JPMORGAN CHASE & CO
Form 10-Q
August 03, 2015

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

FORM 10-Q
Quarterly report pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2015	Commission file number 1-5805

JPMorgan Chase & Co.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	13-2624428 (I.R.S. employer identification no.)
270 Park Avenue, New York, New York (Address of principal executive offices)	10017 (Zip Code)

Registrant’s telephone number, including area code: (212) 270-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
x Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
x Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o
Non-accelerated filer (Do not check if a smaller reporting company) o	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
o Yes x No

Number of shares of common stock outstanding as of June 30, 2015: 3,698,067,361

FORM 10-Q
TABLE OF CONTENTS

2

JPMorgan Chase & Co.
Consolidated financial highlights
(unaudited)

As of or for the period ended, (in millions, except per share, ratio, headcount data and where otherwise noted)	2Q15	1Q15	4Q14	3Q14	2Q14	Six months ended June 30, 2015	Six months ended June 30, 2014
Selected income statement data							
Total net revenue	$23,812	$24,066	$22,750	$24,469	$24,678	$47,878	$47,893
Total noninterest expense	14,500	14,883	15,409	15,798	15,431	29,383	30,067
Pre-provision profit	9,312	9,183	7,341	8,671	9,247	18,495	17,826
Provision for credit losses	935	959	840	757	692	1,894	1,542
Income before income tax expense	8,377	8,224	6,501	7,914	8,555	16,601	16,284
Income tax expense	2,087	2,310	1,570	2,349	2,575	4,397	5,035
Net income	$6,290	$5,914	$4,931	$5,565	$5,980	$12,204	$11,249
Earnings per share data							
Net income: Basic	$1.56	$1.46	$1.20	$1.37	$1.47	$3.02	$2.76
Diluted	1.54	1.45	1.19	1.35	1.46	2.99	2.74
Average shares: Basic	3,707.8	3,725.3	3,730.9	3,755.4	3,780.6	3,716.6	3,783.9
Diluted	3,743.6	3,757.5	3,765.2	3,788.7	3,812.5	3,750.5	3,818.1
Market and per common share data							
Market capitalization	250,581	224,818	232,472	225,188	216,725	250,581	216,725
Common shares at period-end	3,698.1	3,711.1	3,714.8	3,738.2	3,761.3	3,698.1	3,761.3
Share price[(a)]:							
High	$69.82	$62.96	$63.49	$61.85	$61.29	$69.82	$61.48
Low	59.65	54.27	54.26	54.96	52.97	54.27	52.97
Close	67.76	60.58	62.58	60.24	57.62	67.76	57.62
Book value per share	58.49	57.77	56.98	56.41	55.44	58.49	55.44
Tangible book value per share ("TBVPS")[(b)]	46.13	45.45	44.60	44.04	43.08	46.13	43.08
Cash dividends declared per share	0.44	0.40	0.40	0.40	0.40	0.84	0.78
Selected ratios and metrics							
Return on common equity ("ROE")	11 %	11 %	9 %	10 %	11 %	11 %	11 %
Return on tangible common equity ("ROTCE")[(b)]	14	14	11	13	14	14	14
Return on assets ("ROA")	1.01	0.94	0.78	0.90	0.99	0.97	0.94
Overhead ratio	61	62	68	65	63	61	63
Loans-to-deposits ratio	61	56	56	56	57	61	57
High quality liquid assets ("HQLA") (in billions)[(c)]	$532	$614	$600	$572	$576	$532	$576
Common equity Tier 1 ("CET1") capital ratio[(d)]	11.2 %	10.7 %	10.2%	10.2 %	9.8 %	11.2 %	9.8 %
Tier 1 capital ratio[(d)]	12.8	12.1	11.6	11.5	11.0	12.8	11.0
Total capital ratio[(d)]	14.4	13.7	13.1	12.8	12.5	14.4	12.5
Tier 1 leverage ratio[(d)]	8.0	7.5	7.6	7.6	7.6	8.0	7.6
Selected balance sheet data (period-end)							

Trading assets	$377,870	$398,981	$398,988	$410,657	$392,543	$377,870	$392,543
Securities[(e)]	317,795	331,136	348,004	366,358	361,918	317,795	361,918
Loans	791,247	764,185	757,336	743,257	746,983	791,247	746,983
Core loans	674,767	641,285	628,785	607,617	603,440	674,767	603,440
Total assets	2,449,599	2,577,148	2,572,773	2,526,655	2,519,995	2,449,599	2,519,995
Deposits	1,287,332	1,367,887	1,363,427	1,334,534	1,319,751	1,287,332	1,319,751
Long-term debt[(f)]	286,693	280,608	276,836	268,721	269,929	286,693	269,929
Common stockholders' equity	216,287	214,371	211,664	210,876	208,520	216,287	208,520
Total stockholders' equity	241,205	235,864	231,727	230,939	226,983	241,205	226,983
Headcount	237,459	241,145	241,359	242,388	245,192	237,459	245,192
Credit quality metrics							
Allowance for credit losses	$14,535	$14,658	$14,807	$15,526	$15,974	$14,535	$15,974
Allowance for loan losses to total retained loans	1.78%	1.86%	1.90%	2.02%	2.08%	1.78 %	2.08 %
Allowance for loan losses to retained loans excluding purchased credit-impaired loans[(g)]	1.45	1.52	1.55	1.63	1.69	1.45	1.69
Nonperforming assets	$7,588	$7,714	$7,967	$8,390	$9,017	$7,588	$9,017
Net charge-offs	1,007	1,052	1,218	1,114	1,158	2,059	2,427
Net charge-off rate	0.53%	0.57%	0.65%	0.60%	0.64%	0.55%	0.68%

Note: Effective January 1, 2015, the Firm adopted new accounting guidance for investments in affordable housing projects that qualify for the low-income housing tax credit. The guidance was required to be applied retrospectively and accordingly, certain prior period amounts have been revised to conform with the current period presentation. For additional information, see Explanation and Reconciliation of the Firm's Use of Non-GAAP Financial Measures on pages 14–15, as well as Accounting and Reporting Developments on page 82 and Note 1.

(a) Share prices shown for JPMorgan Chase's common stock are from the New York Stock Exchange.

(b) TBVPS and ROTCE are non-GAAP financial measures. For further discussion of these measures, see Explanation and Reconciliation of the Firm's Use of Non-GAAP Financial Measures on pages 14–15.

(c) HQLA represents the amount of assets that qualify for inclusion in the liquidity coverage ratio under the final U.S. rule ("U.S. LCR") for 2Q15 and 1Q15, the estimated amount as of 4Q14 and 3Q14, and the amount included under the Basel III Liquidity Coverage Ratio ("Basel III LCR") for 2Q14; for additional information, see HQLA on page 74.

(d) The ratios presented are calculated under Basel III Advanced Transitional. See Regulatory capital on pages 67–71 for additional information on Basel III.

(e) Included held-to-maturity ("HTM") securities of $51.6 billion, $49.3 billion, $49.3 billion, $48.8 billion, and $47.8 billion at June 30, 2015, March 31, 2015, December 31, 2014, September 30, 2014, and June 30, 2014, respectively.

(f) Included unsecured long-term debt of $209.6 billion, $209.5 billion, $207.5 billion, $204.7 billion, and $205.6 billion at June 30, 2015, March 31, 2015, December 31, 2014, September 30, 2014, and June 30, 2014, respectively.

(g) Excluded the impact of residential real estate PCI loans. For further discussion, see Allowance for credit losses on pages 58–60.

INTRODUCTION

The following is management's discussion and analysis ("MD&A") of the financial condition and results of operations of JPMorgan Chase & Co. ("JPMorgan Chase" or the "Firm") for the second quarter of 2015.

This Form 10-Q should be read in conjunction with JPMorgan Chase's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the U.S. Securities and Exchange Commission ("2014 Annual Report" or "2014 Form 10-K"), to which reference is hereby made. See the Glossary of terms on pages 176–179 for definitions of terms used throughout this Form 10-Q.

The MD&A included in this Form 10-Q contains statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the current beliefs and expectations of JPMorgan Chase's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. For a discussion of those risks and uncertainties and the factors that could cause JPMorgan Chase's actual results to differ materially because of those risks and uncertainties, see Forward-looking Statements on page 83 of this Form 10-Q and Part I, Item 1A, Risk Factors, on pages 8–17 of JPMorgan Chase's 2014 Annual Report.

JPMorgan Chase & Co., a financial holding company incorporated under Delaware law in 1968, is a leading global financial services firm and one of the largest banking institutions in the United States of America ("U.S."), with operations worldwide; the Firm had $2.4 trillion in assets and $241.2 billion in stockholders' equity as of June 30, 2015. The Firm is a leader in investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing and asset management. Under the J.P. Morgan and Chase brands, the Firm serves millions of customers in the U.S. and many of the world's most prominent corporate, institutional and government clients.

JPMorgan Chase's principal bank subsidiaries are JPMorgan Chase Bank, National Association ("JPMorgan Chase Bank, N.A."), a national banking association with U.S. branches in 23 states, and Chase Bank USA, National Association ("Chase Bank USA, N.A."), a national banking association that is the Firm's credit card–issuing bank. JPMorgan Chase's principal nonbank subsidiary is J.P. Morgan Securities LLC ("JPMorgan Securities"), the Firm's U.S. investment banking firm. The bank and nonbank subsidiaries of JPMorgan Chase operate nationally as well as through overseas branches and subsidiaries, representative offices and subsidiary foreign banks. One of the Firm's principal operating subsidiaries in the United Kingdom ("U.K.") is J.P. Morgan Securities plc, a subsidiary of JPMorgan Chase Bank, N.A.

For management reporting purposes, the Firm's activities are organized into four major reportable business segments, as well as a Corporate segment. The Firm's consumer business is the Consumer & Community Banking ("CCB") segment. The Corporate & Investment Bank ("CIB"), Commercial Banking ("CB"), and Asset Management ("AM") segments comprise the Firm's wholesale businesses. For a description of the Firm's business segments, and the products and services they provide to their respective client bases, refer to Note 33 of JPMorgan Chase's 2014 Annual Report.

EXECUTIVE OVERVIEW

This executive overview of the MD&A highlights selected information and may not contain all of the information that is important to readers of this Form 10-Q. For a complete description of the trends and uncertainties, as well as the risks and critical accounting estimates affecting the Firm and its various lines of business, this Form 10-Q should be read in its entirety.

Financial performance of JPMorgan Chase

(unaudited) As of or for the period ended,	Three months ended June 30,			Six months ended June 30,		
(in millions, except per share data and ratios)	2015	2014	Change	2015	2014	Change
Selected income statement data						
Total net revenue	$23,812	$24,678	(4)%	$47,878	$47,893	—
Total noninterest expense	14,500	15,431	(6)	29,383	30,067	(2)
Pre-provision profit	9,312	9,247	1	18,495	17,826	4
Provision for credit losses	935	692	35	1,894	1,542	23
Net income	6,290	5,980	5	12,204	11,249	8
Diluted earnings per share	$1.54	$1.46	5%	$2.99	$2.74	9%
Return on common equity	11%	11%		11%	11%	
Capital ratios[(a)]						
CET1	11.2	9.8		11.2	9.8	
Tier 1 capital	12.8	11.0		12.8	11.0	

(a) The ratios presented are calculated under Basel III Advanced Transitional. See Regulatory capital on pages 67–71 for additional information on Basel III.

Business Overview

JPMorgan Chase reported second-quarter 2015 net income of $6.3 billion, or $1.54 per share, on net revenue of $23.8 billion. The Firm delivered strong performance in the second quarter and reported a return on equity of 11%.

Net income increased 5% compared with the second quarter of 2014, reflecting lower noninterest expense and lower taxes, predominantly offset by lower net revenue and a higher provision for credit losses. Net revenue was $23.8 billion, down 4% compared with the prior year. Net interest income was $10.7 billion, relatively flat compared with the prior year, reflecting lower loan yields and lower investment securities balances, predominantly offset by higher average loan balances and lower deposit and long-term debt interest expense. Noninterest revenue was $13.1 billion, down 5% compared with the prior year, driven by lower Mortgage Banking revenue and lower CIB Markets revenue related to business simplification, partially offset by higher revenue in Asset Management.

The provision for credit losses was $935 million, up 35% compared with the prior year, as a result of higher wholesale provision for credit losses, reflecting the impact of select downgrades, including within the Oil & Gas portfolio. The consumer provision for credit losses decreased, driven by lower net charge-offs, partially offset by a lower reduction in the allowance for loan losses, reflecting stabilization of the credit environment. Consumer net charge-offs were $1.0 billion, compared with $1.2 billion in the prior year, resulting in net charge-off rates, excluding purchased credit-impaired ("PCI") loans, of 1.06% and 1.34%, respectively.

The Firm's allowance for loan losses to period-end loans retained, excluding PCI loans, was 1.45%, compared with 1.69% in the prior year. The Firm's allowance for loan losses to retained nonaccrual loans, excluding PCI loans, was 161%, compared with 152% in the prior year. The Firm's nonperforming assets totaled $7.6 billion, down from the prior quarter and prior year levels of $7.7 billion and $9.0 billion, respectively.

Noninterest expense was $14.5 billion, down 6% compared with the prior year, driven by business simplification, lower legal expense, and lower Mortgage Banking noninterest expense.

Firmwide core loans increased 12% compared with the prior year and 5% compared with the first quarter of 2015. Within Consumer & Community Banking, Consumer & Business Banking ("CBB") average deposits were up 9%, client investment assets were a record $221.5 billion, up 8%, and credit card sales volume was $125.7 billion, up 7%, from the prior year. CIB maintained its #1 ranking for Global Investment Banking fees with an 8.2% fee share for the second quarter of 2015. CB average loan balances were up 11% from the prior year and up 4% from the first quarter of 2015. Gross investment banking revenue from CB clients was up 22% from the prior year. AM reported positive net long-term flows for the twenty-fifth consecutive quarter, assets under management were up 4%, and average loan balances were up 9% over the prior year.

For a detailed discussion of results by line of business,
refer to the Business Segment Results section beginning on page 16.

The Firm maintained its fortress balance sheet and added to its capital, ending the second quarter with estimated Basel III Advanced Fully Phased-In CET1 capital and ratio of $168.9 billion and 11.0%, respectively. The Firm's supplementary leverage ratio ("SLR") was 6.0% and

JPMorgan Chase Bank, N.A.'s SLR was 6.1%. The Firm also had $532 billion of high quality liquid assets ("HQLA") as of June 30, 2015. The CET1 and SLR measures under the Basel III Advanced Fully Phased-In rules are each non-GAAP financial measures. These measures are used by management, bank regulators, investors and analysts to assess and monitor the Firm's capital position. For further discussion of Basel III Advanced Fully Phased-in measures and the SLR under the U.S. final SLR rule, see Regulatory capital on pages 67–71.

JPMorgan Chase continued to support consumers, businesses and communities around the globe. The Firm provided credit and raised capital of $1.0 trillion for commercial and consumer clients during the first six months of 2015. This included providing $314 billion of credit to corporations, $115 billion to consumers, and $11 billion to U.S. small businesses. During the first half of 2015, the Firm also raised $556 billion of capital for clients and $35 billion of credit was provided to, and capital was raised for, nonprofit and government entities, including states, municipalities, hospitals and universities.

2015 Business outlook

These current expectations are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on the current beliefs and expectations of JPMorgan Chase's management and are subject to significant risks and uncertainties. These risks and uncertainties could cause the Firm's actual results to differ materially from those set forth in such forward-looking statements. See Forward-Looking Statements on page 83 of this Form 10-Q and Risk Factors on pages 8-17 of JPMorgan Chase's 2014 Annual Report. There is no assurance that actual results for the third quarter or full year of 2015 will be in line with the outlook set forth below, and the Firm does not undertake to update any of these forward-looking statements to reflect the impact of circumstances or events that arise after the date hereof.

JPMorgan Chase's outlook for the third quarter and for the remainder of 2015 should be viewed against the backdrop of the global and U.S. economies, financial markets activity, the geopolitical environment, the competitive environment, client activity levels, and regulatory and legislative developments in the U.S. and other countries where the Firm does business. Each of these inter-related factors will affect the performance of the Firm and its lines of business.

Management expects core loan growth of approximately 10% in the second half of 2015. The Firm continues to experience charge-offs at levels lower than its through-the-cycle expectations; if stable credit quality trends continue, management expects the Firm's total net charge-offs for the second half of 2015 to be consistent with the first half of 2015.

Firmwide adjusted expense in 2015 is expected to be approximately $57 billion, excluding firmwide legal expense.

In Mortgage Banking within CCB, management expects noninterest revenue for 2015 to decline by approximately $1 billion compared with 2014 driven by lower servicing revenue as well as lower repurchase benefits. In Card Services within CCB, management expects the revenue rate in 2015 to remain at the low end of the target range of 12% to 12.5% and the full year net charge-off rate to be slightly less than 2.5%.

In CIB, Markets revenue in the third quarter of 2015 is expected to be impacted by the Firm's business simplification, which was completed in 2014, resulting in a decline of approximately 9%, as well as a decline in noninterest expense, compared with the prior year third quarter. In Treasury Services within CIB, management expects revenue to be approximately $875 million in each of the remaining quarters of 2015 which reflects the transfer of Trade Finance revenue to Lending. In Securities Services within CIB, management expects revenue to be in the range of $950 million to $1 billion in each of the remaining quarters of 2015, depending on seasonality.

In CB, management expects noninterest expense to be approximately $720 million in each of the remaining quarters of 2015.

In AM, management expects the 2015 pretax margin and ROE to be at the low end of the business's through-the-cycle targets of 30-35%, and 25% or higher, respectively.

Business events and subsequent events

For a discussion of business events during the six months ended June 30, 2015, and subsequent events, see Note 2.

CONSOLIDATED RESULTS OF OPERATIONS

The following section of the MD&A provides a comparative discussion of JPMorgan Chase's Consolidated Results of Operations on a reported basis for the three and six months ended June 30, 2015 and 2014. Factors that relate primarily to a single business segment are discussed in more detail

within that business segment. For a discussion of the Critical Accounting Estimates Used by the Firm that affect the Consolidated Results of Operations, see pages 79–81 of this Form 10-Q and pages 161–165 of JPMorgan Chase's 2014 Annual Report.

Revenue

	Three months ended June 30,			Six months ended June 30,		
(in millions)	2015	2014	Change	2015	2014	Change
Investment banking fees	$1,833	$1,751	5 %	$3,627	$3,171	14 %
Principal transactions	2,834	2,908	(3)	6,489	6,230	4
Lending- and deposit-related fees	1,418	1,463	(3)	2,781	2,868	(3)
Asset management, administration and commissions	4,015	4,007	—	7,822	7,843	—
Securities gains	44	12	267	96	42	129
Mortgage fees and related income	783	1,291	(39)	1,488	1,805	(18)
Card income	1,615	1,549	4	3,046	2,957	3
Other income[(a)]	586	899	(35)	1,168	1,512	(23)
Noninterest revenue	13,128	13,880	(5)	26,517	26,428	—
Net interest income	10,684	10,798	(1)	21,361	21,465	—
Total net revenue	$23,812	$24,678	(4)%	$47,878	$47,893	—

(a) Included operating lease income of $504 million and $422 million for the three months ended June 30, 2015 and 2014, respectively, and $973 million and $820 million for the six months ended June 30, 2015 and 2014, respectively.

Total net revenue for the three months ended June 30, 2015 was down by 4% compared with the prior year, predominantly due to lower revenues in Fixed Income Markets, lower mortgage-related revenue, the absence in the current period of a benefit recognized in the prior year from a franchise tax settlement, and certain losses in Corporate. These items were partially offset by higher revenues in Equity Markets, and higher asset management fees on continued net long-term inflows. For the six months ended June 30, 2015, total net revenue was flat compared with the prior year, predominantly reflecting the net reduction from the aforementioned factors, partially offset by higher investment banking fees.

Investment banking fees increased from the three months ended June 30, 2014, reflecting higher advisory and debt underwriting fees. For the six months ended June 30, 2015, investment banking fees increased across products due to strong relative performance and an increased share of fees compared with the prior year. The increase in advisory fees for both periods was driven by the combined impact of a greater share of fees for completed transactions and growth in industry-wide fee levels; the increase in debt underwriting fees for both periods was attributable to a higher share of fees for high grade bond issuance and growth in industry-wide fee levels; and the increase in equity underwriting fees for the six months ended June 30, 2015 was due to a greater share of fees. Investment banking fee share and industry-wide data are sourced from Dealogic. For additional information on investment banking fees, see CIB segment results on pages 29–33, CB segment results on pages 34–37, and Note 6.

Principal transactions revenue decreased in the three months ended June 30, 2015 compared with the prior year, largely reflecting CIB's lower Fixed Income Markets revenue, driven by the impact of business simplification, continued weakness in Credit and Securitized Products and lower revenue in Currencies & Emerging Markets, partially offset by strength in Rates. The decline in Fixed Income Markets was partially offset by higher Equity Markets revenue, primarily on higher derivatives and cash revenue. For the six months ended June 30, 2015, principal transactions revenue increased compared with the prior year, due to higher Equity Markets revenue on higher

derivative and cash revenue, partially offset by lower Fixed Income Markets revenue, as well as lower private equity gains in Corporate. The decline in Fixed Income Markets revenue was driven by the impact of business simplification and weakness in Credit and Securitized Products, largely offset by higher revenue in Rates and Currencies & Emerging Markets. For additional information on principal transactions revenue, see CIB and Corporate segment results on pages 29–33 and pages 42–43, respectively, and
Note 6.

Asset management, administration and commissions revenue for the three and six months ended June 30, 2015, was relatively flat compared with the prior year, with higher asset management fees in AM and CCB reflecting higher market levels and net client inflows, offset by lower commissions and other fees in CIB. For additional information on these fees and commissions, see the segment discussions of CCB on pages 17–28, AM on pages 38–41, and Note 6.

Mortgage fees and related income decreased compared with the three months ended June 30, 2014, driven by lower MSR risk management income, reflecting the absence in 2015 of a positive $220 million model assumption update in the prior year, lower servicing revenue and lower repurchase benefit. Compared with the six months ended June 30, 2014, mortgage fees and related income decreased, driven by lower servicing revenue and lower repurchase benefit. For further information on mortgage fees and related income, see the segment discussion of CCB on pages 17–28 and Note 16.

For additional information on lending- and deposit-related fees, see the segment results for CCB on pages 17–28, CIB on pages 29–33 and CB on pages 34–37; securities gains, see the Corporate segment discussion on pages 42–43 and Note 11; and card income, see CCB segment results on pages 17–28.

Other income for the three and six months ended June 30, 2015 decreased compared with the prior year, as a result of the absence in the current period of a benefit recognized in the second quarter of 2014 from a franchise tax settlement, the impact of business simplification in CIB, and a loss recognized on the early redemption of trust preferred securities in Corporate. These factors were partially offset

by higher auto lease income as a result of growth in auto operating lease assets in CCB. The decrease during the six months ended June 30, 2015, also reflected losses related to the accelerated amortization of cash flow hedges associated with the exit of certain non-operational deposits, and a loss recognized on the early redemption of long-term debt that was recognized in the first quarter of 2015 in Corporate.

Net interest income was relatively flat in the three and six months ended June 30, 2015 compared with the prior year, predominantly reflecting lower loan yields due to the runoff of higher-yielding loans, new originations of lower-yielding loans, and lower average investment securities balances, offset by higher average loan balances and the impact of lower deposit and long-term debt interest expense. The Firm’s average interest-earning assets were $2.1 trillion in the three months ended June 30, 2015, and the net interest yield on these assets, on a fully taxable-equivalent (“FTE”) basis, was 2.09%, a decrease of 10 basis points from the prior year. For the six months ended June 30, 2015, the Firm’s average interest-earning assets were $2.1 trillion, and the net interest yield on these assets, on a FTE basis, was 2.08%, a decrease of 12 basis points from the prior year.

Provision for credit losses

	Three months ended June 30,			Six months ended June 30,		
(in millions)	2015	2014	Change	2015	2014	Change
Consumer, excluding credit card	$(98)	$(37)	(165)%	$44	$82	(46)%
Credit card	800	885	(10)%	1,589	1,573	1%
Total consumer	702	848	(17)%	1,633	1,655	(1)%
Wholesale	233	(156)	NM	261	(113)	NM
Total provision for credit losses	$935	$692	35%	$1,894	$1,542	23%

The provision for credit losses in the three and six months ended June 30, 2015 increased from the prior year as a result of higher wholesale provision for credit losses, reflecting the impact of select downgrades, including within the Oil & Gas portfolio. The total consumer provision for credit losses decreased in the three months ended June 30, 2015, driven by lower net charge-offs, partially offset by a lower reduction in the allowance for loan losses. For the six months ended June 30, 2015, the total consumer provision

for credit losses reflected lower net charge-offs offset by a lower reduction in the allowance for loan losses. The lower reduction in the allowance for loan losses reflected the stabilization of the credit environment compared with the prior year. For a more detailed discussion of the credit portfolio and the allowance for credit losses, see the segment discussions of CCB on pages 17–28, CIB on pages 29–33 and CB on pages 34–37, and the Allowance for credit losses on pages 58–60.

Noninterest expense

	Three months ended June 30,			Six months ended June 30,		
(in millions)	2015	2014	Change	2015	2014	Change

Compensation expense	$7,694	$7,610	1 %	$15,737	$15,469	2 %
Noncompensation expense:						
Occupancy	923	973	(5)	1,856	1,925	(4)
Technology, communications and equipment	1,499	1,433	5	2,990	2,844	5
Professional and outside services	1,768	1,932	(8)	3,402	3,718	(8)
Marketing	642	650	(1)	1,233	1,214	2
Other expense[(a)(b)]	1,974	2,833	(30)	4,165	4,897	(15)
Total noncompensation expense	6,806	7,821	(13)	13,646	14,598	(7)
Total noninterest expense	$14,500	$15,431	(6)%	$29,383	$30,067	(2)%

(a) Included firmwide legal expense of $291 million and $669 million for the three months ended June 30, 2015 and 2014, respectively, and $978 million and $707 million for the six months ended June 30, 2015 and 2014, respectively

(b) Included Federal Deposit Insurance Corporation-related ("FDIC") expense of $300 million and $266 million for the three months ended June 30, 2015, and 2014, respectively, and $618 million and $559 million for the six months ended June 30, 2015 and 2014, respectively.

Total noninterest expense for the three months ended June 30, 2015 decreased by 6% from the prior year, driven by the impact of business simplification, lower legal expense and lower professional services expense. For the six months ended June 30, 2015, total noninterest expense decreased by 2% reflecting the impact of business simplification and lower professional services expense, partially offset by higher legal expense.
Compensation expense increased compared with the three and six months ended June 30, 2014, predominantly driven by the impact of investments in the businesses, including headcount for controls, and higher postretirement benefit costs, partially offset by lower headcount in CCB.

Noncompensation expense in the three and six months ended June 30, 2015 decreased compared with the prior year, due to lower other expense, reflecting the impact of business simplification in CIB, and lower amortization of intangibles, partially offset by the impact of a loss from a held-for-sale asset in AM. Lower professional and outside services expense, largely reflecting lower legal services expense and the impact of a reduced number of contractors in several businesses, also contributed to the decrease in both periods. Legal expense (which is included in other expense) was lower in the three months ended June 30, 2015, but higher in the six months ended June 30, 2015, compared with the respective prior year periods. For a further discussion of legal expense, see Note 23.

Income tax expense

(in millions, except rate)	Three months ended June 30,			Six months ended June 30,		
	2015	2014	Change	2015	2014	Change
Income before income tax expense	$8,377	$8,555	(2)%	$16,601	$16,284	2%
Income tax expense	2,087	2,575	(19)	4,397	5,035	(13)
Effective tax rate	24.9%	30.1%		26.5%	30.9%	

The effective tax rate in the three and six months ended June 30, 2015 decreased compared with the respective prior year periods, predominantly due to higher tax benefits associated with the settlement of certain tax audits (which reduced the Firm's gross unrecognized tax benefits), as well as due to lower nondeductible legal-related expense in the current period and the change in mix of income and expense subject to U.S. federal and state and local taxes. Tax audits of the Firm that were being conducted by a number of taxing authorities, most notably the Internal Revenue Service, New York State and City, and the State of California, continue to be resolved. Based upon the current status of such audits, it is reasonably possible that over the next three to six months the resolution of these audits could result in a further reduction in the gross balance of the Firm's unrecognized tax benefits; the Firm currently estimates the expected reduction to be in the range of $0 to approximately $2 billion for full year 2015. For further information, see Note 26 of JPMorgan Chase's 2014 Annual Report.

CONSOLIDATED BALANCE SHEETS ANALYSIS
Selected Consolidated Balance Sheets data

(in millions)	Jun 30, 2015	Dec 31, 2014	Change
Assets			
Cash and due from banks	$24,095	$27,831	(13)%
Deposits with banks	398,807	484,477	(18)
Federal funds sold and securities purchased under resale agreements	212,850	215,803	(1)
Securities borrowed	98,528	110,435	(11)
Trading assets:			
Debt and equity instruments	310,419	320,013	(3)
Derivative receivables	67,451	78,975	(15)
Securities	317,795	348,004	(9)
Loans	791,247	757,336	4
Allowance for loan losses	(13,915)	(14,185)	(2)
Loans, net of allowance for loan losses	777,332	743,151	5
Accrued interest and accounts receivable	69,642	70,079	(1)
Premises and equipment	15,073	15,133	—
Goodwill	47,476	47,647	—
Mortgage servicing rights	7,571	7,436	2
Other intangible assets	1,091	1,192	(8)
Other assets	101,469	102,597	(1)
Total assets	$2,449,599	$2,572,773	(5)
Liabilities			
Deposits	$1,287,332	$1,363,427	(6)
Federal funds purchased and securities loaned or sold under repurchase agreements	180,897	192,101	(6)
Commercial paper	42,238	66,344	(36)
Other borrowed funds	30,061	30,222	(1)
Trading liabilities:			
Debt and equity instruments	80,396	81,699	(2)
Derivative payables	59,026	71,116	(17)
Accounts payable and other liabilities	191,749	206,939	(7)
Beneficial interests issued by consolidated VIEs	50,002	52,362	(5)
Long-term debt	286,693	276,836	4
Total liabilities	2,208,394	2,341,046	(6)
Stockholders’ equity	241,205	231,727	4
Total liabilities and stockholders’ equity	$2,449,599	$2,572,773	(5)%

Consolidated Balance Sheets overview
JPMorgan Chase’s total assets and total liabilities decreased by 5% and 6%, respectively, compared with December 31, 2014.
The following is a discussion of the significant changes.
Cash and due from banks and deposits with banks
The net decrease was attributable to lower wholesale non-operating deposits. The Firm’s excess cash was placed with various central banks, predominantly Federal Reserve Banks.
Securities borrowed

The decrease was predominantly driven by lower demand for securities to cover customer short positions in CIB, and a shift in the deployment of excess cash from securities borrowed to deposits with banks.

Trading assets and liabilities–derivative receivables and payables

The decrease in both receivables and payables was predominantly due to client-driven market-making activities in CIB, as a result of market movements and maturities. For additional information, refer to Derivative contracts on pages 56–57, and Notes 3 and 5.

Securities

The decrease was largely due to paydowns and maturities of non-U.S. residential mortgage-backed securities ("MBS") and non-U.S. government debt securities. For additional information related to securities, refer to the discussion in the Corporate segment on pages 42–43, and Notes 3 and 11.

Loans and allowance for loan losses

The increase in loans reflects higher consumer and wholesale balances. The increase in consumer loans was due to originations and retention of high-quality prime mortgages in Mortgage Banking ("MB") and AM, partially offset by lower credit card loans due to seasonality and non-core loan portfolio sales. The increase in wholesale loans reflected higher originations and utilization of existing commitments, particularly in CB. For a more detailed discussion of loans and the allowance for loan losses, refer to Credit Risk Management on pages 45–60, and Notes 3, 4, 13 and 14.

Mortgage servicing rights

For additional information on MSRs, see Note 16.

Other assets

Other assets was relatively flat, due to lower private equity investments reflecting the sale of a portion of the One Equity Partners ("OEP") portfolio and other portfolio sales, partially offset by higher auto operating lease assets from growth in business volume.

Deposits

The decrease was attributable to lower wholesale deposits, partially offset by higher consumer deposits. The decrease in wholesale deposits reflects the impact of the previously announced plan to reduce non-operating deposits, as well as the normalization of deposit levels from year-end seasonal inflows. The increase in consumer deposits reflected a continuing positive growth trend, resulting from strong customer retention, maturing of recent branch builds, and net new business. For more information on deposits, refer to the CCB segment discussion on pages 17–28; the Liquidity Risk Management discussion on pages 74–78; and Notes 3 and 17. For more information on wholesale client deposits, refer to the AM, CB and CIB segment discussions on pages 38–41, pages 34–37, and pages 29–33, respectively.

Federal funds purchased and securities loaned or sold under repurchase agreements

The decrease reflects lower secured financing of trading assets-debt and equity instruments and the investment securities portfolio. For additional information on the Firm's Liquidity Risk Management, see pages 74–78.

Commercial paper

The decrease was due to the discontinuation of a cash management product, currently in process, that offered customers the option of sweeping their deposits into commercial paper ("customer sweeps"), and lower issuances in the wholesale markets consistent with Treasury's liquidity and short-term funding plans. For additional information on the Firm's other borrowed funds, see Liquidity Risk Management on pages 74–78.

Accounts payable and other liabilities

The decrease was due to lower brokerage customer payables related to client activity in CIB.

Beneficial interests issued by consolidated VIEs

For further information on Firm-sponsored variable interest entities ("VIEs") and loan securitization trusts, see Off-Balance Sheet Arrangements on page 12 and Note 15.

Long-term debt

The increase was due to net issuances, consistent with Treasury's long-term funding plans. For additional information on the Firm's long-term debt activities, see Liquidity Risk Management on pages 74–78.

Stockholders' equity

The increase was due to net income and preferred stock issuance, partially offset by the declaration of cash dividends on common and preferred stock, and repurchases of common stock. For additional information on accumulated other comprehensive income/(loss) ("AOCI"), see Note 19; for the Firm's capital actions, see Capital actions on pages 72–73.

OFF-BALANCE SHEET ARRANGEMENTS

In the normal course of business, the Firm enters into various contractual obligations that may require future cash payments. Certain obligations are recognized on-balance sheet, while others are off-balance sheet under U.S. GAAP. The Firm is involved with several types of off–balance sheet arrangements, including through nonconsolidated special-purpose entities (“SPEs”), which are a type of VIE, and through lending-related financial instruments (e.g., commitments and guarantees). For further discussion, see Note 21 of this Form 10-Q and Off–Balance Sheet Arrangements and Contractual Cash Obligations on pages 74–75 and Note 29 of JPMorgan Chase’s 2014 Annual Report.

Special-purpose entities

The most common type of VIE is an SPE. SPEs are commonly used in securitization transactions in order to isolate certain assets and distribute the cash flows from those assets to investors. SPEs are an important part of the financial markets, including the mortgage- and asset-backed securities and commercial paper markets, as they provide market liquidity by facilitating investors’ access to specific portfolios of assets and risks. The Firm holds capital, as deemed appropriate, against all SPE-related transactions and related exposures, such as derivative transactions and lending-related commitments and guarantees. For further information on the types of SPEs, see Note 15 of this Form 10-Q, and Note 1 and Note 16 of JPMorgan Chase’s 2014 Annual Report.

Implications of a credit rating downgrade to JPMorgan Chase Bank, N.A.

For certain liquidity commitments to SPEs, JPMorgan Chase Bank, N.A., could be required to provide funding if its short-term credit rating were downgraded below specific levels, primarily “P-1,” “A-1” and “F1” for Moody’s, Standard & Poor’s and Fitch, respectively. These liquidity commitments support the issuance of asset-backed commercial paper by Firm-administered consolidated SPEs. In the event of a short-term credit rating downgrade, JPMorgan Chase Bank, N.A., absent other solutions, would be required to provide funding to the SPE, if the commercial paper could not be reissued as it matured. The aggregate amounts of commercial paper outstanding held by third parties as of June 30, 2015, and December 31, 2014, was $13.0 billion and $12.1 billion, respectively. The aggregate amounts of commercial paper outstanding could increase in future periods should clients of the Firm-administered consolidated SPEs draw down on certain unfunded lending-related commitments. These unfunded lending-related commitments were $9.9 billion at both June 30, 2015, and December 31, 2014. The Firm could facilitate the refinancing of some of the clients’ assets in order to reduce the funding obligation. For further information, see the discussion of Firm-administered multiseller conduits in
Note 15.

The Firm also acts as liquidity provider for certain municipal bond vehicles. The Firm’s obligation to perform as liquidity provider is conditional and is limited by certain termination events, which include bankruptcy or failure to pay by the municipal bond issuer or credit enhancement provider, an event of taxability on the municipal bonds or the immediate downgrade of the municipal bond to below investment grade. See Note 15 for additional information.

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 financial instruments, guarantees and other commitments, and the Firm’s accounting for them, see Lending-related commitments on page 56 and Note 21 (including the table that presents the related amounts by contractual maturity as of June 30, 2015). For a discussion of liabilities associated with loan sales- and securitization-related indemnifications, see Note 21.

CONSOLIDATED CASH FLOWS ANALYSIS

For a discussion of the activities affecting the Firm's cash flows, see Consolidated Balance Sheets Analysis on pages 10–11 of this Form 10-Q and page 76 of JPMorgan Chase's 2014 Annual Report.

(in millions)	Six months ended June 30,			
	2015		2014	
Net cash provided by/(used in)				
Operating activities	$32,175		$10,296	
Investing activities	77,471		(97,938	)
Financing activities	(113,429	)	75,436	
Effect of exchange rate changes on cash	47		(42	)
Net decrease in cash and due from banks	$(3,736	)	$(12,248	)

Operating activities

Operating assets and liabilities can vary significantly in the normal course of business due to the amount and timing of cash flows, which are affected by client-driven and risk management activities and market conditions. The Firm believes cash flows from operations, available cash balances and its capacity to generate cash through secured and unsecured funding sources are sufficient to meet the Firm's operating liquidity needs.

Cash provided by operating activities in 2015 and 2014 resulted from net income after noncash operating adjustments. Additionally in 2015, cash was provided by a decrease in trading assets which more than offset cash used by a decrease in trading liabilities predominantly due to client-driven market-making activities in CIB; and a decrease in securities borrowed resulting from lower demand for securities to cover customer short positions in CIB. In 2014, cash was provided by a decrease in other assets driven by lower cash margin balances placed with exchanges and clearing houses; and higher net proceeds from loan sales activities.

Investing activities

Cash provided by investing activities during 2015 predominantly resulted from a net decrease in deposits with banks which was attributable to lower wholesale non-operating deposits; and net proceeds from paydowns, maturities and sales of investment securities. Partially offsetting these inflows was cash used for net originations of consumer and wholesale loans. Cash used in investing activities during 2014 predominantly resulted from increases in deposits with banks, reflecting higher levels of excess funds; and net purchases of investment securities. Additionally in 2014, loans increased due to net originations of wholesale loans.

Financing activities

Cash used in financing activities in 2015 resulted from lower wholesale deposits, partially offset by higher consumer deposits. The increase in consumer deposits reflected a continuing positive growth trend resulting from strong customer retention, maturing of recent branch builds, and net new business. Offsetting these outflows were net proceeds from long-term borrowings. Cash provided by financing activities in 2014 resulted predominantly from higher consumer and wholesale deposits and an increase in securities loaned or sold under repurchase agreements due to higher financing of the Firm's trading assets-debt and equity instruments. For both periods, cash was provided by the issuance of preferred stock and used for repurchases of common stock and dividends on common and preferred stock.

* * *

For a further discussion of the activities affecting the Firm's cash flows, see Balance Sheet Analysis on pages 10–11.

EXPLANATION AND RECONCILIATION OF THE FIRM'S USE OF NON-GAAP FINANCIAL MEASURES

The Firm prepares its Consolidated Financial Statements using accounting principles generally accepted in the U.S. ("U.S. GAAP"); these financial statements appear on pages 84–88. That presentation, which is referred to as "reported" basis, provides the reader with an understanding of the Firm's results that can be tracked consistently from year-to-year and enables a comparison of the Firm's performance with other companies' U.S. GAAP financial statements.

In addition to analyzing the Firm's results on a reported basis, management reviews the Firm's results, including the overhead ratio, and the results of the lines of business on a "managed" basis, which is a non-GAAP financial measure. The Firm's definition of managed basis starts with the reported U.S. GAAP results and includes certain reclassifications to present total net revenue for the Firm (and each of the reportable business segments) on an 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. These adjustments have no impact on net income as reported by the Firm as a whole or by the lines of business.

Effective January 1, 2015, the Firm adopted new accounting guidance for investments in affordable housing projects that qualify for the low-income housing tax credit, which impacted the CIB. As a result of the adoption of this new guidance, the Firm made an accounting policy election to amortize the initial cost of qualifying investments in proportion to the tax credits and other benefits received, and to present the amortization as a component of income tax expense; previously such amounts were predominantly presented in other income. The guidance was required to be applied retrospectively and, accordingly, certain prior period amounts have been revised to conform with the current period presentation. The adoption of the guidance did not materially change the Firm's results of operations on a managed basis as the Firm had previously presented and will continue to present the revenue from such investments on an FTE basis for the purposes of managed basis reporting.

Management also uses certain non-GAAP financial measures at the business-segment level, because it believes these other non-GAAP financial measures provide information to investors about the underlying operational performance and trends of the particular business segment and, therefore, facilitate a comparison of the business segment with the performance of its competitors. Non-GAAP financial measures used by the Firm may not be comparable to similarly named non-GAAP financial measures used by other companies.

The following summary table provides a reconciliation from the Firm's reported U.S. GAAP results to managed basis.

	Three months ended June 30,					
	2015			2014		
(in millions, except ratios)	Reported results	Fully taxable-equivalent adjustments[(a)]	Managed basis	Reported results	Fully taxable-equivalent adjustments[(a)]	Managed basis
Other income	$586	$ 447	$1,033	$899	$ 415	$1,314
Total noninterest revenue	13,128	447	13,575	13,880	415	14,295
Net interest income	10,684	272	10,956	10,798	244	11,042
Total net revenue	23,812	719	24,531	24,678	659	25,337
Pre-provision profit	9,312	719	10,031	9,247	659	9,906
Income before income tax expense	8,377	719	9,096	8,555	659	9,214
Income tax expense	$2,087	$ 719	$2,806	$2,575	$ 659	$3,234
Overhead ratio	61 %	NM	59 %	63 %	NM	61 %

	Six months ended June 30,					
	2015			2014		
(in millions, except ratios)	Reported results	Fully taxable-equivalent adjustments[(a)]	Managed basis	Reported results	Fully taxable-equivalent adjustments[(a)]	Managed basis
Other income	$1,168	$ 928	$2,096	$1,512	$ 827	$2,339

Total noninterest revenue	26,517	928	27,445	26,428	827	27,255
Net interest income	21,361	545	21,906	21,465	470	21,935
Total net revenue	47,878	1,473	49,351	47,893	1,297	49,190
Pre-provision profit	18,495	1,473	19,968	17,826	1,297	19,123
Income before income tax expense	16,601	1,473	18,074	16,284	1,297	17,581
Income tax expense	$4,397	$ 1,473	$5,870	$5,035	$ 1,297	$6,332
Overhead ratio	61 %	NM	60 %	63 %	NM	61 %

(a) Predominantly recognized in CIB and CB business segments and Corporate.

Tangible common equity ("TCE"), ROTCE and TBVPS are each non-GAAP financial measures. TCE represents the Firm's common stockholders' equity (i.e., total stockholders' equity less preferred stock) less goodwill and identifiable intangible assets (other than MSRs), net of related deferred tax liabilities. ROTCE measures the Firm's earnings as a percentage of average TCE. TBVPS represents the Firm's TCE

at period-end divided by common shares at period-end. TCE, ROTCE, and TBVPS are meaningful to the Firm, as well as investors and analysts, in assessing the Firm's use of equity. Additionally, certain capital ratios disclosed by the Firm are non-GAAP measures. For additional information on these non-GAAP measures, see Regulatory capital on pages 67–71.

Tangible common equity	Period-end		Average			
			Three months ended June 30,		Six months ended June 30,	
(in millions, except per share and ratio data)	Jun 30, 2015	Dec 31, 2014	2015	2014	2015	2014
Common stockholders' equity	$216,287	$211,664	$213,738	$206,159	$213,049	$203,989
Less: Goodwill	47,476	47,647	47,485	48,084	47,488	48,069
Less: Certain identifiable intangible assets	1,091	1,192	1,113	1,416	1,138	1,482
Add: Deferred tax liabilities[a]	2,876	2,853	2,873	2,952	2,868	2,948
Tangible common equity	$170,596	$165,678	$168,013	$159,611	$167,291	$157,386
Return on tangible common equity	NA	NA	14 %	14 %	14 %	14 %
Tangible book value per share	$46.13	$44.60	NA	NA	NA	NA

(a) Represents deferred tax liabilities related to tax-deductible goodwill and to identifiable intangibles created in non-taxable transactions, which are netted against goodwill and other intangibles when calculating TCE.

Net interest income excluding markets (formerly core net interest income)

In addition to reviewing net interest income on a managed basis, management also reviews net interest income excluding CIB's markets-based activities to assess the performance of its lending, investing (including asset-liability management) and deposit-raising activities. The data presented below are non-GAAP financial measures due

to the exclusion of CIB's markets-based net interest income and related assets. Management believes this exclusion provides investors and analysts with another measure by which to analyze the non-market-related business trends of the Firm and provides a comparable measure to other financial institutions that are primarily focused on lending, investing and deposit-raising activities.

Net interest income excluding CIB markets-based activities data						
	Three months ended June 30,			Six months ended June 30,		
(in millions, except rates)	2015	2014	Change	2015	2014	Change
Net interest income – managed basis[a][b]	$10,956	$11,042	(1)%	$21,906	$21,935	—
Less: Markets-based net interest income	1,238	1,291	(4)	2,497	2,560	(2)
Net interest income excluding markets[a]	$9,718	$9,751	—	$19,409	$19,375	—
Average interest-earning assets	$2,097,637	$2,023,945	4	$2,123,078	$2,014,846	5
Less: Average markets-based interest earning assets	500,915	502,413	—	505,290	504,942	—
Average interest-earning assets excluding markets	$1,596,722	$1,521,532	5 %	$1,617,788	$1,509,904	7 %
Net interest yield on interest-earning assets – managed basis	2.09 %	2.19 %		2.08 %	2.20 %	

Net interest yield on markets-based activities	0.99	1.03	1.00	1.02
Net interest yield on average interest-earning assets excluding markets	2.44 %	2.57 %	2.42 %	2.59 %

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

(b) For a reconciliation of net interest income on a reported and managed basis, see reconciliation from the Firm's reported U.S. GAAP results to managed basis on page 14.

Quarterly and year-to-date results

Net interest income excluding CIB's markets-based activities was flat at $9.7 billion and $19.4 billion, respectively, for the three and six months ended June 30, 2015, when compared with the prior year periods. Results in 2015 reflected lower loan yields due to the runoff of higher yielding loans, new originations of lower yielding loans and lower average investment securities balances, offset by higher average loan balances and the impact of lower deposits and long-term debt interest expense. Average

interest-earning assets excluding assets related to CIB's markets-based activities increased by $75.2 billion to $1.6 trillion and by $107.9 billion to $1.6 trillion, respectively, for the three and six months ended June 30, 2015, when compared with the prior year periods; these increases primarily reflected the impact of higher average deposits with banks. The net interest yield excluding CIB's markets-based activities decreased by 13 basis points to 2.44% and by 17 basis points to 2.42%, respectively, for the three and six months ended June 30, 2015.

BUSINESS SEGMENT RESULTS

The Firm is managed on a line of business basis. There are four major reportable business segments – Consumer & Community Banking, Corporate & Investment Bank, Commercial Banking and Asset Management. In addition, there is a Corporate 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 definition of managed basis, see Explanation and Reconciliation of the Firm’s Use of Non-GAAP Financial Measures, on pages 14–15.

Description of business segment reporting methodology

Results of the business segments are intended to reflect each segment as if it were essentially a stand-alone business. The management reporting process that derives business segment results allocates income and expense using market-based methodologies. The Firm continues to assess the assumptions, methodologies and reporting

classifications used for segment reporting, and further refinements may be implemented in future periods.

For a further discussion of those methodologies, see Business Segment Results – Description of business segment reporting methodology on pages 79–80 of JPMorgan Chase’s 2014 Annual Report.

Business segment capital allocation changes

Each business segment is allocated capital by taking into consideration stand-alone peer comparisons, regulatory capital requirements (as estimated under Basel III Advanced Fully Phased-In) and economic risk measures. The amount of capital assigned to each business is referred to as equity. On at least an annual basis, the Firm assesses the level of capital required for each line of business as well as the assumptions and methodologies used to allocate capital to its lines of business and updates the equity allocations to its lines of business as refinements are implemented. For further information about these capital changes, see Line of business equity on page 72.

Segment Results – Managed basis

The following tables summarize the business segment results for the periods indicated.

Three months ended June 30,	Total net revenue			Total noninterest expense			Pre-provision profit/(loss)		
(in millions)	2015	2014	Change	2015	2014	Change	2015	2014	Change
Consumer & Community Banking	$11,015	$11,518	(4)%	$6,210	$6,456	(4)%	$4,805	$5,062	(5)%
Corporate & Investment Bank	8,723	9,265	(6)	5,137	6,058	(15)	3,586	3,207	12
Commercial Banking	1,739	1,731	—	703	675	4	1,036	1,056	(2)
Asset Management	3,175	2,982	6	2,406	2,062	17	769	920	(16)
Corporate	(121)	(159)	24	44	180	(76)	(165)	(339)	51
Total	$24,531	$25,337	(3)%	$14,500	$15,431	(6)%	$10,031	$9,906	1%

Three months ended June 30,	Provision for credit losses			Net income			Return on common equity	
(in millions, except ratios)	2015	2014	Change	2015	2014	Change	2015	2014
Consumer & Community Banking	$702	$852	(18)%	$2,533	$2,496	1%	19%	19%
Corporate & Investment Bank	50	(84)	NM	2,341	2,131	10	14	13
Commercial Banking	182	(67)	NM	525	677	(22)	14	19
Asset Management	—	1	(100)	451	569	(21)	19	25
Corporate	1	(10)	NM	440	107	311	NM	NM
Total	$935	$692	35%	$6,290	$5,980	5%	11%	11%

Six months ended June 30,	Total net revenue			Total noninterest expense			Pre-provision profit/(loss)		
(in millions)	2015	2014	Change	2015	2014	Change	2015	2014	Change
	$21,719	$22,052	(2)%	$12,400	$12,893	(4)%	$9,319	$9,159	2%

Consumer & Community Banking									
Corporate & Investment Bank	18,305	18,107	1	10,794	11,662	(7)	7,511	6,445	17
Commercial Banking	3,481	3,409	2	1,412	1,361	4	2,069	2,048	1
Asset Management	6,180	5,782	7	4,581	4,137	11	1,599	1,645	(3)
Corporate	(334)	(160)	(109)	196	14	NM	(530)	(174)	(205)
Total	$49,351	$49,190	—	$29,383	$30,067	(2)%	$19,968	$19,123	4%

Six months ended June 30,	Provision for credit losses			Net income			Return on common equity	
(in millions, except ratios)	2015	2014	Change	2015	2014	Change	2015	2014
Consumer & Community Banking	$1,632	$1,668	(2)%	$4,752	$4,477	6%	18%	17%
Corporate & Investment Bank	19	(35)	NM	4,878	4,256	15	15	13
Commercial Banking	243	(62)	NM	1,123	1,271	(12)	15	18
Asset Management	4	(8)	NM	953	1,023	(7)	21	22
Corporate	(4)	(21)	81	498	222	124	NM	NM
Total	$1,894	$1,542	23%	$12,204	$11,249	8%	11%	11%

CONSUMER & COMMUNITY BANKING

For a discussion of the business profile of CCB, see pages 81–91 of JPMorgan Chase's 2014 Annual Report and Line of Business Metrics on page 180.

Selected income statement data

	Three months ended June 30,			Six months ended June 30,		
(in millions, except ratios)	2015	2014	Change	2015	2014	Change
Revenue						
Lending- and deposit-related fees	$766	$750	2 %	$1,484	$1,453	2 %
Asset management, administration and commissions	553	521	6	1,083	1,024	6
Mortgage fees and related income	782	1,290	(39)	1,486	1,804	(18)
Card income	1,506	1,486	1	2,830	2,834	—
All other income	482	421	14	942	787	20
Noninterest revenue	4,089	4,468	(8)	7,825	7,902	(1)
Net interest income	6,926	7,050	(2)	13,894	14,150	(2)
Total net revenue	11,015	11,518	(4)	21,719	22,052	(2)
Provision for credit losses	702	852	(18)	1,632	1,668	(2)
Noninterest expense						
Compensation expense	2,478	2,637	(6)	5,008	5,376	(7)
Noncompensation expense	3,732	3,819	(2)	7,392	7,517	(2)
Total noninterest expense	6,210	6,456	(4)	12,400	12,893	(4)
Income before income tax expense	4,103	4,210	(3)	7,687	7,491	3
Income tax expense	1,570	1,714	(8)	2,935	3,014	(3)
Net income	$2,533	$2,496	1 %	$4,752	$4,477	6 %
Financial ratios						
Return on common equity	19 %	19 %		18 %	17 %	
Overhead ratio	56	56		57	58	

Note: In the discussion and the tables which follow, CCB presents certain financial measures which exclude the impact of PCI loans; these are non-GAAP financial measures. For additional information, see Explanation and Reconciliation of the Firm's Use of Non-GAAP Financial Measures on pages 14–15.

Quarterly results

Consumer & Community Banking net income was $2.5 billion, an increase of 1% compared with the prior year.

Net revenue was $11.0 billion, a decrease of 4% compared with the prior year. Net interest income was $6.9 billion, down 2%, driven by spread compression, largely offset by higher deposit balances, higher loan balances and lower reversals of interest and fees due to lower net charge-offs in Credit Card. Noninterest revenue was $4.1 billion, down 8%, driven by lower mortgage fees and related income, partially offset by higher Auto lease income and higher net interchange income in Credit Card.

The provision for credit losses was $702 million, a decrease of 18% compared with the prior year, reflecting lower net charge-offs, partially offset by a lower reduction in the allowance for loan losses. The current-quarter provision reflected a $326 million reduction in the allowance for loan losses. The prior year included a $357 million reduction in the allowance for loan losses. For more information, including net charge-off amounts and rates, see Consumer Credit Portfolio on pages 46–51.

Noninterest expense was $6.2 billion, a decrease of 4% from the prior year, predominantly driven by lower Mortgage Banking expense.

Year-to-date results

Consumer & Community Banking net income was $4.8 billion, an increase of 6% compared with the prior year, driven by lower noninterest expense, largely offset by lower net revenue.

Net revenue was $21.7 billion, a decrease of 2% compared with the prior year. Net interest income was $13.9 billion, down 2%, driven by spread compression, largely offset by higher deposit and loan balances. Noninterest revenue was $7.8 billion, down 1%, driven by lower mortgage fees and related income, predominantly offset by higher Auto lease income and higher net interchange income in Credit Card.

The provision for credit losses was $1.6 billion, a decrease of 2% from the prior year, reflecting lower net charge-offs, predominantly offset by a lower reduction in the allowance for loan losses. The current-year provision reflected a $451 million reduction in the allowance for loan losses. The prior year included a $807 million reduction in the allowance for loan losses. For more information, including net charge-off amounts and rates, see Consumer Credit Portfolio on pages 46–51.

Noninterest expense was $12.4 billion, a decrease of 4% from the prior year, predominantly driven by lower Mortgage Banking expense.

Selected metrics

(in millions, except headcount)	As of or for the three months ended June 30, 2015	2014	Change	As of or for the six months ended June 30, 2015	2014	Change
Selected balance sheet data (period-end)						
Total assets	$472,181	$447,277	6 %	$472,181	$447,277	6 %
Trading assets – loans[a]	6,700	7,409	(10)	6,700	7,409	(10)
Loans:						
Loans retained	413,363	390,211	6	413,363	390,211	6
Loans held-for-sale[b]	2,825	1,472	92	2,825	1,472	92
Total loans	416,188	391,683	6	416,188	391,683	6
Core loans	301,154	253,817	19	301,154	253,817	19
Deposits	530,767	488,681	9	530,767	488,681	9
Equity[c]	51,000	51,000	—	51,000	51,000	—
Selected balance sheet data (average)						
Total assets	$463,404	$443,204	5	$459,108	$446,794	3
Trading assets – loans[a]	7,068	6,593	7	7,528	7,017	7
Loans:						
Loans retained	406,029	388,252	5	400,587	388,464	3
Loans held-for-sale[d]	2,100	710	196	2,539	683	272
Total loans	408,129	388,962	5	403,126	389,147	4
Deposits	529,448	486,064	9	520,850	478,862	9
Equity[c]	51,000	51,000	—	51,000	51,000	—
Headcount	132,302	141,688	(7)%	132,302	141,688	(7)%

(a) Predominantly consists of prime mortgages originated with the intent to sell that are accounted for at fair value.

(b) Included period-end credit card loans held-for-sale of $1.3 billion and $508 million at June 30, 2015 and 2014, respectively. These amounts were excluded when calculating delinquency rates and the allowance for loan losses to period-end loans.

(c) Equity is allocated to the sub-business segments with $5.0 billion and $3.0 billion of capital in 2015 and 2014, respectively, held at the CCB level related to legacy mortgage servicing matters.

(d) Included average credit card loans held-for-sale of $1.8 billion and $405 million for the three months ended June 30, 2015 and 2014, respectively, and $2.2 billion and $360 million for the six months ended June 30, 2015 and 2014. These amounts are excluded when calculating the net charge-off rate.

Selected metrics

(in millions, except ratios and where otherwise noted)	As of or for the three months ended June 30, 2015	2014	Change	As of or for the six months ended June 30, 2015	2014	Change
Credit data and quality statistics						
Net charge-offs[a]	$1,027	$1,208	(15)%	$2,081	$2,474	(16)%
Nonaccrual loans[b][c]	5,876	7,003	(16)	5,876	7,003	(16)
Nonperforming assets[b][c]	6,250	7,555	(17)	6,250	7,555	(17)
Allowance for loan losses[a]	9,838	11,284	(13)	9,838	11,284	(13)
Net charge-off rate[a]	1.01 %	1.25 %		1.05 %	1.28 %	
Net charge-off rate, excluding PCI loans	1.14	1.44		1.18	1.48	
Allowance for loan losses to period-end loans retained	2.38	2.89		2.38	2.89	
Allowance for loan losses to period-end loans retained, excluding PCI loans[d]	1.79	2.22		1.79	2.22	
Allowance for loan losses to nonaccrual loans retained, excluding credit card[b][d]	56	58		56	58	
Nonaccrual loans to total period-end loans, excluding credit card	2.03	2.64		2.03	2.64	
Nonaccrual loans to total period-end loans, excluding credit card and PCI loans [b]	2.39	3.25		2.39	3.25	
Business metrics						
Number of:						
Branches	5,504	5,636	(2)%	5,504	5,636	(2)%
ATMs	18,050	20,394	(11)	18,050	20,394	(11)
Active online customers (in thousands)	37,878	35,105	8	37,878	35,105	8
Active mobile customers (in thousands)	21,001	17,201	22	21,001	17,201	22
CCB households (in millions)	57.8	57.2	1	57.8	57.2	1

(a) Net charge-offs and the net charge-off rates excluded $55 million and $48 million of write-offs in the PCI portfolio for the three months ended June 30, 2015 and 2014, respectively and $110 million and $109 million of write-offs in the PCI portfolio for the six months ended June 30, 2015 and 2014, respectively. These write-offs decreased the allowance for loan losses for PCI loans. For further information on PCI write-offs, see Allowance for Credit Losses on pages 58–60.

(b) Excludes PCI loans. The Firm is recognizing interest income on each pool of PCI loans as they are all performing.

(c) At June 30, 2015 and 2014, nonperforming assets excluded: (1) mortgage loans insured by U.S. government agencies of $7.0 billion and $8.1 billion, respectively, that are 90 or more days past due; (2) student loans insured by U.S. government agencies under the Federal Family Education Loan Program (“FFELP”) of $282 million and $316 million, respectively, that are 90 or more days past due; (3) real estate owned (“REO”) insured by U.S. government agencies of $384 million and $528 million, respectively. These amounts have been excluded based upon the government guarantee.

(d) The allowance for loan losses for PCI loans was $3.2 billion and $3.7 billion at June 30, 2015 and 2014, respectively; these amounts were also excluded from the applicable ratios.

Consumer & Business Banking

Selected financial statement data

(in millions, except ratios)	As of or for the three months ended June 30, 2015	2014	Change	As of or for the six months ended June 30, 2015	2014	Change
Revenue						
Lending- and deposit-related fees	$760	$747	2 %	$1,471	$1,438	2 %
Asset management, administration and commissions	534	507	5	1,046	990	6
Card income	435	406	7	839	782	7
All other income	135	162	(17)	257	284	(10)
Noninterest revenue	1,864	1,822	2	3,613	3,494	3
Net interest income	2,619	2,786	(6)	5,228	5,512	(5)
Total net revenue	4,483	4,608	(3)	8,841	9,006	(2)
Provision for credit losses	68	66	3	128	142	(10)
Noninterest expense	3,056	3,026	1	6,014	6,091	(1)
Income before income tax expense	1,359	1,516	(10)	2,699	2,773	(3)
Net income	$831	$904	(8)	$1,659	$1,655	—
Return on common equity	28 %	33 %		28%	30 %	
Overhead ratio	68	66		68	68	
Equity (period-end and average)	$11,500	$11,000	5 %	$11,500	$11,000	5 %

Quarterly results

Consumer & Business Banking net income was $831 million, a decrease of 8% compared with the prior year, driven by lower net revenue.

Net revenue was $4.5 billion, down 3% compared with the prior year. Net interest income was $2.6 billion, down 6% due to deposit spread compression, largely offset by higher deposit balances. Noninterest revenue was $1.9 billion, up 2%, driven by higher debit card revenue, reflecting an increase in transaction volume, and higher investment revenue, reflecting record client investment assets.

Noninterest expense was $3.1 billion, an increase of 1% from the prior year, driven by higher legal expense, largely offset by branch efficiencies.

Year-to-date results

Consumer & Business Banking net income was $1.7 billion, flat compared with the prior year.

Net revenue was $8.8 billion, down 2% compared with the prior year. Net interest income was $5.2 billion, down 5% due to deposit spread compression, largely offset by higher deposit balances. Noninterest revenue was $3.6 billion, up 3%, driven by higher debit card revenue, reflecting an increase in transaction volume and higher investment revenue, reflecting record client investment assets.

Noninterest expense was $6.0 billion, a decrease of 1% from the prior year, driven by branch efficiencies, largely offset by higher legal expense.

Selected metrics

(in millions, except ratios and where otherwise noted)	As of or for the three months ended June 30, 2015	2014	Change	As of or for the six months ended June 30, 2015	2014	Change
Business metrics						
Business banking origination volume	$1,911	$1,917	—	$3,451	$3,421	1 %
Period-end loans	21,940	20,276	8	21,940	20,276	8
Period-end deposits:						
Checking	226,888	200,560	13	226,888	200,560	13
Savings	268,777	249,175	8	268,777	249,175	8
Time and other	19,317	24,421	(21)	19,317	24,421	(21)
Total period-end deposits	514,982	474,156	9	514,982	474,156	9
Average loans	21,732	19,928	9	21,526	19,691	9
Average deposits:						
Checking	225,803	197,490	14	221,084	193,511	14
Savings	267,212	249,240	7	263,855	246,386	7
Time and other	19,829	24,832	(20)	20,330	25,153	(19)
Total average deposits	512,844	471,562	9	505,269	465,050	9
Deposit margin	1.92 %	2.23 %		1.95 %	2.25 %	
Average assets	$41,290	$37,810	9	$41,531	$37,964	9
Credit data and quality statistics						
Net charge-offs	$68	$69	(1)	$127	$145	(12)
Net charge-off rate	1.26 %	1.39 %		1.19 %	1.48 %	
Allowance for loan losses	$703	$703	—	$703	$703	—
Nonperforming assets	246	335	(27)	246	335	(27)
Retail branch business metrics						
Net new investment assets	$3,362	$4,324	(22)	$7,183	$8,565	(16)
Client investment assets	221,490	205,206	8	221,490	205,206	8
% managed accounts	41 %	38 %		41 %	38 %	
Number of:						
Chase Private Client locations	2,661	2,408	11	2,661	2,408	11
Personal bankers	19,735	21,728	(9)	19,735	21,728	(9)
Sales specialists	3,763	4,405	(15)	3,763	4,405	(15)
Client advisors	2,996	3,075	(3)	2,996	3,075	(3)
Chase Private Clients	390,220	262,965	48	390,220	262,965	48
Accounts (in thousands)[(a)]	31,041	30,144	3 %	31,041	30,144	3 %

(a) Includes checking accounts and Chase Liquid® cards.

Mortgage Banking
Selected financial statement data

(in millions, except ratios)	As of or for the three months ended June 30, 2015	2014	Change	As of or for the six months ended June 30, 2015	2014	Change
Revenue						
Mortgage fees and related income[(a)]	$782	$1,290	(39)%	$1,486	$1,804	(18)%
All other income	(5)	(17)	71	(16)	(20)	20
Noninterest revenue	777	1,273	(39)	1,470	1,784	(18)
Net interest income	1,056	1,053	—	2,112	2,140	(1)
Total net revenue	1,833	2,326	(21)	3,582	3,924	(9)
Provision for credit losses	(219)	(188)	(16)	(215)	(211)	(2)
Noninterest expense	1,110	1,306	(15)	2,329	2,709	(14)
Income before income tax expense	942	1,208	(22)	1,468	1,426	3
Net income	$584	$733	(20)	$910	$865	5
Return on common equity	14%	16%		11%	9%	
Overhead ratio	61	56		65	69	
Equity (period-end and average)	$16,000	$18,000	(11)%	$16,000	$18,000	(11)%

(a) For further information on mortgage fees and related income, see Note 16.

Quarterly results

Mortgage Banking net income was $584 million, a decrease of 20% from the prior year.

Net revenue was $1.8 billion, a decrease of 21% compared with the prior year. Noninterest revenue was $777 million, a decrease of 39% from the prior year. This decrease was driven by lower MSR risk management income, reflecting the absence of a positive $220 million model assumption update in the prior year, lower servicing revenue, largely driven by lower average third-party loans serviced and lower net production revenue, reflecting a lower repurchase benefit. See Note 16 for further information regarding changes in value of the MSR asset and related hedges.

The provision for credit losses was a benefit of $219 million, compared with a benefit of $188 million in the prior year, reflecting lower net charge-offs. The current-quarter provision reflected a $300 million reduction in the non credit-impaired allowance for loan losses, due to continued improvement in home prices and delinquencies. The prior-year included a $300 million reduction in the purchased credit-impaired allowance for loan losses. See Consumer Credit Portfolio on pages 46–51 for the net charge-off amounts and rates.

Noninterest expense was $1.1 billion, a decrease of 15% from the prior year, reflecting lower headcount-related expense and lower professional fees.

Year-to-date results

Mortgage Banking net income was $910 million, an increase of 5% from the prior year.

Net revenue was $3.6 billion, a decrease of 9% compared with the prior year. Noninterest revenue was $1.5 billion, a decrease of 18% from the prior year. This decrease was driven by lower servicing revenue, largely as a result of lower average third-party loans serviced and lower net production revenue, reflecting a lower repurchase benefit.

The provision for credit losses was a benefit of $215 million, compared with a benefit of $211 million in the prior year, reflecting lower net charge-offs, offset by a lower reduction in the allowance for loan losses. The current-year provision reflected a $400 million reduction in the non credit-impaired allowance for loan losses, due to continued improvement in home prices and delinquencies. The prior-year included a $500 million reduction allowance for loan losses, $300 million from the purchased credit-impaired allowance for loan losses and $200 million for the non credit-impaired allowance for loan losses. See Consumer Credit Portfolio on pages 46–51 for the net charge-off amounts and rates.

Noninterest expense was $2.3 billion, a decrease of 14% from the prior year, reflecting lower headcount-related expense and lower professional fees.

Supplemental information

	Three months ended June 30,			Six months ended June 30,		
(in millions)	2015	2014	Change	2015	2014	Change
Net interest income:						
Mortgage Production and Mortgage Servicing	$139	$171	(19)%	$297	$360	(18)%
Real Estate Portfolios	917	882	4	1,815	1,780	2
Total net interest income	$1,056	$1,053	—	$2,112	$2,140	(1)
Noninterest expense:						
Mortgage Production	$360	$414	(13)	$781	$890	(12)
Mortgage Servicing	466	550	(15)	1,048	1,131	(7)
Real Estate Portfolios	284	342	(17)	500	688	(27)
Total noninterest expense	$1,110	$1,306	(15)%	$2,329	$2,709	(14)%

Selected balance sheet data

	As of or for the three months ended June 30,			As of or for the six months ended June 30,		
(in millions)	2015	2014	Change	2015	2014	Change
Trading assets – loans (period-end)[a]	$6,700	$7,409	(10)%	$6,700	$7,409	(10)%
Trading assets – loans (average)[a]	7,068	6,593	7	7,528	7,017	7
Loans, excluding PCI loans						
Period-end loans owned						
Home equity	47,228	54,485	(13)	47,228	54,485	(13)
Prime mortgage, including option ARMs	107,001	70,495	52	107,001	70,495	52
Subprime mortgage	4,660	6,636	(30)	4,660	6,636	(30)
Other	435	510	(15)	435	510	(15)
Total period-end loans owned	159,324	132,126	21	159,324	132,126	21
Average loans owned						
Home equity	48,148	55,329	(13)	49,072	56,167	(13)
Prime mortgage, including option ARMs	99,315	68,922	44	92,749	67,701	37
Subprime mortgage	4,735	6,754	(30)	4,851	6,880	(29)
Other	445	520	(14)	456	530	(14)
Total average loans owned	152,643	131,525	16	147,128	131,278	12
PCI loans						
Period-end loans owned						
Home equity	16,088	18,070	(11)	16,088	18,070	(11)
Prime mortgage	9,553	11,302	(15)	9,553	11,302	(15)
Subprime mortgage	3,449	3,947	(13)	3,449	3,947	(13)
Option ARMs	14,716	16,799	(12)	14,716	16,799	(12)
Total period-end loans owned	43,806	50,118	(13)	43,806	50,118	(13)
Average loans owned						
Home equity	16,354	18,295	(11)	16,599	18,506	(10)
Prime mortgage	9,724	11,487	(15)	9,893	11,677	(15)
Subprime mortgage	3,490	4,001	(13)	3,546	4,064	(13)
Option ARMs	14,940	17,074	(12)	15,192	17,379	(13)
Total average loans owned	44,508	50,857	(12)	45,230	51,626	(12)
Total Mortgage Banking						
Period-end loans owned						
Home equity	63,316	72,555	(13)	63,316	72,555	(13)
Prime mortgage, including option ARMs	131,270	98,596	33	131,270	98,596	33
Subprime mortgage	8,109	10,583	(23)	8,109	10,583	(23)
Other	435	510	(15)	435	510	(15)
Total period-end loans owned	203,130	182,244	11	203,130	182,244	11
Average loans owned						
Home equity	64,502	73,624	(12)	65,671	74,673	(12)
Prime mortgage, including option ARMs	123,979	97,483	27	117,834	96,757	22
Subprime mortgage	8,225	10,755	(24)	8,397	10,944	(23)

Other	445	520	(14)	456	530	(14)
Total average loans owned	197,151	182,382	8%	192,358	182,904	5%

(a) Predominantly consists of prime mortgages originated with the intent to sell that are accounted for at fair value.

Credit data and quality statistics

(in millions, except ratios)	As of or for the three months ended June 30, 2015	2014	Change	As of or for the six months ended June 30, 2015	2014	Change
Net charge-offs/(recoveries), excluding PCI loans[(a)]						
Home equity	$69	$125	(45)%	$156	$291	(46)%
Prime mortgage, including option ARMs	11	(11)	NM	25	(15)	NM
Subprime mortgage	(1)	(5)	80	—	8	(100)
Other	2	3	(33)	4	5	(20)
Total net charge-offs/(recoveries), excluding PCI loans	81	112	(28)	185	289	(36)
Net charge-off/(recovery) rate, excluding PCI loans						
Home equity	0.57%	0.91%		0.64%	1.04%	
Prime mortgage, including option ARMs	0.04	(0.06)		0.05	(0.04)	
Subprime mortgage	(0.08)	(0.30)		—	0.23	
Other	1.80	2.31		1.77	1.90	
Total net charge-off/(recovery) rate, excluding PCI loans	0.21	0.34		0.25	0.45	
Net charge-off/(recovery) rate – reported[(a)]						
Home equity	0.43	0.68		0.48	0.79	
Prime mortgage, including option ARMs	0.04	(0.05)		0.04	(0.03)	
Subprime mortgage	(0.05)	(0.19)		—	0.15	
Other	1.80	2.31		1.77	1.90	
Total net charge-off/(recovery) rate – reported	0.17	0.25		0.19	0.32	
30+ day delinquency rate, excluding PCI loans[(b)(c)]	1.95	2.94		1.95	2.94	
Allowance for loan losses, excluding PCI loans	$1,788	$2,388	(25)	$1,788	$2,388	(25)
Allowance for PCI loans[(a)]	3,215	3,749	(14)	3,215	3,749	(14)
Allowance for loan losses	5,003	6,137	(18)	5,003	6,137	(18)
Nonperforming assets[(d)(e)]	5,630	6,919	(19)%	5,630	6,919	(19)%
Allowance for loan losses to period-end loans retained	2.48%	3.39%		2.48%	3.39%	
Allowance for loan losses to period-end loans retained, excluding PCI loans	1.13	1.82		1.13	1.82	

(a) Net charge-offs and the net charge-off rates excluded $55 million and $48 million, write-offs in the PCI portfolio for the three months ended June 30, 2015 and 2014, respectively, and $110 million and $109 million of write-offs in the PCI portfolio for the six months ended June 30, 2015 and 2014. These write-offs decreased the allowance for loan losses for PCI loans. For further information on PCI write-offs, see Allowance for Credit Losses on pages 58–60.

(b)

At June 30, 2015 and 2014, excluded mortgage loans insured by U.S. government agencies of $8.8 billion and $9.6 billion, respectively, that are 30 or more days past due. These amounts have been excluded based upon the government guarantee. For further discussion, see Note 13 which summarizes loan delinquency information.

(c) The 30+ day delinquency rate for PCI loans was 11.65% and 14.08%, at June 30, 2015, and 2014, respectively.

(d) At June 30, 2015 and 2014, nonperforming assets excluded: (1) mortgage loans insured by U.S. government agencies of $7.0 billion and $8.1 billion, respectively, that are 90 or more days past due and (2) real estate owned (“REO”) insured by U.S. government agencies of $384 million and $528 million, respectively. These amounts have been excluded based upon the government guarantee.

(e) Excludes PCI loans. The Firm is recognizing interest income on each pool of PCI loans as they are all performing.

Business metrics

(in billions, except ratios)	As of or for the three months ended June 30, 2015	2014	Change	As of or for the six months ended June 30, 2015	2014	Change
Mortgage origination volume by channel						
Retail	$9.8	$7.2	36 %	$17.9	$13.9	29 %
Correspondent	19.5	9.6	103	36.1	19.9	81
Total mortgage origination volume[(a)]	29.3	16.8	74	54.0	33.8	60
Total loans serviced (period-end)	917.0	980.4	(6)	917.0	980.4	(6)
Third-party mortgage loans serviced (period-end)	723.4	786.2	(8)	723.4	786.2	(8)
Third-party mortgage loans serviced (average)	723.5	794.7	(9)	730.5	802.0	(9)
MSR carrying value (period-end)	7.6	8.3	(8)%	7.6	8.3	(8)%
Ratio of MSR carrying value (period-end) to third-party mortgage loans serviced (period-end)	1.05 %	1.06 %		1.05 %	1.06 %	
Ratio of annualized loan servicing-related revenue to third-party mortgage loans serviced (average)	0.35	0.36		0.35	0.37	
MSR revenue multiple[(b)]	3.00 x	2.94 x		3.00 x	2.86 x	

(a) Firmwide mortgage origination volume was $31.7 billion and $18.0 billion for the three months ended June 30, 2015, and 2014, respectively, and $58.3 billion and $36.2 billion for the six months ended June 30, 2015, and 2014, respectively.

(b) Represents the ratio of MSR carrying value (period-end) to third-party mortgage loans serviced (period-end) divided by the ratio of annualized loan servicing-related revenue to third-party mortgage loans serviced (average).

Mortgage servicing-related matters

The financial crisis resulted in unprecedented levels of delinquencies and defaults of 1–4 family residential real estate loans. Such loans required varying degrees of loss mitigation activities. Foreclosure is usually a last resort, and accordingly, the Firm has made, and continues to make, significant efforts to help borrowers remain in their homes. The Firm has entered into various Consent Orders and settlements with federal and state governmental agencies and private parties related to mortgage servicing, origination, and residential mortgage-backed securities activities. The requirements of these Consent Orders and settlements vary, but in the aggregate, include cash compensatory payments (in addition to fines) and/or “borrower relief,” which may include principal reduction, refinancing, short sale assistance, and other specified types of borrower relief. Other obligations required under certain Consent Orders and settlements, as well as under new regulatory requirements, include enhanced mortgage servicing and foreclosure standards and processes.

On June 11, 2015, the Firm signed an Amended Mortgage Banking Consent Order focused on the subset of ten items that must be resolved to complete the requirements of the Consent Orders with the OCC and Federal Reserve. The Firm has completed its work on those items and is awaiting confirmation by the banking regulators of its satisfactory compliance with the items in the Amended Consent Order. The Amended Consent Order also requires a supervisory non-objection before the Firm may acquire new contracts to perform mortgage servicing rights; outsource or subservice new mortgage servicing activities; offshore new mortgage servicing activities; or appoint senior officers in mortgage servicing.

The mortgage servicing Consent Orders and settlements are subject to ongoing oversight by the Mortgage Compliance Committee of the Firm’s Board of Directors. In addition, certain of the Consent Orders and settlements are the subject of ongoing reporting to various regulators and independent overseers. The Firm’s compliance with certain of these settlements is detailed in periodic reports published by the independent overseers.

Card, Commerce Solutions & Auto ("Card")
Selected financial statement data

(in millions, except ratios)	As of or for the three months ended June 30, 2015	2014	Change	As of or for the six months ended June 30, 2015	2014	Change
Revenue						
Card income	$1,070	$1,080	(1)%	$1,990	$2,052	(3)%
All other income	378	293	29	752	572	31
Noninterest revenue	1,448	1,373	5	2,742	2,624	4
Net interest income	3,251	3,211	1	6,554	6,498	1
Total net revenue	4,699	4,584	3	9,296	9,122	2
Provision for credit losses	853	974	(12)	1,719	1,737	(1)
Noninterest expense[(a)]	2,044	2,124	(4)	4,057	4,093	(1)
Income before income tax expense	1,802	1,486	21	3,520	3,292	7
Net income	$1,118	$859	30	$2,183	$1,957	12
Return on common equity	23%	18%		23%	20%	
Overhead ratio	43	46		44	45	
Equity (period-end and average)	$18,500	$19,000	(3)%	$18,500	$19,000	(3)%

Note: Chase Commerce Solutions, formerly known as Merchant Services, includes Chase Paymentech, ChaseNet and Chase Offers businesses.

(a) Included operating lease depreciation expense of $348 million and $284 million for the three months ended June 30, 2015 and 2014, respectively, and $674 million and $558 million for the six months ended June 30, 2015 and 2014, respectively.

Quarterly results

Card net income was $1.1 billion, an increase of 30% compared with the prior year, driven by lower provision for credit losses, higher net revenue and lower noninterest expense.

Net revenue was $4.7 billion, an increase of 3% compared with the prior year. Net interest income was $3.3 billion, up 1% from the prior year, driven by higher average loan balances and lower reversals of interest and fees due to lower net charge-offs in Credit Card, largely offset by spread compression. Noninterest revenue was $1.4 billion, up 5% compared with the prior year, driven by higher Auto lease income and net interchange income from higher sales volume, partially offset by higher amortization of new account origination costs.

The provision for credit losses was $853 million, compared with $974 million in the prior year, reflecting lower net charge-offs, partially offset by a lower reduction in the allowance for loan losses. The current-quarter provision reflected a $26 million reduction in the allowance for loan losses, primarily due to runoff in the student loan portfolio. The prior year included a $53 million reduction in the allowance for loan losses.

Noninterest expense was $2.0 billion, down 4% from the prior year, driven by lower legal and marketing expense, partially offset by higher auto lease depreciation.

Year-to-date results

Card net income was $2.2 billion, an increase of 12% compared with the prior year, driven by higher net revenue.

Net revenue was $9.3 billion, an increase of 2% compared with the prior year. Net interest income was $6.6 billion, up 1% from the prior year, driven by higher loan balances, predominantly offset by spread compression. Noninterest revenue was $2.7 billion, up 4% compared with the prior year, driven by higher Auto lease income and net interchange income from higher sales volume, partially offset by higher amortization of new account origination costs.

The provision for credit losses was $1.7 billion, down 1% compared with the prior year, reflecting lower net charge-offs, predominantly offset by a lower reduction in the allowance for loan losses. The current-year provision reflected a $51 million reduction in the allowance for loan losses, primarily due to runoff in the student loan portfolio.

The prior year included a $303 million reduction in the allowance for loan losses.
Noninterest expense was $4.1 billion, down 1% from the prior year driven by lower legal expense, offset by higher auto lease depreciation.

Selected metrics

(in millions, except ratios and where otherwise noted)	As of or for the three months ended June 30, 2015	2014	Change	As of or for the six months ended June 30, 2015	2014	Change
Selected balance sheet data (period-end)						
Loans:						
Credit Card	$126,025	$126,129	—	$126,025	$126,129	—
Auto	56,330	53,042	6	56,330	53,042	6
Student	8,763	9,992	(12)	8,763	9,992	(12)
Total loans	$191,118	$189,163	1	$191,118	$189,163	1
Auto operating lease assets	7,742	6,098	27	7,742	$6,098	27
Selected balance sheet data (average)						
Total assets	$204,596	$200,710	2	$204,262	$201,238	2
Loans:						
Credit Card	124,539	123,679	1	124,780	123,471	1
Auto	55,800	52,818	6	55,405	52,780	5
Student	8,907	10,155	(12)	9,057	10,301	(12)
Total loans	$189,246	$186,652	1	$189,242	$186,552	1
Auto operating lease assets	7,437	5,939	25	7,170	5,796	24
Business metrics						
Credit Card, excluding Commercial Card						
Sales volume (in billions)	$125.7	$118.0	7	$238.5	$222.5	7
New accounts opened	2.1	2.1	—	4.2	4.2	—
Open accounts	62.8	65.8	(5)	62.8	65.8	(5)
Accounts with sales activity	32.6	31.8	3	32.6	31.8	3
% of accounts acquired online	62%	54%		62%	53%	
Commerce Solutions (Chase Paymentech Solutions)						
Merchant processing volume (in billions)	$234.1	$209.0	12	$455.3	$404.4	13
Total transactions (in billions)	10.1	9.3	9	19.9	18.4	8
Auto						
Loan and lease origination volume (in billions)	$7.8	$7.1	10%	$15.1	$13.8	9%

Selected metrics

	As of or for the three months ended June 30,			As of or for the six months ended June 30,		
(in millions, except ratios)	2015	2014	Change	2015	2014	Change
Credit data and quality statistics						
Net charge-offs:						
Credit Card	$800	$885	(10)%	$1,589	$1,773	(10)%
Auto	32	29	10	83	70	19
Student	46	113	(59)	97	197	(51)
Total net charge-offs	$878	$1,027	(15)	$1,769	$2,040	(13)
Net charge-off rate:						
Credit Card[(a)]	2.61%	2.88%		2.61%	2.90%	
Auto	0.23	0.22		0.30	0.27	
Student	2.07	4.46		2.16	3.86	
Total net charge-off rate	1.88	2.21		1.91	2.21	
Delinquency rates						
30+ day delinquency rate:						
Credit Card[(b)]	1.29	1.41		1.29	1.41	
Auto	0.95	0.93		0.95	0.93	
Student[(c)]	2.00	2.67		2.00	2.67	
Total 30+ day delinquency rate	1.22	1.34		1.22	1.34	
90+ day delinquency rate – Credit Card[(b)]	0.63	0.69		0.63	0.69	
Nonperforming assets[(d)]	$374	$301	24	$374	$301	24
Allowance for loan losses:						
Credit Card	$3,434	$3,594	(4)	$3,434	$3,594	(4)
Auto & Student	698	850	(18)	698	850	(18)
Total allowance for loan losses	$4,132	$4,444	(7)%	$4,132	$4,444	(7)%
Allowance for loan losses to period-end loans:						
Credit Card[(b)]	2.75%	2.86%		2.75%	2.86%	
Auto & Student	1.07	1.35		1.07	1.35	
Total allowance for loan losses to period-end loans	2.18	2.36		2.18	2.36	

(a) Average credit card loans included loans held-for-sale of $1.8 billion and $405 million for the three months ended June 30, 2015 and 2014, respectively, and $2.2 billion and $360 million for the six months ended June 30, 2015 and 2014, respectively. These amounts are excluded when calculating the net charge-off rate.

(b) Period-end credit card loans included loans held-for-sale of $1.3 billion and $508 million at June 30, 2015 and 2014, respectively. These amounts were excluded when calculating delinquency rates and the allowance for loan losses to period-end loans.

(c) Excluded student loans insured by U.S. government agencies under the FFELP of $546 million and $630 million at June 30, 2015 and 2014, respectively, that are 30 or more days past due. These amounts have been excluded based upon the government guarantee.

(d) Nonperforming assets excluded student loans insured by U.S. government agencies under the FFELP of $282 million and $316 million at June 30, 2015 and 2014, respectively, that are 90 or more days past due. These amounts have been excluded from nonaccrual loans based upon the government guarantee.

Card Services supplemental information

	Three months ended June 30,			Six months ended June 30,		
(in millions, except ratios)	2015	2014	Change	2015	2014	Change
Revenue						

Noninterest revenue	$980	$982	—	$1,838	$1,866	(2)%
Net interest income	2,855	2,789	2	5,756	5,639	2
Total net revenue	3,835	3,771	2	7,594	7,505	1
Provision for credit losses	800	885	(10)	1,589	1,573	1
Noninterest expense	1,478	1,625	(9)	2,940	3,090	(5)
Income before income tax expense	1,557	1,261	23	3,065	2,842	8
Net income	$965	$724	33%	$1,900	$1,689	12%
Percentage of average loans:						
Noninterest revenue	3.16%	3.18%		2.97%	3.05%	
Net interest income	9.20	9.04		9.30	9.21	
Total net revenue	12.35	12.23		12.27	12.26	

CORPORATE & INVESTMENT BANK

For a discussion of the business profile of CIB, see pages 92–96 of JPMorgan Chase's 2014 Annual Report and Line of Business Metrics on pages 180–181.

Selected income statement data

	Three months ended June 30,			Six months ended June 30,		
(in millions, except ratios)	2015	2014	Change	2015	2014	Change
Revenue						
Investment banking fees	$1,825	$1,773	3 %	$3,586	$3,217	11 %
Principal transactions	2,657	2,782	(4)	6,139	5,668	8
Lending- and deposit-related fees	400	449	(11)	797	893	(11)
Asset management, administration and commissions	1,181	1,186	—	2,335	2,365	(1)
All other income	170	329	(48)	450	602	(25)
Noninterest revenue	6,233	6,519	(4)	13,307	12,745	4
Net interest income	2,490	2,746	(9)	4,998	5,362	(7)
Total net revenue[(a)]	8,723	9,265	(6)	18,305	18,107	1
Provision for credit losses	50	(84)	NM	19	(35)	NM
Noninterest expense						
Compensation expense	2,656	2,757	(4)	5,679	5,627	1
Noncompensation expense	2,481	3,301	(25)	5,115	6,035	(15)
Total noninterest expense	5,137	6,058	(15)	10,794	11,662	(7)
Income before income tax expense	3,536	3,291	7	7,492	6,480	16
Income tax expense	1,195	1,160	3	2,614	2,224	18
Net income	$2,341	$2,131	10 %	$4,878	$4,256	15 %
Financial ratios						
Return on common equity	14 %	13 %		15 %	13 %	
Overhead ratio	59	65		59	64 %	
Compensation expense as a percentage of total net revenue	30	30		31	31	

(a) Included tax-equivalent adjustments, predominantly due to income tax credits related to alternative energy investments; income tax credits and amortization of the cost of investments in affordable housing projects; as well as tax-exempt income from municipal bond investments of $396 million and $371 million for the three months ended June 30, 2015 and 2014, respectively, and $828 million and $739 million for the six months ended June 30, 2015 and 2014, respectively.

Selected income statement data

	Three months ended June 30,			Six months ended June 30,		
(in millions)	2015	2014	Change	2015	2014	Change
Revenue by business						
Investment banking revenue[(a)]	$1,746	$1,676	4 %	$3,376	$3,021	12 %
Treasury Services[(b)]	901	924	(2)	1,831	1,851	(1)
Lending[(b)]	302	446	(32)	737	876	(16)
Total Banking[(a)]	2,949	3,046	(3)	5,944	5,748	3
Fixed Income Markets[(a)]	2,931	3,704	(21)	7,085	7,635	(7)
Equity Markets[(a)]	1,576	1,243	27	3,227	2,615	23
Securities Services	995	1,147	(13)	1,929	2,169	(11)
Credit Adjustments & Other[(c)]	272	125	118	120	(60)	NM
Total Markets & Investor Services[(a)]	5,774	6,219	(7)	12,361	12,359	—
Total net revenue	$8,723	$9,265	(6)%	$18,305	$18,107	1%

(a) Effective in the second quarter of 2015, Investment banking revenue (formerly Investment banking fees) incorporates all revenue associated with investment banking activities, and is reported net of investment banking revenue shared with other lines of business; previously such shared revenue had been reported in Fixed Income Markets and Equity Markets. Prior period amounts have been revised to conform with the current period presentation.

(b) Effective in the second quarter of 2015, Trade Finance revenue was transferred from Treasury Services to Lending. Prior period amounts have been revised to conform with the current period presentation.

(c) Consists primarily of credit valuation adjustments (“CVA”) managed by the credit portfolio group, and funding valuation adjustments (“FVA”) and debit valuation adjustments (“DVA”) on OTC derivatives and structured notes. Results are presented net of associated hedging activities and net of CVA and FVA amounts allocated to Fixed Income Markets and Equity Markets.

Quarterly results
Net income was $2.3 billion, up 10%, compared with $2.1 billion in the prior year.
Banking revenue was $2.9 billion, down 3% from the prior year, on lower lending revenue. Investment banking revenue was up 4% compared with the prior year. Advisory fees were up 17% driven by a greater share of fees for completed transactions and growth in industry-wide fee levels. Debt underwriting fees were up 1% reflecting a higher share of fees for high grade bond issuance. Equity underwriting fees were down 5% as industry wide IPO volumes declined. Treasury Services revenue was $901 million, down 2% compared with the prior year, driven by lower net interest income largely offset by higher noninterest revenue. Lending revenue was $302 million, down 32% from the prior year, largely reflecting losses on securities received from restructurings.
Markets & Investor Services revenue was $5.8 billion, down 7% from the prior year. Fixed Income Markets revenue of $2.9 billion was down 21% from the prior year predominantly driven by the impact of business simplification, continued weakness in Credit and Securitized Products and lower revenue in Currencies & Emerging Markets, partially offset by strength in Rates. Equity Markets revenue of $1.6 billion was up 27% primarily on higher derivatives and cash revenue, with strong performance in Asia. Credit Adjustments & Other was a gain of $272 million, primarily driven by net FVA/DVA gains due to wider spreads.
Noninterest expense was $5.1 billion, down 15% from the prior year, driven by business simplification, lower legal expense and lower compensation expense.
The provision for credit losses was $50 million, compared with a benefit of $84 million from the prior year, reflecting higher allowance for loan losses, including the impact of select downgrades within the Oil & Gas portfolio.

Year-to-date results
Net income was $4.9 billion, up 15% compared with $4.3 billion in the prior year. These results reflected both lower noninterest expense of 7% and higher net revenue of 1%. Net revenue was $18.3 billion compared with $18.1 billion in the prior year.
Banking revenue was $5.9 billion, up 3% from the prior year. Investment banking revenue was $3.4 billion, up 12% from the prior year. The increase was primarily driven by higher advisory and debt underwriting fees. Advisory fees of $1.0 billion were up 29% driven by the combined impact of a greater share of fees for completed transactions and growth in industry-wide fee levels. Debt underwriting fees were $1.7 billion, up 7%, primarily driven by the combined impact of a higher share of fees for high grade bond issuance and growth in industry-wide fee levels. Equity underwriting fees of $851 million were up 3% on a higher share of fees compared with the prior year. Treasury Services revenue was $1.8 billion, down 1% compared with the prior year, primarily driven by lower net interest income. Lending revenue was $737 million, down from $876 million in the prior year, primarily driven by losses on securities received from restructurings, as well as lower trade finance revenue.
Markets & Investor Services revenue was $12.4 billion, flat compared with the prior year. Fixed Income Markets revenue of $7.1 billion was down 7% from the prior year driven by business simplification and weakness in Credit and Securitized Products, largely offset by higher revenue in Rates and Currencies & Emerging Markets. Equity Markets revenue of $3.2 billion was up 23% on higher derivatives and cash revenue. Credit Adjustments & Other was a gain of $120 million, primarily driven by net CVA gains, compared with a loss in the prior year.
Noninterest expense was $10.8 billion, down 7% from the prior year, primarily driven by business simplification and lower legal expense.

Selected metrics

(in millions, except headcount)	As of or for the three months ended June 30, 2015	2014	Change	As of or for the six months ended June 30, 2015	2014	Change
Selected balance sheet data (period-end)						
Assets	$819,745	$872,947	(6)%	$819,745	$872,947	(6)%
Loans:						
Loans retained[a]	96,579	99,733	(3)	96,579	99,733	(3)
Loans held-for-sale and loans at fair value	7,211	9,048	(20)	7,211	9,048	(20)
Total loans	103,790	108,781	(5)	103,790	108,781	(5)
Core loans	103,235	104,520	(1)	103,235	104,520	(1)
Equity	62,000	61,000	2	62,000	61,000	2
Selected balance sheet data (average)						
Assets	$845,225	$846,142	—	$855,220	$848,791	1
Trading assets-debt and equity instruments	317,385	317,054	—	314,837	311,627	1
Trading assets-derivative receivables	68,949	59,560	16	73,128	61,811	18
Loans:						
Loans retained[a]	94,711	96,750	(2)	96,900	96,277	1
Loans held-for-sale and loans at fair value	5,504	8,891	(38)	4,786	8,491	(44)
Total loans	100,215	105,641	(5)	101,686	104,768	(3)
Equity	62,000	61,000	2	62,000	61,000	2
Headcount[b]	49,367	51,554	(4)%	49,367	51,554	(4)%

(a) Loans retained includes credit portfolio loans, trade finance loans, other held-for-investment loans and overdrafts.

(b) Effective in the second quarter of 2015, certain technology staff were transferred from CIB to CB; previously reported headcount has been revised to conform with the current presentation. As the related expense for these staff is not material, prior period expenses have not been revised. Prior to the second quarter of 2015 compensation expense related to this headcount was recorded in the CIB, with an allocation to CB (reported in noncompensation expense); commencing with the second quarter, such expense will be recorded as compensation expense in CB and accordingly total noninterest expense related to this headcount in both CB and CIB will remain unchanged.

Selected metrics

(in millions, except ratios and where otherwise noted)	As of or for the three months ended June 30, 2015	2014	Change	As of or for the six months ended June 30, 2015	2014	Change
Credit data and quality statistics						
Net charge-offs/(recoveries)	$(15)	$(4)	(275)%	$(26)	$(5)	(420)%
Nonperforming assets:						
Nonaccrual loans:						
Nonaccrual loans retained[a][b]	324	111	192	324	111	192
Nonaccrual loans held-for-sale and loans at fair value	12	167	(93)	12	167	(93)
Total nonaccrual loans	336	278	21	336	278	21
Derivative receivables	256	361	(29)	256	361	(29)
Assets acquired in loan satisfactions	60	106	(43)	60	106	(43)
Total nonperforming assets	652	745	(12)	652	745	(12)
Allowance for credit losses:						
Allowance for loan losses	1,086	1,112	(2)	1,086	1,112	(2)
Allowance for lending-related commitments	437	479	(9)	437	479	(9)
Total allowance for credit losses	1,523	1,591	(4)%	1,523	1,591	(4)%

Net charge-off/(recovery) rate[a]	(0.06)%	(0.02)%	(0.05)%	(0.01)%
Allowance for loan losses to period-end loans retained[a]	1.12	1.11	1.12	1.11
Allowance for loan losses to period-end loans retained, excluding trade finance and conduits[c]	1.73	1.80	1.73	1.80
Allowance for loan losses to nonaccrual loans retained[a][b]	335	1,002	335	1,002
Nonaccrual loans to total period-end loans	0.32 %	0.26 %	0.32 %	0.26 %

(a) Loans retained includes credit portfolio loans, trade finance loans, other held-for-investment loans and overdrafts.

(b) Allowance for loan losses of $64 million and $22 million were held against these nonaccrual loans at June 30, 2015 and 2014, respectively.

(c) Management uses allowance for loan losses to period-end loans retained, excluding trade finance and conduits, a non-GAAP financial measure, to provide a more meaningful assessment of CIB’s allowance coverage ratio.

31

Business metrics

	Three months ended June 30,			Six months ended June 30,		
(in millions, except where otherwise noted)	2015	2014	Change	2015	2014	Change
Advisory	$466	$397	17%	$1,008	$780	29%
Equity underwriting	452	477	(5)	851	830	3
Debt underwriting	907	899	1	1,727	1,607	7
Total investment banking fees	$1,825	$1,773	3%	$3,586	$3,217	11%

League table results – wallet share

	Six months ended June 30, 2015		Full-year 2014	
	Share	Rank	Share	Rank
Based on fees[a]				
Debt, equity and equity-related				
Global	8.0 %	#1	7.6 %	#1
U.S.	11.8	1	10.7	1
Long-term debt[b]				
Global	8.6	1	8.0	1
U.S.	11.7	1	11.6	1
Equity and equity-related				
Global[c]	7.4	2	7.1	3
U.S.	12.0	1	9.6	2
M&A[d]				
Global	8.9	2	8.0	2
U.S.	10.4	2	9.8	2
Loan syndications				
Global	8.5	1	9.3	1
U.S.	11.2	1	13.1	1
Global investment banking fees[e]	8.3 %	#1	8.1 %	#1

League table results – volumes

	Six months ended June 30, 2015		Full-year 2014	
	Share	Rank	Share	Rank
Based on volumes[f]				
Debt, equity and equity-related				
Global	7.3 %	#1	6.8 %	#1
U.S.	12.3	1	11.8	1
Long-term debt[b]				
Global	7.3	1	6.7	1
U.S.	11.7	1	11.3	1
Equity and equity-related				
Global[c]	7.6	2	7.5	3
U.S.	13.7	1	11.0	2
M&A announced[d]				
Global	24.4	3	20.5	2
U.S.	29.6	3	25.2	3
Loan syndications				

Global	11.1		1	12.3		1
U.S.	16.5	%	#1	19.0	%	#1

(a) Source: Dealogic. Reflects the ranking of revenue wallet and market share

(b) Long-term debt rankings include investment-grade, high-yield, supranationals, sovereigns, agencies, covered bonds, asset-backed securities ("ABS") and mortgage-backed securities; and exclude money market, short-term debt, and U.S. municipal securities.

(c) Global equity and equity-related rankings include rights offerings and Chinese A-Shares.

(d) M&A and Announced M&A rankings reflect the removal of any withdrawn transactions. U.S. M&A revenue wallet represents wallet from client parents based in the U.S. U.S. announced M&A volumes represents any U.S. involvement ranking.

(e) Global investment banking fees per Dealogic exclude money market, short-term debt and shelf deals.

(f) Source: Dealogic. Reflects transaction volume and market share. Global announced M&A is based on transaction value at announcement; because of joint M&A assignments, M&A market share of all participants will add up to more than 100%. All other transaction volume-based rankings are based on proceeds, with full credit to each book manager/equal if joint.

Business metrics

(in millions, except where otherwise noted)	As of or for the three months ended June 30, 2015	2014	Change	As of or for the six months ended June 30, 2015	2014	Change
Assets under custody ("AUC") by asset class (period-end) (in billions):						
Fixed Income	$12,134	$12,579	(4)%	$12,134	$12,579	(4)%
Equity	6,652	7,275	(9)	6,652	7,275	(9)
Other[(a)]	1,711	1,805	(5)	1,711	1,805	(5)
Total AUC	$20,497	$21,659	(5)	$20,497	$21,659	(5)
Client deposits and other third party liabilities (average)	$401,280	$403,268	—	$422,607	$407,884	4
Trade finance loans (period-end)	21,195	28,291	(25)%	21,195	28,291	(25)%

(a) Consists of mutual funds, unit investment trusts, currencies, annuities, insurance contracts, options and other contracts.

32

International metrics

(in millions, except where otherwise noted)	As of or for the three months ended June 30, 2015	2014	Change	As of or for the six months ended June 30, 2015	2014	Change
Total net revenue[(a)]						
Europe/Middle East/Africa	$2,685	$3,410	(21)%	$6,181	$6,446	(4)%
Asia/Pacific	1,358	1,127	20	2,621	2,172	21
Latin America/Caribbean	220	290	(24)	551	566	(3)
Total international net revenue	4,263	4,827	(12)	9,353	9,184	2
North America	4,460	4,438	—	8,952	8,923	—
Total net revenue	$8,723	$9,265	(6)	$18,305	$18,107	1
Loans (period-end)[(a)]						
Europe/Middle East/Africa	$25,874	$29,831	(13)	$25,874	$29,831	(13)
Asia/Pacific	17,430	25,004	(30)	17,430	25,004	(30)
Latin America/Caribbean	8,768	8,811	—	8,768	8,811	—
Total international loans	52,072	63,646	(18)	52,072	63,646	(18)
North America	44,507	36,087	23	44,507	36,087	23
Total loans	$96,579	$99,733	(3)	$96,579	$99,733	(3)
Client deposits and other third-party liabilities (average)[(a)]						
Europe/Middle East/Africa	$149,055	$147,859	1	$154,217	$147,205	5
Asia/Pacific	64,860	65,387	(1)	67,872	63,165	7
Latin America/Caribbean	23,518	23,619	—	23,480	22,834	3
Total international	$237,433	$236,865	—	$245,569	$233,204	5
North America	163,847	166,403	(2)	177,038	174,680	1
Total client deposits and other third-party liabilities	$401,280	$403,268	—	$422,607	$407,884	4
AUC (period-end) (in billions)[(a)]						
North America	$12,068	$11,764	3	$12,068	$11,764	3
All other regions	8,429	9,895	(15)	8,429	9,895	(15)
Total AUC	$20,497	$21,659	(5)%	$20,497	$21,659	(5)%

(a) Total net revenue is based predominantly on the domicile of the client or location of the trading desk, as applicable. Loans outstanding (excluding loans held-for-sale and loans at fair value), client deposits and other third-party liabilities, and AUC are based predominantly on the domicile of the client.

33

COMMERCIAL BANKING

For a discussion of the business profile of CB, see pages 97–99 of JPMorgan Chase's 2014 Annual Report and Line of Business Metrics on page 181.

Selected income statement data

	Three months ended June 30,			Six months ended June 30,		
(in millions)	2015	2014	Change	2015	2014	Change
Revenue						
Lending- and deposit-related fees	$242	$252	(4)%	$479	$498	(4)%
Asset management, administration and commissions	22	26	(15)	46	49	(6)
All other income[(a)]	345	299	15	720	588	22
Noninterest revenue	609	577	6	1,245	1,135	10
Net interest income	1,130	1,154	(2)	2,236	2,274	(2)
Total net revenue[(b)]	1,739	1,731	—	3,481	3,409	2
Provision for credit losses	182	(67)	NM	243	(62)	NM
Noninterest expense						
Compensation expense	308	292	5	617	599	3
Noncompensation expense	395	383	3	795	762	4
Total noninterest expense	703	675	4	1,412	1,361	4
Income before income tax expense	854	1,123	(24)	1,826	2,110	(13)
Income tax expense	329	446	(26)	703	839	(16)
Net income	$525	$677	(22)%	$1,123	$1,271	(12)%

(a) Includes revenue from investment banking products and commercial card transactions.

(b) Total net revenue included tax-equivalent adjustments from income tax credits related to equity investments in designated community development entities that provide loans to qualified businesses in low-income communities, as well as tax-exempt income from municipal bond activity of $115 million and $105 million for the three months ended June 30, 2015 and 2014, respectively, and $228 million and $209 million for the six months ended June 30, 2015 and 2014, respectively.

Quarterly results

Net income was $525 million, a decrease of 22% compared with the prior year, driven by a higher provision for credit losses.

Net revenue was $1.7 billion, flat compared with the prior year. Net interest income was $1.1 billion, down 2% compared with the prior year, reflecting spread compression, largely offset by higher lending balances. Noninterest revenue was $609 million, up 6% compared with the prior year, driven by higher investment banking revenue.

Noninterest expense was $703 million, up 4% compared with the prior year, driven by higher investment in controls.

The provision for credit losses was $182 million, $249 million higher than the prior year, driven by an increase in the allowance for loan losses due to select downgrades.

Year-to-date results

Net income was $1.1 billion, a decrease of 12% compared with the prior year, driven by a higher provision for credit losses and higher noninterest expense, offset by higher investment banking revenue.

Net revenue was $3.5 billion, up 2% compared with prior year. Net interest income was $2.2 billion, down 2% compared with the prior year, reflecting spread compression, largely offset by higher lending and deposit balances.

Noninterest expense was $1.4 billion, up 4% compared with the prior year, driven by higher investment in controls.

The provision for credit losses was $243 million, $305 million higher than the prior year, predominantly related to an increase in the allowance for loan losses due to select downgrades.

Selected metrics

	Three months ended June 30,			Six months ended June 30,		
(in millions, except ratios)	2015	2014	Change	2015	2014	Change
Revenue by product						
Lending[(a)]	$867	$850	2 %	$1,692	$1,687	— %
Treasury services[(a)]	646	687	(6)	1,293	1,354	(5)
Investment banking	196	166	18	444	312	42
Other[(a)]	30	28	7	52	56	(7)
Total Commercial Banking net revenue	$1,739	$1,731	—	$3,481	$3,409	2
Investment banking revenue, gross[(b)]	$589	$481	22	$1,342	$928	45
Revenue by client segment						
Middle Market Banking[(c)]	$688	$713	(4)	$1,365	$1,413	(3)
Corporate Client Banking[(c)]	532	494	8	1,096	956	15
Commercial Term Lending	318	313	2	626	627	—
Real Estate Banking	117	132	(11)	233	251	(7)
Other	84	79	6	161	162	(1)
Total Commercial Banking net revenue	$1,739	$1,731	— %	$3,481	$3,409	2 %
Financial ratios						
Return on common equity	14%	19 %		15 %	18 %	
Overhead ratio	40	39		41	40	

(a) Effective in the second quarter of 2015, Commercial Card and Chase Commerce Solutions/Paymentech product revenue was reclassified from Lending and Other, respectively, to Treasury Services. Prior period amounts were revised to conform with the current period presentation.

(b) Represents the total revenue from investment banking products sold to CB clients.

(c) Effective in the first quarter of 2015, mortgage warehouse lending clients were transferred from Middle Market Banking to Corporate Client Banking. Prior period revenue, period-end loans, and average loans by client segment were revised to conform with the current period presentation.

Selected metrics (continued)

(in millions, except headcount)	As of or for the three months ended June 30, 2015	2014	Change	As of or for the six months ended June 30, 2015	2014	Change
Selected balance sheet data (period-end)						
Total assets	$201,377	$192,523	5 %	$201,377	$192,523	5 %
Loans:						
Loans retained	157,947	141,181	12	157,947	141,181	12
Loans held-for-sale and loans at fair value	1,506	1,094	38	1,506	1,094	38
Total loans	$159,453	$142,275	12	$159,453	$142,275	12
Core loans	158,568	140,887	13	158,568	140,887	13
Equity	14,000	14,000	—	14,000	14,000	—
Period-end loans by client segment						
Middle Market Banking[(a)]	$51,713	$51,435	1	$51,713	$51,435	1
Corporate Client Banking[(a)]	30,171	23,397	29	30,171	23,397	29
Commercial Term Lending	58,314	50,986	14	58,314	50,986	14
Real Estate Banking	14,231	11,903	20	14,231	11,903	20
Other	5,024	4,554	10	5,024	4,554	10
Total Commercial Banking loans	$159,453	$142,275	12	$159,453	$142,275	12
Selected balance sheet data (average)						
Total assets	$198,740	$192,363	3	$197,341	$192,554	2
Loans:						
Loans retained	155,110	139,848	11	152,435	138,259	10
Loans held-for-sale and loans at fair value	870	982	(11)	715	1,010	(29)
Total loans	$155,980	$140,830	11	$153,150	$139,269	10
Client deposits and other third-party liabilities	197,004	199,979	(1)	203,489	201,453	1
Equity	14,000	14,000	—	14,000	14,000	—
Average loans by client segment						
Middle Market Banking[(a)]	$51,440	$51,352	—	$50,991	$51,014	—
Corporate Client Banking[(a)]	28,986	22,846	27	27,826	22,379	24
Commercial Term Lending	56,814	50,451	13	55,790	49,926	12
Real Estate Banking	13,732	11,724	17	13,603	11,567	18
Other	5,008	4,457	12	4,940	4,383	13
Total Commercial Banking loans	$155,980	$140,830	11	$153,150	$139,269	10
Headcount[(b)]	7,568	7,330	3 %	7,568	7,330	3 %

(a) Effective in the first quarter of 2015, mortgage warehouse lending clients were transferred from Middle Market Banking to Corporate Client Banking. Prior period revenue, period-end loans, and average loans by client segment were revised to conform with the current period presentation.

(b) Effective in the second quarter of 2015, certain technology staff were transferred from CIB to CB; previously reported headcount has been revised to conform with the current presentation. As the related expense for these staff is not material, prior period expenses have not been revised. Prior to the second quarter of 2015, compensation expense related to this headcount was recorded in the CIB, with an allocation to CB (reported in noncompensation expense); commencing with the second quarter, such expense will be recorded as compensation expense in CB and accordingly total noninterest expense related to this headcount in both CB and CIB will remain unchanged.

Selected metrics (continued)

(in millions, except ratios)	As of or for the three months ended June 30, 2015	2014	Change	As of or for the six months ended June 30, 2015	2014	Change
Credit data and quality statistics						
Net charge-offs/(recoveries)	$(4)	$(26)	85%	$7	$(40)	NM
Nonperforming assets						
Nonaccrual loans:						
Nonaccrual loans retained[(a)]	384	429	(10)	384	429	(10)%
Nonaccrual loans held-for-sale and loans at fair value	14	17	(18)	14	17	(18)
Total nonaccrual loans	398	446	(11)	398	446	(11)
Assets acquired in loan satisfactions	5	12	(58)	5	12	(58)
Total nonperforming assets	403	458	(12)	403	458	(12)
Allowance for credit losses:						
Allowance for loan losses	2,705	2,637	3	2,705	2,637	3
Allowance for lending-related commitments	163	155	5	163	155	5
Total allowance for credit losses	2,868	2,792	3%	2,868	2,792	3%
Net charge-off/(recovery) rate[(b)]	(0.01)%	(0.07)%		0.01%	(0.06)%	
Allowance for loan losses to period-end loans retained	1.71	1.87		1.71	1.87	
Allowance for loan losses to nonaccrual loans retained[(a)]	704	615		704	615	
Nonaccrual loans to period-end total loans	0.25	0.31		0.25	0.31	

(a) Allowance for loan losses of $42 million and $75 million was held against nonaccrual loans retained at June 30, 2015 and 2014, respectively.

(b) Loans held-for-sale and loans at fair value were excluded when calculating the net charge-off/ (recovery) rate.

ASSET MANAGEMENT

For a discussion of the business profile of AM, see pages 100–102 of JPMorgan Chase's 2014 Annual Report and Line of Business Metrics on pages 181–182.

Selected income statement data

(in millions, except ratios and headcount)	Three months ended June 30,			Six months ended June 30,		
	2015	2014	Change	2015	2014	Change
Revenue						
Asset management, administration and commissions	$2,381	$2,242	6 %	$4,610	$4,342	6 %
All other income	163	138	18	318	256	24
Noninterest revenue	2,544	2,380	7	4,928	4,598	7
Net interest income	631	602	5	1,252	1,184	6
Total net revenue	3,175	2,982	6	6,180	5,782	7
Provision for credit losses	—	1	(100)	4	(8)	NM
Noninterest expense						
Compensation expense	1,299	1,231	6	2,588	2,487	4
Noncompensation expense	1,107	831	33	1,993	1,650	21
Total noninterest expense	2,406	2,062	17	4,581	4,137	11
Income before income tax expense	769	919	(16)	1,595	1,653	(4)
Income tax expense	318	350	(9)	642	630	2
Net income	$451	$569	(21)	$953	$1,023	(7)
Revenue by line of business						
Global Investment Management	$1,670	$1,560	7	$3,203	$2,978	8
Global Wealth Management	1,505	1,422	6	2,977	2,804	6
Total net revenue	$3,175	$2,982	6	$6,180	$5,782	7
Financial ratios						
Return on common equity	19 %	25 %		21 %	22 %	
Overhead ratio	76	69		74	72	
Pretax margin ratio:						
Global Investment Management	26	32		28	29	
Global Wealth Management	22	29		24	28	
Asset Management	24	31		26	29	
Headcount	20,237	20,322	—	20,237	20,322	—
Number of client advisors	2,746	2,828	(3)%	2,746	2,828	(3)%

Quarterly results

Net income was $451 million, a decrease of 21%, reflecting higher noninterest expense, largely offset by higher revenue.

Net revenue was $3.2 billion, an increase of 6%. Net interest income was $631 million, up 5%, driven by higher loan and deposit balances. Noninterest revenue was $2.5 billion, up 7%, on higher market levels and net client inflows into assets under management.

Noninterest expense was $2.4 billion, an increase of 17%, due to higher legal expense, the impact of a loss from a held-for-sale asset and continued investment in both infrastructure and controls.

Year-to-date results

Net income was $1.0 billion, a decrease of 7%, reflecting higher noninterest expense, predominantly offset by higher revenue.

Net revenue was $6.2 billion, an increase of 7%. Net interest income was $1.3 billion, up 6%, driven by higher loan and deposit balances. Noninterest revenue was $4.9 billion, up 7%, on net client inflows into assets under management and higher market levels.

Noninterest expense was $4.6 billion, an increase of 11%, due to higher legal expense, the impact of a loss from a held-for-sale asset and continued investment in both infrastructure and controls.

Selected metrics	As of or for the three months ended June 30,			As of or for the six months ended June 30,		
(in millions, except ranking data and ratios)	2015	2014	Change	2015	2014	Change
% of JPM mutual fund assets rated as 4- or 5-star[a]	54 %	51 %		54 %	51 %	
% of JPM mutual fund assets ranked in 1st or 2nd quartile:[b]						
1 year	78	48		78	48	
3 years	64	67		64	67	
5 years	78	69		78	69	
Selected balance sheet data (period-end)						
Total assets	$134,059	$128,362	4 %	$134,059	$128,362	4 %
Loans[c]	109,336	100,907	8	109,336	100,907	8
Core loans	109,336	100,907	8	109,336	100,907	8
Deposits	141,179	145,655	(3)	141,179	145,655	(3)
Equity	9,000	9,000	—	9,000	9,000	—
Selected balance sheet data (average)						
Total assets	$130,548	$125,492	4	$128,424	$124,088	3
Loans	107,250	98,695	9	105,279	97,186	8
Deposits	152,563	147,747	3	155,386	148,585	5
Equity	9,000	9,000	—	9,000	9,000	—
Credit data and quality statistics						
Net charge-offs	$(1)	$(13)	92	$2	$(8)	NM
Nonaccrual loans	209	182	15	209	182	15
Allowance for credit losses:						
Allowance for loan losses	273	276	(1)	273	276	(1)
Allowance for lending-related commitments	5	5	—	5	5	—
Total allowance for credit losses	278	281	(1)%	278	281	(1)%
Net charge-off rate	—	(0.05)%		—	(0.02)%	
Allowance for loan losses to period-end loans	0.25	0.27		0.25	0.27	
Allowance for loan losses to nonaccrual loans	131	152		131	152	
Nonaccrual loans to period-end loans	0.19	0.18		0.19	0.18	

(a) Represents the "overall star rating" derived from Morningstar for the U.S., the U.K., Luxembourg, Hong Kong and Taiwan domiciled funds; and Nomura "star rating" for Japan domiciled funds. Includes only Global Investment Management retail open ended mutual funds that have a rating. Excludes money market funds, Undiscovered Managers Fund, and Brazil and India domiciled funds.

(b) Quartile ranking sourced from: Lipper for the U.S. and Taiwan domiciled funds; Morningstar for the U.K., Luxembourg and Hong Kong domiciled funds; Nomura for Japan domiciled funds and FundDoctor for South Korea domiciled funds. Includes only Global Investment Management retail open ended mutual funds that are ranked by the aforementioned sources. Excludes money market funds, Undiscovered Managers Fund, and Brazil and India domiciled funds.

(c) Included $24.0 billion and $20.4 billion of prime mortgage loans reported in the Consumer, excluding credit card, loan portfolio at June 30, 2015 and 2014, respectively. For the same periods, excluded $2.4 billion and $3.2 billion, respectively, of prime mortgage loans reported in the Chief Investment Office ("CIO") portfolio within the Corporate segment.

Client assets
Assets under management were $1.8 trillion, an increase of 4% from the prior year, due to net inflows to long-term products and liquidity products.

Client assets were $2.4 trillion, down 2% from the prior year. Excluding Retirement Plan Services, client assets were up 4% compared with the prior year.

Client assets	June 30,		
(in billions)	2015	2014	Change
Assets by asset class			
Liquidity	$466	$435	7 %
Fixed income	357	367	(3)
Equity	380	390	(3)
Multi-asset and alternatives	578	515	12
Total assets under management	1,781	1,707	4
Custody/brokerage/administration/deposits	642	766	(16)
Total client assets	$2,423	$2,473	(2)
Memo:			
Alternatives client assets[(a)]	$173	$163	6
Assets by client segment			
Private Banking	$452	$383	18
Institutional	830	798	4
Retail	499	526	(5)
Total assets under management	$1,781	$1,707	4
Private Banking	$1,080	$1,012	7
Institutional	838	798	5
Retail	505	663	(24)
Total client assets	$2,423	$2,473	(2)%

(a) Represents assets under management, as well as client balances in brokerage accounts.

Client assets (continued)	Three months ended June 30,		Six months ended June 30,	
(in billions)	2015	2014	2015	2014
Assets under management rollforward				
Beginning balance	$1,759	$1,648	$1,744	$1,598
Net asset flows:				
Liquidity	6	(11)	5	(17)
Fixed income	3	20	5	25
Equity	(1)	—	3	3
Multi-asset and alternatives	11	14	21	26
Market/performance/other impacts	3	36	3	72
Ending balance, June 30	$1,781	$1,707	$1,781	$1,707
Client assets rollforward				
Beginning balance	$2,405	$2,394	$2,387	$2,343
Net asset flows	16	21	33	36
Market/performance/other impacts	2	58	3	94
Ending balance, June 30	$2,423	$2,473	$2,423	$2,473

International metrics	As of or for the three months ended June 30,			As of or for the six months ended June 30,		
(in billions, except where otherwise noted)	2015	2014	Change	2015	2014	Change
Total net revenue (in millions)[(a)]						
Europe/Middle East/Africa	$524	$522	—	$995	$1,013	(2)%
Asia/Pacific	302	287	5	588	562	5
Latin America/Caribbean	211	217	(3)	408	415	(2)
Total international net revenue	1,037	1,026	1	1,991	1,990	—
North America	2,138	1,956	9	4,189	3,792	10
Total net revenue	$3,175	$2,982	6	$6,180	$5,782	7
Assets under management						
Europe/Middle East/Africa	$315	$327	(4)	$315	$327	(4)
Asia/Pacific	132	138	(4)	132	138	(4)
Latin America/Caribbean	47	48	(2)	47	48	(2)
Total international assets under management	494	513	(4)	494	513	(4)
North America	1,287	1,194	8	1,287	1,194	8
Total assets under management	$1,781	$1,707	4	$1,781	$1,707	4
Client assets						
Europe/Middle East/Africa	$366	$393	(7)	$366	$393	(7)
Asia/Pacific	183	186	(2)	183	186	(2)
Latin America/Caribbean	114	119	(4)	114	119	(4)
Total international client assets	663	698	(5)	663	698	(5)
North America	1,760	1,775	(1)	1,760	1,775	(1)
Total client assets	$2,423	$2,473	(2)%	$2,423	$2,473	(2)%

(a) Regional revenue is based on the domicile of the client.

CORPORATE

For a discussion of Corporate, see pages 103–104 of JPMorgan Chase's 2014 Annual Report.

Selected income statement data

	As of or for the three months ended June 30,			As of or for the six months ended June 30,		
(in millions, except headcount)	2015	2014	Change	2015	2014	Change
Revenue						
Principal transactions	$67	$28	139 %	$167	$378	(56)%
Securities gains	40	11	264	93	37	151
All other income	(7)	312	NM	(120)	460	NM
Noninterest revenue	100	351	(72)	140	875	(84)
Net interest income	(221)	(510)	57	(474)	(1,035)	54
Total net revenue[(a)]	(121)	(159)	24	(334)	(160)	(109)
Provision for credit losses	1	(10)	NM	(4)	(21)	81
Noninterest expense						
Compensation expense	953	693	38	1,845	1,380	34
Noncompensation expense[(b)]	791	1,091	(27)	1,737	1,774	(2)
Subtotal	1,744	1,784	(2)	3,582	3,154	14
Net expense allocated to other businesses	(1,700)	(1,604)	(6)	(3,386)	(3,140)	(8)
Total noninterest expense	44	180	(76)	196	14	NM
Income/(loss) before income tax expense/(benefit)	(166)	(329)	50	(526)	(153)	(244)
Income tax expense/(benefit)	(606)	(436)	(39)	(1,024)	(375)	(173)
Net income/(loss)	$440	$107	311	$498	$222	124
Total net revenue						
Treasury and CIO	(163)	(342)	52	(541)	(709)	24
Other Corporate [(c)]	42	183	(77)	207	549	(62)
Total net revenue	$(121)	$(159)	24	$(334)	$(160)	(109)
Net income/(loss)						
Treasury and CIO	(112)	(308)	64	(333)	(627)	47
Other Corporate [(c)]	552	415	33	831	849	(2)
Total net income/(loss)	$440	$107	311	$498	$222	124
Selected balance sheet data (period-end)						
Total assets	$822,237	$878,886	(6)	$822,237	$878,886	(6)
Loans	2,480	3,337	(26)	2,480	3,337	(26)
Core loans	2,474	3,309	(25)	2,474	3,309	(25)
Headcount	27,985	24,298	15 %	27,985	24,298	15 %

(a) Included tax-equivalent adjustments, predominantly due to tax-exempt income from municipal bond investments of $202 million and $180 million for the three months ended June 30, 2015 and 2014, respectively, and $405 million and $344 million for the six months ended June 30, 2015 and 2014, respectively.

(b) Included legal expense of $18 million and $227 million for the three months ended June 30, 2015 and 2014, respectively, and $323 million and $225 million for the six months ended June 30, 2015 and 2014, respectively.

(c) Effective with the first quarter of 2015, the Firm began including the results of Private Equity in the Other Corporate line within the Corporate segment. Prior period amounts have been revised to conform with the current period presentation. The Corporate segment's balance sheets and results of operations were not impacted by this reporting change.

Quarterly results

Net Income was $440 million, compared with $107 million in the prior year. The current quarter reflected higher income tax benefits related to audit settlements and lower legal expenses.

Net revenue was a loss of $121 million compared with a loss of $159 million in the prior year. Noninterest revenue decreased compared with the prior year as a result of the absence in the current period of a benefit recognized in the second quarter of 2014 from a franchise tax settlement.

Noninterest expense was $44 million, a decrease of $136 million from the prior year driven by lower legal expense.

Year-to-date results

Net Income was $498 million, compared with $222 million in the prior year. Higher Income tax benefits related to audit settlements were partially offset by higher expense and lower revenue. Treasury & CIO was a net loss of $333 million, which included a $173 million pretax loss primarily related to the accelerated amortization of cash flow hedges associated with the exit of certain non-operational deposits.

Net revenue was a loss of $334 million, compared with a loss of $160 million in the prior year, driven by lower private equity gains.

Noninterest expense was $196 million, an increase of $182 million from the prior year, largely due to higher legal expense.

Treasury and CIO overview

For a discussion of Treasury and CIO, see page 104 of the Firm's 2014 Annual Report.

At June 30, 2015, the total Treasury and CIO investment securities portfolio was $314.0 billion, and the average credit rating of the securities comprising the portfolio was AA+ (based upon external ratings where available and,

where not available, based primarily upon internal ratings that correspond to ratings as defined by S&P and Moody's). See Note 11 for further information on the Firm's investment securities portfolio.

For further information on liquidity and funding risk, see Liquidity Risk Management on pages 74–78. For information on interest rate, foreign exchange and other risks, Treasury and CIO value-at-risk ("VaR") and the Firm's earnings-at-risk, see Market Risk Management on pages 61–64.

Selected income statement and balance sheet data

	As of or for the three months ended June 30,			As of or for the six months ended June 30,		
(in millions)	2015	2014	Change	2015	2014	Change
Securities gains	$40	$11	264 %	$93	$37	151 %
Investment securities portfolio (average)[a]	322,954	348,841	(7)	328,293	347,004	(5)
Investment securities portfolio (period-end)[b]	314,048	353,989	(11)	314,048	353,989	(11)
Mortgage loans (average)	2,599	3,425	(24)	2,694	3,547	(24)
Mortgage loans (period-end)	2,455	3,295	(25)%	2,455	3,295	(25)%

(a) Average investment securities included held-to-maturity balances of $50.7 billion and $47.5 billion for the three months ended June 30, 2015 and 2014, respectively, and $50.0 billion and $45.7 billion for the six months ended June 30, 2015 and 2014, respectively.

(b) Period-end investment securities included held-to-maturity balance of $51.6 billion and $47.8 billion at June 30, 2015 and 2014, respectively.

Private equity portfolio information[a][b]

(in millions)	June 30, 2015	December 31, 2014	Change
Carrying value	$2,718	$5,866	(54)%
Cost	4,252	6,281	(32)%

(a) For more information on the Firm's methodologies regarding the valuation of the private equity portfolio, see Note 3 of JPMorgan Chase's 2014 Annual Report.

(b) The sale of a portion of the Private Equity business was completed on January 9, 2015.

ENTERPRISE-WIDE RISK MANAGEMENT

Risk is an inherent part of JPMorgan Chase's business activities. When the Firm extends a consumer or wholesale loan, advises customers on their investment decisions, makes markets in securities, or conducts any number of other services or activities, the Firm takes on some degree of risk. The Firm's overall objective in managing risk is to protect the safety and soundness of the Firm, avoid excessive risk taking, and manage and balance risk in a manner that serves the interest of its clients, customers and shareholders.

The Firm's approach to risk management covers a broad spectrum of risk areas, such as credit, market, liquidity, model, structural interest rate, principal, country, operational, fiduciary and reputation risk.

The Firm believes that effective risk management requires:

- Acceptance of responsibility, including identification and escalation of risk issues, by all individuals within the Firm;
- Ownership of risk management within each line of business and corporate function; and
- Firmwide structures for risk governance.

Firmwide Risk Management is overseen and managed on an enterprise-wide basis. The Firm's Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Chief Risk Officer ("CRO") and Chief Operating Officer ("COO") develop and set the risk management framework and governance structure for the Firm, which is intended to provide comprehensive controls and ongoing management of the major risks inherent in the Firm's business activities. The Firm's risk management framework is intended to create a culture of transparency, awareness and personal responsibility through reporting, collaboration, discussion, escalation and sharing of information. The CEO, CFO, CRO and COO are ultimately responsible and accountable to the Firm's Board of Directors.

The Firm's risk culture strives for continual improvement through ongoing employee training and development, as well as talent retention. The Firm also approaches its incentive compensation arrangements through an integrated risk, compensation and financial management framework to encourage a culture of risk awareness and personal accountability.

The following provides an index of key risk management disclosures. For further information on these disclosures, refer to the page references noted below in both this Form 10-Q and JPMorgan Chase's 2014 Annual Report.

Risk disclosure	Form 10-Q page reference	Annual Report page reference
Enterprise-Wide Risk Management	44–78	105–160
Risk governance		106–109
Credit Risk Management	45–60	110–130
Credit Portfolio		112
Consumer Credit Portfolio	46–51	113–119
Wholesale Credit Portfolio	52–57	120–127
Allowance For Credit Losses	58–60	128–130
Market Risk Management	61–64	131–136
Risk identification and classification		132
Value-at-risk	61–63	133–135
Economic-value stress testing		135
Earnings-at-risk	64	136
Country Risk Management	65	137–138
Model Risk Management		139
Principal Risk Management		140
Operational Risk Management	66	141–143
Operational Risk Capital Measurement		141–142
Cybersecurity	66	142
Business and Technology resiliency		142–143
Legal Risk Management		144
Compliance Risk Management		144

CREDIT RISK MANAGEMENT

Credit risk is the risk of loss arising from the default of a customer, client or counterparty. The Firm provides credit to a variety of customers, ranging from large corporate and institutional clients to individual consumers and small businesses. For a further discussion of the Firm's Credit Risk Management framework and organization, and the identification, monitoring and management of credit risks, see Credit Risk Management on pages 110–130 of JPMorgan Chase's 2014 Annual Report.

In the following tables, reported loans include loans retained (i.e., held-for-investment); loans held-for-sale (which are carried at the lower of cost or fair value, with valuation changes recorded in noninterest revenue); and certain loans accounted for at fair value. In addition, the Firm records certain loans accounted for at fair value in trading assets. For further information regarding these loans, see Note 3. For additional information on the Firm's loans and derivative receivables, including the Firm's accounting policies, see Note 13 and Note 5, respectively.

For further information regarding the credit risk inherent in the Firm's investment securities portfolio, see Note 11 of this Form 10-Q and Note 12 of JPMorgan Chase's 2014 Annual Report.

For information on the changes in the credit portfolio, see Consumer Credit Portfolio on pages 46–51, and Wholesale Credit Portfolio on pages 52–57 of this Form 10-Q.

Effective January 1, 2015, the Firm no longer includes within its disclosure of wholesale lending-related commitments the unused amount of advised uncommitted lines of credit as it is within the Firm's discretion whether or not to make a loan under these lines, and the Firm's approval is generally required prior to funding. Prior period amounts have been revised to conform with the current period presentation.

Total credit portfolio

	Credit exposure		Nonperforming[b][c][d]	
(in millions)	Jun 30, 2015	Dec 31, 2014	Jun 30, 2015	Dec 31, 2014
Loans retained	$779,705	$747,508	$6,645	$7,017
Loans held-for-sale	9,111	7,217	217	95
Loans at fair value	2,431	2,611	21	21
Total loans – reported	791,247	757,336	6,883	7,133
Derivative receivables	67,451	78,975	256	275
Receivables from customers and other	22,591	29,080	—	—
Total credit-related assets	881,289	865,391	7,139	7,408
Assets acquired in loan satisfactions				
Real estate owned	NA	NA	408	515
Other	NA	NA	41	44
Total assets acquired in loan satisfactions	NA	NA	449	559
Total assets	881,289	865,391	7,588	7,967
Lending-related commitments	935,582	950,997	133	103
Total credit portfolio	$1,816,871	$1,816,388	$7,721	$8,070
Credit portfolio management derivatives notional, net[a]	$(23,548)	$(26,703)	$(12)	$—
Liquid securities and other cash collateral held against derivatives	(18,440)	(19,604)	NA	NA

(in millions, except ratios)	Three months ended June 30, 2015	2014	Six months ended June 30, 2015	2014
Net charge-offs	$1,007	$1,158	$2,059	$2,427
Average retained loans				
Loans – reported	765,730	727,030	757,926	723,798
	721,219	676,168	712,693	672,166

Loans – reported, excluding residential real estate PCI loans				
Net charge-off rates				
Loans – reported	0.53 %	0.64 %	0.55 %	0.68 %
Loans – reported, excluding PCI	0.56	0.69	0.58	0.73

(a) Represents the net notional amount of protection purchased and sold through credit derivatives used to manage both performing and nonperforming wholesale credit exposures; these derivatives do not qualify for hedge accounting under U.S. GAAP. For additional information, see Credit derivatives on page 57 and Note 5.

(b) Excludes PCI loans. The Firm is recognizing interest income on each pool of PCI loans as they are all performing.

(c) At June 30, 2015, and December 31, 2014, nonperforming assets excluded: (1) mortgage loans insured by U.S. government agencies of $7.0 billion and $7.8 billion, respectively, that are 90 or more days past due; (2) student loans insured by U.S. government agencies under the FFELP of $282 million and $367 million, respectively, that are 90 or more days past due; and (3) real estate owned ("REO") insured by U.S. government agencies of $384 million and $462 million, respectively. These amounts have been excluded based upon the government guarantee. In addition, the Firm's policy is generally to exempt credit card loans from being placed on nonaccrual status as permitted by regulatory guidance issued by the Federal Financial Institutions Examination Council ("FFIEC").

(d) At June 30, 2015, and December 31, 2014, total nonaccrual loans represented 0.87% and 0.94%, respectively, of total loans.

CONSUMER CREDIT PORTFOLIO

The Firm’s consumer portfolio consists primarily of residential real estate loans, credit card loans, auto loans, business banking loans, and student loans. The Firm’s focus is on serving the prime segment of the consumer credit

market. For further information on consumer loans, see Note 13 of this Form 10-Q and Consumer Credit Portfolio on pages 113–119 and Note 14 of JPMorgan Chase’s 2014 Annual Report.

The following table presents consumer credit-related information with respect to the credit portfolio held by CCB, prime mortgage and home equity loans held by AM, and prime mortgage loans held by Corporate.

Consumer credit portfolio

					Three months ended June 30,				Six months ended June 30,			
(in millions, except ratios)	Credit exposure		Nonaccrual loans[f][g]		Net charge-offs/(recoveries)[h]		Average annual net charge-off/(recovery) rate[h][i]		Net charge-offs/(recoveries)[h]		Average annual net charge-off/(recovery) rate[h][i]	
	Jun 30, 2015	Dec 31, 2014	Jun 30, 2015	Dec 31, 2014	2015	2014	2015	2014	2015	2014	2015	2014
Consumer, excluding credit card												
Loans, excluding PCI loans and loans held-for-sale												
Home equity – senior lien	$15,541	$16,367	$907	$938	$15	$19	0.38 %	0.46 %	$35	$46	0.44 %	0.55 %
Home equity – junior lien	33,434	36,375	1,461	1,590	56	106	0.66	1.09	127	245	0.74	1.25
Prime mortgage, including option ARMs	132,556	104,921	1,960	2,190	13	(6)	0.04	(0.03)	27	(9)	0.05	(0.02)
Subprime mortgage	3,976	5,056	855	1,036	(1)	(5)	(0.08)	(0.30)	—	8	—	0.23
Auto[a]	56,330	54,536	97	115	32	29	0.23	0.22	83	70	0.30	0.27
Business banking	20,564	20,058	239	279	68	69	1.34	1.44	127	145	1.26	1.53
Student and other	10,574	10,970	253	270	43	105	1.62	3.70	91	180	1.70	3.17
Total loans, excluding PCI loans and loans held-for-sale	272,975	248,283	5,772	6,418	226	317	0.34	0.54	490	685	0.38	0.58
Loans – PCI												
Home equity	16,088	17,095	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Prime mortgage	9,553	10,220	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Subprime mortgage	3,449	3,673	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Option ARMs	14,716	15,708	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total loans – PCI	43,806	46,696	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	316,781	294,979	5,772	6,418	226	317	0.29	0.44	490	685	0.32	0.48

Total loans – retained												
Loans held-for-sale	1,505 (e)	395 (e)	212	91	—	—	—	—	—	—	—	—
Total consumer, excluding credit card loans	318,286	295,374	5,984	6,509	226	317	0.29	0.44	490	685	0.32	0.48
Lending-related commitments[b]	59,817	58,153										
Receivables from customers[c]	113	108										
Total consumer exposure, excluding credit card	378,216	353,635										
Credit card												
Loans retained[d]	124,705	128,027	—	—	800	885	2.61	2.88	1,589	1,773	2.61	2.90
Loans held-for-sale	1,320	3,021	—	—	—	—	—	—	—	—	—	—
Total credit card loans	126,025	131,048	—	—	800	885	2.61	2.88	1,589	1,773	2.61	2.90
Lending-related commitments[b]	523,717	525,963										
Total credit card exposure	649,742	657,011										
Total consumer credit portfolio	$1,027,958	$1,010,646	$5,984	$6,509	$1,026	$1,202	0.95 %	1.17 %	$2,079	$2,458	0.98 %	1.20
Memo: Total consumer credit portfolio, excluding PCI	$984,152	$963,950	$5,984	$6,509	$1,026	$1,202	1.06 %	1.34 %	$2,079	$2,458	1.10 %	1.38

(a) At June 30, 2015, and December 31, 2014, excluded operating lease assets of $7.7 billion and $6.7 billion, respectively.

(b) Credit card and home equity lending-related commitments represent the total available lines of credit for these products. The Firm has not experienced, and does not anticipate, that all available lines of credit would be used at the same time. For credit card and home equity commitments (if certain conditions are met), the Firm can reduce or cancel these lines of credit by providing the borrower notice or, in some cases as permitted by law, without notice.

(c) Receivables from customers represent margin loans to retail brokerage customers, and are included in accrued interest and accounts receivable on the Consolidated Balance Sheets.

(d) Includes accrued interest and fees net of an allowance for the uncollectible portion of accrued interest and fee income.

(e) Predominantly represents prime mortgage loans held-for-sale.

(f) At June 30, 2015, and December 31, 2014, nonaccrual loans excluded: (1) mortgage loans insured by U.S. government agencies of $7.0 billion and $7.8 billion, respectively, that are 90 or more days past due; and (2) student loans insured by U.S. government agencies under the FFELP of $282 million and $367 million, respectively, that are 90 or more days past due. These amounts have been excluded from nonaccrual loans based upon the government guarantee. In addition, credit card loans are generally exempt from being placed on nonaccrual status, as permitted by regulatory guidance.

(g) Excludes PCI loans. The Firm is recognizing interest income on each pool of PCI loans as they are all performing.

(h) Net charge-offs and the net charge-off rates excluded write-offs in the PCI portfolio of $55 million and $48 million for the three months ended June 30, 2015 and 2014, respectively, and $110 million and $109 million for the six months ended June 30, 2015 and 2014, respectively. These write-offs decreased the allowance for loan losses for PCI loans. See Consumer Credit Portfolio on pages 113–119 of JPMorgan Chase's 2014 Annual Report for further details.

(i) Average consumer loans held-for-sale were $2.1 billion and $710 million for the three months ended June 30, 2015 and 2014, respectively, and $2.5 billion and $683 million for the six months ended June 30, 2015 and 2014, respectively. These amounts were excluded when calculating net charge-off rates.

Consumer, excluding credit card

Portfolio analysis

Consumer loan balances increased during the six months ended June 30, 2015, predominantly due to originations of high-quality prime mortgage loans that have been retained, partially offset by paydowns and the charge-off or liquidation of delinquent loans. Credit performance has improved across most portfolios as the economy strengthened and home prices increased.

In the following discussion of loan and lending-related categories, PCI loans are excluded from individual loan product discussions and are addressed separately below. For further information about the Firm's consumer portfolio, including information about delinquencies, loan modifications and other credit quality indicators, see Note 14 of JPMorgan Chase's 2014 Annual Report.

Home equity: The home equity portfolio declined from 2014 year-end primarily reflecting loan paydowns and charge-offs. Early-stage delinquencies showed improvement from December 31, 2014. Late-stage delinquencies continue to be elevated as improvement in the number of loans becoming severely delinquent was offset by lower write-downs on these delinquent loans, reflecting higher collateral values. Both senior and junior lien nonaccrual loans decreased from December 31, 2014. Net charge-offs for the three and six months ended June 30, 2015 for both senior and junior lien home equity loans declined when compared with the same period of the prior year as a result of improvement in home prices and delinquencies, but charge-offs remain elevated compared with pre-recessionary levels.

Approximately 15% of the Firm's home equity portfolio consists of home equity loans ("HELOANs") and the remainder consists of home equity lines of credit ("HELOCs"). Approximately half of the HELOANs are senior liens and the remainder are junior liens. For further information on the Firm's home equity portfolio, see Consumer Credit Portfolio on pages 113–119 of JPMorgan Chase's 2014 Annual Report.

The unpaid principal balance of HELOCs outstanding was $44 billion at June 30, 2015. Of this $44 billion, approximately $5 billion has recently recast from interest-only to fully amortizing payments and based upon contractual terms, approximately $21 billion is scheduled to recast, comprised of $3 billion during the remainder of 2015, $7 billion in 2016, $6 billion in 2017 and $5 billion in 2018 and beyond. However, of the total $21 billion scheduled to recast, $14 billion is expected to actually recast; and the remaining $7 billion represents loans to borrowers who are expected either to pre-pay or charge-off prior to recast. The Firm has considered this payment recast risk in its allowance for loan losses based upon the estimated amount of payment shock (i.e., the excess of the fully-amortizing payment over the interest-only payment in effect prior to recast) expected to occur at the payment recast date, along with the corresponding estimated probability of default and loss severity assumptions. Certain factors, such as future developments in both unemployment rates and home prices, could have a significant impact on the performance of these loans.

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 exhibiting a material deterioration in their credit risk profile. The Firm will continue to evaluate both the near-term and longer-term repricing and recast risks inherent in its HELOC portfolio to ensure that changes in the Firm's estimate of incurred losses are appropriately considered in the allowance for loan losses and that the Firm's account management practices are appropriate given the portfolio's risk profile.

High-risk seconds are junior lien loans where the borrower has a senior lien loan that is either delinquent or has been modified. Such loans are considered to pose a higher risk of default than junior lien loans for which the senior lien is neither delinquent nor modified. At June 30, 2015, the Firm estimated that its home equity portfolio contained approximately $1.5 billion of current junior lien loans that were considered high risk seconds, compared with $1.8 billion at December 31, 2014. The Firm estimates the balance of its total exposure to high-risk seconds on a quarterly basis using internal data and loan level credit bureau data (which typically provides the delinquency status of the senior lien). The estimated balance of these high-risk seconds may vary from quarter to quarter for reasons such as the movement of related senior liens into and out of the 30+ day delinquency bucket.

Current high-risk seconds

(in billions)	June 30, 2015	December 31, 2014
Junior liens subordinate to:		
Modified current senior lien	$0.6	$0.7
Senior lien 30 – 89 days delinquent	0.4	0.5
Senior lien 90 days or more delinquent[(a)]	0.5	0.6
Total current high-risk seconds	$1.5	$1.8

(a) Junior liens subordinate to senior liens that are 90 days or more past due are classified as nonaccrual loans. At June 30, 2015 and December 31, 2014, excluded approximately $40 million and approximately $50 million, respectively, of junior liens that are performing but not current, which were placed on nonaccrual status in accordance with the regulatory guidance.

Of the estimated $1.5 billion of high-risk junior liens at June 30, 2015, the Firm owns approximately 10% and services approximately 25% of the related senior lien loans to the same borrowers. The performance of the Firm's junior lien loans is generally consistent regardless of whether the Firm owns or services, or does not own or service, the senior lien. The increased probability of default associated with these higher-risk junior lien loans was considered in estimating the allowance for loan losses.

Mortgage: Prime mortgages, including option adjustable-rate mortgages ("ARMs") and loans held-for-sale, increased from December 31, 2014 as originations of high-quality loans that have been retained were partially offset by paydowns, the runoff of option ARM loans and the charge-off or liquidation of delinquent loans. Excluding loans insured by U.S. government agencies, both early-stage and late-stage delinquencies showed improvement from December 31, 2014. Nonaccrual loans decreased from December 31, 2014, but remain elevated primarily as a result of loss mitigation activities. Net charge-offs for the three and six months ended June 30, 2015 remain low, reflecting continued improvement in home prices and delinquencies.

At June 30, 2015, and December 31, 2014, the Firm's prime mortgage portfolio included $11.7 billion and $12.4 billion, respectively, of mortgage loans insured and/or guaranteed by U.S. government agencies, of which $8.8 billion and $9.7 billion, respectively, were 30 days or more past due (of these past due loans, $7.0 billion and $7.8 billion, respectively, were 90 days or more past due). The Firm has entered into a settlement regarding loans insured under federal mortgage insurance programs overseen by the FHA, HUD, and VA; the Firm will continue to monitor exposure on future claim payments for government insured loans, but any financial impact related to exposure on future claims is not expected to be significant and was considered in estimating the allowance for loan losses. For further discussion of the settlement, see Note 31 of JPMorgan Chase's 2014 Annual Report.

At June 30, 2015, and December 31, 2014, the Firm's prime mortgage portfolio included $16.8 billion and $16.3 billion, respectively, of interest-only loans, which represented 12% and 15%, respectively, of the prime mortgage portfolio. These loans have an interest-only payment period generally followed by an adjustable-rate or fixed-rate fully amortizing payment period to maturity and are typically originated as higher-balance loans to higher-income borrowers. To date, losses on this portfolio generally have been consistent with the broader prime mortgage portfolio and the Firm's expectations. The Firm continues to monitor the risks associated with these loans.

Subprime mortgages continued to decrease due to portfolio runoff. Early-stage and late-stage delinquencies have improved from December 31, 2014. Net charge-offs for the three and six months ended June 30, 2015 have benefited from improvement in home prices and delinquencies compared with the prior year.

Auto: Auto loans increased compared with December 31, 2014 as new originations outpaced paydowns and payoffs. Nonaccrual loans improved compared with December 31, 2014. Net charge-offs for the three and six months ended June 30, 2015 increased compared with the same periods of the prior year, reflecting higher average loss per default as new car prices have increased but used car valuations remained essentially flat. The auto loan portfolio predominantly consists of prime-quality credits.

Business banking: Business banking loans increased compared with December 31, 2014 as new originations outpaced paydowns and payoffs. Nonaccrual loans improved compared with December 31, 2014. Net charge-offs for the three and six months ended June 30, 2015 decreased from the same periods of the prior year.

Student and other: Student and other loans decreased from December 31, 2014, due primarily to the runoff of the student loan portfolio. Student nonaccrual loans decreased from December 31, 2014. Net charge-offs for the three and six months ended June 30, 2015 decreased from the same periods of the prior year.

Purchased credit-impaired loans: PCI loans acquired in the Washington Mutual transaction decreased as the portfolio continues to run off.

As of June 30, 2015, approximately 15% of the option ARM PCI loans were delinquent and approximately 64% of the portfolio has been modified into fixed-rate, fully amortizing loans. Substantially all of the remaining loans are making amortizing payments, although such payments are not necessarily fully amortizing. This latter group of loans is subject to the risk of payment shock due to future payment recast. Default rates generally increase on option ARM loans when payment recast results in a payment increase. The expected increase in default rates is considered in the Firm’s quarterly impairment assessment.

The following table provides a summary of lifetime principal loss estimates included in either the nonaccretable difference or the allowance for loan losses.

Summary of PCI loans lifetime principal loss estimates

(in billions)	Lifetime loss estimates[(a)] Jun 30, 2015	Dec 31, 2014	LTD liquidation losses[(b)] Jun 30, 2015	Dec 31, 2014
Home equity	$14.6	$14.6	$12.6	$12.4
Prime mortgage	3.8	3.8	3.6	3.5
Subprime mortgage	3.4	3.3	3.0	2.8
Option ARMs	9.9	9.9	9.4	9.3
Total	$31.7	$31.6	$28.6	$28.0

(a) Includes the original nonaccretable difference established in purchase accounting of $30.5 billion for principal losses plus additional principal losses recognized subsequent to acquisition through the provision and allowance for loan losses. The remaining nonaccretable difference for principal losses was $1.8 billion and $2.3 billion at June 30, 2015, and December 31, 2014, respectively.

(b) Life-to-date ("LTD") liquidation losses represent both realization of loss upon loan resolution and any principal forgiven upon modification.

Current estimated LTVs of residential real estate loans

The current estimated average loan-to-value ("LTV") ratio for residential real estate loans retained, excluding mortgage loans insured by U.S. government agencies and PCI loans, was 61% at both June 30, 2015 and December 31, 2014. The following table presents the current estimated LTV ratios for PCI loans, as well as the ratios of the carrying value of the underlying loans to the current estimated collateral value. Because such loans were initially measured at fair value, the ratios of the carrying value to the current estimated collateral value will be lower than the current estimated LTV ratios, which are based on the unpaid principal balances. The estimated collateral values used to calculate these ratios do not represent actual appraised loan-level collateral values; as such, the resulting ratios are necessarily imprecise and should therefore be viewed as estimates.

LTV ratios and ratios of carrying values to current estimated collateral values – PCI loans

(in millions, except ratios)	June 30, 2015 Unpaid principal balance	Current estimated LTV ratio[(a)]	Net carrying value[(c)]	Ratio of net carrying value to current estimated collateral value[(c)]	December 31, 2014 Unpaid principal balance	Current estimated LTV ratio[(a)]	Net carrying value[(c)]	Ratio of net carrying value to current estimated collateral value[(c)]
Home equity	$16,496	80 %[(b)]	$14,330	70 %	$17,740	83 %[(b)]	$15,337	72 %
Prime mortgage	9,580	73	8,470	64	10,249	76	9,027	67
Subprime mortgage	4,331	79	3,269	59	4,652	82	3,493	62
Option ARMs	15,338	71	14,522	67	16,496	74	15,514	70

(a) Represents the aggregate unpaid principal balance of loans divided by the estimated current property value. Current property values are estimated at least quarterly based on home valuation models that utilize nationally recognized home price index valuation estimates; such models incorporate actual data to the extent available and forecasted data where actual data is not available.

(b) Represents current estimated combined LTV for junior home equity liens, which considers all available lien positions, as well as unused lines, related to the property. All other products are presented without consideration of subordinate liens on the property.

(c)

Net carrying value includes the effect of fair value adjustments that were applied to the consumer PCI portfolio at the date of acquisition and is also net of the allowance for loan losses at June 30, 2015, and December 31, 2014 of $1.1 billion and $1.2 billion for prime mortgage, respectively, and $194 million for option ARMs, $1.8 billion for home equity, and $180 million for subprime mortgage for both periods.

The current estimated average LTV ratios were 74% and 83% for California and Florida PCI loans, respectively, at June 30, 2015, compared with 77% and 88%, respectively, at December 31, 2014. Average LTV ratios have declined consistent with recent improvements in home prices. Although home prices have improved, home prices in most areas of California and Florida are still lower than at the peak of the housing market; this continues to negatively contribute to current estimated average LTV ratios and the ratio of net carrying value to current estimated collateral value for loans in the PCI portfolio.
For further information on current estimated LTVs on residential real estate loans, see Note 13.

Geographic composition of residential real estate loans
For information on the geographic composition of the Firm’s residential real estate loans, see Note 13.
Loan modification activities – residential real estate loans
The performance of modified loans generally differs by product type due to differences in both the credit quality and the types of modifications provided. Performance metrics for modifications to the residential real estate portfolio, excluding PCI loans, that have been seasoned more than six months show weighted-average redefault rates of 19% for senior lien home equity, 22% for junior lien home equity, 17% for prime mortgages including option ARMs, and 29% for subprime mortgages. The cumulative performance metrics for modifications to the PCI residential real estate portfolio that have been seasoned more than six months show weighted average redefault rates of 20% for home equity, 18% for prime mortgages, 16% for option ARMs and 32% for subprime mortgages. The favorable performance of the PCI option ARM

modifications is the result of a targeted proactive program which fixed the borrower's payment to the amount at the point of modification. The cumulative redefault rates reflect the performance of modifications completed under both the Home Affordable Modification Program ("HAMP") and the Firm's proprietary modification programs (primarily the Firm's modification program that was modeled after HAMP) from October 1, 2009, through June 30, 2015.
Certain loans that were modified under HAMP and the Firm's proprietary modification programs have interest rate reset provisions ("step-rate modifications"). Interest rates on these loans generally began to increase beginning in 2014 by 1% per year until the rate reaches a specified cap, typically at a prevailing market interest rate for a fixed-rate loan as of the modification date. The carrying value of non-PCI loans modified in step-rate modifications was $4 billion at June 30, 2015, with $1 billion that have recently experienced or are scheduled to experience the initial interest rate increase in 2015 and $1 billion that are scheduled to experience the initial rate increase in both 2016 and 2017. The unpaid principal balance of PCI loans modified in step-rate modifications was $10 billion at June 30, 2015, with $2 billion that have recently experienced or are scheduled to experience the initial interest rate increase in 2015, and $3 billion, and $2 billion scheduled to experience the initial interest rate increase in 2016 and 2017, respectively. The impact of these potential interest rate increases is considered in the Firm's allowance for loan losses. The Firm will continue to monitor this risk exposure to ensure that it is appropriately considered in the Firm's allowance for loan losses.
The following table presents information as of June 30, 2015, and December 31, 2014, relating to modified retained residential real estate loans for which concessions have been granted to borrowers experiencing financial difficulty. For further information on modifications for the three and six months ended June 30, 2015 and 2014, see Note 13.

Modified residential real estate loans

	June 30, 2015		December 31, 2014	
(in millions)	Retained loans	Non-accrual retained loans(d)	Retained loans	Non-accrual retained loans(d)
Modified residential real estate loans, excluding PCI loans(a)(b)				
Home equity – senior lien	$1,077	$609	$1,101	$628
Home equity – junior lien	1,279	609	1,304	632
Prime mortgage, including option ARMs	5,093	1,433	6,145	1,559
Subprime mortgage	1,951	752	2,878	931
Total modified residential real estate loans, excluding PCI loans	$9,400	$3,403	$11,428	$3,750
Modified PCI loans(c)				
Home equity	$2,524	NA	$2,580	NA
Prime mortgage	5,991	NA	6,309	NA
Subprime mortgage	3,432	NA	3,647	NA
Option ARMs	11,029	NA	11,711	NA
Total modified PCI loans	$22,976	NA	$24,247	NA

(a) Amounts represent the carrying value of modified residential real estate loans.
(b) At June 30, 2015, and December 31, 2014, $4.5 billion and $4.9 billion, respectively, of loans modified subsequent to repurchase from Ginnie Mae in accordance with the standards of the appropriate government agency (i.e., FHA, VA, 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. For additional information about sales of loans in securitization transactions with Ginnie Mae, see Note 15.
(c) Amounts represent the unpaid principal balance of modified PCI loans.
(d) As of June 30, 2015, and December 31, 2014, nonaccrual loans included $2.6 billion and $2.9 billion, respectively, of troubled debt restructurings ("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, see Note 13.

Nonperforming assets

The following table presents information as of June 30, 2015, and December 31, 2014, about consumer, excluding credit card, nonperforming assets.

Nonperforming assets[(a)]

(in millions)	June 30, 2015	December 31, 2014
Nonaccrual loans[(b)]		
Residential real estate	$5,395	$5,845
Other consumer	589	664
Total nonaccrual loans	5,984	6,509
Assets acquired in loan satisfactions		
Real estate owned	342	437
Other	34	36
Total assets acquired in loan satisfactions	376	473
Total nonperforming assets	$6,360	$6,982

(a) At June 30, 2015, and December 31, 2014, nonperforming assets excluded: (1) mortgage loans insured by U.S. government agencies of $7.0 billion and $7.8 billion, respectively, that are 90 or more days

50

past due; (2) student loans insured by U.S. government agencies under the FFELP of $282 million and $367 million, respectively, that are 90 or more days past due; and (3) real estate owned insured by U.S. government agencies of $384 million and $462 million, respectively. These amounts have been excluded based upon the government guarantee.

(b) Excludes PCI loans that were acquired as part of the Washington Mutual transaction, which are accounted for on a pool basis. Since each pool is accounted for as a single asset with a single composite interest rate and an aggregate expectation of cash flows, the past-due status of the pools, or that of individual loans within the pools, is not meaningful. Because the Firm is recognizing interest income on each pool of loans, they are all considered to be performing.

Nonaccrual loans in the residential real estate portfolio totaled $5.4 billion at June 30, 2015, of which 31% were greater than 150 days past due, compared with nonaccrual residential real estate loans of $5.8 billion at December 31, 2014, of which 32% were greater than 150 days past due. In the aggregate, the unpaid principal balance of residential real estate loans greater than 150 days past due was charged down by approximately 46% and 50% to the estimated net realizable value of the collateral at June 30, 2015, and December 31, 2014, respectively.

Active and suspended foreclosure: For information on loans that were in the process of active or suspended foreclosure, see Note 13.

Nonaccrual loans: The following table presents changes in consumer, excluding credit card, nonaccrual loans for the six months ended June 30, 2015 and 2014.

Nonaccrual loans

Six months ended June 30, (in millions)	2015	2014
Beginning balance	$6,509	$7,496
Additions	1,805	2,656
Reductions:		
Principal payments and other[(a)]	784	780
Charge-offs	395	752
Returned to performing status	872	1,227
Foreclosures and other liquidations	279	323
Total reductions	2,330	3,082
Net additions/(reductions)	(525)	(426)
Ending balance	$5,984	$7,070

(a) Other reductions includes loan sales.

Credit Card

Total credit card loans decreased from December 31, 2014 due to seasonality, sales of non-core loans and the transfer of commercial card loans to the CIB. The 30+ day delinquency rate decreased to 1.29% at June 30, 2015, from 1.44% at December 31, 2014, and remains near record lows. For the three months ended June 30, 2015 and 2014, the net charge-off rates were 2.61% and 2.88%, respectively. For the six months ended June 30, 2015 and 2014, the net charge-off rates were 2.61% and 2.90%, respectively. Charge-offs improved compared with a year ago, as a result of lower delinquent loans. The credit card portfolio continues to reflect a well-seasoned, largely rewards-based portfolio that has good U.S. geographic diversification. For information on the geographic composition of the Firm's credit card loans, see Note 13.

Modifications of credit card loans

At June 30, 2015, and December 31, 2014, the Firm had $1.7 billion and $2.0 billion, respectively, of credit card loans outstanding that have been modified in TDRs. These balances included both credit card loans with modified payment terms and credit card loans that reverted back to their pre-modification payment terms because the cardholder did not comply with the modified payment terms. The decrease in modified credit card loans outstanding from December 31, 2014, was attributable to a reduction in new modifications as well as ongoing payments and charge-offs on previously modified credit card loans.

Consistent with the Firm's policy, all credit card loans typically remain on accrual status until charged-off. However, the Firm establishes an allowance, which is offset against loans and charged to interest income, for the estimated uncollectible portion of accrued interest and fee income.

For additional information about loan modification programs to borrowers, see Consumer Credit Portfolio on pages 46–51 and Note 13.

WHOLESALE CREDIT PORTFOLIO

The Firm’s wholesale businesses are exposed to credit risk through underwriting, lending and trading activities with and for clients and counterparties, as well as through various operating services such as cash management and clearing activities. A portion of the loans originated or acquired by the Firm’s wholesale businesses is generally retained on the balance sheet. The Firm distributes a significant percentage of the loans it originates into the market as part of its syndicated loan business and to manage portfolio concentrations and credit risk.

As of June 30, 2015, wholesale credit exposure (primarily CIB, CB and AM), excluding select downgrades within the Oil & Gas portfolio, continued to experience a generally favorable credit environment. This favorable environment includes stable credit quality trends with low levels of criticized exposure, nonaccrual loans and charge-offs.

Wholesale credit portfolio

	Credit exposure		Nonperforming[c]	
(in millions)	Jun 30, 2015	Dec 31, 2014	Jun 30, 2015	Dec 31, 2014
Loans retained	$338,219	$324,502	$873	$599
Loans held-for-sale	6,286	3,801	5	4
Loans at fair value	2,431	2,611	21	21
Loans – reported	346,936	330,914	899	624
Derivative receivables	67,451	78,975	256	275
Receivables from customers and other[a]	22,478	28,972	—	—
Total wholesale credit-related assets	436,865	438,861	1,155	899
Lending-related commitments	352,048	366,881	133	103
Total wholesale credit exposure	$788,913	$805,742	$1,288	$1,002
Credit portfolio management derivatives notional, net[b]	$(23,548)	$(26,703)	$(12)	$—
Liquid securities and other cash collateral held against derivatives	(18,440)	(19,604)	NA	NA

(a) Receivables from customers and other include $22.1 billion and $28.8 billion of margin loans at June 30, 2015, and December 31, 2014, respectively, to prime and retail brokerage customers; these are classified in accrued interest and accounts receivable on the Consolidated balance sheets.

(b) Represents the net notional amount of protection purchased and sold through credit derivatives used to manage both performing and nonperforming wholesale credit exposures; these derivatives do not qualify for hedge accounting under U.S. GAAP. For additional information, see Credit derivatives on page 57, and Note 5.

(c) Excludes assets acquired in loan satisfactions.

The following tables present the maturity and ratings profiles of the wholesale credit portfolio as of June 30, 2015, and December 31, 2014. The ratings scale is based on the Firm's internal risk ratings, which generally correspond to the ratings as defined by S&P and Moody's.

Wholesale credit exposure – maturity and ratings profile

June 30, 2015	Maturity profile[e]				Ratings profile			
					Investment-grade	Noninvestment-grade		
(in millions, except ratios)	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total	AAA/Aaa to BBB-/Baa3	BB+/Ba1 & below	Total	Total % of IG
Loans retained	$113,790	$142,542	$81,887	$338,219	$254,149	$ 84,070	$338,219	75 %
Derivative receivables				67,451			67,451	
Less: Liquid securities and other cash collateral held against derivatives				(18,440)			(18,440)	
Total derivative receivables, net of all collateral	13,343	14,471	21,197	49,011	41,012	7,999	49,011	84
Lending-related commitments	82,046	259,999	10,003	352,048	263,997	88,051	352,048	75
Subtotal	209,179	417,012	113,087	739,278	559,158	180,120	739,278	76
Loans held-for-sale and loans at fair value[a]				8,717			8,717	
Receivables from customers and other				22,478			22,478	
Total exposure – net of liquid securities and other cash collateral held against derivatives				$770,473			$770,473	
Credit portfolio management derivatives net notional by reference entity ratings profile[b][c][d]	$(2,292)	$(15,885)	$(5,371)	$(23,548)	$(20,556)	$ (2,992)	$(23,548)	87 %

December 31, 2014	Maturity profile[e]				Ratings profile			
					Investment-grade	Noninvestment-grade		
(in millions, except ratios)	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total	AAA/Aaa to BBB-/Baa3	BB+/Ba1 & below	Total	Total % of IG
Loans retained	$112,411	$134,277	$77,814	$324,502	$241,666	$ 82,836	$324,502	74 %
Derivative receivables				78,975			78,975	
Less: Liquid securities and other cash collateral held against derivatives				(19,604)			(19,604)	
Total derivative receivables, net of all collateral	20,032	16,130	23,209	59,371	52,150	7,221	59,371	88
Lending-related commitments	94,635	262,572	9,674	366,881	284,288	82,593	366,881	77
Subtotal	227,078	412,979	110,697	750,754	578,104	172,650	750,754	77
				6,412			6,412	

Loans held-for-sale and loans at fair value[a]								
Receivables from customers and other				28,972			28,972	
Total exposure – net of liquid securities and other cash collateral held against derivatives				$786,138			$786,138	
Credit portfolio management derivatives net notional by reference entity ratings profile[b][c][d]	$(2,050)	$(18,653)	$(6,000)	$(26,703)	$(23,571)	$ (3,132)	$(26,703)	88 %

(a) Represents loans held-for-sale, primarily related to syndicated loans and loans transferred from the retained portfolio, and loans at fair value.

(b) These derivatives do not qualify for hedge accounting under U.S. GAAP.

(c) The notional amounts are presented on a net basis by underlying reference entity and the ratings profile shown is based on the ratings of the reference entity on which protection has been purchased.

(d) Predominantly all of the credit derivatives entered into by the Firm where it has purchased protection, including Credit portfolio management derivatives, are executed with investment grade counterparties.

(e) The maturity profile of retained loans, lending-related commitments and derivative receivables is based on the remaining contractual maturity. Derivative contracts that are in a receivable position at June 30, 2015, may become payable prior to maturity based on their cash flow profile or changes in market conditions.

Wholesale credit exposure – selected industry exposures

The Firm focuses on the management and diversification of its industry exposures, paying particular attention to industries with actual or potential credit concerns. Exposures deemed criticized align with the U.S. banking regulators' definition of criticized exposures, which consist

of the special mention, substandard and doubtful categories. The total criticized component of the portfolio, excluding loans held-for-sale and loans at fair value, was $11.6 billion at June 30, 2015, compared with $10.1 billion at December 31, 2014, driven by select downgrades across the wholesale portfolio, including within the Oil & Gas portfolio.

53

Below are summaries of the top 25 industry exposures as of June 30, 2015, and December 31, 2014. For additional information on industry concentrations, see Note 5 of JPMorgan Chase's 2014 Annual Report.

As of or for the six months ended June 30, 2015 (in millions)	Credit exposure[d]	Investment-grade	Noninvestment-grade			Selected metrics			
			Noncriticized	Criticized performing	Criticized nonperforming	30 days or more past due and accruing loans	Net charge-offs/ (recoveries)	Credit derivative hedges[e]	Liquid securities and other cash collateral held against derivative receivables
Top 25 industries[a]									
Real Estate	$ 105,722	$ 78,473	$ 25,382	$ 1,617	$ 250	$ 134	$ (11)	$ (47)	$ (42)
Banks & Finance Cos	54,290	45,588	7,877	762	63	30	(2)	(1,216)	(7,749)
Healthcare	44,296	35,195	8,650	403	48	8	(3)	(319)	(226)
Oil & Gas	43,581	29,011	12,901	1,488	181	107	—	(462)	(162)
Consumer Products	34,172	22,612	10,976	583	1	5	(1)	(19)	(9)
State & Municipal Govt[b]	29,660	28,827	773	8	52	15	(6)	(147)	(91)
Utilities	26,999	22,666	4,188	129	16	—	—	(162)	(132)
Retail & Consumer Services	26,225	18,271	7,383	466	105	8	10	(143)	—
Asset Managers	22,686	19,574	3,090	22	—	4	—	(6)	(3,635)
Telecom Services	20,586	7,158	12,503	925	—	—	—	(670)	—
Technology	20,195	13,384	6,230	580	1	—	—	(159)	—
Machinery & Equipment Mfg	19,570	11,840	7,329	384	17	2	—	(144)	(32)
Chemicals/Plastics	15,711	11,162	4,469	80	—	—	—	(16)	—
Central Govt	15,550	15,475	73	2	—	—	—	(10,551)	(2,122)
Transportation	15,462	10,990	4,335	134	3	8	—	(54)	(245)
Business Services	14,559	8,258	5,833	437	31	8	(8)	(9)	—
Metals/Mining	14,466	8,251	5,493	669	53	—	—	(447)	(2)
Media	14,350	9,264	4,780	282	24	2	(1)	(71)	—
Automotive	13,886	9,444	4,383	58	1	6	(2)	(477)	—
Insurance	12,202	9,755	2,262	56	129	1	—	(74)	(1,691)
Building Materials/Construction	11,581	5,697	5,599	264	21	2	—	(94)	—
Securities Firms & Exchanges	9,878	6,609	3,257	12	—	—	—	(101)	(1,018)
Aerospace/Defense	7,441	6,547	855	39	—	—	—	(129)	—
Agriculture/Paper Mfg	6,947	4,633	2,193	120	1	19	—	(16)	(12)
Leisure	5,169	2,683	1,928	450	108	2	8	(25)	(21)
All other[c]	152,534	134,130	17,849	398	157	1,207	(4)	(7,990)	(1,251)
Subtotal	$ 757,718	$ 575,497	$ 170,591	$ 10,368	$ 1,262	$ 1,568	$ (20)	$ (23,548)	$ (18,440)
Loans held-for-sale and loans at fair value	8,717								
Receivables from customers and other	22,478								
Total	$ 788,913								

As of or for the year ended December 31, 2014 (in millions)	Credit exposure[d]	Investment-grade	Noninvestment-grade Noncriticized	Noninvestment-grade Criticized performing	Noninvestment-grade Criticized nonperforming	Selected metrics: 30 days or more past due and accruing loans	Selected metrics: Net charge-offs (recoveries)	Selected metrics: Credit derivative hedges[e]	Selected metrics: Liquid securities and other cash collateral held against derivative receivables
Top 25 industries[a]									
Real Estate	$105,981	$79,000	$25,372	$1,356	$253	$309	$(9)	$(36)	$(27)
Banks & Finance Cos	64,248	54,639	9,032	508	69	46	(4)	(1,232)	(9,369)
Healthcare	56,604	48,475	7,599	488	42	193	17	(94)	(244)
Oil & Gas	43,184	29,284	13,843	56	1	15	2	(144)	(161)
Consumer Products	35,632	24,788	10,184	643	17	21	—	(20)	(2)
State & Municipal Govt[b]	31,145	30,220	823	102	—	69	24	(148)	(130)
Utilities	27,485	23,572	3,658	255	—	198	(3)	(155)	(193)
Retail & Consumer Services	27,463	17,562	8,900	970	31	56	4	(47)	(1)
Asset Managers	27,671	24,221	3,392	57	1	38	(12)	(9)	(4,545)
Telecom Services	12,954	8,105	4,293	546	10	—	(2)	(813)	(6)
Technology	19,634	12,835	6,145	634	20	24	(3)	(225)	—
Machinery & Equipment Mfg	19,374	11,360	7,766	248	—	5	(2)	(157)	(19)
Chemicals/Plastics	12,620	9,263	3,328	29	—	1	(2)	(14)	—
Central Govt	15,978	15,766	154	58	—	—	—	(11,297)	(1,071)
Transportation	15,853	11,061	4,708	84	—	5	(3)	(34)	(107)
Business Services	15,146	7,696	7,212	223	15	10	5	(9)	—
Metals/Mining	14,980	8,311	6,165	504	—	—	18	(377)	(19)
Media	14,109	8,880	4,933	266	30	1	(1)	(69)	(6)
Automotive	12,769	8,081	4,527	161	—	1	(1)	(140)	—
Insurance	13,417	10,602	2,573	80	162	—	—	(52)	(2,372)
Building Materials/Construction	12,444	6,047	5,723	668	6	12	2	(104)	—
Securities Firms & Exchanges	8,077	5,728	2,337	10	2	20	4	(102)	(216)
Aerospace/Defense	5,868	4,930	914	24	—	—	—	(71)	—
Agriculture/Paper Mfg	6,457	4,264	2,071	116	6	36	(1)	(4)	(4)
Leisure	5,459	2,845	2,012	478	124	6	—	(5)	(23)
All other[c]	145,806	128,260	16,780	578	188	1,235	(21)	(11,345)	(1,089)
Subtotal	$770,358	$595,795	$164,444	$9,142	$977	$2,301	$12	$(26,703)	$(19,604)
Loans held-for-sale and loans at fair value	6,412								
Receivables from customers and other	28,972								
Total	$805,742								

(a) The industry rankings presented in the table as of December 31, 2014, are based on the industry rankings of the corresponding exposures at June 30, 2015, not actual rankings of such exposures at December 31, 2014.

(b) In addition to the credit risk exposure to states and municipal governments (both U.S. and non-U.S.) at June 30, 2015, and December 31, 2014, noted above, the Firm held: $8.0 billion and $10.6 billion, respectively, of trading securities; $31.4 billion and $30.1 billion, respectively, of available-for-sale ("AFS") securities; and $12.4 billion and $10.2 billion, respectively, of HTM securities, issued by U.S. state and municipal governments. For further information, see Note 3 and Note 11.

(c) All other includes: individuals, private education and civic organizations; SPEs; and holding companies, representing approximately 57%, 30% and 5%, respectively, at June 30, 2015, and 56%, 30% and 5%, respectively, at December 31, 2014.

(d) Credit exposure is net of risk participations and excludes the benefit of "Credit portfolio management derivatives net notional" held against derivative receivables or loans and "Liquid securities and other cash collateral held against derivative receivables".

(e) Represents the net notional amounts of protection purchased and sold through credit derivatives used to manage the credit exposures; these derivatives do not qualify for hedge accounting under U.S. GAAP. The all other category includes purchased credit protection on certain credit indices.

The Firm is actively monitoring significant exposures and/or industries that present actual or potential credit concerns. Exposure to the Oil & Gas industry was approximately 5.5% and 5.4% of the Firm's total wholesale exposure as of June 30, 2015 and December 31, 2014, respectively. Exposure to the Oil & Gas industry increased by $397 million during the six months ended June 30, 2015 to

$43.6 billion, of which $14.5 billion was drawn. The portfolio largely consisted of exposure in North America, and was concentrated in the Exploration and Production sub-sector. Approximately 67% and 68% of the exposure in the Oil & Gas portfolio was investment-grade as of June 30, 2015 and December 31, 2014, respectively.

Loans

In the normal course of its wholesale business, the Firm provides loans to a variety of customers, ranging from large corporate and institutional clients to high-net-worth individuals. The Firm actively manages its wholesale credit exposure. One way of managing credit risk is through secondary market sales of loans and lending-related commitments. For further discussion on loans, including information on credit quality indicators and sales of loans, see Note 13.

The following table presents the change in the nonaccrual loan portfolio for the six months ended June 30, 2015 and 2014.

Wholesale nonaccrual loan activity

Six months ended June 30, (in millions)	2015	2014
Beginning balance	$624	$1,044
Additions	792	450
Reductions:		
Paydowns and other	284	357
Gross charge-offs	31	77
Returned to performing status	199	92
Sales	3	57
Total reductions	517	583
Net additions/(reductions)	275	(133)
Ending balance	$899	$911

The following table presents net charge-offs/recoveries, which are defined as gross charge-offs less recoveries, for the six months ended June 30, 2015 and 2014. The amounts in the table below do not include gains or losses from sales of nonaccrual loans.

Wholesale net charge-offs/(recoveries)

(in millions, except ratios)	Three months ended June 30, 2015	2014	Six months ended June 30, 2015	2014
Loans – reported				
Average loans retained	$331,924	$315,415	$329,921	$312,244
Gross charge-offs	4	9	33	77
Gross recoveries	(23)	(53)	(53)	(108)
Net recoveries	(19)	(44)	(20)	(31)
Net recovery rate	(0.02)%	(0.06)%	(0.01)%	(0.02)%

Lending-related commitments

The Firm uses lending-related financial instruments, such as commitments (including revolving credit facilities) and guarantees, to meet the financing needs of its customers. The contractual amounts of these financial instruments represent the maximum possible credit risk should the counterparties draw down on these commitments or the Firm fulfills its obligations under these guarantees, and the

counterparties subsequently fail to perform according to the terms of these contracts.

In the Firm’s view, the total contractual amount of these wholesale lending-related commitments is not representative of the Firm’s likely actual future credit exposure or funding requirements. In determining the amount of credit risk exposure the Firm has to wholesale lending-related commitments, which is used as the basis for allocating credit risk capital to these commitments, the Firm has established a “loan-equivalent” amount for each commitment; this amount represents the portion of the unused commitment or other contingent exposure that is expected, based on average portfolio historical experience, to become drawn upon in an event of a default by an obligor. The loan-equivalent amount of the Firm’s wholesale lending-related commitments was $205.7 billion and $216.5 billion as of June 30, 2015, and December 31, 2014, respectively.

Derivative contracts

In the normal course of business, the Firm uses derivative instruments predominantly for market-making activities. Derivatives enable clients to manage exposures to fluctuations in interest rates, currencies and other markets. The Firm also uses derivative instruments to manage its own credit and other market risk exposure. For further discussion of derivative contracts, see Note 5.

The following table summarizes the net derivative receivables for the periods presented.

Derivative receivables

	Derivative receivables	
(in millions)	June 30, 2015	December 31, 2014
Interest rate	$31,323	$33,725
Credit derivatives	1,321	1,838
Foreign exchange	18,340	21,253
Equity	6,058	8,177
Commodity	10,409	13,982
Total, net of cash collateral	67,451	78,975
Liquid securities and other cash collateral held against derivative receivables	(18,440)	(19,604)
Total, net of collateral	$49,011	$59,371

Derivative receivables reported on the Consolidated Balance Sheets were $67.5 billion and $79.0 billion at June 30, 2015, and December 31, 2014, respectively. These amounts represent the fair value of the derivative contracts after giving effect to legally enforceable master netting agreements and cash collateral held by the Firm. However, in management’s view, the appropriate measure of current credit risk should also take into consideration additional liquid securities (primarily U.S. government and agency securities and other G7 government bonds) and other cash collateral held by the Firm aggregating $18.4 billion and $19.6 billion at June 30, 2015, and December 31, 2014, respectively, that may be used as security when the fair value of the client’s exposure is in the Firm’s favor.

In addition to the collateral described in the preceding paragraph, the Firm also holds additional collateral (primarily cash, G7 government securities, other liquid government-agency and guaranteed securities, and corporate debt and equity securities) delivered by clients at the initiation of transactions, as well as collateral related to contracts that have a non-daily call frequency and collateral that the Firm has agreed to return but has not yet settled as of the reporting date. Although this collateral does not reduce the balances and is not included in the table above,

it is available as security against potential exposure that could arise should the fair value of the client's derivative transactions move in the Firm's favor. As of June 30, 2015, and December 31, 2014, the Firm held $43.5 billion and $48.6 billion, respectively, of this additional collateral. The derivative receivables fair value, net of all collateral, also does not include other credit enhancements, such as letters of credit. For additional information on the Firm's use of collateral agreements, see Note 5.

The following table summarizes the ratings profile by derivative counterparty of the Firm's derivative receivables, including credit derivatives, net of other liquid securities collateral, for the dates indicated. The ratings scale is based on the Firm's internal ratings, which generally correspond to the ratings as defined by S&P and Moody's.

Ratings profile of derivative receivables

Rating equivalent	June 30, 2015			December 31, 2014		
(in millions, except ratios)	Exposure net of collateral	% of exposure net of collateral		Exposure net of collateral	% of exposure net of collateral	
AAA/Aaa to AA-/Aa3	$14,088	29	%	$19,202	32	%
A+/A1 to A-/A3	11,945	24		13,940	24	
BBB+/Baa1 to BBB-/Baa3	14,979	31		19,008	32	
BB+/Ba1 to B-/B3	7,442	15		6,384	11	
CCC+/Caa1 and below	557	1		837	1	
Total	$49,011	100	%	$59,371	100	%

As previously noted, the Firm uses collateral agreements to mitigate counterparty credit risk. The percentage of the Firm's derivatives transactions subject to collateral agreements — excluding foreign exchange spot trades, which are not typically covered by collateral agreements due to their short maturity — was 88% for both June 30, 2015, and December 31, 2014.

Credit derivatives

The Firm uses credit derivatives for two primary purposes: first, in its capacity as a market-maker, and second, as an end-user, to manage the Firm's own credit risk associated with various exposures. For a detailed description of credit derivatives, see Credit derivatives in Note 5 of this Form
10-Q, and Note 6 of JPMorgan Chase's 2014 Annual Report.

Credit portfolio management activities

Included in the Firm's end-user activities are credit derivatives used to mitigate the credit risk associated with traditional lending activities (loans and unfunded commitments) and derivatives counterparty exposure in the Firm's wholesale businesses (collectively, "credit portfolio management" activities). Information on credit portfolio management activities is provided in the table below. For further information on derivatives used in credit portfolio management activities, see Credit derivatives in Note 5 of this Form 10-Q, and Note 6 of JPMorgan Chase's 2014 Annual Report.

Credit derivatives used in credit portfolio management activities

	Notional amount of protection purchased and sold [(a)]	
(in millions)	June 30, 2015	December 31, 2014
Credit derivatives used to manage:		
Loans and lending-related commitments	$2,349	$2,047

Derivative receivables	21,199	24,656
Total net protection purchased	23,548	26,703
Total net protection sold	—	—
Credit portfolio management derivatives notional, net	$23,548	$26,703

(a) Amounts are presented net, considering the Firm's net protection purchased or sold with respect to each underlying reference entity or index.

ALLOWANCE FOR CREDIT LOSSES

JPMorgan Chase's allowance for loan losses covers both the consumer (primarily scored) portfolio and wholesale (risk-rated) portfolio. The allowance represents management's estimate of probable credit losses inherent in the Firm's loan portfolio. Management also determines an allowance for wholesale and certain consumer lending-related commitments.

For a further discussion of the components of the allowance for credit losses and related management judgments, see Critical Accounting Estimates Used by the Firm on pages 79–81 and Note 14 of this Form 10-Q, and Critical Accounting Estimates Used by the Firm on pages 161–165 and Note 15 of JPMorgan Chase's 2014 Annual Report.

At least quarterly, the allowance for credit losses is reviewed by the Chief Risk Officer, the Chief Financial Officer and the Controller of the Firm, and discussed with the Directors' Risk Policy Committee and Audit Committee of the Board of Directors of the Firm. As of June 30, 2015, JPMorgan Chase deemed the allowance for credit losses to be appropriate and sufficient to absorb probable credit losses inherent in the portfolio.

The consumer, excluding credit card, allowance for loan losses decreased from December 31, 2014, primarily due to a reduction in the non-PCI residential real estate portfolio allowance, reflecting continued improvement in home prices and delinquencies, and the runoff of the student loan portfolio. For additional information about delinquencies and nonaccrual loans in the consumer, excluding credit card, loan portfolio, see Consumer Credit Portfolio on pages 46–51 and Note 13.

The credit card allowance for loan losses was relatively unchanged from December 31, 2014, reflecting stable credit quality trends. For additional information about credit trends in the credit card loan portfolio, see Consumer Credit Portfolio on pages 46–51 and Note 13.

The wholesale allowance for credit losses reflected an increase from December 31, 2014, which included the impact of select downgrades, including within the Oil & Gas portfolio. Excluding the Oil & Gas portfolio, the credit environment continued to be generally favorable as evidenced by low charge-off rates and stable credit quality trends.

Summary of changes in the allowance for credit losses

Six months ended June 30, (in millions, except ratios)	2015 Consumer, excluding credit card	Credit card	Wholesale	Total	2014 Consumer, excluding credit card	Credit card	Wholesale	Total
Allowance for loan losses								
Beginning balance at January 1,	$7,050	$3,439	$3,696	$14,185	$8,456	$3,795	$4,013	$16,264
Gross charge-offs	827	1,776	33	2,636	1,084	1,982	77	3,143
Gross recoveries	(337)	(187)	(53)	(577)	(399)	(209)	(108)	(716)
Net charge-offs/(recoveries)	490	1,589	(20)	2,059	685	1,773	(31)	2,427
Write-offs of PCI loans[(a)]	110	—	—	110	109	—	—	109
Provision for loan losses	42	1,589	265	1,896	81	1,573	(55)	1,599
Other	—	(5)	8	3	—	(1)	—	(1)
Ending balance at June 30,	$6,492	$3,434	$3,989	$13,915	$7,743	$3,594	$3,989	$15,326
Impairment methodology								
Asset-specific[(b)]	$436	$518	$147	$1,101	$598	$583	$138	$1,319
Formula-based	2,841	2,916	3,842	9,599	3,396	3,011	3,851	10,258
PCI	3,215	—	—	3,215	3,749	—	—	3,749
Total allowance for loan losses	$6,492	$3,434	$3,989	$13,915	$7,743	$3,594	$3,989	$15,326
Allowance for lending-related commitments								
Beginning balance at January 1,	$13	$—	$609	$622	$8	$—	$697	$705
Provision for lending-related commitments	2	—	(4)	(2)	1	—	(58)	(57)
Ending balance at June 30,	$15	$—	$605	$620	$9	$—	$639	$648
Impairment methodology								
Asset-specific	$—	$—	$55	$55	$—	$—	$43	$43
Formula-based	15	—	550	565	9	—	596	605
Total allowance for lending-related commitments[(c)]	$15	$—	$605	$620	$9	$—	$639	$648
Total allowance for credit losses	$6,507	$3,434	$4,594	$14,535	$7,752	$3,594	$4,628	$15,974
Memo:								
Retained loans, end of period	$316,781	$124,705	$338,219	$779,705	$288,214	$125,621	$321,534	$735,369
Retained loans, average	305,463	122,542	329,921	757,926	288,443	123,111	312,244	723,798

PCI loans, end of period	43,806	—	4	43,810	50,118	—	5	50,123
Credit ratios								
Allowance for loan losses to retained loans	2.05 %	2.75 %	1.18 %	1.78 %	2.69 %	2.86 %	1.24 %	2.08 %
Allowance for loan losses to retained nonaccrual loans(d)	112	NM	457	209	112	NM	549	201
Allowance for loan losses to retained nonaccrual loans excluding credit card	112	NM	457	158	112	NM	549	154
Net charge-off/(recovery) rates	0.32	2.61	(0.01)	0.55	0.48	2.90	(0.02)	0.68
Credit ratios, excluding residential real estate PCI loans								
Allowance for loan losses to retained loans	1.20	2.75	1.18	1.45	1.68	2.86	1.24	1.69
Allowance for loan losses to retained nonaccrual loans(d)	57	NM	457	161	58	NM	549	152
Allowance for loan losses to retained nonaccrual loans excluding credit card	57	NM	457	109	58	NM	549	105
Net charge-off/(recovery) rates	0.38 %	2.61 %	(0.01)%	0.58 %	0.58 %	2.90 %	(0.02)%	0.73 %

Note: In the table above, the financial measures which exclude the impact of PCI loans are non-GAAP financial measures. For additional information, see Explanation and Reconciliation of the Firm's Use of Non-GAAP Financial Measures on pages 14–15.

(a) Write-offs of PCI loans are recorded against the allowance for loan losses when actual losses for a pool exceed estimated losses that were recorded as purchase accounting adjustments at the time of acquisition. A write-off of a PCI loan is recognized when the underlying loan is removed from a pool (e.g., upon liquidation).

(b) Includes risk-rated loans that have been placed on nonaccrual status and loans that have been modified in a TDR. The asset-specific credit card allowance for loan losses modified in a TDR is calculated based on the loans' original contractual interest rates and does not consider any incremental penalty rates.

(c) The allowance for lending-related commitments is reported in other liabilities on the Consolidated balance sheets.

(d) The Firm's policy is generally to exempt credit card loans from being placed on nonaccrual status as permitted by regulatory guidance.

Provision for credit losses

For the three and six months ended June 30, 2015, the provision for credit losses was $935 million and $1.9 billion, respectively, compared with $692 million and $1.5 billion, respectively, in the prior year periods.

The total consumer provision for credit losses for the three months ended June 30, 2015 reflected lower net charge-offs in the current year period partially offset by a lower reduction in the allowance for loan losses. The total consumer provision for credit losses for the six months ended June 30, 2015 reflected lower net charge-offs in the current year period offset by a lower reduction in the allowance for loan losses. The lower reduction in the allowance for loan losses was due to stabilization of the credit environment compared with the prior year period.

The wholesale provision for credit losses for the three and six months ended June 30, 2015 reflected the impact of select downgrades, including within the Oil & Gas portfolio.

	Three months ended June 30,						Six months ended June 30,					
	Provision for loan losses		Provision for lending-related commitments		Total provision for credit losses		Provision for loan losses		Provision for lending-related commitments		Total provision for credit losses	
(in millions)	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Consumer, excluding credit card	$(99)	$(38)	$1	$1	$(98)	$(37)	$42	$81	$2	$1	$44	$82
Credit card	800	885	—	—	800	885	1,589	1,573	—	—	1,589	1,573
Total consumer	701	847	1	1	702	848	1,631	1,654	2	1	1,633	1,655
Wholesale	207	(165)	26	9	233	(156)	265	(55)	(4)	(58)	261	(113)
Total provision for credit losses	$908	$682	$27	$10	$935	$692	$1,896	$1,599	$(2)	$(57)	$1,894	$1,542

MARKET RISK MANAGEMENT

Market risk is the potential for adverse changes in the value of the Firm's assets and liabilities resulting from changes in market variables such as interest rates, foreign exchange rates, equity prices, commodity prices, implied volatilities or credit spreads. For a discussion of the Firm's market risk management organization; risk identification and classification; tools used to measure risk; and risk monitoring and control, see Market Risk Management on pages 131–136 of JPMorgan Chase's 2014 Annual Report.

Value-at-risk

JPMorgan Chase utilizes VaR, a statistical risk measure, to estimate the potential loss from adverse market moves in a normal market environment. The Firm has a single overarching VaR model framework used for calculating Risk Management VaR and Regulatory VaR.

Since VaR is based on historical data, it is an imperfect measure of market risk exposure and potential losses, and it is not used to estimate the impact of stressed market conditions or to manage any impact from potential stress events. In addition, based on their reliance on available historical data, limited time horizons, and other factors, VaR measures are inherently limited in their ability to measure certain risks and to predict losses, particularly those associated with market illiquidity and sudden or severe shifts in market conditions. The Firm therefore considers other measures in addition to VaR, such as stress testing, to capture and manage its market risk positions.

In addition, for certain products, specific risk parameters are not captured in VaR due to the lack of inherent liquidity and availability of appropriate historical data. The Firm uses proxies to estimate the VaR for these and other products when daily time series are not available. It is likely that using an actual price-based time series for these products, if available, would affect the VaR results presented.

The Firm uses alternative methods to capture and measure those risk parameters that are not otherwise captured in VaR, including economic-value stress testing and nonstatistical measures. For further information, see Market Risk Management on pages 131–136 of the 2014 Annual Report.

The Firm's VaR model calculations are periodically evaluated and enhanced in response to changes in the composition of the Firm's portfolios, changes in market conditions, improvements in the Firm's modeling techniques and other factors. Such changes will also affect historical comparisons of VaR results. Model changes go through a review and approval process by the Model Review Group prior to implementation into the operating environment. For further information, see Model risk on page 139 of the 2014 Annual Report.

The Firm's Risk Management VaR is calculated assuming a one-day holding period and an expected tail-loss methodology which approximates a 95% confidence level. For risk management purposes, the Firm believes this methodology provides a stable measure of VaR that closely aligns to the day-to-day risk management decisions made by the lines of business and provides the necessary and appropriate information to respond to risk events on a daily basis. Separately, the Firm calculates a daily aggregated VaR in accordance with regulatory rules ("Regulatory VaR"), which is used to derive the Firm's regulatory VaR-based capital requirements under Basel III. For further information regarding the key differences between Risk Management VaR and Regulatory VaR, see page 133 of the 2014 Annual Report. For additional information on Regulatory VaR and the other components of market risk regulatory capital for the Firm (e.g. VaR-based measure, stressed VaR-based measure and the respective backtesting), see JPMorgan Chase's Pillar 3 Regulatory Capital Disclosures reports, which are available on the Firm's website: (http://investor.shareholder.com/jpmorganchase/basel.cfm).

The table below shows the results of the Firm’s Risk Management VaR measure using a 95% confidence level.

Total VaR	Three months ended June 30,								Six months ended June 30,	
	2015			2014			At June 30,		Average	
(in millions)	Avg.	Min	Max	Avg.	Min	Max	2015	2014	2015	2014
CIB trading VaR by risk type										
Fixed income	$41	$31	$52	$38	$31	$45	$45	$34	$38	$37
Foreign exchange	9	6	13	8	5	13	9	6	9	7
Equities	16	11	25	14	10	21	23	15	17	14
Commodities and other	9	8	13	9	7	14	9	9	9	10
Diversification benefit to CIB trading VaR	(37)[a]	NM[b]	NM[b]	(30)[a]	NM[b]	NM[b]	(35)[a]	(30)[a]	(37)[a]	(30)[a]
CIB trading VaR	38	28	51	39	28	49	51	34	36	38
Credit portfolio VaR	15	12	19	10	8	12	13	9	16	12
Diversification benefit to CIB VaR	(10)[a]	NM[b]	NM[b]	(6)[a]	NM[b]	NM[b]	(11)[a]	(5)[a]	(9)[a]	(7)[a]
CIB VaR	43	35	53	43	34	56	53	38	43	43
Mortgage Banking VaR	4	3	7	20	3	28	5	3	4	13
Treasury and CIO VaR	4	3	4	5	4	5	4	5	4	5
Asset Management VaR	3	2	3	3	3	4	3	4	3	3
Diversification benefit to other VaR	(4)[a]	NM[b]	NM[b]	(8)[a]	NM[b]	NM[b]	(3)[a]	(5)[a]	(4)[a]	(7)[a]
Other VaR	7	6	10	20	7	27	9	7	7	14
Diversification benefit to CIB and other VaR	(8)[a]	NM[b]	NM[b]	(8)[a]	NM[b]	NM[b]	(11)[a]	(5)[a]	(7)[a]	(8)[a]
Total VaR	$42	$35	$51	$55	$38	$70	$51	$40	$43	$49

(a) Average portfolio VaR and period-end portfolio VaR were less than the sum of the VaR of the components described above, due to portfolio diversification. The diversification effect reflects the fact that the risks were not perfectly correlated.

(b) Designated as not meaningful (“NM”), because the minimum and maximum may occur on different days for different risk components, and hence it is not meaningful to compute a portfolio-diversification effect.

As presented in the table above, average Total VaR decreased for the three months ended June 30, 2015, compared with the prior year period. The decrease was primarily due to Mortgage Banking VaR, which was elevated in the three months ended June 30, 2014 due to a change in the mortgage servicing rights (“MSR”) hedge position made in advance of an anticipated update to certain MSR model assumptions. When such updates were implemented late in the second quarter of 2014, the MSR VaR decreased to prior levels. CIB average VaR was unchanged in the current quarter compared with the prior year period, as increases in Credit portfolio VaR due to higher volatility on certain idiosyncratic positions and higher Fixed income VaR due to higher risk exposures were offset by increased diversification benefit.

The average total VaR for the six months ended June 30, 2015 decreased from the prior year. The decrease was primarily driven by Mortgage Banking VaR due to a change in the MSR hedge position, partially offset by an increase in Credit Portfolio VaR due to higher volatility on certain idiosyncratic positions.

As part of the Firm’s continuous evaluation and periodic enhancement of its VaR model calculations, during the second quarter of 2015 the Firm refined the historical proxy time series inputs to certain VaR models to more appropriately reflect the risk exposure from certain asset-backed products. Had these new time series been used as inputs into these VaR models in the first quarter of 2015, the Firm estimates they would have resulted in a reduction to average Fixed income VaR of $3 million, average CIB VaR of $2 million, and average total VaR of $3 million, as well as an insignificant reduction to Mortgage Banking VaR. The impact of this refinement on all other periods presented was not material. The Firm expects in subsequent quarters to continue to refine the VaR model calculations and times series inputs related to these products.

The Firm’s average total VaR diversification benefit was $8 million, or 19% of the sum, for the three months ended June 30, 2015, compared with $8 million, or 15% of the sum, for the comparable 2014 period. In general, over the course of the year, VaR exposure can vary significantly as positions change, market volatility fluctuates and diversification benefits change.

VaR back-testing

The Firm evaluates the effectiveness of its VaR methodology by back-testing, which compares the daily Risk Management VaR results with the daily gains and losses recognized on market-risk related revenue.

The Firm’s definition of market risk-related gains and losses is consistent with the definition used by the banking regulators under Basel III. Under this definition market risk-related gains and losses are defined as: profits and losses on the Firm’s Risk Management positions, excluding fees, commissions, certain valuation adjustments (e.g., liquidity and DVA), net interest income, and gains and losses arising from intraday trading.

The following chart presents the daily market risk-related gains and losses on the Firm’s Risk Management positions for the six months ended June 30, 2015. As the chart presents market risk-related gains and losses related to those positions included in the Firm’s Risk Management VaR, the results in the table below differ from the results of back-testing disclosed in the Market Risk section of the Firm’s Pillar 3 Regulatory Capital Disclosures reports, which are based on Regulatory VaR applied to covered positions. The chart shows that for the six months ended June 30, 2015, the Firm observed 2 VaR band breaks and posted gains on 67 of the 128 days. The Firm observed 2 VaR band breaks and posted gains on 26 of the 65 days for the three months ended June 30, 2015.

Earnings-at-risk

The VaR and stress-test measures described above illustrate the total economic sensitivity of the Firm’s Consolidated balance sheets to changes in market variables. The effect of interest rate exposure on the Firm’s reported net income is also important as interest rate risk represents one of the Firm’s significant market risks. Interest rate risk arises not only from trading activities but also from the Firm’s traditional banking activities, which include extension of loans and credit facilities, taking deposits and issuing debt.

The Firm conducts simulations of changes in structural interest rate-sensitive revenue under a variety of instantaneous interest rate shock scenarios for interest rate-sensitive assets and liabilities denominated in U.S. dollar and other currencies (“non-U.S. dollar” currencies). Earnings-at-risk scenarios estimate the potential change in this revenue, and the corresponding impact to the Firm’s pretax net interest income excluding markets over the following 12 months utilizing multiple assumptions as described below. These scenarios may consider the impact on exposures as a result of changes in interest rates, as well as pricing sensitivities of deposits, optionality and changes in product mix. The scenarios include forecasted balance sheet changes, as well as modeled prepayment and reinvestment behavior, but do not include assumptions about actions which could be taken by the Firm in response to any such instantaneous rate changes. Mortgage prepayment assumptions are based on current interest rates compared with underlying contractual rates, the time since origination, and other factors which are updated periodically based on historical experience. The Firm’s earnings-at-risk scenarios are periodically evaluated and enhanced in response to changes in the composition of the Firm’s balance sheet, changes in market conditions, improvements in the Firm’s simulation and other factors.

Effective January 1, 2015, the Firm conducts earnings-at-risk simulations for assets and liabilities denominated in U.S. dollars separately from assets and liabilities denominated in non-U.S. dollar currencies, and incorporates more granular assumptions used to estimate the pricing behavior associated with non-U.S. dollar assets and liabilities, in order to enhance the Firm’s ability to monitor structural interest rate risk from non-U.S. dollar exposures.

The Firm’s U.S. dollar sensitivity is presented in the table below. The result of the non-U.S. dollar sensitivity scenario was not material to the Firm’s earnings-at-risk at June 30, 2015.

JPMorgan Chase’s 12-month pretax net interest income excluding markets sensitivity profiles

(Excludes the impact of trading activities and MSRs)

(in billions)	Instantaneous change in rates			
June 30, 2015	+200bps	+100bps	-100bps	-200bps
U.S. dollar	$4.5	$2.7	NM [(a)]	NM [(a)]

(a) Downward 100- and 200-basis-points parallel shocks result in a federal funds target rate of zero and negative three- and six-month U.S. Treasury rates. The earnings-at-risk results of such a low probability scenario are not meaningful.

The Firm’s benefit to rising rates on U.S. dollar assets and liabilities is largely a result of reinvesting at higher yields and assets re-pricing at a faster pace than deposits.

Additionally, another U.S. dollar interest rate scenario used by the Firm — involving a steeper yield curve with long-term rates rising by 100 basis points and short-term rates staying at current levels — results in a 12-month pretax benefit to net interest income excluding markets of approximately $600 million. The increase in net interest income excluding markets under this scenario reflects the Firm reinvesting at the higher long-term rates, with funding costs remaining unchanged. The result of the comparable non-U.S. dollar analysis is not material to the Firm.

COUNTRY RISK MANAGEMENT

Country risk is the risk that a sovereign event or action alters the value or terms of contractual obligations of obligors, counterparties and issuers or adversely affects markets related to a particular country. The Firm has a comprehensive country risk management framework for assessing country risks, determining risk tolerance, and measuring and monitoring direct country exposures in the Firm. The Country Risk Management group is responsible for developing guidelines and policies for managing country risk in both emerging and developed countries. The Country Risk Management group actively monitors the various portfolios giving rise to country risk to ensure the Firm's country risk exposures are diversified and that exposure levels are appropriate given the Firm's strategy and risk tolerance relative to a country.

For a discussion of the Firm's Country Risk Management organization, and country risk identification, measurement, monitoring and control, see pages 137–138 of JPMorgan Chase's 2014 Annual Report.

The following table presents the Firm's top 20 exposures by country (excluding the U.S.) as of June 30, 2015. The selection of countries is based solely on the Firm's largest total exposures by country, based on the Firm's internal country risk management approach, and does not represent the Firm's view of any actual or potentially adverse credit conditions. Country exposures may fluctuate from period-to-period due to normal client activity and market flows.

Top 20 country exposures

	June 30, 2015			
(in billions)	Lending[(a)]	Trading and investing[(b)(c)]	Other[(d)]	Total exposure
United Kingdom	$25.5	$25.9	$1.8	$53.2
Germany	15.3	25.1	0.3	40.7
France	14.7	15.5	0.2	30.4
Japan	15.4	7.1	0.4	22.9
China	9.4	7.6	0.7	17.7
Netherlands	4.9	11.1	1.3	17.3
Canada	11.8	4.2	0.5	16.5
Australia	6.1	8.6	—	14.7
Brazil	6.6	7.6	—	14.2
Switzerland	8.6	1.8	2.8	13.2
India	5.2	5.8	0.3	11.3
Korea	5.1	2.6	—	7.7
Hong Kong	2.4	3.2	1.8	7.4
Belgium	2.3	3.1	0.1	5.5
Singapore	2.9	1.8	0.7	5.4
Mexico	2.4	3.0	—	5.4
Italy	3.7	1.4	0.3	5.4
Spain	2.9	2.1	0.2	5.2
Luxembourg	3.9	0.4	—	4.3
Sweden	1.9	2.3	—	4.2

(a) Lending includes loans and accrued interest receivable, net of collateral and the allowance for loan losses, deposits with banks, acceptances, other monetary assets, issued letters of credit net of participations, and undrawn commitments to extend credit. Excludes intra-day and operating exposures, such as from settlement and clearing activities.

(b) Includes market-making inventory, AFS securities, counterparty exposure on derivative and securities financings net of collateral and hedging.

(c) Includes single-name and index and tranched credit derivatives for which one or more of the underlying reference entities is in a country listed in the above table.

(d) Includes capital invested in local entities and physical commodity inventory.

The Firm’s exposure to Greece was not material as of June 30, 2015. However, given ongoing pressure on the sovereign and banking sectors, with the potentially broader implications to the Eurozone, the Firm is actively monitoring events and assessing the impact of different possible outcomes.

OPERATIONAL RISK MANAGEMENT

Operational risk is the risk of loss resulting from inadequate or failed processes or systems or due to external events that are neither market nor credit-related. For a discussion of JPMorgan Chase's Operational Risk Management, see pages 141–143 of JPMorgan Chase's 2014 Annual report.

Cybersecurity

The Firm devotes significant resources to maintain and regularly update its systems and processes that are designed to protect the security of the Firm's computer systems, software, networks and other technology assets against attempts by unauthorized parties to obtain access to confidential information, destroy data, disrupt or degrade service, sabotage systems or cause other damage. Third parties with which the Firm does business or that facilitate the Firm's business activities (e.g., vendors, exchanges, clearing houses, central depositories, and financial intermediaries) could also be sources of cybersecurity risk to the Firm, including with respect to breakdowns or failures of their systems, misconduct by the employees of such parties, or cyberattacks which could affect their ability to deliver a product or service to the Firm or result in lost or compromised information of the Firm or its clients. In addition, customers with which or whom the Firm does business can also be sources of cybersecurity risk to the Firm, particularly when their activities and systems are beyond the Firm's own security and control systems. Customers will generally be responsible for losses incurred due to their own failure to maintain the security of their own systems and processes.

The Firm and several other U.S. financial institutions have experienced significant distributed denial-of-service attacks from technically sophisticated and well-resourced unauthorized parties which are intended to disrupt online banking services. The Firm and its clients are also regularly

targeted by unauthorized parties using malicious code and viruses. On September 10, 2014, the Firm disclosed that a cyberattack against the Firm had occurred, as a result of which certain user contact information and internal JPMorgan Chase information relating to such users had been compromised. No account information for such affected customers — account numbers, passwords, user IDs, dates of birth or Social Security numbers — was compromised during the attack. The Firm is cooperating with government and law enforcement agencies in connection with their continuing investigation of the incident. The cyberattacks experienced to date have not resulted in any material disruption to the Firm's operations nor have they had a material adverse effect on the Firm's results of operations. The Firm's Board of Directors and the Audit Committee are regularly apprised regarding the cybersecurity policies and practices of the Firm as well as the Firm's efforts regarding significant cybersecurity events.

Cybersecurity attacks, like the one experienced by the Firm, highlight the need for continued and increased cooperation among businesses and the government, and the Firm continues to work to strengthen its partnerships with the appropriate government and law enforcement agencies and other businesses, including the Firm's third-party service providers, in order to understand the full spectrum of cybersecurity risks in the environment, enhance defenses and improve resiliency against cybersecurity threats.

The Firm has established, and continues to establish, defenses to mitigate other possible future attacks. In each of 2015 and 2016, the Firm expects its annual cybersecurity spending to be nearly double what it was in 2014 in order to enhance its defense capabilities. These enhancements will include more robust testing, advanced analytics and improved technology coverage.

CAPITAL MANAGEMENT

The following discussion of JPMorgan Chase's capital management highlights developments since December 31, 2014, and should be read in conjunction with the Capital Management section on pages 146–155 of JPMorgan Chase's 2014 Annual Report.

A strong capital position is essential to the Firm's business strategy and competitive position. The Firm's capital strategy focuses on long-term stability, which enables the

Firm to build and invest in market-leading businesses, even in a highly stressed environment.

In its capital management, the Firm uses three primary disciplines, which are further described below:

- Regulatory capital
- Economic risk capital
- Line of business equity

Regulatory capital

The following tables present the Firm's Transitional and Fully Phased-In risk-based and leverage-based capital metrics under both the Basel III Standardized and Advanced Approaches.

	Transitional				Fully Phased-In			
June 30, 2015 (in millions, except ratios)	Standardized	Advanced	Minimum capital ratios (c)	Well-capitalized ratios (d)	Standardized	Advanced	Minimum capital ratios (e)	Well-capitalized ratios(g)
Risk-based capital metrics:								
CET1 capital	$169,769	$169,769			$168,949	$168,949		
Tier 1 capital	194,725	194,725			193,828	193,828		
Total capital	228,390	218,811			224,589	215,010		
Risk-weighted assets	1,499,638 (b)	1,520,140			1,510,650	1,531,813		
CET1 capital ratio	11.3 %	11.2 %	4.5 %	6.5 %	11.2 %	11.0 %	11.5 %	6.5 %
Tier 1 capital ratio	13.0	12.8	6.0	8.0	12.8	12.7	13.0	8.0
Total capital ratio	15.2	14.4	8.0	10.0	14.9	14.0	15.0	10.0
Leverage-based capital metrics								
Tier 1 capital	$194,725	$194,725			$193,828	$193,828		
Adjusted average assets	2,448,357	2,448,357			2,447,634	2,447,634		
Tier 1 leverage ratio(a)	8.0 %	8.0 %	4.0	5.0	7.9 %	7.9 %	4.0	5.0
SLR leverage exposure	NA	$3,223,844			NA	$3,223,121		
SLR	NA	6.0 %	NA	NA	NA	6.0 %	5.0 (f)	NA

	Transitional				Fully Phased-In			
December 31, 2014 (in millions, except ratios)	Standardized	Advanced	Minimum capital ratios (c)	Well-capitalized ratios (d)	Standardized	Advanced	Minimum capital ratios (e)	Well-capitalized ratios(g)
Risk-based capital metrics:								
CET1 capital	$164,426	$164,426			$164,514	$164,514		

Tier 1 capital	186,294	186,294			184,572	184,572		
Total capital	221,225	210,684			216,796	206,256		
Risk-weighted assets	1,472,602 [b]	1,608,240			1,561,145	1,619,287		
CET1 capital ratio	11.2 %	10.2 %	4.5 %	6.5 %	10.5 %	10.2 %	9.5 %	6.5 %
Tier 1 capital ratio	12.7	11.6	6.0	8.0	11.8	11.4	11.0	8.0
Total capital ratio	15.0	13.1	8.0	10.0	13.9	12.7	13.0	10.0
Leverage-based capital metrics								
Tier 1 capital	$186,294	$186,294			$184,572	$184,572		
Adjusted average assets	2,465,414	2,465,414			2,464,401	2,464,401		
Tier 1 leverage ratio[a]	7.6 %	7.6 %	4.0	5.0	7.5 %	7.5 %	4.0	5.0
SLR leverage exposure	NA	NA			NA	$3,320,404		
SLR	NA	NA	NA	NA	NA	5.6 %	5.0 [f]	NA

Note: As of June 30, 2015, and December 31, 2014, the lower of the Standardized or Advanced capital ratios under the transitional rules represents the Firm's Collins Floor, as discussed further below. If the fully phased-in Basel III rules were in effect as of June 30, 2015, and December 31, 2014, the lower of the fully phased-in Standardized and Advanced capital ratios would be the Collins Floor. Also included in the tables are the transitional and fully phased-in regulatory minimums and well-capitalized minimum capital ratios, which as of June 30, 2015, include the impact of the U.S. G-SIB final rule issued on July 20, 2015, as described further below.

(a) As the Tier 1 leverage ratio is not a risk-based measure of capital, the ratios presented in the table reflect the same calculation.

(b) Effective January 1, 2015, the Basel III definition of the Standardized RWA became effective. Prior measures of Basel III Standardized RWA were calculated under Basel I rules.

(c) Represents the minimum capital ratios for 2015 currently applicable to the Firm under Basel III.

(d) Represents the minimum capital ratios for 2015 currently applicable to the Firm under the Prompt Corrective Action (”PCA”) requirements of the FDIC Improvement Act (”FDICIA”).

(e) Represents the minimum capital ratios applicable to the Firm on a fully phased-in Basel III basis, including the final U.S. G-SIB surcharge estimated by the Federal Reserve in its publication of the U.S. Final G-SIB Rule on July 20, 2015. These minimums will be fully phased-in effective January 1, 2019. For additional information on the G-SIB surcharge, see page 69.

(f) In the case of SLR, the fully phased-in minimum ratio is effective beginning January 1, 2018.

(g) Represents the minimum Basel III Fully Phased-In capital ratios applicable to the Firm under the PCA requirements of the FDICIA.

At June 30, 2015, and December 31, 2014, JPMorgan Chase maintained Basel III Standardized Transitional and Basel III Advanced Transitional capital ratios in excess of the well-capitalized standards established by the Federal Reserve. Additional information regarding the Firm's capital ratios, as well as the U.S. federal regulatory capital standards to which the Firm is subject, is presented in Note 20. For further information on the Firm's Basel III measures, see the Firm's Pillar 3 Regulatory Capital Disclosures reports, which are available on the Firm's website (http://investor.shareholder.com/jpmorganchase/basel.cfm).

The Federal Reserve establishes capital requirements, including well-capitalized standards, for the consolidated financial holding company. The Office of the Comptroller of the Currency ("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. The U.S. capital requirements generally follow the Capital Accord of the Basel Committee, as amended from time to time.

Basel III overview

Basel III capital rules, for large and internationally active U.S. bank holding companies and banks, including the Firm and its insured depository institution ("IDI") subsidiaries, revised, among other things, the definition of capital and introduced a new common equity Tier 1 capital ("CET1 capital") requirement. Basel III presents two comprehensive methodologies for calculating risk-weighted assets ("RWA")– a general (Standardized) approach, which replaced Basel I RWA effective January 1, 2015 ("Basel III Standardized"), and an advanced approach, which replaced Basel II RWA ("Basel III Advanced")– and sets out minimum capital ratios and overall capital adequacy standards. Certain of the requirements of Basel III are subject to phase-in periods that began on January 1, 2014 and continue through the end of 2018 ("transitional period") as described below.

Basel III also includes a requirement for Advanced Approach banking organizations, including the Firm, to calculate a supplementary leverage ratio ("SLR"). Certain U.S. bank holding companies, including the Firm, are required to have a minimum SLR of at least 5% and IDI subsidiaries, including JPMorgan Chase Bank, N.A. and Chase Bank USA, N.A., to have a minimum SLR of at least 6%, both beginning January 1, 2018. For additional information on the SLR, see page 71.

Basel III Transitional

Basel III Transitional capital requirements became effective on January 1, 2014, and will become fully phased-in on January 1, 2019. The following table presents a reconciliation of the Firm's Basel III Transitional CET1 capital to the Firm's estimated Basel III Fully Phased-In CET1 capital as of June 30, 2015.

(in millions)	June 30, 2015
Transitional CET1 capital	$169,769
AOCI phase-in[a]	945
CET1 capital deduction phase-in[b]	(1,094)
Intangibles deduction phase-in[c]	(585)
Other adjustments to CET1 capital[d]	(86)
Fully Phased-In CET1 capital	$168,949

(a) Includes the remaining balance of AOCI related to AFS debt securities and defined benefit pension and other postretirement employee benefit ("OPEB") plans that will qualify as Basel III CET1 capital upon full phase-in.

(b) Predominantly includes regulatory adjustments related to changes in FVA/DVA, as well as CET1 deductions for defined benefit pension plan assets and deferred tax assets related to net operating loss carryforwards.

(c) Relates to intangible assets, other than goodwill and MSRs, that are required to be deducted from CET1 capital upon full phase-in.

(d) Includes minority interest and the Firm's investments in its own CET1 capital instruments.

Basel III Fully Phased-In

Basel III capital rules will become fully phased-in on January 1, 2019, at which point the Firm will continue to calculate its capital ratios under both the Basel III Standardized and Advanced Approaches. While the Firm has imposed Basel III Standardized Fully Phased-In RWA limits on its lines of business, the Firm continues to manage each of the businesses (including line of business equity allocations), as well as the corporate functions, primarily on a Basel III Advanced Fully Phased-In basis.

The Firm's capital, RWA and capital ratios that are presented under Basel III Standardized and Advanced Fully Phased-In rules and the Firm's and JPMorgan Chase Bank, N.A.'s and Chase Bank USA, N.A.'s SLRs calculated under the Basel III Advanced Fully Phased-In rules are non-GAAP financial measures. However, such measures are used by banking regulators, investors and analysts to assess the Firm's capital position and to compare the Firm's capital to that of other financial services companies.

The Firm's estimates of its Basel III Standardized and Advanced Fully Phased-In capital, RWA and capital ratios and of the Firm's, JPMorgan Chase Bank, N.A.'s, and Chase Bank USA, N.A.'s SLRs reflect management's current understanding of the U.S. Basel III rules based on the current published rules and on the application of such rules to the Firm's businesses as currently conducted. The actual impact on the Firm's capital ratios and SLR as of the effective date of the rules may differ from the Firm's current estimates depending on changes the Firm may make to its businesses in the future, further implementation guidance from the regulators, and regulatory approval of certain of the Firm's internal risk models (or, alternatively, regulatory disapproval of the Firm's internal risk models that have previously been conditionally approved).

Risk-based capital regulatory minimums

The Basel III rules include minimum capital ratio requirements that are also subject to phase-in periods through the end of 2018. In addition to the regulatory minimum capital requirements, certain banking organizations, including the Firm, will be required to hold additional amounts of capital to serve as a “capital conservation buffer”. The capital conservation buffer is intended to be used to absorb potential losses in times of financial or economic stress. If not maintained, the Firm could be limited in the amount of capital that may be distributed, including dividends and common equity repurchases.

The capital conservation buffer requires an additional 2.5% of CET1 capital, as well as additional levels of capital in the form of a G-SIB surcharge. On July 20, 2015, the Federal Reserve issued a final rule requiring G-SIBs to calculate their G-SIB surcharge, on an annual basis, under two separately prescribed methods, and to be subject to the higher of the two. The first method reflects the G-SIB surcharge as prescribed by Basel rules, and is calculated across five criteria: size, cross-jurisdictional activity, interconnectedness, complexity and substitutability. The second method modifies the requirements to include a measure of short-term wholesale funding in place of substitutability, and introduces a G-SIB score “multiplication factor.” In its July 20, 2015, rule release, the Federal Reserve estimated the Firm’s G-SIB surcharge to be 4.5% of capital based on its G-SIB score as of December 31, 2014. Based on the Federal Reserve’s estimates, the Firm’s fully phased-in capital conservation buffer is 7%. The capital conservation buffer will be phased-in beginning January 1, 2016. The Firm’s previous estimates of its G-SIB buffer reflected an additional 2.5% of capital required as prescribed by Basel rules, which are equivalent to the first method prescribed under the U.S. final rule.

Basel III also establishes a minimum 6.5% CET1 standard for the definition of “well capitalized” under the PCA requirements of the FDICIA. The CET1 standard was effective January 1, 2015.

The capital adequacy of the Firm and its national bank subsidiaries, both during the transitional period and upon full phase-in, is evaluated against the Basel III approach (Standardized or Advanced) which results in the lower ratio (the “Collins Floor”), as required by the Collins Amendment of the Dodd-Frank Act.

Capital

A reconciliation of total stockholders’ equity to Basel III Fully Phased-In CET1 capital, Tier 1 capital and Basel III Advanced and Standardized Fully Phased-In Total capital is presented in the table below. For additional information on the components of regulatory capital, see Note 20.

Risk-based capital components

(in millions)	June 30, 2015
Total stockholders’ equity	$241,205
Less: Preferred stock	24,918
Common stockholders’ equity	216,287
Less:	
Goodwill[(a)]	44,717
Other intangible assets[(a)]	1,110
Other CET1 capital adjustments	1,511
CET1 capital	168,949
Preferred stock	24,918
Less:	
Other Tier 1 adjustments	39
Tier 1 capital	$193,828
Long-term debt and other instruments qualifying as Tier 2 capital	$16,311
Qualifying allowance for credit losses	14,535
Other	(85)
Standardized Fully Phased-In Tier 2 capital	$30,761
Standardized Fully Phased-in Total capital	$224,589

Adjustment in qualifying allowance for credit losses for Advanced Tier 2 capital	(9,579)
Advanced Fully Phased-In Tier 2 capital	$21,182
Advanced Fully Phased-In Total capital	$215,010

(a) Goodwill and other intangible assets are net of any associated deferred tax liabilities.

Capital rollforward

The following table presents the changes in Basel III Fully Phased-In CET1 capital, Tier 1 capital and Tier 2 capital for the six months ended June 30, 2015.

Six months ended June 30, (in millions)	2015
Standardized/Advanced CET1 capital at December 31, 2014	$164,514
Net income applicable to common equity	11,500
Dividends declared on common stock	(3,183)
Net purchase of treasury stock	(1,541)
Changes in additional paid-in capital	(1,066)
Changes related to AOCI	(1,244)
Adjustment related to FVA/DVA	(390)
Other	359
Increase in Standardized/Advanced CET1 capital	4,435
Standardized/Advanced CET1 capital at June 30, 2015	$168,949
Standardized/Advanced Tier 1 capital at December 31, 2014	$184,572
Change in CET1 capital	4,435
Net issuance of noncumulative perpetual preferred stock	4,855
Other	(34)
Increase in Standardized/Advanced Tier 1 capital	9,256
Standardized/Advanced Tier 1 capital at June 30, 2015	$193,828
Standardized Tier 2 capital at December 31, 2014	$32,224
Change in long-term debt and other instruments qualifying as Tier 2	(1,193)
Change in qualifying allowance for credit losses	(273)
Other	3
Increase in Standardized Tier 2 capital	(1,463)
Standardized Tier 2 capital at June 30, 2015	$30,761
Standardized Total capital at June 30, 2015	$224,589
Advanced Tier 2 capital at December 31, 2014	$21,684
Change in long-term debt and other instruments qualifying as Tier 2	(1,193)
Change in qualifying allowance for credit losses	690
Other	1
Increase in Advanced Tier 2 capital	(502)
Advanced Tier 2 capital at June 30, 2015	$21,182
Advanced Total capital at June 30, 2015	$215,010

RWA

Key differences in the calculation of credit risk RWA between the Standardized and Advanced approaches are that for Basel III Advanced, credit risk RWA is based on risk-sensitive approaches which largely rely on the use of internal credit models and parameters, whereas for Basel III Standardized, credit risk RWA is generally based on supervisory risk-weightings which vary primarily by counterparty type and asset class. Market risk RWA is calculated on a generally consistent basis between Basel III Standardized and Basel III Advanced. Basel III Advanced also includes a measure of operational risk RWA. In addition to the RWA calculated under these methodologies, the Firm may supplement such amounts to incorporate management judgment and feedback from its bank regulators.

RWA rollforward

The following table presents changes in the components of RWA under Basel III Standardized and Advanced Fully Phased-In for the six months ended June 30, 2015. The amounts in the rollforward categories are estimates, based on the predominant driver of the change.

	Standardized			Advanced			
Six months ended June 30, 2015 (in billions)	Credit risk RWA	Market risk RWA	Total RWA	Credit risk RWA	Market risk RWA	Operational risk RWA	Total RWA
At December 31, 2014	$1,381	$180	$1,561	$1,040	$179	$400	$1,619
Effect of rule changes	—	—	—	—	—	—	—
Model & data changes[(a)]	(7)	(16)	(23)	(24)	(16)	—	(40)
Portfolio runoff[(b)]	(5)	(6)	(11)	(8)	(6)	—	(14)
Movement in portfolio levels[(c)]	(5)	(11)	(16)	(22)	(11)	—	(33)
Changes in RWA	(17)	(33)	(50)	(54)	(33)	—	(87)
June 30, 2015	$1,364	$147	$1,511	$986	$146	$400	$1,532

(a) Model & data changes refer to movements in levels of RWA as a result of revised methodologies and/or treatment per regulatory guidance (exclusive of rule changes).

(b) Portfolio runoff for credit risk RWA reflects reduced risk from position rolloffs in legacy portfolios in Mortgage Banking, and for market risk RWA reflects reduced risk from position rolloffs in legacy portfolios in the wholesale businesses.

(c) Movement in portfolio levels for credit risk RWA refers to changes in book size, composition, credit quality, and market movements; and for market risk RWA refers to changes in position and market movements.

Supplementary leverage ratio

For additional information on the SLR, see Capital Management on pages 146–155 of JPMorgan Chase's 2014 Annual Report.

The following table presents the components of the Firm's Fully Phased-In SLR as of June 30, 2015.

(in millions, except ratio)	June 30, 2015
Tier 1 Capital	$193,828
Total average assets	2,494,326
Less: amounts deducted from Tier 1 capital	46,692
Total adjusted average assets[(a)]	2,447,634
Off-balance sheet exposures[(b)]	775,487
SLR leverage exposure	$3,223,121
SLR	6.0%

(a) Adjusted average assets, for purposes of calculating the SLR, includes total quarterly average assets adjusted for on-balance sheet assets that are subject to deduction from Tier 1 capital predominantly comprising disallowed goodwill and other intangible assets.

(b) Off-balance sheet exposures are calculated using the average of each of the three month's period-end balances.

As of June 30, 2015, the Firm estimates that JPMorgan Chase Bank, N.A.'s and Chase Bank USA, N.A.'s Fully Phased-In SLRs are approximately 6.1% and 8.3%, respectively.

Regulatory capital outlook

The Firm expects to continue to accrete capital and believes its current capital levels enable it to retain market access, continue its strategy to invest in and grow its businesses and maintain flexibility to distribute excess capital. The Firm intends to balance return of capital to stockholders with achieving higher capital ratios over time. The Firm expects the capital ratio calculated under the Basel III Standardized Fully Phased-In Approach to become its binding constraint by the end of 2015, or slightly thereafter. The Firm expects its Basel III Advanced and Standardized Fully Phased-In CET1 ratios to be above 11% by the end of 2015 and is targeting reaching a Basel III CET1 ratio of approximately 12% no later than the end of 2018.

The Firm's capital targets take into consideration the current U.S. Basel III requirements including the U.S. G-SIB Final Rule and other business factors. These targets may be revised in the future, for example, if the Firm's G-SIB capital surcharge is determined to be lower than 4.5% or if changes are introduced by banking regulators to the required minimum capital ratios to which the Firm is subject. The Firm intends to manage its capital so that it achieves the required capital levels and composition in line with, or in advance of, the required timetables of current and proposed rules.

Minimum Total Loss Absorbing Capacity ("TLAC")

In November 2014, the Financial Stability Board issued a proposal requiring minimum TLAC of 16-20% of a financial institution's RWA and of at least twice its Basel III Tier 1 leverage ratio. The final TLAC proposal is expected to be submitted to the G-20 in advance of the G-20 Summit scheduled for fourth quarter of 2015. U.S. banking regulators are expected to issue an NPR that would outline TLAC requirements specific to U.S. banks. For additional information on TLAC, see Capital Management on pages 146–155 of JPMorgan Chase's 2014 Annual Report.

Economic risk capital

Economic risk capital is another of the disciplines the Firm uses to assess the capital required to support its businesses. Economic risk capital is a measure of the capital needed to cover JPMorgan Chase's business activities in the event of unexpected losses. The Firm measures economic risk capital using internal risk-assessment methodologies and models based primarily on four risk factors: credit, market, operational and private equity risk, and considers factors, assumptions and inputs that differ from those required to be used for regulatory capital requirements. Accordingly, economic risk capital provides a complementary measure to regulatory capital. As economic risk capital is a separate component of the capital framework for Advanced Approach banking organizations under Basel III, the Firm continues to enhance its economic risk capital framework.

Line of business equity

The Firm's framework for allocating capital to its business segments (line of business equity) is based on the following objectives:

- Integrate firmwide and line of business capital management activities;
- Measure performance consistently across all lines of business; and
- Provide comparability with peer firms for each of the lines of business

Each business segment is allocated capital by taking into consideration stand-alone peer comparisons, regulatory capital requirements (as estimated under Basel III Advanced Fully Phased-In) and economic risk measures. Capital is also allocated to each line of business for, among other things, goodwill and other intangibles associated with acquisitions effected by the line of business. ROE is measured and internal targets for expected returns are established as key measures of a business segment's performance.

Line of business equity

(in billions)	June 30, 2015	December 31, 2014
Consumer & Community Banking	$51.0	$51.0
Corporate & Investment Bank	62.0	61.0
Commercial Banking	14.0	14.0
Asset Management	9.0	9.0
Corporate	80.3	76.7
Total common stockholders' equity	$216.3	$211.7

Line of business equity	Quarterly average		
(in billions)	2Q15	4Q14	2Q14
Consumer & Community Banking	$51.0	$51.0	$51.0
Corporate & Investment Bank	62.0	61.0	61.0
Commercial Banking	14.0	14.0	14.0
Asset Management	9.0	9.0	9.0
Corporate	77.7	76.9	71.2
Total common stockholders' equity	$213.7	$211.9	$206.2

On at least an annual basis, the Firm assesses the level of capital required for each line of business as well as the assumptions and methodologies used to allocate capital to its lines of business and updates the equity allocations to its lines of business as refinements are implemented.

Capital actions

Dividends

The Firm's common stock dividend policy reflects JPMorgan Chase's earnings outlook, desired dividend payout ratio, capital objectives, and alternative investment opportunities.

The Firm's current expectation is to continue to target a dividend payout ratio of approximately 30% of normalized earnings over time. Following receipt on March 11, 2015, of the Federal Reserve's non-objection to the Firm's 2015 capital plan submitted under its Comprehensive Capital Analysis and Review ("CCAR"), the Firm announced that its Board of Directors increased the quarterly common stock dividend to $0.44 per share, effective with the dividend paid on July 31, 2015. The Firm’s dividends will be subject to the Board of Directors’ approval at the customary times those dividends are declared.

For information regarding dividend restrictions, see Note 22 and Note 27 of JPMorgan Chase’s 2014 Annual Report.

Redemption of outstanding trust preferred securities

On April 2, 2015, the Firm redeemed $1.5 billion, or 100% of the liquidation amount, of JPMorgan Chase Capital XXIX trust preferred securities. For additional information on the Firm’s trust preferred securities, see Note 21 of the 2014 Annual Report.

Preferred stock

During the three and six months ended June 30, 2015, the Firm issued $3.4 billion and $4.9 billion, respectively, of noncumulative preferred stock. Preferred stock dividends declared were $380 million and $704 million for the three and six months ended June 30, 2015, respectively. Assuming all preferred stock issuances were outstanding for the entire quarter and quarterly dividends were declared on such issuances, preferred stock dividends would have been $394 million for the three months ended June 30, 2015.

Further, on July 29, 2015, the Firm issued $1.2 billion of noncumulative preferred stock.

For additional information on the Firm’s preferred stock, see Note 22 of JPMorgan Chase’s 2014 Annual Report.

Common equity

During the second quarter of 2015, warrant holders exercised their right to purchase 11.0 million shares of the Firm’s common stock. Under the warrants’ net settlement terms, the Firm issued 4.2 million shares of its common stock. As of June 30, 2015, 48.8 million warrants remained outstanding, compared with 59.8 million as of December 31, 2014.

Following receipt on March 11, 2015, of the Federal Reserve’s non-objection to the Firm’s 2015 capital plan submitted under CCAR, the Firm’s Board of Directors authorized the Firm to repurchase up to $6.4 billion of common equity (common stock and warrants) between April 1, 2015, and June 30, 2016. This authorization includes shares repurchased to offset issuances under the Firm's equity-based compensation plans.

The following table sets forth the Firm's repurchases of common equity for the three and six months ended June 30, 2015 and 2014. The Firm repurchased common equity as permitted by its CCAR capital plans and prior Board authorization. There were no warrants repurchased during the three and six months ended June 30, 2015 and 2014.

	Three months ended June 30,		Six months ended June 30,	
(in millions)	2015	2014	2015	2014
Total shares of common stock repurchased	19.2	24.8	51.7	31.5
Aggregate common stock repurchases	$1,249	$1,375	$3,149	$1,761

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 common equity 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 blackout 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.

For additional information regarding repurchases of the Firm's equity securities, see Part II, Item 5: Market for registrant's common equity, related stockholder matters and issuer purchases of equity securities on pages 18–19 of JPMorgan Chase's 2014 Form 10-K.

Broker-dealer regulatory capital

JPMorgan Chase's principal U.S. broker-dealer subsidiaries are J.P. Morgan Securities LLC ("JPMorgan Securities") and J.P. Morgan Clearing Corp. ("JPMorgan Clearing"). JPMorgan Clearing is a subsidiary of JPMorgan Securities and provides clearing and settlement services. JPMorgan Securities and JPMorgan Clearing are each subject to Rule 15c3-1 under the Securities Exchange Act of 1934 (the "Net Capital Rule"). JPMorgan Securities and JPMorgan Clearing are also each registered as futures commission merchants and subject to Rule 1.17 of the Commodity Futures Trading Commission ("CFTC").

JPMorgan Securities and JPMorgan Clearing have elected to compute their minimum net capital requirements in accordance with the "Alternative Net Capital Requirements" of the Net Capital Rule. At June 30, 2015, JPMorgan Securities' net capital, as defined by the Net Capital Rule, was $13.3 billion, exceeding the minimum requirement by $10.8 billion, and JPMorgan Clearing's net capital was $8.0 billion, exceeding the minimum requirement by $6.3 billion.

In addition to its minimum net capital requirement, JPMorgan Securities is required to hold tentative net capital in excess of $1.0 billion and is also required to notify the Securities and Exchange Commission ("SEC") in the event that tentative net capital is less than $5.0 billion, in accordance with the market and credit risk standards of Appendix E of the Net Capital Rule. As of June 30, 2015, JPMorgan Securities had tentative net capital in excess of the minimum and notification requirements.

J.P. Morgan Securities plc is a wholly owned subsidiary of JPMorgan Chase Bank, N.A. and is the Firm's principal operating subsidiary in the U.K. It has authority to engage in banking, investment banking and broker-dealer activities. J.P. Morgan Securities plc is jointly regulated by the U.K. Prudential Regulation Authority ("PRA") and Financial Conduct Authority ("FCA"). Commencing January 1, 2014, J.P. Morgan Securities plc became subject to the U.K. Basel III capital rules.

At June 30, 2015, J.P. Morgan Securities plc had estimated total capital of $31.3 billion; its estimated CET1 capital ratio was 10.7% and its estimated Total capital ratio was 13.9%. Both capital ratios exceeded the minimum standards of 4.5% and 8.0%, respectively, under the transitional requirements of the European Union's ("EU") Basel III Capital Requirements Directive and Regulation, as well as the additional capital requirements specified by the PRA.

LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the Firm will be unable to meet its contractual and contingent obligations. Liquidity risk management is intended to ensure that the Firm has the appropriate amount, composition and tenor of funding and liquidity in support of its assets. The following discussion of JPMorgan Chase's Liquidity Risk Management should be read in conjunction with pages 156–160 of JPMorgan Chase's 2014 Annual Report.

LCR and NSFR

In December 2010, the Basel Committee introduced two new measures of liquidity risk: the liquidity coverage ratio ("LCR"), which is intended to measure the amount of "high-quality liquid assets" ("HQLA") held by the Firm in relation to estimated net cash outflows within a 30-day period during an acute stress event; and the net stable funding ratio ("NSFR") which is intended to measure the "available" amount of stable funding relative to the "required" amount of stable funding over a one-year horizon. The standards require that the LCR be no lower than 100% and the NSFR be greater than 100%.

On September 3, 2014, the U.S. banking regulators approved the final LCR rule ("U.S. LCR"), which became effective on January 1, 2015. Under the final rules, the LCR is required to be 80% at January 1, 2015, increasing by 10% each year until reaching 100% at January 1, 2017.

At June 30, 2015, the Firm was compliant with the fully phased-in U.S. LCR. The Firm's LCR may fluctuate from period-to-period due to normal flows from client activity.

On October 31, 2014, the Basel Committee issued the final standard for the NSFR which will become a minimum standard by January 1, 2018. The U.S. banking regulators are expected to issue a proposal on the NSFR that would outline requirements specific to U.S. banks.

HQLA

HQLA is the amount of assets that qualify for inclusion in the U.S. LCR. HQLA primarily consists of cash and certain unencumbered high quality liquid assets as defined in the final rule.

As of June 30, 2015, the Firm's HQLA was $532 billion, compared with $600 billion as of December 31, 2014. The decrease in HQLA was due to lower cash balances largely driven by lower non-operating deposit balances; however, the Firm remains LCR–compliant given the corresponding reduction in estimated net cash outflows that are associated with these deposits. HQLA may fluctuate from period-to-period primarily due to normal flows from client activity.

The following table presents HQLA included in the U.S. LCR, broken out by HQLA-eligible cash and HQLA-eligible securities as of June 30, 2015.

(in billions)	June 30, 2015
HQLA	
Eligible cash[(a)]	$365
Eligible securities[(b)]	167
Total HQLA	$532

(a) Predominantly cash on deposit at central banks.

(b) Predominantly includes U.S. agency mortgage-backed securities, U.S. Treasuries, and sovereign bonds net of applicable haircuts under U.S. LCR rules.

In addition to HQLA, as of June 30, 2015, the Firm has approximately $242 billion of unencumbered marketable securities, such as equity securities and fixed income debt securities, available to raise liquidity, if required. Furthermore, the Firm maintains borrowing capacity at various Federal Home Loan Banks ("FHLBs"), the Federal Reserve Bank discount window and various other central banks as a result of collateral pledged by the Firm to such banks. Although available, the Firm does not view the borrowing capacity at the Federal Reserve Bank discount window and the various other central banks as a primary source of liquidity. As of June 30, 2015, the Firm's remaining borrowing capacity at various FHLBs and the Federal Reserve Bank discount window was approximately $159 billion. This borrowing capacity excludes the benefit of securities included above in HQLA or other unencumbered securities held at the Federal Reserve Bank discount window for which the Firm has not drawn liquidity.

Funding

Sources of funds

Management believes that the Firm's unsecured and secured funding capacity is sufficient to meet its on- and off-balance sheet obligations.

The Firm funds its global balance sheet through diverse sources of funding including a stable deposit franchise as well as secured and unsecured funding in the capital markets. The Firm's loan portfolio (aggregating approximately $791.2 billion at June 30, 2015), is funded with a portion of the Firm's deposits (aggregating approximately $1,287.3 billion at June 30, 2015), and through securitizations and, with respect to a portion of the Firm's real estate-related loans, with secured borrowings from the FHLBs. Deposits in excess of the amount utilized to fund loans are primarily invested in the Firm's investment securities portfolio or deployed in cash or other short-term liquid investments based on their interest rate and liquidity risk characteristics. Securities borrowed or purchased under resale agreements and trading assets- debt and equity instruments are primarily funded by the Firm's securities loaned or sold under agreements to repurchase, trading liabilities–debt and equity instruments and a portion of the Firm's long-term debt and stockholders' equity. In addition to funding securities borrowed or purchased under resale agreements and trading assets-debt and equity instruments, proceeds from the Firm's debt and equity issuances are used to fund certain loans and other financial and non-financial assets, or may be invested in the Firm's investment securities portfolio. See the discussion below for additional information relating to Deposits, Short-term funding, and Long-term funding and issuance.

Deposits

A key strength of the Firm is its diversified deposit franchise, through each of its lines of business, which provides a stable source of funding and limits reliance on the wholesale funding markets. As of June 30, 2015, the Firm's loans-to-deposits ratio was 61%, compared with 56% at December 31, 2014.

As of June 30, 2015, total deposits for the Firm were $1,287.3 billion, compared with $1,363.4 billion at December 31, 2014 (58% of total liabilities at both June 30, 2015, and December 31, 2014). The decrease was attributable to lower wholesale deposits, partially offset by an increase in consumer deposits. For further information, see Balance Sheet Analysis on pages 10–11.

The Firm typically experiences higher customer deposit inflows at period-ends. Therefore, the Firm believes average deposit balances are more representative of deposit trends. The table below summarizes, by line of business, deposit balances as of June 30, 2015, and December 31, 2014, respectively, as well as average deposits for the three and six months ended June 30, 2015 and 2014, respectively.

Deposits	June 30, 2015	December 31, 2014	Three months ended June 30, Average		Six months ended June 30, Average	
(in millions)			2015	2014	2015	2014
Consumer & Community Banking	$530,767	$502,520	$529,448	$486,064	$520,850	$478,862
Corporate & Investment Bank	413,919	468,423	412,859	402,532	429,154	406,853
Commercial Banking	184,439	213,682	186,078	186,369	191,711	187,571
Asset Management	141,179	155,247	152,563	147,747	155,386	148,585
Corporate	17,028	23,555	18,197	21,287	20,625	22,268
Total Firm	$1,287,332	$1,363,427	$1,299,145	$1,243,999	$1,317,726	$1,244,139

A significant portion of the Firm's deposits are consumer deposits (41% and 37% at June 30, 2015, and December 31, 2014, respectively), which are considered a stable source of liquidity. Additionally, the majority of the Firm's institutional operating deposits are also considered to be stable sources of liquidity since they are generated from customers that maintain operating service relationships with the Firm. Wholesale non-operating deposits have decreased by over $100 billion from December 31, 2014 to June 30, 2015, predominantly driven by the Firm's commitment to reduce such deposits as announced in February 2015. The reduction has not had and is not expected to have a significant impact on the Firm's liquidity position. For further discussions of deposit and liability balance trends, see the discussion of the results for the Firm's business segments and the Balance Sheet Analysis on pages 16–43 and pages 10–11, respectively.

The following table summarizes short-term and long-term funding, excluding deposits, as June 30, 2015, and December 31, 2014, and average balances for the three and six months ended June 30, 2015 and 2014, respectively. For additional information, see the Balance Sheet Analysis on pages 10–11 and Note 12.

Sources of funds (excluding deposits) (in millions)	June 30, 2015	December 31, 2014	Three months ended June 30, Average 2015	2014	Six months ended June 30, Average 2015	2014
Commercial paper:						
Wholesale funding	$19,353	$ 24,052	$18,144	$18,559	$19,923	$18,791
Client cash management	22,885	42,292	30,876	41,201	34,563	40,433
Total commercial paper	$42,238	$ 66,344	$49,020	$59,760	$54,486	$59,224
Obligations of Firm-administered multi-seller conduits[a]	$12,959	$ 12,047	$11,943	$10,499	$11,709	$12,129
Other borrowed funds	$30,061	$ 30,222	$31,673	$32,720	$31,559	$31,085
Securities loaned or sold under agreements to repurchase:						
Securities sold under agreements to repurchase	$165,624	$ 167,077	$178,393	$184,724	$177,745	$178,520
Securities loaned	14,221	21,798	20,616	23,631	21,601	23,189
Total securities loaned or sold under agreements to repurchase[b][c][d]	$179,845	$ 188,875	$199,009	$208,355	$199,346	$201,709
Total senior notes	$147,339	$ 142,480	$146,049	$139,722	$145,687	$138,716
Trust preferred securities	3,981	5,496	4,020	5,468	4,760	5,462
Subordinated debt	27,325	29,472	27,397	29,053	28,334	29,227
Structured notes	30,933	30,021	31,057	30,403	30,738	29,676
Total long-term unsecured funding	$209,578	$ 207,469	$208,523	$204,646	$209,519	$203,081
Credit card securitization[a]	$31,245	$ 31,239	$32,024	$29,377	$31,316	$28,472
Other securitizations[e]	1,880	2,008	1,941	3,151	1,974	3,196
FHLB advances	72,540	64,994	69,830	61,189	67,163	61,246
Other long-term secured funding[f]	4,575	4,373	4,354	5,359	4,339	5,976
Total long-term secured funding	$110,240	$ 102,614	$108,149	$99,076	$104,792	$98,890
Preferred stock[g]	$24,918	$ 20,063	$23,476	$15,763	$22,158	$14,666
Common stockholders' equity[g]	$216,287	$ 211,664	$213,738	$206,159	$213,049	$203,989

(a) Included in beneficial interests issued by consolidated variable interest entities on the Firm's Consolidated balance sheets.

(b) Excludes federal funds purchased.

(c) Excluded long-term structured repurchase agreements of $3.7 billion and $2.7 billion as of June 30, 2015, and December 31, 2014, respectively, and average balance of $3.7 billion and $3.7 billion for the three months ended June 30, 2015 and 2014, respectively, and 3.3 billion and $4.4 billion for the six months ended June 30, 2015 and 2014, respectively.

(d) Excluded average long-term securities loaned of $48 million for the six months ended June 30, 2014. There was no balance for the other periods presented.

(e) Other securitizations includes securitizations of residential mortgages and student loans. The Firm's wholesale businesses also securitize loans for client-driven transactions; those client-driven loan securitizations are not considered to be a source of funding for the Firm and are not included in the table.

(f) Includes long-term structured notes which are secured.

(g) For additional information on preferred stock and common stockholders’ equity see Capital Management on pages 67–73 and the Consolidated statements of changes in stockholders’ equity on page 87; and Note 22 and Note 23 of JPMorgan Chase’s 2014 Annual Report.

Short-term funding

As of June 30, 2015, approximately 54% of the total commercial paper liabilities were not sourced from wholesale funding markets and instead were originated from customer sweeps, as compared with 64% at December 31, 2014. The Firm is in the process of discontinuing the customer sweep cash management program, and expects that the termination of this program will be completed by the end of the third quarter 2015. This change has not had and is not expected to have a significant impact on the Firm’s liquidity as the majority of these customer funds are expected to remain as deposits at the Firm.

The Firm’s sources of short-term secured funding primarily consist of securities loaned or sold under agreements to repurchase. Securities loaned or sold under agreements to repurchase are secured predominantly by high-quality securities collateral, including government-issued debt and agency MBS, and constitute a significant portion of the federal funds purchased and securities loaned or sold under repurchase agreements on the Consolidated Balance Sheets. The decrease in securities loaned or sold under agreements to repurchase at June 30, 2015, compared with the balance at December 31, 2014 (as well as the average balances for the three and six months ended June 30, 2015, compared with the prior year periods) was predominantly attributable to lower secured financing of trading assets-debt and equity instruments and the investment securities portfolio. The balances associated with securities loaned or sold under agreements to repurchase fluctuate over time due to customers' investment and financing activities; the Firm's demand for financing; the ongoing management of the mix of the Firm's liabilities, including its secured and unsecured financing (for both the investment securities and market-making portfolios); and other market and portfolio factors.

Long-term funding and issuance

Long-term funding provides additional sources of stable funding and liquidity for the Firm. The Firm's long-term funding plan is driven by expected client activity, liquidity considerations, and regulatory requirements. Long-term funding objectives include maintaining diversification, maximizing market access and optimizing funding costs, as well as maintaining a certain level of pre-funding at the parent holding company. The Firm evaluates various funding markets, tenors and currencies in creating its optimal long-term funding plan.

The significant majority of the Firm's long-term unsecured funding is issued by the parent holding company to provide maximum flexibility in support of both bank and nonbank subsidiary funding. The following table summarizes long-term unsecured issuance and maturities or redemptions for the three and six months ended June 30, 2015 and 2014. For additional information, see Note 21 of JPMorgan Chase's 2014 Annual Report.

Long-term unsecured funding	Three months ended June 30,		Six months ended June 30,	
(in millions)	2015	2014	2015	2014
Issuance				
Senior notes issued in the U.S. market	$3,745	$3,991	$13,630	$13,478
Senior notes issued in non-U.S. markets	3,064	1,618	7,306	5,466
Total senior notes	6,809	5,609	20,936	18,944
Subordinated debt	1,738	—	1,738	—
Structured notes	5,696	4,569	12,609	10,305
Total long-term unsecured funding – issuance	$14,243	$10,178	$35,283	$29,249
Maturities/redemptions				
Total senior notes	$3,524	$8,583	$12,719	$17,400
Trust preferred securities	1,500	—	1,500	—
Subordinated debt	2,226	—	3,032	600
Structured notes	4,504	4,034	10,324	8,850
Total long-term unsecured funding – maturities/redemptions	$11,754	$12,617	$27,575	$26,850

In addition, from July 1, 2015, through August 3, 2015, the Firm issued $2.6 billion of senior notes.

The Firm raises secured long-term funding through securitization of consumer credit card loans and advances from the FHLBs. It may also in the future raise long-term funding through securitization of residential mortgages, auto loans and student loans, which would increase funding and investor diversity.

The following table summarizes the securitization issuance and FHLB advances and their respective maturities or redemptions for the three and six months ended June 30, 2015 and 2014, respectively.

	Three months ended June 30,				Six months ended June 30,			
Long-term secured funding	Issuance		Maturities/Redemptions		Issuance		Maturities/Redemptions	
(in millions)	2015	2014	2015	2014	2015	2014	2015	2014
Credit card securitization	$3,650	$3,800	$ 3,785	$ 2,473	$6,126	$5,550	$ 6,130	$ 3,774
Other securitizations[(a)]	—	—	63	93	—	—	128	185
FHLB advances	7,850	—	2,002	1,481	12,550	1,000	5,003	2,490
Other long-term secured funding	$139	$293	$ 91	$ 2,899	$263	$333	$ 209	$ 2,996

Total long-term secured funding	$11,639	$4,093	$ 5,941	$ 6,946	$18,939	$6,883	$ 11,470	$ 9,445

(a) Other securitizations includes securitizations of residential mortgages and student loans.

From July 1, 2015, through August 3, 2015, the Firm securitized $700 million of consumer credit card loans.

The Firm's wholesale businesses also securitize loans for client-driven transactions; those client-driven loan securitizations are not considered to be a source of funding for the Firm and are not included in the table above. For further description of the client-driven loan securitizations, see Note 16 of JPMorgan Chase's 2014 Annual Report.

Credit ratings

The cost and availability of financing are influenced by credit ratings. Reductions in these ratings could have an adverse effect on the Firm's access to liquidity sources, increase the cost of funds, trigger additional collateral or funding requirements and decrease the number of investors and counterparties willing to lend to the Firm.

Additionally, the Firm's funding requirements for VIEs and other third party commitments may be adversely affected by a decline in credit ratings. For additional information on the impact of a credit ratings downgrade on the funding

requirements for VIEs, and on derivatives and collateral agreements, see Special-purpose entities on page 12, and Credit risk, liquidity risk and credit-related contingent features in Note 5.

The credit ratings of the parent holding company and the Firm's principal bank and nonbank subsidiaries as of June 30, 2015, were as follows.

	JPMorgan Chase & Co.			JPMorgan Chase Bank, N.A. Chase Bank USA, N.A.			J.P. Morgan Securities LLC		
June 30, 2015	Long-term issuer	Short-term issuer	Outlook	Long-term issuer	Short-term issuer	Outlook	Long-term issuer	Short-term issuer	Outlook
Moody's Investor Services	A3	P-2	Stable	Aa3	P-1	Stable	Aa3	P-1	Stable
Standard & Poor's	A	A-1	Negative	A+	A-1	Stable	A+	A-1	Stable
Fitch Ratings	A+	F1	Stable	AA-	F1+	Stable	AA-	F1+	Stable

Downgrades of the Firm's long-term ratings by one or two notches could result in a downgrade of the Firm's short-term ratings. If this were to occur, the Firm believes its cost of funds could increase and access to certain funding markets could be reduced as noted above. The nature and magnitude of the impact of ratings downgrades depends on numerous contractual and behavioral factors (which the Firm believes are incorporated in its liquidity risk and stress testing metrics). The Firm believes that it maintains sufficient liquidity to withstand a potential decrease in funding capacity due to ratings downgrades.

JPMorgan Chase's unsecured debt does not contain requirements that would call for an acceleration of payments, maturities or changes in the structure of the existing debt, provide any limitations on future borrowings or require additional collateral, based on unfavorable changes in the Firm's credit ratings, financial ratios, earnings, or stock price.

Critical factors in maintaining high credit ratings include a stable and diverse earnings stream, strong capital ratios, strong credit quality and risk management controls, diverse funding sources, and disciplined liquidity monitoring procedures. Rating agencies continue to evaluate economic

and geopolitical trends, regulatory developments, rating uplift assumptions surrounding government support, future profitability, risk management practices, and litigation matters, as well as their broader ratings methodologies. Changes in any of these factors could lead to changes in the Firm's credit ratings.

In May 2015, Moody's published its new bank rating methodology. As part of this action, the Firm's preferred stock, deposits and bank subordinated debt ratings were upgraded by one notch. Additionally in May 2015, Fitch changed its bank ratings methodology, implementing ratings differentiation between bank holding companies and their bank subsidiaries. This resulted in a one notch upgrade to the issuer ratings, senior debt ratings and long-term deposit ratings of JPMorgan Chase Bank, N.A., and certain other subsidiaries. In addition, S&P is considering a proposed change to its rating criteria related to additional loss absorbing capacity.

Although the Firm closely monitors and endeavors to manage, to the extent it is able, factors influencing its credit ratings, there is no assurance that its credit ratings will not be changed in the future.

SUPERVISION AND REGULATION

Beginning July 21, 2015, the Volcker Rule provisions regarding the prohibitions against proprietary trading and holding ownership interests or sponsoring "covered funds" became effective; a one-year extension has been granted by the Federal Reserve for the holding of ownership interests in funds sponsored or owned prior to December 31, 2013.

The Firm has completed training for all affected front office and control personnel, has in place conformance plans for those covered funds to which the extension applies, and believes that it is in compliance in all material respects with the Volcker Rule. The deductions from Tier 1 capital associated with permissible holdings of covered funds will be reflected in the Firm’s risk-based capital ratios beginning with the third quarter of 2015.

For further information on Supervision and Regulation, see the Supervision and regulation section on pages 1–7 of JPMorgan Chase’s 2014 Form 10-K.

Dividends

At June 30, 2015, JPMorgan Chase estimated that its banking subsidiaries could pay, in the aggregate, approximately $37 billion in dividends to their respective bank holding companies without the prior approval of their relevant banking regulators.

CRITICAL ACCOUNTING ESTIMATES USED BY THE FIRM

JPMorgan Chase's accounting policies and use of estimates are integral to understanding its reported results. The Firm's most complex accounting estimates require management's judgment to ascertain the appropriate carrying value of assets and liabilities. The Firm has established policies and control procedures intended to ensure that estimation methods, including any judgments made as part of such methods, are well-controlled, independently reviewed and applied consistently from period to period. The methods used and judgments made reflect, among other factors, the nature of the assets or liabilities and the related business and risk management strategies, which may vary across the Firm's businesses and portfolios. In addition, the policies and procedures are intended to ensure that the process for changing methodologies occurs in an appropriate manner. The Firm believes its estimates for determining the carrying value of its assets and liabilities are appropriate. The following is a brief description of the Firm's critical accounting estimates involving significant judgments.

Allowance for credit losses

JPMorgan Chase's allowance for credit losses covers the retained consumer and wholesale loan portfolios, as well as the Firm's consumer and wholesale lending-related commitments. The allowance for loan losses is intended to adjust the carrying value of the Firm's loan assets to reflect probable credit losses inherent in the loan portfolio as of the balance sheet date. Similarly, the allowance for lending-related commitments is established to cover probable credit losses inherent in the lending-related commitments portfolio as of the balance sheet date. For further discussion of the methodologies used in establishing the Firm's allowance for credit losses, see Allowance for credit losses on pages 128–130 and Note 15 of JPMorgan Chase's 2014 Annual Report; for amounts recorded as of June 30, 2015 and 2014, see Allowance for credit losses on pages 58–60 and Note 14 of this Form 10-Q.

As noted in the discussion on pages 161–163 of JPMorgan Chase's 2014 Annual Report, the Firm's allowance for credit losses is sensitive to numerous factors, which may differ depending on the portfolio. Changes in economic conditions or in the Firm's assumptions and estimates could affect its estimate of probable credit losses inherent in the portfolio at the balance sheet date. The Firm uses its best judgment to assess these economic conditions and loss data in estimating the allowance for loan losses and these estimates are subject to periodic refinement based on any changes to underlying external and Firm-specific historical data. In many cases, the use of alternate estimates (for example, the effect of home prices and unemployment rates on consumer delinquency, or the calibration between the Firm's wholesale loan risk ratings and external credit ratings) or data sources (for example, external probability of default ("PD") and loss given default ("LGD") factors that incorporate industry-wide information, versus Firm-specific

history) would result in a different estimated allowance for loan loss. To illustrate the potential magnitude of certain alternate judgments, the Firm estimates that changes in the following inputs would have the following effects on the Firm's modeled loss estimates as of June 30, 2015, without consideration of any offsetting or correlated effects of other inputs in the Firm's allowance for loan losses:

- For PCI loans, a combined 5% decline in housing prices and a 1% increase in unemployment from current levels could imply an increase to modeled credit loss estimates of approximately $0.9 billion.
- For the residential real estate portfolio, excluding PCI loans, a combined 5% decline in housing prices and a 1% increase in unemployment from current levels could imply an increase to modeled annual loss estimates of approximately $75 million.
- A 50 basis point deterioration in forecasted credit card loss rates could imply an increase to modeled annualized credit card loan loss estimates of approximately $600 million.
- An increase in PD factors consistent with a one-notch downgrade in the Firm's internal risk ratings for its entire wholesale loan portfolio could imply an increase in the Firm's modeled loss estimates of approximately $1.9 billion.
- A 100 basis point increase in estimated LGD for the Firm's entire wholesale loan portfolio could imply an increase in the Firm's modeled loss estimates of approximately $150 million.

The purpose of these sensitivity analyses is to provide an indication of the isolated impacts of hypothetical alternative assumptions on modeled loss estimates. The changes in the inputs presented above are not intended to imply management's expectation of future deterioration of those risk factors. In addition, these analyses are not intended to estimate changes in the overall allowance for loan losses, which would also be influenced by the judgment management applies to the modeled loss estimates to reflect the uncertainty and imprecision of these modeled loss estimates based on then current circumstances and conditions.

It is difficult to estimate how potential changes in specific factors might affect the overall allowance for credit losses because management considers a variety of factors and inputs in estimating the allowance for credit losses. Changes in these factors and inputs may not occur at the same rate and may not be consistent across all geographies or product types, and changes in factors may be directionally inconsistent, such that improvement in one factor may offset deterioration in other factors. In addition, it is difficult to predict how changes in specific economic conditions or assumptions could affect borrower behavior or other factors considered by management in estimating the allowance for credit losses. Given the process the Firm follows and the judgments made in evaluating the risk factors related to its loans and credit card loss estimates, management believes that its current estimate of the allowance for credit loss is appropriate.

Fair value of financial instruments, MSRs and commodities inventory

Assets measured at fair value

The following table includes the Firm's assets measured at fair value and the portion of such assets that are classified within level 3 of the valuation hierarchy. For further information, see Note 3.

June 30, 2015 (in billions, except ratio data)	Total assets at fair value	Total level 3 assets	
Trading debt and equity instruments	$310.4	$15.9	
Derivative receivables	67.5	11.1	
Trading assets	377.9	27.0	
AFS securities	266.2	0.9	
Loans	2.4	2.3	
MSRs	7.6	7.6	
Private equity investments[(a)]	2.3	2.0	
Other	34.0	0.8	
Total assets measured at fair value on a recurring basis	690.4	40.6	
Total assets measured at fair value on a nonrecurring basis	2.0	1.9	
Total assets measured at fair value	$692.4	$42.5	
Total Firm assets	$2,449.6		
Level 3 assets as a percentage of total Firm assets		1.7	%
Level 3 assets as a percentage of total Firm assets at fair value		6.1	%

Note: Effective April 1, 2015, the Firm adopted new accounting guidance for certain investments where the Firm measures fair value using the net asset value per share (or its equivalent) as a practical expedient and excluded them from the fair value hierarchy. Accordingly, such investments are not included within this table. For further information, see Note 3.

(a) Private equity instruments represent investments within Corporate.

Valuation

Estimating fair value requires the application of judgment. The type and level of judgment required is largely dependent on the amount of observable market information available to the Firm. For instruments valued using internally developed models that use significant unobservable inputs and are therefore classified within level 3 of the valuation hierarchy, judgments used to estimate fair value are more significant than those required when estimating the fair value of instruments classified within levels 1 and 2.

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

credit curves. For further discussion of the valuation of level 3 instruments, including unobservable inputs used, see Note 3.

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

Imprecision in estimating unobservable market inputs or other factors can affect the amount of gain or loss recorded for a particular position. Furthermore, while the Firm believes its valuation methods are appropriate and consistent

with those of other market participants, the methods and assumptions used reflect management judgment and may vary across the Firm's businesses and portfolios.
The Firm uses various methodologies and assumptions in the determination of fair value. The use of methodologies or assumptions different than those used by the Firm could result in a different estimate of fair value at the reporting date. For a detailed discussion of the Firm's valuation process and hierarchy, and its determination of fair value for individual financial instruments, see Note 3.
Goodwill impairment
Management applies significant judgment when testing goodwill for impairment. For a description of the significant valuation judgments associated with goodwill impairment, see Goodwill impairment on page 164 of JPMorgan Chase's 2014 Annual Report.
The remaining goodwill of $101 million associated with the Private Equity business was disposed of as part of the Private Equity sale completed in January 2015. For further information on the Private Equity sale, see Note 2.
In addition, during the three months ended June 30, 2015, the Firm updated the discounted cash flow valuation of its Mortgage Banking business. As of June 30, 2015, the estimated fair value of the Firm's Mortgage Banking business exceeds its carrying value by less than 5%, and accordingly, the associated goodwill of approximately $2 billion remains at an elevated risk for goodwill impairment.
For its other businesses, the Firm reviewed current conditions (including the estimated effects of regulatory and legislative changes and current estimated market cost of equity) and prior projections of business performance.
Based on the updated valuation of its Mortgage Banking business and reviews of its other businesses, the Firm concluded that the goodwill allocated to its reporting units was not impaired at June 30, 2015.

Deterioration in economic or market conditions, increased estimates of the effects of recent regulatory or legislative changes, or additional regulatory or legislative changes may result in declines in projected business performance beyond management's current expectations. For example, in the Firm's Mortgage Banking business, such declines could result from increases in primary mortgage interest rates, lower mortgage origination volume, or from deterioration in economic conditions, including decreases in home prices, that result in increased credit losses. Declines in business performance, increases in equity capital requirements, 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 in the future, which could result in a material impairment charge to earnings in a future period related to some portion of the associated goodwill.

For additional information on goodwill, see Note 16.

Income taxes

For a description of the significant assumptions, judgments and interpretations associated with the accounting for income taxes, see Income taxes on pages 164–165 of JPMorgan Chase's 2014 Annual Report.

Litigation reserves

For a description of the significant estimates and judgments associated with establishing litigation reserves, see Note 23 of this Form 10-Q, and Note 31 of JPMorgan Chase's 2014 Annual Report.

ACCOUNTING AND REPORTING DEVELOPMENTS

Disclosures for investments in certain entities that calculate net asset value per share (or its equivalent)

In May 2015, the Financial Accounting Standards Board ("FASB") issued guidance to address diversity in practice related to how certain investments measured at net asset value ("NAV") are reported within the financial statement footnotes. The new guidance removes the requirement to categorize investments measured under the current NAV practical expedient within the fair value hierarchy for all investments. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The Firm adopted the new guidance effective April 1, 2015. The guidance was required to be applied retrospectively, and accordingly, certain prior period amounts have been revised to conform with the current period presentation. The application of this guidance only affected the disclosures related to these investments and had no impact on the Firm's Consolidated balance sheets or results of operations. For further information, see Note 3.

Simplifying presentation of debt issuance costs

In April 2015, the FASB issued guidance that simplifies the presentation of debt issuance costs. The new guidance requires that unamortized debt issuance costs be presented as a reduction of the debt liability rather than as an asset. The guidance does not impact the amortization method for these costs. Adoption of the new guidance will have no impact on the Firm's net income but will reduce other assets and long-term debt by an immaterial amount. The guidance will be effective in the first quarter of 2016 with early adoption permitted.

Amendments to the consolidation analysis

In February 2015, the FASB issued guidance regarding consolidation of legal entities such as limited partnerships, limited liability corporations, and securitization structures. The guidance eliminates the deferral issued by the FASB in February 2010 of the accounting guidance for VIEs for certain investment funds, including mutual funds, private equity funds and hedge funds. In addition, the guidance amends the evaluation of fees paid to a decision maker or a service provider, and exempts certain money market funds from consolidation. The guidance will be effective in the first quarter of 2016. The Firm is currently evaluating the potential impact on the Consolidated Financial Statements.

Measuring the financial assets and financial liabilities of
a consolidated collateralized financing entity

In August 2014, the FASB issued guidance to address diversity in the accounting for differences in the measurement of the fair values of financial assets and liabilities of consolidated financing VIEs. The new guidance provides an alternative for consolidated financing VIEs to elect: (1) to measure their financial assets and liabilities separately under existing U.S. GAAP for fair value measurement with any differences in such fair values reflected in earnings; or (2) to measure both their financial assets and liabilities using the more observable of the fair value of the financial assets or the fair value of the financial liabilities. The guidance will be effective in the first quarter of 2016, with early adoption permitted. The adoption

of this guidance is not expected to have a material impact on the Firm's Consolidated Financial Statements.

Repurchase agreements and similar transactions

In June 2014, the FASB issued guidance that amends the accounting for certain secured financing transactions, and requires enhanced disclosures with respect to transactions recognized as sales in which exposure to the derecognized asset is retained through a separate agreement with the counterparty. The Firm adopted the new accounting guidance effective January 1, 2015. The application of this guidance did not have a material impact on the Firm's Consolidated Financial Statements. For further information, see Note 5.

In addition, the guidance requires enhanced disclosures with respect to the types of financial assets pledged in secured financing transactions and the remaining contractual maturity of the secured financing transactions. The Firm adopted the new disclosure guidance effective April 1, 2015. For further information, see Note 12.

Revenue recognition – revenue from contracts with customers

In May 2014, the FASB issued revenue recognition guidance that is intended to create greater consistency with respect to how and when revenue from contracts with customers is shown in the statements of income. The guidance requires that revenue from contracts with customers be recognized upon delivery of a good or service based on the amount of consideration expected to be received, and requires additional disclosures about revenue. The guidance will be effective in the first quarter of 2018 with early adoption permitted as early as the first quarter of 2017. The Firm is currently evaluating the potential impact on the Consolidated Financial Statements.

Reporting discontinued operations and disclosures of disposals of components of an entity

In April 2014, the FASB issued guidance regarding the reporting of discontinued operations. The guidance changes the criteria for determining whether a disposition qualifies for discontinued operations presentation. It also requires enhanced disclosures about discontinued operations and significant dispositions that do not qualify to be presented as discontinued operations. The Firm adopted the new guidance effective January 1, 2015. The application of this guidance had no material impact on the Firm's Consolidated Financial Statements.

Investments in qualified affordable housing projects

In January 2014, the FASB issued guidance regarding the accounting for investments in affordable housing projects that qualify for the low-income housing tax credit. The guidance replaces the effective yield method and allows companies to make an accounting policy election to amortize the initial cost of its investments in proportion to the tax credits and other benefits received if certain criteria are met, and to present the amortization as a component of income tax expense.

The Firm adopted the new accounting guidance effective January 1, 2015. The guidance was required to be applied retrospectively and accordingly, certain prior period amounts have been revised to conform with the current period presentation. For additional information about the impact of the adoption of the new accounting guidance on January 1, 2015, see Note 1.

FORWARD-LOOKING STATEMENTS

From time to time, the Firm has made and will make forward-looking statements. These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often use words such as “anticipate,” “target,” “expect,” “estimate,” “intend,” “plan,” “goal,” “believe,” or other words of similar meaning. Forward-looking statements provide JPMorgan Chase’s current expectations or forecasts of future events, circumstances, results or aspirations. JPMorgan Chase’s disclosures in this Form 10-Q contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The Firm also may make forward-looking statements in its other documents filed or furnished with the Securities and Exchange Commission. In addition, the Firm’s senior management may make forward-looking statements orally to investors, analysts, representatives of the media and others.

All forward-looking statements are, by their nature, subject to risks and uncertainties, many of which are beyond the Firm’s control. JPMorgan Chase’s actual future results may differ materially from those set forth in its forward-looking statements. While there is no assurance that any list of risks and uncertainties or risk factors is complete, below are certain factors which could cause actual results to differ from those in the forward-looking statements:

- Local, regional and international business, economic and political conditions and geopolitical events;
- Changes in laws and regulatory requirements, including capital requirements;
- Changes in trade, monetary and fiscal policies and laws;
- Securities and capital markets behavior, including changes in market liquidity and volatility;
- Changes in investor sentiment or consumer spending or savings behavior;
- Ability of the Firm to manage effectively its capital and liquidity, including approval of its capital plans by banking regulators;
- Changes in credit ratings assigned to the Firm or its subsidiaries;
- Damage to the Firm’s reputation;
- Ability of the Firm to deal effectively with an economic slowdown or other economic or market disruption;
- Technology changes instituted by the Firm, its counterparties or competitors;
- The success of the Firm’s business simplification initiatives and the effectiveness of its control agenda;
- Ability of the Firm to develop new products and services, and the extent to which products or services previously sold by the Firm (including but not limited to mortgages and asset-backed securities) require the Firm to incur liabilities or absorb losses not contemplated at their initiation or origination;
- Ability of the Firm to address enhanced regulatory requirements affecting its consumer businesses;
- Acceptance of the Firm’s new and existing products and services by the marketplace and the ability of the Firm to increase market share;
- Ability of the Firm to attract and retain qualified employees;
- Ability of the Firm to control expense;
- Competitive pressures;
- Changes in the credit quality of the Firm’s customers and counterparties;
- Adequacy of the Firm’s risk management framework, disclosure controls and procedures and internal control over financial reporting;
- Adverse judicial or regulatory proceedings;
- Changes in applicable accounting policies;
- Ability of the Firm to determine accurate values of certain assets and liabilities;
- Occurrence of natural or man-made disasters or calamities or conflicts;
- Ability of the Firm to maintain the security of its financial, accounting, technology, data processing and other operating systems and facilities;
- Ability of the Firm to effectively defend itself against cyberattacks and other attempts by unauthorized parties to access the Firm’s information or disrupt its systems; and
- The other risks and uncertainties detailed in Part I, Item 1A: Risk Factors in the Firm’s Annual Report on Form 10-K for the year ended December 31, 2014.

Any forward-looking statements made by or on behalf of the Firm speak only as of the date they are made, and JPMorgan Chase does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made. The reader should, however, consult any further disclosures of a forward-looking nature the Firm may make in any subsequent Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, or Current Reports on Form 8-K.

JPMorgan Chase & Co.
Consolidated statements of income (unaudited)

	Three months ended June 30,		Six months ended June 30,	
(in millions, except per share data)	2015	2014	2015	2014
Revenue				
Investment banking fees	$1,833	$1,751	$3,627	$3,171
Principal transactions	2,834	2,908	6,489	6,230
Lending- and deposit-related fees	1,418	1,463	2,781	2,868
Asset management, administration and commissions	4,015	4,007	7,822	7,843
Securities gains[(a)]	44	12	96	42
Mortgage fees and related income	783	1,291	1,488	1,805
Card income	1,615	1,549	3,046	2,957
Other income	586	899	1,168	1,512
Noninterest revenue	13,128	13,880	26,517	26,428
Interest income	12,514	12,861	25,079	25,654
Interest expense	1,830	2,063	3,718	4,189
Net interest income	10,684	10,798	21,361	21,465
Total net revenue	23,812	24,678	47,878	47,893
Provision for credit losses	935	692	1,894	1,542
Noninterest expense				
Compensation expense	7,694	7,610	15,737	15,469
Occupancy expense	923	973	1,856	1,925
Technology, communications and equipment expense	1,499	1,433	2,990	2,844
Professional and outside services	1,768	1,932	3,402	3,718
Marketing	642	650	1,233	1,214
Other expense	1,974	2,833	4,165	4,897
Total noninterest expense	14,500	15,431	29,383	30,067
Income before income tax expense	8,377	8,555	16,601	16,284
Income tax expense	2,087	2,575	4,397	5,035
Net income	$6,290	$5,980	$12,204	$11,249
Net income applicable to common stockholders	$5,776	$5,568	$11,228	$10,460
Net income per common share data				
Basic earnings per share	$1.56	$1.47	$3.02	$2.76
Diluted earnings per share	1.54	1.46	2.99	2.74
Weighted-average basic shares	3,707.8	3,780.6	3,716.6	3,783.9
Weighted-average diluted shares	3,743.6	3,812.5	3,750.5	3,818.1
Cash dividends declared per common share	$0.44	$0.40	$0.84	$0.78

(a) The Firm recognized other-than-temporary impairment ("OTTI") losses of $1 million for the three months ended June 30, 2015, and $2 million for each of the six months ended June 30, 2015 and 2014. The Firm did not recognize OTTI losses for the three months ended June 30, 2014.

The Notes to Consolidated Financial Statements (unaudited) are an integral part of these statements.

JPMorgan Chase & Co.
Consolidated statements of comprehensive income (unaudited)

(in millions)	Three months ended June 30, 2015	2014	Six months ended June 30, 2015	2014
Net income	$6,290	$5,980	$12,204	$11,249
Other comprehensive income, after–tax				
Unrealized gains/(losses) on investment securities	(1,419)	1,075	(1,330)	2,069
Translation adjustments, net of hedges	3	12	(7)	10
Cash flow hedges	80	68	157	127
Defined benefit pension and OPEB plans	8	7	93	33
Total other comprehensive income, after–tax	(1,328)	1,162	(1,087)	2,239
Comprehensive income	$4,962	$7,142	$11,117	$13,488

The Notes to Consolidated Financial Statements (unaudited) are an integral part of these statements.

JPMorgan Chase & Co.
Consolidated balance sheets (unaudited)

(in millions, except share data)	Jun 30, 2015	Dec 31, 2014
Assets		
Cash and due from banks	$24,095	$27,831
Deposits with banks	398,807	484,477
Federal funds sold and securities purchased under resale agreements (included $28,670 and $28,585 at fair value)	212,850	215,803
Securities borrowed (included $495 and $992 at fair value)	98,528	110,435
Trading assets (included assets pledged of $125,224 and $125,034)	377,870	398,988
Securities (included $266,201 and $298,752 at fair value and assets pledged of $22,616 and $24,912)	317,795	348,004
Loans (included $2,431 and $2,611 at fair value)	791,247	757,336
Allowance for loan losses	(13,915)	(14,185)
Loans, net of allowance for loan losses	777,332	743,151
Accrued interest and accounts receivable	69,642	70,079
Premises and equipment	15,073	15,133
Goodwill	47,476	47,647
Mortgage servicing rights	7,571	7,436
Other intangible assets	1,091	1,192
Other assets (included $8,603 and $11,909 at fair value and assets pledged of $1,219 and $1,399)	101,469	102,597
Total assets[a]	$2,449,599	$2,572,773
Liabilities		
Deposits (included $11,485 and $8,807 at fair value)	$1,287,332	$1,363,427
Federal funds purchased and securities loaned or sold under repurchase agreements (included $3,586 and $2,979 at fair value)	180,897	192,101
Commercial paper	42,238	66,344
Other borrowed funds (included $13,987 and $14,739 at fair value)	30,061	30,222
Trading liabilities	139,422	152,815
Accounts payable and other liabilities (included $23 and $26 at fair value)	191,749	206,939
Beneficial interests issued by consolidated variable interest entities (included $1,330 and $2,162 at fair value)	50,002	52,362
Long-term debt (included $31,316 and $30,226 at fair value)	286,693	276,836
Total liabilities[a]	2,208,394	2,341,046
Commitments and contingencies (see Notes 21 and 23)		
Stockholders' equity		
Preferred stock ($1 par value; authorized 200,000,000 shares; issued 2,491,750 and 2,006,250 shares)	24,918	20,063
Common stock ($1 par value; authorized 9,000,000,000 shares; issued 4,104,933,895 shares)	4,105	4,105
Additional paid-in capital	92,204	93,270
Retained earnings	138,294	129,977
Accumulated other comprehensive income	1,102	2,189
Shares held in RSU Trust, at cost (472,953 shares)	(21)	(21)
Treasury stock, at cost (406,866,534 and 390,144,630 shares)	(19,397)	(17,856)
Total stockholders' equity	241,205	231,727
Total liabilities and stockholders' equity	$2,449,599	$2,572,773

(a)

The following table presents information on assets and liabilities related to VIEs that are consolidated by the Firm at June 30, 2015, and December 31, 2014. The difference between total VIE assets and liabilities represents the Firm's interests in those entities, which were eliminated in consolidation.

(in millions)	Jun 30, 2015	Dec 31, 2014
Assets		
Trading assets	$5,168	$9,090
Loans	67,116	68,880
All other assets	2,274	1,815
Total assets	$74,558	$79,785
Liabilities		
Beneficial interests issued by consolidated variable interest entities	$50,002	$52,362
All other liabilities	868	949
Total liabilities	$50,870	$53,311

The assets of the consolidated VIEs are used to settle the liabilities of those entities. The holders of the beneficial interests do not have recourse to the general credit of JPMorgan Chase. At both June 30, 2015, and December 31, 2014, the Firm provided limited program-wide credit enhancement of $2.0 billion related to its Firm-administered multi-seller conduits, which are eliminated in consolidation. For further discussion, see Note 15.

The Notes to Consolidated Financial Statements (unaudited) are an integral part of these statements.

JPMorgan Chase & Co.
Consolidated statements of changes in stockholders’ equity (unaudited)

	Six months ended June 30,	
(in millions, except per share data)	2015	2014
Preferred stock		
Balance at January 1	$20,063	$11,158
Issuance of preferred stock	4,855	7,305
Balance at June 30	24,918	18,463
Common stock		
Balance at January 1 and June 30	4,105	4,105
Additional paid-in capital		
Balance at January 1	93,270	93,828
Shares issued and commitments to issue common stock for employee stock-based compensation awards, and related tax effects	(788)	(901)
Other	(278)	(48)
Balance at June 30	92,204	92,879
Retained earnings		
Balance at January 1	129,977	115,756
Cumulative effect of change in accounting principle	—	(321)
Balance at beginning of year, adjusted	129,977	115,435
Net income	12,204	11,249
Dividends declared:		
Preferred stock	(704)	(495)
Common stock ($0.84 and $0.78 per share)	(3,183)	(3,023)
Balance at June 30	138,294	123,166
Accumulated other comprehensive income		
Balance at January 1	2,189	1,199
Other comprehensive income	(1,087)	2,239
Balance at June 30	1,102	3,438
Shares held in RSU Trust, at cost		
Balance at January 1 and June 30	(21)	(21)
Treasury stock, at cost		
Balance at January 1	(17,856)	(14,847)
Purchase of treasury stock	(3,149)	(1,761)
Reissuance from treasury stock	1,608	1,561
Balance at June 30	(19,397)	(15,047)
Total stockholders’ equity	$241,205	$226,983

The Notes to Consolidated Financial Statements (unaudited) are an integral part of these statements.

JPMorgan Chase & Co.
Consolidated statements of cash flows (unaudited)

	Six months ended June 30,	
(in millions)	2015	2014
Operating activities		
Net income	$12,204	$11,249
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	1,894	1,542
Depreciation and amortization	2,419	2,426
Deferred tax expense	90	2,540
Investment securities gains	(96)	(42)
Stock-based compensation	1,075	1,142
Originations and purchases of loans held-for-sale	(30,665)	(34,940)
Proceeds from sales, securitizations and paydowns of loans held-for-sale	27,797	38,853
Net change in:		
Trading assets	34,114	(14,764)
Securities borrowed	11,903	(2,507)
Accrued interest and accounts receivable	154	(12,801)
Other assets	718	18,795
Trading liabilities	(16,660)	(7,140)
Accounts payable and other liabilities	(9,432)	1,733
Other operating adjustments	(3,340)	4,210
Net cash provided by operating activities	32,175	10,296
Investing activities		
Net change in:		
Deposits with banks	85,670	(77,858)
Federal funds sold and securities purchased under resale agreements	2,927	(1,427)
Held-to-maturity securities:		
Proceeds from paydowns and maturities	3,185	1,667
Purchases	(5,678)	(6,312)
Available-for-sale securities:		
Proceeds from paydowns and maturities	43,454	41,248
Proceeds from sales	22,569	14,976
Purchases	(41,391)	(54,227)
Proceeds from sales and securitizations of loans held-for-investment	10,217	9,170
Other changes in loans, net	(45,505)	(24,730)
Net cash provided by/(used in) business acquisitions or dispositions	1,263	(19)
All other investing activities, net	760	(426)
Net cash provided by/(used in) investing activities	77,471	(97,938)
Financing activities		
Net change in:		
Deposits	(88,838)	33,419
Federal funds purchased and securities loaned or sold under repurchase agreements	(11,195)	35,364
Commercial paper and other borrowed funds	(24,161)	11,119
Beneficial interests issued by consolidated variable interest entities	(1,454)	(5,665)
Proceeds from long-term borrowings	54,585	36,469
Payments of long-term borrowings	(40,190)	(36,628)
Excess tax benefits related to stock-based compensation	287	357
Proceeds from issuance of preferred stock	4,774	7,249
Treasury stock purchased	(3,149)	(1,761)

Dividends paid	(3,734)	(3,360)
All other financing activities, net	(354)	(1,127)
Net cash (used in)/provided by financing activities	(113,429)	75,436
Effect of exchange rate changes on cash and due from banks	47	(42)
Net decrease in cash and due from banks	(3,736)	(12,248)
Cash and due from banks at the beginning of the period	27,831	39,771
Cash and due from banks at the end of the period	$24,095	$27,523
Cash interest paid	$3,302	$4,007
Cash income taxes paid/(refunded), net	5,833	(739)

The Notes to Consolidated Financial Statements (unaudited) are an integral part of these statements.

See Glossary of Terms for definitions of terms used throughout the Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
Note 1 – Basis of presentation
JPMorgan Chase & Co. ("JPMorgan Chase" or the "Firm"), a financial holding company incorporated under Delaware law in 1968, is a leading global financial services firm and one of the largest banking institutions in the United States of America ("U.S."), with operations worldwide. The Firm is a leader in investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing and asset management. For a discussion of the Firm's business segments, see Note 24.
The accounting and financial reporting policies of JPMorgan Chase and its subsidiaries conform to accounting principles generally accepted in the U.S. ("U.S. GAAP"). Additionally, where applicable, the policies conform to the accounting and reporting guidelines prescribed by regulatory authorities.
The unaudited Consolidated Financial Statements prepared in conformity with U.S. GAAP require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expense, and the disclosures of contingent assets and liabilities. Actual results could be different from these estimates. In the opinion of management, all normal, recurring adjustments have been included for a fair statement of this interim financial information.
These unaudited Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements, and related notes thereto, included in JPMorgan Chase's Annual Report on Form 10-K for the year ended December 31, 2014, as filed with the U.S. Securities and Exchange Commission (the "2014 Annual Report").
Certain amounts reported in prior periods have been reclassified to conform with the current presentation.
Investments in qualified affordable housing projects
Effective January 1, 2015, the Firm adopted new accounting guidance for investments in affordable housing projects that qualify for the low-income housing tax credit, which impacted the Corporate & Investment Bank ("CIB"). As a result of the adoption of this new guidance, the Firm made an accounting policy election to amortize the initial cost of its qualifying investments in proportion to the tax credits and other benefits received, and to present the amortization as a component of income tax expense; previously such amounts were predominantly presented in other income. The guidance was required to be applied retrospectively and accordingly, certain prior period

amounts have been revised to conform with the current period presentation. The cumulative effect on retained earnings was a reduction of $321 million as of January 1, 2014. The adoption of this accounting guidance resulted in an increase of $224 million and $229 million in other income and income tax expense, respectively, for the three months ended June 30, 2014, and $446 million and $456 million, respectively, for the six months ended June 30, 2014, which led to an increase of approximately 2% in the effective tax rate for the three and six months ended June 30, 2014. The impact on net income and earnings per share in the periods affected was not material.
The Firm recognized $381 million and $384 million of tax credits and other tax benefits associated with these investments within Income tax expense for the three months ended June 30, 2015 and 2014, respectively, and $758 million and $763 million for the six months ended June 30, 2015 and 2014, respectively. The amount of amortization of such investments reported in income tax expense under the current period presentation was $281 million and $267 million, for the three months ended June 30, 2015 and 2014, respectively, and $555 million and $531 million for the six months ended June 30, 2015, respectively.
The carrying value of investments in affordable housing projects was $7.1 billion and $7.3 billion at June 30, 2015 and December 31, 2014, respectively. These investments are reported in other assets on the Firm's Consolidated balance sheets. The amount of commitments related to these investments was $1.7 billion and $1.8 billion at June 30, 2015, and December 31, 2014, respectively. These commitments are reported in accounts payable and other liabilities on the Firm's Consolidated balance sheets.
Offsetting assets and liabilities

U.S. GAAP permits entities to present derivative receivables and derivative payables with the same counterparty and the related cash collateral receivables and payables on a net basis on the balance sheet when a legally enforceable master netting agreement exists. U.S. GAAP also permits securities sold and purchased under repurchase agreements to be presented net when specified conditions are met, including the existence of a legally enforceable master netting agreement. The Firm has elected to net such balances when the specified conditions are met. For further information on offsetting assets and liabilities, see Note 1 of JPMorgan Chase’s 2014 Annual Report.

Note 2 – Business changes and developments

Private Equity sale

As part of the Firm's business simplification, the sale of a portion of the Private Equity Business ("Private Equity sale") was completed on January 9, 2015.

Trust preferred securities redemption

On April 2, 2015 the Firm redeemed $1.5 billion of trust preferred capital securities. For further information on the Firm's trust preferred securities, see Note 21 of JPMorgan Chase's 2014 Annual Report.

Preferred stock issuances

During the three and six months ended June 30, 2015, the Firm issued $3.4 billion and $4.9 billion respectively, of noncumulative preferred stock. On July 29, 2015, the Firm issued $1.2 billion of noncumulative preferred stock. For further information on the Firm's preferred stock, see Note 22 of JPMorgan Chase's 2014 Annual Report.

Increase in common stock dividend

The Board of Directors increased the Firm's quarterly common stock dividend from $0.40 per share to $0.44 per share, effective with the dividend paid on July 31, 2015, to stockholders of record at the close of business on July 6, 2015.

Note 3 – Fair value measurement

For a discussion of the Firm's valuation methodologies for assets, liabilities and lending-related commitments measured at fair value and the fair value hierarchy, see Note 3 of JPMorgan Chase's 2014 Annual Report.

The following table presents the asset and liabilities reported at fair value as of June 30, 2015, and December 31, 2014, by major product category and fair value hierarchy.

Assets and liabilities measured at fair value on a recurring basis

June 30, 2015 (in millions)	Fair value hierarchy Level 1	Level 2	Level 3	Derivative netting adjustments	Total fair value
Federal funds sold and securities purchased under resale agreements	$—	$28,670	$—	$—	$28,670
Securities borrowed	—	495	—	—	495
Trading assets:					
Debt instruments:					
Mortgage-backed securities:					
U.S. government agencies[a]	5	27,893	901	—	28,799
Residential – nonagency	—	1,960	123	—	2,083
Commercial – nonagency	—	1,173	138	—	1,311
Total mortgage-backed securities	5	31,026	1,162	—	32,193
U.S. Treasury and government agencies[a]	19,151	6,664		—	25,815
Obligations of U.S. states and municipalities	—	6,764	1,247	—	8,011
Certificates of deposit, bankers' acceptances and commercial paper	—	947	—	—	947
Non-U.S. government debt securities	25,313	29,106	208	—	54,627
Corporate debt securities	—	24,855	943	—	25,798
Loans[b]	—	24,419	9,563	—	33,982
Asset-backed securities	—	2,699	1,539	—	4,238
Total debt instruments	44,469	126,480	14,662	—	185,611
Equity securities	107,828	448	310	—	108,586
Physical commodities[c]	3,714	1,185	—	—	4,899
Other	—	10,286	969	—	11,255
Total debt and equity instruments[d]	156,011	138,399	15,941	—	310,351
Derivative receivables:					
Interest rate	592	652,204	3,867	(625,340)	31,323
Credit	—	51,926	2,651	(53,256)	1,321
Foreign exchange	758	171,741	2,351	(156,510)	18,340
Equity	—	40,618	1,772	(36,332)	6,058
Commodity	191	29,254	487	(19,523)	10,409
Total derivative receivables[e]	1,541	945,743	11,128	(890,961)	67,451
Total trading assets	157,552	1,084,142	27,069	(890,961)	377,802
Available-for-sale securities:					
Mortgage-backed securities:					
U.S. government agencies[a]	—	57,315	—	—	57,315
Residential – nonagency	—	39,560	13	—	39,573
Commercial – nonagency	—	22,207	—	—	22,207
Total mortgage-backed securities	—	119,082	13	—	119,095
U.S. Treasury and government agencies[a]	11,544	46	—	—	11,590
Obligations of U.S. states and municipalities	—	31,424	—	—	31,424
Certificates of deposit	—	429	—	—	429
Non-U.S. government debt securities	23,548	19,244	—	—	42,792
Corporate debt securities	—	15,822	—	—	15,822
Asset-backed securities:					
Collateralized loan obligations	—	30,600	772	—	31,372

Other	—	10,866	90	—	10,956
Equity securities	2,721	—	—	—	2,721
Total available-for-sale securities	37,813	227,513	875	—	266,201
Loans	—	136	2,295	—	2,431
Mortgage servicing rights (“MSRs”)	—	—	7,571	—	7,571
Other assets:					
Private equity investments[f]	144	164	1,987	—	2,295
All other	3,948	26	839	—	