Consumer & Community Banking

Gordon Smith

Two years ago, we began a journey to provide an exceptional and consistent experience for Chase's more than 50 million households. In 2012, we took a big step forward by combining Chase's three retail businesses – Consumer & Business Banking, Mortgage Banking, and Card, Merchant Services & Auto Finance – into a unified franchise, Consumer & Community Banking (CCB). As one team working together, we will drive the same high-quality customer experience across our great businesses.

Combined, we have the broadest banking platform in the industry, one that would be nearly impossible to replicate. We have a relationship with about half the households in America – more than any other financial services provider. We have the largest ATM network in the nation and the #2 branch network. We're the #1 issuer of credit cards in the U.S. based on outstandings, the #2 mortgage originator and, based on the number of loans we make, the #1 Small Business Administration lender.

We have an outstanding set of products. Now, we will distinguish ourselves through an outstanding customer experience. And if 2012 is any indicator, we have made real progress against these objectives.

First, let me talk about our 2012 financial performance. Roughly half of JPMorgan Chase's diversified earnings comes from serving our U.S. consumers. In 2012, net income was $10.6 billion, a **71% increase** from 2011, on revenue of $49.9 billion, up 9% from 2011. Return on equity was 25% for the year.

The favorable credit environment helped performance in many of our businesses, notably Card, Auto Finance and Business Banking. Another important driver of our 2012 results was the change in momentum of our mortgage business. Mortgage Banking reported net income of $3.3 billion in 2012, compared with a net loss of $2.1 billion in 2011. The return to profitability was driven by an improving residential real estate portfolio and strong mortgage loan originations, mainly from refinancings. We still have a great deal of work ahead to build a truly outstanding mortgage business but have made important strides.

Performance was strong in all of CCB's businesses, and we gained market share across the board. Chase was the top-performing bank in the Federal Deposit Insurance Corporation's (FDIC) 2012 Summary of Deposits survey, growing deposits at approximately three times the industry rate, while gaining market share in all our top 25 markets. Chase Wealth Management had solid results, with investment sales and client investment assets both up 15% year-over-year. We remain the leading credit card franchise, outpacing all our key competitors in year-over-year sales growth. Sales for Chase Sapphire℠ increased 22.5%, Chase Freedom℠ grew 20.7% and Ink℠ grew 21.3%.

Another driver of our profitability has been our focus on improving our customers' experience. Our mission is to create lifelong relationships with our customers by being the most trusted provider of financial services that helps people achieve their goals. That is how we have become the institution that nearly 50% of U.S. households turn to across the different stages of people's lives – opening a first savings account, taking out a credit card, buying a first home or turning a dream into a business.

Our ability to build upon those relationships is founded on three key focus areas: **customer experience; clear, simple products;** and **self-service channels**. Some detail on each follows.

Customer experience

Providing a great customer experience rooted in service is what differentiates Chase. This is essential to our long-term growth and profitability. For example, consumer banking customers who tell us they are fully satisfied with Chase are three times more likely to recommend us to a friend and buy more of our products and services. These customers also say they're nearly twice as likely to continue doing business with us. As I noted in last year's letter, we had work to do to improve our service. And over the past year, we have continued to make progress.

Last year, we developed and rolled out a common set of principles, called The Five Keys to a Great Customer Experience, which all of our 160,000 people embraced and adopted. The results have been striking. Overall customer satisfaction with Chase retail banking improved eight points year-over-year, and the number of customers who would recommend Chase cards improved 10 points. Gains this sizable within one year exceeded our expectations.

We also have been recognized in several respected external surveys that track customer satisfaction. Chase was named the #1 large retail bank in the 2012 American Customer Satisfaction Index survey. We were ranked the #1 major bank in customer satisfaction by Harris Interactive. And in J.D. Power and Associates, perhaps the best-known customer research firm, Chase climbed in every single 2012 banking survey the firm conducted. We improved – in some cases dramatically – across the 2012 J.D. Power Satisfaction Surveys in mortgage origination, mortgage servicing, retail banking, small business banking and credit card.

In our highly competitive industry, service can set Chase apart. The work of this past year has begun to do just that, and we plan to continue our positive momentum.

Clear, simple products

With more than 50 million households, our customers have very different needs. In 2012, we expanded the products and services we offer to meet those varied needs. And we worked to simplify our products to make them easy to use and understand.

In May, we launched our first prepaid card, called Chase Liquid℠. Historically, prepaid cards have suffered from limited functionality and hidden fees. Chase Liquid℠ is different. It offers customers a product that gives them better control over their finances and allows them full access to Chase branches, ATMs and online banking. It also introduces new customers to Chase. More than 65% of Chase Liquid℠ customers are new to the company, and we hope they will expand their relationship with us throughout their lives. And Chase Liquid℠ adapts a consumer-friendly disclosure developed by The Pew Charitable Trust, which we call Clear and Simple.

We expanded our offering for customers who have more complex needs with Chase Private Client (CPC). Affluent customers were banking at Chase but investing somewhere else, and they told us they wanted to consolidate with one partner.

In 2012, we added approximately 950 CPC branch locations for a total of 1,218 locations as of year-end. Investment sales in the branches were up 15% year-over-year. In fact, CPC has brought $5.0 billion in new deposits and $7.3 billion of new investments to the firm since its inception and has been a key driver of our balance growth. Customers who have less than $100,000 in total balances per household increase their balances by more than $300,000 on average once they join Chase Private Client.

We think we've only begun to tap into the opportunity here. We will add approximately 800 CPC branch locations in 2013, and our footprint remains a significant competitive advantage. One in five Chase households is affluent, and roughly 50% of all U.S. affluent households are located within two miles of a Chase branch.

Self-service channels

Consumer behavior is shifting toward mobile and digital channels. We've seen this shift in other industries – airlines, retail, travel – and we're seeing similarly rapid adoption in banking. When ATMs that could take deposits were first introduced, 90% of customers still took their checks to a teller. Today, approximately 50% of Chase deposits are made with a teller; the rest are made at ATMs, online and on mobile devices. Customers tell us repeatedly that they prefer the convenience and ease of being able to make basic transactions themselves.

Mobile channel use is skyrocketing. Chase was an early leader in mobile banking, and we are realizing the benefits of this investment. At the end of 2011, Chase had 8.2 million 90-day active mobile users. At year-end 2012, we had 12.4 million active mobile users, a 51% increase in only 12 months. Today, we're growing mobile users by roughly 350,000 a month. The story for online banking is similar. Today, CCB has over 31 million customers that actively use Chase Online℠ and Chase Mobile℠, and we have the most visited banking portal in the U.S. – Chase.com (per compete.com). And these customers transact more than $25 billion in payments every month.

In Mortgage Banking, we built the My New Home℠ app. This is the only app in the market that enables customers to search for and compare homes, calculate payments and connect with a local Chase mortgage banker from a mobile device. This is a particularly important touchpoint given that more than 90% of home buyers use the Internet when they begin to search for a home.

In Card, more than 50% of new accounts are acquired through digital channels. This often is a simpler experience for customers and is more efficient than traditional marketing channels, such as mail.

Roughly 20% of our active customers access Chase through digital channels and call centers exclusively. Mobile channels provide our customers with convenience and a great experience, and these customers have a 33% lower attrition rate than non-mobile customers. A fully digital account is 70% less expensive to maintain than a traditional banking account and 30% less expensive than a traditional credit card account.

We continue investing in innovations that offer our customers added convenience. We introduced Self-Service Banking Kiosks this year that can complete 90% of the transactions made at a teller window and are available 24 hours a day, seven days a week. These machines can distribute money in any denomination, provide coins, and are simple and easy to use.

While these innovations are unlocking tremendous value for the firm and our customers, the branch remains a critical distribution channel. More than 70% of Chase households visit a branch quarterly, and that's generally true across all segments. What we see, however, is that customers are using branches differently.

Our branches are evolving from transaction centers to advice centers. They are a place for customers to meet with bankers who know and can guide them across our platform of experts. Branches are a place for us to build our relationships with customers – so we can get to know what's important to them and help them achieve their goals.

Our branches also can be an important resource for the community. During Superstorm Sandy, for example, many of our branches had generators and were open in towns that were without power. We welcomed neighbors, customers and non-customers alike to use our electricity, get a cup of coffee, stay warm or call their families. And following Hurricane Isaac in New Orleans, we opened up food stations for people in the area to come and get a warm meal. Our hope is that the branch is seen not just as a bank but also as a center of the community.

Conclusion

For us, 2012 was a strong year. We delivered outstanding financial performance to JPMorgan Chase shareholders. We took a major step forward in improving the experience our customers have when they bank with us. And we empowered our employees to use their good judgment in doing what they believe is right to serve customers.

In 2013, we will continue our focus on creating a great work environment for our people, exceeding our customers' expectations and delivering profitability for the firm. We also plan to redouble our focus on building a strong control and compliance environment across Chase.

I just want to close with what is my favorite part of this job. Without question, the best part of this role is reading the hundreds of customer letters I receive each week about our employees. Some of these letters cause me to sit up in my chair and stop to appreciate the great company of which I'm a part. It includes letters about small businesses growing during tough times. It includes letters from grown children thanking us for helping their older parents with banking and letters from parents thanking us for helping their adult children start out. I see letters about amazing feats, including one about Shelby Slaughter, a teller who thought fast and saved a customer's life by performing CPR. But most of them are about the simple kindnesses and thoughtful service performed by one of our 160,000 employees.

Thank you to all of them. I know our team will continue to serve all our customers with distinction in 2013.

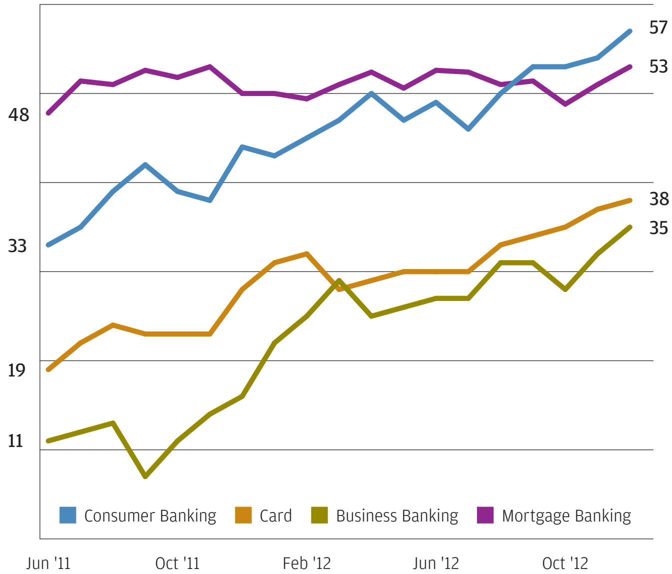
Gordon

Gordon Smith
CEO, Consumer & Community Banking

2012 HIGHLIGHTS AND ACCOMPLISHMENTS

- #1 in retail banking among large banks in 2012 American Customer Satisfaction Index survey and the #1 major bank in customer satisfaction by Harris Interactive
- Improved in every 2012 J.D. Power and Associates banking survey, including mortgage origination, mortgage servicing, retail banking, small business banking and credit card
- Top-performing bank in the FDIC's 2012 Summary of Deposits survey, growing deposits at approximately three times the industry rate
- Added 106 net branches, increasing Chase's network to 5,614; added approximately 950 Chase Private Client branch locations for a total of 1,218 locations as of year-end
  - Consumer household relationships up 4%
  - Investment sales and client investment assets both up 15%
- #1 credit card issuer in the U.S. based on outstandings; #1 global Visa issuer based on consumer and business credit card sales volume; and #1 U.S. co-brand credit card issuer based on outstandings
- Business Banking loans increased to a record $18.9 billion, up 7%, and loan originations increased 12%
  - #1 Small Business Administration lender (based on number of loans) in the U.S. for the third year in a row
- Mortgage application volume up 30%; loan originations up 24%; and retail channel mortgage originations up 16%
  - #2 mortgage originator
  - #2 retail mortgage originator
  - #3 mortgage servicer
- Funded $192 billion of mortgage and home equity originations firmwide in 2012 and helped more than 280,000 homeowners avoid foreclosure, half of whom received modifications
- 12.4 million active mobile customers, up 51%; 31.1 million active online customers, up 5%
  - $18 billion in mobile payments
  - Chase QuickPay℠ volume up 103% between January and December 2012
  - #1 most visited banking portal in the U.S. – Chase.com (per compete.com)
- #2 wholly owned merchant acquirer in the U.S., processing 29.5 billion transactions in 2012, up 21% year-over-year

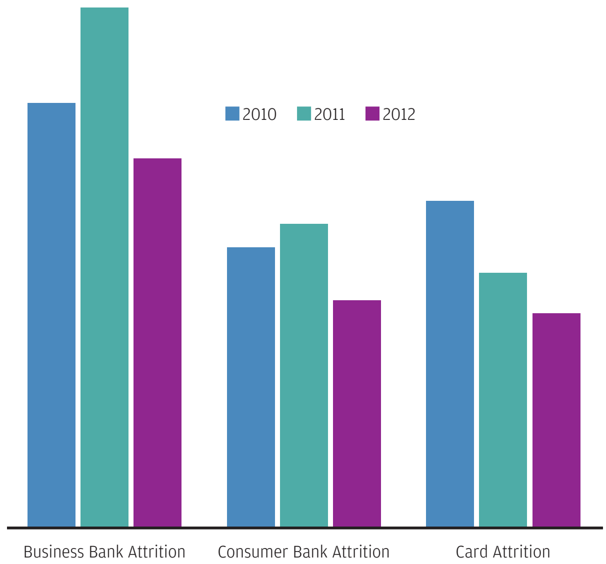
Net Promoter Score[1]



Source: Internal data

[1] Net Promoter Score (NPS) represents the percentage of customers who say they would definitely recommend Chase to a friend or colleague (promoter who gave Chase a rating of 9 or 10 on a 10-point scale) vs. those who would not (detractors who gave Chase a rating of 0 to 6); a higher NPS signifies greater customer loyalty

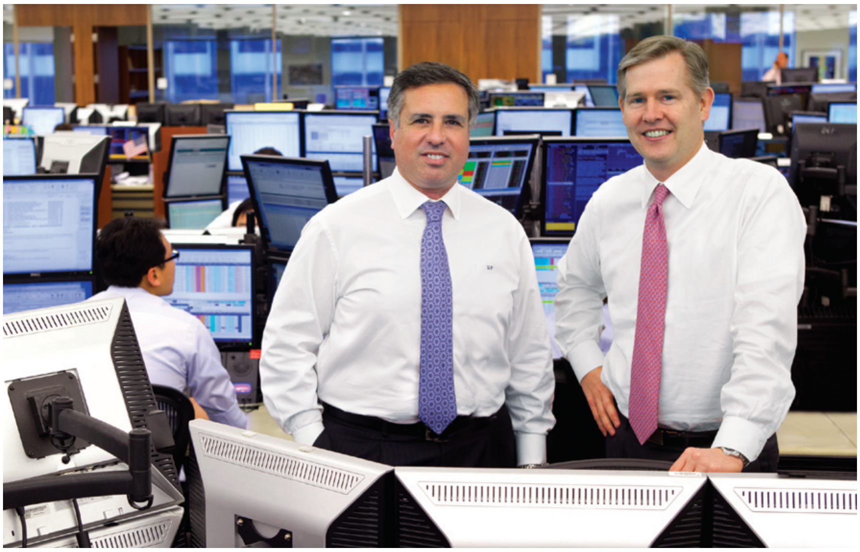
Household Attrition[2] by Business Line



Source: Internal data

[2] Households that close all Chase relationships

Corporate & Investment Bank



From l. to r.: Daniel Pinto, Mike Cavanagh

Introduction

As the financial markets have experienced rapid change and new challenges in recent years, J.P. Morgan has secured its place as a global leader, ranking #1 in many key industry-wide benchmarks.

And while we're proud of our top-tier rankings, we take greater satisfaction in the success of our clients and the reputation we have earned for standing by them, not just when market conditions are strong, but, more importantly, when they are challenged.

As a global financial institution, we believe J.P. Morgan has a responsibility to facilitate a healthy and productive global economy, to ensure the availability of credit and to provide liquidity in the markets. And we take this responsibility extremely seriously. When we lend to a manufacturer so it can gear up to meet orders, that loan helps create jobs. When we provide cash management services for a corporation with receivables in multiple currencies, it helps bolster the client's profitability.

When we lead an initial public offering, the company receives a capital infusion so it can continue to innovate. And when we lead a bond issue so that a university can add a new facility, we are supporting construction employment in the near term and are extending educational opportunities in the long term.

That expertise, cross-market strength and client dedication drove last year's decision to combine J.P. Morgan's Investment Bank (IB) and Treasury & Securities Services (TSS) divisions. As the two heritage businesses already served many of the same clients, further integrating our product offerings leads to wider-ranging solutions for clients and deepens each client relationship. Now branded as the Corporate & Investment Bank (CIB), the combined set of businesses possesses all the best-in-class and global elements required to effectively serve our clients into the future.

The unified CIB is recognized as a market leader across a wide spectrum of financial markets businesses. We have organized the CIB in three major segments – Banking, Markets and Investor Services – each of which is made better by being part of a combined whole. For example, our leadership in credit and advisory solutions is further differentiated by a best-in-class Markets franchise, coupled with leading cross-border capital-raising and execution capabilities. As validation of our combined business model, clients who today use all three of the CIB's business segments represent more than half of CIB revenue.

While the CIB has a broad array of products, our guiding principle is to provide our corporate and institutional clients with solutions based on what they need, rather than on what we happen to offer. We measure our impact by tracking how our clients use us, and are pleased to see steady growth in the number of clients using seven or more of our product sets. This results in a deep client franchise that drives our profitability.

Building on strength

Our ability to extend capital and provide innovative solutions while investing for future growth is supported by solid, consistent financial performance. For three years running, both heritage businesses produced returns on equity in excess of 17%.

In 2012, the CIB achieved net income of \$8.4 billion on \$34.3 billion of revenue. Excluding the impact of debit valuation adjustments (DVA) of close to \$1 billion, the CIB produced net income of \$9.0 billion, up 26% from full year 2011, and achieved a 19% return on equity.[1] Even as we incurred substantial new costs to meet increased regulatory requirements, the CIB's core expenses[2] have declined by 2% on average each year since 2010, while revenue has increased 3% on average, excluding the impact of DVA.

Looking beyond the financial data, the firm's client mix illustrates its increasingly geographic diversity. Sixty-one percent of our clients are international. Forty-eight percent of our revenue, excluding DVA, is now generated from our international business. Over the past three years, the number of significant CIB international clients with revenue in excess of $1 million rose 45%, from 1,100 to 1,600. Even so, we believe substantial international growth opportunities are ahead, and this is reflected in our investment strategy.

To support its growing roster of international clients, J.P. Morgan has been bolstering its global network and enhancing its capabilities in Latin America, Africa, the Middle East and Asia Pacific. With nearly 200 corporate bankers added in the last few years, we are able to serve clients comprehensively in 35 countries. Few banks can commit to this level of investment, and we believe this will give us a significant competitive advantage in the future.

Another core dimension to our strength is our stability of earnings. In particular, we have a client flow-driven business in Markets that consistently has delivered strong revenue, with declining volatility year-over-year. In combination with the several fee-based businesses in Investor Services that are linked to long-term operational contracts with clients, this has led to a uniquely stable earnings profile for the CIB.

Being there for clients

At J.P. Morgan, we lead numerous transactions aimed at helping our clients succeed against a challenging economic backdrop. The support we provide clients ripples through the economy, creating jobs and providing financing for growth and investment domestically and across the globe.

For example, in the aftermath of Superstorm Sandy, J.P. Morgan provided the State of New Jersey with "certainty of execution" for a $2.6 billion note sale despite the devastation that destroyed thousands of homes and shuttered businesses across the state.

And despite the economic issues affecting southern Europe, J.P. Morgan, along with a few other institutions, successfully led a €9 billion syndicated financing, along with a subsequent €6 billion bond offering, that enabled Snam, an Italian gas infrastructure company, to refinance its capital structure, a step toward complying with a government requirement to split off from its parent.

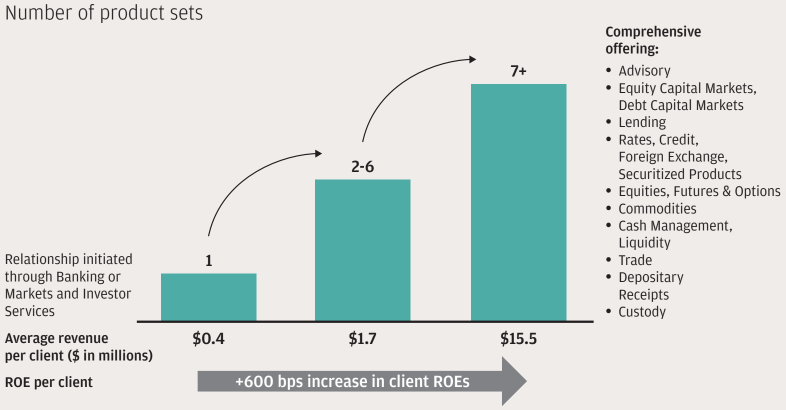
With our breadth of capabilities in Markets and Investor Services, we are able to provide best-in-class services to the largest institutional investors, pension funds, governments, banks and insurers. Our scale, global presence and balance sheet

[1] FY2012 CIB return on equity (ROE) on a pro forma basis assuming the 2013 allocated capital level of $56.5 billion would have been 15%, and 16% excluding the impact of DVA

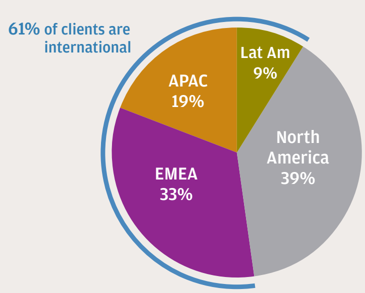
[2] Core expense equals total noninterest expense less regulatory assessments, which include FDIC, UK Bank levy and other regulatory fees

Evolution of Product Set Usage among Clients

Number of product sets



Clients with >$50,000 in Revenue (2012)



2012 CIB clients: ~7,600

strength allow us to make markets when others are unable to do so, provide liquidity in tough market conditions and maintain safe custody of client assets through volatile markets.

To illustrate, J.P. Morgan's Global Commodities Group, backed by an array of disciplines within the firm, devised an innovative commodity solution and structured an asset-backed loan for Philadelphia Energy Solutions, a joint venture of The Carlyle Group and Sunoco. This kept oil flowing at the largest refinery system in the U.S. Northeast and 850 employees working at this Pennsylvania energy complex that had been slated to close.

Finally, in an example of J.P. Morgan's ability to collaborate across its lines of business, the firm joined with the Export-Import Bank of the United States and Commercial Banking client, Weldy-Lamont Associates, an Illinois engineering firm that is designing the system and sourcing equipment to make electricity available to more than 2,000 villages and over 1 million people in Ghana. Along with extending reliable power to the villages, Weldy-Lamont contracted with U.S. manufacturers for the electrical equipment, creating jobs at suppliers throughout the Midwest and in California, Florida and Georgia. J.P. Morgan provided Treasury Services solutions in support of these efforts.

If we are successful in being viewed as partners by our clients, a significant measure of that credit goes to our 52,000 employees. Every day, they work with integrity, put their clients' interests first and pay attention to their needs in order to create the right solutions based on the right products.

We are focused on maintaining the highest controls standards, ensuring regulatory compliance and investing to make sure our technology and operations platforms perform to the highest standards possible. Throughout our businesses, we continually strive to instill a strong culture of partnership, integrity and a desire to deliver for clients, which is evident in very high talent retention rates.

2013 trends and priorities

In 2013 and beyond, we see several global macroeconomic trends that will affect the wholesale banking industry. Some of these will present challenges, but many others should abet global bulge bracket players like J.P. Morgan. We are confident that we are well-positioned to deal with these challenges and, in many cases, capitalize on these macro trends.

Dodd-Frank implementation, Basel capital rule changes and Volcker-Vickers are just a few examples of the regulatory changes in the works that together represent a real challenge. J.P. Morgan is well on the way to meeting these requirements. In particular, to deal with the impact of Basel III regulations, we have increased the allocated capital to the CIB to $56.5 billion as of January 1, 2013.

On the client front, continued globalization, accelerating cross-border trade flows and the deepening of capital markets present attractive growth opportunities. While client needs for capital are growing, some competitors have been retrenching. For example, many European banks have been deleveraging due to the stresses brought about by persistent slow economic growth, tightening regulatory requirements and sovereign debt concerns. As a result, companies increasingly will turn to the capital markets to finance their operations and growth, creating opportunities for global leaders in capital markets underwriting such as J.P. Morgan.

We will continue to strengthen our ability to provide Global Corporate Bank and Treasury Services solutions around the world, ensuring that the full integration of foreign exchange and payments products is available in an age when trade is increasingly global. We plan to continue to expand our international Prime Brokerage offering for clients who more and more demand global execution. And we plan to expand our over-the-counter (OTC) clearing platform and launch collateral management solutions for our clients as OTC clearing mandates roll out globally.

Last, as clients continue to shift away from structured products toward flow products, we already are well-positioned with a flow-driven business model, and we continue to make investments to enhance our position. We are very focused on closing the gaps in our electronic trading offerings in equities and are investing to position ourselves for changes in fixed income market structure. As part of our technology priorities, we will complete the four-year Strategic Re-engineering Program during 2013 and execute on Value for Scale, which will capitalize on technology and operations synergies across the combined IB and TSS platforms. These initiatives are expected to yield hundreds of millions of dollars in savings.

In addition, we are continually reviewing and fine-tuning our various businesses to optimize the allocation of resources and capital.

In combination, these initiatives offer tremendous growth opportunities and will work to offset any potential loss we may have in revenue in certain businesses due to regulatory changes. Based on these growth opportunities and the depth and breadth of our client franchise, we are confident we can achieve our target return on equity of 16%, plus or minus, through the cycle on our now higher capital level.

Summary

Not every firm is able to make these commitments to invest for the future, and we feel privileged to be able to do so on behalf of our clients. Serving our clients remains our most important priority this year and every year.

Our plan for 2012 was ambitious and our priorities for 2013 and beyond are no less so. We will continue our focus on strong risk management and controls, talent management and investment discipline, which are key underpinnings of our industry leadership. Although we certainly are proud of what our employees and the CIB heritage businesses already have accomplished, we are even more optimistic about our firm's market-leading capabilities to assist our clients into the future.

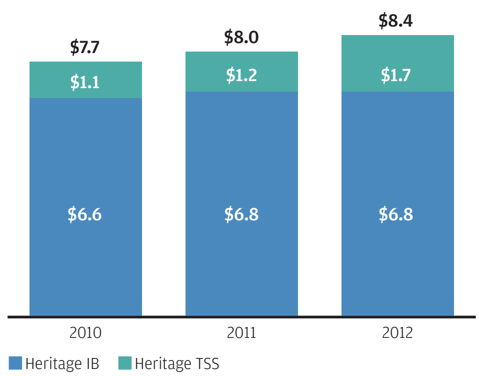
Mike Cavanagh Daniel Pinto
Co-CEOs, Corporate & Investment Bank

2012 HIGHLIGHTS AND ACCOMPLISHMENTS

- 61% of the CIB's clients and 48% of revenue (excluding DVA) of $35.3 billion are international (outside North America)
- 52,000+ employees in close to 60 countries serving approximately 7,600 clients
- 13% compound annual growth rate in the number of "significant" international clients generating more than $1 million annually in revenue since 2009
- Raised or provided $70 billion of capital for nonprofit and governmental clients, including states, municipalities, hospitals and universities (Source: Thomson Financial, internal sources)
- Traded more than 125 million equity shares and 60,000 fixed income securities daily on average
- Ranked #1 in U.S. dollar wire clearing with a 20% share of Fed and CHIPS (Source: Federal Reserve and Clearing House Interbank Payments System, CHIPS)
- Record assets under custody of $18.8 trillion, up 12% from 2011
- Ranked #1 in Global IB Fees; based on volumes, ranked #1 in Global Debt, Equity & Equity Related, #1 in Global Syndicated Loans, and #2 in Global M&A Announced (Source: Dealogic)

Combined Earnings Power

Net income
($ in billions)



Return on equity

	2010	2011	2012
H-IB	17%	17%	17%
H-TSS	17%	17%	22%
CIB	17%	17%	18%[1]

H = Heritage

[1] FY2012 CIB ROE on a pro forma basis assuming the 2013 allocated capital level of $56.5 billion would have been 15%, and 16% excluding the impact of DVA

Commercial Banking

Douglas Petno

In Commercial Banking, we always have taken a long-term view and measured the success of our business by the value we bring to our clients. We look for the best management teams in the best industries and nonprofit sectors and then patiently build long-lasting relationships. Our bankers work to understand each client's business model, operating environment, and, importantly, ambitions and challenges so we can respond with the ideas, solutions and capital to help every client succeed.

Our Commercial Banking team of more than 6,000 professionals now is in 125 locations across 29 states; Washington, D.C.; and 13 major international cities, and we are entrenched in the communities we serve. By being where our clients are, Commercial Banking is in a unique position to deliver comprehensive, world-class financial solutions from across our firm while never compromising on service, customer experience or our local presence.

2012 results

This approach has produced consistently positive results for the last several years, and 2012 was no exception. In 2012, we delivered record revenue of \$6.8 billion and record net income of \$2.6 billion, up 6% and 12%, respectively, over the previous year. Loans have increased for 10 consecutive quarters, and in 2012, end-of-period loans increased 14% over the previous year. These results led to exceptional returns, with return on equity of 28%, exceeding our 20% through-the-cycle target. Each of our business units has a strategy to better serve our clients, and each is executing admirably.

Essential to achieving consistent earnings growth, we have maintained a relentless focus on our risk profile and expense base. We delivered strong credit performance, with nonperforming loans and net charge-offs continuing to trend toward pre-crisis levels even as we increased lending. We also maintained our expense discipline and met our overhead ratio target of 35% in 2012 while continuing to make substantial investments in our overall business. We opened new offices in Jacksonville, Florida and Sacramento, California; hired new employees; continued to improve our customer experience; and invested in the latest technologies to enhance and specialize our products.

A real highlight for me in 2012 was the degree to which our partnerships across the firm grew even stronger. There is significant value in our ability to provide comprehensive solutions and service to our nearly 23,000 corporate, state, municipal, financial institution and nonprofit clients and almost 36,000 commercial real estate clients. Through closer partnerships across the firm, we've enhanced our focus on clients this year and now are in an even better position to tailor our wide array of solutions to fit their needs.

Doing business the right way

We are proud of the unwavering support and capital we provided to our clients in turbulent market conditions. In 2012, we extended \$126 billion in new and renewed financing, up 13% from 2011, including \$15 billion extended to governments, hospitals, educational institutions and other nonprofit organizations. This financing provided vital capital to our clients, helping them expand and invest in their businesses and thus contribute meaningfully to their local economies. We do this every day, across the country, with companies like Jack Link's Beef Jerky, a Chase Middle Market client that completed major expansions of its production facilities in Alpena, South Dakota and Minong, Wisconsin last year, adding 115 full-time jobs in those communities.

Having long-lasting relationships with our clients means we are there for them when they need us most. Our response in the aftermath of Superstorm Sandy best exemplifies our dedication to our clients and our communities. In the wake of the storm, Commercial Banking team members from across the country immediately went to work, finding ways – both big and small – to offer resources and support for those affected. Beyond increasing credit lines to give our clients peace of mind as they worked to resume operations, we also located clients that could provide temporary space to help other clients, donated payroll processing equipment to an evacuated healthcare client and proactively processed wire payments for clients without electricity.

Being good partners is about more than doing our job well. It's about finding ways to contribute outside the office, too. I'm incredibly proud of our team members' commitment to being good neighbors in everything they do.

2013 perspective

As we look forward, 2013 will continue to test us as our competition intensifies and the economy remains fragile. We expect market conditions to improve, though, and actually hope to see some reduction in deposit balances as that money moves back into the economy.

We will uphold our risk discipline and continue doing business the right way in 2013. We have a responsibility to ourselves, our clients and our shareholders to deliver strong financial performance while building and maintaining effective controls to protect our business. This includes complying with the letter and spirit of all rules and regulations that govern our industry and our firm.

Expanding our client base and building deeper client relationships remain top priorities for Commercial Banking. Our Middle Market expansion strategy is a significant growth opportunity – one we believe will reach $1 billion in annual revenue over time. We added over 900 new Middle Market clients last year, with more than a quarter of those in our expansion markets. We are deepening existing relationships by continually improving our coverage and customer service, as well as by sharpening our industry expertise. Deepening relationships takes patience, but we're not going anywhere.

There are real growth opportunities in our commercial real estate businesses as well. Our strategy for the coming year is to further differentiate our service and capabilities as multifamily housing market fundamentals continue to improve. We're monitoring risk in these businesses as carefully as always.

In 2013, we will continue to recruit and hire great people across our markets while also focusing on development initiatives to build and retain the best team in the industry. All our employees are challenged to continually learn and grow, and I'm committed to making sure they have access to the best resources possible to help them make a difference for our business and in the communities where they live and work.

Our business plan has been tested and proven. We have a fantastic team with an incredible culture based on teamwork, integrity, hard work and a deep sense of community. I am so proud of what our people do every day for our clients. I'm confident we will continue to build upon our tremendous franchise, remain focused on our long-term objectives, and deliver enduring value to our clients and shareholders in 2013.

Douglas Petno
CEO, Commercial Banking

2012 HIGHLIGHTS AND ACCOMPLISHMENTS

Performance highlights

- Third consecutive year of record earnings, revenue and gross investment banking revenue
- Grew end-of-period loans 14% and average deposits 12%
- Generated return on equity of 28%, exceeding target of 20%
- Continued to outperform peers in credit quality with the lowest net charge-off ratio and nonperforming loan ratio[1]

Progress in key growth areas

- U.S. market expansion – Added more than 250 clients in expansion markets, contributing 49% of revenue growth for Middle Market Banking
- Investment Banking – Earned gross revenue of $1.6 billion
- International Banking – Achieved double-digit growth in revenue, deposits and loans[2]

Business segment highlights

- Middle Market Banking – Double-digit growth in both loans and deposits; 11 consecutive quarters of loan increases; and more than 900 new clients added
- Corporate Client Banking – 15% increase in revenue; record loans and investment banking fees
- Commercial Term Lending – Record originations: 73% increase in 2012; improvement in credit quality
- Real Estate Banking – Record originations: 19% increase in 2012; double-digit deposit growth
- Community Development Banking – Provided nearly $900 million in new loans that supported ~9,500 affordable housing units in the U.S.
- Asset-Based Lending and Chase Equipment Finance – 25% and 18% increase in loans, respectively

Firmwide contribution

- In 2012, Commercial Banking clients accounted for:[3] 31% of North America (NA) total investment banking fees, 32% of NA M&A fees, and 34% of NA equity underwriting fees
- $2.4 billion in Treasury Services revenue in 2012
- Over $110 billion in assets under management from Commercial Banking clients, generating $415 million in Investment Management revenue
- More than $180 million in Global Commercial Card revenue in 2012

Leadership positions

- #1 large middle market syndicated lender[4]
- #1 U.S. multifamily lender since 2008[5]
- 89% customer satisfaction[6]
- Recognized with 2012 Greenwich Associates' Excellence Awards in Treasury Services product capabilities and customer service, international service and online services

[1] Peer averages for ratios reflect Commercial Banking equivalent segments or wholesale portfolios at Bank of America, Comerica, Fifth Third, KeyCorp, PNC, U.S. Bancorp and Wells Fargo

[2] Denotes U.S. multinational clients with overseas revenue

[3] Calculated based on gross domestic IB revenue for syndicated and leveraged finance, M&A, equity underwriting and bond underwriting

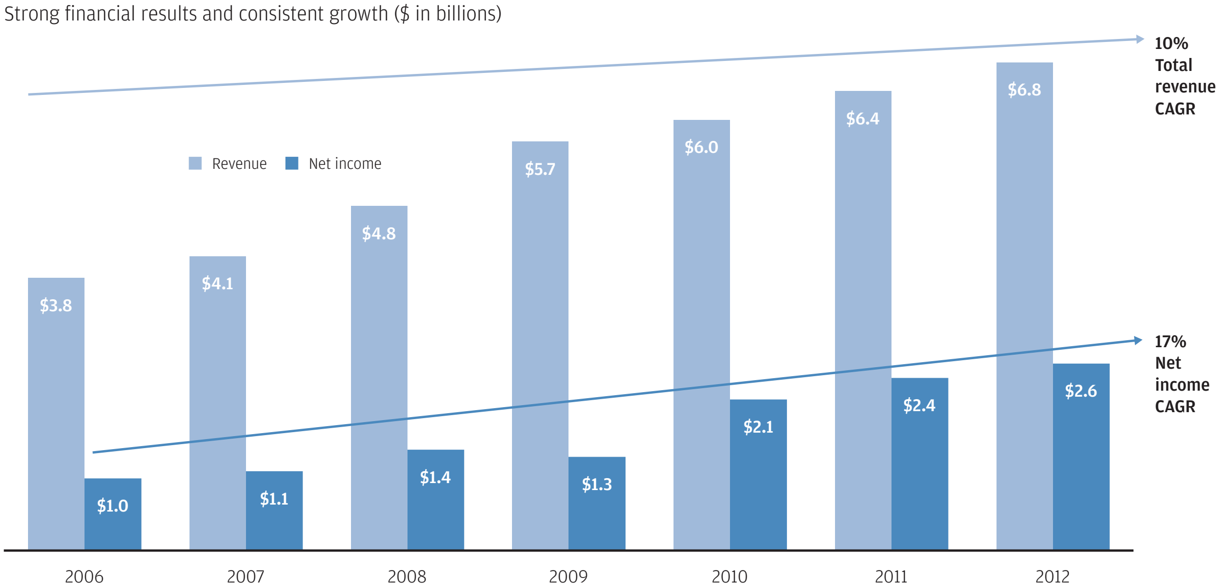
[4] Thomson Reuters FY2012

[5] Federal Deposit Insurance Corporation 2008 - YTD 3Q12

[6] 2012 Chase Relationship Survey

Proven Business Model

Strong financial results and consistent growth ($ in billions)



ROE	18%	17%	20%	16%	26%	30%	28%

CAGR = Compound annual growth rate

Asset Management

Mary Callahan Erdoes

Delivering for our clients

In Asset Management, our commitment is to generate strong risk-adjusted investment performance over the long term for our individual and institutional clients around the world. By virtually any measure, we delivered on that promise in 2012, achieving industry-leading performance in the 1-, 3-, 5- and 10-year categories.

With more than 215 of our public mutual funds ranked 4 or 5 stars by Morningstar and 76% of all our assets in the first or second performance quartile over the past five years, our success spans all the global markets in which we operate. We are proud that J.P. Morgan is the only firm to be recognized by *Barron's* as being in the top five of its 1-, 5- and 10-year U.S. performance rankings.

Our award-winning investment performance is even more powerful when it's combined with our broad range of banking, lending and fiduciary capabilities. Our integrated offering led to more clients entrusting us with their assets. We had more than $100 billion in new, long-term inflows (excluding liquidity), bringing us to a record $2.1 trillion in total client assets. Equally impressive, we marked our 15th consecutive quarter of positive long-term assets under management flows and our 10th consecutive year of inflows across our private client complex.

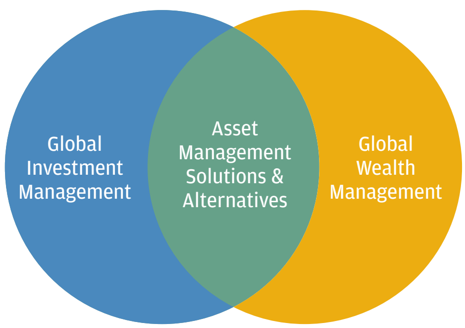
In addition to investing with J.P. Morgan, more clients utilized our lending and deposit capabilities than ever before. We had a record $69 billion of wholesale loan balances, an additional $18 billion in total underwritten mortgages, and a record $145 billion in private client deposits at year-end.

A unique business model serving the world's most influential clients

Asset Management's Global Investment Management (GIM) and Global Wealth Management (GWM) franchises count among their clients many of the world's largest billionaires; more than half of the top pension funds, sovereign wealth funds and central banks; and over 3,000 global financial intermediary firms – each with multiple advisors who invest in our funds on behalf of their clients.

Our client relationships are built on trust and have endured for decades. Last year, we celebrated the 110th anniversary with one of our private client families. The relationship, which started in New York with a prominent business owner, has spanned 14 family branches and five generations, and includes multi-jurisdictional estate planning and investment management for family members living around the world, from New Zealand to New York.

An Integrated Business Model



Insurance
Sovereigns
Pension Funds
Intermediaries
Endowments & Foundations
Family Offices
Ultra-High-Net-Worth
High-Net-Worth
Affluent

For us, earning our clients' trust is about taking a comprehensive view of their financial needs. For example, when a Middle Eastern institutional client whose assets we invest has needs on the liability side of its balance sheet or a Latin American business owner to whom we provide personal balance sheet advice needs help with corporate banking and lending, we are able to connect them with our colleagues across the firm to develop the best solutions.

2012 financial results

Our relentless focus on our clients' needs helped Asset Management produce record annual revenue for the third consecutive year – $9.9 billion. Net income was up a healthy 7% to $1.7 billion, and our pre-tax margin remained strong at 28%, which is particularly meaningful as we continue to invest heavily in the future growth of our business.

Most of our additional investments focused on two themes: enhancing our products and services, and strengthening our core operations. We added 80 client advisors and investment professionals, and had a record of more than 375 investment strategies, ensuring that we can offer our clients the best advice and solutions. We also invested more than $600 million in state-of-the-art technology designed to help us serve clients better.

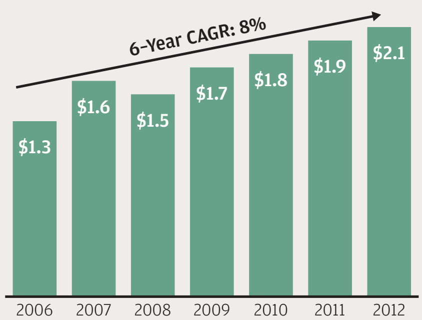
2013 strategic priorities

In addition to our continued investments in our business and relentless focus on investment performance and business discipline, partnership remains a critical driver of our future growth. The more we work together – within Asset Management and across JPMorgan Chase – the better we can serve our clients.

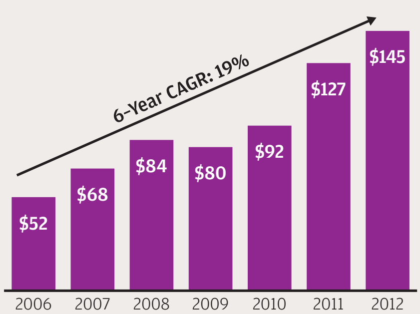
U.S. wealth management continuum – We are committed to serving the entire U.S. wealth management continuum – affluent, high-net-worth and ultra-high-net-worth. Our J.P. Morgan and Chase franchises have nearly 6,000 client advisors focused on these segments. A significant growth opportunity is Asset Management's partnership with Chase Private Client (CPC), which serves the affluent segment. With CPC leveraging Asset Management's best-in-class infrastructure and solutions, the number of households being served by the group climbed nearly fivefold last year and its assets more than quadrupled.

Solutions and alternatives – Last year, we created the Asset Management Solutions group to bring together insights and ideas from across GIM and GWM. The group has approximately $100 billion in assets under management and is well-positioned for growth as more clients focus on outcome-oriented solutions. Our Alternatives teams, which include Highbridge, Gávea, Global Real Assets, and our fund-of-funds and advisory businesses, also are working together more closely and leveraging our best thinking across segments. With $163 billion of client assets in diversified alternatives and absolute return solutions, we are one of the world's largest alternatives managers.

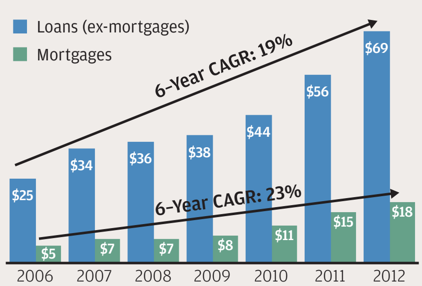
Asset Management Total Client Assets
($ in trillions)



Global Wealth Management Deposits
($ in billions)



Global Wealth Management – 94% with Secured Collateral
($ in billions)



CAGR = compound annual growth rate

International – We plan to build upon our momentum of attracting the best and brightest in the financial industry. Since 2006, in the International Private Bank alone, we have grown our client advisors by 130%. Additionally, last year we aligned each of our Mutual Funds and Institutional businesses globally to create greater opportunities for sharing product innovations and sales strategies, and for leveraging best practices. We also continue to consider the best ways to prudently balance our onshore and offshore capabilities in countries around the world.

Proud of our heritage

With more than 180 years of experience as fiduciaries and a proven track record of delivering high growth and diversified earnings from a broad set of products, channels and regions, we have a business and heritage that are difficult to replicate.

We are proud of our success and excited about the opportunities ahead of us. But most important, we are privileged to have earned our clients' trust and remain committed to delivering best-in-class investment performance, providing innovative solutions, and always doing first-class business and that in a first-class way.

Mary

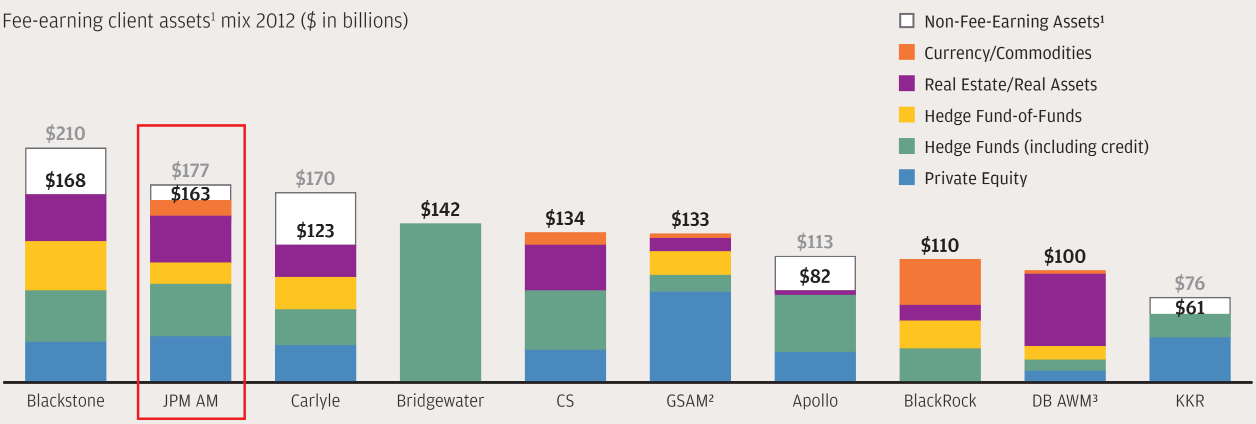
Mary Callahan Erdoes
CEO, Asset Management

2012 HIGHLIGHTS AND ACCOMPLISHMENTS

- #1 Ultra-High-Net-Worth Global Private Bank, *Euromoney*
- #1 U.S. Large Cap Growth Manager of the Year, *Institutional Investor*
- #1 U.S. Infrastructure Manager of the Year, *Institutional Investor*
- #1 Institutional Money Market Fund Manager Worldwide, *iMoneyNet*
- #1 U.S. Alternatives Money Manager, *Pensions & Investments*
- #1 U.S. Private Equity Money Manager, *Pensions & Investments*
- Top European Buyside Firm, *Thomson Reuters Extel*
- Best Asset Management Company for Asia, Hong Kong, and Japan, *The Asset*
- Best Overall Wealth Solutions Provider, *Private Asset Managers*
- Advisory Solutions Investment Manager of the Year, Money Management Institute
- Second-largest recipient of U.S. total net mutual fund flows, *Strategic Insight*
- Second-largest hedge fund manager, *Absolute Return*

Diversified Alternatives/Absolute Return Platform

Fee-earning client assets[1] mix 2012 ($ in billions)



Source: Company filings, J.P. Morgan estimates

[1] Fee-earning client assets exclude assets that do not earn fees such as firm capital invested in its own funds, uncalled capital commitments and asset appreciation based on changes in the fair value of underlying investments; non-fee-earning assets include these items

[2] GSAM breakdown based on Towers Watson FT Global Alternatives Survey 2012 (July 2012)

[3] Deutsche Bank AWM figures based on J.P. Morgan estimates

Corporate Responsibility

Peter Scher

About Corporate Responsibility

Five years after the global financial crisis began, 2012 saw the economic tide begin to turn. Housing markets started to stabilize, economies around the world slowly found their footing and unemployment rates inched down. At JPMorgan Chase, we remain optimistic that better days are ahead, but there still are far too many people looking for jobs, governments facing severe fiscal constraints and vital social service providers stretched thin trying to serve millions struggling to make ends meet.

As the financial crisis in the United States and the ongoing challenges in Europe have demonstrated, the world is more complex and our economies more interconnected than at any time in history. Global competition is more formidable than ever. Populations are growing rapidly and are migrating to urban areas, creating the need for new jobs and putting pressure on local infrastructure, education, housing, energy, clean water and other critical resources. And political instability, fueled in part by lack of economic opportunity, is sending ripples around the globe.

At the core of our values, JPMorgan Chase believes that using our strength and global reach, our expertise and relationships, and, of course, our access to capital to support our clients and communities, invest in them and help them navigate a complex global economy is our unique and fundamental corporate responsibility. This is central to how we do business. Because when we are successful, we create the foundation for widely shared growth and long-term prosperity.

2012 results

There was a lot for us to be proud of during the last year.

At a time when job creation is top of mind for communities all around the world, we increased our lending to small businesses by 18% over 2011; provided $6 billion to low-to-moderate income individuals or communities through our community development work; and worked to improve the lives of underserved people around the globe by growing the amount of capital we committed to impact investments to nearly $50 million.

In 2012, we worked with municipal governments to finance investments in infrastructure, education, workforce training and economic development that make cities globally competitive – and we leveraged our global footprint to connect economic leaders around the world through our Global Cities Initiative with The Brookings Institution. We also advanced environmental stewardship and innovation across our lines of business in close partnership with clients and through careful management of our direct operations, including energy use and greenhouse gas emissions.

In the United States, our community development financing efforts expanded affordable housing in cities and towns across the country. We introduced products tailored to meet the needs of underserved communities, many of which lack traditional, secure banking relationships. Our company and people donated very significant amounts of time and money to help local charities everywhere we operate. And we continued to uphold our duty to support – through hiring, housing and education – the military men and women who bravely serve the United States.

Taken together, these efforts reflect our responsibility to invest in our communities across the globe – and we are committed to doing more in the years ahead. We know that to make progress, we need to operate with integrity, acknowledge and fix our mistakes, and continually strive to gain the confidence of all our stakeholders. This is what motivates us every day.

Peter Scher
Head of Corporate Responsibility

2012 HIGHLIGHTS AND ACCOMPLISHMENTS

Growing the economy

- Provided $20 billion in new credit to American small businesses. Over the last three years, we added more than 1,000 small business bankers, and for the third year in a row, we were the #1 Small Business Administration (SBA) lender by units, approving 40% more SBA loans than our nearest competitor in the SBA's fiscal year 2012.

- Continued to provide billions of dollars in credit and financing to European clients – corporate and sovereign – even as those economies came under increasing strain. J.P. Morgan has been in Europe for more than 150 years and is committed to being a reliable partner in good times and bad to serve countries, clients, nonprofits and communities across the region.

- Provided $3 million in grants through our Mission Small Business program to small businesses around the United States that are making a positive impact in their communities. Nearly 70,000 small businesses applied, and 3.1 million consumers showed their support by voting for their favorite small businesses.

- Launched a five-year, $10 million effort to bolster economic growth by strengthening trade and investment ties between U.S. and global cities. In 2012, The Brookings-JPMorgan Chase Global Cities Initiative brought together leaders in Los Angeles, San Diego, Columbus, Miami, Singapore and São Paulo to highlight best policy and practice innovations from around the world and to foster a global network of leaders whose metropolitan regions trade, invest and grow together.

GLOBAL CITIES INITIATIVE
A Joint Project of Brookings and JPMorgan Chase

- Invested $15 million in workforce development partnerships, including Skills for Chicagoland's Future, which connects workforce development training programs with partners who can train people with the skills employers are seeking and then match graduates with employers' posted positions. In total, we awarded nearly $60 million in grants to workforce development programs over the last five years.

Strengthening communities

- Provided in excess of $990 million in loans and just over $1 billion in equity to build or preserve more than 31,000 units of affordable housing for low- and moderate-income families in over 200 U.S. cities.

- Lent $189 million to community development financial institutions that leveraged our capital to secure financing for more affordable housing, schools, healthcare clinics and small businesses.

- Structured $219 million in New Markets Tax Credits to build manufacturing and industrial capacity in the U.S. and $79 million for the construction of eight healthcare centers that cumulatively will be able to provide more than a quarter million annual patient visits.

- Committed $10 million to New York City's Clean Heat program, a public-private partnership to allow low-income, multifamily buildings to convert their heating systems from heavy fuel oil to cleaner-burning natural gas.

- Exceeded our 2004 10-year, $800 billion Public Commitment to make loans and investments for housing, small businesses and community development in the U.S. By the end of 2012 – one year ahead of schedule – we had lent or invested $844 billion in mortgages, small business and nonprofit loans, and affordable housing, primarily for minority or lower-income borrowers and communities.

- Strengthened communities outside the U.S. by investing $1 million in clean water programs in rural villages across India, Vietnam, Indonesia and the Philippines. Over the last two years, JPMorgan Chase has provided $1.9 million to deploy 192 AquaTowers that each supports the daily drinking water requirements of 1,000 people.

Coming to the aid of our neighbors and communities

In the wake of Superstorm Sandy, JPMorgan Chase announced up to $5 billion of support for small and mid-sized businesses and donated $10 million in aid to disaster relief organizations and individuals. We dispatched food trucks and mobile ATMs to hard-hit areas, waived fees for customers, reopened our branches quickly, found ways for more than 1,000 JPMorgan Chase employees to volunteer, and accepted donations to the American Red Cross through our ATMs and Rewards program. In partnership with the Robin Hood Foundation, we supported the 12.12.12 Concert for Sandy Relief, which raised more than $50 million for storm victims. After it became clear that Superstorm Sandy might disrupt the normal operations of the municipal debt markets, J.P. Morgan immediately offered its services to help the state of New Jersey raise $2.6 billion in debt financing, waiving our fees on the underwriting and guaranteeing that the state's borrowing costs would not exceed a predetermined rate.

Banking the underserved

- Introduced Chase Liquid℠, a general purpose reloadable card that is a low-cost alternative to traditional checking accounts and is designed to bring underserved customers into the traditional banking system.

- Supported a multimillion-dollar impact investment in Barared, a correspondent banking network that provides Mexico's low-income population with access to financial services and improves the income of small businesses in the network.

Honoring military and veterans

- Worked with partner firms to grow the 100,000 Jobs Mission to 91 companies that have hired more than 51,000 American veterans in just under two years — well ahead of the goal to hire 100,000 veterans by 2020. JPMorgan Chase alone hired nearly 5,000 veterans by the end of 2012, and we work every day to provide them with the tools to have a meaningful career.

- Provided almost 400 homes to deserving veterans and their families through our nonprofit partners, including Building Homes for Heroes, Homes for Our Troops, Military Warriors Support Foundation and Operation Homefront. We're on track to meet our commitment to donate 1,000 homes by 2016.

Giving and volunteering

- Made more than $190 million in philanthropic donations to nonprofits in 37 countries around the world to support community development, education, and arts and culture.

- More than 43,000 of our people provided 468,000 hours of volunteer service in local communities around the globe.

- Donated computer servers worth more than $500,000 to the KIPP public charter school network in New York. This hardware, configured by our Technology for Social Good team, will increase KIPP's data storage capacity and will improve its ability to expand curricula. In 2011, we invested over $38 million to help KIPP construct new schools in low-income communities in the Bronx, New York; Lynn, Massachusetts; and Washington, D.C.

- Donated more than $10 million to over 200 charities through the Chase Community Giving crowd-sourced philanthropy program. Through Chase Community Giving, we've donated in excess of $28 million to over 700 charities across the U.S. since 2009 — and the program has more than 3.8 million Facebook fans.

- Extended our inaugural support of Bankers Without Borders®, a global volunteer initiative that connects institutions serving the poor with skilled volunteers. In 2012, our employees volunteered over 2,500 hours on projects in Indonesia, Peru and Kenya, among others.

Promoting sustainability

- Helped deploy over $5 billion of capital for alternative energy and clean technology companies and projects, including more than $1.6 billion in tax equity for renewable energy.

- Built a risk assessment framework to understand the practices of our clients that engage in hydraulic fracturing, working with clients, communities and environmental organizations such as the Environmental Defense Fund and The Nature Conservancy. The framework will allow us to promote best practices with our clients and across the financial services industry.

Accelerating small business growth

In South Africa, small businesses are key to expanding employment and economic growth, but many lack access to the expertise and services they need in order to grow. In 2012, we committed more than $1 million to launch the SME Catalyst for Growth Program, an initiative that provides small and medium-sized enterprises (SME) with access to hard-to-obtain quality business development services such as technical skills training, mentoring and help in accessing markets and finance. This program will create a framework for assessing the quality and impact of these services, helping both financiers and enterprises invest wisely in the sector, and contributing to South Africa's economic growth.