JPMORGAN CHASE & CO
Form 10-Q
November 01, 2016

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 September 30, 2016	Commission file number 1-5805

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

Delaware	13-2624428
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)
270 Park Avenue, New York, New York	10017
(Address of principal executive offices)	(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 September 30, 2016: 3,578,264,278

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JPMorgan Chase & Co.
Consolidated financial highlights
(unaudited)

As of or for the period ended, (in millions, except share, ratio, headcount data and where otherwise noted)	3Q16	2Q16	1Q16	4Q15	3Q15	Nine months ended September 30, 2016	2015
Selected income statement data							
Total net revenue	$24,673	$24,380	$23,239	$22,885	$22,780	$72,292	$70,658
Total noninterest expense	14,463	13,638	13,837	14,263	15,368	41,938	44,751
Pre-provision profit	10,210	10,742	9,402	8,622	7,412	30,354	25,907
Provision for credit losses	1,271	1,402	1,824	1,251	682	4,497	2,576
Income before income tax expense	8,939	9,340	7,578	7,371	6,730	25,857	23,331
Income tax expense/(benefit)	2,653	3,140	2,058	1,937	(74)	7,851	4,323
Net income	$6,286	$6,200	$5,520	$5,434	$6,804	$18,006	$19,008
Earnings per							

share data							
Net income: Basic	$1.60	$1.56	$1.36	$1.34	$1.70	$4.51	$4.72
Diluted	1.58	1.55	1.35	1.32	1.68	4.48	4.68
Average shares: Basic	3,597.4	3,635.8	3,669.9	3,674.2	3,694.4	3,634.4	3,709.2
Diluted	3,629.6	3,666.5	3,696.9	3,704.6	3,725.6	3,664.3	3,742.2
Market and per common share data							
Market capitalization	238,277	224,449	216,547	241,899	224,438	238,277	224,438
Common shares at period-end	3,578.3	3,612.0	3,656.7	3,663.5	3,681.1	3,578.3	3,681.1
Share price[(a)]:							
High	$67.90	$66.20	$64.13	$69.03	$70.61	$67.90	$70.61
Low	58.76	57.05	52.50	58.53	50.07	52.50	50.07
Close	66.59	62.14	59.22	66.03	60.97	66.59	60.97
Book value per share	63.79	62.67	61.28	60.46	59.67	63.79	59.67
Tangible book value per share (“TBVPS”)[(b)]	51.23	50.21	48.96	48.13	47.36	51.23	47.36
Cash dividends declared per share	0.48	0.48	0.44	0.44	0.44	1.40	1.28
Selected ratios and metrics							
Return on common equity (“ROE”)	10 %	10 %	9 %	9 %	12 %	10 %	11 %

Return on tangible common equity ("ROTCE")[b]	13	13	12	11	15	13	14
Return on assets ("ROA")	1.01	1.02	0.93	0.90	1.11	0.99	1.02
Overhead ratio	59	56	60	62	67	58	63
Loans-to-deposits ratio	65	66	64	65	64	65	64
High quality liquid assets ("HQLA") (in billions)[c]	$539	$516	$505	$496	$505	$539	$505
Common equity Tier 1 ("CET1") capital ratio[d]	12.0%	12.0 %	11.9%	11.8 %	11.5 %	12.0 %	11.5 %
Tier 1 capital ratio[d]	13.6	13.6	13.5	13.5	13.3	13.6	13.3
Total capital ratio[d]	15.1	15.2	15.1	15.1	14.9	15.1	14.9
Tier 1 leverage ratio[d]	8.5	8.5	8.6	8.5	8.4	8.5	8.4
Selected balance sheet data (period-end)							
Trading assets	$374,837	$380,793	$366,153	$343,839	$361,708	$374,837	$361,708
Securities	272,401	278,610	285,323	290,827	306,660	272,401	306,660
Loans	888,054	872,804	847,313	837,299	809,457	888,054	809,457
Core loans	795,077	775,813	746,196	732,093	698,988	795,077	698,988
	779,383	760,721	737,297	715,282	680,224	759,207	655,753

Average core loans							
Total assets	2,521,029	2,466,096	2,423,808	2,351,698	2,416,635	2,521,029	2,416,635
Deposits	1,376,138	1,330,958	1,321,816	1,279,715	1,273,106	1,376,138	1,273,106
Long-term debt(e)	309,418	295,627	290,754	288,651	292,503	309,418	292,503
Common stockholders' equity	228,263	226,355	224,089	221,505	219,660	228,263	219,660
Total stockholders' equity	254,331	252,423	250,157	247,573	245,728	254,331	245,728
Headcount	242,315	240,046	237,420	234,598	235,678	242,315	235,678
Credit quality metrics							
Allowance for credit losses	$15,304	$15,187	$15,008	$14,341	$14,201	$15,304	$14,201
Allowance for loan losses to total retained loans	1.61%	1.64%	1.66%	1.63%	1.67%	1.61%	1.67%
Allowance for loan losses to retained loans excluding purchased credit-impaired loans(f)	1.37	1.40	1.40	1.37	1.40	1.37	1.40
Nonperforming assets	$7,779	$7,757	$8,023	$7,034	$7,294	$7,779	$7,294
Net charge-offs	1,121	1,181	1,110	1,064	963	3,412	3,022
Net charge-off rate	0.51%	0.56%	0.53%	0.52%	0.49%	0.53%	0.53%

Note: Effective January 1, 2016, the Firm adopted new accounting guidance related to (1) the recognition and measurement of debit valuation adjustments ("DVA") on financial liabilities where the fair value option has been elected, and (2) the accounting for employee stock-based incentive payments. For additional information, see

Accounting and Reporting Developments on pages 82–83 and Notes 3, 4, and 19.

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

(b) TBVPS and ROTCE are considered key financial performance measures. For further discussion of these measures, see Explanation and Reconciliation of the Firm's Use of Non-GAAP Financial Measures and Key Financial Performance Measures on pages 16–17.

(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 additional information, see HQLA on page 74.

(d) Ratios presented are calculated under the Basel III Transitional capital rules and represent the Collins Floor. See Capital Management on pages 67–73 for additional information on Basel III.

(e) Included unsecured long-term debt of $226.8 billion, $220.6 billion, $216.1 billion, $211.8 billion and $214.6 billion at September 30, 2016, June 30, 2016, March 31, 2016, December 31, 2015 and September 30, 2015, respectively.

(f) Excluded the impact of residential real estate purchased credit-impaired ("PCI") loans, a non-GAAP financial measure. For further discussion of these measures, see Explanation and Reconciliation of the Firm's Use of Non-GAAP Financial Measures and Key Performance Measures on pages 16–17. For further discussion, see Allowance for credit losses on pages 57–59.

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 third quarter of 2016.

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, 2015, filed with the U.S. Securities and Exchange Commission ("2015 Annual Report" or 2015 "Form 10-K"), to which reference is hereby made. See the Glossary of terms and acronyms on pages 172–176 for definitions of terms and acronyms 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 certain 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 84 of this Form 10-Q and Part I, Item 1A, Risk Factors, on pages 8–18 of JPMorgan Chase's 2015 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 $2.5 trillion in assets and $254.3 billion in stockholders' equity as of September 30, 2016. 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 Firm's wholesale business segments are Corporate & Investment Bank ("CIB"), Commercial Banking ("CB"), and Asset Management ("AM"). 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 2015 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, (in millions, except per share data and ratios)	Three months ended September 30, 2016	2015	Change	Nine months ended September 30, 2016	2015	Change
Selected income statement data						
Total net revenue	$24,673	$22,780	8 %	$72,292	$70,658	2%
Total noninterest expense	14,463	15,368	(6)	41,938	44,751	(6)
Pre-provision profit	10,210	7,412	38	30,354	25,907	17
Provision for credit losses	1,271	682	86	4,497	2,576	75
Net income	6,286	6,804	(8)	18,006	19,008	(5)
Diluted earnings per share	$1.58	$1.68	(6)%	$4.48	$4.68	(4)%
Selected ratios and metrics						
Return on common equity	10 %	12 %		10 %	11 %	
Return on tangible common equity	13	15		13	14	
Tangible book value per share	$51.23	$47.36	8 %	$51.23	$47.36	8%
Capital ratios[(a)]						
CET1	12.0 %	11.5 %		12.0 %	11.5 %	
Tier 1 capital	13.6	13.3		13.6	13.3	

(a) Ratios presented are calculated under the transitional Basel III rules and represent the Collins Floor. See Capital Management on pages 67–73 for additional information on Basel III.

Business Overview

JPMorgan Chase reported strong results in the third-quarter of 2016 with net income of $6.3 billion, or $1.58 per share, on net revenue of $24.7 billion. The Firm reported ROE of 10% and ROTCE of 13%.

Net income declined 8% compared with the prior-year reflecting higher income tax expense in the current quarter. The prior-year quarter included tax benefits of $2.2 billion due to the resolution of tax audits and the release of deferred taxes.

Total net revenue increased 8% compared with the prior-year. Net interest income was $11.6 billion, up 6%, primarily driven by loan growth and the net impact of higher interest rates, partially offset by lower investment securities balances. Noninterest revenue was $13.1 billion, up 10%, primarily driven by higher Markets and Investment Banking revenue in CIB.

Noninterest expense was $14.5 billion, down 6% compared with the prior-year, driven by lower legal expense, partially offset by higher compensation expense.

The provision for credit losses was $1.3 billion, an increase from $682 million, reflecting an increase in the allowance for credit losses in the current quarter compared with a decrease in the prior-year. The consumer provision reflected an increase in the allowance for credit losses of approximately $225 million, reflecting loan growth in the credit card portfolio, including newer vintages which, as anticipated, have higher loss rates compared to the overall portfolio. The wholesale provision was a benefit, primarily driven by a net allowance reduction of approximately $50 million in the Oil & Gas portfolio.

The total allowance for credit losses was $15.3 billion at September 30, 2016, and the Firm had a loan loss coverage ratio, excluding the PCI portfolio, of 1.37%, compared with 1.40% in the prior-year. The Firm’s nonperforming assets totaled $7.8 billion, an increase from the prior-year level of $7.3 billion.

Firmwide average core loans increased 15% compared with the prior-year quarter and increased 2% compared with the second quarter of 2016.

Within CCB, average core loans increased 19% from the prior-year. CCB had record growth in average deposits, an increase of $58 billion, or 11%, from the prior-year. Credit card sales volume increased 10%, and merchant processing volume increased 13%, from the prior-year. CCB had 26 million active mobile customers in the third quarter of 2016, an increase of 17% from the prior-year.

CIB maintained its #1 ranking for Global Investment Banking fees with a 8.1% wallet share for the nine months ended September 30, 2016. Within CB, average loans increased 14% from the prior-year as loans in the commercial and industrial client segment increased 10% and loans in the commercial real estate client segment increased 19%. AM had record average loans, an increase of 5% over the prior-year, and 80% of AM’s mutual fund assets under management ranked in the 1st or 2nd quartiles over the past 5 years.

For a detailed discussion of results by line of business, refer to the Business Segment Results on pages 18–40.

The Firm added to its capital, ending the third quarter of 2016 with a TBVPS of $51.23, up 8% over the prior-year. The Firm’s estimated Basel III Advanced Fully Phased-In CET1

capital and ratio were $181 billion and 11.9%, respectively. The Fully Phased-In supplementary leverage ratio (“SLR”) for the Firm and for JPMorgan Chase Bank, N.A. were each 6.6% at September 30, 2016. The Firm also was compliant with the Fully Phased-In U.S. LCR and had $539 billion of HQLA as of September 30, 2016. For further discussion of the liquidity coverage ratio (“LCR”) and HQLA, see Liquidity Risk Management on pages 74–78.
ROTCE, TBVPS and core loans are considered key financial performance measures. Each of the Fully Phased-In capital and leverage measures is considered a key regulatory capital measure. For a further discussion of these measures, see Explanation and Reconciliation of the Firm’s Use of Non-GAAP Financial Measures and Key Performance Measures on pages 16–17, and Capital Management on pages 67–73.
JPMorgan Chase continues to support consumers, businesses and communities around the globe. The Firm provided credit and raised capital of $1.7 trillion for commercial and consumer clients during the first nine months of 2016:

- $195 billion of credit for consumers
- $18 billion of credit for U.S. small businesses
- $555 billion of credit for corporations
- $895 billion of capital raised for corporate clients and non-U.S. government entities
- $74 billion of credit and capital raised for nonprofit and U.S. government entities, including states, municipalities, hospitals and universities

Regulatory and business developments
On October 1, 2016, the Firm filed with the Federal Reserve and the Federal Deposit Insurance Corporation (“FDIC”) its submission (the “2016 Resolution Submission”), describing how the Firm remediated the deficiencies and providing a status report of its actions to address the shortcomings identified by the agencies in the Firm’s 2015 Resolution Plan and communicated to the Firm in April 2016. On October 4, 2016, the two agencies made public a subsection of that submission which is available on the FDIC’s and Federal Reserve’s websites, as well on the Firm’s website. As previously disclosed, in April 2016, the Federal Reserve and the FDIC jointly provided firm-specific feedback on the 2015 Resolution Plans of eight systemically important domestic banking institutions, and determined that five of these 2015 Resolution Plans, including that of the Firm, were not credible or would not facilitate an orderly resolution under the U.S. Bankruptcy Code, as provided under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). In addition to the deficiencies in the Firm’s 2015 Resolution Plan identified by the agencies, the FDIC and Federal Reserve also identified certain shortcomings which were required to be satisfactorily addressed in the Firm’s Resolution Plan due on July 1, 2017.
The Firm has taken several steps to address the FDIC’s and Federal Reserve’s feedback, including, among other actions, increasing its liquidity reserves and pre-positioning significant amounts of capital and liquidity at the Firm’s “material legal entities” (as defined in its 2016 Resolution Submission); the establishment of a new subsidiary that will become an “intermediate holding company” and will have

contributed to it the stock of substantially all of JPMorgan Chase & Co.'s direct subsidiaries (other than JPMorgan Chase Bank, N.A.), as well as other assets and intercompany indebtedness owing to JPMorgan Chase & Co., made refinements to the Firm’s liquidity and capital governance frameworks; and created a Firm-wide “trigger framework” that identifies key actions and escalations that would need to be taken, as well as decisions that would need to be made, at critical points in time if certain defined liquidity and/or capital metrics fall below defined thresholds. The FDIC and the Federal Reserve are reviewing the 2016 Resolution Submission to assess whether the Firm has adequately addressed and remediated the identified deficiencies. If the FDIC and the Federal Reserve jointly conclude that the Firm has not adequately remediated the identified deficiencies, the two agencies may jointly impose more stringent capital or liquidity requirements on the Firm as well as restrictions on the growth, activities or operations of the Firm or its subsidiaries.
Various regulatory and governmental agencies have made inquiries to the Firm about its sales practices with retail customers, including, among other matters, the Firm’s incentive-compensation structures related to such sales practices. The Firm is responding to these inquiries.
On October 3, 2016, the Firm implemented Securities and Exchange Commission ("SEC") rules governing money-market funds requiring a floating net asset value be calculated for institutional prime money-market funds. As a result of these new rules, the Firm experienced increased client activity in the third quarter and transfers from certain

money-market funds into government funds and deposit products.
On October 13, 2016 the IRS issued final and temporary regulations under Section 385 of the U.S. Internal Revenue Code dealing with the recharacterization of certain related-party debt as equity for U.S. income tax purposes. These regulations significantly narrowed the scope of the proposed regulations, which were issued in April 2016. As revised, the regulations should not have a meaningful impact to the Firm.
Beginning September 1, 2016, rules promulgated by U.S. prudential regulators and the Commodity Futures Trading Commission ("CFTC") requiring both the collecting and posting of variation margin and initial margin in respect of non-centrally cleared derivatives, inclusive of inter-affiliate transactions, became effective. The Firm has implemented the requirements of the rules that have become effective.
On June 23, 2016, the U.K. conducted a referendum and voted to leave the European Union. Many international banks, including the Firm, operate substantial parts of their European Union businesses from entities based in the U.K. Upon the U.K. leaving the European Union, the regulatory and legal environment that would then exist, and to which the Firm’s U.K. operations would then be subject, will depend on, in certain respects, the nature of the arrangements agreed to with the European Union and other trading partners.
These arrangements cannot be predicted, but currently the Firm does not believe any of the likely identified scenarios would threaten the viability of the Firm’s business units or

the Firm's ability to serve clients across the European Union and in the U.K. However, it is possible that under some scenarios, changes to the Firm's legal entity structure and operations would be required, which might result in a less efficient operating model across the Firm's European legal entities.

On June 29, 2016, the Federal Reserve informed the Firm that it did not object, on either a quantitative or qualitative basis, to the Firm's 2016 capital plan, submitted under the Comprehensive Capital Analysis and Review ("CCAR"). For additional information see Capital Management on pages 67–73.

On April 6, 2016, the U.S. Department of Labor ("DOL") issued its final "fiduciary" rule. The rule will deem many of the investment, rollover and asset management recommendations from broker-dealers, banks and other financial institutions to clients regarding their individual retirement accounts and other retirement accounts fiduciary "investment advice" under the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. Among the most significant impacts of the rule and related prohibited transaction exemptions will be the impact on the fee and compensation practices at financial institutions and on certain fee and revenue sharing arrangements among funds, fund sponsors and the financial institutions that offer investment advice to retail retirement clients. The related exemptions may require new client contracts, adherence to "impartial conduct" standards (including a requirement to act in the "best interest" of retirement clients) the adoption of related policies and procedures, as well as website and other disclosures to both investors and the DOL. The Firm believes it will be able to conform its business practices to meet the requirements of the new rule and exemptions within the prescribed time periods.

In March 2016, the Basel Committee proposed revisions to the operational and credit risk capital frameworks of Basel III and in April 2016, proposed a recalibration of the leverage ratio, changes to the definition of defaulted assets and finalized the treatment of interest rate risk in the banking book. As these proposals are finalized by the Basel Committee, U.S. banking regulators will propose requirements applicable to U.S. financial institutions. In March 2016, the Federal Reserve Board released a revised proposal to establish single-counterparty credit limits for large U.S. bank holding companies and foreign banking organizations. The Firm continues to assess the impacts as the proposed rules are finalized and will make appropriate adjustments to its businesses in response to these and other ongoing developments in regulatory requirements.

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 84 of this Form 10-Q and Risk Factors on

pages 8–18 of JPMorgan Chase's 2015 Annual Report. There is no assurance that actual results for the full year of 2016 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 remainder of 2016 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 interrelated factors will affect the performance of the Firm and its lines of business. The Firm expects it will continue to make appropriate adjustments to its businesses and operations in response to ongoing developments in the legal and regulatory, as well as business and economic, environment in which it operates.

Management expects fourth quarter 2016 managed net interest income to be modestly higher than in the third quarter of 2016, reflecting continued strong loan growth. Management expects average core loans to be up approximately 15% for the full year 2016 compared to the prior-year, at the higher end of the previously disclosed range.

Management also expects fourth quarter 2016 managed noninterest revenue to decline compared to the third quarter of 2016, reflecting anticipated lower markets revenue, seasonally lower Mortgage Banking Revenue and higher Card new account origination costs.

The Firm continues to experience charge-offs at levels lower than its through-the-cycle expectations reflecting favorable credit trends across the consumer and wholesale portfolios (excluding the Oil & Gas and Metals & Mining portfolios). Management expects total net charge-offs of up to approximately $4.75 billion for full year 2016, with the

increase from 2015 levels driven by loan growth as well as higher charge-offs in the Oil & Gas portfolio.
The Firm continues to take a disciplined approach to managing its expenses, while investing in growth and innovation. The Firm intends to leverage its scale and improve its operating efficiencies in order to reinvest its expense savings in additional technology and marketing investments and fund other growth initiatives. As a result, the Firm expects adjusted expense for full year 2016 to be approximately $56 billion (excluding Firmwide legal expense).
In Card, Commerce Solutions & Auto, management expects revenue to decline approximately $200 million in the fourth quarter of 2016 compared to the third quarter of 2016, driven by higher Card new account origination costs on strong, but tapering demand for Sapphire Reserve through the fourth quarter of 2016; actual results will be dependent on the number of new accounts originated.
In CIB, for the fourth quarter of 2016, management expects Securities Services revenue to be approximately $875 million, depending on market conditions.

CONSOLIDATED RESULTS OF OPERATIONS

This section provides a comparative discussion of JPMorgan Chase's Consolidated Results of Operations on a reported basis for the three and nine months ended September 30, 2016 and 2015, unless otherwise specified. 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 80–81 of this Form 10-Q and pages 165–169 of JPMorgan Chase's 2015 Annual Report.

Revenue

(in millions)	Three months ended September 30, 2016	2015	Change	Nine months ended September 30, 2016	2015	Change
Investment banking fees	$1,866	$1,604	16 %	$4,843	$5,231	(7)%
Principal transactions[(a)]	3,451	2,367	46	9,106	8,856	3
Lending- and deposit-related fees	1,484	1,463	1	4,290	4,244	1
Asset management, administration and commissions	3,597	3,845	(6)	10,902	11,667	(7)
Securities gains	64	33	94	136	129	5
Mortgage fees and related income	624	469	33	1,980	1,957	1
Card income	1,202	1,447	(17)	3,861	4,493	(14)
Other income[(b)]	782	628	25	2,844	1,796	58
Noninterest revenue	13,070	11,856	10	37,962	38,373	(1)
Net interest income	11,603	10,924	6	34,330	32,285	6
Total net revenue	$24,673	$22,780	8%	$72,292	$70,658	2%

(a) Effective January 1, 2016, changes in DVA on fair value option elected liabilities previously recorded in principal transactions revenue are recorded in other comprehensive income ("OCI"). For additional information, see the segments results of CIB and Accounting and Reporting Developments on pages 25–30 and pages 82–83, respectively.

(b) Included operating lease income of $708 million and $536 million for the three months ended September 30, 2016 and 2015, respectively, and $2.0 billion and $1.5 billion for the nine months ended September 30, 2016 and 2015, respectively.

Quarterly results

Total net revenue increased by 8% primarily reflecting higher noninterest revenue driven by strong performance in CIB, and higher net interest income in the Firm's reportable business segments.

Investment banking fees increased reflecting strong performance across products. Equity underwriting fees increased primarily driven by growth in industry-wide issuance, with a stable market backdrop and strong investor demand; debt underwriting fees increased reflecting strong industry-wide bond issuance; and advisory fees increased driven by a greater share of fees for completed transactions. For additional information on investment banking fees, see CIB segment results on pages 25–30, CB segment results on pages 31–34 and Note 6.

Principal transactions revenue increased reflecting broad-based strength across products in CIB's Fixed Income Markets business. Rates performance was particularly strong, as markets remained active throughout the quarter, post the Brexit vote and in anticipation of central bank actions and the new rules governing money market funds. Credit and Securitized Products revenue was also higher, driven by improving market sentiment across primary and secondary markets which produced robust issuance volumes and strong client trading activity. The increase in the Fixed Income Markets business was partially offset by the net results in Credit Adjustments & Other, which had a loss of $149 million in 2016 primarily driven by derivative valuation adjustments; the prior year had a $154 million gain, which included funding spread gains on fair value option elected liabilities. For additional information on principal transactions revenue, see CIB segment results on pages 25–30 and Note 6.

Lending- and deposit-related fees were relatively flat. For information on lending- and deposit-related fees, see the segment results for CCB on pages 19–24, CIB on pages 25–30, and CB on pages 31–34.

Asset management, administration and commissions revenue decreased reflecting lower performance fees in AM, and lower brokerage commissions in CIB. For additional information on these fees and commissions, see the segment discussions of CCB on pages 19–24, AM on pages 35–38 and Note 6.

Mortgage fees and related income increased due to higher mortgage servicing rights (“MSR”) risk management results and higher net production revenue on higher margins, partially offset by lower servicing revenue predominantly as a result of a lower level of third party loans serviced. For further information on mortgage fees and related income, see the segment discussion of CCB on pages 19–24 and Note 16.

Card income decreased predominantly driven by higher new account origination costs, and the impact of renegotiated co-brand partnership agreements, partially offset by higher card-related fees and card sales volume. For further information, see CCB segment results on pages 19–24.

Other income increased due to higher operating lease income reflecting growth in auto operating lease assets in CCB.

Net interest income increased primarily driven by loan growth across the businesses and the net impact of higher rates, partially offset by lower investment securities balances. The Firm's average interest-earning assets and net interest yield, on a fully taxable equivalent ("FTE") basis, were $2.1 trillion and 2.24%, respectively.

Year-to-date results

Total net revenue increased by 2% primarily reflecting higher net interest income in the Firm's reportable business segments, and several gains in other income, partially offset by lower asset management fees in AM, lower investment banking fees in CIB, and lower card income in CCB.

Investment banking fees decreased due to lower equity and debt underwriting fees, partially offset by higher advisory fees. The decrease in equity and debt underwriting fees was driven by declines in industry-wide fee levels and, for debt underwriting fees, also due to fewer large acquisition financing deals. Advisory fees increased due to a greater share of fees for completed transactions.

Principal transactions revenue increased reflecting higher Fixed Income Markets revenue in Rates, Credit and Securitized Products in CIB. Rates performance was strong, with elevated market activity driven by central bank actions, and higher issuance-based flows. Credit and Securitized Products revenue improved as client risk appetite recovered driving higher primary and secondary market activity. The increase in Fixed Income Markets revenue was partially offset by the net results in Credit Adjustments & Other, which had a loss of $447 million driven by derivative valuation adjustments and wider credit spreads; the prior year had a gain of $274 million, which included funding spread gains on fair value option elected liabilities.

Lending- and deposit-related fees were relatively flat, with the increase in deposit fees associated with growth in business volume in CCB offset by lower lending-related service fees.

Asset management, administration and commissions revenue decreased reflecting the impact of weaker markets and lower performance fees in AM, and lower brokerage commissions and other fees in CIB and AM.

Mortgage fees and related income were relatively flat, with higher MSR risk management results offset by lower mortgage servicing revenue predominantly as a result of a lower level of third-party loans serviced.

Card income decreased predominantly driven by the impact of renegotiated co-brand partnership agreements and higher new account origination costs, partially offset by higher card sales volume and card-related fees. For further information, see CCB segment results on pages 19–24.

Other income increased predominantly reflecting higher operating lease income from growth in auto operating lease assets in CCB, a gain on the sale of Visa Europe interests in CCB, the impact of losses recorded in the prior year related to the accelerated amortization of cash flow hedges associated with the exit of certain non-operating deposits, and a gain on sale of an asset in AM.

Net interest income increased primarily driven by loan growth across the businesses and the net impact of higher rates, partially offset by lower investment securities balances and higher interest expense on long-term debt largely associated with hedging activity. The Firm's average interest-earning assets and net interest yield, on a FTE basis, were $2.1 trillion and 2.26%, respectively.

Provision for credit losses

	Three months ended September 30,			Nine months ended September 30,		
(in millions)	2016	2015	Change	2016	2015	Change
Consumer, excluding credit card	$262	$(389)	NM	$578	$(345)	NM
Credit card	1,038	759	37 %	2,978	2,348	27 %
Total consumer	1,300	370	251 %	3,556	2,003	78 %
Wholesale	(29)	312	NM	941	573	64 %
Total provision for credit losses	$1,271	$682	86 %	$4,497	$2,576	75 %

Quarterly results

The provision for credit losses increased as a result of an addition to the consumer allowance for loan losses, compared with a reduction in the prior year. The addition to the consumer allowance was approximately $225 million reflecting loan growth in the credit card portfolio, including newer vintages which, as anticipated, have higher loss rates compared to the overall portfolio, as well as loan growth in the auto loan portfolio. The prior-year provision reflected a $575 million reduction in the residential real estate portfolio, due to the continued improvement in home prices and delinquencies, and increased granularity in the impairment estimates. The increase in the consumer provision for credit losses in the current quarter was partially offset by a benefit in the wholesale provision for credit losses, primarily driven by a net allowance reduction

of approximately $50 million in the Oil & Gas portfolio as a result of paydowns, loan sales, and select upgrades, partially offset by select downgrades. The prior year wholesale provision for credit losses included a net allowance increase reflecting the impact of select downgrades, including within the Oil & Gas portfolio. For a more detailed discussion of the credit portfolio and the allowance for credit losses, see the segment discussions of CCB on pages 19–24, CIB on pages 25–30, CB on pages 31–34 and the Allowance for credit losses on pages 57–59.

Year-to-date results

The provision for credit losses increased as a result of net additions to the consumer allowance for loan losses, compared with reductions in the prior year. The additions to the consumer allowance were approximately $400 million reflecting loan growth in the credit card portfolio, including newer vintages which, as anticipated, have higher loss rates compared to the overall portfolio, as well as loan growth in the auto loan portfolio; these were partially offset by reductions in the allowance for loan losses in the residential real estate portfolio due to continued improvement in home

prices and delinquencies, as well as runoff in the student loan portfolio. The prior-year provision reflected a $1.0 billion reduction in the residential real estate portfolio, due to the continued improvement in home prices and delinquencies, and increased granularity in the impairment estimates, as well as runoff in the student loan portfolio. The provision for credit losses increased also in the current period as a result of additions to the wholesale allowance for credit losses, reflecting the impact of downgrades in the Oil & Gas, Natural Gas Pipelines, and Metals & Mining portfolios.

Noninterest expense

	Three months ended September 30,			Nine months ended September 30,		
(in millions)	2016	2015	Change	2016	2015	Change
Compensation expense	$7,669	$7,320	5 %	$23,107	$23,057	—
Noncompensation expense:						
Occupancy	899	965	(7)	2,681	2,821	(5)
Technology, communications and equipment	1,741	1,546	13	5,024	4,536	11
Professional and outside services	1,665	1,776	(6)	4,913	5,178	(5)
Marketing	825	704	17	2,200	1,937	14
Other expense(a)(b)	1,664	3,057	(46)	4,013	7,222	(44)
Total noncompensation expense	6,794	8,048	(16)	18,831	21,694	(13)
Total noninterest expense	$14,463	$15,368	(6)%	$41,938	$44,751	(6)%

(a) Included firmwide legal expense of $(71) million and $1.3 billion for the three months ended September 30, 2016 and 2015, respectively, and $(547) million and $2.3 billion for the nine months ended September 30, 2016 and 2015, respectively

(b) Included FDIC-related expense of $360 million and $298 million for the three months ended September 30, 2016 and 2015, respectively, and $912 million and $916 million for the nine months ended September 30, 2016 and 2015, respectively.

Quarterly results

Total noninterest expense decreased by 6% driven by lower legal expense and the effect of continued expense initiatives, partially offset by higher compensation expense and investments and growth in the businesses.

Compensation expense increased predominantly driven by higher performance-based compensation expense and investments in the businesses, partially offset by the impact of continued expense reduction initiatives, including lower headcount in certain businesses.

Noncompensation expense decreased as a result of lower legal expense (including lower legal professional services expense), less utilization of contractors and reduced occupancy expense. These factors were partially offset by higher depreciation expense from growth in auto operating lease assets; higher investments in marketing; liabilities from a merchant bankruptcy in Commerce Solutions; a modest increase in reserves for mortgage servicing; and a net increase related to higher FDIC surcharges. For a further discussion of legal matters, see Note 23.

Year-to-date results

Total noninterest expense decreased by 6% driven by lower legal expense and the effect of continued expense initiatives, partially offset by investments and growth in the businesses.

Compensation expense was relatively flat, with higher performance-based compensation expense and investments in the businesses offset by the impact of continued expense reduction initiatives, including lower headcount in certain businesses.

Noncompensation expense decreased as a result of lower legal expense (including lower legal professional services expense); less utilization of contractors and reduced occupancy expense; lower regulatory-related expense; and the impact of the disposal of assets in AM. These factors were partially offset by higher depreciation expense from growth in auto operating lease assets; higher investments in marketing; liabilities from a merchant bankruptcy in Commerce Solutions; a modest increase in reserves for mortgage servicing; and the impact of a benefit recorded in the prior year from a franchise tax settlement. For a further discussion of legal matters, see Note 23.

Income tax expense

(in millions, except rate)	Three months ended September 30,			Nine months ended September 30,		
	2016	2015	Change	2016	2015	Change
Income before income tax expense	$8,939	$6,730	33 %	$25,857	$23,331	11 %
Income tax expense/(benefit)	2,653	(74)	NM	7,851	4,323	82
Effective tax rate	29.7 %	(1.1)%		30.4 %	18.5 %	

Quarterly results

The effective tax rate in the current quarter was affected by the change in mix of income and expense subject to U.S. federal and state and local taxes. The effective tax rate in 2015 was affected by $2.2 billion of tax benefits, which reduced the Firm's effective tax rate by 32.0 percentage points. The recognition of tax benefits in 2015 resulted from the resolution of various tax audits, as well as the release of U.S. deferred taxes associated with the restructuring of certain non-U.S. entities.

Year-to-date results

The effective tax rate in the current period was affected by changes in the mix of income and expense subject to U.S. federal and state and local taxes, and tax benefits from the adoption of new accounting guidance related to employee stock-based incentive payments. The effective tax rate in 2015 was affected by $2.7 billion of tax benefits, which reduced the Firm's effective tax rate by 11.7 percentage points. The recognition of tax benefits in 2015 resulted from the resolution of various tax audits, as well as the release of U.S. deferred taxes associated with the restructuring of certain non-U.S. entities. For additional details on the impact of the new accounting guidance, see Accounting and Reporting Developments on pages 82–83.

CONSOLIDATED
BALANCE
SHEETS
ANALYSIS

Consolidated balance sheets overview

The following is a discussion of the significant changes between September 30, 2016, and December 31, 2015.

Selected Consolidated balance sheets data

(in millions)	Sep 30, 2016	Dec 31, 2015	Change
Assets			
Cash and due from banks	$21,390	$20,490	4 %
Deposits with banks	396,200	340,015	17
Federal funds sold and securities purchased under resale agreements	232,637	212,575	9
Securities borrowed	109,197	98,721	11
Trading assets:			
Debt and equity instruments	309,258	284,162	9
Derivative receivables	65,579	59,677	10
Securities	272,401	290,827	(6)
Loans	888,054	837,299	6
Allowance for loan losses	(14,204)	(13,555)	5
Loans, net of allowance for loan losses	873,850	823,744	6
Accrued interest and accounts receivable	64,333	46,605	38
Premises and equipment	14,208	14,362	(1)
Goodwill	47,302	47,325	—
Mortgage servicing rights	4,937	6,608	(25)
Other intangible assets	887	1,015	(13)
Other assets	108,850	105,572	3
Total assets	$2,521,029	$2,351,698	7 %

Cash and due from banks and deposits with banks

The increase was primarily due to deposit growth and an increase in long-term debt. The Firm’s excess cash is placed with various central banks, predominantly Federal Reserve Banks.

Federal funds sold and securities purchased under resale agreements

The increase was due to the deployment of excess cash by Treasury, and higher demand for securities to cover short positions related to client-driven market-making activities in CIB. For additional information on the Firm’s Liquidity Risk Management, see pages 74–78.

Securities borrowed

The increase was driven by higher demand for securities to cover short positions related to client-driven market-making activities in CIB.

Trading assets and liabilities–debt and equity instruments

The increase in trading assets and liabilities was predominantly related to client-driven market-making activities in CIB. The increase in trading assets reflected higher debt instruments to facilitate client demand resulting in increased inventory levels, partially offset by lower equity instruments. The increase in trading liabilities reflected higher levels of short positions in both debt and equity instruments. For additional information, refer to Note 3.

Trading assets and liabilities–derivative receivables and payables

The change in derivative receivables and payables was predominantly related to client-driven market-making activities in CIB. The increase in derivative receivables reflected the impact of market movements, which increased interest rate receivables. The decrease in derivative payables reflected the impact of market movements, which reduced foreign exchange and commodity payables and increased interest rate payables.

For additional information, refer to Derivative contracts on pages 55–56, and Notes 3 and 5.

Securities

The decrease was predominantly due to net sales, maturities and paydowns of non-U.S. residential mortgage-backed securities ("MBS") and corporate debt securities reflecting a shift to loans. For additional information, see Notes 3 and 11.

Loans and allowance for loan losses

The increase in loans was driven by higher wholesale and consumer loans. The increase in wholesale loans was driven by strong originations of commercial and industrial loans in CB and CIB, and commercial real estate loans in CB. The increase in consumer loans was due to retention of originated high-quality prime mortgages in CCB and AM, and growth in auto and credit card loans in CCB.

The increase in the allowance for loan losses was attributable to additions to both the consumer and wholesale allowances. The increase in the consumer allowance was primarily driven by loan growth in the credit card portfolio, including newer vintages which, as anticipated, have higher loss rates compared to the overall portfolio, as well as loan growth in the auto loan portfolio; these were partially offset by reductions in the allowance for loan losses in the residential real estate portfolio due to continued improvement in home prices and delinquencies, and runoff in the student loan portfolio. The increase in the wholesale allowance reflected downgrades in the Oil & Gas, Natural Gas Pipelines, and Metals & Mining portfolios. For a more detailed discussion of loans and the allowance for loan losses, refer to Credit Risk Management on pages 43–59, and Notes 3, 4, 13 and 14.

Accrued interest and accounts receivable
The increase was driven by higher client receivables related to client-driven market-making activities in CIB.

Mortgage servicing rights
For additional information on MSRs, see Note 16.
Other assets
The modest increase reflected higher auto operating lease assets from growth in business volume.

Selected Consolidated balance sheets data (continued)

(in millions)	Sep 30, 2016	Dec 31, 2015	Change
Liabilities			
Deposits	$1,376,138	$1,279,715	8 %
Federal funds purchased and securities loaned or sold under repurchase agreements	168,491	152,678	10
Commercial paper	12,258	15,562	(21)
Other borrowed funds	24,479	21,105	16
Trading liabilities:			
Debt and equity instruments	95,126	74,107	28
Derivative payables	48,143	52,790	(9)
Accounts payable and other liabilities	190,412	177,638	7
Beneficial interests issued by consolidated variable interest entities (“VIEs”)	42,233	41,879	1
Long-term debt	309,418	288,651	7
Total liabilities	2,266,698	2,104,125	8
Stockholders’ equity	254,331	247,573	3
Total liabilities and stockholders’ equity	$2,521,029	$2,351,698	7 %

Deposits
The increase was attributable to higher wholesale and consumer deposits. The increase in wholesale deposits was mainly driven by growth in client activity in CIB’s Treasury Services business, and inflows in AM partly related to the new rules governing money market funds. The increase in consumer deposits reflected continuing strong growth from existing and new customers, and the impact of low attrition rates. For more information on deposits, refer to the Liquidity Risk Management discussion on pages 74–78; and Notes 3 and 17.
Federal funds purchased and securities loaned or sold under repurchase agreements
The increase was predominantly due to higher client-driven market-making activities in CIB. For additional information on the Firm’s Liquidity Risk Management, see pages 74–78.
Commercial paper
The decrease reflected lower issuance in the wholesale markets consistent with Treasury’s short-term funding plans. For additional information, see Liquidity Risk Management on pages 74–78.

Accounts payable and other liabilities
The increase was driven by higher client payables related to client-driven market-making activities in CIB.
Long-term debt
The increase was due to net issuance consistent with Treasury’s long-term funding plans, which included liquidity actions related to the 2016 Resolution Submission. 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 higher accumulated other comprehensive income (“AOCI”), partially offset by cash dividends on common and preferred stock and repurchases of common stock. For additional information on changes in stockholders’ equity, see page 88, and on the Firm’s capital actions, see Capital actions on page 72.

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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 accounting principles generally accepted in the U.S. (“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 77–78 and Note 29 of JPMorgan Chase’s 2015 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 2015 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 Investor Service (“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 September 30, 2016, and December 31, 2015, was $3.7 billion and $8.7 billion, respectively. The aggregate amounts of commercial paper issued by these SPEs 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 $9.1 billion and $5.6 billion at September 30, 2016, and December 31, 2015, respectively. 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 and any 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 are refinanced, extended, cancelled, or 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 55 and Note 21 (including the table that presents the related amounts by contractual maturity as of September 30, 2016). For a discussion of liabilities associated with loan sales and securitization-related indemnifications, see Note 21.

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CONSOLIDATED
CASH FLOWS
ANALYSIS

Consolidated cash flows overview

The following is a discussion of cash flow activities during the nine months ended September 30, 2016 and 2015.

(in millions)	Nine months ended September 30, 2016	2015
Net cash provided by/(used in)		
Operating activities	$(18,715)	$57,299
Investing activities	(112,102)	79,722
Financing activities	131,699	(143,513)
Effect of exchange rate changes on cash	18	(81)
Net increase/(decrease) in cash and due from banks	$900	$(6,573)

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 sources are sufficient to meet the Firm's operating liquidity needs.

Cash used in operating activities in 2016 resulted from client-driven market-making activities in CIB that resulted in an increase in trading assets, which were largely offset by an increase in trading liabilities; an increase in accrued interest and accounts receivables driven by higher client receivables; and an increase in securities borrowed driven by higher demand for securities to cover short positions; and higher net originations and purchases of loans held-for-sale. In 2016 and 2015, cash was also provided by net income after noncash operating adjustments. In 2015, cash was provided by a decrease in trading assets predominantly due to lower client-driven market-making activities in CIB resulting in lower levels of equity securities; and higher net proceeds from loan securitizations and sales activities. These outflows were partially offset by a decrease in accounts payable and other liabilities due to lower brokerage customer payables related to client activity in CIB.

Investing activities

Cash used in investing activities during 2016 resulted from net originations of consumer and wholesale loans; an increase in deposits with banks primarily due to growth in deposits and an increase in long-term debt; and an increase in securities purchased under resale agreements due to the deployment of excess cash by Treasury and higher demand for securities to cover short positions related to client-driven market-making activities in CIB. Partially offsetting these cash outflows were net proceeds from paydowns, maturities, sales and purchases of investment securities. Cash provided by investing activities during 2015 predominantly reflected a net decrease in deposits with banks due to the Firm's actions to reduce wholesale non-operating deposits; and net proceeds from paydowns, maturities, sales and purchases of investment securities. Partially offsetting these net inflows was cash used for net originations of consumer and wholesale loans.

Financing activities

Cash provided by financing activities in 2016 resulted from higher consumer and wholesale deposits; an increase in securities loaned or sold under repurchase agreements predominantly due to higher client-driven market-making activities in CIB; and higher net proceeds from long-term borrowings consistent with Treasury's long-term funding plans, which included liquidity actions related to the 2016 Resolution Submission. Cash used in financing activities in 2015 reflected the aforementioned actions to reduce wholesale non-operating deposits, partially offset by higher consumer deposits; and lower levels of commercial paper due to the discontinuation of a cash management product (which offered customers the option of sweeping their deposits into commercial paper) and lower issuances in the wholesale markets. Partially offsetting these outflows were net proceeds from long-term borrowings and the issuance of preferred stock. For both periods, cash was 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 Consolidated Balance Sheets Analysis on pages 12–13, Capital Management on pages 67–73, and Liquidity Risk Management on pages 74–78 of this Form 10-Q, and page 75 of JPMorgan Chase's 2015 Annual Report.

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

Non-GAAP financial measures

The Firm prepares its Consolidated Financial Statements using U.S. GAAP; these financial statements appear on pages 85–89. 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 are non-GAAP financial measures. 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 from year-to-year 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.

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. For additional information on these non-GAAP measures, see Business Segment Results on pages 18–40.

Additionally, certain credit metrics and ratios disclosed by the Firm exclude PCI loans, and are therefore non-GAAP measures. For additional information on these non-GAAP measures, see Credit Risk Management on pages 43–59.

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 September 30,					
	2016			2015		
(in millions, except ratios)	Reported results	Fully taxable-equivalent adjustments[(a)]	Managed basis	Reported results	Fully taxable-equivalent adjustments[(a)]	Managed basis
Other income	$782	$ 540	$1,322	$628	$ 477	$1,105
Total noninterest revenue	13,070	540	13,610	11,856	477	12,333
Net interest income	11,603	299	11,902	10,924	278	11,202
Total net revenue	24,673	839	25,512	22,780	755	23,535
Pre-provision profit	10,210	839	11,049	7,412	755	8,167
Income before income tax expense	8,939	839	9,778	6,730	755	7,485
Income tax expense	$2,653	$ 839	$3,492	$(74)	$ 755	$681
Overhead ratio	59 %	NM	57 %	67 %	NM	65 %

	Nine months ended September 30,					
	2016			2015		
(in millions, except ratios)	Reported results	Fully taxable-equivalent adjustments[(a)]	Managed basis	Reported results	Fully taxable-equivalent adjustments[(a)]	Managed basis
Other income	$2,844	$ 1,620	$4,464	$1,796	$ 1,405	$3,201

Total noninterest revenue	37,962	1,620	39,582	38,373	1,405	39,778
Net interest income	34,330	897	35,227	32,285	823	33,108
Total net revenue	72,292	2,517	74,809	70,658	2,228	72,886
Pre-provision profit	30,354	2,517	32,871	25,907	2,228	28,135
Income before income tax expense	25,857	2,517	28,374	23,331	2,228	25,559
Income tax expense	$7,851	$ 2,517	$10,368	$4,323	$ 2,228	$6,551
Overhead ratio	58%	NM	56%	63%	NM	61%

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

Net interest income excluding markets-based activities

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 the Firm's 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 activities. Management believes this exclusion provides investors and analysts with another measure by which to analyze the non-markets-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 September 30,			Nine months ended September 30,		
(in millions, except rates)	2016	2015	Change	2016	2015	Change
Net interest income – managed basis[a][b]	$11,902	$11,202	6 %	$35,227	$33,108	6 %
Less: Markets-based net interest income[c]	1,442	1,164	24	4,240	3,661	16
Net interest income excluding markets[a]	$10,460	$10,038	4	$30,987	$29,447	5
Average interest-earning assets	$2,116,493	$2,056,890	3	$2,080,133	$2,100,773	(1)
Less: Average markets-based interest-earning assets	488,971	476,120	3	490,364	495,460	(1)
Average interest-earning assets excluding markets	$1,627,522	$1,580,770	3 %	$1,589,769	$1,605,313	(1)%
Net interest yield on average interest-earning assets – managed basis	2.24 %	2.16 %		2.26 %	2.11 %	
Net interest yield on average markets-based interest-earning assets	1.17	0.97		1.15	0.99	
Net interest yield on average interest-earning assets excluding markets	2.56 %	2.52 %		2.60 %	2.45 %	

(a) Interest includes the effect of related hedges. 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 16

(c) Markets-based net interest income, in the table above, is lower than the net interest income line item in the CIB Markets table on page 29 by $183 million and by $129 million for the three months ended September 30, 2016 and 2015, respectively, and by $463 million and by $358 million, for the nine months ended September 30, 2016 and 2015, respectively. The primary difference is markets-based net interest income, in the table above, excludes net interest income from loans held in CIB Markets.

Key performance measures

Tangible common equity ("TCE"), ROTCE and TBVPS are considered key financial performance 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 net income applicable to common equity 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.

The following summary table provides a reconciliation from the Firm's common stockholders' equity to TCE.

Tangible common equity	Period-end		Average			
			Three months ended September 30,		Nine months ended September 30,	
(in millions, except per share and ratio data)	Sep 30, 2016	Dec 31, 2015	2016	2015	2016	2015

Common stockholders' equity	$228,263	$221,505	$226,089	$217,023	$224,034	$214,389
Less: Goodwill	47,302	47,325	47,302	47,428	47,314	47,468
Less: Certain identifiable intangible assets	887	1,015	903	1,064	938	1,112
Add: Deferred tax liabilities[a]	3,232	3,148	3,226	2,991	3,205	2,909
Tangible common equity	$183,306	$176,313	$181,110	$171,522	$178,987	$168,718
Return on tangible common equity	NA	NA	13 %	15 %	13 %	14 %
Tangible book value per share	$51.23	$48.13	NA	NA	NA	NA

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

The Firm's capital, risk-weighted assets ("RWA"), and capital and leverage ratios that are presented under Basel III Standardized and Advanced Fully Phased-In rules and the Firm's, 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 considered key regulatory capital measures. Such measures are used by banking regulators, investors and analysts to assess the Firm's regulatory capital position and to compare the Firm's regulatory capital to that of other financial services companies.

For additional information on these measures, see Capital Management on pages 67–73.

Core loans are also considered a key performance measure. Core loans include loans considered central to the Firm's ongoing businesses; and exclude loans classified as trading assets, runoff portfolios, discontinued portfolios and portfolios the Firm has an intent to exit. Core loans are meaningful to the Firm and its investors and analysts in assessing actual growth in the loan portfolio.

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 and Key Performance Measures, on pages 16–17.

Description of business segment reporting methodology

Results of the business segments are intended to reflect each segment as if it were a stand-alone business. The management reporting process that derives business segment results allocates income and expense using market-based methodologies. The Firm also assesses the level of capital required for each line of business on at least an annual basis. For further information about line of business capital, see Line of business equity on page 71.

The Firm periodically assesses 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 83–84 of JPMorgan Chase's 2015 Annual Report.

The following discussions of the business segment results are based on a comparison of the three and nine months ended September 30, 2016 versus the corresponding period in the prior year, unless otherwise specified.

Segment results – managed basis

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

Three months ended September 30,	Total net revenue			Total noninterest expense			Pre-provision profit/(loss)		
(in millions)	2016	2015	Change	2016	2015	Change	2016	2015	Change
Consumer & Community Banking	$11,328	$10,879	4%	$6,510	$6,237	4%	$4,818	$4,642	4%
Corporate & Investment Bank	9,455	8,168	16	4,934	6,131	(20)	4,521	2,037	122
Commercial Banking	1,870	1,644	14	746	719	4	1,124	925	22
Asset Management	3,047	2,894	5	2,130	2,109	1	917	785	17
Corporate	(188)	(50)	NM	143	172	(17)	(331)	(222)	(49)
Total	$25,512	$23,535	8%	$14,463	$15,368	(6)%	$11,049	$8,167	35%

Three months ended September 30,	Provision for credit losses			Net income/(loss)			Return on common equity	
(in millions, except ratios)	2016	2015	Change	2016	2015	Change	2016	2015
Consumer & Community Banking	$1,294	$389	233 %	$2,204	$2,630	(16)%	16 %	20 %
Corporate & Investment Bank	67	232	(71)	2,912	1,464	99	17	8
Commercial Banking	(121)	82	NM	778	518	50	18	14
Asset Management	32	(17)	NM	557	475	17	24	20
Corporate	(1)	(4)	75	(165)	1,717	NM	NM	NM
Total	$1,271	$682	86 %	$6,286	$6,804	(8)%	10%	12 %

Nine months ended September 30,	Total net revenue			Total noninterest expense			Pre-provision profit/(loss)		
(in millions)	2016	2015	Change	2016	2015	Change	2016	2015	Change
Consumer & Community Banking	$33,896	$32,598	4%	$18,602	$18,637	—	$15,294	$13,961	10 %
Corporate & Investment Bank	26,755	26,473	1	14,820	16,925	(12)	11,935	9,548	25
Commercial Banking	5,490	5,125	7	2,190	2,131	3	3,300	2,994	10

Asset Management	8,958	9,074	(1)	6,303	6,690	(6)	2,655	2,384	11
Corporate	(290)	(384)	24	23	368	(94)	(313)	(752)	58
Total	$74,809	$72,886	3%	$41,938	$44,751	(6)%	$32,871	$28,135	17 %

Nine months ended September 30,	Provision for credit losses			Net income/(loss)			Return on common equity	
(in millions, except ratios)	2016	2015	Change	2016	2015	Change	2016	2015
Consumer & Community Banking	$3,545	$2,021	75%	$7,350	$7,382	—	18 %	18 %
Corporate & Investment Bank	761	251	203	7,384	6,342	16	14	13
Commercial Banking	158	325	(51)	1,970	1,641	20	15	15
Asset Management	37	(13)	NM	1,665	1,428	17	24	20
Corporate	(4)	(8)	50	(363)	2,215	NM	NM	NM
Total	$4,497	$2,576	75%	$18,006	$19,008	(5)%	10%	11 %

CONSUMER &
COMMUNITY
BANKING

For a discussion of the business profile of CCB, see pages 85–93 of JPMorgan Chase's 2015 Annual Report and Line of Business Metrics on page 177.

Selected income statement data

	Three months ended September 30,			Nine months ended September 30,		
(in millions, except ratios)	2016	2015	Change	2016	2015	Change
Revenue						
Lending- and deposit-related fees	$841	$836	1 %	$2,390	$2,320	3 %
Asset management, administration and commissions	531	565	(6)	1,596	1,648	(3)
Mortgage fees and related income	624	469	33	1,980	1,955	1
Card income	1,099	1,335	(18)	3,543	4,165	(15)
All other income	773	524	48	2,303	1,466	57
Noninterest revenue	3,868	3,729	4	11,812	11,554	2
Net interest income	7,460	7,150	4	22,084	21,044	5
Total net revenue	11,328	10,879	4	33,896	32,598	4
Provision for credit losses	1,294	389	233	3,545	2,021	75
Noninterest expense						
Compensation expense	2,453	2,413	2	7,255	7,421	(2)
Noncompensation expense[(a)]	4,057	3,824	6	11,347	11,216	1
Total noninterest expense	6,510	6,237	4	18,602	18,637	—
Income before income tax expense	3,524	4,253	(17)	11,749	11,940	(2)
Income tax expense	1,320	1,623	(19)	4,399	4,558	(3)
Net income	$2,204	$2,630	(16)	$7,350	$7,382	—
Revenue by line of business						
Consumer & Business Banking	$4,719	$4,555	4	$13,885	$13,396	4
Mortgage Banking	1,874	1,555	21	5,671	5,137	10
Card, Commerce Solutions & Auto	4,735	4,769	(1)	14,340	14,065	2
Mortgage fees and related income details:						
Net production revenue	247	176	40	670	646	4
Net mortgage servicing revenue[(b)]	377	293	29	1,310	1,309	—
Mortgage fees and related income	$624	$469	33 %	$1,980	$1,955	1 %
Financial ratios						
Return on common equity	16 %	20 %		18 %	18 %	
Overhead ratio	57	57		55	57	

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.

(a) Included operating lease depreciation expense of $504 million and $372 million for the three months ended September 30, 2016 and 2015, respectively, and $1.4 billion and $1.0 billion for the nine months ended September 30, 2016 and 2015, respectively.

(b)

Included MSR risk management of $38 million and $(123) million for the three months ended September 30, 2016 and 2015, respectively, and $240 million and $(121) million for the nine months ended September 30, 2016 and 2015, respectively.

Quarterly results
Consumer & Community Banking net income was $2.2 billion, a decrease of 16%, driven by higher provision for credit losses and noninterest expense, partially offset by higher net revenue.
Net revenue was $11.3 billion, an increase of 4%. Net interest income was $7.5 billion, up 4%, driven by higher deposit balances and higher loan balances, partially offset by an increase in the reserve for uncollectible interest and fees and deposit spread compression. Noninterest revenue was $3.9 billion, up 4%, driven by higher auto lease and card sales volume, higher MSR risk management results, net production revenue, reflecting higher mortgage production margins, and higher card-related fees, predominantly offset by higher new account origination costs and the impact of renegotiated co-brand partnership agreements in Credit Card. See Note 16 for further information regarding changes in value of the MSR asset and related hedges, and mortgage fees and related income.
The provision for credit losses was $1.3 billion, compared to $389 million in the prior year, reflecting increases in the allowance for loan losses. The current-quarter provision included a $225 million increase in the allowance for loan losses, reflecting loan growth in the credit card portfolio, including newer vintages which, as anticipated, have higher loss rates compared to the overall portfolio, as well as loan growth in the auto loan portfolio. The prior-year provision reflected a $575 million reduction in the allowance for loan losses in the residential real estate portfolio due to continued improvement in home prices and delinquencies, and increased granularity in the impairment estimates.
Noninterest expense was $6.5 billion, an increase of 4%, driven by higher auto lease depreciation, higher investment in marketing, liabilities from a merchant bankruptcy in Commerce Solutions, and a modest increase in reserves for mortgage servicing, partially offset by lower legal expense and branch efficiencies.

Year-to-date results
Consumer & Community Banking net income of $7.4 billion was flat compared with the prior year, driven by a higher provision for credit losses, offset by higher net revenue.
Net revenue was $33.9 billion, an increase of 4%. Net interest income was $22.1 billion, up 5%, driven by higher deposit balances and higher loan balances, partially offset by deposit spread compression and an increase in the reserve for uncollectible interest and fees. Noninterest revenue was $11.8 billion, up 2%, driven by higher auto lease and card sales volume, higher MSR risk management results, a gain on the sale of Visa Europe interests and higher card- and deposit-related fees, predominantly offset by the impact of renegotiated co-brand partnership agreements and higher new account origination costs in Credit Card, and lower mortgage servicing revenue predominantly as a result of a lower level of third-party loans serviced. See Note 16 for further information regarding changes in value of the MSR asset and related hedges, and mortgage fees and related income.
The provision for credit losses was $3.5 billion, an increase of 75%, reflecting increases in the allowance for loan losses. The current-year provision included a $400 million increase in the allowance for loan losses, reflecting loan growth in the credit card portfolio, including newer vintages which, as anticipated, have higher loss rates compared to the overall portfolio, as well as loan growth in the auto loan portfolio; these were partially offset by reductions in the allowance for loan losses in the residential real estate portfolio due to continued improvement in home prices and delinquencies, as well as runoff in the student loan portfolio. The prior-year provision reflected a $1.0 billion reduction in the allowance for loan losses in the residential real estate portfolio due to continued improvement in home prices and delinquencies, and increased granularity in the impairment estimates, as well as runoff in the student loan portfolio.
Noninterest expense of $18.6 billion was flat compared with the prior year, driven by lower legal expense, branch efficiencies and lower headcount-related expense, offset by higher auto lease depreciation and higher investment in marketing.

Selected metrics

(in millions, except headcount)	As of or for the three months ended September 30, 2016	2015	Change	As of or for the nine months ended September 30, 2016	2015	Change
Selected balance sheet data (period-end)						
Total assets	$521,276	$484,253	8 %	$521,276	$484,253	8 %
Loans:						
Consumer & Business Banking	23,846	22,346	7	23,846	22,346	7
Home equity	52,445	60,849	(14)	52,445	60,849	(14)
Residential mortgage and other	181,564	153,730	18	181,564	153,730	18
Mortgage Banking	234,009	214,579	9	234,009	214,579	9
Credit Card	133,435	126,979	5	133,435	126,979	5
Auto	64,512	57,174	13	64,512	57,174	13
Student	7,354	8,462	(13)	7,354	8,462	(13)
Total loans	463,156	429,540	8	463,156	429,540	8
Core loans	371,060	320,415	16	371,060	320,415	16
Deposits	605,117	539,182	12	605,117	539,182	12
Common equity	51,000	51,000	—	51,000	51,000	—
Selected balance sheet data (average)						
Total assets	$521,882	$478,914	9	$512,550	$465,782	10
Loans:						
Consumer & Business Banking	23,678	22,069	7	23,227	21,709	7
Home equity	53,501	62,025	(14)	55,604	64,442	(14)
Residential mortgage and other	180,669	146,432	23	175,059	133,341	31
Mortgage Banking	234,170	208,457	12	230,663	197,783	17
Credit Card	132,713	126,305	5	129,481	125,294	3
Auto	64,068	56,412	14	62,998	55,744	13
Student	7,490	8,622	(13)	7,759	8,911	(13)
Total loans	462,119	421,865	10	454,128	409,441	11
Core loans	367,999	309,888	19	356,072	291,728	22
Deposits	593,671	535,987	11	579,741	525,951	10
Common equity	51,000	51,000	—	51,000	51,000	—
Headcount	132,092	128,601	3%	132,092	128,601	3 %

Selected metrics

(in millions, except ratio data)	As of or for the three months ended September 30, 2016	2015	Change	As of or for the nine months ended September 30, 2016	2015	Change
Credit data and quality statistics						
Nonaccrual loans[a][b]	$4,853	$5,433	(11)%	$4,853	$5,433	(11)%
Net charge-offs/(recoveries)[c]						
Consumer & Business Banking	71	50	42	180	177	2
Home equity	42	82	(49)	136	238	(43)
Residential mortgage and other	7	(41)	NM	11	(12)	NM
Mortgage Banking	49	41	20	147	226	(35)
Credit Card	838	759	10	2,528	2,348	8
Auto	79	57	39	192	140	37
Student	32	58	(45)	98	155	(37)
Total net charge-offs/(recoveries)	$1,069	$965	11	$3,145	$3,046	3
Net charge-off/(recovery) rate[c]						
Consumer & Business Banking	1.19 %	0.90 %		1.04 %	1.09 %	
Home equity[d]	0.42	0.70		0.44	0.66	
Residential mortgage and other[d]	0.02	(0.14)		0.01	(0.02)	
Mortgage Banking[d]	0.10	0.10		0.10	0.20	
Credit Card[e]	2.51	2.41		2.61	2.54	
Auto	0.49	0.40		0.41	0.34	
Student	1.70	2.67		1.69	2.33	
Total net charge-off/(recovery) rate[d]	1.00	1.02		1.01	1.12	
30+ day delinquency rate						
Mortgage Banking[f][g]	1.27 %	1.74 %		1.27 %	1.74 %	
Credit Card[h]	1.53	1.38		1.53	1.38	
Auto	1.08	1.06		1.08	1.06	
Student[i]	1.81	1.99		1.81	1.99	
90+ day delinquency rate — Credit Card[h]	0.75	0.66		0.75	0.66	
Allowance for loan losses						
Consumer & Business Banking	$703	$703	—	$703	$703	—
Mortgage Banking excluding PCI loans	1,488	1,588	(6)	1,488	1,588	(6)
Mortgage Banking — PCI loans[c]	2,618	2,788	(6)	2,618	2,788	(6)
Credit Card	3,884	3,434	13	3,884	3,434	13
Auto	474	374	27	474	374	27
Student	274	324	(15)	274	324	(15)
Total allowance for loan losses[c]	$9,441	$9,211	2%	$9,441	$9,211	2%

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

(b) At September 30, 2016 and 2015, nonaccrual loans excluded loans 90 or more days past due as follows: (1) mortgage loans insured by U.S. government agencies of $5.0 billion and $6.6 billion, respectively; and (2) student loans insured by U.S. government agencies under the Federal Family Education Loan Program (“FFELP”) of $259 million and $289 million, respectively. These amounts have been excluded based upon the government guarantee.

(c) Net charge-offs and the net charge-off rates for the three months ended September 30, 2016 and 2015, excluded $36 million and $52 million, respectively, and for the nine months ended September 30, 2016 and 2015, excluded $124 million and $162 million, respectively, of write-offs in the PCI portfolio. These write-offs decreased the allowance for loan losses for PCI loans. For further information on PCI write-offs, see summary of changes in the allowances on page 58.

(d) Excludes the impact of PCI loans. For the three months ended September 30, 2016 and 2015, the net charge-off rates including the impact of PCI loans were as follows: (1) home equity of 0.31% and 0.52%, respectively; (2) residential mortgage and other of 0.02% and (0.11%), respectively; (3) Mortgage Banking of 0.08% and 0.08%, respectively; and (4) total CCB of 0.92% and 0.91%, respectively. For the nine months ended September 30, 2016 and 2015, the net charge-off rates including the impact of PCI loans were as follows: (1) home equity of 0.33% and 0.49%, respectively; (2) residential mortgage and other of 0.01% and (0.01%), respectively; (3) Mortgage Banking of 0.09% and 0.15%, respectively; and (4) total CCB of 0.93% and 1.00%, respectively.

(e) Average credit card loans included loans held-for-sale of $87 million and $1.3 billion for the three months ended September 30, 2016 and 2015, respectively, and $80 million and $1.9 billion for the nine months ended September 30, 2016 and 2015, respectively. These amounts are excluded when calculating the net charge-off rate.

(f) At September 30, 2016 and 2015, excluded mortgage loans insured by U.S. government agencies of $7.0 billion and $8.5 billion, respectively, that are 30 or more days past due. These amounts have been excluded based upon the government guarantee.

(g) Excludes PCI loans. The 30+ day delinquency rate for PCI loans was 10.01% and 11.29% at September 30, 2016 and 2015, respectively.

(h) Period-end credit card loans included loans held-for-sale of $89 million and $1.3 billion at September 30, 2016 and 2015, respectively. These amounts are excluded when calculating delinquency rates.

(i) Excluded student loans insured by U.S. government agencies under FFELP of $461 million and $507 million at September 30, 2016 and 2015, respectively, that are 30 or more days past due. These amounts have been excluded based upon the government guarantee.

Selected metrics

(in billions, except ratios and where otherwise noted)	As of or for the three months ended September 30, 2016	2015	Change	As of or for the nine months ended September 30, 2016	2015	Change
Business Metrics						
CCB households (in millions)	59.7	57.5	4 %	59.7	57.5	4 %
Number of branches	5,310	5,471	(3)	5,310	5,471	(3)
Active digital customers (in thousands)[a]	43,657	38,511	13	43,657	38,511	13
Active mobile customers (in thousands)[b]	26,047	22,232	17	26,047	22,232	17
Consumer & Business Banking						
Average deposits	$576.6	$519.4	11	$564.2	$510.0	11
Deposit margin	1.79 %	1.86 %		1.82 %	1.92 %	
Business banking origination volume	$1.8	$1.7	5	$5.7	$5.2	10
Client investment assets	231.6	213.3	9	231.6	213.3	9
Mortgage Banking						
Mortgage origination volume by channel						
Retail	$11.7	$9.5	23	$31.6	$27.4	15
Correspondent	15.4	20.4	(25)	42.9	56.5	(24)
Total mortgage origination volume[c]	$27.1	$29.9	(9)	$74.5	$83.9	(11)
Total loans serviced (period-end)	$863.3	$929.0	(7)	$863.3	$929.0	(7)
Third-party mortgage loans serviced (period-end)	609.2	702.6	(13)	609.2	702.6	(13)
MSR carrying value (period-end)	4.9	6.7	(27)	4.9	6.7	(27)
Ratio of MSR carrying value (period-end) to third-party mortgage loans serviced (period-end)	0.80 %	0.95 %		0.80 %	0.95 %	
MSR revenue multiple[d]	2.29 x	2.79 x		2.29 x	2.71 x	
Credit Card, excluding Commercial Card						
Sales volume	$139.2	$126.6	10	$396.9	$365.1	9
New accounts opened (in millions)	2.7	2.0	35	7.7	6.2	24
Card Services						
Net revenue rate	11.04 %	12.22 %		11.70 %	12.25 %	
Commerce Solutions						
Merchant processing volume	$267.2	$235.8	13	$778.5	$691.1	13
Auto						
Loan and lease origination volume	$9.3	$8.1	15	$27.4	$23.2	18
Average Auto operating lease assets	11.4	8.1	41%	10.5	7.5	40%

(a) Users of all web and/or mobile platforms who have logged in within the past 90 days.

(b) Users of all mobile platforms who have logged in within the past 90 days.

(c) Firmwide mortgage origination volume was $30.9 billion and $32.2 billion for the three months ended September 30, 2016 and 2015, respectively, and $83.9 billion and $90.5 billion for the nine months ended September 30, 2016 and 2015, respectively.

(d) 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 Firm entered into various Consent Orders and settlements with federal and state governmental agencies and private parties related to mortgage servicing, origination, and residential MBS activities. The majority of these Consent Orders and settlements have been resolved and/or terminated; however, among those obligations, the mortgage servicing-related Consent Order entered into with the Federal Reserve on April 13, 2011, as amended on February 28, 2013 remains outstanding. The Audit Committee of the Board of Directors provides governance and oversight of the Federal Reserve Consent Order.

The Federal Reserve Consent Order and certain other obligations under mortgage-related 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. The Firm is committed to fulfilling its commitments with appropriate diligence.

CORPORATE
&
INVESTMENT
BANK

For a discussion of the business profile of CIB, see pages 94–98 of JPMorgan Chase’s 2015 Annual Report and Line of Business Metrics on page 177.

Selected income statement data

(in millions, except ratios)	Three months ended September 30, 2016	2015	Change	Nine months ended September 30, 2016	2015	Change
Revenue						
Investment banking fees	$1,855	$1,612	15 %	$4,812	$5,198	(7)%
Principal transactions	3,282	2,370	38	8,717	8,509	2
Lending- and deposit-related fees	402	389	3	1,181	1,186	—
Asset management, administration and commissions	968	1,083	(11)	3,062	3,418	(10)
All other income	183	294	(38)	927	744	25
Noninterest revenue	6,690	5,748	16	18,699	19,055	(2)
Net interest income	2,765	2,420	14	8,056	7,418	9
Total net revenue[(a)]	9,455	8,168	16	26,755	26,473	1
Provision for credit losses	67	232	(71)	761	251	203
Noninterest expense						
Compensation expense	2,513	2,434	3	7,850	8,113	(3)
Noncompensation expense	2,421	3,697	(35)	6,970	8,812	(21)
Total noninterest expense	4,934	6,131	(20)	14,820	16,925	(12)
Income before income tax expense	4,454	1,805	147	11,174	9,297	20
Income tax expense	1,542	341	352	3,790	2,955	28
Net income	$2,912	$1,464	99%	$7,384	$6,342	16 %
Financial ratios						
Return on common equity	17 %	8 %		14 %	13 %	
Overhead ratio	52	75		55	64	
Compensation expense as a percentage of total net revenue	27	30		29	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 bonds of $483 million and $417 million for the three months ended September 30, 2016 and 2015, respectively and $1.5 billion and $1.2 billion for the nine months ended September 30, 2016 and 2015, respectively.

Selected income statement data

(in millions)	Three months ended September 30, 2016	2015	Change	Nine months ended September 30, 2016	2015	Change
Revenue by business						
Investment Banking	$1,740	$1,530	14 %	$4,463	$4,906	(9)%
Treasury Services	917	899	2	2,693	2,730	(1)
Lending	283	334	(15)	862	1,071	(20)
Total Banking	2,940	2,763	6	8,018	8,707	(8)
Fixed Income Markets	4,334	2,933	48	11,890	10,018	19
Equity Markets	1,414	1,403	1	4,590	4,630	(1)
Securities Services	916	915	—	2,704	2,844	(5)

Credit Adjustments & Other[(a)]	(149)	154	NM	(447)	274	NM
Total Markets & Investor Services	6,515	5,405	21	18,737	17,766	5
Total net revenue	$9,455	$8,168	16 %	$26,755	$26,473	1%

(a) Effective January 1, 2016, consists primarily of credit valuation adjustments ("CVA") managed by the Credit Portfolio Group, funding valuation adjustments ("FVA") and DVA on derivatives. Results are primarily reported in Principal transactions. Prior periods also include DVA on fair value option elected liabilities. Results are presented net of associated hedging activities and net of CVA and FVA amounts allocated to Fixed Income Markets and Equity Markets. Effective January 1, 2016, changes in DVA on fair value option elected liabilities is recognized in OCI. For additional information, see Accounting and Reporting Developments on pages 82–83, and Notes 3, 4 and 19.

Quarterly results
Net income was $2.9 billion, up 99%, reflecting higher net revenue and lower noninterest expense.
Banking revenue was $2.9 billion, up 6%. Investment banking revenue was $1.7 billion, up 14%, with strong performance across products. The Firm maintained its #1 ranking for Global Investment Banking fees, according to Dealogic. Debt underwriting fees were up 12%, the highest third quarter on record with strong industry-wide bond issuance. Equity underwriting fees were up 38%, primarily driven by growth in industry-wide issuance, with a stable market backdrop and strong investor demand. Advisory fees were up 8%, driven by a greater share of fees for completed transactions. Treasury Services revenue was $917 million, up 2%. Lending revenue was $283 million, down 15%, reflecting fair value losses on hedges of accrual loans as well as lower losses on securities received from restructuring.
Markets & Investor Services revenue was $6.5 billion, up 21%, driven by higher Markets revenue, up 33%. Clients were active and risk management conditions were favorable. Fixed Income Markets revenue was up 48% reflecting broad based strength across products. Rates performance was particularly strong, with good client activity, as markets remained active throughout the quarter, post the Brexit vote and in anticipation of central bank actions as well as money market reform. Credit and Securitized Products revenue was also higher, driven by improving market sentiment across primary and secondary markets which produced robust issuance volumes and strong client trading activity. Equity Markets revenue was up 1%, compared to a strong prior-year quarter, reflecting continued strength in Asia and strength in North America derivatives, offset by weakness in cash equities volumes. Securities Services revenue remained flat from the prior year. Credit Adjustments & Other was a loss of $149 million, primarily driven by derivative valuation adjustments, compared with a $154 million gain in the prior-year quarter, which included funding spread gains on fair value option elected liabilities.
The provision for credit losses was $67 million, down $165 million from the prior-year. The current quarter reflected a lower reserve build in the Oil & Gas portfolio.
Noninterest expense was $4.9 billion, down 20%, driven by lower legal expense.

Year-to-date results
Net income was $7.4 billion, up 16%, reflecting lower noninterest expense, partially offset by higher provision for credit losses.
Banking revenue was $8.0 billion, down 8%. Investment banking revenue was $4.5 billion, down 9%, driven by lower equity and debt underwriting fees, partially offset by higher advisory fees. The Firm maintained its #1 ranking for Global Investment Banking fees, according to Dealogic. Equity underwriting fees were down 23%, driven by declines in industry-wide fee levels. Debt underwriting fees were down 8%, primarily driven by declines in industry-wide fee levels and fewer large acquisition financing deals. Advisory fees were up 5%, driven by a greater share of fees for completed transactions. Treasury Services revenue was $2.7 billion, down 1%. Lending revenue was $862 million, down 20%, reflecting fair value losses on hedges of accrual loans as well as gains on securities received from restructuring, compared to losses in the prior year.
Markets & Investor Services revenue was $18.7 billion, up 5%. Fixed Income Markets revenue of $11.9 billion was up 19%, driven by higher revenue in Rates, Credit and Securitized Products. Rates performance was strong, with elevated market activity driven by central bank actions as well as high issuance-based flows. Credit and Securitized Products revenue improved as client risk appetite recovered driving higher primary and secondary market activity. Equity Markets revenue of $4.6 billion was down 1%, compared to a strong prior-year. Securities Services revenue was $2.7 billion, down 5%, largely driven by lower fees and commissions. Credit Adjustments and Other was a loss of $447 million driven by derivative valuation adjustments and wider credit spreads, compared with a $274 million gain in the prior-year, which included funding spread gains on fair value option elected liabilities.
The provision for credit losses was $761 million, compared with $251 million in the prior year, primarily reflecting increases in the allowance for credit losses in the Oil & Gas portfolio and, to a lesser extent, the Metals & Mining portfolio.
Noninterest expense was $14.8 billion, down 12%, largely driven by lower legal expense.

Selected metrics

(in millions, except headcount)	As of or for the three months ended September 30, 2016	2015	Change	As of or for the nine months ended September 30, 2016	2015	Change
Selected balance sheet data (period-end)						
Assets	$825,933	$801,133	3 %	$825,933	$801,133	3 %
Loans:						
Loans retained[(a)]	117,133	101,420	15	117,133	101,420	15
Loans held-for-sale and loans at fair value	4,184	3,369	24	4,184	3,369	24
Total loans	121,317	104,789	16	121,317	104,789	16
Core loans	120,885	104,270	16	120,885	104,270	16
Common equity	64,000	62,000	3	64,000	62,000	3
Selected balance sheet data (average)						
Assets	$811,217	$789,975	3	$808,228	$833,233	(3)
Trading assets-debt and equity instruments	306,431	288,828	6	299,350	306,072	(2)
Trading assets-derivative receivables	63,829	63,561	—	62,619	69,904	(10)
Loans:						
Loans retained[(a)]	110,941	97,518	14	110,442	97,108	14
Loans held-for-sale and loans at fair value	3,864	3,827	1	3,414	4,463	(24)
Total loans	114,805	101,345	13	113,856	101,571	12
Core loans	114,380	100,809	13	113,410	100,730	13
Common equity	64,000	62,000	3	64,000	62,000	3
Headcount	49,176	49,384	—	49,176	49,384	—

(a) Loans retained includes credit portfolio loans, loans held by consolidated Firm-administered multi-seller conduits, trade finance loans, other held-for-investment loans and overdrafts.

Selected metrics

(in millions, except ratios)	As of or for the three months ended September 30, 2016	2015	Change	As of or for the nine months ended September 30, 2016	2015	Change
Credit data and quality statistics						
Net charge-offs/(recoveries)	$3	$2	50%	$139	$(24)	NM
Nonperforming assets:						
Nonaccrual loans:						
Nonaccrual loans retained[(a)]	614	464	32%	614	464	32
Nonaccrual loans held-for-sale and loans at fair value	26	12	117	26	12	117
Total nonaccrual loans	640	476	34	640	476	34
Derivative receivables	232	235	(1)	232	235	(1)
Assets acquired in loan satisfactions	75	56	34	75	56	34
Total nonperforming assets	947	767	23	947	767	23
Allowance for credit losses:						
Allowance for loan losses	1,611	1,205	34	1,611	1,205	34
Allowance for lending-related commitments	837	547	53	837	547	53
Total allowance for credit losses	2,448	1,752	40%	2,448	1,752	40%
Net charge-off/(recovery) rate	0.01%	0.01%		0.17%	(0.03)%	
Allowance for loan losses to period-end loans retained	1.38	1.19		1.38	1.19	
Allowance for loan losses to period-end loans retained, excluding trade finance and conduits[(b)]	2.02	1.85		2.02	1.85	
Allowance for loan losses to nonaccrual loans retained[(a)]	262	260		262	260	

Nonaccrual loans to total period-end loans	0.53 %	0.45 %	0.53 %	0.45 %

(a) Allowance for loan losses of $202 million and $160 million were held against these nonaccrual loans at September 30, 2016 and 2015, respectively.

(b) 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.

Business metrics

(in millions)	Three months ended September 30, 2016	2015	Change	Nine months ended September 30, 2016	2015	Change
Advisory	$542	$503	8%	$1,593	$1,511	5%
Equity underwriting	370	269	38	860	1,120	(23)
Debt underwriting	943	840	12	2,359	2,567	(8)
Total investment banking fees	$1,855	$1,612	15%	$4,812	$5,198	(7)%

League table results – wallet share

	Nine months ended September 30, 2016 Share	Rank	Full-year 2015 Share	Rank
Based on fees[(a)]				
Debt, equity and equity-related				
Global	7.4 %	# 1	7.7 %	# 1
U.S.	12.1	1	11.7	1
Long-term debt[(b)]				
Global	7.0	1	8.3	1
U.S.	11.0	2	12.0	1
Equity and equity-related				
Global[(c)]	8.0	1	7.0	1
U.S.	14.1	1	11.3	1
M&A[(d)]				
Global	9.4	2	8.4	2
U.S.	11.3	2	9.9	2
Loan syndications				
Global	7.7	2	7.5	1
U.S.	9.3	2	10.8	2
Global investment banking fees[(e)]	8.1 %	# 1	7.9 %	# 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 MBS; and exclude money market, short-term debt, and U.S. municipal securities.

(c) Global equity and equity-related ranking includes rights offerings and Chinese A-Shares.

(d) Global M&A reflects the removal of any withdrawn transactions. U.S. M&A revenue wallet represents wallet from client parents based in the U.S.

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

Business metrics

	Three months ended September 30,			Nine months ended September 30,		
(in millions)	2016	2015	Change	2016	2015	Change
Total Markets[a]						
Principal transactions	$3,465	$2,255	54%	$9,350	$8,328	12%
Lending- and deposit-related fees	55	49	12	165	149	11
Asset management, administration and commissions	442	536	(18)	1,459	1,602	(9)
All other income	161	203	(21)	803	550	46
Noninterest revenue	4,123	3,043	35	11,777	10,629	11
Net interest income	1,625	1,293	26	4,703	4,019	17
Total net revenue	$5,748	$4,336	33%	$16,480	$14,648	13%

(a) Represents both Fixed Income Markets and Equity Markets revenue.

	As of or for the three months ended September 30,			As of or for the nine months ended September 30,		
(in millions, except where otherwise noted)	2016	2015	Change	2016	2015	Change
Assets under custody ("AUC") by asset class (period-end) (in billions):						
Fixed Income	$12,857	$12,190	5%	$12,857	$12,190	5%
Equity	6,440	5,848	10	6,440	5,848	10
Other[a]	1,927	1,653	17	1,927	1,653	17
Total AUC	$21,224	$19,691	8	$21,224	$19,691	8
Client deposits and other third party liabilities (average)[b]	$381,542	$372,070	3	$371,417	$405,576	(8)
Trade finance loans (period-end)	16,957	21,138	(20)%	16,957	21,138	(20)%

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

(b) Client deposits and other third party liabilities pertain to the Treasury Services and Securities Services businesses.

International metrics

(in millions, except where otherwise noted)	As of or for the three months ended September 30, 2016	2015	Change	As of or for the nine months ended September 30, 2016	2015	Change
Total net revenue[(a)]						
Europe/Middle East/Africa	$2,798	$2,508	12 %	$8,078	$8,689	(7)%
Asia/Pacific	1,281	1,224	5	3,793	3,845	(1)
Latin America/Caribbean	307	300	2	1,031	851	21
Total international net revenue	4,386	4,032	9	12,902	13,385	(4)
North America	5,069	4,136	23	13,853	13,088	6
Total net revenue	$9,455	$8,168	16	$26,755	$26,473	1
Loans retained (period-end)[(a)]						
Europe/Middle East/Africa	$32,016	$25,793	24	$32,016	$25,793	24
Asia/Pacific	15,262	17,453	(13)	15,262	17,453	(13)
Latin America/Caribbean	8,896	8,418	6	8,896	8,418	6
Total international loans	56,174	51,664	9	56,174	51,664	9
North America	60,959	49,756	23	60,959	49,756	23
Total loans retained	$117,133	$101,420	15	$117,133	$101,420	15
Client deposits and other third-party liabilities (average)[(a)(b)]						
Europe/Middle East/Africa	$138,628	$130,247	6	$135,201	$146,155	(7)
Asia/Pacific	70,301	66,101	6	67,158	67,259	—
Latin America/Caribbean	22,802	21,462	6	22,555	22,800	(1)
Total international	$231,731	$217,810	6	$224,914	$236,214	(5)
North America	149,811	154,260	(3)	146,503	169,362	(13)
Total client deposits and other third-party liabilities	$381,542	$372,070	3	$371,417	$405,576	(8)
AUC (period-end) (in billions)[(a)]						
North America	$12,685	$11,944	6	$12,685	$11,944	6
All other regions	8,539	7,747	10	8,539	7,747	10
Total AUC	$21,224	$19,691	8%	$21,224	$19,691	8%

(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.

(b) Client deposits and other third party liabilities pertain to the Treasury Services and Securities Services businesses.

COMMERCIAL
BANKING

For a discussion of the business profile of CB, see pages 99–101 of JPMorgan Chase’s 2015 Annual Report and Line of Business Metrics on page 178.

Selected income statement data

	Three months ended September 30,			Nine months ended September 30,		
(in millions)	2016	2015	Change	2016	2015	Change
Revenue						
Lending- and deposit-related fees	$228	$229	— %	$687	$708	(3)%
Asset management, administration and commissions	14	22	(36)	54	68	(21)
All other income[(a)]	336	271	24	979	991	(1)
Noninterest revenue	578	522	11	1,720	1,767	(3)
Net interest income	1,292	1,122	15	3,770	3,358	12
Total net revenue[(b)]	1,870	1,644	14	5,490	5,125	7
Provision for credit losses	(121)	82	NM	158	325	(51)
Noninterest expense						
Compensation expense	343	311	10	999	928	8
Noncompensation expense	403	408	(1)	1,191	1,203	(1)
Total noninterest expense	746	719	4	2,190	2,131	3
Income before income tax expense	1,245	843	48	3,142	2,669	18
Income tax expense	467	325	44	1,172	1,028	14
Net income	$778	$518	50%	$1,970	$1,641	20%

(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 related to municipal financing activity of $127 million and $116 million for the three months ended September 30, 2016 and 2015, respectively and $371 million and $344 million for the nine months ended September 30, 2016 and 2015, respectively.

Quarterly results

Net income was $778 million, an increase of 50%, driven by higher net revenue and a lower provision for credit losses, partially offset by higher noninterest expense.

Net revenue was $1.9 billion, an increase of 14%. Net interest income was $1.3 billion, up 15%, driven by higher average loan balances and deposit spreads. Noninterest revenue was $578 million, up 11%, driven by higher investment banking revenue.

Noninterest expense was $746 million, up 4%, driven by investments in technology and increased hiring of bankers and business-related support staff.

The provision for credit losses was a benefit of $121 million largely driven by the Oil & Gas portfolio largely due to loan sales; the prior year provision for credit losses was $82 million reflecting a modest increase in the allowance for loan losses for Oil & Gas exposure.

Year-to-date results

Net income was $2.0 billion, an increase of 20%, driven by higher net revenue and a lower provision for credit losses, partially offset by higher noninterest expense.

Net revenue was $5.5 billion, up 7%. Net interest income was $3.8 billion, up 12%, driven by higher average loan balances and deposit spreads. Noninterest revenue was $1.7 billion, down 3%, driven by lower lending- and deposit-related fees.

Noninterest expense was $2.2 billion, up 3%, driven by investments in technology and increased hiring of bankers and business-related support staff.

The provision for credit losses was $158 million, reflecting downgrades in the Oil & Gas and Natural Gas Pipeline portfolios; the prior year provision for credit losses was $325 million reflecting an increase in the allowance for loan losses for Oil & Gas exposure and other select downgrades.

Selected income statement data (continued)

(in millions, except ratios)	Three months ended September 30, 2016	2015	Change	Nine months ended September 30, 2016	2015	Change
Revenue by product						
Lending	$956	$850	12 %	$2,801	$2,542	10 %
Treasury services	693	633	9	2,067	1,926	7
Investment banking[a]	203	130	56	565	574	(2)
Other	18	31	(42)	57	83	(31)
Total Commercial Banking net revenue	$1,870	$1,644	14	$5,490	$5,125	7
Investment banking revenue, gross[b]	$600	$382	57	$1,678	$1,724	(3)
Revenue by client segment[c]						
Middle Market Banking	$716	$668	7	$2,121	$2,012	5
Corporate Client Banking	612	484	26	1,758	1,664	6
Commercial Term Lending	350	318	10	1,053	944	12
Real Estate Banking	117	92	27	328	262	25
Other	75	82	(9)	230	243	(5)
Total Commercial Banking net revenue	$1,870	$1,644	14 %	$5,490	$5,125	7 %
Financial ratios						
Return on common equity	18 %	14 %		15 %	15 %	
Overhead ratio	40	44		40	42	

(a) Includes total Firm revenue from investment banking products sold to CB clients, net of revenue sharing with the CIB.

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

(c) Certain clients were transferred from Middle Market Banking to Corporate Client Banking and from Real Estate Banking to Corporate Client Banking effective in the second and third quarter of 2016, respectively. Prior period client segment amounts were revised to conform with the current period presentation.

Selected metrics

(in millions, except headcount)	As of or for the three months ended September 30, 2016	2015	Change	As of or for the nine months ended September 30, 2016	2015	Change
Selected balance sheet data (period-end)						
Total assets	$212,189	$201,157	5 %	$212,189	$201,157	5 %
Loans:						
Loans retained	185,609	162,269	14	185,609	162,269	14
Loans held-for-sale and loans at fair value	191	213	(10)	191	213	(10)
Total loans	$185,800	$162,482	14	$185,800	$162,482	14
Core loans	185,354	161,662	15	185,354	161,662	15
Common equity	16,000	14,000	14	16,000	14,000	14
Period-end loans by client segment[(a)]						
Middle Market Banking	$53,584	$51,067	5	$53,584	$51,067	5
Corporate Client Banking	43,514	35,163	24	43,514	35,163	24
Commercial Term Lending	69,133	60,684	14	69,133	60,684	14
Real Estate Banking	13,905	10,457	33	13,905	10,457	33
Other	5,664	5,111	11	5,664	5,111	11
Total Commercial Banking loans	$185,800	$162,482	14	$185,800	$162,482	14
Selected balance sheet data (average)						
Total assets	$208,765	$197,274	6	$205,748	$197,319	4
Loans:						
Loans retained	180,962	158,845	14	175,695	154,595	14
Loans held-for-sale and loans at fair value	517	359	44	516	595	(13)
Total loans	$181,479	$159,204	14	$176,211	$155,190	14
Core loans	181,016	158,364	14	175,651	154,240	14
Average loans by client segment[(a)]						
Middle Market Banking	$52,648	$50,436	4	$51,718	$50,136	3
Corporate Client Banking	42,139	34,314	23	40,870	33,454	22
Commercial Term Lending	67,696	59,323	14	65,486	56,980	15
Real Estate Banking	13,382	10,074	33	12,597	9,640	31
Other	5,614	5,057	11	5,540	4,980	11
Total Commercial Banking loans	$181,479	$159,204	14	$176,211	$155,190	14
Client deposits and other third-party liabilities	173,696	180,892	(4)	172,502	195,874	(12)
Common equity	16,000	14,000	14	16,000	14,000	14
Headcount	8,333	7,735	8 %	8,333	7,735	8 %

(a) Certain clients were transferred from Middle Market Banking to Corporate Client Banking and from Real Estate Banking to Corporate Client Banking effective in the second and third quarter of 2016, respectively. Prior period client segment amounts were revised to conform with the current period presentation.

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Selected metrics (continued)	As of or for the three months ended September 30,			As of or for the nine months ended September 30,		
(in millions, except ratios)	2016	2015	Change	2016	2015	Change
Credit data and quality statistics						
Net charge-offs/(recoveries)	$44	$ (2)	NM	$110	$ 5	NM
Nonperforming assets						
Nonaccrual loans:						
Nonaccrual loans retained[(a)]	1,212	423	187	1,212	423	187
Nonaccrual loans held-for-sale and loans at fair value	—	16	(100)	—	16	(100)
Total nonaccrual loans	1,212	439	176	1,212	439	176
Assets acquired in loan satisfactions	1	4	(75)	1	4	(75)
Total nonperforming assets	1,213	443	174	1,213	443	174
Allowance for credit losses:						
Allowance for loan losses	2,858	2,782	3	2,858	2,782	3
Allowance for lending-related commitments	244	170	44	244	170	44
Total allowance for credit losses	3,102	2,952	5 %	3,102	2,952	5 %
Net charge-off/(recovery) rate[(b)]	0.10%	—		0.08 %	—	
Allowance for loan losses to period-end loans retained	1.54	1.71		1.54	1.71	
Allowance for loan losses to nonaccrual loans retained[(a)]	236	658		236	658	
Nonaccrual loans to period-end total loans	0.65	0.27		0.65	0.27	

(a) Allowance for loan losses of $221 million and $80 million was held against nonaccrual loans retained at September 30, 2016 and 2015, respectively.

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

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ASSET
MANAGEMENT
For a discussion of the business profile of AM, see pages 102–104 of JPMorgan Chase’s 2015 Annual Report and Line of Business Metrics on pages 178–179.
Selected income statement data

(in millions, except ratios)	Three months ended September 30, 2016	2015	Change	Nine months ended September 30, 2016	2015	Change
Revenue						
Asset management, administration and commissions	$2,087	$2,237	(7)%	$6,205	$6,847	(9)%
All other income	190	24	NM	509	342	49
Noninterest revenue	2,277	2,261	1	6,714	7,189	(7)
Net interest income	770	633	22	2,244	1,885	19
Total net revenue	3,047	2,894	5	8,958	9,074	(1)
Provision for credit losses	32	(17)	NM	37	(13)	NM
Noninterest expense						
Compensation expense	1,279	1,218	5	3,769	3,806	(1)
Noncompensation expense	851	891	(4)	2,534	2,884	(12)
Total noninterest expense	2,130	2,109	1	6,303	6,690	(6)
Income before income tax expense	885	802	10	2,618	2,397	9
Income tax expense	328	327	—	953	969	(2)
Net income	$557	$475	17	$1,665	$1,428	17
Revenue by line of business						
Global Investment Management	$1,497	$1,483	1	$4,420	$4,686	(6)
Global Wealth Management	1,550	1,411	10	4,538	4,388	3
Total net revenue	$3,047	$2,894	5%	$8,958	$9,074	(1)%
Financial ratios						
Return on common equity	24 %	20 %		24 %	20 %	
Overhead ratio	70	73		70	74	
Pre-tax margin ratio:						
Global Investment Management	31	31		31	29	
Global Wealth Management	27	24		27	24	
Asset Management	29	28		29	26	

Quarterly results
Net income was $557 million, an increase of 17%, reflecting higher net revenue.
Net revenue was $3.0 billion, an increase of 5%, driven by higher net interest income due to higher deposit and loan spreads, and loan growth.
Noninterest expense was $2.1 billion, an increase of 1%, driven by higher performance-based compensation.

Year-to-date results
Net income was $1.7 billion, an increase of 17%, reflecting lower noninterest expense, partially offset by lower net revenue.

Net revenue was $9.0 billion, a decrease of 1%. Net interest income was $2.2 billion, up 19%, driven by higher deposit and loan spreads, and loan growth. Noninterest revenue was $6.7 billion, down 7%, driven by weaker markets, lower performance fees and lower brokerage activity.

Noninterest expense was $6.3 billion, a decrease of 6%, due to lower legal expense as well as a reduction of expense related to the disposal of assets.

Selected metrics	As of or for the three months ended September 30,			As of or for the nine months ended September 30,		
(in millions, except ranking data, headcount and ratios)	2016	2015	Change	2016	2015	Change
% of JPM mutual fund assets rated as 4- or 5-star[(a)]	56 %	57 %		56 %	57 %	
% of JPM mutual fund assets ranked in 1st or 2nd quartile:[(b)]						
1 year	47	79		47	79	
3 years	75	82		75	82	
5 years	80	81		80	81	
Selected balance sheet data (period-end)						
Total assets	$137,295	$131,412	4 %	$137,295	$131,412	4 %
Loans[(c)]	116,043	110,314	5	116,043	110,314	5
Core loans	116,043	110,314	5	116,043	110,314	5
Deposits	157,274	140,121	12	157,274	140,121	12
Common equity	9,000	9,000	—	9,000	9,000	—
Selected balance sheet data (average)						
Total assets	$134,920	$131,100	3	$132,090	$129,326	2
Loans	114,201	108,741	5	112,142	106,446	5
Core loans	114,201	108,741	5	112,142	106,446	5
Deposits	153,121	141,896	8	151,656	150,840	1
Common equity	9,000	9,000	—	9,000	9,000	—
Headcount	21,142	20,651	2	21,142	20,651	2
Number of client advisors	2,560	2,796	(8)	2,560	2,796	(8)
Credit data and quality statistics						
Net charge-offs	$5	$2	150	$16	$4	300
Nonaccrual loans	372	229	62	372	229	62
Allowance for credit losses:						
Allowance for loan losses	285	258	10	285	258	10
Allowance for lending-related commitments	5	4	25	5	4	25
Total allowance for credit losses	290	262	11 %	290	262	11 %
Net charge-off rate	0.02 %	0.01 %		0.02 %	0.01 %	
Allowance for loan losses to period-end loans	0.25	0.23		0.25	0.23	
Allowance for loan losses to nonaccrual loans	77	113		77	113	
Nonaccrual loans to period-end loans	0.32	0.21		0.32	0.21	

(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 Fund Doctor 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 $30.7 billion and $25.4 billion of prime mortgage loans reported in the Consumer, excluding credit card, loan portfolio at September 30, 2016 and 2015, respectively.

Client assets

Client assets of $2.4 trillion and assets under management of $1.8 trillion were up 5% and 4%, respectively, due to the effect of higher market levels and inflows into long-term products, partially offset by asset sales.

Client assets	September 30,		
(in billions)	2016	2015	Change
Assets by asset class			
Liquidity	$447	$463	(3)%
Fixed income	393	351	12
Equity	357	336	6
Multi-asset and alternatives	575	561	2
Total assets under management	1,772	1,711	4
Custody/brokerage/administration/deposits	675	612	10
Total client assets	$2,447	$2,323	5
Memo:			
Alternatives client assets[(a)]	$157	$172	(9)
Assets by client segment			
Private Banking	$433	$438	(1)
Institutional	862	816	6
Retail	477	457	4
Total assets under management	$1,772	$1,711	4
Private Banking	$1,089	$1,037	5
Institutional	879	823	7
Retail	479	463	3
Total client assets	$2,447	$2,323	5%

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

Client assets (continued)	Three months ended September 30,		Nine months ended September 30,	
(in billions)	2016	2015	2016	2015
Assets under management rollforward				
Beginning balance	$1,693	$1,781	$1,723	$1,744
Net asset flows:				
Liquidity	22	(5)	(1)	—
Fixed income	5	(5)	26	—
Equity	(7)	(5)	(17)	(2)
Multi-asset and alternatives	21	6	25	27
Market/performance/other impacts	38	(61)	16	(58)
Ending balance, September 30	$1,772	$1,711	$1,772	$1,711
Client assets rollforward				
Beginning balance	$2,344	$2,423	$2,350	$2,387
Net asset flows	47	(7)	42	26
Market/performance/other impacts	56	(93)	55	(90)
Ending balance, September 30	$2,447	$2,323	$2,447	$2,323

International metrics (in billions, except where otherwise noted)	As of or for the three months ended September 30, 2016	2015	Change	As of or for the nine months ended September 30, 2016	2015	Change
Total net revenue (in millions)[(a)]						
Europe/Middle East/Africa	$475	$473	—	$1,369	$1,468	(7)%
Asia/Pacific	280	267	5	802	855	(6)
Latin America/Caribbean	181	182	(1)	539	590	(9)
Total international net revenue	936	922	2	2,710	2,913	(7)
North America	2,111	1,972	7	6,248	6,161	1
Total net revenue	$3,047	$2,894	5	$8,958	$9,074	(1)
Assets under management						
Europe/Middle East/Africa	$314	$292	8	$314	$292	8
Asia/Pacific	131	119	10	131	119	10
Latin America/Caribbean	45	44	2	45	44	2
Total international assets under management	490	455	8	490	455	8
North America	1,282	1,256	2	1,282	1,256	2
Total assets under management	$1,772	$1,711	4	$1,772	$1,711	4
Client assets						
Europe/Middle East/Africa	$364	$341	7	$364	$341	7
Asia/Pacific	186	168	11	186	168	11
Latin America/Caribbean	116	108	7	116	108	7
Total international client assets	666	617	8	666	617	8
North America	1,781	1,706	4	1,781	1,706	4
Total client assets	$2,447	$2,323	5 %	$2,447	$2,323	5 %

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

CORPORATE

For a discussion of Corporate, see pages 105–106 of JPMorgan Chase’s 2015 Annual Report.

Selected income statement data

	As of or for the three months ended September 30,			As of or for the nine months ended September 30,		
(in millions, except headcount)	2016	2015	Change	2016	2015	Change
Revenue						
Principal transactions	$57	$(70)	NM	$183	$97	89%
Securities gains	64	25	156	135	118	14
All other income/(loss)	76	118	(36)	319	(2)	NM
Noninterest revenue	197	73	170	637	213	199
Net interest income	(385)	(123)	(213)	(927)	(597)	(55)
Total net revenue[(a)]	(188)	(50)	(276)	(290)	(384)	24
Provision for credit losses	(1)	(4)	75	(4)	(8)	50
Noninterest expense[(b)]	143	172	(17)	23	368	(94)
Income/(loss) before income tax expense/(benefit)	(330)	(218)	(51)	(309)	(744)	58
Income tax expense/(benefit)	(165)	(1,935)	91	54	(2,959)	NM
Net income/(loss)	$(165)	$1,717	NM	$(363)	$2,215	NM
Total net revenue						
Treasury and CIO	(211)	(89)	(137)	(531)	(630)	16
Other Corporate	23	39	(41)	241	246	(2)
Total net revenue	$(188)	$(50)	(276)	$(290)	$(384)	24
Net income/(loss)						
Treasury and CIO	(208)	(40)	(420)	(518)	(373)	(39)
Other Corporate	43	1,757	(98)	155	2,588	(94)
Total net income/(loss)	$(165)	$1,717	NM	$(363)	$2,215	NM
Selected balance sheet data (period-end)						
Total assets	$824,336	$798,680	3	$824,336	$798,680	3
Loans	1,738	2,332	(25)	1,738	2,332	(25)
Core loans[(c)]	1,735	2,327	(25)	1,735	2,327	(25)
Headcount	31,572	29,307	8	31,572	29,307	8

(a) Included tax-equivalent adjustments, predominantly due to tax-exempt income from municipal bond investments of $218 million and $215 million for the three months ended September 30, 2016 and 2015, respectively, and $663 million and $620 million for the nine months ended September 30, 2016 and 2015, respectively.

(b) Included legal expense/(benefit) of $(85) million and $102 million for the three months ended September 30, 2016 and 2015, respectively, and $(550) million and $425 million for the nine months ended September 30, 2016 and 2015, respectively.

(c) Average core loans were $1.8 billion and $2.4 billion for the three months ended September 30, 2016 and 2015, respectively, and $1.9 billion and $2.6 billion for the nine months ended September 30, 2016 and 2015, respectively.

Quarterly results

Net loss was $165 million, compared with net income of $1.7 billion in the prior year, which was primarily driven by tax benefits of $1.9 billion related to the resolution of tax audits in the prior-year quarter. Net revenue was a loss of $188 million, compared to a loss of $50 million in the prior year. Noninterest expense was $143 million, down $29 million.

Year-to-date results

Net loss was $363 million, compared with net income of $2.2 billion in the prior year, which was primarily driven by tax benefits of $2.4 billion related to the resolution of tax audits in the prior year. Net revenue was a loss of $290 million, compared to a loss of $384 million in the prior year, which included a $173 million pre-tax loss in Treasury & Chief Investment Office ("CIO"), primarily related to the accelerated amortization of cash flow hedges associated with the exit of certain non-operational deposits. Noninterest expense was $23 million, a decrease of $345 million, due to a net legal benefit in the current year partially offset by higher compensation expense.

Treasury and CIO overview

For a discussion of Treasury and CIO, see page 106 of the Firm’s 2015 Annual Report.

At September 30, 2016, the average credit rating of the Treasury and CIO investment securities comprising the portfolio in the table below 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). During the second quarter of 2016, the Firm transferred commercial MBS and obligations of U.S. states and municipalities with a fair value of $7.5 billion from available-for-sale (“AFS”) to held-to-maturity

(“HTM”). These securities were transferred at fair value. The transfers reflect the Firm’s intent to hold the securities to maturity in order to reduce the impact of price volatility on AOCI.

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, see Market Risk Management on pages 60–65.

Selected income statement and balance sheet data

	As of or for the three months ended September 30,			As of or for the nine months ended September 30,		
(in millions)	2016	2015	Change	2016	2015	Change
Securities gains	$64	$ 25	156 %	$135	$ 118	14 %
Investment securities portfolio (average)[a]	271,806	306,370	(11)	278,053	320,905	(13)
Investment securities portfolio (period-end)[b]	269,207	303,057	(11)	269,207	303,057	(11)
Mortgage loans (average)	1,722	2,400	(28)	1,861	2,595	(28)
Mortgage loans (period-end)	1,661	2,293	(28)	1,661	2,293	(28)

(a) Average investment securities included HTM balances of $52.8 billion and $50.7 billion for the three months ended September 30, 2016 and 2015, respectively, and $51.5 billion and $50.2 billion for the nine months ended September 30, 2016 and 2015, respectively.

(b) Period-end investment securities included HTM balances of $52.0 billion and $50.2 billion at September 30, 2016 and 2015, respectively.

Private equity portfolio information[a]

(in millions)	September 30, 2016	December 31, 2015	Change
Carrying value	$ 1,893	$ 2,103	(10)%
Cost	2,951	3,798	(22)

(a) For more information on the Firm’s methodologies regarding the valuation of the private equity portfolio, see Note 3 of JPMorgan Chase’s 2015 Annual Report.

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 offers other products or services, the Firm takes on some degree of risk. The Firm's overall objective is to manage its businesses, and the associated risks, in a manner that balances serving the interests of its clients, customers and investors and protects the safety and soundness of the Firm.

Firmwide Risk Management is overseen and managed on an enterprise-wide basis. 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, compliance, legal, capital, and reputation risk, with controls and governance established for each area, as appropriate.

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 of the lines of business and corporate functions; and
- Firmwide structures for risk governance.

The Firm's Operating Committee, which consists of the Firm's Chief Executive Officer ("CEO"), Chief Risk Officer ("CRO") and other senior executives, is responsible for developing and executing the Firm's risk management framework. The framework is intended to provide controls and ongoing management of key risks inherent in the Firm's business activities and create a culture of transparency, awareness and personal responsibility through reporting, collaboration, discussion, escalation and sharing of information. The Operating Committee is responsible and accountable to the Firm's Board of Directors.

The Firm strives for continual improvement through efforts to enhance controls, ongoing employee training and development, talent retention, and other measures. The Firm follows a disciplined and balanced compensation framework with strong internal governance and independent Board oversight. The impact of risk and control issues are carefully considered in the Firm's performance evaluation and incentive compensation processes. The Firm is also engaged in a number of activities focused on conduct risk and in regularly evaluating its culture with respect to its business principles.

Effective September 2016, the Firm has aligned the Compliance and Risk Management functions. As a result of this realignment, the Firm's Chief Compliance Officer now reports to the Firm's CRO. Together, Compliance and Risk provide the second line of defense for the Firm. For further information on Risk Governance and Compliance Risk Management, refer to pages 108 and 147, respectively, of JPMorgan Chase's 2015 Annual Report.

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 2015 Annual Report.

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 112–132 of JPMorgan Chase's 2015 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 Notes 3 and 4. For additional information on the Firm's loans, lending-related commitments and derivative receivables, including the Firm's accounting policies, see Notes 13, 21, and 5, respectively.

For further information regarding the credit risk inherent in the Firm's cash placed with banks, see Wholesale credit exposure – industry exposures on pages 52–54; for 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 2015 Annual Report; and for information regarding the credit risk inherent in the securities financing portfolio, see Note 12 of this Form 10-Q, and Note 13 of JPMorgan Chase's 2015 Annual Report.

Total credit portfolio

	Credit exposure		Nonperforming[b][c]	
(in millions)	Sep 30, 2016	Dec 31, 2015	Sep 30, 2016	Dec 31, 2015
Loans retained	$883,193	$832,792	$ 7,059	$ 6,303
Loans held-for-sale	2,950	1,646	72	101
Loans at fair value	1,911	2,861	7	25
Total loans – reported	888,054	837,299	7,138	6,429
Derivative receivables	65,579	59,677	232	204
Receivables from customers and other	19,163	13,497	—	—
Total credit-related assets	972,796	910,473	7,370	6,633
Assets acquired in loan satisfactions				
Real estate owned	NA	NA	354	347
Other	NA	NA	55	54
Total assets acquired in loan satisfactions	NA	NA	409	401
Total assets	972,796	910,473	7,779	7,034
Lending-related commitments	978,611	940,395	503	193
Total credit portfolio	$1,951,407	$1,850,868	$ 8,282	$ 7,227
Credit derivatives used in credit portfolio management activities[a]	$(23,430)	$(20,681)	$ —	$ (9)
Liquid securities and other cash collateral held against derivatives	(21,212)	(16,580)	NA	NA

(in millions, except ratios)	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Net charge-offs	$1,121	$963	$3,412	$3,022
Average retained loans				
Loans – reported	869,676	787,678	853,973	767,952
Loans – reported, excluding residential real estate PCI loans	831,956	744,692	814,923	723,475
Net charge-off rates				

Loans – reported	0.51 %	0.49 %	0.53 %	0.53 %
Loans – reported, excluding PCI	0.54	0.51	0.56	0.56

(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 56 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 September 30, 2016, and December 31, 2015, nonperforming assets excluded: (1) mortgage loans insured by U.S. government agencies of $5.0 billion and $6.3 billion, respectively, that are 90 or more days past due; (2) student loans insured by U.S. government agencies under the FFELP of $259 million and $290 million, respectively, that are 90 or more days past due; and (3) real estate owned (“REO”) insured by U.S. government agencies of $163 million and $343 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”).

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, and associated lending-related commitments. The Firm’s focus is on serving primarily 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 115–121 and Note 14 of JPMorgan Chase’s 2015 Annual Report. For further information on lending-related commitments, see note 21 of this Form 10-Q.

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 September 30,				Nine months ended September 30,			
(in millions, except ratios)	Credit exposure		Nonaccrual loans[h][i]		Net charge-offs/(recoveries)[f]		Average annual net charge-off/(recovery) rate[j][k]		Net charge-offs/(recoveries)[f]		Average annual net charge-off/(recovery) rate[j][k]	
	Sep 30, 2016	Dec 31, 2015	Sep 30, 2016	Dec 31, 2015	2016	2015	2016	2015	2016	2015	2016	2015
Consumer, excluding credit card												
Loans, excluding PCI loans and loans held-for-sale												
Home equity	$40,740	$45,559	$1,904	$2,191	$45	$83	0.43%	0.69%	$140	$245	0.43%	0.66%
Residential mortgage	189,558	166,239	2,295	2,503	7	(44)	0.01	(0.12)	10	(17)	0.01	(0.02)
Auto[a]	64,512	60,255	212	116	79	57	0.49	0.40	192	140	0.41	0.34
Business banking[b]	22,292	21,208	286	263	71	50	1.28	0.96	180	177	1.11	1.16
Student and other	9,251	10,096	211	242	34	56	1.44	2.12	101	147	1.40	1.84
Total loans, excluding PCI loans and loans held-for-sale	326,353	303,357	4,908	5,315	236	202	0.29	0.29	623	692	0.26	0.35
Loans – PCI												
Home equity	13,448	14,989	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Prime mortgage	7,919	8,893	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Subprime mortgage	3,021	3,263	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Option ARMs[c]	12,657	13,853	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total loans – PCI	37,045	40,998	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total loans – retained	363,398	344,355	4,908	5,315	236	202	0.26	0.25	623	692	0.23	0.30
	398 [g]	466 [g]	53	98	—	—	—	—	—	—	—	—

Loans held-for-sale												
Total consumer, excluding credit card loans	363,796	344,821	4,961	5,413	236	202	0.26	0.25	623	692	0.23	0.30
Lending-related commitments[d]	59,990	58,478										
Receivables from customers[e]	125	125										
Total consumer exposure, excluding credit card	423,911	403,424										
Credit card												
Loans retained[f]	133,346	131,387	—	—	838	759	2.51	2.41	2,528	2,348	2.61	2.54
Loans held-for-sale	89	76	—	—	—	—	—	—	—	—	—	—
Total credit card loans	133,435	131,463	—	—	838	759	2.51	2.41	2,528	2,348	2.61	2.54
Lending-related commitments[d]	549,634	515,518										
Total credit card exposure	683,069	646,981										
Total consumer credit portfolio	$1,106,980	$1,050,405	$4,961	$5,413	$1,074	$961	0.86%	0.85 %	$3,151	$3,040	0.87%	0.93 %
Memo: Total consumer credit portfolio, excluding PCI	$1,069,935	$1,009,407	$4,961	$5,413	$1,074	$961	0.93%	0.94 %	$3,151	$3,040	0.94%	1.04 %

(a) At September 30, 2016, and December 31, 2015, excluded operating lease assets of $12.1 billion and $9.2 billion, respectively.

(b) Predominantly includes Business Banking loans as well as deposit overdrafts.

(c) At September 30, 2016, and December 31, 2015, approximately 66% and 64% of the PCI option adjustable rate mortgage (“ARMs”) portfolio has been modified into fixed-rate, fully amortizing loans, respectively.

(d) 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.

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

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

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

(h) At September 30, 2016, and December 31, 2015, nonaccrual loans excluded loans 90 or more days past due as follows: (1) mortgage loans insured by U.S. government agencies of $5.0 billion and $6.3 billion, respectively; and (2) student loans insured by U.S. government agencies under the FFELP of $259 million and $290 million, respectively. These amounts have been excluded from nonaccrual loans 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 FFIEC.

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

(j) Net charge-offs and the net charge-off rates excluded write-offs in the PCI portfolio of $36 million and $52 million for the three months ended September 30, 2016 and 2015 respectively, and $124 million and $162 million for the nine months ended September 30, 2016 and 2015, respectively. These write-offs decreased the allowance for loan losses for PCI loans. See Allowance for Credit Losses on pages 57–59 for further details.

(k) Average consumer loans held-for-sale were $337 million and $2.1 billion for the three months ended September 30, 2016 and 2015, respectively, and $372 million and $2.4 billion for the nine months ended September 30, 2016 and 2015, respectively. These amounts were excluded when calculating net charge-off rates.

Consumer, excluding credit card

Portfolio analysis

Consumer loan balances increased during the nine months ended September 30, 2016, predominantly due to originations of high-quality prime mortgage and auto loans that have been retained on the balance sheet, partially offset by paydowns and the charge-off or liquidation of delinquent loans. The credit environment remained favorable as the economy strengthened and home prices increased.

PCI loans are excluded from the following discussions of individual loan products 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 13.

Home equity: The home equity portfolio declined from the 2015 year-end primarily reflecting loan paydowns and charge-offs. Both early-stage and late-stage delinquencies showed improvement from December 31, 2015. Nonaccrual loans decreased from December 31, 2015 primarily as a result of loss mitigation activities. Net charge-offs for the three and nine months ended September 30, 2016, declined when compared with the same periods of the prior year as a result of improvement in home prices and delinquencies.

At September 30, 2016, approximately 90% of the Firm’s home equity portfolio consists of home equity lines of credit (“HELOCs”) and the remainder consists of home equity loans (“HELOANs”). For further information on the Firm’s home equity portfolio, see Note 13 of this Form 10-Q and Consumer Credit Portfolio on pages 115–121 of JPMorgan Chase’s 2015 Annual Report.

The unpaid principal balance of HELOCs outstanding was $37 billion at September 30, 2016. Of such amounts, approximately:

- $14 billion have recast from interest-only to fully amortizing payments or have been modified,
- $16 billion are scheduled to recast from interest-only to fully amortizing payments in future periods, and
- $7 billion are interest-only balloon HELOCs, which primarily mature after 2030.

The following chart illustrates the payment recast composition of the approximately $23 billion of HELOCs scheduled to recast in the future, based upon their current contractual terms.

HELOCs scheduled to recast

(at September 30, 2016)

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 ("PD") and loss severity assumptions. As part of its allowance estimate, the Firm also expects, based on observed activity in recent years, that approximately 30% of the unpaid principal balance of HELOCs scheduled to recast will voluntarily pre-pay prior to or after the recast. The HELOCs that have previously recast to fully amortizing payments generally have higher delinquency rates than the HELOCs within the revolving period, primarily as a result of the payment shock at the time of recast. Certain other factors, such as future developments in both unemployment rates and home prices, could also 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 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.

Junior lien loans where the borrower has a senior lien loan that is either delinquent or has been modified are considered high-risk seconds. 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 September 30, 2016, the Firm estimated that the unpaid principal balance of its home equity portfolio contained approximately $1.2 billion of current junior lien loans that were considered high risk seconds, compared with $1.4 billion at December 31, 2015. 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 Firm considers the increased PD associated with these high-risk seconds in estimating the allowance for loan losses and classifies those loans that are subordinated to a first lien loan that is more than 90 days delinquent as nonaccrual loans. 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. The Firm continues to monitor the risks associated with these loans. For further information, see Note 13.

Residential mortgage: The residential mortgage portfolio predominantly consists of high-quality prime mortgage loans, with a small component (approximately 2%) of the residential mortgage portfolio in subprime mortgage loans. These subprime mortgage loans continue to run-off and are performing in line with expectations. The residential mortgage portfolio, including loans held-for-sale, increased from December 31, 2015 due to retained originations of primarily high-quality fixed rate prime mortgage loans partially offset by paydowns and the charge-off or liquidation of delinquent loans. Both early-stage and late-stage delinquencies showed improvement from December 31, 2015. Nonaccrual loans decreased from December 31, 2015 primarily as a result of loss mitigation activities. Net charge-offs for the three and nine months ended September 30, 2016 remain low, reflecting continued improvement in home prices and delinquencies.

At September 30, 2016, and December 31, 2015, the Firm’s residential mortgage portfolio, including loans held-for-sale, included $9.9 billion and $11.1 billion, respectively, of mortgage loans insured and/or guaranteed by U.S. government agencies, of which $7.0 billion and $8.4 billion, respectively, were 30 days or more past due (of these past due loans, $5.0 billion and $6.3 billion, respectively, were 90 days or more past due). The Firm monitors its exposure to any potential unrecoverable claim payments related to government insured loans and considers this exposure in estimating the allowance for loan losses. The financial impact related to exposure for future claims of government guaranteed loans is not expected to be significant.

At September 30, 2016, and December 31, 2015, the Firm’s residential mortgage portfolio included $18.3 billion and $17.8 billion, respectively, of interest-only loans. 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 residential mortgage portfolio and the Firm’s expectations. The Firm continues to monitor the risks associated with these loans.

Auto: Auto loans increased compared with December 31, 2015 due to growth in new originations. Nonaccrual loans increased compared with December 31, 2015. Net charge-offs for the three and nine months ended September 30, 2016 increased compared with the same periods of the prior year as a result of higher retail auto loan balances and a moderate increase in loss severity. The auto loan portfolio predominantly consists of prime-quality credits.

Business banking: Business banking loans increased compared with December 31, 2015 due to growth in loan originations. Nonaccrual loans increased compared with December 31, 2015. Net charge-offs for the three and nine months ended September 30, 2016 increased from prior year.

Student and other: Student and other loans decreased from December 31, 2015, due primarily to the run-off of the student loan portfolio as the Firm ceased originations of student loans during the fourth quarter of 2013. Nonaccrual loans declined from December 31, 2015 and net charge-offs for the three and nine months ended September 30, 2016 declined from prior year as a result of the run-off of the student loan portfolio.

Purchased credit-impaired loans: PCI loans decreased as the portfolio continues to run off. As of September 30, 2016, approximately 12% of the option ARM PCI loans were delinquent and approximately 66% 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

	Lifetime loss estimates[a]		LTD liquidation losses[b]	
(in billions)	Sep 30, 2016	Dec 31, 2015	Sep 30, 2016	Dec 31, 2015
Home equity	$14.7	$ 14.5	$12.8	$ 12.7
Prime mortgage	4.0	4.0	3.7	3.7
Subprime mortgage	3.2	3.3	3.0	3.0
Option ARMs	10.0	10.0	9.7	9.5
Total	$31.9	$ 31.8	$29.2	$ 28.9

(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 $1.2 billion and $1.5 billion at September 30, 2016, and December 31, 2015, 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 58% at September 30, 2016, compared with 59% at December 31, 2015. The current estimated average LTV ratio for residential real estate PCI loans, based on the unpaid principal balances, was 65% at September 30, 2016, compared with 69% at December 31, 2015.

Average LTV ratios have declined consistent with recent improvements in home prices. 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. The performance of modifications completed under both the U.S. Government's Home Affordable Modification Program ("HAMP") and the Firm's proprietary modification programs (primarily the Firm's modification program that was modeled after HAMP), as measured through cumulative redefault rates, was not materially different from December 31, 2015. For further information on the Firm's cumulative redefault rates see Consumer Credit Portfolio on pages 115–121 of JPMorgan Chase's 2015 Annual Report.

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 commencing in 2014 by 1% per year, and will continue to do so, until the rate reaches a specified cap, typically at a prevailing market interest rate for a fixed-rate loan as of the modification date. At September 30, 2016, the carrying value of non-PCI loans and the unpaid principal balance of PCI loans modified in step-rate modifications were $3 billion and $9 billion, respectively. The Firm continues to monitor this risk exposure and the impact of these potential interest rate increases is considered in the Firm's allowance for loan losses.

The following table presents information as of September 30, 2016, and December 31, 2015, 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 nine months ended September 30, 2016 and 2015, see Note 13.

Modified residential real estate loans

	September 30, 2016	December 31, 2015

(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	$2,253	$ 1,088	$2,358	$ 1,220
Residential mortgage	6,214	1,799	6,690	1,957
Total modified residential real estate loans, excluding PCI loans	$8,467	$ 2,887	$9,048	$ 3,177
Modified PCI loans[c]				
Home equity	$2,458	NA	$2,526	NA
Prime mortgage	5,209	NA	5,686	NA
Subprime mortgage	3,022	NA	3,242	NA
Option ARMs	9,593	NA	10,427	NA
Total modified PCI loans	$20,282	NA	$21,881	NA

(a) Amounts represent the carrying value of modified residential real estate loans.

(b) At September 30, 2016, and December 31, 2015, $3.6 billion and $3.8 billion, respectively, of loans modified subsequent to repurchase from Ginnie Mae in accordance with the standards of the appropriate government agency (i.e., Federal Housing Administration ("FHA"), U.S. Department of Veterans Affairs ("VA"), Rural Housing Service of the U.S. Department of Agriculture ("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 September 30, 2016, and December 31, 2015, nonaccrual loans included $2.3 billion and $2.5 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 September 30, 2016, and December 31, 2015, about consumer, excluding credit card, nonperforming assets.

Nonperforming assets[(a)]

(in millions)	September 30, 2016	December 31, 2015
Nonaccrual loans[(b)]		
Residential real estate	$ 4,252	$ 4,792
Other consumer	709	621
Total nonaccrual loans	4,961	5,413
Assets acquired in loan satisfactions		
Real estate owned	279	277
Other	53	48
Total assets acquired in loan satisfactions	332	325
Total nonperforming assets	$ 5,293	$ 5,738

(a) At September 30, 2016, and December 31, 2015, nonperforming assets excluded: (1) mortgage loans insured by U.S. government agencies of $5.0 billion and $6.3 billion, respectively, that are 90 or more days past due; (2) student loans insured by U.S. government agencies under the FFELP of $259 million and $290 million, respectively, that are 90 or more days past due; and (3) REO insured by U.S. government agencies of $163 million and $343 million, respectively. These amounts have been excluded based upon the government guarantee.

(b) Excludes PCI loans 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 decreased to $4.3 billion at September 30, 2016 from $4.8 billion at December 31, 2015, of which 29% and 31% were greater than 150 days past due, respectively. In the aggregate, the unpaid principal balance of residential real estate loans greater than 150 days past due was charged down by approximately 43% and 44% to the estimated net realizable value of the collateral at September 30, 2016, and December 31, 2015, 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 nine months ended September 30, 2016 and 2015.

Nonaccrual loans

Nine months ended September 30, (in millions)	2016	2015
Beginning balance	$5,413	$6,509
Additions	2,804	2,714
Reductions:		
Principal payments and other[(a)]	1,078	1,331
Charge-offs	572	614
Returned to performing status	1,215	1,323
Foreclosures and other liquidations	391	425
Total reductions	3,256	3,693
Net additions/(reductions)	(452)	(979)
Ending balance	$4,961	$5,530

(a) Other reductions includes loan sales.

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Credit card

Total credit card loans increased from December 31, 2015 due to strong new account growth and higher sales volume. The September 30, 2016 30+ day delinquency rate increased to 1.53% from 1.43% at December 31, 2015, but remains near record lows. For the three months ended September 30, 2016 and 2015, the net charge-off rates were 2.51% and 2.41%, respectively. For the nine months ended September 30, 2016 and 2015, the net charge-off rates were 2.61% and 2.54%, respectively. The credit card portfolio continues to reflect a largely well-seasoned, rewards-based portfolio that has good U.S. geographic diversification. New originations continue to grow as a percentage of the total portfolio, in line with the Firm's credit parameters; these originations are anticipated to generate loss rates higher than the more seasoned portion of the portfolio, given the higher mix of near-prime accounts being originated. These near-prime accounts have net revenue rates and returns on equity that are higher than the portfolio average. For information on the geographic and FICO composition of the Firm's credit card loans, see Note 13.

Modifications of credit card loans

At September 30, 2016, and December 31, 2015, the Firm had $1.3 billion and $1.5 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, 2015, 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 Note 13.

WHOLESALE CREDIT PORTFOLIO

The Firm's wholesale businesses are exposed to credit risk through underwriting, lending, market-making, and hedging 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.

The wholesale credit portfolio, excluding the Oil & Gas, Natural Gas Pipelines and Metals & Mining portfolios, continued to be generally stable for the nine months ended September 30, 2016, characterized by low levels of criticized exposure, nonaccrual loans and charge-offs. See industry discussion on pages 52–54 for further information. Growth in loans retained was driven by increased client activity, notably in Commercial Term Lending and Real Estate Banking within commercial real estate, as well as across multiple commercial and industrial industries. Discipline in underwriting across all areas of lending continues to remain a key point of focus. The wholesale portfolio is actively managed, in part by conducting ongoing, in-depth reviews of client credit quality and transaction structure, inclusive of collateral where applicable; and of industry, product and client concentrations.

Wholesale credit portfolio

	Credit exposure		Nonperforming[c]	
(in millions)	Sep 30, 2016	Dec 31, 2015	Sep 30, 2016	Dec 31, 2015
Loans retained	$386,449	$357,050	$ 2,151	$ 988
Loans held-for-sale	2,463	1,104	19	3
Loans at fair value	1,911	2,861	7	25
Loans – reported	390,823	361,015	2,177	1,016
Derivative receivables	65,579	59,677	232	204
Receivables from customers and other[a]	19,038	13,372	—	—
Total wholesale credit-related assets	475,440	434,064	2,409	1,220
Lending-related commitments	368,987	366,399	503	193
Total wholesale credit exposure	$844,427	$800,463	$ 2,912	$ 1,413
Credit derivatives used in credit portfolio management activities[b]	$(23,430)			