collateral amounts of financial instruments may exceed the derivative receivables and derivative payables balances. Where this is the case, the total amount reported is limited to the net derivative receivables and net derivative payables balances with that counterparty.

(b) Derivative payable collateral relates only to OTC and OTC-cleared derivative instruments. Amounts exclude collateral transferred related to exchange-traded derivative instruments.

(c) Net amount represents exposure of counterparties to the Firm.

Liquidity risk and credit-related contingent features

For a more detailed discussion of liquidity risk and credit-related contingent features related to the Firm's derivative contracts, see Note 6 on pages 218–227 of JPMorgan Chase's 2012 Annual Report.

The following table shows the aggregate fair value of net derivative payables related to OTC and OTC-cleared derivatives that contain contingent collateral or termination features that may be triggered upon a ratings downgrade, and the associated collateral the Firm has posted in the normal course of business, at June 30, 2013, and December 31, 2012.

OTC and OTC-cleared derivative payables containing downgrade triggers

| (in millions) | June 30, 2013 | December 31, 2012 |
| --- | --- | --- |
| Aggregate fair value of net derivative payables | $29,786 | $40,844 |
| Collateral posted | 24,085 | 34,414 |

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The following table shows the impact of a single-notch and two-notch downgrade of the long-term issuer ratings of JPMorgan Chase & Co. and its subsidiaries, predominantly JPMorgan Chase Bank, National Association ("JPMorgan Chase Bank, N.A."), at June 30, 2013, and December 31, 2012, related to OTC and OTC-cleared derivative contracts with contingent collateral or termination features that may be triggered upon a ratings downgrade. Derivatives contracts generally require additional collateral to be posted or terminations to be triggered when the predefined threshold rating is breached. A downgrade by a single rating agency that does not result in a rating lower than a preexisting corresponding rating provided by another major rating agency will generally not result in additional collateral, except in certain instances in which additional initial margin may be required upon a ratings downgrade, or termination payment requirements. The liquidity impact in the table is calculated based upon a downgrade below the lowest current rating of the rating agencies referred to in the derivative contract.

Liquidity impact of downgrade triggers on OTC and OTC-cleared derivatives

| (in millions) | June 30, 2013 Single-notch downgrade | June 30, 2013 Two-notch downgrade | December 31, 2012 Single-notch downgrade | December 31, 2012 Two-notch downgrade |
|---|---|---|---|---|
| Amount of additional collateral to be posted upon downgrade[a] | $1,004 | $3,395 | $1,234 | $4,090 |
| Amount required to settle contracts with termination triggers upon downgrade[b] | 727 | 1,110 | 857 | 1,270 |

(a) Includes the additional collateral to be posted for initial margin. Prior period amounts have been revised to conform with the current presentation.

(b) Amounts represent fair value of derivative payables, and do not reflect collateral posted.

Impact of derivatives on the Consolidated Statements of Income

The following tables provide information related to gains and losses recorded on derivatives based on their hedge accounting designation or purpose.

Fair value hedge gains and losses

The following tables present derivative instruments, by contract type, used in fair value hedge accounting relationships, as well as pretax gains/(losses) recorded on such derivatives and the related hedged items for the three and six months ended June 30, 2013 and 2012, respectively. The Firm includes gains/(losses) on the hedging derivative and the related hedged item in the same line item in the Consolidated Statements of Income, primarily principal transactions revenue and net interest income. For additional information regarding amounts recorded in principal transactions revenue, see Note 6 on pages 143–144 of this Form 10-Q.

| Three months ended June 30, 2013 (in millions) | Gains/(losses) recorded in income: Derivatives | Hedged items | Total income statement impact | Income statement impact due to: Hedge ineffectiveness[d] | Excluded components[e] |
|---|---|---|---|---|---|
| Contract type | | | | | |
| Interest rate[a] | $(2,107) | $2,434 | $327 | $(60) | $387 |
| Foreign exchange[b] | 280 | (368) | (88) | — | (88) |
| Commodity[c] | 1,201 | (1,087) | 114 | 6 | 108 |
| Total | $(626) | $979 | $353 | $(54) | $407 |

| Three months ended June 30, 2012 (in millions) | Gains/(losses) recorded in income: Derivatives | Hedged items | Total income | Income statement impact due to: Hedge ineffectiveness[d] | Excluded components[e] |
|---|---|---|---|---|---|

| | | | statement impact | | |
|---|---|---|---|---|---|
| Contract type | | | | | |
| Interest rate[(a)] | $(55) | $249 | $194 | $7 | $187 |
| Foreign exchange[(b)] | 4,436 | (4,521) | (85) | — | (85) |
| Commodity[(c)] | 1,396 | (1,193) | 203 | 26 | 177 |
| Total | $5,777 | $(5,465) | $312 | $33 | $279 |

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| Six months ended June 30, 2013 (in millions) | Gains/(losses) recorded in income | | | Income statement impact due to: | |
|---|---|---|---|---|---|
| | Derivatives | Hedged items | Total income statement impact | Hedge ineffectiveness[d] | Excluded components[e] |
| Contract type | | | | | |
| Interest rate[a] | $(2,606) | $3,309 | $703 | $(100) | $803 |
| Foreign exchange[b] | 4,033 | (4,120) | (87) | — | (87) |
| Commodity[c] | 1,952 | (1,812) | 140 | (12) | 152 |
| Total | $3,379 | $(2,623) | $756 | $(112) | $868 |

| Six months ended June 30, 2012 (in millions) | Gains/(losses) recorded in income | | | Income statement impact due to: | |
|---|---|---|---|---|---|
| | Derivatives | Hedged items | Total income statement impact | Hedge ineffectiveness[d] | Excluded components[e] |
| Contract type | | | | | |
| Interest rate[a] | $(613) | $890 | $277 | $35 | $242 |
| Foreign exchange[b] | 1,476 | (1,571) | (95) | — | (95) |
| Commodity[c] | (780) | 501 | (279) | 53 | (332) |
| Total | $83 | $(180) | $(97) | $88 | $(185) |

(a) Primarily consists of hedges of the benchmark (e.g., London Interbank Offered Rate ("LIBOR")) interest rate risk of fixed-rate long-term debt and AFS securities. Gains and losses were recorded in net interest income. The current presentation excludes accrued interest. Prior period amounts have been revised to conform with the current presentation.

(b) Primarily consists of hedges of the foreign currency risk of long-term debt and AFS securities for changes in spot foreign currency rates. Gains and losses related to the derivatives and the hedged items, due to changes in foreign currency rates, were recorded in principal transactions revenue and net interest income.

(c) Consists of overall fair value hedges of physical commodities inventories that are generally carried at the lower of cost or market (market approximates fair value). Gains and losses were recorded in principal transactions revenue.

(d) Hedge ineffectiveness is the amount by which the gain or loss on the designated derivative instrument does not exactly offset the gain or loss on the hedged item attributable to the hedged risk.

(e) The assessment of hedge effectiveness excludes certain components of the changes in fair values of the derivatives and hedged items such as forward points on foreign exchange forward contracts and time values.

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Cash flow hedge gains and losses

The following tables present derivative instruments, by contract type, used in cash flow hedge accounting relationships, and the pretax gains/(losses) recorded on such derivatives, for the three and six months ended June 30, 2013 and 2012. The Firm includes the gain/(loss) on the hedging derivative and the change in cash flows on the hedged item in the same line item in the Consolidated Statements of Income.

| | Gains/(losses) recorded in income and other comprehensive income/(loss)[c] | | | | |
|---|---|---|---|---|---|
| Three months ended June 30, 2013 (in millions) | Derivatives – effective portion reclassified from AOCI to income | Hedge ineffectiveness recorded directly in income[d] | Total income statement impact | Derivatives – effective portion recorded in OCI | Total change in OCI for period |
| Contract type | | | | | |
| Interest rate[a] | $(14) | $ — | $(14) | $(500) | $(486) |
| Foreign exchange[b] | (20) | — | (20) | (12) | 8 |
| Total | $(34) | $ — | $(34) | $(512) | $(478) |

| | Gains/(losses) recorded in income and other comprehensive income/(loss)[c] | | | | |
|---|---|---|---|---|---|
| Three months ended June 30, 2012 (in millions) | Derivatives – effective portion reclassified from AOCI to income | Hedge ineffectiveness recorded directly in income[d] | Total income statement impact | Derivatives – effective portion recorded in OCI | Total change in OCI for period |
| Contract type | | | | | |
| Interest rate[a] | $7 | $ — | $7 | $140 | $133 |
| Foreign exchange[b] | (2) | — | (2) | (12) | (10) |
| Total | $5 | $ — | $5 | $128 | $123 |

| | Gains/(losses) recorded in income and other comprehensive income/(loss)[c] | | | | |
|---|---|---|---|---|---|
| Six months ended June 30, 2013 (in millions) | Derivatives – effective portion reclassified from AOCI to income | Hedge ineffectiveness recorded directly in income[d] | Total income statement impact | Derivatives – effective portion recorded in OCI | Total change in OCI for period |
| Contract type | | | | | |
| Interest rate[a] | $(41) | $ — | $(41) | $(526) | $(485) |
| Foreign exchange[b] | (22) | — | (22) | (116) | (94) |
| Total | $(63) | $ — | $(63) | $(642) | $(579) |

| | Gains/(losses) recorded in income and other comprehensive income/(loss)[c] | | | | |
|---|---|---|---|---|---|
| Six months ended June 30, 2012 (in millions) | Derivatives – effective portion reclassified from AOCI to income | Hedge ineffectiveness recorded directly in income[d] | Total income statement impact | Derivatives – effective portion recorded in OCI | Total change in OCI for period |
| Contract type | | | | | |
| Interest rate[a] | $28 | $ 5 | $33 | $20 | $(8) |

| | | | | | |
|---|---|---|---|---|---|
| Foreign exchange[b] | (3 | ) — | (3 | ) 67 | 70 |
| Total | $25 | $5 | $30 | $87 | $62 |

(a) Primarily consists of benchmark interest rate hedges of LIBOR-indexed floating-rate assets and floating-rate liabilities. Gains and losses were recorded in net interest income.

(b) Primarily consists of hedges of the foreign currency risk of non-U.S. dollar-denominated revenue and expense. The income statement classification of gains and losses follows the hedged item – primarily net interest income, noninterest revenue and compensation expense.

(c) The Firm did not experience any forecasted transactions that failed to occur for the three and six months ended June 30, 2013 and 2012.

(d) Hedge ineffectiveness is the amount by which the cumulative gain or loss on the designated derivative instrument exceeds the present value of the cumulative expected change in cash flows on the hedged item attributable to the hedged risk.

Over the next 12 months, the Firm expects that $42 million (after-tax) of net losses recorded in accumulated other comprehensive income ("AOCI") at June 30, 2013, related to cash flow hedges will be recognized in income. The maximum length of time over which forecasted transactions are hedged is 10 years, and such transactions primarily relate to core lending and borrowing activities.

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Net investment hedge gains and losses

The following table presents hedging instruments, by contract type, that were used in net investment hedge accounting relationships, and the pretax gains/(losses) recorded on such instruments for the three and six months ended June 30, 2013 and 2012.

| | Gains/(losses) recorded in income and other comprehensive income/(loss) | | | |
|---|---|---|---|---|
| | 2013 | | 2012 | |
| Three months ended June 30, (in millions) | Excluded components recorded directly in income[(a)] | Effective portion recorded in OCI | Excluded components recorded directly in income[(a)] | Effective portion recorded in OCI |
| Foreign exchange derivatives | $(85) | $571 | $(80) | $480 |

| | Gains/(losses) recorded in income and other comprehensive income/(loss) | | | |
|---|---|---|---|---|
| | 2013 | | 2012 | |
| Six months ended June 30, (in millions) | Excluded components recorded directly in income[(a)] | Effective portion recorded in OCI | Excluded components recorded directly in income[(a)] | Effective portion recorded in OCI |
| Foreign exchange derivatives | $(162) | $991 | $(135) | $213 |

(a) Certain components of hedging derivatives are permitted to be excluded from the assessment of hedge effectiveness, such as forward points on foreign exchange forward contracts. Amounts related to excluded components are recorded in current-period income. The Firm measures the ineffectiveness of net investment hedge accounting relationships based on changes in spot foreign currency rates, and therefore there was no ineffectiveness for net investment hedge accounting relationships during the three and six months ended June 30, 2013 and 2012.

Gains and losses on derivatives used for specified risk management purposes

The following table presents pretax gains/(losses) recorded on a limited number of derivatives, not designated in hedge accounting relationships, that are used to manage risks associated with certain specified assets and liabilities, including certain risks arising from the mortgage pipeline, warehouse loans, MSRs, wholesale lending exposures, AFS securities, foreign currency-denominated liabilities, and commodities-related contracts and investments.

| | Derivatives gains/(losses) recorded in income | | | |
|---|---|---|---|---|
| | Three months ended June 30, | | Six months ended June 30, | |
| (in millions) | 2013 | 2012 | 2013 | 2012 |
| Contract type | | | | |
| Interest rate[(a)] | $269 | $2,307 | $727 | $2,843 |
| Credit[(b)] | (8) | (13) | (39) | (87) |
| Foreign exchange[(c)] | — | 42 | 1 | 47 |
| Commodity[(d)] | 40 | 13 | 74 | 3 |
| Total | $301 | $2,349 | $763 | $2,806 |

(a) Primarily relates to interest rate derivatives used to hedge the interest rate risks associated with the mortgage pipeline, warehouse loans and MSRs. Gains and losses were recorded predominantly in mortgage fees and related income.

(b) Relates to credit derivatives used to mitigate credit risk associated with lending exposures in the Firm's wholesale businesses, and single-name credit derivatives used to mitigate credit risk arising from certain AFS securities. These derivatives do not include the synthetic credit portfolio or credit derivatives used to mitigate counterparty credit risk arising from derivative receivables, both of which are included in gains and losses on derivatives related to market-making activities and other derivatives. Gains and losses were recorded in principal transactions revenue.

(c)

Primarily relates to hedges of the foreign exchange risk of specified foreign currency-denominated liabilities. Gains and losses were recorded in principal transactions revenue and net interest income.

(d) Primarily relates to commodity derivatives used to mitigate energy price risk associated with energy-related contracts and investments. Gains and losses were recorded in principal transactions revenue.

Gains and losses on derivatives related to market-making activities and other derivatives

The Firm makes markets in derivatives in order to meet the needs of customers and uses derivatives to manage certain risks associated with net open risk positions from the Firm's market-making activities, including the counterparty credit risk arising from derivative receivables. These derivatives, as well as all other derivatives (including the synthetic credit portfolio) that are not included in the hedge accounting or specified risk management categories above, are included in this category. Gains and losses on these derivatives are recorded in principal transactions revenue. See Note 6 on pages 143–144 of this Form 10-Q for information on principal transactions revenue.

Credit derivatives

For a more detailed discussion of credit derivatives, see Note 6 on pages 218–227 of JPMorgan Chase's 2012 Annual Report.

The Firm is both a purchaser and seller of protection in the credit derivatives market and uses these derivatives for two primary purposes. First, in its capacity as a market-maker, the Firm actively manages a portfolio of credit derivatives by purchasing and selling credit protection, predominantly on corporate debt obligations, to meet the needs of customers. Second, as an end-user, the Firm uses credit derivatives to manage credit risk associated with lending exposures (loans and unfunded commitments) and derivatives counterparty exposures in the Firm's wholesale businesses, and to manage the credit risk arising from certain AFS securities and from certain financial instruments in the Firm's market-making businesses. For more information on the synthetic credit portfolio, see footnote (b) to the table on page 131 of this Note.

The following tables present a summary of the notional amounts of credit derivatives and credit-related notes the Firm sold and purchased as of June 30, 2013, and

December 31, 2012. Upon a credit event, the Firm as a seller of protection would typically pay out only a percentage of the full notional amount as the amount actually required to be paid on the contracts takes into account the recovery value of the reference obligation at the time of settlement. The Firm manages the credit risk on contracts to sell protection by purchasing protection with identical or similar underlying reference entities. Other purchased protection referenced in the following tables includes credit derivatives bought on related, but not identical, reference positions (including indices, portfolio coverage and other reference points) as well as protection purchased through credit-related notes.

The Firm does not use notional amounts of credit derivatives as the primary measure of risk management for such derivatives, because the notional amount does not take into account the probability of the occurrence of a credit event, the recovery value of the reference obligation, or related cash instruments and economic hedges, each of which reduces, in the Firm's view, the risks associated with such derivatives.

Total credit derivatives and credit-related notes

| | Maximum payout/Notional amount | | | |
|---|---|---|---|---|
| June 30, 2013 (in millions) | Protection sold | Protection purchased with identical underlyings[(b)] | Net protection (sold)/purchased[(c)] | Other protection purchased[(d)] |
| Credit derivatives | | | | |
| Credit default swaps | $(3,078,623) | $3,076,709 | $ (1,914) | $8,653 |
| Other credit derivatives[(a)] | (77,146) | 20,660 | (56,486) | 29,551 |
| Total credit derivatives | (3,155,769) | 3,097,369 | (58,400) | 38,204 |
| Credit-related notes | (149) | — | (149) | 2,276 |
| Total | $(3,155,918) | $3,097,369 | $ (58,549) | $40,480 |

| | Maximum payout/Notional amount | | | |
|---|---|---|---|---|
| December 31, 2012 (in millions) | Protection sold | Protection purchased with identical underlyings[(b)] | Net protection (sold)/purchased[(c)] | Other protection purchased[(d)] |
| Credit derivatives | | | | |
| Credit default swaps | $(2,954,705) | $2,879,105 | $ (75,600) | $42,460 |
| Other credit derivatives[(a)] | (66,244) | 5,649 | (60,595) | 33,174 |
| Total credit derivatives | (3,020,949) | 2,884,754 | (136,195) | 75,634 |
| Credit-related notes | (233) | — | (233) | 3,255 |
| Total | $(3,021,182) | $2,884,754 | $ (136,428) | $78,889 |

(a) Primarily consists of total return swaps and CDS options.

(b) Represents the total notional amount of protection purchased where the underlying reference instrument is identical to the reference instrument on protection sold; the notional amount of protection purchased for each individual identical underlying reference instrument may be greater or lower than the notional amount of protection sold.

(c) Does not take into account the fair value of the reference obligation at the time of settlement, which would generally reduce the amount the seller of protection pays to the buyer of protection in determining settlement value.

(d) Represents protection purchased by the Firm on referenced instruments (single-name, portfolio or index) where the Firm has not sold any protection on the identical reference instrument.

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The following tables summarize the notional and fair value amounts of credit derivatives and credit-related notes as of June 30, 2013, and December 31, 2012, where JPMorgan Chase is the seller of protection. The maturity profile is based on the remaining contractual maturity of the credit derivative contracts. The ratings profile is based on the rating of the reference entity on which the credit derivative contract is based. The ratings and maturity profile of credit derivatives and credit-related notes where JPMorgan Chase is the purchaser of protection are comparable to the profile reflected below.

Protection sold – credit derivatives and credit-related notes ratings[(a)]/maturity profile

| June 30, 2013 (in millions) | <1 year | 1–5 years | >5 years | Total notional amount | Fair value of receivables[(b)] | Fair value of payables[(b)] | Net fair value |
|---|---|---|---|---|---|---|---|
| Risk rating of reference entity | | | | | | | |
| Investment-grade | $(370,635) | $(1,753,481) | $(132,951) | $(2,257,067) | $ 20,698 | $(19,788) | $910 |
| Noninvestment-grade | (194,013) | (672,521) | (32,317) | (898,851) | 21,579 | (27,524) | (5,945) |
| Total | $(564,648) | $(2,426,002) | $(165,268) | $(3,155,918) | $ 42,277 | $(47,312) | $(5,035) |

| December 31, 2012 (in millions) | <1 year | 1–5 years | >5 years | Total notional amount | Fair value of receivables[(b)] | Fair value of payables[(b)] | Net fair value |
|---|---|---|---|---|---|---|---|
| Risk rating of reference entity | | | | | | | |
| Investment-grade | $(409,748) | $(1,383,644) | $(224,001) | $(2,017,393) | $ 16,690 | $(22,393) | $(5,703) |
| Noninvestment-grade | (214,949) | (722,115) | (66,725) | (1,003,789) | 22,355 | (36,815) | (14,460) |
| Total | $(624,697) | $(2,105,759) | $(290,726) | $(3,021,182) | $ 39,045 | $(59,208) | $(20,163) |

(a) The ratings scale is based on the Firm’s internal ratings, which generally correspond to ratings as defined by S&P and Moody’s.

(b) Amounts are shown on a gross basis, before the benefit of legally enforceable master netting agreements and cash collateral received by the Firm.

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Note 6 – Noninterest revenue
For a discussion of the components of and accounting policies for the Firm’s noninterest revenue, see Note 7 on pages 228–229 of JPMorgan Chase’s 2012 Annual Report.
The following table presents the components of investment banking fees.

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (in millions) | 2013 | 2012 | 2013 | 2012 |
| Underwriting | | | | |
| Equity | $457 | $250 | $730 | $526 |
| Debt | 956 | 654 | 1,873 | 1,477 |
| Total underwriting | 1,413 | 904 | 2,603 | 2,003 |
| Advisory | 304 | 353 | 559 | 635 |
| Total investment banking fees | $1,717 | $1,257 | $3,162 | $2,638 |

Principal transactions revenue includes realized and unrealized gains and losses recorded on derivatives, other financial instruments and private equity investments.
Principal transactions revenue also includes certain realized and unrealized gains and losses related to hedge accounting and specified risk management activities disclosed separately in Note 5, including: (a) certain derivatives designated in qualifying hedge accounting relationships (primarily fair value hedges of commodity and foreign exchange risk), (b) certain derivatives used for specific risk management purposes, primarily to mitigate credit risk, foreign exchange risk and commodity risk, and (c) other derivatives, including the synthetic credit portfolio. See Note 5 on pages 131–142 of this Form 10-Q for information on the income statement classification of gains and losses on derivatives.
Principal transactions revenue also includes revenue associated with market-making and client-driven activities that involve physical commodities. The Firm, through its Global Commodities Group within CIB (“Commodities Group”) generally provides risk management, investment and financing solutions to clients globally both through financial derivatives transactions, as well as through physical commodities transactions. On the financial side, the Commodities Group engages in OTC derivatives transactions (e.g., swaps, forwards, options) and exchange-traded derivatives referencing various types of commodities (see below and Note 5 - Derivative instruments for further information). On the physical side, the Commodities Group engages in the purchase, sale, transport, and storage of power, gas, liquefied natural gas, coal, crude oil, refined products, precious and base metals among others. Realized gains and losses and unrealized losses arising from market-making and client-driven activities involving physical commodities inventories that are generally carried at the lower of cost or market (market approximates fair value), subject to any applicable fair value hedge accounting adjustments, are recorded in principal transactions revenue. Fees relating to storage and transportation are recorded in other income. These fees are generally

recognized over the arrangement period. Expenses relating to such activities are recorded in other expense (see Note 10 on page 146 of this Form 10-Q for further information).
The following table presents all realized and unrealized gains and losses recorded in principal transactions revenue by major underlying type of risk exposures.

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (in millions) | 2013 | 2012 | 2013 | 2012 |
| Trading revenue by risk exposure | | | | |
| Interest rate | $564 | $1,228 | $1,153 | $2,573 |
| Credit[(a)] | 733 | (3,583) | 1,878 | (4,567) |
| Foreign exchange | 554 | 245 | 1,043 | 793 |
| Equity | 888 | 712 | 2,010 | 1,535 |
| Commodity[(b)] | 541 | 617 | 1,229 | 1,244 |
| Total trading revenue | 3,280 | (781) | 7,313 | 1,578 |
| Private equity gains/(losses)[(c)] | 480 | 354 | 208 | 717 |

| | | | | |
|---|---|---|---|---|
| Principal transactions[d] | $3,760 | $(427) | $7,521 | $2,295 |

(a) Included $4.4 billion and $5.8 billion of losses incurred by CIO from the synthetic credit portfolio for the three and six months ended June 30, 2012. In June 2012, CIO identified a portion of the synthetic credit portfolio that aggregated a notional amount of approximately $12 billion; subsequent losses of $240 million are included in the 2012 amounts.

(b) Includes realized gains and losses and unrealized losses on physical commodities inventories that are generally carried at the lower of cost or market (market approximates fair value), subject to any applicable fair value hedge accounting adjustments, and gains and losses on commodity derivatives and other financial instruments that are carried at fair value through income. Commodity derivatives are frequently used to manage the Firm’s risk exposure to its physical commodities inventories related to market-making and client-driven activities. Gains/(losses) related to commodity fair value hedges were $114 million and $203 million for the three months ended June 30, 2013 and 2012, respectively. Gains/(losses) related to commodity fair value hedges were $140 million and $(279) million for the six months ended June 30, 2013 and 2012, respectively.

(c) Includes revenue on private equity investments held in the Private Equity business within Corporate/Private Equity, as well as those held in other business segments.

(d) Principal transactions revenue includes DVA related to structured notes and derivative liabilities measured at fair value in CIB. DVA gains/(losses) were $355 million and $755 million for the three months ended June 30, 2013 and 2012, respectively, and $481 million and $(152) million for the six months ended June 30, 2013 and 2012, respectively.

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The following table presents the components of asset management, administration and commissions.

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (in millions) | 2013 | 2012 | 2013 | 2012 |
| Asset management[a] | | | | |
| Investment management fees[b] | $1,948 | $1,607 | $3,773 | $3,152 |
| All other asset management fees[c] | 139 | 68 | 263 | 131 |
| Total asset management fees | 2,087 | 1,675 | 4,036 | 3,283 |
| Total administration fees[d] | 548 | 559 | 1,075 | 1,094 |
| Commission and other fees | | | | |
| Brokerage commissions | 625 | 585 | 1,205 | 1,240 |
| All other commissions and fees | 605 | 642 | 1,148 | 1,236 |
| Total commissions and fees | 1,230 | 1,227 | 2,353 | 2,476 |
| Total asset management, administration and commissions | $3,865 | $3,461 | $7,464 | $6,853 |

(a) The Firm has contractual arrangements with third parties to provide certain services in connection with its asset management activities. Generally, amounts paid to third-party service providers are expensed, such that asset management fees are recorded gross of payments made to third parties.

(b) Represents fees earned from managing assets on behalf of Firm clients, including investors in Firm-sponsored funds or owners of separately managed investment accounts.

(c) Represents fees for services that are ancillary to investment management services, such as commissions earned on the sales or distribution of mutual funds to clients.

(d) Predominantly, includes fees for custody, securities lending, funds services and securities clearance.

Other income

Included in other income is operating lease income of $363 million and $328 million for the three months ended June 30, 2013 and 2012, respectively, and $712 million and $651 million for the six months ended June 30, 2013 and 2012, respectively.

Note 7 – Interest income and Interest expense

For a description of JPMorgan Chase’s accounting policies regarding interest income and interest expense, see Note 8 on page 230 of JPMorgan Chase’s 2012 Annual Report.

Details of interest income and interest expense were as follows.

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (in millions) | 2013 | 2012 | 2013 | 2012 |
| Interest income | | | | |
| Loans | $8,341 | $8,902 | $16,854 | $18,004 |
| Securities | 1,778 | 2,101 | 3,668 | 4,396 |
| Trading assets | 2,197 | 2,265 | 4,470 | 4,659 |
| Federal funds sold and securities purchased under resale agreements | 490 | 646 | 1,004 | 1,297 |
| Securities borrowed | (30 )[c] | (12 )[c] | (36 )[c] | 25 |
| Deposits with banks | 222 | 136 | 385 | 288 |
| Other assets[a] | 147 | 61 | 227 | 131 |
| Total interest income | $13,145 | $14,099 | $26,572 | $28,800 |
| Interest expense | | | | |

| | | | | |
|---|---|---|---|---|
| Interest-bearing deposits | $539 | $737 | $1,084 | $1,459 |
| Short-term and other liabilities(b) | 515 | 513 | 1,035 | 922 |
| Long-term debt | 1,261 | 1,538 | 2,556 | 3,260 |
| Beneficial interests issued by consolidated VIEs | 126 | 165 | 260 | 347 |
| Total interest expense | $2,441 | $2,953 | $4,935 | $5,988 |
| Net interest income | $10,704 | $11,146 | $21,637 | $22,812 |
| Provision for credit losses | 47 | 214 | 664 | 940 |
| Net interest income after provision for credit losses | $10,657 | $10,932 | $20,973 | $21,872 |

(a) Largely margin loans.

(b) Includes brokerage customer payables.

(c) Negative interest income is a result of increased client-driven demand for certain securities combined with the impact of low interest rates; the offset of this matched book activity is reflected as lower net interest expense reported within short-term and other liabilities.

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Note 8 – Pension and other postretirement employee benefit plans

For a discussion of JPMorgan Chase's pension and other postretirement employee benefit ("OPEB") plans, see Note 9 on pages 231–240 of JPMorgan Chase's 2012 Annual Report.

The following table presents the components of net periodic benefit costs reported in the Consolidated Statements of Income for the Firm's U.S. and non-U.S. defined benefit pension, defined contribution and OPEB plans.

| | Pension plans | | | | | |
|---|---|---|---|---|---|---|
| | U.S. | | Non-U.S. | | OPEB plans | |
| Three months ended June 30, (in millions) | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Components of net periodic benefit cost | | | | | | |
| Benefits earned during the period | $79 | $68 | $8 | $9 | $— | $— |
| Interest cost on benefit obligations | 111 | 121 | 30 | 31 | 9 | 11 |
| Expected return on plan assets | (238) | (223) | (34) | (34) | (24) | (23) |
| Amortization: | | | | | | |
| Net (gain)/loss | 67 | 73 | 12 | 8 | — | (2) |
| Prior service cost/(credit) | (11) | (10) | — | — | — | — |
| Net periodic defined benefit cost | 8 | 29 | 16 | 14 | (15) | (14) |
| Other defined benefit pension plans[(a)] | 4 | 3 | 4 | 1 | NA | NA |
| Total defined benefit plans | 12 | 32 | 20 | 15 | (15) | (14) |
| Total defined contribution plans | 115 | 107 | 80 | 75 | NA | NA |
| Total pension and OPEB cost included in compensation expense | $127 | $139 | $100 | $90 | $(15) | $(14) |

| | Pension plans | | | | | |
|---|---|---|---|---|---|---|
| | U.S. | | Non-U.S. | | OPEB plans | |
| Six months ended June 30, (in millions) | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Components of net periodic benefit cost | | | | | | |
| Benefits earned during the period | $157 | $136 | $17 | $19 | $— | $— |
| Interest cost on benefit obligations | 223 | 227 | 60 | 62 | 18 | 22 |
| Expected return on plan assets | (477) | (418) | (68) | (67) | (46) | (45) |
| Amortization: | | | | | | |
| Net (gain)/loss | 135 | 145 | 24 | 17 | 1 | — |
| Prior service cost/(credit) | (21) | (21) | (1) | — | — | — |
| Net periodic defined benefit cost | 17 | 69 | 32 | 31 | (27) | (23) |
| Other defined benefit pension plans[(a)] | 7 | 7 | 6 | 3 | NA | NA |
| Total defined benefit plans | 24 | 76 | 38 | 34 | (27) | (23) |
| Total defined contribution plans | 220 | 188 | 159 | 155 | NA | NA |
| Total pension and OPEB cost included in compensation expense | $244 | $264 | $197 | $189 | $(27) | $(23) |

(a) Includes various defined benefit pension plans which are individually immaterial.

The fair values of plan assets for the U.S. defined benefit pension and OPEB plans and for the material non-U.S. defined benefit pension plans were $15.1 billion and $3.2 billion, respectively, as of June 30, 2013, and $14.6 billion and $3.3 billion, respectively, as of December 31, 2012. See Note 19 on pages 189–190 of this Form 10-Q for further information on unrecognized amounts (i.e., net loss and prior service costs/(credit)) reflected in AOCI for the three and six month periods ended June 30, 2013 and 2012.

The Firm does not anticipate any contribution to the U.S. defined benefit pension plan in 2013 at this time. For 2013, the cost associated with funding benefits under the Firm's U.S. non-qualified defined benefit pension plans is expected to total $39 million. The 2013 contributions to the non-U.S. defined benefit pension and OPEB plans are expected to be $39 million and $2 million, respectively.

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Note 9 – Employee stock-based incentives

For a discussion of the accounting policies and other information relating to employee stock-based incentives, see Note 10 on pages 241–243 of JPMorgan Chase's 2012 Annual Report.

The Firm recognized the following noncash compensation expense related to its various employee stock-based incentive plans in its Consolidated Statements of Income.

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (in millions) | 2013 | 2012 | 2013 | 2012 |
| Cost of prior grants of restricted stock units ("RSUs") and stock appreciation rights ("SARs") that are amortized over their applicable vesting periods | $372 | $450 | $756 | $1,032 |
| Accrual of estimated costs of RSUs and SARs to be granted in future periods including those to full-career eligible employees | 214 | 159 | 471 | 409 |
| Total noncash compensation expense related to employee stock-based incentive plans | $586 | $609 | $1,227 | $1,441 |

In the first quarter of 2013, in connection with its annual incentive grant for the 2012 performance year, the Firm granted 43 million RSUs and 12 million SARs with weighted-average grant date fair values of $46.58 per RSU and $9.56 per SAR.

Note 10 – Noninterest expense

The following table presents the components of noninterest expense.

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (in millions) | 2013 | 2012 | 2013 | 2012 |
| Compensation expense | $8,019 | $7,427 | $16,433 | $16,040 |
| Noncompensation expense: | | | | |
| Occupancy expense | 904 | 1,080 | 1,805 | 2,041 |
| Technology, communications and equipment expense | 1,361 | 1,282 | 2,693 | 2,553 |
| Professional and outside services | 1,901 | 1,857 | 3,635 | 3,652 |
| Marketing | 578 | 642 | 1,167 | 1,322 |
| Other expense(a)(b)(c) | 2,951 | 2,487 | 5,252 | 7,319 |
| Amortization of intangibles | 152 | 191 | 304 | 384 |
| Total noncompensation expense | 7,847 | 7,539 | 14,856 | 17,271 |
| Total noninterest expense | $15,866 | $14,966 | $31,289 | $33,311 |

(a) Included litigation expense of $678 million and $323 million for the three months ended June 30, 2013 and 2012, respectively, and $1.0 billion and $3.0 billion for the six months ended June 30, 2013 and 2012, respectively.

(b) Included FDIC-related expense of $392 million and $413 million for the three months ended June 30, 2013 and 2012, respectively, and $771 million and $814 million for the six months ended June 30, 2013 and 2012, respectively.

(c) Includes certain expenses relating to the Commodities Group activities, including storage, transportation and tolling arrangements.

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Note 11 – Securities

Securities are primarily classified as AFS or trading. Securities classified as trading are discussed in Note 3 on pages 114–127 of this Form 10-Q. Predominantly all of the AFS securities portfolio is held by CIO in connection with its asset-liability management objectives. At both June 30, 2013, and December 31, 2012, the average credit rating of the debt securities comprising the AFS portfolio was AA+

(based upon external ratings where available and, where not available, based primarily upon internal ratings which correspond to ratings as defined by S&P and Moody's). For additional information regarding AFS securities, see Note 12 on pages 244–248 of JPMorgan Chase's 2012 Annual Report.

Realized gains and losses

The following table presents realized gains and losses and other-than-temporary impairment losses ("OTTI") from AFS securities that were recognized in income.

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (in millions) | 2013 | 2012 | 2013 | 2012 |
| Realized gains | $143 | $1,148 | $664 | $1,887 |
| Realized losses | (13) | (78) | (25) | (274) |
| Net realized gains[a] | 130 | 1,070 | 639 | 1,613 |
| Other-than-temporary impairment losses: | | | | |
| Credit-related[b] | — | (19) | — | (26) |
| Securities the Firm intends to sell[c] | (6) | (37) | (6) | (37) |
| Total OTTI losses recognized in income | (6) | (56) | (6) | (63) |
| Net securities gains | $124 | $1,014 | $633 | $1,550 |

(a) Proceeds from securities sold were within approximately 1% and 3% of amortized cost for the three and six months ended June 30, 2013, respectively and within 4% of amortized cost for both the three and six months ended June 30, 2012.

(b) Includes OTTI losses recognized in income on certain prime mortgage-backed securities for the three months ended June 30, 2012; and certain obligations of U.S. states and municipalities and prime mortgage-backed securities for the six months ended June 30, 2012.

(c) Represents the excess of the amortized cost over the fair value of certain non-U.S. corporate debt securities and non-U.S. government debt securities for the three and six months ended June 30, 2013, and certain non-U.S. corporate debt securities for the three and six months ended for June 30, 2012, that the firm intends to sell.

The amortized costs and estimated fair values of AFS and held-to-maturity ("HTM") securities were as follows for the dates indicated.

| | June 30, 2013 | | | | December 31, 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions) | Amortized cost | Gross unrealized gains | Gross unrealized losses | Fair value | Amortized cost | Gross unrealized gains | Gross unrealized losses | Fair value |
| Available-for-sale debt securities | | | | | | | | |
| Mortgage-backed securities: | | | | | | | | |
| U.S. government agencies[a] | $99,742 | $ 2,689 | $1,117 | $101,314 | $93,693 | $ 4,708 | $13 | $98,388 |
| Residential: | | | | | | | | |
| Prime and Alt-A | 1,927 | 49 | 32 | 1,944 | 1,853 | 83 | 3 | 1,933 |
| Subprime | 709 | 23 | — | 732 | 825 | 28 | — | 853 |
| Non-U.S. | 61,597 | 1,299 | 8 | 62,888 | 70,358 | 1,524 | 29 | 71,853 |
| Commercial | 12,404 | 620 | 40 | 12,984 | 12,268 | 948 | 13 | 13,203 |
| | 176,379 | 4,680 | 1,197 | 179,862 | 178,997 | 7,291 | 58 | 186,230 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Total mortgage-backed securities | | | | | | | | |
| U.S. Treasury and government agencies[a] | 22,804 | 302 | 208 | 22,898 | 12,022 | 116 | 8 | 12,130 |
| Obligations of U.S. states and municipalities | 24,509 | 782 | 758 | 24,533 | 19,876 | 1,845 | 10 | 21,711 |
| Certificates of deposit | 1,582 | 7 | 1 | 1,588 | 2,781 | 4 | 2 | 2,783 |
| Non-U.S. government debt securities | 55,214 | 822 | 62 | 55,974 | 65,168 | 901 | 25 | 66,044 |
| Corporate debt securities[b] | 27,937 | 401 | 99 | 28,239 | 37,999 | 694 | 84 | 38,609 |
| Asset-backed securities: | | | | | | | | |
| Collateralized loan obligations | 27,039 | 326 | 47 | 27,318 | 27,483 | 465 | 52 | 27,896 |
| Other | 11,503 | 197 | 3 | 11,697 | 12,816 | 166 | 11 | 12,971 |
| Total available-for-sale debt securities | 346,967 | 7,517 | 2,375 | 352,109 | 357,142 | 11,482 | 250 | 368,374 |
| Available-for-sale equity securities | 2,595 | 15 | — | 2,610 | 2,750 | 21 | — | 2,771 |
| Total available-for-sale securities | $349,562 | $ 7,532 | $2,375 | $354,719 | $359,892 | $ 11,503 | $250 | $371,145 |
| Total held-to-maturity securities | $6 | $ — | $— | $6 | $7 | $ 1 | $— | $8 |

(a) Included total U.S. government-sponsored enterprise obligations with fair values of $90.0 billion and $84.0 billion at June 30, 2013, and December 31, 2012, respectively.

(b) Consists primarily of bank debt including sovereign government-guaranteed bank debt.

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Securities impairment

The following tables present the fair value and gross unrealized losses for AFS securities by aging category at June 30, 2013, and December 31, 2012.

| | Securities with gross unrealized losses | | | | | |
|---|---|---|---|---|---|---|
| | Less than 12 months | | 12 months or more | | | |
| June 30, 2013 (in millions) | Fair value | Gross unrealized losses | Fair value | Gross unrealized losses | Total fair value | Total gross unrealized losses |
| Available-for-sale debt securities | | | | | | |
| Mortgage-backed securities: | | | | | | |
| U.S. government agencies | $34,624 | $1,117 | $— | $— | $34,624 | $1,117 |
| Residential: | | | | | | |
| Prime and Alt-A | 1,229 | 31 | 61 | 1 | 1,290 | 32 |
| Subprime | — | — | — | — | — | — |
| Non-U.S. | 154 | 1 | 249 | 7 | 403 | 8 |
| Commercial | 1,776 | 40 | — | — | 1,776 | 40 |
| Total mortgage-backed securities | 37,783 | 1,189 | 310 | 8 | 38,093 | 1,197 |
| U.S. Treasury and government agencies | 14,128 | 208 | — | — | 14,128 | 208 |
| Obligations of U.S. states and municipalities | 11,969 | 758 | — | — | 11,969 | 758 |
| Certificates of deposit | 286 | 1 | — | — | 286 | 1 |
| Non-U.S. government debt securities | 8,023 | 62 | — | — | 8,023 | 62 |
| Corporate debt securities | 5,267 | 72 | 1,628 | 27 | 6,895 | 99 |
| Asset-backed securities: | | | | | | |
| Collateralized loan obligations | 6,820 | 34 | 906 | 13 | 7,726 | 47 |
| Other | 1,320 | 2 | 142 | 1 | 1,462 | 3 |
| Total available-for-sale debt securities | 85,596 | 2,326 | 2,986 | 49 | 88,582 | 2,375 |
| Available-for-sale equity securities | — | — | — | — | — | — |
| Total securities with gross unrealized losses | $85,596 | $2,326 | $2,986 | $49 | $88,582 | $2,375 |

| | Securities with gross unrealized losses | | | | | |
|---|---|---|---|---|---|---|
| | Less than 12 months | | 12 months or more | | | |
| December 31, 2012 (in millions) | Fair value | Gross unrealized losses | Fair value | Gross unrealized losses | Total fair value | Total gross unrealized losses |
| Available-for-sale debt securities | | | | | | |
| Mortgage-backed securities: | | | | | | |
| U.S. government agencies | $2,440 | $13 | $— | $— | $2,440 | $13 |
| Residential: | | | | | | |
| Prime and Alt-A | 218 | 2 | 76 | 1 | 294 | 3 |
| Subprime | — | — | — | — | — | — |
| Non-U.S. | 2,442 | 6 | 734 | 23 | 3,176 | 29 |
| Commercial | 1,159 | 8 | 312 | 5 | 1,471 | 13 |
| Total mortgage-backed securities | 6,259 | 29 | 1,122 | 29 | 7,381 | 58 |
| U.S. Treasury and government agencies | 4,198 | 8 | — | — | 4,198 | 8 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Obligations of U.S. states and municipalities | 907 | 10 | — | — | 907 | 10 |
| Certificates of deposit | 741 | 2 | — | — | 741 | 2 |
| Non-U.S. government debt securities | 14,527 | 21 | 1,927 | 4 | 16,454 | 25 |
| Corporate debt securities | 2,651 | 10 | 5,641 | 74 | 8,292 | 84 |
| Asset-backed securities: | | | | | | |
| Collateralized loan obligations | 6,328 | 17 | 2,063 | 35 | 8,391 | 52 |
| Other | 2,076 | 7 | 275 | 4 | 2,351 | 11 |
| Total available-for-sale debt securities | 37,687 | 104 | 11,028 | 146 | 48,715 | 250 |
| Available-for-sale equity securities | — | — | — | — | — | — |
| Total securities with gross unrealized losses | $37,687 | $104 | $11,028 | $146 | $48,715 | $250 |

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Other-than-temporary impairment

The following table presents OTTI losses that are included in the securities gains and losses table above.

| (in millions) | Three months ended June 30, 2013 | Three months ended June 30, 2012 | Six months ended June 30, 2013 | Six months ended June 30, 2012 |
|---|---|---|---|---|
| Debt securities the Firm does not intend to sell that have credit losses | | | | |
| Total OTTI[a] | $— | $(103) | $— | $(113) |
| Losses recorded in/(reclassified from) AOCI | — | 84 | — | 87 |
| Total credit-related losses recognized in income[b][c] | — | (19) | — | (26) |
| Securities the Firm intends to sell[d] | (6) | (37) | (6) | (37) |
| Total OTTI losses recognized in income | $(6) | $(56) | $(6) | $(63) |

(a) For initial OTTI, represents the excess of the amortized cost over the fair value of AFS debt securities. For subsequent impairments of the same security, represents additional declines in fair value subsequent to previously recorded OTTI.

(b) Subsequent credit losses may be recorded on securities without a corresponding further decline in fair value if there has been a decline in expected cash flows.

(c) Represents the credit loss component on certain prime mortgage-backed securities for the three months ended June 30, 2012; and certain obligations of U. S. states and municipalities and prime mortgage-backed securities for the six months ended June 30, 2012.

(d) Represents the excess of the amortized cost over the fair value of certain non-U.S. corporate debt securities and non-U.S. government debt securities for the three and six months ended June 30, 2013, and certain non-U.S. corporate debt securities for the three and six months ended for June 30, 2012, that the firm intends to sell.

Changes in the credit loss component of credit-impaired debt securities

The following table presents a rollforward for the three and six months ended June 30, 2013 and 2012, of the credit loss component of OTTI losses that have been recognized in income related to debt securities that the Firm does not intend to sell.

| (in millions) | Three months ended June 30, 2013 | Three months ended June 30, 2012 | Six months ended June 30, 2013 | Six months ended June 30, 2012 |
|---|---|---|---|---|
| Balance, beginning of period | $519 | $715 | $522 | $708 |
| Additions: | | | | |
| Newly credit-impaired securities | — | 14 | — | 20 |
| Losses reclassified from other comprehensive income on previously credit-impaired securities | — | 5 | — | 6 |
| Reductions: | | | | |
| Sales of credit-impaired securities | — | — | (3) | — |
| Balance, end of period | $519 | $734 | $519 | $734 |

Gross unrealized losses

Gross unrealized losses have generally increased since December 31, 2012; however, losses on securities that have been in an unrealized loss position for 12 months or more have decreased. The Firm has recognized the unrealized losses on securities it intends to sell. As of June 30, 2013, the Firm does not intend to sell any securities with a loss position in AOCI, and it is not likely that the Firm will be required to sell these securities before recovery of their amortized cost basis. Except for the securities reported in the table above for which credit losses have been recognized in income, the Firm believes that the securities with an unrealized loss in AOCI are not other-than-temporarily impaired as of June 30, 2013.

Contractual maturities and yields

The following table presents the amortized cost and estimated fair value at June 30, 2013, of JPMorgan Chase's AFS and HTM securities by contractual maturity.

| By remaining maturity<br>June 30, 2013<br>(in millions) | Due in one year or less | | Due after one year through five years | | Due after five years through 10 years | | Due after 10 years[c] | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| Available-for-sale debt securities | | | | | | | | | | |
| Mortgage-backed securities[a] | | | | | | | | | | |
| Amortized cost | $293 | | $14,218 | | $9,652 | | $152,216 | | $176,379 | |
| Fair value | 295 | | 14,662 | | 9,942 | | 154,963 | | 179,862 | |
| Average yield[b] | 2.08 | % | 2.08 | % | 3.09 | % | 3.17 | % | 3.07 | % |
| U.S. Treasury and government agencies[a] | | | | | | | | | | |
| Amortized cost | $7,432 | | $12,497 | | $1,931 | | $944 | | $22,804 | |
| Fair value | 7,455 | | 12,496 | | 1,950 | | 997 | | 22,898 | |
| Average yield[b] | 0.65 | % | 0.41 | % | 0.83 | % | 0.78 | % | 0.54 | % |
| Obligations of U.S. states and municipalities | | | | | | | | | | |
| Amortized cost | $32 | | $466 | | $1,335 | | $22,676 | | $24,509 | |
| Fair value | 32 | | 493 | | 1,357 | | 22,651 | | 24,533 | |
| Average yield[b] | 2.95 | % | 5.27 | % | 4.02 | % | 5.91 | % | 5.79 | % |
| Certificates of deposit | | | | | | | | | | |
| Amortized cost | $1,531 | | $51 | | $— | | $— | | $1,582 | |
| Fair value | 1,535 | | 53 | | — | | — | | 1,588 | |
| Average yield[b] | 7.67 | % | 3.28 | % | — | % | — | % | 7.53 | % |
| Non-U.S. government debt securities | | | | | | | | | | |
| Amortized cost | $11,112 | | $16,429 | | $25,469 | | $2,204 | | $55,214 | |
| Fair value | 11,145 | | 16,616 | | 25,915 | | 2,298 | | 55,974 | |
| Average yield[b] | 1.90 | % | 2.32 | % | 1.20 | % | 1.67 | % | 1.69 | % |
| Corporate debt securities | | | | | | | | | | |
| Amortized cost | $4,170 | | $16,790 | | $6,924 | | $53 | | $27,937 | |
| Fair value | 4,173 | | 17,042 | | 6,969 | | 55 | | 28,239 | |
| Average yield[b] | 2.19 | % | 2.40 | % | 2.57 | % | 2.34 | % | 2.41 | % |
| Asset-backed securities | | | | | | | | | | |
| Amortized cost | $— | | $2,756 | | $14,009 | | $21,777 | | $38,542 | |
| Fair value | — | | 2,783 | | 14,202 | | 22,030 | | 39,015 | |
| Average yield[b] | — | % | 1.86 | % | 1.76 | % | 1.90 | % | 1.85 | % |
| Total available-for-sale debt securities | | | | | | | | | | |
| Amortized cost | $24,570 | | $63,207 | | $59,320 | | $199,870 | | $346,967 | |
| Fair value | 24,635 | | 64,145 | | 60,335 | | 202,994 | | 352,109 | |
| Average yield[b] | 1.93 | % | 1.91 | % | 1.85 | % | 3.31 | % | 2.71 | % |
| Available-for-sale equity securities | | | | | | | | | | |
| Amortized cost | $— | | $— | | $— | | $2,595 | | $2,595 | |
| Fair value | — | | — | | — | | 2,610 | | 2,610 | |
| Average yield[b] | — | % | — | % | — | % | 0.25 | % | 0.25 | % |
| Total available-for-sale securities | | | | | | | | | | |
| Amortized cost | $24,570 | | $63,207 | | $59,320 | | $202,465 | | $349,562 | |
| Fair value | 24,635 | | 64,145 | | 60,335 | | 205,604 | | 354,719 | |
| Average yield[b] | 1.93 | % | 1.91 | % | 1.85 | % | 3.27 | % | 2.69 | % |
| Total held-to-maturity securities | | | | | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Amortized cost | $— | $5 | $1 | $— | $6 | |
| Fair value | — | 5 | 1 | — | 6 | |
| Average yield(b) | — | %6.84 | %6.64 | %— | %6.81 | % |

(a) U.S. government-sponsored enterprises were the only issuers whose securities exceeded 10% of JPMorgan Chase's total stockholders' equity at June 30, 2013.

(b) Average yield is computed using the effective yield of each security owned at the end of the period, weighted based on the amortized cost of each security. The effective yield considers the contractual coupon, amortization of premiums and accretion of discounts, and the effect of related hedging derivatives. Taxable-equivalent amounts are used where applicable. The effective yield excludes unscheduled principal prepayments; and accordingly, actual maturities of securities may differ from their contractual or expected maturities as certain securities may be prepaid.

(c) Includes securities with no stated maturity. Substantially all of the Firm's residential mortgage-backed securities and collateralized mortgage obligations are due in 10 years or more, based on contractual maturity. The estimated duration, which reflects anticipated future prepayments based on a consensus of dealers in the market, is approximately five years for agency residential mortgage-backed securities, two years for agency residential collateralized mortgage obligations and three years for nonagency residential collateralized mortgage obligations.

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Note 12 – Securities financing activities

For a discussion of accounting policies relating to securities financing activities, see Note 13 on page 249 of JPMorgan Chase's 2012 Annual Report. For further information regarding securities borrowed and securities lending agreements for which the fair value option has been elected, see Note 4 on pages 128–130 of this Form 10-Q. For further information regarding assets pledged and collateral received in securities financing agreements, see Note 22 on page 197 of this Form 10-Q.

The following table presents as of June 30, 2013, and December 31, 2012 the gross and net securities purchased under resale agreements and securities borrowed. Securities purchased under resale agreements have been presented on the Consolidated Balance Sheets net of securities sold under repurchase agreements where netting requirements have been met, including obtaining a legal opinion that supports, with sufficient confidence, the enforceability of the master netting agreement ("U.S. GAAP nettable securities purchased under resale agreements"); where such a legal opinion has either not been sought or obtained, the securities purchased under resale agreements are not netted, and are shown separately in the table below ("Securities purchased under resale agreements not nettable under U.S. GAAP"). Securities borrowed are presented on a gross basis on the Consolidated Balance Sheets.

| | June 30, 2013 | | | December 31, 2012 | | |
|---|---|---|---|---|---|---|
| (in millions) | Gross asset balance | Amounts netted on the Consolidated Balance Sheets | Net asset balance | Gross asset balance | Amounts netted on the Consolidated Balance Sheets | Net asset balance |
| Securities purchased under resale agreements | | | | | | |
| U.S. GAAP nettable securities purchased under resale agreements | $359,377 | $ (117,183 ) | $242,194 | $381,377 | $ (96,947 ) | $284,430 |
| Securities purchased under resale agreements not nettable under U.S. GAAP | 9,422 | | 9,422 | 10,983 | | 10,983 |
| Total securities purchased under resale agreements | $368,799 | $ (117,183 ) | $251,616 (a) | $392,360 | $ (96,947 ) | $295,413 (a) |
| Securities borrowed | $117,158 | N/A | $117,158 (b)(c) | $119,017 | N/A | $119,017 (b)(c) |

(a) At June 30, 2013, and December 31, 2012, included securities purchased under resale agreements of $25.3 billion and $24.3 billion, respectively, accounted for at fair value.

(b) At June 30, 2013, and December 31, 2012, included securities borrowed of $5.3 billion and $10.2 billion, respectively, accounted for at fair value.

(c) Included $18.5 billion and $20.2 billion at June 30, 2013, and December 31, 2012, respectively, of securities borrowed where a legal opinion has either not been sought or obtained to support, with sufficient confidence, the enforceability of the master netting agreement in bankruptcy. The prior period amounts have been revised with a corresponding impact in the table below. This revision had no impact on the Firm's Consolidated Balance Sheets or its results of operations.

The following table presents information as of June 30, 2013, and December 31, 2012 regarding the U.S. GAAP nettable securities purchased under resale agreements and securities borrowed for which a legal opinion has been obtained to support, with sufficient confidence, the enforceability of the master netting agreement in bankruptcy. The below table excludes information related to resale agreements not nettable under U.S. GAAP and securities borrowed where such a legal opinion has either not been sought or obtained to support, with sufficient confidence, the enforceability of the master netting agreement in bankruptcy.

| June 30, 2013 | | December 31, 2012 | |
|---|---|---|---|
| | Amounts not nettable on the Consolidated | | Amounts not nettable on the Consolidated |

| (in millions) | Net asset balance | Balance Sheets[a] Financial instruments[b] | Cash collateral | Net exposure | Net asset balance | Balance Sheets[a] Financial instruments[b] | Cash collateral | Net exposure |
|---|---|---|---|---|---|---|---|---|
| U.S. GAAP nettable securities purchased under resale agreements | $242,194 | $(240,040) | $(767) | $1,387 | $284,430 | $(282,468) | $(998) | $964 |
| Securities borrowed | $98,615 | $(95,978) | $(36) | $2,601 | $98,807 | $(94,858) | $— | $3,949 |

(a) For some counterparties, the sum of the financial instruments and cash collateral not nettable on the Consolidated Balance Sheets may exceed the net asset balance. Where this is the case the total amounts reported in these two columns is limited to the balance of the net reverse repurchase agreement or securities borrowed asset with that counterparty. As a result a net exposure amount is reported even though the Firm, on a portfolio-wide basis for both its securities purchased under resale agreements and securities borrowed portfolios, has received securities collateral with a total fair value that is greater than the funds provided to counterparties.

(b) Includes financial instrument collateral received and repurchase and securities loaned liabilities subject to an enforceable master netting agreement; these amounts are not presented net on the Consolidated Balance Sheets because other U.S. GAAP netting criteria are not met.

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The following table presents as of June 30, 2013, and December 31, 2012 the gross and net securities sold under repurchase agreements and securities loaned. Securities sold under repurchase agreements have been presented on the Consolidated Balance Sheets net of securities purchased under resale agreements where netting requirements have been met, including obtaining a legal opinion that supports, with sufficient confidence, the enforceability of the master netting agreement ("U.S. GAAP nettable securities sold under repurchase agreements"); where such a legal opinion has either not been sought or obtained, the securities sold under repurchase agreements are not netted, and are shown separately in the table below ("Securities sold under repurchase agreements not nettable under U.S. GAAP"). Securities loaned are presented on a gross basis on the Consolidated Balance Sheets.

| (in millions) | June 30, 2013 Gross liability balance | Amounts netted on the Consolidated Balance Sheets | Net liability balance | | December 31, 2012 Gross liability balance | Amounts netted on the Consolidated Balance Sheets | Net liability balance | |
|---|---|---|---|---|---|---|---|---|
| Securities sold under repurchase agreements | | | | | | | | |
| U.S. GAAP nettable securities sold under repurchase agreements | $340,910 | $ (117,183 ) | $223,727 | | $301,352 | $ (96,947 ) | $204,405 | |
| Securities sold under repurchase agreements not nettable under U.S. GAAP[a] | 9,912 | | 9,912 | | 11,155 | | 11,155 | |
| Total securities sold under repurchase agreements | $350,822 | $ (117,183 ) | $233,639 | [c] | $312,507 | $ (96,947 ) | $215,560 | [c] |
| Securities loaned[b] | $31,999 | N/A | $31,999 | [d][e] | $30,458 | N/A | $30,458 | [d][e] |

(a) Includes repurchase agreements that are not subject to a master netting agreement but do provide enforceable rights to collateral.

(b) Included securities-for-securities borrow vs. pledge transactions of $7.2 billion and $6.9 billion at June 30, 2013, and December 31, 2012, respectively, when acting as lender and as presented within other liabilities in the Consolidated Balance Sheets.

(c) At June 30, 2013, and December 31, 2012, included securities sold under repurchase agreements of $4.2 billion and $3.9 billion, respectively, accounted for at fair value.

(d) At June 30, 2013, and December 31, 2012 included securities loaned of $452 million and $457 million, respectively, accounted for at fair value.

(e) Included $1.2 billion and $889 million at June 30, 2013, and December 31, 2012, respectively of securities loaned where a legal opinion has not been either sought or obtained to support, with sufficient confidence, the enforceability of the master netting agreement in bankruptcy.

The following table presents information as of June 30, 2013, and December 31, 2012 regarding the U.S. GAAP nettable securities sold under repurchase agreements and securities loaned for which a legal opinion has been obtained to support, with sufficient confidence, the enforceability of the master netting agreement in bankruptcy. The below table excludes information related to repurchase agreements not nettable under U.S. GAAP and securities loaned where a legal opinion has not been either sought or obtained to support, with sufficient confidence, the enforceability of the master netting agreement in bankruptcy.

| | June 30, 2013 | | | | December 31, 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | | Amounts not nettable on the Consolidated balance sheets[a] | | | | Amounts not nettable on the Consolidated balance sheets[a] | | |
| (in millions) | Net liability balance | Financial instruments[b] | Cash collateral | Net amount[c] | Net liability balance | Financial instruments[b] | Cash collateral | Net amount[c] |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| U.S. GAAP nettable securities sold under repurchase agreements | $223,727 | $(221,227 ) | $(409 ) | $2,091 | $204,405 | $(202,925 ) | $(162 ) | $1,318 |
| Securities loaned | $30,831 | $(30,043 ) | $— | $788 | $29,569 | $(28,465 ) | $— | $1,104 |

(a) For some counterparties the sum of the financial instruments and cash collateral not nettable on the Consolidated Balance Sheets may exceed the net liability balance. Where this is the case the total amounts reported in these two columns is limited to the balance of the net repurchase agreement or securities loaned liability with that counterparty.

(b) Includes financial instrument collateral transferred and reverse repurchase and securities borrowed assets subject to an enforceable master netting agreement; these amounts are not presented net on the Consolidated Balance Sheets because other U.S. GAAP netting criteria are not met.

(c) Net amount represents exposure of counterparties to the Firm.

Transfers not qualifying for sale accounting

In addition, at June 30, 2013, and December 31, 2012, the Firm held $11.0 billion and $9.6 billion, respectively, of financial assets for which the rights have been transferred to third parties; however, the transfers did not qualify as a sale in accordance with U.S. GAAP. These transfers have been recognized as collateralized financing transactions. The transferred assets are recorded in trading assets, other

assets and loans, and the corresponding liabilities are recorded in other borrowed funds, accounts payable and other liabilities, and long-term debt, on the Consolidated Balance Sheets.

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Note 13 – Loans

Loan accounting framework

The accounting for a loan depends on management's strategy for the loan, and on whether the loan was credit-impaired at the date of acquisition. The Firm accounts for loans based on the following categories:

- Originated or purchased loans held-for-investment (i.e., "retained"), other than purchased credit-impaired ("PCI") loans
- Loans held-for-sale
- Loans at fair value
- PCI loans held-for-investment

For a detailed discussion of loans, including accounting policies, see Note 14 on pages 250–275 of JPMorgan Chase's 2012 Annual Report. See Note 4 on pages 128–130 of this Form 10-Q for further information on the Firm's elections of fair value accounting under the fair value option. See Note 3 on pages 114–127 of this Form 10-Q for further information on loans carried at fair value and classified as trading assets.

Loan portfolio

The Firm's loan portfolio is divided into three portfolio segments, which are the same segments used by the Firm to determine the allowance for loan losses: Consumer, excluding credit card; Credit card; and Wholesale. Within each portfolio segment, the Firm monitors and assesses the credit risk in the following classes of loans, based on the risk characteristics of each loan class:

| Consumer, excluding credit card[(a)] | Credit card | Wholesale[(c)] |
|---|---|---|
| Residential real estate – excluding PCI<br>• Home equity – senior lien<br>• Home equity – junior lien<br>• Prime mortgage, including option ARMs<br>• Subprime mortgage<br>Other consumer loans<br>• Auto[(b)]<br>• Business banking[(b)]<br>• Student and other<br>Residential real estate – PCI<br>• Home equity<br>• Prime mortgage<br>• Subprime mortgage<br>• Option ARMs | • Credit card loans | • Commercial and industrial<br>• Real estate<br>• Financial institutions<br>• Government agencies<br>• Other |

(a) Includes loans reported in CCB, and prime mortgage loans reported in the Asset Management ("AM") business segment and in Corporate/Private Equity.

(b) Includes certain business banking and auto dealer risk-rated loans that apply the wholesale methodology for determining the allowance for loan losses; these loans are managed by CCB, and therefore, for consistency in presentation, are included with the other consumer loan classes.

(c) Includes loans reported in CIB, Commercial Banking ("CB") and AM business segments and in Corporate/Private Equity.

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The following tables summarize the Firm's loan balances by portfolio segment.

| June 30, 2013<br>(in millions) | Consumer, excluding credit card | Credit card[(a)] | Wholesale | Total | |
|---|---|---|---|---|---|
| Retained | $287,388 | $124,288 | $308,208 | $719,884 | [(b)] |
| Held-for-sale | 708 | — | 3,071 | 3,779 | |
| At fair value | — | — | 1,923 | 1,923 | |
| Total | $288,096 | $124,288 | $313,202 | $725,586 | |

| December 31, 2012<br>(in millions) | Consumer, excluding credit card | Credit card[(a)] | Wholesale | Total | |
|---|---|---|---|---|---|
| Retained | $292,620 | $127,993 | $306,222 | $726,835 | [(b)] |
| Held-for-sale | — | — | 4,406 | 4,406 | |
| At fair value | — | — | 2,555 | 2,555 | |
| Total | $292,620 | $127,993 | $313,183 | $733,796 | |

(a) Includes billed finance charges and fees net of an allowance for uncollectible amounts.

(b) Loans (other than PCI loans and those for which the fair value option has been elected) are presented net of unearned income, unamortized discounts and premiums, and net deferred loan costs of $2.3 billion and $2.5 billion at June 30, 2013, and December 31, 2012, respectively.

The following tables provide information about the carrying value of retained loans purchased, sold and reclassified to held-for-sale during the periods indicated. These tables exclude loans recorded at fair value. The Firm manages its exposure to credit risk on an ongoing basis. Selling loans is one way that the Firm reduces its credit exposures.

| | 2013 | | | | 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| Three months ended June 30, (in millions) | Consumer, excluding credit card | Credit card | Wholesale | Total | Consumer, excluding credit card | Credit card | Wholesale | Total |
| Purchases | $1,590 | $328 | $191 | $2,109 | $1,854 | $— | $253 | $2,107 |
| Sales | 1,233 | — | 1,425 | 2,658 | 985 | — | 809 | 1,794 |
| Retained loans reclassified to held-for-sale | 708 | — | 677 | 1,385 | — | 120 | 55 | 175 |

| | 2013 | | | | 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| Six months ended June 30, (in millions) | Consumer, excluding credit card | Credit card | Wholesale | Total | Consumer, excluding credit card | Credit card | Wholesale | Total |
| Purchases | $4,215 | $328 | $286 | $4,829 | $3,613 | $— | $574 | $4,187 |
| Sales | 2,662 | — | 2,578 | 5,240 | 1,342 | — | 1,672 | 3,014 |
| Retained loans reclassified to held-for-sale | 708 | — | 1,021 | 1,729 | — | 1,043 | 117 | 1,160 |

The following table provides information about gains/(losses) on loan sales by portfolio segment.

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (in millions) | 2013 | 2012 | 2013 | 2012 |
| Net gains/(losses) on sales of loans (including lower of cost or fair value adjustments)[(a)] | | | | |
| Consumer, excluding credit card | $112 | $42 | $256 | $74 |
| Credit card | — | 6 | — | (12) |

| | | | | |
|---|---|---|---|---|
| Wholesale | (14) | 36 | (7) | 68 |
| Total net gains/(losses) on sales of loans (including lower of cost or fair value adjustments) | $98 | $84 | $249 | $130 |

(a) Excludes sales related to loans accounted for at fair value.

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Consumer, excluding credit card loan portfolio

Consumer loans, excluding credit card loans, consist primarily of residential mortgages, home equity loans and lines of credit, auto loans, business banking loans, and student and other loans, with a primary focus on serving the prime consumer credit market. The portfolio also includes home equity loans secured by junior liens and mortgage loans with interest-only payment options to predominantly prime borrowers, as well as certain payment-option loans originated by Washington Mutual that may result in negative amortization.

The table below provides information about retained consumer loans, excluding credit card, by class.

| (in millions) | Jun 30, 2013 | Dec 31, 2012 |
|---|---|---|
| Residential real estate – excluding PCI | | |
| Home equity: | | |
| Senior lien | $18,277 | $19,385 |
| Junior lien | 44,049 | 48,000 |
| Mortgages: | | |
| Prime, including option ARMs | 79,179 | 76,256 |
| Subprime | 7,703 | 8,255 |
| Other consumer loans | | |
| Auto | 50,865 | 49,913 |
| Business banking | 18,730 | 18,883 |
| Student and other | 11,849 | 12,191 |
| Residential real estate – PCI | | |
| Home equity | 19,992 | 20,971 |
| Prime mortgage | 12,976 | 13,674 |
| Subprime mortgage | 4,448 | 4,626 |
| Option ARMs | 19,320 | 20,466 |
| Total retained loans | $287,388 | $292,620 |

Delinquency rates are a primary credit quality indicator for consumer loans, excluding credit card. Other indicators that are taken into consideration for consumer loans, excluding credit card, include:

- For residential real estate loans, including both non-PCI and PCI portfolios, the current estimated LTV ratio, or the combined LTV ratio in the case of junior lien loans; the geographic distribution of the loan collateral; and the borrower's current or "refreshed" FICO score.
- For scored auto, scored business banking and student loans, the geographic distribution of the loans.
- For risk-rated business banking and auto loans, the risk rating of the loan; the geographic considerations relevant to the loan; and whether the loan is considered to be criticized and/or nonaccrual.
- For all business banking loans, the industry specific conditions relevant to the loans.

For further information on consumer credit quality indicators, see Note 14 on pages 250–275 of JPMorgan Chase's 2012 Annual Report.

Residential real estate – excluding PCI loans

The following table provides information by class for residential real estate – excluding retained PCI loans in the consumer, excluding credit card, portfolio segment.

The following factors should be considered in analyzing certain credit statistics applicable to the Firm's residential real estate – excluding PCI loans portfolio: (i) junior lien home equity loans may be fully charged off when the loan becomes 180 days past due, and the value of the collateral does not support the repayment of the loan, resulting in relatively high charge-off rates for this product class; and (ii) the lengthening of loss-mitigation timelines may result in higher delinquency rates for loans carried at the net realizable value of the collateral that remain on the Firm's Consolidated Balance Sheets.

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Explanation of Responses:

Residential real estate – excluding PCI loans

| (in millions, except ratios) | Home equity<br>Senior lien<br>Jun 30, 2013 | Dec 31, 2012 | Junior lien<br>Jun 30, 2013 | Dec 31, 2012 |
|---|---|---|---|---|
| Loan delinquency[(a)] | | | | |
| Current | $17,636 | $18,688 | $43,144 | $46,805 |
| 30–149 days past due | 279 | 330 | 668 | 960 |
| 150 or more days past due | 362 | 367 | 237 | 235 |
| Total retained loans | $18,277 | $19,385 | $44,049 | $48,000 |
| % of 30+ days past due to total retained loans | 3.51 % | 3.60 % | 2.05 % | 2.49 % |
| 90 or more days past due and still accruing | $— | $— | $— | $— |
| 90 or more days past due and government guaranteed[(b)] | — | — | — | — |
| Nonaccrual loans | 927 | 931 | 2,059 | 2,277 |
| Current estimated LTV ratios[(c)(d)(e)] | | | | |
| Greater than 125% and refreshed FICO scores: | | | | |
| Equal to or greater than 660 | $88 | $197 | $2,416 | $4,561 |
| Less than 660 | 44 | 93 | 725 | 1,338 |
| 101% to 125% and refreshed FICO scores: | | | | |
| Equal to or greater than 660 | 321 | 491 | 5,891 | 7,089 |
| Less than 660 | 143 | 191 | 1,673 | 1,971 |
| 80% to 100% and refreshed FICO scores: | | | | |
| Equal to or greater than 660 | 1,161 | 1,502 | 8,810 | 9,604 |
| Less than 660 | 392 | 485 | 2,248 | 2,279 |
| Less than 80% and refreshed FICO scores: | | | | |
| Equal to or greater than 660 | 13,729 | 13,988 | 19,136 | 18,252 |
| Less than 660 | 2,399 | 2,438 | 3,150 | 2,906 |
| U.S. government-guaranteed | — | — | — | — |
| Total retained loans | $18,277 | $19,385 | $44,049 | $48,000 |
| Geographic region | | | | |
| California | $2,577 | $2,786 | $10,065 | $10,969 |
| New York | 2,865 | 2,847 | 9,021 | 9,753 |
| Illinois | 1,313 | 1,358 | 3,009 | 3,265 |
| Florida | 889 | 892 | 2,335 | 2,572 |
| Texas | 2,252 | 2,508 | 1,325 | 1,503 |
| New Jersey | 655 | 652 | 2,608 | 2,838 |
| Arizona | 1,098 | 1,183 | 1,975 | 2,151 |
| Washington | 601 | 651 | 1,502 | 1,629 |
| Michigan | 852 | 910 | 1,061 | 1,169 |
| Ohio | 1,394 | 1,514 | 989 | 1,091 |
| All other[(f)] | 3,781 | 4,084 | 10,159 | 11,060 |
| Total retained loans | $18,277 | $19,385 | $44,049 | $48,000 |

(a) Individual delinquency classifications included mortgage loans insured by U.S. government agencies as follows: current included $3.3 billion and $3.8 billion; 30–149 days past due included $2.1 billion and $2.3 billion; and 150 or more days past due included $8.4 billion and $9.5 billion at June 30, 2013, and December 31, 2012, respectively.

(b) These balances, which are 90 days or more past due but insured by U.S. government agencies, are excluded from nonaccrual loans. In predominately all cases, 100% of the principal balance of the loans is insured and interest is guaranteed at a specified reimbursement rate subject to meeting agreed-upon servicing guidelines. These amounts are excluded from nonaccrual loans because reimbursement of insured and guaranteed amounts is proceeding normally. At June 30, 2013, and December 31, 2012, these balances included $6.1 billion and $6.8 billion, respectively, of loans that are no longer accruing interest because interest has been curtailed by the U.S. government agencies although, in predominantly all cases, 100% of the principal is still insured. For the remaining balance, interest is being accrued at the guaranteed reimbursement rate.

(c) Represents the aggregate unpaid principal balance of loans divided by the estimated current property value. Current property values are estimated, at a minimum, quarterly, based on home valuation models using nationally recognized home price index valuation estimates incorporating actual data to the extent available and forecasted data where actual data is not available. These property values do not represent actual appraised loan level collateral values; as such, the resulting ratios are necessarily imprecise and should be viewed as estimates.

(d) Junior lien represents combined LTV, which considers all available lien positions related to the property. All other products are presented without consideration of subordinate liens on the property.

(e) Refreshed FICO scores represent each borrower’s most recent credit score, which is obtained by the Firm on at least a quarterly basis.

(f) At June 30, 2013, and December 31, 2012, included mortgage loans insured by U.S. government agencies of $13.8 billion and $15.6 billion, respectively.

(g) At June 30, 2013, and December 31, 2012, excluded mortgage loans insured by U.S. government agencies of $10.5 billion and $11.8 billion, respectively. These amounts were excluded as reimbursement of insured amounts is proceeding normally.

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(table continued from previous page)
Mortgages

| Prime, including option ARMs | | Subprime | | Total residential real estate – excluding PCI | |
|---|---|---|---|---|---|
| Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 |
| $66,203 | $61,439 | $6,396 | $6,673 | $133,379 | $133,605 |
| 2,827 | 3,237 | 607 | 727 | 4,381 | 5,254 |
| 10,149 | 11,580 | 700 | 855 | 11,448 | 13,037 |
| $79,179 | $76,256 | $7,703 | $8,255 | $149,208 | $151,896 |
| 3.19 %[g] | 3.97 %[g] | 16.97 % | 19.16 % | 3.60 %[g] | 4.28 %[g] |
| $— | $— | $— | $— | $— | $— |
| 9,366 | 10,625 | — | — | 9,366 | 10,625 |
| 3,330 | 3,445 | 1,594 | 1,807 | 7,910 | 8,460 |
| $1,695 | $2,573 | $122 | $236 | $4,321 | $7,567 |
| 565 | 991 | 381 | 653 | 1,715 | 3,075 |
| 2,640 | 3,697 | 364 | 457 | 9,216 | 11,734 |
| 1,066 | 1,376 | 824 | 985 | 3,706 | 4,523 |
| 5,894 | 7,070 | 682 | 726 | 16,547 | 18,902 |
| 1,910 | 2,117 | 1,268 | 1,346 | 5,818 | 6,227 |
| 46,521 | 38,281 | 1,875 | 1,793 | 81,261 | 72,314 |
| 5,073 | 4,549 | 2,187 | 2,059 | 12,809 | 11,952 |
| 13,815 | 15,602 | — | — | 13,815 | 15,602 |
| $79,179 | $76,256 | $7,703 | $8,255 | $149,208 | $151,896 |
| $19,256 | $17,539 | $1,150 | $1,240 | $33,048 | $32,534 |
| 12,344 | 11,190 | 1,022 | 1,081 | 25,252 | 24,871 |
| 4,546 | 3,999 | 304 | 323 | 9,172 | 8,945 |
| 4,433 | 4,372 | 967 | 1,031 | 8,624 | 8,867 |
| 3,138 | 2,927 | 239 | 257 | 6,954 | 7,195 |
| 2,376 | 2,131 | 376 | 399 | 6,015 | 6,020 |
| 1,211 | 1,162 | 155 | 165 | 4,439 | 4,661 |
| 1,770 | 1,741 | 163 | 177 | 4,036 | 4,198 |
| 898 | 866 | 190 | 203 | 3,001 | 3,148 |
| 416 | 405 | 177 | 191 | 2,976 | 3,201 |
| 28,791 | 29,924 | 2,960 | 3,188 | 45,691 | 48,256 |
| $79,179 | $76,256 | $7,703 | $8,255 | $149,208 | $151,896 |

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The following tables represent the Firm's delinquency statistics for junior lien home equity loans and lines as of June 30, 2013, and December 31, 2012.

| June 30, 2013<br>(in millions, except ratios) | Delinquencies<br>30–89 days past due | 90–149 days past due | 150+ days past due | Total loans | Total 30+ day delinquency rate | |
|---|---|---|---|---|---|---|
| HELOCs:[a] | | | | | | |
| Within the revolving period[b] | $358 | $124 | $176 | $35,739 | 1.84 | % |
| Beyond the revolving period | 51 | 13 | 38 | 3,828 | 2.66 | |
| HELOANs | 89 | 33 | 23 | 4,482 | 3.24 | |
| Total | $498 | $170 | $237 | $44,049 | 2.05 | % |

| December 31, 2012<br>(in millions, except ratios) | Delinquencies<br>30–89 days past due | 90–149 days past due | 150+ days past due | Total loans | Total 30+ day delinquency rate | |
|---|---|---|---|---|---|---|
| HELOCs:[a] | | | | | | |
| Within the revolving period[b] | $514 | $196 | $185 | $40,794 | 2.19 | % |
| Beyond the revolving period | 48 | 19 | 27 | 2,127 | 4.42 | |
| HELOANs | 125 | 58 | 23 | 5,079 | 4.06 | |
| Total | $687 | $273 | $235 | $48,000 | 2.49 | % |

(a) These HELOCs are predominantly revolving loans for a 10-year period, after which time the HELOC converts to a loan with a 20-year amortization period, but also include HELOCs originated by Washington Mutual that require interest-only payments beyond the revolving period.
(b) The Firm manages the risk of HELOCs during their revolving period by closing or reducing the undrawn line to the extent permitted by law when borrowers are experiencing financial difficulty or when the collateral does not support the loan amount.

Home equity lines of credit ("HELOCs") beyond the revolving period and home equity loans ("HELOANs") have higher delinquency rates than do HELOCs within the revolving period. That is primarily because the fully-amortizing payment that is generally required for those products is higher than the minimum payment options

available for HELOCs within the revolving period. The higher delinquency rates associated with amortizing HELOCs and HELOANs are factored into the loss estimates produced by the Firm's delinquency roll-rate methodology, which estimates defaults based on the current delinquency status of a portfolio.

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Impaired loans

The Firm reports, in accordance with regulatory guidance, residential real estate loans that have been discharged under Chapter 7 bankruptcy and not reaffirmed by the borrower ("Chapter 7 loans") as collateral-dependent nonaccrual TDRs, regardless of their delinquency status.

The table below sets forth information about the Firm's residential real estate impaired loans, excluding PCI loans. These loans are considered to be impaired as they have been modified in a TDR. All impaired loans are evaluated for an asset-specific allowance as described in Note 14 on page 176 of this Form 10-Q.

| | Home equity | | | | Mortgages | | | | Total residential real estate – excluding PCI | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Senior lien | | Junior lien | | Prime, including option ARMs | | Subprime | | | |
| (in millions) | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 |
| Impaired loans | | | | | | | | | | |
| With an allowance | $582 | $542 | $717 | $677 | $6,152 | $5,810 | $3,099 | $3,071 | $10,550 | $10,100 |
| Without an allowance(a) | 578 | 550 | 598 | 546 | 1,151 | 1,308 | 726 | 741 | 3,053 | 3,145 |
| Total impaired loans(b) | $1,160 | $1,092 | $1,315 | $1,223 | $7,303 | $7,118 | $3,825 | $3,812 | $13,603 | $13,245 |
| Allowance for loan losses related to impaired loans | $119 | $159 | $163 | $188 | $177 | $70 | $117 | $174 | $576 | $591 |
| Unpaid principal balance of impaired loans(c) | 1,532 | 1,408 | 2,584 | 2,352 | 9,374 | 9,095 | 5,748 | 5,700 | 19,238 | 18,555 |
| Impaired loans on nonaccrual status(d) | 648 | 607 | 683 | 599 | 2,084 | 1,888 | 1,242 | 1,308 | 4,657 | 4,402 |

(a) Represents collateral-dependent residential mortgage loans that are charged off to the fair value of the underlying collateral less cost to sell.

(b) At June 30, 2013, and December 31, 2012, $6.9 billion and $7.5 billion, respectively, of loans modified subsequent to repurchase from Government National Mortgage Association ("Ginnie Mae") in accordance with the standards of the appropriate government agency (i.e., Federal Housing Administration ("FHA"), U.S. Department of Veterans Affairs ("VA"), Rural Housing Services ("RHS")) are not included in the table above. When such loans perform subsequent to modification in accordance with Ginnie Mae guidelines, they are generally sold back into Ginnie Mae loan pools. Modified loans that do not re-perform become subject to foreclosure.

(c) Represents the contractual amount of principal owed at June 30, 2013, and December 31, 2012. The unpaid principal balance differs from the impaired loan balances due to various factors, including charge-offs, net deferred loan fees or costs; and unamortized discounts or premiums on purchased loans.

(d) As of June 30, 2013, and December 31, 2012, nonaccrual loans included $3.2 billion and $2.9 billion, respectively, of TDRs for which the borrowers were less than 90 days past due. For additional information about loans modified in a TDR that are on nonaccrual status refer to the Loan accounting framework in Note 14 on pages 250–253 of JPMorgan Chase's 2012 Annual Report.

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The following tables present average impaired loans and the related interest income reported by the Firm.

| Three months ended June 30, | Average impaired loans | | Interest income on impaired loans[(a)] | | Interest income on impaired loans on a cash basis[(a)] | |
|---|---|---|---|---|---|---|
| (in millions) | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Home equity | | | | | | |
| Senior lien | $1,158 | $390 | $14 | $3 | $10 | $— |
| Junior lien | 1,296 | 734 | 21 | 7 | 14 | 1 |
| Mortgages | | | | | | |
| Prime, including option ARMs | 7,219 | 5,469 | 70 | 55 | 15 | 5 |
| Subprime | 3,833 | 3,394 | 50 | 45 | 14 | 6 |
| Total residential real estate – excluding PCI | $13,506 | $9,987 | $155 | $110 | $53 | $12 |

| Six months ended June 30, | Average impaired loans | | Interest income on impaired loans[(a)] | | Interest income on impaired loans on a cash basis[(a)] | |
|---|---|---|---|---|---|---|
| (in millions) | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Home equity | | | | | | |
| Senior lien | $1,149 | $363 | $29 | $6 | $20 | $1 |
| Junior lien | 1,284 | 710 | 41 | 13 | 27 | 2 |
| Mortgages | | | | | | |
| Prime, including option ARMs | 7,203 | 5,209 | 139 | 104 | 29 | 10 |
| Subprime | 3,830 | 3,305 | 100 | 87 | 29 | 10 |
| Total residential real estate – excluding PCI | $13,466 | $9,587 | $309 | $210 | $105 | $23 |

(a) Generally, interest income on loans modified in TDRs is recognized on a cash basis until such time as the borrower has made a minimum of six payments under the new terms.

Loan modifications

The global settlement, which became effective on April 5, 2012, required the Firm to, among other things, provide $3.7 billion of additional relief to certain borrowers under the Consumer Relief Program, including reductions of principal on first and second liens. For further information on the global settlement, see Mortgage Foreclosure-Related Investigations and Litigation in Note 23 on pages 204–205 of this Form 10-Q.

Modifications of residential real estate loans, excluding PCI loans, are generally accounted for and reported as TDRs. There are no additional commitments to lend to borrowers whose residential real estate loans, excluding PCI loans, have been modified in TDRs. For further information, see Note 14 on page 252 and pages 260–262 of JPMorgan Chase’s 2012 Annual Report.

TDR activity rollforward

The following tables reconcile the beginning and ending balances of residential real estate loans, excluding PCI loans, modified in TDRs for the periods presented.

| Three months ended June 30, (in millions) | Home equity | | | | Mortgages | | | | Total residential real estate – excluding PCI | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Senior lien | | Junior lien | | Prime, including option ARMs | | Subprime | | | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Beginning balance of TDRs | $1,155 | $338 | $1,286 | $706 | $7,223 | $5,018 | $3,843 | $3,226 | $13,507 | $9,288 |
| New TDRs | 39 | 231 | 94 | 93 | 318 | 1,209 | 89 | 362 | 540 | 1,895 |
| Charge-offs post-modification[(a)] | (8) | (4) | (24) | (6) | (14) | (26) | (27) | (43) | (73) | (79) |
| Foreclosures and other liquidations (e.g., short sales) | (5) | — | (7) | (2) | (39) | (28) | (19) | (23) | (70) | (53) |
| Principal payments and other | (21) | (5) | (34) | (29) | (185) | (81) | (61) | (38) | (301) | (153) |
| Ending balance of TDRs[(b)] | $1,160 | $560 | $1,315 | $762 | $7,303 | $6,092 | $3,825 | $3,484 | $13,603 | $10,898 |
| Permanent modifications[(b)] | $1,117 | $527 | $1,309 | $756 | $7,035 | $5,808 | $3,676 | $3,333 | $13,137 | $10,424 |
| Trial modifications | $43 | $33 | $6 | $6 | $268 | $284 | $149 | $151 | $466 | $474 |

| Six months ended June 30, (in millions) | Home equity | | | | Mortgages | | | | Total residential real estate – excluding PCI | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Senior lien | | Junior lien | | Prime, including option ARMs | | Subprime | | | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Beginning balance of TDRs | $1,092 | $335 | $1,223 | $657 | $7,118 | $4,877 | $3,812 | $3,219 | $13,245 | $9,088 |
| New TDRs | 140 | 243 | 229 | 189 | 628 | 1,490 | 217 | 484 | 1,214 | 2,406 |
| Charge-offs post-modification[(a)] | (18) | (9) | (57) | (23) | (33) | (60) | (65) | (94) | (173) | (186) |
| Foreclosures and other liquidations (e.g., short sales) | (9) | — | (11) | (5) | (74) | (57) | (38) | (60) | (132) | (122) |
| Principal payments and other | (45) | (9) | (69) | (56) | (336) | (158) | (101) | (65) | (551) | (288) |
| Ending balance of TDRs[(b)] | $1,160 | $560 | $1,315 | $762 | $7,303 | $6,092 | $3,825 | $3,484 | $13,603 | $10,898 |
| Permanent modifications[(b)] | $1,117 | $527 | $1,309 | $756 | $7,035 | $5,808 | $3,676 | $3,333 | $13,137 | $10,424 |
| Trial modifications | $43 | $33 | $6 | $6 | $268 | $284 | $149 | $151 | $466 | $474 |

(a) Includes charge-offs on unsuccessful trial modifications.

(b) At June 30, 2013, included $1.6 billion of Chapter 7 loans consisting of $470 million of senior lien home equity loans, $499 million of junior lien home equity loans, $430 million of prime, including option ARMs, and $223 million of subprime mortgages. Certain of these individual loans were previously reported as nonaccrual loans (e.g., based upon the delinquency status of the loan).

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Nature and extent of modifications

MHA, as well as the Firm’s proprietary modification programs, generally provide various concessions to financially troubled borrowers including, but not limited to, interest rate reductions, term or payment extensions and

deferral of principal and/or interest payments that would otherwise have been required under the terms of the original agreement.

The following tables provide information about how residential real estate loans, excluding PCI loans, were modified under the Firm’s loss mitigation programs during the periods presented. These tables exclude Chapter 7 loans where the sole concession granted is the discharge of debt. At June 30, 2013, there were approximately 38,900 of such Chapter 7 loans, consisting of approximately 9,400 senior lien home equity loans, 22,500 junior lien home equity loans, 3,500 prime mortgage, including option ARMs, and 3,500 subprime mortgages.

| Three months ended June 30, | Home equity | | | | Mortgages | | | | Total residential real estate - excluding PCI | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Senior lien | | Junior lien | | Prime, including option ARMs | | Subprime | | | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Number of loans approved for a trial modification[a] | 562 | 468 | 172 | 173 | 856 | 941 | 1,123 | 1,140 | 2,713 | 2,722 |
| Number of loans permanently modified | 405 | 2,467 | 1,353 | 2,048 | 1,137 | 3,754 | 1,458 | 4,654 | 4,353 | 12,923 |
| Concession granted:[a][b] | | | | | | | | | | |
| Interest rate reduction | 70% | 90% | 85% | 85% | 73% | 88% | 72% | 67% | 76% | 80% |
| Term or payment extension | 73 | 30 | 76 | 84 | 69 | 58 | 53 | 28 | 66 | 46 |
| Principal and/or interest deferred | 11 | 3 | 25 | 16 | 29 | 11 | 12 | 5 | 20 | 8 |
| Principal forgiveness | 37 | 1 | 33 | 12 | 39 | 9 | 46 | 37 | 39 | 18 |
| Other[c] | — | — | — | — | 24 | 40 | 13 | 7 | 11 | 14 |

| Six months ended June 30, | Home equity | | | | Mortgages | | | | Total residential real estate - excluding PCI | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Senior lien | | Junior lien | | Prime, including option ARMs | | Subprime | | | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Number of loans approved for a trial modification[a] | 1,062 | 839 | 368 | 421 | 1,832 | 1,913 | 2,612 | 2,332 | 5,874 | 5,505 |
| Number of loans permanently modified | 950 | 2,697 | 2,669 | 3,864 | 2,613 | 4,704 | 3,147 | 5,844 | 9,379 | 17,109 |
| Concession granted:[a][b] | | | | | | | | | | |
| Interest rate reduction | 72% | 88% | 88% | 90% | 74% | 86% | 71% | 70% | 77% | 82% |
| Term or payment extension | 73 | 35 | 77 | 76 | 69 | 61 | 51 | 34 | 66 | 51 |
| Principal and/or interest deferred | 10 | 4 | 24 | 18 | 28 | 17 | 11 | 6 | 19 | 11 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Principal forgiveness | 38 | 3 | 36 | 10 | 40 | 12 | 52 | 36 | 43 | 18 |
| Other(c) | — | — | — | — | 24 | 33 | 15 | 6 | 12 | 11 |

(a) Prior period amounts have been revised to conform with the current presentation.

(b) Represents concessions granted in permanent modifications as a percentage of the number of loans permanently modified. The sum of the percentages exceeds 100% because predominantly all of the modifications include more than one type of concession. A significant portion of trial modifications include interest rate reductions and/or term or payment extensions.

(c) Represents variable interest rate to fixed interest rate modifications.

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Financial effects of modifications and redefaults

The following tables provide information about the financial effects of the various concessions granted in modifications of residential real estate loans, excluding PCI, under the Firm's loss mitigation programs and about redefaults of certain loans modified in TDRs for the periods presented. Because the specific types and amounts of concessions offered to borrowers frequently change between the trial modification and the permanent modification, the following tables present only the financial effects of permanent modifications. These tables also exclude Chapter 7 loans where the sole concession granted is the discharge of debt.

| Three months ended June 30, (in millions, except weighted-average data and number of loans) | Home equity | | | | Mortgages | | | | Total residential real estate – excluding PCI | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Senior lien | | Junior lien | | Prime, including option ARMs | | Subprime | | | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Weighted-average interest rate of loans with interest rate reductions – before TDR | 6.78 % | 7.32 % | 5.10 % | 5.77 % | 5.09 % | 6.37 % | 7.26 % | 7.55 % | 5.76 % | 6.73 % |
| Weighted-average interest rate of loans with interest rate reductions – after TDR | 3.34 | 4.91 | 2.28 | 2.07 | 2.78 | 4.22 | 3.50 | 4.56 | 2.94 | 4.25 |
| Weighted-average remaining contractual term (in years) of loans with term or payment extensions – before TDR | 17 | 19 | 19 | 21 | 25 | 25 | 24 | 24 | 24 | 24 |
| Weighted-average remaining contractual term (in years) of loans with term or payment extensions – after TDR | 31 | 30 | 34 | 32 | 37 | 35 | 35 | 32 | 36 | 33 |
| Charge-offs recognized upon permanent modification | $2 | $1 | $23 | $6 | $6 | $9 | $3 | $7 | $34 | $23 |
| Principal deferred | 1 | 1 | 7 | 6 | 32 | 40 | 11 | 14 | 51 | 61 |
| Principal forgiven | 7 | 1 | 13 | 7 | 57 | 33 | 55 | 118 | 132 | 159 |
| Number of loans that redefaulted within one year of permanent modification(a) | 95 | 84 | 248 | 356 | 189 | 232 | 317 | 437 | 849 | 1,109 |
| Balance of loans that redefaulted within one year of permanent modification(a) | $7 | $6 | $6 | $12 | $54 | $72 | $31 | $47 | $98 | $137 |

| Six months ended June 30, (in millions, except weighted-average data and number of loans) | Home equity | | | | Mortgages | | | | Total residential real estate – excluding PCI | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Senior lien | | Junior lien | | Prime, including option ARMs | | Subprime | | | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Weighted-average interest rate of loans with interest rate reductions – before TDR | 6.53 % | 7.30 % | 5.14 % | 5.72 % | 5.37 % | 6.28 % | 7.48 % | 7.75 % | 5.99 % | 6.70 % |
| Weighted-average interest rate of loans with interest rate reductions – after TDR | 3.44 | 4.79 | 2.22 | 1.89 | 2.83 | 3.89 | 3.54 | 4.36 | 2.98 | 3.91 |
| Weighted-average remaining contractual term (in years) of | 18 | 19 | 19 | 21 | 24 | 26 | 24 | 25 | 23 | 25 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| loans with term or payment extensions – before TDR | | | | | | | | | | |
| Weighted-average remaining contractual term (in years) of loans with term or payment extensions – after TDR | 31 | 29 | 34 | 32 | 37 | 35 | 34 | 32 | 35 | 34 |
| Charge-offs recognized upon permanent modification | $4 | $2 | $42 | $12 | $11 | $23 | $6 | $12 | $63 | $49 |
| Principal deferred | 3 | 2 | 14 | 12 | 67 | 75 | 21 | 24 | 105 | 113 |
| Principal forgiven | 17 | 3 | 29 | 11 | 130 | 53 | 139 | 149 | 315 | 216 |
| Number of loans that redefaulted within one year of permanent modification[(a)] | 226 | 140 | 594 | 724 | 397 | 458 | 629 | 733 | 1,846 | 2,055 |
| Balance of loans that redefaulted within one year of permanent modification[(a)] | $17 | $10 | $13 | $26 | $104 | $130 | $63 | $81 | $197 | $247 |

(a) Represents loans permanently modified in TDRs that experienced a payment default in the periods presented, and for which the payment default occurred within one year of the modification. The dollar amounts presented represent the balance of such loans at the end of the reporting period in which such loans defaulted. For residential real estate loans modified in TDRs, payment default is deemed to occur when the loan becomes two contractual payments past due. In the event that a modified loan redefaults, it is probable that the loan will ultimately be liquidated through foreclosure or another similar type of liquidation transaction. Redefaults of loans modified within the last 12 months may not be representative of ultimate redefault levels.

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Approximately 85% of the trial modifications approved on or after July 1, 2010 (the approximate date on which substantial revisions were made to the HAMP program), that are seasoned more than six months have been successfully converted to permanent modifications.
The primary performance indicator for TDRs is the rate at which permanently modified loans redefault. At June 30, 2013, the cumulative redefault rates of residential real estate loans that have been modified under the Firm's loss mitigation programs, excluding PCI loans, based upon permanent modifications that were completed after October 1, 2009, and that are seasoned more than six months are 19% for senior lien home equity, 18% for junior lien home equity, 14% for prime mortgages including option ARMs, and 24% for subprime mortgages.

Default rates of Chapter 7 loans vary significantly based on the delinquency status of the loan and overall economic conditions at the time of discharge. Default rates for Chapter 7 residential real estate loans that were less than 60 days past due at the time of discharge have ranged between approximately 10% and 40% in recent years based on the economic conditions at the time of discharge. At June 30, 2013, Chapter 7 residential real estate loans included approximately 21% of senior lien home equity, 13% of junior lien home equity, 38% of prime mortgages, including option ARMs, and 28% of subprime mortgages that were 30 days or more past due.
At June 30, 2013, the weighted-average estimated remaining lives of residential real estate loans, excluding PCI loans, permanently modified in TDRs were 6 years for senior lien home equity, 7 years for junior lien home equity, 10 years for prime mortgage, including option ARMs and 8 years for subprime mortgages. The estimated remaining lives of these loans reflect estimated prepayments, both voluntary and involuntary (i.e., foreclosures and other forced liquidations).

Other consumer loans

The table below provides information for other consumer retained loan classes, including auto, business banking and student loans.

| (in millions, except ratios) | Auto | | Business banking | | Student and other | | Total other consumer | |
|---|---|---|---|---|---|---|---|---|
| | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 |
| Loan delinquency[(a)] | | | | | | | | |
| Current | $50,381 | $49,290 | $18,308 | $18,482 | $10,781 | $11,038 | $79,470 | $78,810 |
| 30–119 days past due | 479 | 616 | 271 | 263 | 655 | 709 | 1,405 | 1,588 |
| 120 or more days past due | 5 | 7 | 151 | 138 | 413 | 444 | 569 | 589 |
| Total retained loans | $50,865 | $49,913 | $18,730 | $18,883 | $11,849 | $12,191 | $81,444 | $80,987 |
| % of 30+ days past due to total retained loans | 0.95 % | 1.25 % | 2.25 % | 2.12 % | 2.16 %(d) | 2.12 %(d) | 1.43 %(d) | 1.58 %(d) |
| 90 or more days past due and still accruing (b) | $— | $— | $— | $— | $488 | $525 | $488 | $525 |
| Nonaccrual loans | 126 | 163 | 454 | 481 | 86 | 70 | 666 | 714 |
| Geographic region | | | | | | | | |
| California | $5,251 | $4,962 | $2,118 | $1,983 | $1,113 | $1,108 | $8,482 | $8,053 |
| New York | 3,833 | 3,742 | 2,947 | 2,981 | 1,229 | 1,202 | 8,009 | 7,925 |
| Illinois | 2,771 | 2,738 | 1,370 | 1,404 | 742 | 748 | 4,883 | 4,890 |
| Florida | 1,906 | 1,922 | 570 | 527 | 546 | 556 | 3,022 | 3,005 |
| Texas | 4,835 | 4,739 | 2,641 | 2,749 | 877 | 891 | 8,353 | 8,379 |
| New Jersey | 2,007 | 1,921 | 390 | 379 | 400 | 409 | 2,797 | 2,709 |
| Arizona | 1,752 | 1,719 | 1,079 | 1,139 | 261 | 265 | 3,092 | 3,123 |
| Washington | 892 | 824 | 218 | 202 | 222 | 287 | 1,332 | 1,313 |
| Michigan | 2,037 | 2,091 | 1,347 | 1,368 | 529 | 548 | 3,913 | 4,007 |
| Ohio | 2,331 | 2,462 | 1,391 | 1,443 | 736 | 770 | 4,458 | 4,675 |
| All other | 23,250 | 22,793 | 4,659 | 4,708 | 5,194 | 5,407 | 33,103 | 32,908 |
| Total retained loans | $50,865 | $49,913 | $18,730 | $18,883 | $11,849 | $12,191 | $81,444 | $80,987 |
| Loans by risk ratings[(c)] | | | | | | | | |
| Noncriticized | $8,736 | $8,882 | $13,333 | $13,336 | NA | NA | $22,069 | $22,218 |
| Criticized performing | 77 | 130 | 698 | 713 | NA | NA | 775 | 843 |
| Criticized nonaccrual | 3 | 4 | 365 | 386 | NA | NA | 368 | 390 |

(a) Individual delinquency classifications included loans insured by U.S. government agencies under the Federal Family Education Loan Program ("FFELP") as follows: current included $5.1 billion and $5.4 billion; 30-119 days past due included $415 million and $466 million; and 120 or more days past due included $398 million and $428 million at June 30, 2013, and December 31, 2012, respectively.

(b) These amounts represent student loans, which are insured by U.S. government agencies under the FFELP. These amounts were accruing as reimbursement of insured amounts is proceeding normally.

(c) For risk-rated business banking and auto loans, the primary credit quality indicator is the risk rating of the loan, including whether the loans are considered to be criticized and/or nonaccrual.

(d) June 30, 2013, and December 31, 2012, excluded loans 30 days or more past due and still accruing, which are insured by U.S. government agencies under the FFELP, of $812 million and $894 million, respectively. These amounts were excluded as reimbursement of insured amounts is proceeding normally.

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Other consumer impaired loans and loan modifications

The table below sets forth information about the Firm's other consumer impaired loans, including risk-rated business banking and auto loans that have been placed on nonaccrual status, and loans that have been modified in TDRs.

| (in millions) | Auto | | Business banking | | Total other consumer[c] | |
|---|---|---|---|---|---|---|
| | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 |
| Impaired loans | | | | | | |
| With an allowance | $67 | $78 | $524 | $543 | $591 | $621 |
| Without an allowance[a] | 57 | 72 | — | — | 57 | 72 |
| Total impaired loans | $124 | $150 | $524 | $543 | $648 | $693 |
| Allowance for loan losses related to impaired loans | $12 | $12 | $125 | $126 | $137 | $138 |
| Unpaid principal balance of impaired loans[b] | 225 | 259 | 610 | 624 | 835 | 883 |
| Impaired loans on nonaccrual status | 90 | 109 | 373 | 394 | 463 | 503 |

(a) When discounted cash flows, collateral value or market price equals or exceeds the recorded investment in the loan, the loan does not require an allowance. This typically occurs when the impaired loans have been partially charged off and/or there have been interest payments received and applied to the loan balance.

(b) Represents the contractual amount of principal owed at June 30, 2013, and December 31, 2012. The unpaid principal balance differs from the impaired loan balances due to various factors, including charge-offs; interest payments received and applied to the principal balance; net deferred loan fees or costs; and unamortized discounts or premiums on purchased loans.

(c) There were no impaired student and other loans at June 30, 2013, and December 31, 2012.

The following table presents average impaired loans for the periods presented.

| (in millions) | Average impaired loans[b] | | | |
|---|---|---|---|---|
| | Three months ended June 30, | | Six months ended June 30, | |
| | 2013 | 2012 | 2013 | 2012 |
| Auto | $129 | $88 | $137 | $90 |
| Business banking | 528 | 646 | 536 | 667 |
| Total other consumer[a] | $657 | $734 | $673 | $757 |

(a) There were no impaired student and other loans for the three or six months ended June 30, 2013 and 2012.

(b) The related interest income on impaired loans, including those on a cash basis, was not material for the three or six months ended June 30, 2013 and 2012.

Loan modifications

The following table provides information about the Firm's other consumer loans modified in TDRs. All of these TDRs are reported as impaired loans in the tables above.

| (in millions) | Auto | | Business banking | | Total other consumer[c] | |
|---|---|---|---|---|---|---|
| | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 |
| Loans modified in troubled debt restructurings[a][b] | $124 | $150 | $324 | $352 | $448 | $502 |
| TDRs on nonaccrual status | 90 | 109 | 173 | 203 | 263 | 312 |

(a) These modifications generally provided interest rate concessions to the borrower or deferral of principal repayments.

(b) Additional commitments to lend to borrowers whose loans have been modified in TDRs as of June 30, 2013, and December 31, 2012, were immaterial.

(c) There were no student and other loans modified in TDRs at June 30, 2013, and December 31, 2012.

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TDR activity rollforward

The following tables reconcile the beginning and ending balances of other consumer loans modified in TDRs for the periods presented.

| Three months ended June 30, | Auto | | Business banking | | Total other consumer | |
|---|---|---|---|---|---|---|
| (in millions) | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Beginning balance of TDRs | $140 | $91 | $341 | $378 | $481 | $469 |
| New TDRs | 22 | 10 | 18 | 21 | 40 | 31 |
| Charge-offs post-modification | (2) | (2) | — | (2) | (2) | (4) |
| Foreclosures and other liquidations | — | — | — | — | — | — |
| Principal payments and other | (36) | (13) | (35) | (31) | (71) | (44) |
| Ending balance of TDRs[(a)] | $124 | $86 | $324 | $366 | $448 | $452 |

| Six months ended June 30, | Auto | | Business banking | | Total other consumer | |
|---|---|---|---|---|---|---|
| (in millions) | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Beginning balance of TDRs | $150 | $88 | $352 | $415 | $502 | $503 |
| New TDRs | 42 | 27 | 40 | 34 | 82 | 61 |
| Charge-offs post-modification | (5) | (4) | (2) | (5) | (7) | (9) |
| Foreclosures and other liquidations | — | — | — | — | — | — |
| Principal payments and other | (63) | (25) | (66) | (78) | (129) | (103) |
| Ending balance of TDRs[(a)] | $124 | $86 | $324 | $366 | $448 | $452 |

(a) At June 30, 2013, included $57 million of Chapter 7 auto loans. Certain of these loans were previously reported as nonaccrual loans (e.g., based upon the delinquency status of the loan).

Financial effects of modifications and redefaults

For auto loans, TDRs typically occur in connection with the bankruptcy of the borrower. In these cases, the loan is modified with a revised repayment plan that typically incorporates interest rate reductions and, to a lesser extent, principal forgiveness. Beginning September 30, 2012, Chapter 7 auto loans are also considered TDRs.

For business banking loans, concessions are dependent on individual borrower circumstances and can be of a short-term nature for borrowers who need temporary relief or longer term for borrowers experiencing more fundamental financial difficulties. Concessions are predominantly term or payment extensions, but also may include interest rate reductions.

The balance of business banking loans modified in TDRs that experienced a payment default, and for which the payment default occurred within one year of the modification, was $11 million and $14 million during the

three months ended June 30, 2013 and 2012, respectively, and $23 million and $25 million during the six months ended June 30, 2013 and 2012, respectively. The balance of auto loans modified in TDRs that experienced a payment default, and for which the payment default occurred within one year of the modification, was $15 million and $7 million during the three months ended June 30, 2013 and 2012, respectively, and $28 million and $14 million during the six months ended June 30, 2013 and 2012, respectively. A payment default is deemed to occur as follows: (1) for scored auto and business banking loans, when the loan is two payments past due; and (2) for risk-rated business banking loans and auto loans, when the borrower has not made a loan payment by its scheduled due date after giving effect to the contractual grace period, if any.

The following table provides information about the financial effects of the various concessions granted in modifications of other consumer loans for the periods presented.

| | Three months ended June 30, | | | | Six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | Auto | | Business banking | | Auto | | Business banking | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| | 13.46 % | 12.55 % | 7.58 % | 8.24 % | 13.19 % | 10.99 % | 7.94 % | 8.14 % |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Weighted-average interest rate of loans with interest rate reductions – before TDR | | | | | | | | |
| Weighted-average interest rate of loans with interest rate reductions – after TDR | 4.82 | 5.10 | 6.16 | 6.03 | 4.94 | 4.71 | 5.84 | 6.07 |
| Weighted-average remaining contractual term (in years) of loans with term or payment extensions – before TDR | NM | NM | 1.6 | 0.7 | NM | NM | 1.5 | 1.0 |
| Weighted-average remaining contractual term (in years) of loans with term or payment extensions – after TDR | NM | NM | 3.8 | 1.9 | NM | NM | 3.1 | 2.5 |

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Purchased credit-impaired loans
For a detailed discussion of PCI loans, including the related accounting policies, see Note 14 on pages 250–275 of JPMorgan Chase's 2012 Annual Report.
Residential real estate – PCI loans
The table below sets forth information about the Firm's consumer, excluding credit card, PCI loans.

| | Home equity | | Prime mortgage | | Subprime mortgage | | Option ARMs | | Total PCI | |
|---|---|---|---|---|---|---|---|---|---|---|
| (in millions, except ratios) | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 |
| Carrying value[(a)] | $19,992 | $20,971 | $12,976 | $13,674 | $4,448 | $4,626 | $19,320 | $20,466 | $56,736 | $59,737 |
| Related allowance for loan losses[(b)] | 1,908 | 1,908 | 1,929 | 1,929 | 380 | 380 | 1,494 | 1,494 | 5,711 | 5,711 |
| Loan delinquency (based on unpaid principal balance) | | | | | | | | | | |
| Current | $19,280 | $20,331 | $10,688 | $11,078 | $4,205 | $4,198 | $16,038 | $16,415 | $50,211 | $52,022 |
| 30–149 days past due | 639 | 803 | 643 | 740 | 592 | 698 | 1,039 | 1,314 | 2,913 | 3,555 |
| 150 or more days past due | 1,173 | 1,209 | 1,673 | 2,066 | 1,169 | 1,430 | 4,032 | 4,862 | 8,047 | 9,567 |
| Total loans | $21,092 | $22,343 | $13,004 | $13,884 | $5,966 | $6,326 | $21,109 | $22,591 | $61,171 | $65,144 |
| % of 30+ days past due to total loans | 8.59 % | 9.01 % | 17.81 % | 20.21 % | 29.52 % | 33.64 % | 24.02 % | 27.34 % | 17.92 % | 20.14 % |
| Current estimated LTV ratios (based on unpaid principal balance)[(c)(d)] | | | | | | | | | | |
| Greater than 125% and refreshed FICO scores: | | | | | | | | | | |
| Equal to or greater than 660 | $2,600 | $4,508 | $674 | $1,478 | $237 | $375 | $757 | $1,597 | $4,268 | $7,958 |
| Less than 660 | 1,399 | 2,344 | 745 | 1,449 | 841 | 1,300 | 1,397 | 2,729 | 4,382 | 7,822 |
| 101% to 125% and refreshed FICO scores: | | | | | | | | | | |
| | 4,352 | 4,966 | 2,045 | 2,968 | 408 | 434 | 2,175 | 3,281 | 8,980 | 11,649 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Equal to or greater than 660 | | | | | | | | | | |
| Less than 660 | 1,924 | 2,098 | 1,523 | 1,983 | 1,124 | 1,256 | 2,569 | 3,200 | 7,140 | 8,537 |
| 80% to 100% and refreshed FICO scores: | | | | | | | | | | |
| Equal to or greater than 660 | 4,183 | 3,531 | 2,728 | 1,872 | 496 | 416 | 3,906 | 3,794 | 11,313 | 9,613 |
| Less than 660 | 1,621 | 1,305 | 1,719 | 1,378 | 1,236 | 1,182 | 3,152 | 2,974 | 7,728 | 6,839 |
| Lower than 80% and refreshed FICO scores: | | | | | | | | | | |
| Equal to or greater than 660 | 3,602 | 2,524 | 1,903 | 1,356 | 375 | 255 | 4,020 | 2,624 | 9,900 | 6,759 |
| Less than 660 | 1,411 | 1,067 | 1,667 | 1,400 | 1,249 | 1,108 | 3,133 | 2,392 | 7,460 | 5,967 |
| Total unpaid principal balance | $21,092 | $22,343 | $13,004 | $13,884 | $5,966 | $6,326 | $21,109 | $22,591 | $61,171 | $65,144 |
| Geographic region (based on unpaid principal balance) | | | | | | | | | | |
| California | $12,717 | $13,493 | $7,380 | $7,877 | $1,373 | $1,444 | $11,176 | $11,889 | $32,646 | $34,703 |
| New York | 1,020 | 1,067 | 877 | 927 | 622 | 649 | 1,318 | 1,404 | 3,837 | 4,047 |
| Illinois | 476 | 502 | 401 | 433 | 314 | 338 | 547 | 587 | 1,738 | 1,860 |
| Florida | 1,960 | 2,054 | 942 | 1,023 | 601 | 651 | 2,210 | 2,480 | 5,713 | 6,208 |
| Texas | 357 | 385 | 136 | 148 | 351 | 368 | 112 | 118 | 956 | 1,019 |
| New Jersey | 402 | 423 | 376 | 401 | 244 | 260 | 802 | 854 | 1,824 | 1,938 |
| Arizona | 384 | 408 | 202 | 215 | 100 | 105 | 290 | 305 | 976 | 1,033 |
| Washington | 1,144 | 1,215 | 293 | 328 | 124 | 142 | 508 | 563 | 2,069 | 2,248 |
| Michigan | 66 | 70 | 203 | 211 | 154 | 163 | 222 | 235 | 645 | 679 |
| Ohio | 25 | 27 | 66 | 71 | 93 | 100 | 84 | 89 | 268 | 287 |
| All other | 2,541 | 2,699 | 2,128 | 2,250 | 1,990 | 2,106 | 3,840 | 4,067 | 10,499 | 11,122 |
| Total unpaid principal balance | $21,092 | $22,343 | $13,004 | $13,884 | $5,966 | $6,326 | $21,109 | $22,591 | $61,171 | $65,144 |

(a) Carrying value includes the effect of fair value adjustments that were applied to the consumer PCI portfolio at the date of acquisition.

(b) Management concluded as part of the Firm’s regular assessment of the PCI loan pools that it was probable that higher expected credit losses would result in a decrease in expected cash flows. As a result, an allowance for loan losses for impairment of these pools has been recognized.

(c) Represents the aggregate unpaid principal balance of loans divided by the estimated current property value. Current property values are estimated, at a minimum, quarterly, based on home valuation models using nationally recognized home price index valuation estimates incorporating actual data to the extent available and forecasted data where actual data is not available. These property values do not represent actual appraised loan level collateral values; as such, the resulting ratios are necessarily imprecise and should be viewed as estimates. Current estimated combined LTV for junior lien home equity loans considers all available lien positions related to the property.

(d) Refreshed FICO scores, which the Firm obtains at least quarterly, represent each borrower's most recent credit score.

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Approximately 21% of the PCI home equity portfolio are senior lien loans; the remaining balance are junior lien HELOANs or HELOCs. The following tables set forth delinquency statistics for PCI junior lien home equity loans and lines of credit based on unpaid principal balance as of June 30, 2013, and December 31, 2012.

| June 30, 2013<br>(in millions, except ratios) | Delinquencies<br>30–89 days past due | <br>90–149 days past due | <br>150+ days past due | Total loans | Total 30+ day delinquency rate | |
|---|---|---|---|---|---|---|
| HELOCs:[a] | | | | | | |
| Within the revolving period[b] | $279 | $123 | $567 | $13,980 | 6.93 | % |
| Beyond the revolving period[c] | 40 | 14 | 56 | 1,649 | 6.67 | |
| HELOANs | 28 | 13 | 40 | 983 | 8.24 | |
| Total | $347 | $150 | $663 | $16,612 | 6.98 | % |

| December 31, 2012<br>(in millions, except ratios) | Delinquencies<br>30–89 days past due | <br>90–149 days past due | <br>150+ days past due | Total loans | Total 30+ day delinquency rate | |
|---|---|---|---|---|---|---|
| HELOCs:[a] | | | | | | |
| Within the revolving period[b] | $361 | $175 | $591 | $15,915 | 7.08 | % |
| Beyond the revolving period[c] | 30 | 13 | 20 | 666 | 9.46 | |
| HELOANs | 37 | 18 | 44 | 1,085 | 9.12 | |
| Total | $428 | $206 | $655 | $17,666 | 7.30 | % |

(a) In general, these HELOCs are revolving loans for a 10-year period, after which time the HELOC converts to an interest-only loan with a balloon payment at the end of the loan's term.

(b) Substantially all undrawn HELOCs within the revolving period have been closed.

(c) Includes loans modified into fixed rate amortizing loans.

The table below sets forth the accretable yield activity for the Firm's PCI consumer loans for the three and six months ended June 30, 2013 and 2012, and represents the Firm's estimate of gross interest income expected to be earned over the remaining life of the PCI loan portfolios. The table excludes the cost to fund the PCI portfolios, and therefore the accretable yield does not represent net interest income expected to be earned on these portfolios.

| (in millions, except ratios) | Total PCI<br>Three months ended June 30, 2013 | <br>2012 | Six months ended June 30, 2013 | <br>2012 |
|---|---|---|---|---|
| Beginning balance | $19,464 | $19,717 | $18,457 | $19,072 |
| Accretion into interest income | (565) | (638) | (1,138) | (1,296) |
| Changes in interest rates on variable-rate loans | 49 | (33) | (110) | (173) |
| Other changes in expected cash flows[a] | (342) | 521 | 1,397 | 1,964 |
| Balance at June 30 | $18,606 | $19,567 | $18,606 | $19,567 |
| Accretable yield percentage | 4.38% | 4.45% | 4.36% | 4.47% |

(a) Other changes in expected cash flows may vary from period to period as the Firm continues to refine its cash flow model and periodically updates model assumptions. For the three months ended June 30, 2013, other changes in expected cash flows were predominantly driven by changes in prepayment assumptions. For the six months ended June 30, 2013, other changes in expected cash flows were due to refining the expected interest cash flows on HELOCs with balloon payments, partially offset by changes in prepayment assumptions. For the three and six months ended June 30, 2012, other changes in expected cash flows were principally driven by the impact of modifications, but also related to changes in prepayment assumptions.

The factors that most significantly affect estimates of gross cash flows expected to be collected, and accordingly the accretable yield balance, include: (i) changes in the benchmark interest rate indices for variable-rate products such as option ARM and home equity loans; and (ii) changes in prepayment assumptions.

Since the date of acquisition, the decrease in the accretable yield percentage has been primarily related to a decrease in interest rates on variable-rate loans and, to a lesser extent, extended loan liquidation periods. Certain events, such as extended or shortened loan liquidation periods, affect the timing of expected cash flows and the accretable yield

percentage, but not the amount of cash expected to be received (i.e., the accretable yield balance). While extended loan liquidation periods reduce the accretable yield percentage (because the same accretable yield balance is recognized against a higher-than-expected loan balance over a longer-than-expected period of time), shortened loan liquidation periods would have the opposite effect.

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Credit card loan portfolio

The Credit card portfolio segment includes credit card loans originated and purchased by the Firm. Delinquency rates are the primary credit quality indicator for credit card loans as they provide an early warning that borrowers may be experiencing difficulties (30 days past due); information on those borrowers that have been delinquent for a longer period of time (90 days past due) is also considered. In addition to delinquency rates, the geographic distribution of the loans provides insight as to the credit quality of the portfolio based on the regional economy.

While the borrower's credit score is another general indicator of credit quality, because the borrower's credit score tends to be a lagging indicator, the Firm does not view credit scores as a primary indicator of credit quality. However, the distribution of such scores provides a general indicator of credit quality trends within the portfolio. Refreshed FICO score information for a statistically significant random sample of the credit card portfolio is indicated in the table below; FICO is considered to be the industry benchmark for credit scores. For more information on credit quality indicators, see Note 14 on pages 250–275 of JPMorgan Chase's 2012 Annual Report.

The Firm generally originates new card accounts to prime consumer borrowers. However, certain cardholders' FICO scores may decrease over time, depending on the performance of the cardholder and changes in credit score technology.

The table below sets forth information about the Firm's credit card loans.

| (in millions, except ratios) | Jun 30, 2013 | | Dec 31, 2012 | |
|---|---|---|---|---|
| Loan delinquency | | | | |
| Current and less than 30 days past due and still accruing | $122,190 | | $125,309 | |
| 30–89 days past due and still accruing | 1,073 | | 1,381 | |
| 90 or more days past due and still accruing | 1,024 | | 1,302 | |
| Nonaccrual loans | 1 | | 1 | |
| Total retained credit card loans | $124,288 | | $127,993 | |
| Loan delinquency ratios | | | | |
| % of 30+ days past due to total retained loans | 1.69 | % | 2.10 | % |
| % of 90+ days past due to total retained loans | 0.82 | | 1.02 | |
| Credit card loans by geographic region | | | | |
| California | $16,670 | | $17,115 | |
| New York | 10,146 | | 10,379 | |
| Texas | 10,084 | | 10,209 | |
| Illinois | 7,260 | | 7,399 | |
| Florida | 6,961 | | 7,231 | |
| New Jersey | 5,351 | | 5,503 | |
| Ohio | 4,808 | | 4,956 | |
| Pennsylvania | 4,377 | | 4,549 | |
| Michigan | 3,604 | | 3,745 | |
| Virginia | 3,080 | | 3,193 | |
| All other | 51,947 | | 53,714 | |
| Total retained credit card loans | $124,288 | | $127,993 | |
| Percentage of portfolio based on carrying value with estimated refreshed FICO scores[(a)] | | | | |
| Equal to or greater than 660 | 85.2 | % | 84.1 | % |
| Less than 660 | 14.8 | | 15.9 | |

(a) Refreshed FICO scores are estimated based on a statistically significant random sample of credit card accounts in the credit card portfolio for the periods shown. The Firm obtains refreshed FICO scores at least quarterly.

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Credit card impaired loans and loan modifications

For a detailed discussion of impaired credit card loans, including credit card loan modifications, see Note 14 on pages 250–275 of JPMorgan Chase's 2012 Annual Report.

The table below sets forth information about the Firm's impaired credit card loans. All of these loans are considered to be impaired as they have been modified in TDRs.

| (in millions) | Jun 30, 2013 | Dec 31, 2012 |
|---|---|---|
| Impaired credit card loans with an allowance[a][b] | | |
| Credit card loans with modified payment terms[c] | $3,407 | $4,189 |
| Modified credit card loans that have reverted to pre-modification payment terms[d] | 450 | 573 |
| Total impaired credit card loans | $3,857 | $4,762 |
| Allowance for loan losses related to impaired credit card loans | $1,227 | $1,681 |

(a) The carrying value and the unpaid principal balance are the same for credit card impaired loans.

(b) There were no impaired loans without an allowance.

(c) Represents credit card loans outstanding to borrowers enrolled in a credit card modification program as of the date presented.

(d) Represents credit card loans that were modified in TDRs but that have subsequently reverted back to the loans' pre-modification payment terms. At June 30, 2013, and December 31, 2012, $264 million and $341 million, respectively, of loans have reverted back to the pre-modification payment terms of the loans due to noncompliance with the terms of the modified loans. The remaining $186 million and $232 million at June 30, 2013, and December 31, 2012, respectively, of these loans are to borrowers who have successfully completed a short-term modification program. The Firm continues to report these loans as TDRs since the borrowers' credit lines remain closed.

The following table presents average balances of impaired credit card loans and interest income recognized on those loans.

| (in millions) | Three months ended June 30, 2013 | 2012 | Six months ended June 30, 2013 | 2012 |
|---|---|---|---|---|
| Average impaired credit card loans | $4,070 | $6,196 | $4,294 | $6,520 |
| Interest income on impaired credit card loans | 52 | 80 | 110 | 169 |

Loan modifications

JPMorgan Chase may offer one of a number of loan modification programs to credit card borrowers who are experiencing financial difficulty. Most of the credit card loans have been modified under long-term programs for borrowers who are experiencing financial difficulties. Modifications under long-term programs involve placing the customer on a fixed payment plan, generally for 60 months. The Firm may also offer short-term programs for borrowers who may be in need of temporary relief; however, none are currently being offered. Modifications under all short- and long-term programs typically include reducing the interest rate on the credit card. Substantially all modifications are considered to be TDRs.

If the cardholder does not comply with the modified payment terms, then the credit card loan agreement reverts back to its pre-modification payment terms. Assuming that the cardholder does not begin to perform in accordance with those payment terms, the loan continues to age and will ultimately be charged-off in accordance with the Firm's standard charge-off policy. In addition, if a borrower successfully completes a short-term modification program, then the loan reverts back to its pre-modification payment terms. However, in most cases, the Firm does not reinstate the borrower's line of credit.

The following table provides information regarding the nature and extent of modifications of credit card loans for the periods presented.

| | New enrollments | | | |
|---|---|---|---|---|
| | Three months ended June 30, | | Six months ended June 30, | |
| (in millions) | 2013 | 2012 | 2013 | 2012 |
| Short-term programs | $— | $16 | $— | $47 |
| Long-term programs | 288 | 408 | 627 | 888 |
| Total new enrollments | $288 | $424 | $627 | $935 |

Financial effects of modifications and redefaults

The following table provides information about the financial effects of the concessions granted on credit card loans modified in TDRs and redefaults for the periods presented.

| (in millions, except weighted-average data) | Three months ended June 30, 2013 | 2012 | Six months ended June 30, 2013 | 2012 |
|---|---|---|---|---|
| Weighted-average interest rate of loans – before TDR | 15.38 % | 15.25 % | 15.44 % | 15.91 % |
| Weighted-average interest rate of loans – after TDR | 4.27 | 5.17 | 4.88 | 5.36 |
| Loans that redefaulted within one year of modification(a) | $41 | $81 | $85 | $178 |

(a) Represents loans modified in TDRs that experienced a payment default in the periods presented, and for which the payment default occurred within one year of the modification. The amounts presented represent the balance of such loans as of the end of the quarter in which they defaulted.

For credit card loans modified in TDRs, payment default is deemed to have occurred when the loans become two payments past due. A substantial portion of these loans is expected to be charged-off in accordance with the Firm’s standard charge-off policy. Based on historical experience, the estimated weighted-average default rate was expected to be 33.54% for credit card loans modified as of June 30, 2013, and 38.23% for credit card loans modified as of December 31, 2012.

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Wholesale loan portfolio

Wholesale loans include loans made to a variety of customers, ranging from large corporate and institutional clients to high-net-worth individuals. The primary credit quality indicator for wholesale loans is the risk rating

assigned each loan. For further information on these risk ratings, see Notes 14 and 15 on pages 250–279 of JPMorgan Chase's 2012 Annual Report.

The table below provides information by class of receivable for the retained loans in the Wholesale portfolio segment.

| | Commercial and industrial | | | | Real estate | | | |
|---|---|---|---|---|---|---|---|---|
| (in millions, except ratios) | Jun 30, 2013 | | Dec 31, 2012 | | Jun 30, 2013 | | Dec 31, 2012 | |
| Loans by risk ratings | | | | | | | | |
| Investment-grade | $64,602 | | $61,870 | | $46,400 | | $41,796 | |
| Noninvestment-grade: | | | | | | | | |
| Noncriticized | 42,775 | | 44,651 | | 13,847 | | 14,567 | |
| Criticized performing | 2,662 | | 2,636 | | 3,138 | | 3,857 | |
| Criticized nonaccrual | 321 | | 708 | | 451 | | 520 | |
| Total noninvestment-grade | 45,758 | | 47,995 | | 17,436 | | 18,944 | |
| Total retained loans | $110,360 | | $109,865 | | $63,836 | | $60,740 | |
| % of total criticized to total retained loans | 2.70 | % | 3.04 | % | 5.62 | % | 7.21 | % |
| % of nonaccrual loans to total retained loans | 0.29 | | 0.64 | | 0.71 | | 0.86 | |
| Loans by geographic distribution[(a)] | | | | | | | | |
| Total non-U.S. | $36,300 | | $35,494 | | $1,458 | | $1,533 | |
| Total U.S. | 74,060 | | 74,371 | | 62,378 | | 59,207 | |
| Total retained loans | $110,360 | | $109,865 | | $63,836 | | $60,740 | |
| | | | | | | | | |
| Loan delinquency[(b)] | | | | | | | | |
| Current and less than 30 days past due and still accruing | $109,825 | | $109,019 | | $63,276 | | $59,829 | |
| 30–89 days past due and still accruing | 207 | | 119 | | 79 | | 322 | |
| 90 or more days past due and still accruing[(c)] | 7 | | 19 | | 30 | | 69 | |
| Criticized nonaccrual | 321 | | 708 | | 451 | | 520 | |
| Total retained loans | $110,360 | | $109,865 | | $63,836 | | $60,740 | |

(a) The U.S. and non-U.S. distribution is determined based predominantly on the domicile of the borrower.

(b) The credit quality of wholesale loans is assessed primarily through ongoing review and monitoring of an obligor's ability to meet contractual obligations rather than relying on the past due status, which is generally a lagging indicator of credit quality. For a discussion of more significant risk factors, see Note 14 on page 271 of JPMorgan Chase's 2012 Annual Report.

(c) Represents loans that are considered well-collateralized and therefore still accruing interest.

(d) Other primarily includes loans to SPEs and loans to private banking clients. See Note 1 on pages 193–194 of JPMorgan Chase's 2012 Annual Report for additional information on SPEs.

The following table presents additional information on the real estate class of loans within the Wholesale portfolio segment for the periods indicated. For further information on real estate loans, see Note 14 on pages 250–275 of JPMorgan Chase's 2012 Annual Report.

| | Multifamily | | Commercial lessors | |
|---|---|---|---|---|
| (in millions, except ratios) | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 |
| Real estate retained loans | $40,823 | $38,030 | $15,022 | $14,668 |

| | | | | |
|---|---|---|---|---|
| Criticized exposure | 1,655 | 2,118 | 1,660 | 1,951 |
| % of criticized exposure to total real estate retained loans | 4.05 % | 5.57 % | 11.05 % | 13.30 % |
| Criticized nonaccrual | $232 | $249 | $182 | $207 |
| % of criticized nonaccrual to total real estate retained loans | 0.57 % | 0.65 % | 1.21 % | 1.41 % |

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(table continued from previous page)

| Financial institutions | | Government agencies | | Other[d] | | Total retained loans | |
|---|---|---|---|---|---|---|---|
| Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 |
| $30,698 | $22,064 | $8,470 | $9,183 | $75,250 | $79,533 | $225,420 | $214,446 |
| 8,681 | 13,760 | 221 | 356 | 9,953 | 9,914 | 75,477 | 83,248 |
| 314 | 395 | 3 | 5 | 193 | 201 | 6,310 | 7,094 |
| 15 | 8 | — | — | 214 | 198 | 1,001 | 1,434 |
| 9,010 | 14,163 | 224 | 361 | 10,360 | 10,313 | 82,788 | 91,776 |
| $39,708 | $36,227 | $8,694 | $9,544 | $85,610 | $89,846 | $308,208 | $306,222 |
| 0.83 % | 1.11 % | 0.03 % | 0.05 % | 0.48 % | 0.44 % | 2.37 % | 2.78 % |
| 0.04 | 0.02 | — | — | 0.25 | 0.22 | 0.32 | 0.47 |
| $27,680 | $26,326 | $1,186 | $1,582 | $40,473 | $39,421 | $107,097 | $104,356 |
| 12,028 | 9,901 | 7,508 | 7,962 | 45,137 | 50,425 | 201,111 | 201,866 |
| $39,708 | $36,227 | $8,694 | $9,544 | $85,610 | $89,846 | $308,208 | $306,222 |
| $39,632 | $36,151 | $8,692 | $9,516 | $84,585 | $88,177 | $306,010 | $302,692 |
| 55 | 62 | 2 | 28 | 761 | 1,427 | 1,104 | 1,958 |
| 6 | 6 | — | — | 50 | 44 | 93 | 138 |
| 15 | 8 | — | — | 214 | 198 | 1,001 | 1,434 |
| $39,708 | $36,227 | $8,694 | $9,544 | $85,610 | $89,846 | $308,208 | $306,222 |

(table continued from previous page)

| Commercial construction and development | | Other | | Total real estate loans | |
|---|---|---|---|---|---|
| Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 |
| $3,202 | $2,989 | $4,789 | $5,053 | $63,836 | $60,740 |
| 92 | 119 | 182 | 189 | 3,589 | 4,377 |
| 2.87 % | 3.98 % | 3.80 % | 3.74 % | 5.62 % | 7.21 % |
| $7 | $21 | $30 | $43 | $451 | $520 |
| 0.22 % | 0.70 % | 0.63 % | 0.85 % | 0.71 % | 0.86 % |

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Wholesale impaired loans and loan modifications

Wholesale impaired loans are comprised of loans that have been placed on nonaccrual status and/or that have been modified in a troubled debt restructuring ("TDR"). All impaired loans are evaluated for an asset-specific allowance as described in Note 14 on page 176 of this Form 10-Q.

The table below sets forth information about the Firm's wholesale impaired loans.

| | Commercial and industrial | | Real estate | | Financial institutions | | Government agencies | | Other | | Total retained loans | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (in millions) | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 |
| Impaired loans | | | | | | | | | | | | |
| With an allowance | $285 | $588 | $334 | $375 | $13 | $6 | $— | $— | $179 | $122 | $811 | $1,091 |
| Without an allowance[(a)] | 44 | 173 | 133 | 133 | 2 | 2 | — | — | 42 | 76 | 221 | 384 |
| Total impaired loans | $329 | $761 | $467 | $508 | $15 | $8 | $— | $— | $221 | $198 | $1,032 | $1,475 |
| Allowance for loan losses related to impaired loans | $104 | $205 | $74 | $82 | $10 | $2 | $— | $— | $40 | $30 | $228 | $319 |
| Unpaid principal balance of impaired loans[(b)] | 445 | 957 | 670 | 626 | 15 | 22 | — | — | 297 | 318 | 1,427 | 1,923 |

(a) When the discounted cash flows, collateral value or market price equals or exceeds the recorded investment in the loan, the loan does not require an allowance. This typically occurs when the impaired loans have been partially charged-off and/or there have been interest payments received and applied to the loan balance.

(b) Represents the contractual amount of principal owed at June 30, 2013, and December 31, 2012. The unpaid principal balance differs from the impaired loan balances due to various factors, including charge-offs; interest payments received and applied to the carrying value; net deferred loan fees or costs; and unamortized discount or premiums on purchased loans.

The following table presents the Firm's average impaired loans for the periods indicated.

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (in millions) | 2013 | 2012 | 2013 | 2012 |
| Commercial and industrial | $387 | $892 | $496 | $905 |
| Real estate | 518 | 850 | 526 | 865 |
| Financial institutions | 11 | 20 | 9 | 24 |
| Government agencies | — | 12 | — | 14 |
| Other | 226 | 299 | 225 | 347 |
| Total[(a)] | $1,142 | $2,073 | $1,256 | $2,155 |

(a) The related interest income on accruing impaired loans and interest income recognized on a cash basis were not material for the three and six months ended June 30, 2013 and 2012.

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Loan modifications

Certain loan modifications are considered to be TDRs as they provide various concessions to borrowers who are experiencing financial difficulty. All TDRs are reported as impaired loans in the tables above. For further information, see Note 14 on page 252 and pages 274–275 of JPMorgan Chase's 2012 Annual Report.

The following tables provide information about the Firm's wholesale loans that have been modified in TDRs, including a reconciliation of the beginning and ending balances of such loans and information regarding the nature and extent of modifications during the periods presented.

| Three months ended June 30, | Commercial and industrial | | Real estate | | Other [b] | | Total | |
|---|---|---|---|---|---|---|---|---|
| (in millions) | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Beginning balance of TDRs | $254 | $419 | $124 | $148 | $43 | $97 | $421 | $664 |
| New TDRs | 27 | $52 | 10 | 7 | 15 | 3 | 52 | 62 |
| Increases to existing TDRs | 1 | 19 | — | — | — | — | 1 | 19 |
| Charge-offs post-modification | — | (6) | — | — | — | (7) | — | (13) |
| Sales and other[a] | (173) | (20) | (23) | (34) | (24) | (63) | (220) | (117) |
| Ending balance of TDRs | $109 | $464 | $111 | $121 | $34 | $30 | $254 | $615 |

| Six months ended June 30, (in millions) | Commercial and industrial | | Real estate | | Other [b] | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Beginning balance of TDRs | $575 | $531 | $99 | $176 | $22 | $43 | $696 | $750 |
| New TDRs | 41 | $56 | 41 | 10 | 37 | 66 | 119 | 132 |
| Increases to existing TDRs | 4 | 20 | — | — | — | — | 4 | 20 |
| Charge-offs post-modification | (1) | (15) | (3) | (2) | — | (7) | (4) | (24) |
| Sales and other[a] | (510) | (128) | (26) | (63) | (25) | (72) | (561) | (263) |
| Ending balance of TDRs | $109 | $464 | $111 | $121 | $34 | $30 | $254 | $615 |
| TDRs on nonaccrual status | $102 | $341 | $82 | $88 | $27 | $29 | $211 | $458 |
| Additional commitments to lend to borrowers whose loans have been modified in TDRs | 22 | 201 | — | — | 1 | — | 23 | 201 |

(a) Sales and other are largely sales and paydowns, but also included performing loans restructured at market rates that were removed from the reported TDR balance of zero and $17 million during the three months ended June 30, 2013 and 2012, respectively, and zero and $40 million during the six months ended June 30, 2013 and 2012, respectively. Loans that have been removed continue to be evaluated along with other impaired loans to determine the asset-specific component of the allowance for loan losses (see Note 15 on pages 276–279 of JPMorgan Chase's 2012 Annual Report).

(b) Includes loans to Financial institutions, Government agencies and Other.

Financial effects of modifications and redefaults

Wholesale loans modified as TDRs are typically term or payment extensions and, to a lesser extent, deferrals of principal and/or interest on commercial and industrial and real estate loans. For the three months ended June 30, 2013 and 2012, the average term extension granted on wholesale loans with term or payment extensions was 0.9 years and 1.3 years, respectively. The weighted-average remaining term for all wholesale loans modified during these periods was 1.4 years and 2.8 years, respectively. Wholesale TDR loans that redefaulted within one year of the modification were $1 million and $5 million during the three months ended June 30, 2013 and 2012, respectively.

For the six months ended June 30, 2013 and 2012, the average term extension granted on wholesale loans with term or payment extensions was 2.1 years and 1.3 years, respectively. The weighted-average remaining term for all wholesale loans modified during these periods was 1.6 years and 3.6 years, respectively. Wholesale TDR loans that redefaulted within one year of the modification were $1 million and $52 million during the six months ended June 30, 2013 and 2012, respectively. A payment default is deemed to occur when the borrower has not made a loan payment by its scheduled due date after giving effect to any contractual grace period.

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Note 14 – Allowance for credit losses
For detailed discussion of the allowance for credit losses and the related accounting policies, see Note 15 on pages 276–279 JPMorgan Chase's 2012 Annual Report.
Allowance for credit losses and loans and lending-related commitments by impairment methodology
The table below summarizes information about the allowance for loan losses, loans by impairment methodology, the allowance for lending-related commitments and lending-related commitments by impairment methodology.

| Six months ended June 30, (in millions) | 2013 Consumer, excluding credit card | Credit card | Wholesale | Total | 2012 Consumer, excluding credit card | Credit card | Wholesale | Total |
|---|---|---|---|---|---|---|---|---|
| Allowance for loan losses | | | | | | | | |
| Beginning balance at January 1, | $12,292 | $5,501 | $4,143 | $21,936 | $16,294 | $6,999 | $4,316 | $27,609 |
| Gross charge-offs | 1,295 | 2,414 | 116 | 3,825 | 2,188 | 3,210 | 165 | 5,563 |
| Gross recoveries | (231) | (318) | (148) | (697) | (268) | (479) | (151) | (898) |
| Net charge-offs/(recoveries) | 1,064 | 2,096 | (32) | 3,128 | 1,920 | 2,731 | 14 | 4,665 |
| Provision for loan losses | (531) | 1,046 | 64 | 579 | (423) | 1,231 | 38 | 846 |
| Other | (6) | (6) | 9 | (3) | (8) | — | 9 | 1 |
| Ending balance at June 30, | $10,691 | $4,445 | $4,248 | $19,384 | $13,943 | $5,499 | $4,349 | $23,791 |
| | | | | | | | | |
| Allowance for loan losses by impairment methodology | | | | | | | | |
| Asset-specific[(a)] | $713 | $1,227 [(b)] | $228 | $2,168 | $1,004 | $1,977 [(b)] | $407 | $3,388 |
| Formula-based | 4,267 | 3,218 | 4,020 | 11,505 | 7,228 | 3,522 | 3,942 | 14,692 |
| PCI | 5,711 | — | — | 5,711 | 5,711 | — | — | 5,711 |
| Total allowance for loan losses | $10,691 | $4,445 | $4,248 | $19,384 | $13,943 | $5,499 | $4,349 | $23,791 |
| | | | | | | | | |
| Loans by impairment methodology | | | | | | | | |
| Asset-specific | $14,251 | $3,857 | $1,032 | $19,140 | $11,614 | $5,794 | $1,946 | $19,354 |
| Formula-based | 216,401 | 120,431 | 307,164 | 643,996 | 225,821 | 118,799 | 296,927 | 641,547 |
| PCI | 56,736 | — | 12 | 56,748 | 62,611 | — | 15 | 62,626 |
| Total retained loans | $287,388 | $124,288 | $308,208 | $719,884 | $300,046 | $124,593 | $298,888 | $723,527 |
| | | | | | | | | |
| Impaired collateral-dependent loans | | | | | | | | |
| Net charge-offs | $132 | $— | $10 | $142 | $51 | $— | $46 | $97 |
| Loans measured at fair value of collateral less cost to sell | 3,152 | — | 394 | 3,546 | 887 | — | 671 | 1,558 |
| | | | | | | | | |
| Allowance for lending-related commitments | | | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Beginning balance at January 1, | $7 | $— | $661 | $668 | $7 | $— | $666 | $673 |
| Provision for lending-related commitments | 1 | — | 84 | 85 | — | — | 94 | 94 |
| Other | — | — | — | — | — | — | (3) | (3) |
| Ending balance at June 30, | $8 | $— | $745 | $753 | $7 | $— | $757 | $764 |
| | | | | | | | | |
| Allowance for lending-related commitments by impairment methodology | | | | | | | | |
| Asset-specific | $— | $— | $79 | $79 | $— | $— | $181 | $181 |
| Formula-based | 8 | — | 666 | 674 | 7 | — | 576 | 583 |
| Total allowance for lending-related commitments | $8 | $— | $745 | $753 | $7 | $— | $757 | $764 |
| | | | | | | | | |
| Lending-related commitments by impairment methodology | | | | | | | | |
| Asset-specific | $— | $— | $283 | $283 | $— | $— | $565 | $565 |
| Formula-based | 62,303 | 532,359 | 445,189 | 1,039,851 | 62,438 | 534,267 | 419,076 | 1,015,781 |
| Total lending-related commitments | $62,303 | $532,359 | $445,472 | $1,040,134 | $62,438 | $534,267 | $419,641 | $1,016,346 |

(a) Includes risk-rated loans that have been placed on nonaccrual status and loans that have been modified in a TDR.

(b) The asset-specific credit card allowance for loan losses is related to loans that have been modified in a TDR; such allowance is calculated based on the loans’ original contractual interest rates and does not consider any incremental penalty rates.

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Note 15 – Variable interest entities
For a further description of JPMorgan Chase's accounting policies regarding consolidation of variable interest entities ("VIEs"), see Note 1 on pages 193–194 of JPMorgan Chase's 2012 Annual Report.
The following table summarizes the most significant types of Firm-sponsored VIEs by business segment.

| Line-of-Business | Transaction Type | Activity | Form 10-Q page reference |
|---|---|---|---|
| CCB | Credit card securitization trusts | Securitization of both originated and purchased credit card receivables | 177 |
| | Mortgage securitization trusts | Securitization of both originated and purchased residential mortgages | 177-179 |
| | Other securitization trusts | Securitization of originated automobile and student loans | 177-179 |
| CIB | Mortgage and other securitization trusts | Securitization of both originated and purchased residential and commercial mortgages, automobile and student loans | 177-179 |
| | Multi-seller conduits<br>Investor intermediation activities: | Assist clients in accessing the financial markets in a cost-efficient manner and structures transactions to meet investor needs | 179 |
| | Municipal bond vehicles | | 179-180 |
| | Credit-related note and asset swap vehicles | | 180 |

The Firm also invests in and provides financing and other services to VIEs sponsored by third parties, as described in Note 16 on page 288 of JPMorgan Chase's 2012 Annual Report.
Significant Firm-sponsored variable interest entities
Credit card securitizations
For a more detailed discussion of JPMorgan Chase's involvement with credit card securitizations, see Note 16 on page 281 of JPMorgan Chase's 2012 Annual Report.
As a result of the Firm's continuing involvement, the Firm is considered to be the primary beneficiary of its Firm-sponsored credit card securitization trusts. This includes the Firm's primary card securitization trust, Chase Issuance Trust. See the table on page 181 of this Note for further information on consolidated VIE assets and liabilities.

Firm-sponsored mortgage and other securitization trusts
The Firm securitizes (or has securitized) originated and purchased residential mortgages, commercial mortgages and other consumer loans (including automobile and student loans) primarily in its CIB and CCB businesses. Depending on the particular transaction, as well as the respective business involved, the Firm may act as the servicer of the loans and/or retain certain beneficial interest in the securitization trusts.
For a detailed discussion of the Firm's involvement with Firm-sponsored mortgage and other securitization trusts, as well as the accounting treatment relating to such trusts, see Note 16 on pages 281–284 of JPMorgan Chase's 2012 Annual Report.

The following table presents the total unpaid principal amount of assets held in Firm-sponsored private-label securitization entities, including those in which the Firm has continuing involvement, and those that are consolidated by the Firm. Continuing involvement includes servicing the loans; holding senior interests or subordinated interests; recourse or guarantee arrangements; and derivative transactions. In certain instances, the Firm's only continuing involvement is servicing the loans. See Securitization activity on page 182 of this Note for further information regarding the Firm's cash flows with and interests retained in nonconsolidated VIEs, and Loans and excess mortgage servicing rights sold to agencies and other third-party-sponsored securitization entities on pages 182–183 of this Note for information on the Firm's loan sales to U.S. government agencies.

| | Principal amount outstanding | | | JPMorgan Chase interest in securitized assets in nonconsolidated VIEs(c)(d)(e) | | |
|---|---|---|---|---|---|---|
| June 30, 2013(a) (in billions) | Total assets held by securitization VIEs | Assets held in consolidated securitization VIEs | Assets held in nonconsolidated securitization VIEs with continuing involvement | Trading assets | AFS securities | Total interests held by JPMorgan Chase |
| Securitization-related | | | | | | |
| Residential mortgage: | | | | | | |
| Prime and Alt-A | $96.4 | $ 2.5 | $ 74.9 | $0.5 | $0.2 | $0.7 |
| Subprime | 33.7 | 1.1 | 30.3 | 0.1 | — | 0.1 |
| Option ARMs | 24.5 | 0.2 | 24.2 | — | — | — |
| Commercial and other(b) | 129.2 | — | 92.1 | 1.2 | 2.6 | 3.8 |
| Total | $283.8 | $ 3.8 | $ 221.5 | $1.8 | $2.8 | $4.6 |

| | Principal amount outstanding | | | JPMorgan Chase interest in securitized assets in nonconsolidated VIEs(c)(d)(e) | | |
|---|---|---|---|---|---|---|
| December 31, 2012(a) (in billions) | Total assets held by securitization VIEs | Assets held in consolidated securitization VIEs | Assets held in nonconsolidated securitization VIEs with continuing involvement | Trading assets | AFS securities | Total interests held by JPMorgan Chase |
| Securitization-related | | | | | | |
| Residential mortgage: | | | | | | |
| Prime and Alt-A | $107.2 | $ 2.5 | $ 80.6 | $0.3 | $— | $0.3 |
| Subprime | 34.5 | 1.3 | 31.3 | 0.1 | — | 0.1 |
| Option ARMs | 26.3 | 0.2 | 26.1 | — | — | — |
| Commercial and other(b) | 127.8 | — | 81.8 | 1.5 | 2.8 | 4.3 |
| Total | $295.8 | $ 4.0 | $ 219.8 | $1.9 | $2.8 | $4.7 |

(a) Excludes U.S. government agency securitizations. See Loans and excess mortgage servicing rights sold to agencies and other third-party-sponsored securitization entities on pages 182–183 of this Note for information on the Firm's loan sales to U.S. government agencies.

(b) Consists of securities backed by commercial loans (predominantly real estate) and non-mortgage-related consumer receivables purchased from third parties. The Firm generally does not retain a residual interest in its sponsored commercial mortgage securitization transactions.

(c) The table above excludes the following: retained servicing (see Note 16 on pages 184–187 of this Form 10-Q for a discussion of MSRs); securities retained from loans sales to U.S. government agencies; interest rate and foreign exchange derivatives primarily used to manage interest rate and foreign exchange risks of securitization entities (See Note 5 on pages 131–142 of this Form 10-Q for further information on derivatives); senior and subordinated securities of $276 million and $12 million, respectively, at June 30, 2013, and $131 million and $45 million, respectively, at December 31, 2012, which the Firm purchased in connection with CIB's secondary market-making activities.

(d) Includes interests held in re-securitization transactions.

(e) As of June 30, 2013, and December 31, 2012, 69% and 74%, respectively, of the Firm's retained securitization interests, which are carried at fair value, were risk-rated "A" or better, on an S&P-equivalent basis. The retained interests in prime residential mortgages consisted of $418 million and $170 million of investment-grade and $284 million and $171 million of noninvestment-grade retained interests at June 30, 2013, and December 31, 2012, respectively. The retained interests in commercial and other securitizations trusts consisted of $3.7 billion and $4.1 billion of investment-grade and $163 million and $164 million of noninvestment-grade retained interests at June 30, 2013, and December 31, 2012, respectively.

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Residential mortgages

For a more detailed description of the Firm's involvement with residential mortgage securitizations, see Note 16 on page 283 of JPMorgan Chase's 2012 Annual Report.

At June 30, 2013, and December 31, 2012, the Firm did not consolidate the assets of certain Firm-sponsored residential mortgage securitization VIEs, in which the Firm had continuing involvement, primarily due to the fact that the Firm did not hold an interest in these trusts that could potentially be significant to the trusts. See the table on page 181 of this Note for more information on the consolidated residential mortgage securitizations, and the table on the previous page of this Note for further information on interests held in nonconsolidated residential mortgage securitizations.

Commercial mortgages and other consumer securitizations

CIB originates and securitizes commercial mortgage loans, and engages in underwriting and trading activities involving the securities issued by securitization trusts. For a more detailed description of the Firm's involvement with commercial mortgage and other consumer securitizations, see Note 16 on page 283 of JPMorgan Chase's 2012 Annual Report. See the table on the previous page of this Note for more information on interests held in nonconsolidated securitizations.

Re-securitizations

For a more detailed description of JPMorgan Chase's participation in re-securitization transactions, see Note 16 on pages 283–284 of JPMorgan Chase's 2012 Annual Report.

During the three and six months ended June 30, 2013, the Firm transferred $2.9 billion and $7.1 billion, respectively, of securities to agency VIEs. There were no securities transferred to private-label VIEs during the three and six months ended June 30, 2013. During the three and six months ended June 30, 2012, the Firm transferred $3.1 billion and $6.0 billion, respectively, of securities to agency VIEs, and zero and $241 million, respectively, of securities to private-label VIEs.

As of June 30, 2013, and December 31, 2012, the Firm did not consolidate any agency re-securitizations. As of June 30, 2013, and December 31, 2012, the Firm consolidated $88 million and $76 million, respectively, of assets, and $3 million and $5 million, respectively, of liabilities of private-label re-securitizations. See the table on page 181 of this Note for more information on the consolidated re-securitization transactions.

As of June 30, 2013, and December 31, 2012, total assets (including the notional amount of interest-only securities) of nonconsolidated Firm-sponsored private-label re-securitization entities in which the Firm has continuing involvement were $3.8 billion and $4.6 billion, respectively. At June 30, 2013, and December 31, 2012, the Firm held approximately $2.4 billion and $2.0 billion, respectively, of interests in nonconsolidated agency re-securitization entities, and $5 million and $61 million, respectively, of senior and subordinated interests in nonconsolidated private-label re-securitization entities. See the table on page 178 of this Note for further information on interests held in nonconsolidated securitizations.

Multi-seller conduits

For a more detailed description of JPMorgan Chase's principal involvement with Firm-administered multi-seller conduits, see Note 16 on pages 284–285 of JPMorgan Chase's 2012 Annual Report.

In the normal course of business, JPMorgan Chase makes markets in and invests in commercial paper, including commercial paper issued by the Firm-administered multi-seller conduits. The Firm held $3.8 billion and $8.3 billion of the commercial paper issued by the Firm-administered multi-seller conduits at June 30, 2013, and December 31, 2012, which was eliminated in consolidation. The Firm's investments were not driven by market liquidity and the Firm is not obligated under any agreement to purchase the commercial paper issued by the Firm-administered multi-seller conduits.

Deal-specific liquidity facilities, program-wide liquidity and credit enhancement provided by the Firm have been eliminated in consolidation. The Firm provides lending-related commitments to certain clients of the Firm-administered multi-seller conduits. The unfunded portion of these commitments was $12.1 billion and $10.8 billion at June 30, 2013, and December 31, 2012, respectively, which are reported as off-balance sheet lending-related commitments. For more information on off-balance sheet lending-related commitments, see Note 21 on pages 193–197 of this Form 10-Q.

VIEs associated with investor intermediation activities

Municipal bond vehicles

For a more detailed description of JPMorgan Chase’s principal involvement with municipal bond vehicles, see Note 16 on pages 285–286 of JPMorgan Chase’s 2012 Annual Report.

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The Firm's exposure to nonconsolidated municipal bond VIEs at June 30, 2013, and December 31, 2012, including the ratings profile of the VIEs' assets, was as follows.

| (in billions) | Fair value of assets held by VIEs | Liquidity facilities | Excess/(deficit)[(a)] | Maximum exposure |
|---|---|---|---|---|
| Nonconsolidated municipal bond vehicles | | | | |
| June 30, 2013 | $13.5 | $8.1 | $ 5.4 | $8.1 |
| December 31, 2012 | 14.2 | 8.0 | 6.2 | 8.0 |

| | Ratings profile of VIE assets[(b)] | | | | | | |
|---|---|---|---|---|---|---|---|
| | Investment-grade | | | | Noninvestment-grade | | |
| (in billions, except where otherwise noted) | AAA to AAA- | AA+ to AA- | A+ to A- | BBB+ to BBB- | BB+ and below | Fair value of assets held by VIEs | Wt. avg. expected life of assets (years) |
| June 30, 2013 | $2.8 | $10.6 | $0.1 | $— | $ — | $13.5 | 5.7 |
| December 31, 2012 | 3.1 | 11.0 | 0.1 | — | — | 14.2 | 5.9 |

(a) Represents the excess/(deficit) of the fair values of municipal bond assets available to repay the liquidity facilities, if drawn.

(b) The ratings scale is presented on an S&P-equivalent basis. Prior periods have been reclassified to conform with the current presentation.

Credit-related note and asset swap vehicles

For a more detailed description of JPMorgan Chase's principal involvement with credit-related note and asset swap vehicles, see Note 16 on pages 286–288 of JPMorgan Chase's 2012 Annual Report.

Exposure to nonconsolidated credit-related note and asset swap VIEs at June 30, 2013, and December 31, 2012, was as follows.

| June 30, 2013 (in billions) | Net derivative receivables | Total exposure | Par value of collateral held by VIEs[(a)] |
|---|---|---|---|
| Credit-related notes | | | |
| Static structure | $— | $— | $5.0 |
| Managed structure | 0.2 | 0.2 | 4.7 |
| Total credit-related notes | 0.2 | 0.2 | 9.7 |
| Asset swaps | 0.4 | 0.4 | 7.6 |
| Total | $0.6 | $0.6 | $17.3 |

| December 31, 2012 (in billions) | Net derivative receivables | Total exposure | Par value of collateral held by VIEs[(a)] |
|---|---|---|---|
| Credit-related notes | | | |
| Static structure | $0.5 | $0.5 | $7.3 |
| Managed structure | 0.6 | 0.6 | 5.6 |
| Total credit-related notes | 1.1 | 1.1 | 12.9 |
| Asset swaps | 0.4 | 0.4 | 7.9 |
| Total | $1.5 | $1.5 | $20.8 |

(a) The Firm's maximum exposure arises through the derivatives executed with the VIEs; the exposure varies over time with changes in the fair value of the derivatives. The Firm relies on the collateral held by the VIEs to pay any amounts due under the derivatives; the vehicles are structured at inception so that the par value of the collateral is expected to be sufficient to pay amounts due under the derivative contracts.

The Firm consolidated credit-related note vehicles with collateral fair values of $410 million and $483 million, at June 30, 2013, and December 31, 2012, respectively. These consolidated VIEs included some that were structured by the Firm where the Firm provides the credit derivative, and some that have been structured by third parties where the Firm is not the credit derivative provider. The Firm consolidated these vehicles, because it held positions in these entities that provided the Firm with control. The Firm did not consolidate any asset swap vehicles at June 30, 2013, and December 31, 2012.

VIEs sponsored by third parties

The Firm also invests in and provides financing and other services to VIEs sponsored by third parties, as described on page 288 of JPMorgan Chase's 2012 Annual Report.

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Consolidated VIE assets and liabilities

The following table presents information on assets and liabilities related to VIEs consolidated by the Firm as of June 30, 2013, and December 31, 2012.

| June 30, 2013 (in billions)[(a)] | Assets<br>Trading assets – debt and equity instruments | Loans | Other[(d)] | Total assets[(e)] | Liabilities<br>Beneficial interests in VIE assets[(f)] | Other[(g)] | Total liabilities |
|---|---|---|---|---|---|---|---|
| VIE program type | | | | | | | |
| Firm-sponsored credit card trusts | $— | $49.2 | $1.0 | $50.2 | $28.6 | $— | $28.6 |
| Firm-administered multi-seller conduits | — | 18.7 | 0.1 | 18.8 | 15.0 | — | 15.0 |
| Municipal bond vehicles | 7.2 | — | 0.1 | 7.3 | 7.0 | — | 7.0 |
| Mortgage securitization entities[(b)] | 1.1 | 1.8 | — | 2.9 | 2.0 | 1.0 | 3.0 |
| Other[(c)] | 0.9 | 2.6 | 1.0 | 4.5 | 2.5 | 0.1 | 2.6 |
| Total | $9.2 | $72.3 | $2.2 | $83.7 | $55.1 | $1.1 | $56.2 |

| December 31, 2012 (in billions)[(a)] | Assets<br>Trading assets – debt and equity instruments | Loans | Other[(d)] | Total assets[(e)] | Liabilities<br>Beneficial interests in VIE assets[(f)] | Other[(g)] | Total liabilities |
|---|---|---|---|---|---|---|---|
| VIE program type | | | | | | | |
| Firm-sponsored credit card trusts | $— | $51.9 | $0.8 | $52.7 | $30.1 | $— | $30.1 |
| Firm-administered multi-seller conduits | — | 25.4 | 0.1 | 25.5 | 17.2 | — | 17.2 |
| Municipal bond vehicles | 9.8 | — | 0.1 | 9.9 | 11.0 | — | 11.0 |
| Mortgage securitization entities[(b)] | 1.4 | 2.0 | — | 3.4 | 2.3 | 1.1 | 3.4 |
| Other[(c)] | 0.8 | 3.4 | 1.1 | 5.3 | 2.6 | 0.1 | 2.7 |
| Total | $12.0 | $82.7 | $2.1 | $96.8 | $63.2 | $1.2 | $64.4 |

(a) Excludes intercompany transactions which were eliminated in consolidation.

(b) Includes residential and commercial mortgage securitizations as well as re-securitizations.

(c) Primarily comprises student loan securitization entities. The Firm consolidated $2.6 billion and $3.3 billion of student loan securitization entities as of June 30, 2013, and December 31, 2012, respectively.

(d) Includes assets classified as cash, derivative receivables, AFS securities, and other assets within the Consolidated Balance Sheets.

(e) The assets of the consolidated VIEs included in the program types above are used to settle the liabilities of those entities. The difference between total assets and total liabilities recognized for consolidated VIEs represents the Firm's interest in the consolidated VIEs for each program type.

(f) The interest-bearing beneficial interest liabilities issued by consolidated VIEs are classified in the line item on the Consolidated Balance Sheets titled, "Beneficial interests issued by consolidated variable interest entities." The holders of these beneficial interests do not have recourse to the general credit of JPMorgan Chase. Included in beneficial interests in VIE assets are long-term beneficial interests of $33.1 billion and $35.0 billion at June 30, 2013, and December 31, 2012, respectively. The maturities of the long-term beneficial interests as of June 30, 2013, were as follows: $9.4 billion under one year, $17.0 billion between one and five years, and $6.7 billion over five years, all respectively.

(g) Includes liabilities classified as accounts payable and other liabilities in the Consolidated Balance Sheets.

Supplemental information on loan securitizations

The Firm securitizes and sells a variety of loans, including residential mortgage, credit card, automobile, student and commercial (primarily related to real estate) loans, as well as debt securities. The primary purposes of these securitization transactions are to satisfy investor demand and to generate liquidity for the Firm.

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Securitization activity

The following table provides information related to the Firm's securitization activities for the three and six months ended June 30, 2013 and 2012, related to assets held in JPMorgan Chase-sponsored securitization entities that were not consolidated by the Firm, and where sale accounting was achieved based on the accounting rules in effect at the time of the securitization.

| | Three months ended June 30, | | | | Six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | | 2012 | | 2013 | | 2012 | |
| (in millions, except rates)[a] | Residential mortgage[d] | Commercial and other[f] | Residential mortgage[d][e] | Commercial and other[f] | Residential mortgage[d] | Commercial and other[f] | Residential mortgage[d][e] | Commercial and other[f] |
| Principal securitized | $443 | $ 3,078 | $— | $ 2,063 | $1,059 | $ 5,284 (f) | $— | $2,063 |
| All cash flows during the period: | | | | | | | | |
| Proceeds from new securitizations[b] | $446 | $ 3,149 | $— | $ 2,161 | $1,080 | $ 5,426 (f) | $— | $2,161 |
| Servicing fees collected | 158 | 2 | 171 | 1 | 285 | 3 | 351 | 2 |
| Purchases of previously transferred financial assets (or the underlying collateral)[c] | 19 | — | 52 | — | 271 | — | 111 | — |
| Cash flows received on interests | 30 | 78 | 55 | 40 | 55 | 142 | 108 | 64 |

(a) Excludes re-securitization transactions.

(b) For the three and six months ended June 30, 2013, $446 million and $1.1 billion, respectively, of proceeds from residential mortgage securitizations were received as securities classified in level 2 of the fair value hierarchy. For the three and six months June 30, 2013, $3.1 billion and $5.2 billion, respectively, of proceeds from commercial mortgage securitizations were received as securities classified in level 2 of the fair value hierarchy and zero and $207 million, respectively, of proceeds from commercial mortgage securitizations were received as cash. For the three and six months ended June 30, 2012, $2.2 billion and $2.2 billion, respectively, of commercial mortgage securitizations were received as securities classified in level 2 of the fair value hierarchy.

(c) Includes cash paid by the Firm to reacquire assets from off–balance sheet, nonconsolidated entities – for example, loan repurchases due to representation and warranties and servicer clean-up calls.

(d) Includes prime, Alt-A, subprime, and option ARMs. Excludes sales for which the Firm did not securitize the loan (including loans sold to Ginnie Mae, Fannie Mae and Freddie Mac).

(e) There were no residential mortgage securitizations during the three months and six months ended June 30, 2012.

(f) Includes commercial and student loan securitizations.

Loans and excess mortgage servicing rights sold to agencies and other third-party-sponsored securitization entities

In addition to the amounts reported in the securitization activity tables above, the Firm, in the normal course of business, sells originated and purchased mortgage loans and certain originated excess mortgage servicing rights on a nonrecourse basis, predominantly to Ginnie Mae, Fannie Mae and Freddie Mac (the "Agencies"). These loans and excess mortgage servicing rights are sold primarily for the purpose of securitization by the Agencies, which also provide credit enhancement of the loans and excess mortgage servicing rights through certain guarantee provisions. The Firm does not consolidate these securitization vehicles as it is not the primary beneficiary. For a limited number of loan sales, the Firm is obligated to share a portion of the credit risk associated with the sold loans with the purchaser. See Note 29 on pages 308–315 of the Firm's 2012 Annual Report for additional information about the Firm's loan sales- and securitization-related indemnifications. See Note 16 on pages 184–187 of this Form 10-Q for additional information about the impact of the Firm's sale of certain excess mortgage servicing rights.

The following table summarizes the activities related to loans sold to U.S. agencies and third-party-sponsored securitization entities.

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (in millions) | 2013 | 2012 | 2013 | 2012 |
| Carrying value of loans sold[(a)] | $48,045 | $43,925 | $102,925 | $83,733 |
| Proceeds received from loan sales as cash | 295 | 23 | 461 | 41 |
| Proceeds from loans sales as securities[(b)] | 47,223 | 43,436 | 101,392 | 82,691 |
| Total proceeds received from loan sales[(c)] | $47,518 | $43,459 | $101,853 | $82,732 |
| Gains on loan sales[(d)] | 112 | 56 | 250 | 91 |

(a) Predominantly to U.S. government agencies.
(b) Predominantly includes securities from U.S. government agencies that are generally sold shortly after receipt.
(c) Excludes the value of MSRs retained upon the sale of loans. Gains on loans sales include the value of MSRs.
(d) The carrying value of the loans accounted for at fair value approximated the proceeds received upon loan sale.

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Options to repurchase delinquent loans

In addition to the Firm's obligation to repurchase certain loans due to material breaches of representations and warranties as discussed in Note 21 on pages 193–197 of this Form 10-Q, the Firm also has the option to repurchase delinquent loans that it services for Ginnie Mae loan pools, as well as for other U.S. government agencies under certain arrangements. The Firm may elect to repurchase delinquent loans from Ginnie Mae loan pools as it continues to service them and/or manage the foreclosure process in accordance with the applicable requirements, and such loans continue to be insured or guaranteed. When the Firm's repurchase option becomes exercisable, such loans must be reported on the Consolidated Balance Sheets as a loan with a corresponding liability. As of June 30, 2013, and December 31, 2012, the Firm had recorded on its Consolidated Balance Sheets $14.6 billion and $15.6 billion, respectively of loans that either had been repurchased or for which the Firm had an option to repurchase. Predominately all of these amounts relate to loans that have been repurchased from Ginnie Mae loan pools. Additionally, real estate owned resulting from voluntary repurchases of loans was $1.8 billion and $1.6 billion as of June 30, 2013, and December 31, 2012, respectively. Substantially all of these loans and real estate owned are insured or guaranteed by U.S. government agencies and reimbursement is proceeding normally. For additional information, refer to Note 13 on pages 153–175 of this Form 10-Q and Note 14 on pages 250–275 of JPMorgan Chase's 2012 Annual Report.

JPMorgan Chase's interest in securitized assets held at fair value

The following table outlines the key economic assumptions used to determine the fair value, as of June 30, 2013, and December 31, 2012, of certain of the Firm's retained interests in nonconsolidated VIEs (other than MSRs), that are valued using modeling techniques. The table also outlines the sensitivities of those fair values to immediate 10% and 20% adverse changes in assumptions used to determine fair value. For a discussion of MSRs, see Note 16 on pages 184–187 of this Form 10-Q.

| (in millions, except rates and where otherwise noted)[(a)] | Commercial and other June 30, 2013 | | December 31, 2012 | |
|---|---|---|---|---|
| JPMorgan Chase interests in securitized assets | $1,217 | | $1,488 | |
| Weighted-average life (in years) | 6.1 | | 6.1 | |
| Weighted-average discount rate[(b)] | 4.8 | % | 4.1 | % |
| Impact of 10% adverse change | $(35 | ) | $(34 | ) |
| Impact of 20% adverse change | (64 | ) | (65 | ) |

(a) The Firm's interests in prime mortgage securitizations were $702 million and $341 million, as of June 30, 2013, and December 31, 2012, respectively. These include retained interests in Alt-A loans and re-securitization transactions. The Firm's interests in subprime mortgage securitizations were $65 million and $68 million, as of June 30, 2013, and December 31, 2012, respectively.

(b) Incorporates the Firm's weighted-average loss assumption.

The sensitivity analysis in the preceding table is hypothetical. Changes in fair value based on a 10% or 20% variation in assumptions generally cannot be extrapolated easily, because the relationship of the change in the assumptions to the change in fair value may not be linear. Also, in the table, the effect that a change in a particular assumption may have on the fair value is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another, which might counteract or magnify the sensitivities. The above sensitivities also do not reflect risk management practices the Firm may undertake to mitigate such risks.

Loan delinquencies and liquidation losses

The table below includes information about components of nonconsolidated securitized financial assets, in which the Firm has continuing involvement, and delinquencies as of June 30, 2013, and December 31, 2012, respectively; and liquidation losses for the three and six months ended June 30, 2013 and 2012, respectively.

| | Securitized assets | | 90 days past due | | Liquidation losses Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|---|---|---|---|
| (in millions) | June 30, 2013 | December 31, 2012 | June 30, 2013 | December 31, 2012 | 2013 | 2012 | 2013 | 2012 |
| Securitized loans[(a)] | | | | | | | | |
| Residential mortgage: | | | | | | | | |
| Prime mortgage[(b)] | $74,919 | $80,572 | $11,972 | $16,270 | $1,007 | $2,125 | $2,245 | $3,824 |
| Subprime mortgage | 30,271 | 31,264 | 8,915 | 10,570 | 756 | 320 | 1,539 | 1,121 |
| Option ARMs | 24,253 | 26,095 | 5,384 | 6,595 | 303 | 634 | 714 | 1,250 |
| Commercial and other | 92,075 | 81,834 | 2,820 | 4,077 | 184 | 292 | 330 | 521 |
| Total loans securitized[(c)] | $221,518 | $219,765 | $29,091 | $37,512 | $2,250 | $3,371 | $4,828 | $6,716 |

(a) Total assets held in securitization-related SPEs were $283.8 billion and $295.8 billion, respectively, at June 30, 2013, and December 31, 2012. The $221.5 billion and $219.8 billion, respectively, of loans securitized at June 30, 2013, and December 31, 2012, excluded: $58.5 billion and $72.0 billion, respectively, of securitized loans in which the Firm has no continuing involvement, and $3.8 billion and $4.0 billion, respectively, of loan securitizations consolidated on the Firm's Consolidated Balance Sheets at June 30, 2013, and December 31, 2012.

(b) Includes Alt-A loans.

(c) Includes securitized loans that were previously recorded at fair value and classified as trading assets.

Note 16 – Goodwill and other intangible assets

For a discussion of the accounting policies related to goodwill and other intangible assets, see Note 17 on pages 291–295 of JPMorgan Chase's 2012 Annual Report.

Goodwill and other intangible assets consist of the following.

| (in millions) | June 30, 2013 | December 31, 2012 |
|---|---|---|
| Goodwill | $48,057 | $48,175 |
| Mortgage servicing rights | 9,335 | 7,614 |
| Other intangible assets: | | |
| Purchased credit card relationships | $221 | $295 |
| Other credit card-related intangibles | 201 | 229 |
| Core deposit intangibles | 255 | 355 |
| Other intangibles | 1,274 | 1,356 |
| Total other intangible assets | $1,951 | $2,235 |

The following table presents goodwill attributed to the business segments.

| (in millions) | June 30, 2013 | December 31, 2012 |
|---|---|---|
| Consumer & Community Banking | $30,971 | $31,048 |
| Corporate & Investment Bank | 6,869 | 6,895 |
| Commercial Banking | 2,862 | 2,863 |
| Asset Management | 6,978 | 6,992 |
| Corporate/Private Equity | 377 | 377 |
| Total goodwill | $48,057 | $48,175 |

The following table presents changes in the carrying amount of goodwill.

| | Three months ended June 30, | Six months ended June 30, |
|---|---|---|

| (in millions) | 2013 | 2012 | 2013 | 2012 |
| --- | --- | --- | --- | --- |
| Balance at beginning of period[a] | $48,067 | $48,208 | $48,175 | $48,188 |
| Changes during the period from: | | | | |
| Business combinations | 11 | 10 | 36 | 20 |
| Dispositions | (5) | (4) | (5) | (4) |
| Other[b] | (16) | (83) | (149) | (73) |
| Balance at June 30,[a] | $48,057 | $48,131 | $48,057 | $48,131 |

(a) Reflects gross goodwill balances as the Firm has not recognized any impairment losses to date.
(b) Includes foreign currency translation adjustments and other tax-related adjustments.

Goodwill was not impaired at June 30, 2013, or December 31, 2012, nor was any goodwill written off due to impairment during the three and six months ended June 30, 2013 and 2012.

The goodwill impairment test is based upon a comparison between the carrying value and fair value of a reporting unit. The Firm uses the reporting units' allocated equity plus goodwill capital as a proxy for the carrying amounts of equity for the reporting units in the goodwill impairment testing. Reporting unit equity is determined on a basis similar to that used for the allocation of equity to the Firm's lines of business, which primarily considers stand-alone peer comparisons and regulatory capital requirements (as estimated under Basel III), although economic risk capital is also considered. Proposed line of business equity levels are incorporated into the Firm's annual budget process, which is reviewed by the Firm's Board of Directors. Allocated equity is further reviewed on a periodic basis and updated as needed. For a discussion of the primary method used to estimate the fair values of the reporting units, see Impairment testing on pages 291–292 of JPMorgan Chase's 2012 Annual Report.

While no impairment of goodwill was recognized, the Firm's mortgage lending business in CCB remains at an elevated risk for goodwill impairment due to its exposure to U.S. consumer credit risk and the effects of economic, regulatory and legislative changes. The valuation of this business is particularly dependent upon economic conditions (including new unemployment claims and home prices), regulatory and legislative changes (for example, those related to residential mortgage servicing, foreclosure and loss mitigation activities), and the amount of equity capital required. In addition, the earnings or estimated cost of equity of the Firm's capital markets businesses could also be affected by regulatory or legislative changes. Declines in business performance, increases in allocated equity capital, or increases in the estimated cost of equity, could cause the

estimated fair values of the Firm's reporting units or their associated goodwill to decline, which could result in a material impairment charge to earnings in a future period related to some portion of the associated goodwill.

Mortgage servicing rights

Mortgage servicing rights represent the fair value of expected future cash flows for performing servicing activities for others. The fair value considers estimated future servicing fees and ancillary revenue, offset by estimated costs to service the loans, and generally declines over time as net servicing cash flows are received, effectively amortizing the MSR asset against contractual servicing and ancillary fee income. MSRs are either purchased from third parties or recognized upon sale or securitization of mortgage loans if servicing is retained. For a further description of the MSR asset, interest rate risk management, and the valuation of MSRs, see Note 17 on pages 291–295 of JPMorgan Chase's 2012 Annual Report and Note 3 on pages 114–127 of this Form 10-Q.

The following table summarizes MSR activity for the three and six months ended June 30, 2013 and 2012.

| | As of or for the three months ended June 30, | | As of or for the six months ended June 30, | |
|---|---|---|---|---|
| (in millions, except where otherwise noted) | 2013 | 2012 | 2013 | 2012 |
| Fair value at beginning of period | $7,949 | $8,039 | $7,614 | $7,223 |
| MSR activity: | | | | |
| Originations of MSRs | 652 | 524 | 1,342 | 1,096 |
| Purchase of MSRs | 3 | 2 | (3) | 3 |
| Disposition of MSRs | (19) | — | (418)[g] | — |
| Net additions | 636 | 526 | 921 | 1,099 |
| Changes due to collection/realization of expected cash flows[a] | (288) | (328) | (547) | (681) |
| Changes in valuation due to inputs and assumptions: | | | | |
| Changes due to market interest rates and other[b] | 1,074 | (1,195) | 1,620 | (551) |
| Changes in valuation due to other inputs and assumptions: | | | | |
| Projected cash flows (e.g., cost to service)[c] | — | (77) | 290 | (295) |
| Discount rates | — | — | (78) | — |
| Prepayment model changes and other[d] | (36) | 153 | (485) | 323 |
| Total changes in valuation due to other inputs and assumptions | (36) | 76 | (273) | 28 |
| Total changes in valuation due to inputs and assumptions[a] | 1,038 | (1,119) | 1,347 | (523) |
| Fair value at June 30,[e] | $9,335 | $7,118 | $9,335 | $7,118 |
| Change in unrealized gains/(losses) included in income related to MSRs | $1,038 | $(1,119) | $1,347 | $(523) |

| | | | | |
|---|---|---|---|---|
| held at June 30, | | | | |
| Contractual service fees, late fees and other ancillary fees included in income | $835 | $949 | $1,704 | $1,982 |
| Third-party mortgage loans serviced at June 30, (in billions) | $839 | $868 | $839 | $868 |
| Servicer advances at June 30, (in billions)(f) | $10.1 | $10.2 | $10.1 | $10.2 |

(a) Included changes related to commercial real estate of $(3) million for the three months ended June 30, 2012, and $(2) million and $(5) million for the six months ended June 30, 2013 and 2012, respectively.

(b) Represents both the impact of changes in estimated future prepayments due to changes in market interest rates, and the difference between actual and expected prepayments.

(c) For the six months ended June 30, 2013, the increase was driven by the inclusion in the MSR valuation model of servicing fees receivable on certain delinquent loans.

(d) Represents changes in prepayments other than those attributable to changes in market interest rates. For the six months ended June 30, 2013, the decrease was driven by changes in the inputs and assumptions used to derive prepayment speeds, primarily increases in home prices.

(e) Included $21 million and $26 million related to commercial real estate at June 30, 2013 and 2012, respectively.

(f) Represents amounts the Firm pays as the servicer (e.g., scheduled principal and interest to a trust, taxes and insurance), which will generally be reimbursed within a short period of time after the advance from future cash flows from the trust or the underlying loans. The Firm’s credit risk associated

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with these advances is minimal because reimbursement of the advances is typically senior to all cash payments to investors. In addition, the Firm maintains the right to stop payment to investors if the collateral is insufficient to cover the advance.

(g) Includes excess mortgage servicing rights transferred to an agency-sponsored trust in exchange for stripped mortgage backed securities ("SMBS"). A portion of the SMBS was acquired by third parties at the transaction date; the Firm acquired and has retained the remaining balance of those SMBS as trading securities.

The following table presents the components of mortgage fees and related income (including the impact of MSR risk management activities) for the three and six months ended June 30, 2013 and 2012.

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (in millions) | 2013 | 2012 | 2013 | 2012 |
| Mortgage fees and related income | | | | |
| Net production revenue: | | | | |
| Production revenue | $1,064 | $1,362 | $2,059 | $2,794 |
| Repurchase losses | 16 | (10) | (65) | (312) |
| Net production revenue | 1,080 | 1,352 | 1,994 | 2,482 |
| Net mortgage servicing revenue | | | | |
| Operating revenue: | | | | |
| Loan servicing revenue | 945 | 1,004 | 1,881 | 2,043 |
| Changes in MSR asset fair value due to collection/realization of expected cash flows | (285) | (327) | (543) | (678) |
| Total operating revenue | 660 | 677 | 1,338 | 1,365 |
| Risk management: | | | | |
| Changes in MSR asset fair value due to market interest rates and other(a) | 1,072 | (1,193) | 1,618 | (549) |
| Other changes in MSR asset fair value due to other inputs and assumptions in model(b) | (36) | 76 | (273) | 28 |
| Change in derivative fair value and other | (957) | 1,353 | (1,408) | 947 |
| Total risk management | 79 | 236 | (63) | 426 |
| Net mortgage servicing revenue | 739 | 913 | 1,275 | 1,791 |
| All other | 4 | — | 6 | 2 |
| Mortgage fees and related income | $1,823 | $2,265 | $3,275 | $4,275 |

(a) Represents both the impact of changes in estimated future prepayments due to changes in market interest rates, and the difference between actual and expected prepayments.

(b) Represents the aggregate impact of changes in model inputs and assumptions such as projected cash flows (e.g., cost to service), discount rates and changes in prepayments other than those attributable to changes in market interest rates (e.g., changes in prepayments due to changes in home prices). For the six months ended June 30, 2013, the decrease was driven by changes in the inputs and assumptions used to derive prepayment speeds, primarily increases in home prices.

The table below outlines the key economic assumptions used to determine the fair value of the Firm's MSRs at June 30, 2013, and December 31, 2012, and outlines the sensitivities of those fair values to immediate adverse changes in those assumptions, as defined below.

| (in millions, except rates) | June 30, 2013 | December 31, 2012 |
|---|---|---|
| Weighted-average prepayment speed assumption ("CPR") | 8.82 % | 13.04 % |
| Impact on fair value of 10% adverse change | $(410) | $(517) |
| Impact on fair value of 20% adverse change | (795) | (1,009) |
| Weighted-average option adjusted spread | 7.80 % | 7.61 % |
| Impact on fair value of 100 basis points adverse change | $(386) | $(306) |
| Impact on fair value of 200 basis points adverse change | (744) | (591) |

CPR: Constant prepayment rate.

The sensitivity analysis in the preceding table is hypothetical and should be used with caution. Changes in fair value based on variation in assumptions generally cannot be easily extrapolated, because the relationship of the change in the assumptions to the change in fair value are often highly interrelated and may not be linear. In this table, the effect that a change in a particular assumption may have on the fair value is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another, which would either magnify or counteract the impact of the initial change.

Other intangible assets

The $284 million decrease in other intangible assets during the six months ended June 30, 2013, was due to amortization.

The components of credit card relationships, core deposits and other intangible assets were as follows.

| (in millions) | June 30, 2013 Gross amount[a] | Accumulated amortization[a] | Net carrying value | December 31, 2012 Gross amount | Accumulated amortization | Net carrying value |
|---|---|---|---|---|---|---|
| Purchased credit card relationships | $3,540 | $ 3,319 | $221 | $3,775 | $3,480 | $295 |
| Other credit card-related intangibles | 541 | 340 | 201 | 850 | 621 | 229 |
| Core deposit intangibles | 4,133 | 3,878 | 255 | 4,133 | 3,778 | 355 |
| Other intangibles[b] | 2,375 | 1,101 | 1,274 | 2,390 | 1,034 | 1,356 |

(a) The decrease in the gross amount and accumulated amortization from December 31, 2012, was due to the removal of fully amortized assets.

(b) Includes intangible assets of approximately $600 million consisting primarily of asset management advisory contracts, which were determined to have an indefinite life and are not amortized.

Amortization expense

The following table presents amortization expense related to credit card relationships, core deposits and other intangible assets.

| (in millions) | Three months ended June 30, 2013 | 2012 | Six months ended June 30, 2013 | 2012 |
|---|---|---|---|---|
| Purchased credit card relationships | $52 | $67 | $105 | $136 |
| Other credit card-related intangibles | 15 | 27 | 29 | 54 |
| Core deposit intangibles | 50 | 61 | 100 | 122 |
| Other intangibles | 35 | 36 | 70 | 72 |
| Total amortization expense | $152 | $191 | $304 | $384 |

Future amortization expense

The following table presents estimated future amortization expense related to credit card relationships, core deposits and other intangible assets at June 30, 2013.

| For the year (in millions) | Purchased credit card relationships | Other credit card-related intangibles | Core deposit intangibles | Other intangibles | Total |
|---|---|---|---|---|---|
| 2013[a] | $196 | $57 | $196 | $135 | $584 |
| 2014 | 96 | 50 | 102 | 118 | 366 |
| 2015 | 12 | 40 | 26 | 98 | 176 |
| 2016 | 9 | 34 | 14 | 90 | 147 |
| 2017 | 5 | 29 | 13 | 90 | 137 |

(a) Includes $105 million, $29 million, $100 million and $70 million of amortization expense related to purchased credit card relationships, other credit card-related intangibles, core deposit intangibles and other intangibles, respectively, recognized during the six months ended June 30, 2013.

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Note 17 – Deposits

For further discussion on deposits, see Note 19 on page 296 of JPMorgan Chase's 2012 Annual Report.

At June 30, 2013, and December 31, 2012, noninterest-bearing and interest-bearing deposits were as follows.

| (in millions) | June 30, 2013 | December 31, 2012 |
|---|---|---|
| U.S. offices | | |
| Noninterest-bearing | $362,314 | $380,320 |
| Interest-bearing: | | |
| Demand[(a)] | 63,515 | 53,980 |
| Savings[(b)] | 424,722 | 407,710 |
| Time (included $5,303 and $5,140 at fair value)[(c)] | 91,854 | 90,416 |
| Total interest-bearing deposits | 580,091 | 552,106 |
| Total deposits in U.S. offices | 942,405 | 932,426 |
| Non-U.S. offices | | |
| Noninterest-bearing | 19,515 | 17,845 |
| Interest-bearing: | | |
| Demand | 189,925 | 195,395 |
| Savings | 1,293 | 1,004 |
| Time (included $535 and $593 at fair value)[(c)] | 49,812 | 46,923 |
| Total interest-bearing deposits | 241,030 | 243,322 |
| Total deposits in non-U.S. offices | 260,545 | 261,167 |
| Total deposits | $1,202,950 | $1,193,593 |

(a) Includes Negotiable Order of Withdrawal ("NOW") accounts, and certain trust accounts.

(b) Includes Money Market Deposit Accounts ("MMDAs").

(c) Includes structured notes classified as deposits for which the fair value option has been elected. For further discussion, see Note 4 on pages 214–216 of JPMorgan Chase's 2012 Annual Report.

Note 18 – Earnings per share

For a discussion of the computation of basic and diluted earnings per share ("EPS"), see Note 24 on page 301 of JPMorgan Chase's 2012 Annual Report. The following table presents the calculation of basic and diluted EPS for the three and six months ended June 30, 2013 and 2012.

| (in millions, except per share amounts) | Three months ended June 30, 2013 | 2012 | Six months ended June 30, 2013 | 2012 |
|---|---|---|---|---|
| Basic earnings per share | | | | |
| Net income | $6,496 | $4,960 | $13,025 | $9,884 |
| Less: Preferred stock dividends | 204 | 158 | 386 | 315 |
| Net income applicable to common equity | 6,292 | 4,802 | 12,639 | 9,569 |
| Less: Dividends and undistributed earnings allocated to participating securities | 191 | 168 | 407 | 359 |
| Net income applicable to common stockholders | $6,101 | $4,634 | $12,232 | $9,210 |
| Total weighted-average basic shares outstanding | 3,782.4 | 3,808.9 | 3,800.3 | 3,813.9 |
| Net income per share | $1.61 | $1.22 | $3.22 | $2.41 |

Diluted earnings per share

| | | | | |
|---|---|---|---|---|
| Net income applicable to common stockholders | $6,101 | $4,634 | $12,232 | $9,210 |
| Total weighted-average basic shares outstanding | 3,782.4 | 3,808.9 | 3,800.3 | 3,813.9 |
| Add: Employee stock options, SARs and warrants[(a)] | 31.9 | 11.6 | 30.3 | 13.1 |
| Total weighted-average diluted shares outstanding[(b)] | 3,814.3 | 3,820.5 | 3,830.6 | 3,827.0 |
| Net income per share | $1.60 | $1.21 | $3.19 | $2.41 |

(a) Excluded from the computation of diluted EPS (due to the antidilutive effect) were options issued under employee benefit plans and the warrants originally issued in 2008 under the U.S. Treasury’s Capital Purchase Program to purchase shares of the Firm’s common stock. The aggregate number of shares issuable upon the exercise of such options and warrants was 8 million and 159 million for the three months ended June 30, 2013 and 2012, respectively, and 11 million and 164 million for the six months ended June 30, 2013 and 2012, respectively.

(b) Participating securities were included in the calculation of diluted EPS using the two-class method, as this computation was more dilutive than the calculation using the treasury stock method.

Note 19 – Accumulated other comprehensive income/(loss)

AOCI includes the after-tax change in unrealized gains and losses on AFS securities, foreign currency translation adjustments (including the impact of related derivatives), cash flow hedging activities, and net loss and prior service costs/(credit) related to the Firm's defined benefit pension and OPEB plans.

| As of or for the three months ended June 30, 2013 (in millions) | Unrealized gains/(losses) on AFS securities[a] | Translation adjustments, net of hedges | Cash flow hedges | Defined benefit pension and OPEB plans | Accumulated other comprehensive income/(loss) |
|---|---|---|---|---|---|
| Balance at April 1, 2013 | $6,228 [b] | $(108) | $58 | $(2,687) | $3,491 |
| Net change | (3,091) [c] | (38) | (290) | 64 | (3,355) |
| Balance at June 30, 2013 | $3,137 [b] | $(146) | $(232) | $(2,623) | $136 |

| As of or for the three months ended June 30, 2012 (in millions) | Unrealized gains/(losses) on AFS securities[a] | Translation adjustments, net of hedges | Cash flow hedges | Defined benefit pension and OPEB plans | Accumulated other comprehensive income/(loss) |
|---|---|---|---|---|---|
| Balance at April 1, 2012 | $5,139 [b] | $101 | $16 | $(2,611) | $2,645 |
| Net change | (325) [d] | (189) | 73 | 68 | (373) |
| Balance at June 30, 2012 | $4,814 [b] | $(88) | $89 | $(2,543) | $2,272 |

| As of or for the six months ended June 30, 2013 (in millions) | Unrealized gains/(losses) on AFS securities[a] | Translation adjustments, net of hedges | Cash flow hedges | Defined benefit pension and OPEB plans | Accumulated other comprehensive income/(loss) |
|---|---|---|---|---|---|
| Balance at January 1, 2013 | $6,868 [b] | $(95) | $120 | $(2,791) | $4,102 |
| Net change | (3,731) [c] | (51) | (352) | 168 | (3,966) |
| Balance at June 30, 2013 | $3,137 [b] | $(146) | $(232) | $(2,623) | $136 |

| As of or for the six months ended June 30, 2012 (in millions) | Unrealized gains/(losses) on AFS securities[a] | Translation adjustments, net of hedges | Cash flow hedges | Defined benefit pension and OPEB plans | Accumulated other comprehensive income/(loss) |
|---|---|---|---|---|---|
| Balance at January 1, 2012 | $3,565 [b] | $(26) | $51 | $(2,646) | $944 |
| Net change | 1,249 [e] | (62) | 38 | 103 | 1,328 |
| Balance at June 30, 2012 | $4,814 [b] | $(88) | $89 | $(2,543) | $2,272 |

(a) Represents the after-tax difference between the fair value and amortized cost of securities accounted for as AFS.

(b) Included after-tax unrealized losses not related to credit on debt securities for which credit losses have been recognized in income of $(56) million at January 1, 2012, $(48) million at April 1, 2012, and $(101) million at June 30, 2012. There were no such losses at January 1, 2013, April 1, 2013, and June 30, 2013.

(c) The net change for the three and six months ended June 30, 2013, was primarily related to the decline in fair value of U.S. government agency issued MBS and obligations of U.S. states and municipalities due to market changes, as well as to net realized gains.

(d) The net change for the three months ended June 30, 2012, was primarily due to realization of gains on sales of mortgage-backed securities, non-U.S. government debt and obligations of U.S., state and municipalities, partially offset by market value increases driven by the tightening of spreads.

(e) The net change for the six months ended June 30, 2012, was due primarily to market value increases driven by the tightening of spreads across the portfolio, partially offset by sales of mortgage-backed securities and non-U.S. government debt.

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The following table presents the pretax and after-tax changes in the components of other comprehensive income/(loss).

| Three months ended June 30, (in millions) | 2013 Pretax | Tax effect | After-tax | 2012 Pretax | Tax effect | After-tax |
|---|---|---|---|---|---|---|
| Unrealized gains/(losses) on AFS securities: | | | | | | |
| Net unrealized gains/(losses) arising during the period | $(4,947) | $1,931 | $(3,016) | $479 | $(186) | $293 |
| Reclassification adjustment for realized (gains)/losses included in net income(a) | (124) | 49 | (75) | (1,014) | 396 | (618) |
| Net change | (5,071) | 1,980 | (3,091) | (535) | 210 | (325) |
| Translation adjustments: | | | | | | |
| Translation(b) | (607) | 223 | (384) | (765) | 282 | (483) |
| Hedges(b) | 571 | (225) | 346 | 480 | (186) | 294 |
| Net change | (36) | (2) | (38) | (285) | 96 | (189) |
| Cash flow hedges: | | | | | | |
| Net unrealized gains/(losses) arising during the period | (512) | 201 | (311) | 128 | (51) | 77 |
| Reclassification adjustment for realized (gains)/losses included in net income(c) | 34 | (13) | 21 | (5) | 1 | (4) |
| Net change | (478) | 188 | (290) | 123 | (50) | 73 |
| Defined benefit pension and OPEB plans: | | | | | | |
| Net gains/(losses) arising during the period | 37 | (15) | 22 | 32 | (13) | 19 |
| Reclassification adjustments included in net income(d): | | | | | | |
| Amortization of net loss | 79 | (31) | 48 | 79 | (32) | 47 |
| Prior service costs/(credits) | (11) | 5 | (6) | (10) | 4 | (6) |
| Foreign exchange and other | (1) | 1 | — | 12 | (4) | 8 |
| Net change | 104 | (40) | 64 | 113 | (45) | 68 |
| Total other comprehensive income/(loss) | $(5,481) | $2,126 | $(3,355) | $(584) | $211 | $(373) |

| Six months ended June 30, (in millions) | 2013 Pretax | Tax effect | After-tax | 2012 Pretax | Tax effect | After-tax |
|---|---|---|---|---|---|---|
| Unrealized gains/(losses) on AFS securities: | | | | | | |
| Net unrealized gains/(losses) arising during the period | $(5,462) | $2,116 | $(3,346) | $3,597 | $(1,403) | $2,194 |
| Reclassification adjustment for realized (gains)/losses included in net income(a) | (633) | 248 | (385) | (1,550) | 605 | (945) |
| Net change | (6,095) | 2,364 | (3,731) | 2,047 | (798) | 1,249 |
| Translation adjustments: | | | | | | |
| Translation(b) | (1,034) | 381 | (653) | (305) | 113 | (192) |
| Hedges(b) | 991 | (389) | 602 | 213 | (83) | 130 |
| Net change | (43) | (8) | (51) | (92) | 30 | (62) |
| Cash flow hedges: | | | | | | |
| Net unrealized gains/(losses) arising during the period | (642) | 252 | (390) | 87 | (34) | 53 |
| Reclassification adjustment for realized (gains)/losses included in net income(c) | 63 | (25) | 38 | (25) | 10 | (15) |
| Net change | (579) | 227 | (352) | 62 | (24) | 38 |
| Defined benefit pension and OPEB plans: | | | | | | |
| Net gains/(losses) arising during the period | 85 | (25) | 60 | 34 | (13) | 21 |
| Reclassification adjustments included in net income(d): | | | | | | |
| Amortization of net loss | 160 | (62) | 98 | 162 | (64) | 98 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Prior service costs/(credits) | (22 ) | 9 | (13 ) | (21 ) | 8 | (13 ) |
| Foreign exchange and other | 36 | (13 ) | 23 | (6 ) | 3 | (3 ) |
| Net change | 259 | (91 ) | 168 | 169 | (66 ) | 103 |
| Total other comprehensive income/(loss) | $(6,458 ) | $2,492 | $(3,966 ) | $2,186 | $(858 ) | $1,328 |

(a) The pretax amount is reported in securities gains in the Consolidated Statements of Income.

(b) Reclassifications of pretax realized gains/(losses) on translation adjustments and related hedges are reported in other income in the Consolidated Statements of Income. The amounts were not material for the three and six months ended June 30, 2013.

(c) The pretax amount is reported in the same line as the hedged items, which are predominantly recorded in net interest income in the Consolidated Statements of Income.

(d) The pretax amount is reported in compensation expense in the Consolidated Statements of Income.

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Note 20 – Regulatory capital
The Federal Reserve establishes capital requirements, including well-capitalized standards, for the consolidated financial holding company. The OCC establishes similar capital requirements and standards for the Firm's national banks, including JPMorgan Chase Bank, N.A., and Chase Bank USA, N.A.
There are two categories of risk-based capital: Tier 1 capital and Tier 2 capital. Tier 1 capital consists of common stockholders' equity, perpetual preferred stock, noncontrolling interests in subsidiaries and trust preferred securities, less goodwill and certain other adjustments. Tier 2 capital consists of preferred stock not qualifying as Tier 1 capital, subordinated long-term debt and other instruments qualifying as Tier 2 capital, and the aggregate allowance for credit losses up to a certain percentage of risk-weighted assets ("RWA"). Total capital is Tier 1 capital plus Tier 2 capital.
RWA consist of on- and off-balance sheet assets that are assigned to one of several broad risk categories and weighted by factors representing their risk and potential for default. On-balance sheet assets are risk-weighted based on the perceived credit risk associated with the obligor or counterparty, the nature of any collateral, and the guarantor, if any. Off-balance sheet assets, such as lending-related commitments, guarantees, and derivatives, are risk-weighted by multiplying the contractual amount by the appropriate credit conversion factor to determine the on-balance sheet credit-equivalent amount, which is then risk-weighted based on the same factors used for on-balance sheet assets. RWA also incorporate a measure for the market risk related to applicable trading assets–debt and equity instruments, and foreign exchange and commodity derivatives. The resulting risk-weighted values for each of the risk categories are then aggregated to determine total RWA.

Under the risk-based capital guidelines of the Federal Reserve, JPMorgan Chase is required to maintain minimum ratios of Tier 1 and Total capital to RWA, as well as minimum leverage ratios (which are defined as Tier 1 capital divided by adjusted quarterly average assets). Failure to meet these minimum requirements could cause the Federal Reserve to take action. Banking subsidiaries also are subject to these capital requirements by their respective primary regulators. As of June 30, 2013, and December 31, 2012, JPMorgan Chase and all of its banking subsidiaries were well-capitalized and met all capital requirements to which each was subject.
The following table presents the regulatory capital, assets and risk-based capital ratios for JPMorgan Chase and its significant banking subsidiaries at June 30, 2013, and December 31, 2012. These amounts are determined in accordance with regulations issued by the Federal Reserve and/or OCC. The table reflects the Firm's and JPMorgan Chase Bank, N.A.'s implementation of rules that provide for additional capital requirements for trading positions and securitizations ("Basel 2.5"). Basel 2.5 rules became effective for the Firm and JPMorgan Chase Bank, N.A. on January 1, 2013. The implementation of these rules in the first quarter of 2013 resulted in an increase of approximately $150 billion and $140 billion, respectively, in the Firm's and JPMorgan Chase Bank, N.A.'s risk-weighted assets compared with the Basel I rules at March 31, 2013. The implementation of these rules also resulted in decreases of the Firm's Tier 1 capital and Total capital ratios of 140 basis points and 160 basis points, respectively, at March 31, 2013, and decreases of JPMorgan Chase Bank, N.A.'s Tier 1 capital and Total capital ratios of 130 basis points and 150 basis points, respectively, at March 31, 2013. Implementation of Basel 2.5 in the first quarter of 2013 did not impact Chase Bank USA, N.A.'s RWA or Tier 1 capital and Total capital ratios.

| (in millions, except ratios) | JPMorgan Chase & Co.[d] June 30, 2013 | JPMorgan Chase & Co.[d] December 31, 2012 | JPMorgan Chase Bank, N.A.[d] June 30, 2013 | JPMorgan Chase Bank, N.A.[d] December 31, 2012 | Chase Bank USA, N.A.[d] June 30, 2013 | Chase Bank USA, N.A.[d] December 31, 2012 | Well-capitalized ratios[e] | Minimum capital ratios[e] |
|---|---|---|---|---|---|---|---|---|
| Regulatory capital | | | | | | | | |
| Tier 1[a] | $164,027 | $160,002 | $120,912 | $111,827 | $11,142 | $9,648 | | |
| Total | 199,148 | 194,036 | 155,502 | 146,870 | 14,582 | 13,131 | | |
| Assets | | | | | | | | |
| Risk-weighted[b] | $1,410,081 | $1,270,378 | $1,207,865 | $1,094,155 | $101,014 | $103,593 | | |
| Adjusted average[c] | 2,333,416 | 2,243,242 | 1,905,940 | 1,815,816 | 104,119 | 103,688 | | |
| Capital ratios | | | | | | | | |
| Tier 1[a] | 11.6 % | 12.6 % | 10.0 % | 10.2 % | 11.0 % | 9.3 % | 6.0 % | 4.0% |
| Total | 14.1 | 15.3 | 12.9 | 13.4 | 14.4 | 12.7 | 10.0 | 8.0 |
| Tier 1 leverage | 7.0 | 7.1 | 6.3 | 6.2 | 10.7 | 9.3 | 5.0 [f] | 3.0 [g] |

(a) At June 30, 2013, trust preferred securities included in Tier 1 capital were $5.3 billion and $600 million, for JPMorgan Chase and JPMorgan Chase Bank, N.A., respectively. If these securities were excluded from the calculation at June 30, 2013, Tier 1 capital would be $158.8 billion and $120.3 billion, respectively, and the Tier 1 capital ratio would be 11.3% and 10.0%, respectively. At June 30, 2013, Chase Bank USA, N.A. had no trust preferred securities.

(b) Included off–balance sheet RWA at June 30, 2013, of $318.5 billion, $309.0 billion and $14 million, and at December 31, 2012, of $304.5 billion, $297.1 billion and $16 million, for JPMorgan Chase, JPMorgan Chase Bank, N.A. and Chase Bank USA, N.A., respectively.

(c) Adjusted average assets, for purposes of calculating the leverage ratio, include total quarterly average assets adjusted for unrealized gains/(losses) on securities, less deductions for disallowed goodwill and other intangible assets, investments in certain subsidiaries, and the total adjusted carrying value of nonfinancial equity investments that are subject to deductions from Tier 1 capital.

(d) Asset and capital amounts for JPMorgan Chase's banking subsidiaries reflect intercompany transactions; whereas the respective amounts for JPMorgan Chase reflect the elimination of intercompany transactions.

(e) As defined by the regulations issued by the Federal Reserve, OCC and FDIC.

(f) Represents requirements for banking subsidiaries pursuant to regulations issued under the FDIC Improvement Act. There is no Tier 1 leverage component in the definition of a well-capitalized bank holding company.

(g) The minimum Tier 1 leverage ratio for bank holding companies and banks is 3% or 4%, depending on factors specified in regulations issued by the Federal Reserve and OCC.

Note: Rating agencies allow measures of capital to be adjusted upward for deferred tax liabilities, which have resulted from both nontaxable business combinations and from tax-deductible goodwill. The Firm had deferred tax liabilities resulting from nontaxable business combinations totaling $242 million and $291 million at June 30, 2013, and December 31, 2012, respectively; and deferred tax liabilities resulting from tax-deductible goodwill of $2.6 billion and $2.5 billion at June 30, 2013, and December 31, 2012, respectively.

A reconciliation of the Firm's Total stockholders' equity to Tier 1 capital and Total qualifying capital is presented in the table below.

| (in millions) | June 30, 2013 | December 31, 2012 |
|---|---|---|
| Tier 1 capital | | |
| Total stockholders' equity | $209,239 | $204,069 |
| Effect of certain items in AOCI excluded from Tier 1 capital | (282 ) | (4,198 ) |
| Qualifying hybrid securities and noncontrolling interests[a] | 5,618 | 10,608 |

| | | |
|---|---|---|
| Less: Goodwill[b] | 45,414 | 45,663 |
| Other intangible assets[b] | 2,220 | 2,311 |
| Fair value DVA on structured notes and derivative liabilities related to the Firm’s credit quality | 1,869 | 1,577 |
| Investments in certain subsidiaries and other | 1,045 | 926 |
| Total Tier 1 capital | 164,027 | 160,002 |
| Tier 2 capital | | |
| Long-term debt and other instruments qualifying as Tier 2 | 17,406 | 18,061 |
| Qualifying allowance for credit losses | 17,723 | 15,995 |
| Other | (8) | (22) |
| Total Tier 2 capital | 35,121 | 34,034 |
| Total qualifying capital | $199,148 | $194,036 |

(a) Primarily includes trust preferred securities of certain business trusts.
(b) Goodwill and other intangible assets are net of any associated deferred tax liabilities.

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Note 21 – Off–balance sheet lending-related financial instruments, guarantees, and other commitments
JPMorgan Chase provides lending-related financial instruments (e.g., commitments and guarantees) to meet the financing needs of its customers. The contractual amount of these financial instruments represents the maximum possible credit risk to the Firm should the counterparty draw upon the commitment or the Firm be required to fulfill its obligation under the guarantee, and should the counterparty subsequently fail to perform according to the terms of the contract. Most of these commitments and guarantees expire without being drawn or a default occurring. As a result, the total contractual amount of these instruments is not, in the Firm's view, representative of its actual future credit exposure or funding requirements. For further discussion of lending-related commitments and guarantees, and the Firm's related accounting policies, see Note 29 on pages 308–315 of JPMorgan Chase's 2012 Annual Report.

To provide for the risk of loss inherent in consumer (excluding credit card) and wholesale contracts, an allowance for credit losses on lending-related commitments is maintained. See Note 14 on page 176 of this Form 10-Q for further discussion regarding the allowance for credit losses on lending-related commitments.
The following table summarizes the contractual amounts and carrying values of off-balance sheet lending-related financial instruments, guarantees and other commitments at June 30, 2013, and December 31, 2012. The amounts in the table below for lending-related commitments represent the total available credit, inclusive of certain non-legally binding lines of credit. The Firm has not experienced, and does not anticipate, that all available lines of credit for these products will be utilized at the same time. The Firm can reduce or cancel these non-legally binding lines of credit by providing the borrower notice or, in some cases, without notice as permitted by law. The Firm may reduce or close home equity lines of credit when there are significant decreases in the value of the underlying property, or when there has been a demonstrable decline in the creditworthiness of the borrower. Also, the Firm typically closes credit card lines when the borrower is 60 days or more past due.

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Off–balance sheet lending-related financial instruments, guarantees and other commitments

| | Contractual amount | | | | | | Carrying value[g] | |
|---|---|---|---|---|---|---|---|---|
| | Jun 30, 2013 | | | | | Dec 31, 2012 | Jun 30, 2013 | Dec 31, 2012 |
| By remaining maturity (in millions) | Expires in 1 year or less | Expires after 1 year through 3 years | Expires after 3 years through 5 years | Expires after 5 years | Total | Total | | |
| Lending-related | | | | | | | | |
| Consumer, excluding credit card: | | | | | | | | |
| Home equity – senior lien | $2,501 | $4,609 | $4,764 | $2,348 | $14,222 | $15,180 | $— | $— |
| Home equity – junior lien | 4,128 | 7,366 | 5,815 | 2,456 | 19,765 | 21,796 | — | — |
| Prime mortgage | 7,701 | — | — | — | 7,701 | 4,107 | — | — |
| Subprime mortgage | — | — | — | — | — | — | — | — |
| Auto | 8,194 | 227 | 146 | 29 | 8,596 | 7,185 | 1 | 1 |
| Business banking | 10,225 | 595 | 98 | 375 | 11,293 | 11,092 | 7 | 6 |
| Student and other | 108 | 144 | 5 | 469 | 726 | 796 | — | — |
| Total consumer, excluding credit card | 32,857 | 12,941 | 10,828 | 5,677 | 62,303 | 60,156 | 8 | 7 |
| Credit card | 532,359 | — | — | — | 532,359 | 533,018 | — | — |
| Total consumer | 565,216 | 12,941 | 10,828 | 5,677 | 594,662 | 593,174 | 8 | 7 |
| Wholesale: | | | | | | | | |
| Other unfunded commitments to extend credit[a][b] | 61,810 | 83,940 | 99,091 | 6,284 | 251,125 | 243,225 | 455 | 377 |
| Standby letters of credit and other financial guarantees[a][b][c] | 26,108 | 32,013 | 35,514 | 1,463 | 95,098 | 100,929 | 634 | 647 |
| Unused advised lines of credit | 80,776 | 11,740 | 822 | 372 | 93,710 | 85,087 | — | — |
| Other letters of credit[a] | 4,308 | 1,112 | 58 | 61 | 5,539 | 5,573 | 2 | 2 |
| Total wholesale | 173,002 | 128,805 | 135,485 | 8,180 | 445,472 | 434,814 | 1,091 | 1,026 |
| Total lending-related | $738,218 | $141,746 | $146,313 | $13,857 | $1,040,134 | $1,027,988 | $1,099 | $1,033 |
| Other guarantees and commitments | | | | | | | | |
| Securities lending indemnification agreements and guarantees[d] | $189,113 | $— | $— | $— | $189,113 | $166,493 | NA | NA |
| Derivatives qualifying as guarantees | 1,386 | 1,280 | 16,942 | 37,297 | 56,905 | 61,738 | $115 | $42 |
| Unsettled reverse repurchase and securities borrowing agreements[e] | 56,657 | — | — | — | 56,657 | 34,871 | — | — |
| Loan sale and securitization-related indemnifications: | | | | | | | | |
| Mortgage repurchase liability | NA | NA | NA | NA | NA | NA | 2,476 | 2,811 |
| Loans sold with recourse | NA | NA | NA | NA | 8,600 | 9,305 | 140 | 141 |
| Other guarantees and commitments[f] | 554 | 327 | 1,472 | 4,248 | 6,601 | 6,780 | (108) | (75) |

(a) At June 30, 2013, and December 31, 2012, reflects the contractual amount net of risk participations totaling $406 million and $473 million, respectively, for other unfunded commitments to extend credit; $15.8 billion and $16.6 billion, respectively, for standby letters of credit and other financial guarantees; and $609 million and $690 million, respectively, for other letters of credit. In regulatory filings with the Federal Reserve these commitments are shown gross of risk participations.

(b) At June 30, 2013, and December 31, 2012, included credit enhancements and bond and commercial paper liquidity commitments to U.S. states and municipalities, hospitals and other nonprofit entities of $39.9 billion and $44.5 billion, respectively. These commitments also include liquidity facilities to nonconsolidated municipal bond VIEs; for further information, see Note 15 on pages 177–184 of this Form 10-Q.

(c) At June 30, 2013, and December 31, 2012, included unissued standby letters of credit commitments of $42.6 billion and $44.4 billion, respectively.

(d) At June 30, 2013, and December 31, 2012, collateral held by the Firm in support of securities lending indemnification agreements was $189.9 billion and $165.1 billion, respectively. Securities lending collateral comprises primarily cash and securities issued by governments that are members of the Organisation for Economic Co-operation and Development (“OECD”) and U.S. government agencies.

(e) At June 30, 2013, and December 31, 2012, the amount of commitments related to forward-starting reverse repurchase agreements and securities borrowing agreements were $11.1 billion and $13.2 billion, respectively. Commitments related to unsettled reverse repurchase agreements and securities borrowing agreements with regular-way settlement periods were $45.6 billion and $21.7 billion, at June 30, 2013, and December 31, 2012, respectively.

(f) At June 30, 2013, and December 31, 2012, included unfunded commitments of $251 million and $370 million, respectively, to third-party private equity funds; and $1.5 billion, for both periods, to other equity investments. These commitments included $225 million and $333 million, respectively, related to investments that are generally fair valued at net asset value as discussed in Note 3 on pages 114–127 of this Form 10-Q. In addition, at June 30, 2013, and December 31, 2012, included letters of credit hedged by derivative transactions and managed on a market risk basis of $4.6 billion and $4.5 billion, respectively.

(g) For lending-related products, the carrying value represents the allowance for lending-related commitments and the guarantee liability; for derivative-related products, the carrying value represents the fair value.

Other unfunded commitments to extend credit

Other unfunded commitments to extend credit generally comprise commitments for working capital and general corporate purposes, extensions of credit to support commercial paper facilities and bond financings in the event that those obligations cannot be remarketed to new investors as well as committed liquidity facilities to clearing organizations.

Also included in other unfunded commitments to extend credit are commitments to noninvestment-grade counterparties in connection with leveraged and acquisition finance activities, which were $10.1 billion and $8.8 billion at June 30, 2013, and December 31, 2012, respectively. For further information, see Note 3 and Note 4 on pages 114–127 and 128–130 respectively, of this Form 10-Q.

In addition, the Firm acts as a clearing and custody bank in the U.S. tri-party repurchase transaction market. In its role as clearing and custody bank, the Firm is exposed to intra-day credit risk of the cash borrowers, usually broker-dealers; however, this exposure is secured by collateral and typically extinguished through the settlement process by the end of the day. For the three months ended June 30, 2013, the tri-party repurchase daily balances averaged $332 billion.

Guarantees

The Firm considers the following off–balance sheet lending-related arrangements to be guarantees under U.S. GAAP: standby letters of credit and financial guarantees, securities lending indemnifications, certain indemnification agreements included within third-party contractual arrangements and certain derivative contracts. For a further discussion of the off–balance sheet lending-related arrangements the Firm considers to be guarantees, and the related accounting policies, see Note 29 on pages 308–315 of JPMorgan Chase’s 2012 Annual Report. The recorded amounts of the liabilities related to guarantees and indemnifications at June 30, 2013, and December 31, 2012, excluding the allowance for credit losses on lending-related commitments, are discussed below.

Standby letters of credit and other financial guarantees

Standby letters of credit (“SBLC”) and other financial guarantees are conditional lending commitments issued by the Firm to guarantee the performance of a customer to a third party under certain arrangements, such as commercial paper facilities, bond financings, acquisition financings, trade and similar transactions. The carrying values of standby and other letters of credit were $636 million and $649 million at June 30, 2013, and December 31, 2012, respectively, which were classified in accounts payable and other liabilities on the Consolidated Balance Sheets; these carrying values included $290 million and $284 million, respectively, for the allowance for lending-related commitments, and $346 million and $365 million, respectively, for the guarantee liability and corresponding asset.

The following table summarizes the types of facilities under which standby letters of credit and other letters of credit arrangements are outstanding by the ratings profiles of the Firm’s customers, as of June 30, 2013, and December 31, 2012.

Standby letters of credit, other financial guarantees and other letters of credit

| | June 30, 2013 | | December 31, 2012 | |
|---|---|---|---|---|
| (in millions) | Standby letters of credit and other financial guarantees | Other letters of credit | Standby letters of credit and other financial guarantees | Other letters of credit |
| Investment-grade[(a)] | $72,107 | $4,329 | $77,081 | $3,998 |
| Noninvestment-grade[(a)] | 22,991 | 1,210 | 23,848 | 1,575 |
| Total contractual amount | $95,098 | $5,539 | $100,929 | $5,573 |
| Allowance for lending-related commitments | $288 | $2 | $282 | $2 |
| Commitments with collateral | 41,002 | 1,498 | 42,654 | 1,145 |

(a) The ratings scale is based on the Firm’s internal ratings which generally correspond to ratings as defined by S&P and Moody’s.

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Explanation of Responses:

Derivatives qualifying as guarantees

In addition to the contracts described above, the Firm transacts certain derivative contracts that have the characteristics of a guarantee under U.S. GAAP. For further information on these derivatives, see Note 29 on pages 308–315 of JPMorgan Chase’s 2012 Annual Report. The total notional value of the derivatives that the Firm deems to be guarantees was $56.9 billion and $61.7 billion at June 30, 2013, and December 31, 2012, respectively. The notional amount generally represents the Firm’s maximum exposure to derivatives qualifying as guarantees. However, exposure to certain stable value contracts is contractually limited to a substantially lower percentage of the notional amount; the notional amount on these stable value contracts was $26.7 billion and $26.5 billion and the maximum exposure to loss was $2.8 billion at both June 30, 2013, and December 31, 2012. The fair values of the contracts reflect the probability of whether the Firm will be required to perform under the contract. The fair value related to derivatives that the Firm deems to be guarantees were derivative payables of $170 million and $122 million and derivative receivables of $55 million and $80 million at June 30, 2013, and December 31, 2012, respectively. The Firm reduces exposures to these contracts by entering into offsetting transactions, or by entering into contracts that hedge the market risk related to the derivative guarantees.

In addition to derivative contracts that meet the characteristics of a guarantee, the Firm is both a purchaser and seller of credit protection in the credit derivatives market. For a further discussion of credit derivatives, see Note 5 on pages 141–142 of this Form 10-Q.

Loan sales- and securitization-related indemnifications

Mortgage repurchase liability

In connection with the Firm’s loan sale and securitization activities with the GSEs and other loan sale and private-label securitization transactions, as described in Note 15 on pages 177–184 of this Form 10-Q, and Note 16 on pages 280–291 of JPMorgan Chase’s 2012 Annual Report, the Firm has made representations and warranties that the loans sold meet certain requirements. The Firm may be, and has been, required to repurchase loans and/or indemnify the GSEs and other investors for losses due to material breaches of these representations and warranties. Generally, the maximum amount of future payments the Firm would be required to make for breaches of these representations and warranties would be equal to the unpaid principal balance of such loans that are deemed to have defects that were sold to purchasers (including securitization-related SPEs) plus, in certain circumstances, accrued interest on such loans and certain expense.

There have been generalized allegations, as well as specific demands, that the Firm repurchase loans sold or deposited into private-label securitizations (including claims from insurers that have guaranteed certain obligations of the securitization trusts). Although the Firm encourages parties to use the contractual repurchase process established in the governing agreements, these private-label repurchase

claims have generally manifested themselves through threatened or pending litigation. Accordingly, the liability related to repurchase demands associated with all of the private-label securitizations is separately evaluated by the Firm in establishing its litigation reserves. For additional information regarding litigation, see Note 23 on pages 198–206 of this Form 10-Q and Note 31 on pages 316–325 of JPMorgan Chase’s 2012 Annual Report.

The Firm has recognized a mortgage repurchase liability of $2.5 billion and $2.8 billion, as June 30, 2013, and December 31, 2012, respectively. This repurchase liability is reported in accounts payable and other liabilities net of probable recoveries from third-party originators of $403 million and $441 million at June 30, 2013, and December 31, 2012, respectively. The Firm’s mortgage repurchase liability is intended to cover losses associated with all loans previously sold in connection with loan sale and securitization transactions with the GSEs, regardless of when those losses occur or how they are ultimately resolved (e.g., repurchase, make-whole payment).

Substantially all of the estimates and assumptions underlying the Firm’s established methodology for computing its recorded mortgage repurchase liability — including factors such as the amount of probable future demands from the GSEs (based on both historical experience and the Firm’s expectations about the GSEs future behavior), the ability of the Firm to cure identified defects, the severity of loss upon repurchase or foreclosure, and recoveries from third parties — require application of a significant level of management judgment.

While the Firm uses the best information available to it in estimating its mortgage repurchase liability, the estimation process is inherently uncertain and imprecise and, accordingly, losses in excess of the amounts accrued as of June 30, 2013, are reasonably possible. The Firm believes the estimate of the range of reasonably possible losses, in excess of its established repurchase liability, is from $0 to approximately $0.7 billion at June 30, 2013. This estimated range of reasonably possible loss considers the Firm's GSE-related exposure based on an assumed peak to trough decline in home prices of 32%, which is an additional 6 percentage point decline in home prices beyond the Firm's current assumptions derived from a nationally recognized home price index. Although the Firm does not consider a further decline in home prices of this magnitude likely to occur, such a decline could increase the levels of loan delinquencies, which may, in turn, increase the level of repurchase demands from the GSEs and potentially result in additional repurchases of loans at greater loss severities and thereby increase the Firm's mortgage repurchase liability.

The following table summarizes the change in the mortgage repurchase liability for each of the periods presented.
Summary of changes in mortgage repurchase liability[a]

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (in millions) | 2013 | 2012 | 2013 | 2012 |
| Repurchase liability at beginning of period | $2,674 | $3,516 | $2,811 | $3,557 |
| Net realized losses[b] | (191) | (259) | (403) | (623) |
| Provision for repurchase losses[c] | (7) | 36 | 68 | 359 |
| Repurchase liability at end of period | $2,476 | $3,293 | $2,476 | $3,293 |

(a) All mortgage repurchase demands associated with private-label securitizations are separately evaluated by the Firm in establishing its litigation reserves.

(b) Realized repurchase losses are presented net of third-party recoveries and include principal losses and accrued interest on repurchased loans, "make-whole" settlements, settlements with claimants, and certain related expense. Make-whole settlements were $133 million and $107 million for the three months ended June 30, 2013 and 2012, respectively and $254 million and $293 million for the six months ended June 30, 2013 and 2012, respectively.

(c) Included $6 million and $28 million of provision related to new loan sales for the three months ended June 30, 2013 and 2012, respectively and $14 million and $55 million of provision related to new loan sales for the six months ended June 30, 2013 and 2012, respectively.

Loans sold with recourse

The Firm provides servicing for mortgages and certain commercial lending products on both a recourse and nonrecourse basis. In nonrecourse servicing, the principal credit risk to the Firm is the cost of temporary servicing advances of funds (i.e., normal servicing advances). In recourse servicing, the servicer agrees to share credit risk with the owner of the mortgage loans, such as Fannie Mae or Freddie Mac or a private investor, insurer or guarantor. Losses on recourse servicing predominantly occur when foreclosure sales proceeds of the property underlying a defaulted loan are less than the sum of the outstanding principal balance, plus accrued interest on the loan and the cost of holding and disposing of the underlying property. The Firm's securitizations are predominantly nonrecourse, thereby effectively transferring the risk of future credit losses to the purchaser of the mortgage-backed securities issued by the trust. At June 30, 2013, and December 31, 2012, the unpaid principal balance of loans sold with recourse totaled $8.6 billion and $9.3 billion, respectively. The carrying value of the related liability that the Firm has recorded, which is representative of the Firm's view of the likelihood it will have to perform under its recourse obligations, was $140 million and $141 million at June 30, 2013, and December 31, 2012, respectively.

Note 22 – Pledged assets and collateral

For a discussion of the Firm's pledged assets and collateral, see Note 30 on pages 315–316 of JPMorgan Chase's 2012 Annual Report.

Pledged assets

At June 30, 2013, assets were pledged to collateralize repurchase and other securities financing agreements, maintain potential borrowing capacity with central banks and for other purposes, including to secure borrowings and public deposits. Certain of these pledged assets may be sold or repledged by the secured parties and are identified as financial instruments owned (pledged to various parties) on the Consolidated Balance Sheets. In addition, at June 30, 2013, and December 31, 2012, the Firm had pledged $292.8 billion and $291.7 billion, respectively, of financial instruments it owns that may not be sold or repledged by the secured parties. Total assets pledged do not include assets of consolidated VIEs; these assets are used to settle the liabilities of those entities. See Note 15 on pages 177–184 of this Form 10-Q, and Note 16 on pages 280–291 of JPMorgan Chase's 2012 Annual Report, for additional information on assets and liabilities of consolidated VIEs.

Collateral

At June 30, 2013, and December 31, 2012, the Firm had accepted assets as collateral that it could sell or repledge, deliver or otherwise use with a fair value of approximately $723.7 billion and $757.1 billion, respectively. This collateral was generally obtained under resale agreements, securities borrowing agreements, customer margin loans and derivative agreements. Of the collateral received, approximately $598.6 billion and $545.0 billion, respectively, were sold or repledged, generally as collateral under repurchase agreements, securities lending agreements or to cover short sales and to collateralize deposits and derivative agreements.

Note 23 – Litigation
Contingencies
As of June 30, 2013, the Firm and its subsidiaries are defendants or putative defendants in numerous legal proceedings, including private, civil litigations and regulatory/government investigations. The litigations range from individual actions involving a single plaintiff to class action lawsuits with potentially millions of class members. Investigations involve both formal and informal proceedings, by both governmental agencies and self-regulatory organizations. These legal proceedings are at varying stages of adjudication, arbitration or investigation, and involve each of the Firm's lines of business and geographies and a wide variety of claims (including common law tort and contract claims and statutory antitrust, securities and consumer protection claims), some of which present novel legal theories.
The Firm believes the estimate of the aggregate range of reasonably possible losses, in excess of reserves established, for its legal proceedings is from $0 to approximately $6.8 billion at June 30, 2013. This estimated aggregate range of reasonably possible losses is based upon currently available information for those proceedings in which the Firm is involved, taking into account the Firm's best estimate of such losses for those cases for which such estimate can be made. For certain cases, the Firm does not believe that an estimate can currently be made. The Firm's estimate involves significant judgment, given the varying stages of the proceedings (including the fact that many are currently in preliminary stages), the existence in many such proceedings of multiple defendants (including the Firm) whose share of liability has yet to be determined, the numerous yet-unresolved issues in many of the proceedings (including issues regarding class certification and the scope of many of the claims) and the attendant uncertainty of the various potential outcomes of such proceedings. Accordingly, the Firm's estimate will change from time to time, and actual losses may be more or less than the current estimate.
Set forth below are descriptions of the Firm's material legal proceedings.
Auction-Rate Securities Investigations and Litigation. Beginning in March 2008, several regulatory authorities initiated investigations of a number of industry participants, including the Firm, concerning possible state and federal securities law violations in connection with the sale of auction-rate securities ("ARS"). The market for many such securities had frozen and a significant number of auctions for those securities began to fail in February 2008.
The Firm, on behalf of itself and affiliates, agreed to a settlement in principle with the New York Attorney General's Office which provided, among other things, that the Firm would offer to purchase at par certain ARS purchased from J.P. Morgan Securities LLC, Chase Investment Services Corp. and Bear, Stearns & Co. Inc. by individual investors, charities and small- to medium-sized businesses. The Firm also agreed to a substantively similar

settlement in principle with the Office of Financial Regulation for the State of Florida and the North American Securities Administrators Association ("NASAA") Task Force, which agreed to recommend approval of the settlement to all remaining states, Puerto Rico and the U.S. Virgin Islands. The Firm has finalized the settlement agreements with the New York Attorney General's Office and the Office of Financial Regulation for the State of Florida. The settlement agreements provide for the payment of penalties totaling $25 million to all states and territories. To date, final consent agreements have been reached with all but three of NASAA's members.
Bear Stearns Hedge Fund Matters. The Bear Stearns Companies LLC (formerly The Bear Stearns Companies Inc.)("Bear Stearns"), certain current or former subsidiaries of Bear Stearns, including Bear Stearns Asset Management, Inc. ("BSAM") and Bear, Stearns & Co. Inc., and certain individuals formerly employed by Bear Stearns are named defendants (collectively the "Bear Stearns defendants") in multiple civil actions and arbitrations relating to alleged losses resulting from the failure of the Bear Stearns High Grade Structured Credit Strategies Master Fund, Ltd. (the "High Grade Fund") and the Bear Stearns High Grade Structured Credit Strategies Enhanced Leverage Master Fund, Ltd. (the "Enhanced Leverage Fund") (collectively the "Funds"). BSAM served as investment manager for both of the Funds, which were organized such that there were U.S. and Cayman Islands "feeder funds" that invested substantially all their assets, directly or indirectly, in the Funds. The Funds are in liquidation.
There are currently two civil actions pending in the United States District Court for the Southern District of New York relating to the Funds. The first pending action, brought by the Joint Voluntary Liquidators of the Cayman Islands feeder funds, alleges that the Bear Stearns defendants mismanaged the Funds. This action alleges net losses of approximately $700 million and seeks compensatory and punitive damages. The parties reached an agreement to

resolve the litigation for $257 million. In June 2013, the Grand Court of the Cayman Islands approved the settlement and subsequently the U.S. District Court dismissed the action with leave to reinstate if settlement conditions are not met. The second action was brought by Bank of America and Banc of America Securities LLC (together “BofA”) alleging breach of contract, fraud and breach of fiduciary duty in connection with a $4 billion securitization in May 2007 known as a “CDO-squared,” for which BSAM served as collateral manager. This securitization was composed of certain collateralized debt obligation holdings that were purchased by BofA from the Funds. BofA currently seeks damages up to approximately $540 million. Motions for summary judgment are pending.

Bear Stearns Shareholder Litigation and Related Matters. Various shareholders of Bear Stearns have commenced purported class actions against Bear Stearns and certain of its former officers and/or directors on behalf of all persons who purchased or otherwise acquired common stock of Bear Stearns between December 14, 2006, and March 14, 2008 (the "Class Period"). The actions alleged that the defendants issued materially false and misleading statements regarding Bear Stearns' business and financial results and that, as a result of those false statements, Bear Stearns' common stock traded at artificially inflated prices during the Class Period. In November 2012, the United States District Court for the Southern District of New York granted final approval of a $275 million settlement. Certain investors have elected not to participate in the class settlement, and some of them have proceeded separately with individual actions or arbitrations and others may do likewise.

Bear Stearns, former members of Bear Stearns' Board of Directors and certain of Bear Stearns' former executive officers have also been named as defendants in a shareholder derivative and class action suit which is pending in the United States District Court for the Southern District of New York. Plaintiffs assert claims for breach of fiduciary duty, violations of federal securities laws, waste of corporate assets and gross mismanagement, unjust enrichment, abuse of control, and indemnification and contribution in connection with the losses sustained by Bear Stearns as a result of its purchases of subprime loans and certain repurchases of its own common stock. Certain individual defendants are also alleged to have sold their holdings of Bear Stearns common stock while in possession of material nonpublic information. Plaintiffs seek compensatory damages in an unspecified amount. The District Court dismissed the action in January 2011, and plaintiffs have appealed.

CIO Investigations and Litigation. The Firm is responding to a consolidated shareholder class action, a consolidated class action brought under the Employee Retirement Income Security Act ("ERISA") and shareholder derivative actions that have been filed in New York state court and the United States District Court for the Southern District of New York, as well as shareholder demands and government investigations, relating to losses in the synthetic credit portfolio managed by the Firm's Chief Investment Office ("CIO"). The Firm has received requests for documents and information in connection with governmental inquiries and investigations by Congress, the OCC, the Federal Reserve, the U.S. Department of Justice (the "DOJ"), the Securities and Exchange Commission (the "SEC"), the Commodity Futures Trading Commission (the "CFTC"), the UK Financial Services Authority (now known as the Financial Conduct Authority), the State of Massachusetts and other government agencies. The Firm is cooperating with these investigations.

Four putative class actions alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder were filed on behalf of purchasers of the Firm's common stock. The cases were consolidated and lead plaintiffs were appointed pursuant to the Private Securities Litigation Reform Act. The consolidated second amended complaint defines the putative class as purchasers of the Firm's common stock between February 24, 2010 and May 21, 2012, and alleges

that the Firm and certain current and former officers made false or misleading statements concerning CIO's role, the Firm's risk management practices and the Firm's financial results, as well as in connection with the disclosure of losses in the synthetic credit portfolio in 2012. Defendants have filed a motion to dismiss.

Separately, two putative class actions were filed on behalf of participants who held the Firm's common stock in the Firm's retirement plans. These actions have been consolidated, and the consolidated third amended complaint alleges a class period of December 20, 2011 to July 12, 2012, and asserts claims under ERISA solely on behalf of participants in the Firm's 401(k) Savings Plan for alleged breaches of fiduciary duties by the Firm, certain affiliates and certain current and former directors and officers. The complaint generally alleges that defendants breached the duty of prudence by allowing investment in the Firm's common stock when they knew or should have known that such stock was unsuitable for the plan and that the Firm and certain current and former officers made false or misleading statements concerning the Firm's financial condition. Defendants have filed a motion to dismiss.

Nine shareholder derivative actions (some of which have been consolidated) have also been filed, purportedly on behalf of the Firm, against certain of the Firm's current and former directors and officers for alleged breaches of their fiduciary duties. These actions generally allege that defendants failed to exercise adequate oversight over CIO and to manage the risk of CIO's activities, which allegedly led to CIO's losses. Defendants have filed or expect to file motions to dismiss and/or to stay all of these actions. In April 2013, the New York state court granted defendants' motion to dismiss one of the shareholder derivative actions.

City of Milan Litigation and Criminal Investigation. In January 2009, the City of Milan, Italy (the "City") issued civil proceedings against (among others) JPMorgan Chase Bank, N.A. and J.P. Morgan Securities plc (together, "JPMorgan

Chase") in the District Court of Milan. The proceedings relate to (a) a bond issue by the City in June 2005 (the "Bond"), and (b) an associated swap transaction, which was subsequently restructured on a number of occasions between 2005 and 2007 (the "Swap"). The City seeks damages and/or other remedies against JPMorgan Chase (among others) on the grounds of alleged "fraudulent and deceitful acts" and alleged breach of advisory obligations in connection with the Swap and the Bond, together with related swap transactions with other counterparties. The Firm has entered into a settlement agreement with the City to resolve the City's civil proceedings.

In March 2010, a criminal judge directed four current and former JPMorgan Chase personnel and JPMorgan Chase Bank, N.A. (as well as other individuals and three other banks) to go forward to a full trial that started in May 2010. As it relates to JPMorgan Chase individuals, two were acquitted and two were found guilty of aggravated fraud with sanctions of prison sentences, fines and a ban from dealing with Italian public bodies for one year. JPMorgan

Chase (along with other banks involved) was found liable for breaches of Italian administrative law, fined €1 million and ordered to forfeit profit from the transaction (for JPMorgan Chase, totaling €24.7 million). JPMorgan Chase and the individuals are appealing the verdict, and none of the sanctions will take effect until all appeal avenues have been exhausted.

Credit Default Swaps Investigations and Litigation. In July 2013, the European Commission (the "EC") filed a Statement of Objections against the Firm (including various subsidiaries) and other industry members in connection with its ongoing investigation into the credit default swaps ("CDS") marketplace. The EC asserts that between 2006 and 2009, a number of investment banks acted collectively through the International Swaps and Derivatives Association ("ISDA") and Markit to shut out exchanges by instructing Markit and ISDA to license their respective data and index benchmarks only for over-the-counter ("OTC") trading and not for exchange trading, allegedly to protect the investment banks' revenues from the OTC market. The Department of Justice (the "DOJ") also has an ongoing investigation into the CDS marketplace, which was initiated in July 2009.

Separately, four putative class actions naming the Firm and brought on behalf of purchasers and sellers of CDS have been filed in various federal District Courts asserting federal antitrust law claims. Each of the complaints refers to the ongoing investigations by the EC and DOJ into the CDS market, and alleges that the defendant investment banks and dealers, including the Firm, as well as Markit and/or ISDA, collectively prevented new entrants into the CDS market, in order to artificially inflate the defendants' OTC revenues.

Enron Litigation. JPMorgan Chase and certain of its officers and directors are involved in two lawsuits seeking damages arising out of the Firm's banking relationships with Enron Corp. and its subsidiaries ("Enron"). Motions to dismiss are pending in both of these lawsuits: an individual action by Enron investors and an action by an Enron counterparty. A number of actions and other proceedings against the Firm previously were resolved, including a class action lawsuit captioned Newby v. Enron Corp. and adversary proceedings brought by Enron's bankruptcy estate.

FERC Matters. In July 2013, J.P. Morgan Ventures Energy Corp. ("JMPVEC") agreed to a settlement with the Federal Energy Regulatory Commission (the "FERC") resolving its investigation relating to the Firm's bidding practices in certain organized power markets. As part of this agreement, JPMVEC agreed to pay, without admitting or denying any violations, disgorgement, penalties and interest totaling $410 million, and to waive claims to certain payments from the California Independent System Operator that for the most part had not been taken into income. Pursuant to the settlement, the FERC has released JPMVEC, its affiliates and their employees from any claims in connection with activity that was subject to investigation.

This settlement did not have a material impact on the Firm's results of operations for the second quarter of 2013.

Identity Theft Products. The OCC and the Consumer Financial Protection Bureau (the "CFPB") have separately advised Chase Bank USA, N.A, and JPMorgan Chase Bank, N.A. of their determinations to seek administrative orders with respect to the banks' compliance with Section 5 of the Federal Trade Commission Act and Sections 1031 and 1036 of the Consumer Financial Protection Act, respectively, as well as management and oversight of third parties with respect to certain identity theft products previously offered by the banks. The Firm has reimbursed fees paid by certain customers of these products.

Interchange Litigation. A group of merchants and retail associations have filed a series of putative class action complaints relating to interchange in several federal courts. The complaints allege, among other claims, that Visa and MasterCard, as well as certain other banks, conspired to set the price of credit and debit card interchange fees, enacted respective rules in violation of antitrust laws, and engaged in tying/bundling and exclusive dealing. All cases were consolidated in the United States District Court for the Eastern District of New York for pretrial proceedings.

In October 2012, Visa, Inc., its wholly-owned subsidiaries Visa U.S.A. Inc. and Visa International Service Association, MasterCard Incorporated, MasterCard International Incorporated and various United States financial institution defendants, including JPMorgan Chase & Co., JPMorgan Chase Bank, N.A., Chase Bank USA, N.A., Chase Paymentech Solutions, LLC and certain predecessor institutions, entered into a settlement agreement (the "Settlement Agreement") to resolve the claims of the U.S. merchant and retail association plaintiffs (the "Class Plaintiffs") in the multi-district litigation. In November 2012, the Court entered an order preliminarily approving the Settlement Agreement, which provides for, among other things, a cash payment of $6.05 billion to the Class Plaintiffs (of which the Firm's share is approximately 20%), and an amount equal to ten basis points of credit card interchange for a period of eight months to be measured from a date within 60 days of the end of the opt-out period. The Settlement Agreement also provides for modifications to each credit card network's rules, including those that prohibit surcharging credit card transactions. The rule modifications became effective in January 2013. In April 2013, Class Plaintiffs moved for final approval of the settlement. The time for merchants to opt out and/or object to the class settlement ended in late May 2013. A number of merchants that opted out have filed actions against Visa and MasterCard, and two such actions name the Firm and various of its affiliates as defendants. The hearing on final approval of the class settlement is scheduled for September 2013.

Investment Management Litigation. The Firm is defending three pending cases that allege that investment portfolios managed by J.P. Morgan Investment Management Inc. were inappropriately invested in securities backed by residential real estate collateral. Plaintiffs claim that JPMorgan

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Investment Management is liable for losses of more than $1 billion in market value of these securities. In the case filed by Assured Guaranty (U.K.) and the case filed by Ambac Assurance UK Limited in New York state court, discovery is proceeding on claims for breach of contract, breach of fiduciary duty and gross negligence. The third case, filed by CMMF LLP in New York state court, asserts claims under New York law for breach of fiduciary duty, negligence, breach of contract and negligent misrepresentation. Trial of the CMMF action was completed in February 2013, and the Court's decision is pending.

Lehman Brothers Bankruptcy Proceedings. In May 2010, Lehman Brothers Holdings Inc. ("LBHI") and its Official Committee of Unsecured Creditors (the "Committee") filed a complaint (and later an amended complaint) against JPMorgan Chase Bank, N.A. in the United States Bankruptcy Court for the Southern District of New York that asserts both federal bankruptcy law and state common law claims, and seeks, among other relief, to recover $8.6 billion in collateral that was transferred to JPMorgan Chase Bank, N.A. in the weeks preceding LBHI's bankruptcy. The amended complaint also seeks unspecified damages on the grounds that JPMorgan Chase Bank, N.A.'s collateral requests hastened LBHI's bankruptcy. The Firm moved to dismiss plaintiffs' amended complaint in its entirety, and also moved to transfer the litigation from the Bankruptcy Court to the United States District Court for the Southern District of New York. In April 2012, the Bankruptcy Court issued a decision granting in part and denying in part the Firm's motion to dismiss. The Court dismissed the counts of the amended complaint seeking avoidance of the allegedly constructively fraudulent and preferential transfers made to the Firm during the months of August and September 2008. The Court denied the Firm's motion to dismiss as to the other claims, including claims that allege intentional misconduct. In September 2012, the District Court denied the transfer motion without prejudice to its renewal in the future, but stated that any trial would likely have to be conducted before the District Court.

The Firm also filed counterclaims against LBHI alleging that LBHI fraudulently induced the Firm to make large clearing advances to Lehman against inappropriate collateral, which left the Firm with more than $25 billion in claims (the "Clearing Claims") against the estate of Lehman Brothers Inc. ("LBI"), LBHI's broker-dealer subsidiary. These claims have been paid in full, subject to the outcome of the litigation. Discovery is ongoing.

LBHI and the Committee have filed an objection to the deficiency claims asserted by JPMorgan Chase Bank, N.A. against LBHI with respect to the Clearing Claims, principally on the grounds that the Firm had not conducted the sale of the securities collateral held for such claims in a commercially reasonable manner. The Firm responded to LBHI's objection in November 2011. Discovery is ongoing.

LBHI and several of its subsidiaries that had been Chapter 11 debtors have filed a separate complaint and objection to derivatives claims asserted by the Firm alleging that the

amount of the derivatives claims had been overstated and challenging certain set-offs taken by JPMorgan Chase entities to recover on the claims. The Firm responded to this separate complaint and objection in February 2013. Discovery is ongoing.

LIBOR Investigations and Litigation. JPMorgan Chase has received subpoenas and requests for documents and, in some cases, interviews, from federal and state agencies and entities, including the DOJ, CFTC, SEC and various state attorneys general, as well as the European Commission, UK Financial Services Authority (now known as the Financial Conduct Authority), Canadian Competition Bureau, Swiss Competition Commission and other regulatory authorities and banking associations around the world. The documents and information sought relate primarily to the process by which interest rates were submitted to the British Bankers Association ("BBA") in connection with the setting of the BBA's London Interbank Offered Rate ("LIBOR") for various currencies, principally in 2007 and 2008. Some of the inquiries also relate to similar processes by which information on rates is submitted to European Banking Federation ("EBF") in connection with the setting of the EBF's Euro Interbank Offered Rates ("EURIBOR") and to the Japanese Bankers' Association for the setting of Tokyo Interbank Offered Rates ("TIBOR") as well as to other processes for the setting of other reference rates in various parts of the world during similar time periods. The Firm is cooperating with these inquiries.

In addition, the Firm has been named as a defendant along with other banks in a series of individual and class actions filed in various federal and state courts in which plaintiffs make varying allegations that in various periods, starting in 2000 or later, defendants either individually or collectively manipulated the U.S. dollar LIBOR, Yen LIBOR and/or Euroyen TIBOR rates by submitting rates that were artificially low or high. Plaintiffs allege that they transacted in loans, derivatives or other financial instruments whose values are impacted by changes in U.S. dollar LIBOR, Yen LIBOR, or Euroyen TIBOR and assert a variety of claims including antitrust claims seeking treble damages.

The U.S. dollar LIBOR-related putative class actions have been consolidated for pre-trial purposes in the United States District Court for the Southern District of New York, where the Court has appointed interim lead counsel for three proposed classes: (i) direct purchasers over-the-counter of U.S. dollar LIBOR-based financial instruments; (ii) purchasers of U.S. dollar LIBOR-based financial instruments on an exchange (the “exchange plaintiffs”); and (iii) purchasers of debt securities that pay an interest rate linked to U.S. dollar LIBOR. In March 2013, the Court granted in part and denied in part the defendants’ motions to dismiss the claims asserted in these three putative class actions, as well as in three related individual actions brought by various Charles Schwab entities (the “Schwab plaintiffs”). The Court dismissed with prejudice the federal antitrust and Racketeer Influenced and Corrupt Organization Act claims asserted by these plaintiffs and the state antitrust law claims asserted by the Schwab plaintiffs,

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as well as a New York unjust enrichment claim asserted by certain plaintiffs and certain claims under the Commodities Exchange Act (the "CEA"). The Court declined to dismiss certain other CEA claims and declined to exercise supplemental jurisdiction over certain state and common law claims. The plaintiffs in the three putative class actions have moved for leave to file amended complaints that seek to replead their federal antitrust claims. In addition, the exchange plaintiffs have moved for leave to amend their CEA claims and for permission to seek an interlocutory appeal of certain aspects of the Court's decision. All of the other actions pending before this Court that were not the subject of the defendants' motion to dismiss have been stayed.

In April 2013, the Schwab plaintiffs commenced a new U.S. dollar LIBOR action in California state court alleging federal securities law claims and various California state law claims. The defendants removed this action to federal court, and the Judicial Panel on Multidistrict Litigation subsequently entered an order conditionally transferring this action to the Southern District of New York. The Schwab plaintiffs have moved to have the case remanded to California state court. In addition to the Schwab plaintiffs' new action, there are six individual U.S. dollar LIBOR actions that are pending in other courts and that assert, among other things, federal and state antitrust claims and state common law claims.

In August 2012, a shareholder derivative action was filed in New York state court, purportedly on behalf of the Firm, against certain of the Firm's current and former directors and officers for alleged breaches of their fiduciary duties in connection with the alleged manipulation of LIBOR. In April 2013, the court granted defendants' motion to dismiss the action. In June 2013, a second U.S. dollar LIBOR-related shareholder derivative action was filed in New York state court, purportedly on behalf of the Firm, against certain of the Firm's current and former directors.

The Firm also has been named as a defendant in a purported class action filed in the United States District Court for the Southern District of New York which seeks to bring claims on behalf of plaintiffs who purchased or sold exchange-traded Euroyen futures and options contracts. Defendants moved to dismiss the plaintiff's second amended complaint.

Madoff Litigation. JPMorgan Chase & Co., JPMorgan Chase Bank, N.A., J.P. Morgan Securities LLC, and J.P. Morgan Securities plc have been named as defendants in a lawsuit brought by the trustee (the "Trustee") for the liquidation of Bernard L. Madoff Investment Securities LLC ("Madoff"). The Trustee has served an amended complaint in which he has asserted 28 causes of action against JPMorgan Chase, 20 of which seek to avoid certain transfers (direct or indirect) made to JPMorgan Chase that are alleged to have been preferential or fraudulent under the federal Bankruptcy Code and the New York Debtor and Creditor Law. The remaining causes of action involve claims for, among other things, aiding and abetting fraud, aiding and abetting breach of fiduciary duty, conversion, contribution

and unjust enrichment in connection with Madoff's Ponzi scheme. The complaint asserts common law claims that purport to seek approximately $19 billion in damages, together with bankruptcy law claims to recover approximately $425 million in transfers that JPMorgan Chase allegedly received directly or indirectly from Bernard Madoff's brokerage firm. In October 2011, the United States District Court for the Southern District of New York granted JPMorgan Chase's motion to dismiss the common law claims asserted by the Trustee, and returned the remaining claims to the Bankruptcy Court for further proceedings. The Trustee appealed this decision and in June 2013 the United States Court of Appeals for the Second Circuit affirmed the District Court's decision.

Separately, J.P. Morgan Trust Company (Cayman) Limited, JPMorgan (Suisse) SA, J.P. Morgan Securities plc, Bear Stearns Alternative Assets International Ltd., J.P. Morgan Clearing Corp., J.P. Morgan Bank Luxembourg SA, and J.P. Morgan Markets Limited (formerly Bear Stearns International Limited) were named as defendants in lawsuits filed in Bankruptcy Court in New York arising out of the liquidation proceedings of Fairfield Sentry Limited and Fairfield Sigma Limited (together, "Fairfield"), so-called Madoff feeder funds. These actions are based on theories of mistake and restitution, among other theories, and seek to recover payments made to defendants by the funds totaling approximately $155 million. Pursuant to an agreement with the Trustee, the liquidators of Fairfield have voluntarily dismissed their action against J.P. Morgan Securities plc without prejudice to refiling. The other actions remain outstanding. In addition, a purported class action was brought by investors in certain feeder funds against JPMorgan Chase in the United States District Court for the Southern District of New York, as was a motion by separate potential class plaintiffs to add claims against JPMorgan Chase & Co., JPMorgan Chase Bank, N.A., J.P. Morgan Securities LLC and J.P. Morgan Securities plc to an already pending purported class action in the same court. The allegations in these complaints largely track those raised by the Trustee. The Court dismissed these complaints and plaintiffs have appealed. Oral argument on the appeal was held in April 2013 and the Firm is awaiting the Court's decision.

The Firm is a defendant in five other Madoff-related actions pending in New York state court and one purported class action in federal District Court in New York. The allegations in all of these actions are essentially identical, and involve claims against the Firm for, among other things, aiding and abetting breach of fiduciary duty, conversion and unjust enrichment. The Firm has moved to dismiss both the state and federal actions.

The Firm is also responding to various governmental investigations relating to Madoff, including by the Department of Justice and other regulators.

MF Global. JPMorgan Chase & Co. was named as one of several defendants in a number of putative class action lawsuits brought by former customers of MF Global in

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federal District Courts in New York, Illinois and Montana. The lawsuits were consolidated before the United States District Court for the Southern District of New York. The actions alleged, among other things, that the Firm aided and abetted MF Global's alleged misuse of customer money and breaches of fiduciary duty and was unjustly enriched by the transfer of certain customer segregated funds by MF Global.

In June 2012, the Securities Investor Protection Act ("SIPA") Trustee issued a Report of the Trustee's Investigation and Recommendations, and stated that he was considering potential claims against the Firm with respect to certain transfers identified in the Report.

In March 2013, the Firm entered into a settlement agreement with the customer class plaintiffs and the SIPA Trustee, pursuant to which the Firm has agreed to pay a total of $107.5 million to resolve all claims that have been or could be asserted by the customer class and the SIPA Trustee against the Firm and any of its affiliates or employees. In addition, under the proposed settlement, the Firm has agreed to release certain liens and set-off rights it had retained in certain MF Global proprietary funds that were previously remitted to the SIPA Trustee, and to remit certain additional MF Global proprietary funds that the Firm held to secure potential obligations under certain agreements with MF Global and its U.K. affiliate. The Firm will also be entitled to a $60 million general unsecured claim in the MF Global broker-dealer bankruptcy proceeding. The settlement was approved by both the Bankruptcy Court and the District Court in July 2013.

The Firm has also reached a settlement with the MF Global Chapter 11 debtors to resolve all claims that could potentially be asserted by those parties against the Firm in exchange for a portion of the proceeds, if any, that the Firm receives in connection with the aforementioned $60 million unsecured claim. This settlement is subject to approval by the Bankruptcy Court.

The Firm is also continuing to respond to inquiries from the CFTC concerning MF Global.

J.P. Morgan Securities LLC has been named as one of several defendants in a number of purported class actions filed by purchasers of MF Global's publicly traded securities, including the securities issued pursuant to MF Global's June 2010 secondary offering of common stock and February 2011 and August 2011 convertible note offerings. The actions have been consolidated before the United States District Court for the Southern District of New York. In August 2012, the lead plaintiffs filed an amended complaint which asserts violations of the Securities Act of 1933 against the underwriter defendants and alleges that the offering documents contained materially false and misleading statements and omissions regarding MF Global's financial position, internal controls and risk management, as such topics relate to its exposure to European sovereign debt. Defendants have filed a motion to dismiss.

Mortgage-Backed Securities and Repurchase Litigation and Mortgage-Related Regulatory Investigations. JPMorgan Chase and affiliates, Bear Stearns and affiliates and Washington Mutual affiliates have been named as defendants in a number of cases in their various roles as issuer, originator or underwriter in MBS offerings. These cases include purported class action suits, actions by individual purchasers of securities or by trustees for the benefit of purchasers of securities, an action by the New York State Attorney General and actions by monoline insurance companies that guaranteed payments of principal and interest for particular tranches of securities offerings. Although the allegations vary by lawsuit, these cases generally allege that the offering documents for securities issued by numerous securitization trusts contained material misrepresentations and omissions, including with regard to the underwriting standards pursuant to which the underlying mortgage loans were issued, or assert that various representations or warranties relating to the loans were breached at the time of origination. There are currently pending and tolled investor claims involving approximately $166 billion of such securities. In addition, and as described below, there are pending and threatened claims by monoline insurers and by and on behalf of trustees that involve some of these and other securitizations.

In the actions against the Firm as an MBS issuer (and, in some cases, also as an underwriter of its own MBS offerings), three purported class actions are pending against JPMorgan Chase and Bear Stearns, and/or certain of their affiliates and current and former employees, in the United States District Courts for the Eastern and Southern Districts of New York. Motions to dismiss have been largely denied in these cases, and they are in various stages of litigation.

In addition to class actions, the Firm is also a defendant in individual actions brought against certain affiliates of JPMorgan Chase, Bear Stearns and Washington Mutual as issuers (and, in some cases, as underwriters) of MBS. These actions involve claims by or to benefit various institutional investors and governmental agencies. These actions

are pending in federal and state courts across the United States and are in various stages of litigation.
In actions against the Firm solely as an underwriter of other issuers' MBS offerings, the Firm has contractual rights to indemnification from the issuers. However, those indemnity rights may prove effectively unenforceable where the issuers are now defunct, such as in a pending case where the Firm has been named involving affiliates of IndyMac Bancorp. The Firm may also be contractually obligated to indemnify underwriters in certain deals it issued.
EMC Mortgage LLC (formerly EMC Mortgage Corporation) ("EMC"), an indirect subsidiary of JPMorgan Chase & Co., and certain other JPMorgan Chase entities currently are defendants in nine pending actions commenced by bond insurers that guaranteed payments of principal and interest on certain classes of 19 different MBS offerings. These

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actions are pending in federal and state courts in New York and are in various stages of litigation. Certain JPMorgan Chase entities, in their capacities as alleged successors in interest to Bear Stearns and EMC, have been named as defendants in a civil suit filed by the New York State Attorney General in New York state court in connection with Bear Stearns' due diligence and quality control practices relating to MBS.

The Firm or its affiliates are defendants in actions brought by trustees or master servicers of various MBS trusts and others on behalf of the purchasers of securities issued by those trusts. The first action was commenced by Deutsche Bank National Trust Company, acting as trustee for various MBS trusts, against the Firm and the FDIC based on MBS issued by Washington Mutual Bank and its affiliates; that case is described in the Washington Mutual Litigations section below. The other actions are at various initial stages of litigation in the New York and Delaware state courts, including actions brought by MBS trustees, each specific to one or more MBS transactions, against EMC and/or JPMorgan Chase. These cases generally allege breaches of various representations and warranties regarding securitized loans and seek repurchase of those loans, as well as indemnification of attorneys' fees and costs and other remedies.

There is no assurance that the Firm will not be named as a defendant in additional MBS-related litigation, and the Firm has entered into agreements with a number of entities that purchased such securities that toll applicable limitations periods with respect to their claims, and has settled, and in the future may settle, tolled claims. In addition, the Firm has received several demands by securitization trustees that threaten litigation, as well as demands by investors directing or threatening to direct trustees to investigate claims or bring litigation, based on purported obligations to repurchase loans out of securitization trusts and alleged servicing deficiencies. These include but are not limited to a demand from a law firm, as counsel to a group of purchasers of MBS that purport to have 25% or more of the voting rights in as many as 191 different trusts sponsored by the Firm or its affiliates with an original principal balance of more than $174 billion (excluding 52 trusts sponsored by Washington Mutual, with an original principal balance of more than $58 billion), made to various trustees to investigate potential repurchase and servicing claims. Further, there have been repurchase and servicing claims made in litigation against trustees not affiliated with the Firm, but involving trusts that the Firm sponsored.

In April 2012, the New York state court granted the Firm's motion to dismiss a shareholder complaint asserting claims against current and former members of the Firm's Board of Directors based on alleged wrongful actions and inactions relating to originations and securitizations. In February 2013, the court's order was affirmed on appeal, and the New York Court of Appeals thereafter denied plaintiff's motion for leave to appeal. A second shareholder complaint has been filed in New York state court alleging that the Firm's Board of Directors allowed the Firm to engage in wrongful conduct regarding the sale of residential MBS and failed to implement adequate internal controls to prevent such wrongdoing. In June 2013, two shareholders filed a third derivative action in New York state court alleging breaches of fiduciary duties in connection with the issuance of MBS.

The Firm is responding to parallel investigations being conducted by the Civil and Criminal Divisions of the United States Attorney's Office for the Eastern District of California relating to MBS offerings securitized and sold by the Firm and its subsidiaries. In May 2013, the Firm received a notice from Civil Division stating that it has preliminarily concluded that the Firm violated certain federal securities laws in connection with its subprime and Alt-A residential MBS offerings during 2005 to 2007.

In addition to the above-described matters, the Firm has also received, and responded to, a number of subpoenas and informal requests for information from other federal and state authorities concerning mortgage-related matters, including inquiries concerning a number of transactions involving the Firm and its affiliates' origination and purchase of whole loans, underwriting, issuance and trading of MBS, treatment of early payment defaults, potential breaches of securitization representations and warranties, reserves and due diligence in connection with securitizations. The Firm continues to respond to other MBS-related regulatory inquiries.

Mortgage Foreclosure-Related Investigations and Litigation. The Attorneys General of Massachusetts and New York have separately filed lawsuits against the Firm, other servicers and a mortgage recording company asserting claims for various alleged wrongdoings relating to mortgage assignments and use of the industry's electronic mortgage registry. The court granted in part and denied in part the defendants' motion to dismiss the Massachusetts action and the Firm has reached a settlement in the New York action.

The Firm is named as a defendant in two purported class action lawsuits relating to its mortgage foreclosure procedures. In one action, the Firm has moved to dismiss an amended complaint, and in the other action, plaintiff has moved for class certification.

Two shareholder derivative actions have been filed in New York Supreme Court against the Firm's Board of Directors alleging that the Board failed to exercise adequate oversight as to wrongful conduct by the Firm regarding mortgage servicing. These actions seek declaratory relief and damages. In July 2012, the Court granted defendants' motion to dismiss the complaint in the first-filed action and gave plaintiff 45 days in which to file an amended complaint. In October 2012, the Court entered a stipulated order consolidating the actions and staying all proceedings pending the plaintiffs' decision whether to file a consolidated complaint after the Firm completes its response to a demand submitted by one of the plaintiffs under Section 220 of the Delaware General Corporation Law.

The United States Attorney's Office for the Southern District of New York is conducting an investigation concerning the Firm's compliance with the requirements of the Federal Housing Administration's Direct Endorsement Program. The Firm is cooperating in that investigation.

Municipal Derivatives Litigation. Purported class action lawsuits and individual actions were filed against JPMorgan Chase and Bear Stearns, as well as numerous other providers and brokers, alleging antitrust violations in the market for financial instruments related to municipal bond offerings referred to collectively as "municipal derivatives." The municipal derivatives actions were consolidated and/or coordinated in the United States District Court for the Southern District of New York. The Court approved a settlement of the class action pursuant to which the Firm paid $43 million. Certain class members opted out of the settlement, including 27 plaintiffs named in individual actions already pending against JPMorgan.

In addition, civil actions have been commenced against the Firm relating to certain Jefferson County, Alabama (the "County") warrant underwritings and swap transactions. The County filed for bankruptcy in November 2011. There are currently three civil actions pending in Alabama state court or the United States Bankruptcy Court for the Northern District of Alabama: (1) an action by the County against the Firm and several other defendants alleging that the Firm made payments to certain third parties in exchange for being chosen to underwrite more than $3 billion in warrants issued by the County and to act as the counterparty for certain swaps executed by the County and that, but for the concealment of these payments, the County would not have entered into the transactions; (2) an action on behalf of a purported class of sewer rate payers based on the same allegations as in the County's action; and (3) an adversary proceeding by different representatives of a purported class of sewer ratepayers seeking to void $1.6 billion of warrants issued by the County as allegedly unlawful, which initially included the Firm as a defendant but more recently has dropped any claims against the Firm. All of these actions have been stayed.

Two insurance companies that guaranteed the payment of principal and interest on warrants issued by the County have filed separate actions against the Firm in New York state court. Their complaints assert that the Firm fraudulently misled them into issuing insurance based upon substantially the same alleged conduct described above and other alleged non-disclosures. One insurer claims that it insured an aggregate principal amount of nearly $1.2 billion and seeks unspecified damages in excess of $400 million as well as unspecified punitive damages. The other insurer claims that it insured an aggregate principal amount of more than $378 million and seeks recovery of $4 million allegedly paid under the policies to date as well as any future payments and unspecified punitive damages. Both of these actions are also currently stayed.

In June 2013, the County filed a Chapter 9 Plan of Adjustment ("Plan of Adjustment") under which the County

action and the insurance company actions referenced above would be dismissed with prejudice, and individuals seeking to assert claims on behalf of the County, including the sewer rate payers who previously filed actions described above, would be permanently enjoined from pursuing those claims. In August 2013, the Bankruptcy Court approved the County's disclosure statement and authorized the County to solicit votes on its Plan of Adjustment. The confirmation hearing in respect of the Plan is scheduled for November 2013. If confirmed, the Plan of Adjustment sets forth various conditions to the occurrence of the effective date, including that the effective date occur before the end of 2013.

Option Adjustable Rate Mortgage Litigation. The Firm has reached an agreement to settle one purported and three certified class actions, all pending in federal courts in California, which assert that several JPMorgan Chase entities violated the federal Truth in Lending Act and state unfair business practice statutes in failing to provide adequate disclosures in Option Adjustable Rate Mortgage ("ARM") loans regarding the resetting of introductory interest rates and that negative amortization was certain to occur if a borrower made the minimum monthly payment.

Petters Bankruptcy and Related Matters. JPMorgan Chase and certain of its affiliates, including One Equity Partners ("OEP"), have been named as defendants in several actions filed in connection with the receivership and bankruptcy proceedings pertaining to Thomas J. Petters and certain affiliated entities (collectively, "Petters") and the Polaroid Corporation. The principal actions against JPMorgan Chase and its affiliates have been brought by a court-appointed receiver for Petters and the trustees in bankruptcy proceedings for three Petters entities. These actions generally seek to avoid, on fraudulent transfer and preference grounds, certain purported transfers in connection with (i) the 2005 acquisition by Petters of Polaroid, which at the time was majority-owned by OEP; (ii) two credit facilities that

JPMorgan Chase and other financial institutions entered into with Polaroid; and (iii) a credit line and investment accounts held by Petters. The actions collectively seek recovery of approximately $450 million. Defendants have moved to dismiss the complaints in the actions filed by the Petters bankruptcy trustees.

Securities Lending Litigation. JPMorgan Chase Bank, N.A. was named as a defendant in a putative class action pending in the United States District Court for the Southern District of New York brought by participants in the Firm’s securities lending business. The action relates to investments by ERISA clients of more than $200 million in Lehman Brothers medium-term notes. The Court denied the Firm’s motion to dismiss the third amended complaint, and scheduled a trial to begin February 2014.

Sworn Documents and Collection Litigation Practices. The Firm has been responding to formal and informal inquiries from various state and federal regulators regarding practices involving credit card collections litigation (including with respect to sworn documents), the sale of consumer credit card debt and securities backed by credit card receivables. The OCC has advised Chase Bank USA, JPMorgan Chase Bank, N.A. and JPMorgan Bank and Trust Company, N.A. (“Chase”) of its determination to seek an administrative order with respect to Chase’s past oversight of third parties, operational processes and control functions related to collections litigation practices, the execution and notarization of sworn documents and compliance with Servicemembers Civil Relief Act, and Chase’s sales of consumer credit card debt. The CFPB is conducting an investigation into Chase’s collection and sale of consumer credit card debt, including, but not limited to, its use of sworn documents in these processes.

In May 2013, the California Attorney General filed a civil action in California state court against JPMorgan Chase & Co., Chase Bank USA, N.A. and Chase BankCard Services, Inc. alleging violations of California law relating to the use of sworn documents in various stages of the debt collection process, including but not limited to verification of credit card collection complaints, default motions and judgment sales. The Firm has moved to dismiss the complaint.

Washington Mutual Litigations. Proceedings related to Washington Mutual’s failure are pending before the United States District Court for the District of Columbia and include a lawsuit brought by Deutsche Bank National Trust Company, initially against the FDIC, asserting an estimated $6 billion to $10 billion in damages based upon alleged breach of various mortgage securitization agreements and alleged violation of certain representations and warranties given by certain Washington Mutual, Inc. (“WMI”) subsidiaries in connection with those securitization agreements. The case includes assertions that JPMorgan Chase may have assumed liabilities for alleged breaches of representations and warranties in the mortgage securitization agreements. The District Court denied as premature motions by the Firm and the FDIC that sought a ruling on whether the FDIC retained liability for Deutsche Bank’s claims. Discovery is underway.

In addition, JPMorgan Chase was sued in an action originally filed in state court in Texas (the “Texas Action”) by certain holders of WMI common stock and debt of WMI and Washington Mutual Bank who seek unspecified damages alleging that JPMorgan Chase acquired substantially all of the assets of Washington Mutual Bank from the FDIC at a price that was allegedly too low. The Texas Action was transferred to the United States District Court for the District of Columbia, which ultimately granted JPMorgan Chase’s and the FDIC’s motions to dismiss the complaint, but the United States Court of Appeals for the District of Columbia Circuit reversed the District Court’s dismissal and remanded the case for further proceedings. Plaintiffs, who sue now only as holders of Washington Mutual Bank debt following their voluntary dismissal of claims brought as holders of WMI common stock and debt, have filed an amended complaint alleging that JPMorgan Chase caused the closure of Washington Mutual Bank and damaged them by causing their bonds issued by Washington Mutual Bank, which had a total face value of $38 million, to lose

substantially all of their value. JPMorgan Chase and the FDIC moved to dismiss this action and the District Court dismissed the case except as to the plaintiffs’ claim that the Firm tortiously interfered with the plaintiffs’ bond contracts with Washington Mutual Bank prior to its closure. Discovery is underway.

* * *

In addition to the various legal proceedings discussed above, JPMorgan Chase and its subsidiaries are named as defendants or are otherwise involved in a substantial number of other legal proceedings. The Firm believes it has meritorious defenses to the claims asserted against it in its currently outstanding legal proceedings and it intends to defend itself vigorously in all such matters. Additional legal proceedings may be initiated from time to time in the future.

The Firm has established reserves for several hundred of its currently outstanding legal proceedings. The Firm accrues for potential liability arising from such proceedings when it is probable that such liability has been incurred and the amount of the loss can be reasonably estimated. The Firm evaluates its outstanding legal proceedings each quarter to assess its litigation reserves, and makes adjustments in such reserves, upwards or downwards, as appropriate, based on management’s best judgment after consultation with counsel. The Firm incurred litigation expense of $678 million and $323 million during the three months ended June 30, 2013 and 2012, respectively, and $1.0 billion and $3.0 billion during the six months ended June 30, 2013 and 2012, respectively. There is no assurance that the Firm’s litigation reserves will not need to be adjusted in the future.

In view of the inherent difficulty of predicting the outcome of legal proceedings, particularly where the claimants seek very large or indeterminate damages, or where the matters present novel legal theories, involve a large number of parties or are in early stages of discovery, the Firm cannot state with confidence what will be the eventual outcomes of the currently pending matters, the timing of their ultimate resolution or the eventual losses, fines, penalties or impact related to those matters. JPMorgan Chase believes, based upon its current knowledge, after consultation with counsel and after taking into account its current litigation reserves, that the legal proceedings currently pending against it should not have a material adverse effect on the Firm's consolidated financial condition. The Firm notes, however, that in light of the uncertainties involved in such proceedings, there is no assurance the ultimate resolution of these matters will not significantly exceed the reserves it has currently accrued; as a result, the outcome of a particular matter may be material to JPMorgan Chase's operating results for a particular period, depending on, among other factors, the size of the loss or liability imposed and the level of JPMorgan Chase's income for that period.

Note 24 – Business segments

The Firm is managed on a line of business basis. The business segment financial results presented reflect the current organization of JPMorgan Chase. There are four major reportable business segments – Consumer & Community Banking, Corporate & Investment Bank, Commercial Banking and Asset Management. In addition, there is a Corporate/Private Equity segment. The business segments are determined based on the products and services provided, or the type of customer served, and they reflect the manner in which financial information is currently evaluated by management. Results of these lines of business are presented on a managed basis. For a further discussion concerning JPMorgan Chase's business segments, see Business Segment Results on pages 17–18 of this Form 10-Q, and pages 78–79 and Note 33 on pages 326–329 of JPMorgan Chase's 2012 Annual Report.

Segment results

The following tables provide a summary of the Firm's segment results for the three and six months ended June 30, 2013 and 2012, on a managed basis. Total net revenue (noninterest revenue and net interest income) for each of the segments is presented on a fully taxable-equivalent ("FTE") basis. Accordingly, revenue from investments that receive tax credits and tax-exempt securities is presented in the managed results on a basis comparable to taxable investments and securities. This non-GAAP financial measure allows management to assess the comparability of revenue arising from both taxable and tax-exempt sources. The corresponding income tax impact related to tax-exempt items is recorded within income tax expense/(benefit).

Effective January 1, 2013, the Firm further refined the capital allocation framework to align it with the revised line of business structure that became effective in the fourth quarter of 2012. The increase in equity levels for the lines of businesses is largely driven by regulatory guidance on Basel III requirements, principally for CIB and CIO, and by anticipated business growth.

Segment results and reconciliation[a]

| As of or for the three months ended June 30, | Consumer & Community Banking[b] | | Corporate & Investment Bank | | Commercial Banking | | Asset Management | |
|---|---|---|---|---|---|---|---|---|
| (in millions, except ratios) | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Noninterest revenue | $4,921 | $5,289 | $7,171 | $6,261 | $551 | $562 | $2,156 | $1,852 |
| Net interest income | 7,094 | 7,161 | 2,705 | 2,725 | 1,177 | 1,129 | 569 | 512 |
| Total net revenue | 12,015 | 12,450 | 9,876 | 8,986 | 1,728 | 1,691 | 2,725 | 2,364 |
| Provision for credit losses | (19) | 179 | (6) | 29 | 44 | (17) | 23 | 34 |
| Noninterest expense | 6,864 | 6,837 | 5,742 | 5,293 | 652 | 591 | 1,892 | 1,701 |
| Income/(loss) before income tax expense/(benefit) | 5,170 | 5,434 | 4,140 | 3,664 | 1,032 | 1,117 | 810 | 629 |
| Income tax expense/(benefit) | 2,081 | 2,152 | 1,302 | 1,288 | 411 | 444 | 310 | 238 |
| Net income/(loss) | $3,089 | $3,282 | $2,838 | $2,376 | $621 | $673 | $500 | $391 |
| Average common equity | $46,000 | $43,000 | $56,500 | $47,500 | $13,500 | $9,500 | $9,000 | $7,000 |
| Total assets | 460,642 | 466,650 | 873,527 | 897,413 | 184,124 | 163,698 | 115,157 | 98,704 |
| Return on common equity | 27% | 31% | 20% | 20% | 18% | 28% | 22% | 22% |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Overhead ratio | 57 | 55 | 58 | 59 | 38 | 35 | 69 | 72 |

| As of or for the three months ended June 30, | Corporate/Private Equity[b] | | Reconciling Items[c] | | Total | |
|---|---|---|---|---|---|---|
| (in millions, except ratios) | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Noninterest revenue | $290 | $(2,413) | $(582) | $(517) | $14,507 | $11,034 |
| Net interest income | (676) | (186) | (165) | (195) | 10,704 | 11,146 |
| Total net revenue | (386) | (2,599) | (747) | (712) | 25,211 | 22,180 |
| Provision for credit losses | 5 | (11) | — | — | 47 | 214 |
| Noninterest expense | 716 | 544 | — | — | 15,866 | 14,966 |
| Income/(loss) before income tax expense/(benefit) | (1,107) | (3,132) | (747) | (712) | 9,298 | 7,000 |
| Income tax expense/(benefit) | (555) | (1,370) | (747) | (712) | 2,802 | 2,040 |
| Net income/(loss) | $(552) | $(1,762) | $— | $— | $6,496 | $4,960 |
| Average common equity | $72,283 | $74,021 | $— | $— | $197,283 | $181,021 |
| Total assets | 806,044 | 663,681 | NA | NA | 2,439,494 | 2,290,146 |
| Return on average common equity | NM | NM | NM | NM | 13% | 11% |
| Overhead ratio | NM | NM | NM | NM | 63 | 67 |

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Segment results and reconciliation[(a)]

| As of or for the six months ended June 30, | Consumer & Community Banking[(b)] | | Corporate & Investment Bank | | Commercial Banking | | Asset Management | |
|---|---|---|---|---|---|---|---|---|
| (in millions, except ratios) | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Noninterest revenue | $9,327 | $10,275 | $14,528 | $12,749 | $1,086 | $1,119 | $4,250 | $3,739 |
| Net interest income | 14,303 | 14,527 | 5,488 | 5,575 | 2,315 | 2,229 | 1,128 | 995 |
| Total net revenue | 23,630 | 24,802 | 20,016 | 18,324 | 3,401 | 3,348 | 5,378 | 4,734 |
| Provision for credit losses | 530 | 821 | 5 | 26 | 83 | 60 | 44 | 53 |
| Noninterest expense | 13,654 | 13,882 | 11,853 | 11,504 | 1,296 | 1,189 | 3,768 | 3,430 |
| Income/(loss) before income tax expense/(benefit) | 9,446 | 10,099 | 8,158 | 6,794 | 2,022 | 2,099 | 1,566 | 1,251 |
| Income tax expense/(benefit) | 3,771 | 3,892 | 2,710 | 2,385 | 805 | 835 | 579 | 474 |
| Net income/(loss) | $5,675 | $6,207 | $5,448 | $4,409 | $1,217 | $1,264 | $987 | $777 |
| Average common equity | $46,000 | $43,000 | $56,500 | $47,500 | $13,500 | $9,500 | $9,000 | $7,000 |
| Total assets | 460,642 | 466,650 | 873,527 | 897,413 | 184,124 | 163,698 | 115,157 | 98,704 |
| Return on common equity | 25 % | 29 % | 19 % | 19 % | 18 % | 27 % | 22 % | 22 % |
| Overhead ratio | 58 | 56 | 59 | 63 | 38 | 36 | 70 | 72 |

| As of or for the six months ended June 30, (in millions, except ratios) | Corporate/Private Equity[(b)] | | Reconciling Items[(c)] | | Total | |
|---|---|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Noninterest revenue | $651 | $(1,411) | $(1,146) | $(1,051) | $28,696 | $25,420 |
| Net interest income | (1,270) | (148) | (327) | (366) | 21,637 | 22,812 |
| Total net revenue | (619) | (1,559) | (1,473) | (1,417) | 50,333 | 48,232 |
| Provision for credit losses | 2 | (20) | — | — | 664 | 940 |
| Noninterest expense | 718 | 3,306 | — | — | 31,289 | 33,311 |
| Income/(loss) before income tax expense/(benefit) | (1,339) | (4,845) | (1,473) | (1,417) | 18,380 | 13,981 |
| Income tax expense/(benefit) | (1,037) | (2,072) | (1,473) | (1,417) | 5,355 | 4,097 |
| Net income/(loss) | $(302) | $(2,773) | $— | $— | $13,025 | $9,884 |
| Average common equity | $71,016 | $72,366 | $— | $— | $196,016 | $179,366 |
| Total assets | 806,044 | 663,681 | NA | NA | 2,439,494 | 2,290,146 |
| Return on average common equity | NM | NM | NM | NM | 13 % | 11 % |
| Overhead ratio | NM | NM | NM | NM | 62 | 69 |

(a) Managed basis starts with the reported U.S. GAAP results and includes certain reclassifications as discussed below that do not have any impact on net income as reported by the lines of business or by the Firm as a whole.

(b) For the 2012 periods, certain income statement and balance sheet line items were revised to reflect the transfer of certain functions and staff from Corporate/Private Equity to CCB, effective January 1, 2013.

(c)

Segment managed results reflect revenue on a FTE basis with the corresponding income tax impact recorded within income tax expense/(benefit). These FTE adjustments are eliminated in reconciling items to arrive at the Firm's reported U.S. GAAP results.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
JPMorgan Chase & Co.:

We have reviewed the accompanying consolidated balance sheet of JPMorgan Chase & Co. and its subsidiaries (the “Firm”) as of June 30, 2013, and the related consolidated statements of income and comprehensive income, for the three-month and six-month periods ended June 30, 2013 and June 30, 2012, and the consolidated statements of changes in stockholders’ equity and cash flows for the six-month periods ended June 30, 2013 and June 30, 2012, included in the Firm’s Quarterly Report on Form 10-Q for the period ended June 30, 2013. These interim financial statements are the responsibility of the Firm’s management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2012, and the related consolidated statements of income, comprehensive income, changes in stockholders’ equity, and cash flows for the year then ended (not presented herein), and in our report dated February 28, 2013, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the consolidated balance sheet information as of December 31, 2012, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

August 7, 2013

PricewaterhouseCoopers LLP, 300 Madison Avenue, New York, NY 10017

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JPMorgan Chase & Co.
Consolidated average balance sheets, interest and rates
(Taxable-equivalent interest and rates; in millions, except rates)

| | Three months ended June 30, 2013 | | | Three months ended June 30, 2012 | | |
|---|---|---|---|---|---|---|
| | Average balance | Interest[e] | Rate (annualized) | Average balance | Interest[e] | Rate (annualized) |
| Assets | | | | | | |
| Deposits with banks | $265,821 | $222 | 0.34 % | $111,441 | $136 | 0.49 % |
| Federal funds sold and securities purchased under resale agreements | 231,972 | 490 | 0.85 | 242,184 | 646 | 1.07 |
| Securities borrowed[a] | 115,194 | (30) | (0.11) | 129,390 | (12) | (0.04) |
| Trading assets – debt instruments | 240,952 | 2,218 | 3.69 | 235,990 | 2,324 | 3.96 |
| Securities | 359,108 | 1,882 | 2.10 [f] | 366,130 | 2,201 | 2.42 [f] |
| Loans | 727,499 | 8,381 | 4.62 | 725,252 | 8,938 | 4.96 |
| Other assets[b][c] | 39,920 | 147 | 1.48 | 33,240 | 61 | 0.74 |
| Total interest-earning assets | 1,980,466 | 13,310 | 2.70 | 1,843,627 | 14,294 | 3.12 |
| Allowance for loan losses | (20,775) | | | (25,804) | | |
| Cash and due from banks | 39,700 | | | 45,529 | | |
| Trading assets – equity instruments | 116,333 | | | 110,718 | | |
| Trading assets – derivative receivables | 75,310 | | | 89,345 | | |
| Goodwill | 48,078 | | | 48,157 | | |
| Other intangible assets: | | | | | | |
| Mortgage servicing rights | 8,229 | | | 7,196 | | |
| Purchased credit card relationships | 239 | | | 499 | | |
| Other intangibles | 1,787 | | | 2,424 | | |
| Other assets | 150,603 | | | 144,605 | | |
| Total assets | $2,399,970 | | | $2,266,296 | | |
| Liabilities | | | | | | |
| Interest-bearing deposits | $810,096 | $539 | 0.27 % | $744,103 | $737 | 0.40 % |
| Federal funds purchased and securities loaned or sold under repurchase agreements | 264,240 | 159 | 0.24 | 249,186 | 160 | 0.26 |
| Commercial paper | 54,391 | 29 | 0.21 | 48,791 | 21 | 0.18 |
| Trading liabilities – debt, short-term and other liabilities[d] | 201,668 | 327 | 0.65 | 203,348 | 332 | 0.66 |
| Beneficial interests issued by consolidated VIEs | 56,742 | 126 | 0.89 | 60,046 | 165 | 1.10 |
| Long-term debt | 270,796 | 1,261 | 1.87 | 250,494 | 1,538 | 2.47 |
| Total interest-bearing liabilities | 1,657,933 | 2,441 | 0.59 | 1,555,968 | 2,953 | 0.76 |
| Noninterest-bearing deposits | 363,537 | | | 349,143 | | |
| Trading liabilities – equity instruments | 13,737 | | | 12,096 | | |
| Trading liabilities – derivative payables | 66,246 | | | 78,704 | | |
| All other liabilities, including the allowance for lending-related commitments | 90,139 | | | 81,564 | | |
| Total liabilities | 2,191,592 | | | 2,077,475 | | |
| Stockholders' equity | | | | | | |
| Preferred stock | 11,095 | | | 7,800 | | |
| Common stockholders' equity | 197,283 | | | 181,021 | | |
| Total stockholders' equity | 208,378 | | | 188,821 | | |

| | | | | | |
|---|---|---|---|---|---|
| Total liabilities and stockholders' equity | $2,399,970 | | | $2,266,296 | | |
| Interest rate spread | | | 2.11 % | | | 2.36 % |
| Net interest income and net yield on interest-earning assets | | $10,869 | 2.20 % | | $11,341 | 2.47 % |

(a) Negative interest income and yield is a result of increased client-driven demand for certain securities combined with the impact of low interest rates; the offset of this matched book activity is reflected as lower net interest expense reported within trading liabilities - debt, short-term and other liabilities.

(b) Includes margin loans.

(c) Effective April 1, 2013, the net results previously recorded in net interest income for the Firm's hedges of investments in non-U.S. subsidiaries have been reclassified to other income. The effect of this reclassification on the total interest-earning assets rate and net yield on interest-earning assets is not material; and therefore, prior period amounts have not been revised.

(d) Includes brokerage customer payables.

(e) Interest includes the effect of related hedging derivatives. Taxable-equivalent amounts are used where applicable.

(f) For the three months ended June 30, 2013 and 2012, the annualized rates for AFS securities, based on amortized cost, were 2.16% and 2.47%, respectively; this does not give effect to changes in fair value that are reflected in accumulated other comprehensive income/(loss).

JPMorgan Chase & Co.
Consolidated average balance sheets, interest and rates
(Taxable-equivalent interest and rates; in millions, except rates)

| | Six months ended June 30, 2013 | | | Six months ended June 30, 2012 | | |
|---|---|---|---|---|---|---|
| | Average balance | Interest[e] | Rate (annualized) | Average balance | Interest[e] | Rate (annualized) |
| Assets | | | | | | |
| Deposits with banks | $211,705 | $385 | 0.37 % | $111,129 | $288 | 0.52 % |
| Federal funds sold and securities purchased under resale agreements | 231,699 | 1,004 | 0.87 | 236,314 | 1,297 | 1.10 |
| Securities borrowed[a] | 117,751 | (36 ) | (0.06 ) | 131,235 | 25 | 0.04 |
| Trading assets – debt instruments | 245,700 | 4,515 | 3.71 | 232,193 | 4,765 | 4.13 |
| Securities | 363,864 | 3,869 | 2.14 [f] | 367,702 | 4,583 | 2.51 [f] |
| Loans | 726,318 | 16,935 | 4.70 | 720,403 | 18,077 | 5.05 |
| Other assets[b][c] | 41,471 | 227 | 1.10 | 33,594 | 131 | 0.78 |
| Total interest-earning assets | 1,938,508 | 26,899 | 2.80 | 1,832,570 | 29,166 | 3.20 |
| Allowance for loan losses | (21,315 ) | | | (26,689 ) | | |
| Cash and due from banks | 43,246 | | | 45,506 | | |
| Trading assets – equity instruments | 118,252 | | | 118,828 | | |
| Trading assets – derivative receivables | 75,115 | | | 89,896 | | |
| Goodwill | 48,123 | | | 48,188 | | |
| Other intangible assets: | | | | | | |
| Mortgage servicing rights | 8,188 | | | 7,214 | | |
| Purchased credit card relationships | 253 | | | 534 | | |
| Other intangibles | 1,840 | | | 2,495 | | |
| Other assets | 149,005 | | | 144,044 | | |
| Total assets | $2,361,215 | | | $2,262,586 | | |
| Liabilities | | | | | | |
| Interest-bearing deposits | $799,045 | $1,084 | 0.27 % | $751,593 | $1,459 | 0.39 % |
| Federal funds purchased and securities loaned or sold under repurchase agreements | 257,571 | 326 | 0.25 | 241,301 | 248 | 0.21 |
| Commercial paper | 53,741 | 55 | 0.21 | 48,575 | 40 | 0.16 |
| Trading liabilities – debt, short-term and other liabilities[d] | 193,293 | 654 | 0.68 | 201,467 | 634 | 0.63 |
| Beneficial interests issued by consolidated VIEs | 58,531 | 260 | 0.90 | 62,703 | 347 | 1.11 |
| Long-term debt | 262,606 | 2,556 | 1.96 | 252,871 | 3,260 | 2.59 |
| Total interest-bearing liabilities | 1,624,787 | 4,935 | 0.61 | 1,558,510 | 5,988 | 0.77 |
| Noninterest-bearing deposits | 359,746 | | | 344,271 | | |
| Trading liabilities – equity instruments | 13,471 | | | 13,078 | | |
| Trading liabilities – derivative payables | 67,458 | | | 77,387 | | |
| All other liabilities, including the allowance for lending-related commitments | 89,382 | | | 82,174 | | |
| Total liabilities | 2,154,844 | | | 2,075,420 | | |
| Stockholders' equity | | | | | | |
| Preferred stock | 10,355 | | | 7,800 | | |
| Common stockholders' equity | 196,016 | | | 179,366 | | |
| Total stockholders' equity | 206,371 | | | 187,166 | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Total liabilities and stockholders’ equity | $2,361,215 | | | | $2,262,586 | | | |
| Interest rate spread | | | 2.19 | % | | | 2.43 | % |
| Net interest income and net yield on interest-earning assets | | $21,964 | 2.28 | % | | $23,178 | 2.54 | % |

(a) Negative interest income and yield for the six months ended June 30, 2013, is a result of increased client-driven demand for certain securities combined with the impact of low interest rates; the offset of this matched book activity is reflected as lower net interest expense reported within trading liabilities - debt, short-term and other liabilities.

(b) Includes margin loans.

(c) Effective April 1, 2013, the net results previously recorded in net interest income for the Firm’s hedges of investments in non-U.S. subsidiaries have been reclassified to other income. The effect of this reclassification on the total interest-earning assets rate and net yield on interest-earning assets is not material; and therefore, prior period amounts have not been revised.

(d) Includes brokerage customer payables.

(e) Interest includes the effect of related hedging derivatives. Taxable-equivalent amounts are used where applicable.

(f) For the six months ended June 30, 2013 and 2012, the annualized rates for AFS securities, based on amortized cost, were 2.20% and 2.56%, respectively; this does not give effect to changes in fair value that are reflected in accumulated other comprehensive income/(loss).

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GLOSSARY OF TERMS

Allowance for loan losses to total loans: Represents period-end allowance for loan losses divided by retained loans.

Beneficial interests issued by consolidated VIEs: Represents the interest of third-party holders of debt, equity securities, or other obligations, issued by VIEs that JPMorgan Chase consolidates.

Benefit obligation: Refers to the projected benefit obligation for pension plans and the accumulated postretirement benefit obligation for OPEB plans.

Contractual credit card charge-off: In accordance with the Federal Financial Institutions Examination Council policy, nonmodified credit card loans are charged off by the end of the month in which the account becomes 180 days past due, while modified credit card loans are charged off when the account becomes 120 days past due. In addition, all credit card loans must be charged off within 60 days from receiving notification about certain specified events (e.g., bankruptcy of the borrower).

Credit derivatives: Financial instruments whose value is derived from the credit risk associated with the debt of a third party issuer (the reference entity) which allow one party (the protection purchaser) to transfer that risk to another party (the protection seller). Upon the occurrence of a credit event, which may include, among other events, the bankruptcy or failure to pay by, or certain restructurings of the debt of the reference entity, neither party has recourse to the reference entity. The protection purchaser has recourse to the protection seller for the difference between the face value of the CDS contract and the fair value at the time of settling the credit derivative contract. The determination as to whether a credit event has occurred is generally made by the relevant International Swaps and Derivatives Association (“ISDA”) Determinations Committee.

Credit cycle: A period of time over which credit quality improves, deteriorates and then improves again (or vice versa). The duration of a credit cycle can vary from a couple of years to several years.

CUSIP number: A CUSIP (i.e., Committee on Uniform Securities Identification Procedures) number consists of nine characters (including letters and numbers) that uniquely identify a company or issuer and the type of security and is assigned by the American Bankers Association and operated by Standard & Poor’s. This system facilitates the clearing and settlement process of securities. A similar system is used to identify non- U.S. securities (CUSIP International Numbering System).

Exchange traded derivatives: Derivative contracts that are executed on an exchange and settled via a central clearing house.

FICO score: A measure of consumer credit risk provided by credit bureaus, typically produced from statistical models by Fair Isaac Corporation utilizing data collected by the credit bureaus.

Forward points: Represents the interest rate differential between two currencies, which is either added to or subtracted from the current exchange rate (i.e., “spot rate”) to determine the forward exchange rate.

Group of Seven (“G7”) nations: Countries in the G7 are Canada, France, Germany, Italy, Japan, the United Kingdom and the United States.

G7 government bonds: Bonds issued by the government of one of countries in the G7 nations.

Headcount-related expense: Includes salary and benefits (excluding performance-based incentives), and other noncompensation costs related to employees.

Home equity - senior lien: Represents loans and commitments where JP Morgan Chase holds the first security interest on the property.

Home equity - junior lien: Represents loans and commitments where JP Morgan Chase holds a security interest that is subordinate in rank to other liens.

Interchange income: A fee paid to a credit card issuer in the clearing and settlement of a sales or cash advance transaction.

Investment-grade: An indication of credit quality based on JPMorgan Chase’s internal risk assessment system. “Investment grade” generally represents a risk profile similar to a rating of a “BBB-”/“Baa3” or better, as defined by S&P and Moody’s.

LLC: Limited Liability Company.

Loan-to-value (“LTV”) ratio: For residential real estate loans, the relationship, expressed as a percentage, between the principal amount of a loan and the appraised value of the collateral (i.e., residential real estate) securing the loan.

Origination date LTV ratio
The LTV ratio at the origination date of the loan. Origination date LTV ratios are calculated based on the actual appraised values of collateral (i.e., loan-level data) at the origination date.
Current estimated LTV ratio
An estimate of the LTV as of a certain date. The current estimated LTV ratios are calculated using estimated collateral values derived from a nationally recognized home price index measured at the metropolitan statistical area ("MSA") level. These MSA-level home price indices comprise actual data to the extent available and forecasted data where actual data is not available. As a result, the estimated collateral values used to calculate these ratios do not represent actual appraised loan-level collateral values; as such, the resulting LTV ratios are necessarily imprecise and should therefore be viewed as estimates.

Combined LTV ratio
The LTV ratio considering all lien positions related to the property. Combined LTV ratios are used for junior lien home equity products.
Managed basis: A non-GAAP presentation of financial results that includes reclassifications to present revenue on a fully taxable-equivalent basis. Management uses this non- GAAP financial measure at the segment level, because it believes this provides information to enable investors to understand the underlying operational performance and trends of the particular business segment and facilitates a comparison of the business segment with the performance of competitors.
Master netting agreement: An agreement between two counterparties who have multiple contracts with each other that provides for the net settlement of all contracts, as well as cash collateral, through a single payment, in a single currency, in the event of default on or termination of any one contract.
Mortgage product types:
Alt-A
Alt-A loans are generally higher in credit quality than subprime loans but have characteristics that would disqualify the borrower from a traditional prime loan. Alt-A lending characteristics may include one or more of the following: (i) limited documentation; (ii) a high combined loan-to-value ("CLTV") ratio; (iii) loans secured by non-owner occupied properties; or (iv) a debt-to-income ratio above normal limits. A substantial proportion of the Firm's Alt-A loans are those where a borrower does not provide complete documentation of his or her assets or the amount or source of his or her income.
Option ARMs
The option ARM real estate loan product is an adjustable-rate mortgage loan that provides the borrower with the option each month to make a fully amortizing, interest-only or minimum payment. The minimum payment on an option ARM loan is based on the interest rate charged during the introductory period. This introductory rate is usually significantly below the fully indexed rate. The fully indexed rate is calculated using an index rate plus a margin. Once the introductory period ends, the contractual interest rate charged on the loan increases to the fully indexed rate and adjusts monthly to reflect movements in the index. The minimum payment is typically insufficient to cover interest accrued in the prior month, and any unpaid interest is deferred and added to the principal balance of the loan. Option ARM loans are subject to payment recast, which converts the loan to a variable-rate fully amortizing loan upon meeting specified loan balance and anniversary date triggers.
Prime
Prime mortgage loans are made to borrowers with good credit records and a monthly income at least three to four times greater than their monthly housing expense (mortgage payments plus taxes and other debt payments).

These borrowers provide full documentation and generally have reliable payment histories.
Subprime
Subprime loans are loans to customers with one or more high risk characteristics, including but not limited to: (i) unreliable or poor payment histories; (ii) a high LTV ratio of greater than 80% (without borrower-paid mortgage insurance); (iii) a high debt-to-income ratio; (iv) an occupancy type for the loan is other than the borrower's primary residence; or (v) a history of delinquencies or late payments on the loan.
NA: Data is not applicable or available for the period presented.
Net charge-off rate: Represents net charge-offs (annualized) divided by average retained loans for the reporting period.
Net yield on interest-earning assets: The average rate for interest-earning assets less the average rate paid for all sources of funds.
NM: Not meaningful.
Over the counter derivatives ("OTC"): Derivative contracts that are negotiated, executed and settled bilaterally between two derivative counterparties, where one or both counterparties is a derivatives dealer.
Over the counter cleared derivatives ("OTC cleared"): Derivative contracts that are negotiated and executed bilaterally, but subsequently settled via a central clearing house, such that each derivative counterparty is only exposed to the

default of that clearing house.
Overhead ratio: Noninterest expense as a percentage of total net revenue.
Participating securities: Represents unvested stock-based compensation awards containing nonforfeitable rights to dividends or dividend equivalents (collectively, “dividends”), which are included in the earnings per share calculation using the two-class method. JPMorgan Chase grants restricted stock and RSUs to certain employees under its stock-based compensation programs, which entitle the recipients to receive nonforfeitable dividends during the vesting period on a basis equivalent to the dividends paid to holders of common stock. These unvested awards meet the definition of participating securities. Under the two-class method, all earnings (distributed and undistributed) are allocated to each class of common stock and participating securities, based on their respective rights to receive dividends.
Portfolio activity: Describes changes to the risk profile of existing lending-related exposures and their impact on the allowance for credit losses from changes in customer profiles and inputs used to estimate the allowances.
Pre-provision profit: Represents total net revenue less noninterest expense. The Firm believes that this financial measure is useful in assessing the ability of a lending institution to generate income in excess of its provision for credit losses.

Principal transactions revenue: Principal transactions revenue includes realized and unrealized gains and losses recorded on derivatives, other financial instruments, private equity investments, and physical commodities used in market making and client-driven activities. In addition, Principal transactions revenue also includes certain realized and unrealized gains and losses related to hedge accounting and specified risk management activities including: (a) certain derivatives designated in qualifying hedge accounting relationships (primarily fair value hedges of commodity and foreign exchange risk), (b) certain derivatives used for specified risk management purposes, primarily to mitigate credit risk, foreign exchange risk and commodity risk, and (c) other derivatives, including the synthetic credit portfolio.
Purchased credit-impaired ("PCI") loans: Represents loans that were acquired in the Washington Mutual transaction and deemed to be credit-impaired on the acquisition date in accordance with U.S. GAAP. The guidance allows purchasers to aggregate credit-impaired loans acquired in the same fiscal quarter into one or more pools, provided that the loans have common risk characteristics (e.g., product type, LTV ratios, FICO scores, past due status, geographic location). A pool is then accounted for as a single asset with a single composite interest rate and an aggregate expectation of cash flows.
Real assets: Real assets include investments in productive assets such as agriculture, energy rights, mining and timber properties and exclude raw land to be developed for real estate purposes.
Receivables from customers: Primarily represents margin loans to prime and retail brokerage customers which are included in accrued interest and accounts receivable on the Consolidated Balance Sheets for the wholesale lines of business.
Reported basis: Financial statements prepared under U.S. GAAP, which excludes the impact of taxable-equivalent adjustments.
Retained loans: Loans that are held-for-investment (i.e. excludes loans held-for-sale and loans at fair value).
Risk-weighted assets ("RWA"): Risk-weighted assets consist of on- and off-balance sheet assets that are assigned to one of several broad risk categories and weighted by factors representing their risk and potential for default. On-balance sheet assets are risk-weighted based on the perceived credit risk associated with the obligor or counterparty, the nature of any collateral, and the guarantor, if any. Off-balance sheet assets such as lending-related commitments, guarantees, derivatives and other applicable off-balance sheet positions are risk-weighted by multiplying the contractual amount by the appropriate credit conversion factor to determine the on-balance sheet credit equivalent amount, which is then risk-weighted based on the same factors used for on-balance sheet assets. Risk-weighted assets also incorporate a measure for market risk related to applicable trading assets-debt and equity instruments, and foreign exchange and commodity derivatives. The resulting

risk-weighted values for each of the risk categories are then aggregated to determine total risk-weighted assets.
Short sale: A short sale is a sale of real estate in which proceeds from selling the underlying property are less than the amount owed the Firm under the terms of the related mortgage and the related lien is released upon receipt of such proceeds.
Taxable-equivalent basis: In presenting managed results, the total net revenue for each of the business segments and the Firm is presented on a tax-equivalent basis. Accordingly, revenue from investments that receive tax credits and tax-exempt securities is presented in the managed results on a basis comparable to taxable investments and securities; the corresponding income tax impact related to tax-exempt items is recorded within income tax expense.
Trade-date and settlement-date: For financial instruments, the date that an order to purchase, sell or otherwise acquire an instrument is executed in the market. The trade-date may differ from the settlement-date, which is the date on which the actual transfer of a financial instrument between two parties is executed. The amount of time that passes between the trade-date and the settlement-date differs depending on the financial instrument. For repurchases under the common equity repurchase program, except where the trade-date is specified, the amounts disclosed are presented on a settlement-date basis. In the Capital Management section on pages 60–64, of this Form 10-Q, and where otherwise specified, repurchases under the common equity repurchase program are presented on a trade-date basis because the trade-date is used to calculate the Firm's regulatory capital.
Troubled debt restructuring ("TDR"): A TDR is deemed to occur when the Firm modifies the original terms of a loan agreement by granting a concession to a borrower that is experiencing financial difficulty.

Unaudited: Financial statements and information that have not been subjected to auditing procedures sufficient to permit an independent certified public accountant to express an opinion.
U.S. GAAP: Accounting principles generally accepted in the
United States of America.
U.S. government-sponsored enterprise obligations:
Obligations of agencies originally established or chartered by the U.S. government to serve public purposes as specified by the U.S. Congress; these obligations are not explicitly guaranteed as to the timely payment of principal and interest by the full faith and credit of the U.S. government.
U.S. Treasury: U.S. Department of the Treasury.
Value-at-risk ("VaR"): A measure of the dollar amount of potential loss from adverse market moves in an ordinary market environment.
Washington Mutual transaction: On September 25, 2008, JPMorgan Chase acquired certain of the assets of the banking operations of Washington Mutual Bank ("Washington Mutual") from the FDIC.

LINE OF BUSINESS METRICS
CONSUMER & COMMUNITY BANKING ("CCB")
Active online customers - Users of all internet browsers and mobile platforms who have been active in the past 90 days.
Active mobile customers - Users of all mobile platforms, which include: SMS, mobile smartphone and tablet, who have been active in the past 90 days.
Consumer & Business Banking ("CBB")
Description of selected business metrics within CBB:
Client investment managed accounts - Assets actively managed by Chase Wealth Management on behalf of clients. The percentage of managed accounts is calculated by dividing managed account assets by total client investment assets.
Client advisors - Investment product specialists, including private client advisors, financial advisors, financial advisor associates, senior financial advisors, independent financial advisors and financial advisor associate trainees, who advise clients on investment options, including annuities, mutual funds, stock trading services, etc., sold by the Firm or by third-party vendors through retail branches, Chase Private Client locations and other channels.
Personal bankers - Retail branch office personnel who acquire, retain and expand new and existing customer relationships by assessing customer needs and recommending and selling appropriate banking products and services.
Sales specialists - Retail branch office and field personnel, including relationship managers and loan officers, who specialize in marketing and sales of various business banking products (i.e., business loans, letters of credit, deposit accounts, Chase Paymentech, etc.) and mortgage products to existing and new clients.
Deposit margin/deposit spread - Represents net interest income expressed as a percentage of average deposits.
Chase Liquid$^{SM}$ cards - Refers to a prepaid, reloadable card product.
Mortgage Banking
Mortgage Production and Mortgage Servicing revenue comprises the following:
Net production revenue includes net gains or losses on originations and sales of prime and subprime mortgage loans, other production-related fees and losses related to the repurchase of previously-sold loans.
Net mortgage servicing revenue includes the following components:
a) Operating revenue predominantly represents the return on Mortgage Servicing's MSR asset and includes:

- Actual gross income earned from servicing third-party mortgage loans, such as contractually specified servicing fees and ancillary income; and
- The change in the fair value of the MSR asset due to the collection or realization of expected cash flows.

b) Risk management represents the components of Mortgage Servicing's MSR asset that are subject to ongoing risk management activities, together with derivatives and other instruments used in those risk management activities.
Mortgage origination channels comprise the following:
Retail - Borrowers who buy or refinance a home through direct contact with a mortgage banker employed by the Firm using a branch office, the Internet or by phone. Borrowers are frequently referred to a mortgage banker by a banker in a Chase branch, real estate brokers, home builders or other third parties.
Wholesale - Third-party mortgage brokers refer loan application packages to the Firm. The Firm then underwrites and funds the loan. Brokers are independent loan originators that specialize in counseling applicants on available home financing options, but do not provide funding for loans. Chase materially eliminated broker-originated loans in 2008, with the exception of a small number of loans guaranteed by the U.S. Department of Agriculture under its Section 502 Guaranteed Loan program that serves low-and-moderate income families in small rural communities.
Correspondent - Banks, thrifts, other mortgage banks and other financial institutions that sell closed loans to the Firm.
Card, Merchant Services & Auto ("Card")
Description of selected business metrics within Card:
Card Services includes the Credit Card and Merchant Services businesses.
Merchant Services is a business that primarily processes transactions for merchants.
Total transactions - Number of transactions and authorizations processed for merchants.

Commercial Card provides a wide range of payment services to corporate and public sector clients worldwide through the commercial card products. Services include procurement, corporate travel and entertainment, expense management services, and business-to-business payment solutions.
Sales volume - Dollar amount of cardmember purchases, net of returns.
Open accounts - Cardmember accounts with charging privileges.
Auto origination volume - Dollar amount of auto loans and leases originated.

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CORPORATE & INVESTMENT BANK (“CIB”)
Definition of selected CIB revenue:
Investment banking fees include advisory, equity underwriting, bond underwriting and loan syndication fees.
Treasury Services includes both transaction services and trade finance. Transaction services offers a broad range of products and services that enable clients to manage payments and receipts, as well as invest and manage funds. Products include U.S. dollar and multi-currency clearing, ACH, lockbox, disbursement and reconciliation services, check deposits, and currency-related services. Trade finance enables the management of cross-border trade for bank and corporate clients. Products include loans tied directly to goods crossing borders, export/import loans, commercial letters of credit, standby letters of credit, and supply chain finance.
Lending includes net interest income, fees, gains or losses on loan sale activity, gains or losses on securities received as part of a loan restructuring, and the risk management results related to the credit portfolio (excluding trade finance).
Fixed Income Markets primarily include revenue related to market-making across global fixed income markets, including foreign exchange, interest rate, credit and commodities markets. The results of the synthetic credit portfolio that was transferred from the Chief Investment Office effective July 2, 2012 are reported in this caption.
Equity Markets primarily include revenue related to market-making across global equity products, including cash instruments, derivatives, convertibles and Prime Services.
Securities Services includes primarily custody, fund accounting and administration, and securities lending products sold principally to asset managers, insurance companies and public and private investment funds. Also includes clearance, collateral management & depositary receipts business which provides broker-dealer clearing and custody services, including tri-party repo transactions, collateral management products, and depositary bank services for American and global depositary receipt programs.
Credit Adjustments & Other primarily includes credit portfolio credit valuation adjustments (“CVA”) net of associated hedging activities; debit valuation adjustments (“DVA”) on structured notes and derivative liabilities; and nonperforming derivative receivable results.
Description of certain business metrics:
Client deposits & other third-party liability balances pertain to the Treasury Services and Securities Services businesses, and include deposits, as well as deposits that are swept to on-balance sheet liabilities (e.g., commercial paper, federal funds purchased and securities loaned or sold under repurchase agreements) as part of the Firm’s client cash management program.

Assets under custody (“AUC”) represents activities associated with the safekeeping and servicing of assets on which Securities Services earns fees.
COMMERCIAL BANKING (“CB”)
CB Client Segments:
Middle Market Banking covers corporate, municipal, financial institution and nonprofit clients, with annual revenue generally ranging between $20 million and $500 million.
Corporate Client Banking covers clients with annual revenue generally ranging between $500 million and $2 billion and focuses on clients that have broader investment banking needs.
Commercial Term Lending primarily provides term financing to real estate investors/owners for multifamily properties as well as financing office, retail and industrial properties.
Real Estate Banking provides full-service banking to investors and developers of institutional-grade real estate properties.
Other primarily includes lending and investment activity within the Community Development Banking and Chase Capital businesses.
CB Revenue:
Lending includes a variety of financing alternatives, which are primarily provided on a basis secured by receivables, inventory, equipment, real estate or other assets. Products include term loans, revolving lines of credit, bridge financing, asset-based structures, leases, commercial card products and standby letters of credit.

Treasury services includes revenue from a broad range of products and services (as defined by Treasury Services revenue in the CIB description of revenue) that enable CB clients to manage payments and receipts, as well as invest and manage funds.

Investment banking includes revenue from a range of products providing CB clients with sophisticated capital-raising alternatives, as well as balance sheet and risk management tools through advisory, equity and bond underwriting, and loan syndications. Revenue from Fixed income and Equity market products (as defined by Fixed Income Markets and Equity Markets revenue in the CIB description of revenue) available to CB clients is also included. Investment banking revenue, gross, represents total revenue related to investment banking products sold to CB clients.

Other product revenue primarily includes tax-equivalent adjustments generated from Community Development Banking activity and certain income derived from principal transactions.

Description of selected business metrics within CB:
Client deposits and other third-party liability balances include deposits, as well as deposits that are swept to on-balance sheet liabilities (e.g., commercial paper, federal funds purchased and securities loaned or sold under repurchase agreements) as part of the Firm's client cash management program.
ASSET MANAGEMENT ("AM")
Assets under management - Represent assets actively managed by AM on behalf of its Private Banking, Institutional and Retail clients. Includes "committed capital not called," on which AM earns fees.
Client assets - Represent assets under management, as well as custody, brokerage, administration and deposit accounts.
Multi-asset - Any fund or account that allocates assets under management to more than one asset class (e.g., long-term fixed income, equity, cash, real assets, private equity or hedge funds).
Alternative assets - The following types of assets constitute alternative investments - hedge funds, currency, real estate and private equity.
AM's client segments comprise the following:
Private Banking offers investment advice and wealth management services to high- and ultra-high-net-worth individuals, families, money managers, business owners and small corporations worldwide, including investment management, capital markets and risk management, tax and estate planning, banking, capital raising and specialty-wealth advisory services.
Institutional brings comprehensive global investment services – including asset management, pension analytics, asset-liability management and active risk-budgeting strategies – to corporate and public institutions, endowments, foundations, nonprofit organizations and governments worldwide.
Retail provides worldwide investment management services and retirement planning and administration, through financial intermediaries and direct distribution of a full range of investment products.
Pretax margin: Represents income before income tax expense divided by total net revenue, which is, in management's view, a comprehensive measure of pretax performance derived by measuring earnings after all costs are taken into consideration. It is, therefore, another basis that management uses to evaluate the performance of AM against the performance of their respective competitors.

## Item 3 Quantitative and Qualitative Disclosures about Market Risk

For a discussion of the quantitative and qualitative disclosures about market risk, see the Market Risk Management section of Management's discussion and analysis on pages 95–99 of this Form 10-Q and pages 163–169 of JPMorgan Chase's 2012 Annual Report.

## Item 4 Controls and Procedures

As of the end of the period covered by this report, an evaluation was carried out under the supervision and with the participation of the Firm's management, including its Chairman and Chief Executive Officer and its Chief Financial Officer, of the effectiveness of its disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based on that evaluation, the Chairman and Chief Executive Officer and the Chief Financial Officer concluded that these disclosure controls and procedures were effective. See Exhibits 31.1 and 31.2 for the Certification statements issued by the Chairman and Chief Executive Officer and Chief Financial Officer.
The Firm is committed to maintaining high standards of internal control over financial reporting. Nevertheless, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, in a firm as large and complex as JPMorgan Chase, lapses or deficiencies in internal controls may occur from time to time, and there can be no assurance that any such deficiencies will not result in significant deficiencies or material weaknesses in internal controls in the future. For further information, see "Management's report on internal control over financial reporting" on page 186 of JPMorgan Chase's 2012 Annual Report. There was no change in the Firm's internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) that occurred during the three months ended June 30, 2013, that has materially affected, or is reasonably likely to materially affect, the Firm's internal control over financial reporting.

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Explanation of Responses: 

Part II Other Information

Item 1 Legal Proceedings

For information that updates the disclosures set forth under Part I, Item 3: Legal Proceedings, in the Firm's 2012 Annual Report on Form 10-K, see the discussion of the Firm's material litigation in Note 23 on pages 198–206 of this Form 10-Q.

Item 1A Risk Factors

For a discussion of certain risk factors affecting the Firm,
see Part I, Item 1A: Risk Factors on pages 8–21 of JPMorgan Chase's Annual Report on Form 10-K for the year ended December 31, 2012; and Forward-Looking Statements on page 107 of this Form 10-Q.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended June 30, 2013, there were no shares of common stock of JPMorgan Chase & Co. issued in transactions exempt from registration under the Securities Act of 1933, pursuant to Section 4(2) thereof.

Repurchases under the common equity repurchase program

On March 13, 2012, the Board of Directors authorized a $15.0 billion common equity (i.e., common stock and warrants) repurchase program. The Firm repurchased (on a trade-date basis) shares of common stock of 24 million for $1.2 billion, and 27 million for $1.1 billion, during the three months ended June 30, 2013 and 2012, and 78 million for $3.8 billion, and 31 million for $1.3 billion, during the six months ended June 30, 2013 and 2012, respectively. The Firm did not repurchase any warrants during the six months ended June 30, 2013. The Firm repurchased 18 million warrants for $238 million during both the three and six months ended June 30, 2012. As of

June 30, 2013, $9.6 billion (on a trade-date basis) of authorized repurchase capacity remained under the program.
Pursuant to CCAR, the Firm is authorized to repurchase up to $6 billion of common equity between April 1, 2013 and March 31, 2014. Such repurchases are being done pursuant to the $15.0 billion common equity repurchase program.
The Firm may, from time to time, enter into written trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934 to facilitate repurchases in accordance with the repurchase program. A Rule 10b5-1 repurchase plan allows the Firm to repurchase its equity during periods when it would not otherwise be repurchasing common equity — for example, during internal trading "black-out periods." All purchases under a Rule 10b5-1 plan must be made according to a predefined plan established when the Firm is not aware of material nonpublic information.
The authorization to repurchase common equity will be utilized at management's discretion, and the timing of purchases and the exact amount of common equity that may be repurchased is subject to various factors, including market conditions; legal and regulatory considerations affecting the amount and timing of repurchase activity; the Firm's capital position (taking into account goodwill and intangibles); internal capital generation; and alternative investment opportunities. The repurchase program does not include specific price targets or timetables; may be executed through open market purchases or privately negotiated transactions, or utilizing Rule 10b5-1 programs; and may be suspended at any time.

Shares repurchased, on a settlement-date basis, pursuant to the common equity repurchase program during the six months ended June 30, 2013, were as follows.

| | Common stock | | | |
|---|---|---|---|---|
| Six months ended June 30, 2013 | Total shares of common stock repurchased | Average price paid per share of common stock[(a)] | Aggregate repurchases of common equity (in millions)[(a)] | Dollar value of remaining authorized repurchase (in millions)[(b)] |
| First quarter | 53,536,385 | $48.16 | $2,578 | $10,854 |
| April | 11,211,738 | 47.91 | 537 | 10,317 |
| May | 4,719,606 | 49.37 | 233 | 10,084 |
| June | 7,502,121 | 53.55 | 402 | 9,683 |
| Second quarter | 23,433,465 | 50.01 | 1,172 | 9,683 |

| | | | | |
|---|---|---|---|---|
| Year-to-date | 76,969,850 | $48.72 | $3,750 | $9,683 |

(a) Excludes commissions cost.
(b) The amount authorized by the Board of Directors excludes commissions cost.

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Repurchases under the stock-based incentive plans
Participants in the Firm's stock-based incentive plans may have shares of common stock withheld to cover income taxes. Shares withheld to pay income taxes are repurchased pursuant to the terms of the applicable plan and not under the Firm's repurchase program. Shares repurchased pursuant to these plans during the six months ended June 30, 2013, were as follows.

| Six months ended June 30, 2013 | Total shares of common stock repurchased | Average price paid per share of common stock |
|---|---|---|
| First quarter | — | $— |
| April | 402 | 47.61 |
| May | — | — |
| June | 387 | 52.73 |
| Second quarter | 789 | 50.12 |
| Year-to-date | 789 | $50.12 |

Item 3 Defaults Upon Senior Securities
None.
Item 4 Mine Safety Disclosure
Not applicable.

Item 5 Other Information
Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012, which added Section 13(r) to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), an issuer is required to disclose in its annual or quarterly reports, as applicable, whether it or any of its affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran or with individuals or entities designated pursuant to certain Executive Orders. Disclosure is generally required even where the activities, transactions or dealings were conducted in compliance with applicable law.
Carlson Wagonlit Travel ("CWT"), a business travel management firm in which JPMorgan Chase has invested through its merchant banking activities, may be deemed to be an affiliate of the Firm, as that term is defined in Exchange Act Rule 12b-2. CWT has informed the Firm that, during the three months ended June 30, 2013, it booked approximately 7 flights (of the approximately 15 million transactions it booked during the period) to Iran on Iran Air for passengers, including employees of foreign governments and non-governmental organizations. All of such flights originated outside of the United States from countries that permit travel to Iran, and none of such passengers were persons designated under Executive Orders 13224 or 13382 at the time of travel or were employees of foreign governments that are targets of U.S. sanctions. CWT and the Firm believe that this activity is permissible pursuant to certain exemptions from U.S. sanctions for travel-related transactions under the International Emergency Economic Powers Act, as amended. CWT had approximately $6,000 in gross revenues attributable to these transactions. CWT has informed the Firm that it intends to continue to engage in this activity so long as such activity is permitted under U.S. law.

Item 6 Exhibits

| | |
|---|---|
| 15 | Letter re: Unaudited Interim Financial Information[a] |
| 31.1 | Certification[a] |
| 31.2 | Certification[a] |
| 32 | Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002[b] |
| 101.INS XBRL | Instance Document[a][c] |
| 101.SCH XBRL | Taxonomy Extension Schema Document[a] |
| 101.CAL XBRL | Taxonomy Extension Calculation Linkbase Document[a] |
| 101.LAB XBRL | Taxonomy Extension Label Linkbase Document[a] |
| 101.PRE XBRL | Taxonomy Extension Presentation Linkbase Document[a] |
| 101.DEF XBRL | Taxonomy Extension Definition Linkbase Document[a] |

(a) Filed herewith.

(b) Furnished herewith. This exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section. Such exhibit shall not be deemed incorporated into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

(c) Pursuant to Rule 405 of Regulation S-T, includes the following financial information included in the Firm’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2013, formatted in XBRL (eXtensible Business Reporting Language) interactive data files: (i) the Consolidated statements of income (unaudited) for the three and six months ended June 30, 2013 and 2012, (ii) the Consolidated statements of comprehensive income (unaudited) for the three and six months ended June 30, 2013 and 2012, (iii) the Consolidated balance sheets (unaudited) as of June 30, 2013, and December 31, 2012, (iv) the Consolidated statements of changes in stockholders’ equity (unaudited) for the six months ended June 30, 2013 and 2012, (v) the Consolidated statements of cash flows (unaudited) for the six months ended June 30, 2013 and 2012, and (vi) the Notes to Consolidated Financial Statements (unaudited).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.
JPMorgan Chase & Co.
(Registrant)

By: /s/ Mark W. O’Donovan
Mark W. O’Donovan
Managing Director and Corporate Controller
(Principal Accounting Officer)

Date: August 7, 2013

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INDEX TO EXHIBITS

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