JPMORGAN CHASE & CO
Form 10-Q
April 29, 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 March 31, 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 March 31, 2016: 3,656,658,925

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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)	1Q16	4Q15	3Q15	2Q15	1Q15
Selected income statement data					
Total net revenue	$23,239	$22,885	$22,780	$23,812	$24,066
Total noninterest expense	13,837	14,263	15,368	14,500	14,883
Pre-provision profit	9,402	8,622	7,412	9,312	9,183
Provision for credit losses	1,824	1,251	682	935	959
Income before income tax expense	7,578	7,371	6,730	8,377	8,224
Income tax expense/(benefit)	2,058	1,937	(74)	2,087	2,310
Net income	$5,520	$5,434	$6,804	$6,290	$5,914
Earnings per share					

data					
Net income:					
Basic	$1.36	$1.34	$1.70	$1.56	$1.46
Diluted	1.35	1.32	1.68	1.54	1.45
Average shares:					
Basic	3,669.9	3,674.2	3,694.4	3,707.8	3,725.3
Diluted	3,696.9	3,704.6	3,725.6	3,743.6	3,757.5
Market and per common share data					
Market capitalization	216,547	241,899	224,438	250,581	224,818
Common shares at period-end	3,656.7	3,663.5	3,681.1	3,698.1	3,711.1
Share price[a]:					
High	$64.13	$69.03	$70.61	$69.82	$62.96
Low	52.50	58.53	50.07	59.65	54.27
Close	59.22	66.03	60.97	67.76	60.58
Book value per share	61.28	60.46	59.67	58.49	57.77
Tangible book value per share ("TBVPS")[b]	48.96	48.13	47.36	46.13	45.45
Cash dividends declared per share	0.44	0.44	0.44	0.44	0.40
Selected ratios and metrics					
Return on common equity ("ROE")	9 %	9 %	12 %	11 %	11 %
	12	11	15	14	14

Return on tangible common equity (“ROTCE”)[b]					
Return on assets (“ROA”)	0.93	0.90	1.11	1.01	0.94
Overhead ratio	60	62	67	61	62
Loans-to-deposits ratio	64	65	64	61	56
High quality liquid assets (“HQLA”) (in billions)[c]	$505	$496	$505	$532	$614
Common equity Tier 1 (“CET1”) capital ratio[d]	11.9 %	11.8 %	11.5%	11.2 %	10.7 %
Tier 1 capital ratio[d]	13.5	13.5	13.3	12.8	12.1
Total capital ratio[d]	15.1	15.1	14.9	14.4	13.6
Tier 1 leverage ratio[d]	8.6	8.5	8.4	8.0	7.5
Selected balance sheet data (period-end)					
Trading assets	$366,153	$343,839	$361,708	$377,870	$398,981
Securities	285,323	290,827	306,660	317,795	331,136
Loans	847,313	837,299	809,457	791,247	764,185
Core loans	746,196	732,093	698,988	674,767	641,285
	737,297	715,282	680,224	654,551	631,955

Average Core loans					
Total assets	2,423,808	2,351,698	2,416,635	2,449,098	2,576,619
Deposits	1,321,816	1,279,715	1,273,106	1,287,332	1,367,887
Long-term debt[e]	290,754	288,651	292,503	286,240	280,123
Common stockholders' equity	224,089	221,505	219,660	216,287	214,371
Total stockholders' equity	250,157	247,573	245,728	241,205	235,864
Headcount	237,420	234,598	235,678	237,459	241,145
Credit quality metrics					
Allowance for credit losses	$15,008	$14,341	$14,201	$14,535	$14,658
Allowance for loan losses to total retained loans	1.66%	1.63%	1.67%	1.78%	1.86%
Allowance for loan losses to retained loans excluding purchased credit-impaired loans[f]	1.40	1.37	1.40	1.45	1.52
Nonperforming assets	$8,023	$7,034	$7,294	$7,588	$7,714
Net charge-offs	1,110	1,064	963	1,007	1,052
Net charge-off rate	0.53%	0.52%	0.49%	0.53%	0.57%

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 page 68–69 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 non-GAAP financial measures. For further discussion of these measures, see Explanation and Reconciliation of the Firm's Use of Non-GAAP Financial Measures on pages 14–15.

(c) HQLA represents the amount of assets that qualify for inclusion in the liquidity coverage ratio under the final U.S. rule ("U.S. LCR"). For additional information, see HQLA on page 61.

(d) Ratios presented are calculated under the Basel III Transitional capital rules and represent the Collins Floor. See Capital Management on pages 54–60 for additional information on Basel III.

(e) Included unsecured long-term debt of $216.1 billion, $211.8 billion, $214.6 billion, $209.1 billion and $209.0 billion at March 31, 2016, December 31, 2015, September 30, 2015, June 30, 2015 and March 31, 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 on pages 14–15. For further discussion, see Allowance for credit losses on pages 45–47.

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 first 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 on pages 151–157 for definitions of terms used throughout this Form 10-Q.

The MD&A included in this Form 10-Q contains statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the current beliefs and expectations of JPMorgan Chase's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. For a discussion of 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 70 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 $2.4 trillion in assets and $250.2 billion in stockholders' equity as of March 31, 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 March 31, 2016	2015	Change
Selected income statement data			
Total net revenue	$23,239	$24,066	(3)%
Total noninterest expense	13,837	14,883	(7)
Pre-provision profit	9,402	9,183	2
Provision for credit losses	1,824	959	90
Net income	5,520	5,914	(7)
Diluted earnings per share	$1.35	$1.45	(7)%
Return on common equity	9 %	11 %	
Capital ratios[(a)]			
CET1	11.9	10.7	
Tier 1 capital	13.5	12.1	

(a) Ratios presented are calculated under the transitional Basel III rules and represent the Collins Floor. See Capital Management on pages 54–60 for additional information on Basel III.

Business Overview

JPMorgan Chase reported first-quarter 2016 net income of $5.5 billion, or $1.35 per share, on net revenue of $23.2 billion. The Firm reported a return on equity of 9%.

Net income decreased 7% compared with the first quarter of 2015, reflecting higher provision for credit losses and lower net revenue, largely offset by lower noninterest expense. Total net revenue was $23.2 billion, down 3% compared with the prior year primarily reflecting the impact of the challenging market environment on the results of the CIB and AM. The largest drivers of the declines were lower Fixed Income Markets revenue and lower investment banking fees in CIB, in both cases versus strong performance in the prior year; and lower asset management fees in AM. These factors were partially offset by higher net interest income across the businesses, primarily driven by loan growth and the impact of higher rates on deposits with banks, partially offset by lower investment securities balances. Noninterest expense was $13.8 billion, down 7% compared with the prior year, driven by lower legal and CIB performance-based compensation expense.

The provision for credit losses was $1.8 billion, compared with $959 million in the prior year, predominantly due to increases in the wholesale allowance for credit losses versus a reduction in the consumer allowance for credit losses in

the prior-year quarter. The current quarter reflected an increase in the wholesale allowance for credit losses of $713 million primarily driven by downgrades, including $529 million in the Oil & Gas and Natural Gas Pipelines portfolios, and $162 million in the Metals & Mining portfolio.

The total allowance for credit losses was $15.0 billion. At the end of the first quarter of 2016, the Firm had a loan loss coverage ratio of 1.40%, excluding the PCI portfolio, compared with 1.52% in the prior-year quarter. The Firm’s allowance for loan losses to retained nonaccrual loans, excluding the PCI portfolio and credit card, was 107%, compared with 106% in the prior-year quarter. The Firm’s nonperforming assets totaled $8.0 billion, up from the prior quarter and prior year levels of $7.0 billion and $7.7 billion, respectively.

Firmwide average core loans increased 17% compared with the prior-year quarter and 3% compared with the fourth quarter of 2015. Within CCB, average core loans were up 25% over the prior-year quarter. CCB had record growth in average deposits of $50 billion, up 10% over the prior-year quarter. Credit card sales volume was up 8% and merchant

processing volume was up 12% from the prior-year quarter. CCB had nearly 24 million active mobile customers in the first quarter of 2016, up 19% over the prior-year quarter.

CIB maintained its #1 ranking for Global Investment Banking fees with an 8.2% fee share for the first quarter of 2016. The business also had the #1 wallet share in North America, Europe, Middle East and Africa, and Latin America in the first quarter of 2016. Within CB, average loans were up 13% from the prior year and the business reported its thirteenth consecutive quarter of single-digit net charge-off rates or net recoveries. AM average loans were up 7% over the prior-year quarter and 80% of mutual fund assets under management ("AUM") ranked in the 1st or 2nd quartiles over the past five years. For a detailed discussion of results by line of business, refer to the Business Segment Results section beginning on page 16.

The Firm maintained its fortress balance sheet and added to its capital, ending the first quarter of 2016 with a tangible book value per share of $48.96, up 8% over the prior-year quarter. The Firm's estimated Basel III Advanced Fully Phased-In CET1 capital and ratio were $176 billion and 11.7%, respectively. The Firm's Fully Phased-In supplementary leverage ratio ("SLR") was 6.6% and JPMorgan Chase Bank, N.A.'s Fully Phased-In SLR was 6.7% at March 31, 2016. The Firm was also compliant with the Fully Phased-In U.S. liquidity coverage ratio ("LCR") and had $505 billion of HQLA as of March 31, 2016. Tangible book value per share and each of these Fully Phased-In capital and leverage measures are non-GAAP financial measures and are used by management, bank regulators, investors and analysts to assess and monitor the Firm's capital position and liquidity. For further discussion of Basel III

Advanced Fully Phased-In measures and the SLR under the U.S. final SLR rule, see Capital Management on pages 54–60, and for further discussion of LCR and HQLA, see Liquidity Risk Management on pages 61–65.

JPMorgan Chase continues to support consumers, businesses and communities around the globe. The Firm provided credit and raised capital of $496 billion for commercial and consumer clients during the first three months of 2016. This included providing $160 billion of credit to corporations, $59 billion to consumers, and $6 billion to U.S. small businesses. During the first three months of 2016, the Firm also raised $251 billion of capital for corporate clients and non-U.S. government entities, and $20 billion of credit was provided to, and capital was raised for, nonprofit and U.S. government entities, including states, municipalities, hospitals and universities.

Regulatory and business developments

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 (“SCCL”) for large U.S. bank holding companies and foreign banking organizations. Comments on the proposal are due June 3, 2016. 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.

On April 6, 2016, the U.S. Department of Labor (“DOL”) issued its final “fiduciary” rule. The rule will make many of the investment, rollover and asset management recommendations from broker-dealers, banks and other financial institutions to clients regarding their individual retirement accounts (“IRAs”) 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, “impartial conduct” standards (including a requirement to act in the “best interest” of retirement clients) and policies and procedures, websites 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.

On April 13, 2016, the Federal Deposit Insurance Corporation (“FDIC”) and the Board of Governors of the Federal Reserve System (the “Federal Reserve”) jointly announced determinations and provided firm-specific feedback on the 2015 resolution plans of eight systemically important domestic banking institutions, including the Firm. The FDIC and Federal Reserve jointly determined that the 2015 resolution plan of the Firm, along with the 2015 resolution plans of four other U.S. banking institutions, was 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”), because the plan contained certain deficiencies identified by the two agencies. If the Firm does not adequately remediate the identified deficiencies in its plan by October 1, 2016, the FDIC and the Federal Reserve may impose more stringent prudential requirements on the Firm, including more stringent capital, leverage, or liquidity requirements, as well as restrictions on the growth, activities, or operations of the Firm, or its subsidiaries. The FDIC and the Federal Reserve also identified certain shortcomings in the Firm’s 2015 resolution plan which must be satisfactorily addressed in the Firm’s resolution plan due on July 1, 2017. The Firm is committed to meeting the regulators’ expectations and fully remediating the identified deficiencies and shortcomings within the prescribed deadlines.

Many international banks, including the Firm, operate substantial parts of their European Union business from subsidiaries based in the United Kingdom. On June 23, 2016, the U.K. will conduct a referendum on whether the country should remain part of the European Union. If the U.K. leaves the European Union, the regulatory and legal environment that would exist, and to which the Firm’s U.K. operations would be subject, will depend on the nature of the transitional arrangements agreed following the referendum. These arrangements are hard to predict, but currently the Firm does not believe any of the likely identified transitional scenarios would threaten the viability of the Firm’s

business units in the European Union or in the U.K. However, it is possible that under some scenarios, changes to the Firm’s legal entity structure would be required, which might result in a less efficient operating model across the Firm’s European legal entities.

2016 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 70 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 second quarter or 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.

Assuming there are no changes in interest rates during 2016, management expects full-year 2016 net interest income could be over $2 billion higher compared to 2015 levels, reflecting the Federal Reserve's rate increase in December 2015 and anticipated loan growth.

Management also expects managed noninterest revenue of approximately $50 billion in 2016, although actual results will depend on market conditions. The expected decline from 2015 is primarily driven by lower Card revenue reflecting renegotiated co-brand partnership agreements and lower noninterest revenue in Mortgage Banking.

Management expects core loan growth of approximately 10%-15% in 2016 as well as continued growth in retail deposits; these two factors are anticipated to increase the Firm's average balance sheet to approximately $2.45 trillion in 2016.

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 in 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, Firmwide adjusted expense in 2016 is expected to be approximately $56 billion (excluding Firmwide legal expense).

In Mortgage Banking within CCB, management expects
net charge-offs to be approximately $60 million per quarter in 2016. The Card net charge-off rate is expected to be approximately 2.50% in 2016.

In CIB, management expects Securities Services revenue to be approximately $875 million per quarter for the remainder of 2016, depending on market conditions.

In CB, management expects second quarter 2016 revenue to increase modestly over the prior quarter and noninterest expense to be approximately $725 million. Additionally, management expects pre-provision net revenue to be relatively flat compared with the first quarter of 2016.

In AM, management expects second quarter 2016 revenue to be less than or equal to approximately $3 billion, 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 months ended March 31, 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 66–67 of this Form 10-Q and pages 165–169 of JPMorgan Chase's 2015 Annual Report.

Revenue

	Three months ended March 31,		
(in millions)	2016	2015	Change
Investment banking fees	$1,333	$1,794	(26)%
Principal transactions	2,679	3,655	(27)
Lending- and deposit-related fees	1,403	1,363	3
Asset management, administration and commissions	3,624	3,807	(5)
Securities gains	51	52	(2)
Mortgage fees and related income	667	705	(5)
Card income	1,301	1,431	(9)
Other income[(a)]	801	582	38
Noninterest revenue	11,859	13,389	(11)
Net interest income	11,380	10,677	7
Total net revenue	$23,239	$24,066	(3)%

(a) Included operating lease income of $615 million and $469 million for the three months ended March 31, 2016 and 2015, respectively,

Total net revenue was down by 3% primarily reflecting the impact of the challenging market environment on the results of CIB and AM. The decline was largely driven by lower Fixed Income Markets revenue and lower investment banking fees in CIB, in both cases versus strong performance in the prior year; and lower asset management fees in AM. These factors were partially offset by higher net interest income across the businesses.

Investment banking fees decreased reflecting lower debt and equity underwriting fees, partially offset by higher advisory fees. The decrease in debt and equity underwriting fees was driven by lower industry-wide fee levels and, for debt underwriting fees, fewer large acquisition finance deals. The increase in advisory fees was driven by a greater share of fees for completed transactions. For additional information on investment banking fees, see CIB segment results on pages 21–24, CB segment results on pages 25–26 and Note 6.

Principal transactions revenue decreased predominantly reflecting the challenging market environment, which included significant volatility, global macro uncertainty and widening credit spreads, resulting in lower revenue in CIB. In contrast, the prior year results were driven by robust client activity resulting from macroeconomic events and conditions, including quantitative easing actions of various central banks. For additional information on principal transactions revenue, see CIB and Corporate segment results on pages 21–24 and page 29, respectively, and Note 6.

Asset management, administration and commissions revenue decreased largely reflecting the impact of the challenging market environment. For additional information on these fees and commissions, see the segment discussions of CCB on pages 17–20, AM on pages 27–28, and Note 6.

Mortgage fees and related income decreased due to lower servicing and net production revenue, predominantly offset by higher mortgage servicing rights ("MSR") risk management results. For further information on mortgage fees and related income, see the segment discussion of CCB on pages 17–20 and Note 16.

For additional information on lending- and deposit-related fees, see the segment results for CCB on pages 17–20, CIB on pages 21–24, and CB on pages 25–26; and card income, see CCB segment results on pages 17–20.

Other income increased reflecting a gain on the sale of an asset in AM and higher operating lease income as a result of growth in auto operating leased assets in CCB, and the impact of a loss recorded in the prior year related to the accelerated amortization of cash flow hedges associated with the exit of certain non-operating deposits.
Net interest income increased as a result of loan growth in each of the businesses and higher rates on deposits with banks, 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 $2.0 trillion and 2.30% (an increase of 23 basis points), respectively.

Provision for credit losses

(in millions)	Three months ended March 31, 2016	2015	Change
Consumer, excluding credit card	$221	$142	56 %
Credit card	830	789	5 %
Total consumer	1,051	931	13 %
Wholesale	773	28	NM
Total provision for credit losses	$1,824	$959	90 %

The provision for credit losses increased as a result of additions to the wholesale allowance for credit losses of $713 million, primarily driven by downgrades in the Oil & Gas and Natural Gas Pipelines portfolios ($529 million), and in the Metals & Mining portfolio ($162 million), as well as due to an increase in the consumer provision as the prior year included a reduction in the allowance for loan losses. For a more detailed discussion of the credit portfolio and the allowance for credit losses, see the segment discussions of CCB on pages 17–20, CIB on pages 21–24, CB on pages 25–26, and the Allowance for credit losses on pages 45–47.

Noninterest expense

(in millions)	Three months ended March 31, 2016	2015	Change
Compensation expense	$7,660	$8,043	(5)%
Noncompensation expense:			
Occupancy	883	933	(5)
Technology, communications and equipment	1,618	1,491	9
Professional and outside services	1,548	1,634	(5)
Marketing	703	591	19
Other expense[(a)(b)]	1,425	2,191	(35)
Total noncompensation expense	6,177	6,840	(10)
Total noninterest expense	$13,837	$14,883	(7)%

(a) Included firmwide legal expense of $687 million for the three months ended March 31, 2015; legal expense for the three months ended March 31, 2016 was not material.

(b) Included Federal Deposit Insurance Corporation-related ("FDIC") expense of $269 million and $318 million for the three months ended March 31, 2016 and 2015, respectively.

Total noninterest expense decreased by 7% driven by lower legal expense and lower performance-based compensation expense, partially offset by incremental investments and growth in the businesses.

Compensation expense decreased predominantly driven by lower performance-based compensation and lower headcount in certain businesses.

Noncompensation expense decreased as a result of lower legal expense, partially offset by higher depreciation expense as a result of growth in auto operating leased assets, higher investments in marketing in CCB, and the impact of a benefit recorded in the prior year from a franchise tax settlement. For a further discussion of legal expense, see Note 23.

Income tax expense

(in millions, except rate)	Three months ended March 31, 2016	2015	Change
Income before income tax expense	$7,578	$8,224	(8)%
Income tax expense	2,058	2,310	(11)
Effective tax rate	27.2 %	28.1 %	

The effective tax rate decreased due to the adoption of new accounting guidance related to employee stock-based incentive payments, and the change in mix of income and expense subject to U.S. federal, state and local taxes,

partially offset by lower tax benefits from audit settlements. For additional details on the impact of the new accounting guidance, see Accounting and Reporting Developments on page 68–69.

CONSOLIDATED
BALANCE
SHEETS
ANALYSIS

Consolidated balance sheets overview

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

Selected Consolidated balance sheets data

(in millions)	Mar 31, 2016	Dec 31, 2015	Change
Assets			
Cash and due from banks	$18,212	$20,490	(11)%
Deposits with banks	360,196	340,015	6
Federal funds sold and securities purchased under resale agreements	223,220	212,575	5
Securities borrowed	102,937	98,721	4
Trading assets:			
Debt and equity instruments	295,944	284,162	4
Derivative receivables	70,209	59,677	18
Securities	285,323	290,827	(2)
Loans	847,313	837,299	1
Allowance for loan losses	(13,994)	(13,555)	3
Loans, net of allowance for loan losses	833,319	823,744	1
Accrued interest and accounts receivable	57,649	46,605	24
Premises and equipment	14,195	14,362	(1)
Goodwill	47,310	47,325	—
Mortgage servicing rights	5,658	6,608	(14)
Other intangible assets	940	1,015	(7)
Other assets	108,696	105,572	3
Total assets	$2,423,808	$2,351,698	3

Cash and due from banks and deposits with banks

The net increase was primarily due to growth in deposits. 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 a 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 61–65.

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, partially offset by lower equity instruments. The increase in trading liabilities reflected higher levels of short positions in debt and equity instruments. For additional information, refer to Note 3.

Trading assets and liabilities–derivative receivables and payables

The increase in derivative receivables and payables was predominantly related to client-driven market-making activities in CIB, which resulted in higher interest rate and foreign exchange derivative receivables and payables, driven by market movements. For additional information, refer to Derivative contracts on page 43, and Notes 3 and 5.

Loans and allowance for loan losses

The increase in loans was driven by the wholesale business’s strong originations of commercial and industrial, and real estate loans, particularly in CB, and higher retention of originated high-quality mortgages, partially offset by seasonal declines in credit card loans, both in CCB.

The increase in the allowance for loan losses was attributable to additions to the wholesale allowance, reflecting downgrades in the Oil & Gas and Natural Gas Pipelines portfolios, and in the Metals & Mining portfolio. The

consumer allowances were relatively unchanged reflecting stable credit quality trends and, for the consumer, excluding credit card, allowance in particular, improved credit quality of the loan portfolio, primarily driven by originations of high-quality mortgages and the run-off of lower-quality legacy portfolios. For a more detailed discussion of loans and the allowance for loan losses, refer to Credit Risk Management on pages 31–47, and Notes 3, 4, 13 and 14.

Accrued interest and accounts receivable

The increase was driven by higher unsettled securities transactions and higher customer receivables related to client activity in CIB.

Mortgage servicing rights

For additional information on MSRs, see Note 16.

Selected Consolidated balance sheets data (continued)

(in millions)	Mar 31, 2016	Dec 31, 2015	Change
Liabilities			
Deposits	$1,321,816	$1,279,715	3
Federal funds purchased and securities loaned or sold under repurchase agreements	160,999	152,678	5
Commercial paper	17,490	15,562	12
Other borrowed funds	19,703	21,105	(7)
Trading liabilities:			
Debt and equity instruments	87,963	74,107	19
Derivative payables	59,319	52,790	12
Accounts payable and other liabilities	176,934	177,638	—
Beneficial interests issued by consolidated variable interest entities (“VIE”)	38,673	41,879	(8)
Long-term debt	290,754	288,651	1
Total liabilities	2,173,651	2,104,125	3
Stockholders’ equity	250,157	247,573	1
Total liabilities and stockholders’ equity	$2,423,808	$2,351,698	3 %

Deposits

The increase was attributable to higher consumer and wholesale deposits. Consumer deposits increased reflecting seasonal factors and continued growth from new and existing customers. Wholesale deposits increased reflecting growth in client activity. For more information on deposits, refer to the CCB, CIB, CB and AM segment discussions on pages 17–20, pages 21–24, pages 25–26, and pages 27–28, respectively; the Liquidity Risk Management discussion on pages 61–65; and Notes 3 and 17.

Stockholders’ equity

The increase was due to net income, 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 74, and on the Firm’s capital actions, see Capital actions on pages 59–60.

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 Investors 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 March 31, 2016, and December 31, 2015, was $5.3 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 $8.6 billion and $5.6 billion at March 31, 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 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 43 and Note 21 (including the table that presents the related amounts by contractual maturity as of March 31, 2016). For a discussion of liabilities associated with loan sales- and securitization-related indemnifications, see Note 21.

CONSOLIDATED
CASH FLOWS
ANALYSIS

For a discussion of the activities affecting the Firm's cash flows, see Consolidated Balance Sheets Analysis on pages 10–11 of this Form 10-Q and page 75 of JPMorgan Chase's 2015 Annual Report.

(in millions)	Three months ended March 31, 2016	2015
Net cash provided by/(used in)		
Operating activities	$(21,383)	$14,879
Investing activities	(34,581)	(24,150)
Financing activities	53,584	4,337
Effect of exchange rate changes on cash	102	(76)
Net decrease in cash and due from banks	$(2,278)	$(5,010)

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 an increase in accrued interest and accounts receivables due to higher unsettled securities transactions, and higher brokerage customer receivables related to client activity in CIB. Additionally, in 2016, cash used reflected an increase in trading assets, which was largely offset by cash provided by trading liabilities, predominantly due to client-driven market-making activities in CIB. In 2016 and 2015, cash was provided by net income after noncash operating adjustments; and higher net proceeds from loan securitizations and sales activities. In 2015, cash proceeds were partially offset by an increase in other assets resulting from higher cash margin balances placed with exchanges and clearing houses.

Investing activities

Cash used in investing activities during 2016 and 2015 resulted from increases in deposits with banks which were placed with various central banks, predominantly Federal Reserve Banks, and cash used for net originations of consumer and wholesale loans. Additionally, in 2016, cash outflows reflected a net increase in securities purchased under resale agreements due to a higher demand for securities to cover short positions related to client-driven market-making activities in CIB. Partially offsetting these cash outflows in both periods were proceeds from net maturities and sales of investment securities.

Financing activities

Cash provided by financing activities in 2016 resulted from higher consumer and wholesale deposits. Consumer deposits increased reflecting seasonal factors and continued growth from new and existing customers. Wholesale deposits increased reflecting growth in client activity. Cash provided by financing activities in 2015 resulted from higher consumer deposits partially offset by lower wholesale deposits and lower commercial paper issuances. In 2015 cash was also provided by net proceeds from long-term borrowings. 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 10–11, Capital Management on pages 54–60, and Liquidity Risk Management on pages 61–65.

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

The Firm prepares its Consolidated Financial Statements using U.S. GAAP; these financial statements appear on pages 71–75. 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. 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 March 31,					
	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	$801	$ 551	$1,352	$582	$ 481	$1,063
Total noninterest revenue	11,859	551	12,410	13,389	481	13,870
Net interest income	11,380	293	11,673	10,677	273	10,950
Total net revenue	23,239	844	24,083	24,066	754	24,820
Pre-provision profit	9,402	844	10,246	9,183	754	9,937
Income before income tax expense	7,578	844	8,422	8,224	754	8,978
Income tax expense/(benefit)	$2,058	$ 844	$2,902	$2,310	$ 754	$3,064
Overhead ratio	60 %	NM	57 %	62 %	NM	60 %

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

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

as investors and analysts, in assessing the Firm's use of equity.

Additionally, certain credit, liquidity and capital metrics and ratios disclosed by the Firm are non-GAAP measures. For additional information on these non-GAAP measures, see Credit Risk Management on pages 31–47, and Capital Management on pages 54–60.

Tangible common equity	Period-end	Average
(in millions, except per share and ratio data)		

	Mar 31, 2016	Dec 31, 2015	Three months ended March 31,	
			2016	2015
Common stockholders' equity	$224,089	$221,505	$221,561	$212,352
Less: Goodwill	47,310	47,325	47,332	47,491
Less: Certain identifiable intangible assets	940	1,015	985	1,162
Add: Deferred tax liabilities[(a)]	3,205	3,148	3,177	2,862
Tangible common equity	$179,044	$176,313	$176,421	$166,561
Return on tangible common equity	NA	NA	12 %	14 %
Tangible book value per share	$48.96	$48.13	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.

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

Net interest income excluding CIB markets-based activities data

	Three months ended March 31,		
(in millions, except rates)	2016	2015	Change
Net interest income – managed basis[a][b]	$11,673	$10,950	7 %
Less: Markets-based net interest income	1,378	1,259	9
Net interest income excluding markets[a]	$10,295	$9,691	6
Average interest-earning assets	$2,043,983	$2,148,801	(5)
Less: Average markets-based interest-earning assets	487,833	509,714	(4)
Average interest-earning assets excluding markets	$1,556,150	$1,639,087	(5)%
Net interest yield on average interest-earning assets – managed basis	2.30 %	2.07 %	
Net interest yield on average markets-based interest-earning assets	1.14	1.00	
Net interest yield on average interest-earning assets excluding markets	2.66 %	2.40 %	

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

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

Quarterly results

Net interest income excluding CIB's markets-based activities increased by $604 million for the three months ended March 31, 2016, compared with the prior year as a result of loan growth in each of the businesses and higher rates on deposits with banks, partially offset by lower investment securities balances. Average interest-earning assets excluding assets related to CIB's markets-based activities for the three months ended March 31, 2016, decreased $83 billion to $1.6 trillion; this decrease primarily reflected the impact of lower deposits with banks and lower investment securities balances, partially offset by higher loan balances. The net interest yield excluding CIB's markets-based activities for the three months ended March 31, 2016, increased 26 bps to 2.66%.

BUSINESS
SEGMENT
RESULTS

The Firm is managed on a line of business basis. There are four major reportable business segments – Consumer & Community Banking, Corporate & Investment Bank, Commercial Banking and Asset Management. In addition, there is a Corporate segment.

The business segments are determined based on the products and services provided, or the type of customer served, and they reflect the manner in which financial information is currently evaluated by management. Results of these lines of business are presented on a managed basis. For a definition of managed basis, see Explanation and Reconciliation of the Firm's use of Non-GAAP Financial Measures, on pages 14–15.

Description of business segment reporting methodology

Results of the business segments are intended to reflect each segment as if it were 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 58.

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 months ended March 31, 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 March 31,	Total net revenue			Total noninterest expense			Pre-provision profit/(loss)		
(in millions)	2016	2015	Change	2016	2015	Change	2016	2015	Change
Consumer & Community Banking	$11,117	$10,704	4%	$6,088	$6,190	(2)%	$5,029	$4,514	11%
Corporate & Investment Bank	8,135	9,582	(15)	4,808	5,657	(15)	3,327	3,925	(15)
Commercial Banking	1,803	1,742	4	713	709	1	1,090	1,033	6
Asset Management	2,972	3,005	(1)	2,075	2,175	(5)	897	830	8
Corporate	56	(213)	NM	153	152	1	(97)	(365)	73
Total	$24,083	$24,820	(3)%	$13,837	$14,883	(7)%	$10,246	$9,937	3%

Three months ended March 31,	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	$1,050	$930	13 %	$2,490	$2,219	12%	19 %	17 %
Corporate & Investment Bank	459	(31)	NM	1,979	2,537	(22)	11	16
Commercial Banking	304	61	398	496	598	(17)	11	17
Asset Management	13	4	225	587	502	17	25	22
Corporate	(2)	(5)	60	(32)	58	NM	NM	NM
Total	$1,824	$959	90 %	$5,520	$5,914	(7)%	9%	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 155.

Selected income statement data

(in millions, except ratios and headcount)	As of or for the three months ended March 31, 2016	2015	Change
Revenue			
Lending- and deposit-related fees	$769	$718	7 %
Asset management, administration and commissions	530	530	—
Mortgage fees and related income	667	704	(5)
Card income	1,191	1,324	(10)
All other income	649	460	41
Noninterest revenue	3,806	3,736	2
Net interest income	7,311	6,968	5
Total net revenue	11,117	10,704	4
Provision for credit losses	1,050	930	13
Noninterest expense			
Compensation expense	2,382	2,530	(6)
Noncompensation expense	3,706	3,660	1
Total noninterest expense[(a)]	6,088	6,190	(2)
Income before income tax expense	3,979	3,584	11
Income tax expense	1,489	1,365	9
Net income	$2,490	$2,219	12
Revenue by line of business			
Consumer & Business Banking	$4,550	$4,358	4
Mortgage Banking	1,876	1,749	7
Card, Commerce Solutions & Auto	4,691	4,597	2 %
Financial ratios			
Return on common equity	19 %	17 %	
Overhead ratio	55	58	

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

(a) Included operating lease depreciation expense of $432 million and $326 million for the three months ended March 31, 2016 and 2015, respectively.

Quarterly results

Consumer & Community Banking net income was $2.5 billion, an increase of 12%, driven by higher net revenue and lower noninterest expense, partially offset by higher provision for credit losses.

Net revenue was $11.1 billion, an increase of 4%. Net interest income was $7.3 billion, up 5%, driven by higher deposit balances and higher loan balances largely resulting from originations of prime mortgage loans that have been retained, partially offset by deposit spread compression. Noninterest revenue was $3.8 billion, up 2%, driven by higher MSR risk management results and higher auto lease and card sales volume, predominantly offset by the impact

of renegotiated co-brand partnership agreements in Credit Card and lower mortgage servicing revenue largely as a result of lower 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 $1.1 billion, an increase of 13%, driven by a $125 million reduction in the allowance for loan losses in the prior year due to continued improvement in home prices and delinquencies in the residential real estate portfolio and runoff in the student loan portfolio.

Noninterest expense was $6.1 billion, a decrease of 2%, driven by branch efficiencies, lower headcount-related expense and lower legal expense, largely offset by higher auto lease depreciation and higher investment in marketing.

Selected metrics

(in millions)	As of or for the three months ended March 31, 2016	2015	Change
Selected balance sheet data (period-end)			
Total assets	$505,071	$455,624	11 %
Loans:			
Consumer & Business Banking	22,889	21,608	6
Home equity	56,627	65,705	(14)
Residential mortgage and other	172,413	125,956	37
Mortgage Banking	229,040	191,661	20
Credit Card	126,090	123,257	2
Auto	62,937	55,455	13
Student	7,890	9,053	(13)
Total loans	448,846	401,034	12
Core loans	348,802	280,252	24
Deposits	582,026	531,027	10
Equity	51,000	51,000	—
Selected balance sheet data (average)			
Total assets	$503,231	$454,763	11
Loans:			
Consumer & Business Banking	22,775	21,317	7
Home equity	57,717	66,854	(14)
Residential mortgage and other	168,694	120,658	40
Mortgage Banking	226,411	187,512	21
Credit Card	127,299	125,025	2
Auto	61,252	55,005	11
Student	8,034	9,209	(13)
Total loans	445,771	398,068	12
Core loans	343,705	274,578	25
Deposits	562,284	512,157	10
Equity	51,000	51,000	—
Headcount	129,925	135,908	(4)%

Selected metrics

(in millions, except ratio data)	As of or for the three months ended March 31, 2016	2015	Change
Credit data and quality statistics			
Nonaccrual loans[a][b]	$5,117	$6,143	(17)%
Net charge-offs[c]			
Consumer & Business Banking	56	59	(5)
Home equity	59	87	(32)
Residential mortgage and other	1	17	(94)
Mortgage Banking	60	104	(42)

Credit Card	830	789	5
Auto	67	51	31
Student	37	51	(27)
Total net charge-offs	$1,050	$1,054	—
Net charge-off rate[c]			
Consumer & Business Banking	0.99 %	1.12 %	
Home equity[d]	0.55	0.71	
Residential mortgage and other[d]	—	0.08	
Mortgage Banking[d]	0.13	0.30	
Credit Card[e]	2.62	2.62	
Auto	0.44	0.38	
Student	1.85	2.25	
Total net charge-off rate[d]	1.04	1.22	
30+ day delinquency rate			
Mortgage Banking[f][g]	1.41 %	2.30 %	
Credit Card[h]	1.45	1.41	
Auto	0.94	0.90	
Student[i]	1.41	1.77	
90+ day delinquency rate — Credit Card[h]	0.75	0.73	
Allowance for loan losses			
Consumer & Business Banking	$703	$703	—
Mortgage Banking excluding PCI loans	1,588	2,088	(24)
Mortgage Banking — PCI loans[c]	2,695	3,270	(18)
Credit Card	3,434	3,434	—
Auto	399	350	14
Student	299	374	(20)
Total allowance for loan losses[c]	$9,118	$10,219	(11)%

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

(b) At March 31, 2016 and 2015, nonaccrual loans excluded: (1) mortgage loans insured by U.S. government agencies of $5.7 billion and $7.5 billion, respectively, that are 90 or more days past due; (2) student loans insured by U.S. government agencies under the Federal Family Education Loan Program (“FFELP”) of $269 million and $346 million, respectively, that are 90 or more days past due. 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 March 31, 2016 and 2015, excluded $47 million and $55 million, respectively, of write-offs in the PCI portfolio. These write-offs decreased the allowance for loan losses for PCI loans. For further

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information on PCI write-offs, see summary of changes in the allowances on page 46.

(d) Excludes the impact of PCI loans. For the three months ended March 31, 2016 and 2015, the net charge-off rates including the impact of PCI loans were as follows: (1) home equity of 0.41% and 0.53%, respectively; (2) residential mortgage and other of -% and 0.06%, respectively; (3) Mortgage Banking of 0.11% and 0.23%, respectively; and (4) total CCB of 0.95% and 1.08%, respectively.

(e) Average credit card loans included loans held-for-sale of $72 million and $2.7 billion for the three months ended March 31, 2016 and 2015, respectively. These amounts are excluded when calculating the net-charge-off rate.

(f) At March 31, 2016 and 2015, excluded mortgage loans insured by U.S. government agencies of $7.6 billion and $9.2 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 10.47% and 12.25% at March 31, 2016 and 2015, respectively.

(h) Period-end credit card loans included loans held-for-sale of $78 million and $2.4 billion at March 31, 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 $471 million and $596 million at March 31, 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 March 31, 2016	2015	Change
Business Metrics			
CCB households (in millions)	58.5	57.4	2 %
Number of branches	5,385	5,570	(3)
Active digital customers (in thousands)[a]	42,458	37,696	13
Active mobile customers (in thousands)[b]	23,821	19,962	19
Consumer & Business Banking			
Average deposits	$548.4	$497.6	10
Deposit margin	1.86 %	1.99 %	
Business banking origination volume	$1.7	$1.5	10
Client investment assets	220.0	219.2	—
Mortgage Banking			
Mortgage origination volume by channel			
Retail	$8.7	$8.1	7
Correspondent	13.7	16.6	(17)
Total mortgage origination volume[c]	$22.4	$24.7	(9)
Total loans serviced (period-end)	$898.7	$924.3	(3)
Third-party mortgage loans serviced (period-end)	655.4	723.5	(9)
MSR carrying value (period-end)	5.7	6.6	(14)
Ratio of MSR carrying value (period-end) to third-party mortgage loans serviced (period-end)	0.87 %	0.91 %	

MSR revenue multiple[(d)]	2.49 x	2.53 x	
Credit Card, excluding Commercial Card			
Sales volume	$121.7	$112.8	8
New accounts opened (in millions)	2.3	2.1	10
Card Services			
Net revenue rate	11.81 %	12.19 %	
Commerce Solutions			
Merchant processing volume	$247.5	$221.2	12
Auto			
Loan and lease origination volume	$9.6	$7.3	32
Average Auto operating lease assets	9.6	6.9	39%

(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 $24.4 billion and $26.6 billion for the three months ended March 31, 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 has entered into various Consent Orders and settlements with federal and state governmental agencies and private parties related to mortgage servicing, origination, and residential mortgage-backed securities activities. The requirements of these Consent Orders and settlements vary, but in the aggregate, include cash compensatory payments (in addition to fines) and/or “borrower relief,” which may include principal reduction, refinancing, short sale assistance, and other specified types of borrower relief. Other obligations required under certain Consent Orders and settlements, as well as under new regulatory requirements, include enhanced mortgage servicing and foreclosure standards and processes.

On January 4, 2016, the Office of the Comptroller of the Currency (“OCC”) terminated its mortgage servicing-related Consent Order with the Firm, which had been outstanding since April 2011. The Firm remains under the mortgage servicing-related Consent Order entered into with the Federal Reserve on April 13, 2011, as amended on February 28, 2013 (the “Federal Reserve Consent Order”). The Audit Committee of the Board of Directors will provide governance and oversight of the Federal Reserve Consent Order in 2016.

The Federal Reserve Consent Order and certain other 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 all of these commitments with appropriate due diligence and oversight.

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 155.

Selected income statement data

	Three months ended March 31,		
(in millions, except ratios)	2016	2015	Change
Revenue			
Investment banking fees	$1,321	$1,761	(25)%
Principal transactions	2,470	3,482	(29)
Lending- and deposit-related fees	394	397	(1)
Asset management, administration and commissions	1,069	1,154	(7)
All other income	280	280	—
Noninterest revenue	5,534	7,074	(22)
Net interest income	2,601	2,508	4
Total net revenue[a]	8,135	9,582	(15)
Provision for credit losses	459	(31)	NM
Noninterest expense			
Compensation expense	2,600	3,023	(14)
Noncompensation expense	2,208	2,634	(16)
Total noninterest expense	4,808	5,657	(15)
Income before income tax expense	2,868	3,956	(28)
Income tax expense	889	1,419	(37)
Net income	$1,979	$2,537	(22)%
Financial ratios			
Return on common equity	11 %	16 %	
Overhead ratio	59	59	
Compensation expense as a percentage of total net revenue	32	32	

(a) Included tax-equivalent adjustments, predominantly due to income tax credits related to alternative energy investments; income tax credits and amortization of the cost of investments in affordable housing projects; as well as tax-exempt income from municipal bond investments of $498 million and $432 million for the three months ended March 31, 2016 and 2015, respectively.

Selected income statement data

	Three months ended March 31,		
(in millions)	2016	2015	Change
Revenue by business			
Investment Banking	$1,231	$1,630	(24)%
Treasury Services	884	930	(5)
Lending	302	435	(31)
Total Banking	2,417	2,995	(19)
Fixed Income Markets	3,597	4,154	(13)
Equity Markets	1,576	1,651	(5)

Securities Services	881	934	(6)
Credit Adjustments & Other[(a)]	(336)	(152)	(121)
Total Markets & Investor Services	5,718	6,587	(13)
Total net revenue	$8,135	$9,582	(15)%

(a) Effective January 1, 2016, consists primarily of credit valuation adjustments ("CVA") managed by the Credit Portfolio Group, funding valuation adjustments ("FVA") and debit valuation adjustments ("DVA") on derivatives. 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 other comprehensive income. For additional information, see Notes 3, 4 and 19.

Quarterly results

Net income was $2.0 billion, down 22%, reflecting lower net revenue and higher provisions for credit losses, partially offset by lower noninterest expense.

Banking revenue was $2.4 billion, down 19%. Investment banking revenue was $1.2 billion, down 24% on lower debt and equity underwriting fees, partially offset by higher advisory fees. Debt underwriting fees were down 35% driven by declines in industry-wide fee levels and fewer large acquisition financing deals. Equity underwriting fees were down 49% driven by declines in industry-wide fee levels. Advisory fees were up 8% driven by a greater share of fees for completed transactions. Treasury Services revenue was $884 million, down 5%, driven by business simplification. Lending revenue was $302 million, down 31%, reflecting fair value losses on hedges of accrual loans and lower gains on securities received from restructurings.

Markets & Investor Services revenue was $5.7 billion, down 13%. Fixed Income Markets revenue was $3.6 billion, down 13%. The current quarter's performance reflected the challenging market environment, which included significant volatility, global macroeconomic uncertainty and widening credit spreads. In contrast, the prior year results were driven by robust client activity resulting from macroeconomic events and conditions, including quantitative easing actions of various central banks. These factors resulted in lower revenue in the current quarter reflecting an increase in Rates which was more than offset by lower performance across other asset classes. Equity Markets revenue of $1.6 billion was down 5% reflecting

weaker results in Americas derivatives, partially offset by strong results in Asia derivatives. Securities Services revenue was $881 million, down 6%. Credit Adjustments & Other was a loss of $336 million on widening credit spreads.
The provision for credit losses was $459 million, compared to a benefit of $31 million in the prior year, primarily reflecting increases in the allowance for credit losses in the Oil & Gas and Metals & Mining portfolios.
Noninterest expense was $4.8 billion, down 15%, primarily driven by lower performance-based compensation and lower legal expense.
Selected metrics

	As of or for the three months ended March 31,		
(in millions, except headcount)	2016	2015	Change
Selected balance sheet data (period-end)			
Assets	$801,053	$854,275	(6)%
Loans:			
Loans retained[(a)]	109,132	98,625	11
Loans held-for-sale and loans at fair value	2,381	3,987	(40)
Total loans	111,513	102,612	9
Core loans	111,050	101,537	9
Equity	64,000	62,000	3
Selected balance sheet data (average)			
Assets	$797,548	$865,327	(8)
Trading assets-debt and equity instruments	285,122	312,260	(9)
Trading assets-derivative receivables	62,557	77,353	(19)
Loans:			
Loans retained[(a)]	108,712	99,113	10
Loans held-for-sale and loans at fair value	3,204	4,061	(21)
Total loans	111,916	103,174	8
Core loans	111,417	102,052	9
Equity	64,000	62,000	3
Headcount	49,067	50,634	(3)%

(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

	As of or for the three months ended March 31,		
(in millions, except ratios)	2016	2015	Change
Credit data and quality statistics			
Net charge-offs/(recoveries)	$46	$(11)	NM
Nonperforming assets:			
Nonaccrual loans:			
Nonaccrual loans retained[(a)]	650	251	159%
Nonaccrual loans held-for-sale and loans at fair value	7	12	(42)
Total nonaccrual loans	657	263	150
Derivative receivables	212	249	(15)
Assets acquired in loan satisfactions	62	63	(2)
Total nonperforming assets	931	575	62
Allowance for credit losses:			
Allowance for loan losses	1,497	1,047	43

Allowance for lending-related commitments	744	411	81
Total allowance for credit losses	2,241	1,458	54%
Net charge-off/(recovery) rate	0.17%	(0.05)%	
Allowance for loan losses to period-end loans retained	1.37	1.06	
Allowance for loan losses to period-end loans retained, excluding trade finance and conduits[b]	2.11	1.64	
Allowance for loan losses to nonaccrual loans retained[a]	230	417	
Nonaccrual loans to total period-end loans	0.59%	0.26 %	

(a) Allowance for loan losses of $233 million and $51 million were held against these nonaccrual loans at March 31, 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.

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Business metrics

(in millions)	Three months ended March 31, 2016	2015	Change
Advisory	$585	$542	8%
Equity underwriting	205	399	(49)
Debt underwriting	531	820	(35)
Total investment banking fees	$1,321	$1,761	(25)%

League table results – wallet share

	Three months ended March 31, 2016		Full-year 2015	
	Share	Rank	Share	Rank
Based on fees[a]				
Debt, equity and equity-related				
Global	6.7 %	# 1	7.7 %	# 1
U.S.	12.4	1	11.6	1
Long-term debt[b]				
Global	6.4	2	8.3	1
U.S.	11.3	1	11.9	1
Equity and equity-related				
Global[c]	7.3	1	7.0	1
U.S.	14.7	1	11.2	1
M&A[d]				
Global	11.3	1	8.5	2
U.S.	13.8	1	9.9	2
Loan syndications				
Global	6.2	2	7.3	2
U.S.	8.4	2	10.5	2
Global investment banking fees[e]	8.2 %	# 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 mortgage-backed securities ("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

(in millions, except where otherwise noted)	As of or for the three months ended March 31, 2016	2015	Change
Assets under custody ("AUC") by asset class (period-end)(in billions):			
Fixed Income	$12,422	$12,256	1%
Equity	6,117	6,620	(8)

Other[a]	1,744	1,685	4
Total AUC	$20,283	$20,561	(1)
Client deposits and other third party liabilities (average)[b]	$358,926	$444,171	(19)
Trade finance loans (period-end)	18,078	22,853	(21)%

(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.

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International metrics

(in millions, except where otherwise noted)	As of or for the three months ended March 31, 2016	2015	Change
Total net revenue[a]			
Europe/Middle East/Africa	$2,457	$3,496	(30)%
Asia/Pacific	1,302	1,263	3
Latin America/Caribbean	321	331	(3)
Total international net revenue	4,080	5,090	(20)
North America	4,055	4,492	(10)
Total net revenue	$8,135	$9,582	(15)
Loans retained (period-end)[a]			
Europe/Middle East/Africa	$27,219	$26,055	4
Asia/Pacific	15,507	19,038	(19)
Latin America/Caribbean	8,751	8,679	1
Total international loans	51,477	53,772	(4)
North America	57,655	44,853	29
Total loans retained	$109,132	$98,625	11
Client deposits and other third-party liabilities (average)[a][b]			
Europe/Middle East/Africa	$128,359	$159,437	(19)
Asia/Pacific	62,715	70,917	(12)
Latin America/Caribbean	22,265	23,442	(5)
Total international	$213,339	$253,796	(16)
North America	145,587	190,375	(24)
Total client deposits and other third-party liabilities	$358,926	$444,171	(19)
AUC (period-end) (in billions)[a]			
North America	$12,264	$12,202	1
All other regions	8,019	8,359	(4)
Total AUC	$20,283	$20,561	(1)%

(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 156.

Selected income statement data

	Three months ended March 31,		
(in millions)	2016	2015	Change
Revenue			
Lending- and deposit-related fees	$232	$237	(2)%
Asset management, administration and commissions	22	24	(8)
All other income[(a)]	302	375	(19)
Noninterest revenue	556	636	(13)
Net interest income	1,247	1,106	13
Total net revenue[(b)]	1,803	1,742	4
Provision for credit losses	304	61	398
Noninterest expense			
Compensation expense	334	309	8
Noncompensation expense	379	400	(5)
Total noninterest expense	713	709	1
Income before income tax expense	786	972	(19)
Income tax expense	290	374	(22)
Net income	$496	$598	(17)%

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

(b) Total net revenue included tax-equivalent adjustments from income tax credits related to equity investments in designated community development entities that provide loans to qualified businesses in low-income communities, as well as tax-exempt income from municipal bond activity of $120 million and $113 million for the three months ended March 31, 2016 and 2015, respectively.

Quarterly results

Net income was $496 million, a decrease of 17%, driven by a higher provision for credit losses, partially offset by higher net revenue.

Net revenue was $1.8 billion, an increase of 4%. Net interest income was $1.2 billion, a 13% increase, driven by higher loan balances and deposit spreads. Noninterest revenue was $556 million, down 13%, driven by lower investment banking revenue compared to a record quarter last year.

The provision for credit losses was $304 million, compared to $61 million in the prior year quarter, reflecting downgrades in the Oil & Gas and Natural Gas Pipeline portfolios.

Selected metrics

	Three months ended March 31,		
(in millions, except ratios)	2016	2015	Change
Revenue by product			
Lending	$928	$825	12 %
Treasury services	694	647	7
Investment banking	155	248	(38)
Other	26	22	18

Total Commercial Banking net revenue	$1,803	$1,742	4
Investment banking revenue, gross[(a)]	$483	$753	(36)
Revenue by client segment			
Middle Market Banking	$717	$677	6
Corporate Client Banking	501	564	(11)
Commercial Term Lending	361	308	17
Real Estate Banking	140	116	21
Other	84	77	9
Total Commercial Banking net revenue	$1,803	$1,742	4 %
Financial ratios			
Return on common equity	11%	17 %	
Overhead ratio	40	41	

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

Selected metrics (continued)

(in millions, except headcount)	As of or for the three months ended March 31, 2016	2015	Change
Selected balance sheet data (period-end)			
Total assets	$204,602	$197,931	3 %
Loans:			
Loans retained	173,583	153,173	13
Loans held-for-sale and loans at fair value	338	507	(33)
Total loans	$173,921	$153,680	13
Core loans	173,316	152,659	14
Equity	16,000	14,000	14
Period-end loans by client segment			
Middle Market Banking	$52,532	$51,071	3
Corporate Client Banking	33,761	28,379	19
Commercial Term Lending	64,292	55,824	15
Real Estate Banking	17,719	13,537	31
Other	5,617	4,869	15
Total Commercial Banking loans	$173,921	$153,680	13
Selected balance sheet data (average)			
Total assets	$202,492	$195,927	3
Loans:			
Loans retained	169,837	149,731	13
Loans held-for-sale and loans at fair value	448	557	(20)
Total loans	$170,285	$150,288	13
Core loans	169,626	149,239	14
Client deposits and other third-party liabilities	173,079	210,046	(18)
Equity	16,000	14,000	14
Headcount	7,971	7,489	6
Average loans by client segment			
Middle Market Banking	$51,419	$50,538	2
Corporate Client Banking	32,929	26,653	24
Commercial Term Lending	63,475	54,754	16
Real Estate Banking	17,021	13,472	26
Other	5,441	4,871	12
Total Commercial Banking loans	$170,285	$150,288	13 %

(in millions, except ratios)	As of or for the three months ended March 31, 2016	2015	Change
Credit data and quality statistics			
Net charge-offs/(recoveries)	$6	$11	(45)%
Nonperforming assets			
Nonaccrual loans:			

Nonaccrual loans retained[a]	1,257	304	313
Nonaccrual loans held-for-sale and loans at fair value	—	12	(100)
Total nonaccrual loans	1,257	316	298
Assets acquired in loan satisfactions	1	5	(80)
Total nonperforming assets	1,258	321	292
Allowance for credit losses:			
Allowance for loan losses	3,099	2,519	23
Allowance for lending-related commitments	252	162	56
Total allowance for credit losses	3,351	2,681	25 %
Net charge-off/(recovery) rate[b]	0.01 %	0.03 %	
Allowance for loan losses to period-end loans retained	1.79	1.64	
Allowance for loan losses to nonaccrual loans retained[a]	247	829	
Nonaccrual loans to period-end total loans	0.72	0.21	

(a) Allowance for loan losses of $278 million and $29 million was held against nonaccrual loans retained at March 31, 2016 and 2015, respectively.
(b) Loans held-for-sale and loans at fair value were excluded when calculating the net charge-off/(recovery) rate.

ASSET
MANAGEMENT

For a discussion of the business profile of AM, see pages 102–104 of JPMorgan Chase’s 2015 Annual Report and Line of Business Metrics on pages 156–157.

Selected income statement data

(in millions, except ratios)	Three months ended March 31,		
	2016	2015	Change
Revenue			
Asset management, administration and commissions	$2,016	$2,229	(10)%
All other income	229	155	48
Noninterest revenue	2,245	2,384	(6)
Net interest income	727	621	17
Total net revenue	2,972	3,005	(1)
Provision for credit losses	13	4	225
Noninterest expense			
Compensation expense	1,241	1,289	(4)
Noncompensation expense	834	886	(6)
Total noninterest expense	2,075	2,175	(5)
Income before income tax expense	884	826	7
Income tax expense	297	324	(8)
Net income	$587	$502	17
Revenue by line of business			
Global Investment Management	$1,499	$1,533	(2)
Global Wealth Management	1,473	1,472	—
Total net revenue	$2,972	$3,005	(1)%
Financial ratios			
Return on common equity	25 %	22 %	
Overhead ratio	70	72	
Pretax margin ratio:			
Global Investment Management	33	30	
Global Wealth Management	26	25	
Asset Management	30	27	

Quarterly results

Net income was $587 million, an increase of 17%, reflecting lower noninterest expense partially offset by lower net revenue.

Net revenue was $3.0 billion, a decrease of 1% including a gain on the sale of an asset. Excluding this gain, revenue in the quarter would have been lower by approximately $150 million. Net interest income was $727 million, up 17%, driven by higher deposit spreads and loan growth. Noninterest revenue was $2.2 billion, down 6%, due to the impact of lower markets and lower brokerage revenue.

Noninterest expense was $2.1 billion, a decrease of 5%, primarily driven by lower performance-based compensation.

Selected metrics	As of or for the three months ended March 31,		
(in millions, except ranking data, headcount and ratios)	2016	2015	Change

% of JPM mutual fund assets rated as 4- or 5-star[(a)]	50 %	56 %	
% of JPM mutual fund assets ranked in 1st or 2nd quartile:[(b)]			
1 year	55	75	
3 years	75	75	
5 years	80	79	
Selected balance sheet data (period-end)			
Total assets	$131,276	$126,233	4 %
Loans[(c)]	111,050	104,165	7
Core loans	111,050	104,165	7
Deposits	152,908	155,347	(2)
Equity	9,000	9,000	—
Selected balance sheet data (average)			
Total assets	$129,790	$126,276	3
Loans	110,497	103,286	7
Core loans	110,497	103,286	7
Deposits	150,616	158,240	(5)
Equity	9,000	9,000	—
Headcount	20,885	20,095	4
Number of client advisors	2,750	2,803	(2)
Credit data and quality statistics			
Net charge-offs	$9	$3	200
Nonaccrual loans	335	175	91
Allowance for credit losses:			
Allowance for loan losses	270	271	—
Allowance for lending-related commitments	4	5	(20)
Total allowance for credit losses	274	276	(1)%
Net charge-off rate	0.03 %	0.01 %	
Allowance for loan losses to period-end loans	0.24	0.26	
Allowance for loan losses to nonaccrual loans	81	155	
Nonaccrual loans to period-end loans	0.30	0.17	

(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 $27.7 billion and $23.0 billion of prime mortgage loans reported in the Consumer, excluding credit card, loan portfolio at March 31, 2016 and 2015, respectively.

Client assets

Client assets of $2.3 trillion and assets under management of $1.7 trillion were down 3% and 5%, respectively, due to the effect of lower market levels, outflows from liquidity products and the sale of an asset, partially offset by net inflows to long-term products.

Client assets	March 31,		
(in billions)	2016	2015	Change
Assets by asset class			
Liquidity	$424	$454	(7)%
Fixed income	365	359	2
Equity	346	380	(9)
Multi-asset and alternatives	541	566	(4)
Total assets under management	1,676	1,759	(5)
Custody/brokerage/administration/deposits	647	646	—
Total client assets	$2,323	$2,405	(3)
Memo:			
Alternatives client assets[(a)]	$151	$168	(10)
Assets by client segment			
Private Banking	$428	$440	(3)
Institutional	798	825	(3)
Retail	450	494	(9)
Total assets under management	$1,676	$1,759	(5)
Private Banking	$1,057	$1,073	(1)
Institutional	814	833	(2)
Retail	452	499	(9)
Total client assets	$2,323	$2,405	(3)%

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

	Three months ended March 31,	
(in billions)	2016	2015
Assets under management rollforward		
Beginning balance	$1,723	$1,744
Net asset flows:		
Liquidity	(27)	(1)
Fixed income	11	2
Equity	(5)	4
Multi-asset and alternatives	6	10
Market/performance/other impacts	(32)	—
Ending balance, March 31	$1,676	$1,759
Client assets rollforward		
Beginning balance	$2,350	$2,387
Net asset flows	(7)	17
Market/performance/other impacts	(20)	1
Ending balance, March 31	$2,323	$2,405

International metrics

(in billions, except where otherwise noted)	As of or for the three months ended March 31, 2016	2015	Change
Total net revenue (in millions)[(a)]			
Europe/Middle East/Africa	$431	$471	(8)%
Asia/Pacific	255	286	(11)
Latin America/Caribbean	172	197	(13)
Total international net revenue	858	954	(10)
North America	2,114	2,051	3
Total net revenue	$2,972	$3,005	(1)
Assets under management			
Europe/Middle East/Africa	$293	$324	(10)
Asia/Pacific	120	129	(7)
Latin America/Caribbean	42	46	(9)
Total international assets under management	455	499	(9)
North America	1,221	1,260	(3)
Total assets under management	$1,676	$1,759	(5)
Client assets			
Europe/Middle East/Africa	$343	$373	(8)
Asia/Pacific	171	179	(4)
Latin America/Caribbean	110	112	(2)
Total international client assets	624	664	(6)
North America	1,699	1,741	(2)
Total client assets	$2,323	$2,405	(3)%

(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 March 31,		
(in millions, except headcount)	2016	2015	Change
Revenue			
Principal transactions	$97	$100	(3)%
Securities gains	51	53	(4)
All other income/(loss)	121	(113)	NM
Noninterest revenue	269	40	NM
Net interest income	(213)	(253)	16
Total net revenue[(a)]	56	(213)	NM
Provision for credit losses	(2)	(5)	60
Noninterest expense[(b)]	153	152	1
Loss before income tax benefit	(95)	(360)	74
Income tax benefit	(63)	(418)	85
Net income/(loss)	$(32)	$58	NM
Total net revenue			
Treasury and CIO	(94)	(378)	75
Other Corporate	150	165	(9)
Total net revenue	$56	$(213)	NM
Net income/(loss)			
Treasury and CIO	(111)	(221)	50
Other Corporate	79	279	(72)
Total net income/(loss)	$(32)	$58	NM
Selected balance sheet data (period-end)			
Total assets	$781,806	$942,556	(17)
Loans	1,983	2,694	(26)
Core loans[(c)]	1,978	2,672	(26)
Headcount	29,572	27,019	9 %

(a) Included tax-equivalent adjustments, predominantly due to tax-exempt income from municipal bond investments of $218 million and $203 million for the three months ended March 31, 2016 and 2015, respectively.

(b) Included legal expense of $305 million for the three months ended March 31, 2015, legal expense for the three months ended March 31, 2016 was not material.

(c) Average core loans were $2.1 billion and $2.8 billion for the three months ended March 31, 2016 and 2015, respectively.

Quarterly results

Net loss was $32 million, compared with net income of $58 million in the prior year. Net revenue was a gain of $56 million in the current year, compared to a loss of $213 million in the prior year. The prior year included a $173 million pre-tax loss primarily related to the accelerated amortization of cash flow hedges, associated with the exit of certain non-operating deposits. Noninterest expense was $153 million, flat compared to the prior year, as lower legal expense was largely offset by higher compensation and a benefit from a franchise tax settlement received in the prior year.

The current quarter reflected tax benefits of $59 million, compared to tax benefits related to tax adjustments of $177 million in the prior year.

Treasury and CIO overview

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

At March 31, 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). 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 61–65. For information on interest rate, foreign exchange and other risks, Treasury and CIO value-at-risk ("VaR") and the Firm's earnings-at-risk, see Market Risk Management on pages 48–51.

Selected income statement and balance sheet data

(in millions)	As of or for the three months ended March 31, 2016	2015	Change
Securities gains	$51	$ 53	(4)%
Investment securities portfolio (average)[a]	283,433	333,692	(15)
Investment securities portfolio (period-end)[b]	282,422	327,859	(14)
Mortgage loans (average)	2,005	2,790	(28)
Mortgage loans (period-end)	1,927	2,664	(28)

(a) Average investment securities included held-to-maturity balances of $48.3 billion and $49.3 billion for the three months ended March 31, 2016 and 2015, respectively.

(b) Period-end investment securities included held-to-maturity balance of $47.9 billion and $49.3 billion at March 31, 2016 and 2015, respectively.

Private equity portfolio information[a]

(in millions)	March 31, 2016	December 31, 2015	Change
Carrying value	$ 2,004	$ 2,103	(5)%
Cost	3,512	3,798	(8)

(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 ongoing employee training and development, as well as talent retention. 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.

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.

Risk disclosure	Form 10-Q page reference	Annual Report page reference
Enterprise-Wide Risk Management	30–65	107–164
Risk governance		108–111
Credit Risk Management	31–47	112–132
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Allowance For Credit Losses	45–47	130–132
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Value-at-risk	48–50	135–137
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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 exposure on pages 38–44 ; 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)	Mar 31, 2016	Dec 31, 2015	Mar 31, 2016	Dec 31, 2015
Loans retained	$844,195	$832,792	$ 7,367	$ 6,303
Loans held-for-sale	1,195	1,646	61	101
Loans at fair value	1,923	2,861	7	25
Total loans – reported	847,313	837,299	7,435	6,429
Derivative receivables	70,209	59,677	212	204
Receivables from customers and other	16,294	13,497	—	—
Total credit-related assets	933,816	910,473	7,647	6,633
Assets acquired in loan satisfactions				
Real estate owned	NA	NA	324	347
Other	NA	NA	52	54
Total assets acquired in loan satisfactions	NA	NA	376	401
Total assets	933,816	910,473	8,023	7,034
Lending-related commitments	960,434	940,395	722	193
Total credit portfolio	$1,894,250	$1,850,868	$ 8,745	$ 7,227
Credit derivatives used in credit portfolio management activities[a]	$(23,849)	$(20,681)	$ (40)	$ (9)
Liquid securities and other cash collateral held against derivatives	(19,528)	(16,580)	NA	NA

(in millions, except ratios)	Three months ended March 31, 2016	2015
Net charge-offs	$1,110	$1,052
Average retained loans		
Loans – reported	836,449	750,036
Loans – reported, excluding residential real estate PCI loans	796,055	704,072
Net charge-off rates		
Loans – reported	0.53 %	0.57 %
Loans – reported, excluding PCI	0.56	0.61

(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 44 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 March 31, 2016, and December 31, 2015, nonperforming assets excluded: (1) mortgage loans insured by U.S. government agencies of $5.7 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 $269 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 $360 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. The Firm’s focus is on serving the prime segment of the consumer credit market. For further information on consumer loans, see Note 13 of this Form 10-Q and Consumer Credit Portfolio on pages 115–121 and Note 14 of JPMorgan Chase’s 2015 Annual Report.

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

Consumer credit portfolio					Three months ended March 31,			
(in millions, except ratios)	Credit exposure		Nonaccrual loans[h][i]		Net charge-offs[j]		Average annual net charge-off rate[j][k]	
	Mar 31, 2016	Dec 31, 2015	Mar 31, 2016	Dec 31, 2015	2016	2015	2016	2015
Consumer, excluding credit card								
Loans, excluding PCI loans and loans held-for-sale								
Home equity	$43,932	$45,559	$2,153	2,191	$59	91	0.53%	0.71%
Residential mortgage	176,106	166,239	2,423	2,503	—	15	—	0.05
Auto[a]	62,937	60,255	102	116	67	51	0.44	0.38
Business banking[b]	21,370	21,208	290	263	56	59	1.06	1.19
Student and other	9,783	10,096	196	242	38	48	1.54	1.79
Total loans, excluding PCI loans and loans held-for-sale	314,128	303,357	5,164	5,315	220	264	0.29	0.42
Loans – PCI								
Home equity	14,522	14,989	NA	NA	NA	NA	NA	NA
Prime mortgage	8,594	8,893	NA	NA	NA	NA	NA	NA
Subprime mortgage	3,174	3,263	NA	NA	NA	NA	NA	NA
Option ARMs[c]	13,453	13,853	NA	NA	NA	NA	NA	NA
Total loans – PCI	39,743	40,998	NA	NA	NA	NA	NA	NA
Total loans – retained	353,871	344,355	5,164	5,315	220	264	0.25	0.36
Loans held-for-sale	321 [g]	466 [g]	61	98	—	—	—	—
Total consumer, excluding credit card loans	354,192	344,821	5,225	5,413	220	264	0.25	0.36
Lending-related commitments[d]	60,744	58,478						
Receivables from customers[e]	127	125						
Total consumer exposure, excluding credit card	415,063	403,424						
Credit card								
Loans retained[f]	126,012	131,387	—	—	830	789	2.62	2.62
Loans held-for-sale	78	76	—	—	—	—	—	—
Total credit card loans	126,090	131,463	—	—	830	789	2.62	2.62
Lending-related commitments[d]	532,224	515,518						
Total credit card exposure	658,314	646,981						
Total consumer credit portfolio	$1,073,377	$1,050,405	$5,225	$5,413	$1,050	$1,053	0.89%	1.01%

Memo: Total consumer credit portfolio, excluding PCI	$1,033,634	$1,009,407	$5,225	$5,413	$1,050	$1,053	0.97%	1.14%

(a) At March 31, 2016, and December 31, 2015, excluded operating lease assets of $10.0 billion and $9.2 billion, respectively.

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

(c) At March 31, 2016, and December 31, 2015, approximately 65% 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 March 31, 2016, and December 31, 2015, nonaccrual loans excluded: (1) mortgage loans insured by U.S. government agencies of $5.7 billion and $6.3 billion, respectively, that are 90 or more days past due; and (2) student loans insured by U.S. government agencies under the FFELP of $269 million and $290 million, respectively, that are 90 or more days past due. These amounts have been excluded from nonaccrual loans based upon the government guarantee. In addition, credit card loans are generally exempt from being placed on nonaccrual status, as permitted by regulatory guidance.

(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 $47 million and $55 million for the three months ended March 31, 2016 and 2015, respectively. These write-offs decreased the allowance for loan losses for PCI loans. See Allowance for Credit Losses on pages 45–47 for further details.

(k) Average consumer loans held-for-sale were $425 million and $3.0 billion for the three months ended March 31, 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 three months ended March 31, 2016, predominantly due to originations of high-quality prime mortgage loans that have been retained, partially offset by paydowns and the charge-off or liquidation of delinquent loans. Credit performance has continued to improve across most portfolios 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 months ended March 31, 2016, declined when compared with the same period of the prior year as a result of improvement in home prices and delinquencies.

At March 31, 2016, approximately 85% 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 $40 billion at March 31, 2016. Of such amounts, approximately:

- $12 billion have recast from interest-only to fully amortizing payments or have been modified,
- $20 billion are scheduled to recast from interest-only to fully amortizing payments in future periods, and
- $8 billion are interest-only balloon HELOCs, which primarily mature after 2030.

The following chart illustrates the payment recast composition of the approximately $28 billion of HELOCs scheduled to recast in the future, based upon the contractual terms.

HELOCs scheduled to recast

(at March 31, 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 and loss severity assumptions. As part of its allowance estimate, the Firm also expects that certain of the HELOCs scheduled to recast will voluntarily pre-pay prior to or after the recast event. Based on observed activity in recent years, the Firm expects approximately 25% of such HELOCs to voluntarily pre-pay. 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.

High-risk seconds are junior lien loans where the borrower has a senior lien loan that is either delinquent or has been modified. Such loans are considered to pose a higher risk of default than junior lien loans for which the senior lien is neither delinquent nor modified. At March 31, 2016, the Firm estimated that its home equity portfolio contained approximately $1.3 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 probability of default associated with these high-risk seconds in estimating the allowance for loan losses and classifies these loans 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 prime-quality credits with a small component of 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 prior experience. The residential mortgage portfolio, including loans held-for-sale, increased from December 31, 2015 due to retained originations of high-quality prime mortgage loans partially offset by paydowns and the charge-off or liquidation of delinquent loans. Originations for the three months ended March 31, 2016 were primarily prime-quality fixed interest rate loans, and included both jumbo and conforming 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 months ended March 31, 2016 remain low, reflecting continued improvement in home prices and delinquencies.

At March 31, 2016, and December 31, 2015, the Firm’s residential mortgage portfolio included $10.8 billion and $11.1 billion, respectively, of mortgage loans insured and/or guaranteed by U.S. government agencies, of which $7.6 billion and $8.4 billion, respectively, were 30 days or more past due (of these past due loans, $5.7 billion and $6.3 billion, respectively, were 90 days or more past due). The Firm monitors its exposure to any potential unrecoverable claim payments for government insured loans and considers this exposure in estimating the allowance for loan losses, where appropriate. The financial impact related to exposure for future claims of government guaranteed loans is not expected to be significant.

At March 31, 2016, and December 31, 2015, the Firm’s residential mortgage portfolio included $17.9 billion and $17.7 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 prime 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, as new originations outpaced paydowns and payoffs. Nonaccrual loans decreased compared with December 31, 2015. Net charge-offs for the three months ended March 31, 2016 increased compared with the same period of the prior year as a result of higher 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 months ended March 31, 2016 decreased from prior year due to continued discipline in credit underwriting.

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 and net charge-offs also declined as a result of the run-off the student loan portfolio.

Purchased credit-impaired loans: PCI loans decreased as the portfolio continues to run off.
As of March 31, 2016, approximately 13% of the option ARM PCI loans were delinquent and approximately 65% 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)	Mar 31, 2016	Dec 31, 2015	Mar 31, 2016	Dec 31, 2015
Home equity	$14.6	$ 14.5	$12.7	$ 12.7
Prime mortgage	4.0	4.0	3.7	3.7
Subprime mortgage	3.2	3.3	3.0	3.0
Option ARMs	10.1	10.0	9.6	9.5
Total	$31.9	$ 31.8	$29.0	$ 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 $1.4 billion and $1.5 billion at March 31, 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 March 31, 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 67% at March 31, 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 beginning in 2014 by 1% per year, and 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. The carrying value of non-PCI loans modified in step-rate modifications was $4 billion at March 31, 2016. The unpaid principal balance of PCI loans modified in step-rate modifications was $10 billion at March 31, 2016. 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 March 31, 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 months ended March 31, 2016 and 2015, see Note 13.

Modified residential real estate loans

(in millions)	March 31, 2016		December 31, 2015	
	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	$2,362	1,211	$2,358	1,220
Residential mortgage	6,530	1,883	6,690	1,957
Total modified residential real estate loans, excluding PCI loans	$8,892	$ 3,094	$9,048	$ 3,177
Modified PCI loans[c]				
Home equity	$2,523	NA	$2,526	NA
Prime mortgage	5,546	NA	5,686	NA
Subprime mortgage	3,156	NA	3,242	NA
Option ARMs	10,164	NA	10,427	NA
Total modified PCI loans	$21,389	NA	$21,881	NA

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

(b) At both March 31, 2016, and December 31, 2015, $3.8 billion of loans modified subsequent to repurchase from Ginnie Mae in accordance with the standards of the appropriate government agency (i.e., FHA, VA, RHS) are not included in the table above. When such loans perform subsequent to modification in accordance with Ginnie Mae guidelines, they are generally sold back into Ginnie Mae loan pools. Modified loans that do not re-perform become subject to foreclosure. For additional information about sales of loans in securitization transactions with Ginnie Mae, see Note 15.

(c) Amounts represent the unpaid principal balance of modified PCI loans.

(d) As of both March 31, 2016, and December 31, 2015, nonaccrual loans included $2.5 billion 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 March 31, 2016, and December 31, 2015, about consumer, excluding credit card, nonperforming assets.

Nonperforming assets[a]

(in millions)	March 31, 2016	December 31, 2015
Nonaccrual loans[b]		
Residential real estate	$ 4,637	$ 4,792
Other consumer	588	621
Total nonaccrual loans	5,225	5,413
Assets acquired in loan satisfactions		
Real estate owned	260	277
Other	47	48
Total assets acquired in loan satisfactions	307	325
Total nonperforming assets	$ 5,532	$ 5,738

(a) At March 31, 2016, and December 31, 2015, nonperforming assets excluded: (1) mortgage loans insured by U.S. government agencies of $5.7 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 $269 million and $290 million, respectively, that

are 90 or more days past due; and (3) real estate owned insured by U.S. government agencies of $360 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 $4.6 billion at March 31, 2016 from $4.8 billion at December 31, 2015, of which 30% 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 March 31, 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 three months ended March 31, 2016 and 2015.

Nonaccrual loans

Three months ended March 31, (in millions)	2016	2015
Beginning balance	$5,413	$6,509
Additions	903	980
Reductions:		
Principal payments and other[(a)]	342	442
Charge-offs	195	211
Returned to performing status	442	450
Foreclosures and other liquidations	112	145
Total reductions	1,091	1,248
Net additions/(reductions)	(188)	(268)
Ending balance	$5,225	$6,241

(a) Other reductions includes loan sales.

Credit Card

Total credit card loans decreased from December 31, 2015 due to seasonality. The March 31, 2016 30+ day delinquency rate increased to 1.45% from 1.43% at December 31, 2015, but remains near record lows. For both the three months ended March 31, 2016 and 2015, the net charge-off rate was 2.62%. The credit card portfolio continues to reflect a well-seasoned, largely rewards-based portfolio that has good U.S. geographic diversification. For information on the geographic composition of the Firm's credit card loans, see Note 13.

Modifications of credit card loans

At March 31, 2016, and December 31, 2015, the Firm had $1.4 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 and Natural Gas Pipelines portfolios, and Metals & Mining portfolio, continued to be generally stable for the three months ended March 31, 2016, characterized by low levels of criticized exposure, nonaccrual loans and charge-offs. See industry discussion on pages 40–42 for further information. Growth in loans retained was driven by increased client activity, notably in commercial real estate. 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

(in millions)	Credit exposure		Nonperforming[c]	
	Mar 31, 2016	Dec 31, 2015	Mar 31, 2016	Dec 31, 2015
Loans retained	$364,312	$357,050	$2,203	$988
Loans held-for-sale	796	1,104	—	3
Loans at fair value	1,923	2,861	7	25
Loans – reported	367,031	361,015	2,210	1,016
Derivative receivables	70,209	59,677	212	204
Receivables from customers and other[a]	16,167	13,372	—	—
Total wholesale credit-related assets	453,407	434,064	2,422	1,220
Lending-related commitments	367,466	366,399	722	193
Total wholesale credit exposure	$820,873	$800,463	$3,144	$1,413
Credit derivatives used in credit portfolio management activities[b]	$(23,849)	$(20,681)	$(40)	$(9)
Liquid securities and other cash collateral held against derivatives	(19,528)	(16,580)	NA	NA

(a) Receivables from customers and other include $16.1 billion and $13.3 billion of margin loans at March 31, 2016, and December 31, 2015, respectively, to prime and retail brokerage customers; these are classified in accrued interest and accounts receivable on the Consolidated balance sheets.

(b) Represents the net notional amount of protection purchased and sold through credit derivatives used to manage both performing and nonperforming wholesale credit exposures; these derivatives do not qualify for hedge accounting under U.S. GAAP. For additional information, see Credit derivatives on page 44, and Note 5.

(c) Excludes assets acquired in loan satisfactions.

The following tables present the maturity and ratings profiles of the wholesale credit portfolio as of March 31, 2016, and December 31, 2015. The ratings scale is based on the Firm’s internal risk ratings, which generally correspond to the ratings as defined by S&P and Moody’s. For additional information on wholesale loan portfolio risk ratings, see Note 14 of JPMorgan Chase’s 2015 Annual Report.

Wholesale credit exposure – maturity and ratings profile

	Maturity profile[e]				Ratings profile			
March 31, 2016					Investment-grade	Noninvestment-grade		
(in millions, except ratios)	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total	AAA/Aaa to BBB-/Baa3	BB+/Ba1 & below	Total	Total % of IG
Loans retained	$112,671	$159,501	$92,140	$364,312	$269,693	$ 94,619	$364,312	74 %
Derivative receivables				70,209			70,209	
Less: Liquid securities and other cash collateral held against derivatives				(19,528)			(19,528)	
Total derivative receivables, net of all collateral	13,961	12,228	24,492	50,681	41,944	8,737	50,681	83
Lending-related commitments	104,953	251,818	10,695	367,466	270,600	96,866	367,466	74
Subtotal	231,585	423,547	127,327	782,459	582,237	200,222	782,459	74
Loans held-for-sale and loans at fair value[a]				2,719			2,719	
Receivables from customers and other				16,167			16,167	
Total exposure – net of liquid securities and other cash collateral held against derivatives				$801,345			$801,345	
Credit derivatives used in credit portfolio management activities by reference entity ratings profile[b][c][d]	$(2,411)	$(11,515)	$(9,923)	$(23,849)	$(20,252)	$ (3,597)	$(23,849)	85 %

	Maturity profile[e]				Ratings profile			
December 31, 2015					Investment-grade	Noninvestment-grade		
(in millions, except ratios)	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total	AAA/Aaa to BBB-/Baa3	BB+/Ba1 & below	Total	Total % of IG
Loans retained	$110,348	$155,902	$90,800	$357,050	$267,736	$ 89,314	$357,050	75 %
Derivative receivables				59,677			59,677	
Less: Liquid securities and other cash collateral held against derivatives				(16,580)			(16,580)	
Total derivative receivables, net of all collateral	11,399	12,836	18,862	43,097	34,773	8,324	43,097	81
Lending-related commitments	105,514	251,042	9,843	366,399	267,922	98,477	366,399	73
Subtotal	227,261	419,780	119,505	766,546	570,431	196,115	766,546	74
Loans held-for-sale and loans at fair value[a]				3,965			3,965	
Receivables from customers and other				13,372			13,372	
				$783,883			$783,883	

Total exposure – net of liquid securities and other cash collateral held against derivatives								
Credit derivatives used in credit portfolio management activities by reference entity ratings profile(b)(c)(d)	$(808)	$(14,427)	$(5,446)	$(20,681)	$(17,754)	$ (2,927)	$(20,681)	86 %

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

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

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

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

(e) The maturity profile of retained loans, lending-related commitments and derivative receivables is based on the remaining contractual maturity. Derivative contracts that are in a receivable position at March 31, 2016, may become payable prior to maturity based on their cash flow profile or changes in market conditions.

Wholesale credit exposure – industry exposures

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

of the special mention, substandard and doubtful categories. The total criticized component of the portfolio, excluding loans held-for-sale and loans at fair value, was $21.2 billion at March 31, 2016, compared with $14.6 billion at December 31, 2015, driven by downgrades, including within the Oil & Gas and Natural Gas Pipelines portfolios, and in the Metals & Mining portfolio.

Below are summaries of the Firm's exposures as of March 31, 2016, and December 31, 2015. For additional information on industry concentrations, see Note 5 of JPMorgan Chase's 2015 Annual Report.

Wholesale credit exposure – industries[a]						Selected metrics			
			Noninvestment-grade						
As of or for the three months ended March 31, 2016 (in millions)	Credit exposure[e]	Investment-grade	Noncriticized	Criticized performing	Criticized nonperforming	30 days or more past due and accruing loans	Net charge-offs/ (recoveries)	Credit derivative hedges[f]	Liquid securities and other cash collateral held against derivative receivables
Real Estate	$120,545	$91,291	$27,650	$1,351	$253	$168	$(2)	$(145)	$(114)
Consumer & Retail	84,131	53,216	28,489	2,200	226	57	8	(767)	(36)
Technology, Media & Telecommunications	59,516	30,346	27,860	1,304	6	10	2	(961)	(55)
Industrials	55,028	36,647	17,130	1,162	89	54	—	(797)	(19)
Healthcare	46,658	38,903	7,165	543	47	190	(1)	(265)	(320)
Banks & Finance Cos	42,811	34,858	7,316	627	10	13	(1)	(1,332)	(6,347)
Oil & Gas	40,724	19,146	11,836	8,033	1,709	3	46	(874)	(24)
Utilities	35,954	29,580	5,834	401	139	—	—	(278)	(272)
State & Municipal Govt[b]	29,374	28,609	696	6	63	1	—	(147)	(124)
Asset Managers	26,018	22,102	3,895	21	—	8	—	(5)	(4,860)
Central Govt	22,938	22,570	343	24	1	2	—	(10,209)	(3,335)
Transportation	18,697	12,964	5,534	199	—	44	—	(137)	(248)
Chemicals/Plastics	15,992	11,903	3,841	217	31	—	—	(125)	—
Automotive	14,245	9,199	4,831	214	1	19	—	(502)	(1)
Metals & Mining	13,648	5,025	6,924	1,477	222	4	1	(473)	(3)
Insurance	12,203	10,408	1,627	62	106	35	—	(306)	(1,554)
Financial Markets Infrastructure	8,909	7,965	944	—	—	—	—	—	(172)
Securities Firms	4,730	1,517	3,201	12	—	—	—	(118)	(566)
All other[c]	149,866	132,993	16,460	179	234	1,096	7	(6,408)	(1,478)
Subtotal	$801,987	$599,242	$181,576	$18,032	$3,137	$1,704	$60	$(23,849)	$(19,528)
Loans held-for-sale and loans at fair value	2,719								
Receivables from customers and interests in purchased receivables	16,167								
Total[d]	$820,873								

As of or for the year ended December 31, 2015 (in millions)	Credit exposure[e]	Investment-grade	Noninvestment-grade Noncriticized	Noninvestment-grade Criticized performing	Noninvestment-grade Criticized nonperforming	Selected metrics: 30 days or more past due and accruing loans	Selected metrics: Net charge-offs/ (recoveries)	Selected metrics: Credit derivative hedges[f]	Selected metrics: Liquid securities and other cash collateral held against derivative receivables
Real Estate	$116,857	$88,076	$27,087	$1,463	$231	$208	$(14)	$(54)	$(47)
Consumer & Retail	85,460	53,647	29,659	1,947	207	18	13	(288)	(94)
Technology, Media & Telecommunications	57,382	29,205	26,925	1,208	44	5	(1)	(806)	(21)
Industrials	54,386	36,519	16,663	1,164	40	59	8	(386)	(39)
Healthcare	46,053	37,858	7,755	394	46	129	(7)	(24)	(245)
Banks & Finance Cos	43,398	35,071	7,654	610	63	17	(5)	(974)	(5,509)
Oil & Gas	42,077	24,379	13,158	4,263	277	22	13	(530)	(37)
Utilities	30,853	24,983	5,655	168	47	3	—	(190)	(289)
State & Municipal Govt[b]	29,114	28,307	745	7	55	55	(8)	(146)	(81)
Asset Managers	23,815	20,214	3,570	31	—	18	—	(6)	(4,453)
Central Govt	17,968	17,871	97	—	—	7	—	(9,359)	(2,393)
Transportation	19,227	13,258	5,801	167	1	15	3	(51)	(243)
Chemicals/Plastics	15,232	10,910	4,017	274	31	9	—	(17)	—
Automotive	13,864	9,182	4,580	101	1	4	(2)	(487)	(1)
Metals & Mining	14,049	6,522	6,434	1,008	85	1	—	(449)	(4)
Insurance	11,889	9,812	1,958	26	93	23	—	(157)	(1,410)
Financial Markets Infrastructure	7,973	7,304	669	—	—	—	—	—	(167)
Securities Firms	4,412	1,505	2,907	—	—	3	—	(102)	(256)
All other[c]	149,117	130,488	18,095	370	164	1,015	10	(6,655)	(1,291)
Subtotal	$783,126	$585,111	$183,429	$13,201	$1,385	$1,611	$10	$(20,681)	$(16,580)
Loans held-for-sale and loans at fair value	3,965								
Receivables from customers and interests in purchased receivables	13,372								
Total[d]	$800,463								

(a) The industry rankings presented in the table as of December 31, 2015, are based on the industry rankings of the corresponding exposures at March 31, 2016, not actual rankings of such exposures at December 31, 2015.

(b) In addition to the credit risk exposure to states and municipal governments (both U.S. and non-U.S.) at March 31, 2016, and December 31, 2015, noted above, the Firm held: $8.1 billion and $7.6 billion, respectively, of trading securities; $33.4 billion and $33.6 billion, respectively, of available-for-sale ("AFS") securities; and $12.8 billion of held-to-maturity ("HTM") securities, issued by U.S. state and municipal governments. For further information, see Note 5 and Note 11.

(c) All other includes: individuals; SPEs; holding companies; and private education and civic organizations, representing approximately 53%, 37%, 6% and 4%, respectively, at March 31, 2016, and 54%, 37%, 5% and 4% respectively, at December 31, 2015..

(d) Excludes cash placed with banks of $369.1 billion and $351.0 billion, at March 31, 2016, and December 31, 2015, respectively, placed with various central banks, predominantly Federal Reserve Banks.

(e) Credit exposure is net of risk participations and excludes the benefit of Credit derivatives used in credit portfolio management activities held against derivative receivables or loans and Liquid securities and other cash collateral held against derivative receivables.

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

Presented below is a discussion of certain industries to which the Firm has significant exposures and which present actual or potential credit concerns.
Oil & Gas and Natural Gas Pipelines

The following table presents Oil & Gas and Natural Gas Pipeline exposures as of March 31, 2016, and December 31, 2015.

(in millions, except ratios)	March 31, 2016 Loans and Lending-related Commitments	Derivative Receivables	Credit exposure	% Investment-grade	% Drawn
Exploration & Production ("E&P") and Oilfield Services[a]	$22,436	$ 414	$ 22,850	27 %	41 %
Other Oil & Gas[b]	16,892	982	17,874	73	27
Total Oil & Gas	39,328	1,396	40,724	47	35
Natural Gas Pipelines[c]	6,952	191	7,143	73	17
Total Oil & Gas and Natural Gas Pipelines	$46,280	$ 1,587	$ 47,867	51	32

(in millions, except ratios)	December 31, 2015 Loans and Lending-related Commitments	Derivative Receivables	Credit exposure	% Investment-grade	% Drawn
E&P and Oilfield Services[a]	$23,055	$ 400	$ 23,455	44 %	36 %
Other Oil & Gas[b]	17,120	1,502	18,622	76	27
Total Oil & Gas	40,175	1,902	42,077	58	32
Natural Gas Pipelines[c]	4,093	158	4,251	64	21
Total Oil & Gas and Natural Gas Pipelines	$44,268	$ 2,060	$ 46,328	59	31

(a) Noninvestment-grade exposure to E&P and Oilfield Services is largely secured.
(b) Other Oil & Gas includes Integrated Oil & Gas companies, Midstream/Oil Pipeline companies and refineries.
(c) Natural Gas Pipelines is reported within the Utilities industry.

Exposure to the Oil & Gas and Natural Gas Pipelines industries was approximately 5.8% of the Firm's total wholesale exposure as of March 31, 2016 and December 31, 2015. Exposure to these industries increased by $1.5 billion during the three months ended March 31, 2016 to $47.9 billion; of the $47.9 billion, $15.3 billion was drawn. As of March 31, 2016, approximately $24.4 billion of the exposure was investment grade, of which $4.6 billion was drawn, and approximately $23.5 billion of the exposure was noninvestment grade, of which $10.7 billion was drawn; 21% of the exposure to the Oil & Gas and Natural Gas Pipelines industries was criticized. Secured lending, of which approximately half is reserve-based lending to the Exploration & Production sub-sector of the Oil & Gas industry, was $14.2 billion as of March 31, 2016; 45% of the secured lending exposure was drawn. Exposure to commercial real estate, which is reported within the Real Estate industry, in certain areas of Texas, California and Colorado, that are deemed sensitive to the Oil & Gas industry, was approximately $4 billion as of March 31, 2016. The Firm continues to actively monitor and manage its exposure to the Oil & Gas industry in light of market conditions, and is also actively monitoring potential contagion effects on other related or dependent industries and geographies.

Metals & Mining: Exposure to the Metals & Mining industry was approximately 1.7% and 1.8% of the Firm's total wholesale exposure as of March 31, 2016, and December 31, 2015, respectively. Exposure to the Metals & Mining industry decreased by $401 million during the three months ended March 31, 2016 to $13.6 billion, of which $4.9 billion was drawn. The portfolio largely consisted of exposure in North America, and was concentrated in the Steel and Diversified Mining sub-sectors. Approximately 37% and 46% of the exposure in the Metals & Mining portfolio was investment-grade as of March 31, 2016, and December 31, 2015, respectively.

Loans

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

The following table presents the change in the nonaccrual loan portfolio for the three months ended March 31, 2016 and 2015.

Wholesale nonaccrual loan activity[(a)]

Three months ended March 31, (in millions)	2016	2015
Beginning balance	$1,016	$624
Additions	1,412	418
Reductions:		
Paydowns and other	104	162
Gross charge-offs	69	28
Returned to performing status	21	132
Sales	24	—
Total reductions	218	322
Net changes	1,194	96
Ending balance	$2,210	$720

(a) Loans are placed on nonaccrual status when management believes full payment of principal and interest is not expected, regardless of delinquency status, or when principal and interest have been in default for a period of 90 days or more unless the loan is both well-secured and in the process of collection.

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The following table presents net charge-offs/recoveries, which are defined as gross charge-offs less recoveries, for the three months ended March 31, 2016 and 2015. The amounts in the table below do not include gains or losses from sales of nonaccrual loans.

Wholesale net charge-offs/(recoveries)

(in millions, except ratios)	Three months ended March 31, 2016	2015
Loans – reported		
Average loans retained	$360,306	$327,895
Gross charge-offs	69	29
Gross recoveries	(9)	(30)
Net charge-offs/(recoveries)	60	(1)
Net charge-off/(recovery) rate	0.07%	—%

Lending-related commitments

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

In the Firm's view, the total contractual amount of these wholesale lending-related commitments is not representative of the Firm's likely actual future credit exposure or funding requirements. In determining the amount of credit risk exposure the Firm has to wholesale lending-related commitments, which is used as the basis for allocating credit risk capital to these commitments, the Firm has established a "loan-equivalent" amount for each commitment; this amount represents the portion of the unused commitment or other contingent exposure that is expected, based on average portfolio historical experience, to become drawn upon in an event of a default by an obligor. The loan-equivalent amount of the Firm's wholesale lending-related commitments was $215.7 billion and $212.4 billion as of March 31, 2016, and December 31, 2015, respectively.

Derivative contracts

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

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

Derivative receivables

(in millions)	Derivative receivables March 31, 2016	December 31, 2015
Interest rate	$35,610	$ 26,363
Credit derivatives	1,094	1,423
Foreign exchange	18,932	17,177
Equity	6,265	5,529
Commodity	8,308	9,185
Total, net of cash collateral	70,209	59,677
Liquid securities and other cash collateral held against derivative receivables[(a)]	(19,528)	(16,580)
Total, net of collateral	$50,681	$ 43,097

(a) Includes collateral related to derivative instruments where an appropriate legal opinion has not been either sought or obtained.

Derivative receivables reported on the Consolidated balance sheets were $70.2 billion and $59.7 billion at March 31, 2016, and December 31, 2015, respectively. These amounts represent the fair value of the derivative contracts after

giving effect to legally enforceable master netting agreements and cash collateral held by the Firm. However, in management's view, the appropriate measure of current credit risk should also take into consideration additional liquid securities (primarily U.S. government and agency securities and other group of seven nations ("G7") government bonds) and other cash collateral held by the Firm aggregating $19.5 billion and $16.6 billion at March 31, 2016, and December 31, 2015, respectively, that may be used as security when the fair value of the client's exposure is in the Firm's favor. The increase in derivative receivables was predominantly related to client-driven market-making activities in CIB, which resulted in higher interest rate and foreign exchange derivative receivables, driven by market movements.

In addition to the collateral described in the preceding paragraph, the Firm also holds additional collateral (primarily cash, G7 government securities, other liquid government-agency and guaranteed securities, and corporate debt and equity securities) delivered by clients at the initiation of transactions, as well as collateral related to contracts that have a non-daily call frequency and collateral that the Firm has agreed to return but has not yet settled as of the reporting date. Although this collateral does not reduce the balances and is not included in the table above, it is available as security against potential exposure that could arise should the fair value of the client's derivative transactions move in the Firm's favor.

The derivative receivables fair value, net of all collateral, also does not include other credit enhancements, such as letters of credit. For additional information on the Firm's use of collateral agreements, see Note 5.

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

Ratings profile of derivative receivables

Rating equivalent	March 31, 2016		December 31, 2015	
(in millions, except ratios)	Exposure net of collateral	% of exposure net of collateral	Exposure net of collateral	% of exposure net of collateral
AAA/Aaa to AA-/Aa3	$13,312	26 %	$10,371	24 %
A+/A1 to A-/A3	12,137	24	10,595	25
BBB+/Baa1 to BBB-/Baa3	16,495	33	13,807	32
BB+/Ba1 to B-/B3	7,987	16	7,500	17
CCC+/Caa1 and below	750	1	824	2
Total	$50,681	100 %	$43,097	100 %

As previously noted, the Firm uses collateral agreements to mitigate counterparty credit risk. The percentage of the Firm's derivatives transactions subject to collateral agreements — excluding foreign exchange spot trades, which are not typically covered by collateral agreements due to their short maturity — was 87% for both March 31, 2016, and December 31, 2015, respectively.

Credit derivatives

The Firm uses credit derivatives for two primary purposes: first, in its capacity as a market-maker, and second, as an end-user, to manage the Firm's own credit risk associated with various exposures. For a detailed description of credit derivatives, see Credit derivatives in Note 5 of this Form 10-Q, and Note 6 of JPMorgan Chase's 2015 Annual Report.

Credit portfolio management activities

Included in the Firm's end-user activities are credit derivatives used to mitigate the credit risk associated with traditional lending activities (loans and unfunded commitments) and derivatives counterparty exposure in the Firm's wholesale businesses (collectively, "credit portfolio management" activities). Information on credit portfolio management activities is provided in the table below. For further information on derivatives used in credit portfolio management activities, see Credit derivatives in Note 5 of this Form 10-Q, and Note 6 of JPMorgan Chase's 2015 Annual Report.

Credit derivatives used in credit portfolio management activities

	Notional amount of protection purchased and sold [(a)]	
(in millions)	March 31, 2016	December 31, 2015
Credit derivatives used to manage:		
Loans and lending-related commitments	$2,388	$ 2,289
Derivative receivables	21,461	18,392
Credit portfolio management derivatives notional, net	$23,849	$ 20,681

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

ALLOWANCE
FOR CREDIT
LOSSES

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

For a further discussion of the components of the allowance for credit losses and related management judgments, see Critical Accounting Estimates Used by the Firm on pages 66–67 and Note 14 of this Form 10-Q, and Critical Accounting Estimates Used by the Firm on pages 165–169 and Note 15 of JPMorgan Chase's 2015 Annual Report.

At least quarterly, the allowance for credit losses is reviewed by the Chief Risk Officer, the Chief Financial Officer and the Controller of the Firm, and discussed with the Board of Directors' Risk Policy Committee ("DRPC") and the Audit Committee of the Board of Directors. As of March 31, 2016, JPMorgan Chase deemed the allowance for

credit losses to be appropriate and sufficient to absorb probable credit losses inherent in the portfolio.

The consumer allowance for loan losses was relatively unchanged from December 31, 2015, reflecting stable credit quality trends and for the consumer, excluding credit card allowance, improved credit quality of the loan portfolio, primarily driven by originations of high-quality mortgages and the run-off of lower-quality legacy portfolios. For additional information about delinquencies and nonaccrual loans in the consumer, excluding credit card, loan portfolio, see Consumer Credit Portfolio on pages 32–37 and Note 13.

The wholesale allowance for credit losses increased from December 31, 2015, primarily driven by downgrades in the Oil & Gas and Natural Gas Pipelines portfolios, and in the Metals & Mining portfolio. Excluding these portfolios, the wholesale portfolio continued to experience generally stable credit quality trends and low charge-off rates.

Summary of changes in the allowance for credit losses

	2016				2015			
Three months ended March 31, (in millions, except ratios)	Consumer, excluding credit card	Credit card	Wholesale	Total	Consumer, excluding credit card	Credit card	Wholesale	Total
Allowance for loan losses								
Beginning balance at January 1,	$5,806	$3,434	$4,315	$13,555	$7,050	$3,439	$3,696	$14,185
Gross charge-offs	365	923	69	1,357	440	883	29	1,352
Gross recoveries	(145)	(93)	(9)	(247)	(176)	(94)	(30)	(300)
Net charge-offs/(recoveries)	220	830	60	1,110	264	789	(1)	1,052
Write-offs of PCI loans[(a)]	47	—	—	47	55	—	—	55
Provision for loan losses	221	830	545	1,596	141	789	58	988
Other	—	—	—	—	—	(5)	4	(1)
Ending balance at March 31,	$5,760	$3,434	$4,800	$13,994	$6,872	$3,434	$3,759	$14,065
Impairment methodology								
Asset-specific[(b)]	$371	$427	$565	$1,363	$537	$458	$115	$1,110
Formula-based	2,694	3,007	4,235	9,936	3,065	2,976	3,644	9,685
PCI	2,695	—	—	2,695	3,270	—	—	3,270
Total allowance for loan losses	$5,760	$3,434	$4,800	$13,994	$6,872	$3,434	$3,759	$14,065
Allowance for lending-related commitments								
Beginning balance at January 1,	$14	$—	$772	$786	$13	$—	$609	$622
Provision for lending-related commitments	—	—	228	228	1	—	(30)	(29)
Ending balance at March 31,	$14	$—	$1,000	$1,014	$14	$—	$579	$593
Impairment methodology								
Asset-specific	$—	$—	$192	$192	$—	$—	$55	$55
Formula-based	14	—	808	822	14	—	524	538
Total allowance for lending-related commitments[(c)]	$14	$—	$1,000	$1,014	$14	$—	$579	$593
Total allowance for credit losses	$5,774	$3,434	$5,800	$15,008	$6,886	$3,434	$4,338	$14,658
Memo:								
Retained loans, end of period	$353,871	$126,012	$364,312	$844,195	$304,917	$120,835	$331,219	$756,971
Retained loans, average	348,916	127,227	360,306	836,449	299,789	122,352	327,895	750,036

PCI loans, end of period	39,743	—	4	39,747	45,356	—	4	45,360	
Credit ratios									
Allowance for loan losses to retained loans	1.63	%2.73	%1.32	%1.66	% 2.25	%2.84	%1.13	%1.86	%
Allowance for loan losses to retained nonaccrual loans[(d)]	112	NM	218	190	110	NM	540	203	
Allowance for loan losses to retained nonaccrual loans excluding credit card	112	NM	218	143	110	NM	540	154	
Net charge-off/(recovery) rates	0.25	2.62	0.07	0.53	0.36	2.62	—	0.57	
Credit ratios, excluding residential real estate PCI loans									
Allowance for loan losses to retained loans	0.98	2.73	1.32	1.40	1.39	2.84	1.13	1.52	
Allowance for loan losses to retained nonaccrual loans[(d)]	59	NM	218	153	58	NM	540	156	
Allowance for loan losses to retained nonaccrual loans excluding credit card	59	NM	218	107	58	NM	540	106	
Net charge-off/(recovery) rates	0.29	%2.62	%0.07	%0.56	% 0.42	%2.62	%—	%0.61	%

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

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

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

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

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

Provision for credit losses

For the three months ended March 31, 2016, the provision for credit losses was $1.8 billion compared with $959 million in the prior year.

The total consumer provision for credit losses for the three months ended March 31, 2016 increased when compared with the prior year, as the prior year included a reduction in the allowance for loan losses.

The wholesale provision for credit losses for the three months ended March 31, 2016 increased from the prior year reflecting the impact of downgrades in the Oil & Gas and Natural Gas Pipelines portfolios, and in the Metals & Mining portfolio.

	Three months ended March 31,					
	Provision for loan losses		Provision for lending-related commitments		Total provision for credit losses	
(in millions)	2016	2015	2016	2015	2016	2015
Consumer, excluding credit card	$221	$141	$ —	$ 1	$221	$142
Credit card	830	789	—	—	830	789
Total consumer	1,051	930	—	1	1,051	931
Wholesale	545	58	228	(30)	773	28
Total	$1,596	$988	$ 228	$ (29)	$1,824	$959

MARKET RISK
MANAGEMENT

Market risk is the potential for adverse changes in the value of the Firm's assets and liabilities resulting from changes in market variables such as interest rates, foreign exchange rates, equity prices, commodity prices, implied volatilities or credit spreads. For a discussion of the Firm's market risk management organization, risk identification and classification, tools used to measure risk, and risk monitoring and control, see Market Risk Management on pages 133–139 of JPMorgan Chase's 2015 Annual Report.

Value-at-risk

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

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

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

The Firm uses alternative methods to capture and measure those risk parameters that are not otherwise captured in VaR, including economic-value stress testing and nonstatistical measures. For further information, see Market Risk Management on pages 133–139 of the 2015 Annual Report.

The Firm's VaR model calculations are periodically evaluated and enhanced in response to changes in the composition of the Firm's portfolios, changes in market conditions, improvements in the Firm's modeling techniques and other factors. Such changes may also affect historical comparisons of VaR results. For information regarding model reviews and approvals, see Model Risk Management on page 142 of the 2015 Annual Report.

The Firm's Risk Management VaR is calculated assuming a one-day holding period and an expected tail-loss methodology which approximates a 95% confidence level. For risk management purposes, the Firm believes this methodology provides a stable measure of VaR that closely aligns to the day-to-day risk management decisions made by the lines of business, and provides the necessary and appropriate information to respond to risk events on a daily basis. The Firm calculates separately a daily aggregated VaR in accordance with regulatory rules ("Regulatory VaR"), which is used to derive the Firm's regulatory VaR-based capital requirements under Basel III. For further information regarding the key differences between Risk Management VaR and Regulatory VaR, see page 135 of the 2015 Annual Report. For additional information on Regulatory VaR and the other components of market risk regulatory capital for the Firm (e.g. VaR-based measure, stressed VaR-based measure and the respective backtesting), see JPMorgan Chase's Pillar 3 Regulatory Capital Disclosures reports, which are available on the Firm's website at: (http://investor.shareholder.com/jpmorganchase/basel.cfm).

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

Total VaR	Three months ended March 31,							
	2016			2015			At March 31,	
(in millions)	Avg.	Min	Max	Avg.	Min	Max	2016	2015
CIB trading VaR by risk type								