

JPMORGAN CHASE & CO
Form 10-Q
August 01, 2018

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 Commission file
June 30, 2018 number 1-5805

JPMorgan Chase & Co.
(Exact name of registrant as specified in its charter)
Delaware 13-2624428
(State or other jurisdiction of (I.R.S. employer
incorporation or organization) 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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
Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

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

Number of shares of common stock outstanding as of June 30, 2018: 3,360,884,107

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JPMorgan Chase & Co.
Consolidated financial highlights
(unaudited)

As of or for the period ended, (in millions, except per share, ratio, headcount data and where otherwise noted)

Six months ended June 30,

	1Q18	4Q17	3Q17	2Q17	2018	2017
Selected income statement data						
Total revenue	\$27,907	\$24,457	\$25,578	\$25,731	\$55,660	\$50,670
Total interest expense	16,080	14,895	14,570	14,767	32,051	30,050
Pre-provision profit	11,827	9,562	11,008	10,964	23,609	20,620
Provision for credit losses	1,165	1,308	1,452	1,215	2,375	2,530
Income before tax expense	10,662	8,254	9,556	9,749	21,234	18,090
Income tax expense	2,256	4,022	2,824	2,720	4,206	4,613
Net income	\$8,712	\$4,232	\$6,732	\$7,029	\$17,028	\$13,477

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Earnings per share data							
Net income:	\$2.31	\$2.38	\$1.08	\$1.77	\$1.83	\$4.69	\$3.49
Basic							
Diluted	2.37	1.07	1.76	1.82	4.66	3.47	
Average shares	3,458.3	3,489.7	3,534.7	3,574.1	3,436.7	3,587.9	
Basic							
Diluted	3,479.5	3,512.2	3,559.6	3,599.0	3,457.1	3,614.7	
Market and per common share data							
Market capitalization	350,204	374,423	366,301	331,393	321,633	350,204	321,633
Common shares at period-end	3,360.9	3,404.8	3,425.3	3,469.7	3,519.0	3,360.9	3,519.0
Share price: ^(a)							
High	\$115.15	\$119.33	\$108.46	\$95.88	\$92.65	\$119.33	\$93.98
Low	103.11	103.98	94.96	88.08	81.64	103.11	81.64
Close	109.97	109.97	106.94	95.51	91.40	104.20	91.40
Book value per share	68.85	67.59	67.04	66.95	66.05	68.85	66.05
Tangible book value per share (“TBVPS” ^(b))	55.14	54.05	53.56	54.03	53.29	55.14	53.29
Cash dividends declared per share	0.56	0.56	0.56	0.56	0.50	1.12	1.00
Selected ratios and metrics							
Return on common equity	%15	%7	%11	%12	%14	%11	%

Return on tangible common equity (“ROE”) ^(c)	19	8	13	14	18	14	
Return on tangible common equity (“ROE”) ^{(b)(c)}	17						
Return on assets ^(c)	1.37	0.66	1.04	1.10	1.32	1.07	
Overhead ratio	58	61	57	57	58	59	
Loans-to-deposits ratio	65	63	64	63	65	63	
Liquidity coverage ratio	115	119	120	115	115	115	
Common equity Tier 1 (“CET1”) capital ratio ^(e)	11.8	12.2	12.5	(h) 12.5	(h) 12.0	12.5	(h)
Tier 1 capital ratio ^(e)	13.5	13.9	14.1	(h) 14.2	(h) 13.6	14.2	(h)
Total capital ratio ^(e)	15.3	15.9	16.1	16.0	15.5	16.0	
Tier 1 leverage ratio ^(e)	8.2	8.3	8.4	8.5	8.2	8.5	
Supplementary leverage ratio	6.5	6.5	6.6	6.7	6.5	6.7	
Selected balance sheet data (period-end)							
Trading assets	\$418,799	\$412,282	\$381,844	\$420,418	\$407,064	\$418,799	\$407,064
Investment securities	233,015	238,188	249,958	263,288	263,458	233,015	263,458

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2014	934,424	930,697	913,761	908,767	948,414	908,767			
Core loans	889,433	870,536	863,683	843,432	834,935	889,433	834,935		
Average loans	877,640	861,089	850,166	837,522	824,583	869,410	815,034		
Total assets	2,590,050	2,609,785	2,533,600	2,563,074	2,563,174	2,590,050	2,563,174		
Deposits	1,452,122	1,486,961	1,443,982	1,439,027	1,439,473	1,452,122	1,439,473		
Long-term debt	273,114	274,449	284,080	288,582	292,973	273,114	292,973		
Common stockholders' equity	230,133	230,133	229,625	232,314	232,415	231,390	232,415		
Total stockholders' equity	257,458	256,201	255,693	258,382	258,483	257,458	258,483		
Preferred stock	253,707	253,707	252,539	251,503	249,257	252,942	249,257		
Credit quality metrics									
Allowance for credit losses	\$14,367	\$14,482	\$14,672	\$14,648	\$14,480	\$14,367	\$14,480		
Allowance for loan losses to total retained loans	1.41	% 1.44	% 1.47	% 1.49	% 1.49	% 1.41	% 1.49	%	
Allowance for loan losses to retained loans excluding purchased credit-impaired loans ^(g)	1.25	1.25	1.27	1.29	1.28	1.22	1.28		
Nonperforming assets	\$5,767	\$6,364	\$6,426	\$6,154	\$6,432	\$5,767	\$6,432		
Net charge-offs	1,252	1,335	1,264	1,265	1,204	2,587	2,858	(i)	
Net charge-off rate	0.59	% 0.59	% 0.55	% 0.56	% 0.54	% 0.56	% 0.65	% (i)	

Effective January 1, 2018, the Firm adopted several new accounting standards. Certain of the new accounting standards were applied retrospectively and, accordingly, prior period amounts were revised. For additional information, refer to Note 1.

(a) Based on daily prices reported by the New York Stock Exchange.

TBVPS and ROTCE are non-GAAP financial measures. For a further discussion of these measures, refer to

(b) Explanation and Reconciliation of the Firm's Use of Non-GAAP Financial Measures and Key Performance Measures on pages 15–17.

(c) Quarterly ratios are based upon annualized amounts.

(d) For the six months ended June 30, 2017, the balance represents the Firm's reported average LCR per the U.S. LCR public disclosure requirements effective April 1, 2017.

Ratios presented are calculated under the Basel III Transitional capital rules and for the capital ratios represent the lower of the Standardized or Advanced approach as required by the Collins Amendment of the Dodd-Frank Act (the "Collins Floor"). Refer to Capital Risk Management on pages 43–47 for additional information on Basel III and the Collins Floor.

(e)

Effective January 1, 2018, the SLR was fully phased-in under Basel III. The SLR is defined as Tier 1 capital (f) divided by the Firm's total leverage exposure. Ratios prior to March 31, 2018 were calculated under the Basel III Transitional rules.

(g) Excluded the impact of residential real estate purchased credit-impaired ("PCI") loans, a non-GAAP financial measure. For a further discussion of these measures, refer to Explanation and Reconciliation of the Firm's Use of Non-GAAP Financial Measures and Key Performance Measures on pages 15–17. For a further discussion, refer to Allowance for credit losses on pages 67–69.

(h) The prior period ratios have been revised to conform with the current period presentation.

(i) Excluding net charge-offs of \$467 million related to the student loan portfolio sale, the net charge-off rates for the six months ended June 30, 2017 would have been 0.54%.

INTRODUCTION

The following is management's discussion and analysis ("MD&A") of the financial condition and results of operations of JPMorgan Chase & Co. ("JPMorgan Chase" or the "Firm") for the second quarter of 2018.

This Form 10-Q should be read together with JPMorgan Chase's Annual Report on Form 10-K for the year ended December 31, 2017 ("2017 Annual Report" or "2017 Form 10-K"), to which reference is hereby made, and which is referred to throughout this document. Refer to the Glossary of terms and acronyms and line of business metrics on pages 172–179 for definitions of terms and acronyms used throughout this Form 10-Q.

The MD&A included in this Form 10-Q contains statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the current beliefs and expectations of JPMorgan Chase's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. For a further 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, refer to Forward-looking Statements on page 83 of this Form 10-Q and Part I, Item 1A, Risk Factors, on pages 8–26 of JPMorgan Chase's 2017 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 \$2.6 trillion in assets and \$257.5 billion in stockholders' equity as of June 30, 2018. 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 principal credit card-issuing bank. JPMorgan Chase's principal nonbank subsidiary is J.P. Morgan Securities LLC ("J.P. Morgan Securities"), a U.S. broker-dealer. The bank and non-bank subsidiaries of JPMorgan Chase operate nationally as well as through overseas branches and subsidiaries, and representative offices. The Firm's principal operating subsidiary 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 segment is the Consumer & Community Banking ("CCB"). The Firm's wholesale business segments are Corporate & Investment Bank ("CIB"), Commercial Banking ("CB"), and Asset & Wealth Management ("AWM"). For a description of the Firm's business segments and the products and services they provide to their respective client bases, refer to Note 31 of JPMorgan Chase's 2017 Form 10-K.

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 and the 2017 Form 10-K should be read in their entirety.

Effective January 1, 2018, the Firm adopted several new accounting standards, of which the most significant to the Firm are the guidance related to revenue recognition, and recognition and measurement of financial assets. The revenue recognition guidance required gross presentation of certain costs that were previously offset against revenue. This change was adopted retrospectively and, accordingly, prior period amounts were revised, resulting in both total net revenue and total noninterest expense increasing with no impact to net income. The adoption of the recognition and measurement guidance resulted in \$505 million of fair value gains, which were recorded in total net revenue in the first quarter of 2018, on certain equity investments that were previously held at cost. For additional information, refer to Note 1.

Financial performance of JPMorgan Chase
(unaudited)

As of or for the period ended, (in millions, except per share data and ratios)	Three months ended June 30,			Six months ended June 30,			
	2018	2017	Change	2018	2017	Change	
Selected income statement data							
Total net revenue	\$27,753	\$25,731	8	% \$55,660	\$50,670	10	%
Total noninterest expense	15,971	14,767	8	32,051	30,050	7	
Pre-provision profit	11,782	10,964	7	23,609	20,620	14	
Provision for credit losses	1,210	1,215	—	2,375	2,530	(6))
Net income	8,316	7,029	18	17,028	13,477	26	
Diluted earnings per share	\$2.29	\$1.82	26	\$4.66	\$3.47	34	
Selected ratios and metrics							
Return on common equity	14	% 12	%	14	% 11	%	
Return on tangible common equity	17	14		18	14		
Book value per share	\$68.85	\$66.05	4	\$68.85	\$66.05	4	
Tangible book value per share	55.14	53.29	3	55.14	53.29	3	
Capital ratios ^(a)							
CET1 ^(b)	12.0	% 12.5	%	12.0	% 12.5	%	
Tier 1 capital ^(b)	13.6	14.2		13.6	14.2		
Total capital	15.5	16.0		15.5	16.0		

^(a) Ratios presented are calculated under the Basel III Transitional capital rules and represent the Collins Floor. Refer to Capital Risk Management on pages 43–47 for additional information on Basel III.

^(b) The prior period ratios have been revised to conform with the current period presentation.

Comparisons noted in the sections below are calculated for the second quarter of 2018 versus the second quarter of 2017, unless otherwise specified.

Firmwide overview

JPMorgan Chase reported strong results in the second quarter of 2018 with record net income of \$8.3 billion, or \$2.29 per share, on net revenue of \$27.8 billion. The Firm reported ROE of 14% and ROTCE of 17%.

Net income increased 18%, reflecting higher net revenue and the impact of the lower U.S. federal statutory income tax rate as a result of the Tax Cuts & Jobs Acts (“TCJA”), partially offset by an increase in noninterest expense.

Total net revenue increased 8%. Net interest income was \$13.5 billion, up 10%, predominantly driven by the impact of higher rates and loan growth, partially offset by lower Markets net interest income. Noninterest revenue was \$14.3 billion, up 6%, driven by higher Markets revenue, investment banking fees and auto lease income, partially offset by lower Card net interchange income. Card net interchange income includes a rewards liability adjustment of approximately \$330 million, driven by an increase in redemption rate assumptions, partially offset by higher card sales volumes.

Noninterest expense was \$16.0 billion, up 8%, driven by higher performance-related compensation expense, investments in technology, auto lease depreciation, volume-related transaction costs, and a loss of \$174 million on the liquidation of a legal entity.

The provision for credit losses was \$1.2 billion, flat compared with the prior year.

The total allowance for credit losses was \$14.4 billion at June 30, 2018, and the Firm had a loan loss coverage ratio, excluding the PCI portfolio, of 1.22%, compared with 1.28% in the prior year. The Firm’s nonperforming assets totaled \$5.8 billion at June 30, 2018, a decrease from \$6.4 billion in the prior year.

Firmwide average core loans increased 6%, and excluding CIB, core loans increased 7%.

Selected capital-related metrics

The Firm’s Basel III Fully Phased-In CET1 capital was \$185 billion, and the Standardized and Advanced CET1 ratios were 12.0% and 12.8%, respectively.

The Firm’s fully phased-in SLR was 6.5% at June 30, 2018.

The Firm continued to grow tangible book value per share (“TBVPS”), ending the second quarter of 2018 at \$55.14, up 3%.

ROTCE and TBVPS are each non-GAAP financial measures. Core loans and each of the Fully Phased-In capital and certain leverage measures are all considered key performance measures. For a further discussion of each of these measures, refer to Explanation and Reconciliation of the Firm’s Use of Non-GAAP Financial Measures and Key Performance Measures on pages 15–17, and Capital Risk Management on pages 43–47.

Lines of business highlights

Selected business metrics for each of the Firm’s four lines of business are presented below for the second quarter of 2018.

- Average core loans up 7%; average deposits up 5%
- CCB
- ROE 26%
- Client investment assets of \$284 billion, up 12%
- Credit card sales volume up 11% and merchant processing volume up 12%
- #1 Global Investment Banking fees with 8.6% wallet share year-to-date
- CIB
- ROE 17%
- Markets revenue up 13%, with Equity Markets revenue of \$2.0 billion, up 24%
- Treasury Services and Securities Services revenue each up 12%
- CB
-

ROE 21% Average loan balances up 4%

-
- Strong credit quality with 7 bps net charge-off rate
-

AWM Average loan balances up 12%

ROE 33% •
Assets under management (“AUM”) of \$2.0 trillion, up 8%

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

Credit provided and capital raised

JPMorgan Chase continues to support consumers, businesses and communities around the globe. The Firm provided credit and raised capital of \$1.4 trillion for wholesale and consumer clients during the first six months of 2018:

\$114 billion of credit for consumers

\$11 billion of credit for U.S. small businesses

\$470 billion of credit for corporations

\$743 billion of capital raised for corporate clients and non-U.S. government entities

\$26 billion of credit and capital raised for U.S. government and nonprofit entities, including states, municipalities, hospitals and universities.

Recent events

On June 28, 2018, the Federal Reserve informed the Firm that it did not object, on either a quantitative or qualitative basis, to the Firm’s 2018 capital plan, submitted under the Comprehensive Capital Analysis and Review (“CCAR”). As a result, the Firm announced that the Board of Directors intends to increase the quarterly common stock dividend to \$0.80 per share (up from the current \$0.56 per share), effective the third quarter of 2018 and has authorized gross common equity repurchases of up to \$20.7 billion between July 1, 2018 and June 30, 2019 under a new common equity repurchase program.

2018 outlook

At this time the Firm is not updating the outlook provided in the first quarter 2018 Form 10-Q.

CONSOLIDATED
RESULTS OF
OPERATIONS

This section provides a comparative discussion of JPMorgan Chase's Consolidated Results of Operations on a reported basis for the three and six months ended June 30, 2018 and 2017, 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, refer to pages 77–79 of this Form 10-Q and pages 138–140 of JPMorgan Chase's 2017 Annual Report.

Effective January 1, 2018, the Firm adopted several new accounting standards. Certain of the new accounting standards were applied retrospectively and, accordingly, prior period amounts were revised. For additional information, refer to Note 1.

Revenue

(in millions)	Three months ended June 30,			Six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Investment banking fees	\$2,168	\$1,846	17 %	\$3,904	\$3,726	5 %
Principal transactions	3,782	3,137	21	7,734	6,719	15
Lending- and deposit-related fees	1,495	1,482	1	2,972	2,930	1
Asset management, administration and commissions	4,304	4,047	6	8,613	7,924	9
Investment securities losses	(80)	(34)	(135)	(325)	(37)	NM
Mortgage fees and related income	324	404	(20)	789	810	(3)
Card income	1,020	1,167	(13)	2,295	2,081	10
Other income ^(a)	1,255	1,474	(15)	2,881	2,245	28
Noninterest revenue	14,268	13,523	6	28,863	26,398	9
Net interest income	13,485	12,208	10	26,797	24,272	10
Total net revenue	\$27,753	\$25,731	8 %	\$55,660	\$50,670	10 %

^(a) Included operating lease income of \$1.1 billion and \$873 million for the three months ended June 30, 2018 and 2017, respectively, and \$2.2 billion and \$1.7 billion for the six months ended June 30, 2018 and 2017, respectively.

Quarterly results

Investment banking fees increased reflecting higher equity underwriting and advisory fees. The increase in equity underwriting fees was driven by a higher share of fees, primarily due to strong performance in the IPO and convertible markets. The increase in advisory fees was driven by a higher number of large completed transactions. For additional information, refer to CIB segment results on pages 25–30 and Note 5.

Principal transactions revenue increased reflecting higher client-driven market-making revenue in CIB as a result of strength across products in Equity Markets, predominantly in derivatives and prime brokerage. Fixed Income Markets also recorded solid performance with good client activity. For additional information, refer to CIB segment results on pages 25–30, and Note 5.

For information on lending- and deposit-related fees, refer to the segment results for CCB on pages 20–24, CIB on pages 25–30, CB on pages 31–34 and Note 5.

Asset management, administration and commissions revenue increased reflecting:

- higher asset management fees in AWM and CCB driven by net long-term product inflows and higher market levels, partially offset by fee compression in AWM

- higher brokerage commissions driven by higher volumes and higher asset-based fees in CIB driven by net client inflows and higher market levels.

For additional information, refer to AWM, CCB and CIB segment results on pages 35–38, pages 20–24 and pages 25–30, respectively, and Note 5.

Investment securities losses increased primarily due to sales related to the repositioning of the investment securities portfolio. For further information on the investment securities portfolio, refer to the Corporate segment discussion on pages 39–40 and Note 9.

Mortgage fees and related income decreased driven by lower net production revenue, reflecting lower margins, and lower servicing revenue, partially offset by higher MSR risk management results.

For further information, refer to CCB segment results on pages 20–24 and Note 14.

Card income decreased driven by:

lower net interchange income reflecting higher rewards costs and partner payments, partially offset by higher card sales volumes. The rewards costs included an adjustment to the credit card rewards liability of approximately \$330 million driven by an increase in redemption rate assumptions

the lower net interchange income was largely offset by

lower new account origination costs

higher merchant processing fees reflecting higher merchant processing volumes.

For further information, refer to CCB segment results on pages 20–24 and Note 5.

Other income reflects:

higher operating lease income from growth in auto operating lease volume in CCB

which was more than offset by

the absence of a \$645 million legal benefit in Corporate related to a settlement with the FDIC receivership for Washington Mutual and with Deutsche Bank as trustee to certain Washington Mutual trusts.

For further information, refer to Note 5.

Net interest income increased primarily driven by the net impact of higher rates and loan growth across the businesses, partially offset by declines in Markets net interest income in CIB. The Firm's average interest-earning assets were \$2.2 trillion, up \$45 billion from the prior year, and the net interest yield on these assets, on a fully taxable equivalent ("FTE") basis, was 2.46%, an increase of 15 basis points from the prior year.

Year-to-date results

Investment banking fees increased reflecting:

higher advisory and equity underwriting fees in CIB. The increase in advisory fees was driven by a higher number of large completed transactions. The increase in equity underwriting fees was driven by a higher share of fees, primarily due to strong performance in the IPO market

partially offset by

lower debt underwriting fees primarily driven by declines in industry-wide fee levels and a lower share in leveraged finance.

Principal transactions revenue increased primarily reflecting:

higher client-driven market-making revenue in CIB driven by strength across products in Equity Markets, predominantly derivatives and prime brokerage. Fixed Income Markets also recorded strong performance in Commodities and Currencies & Emerging Markets, largely offset by lower revenue in Credit

the increase in client-driven market-making revenue in CIB was partially offset by

private equity losses of \$45 million compared with gains of \$153 million in the prior year on legacy investments in Corporate.

Asset management, administration and commissions revenue increased reflecting:

higher asset management fees in AWM and CCB driven by net long-term product inflows and higher market levels, partially offset by fee compression in AWM

higher brokerage commissions driven by higher volumes in CIB and AWM, and higher asset-based fees in CIB driven by net client inflows and higher market levels.

Investment securities losses increased primarily due to sales related to the repositioning of the investment securities portfolio.

Mortgage fees and related income decreased driven by lower net production revenue, reflecting lower margins, and lower servicing revenue, predominantly offset by higher MSR risk management results.

Card income increased driven by:

lower new account origination costs

higher merchant processing fees reflecting higher merchant processing volumes

largely offset by

lower net interchange income reflecting higher rewards costs and partner payments, largely offset by higher card sales volumes. The rewards costs included an adjustment to the credit card rewards liability of approximately \$330 million driven by an increase in redemption rate assumptions.

Other income increased reflecting:

fair value gains of \$505 million recognized in the first quarter of 2018 related to the adoption of the new recognition and measurement accounting guidance for certain equity investments previously held at cost

higher operating lease income from growth in auto operating lease volume in CCB

partially offset by

the absence of a legal benefit of \$645 million in Corporate related to a settlement with the FDIC receivership for Washington Mutual and with Deutsche Bank as trustee to certain Washington Mutual trusts.

Net interest income increased primarily driven by the net impact of higher rates and loan growth across the businesses, partially offset by declines in Markets net interest income in CIB. The Firm's average interest-earning assets were \$2.2 trillion, up \$44 billion from the prior year, and the net interest yield on these assets, on a FTE basis, was 2.47%, an increase of 15 basis points from the prior year.

Provision for credit losses

(in millions)	Three months ended June 30,			Six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Consumer, excluding credit card	\$(56)	\$12	NM	\$90	\$454	(80)%
Credit card	1,164	1,387	(16)%	2,334	2,380	(2)
Total consumer	1,108	1,399	(21)	2,424	2,834	(14)
Wholesale	102	(184)	NM	(49)	(304)	84
Total provision for credit losses	\$1,210	\$1,215	—	% \$2,375	\$2,530	(6)%

Quarterly results

The provision for credit losses was flat as a result of:

• a decrease in the consumer provision predominantly reflecting

no addition to the allowance for credit losses in CCB in the current quarter, compared with a net addition in the prior year primarily in the credit card portfolio

lower net charge-offs, primarily in the residential real estate portfolio, which includes a recovery from a loan sale, and reflects the continued improvement in home prices and delinquencies, predominantly offset by an increase in net charge-offs in the credit card portfolio due to seasoning of newer vintages, in line with expectations

the decrease in the consumer provision was offset by

• an increase in the wholesale provision reflecting

a net expense in the current period as a result of net portfolio activity, including new exposures and loan sales, compared with a net benefit in the prior year driven by a reduction in the allowance for credit losses in the Oil & Gas, Natural Gas Pipelines, and Metals and Mining portfolios.

For a more detailed discussion of the credit portfolio and the allowance for credit losses, refer to the segment discussions of CCB on pages 20–24, CIB on pages 25–30, CB on pages 31–34, the Allowance for Credit Losses on pages 67–69 and Note 12.

Year-to-date results

The provision for credit losses decreased as a result of:

• a lower consumer provision predominantly reflecting

no addition to the allowance for credit losses in CCB in the current year, compared with a net addition in the prior year primarily in the credit card portfolio

partially offset by

higher net charge-offs in the credit card portfolio due to seasoning of newer vintages, in line with expectations. These were largely offset by lower net charge-offs in the residential real estate portfolio, which includes a recovery from a loan sale and reflects the continued improvement in home prices and delinquencies

the prior year included a \$218 million write-down recorded in connection with the sale of the student loan portfolio

the decrease in the consumer provision was partially offset by

• a lower net benefit in the wholesale provision reflecting

a net benefit in the current period, primarily driven by a single name in the Oil & Gas portfolio, partially offset by other net portfolio activity, compared with a net benefit in the prior year, driven by a reduction in the allowance for credit losses in the Oil & Gas, Natural Gas Pipelines, and Metals and Mining portfolios.

Noninterest expense

(in millions)	Three months ended June 30,			Six months ended June 30,			
	2018	2017	Change	2018	2017	Change	
Compensation expense	\$8,338	\$7,757	7	% \$17,200	\$16,013	7	%
Noncompensation expense:							
Occupancy	981	912	8	1,869	1,873	—	
Technology, communications and equipment	2,168	1,871	16	4,222	3,705	14	

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Professional and outside services	2,126	1,899	12	4,247	3,691	15
Marketing	798	756	6	1,598	1,469	9
Other expense ^{(a)(b)}	1,560	1,572	(1)	2,915	3,299	(12)
Total noncompensation expense	7,633	7,010	9	14,851	14,037	6
Total noninterest expense	\$15,971	\$14,767	8 %	\$32,051	\$30,050	7 %

Included Firmwide legal expense of \$61 million for the three months ended June 30, 2017, and \$70 million and (a)\$279 million for the six months ended June 30, 2018 and 2017, respectively; there was no legal expense for the three months ended June 30, 2018.

Included FDIC-related expense of \$368 million and \$376 million for the three months ended June 30, 2018 and (b)2017, respectively and \$751 million and \$757 million for the six months ended June 30, 2018 and 2017, respectively.

Quarterly results

Compensation expense increased driven by investments in headcount across the businesses, including bankers, advisors and business-related support staff; and higher performance-related compensation expense predominantly in CIB.

Noncompensation expense increased as a result of:

- higher outside services expense primarily due to higher volume-related transaction costs in CIB and higher external fees on revenue growth in AWM
- higher depreciation expense due to growth in auto operating lease volume in CCB
- a loss of \$174 million recorded in other expense in Corporate on the liquidation of a legal entity
- higher investments in technology

For additional information on the liquidation of a legal entity, refer to Note 17.

Year-to-date results

Compensation expense increased driven by investments in headcount across the businesses, including bankers, advisors and business-related support staff, and higher performance-related compensation expense predominantly in CIB.

Noncompensation expense increased as a result of:

- higher outside services expense primarily due to higher volume-related transaction costs in CIB and higher external fees on revenue growth in AWM
- higher depreciation expense due to growth in auto operating lease volume in CCB
- a loss of \$174 million recorded in other expense in Corporate on the liquidation of a legal entity
- higher investments in technology

partially offset by

- lower legal expense

For a discussion of legal expense, refer to Note 22.

Income tax expense

(in millions)	Three months ended June 30,			Six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Income before income tax expense	\$ 10,572	\$ 9,749	8	% \$ 21,234	\$ 18,090	17 %
Income tax expense	2,256	2,720	(17)	4,206	4,613	(9)
Effective tax rate	21.3	% 27.9 %		19.8	% 25.5 %	

Quarterly results

The effective tax rate decreased due to the TCJA, including the reduction in the U.S. federal statutory income tax rate as well as a \$189 million tax benefit resulting from a change in the estimate for the deemed repatriation tax on non-U.S. earnings. The decrease was partially offset by the change in mix of income and expense subject to U.S. federal, state and local taxes.

Year-to-date results

The effective tax rate decreased due to the TCJA, including the reduction in the U.S. federal statutory income tax rate as well as a \$189 million tax benefit recorded in the second quarter of 2018 resulting from a change in the estimate for the deemed repatriation tax on non-U.S. earnings. The decrease was partially offset by higher pre-tax income, and the change in mix of income and expense subject to U.S. federal, state and local taxes.

CONSOLIDATED
BALANCE
SHEETS AND
CASH FLOWS
ANALYSIS

Effective January 1, 2018, the Firm adopted several new accounting standards. Certain of the new accounting standards were applied retrospectively and, accordingly, prior period amounts were revised. For additional information, refer to Note 1.

Consolidated balance sheets analysis

The following is a discussion of the significant changes between June 30, 2018, and December 31, 2017.

Selected Consolidated balance sheets data

(in millions)	Jun 30, 2018	Dec 31, 2017	Change
Assets			
Cash and due from banks	\$23,680	\$25,898	(9)%
Deposits with banks	381,500	405,406	(6)
Federal funds sold and securities purchased under resale agreements	226,505	198,422	14
Securities borrowed	108,246	105,112	3
Trading assets:			
Debt and equity instruments	360,289	325,321	11
Derivative receivables	58,510	56,523	4
Investment securities	233,015	249,958	(7)
Loans	948,414	930,697	2
Allowance for loan losses	(13,250)	(13,604)	(3)
Loans, net of allowance for loan losses	935,164	917,093	2
Accrued interest and accounts receivable	75,669	67,729	12
Premises and equipment	14,132	14,159	—
Goodwill, MSRs and other intangible assets	54,535	54,392	—
Other assets	118,805	113,587	5
Total assets	\$2,590,050	\$2,533,600	2 %

Cash and due from banks and deposits with banks decreased primarily as a result of net long-term debt maturities and a shift in the deployment of excess cash from deposits with banks into securities purchased under resale agreements.

The Firm's excess cash is largely placed with various central banks, predominantly Federal Reserve Banks.

Federal funds sold and securities purchased under resale agreements increased primarily due to higher client activity in CIB and the shift in the deployment of excess cash from deposits with banks into securities purchased under resale agreements. For additional information on the Firm's Liquidity Risk Management, refer to pages 48–52.

Trading assets—debt and equity instruments increased predominantly as a result of client-driven market-making activities in CIB, primarily debt instruments in Fixed Income Markets, and equity instruments in prime brokerage, driven by higher client demand. For additional information, refer to Notes 2 and 4.

Investment securities decreased primarily reflecting net sales, paydowns and maturities of U.S. government agency mortgage-backed securities (“MBS”), commercial MBS, and obligations of U.S. states and municipalities. For additional information on Investment securities, refer to Corporate segment results on pages 39–40, Investment Portfolio Risk Management on page 70, and Notes 2 and 9.

Loans increased reflecting:

higher wholesale loans across all lines of business, predominantly driven by CIB, including loans to financial institution and commercial and industrial clients, and in AWM due to higher loans to international and domestic

Private Banking clients

partially offset by

•

lower consumer loans driven by the seasonal decline in credit card balances, paydown of home equity loans, run-off of PCI loans, and a mortgage loan sale, predominantly offset by higher retention of high-quality prime mortgages in CCB and AWM.

The allowance for loan losses decreased reflecting:

- a net reduction in the wholesale allowance primarily in the Oil & Gas portfolio driven by a single name
- the consumer allowance was relatively flat.

For a detailed discussion of loans and the allowance for loan losses, refer to Credit Risk Management on pages 53–70, and Notes 2, 3, 11 and 12.

Accrued interest and accounts receivable increased primarily reflecting higher client receivables related to client-driven activities in CIB.

Other assets increased largely reflecting higher auto operating lease assets from growth in business volume in CCB. For information on Goodwill and MSRs, refer to Note 14.

Selected Consolidated balance sheets data (continued)

(in millions)	Jun 30, 2018	Dec 31, 2017	Change
Liabilities			
Deposits	\$1,452,122	\$1,443,982	1%
Federal funds purchased and securities loaned or sold under repurchase agreements	175,293	158,916	10
Short-term borrowings	63,918	51,802	23
Trading liabilities:			
Debt and equity instruments	107,327	85,886	25
Derivative payables	42,511	37,777	13
Accounts payable and other liabilities	196,984	189,383	4
Beneficial interests issued by consolidated variable interest entities (“VIEs”)	21,323	26,081	(18))
Long-term debt	273,114	284,080	(4))
Total liabilities	2,332,592	2,277,907	2
Stockholders’ equity	257,458	255,693	1
Total liabilities and stockholders’ equity	\$2,590,050	\$2,533,600	%

Deposits increased due to:

higher deposits in the consumer business reflecting the continuation of growth from new and existing customers and low attrition rates in CCB, partially offset by balance migration as customers shift from deposits largely into the Firm’s investment-related products; and in the wholesale business reflecting an increase in CIB’s Treasury Services business driven by growth in client activity

partially offset by

lower deposits in the other wholesale businesses primarily driven by the impact of seasonality in CB and AWM, and balance migration in AWM predominantly into the Firm’s investment-related products.

For more information, refer to the Liquidity Risk Management discussion on pages 48–52; and Notes 2 and 15.

Federal funds purchased and securities loaned or sold under repurchase agreements increased reflecting higher secured financing of trading assets—debt and equity instruments, partially offset by a change in the mix of funding to short-term borrowings in CIB.

Short-term borrowings increased driven by a change in

the mix of funding for CIB activities from securities sold under repurchase agreements to short-term borrowings, and the net issuance of commercial paper. For additional information, refer to Liquidity Risk Management on pages 48–52.

Trading liabilities—debt and equity instruments increased predominantly as a result of client-driven market-making activities in CIB, primarily debt instruments in Fixed Income Markets, and equity instruments in prime brokerage. For additional information, refer to Note 2 .

Trading liabilities—derivative payables increased predominantly as a result of client-driven market-making activities in CIB Markets, which increased equity and interest rate derivative payables. For additional information, refer to Derivative contracts on pages 65–66, and Notes 2 and 4.

Beneficial interests issued by consolidated VIEs decreased due to net maturities of credit card securitizations. For further information on Firm-sponsored VIEs and loan securitization trusts, refer to Off-Balance Sheet Arrangements on page 14 and Notes 13 and 20.

Long-term debt decreased primarily driven by lower Federal Home Loan Bank (“FHLB”) advances and net maturities of senior debt. For additional information on the Firm’s long-term debt activities, refer to Liquidity Risk Management on pages 48–52.

For information on changes in stockholders’ equity, refer to page 87, and on the Firm’s capital actions, refer to Capital actions on pages 46–47.

Consolidated cash flows analysis

The following is a discussion of cash flow activities during the six months ended June 30, 2018 and 2017.

(in millions)	Six months ended	
	June 30, 2018	2017
Net cash provided by/(used in)		
Operating activities	\$576	\$(18,486)
Investing activities	(38,974)	24,539
Financing activities	13,766	47,911
Effect of exchange rate changes on cash	(1,492)	5,408
Net increase/(decrease) in cash and due from banks and deposits with banks	\$(26,124)	\$59,372

Operating activities

In 2018, cash provided primarily reflected increased trading liabilities-debt and equity instruments and accounts payable and other liabilities, offset by increases in trading assets-debt and equity instruments.

In 2017, cash used primarily reflected increases in trading assets-debt and equity instruments and accrued interest and accounts receivable, and decreases in trading liabilities-derivative payables, and accounts payable and other liabilities, partially offset by a decrease in other assets.

Investing activities

In 2018, cash used reflected an increase in securities purchased under resale agreements and higher net loans originated, partially offset by lower investment securities.

In 2017, cash provided reflected a decrease in securities purchased under resale agreements and lower investment securities, partially offset by a net increase in loan originations.

Financing activities

In 2018, cash provided reflected higher securities loaned or sold under repurchase agreements, short-term borrowings and deposits, partially offset by a decrease in long-term borrowings.

In 2017, cash provided reflected higher deposits, and short-term borrowings, partially offset by a decrease in long-term borrowings.

Additionally, 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, refer to Consolidated Balance Sheets Analysis on pages 11–13, Capital Risk Management on pages 43–47, and Liquidity Risk Management on pages 48–52 of this Form 10-Q, and pages 92–97 of JPMorgan Chase's 2017 Annual Report.

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).

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.

The Firm has no commitments to issue its own stock to support any SPE transaction, and its policies require that transactions with SPEs be conducted at arm’s length and reflect market pricing. Consistent with this policy, no JPMorgan Chase employee is permitted to invest in SPEs with which the Firm is involved where such investment would violate the Firm’s Code of Conduct.

The table below provides an index of where in this Form 10-Q a discussion of the Firm’s various off-balance sheet arrangements can be found. In addition, refer to Note 1 for information about the Firm’s consolidation policies.

Type of off-balance sheet arrangement	Location of disclosure	Page references
Special-purpose entities: variable interests and other obligations, including contingent obligations, arising from variable interests in nonconsolidated VIEs	Refer to Note 13	145-150
Off-balance sheet lending-related financial instruments, guarantees, and other commitments	Refer to Note 20	159-162

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

Non-GAAP financial measures

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

In addition to analyzing the Firm’s results on a reported basis, management reviews Firmwide results, including the overhead ratio, on a “managed” basis; these Firmwide managed basis results are non-GAAP financial measures. The Firm also reviews the results of the lines of business on a managed basis. The Firm’s definition of managed basis starts, in each case, 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. These financial measures allow 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 Firm and business-segment level, because these other non-GAAP financial measures provide information to investors about the underlying operational performance and trends of the Firm or of the particular business segment, as the case may be, and, therefore, facilitate a comparison of the Firm or the business segment with the performance of its relevant competitors. For additional information on these non-GAAP measures, refer to Business Segment Results on pages 18–40.

Additionally, certain credit metrics and ratios disclosed by the Firm exclude PCI loans, and are therefore non-GAAP measures. For additional information on these non-GAAP measures, refer to Credit and Investment Risk Management on pages 53–70.

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 tables provide a reconciliation from the Firm’s reported U.S. GAAP results to managed basis.

(in millions, except ratios)	Three months ended June 30, 2018			2017			
	Reported results	Fully taxable-equivalent adjustments ^{(a)(b)}	Managed basis	Reported results	Fully taxable-equivalent adjustments ^(a)	Managed basis	
Other income	\$1,255	\$ 474	\$1,729	\$1,474	\$ 596	\$2,070	
Total noninterest revenue	14,268	474	14,742	13,523	596	14,119	
Net interest income	13,485	161	13,646	12,208	339	12,547	
Total net revenue	27,753	635	28,388	25,731	935	26,666	
Pre-provision profit	11,782	635	12,417	10,964	935	11,899	
Income before income tax expense	10,572	635	11,207	9,749	935	10,684	
Income tax expense	\$2,256	\$ 635	\$2,891	\$2,720	\$ 935	\$3,655	
Overhead ratio	58	% NM	56	% 57	% NM	55	%

(in millions, except ratios)	Six months ended June 30, 2018			2017		
	Reported results	Fully taxable-equivalent adjustments ^{(a)(b)}	Managed basis	Reported results	Fully taxable-equivalent adjustments ^(a)	Managed basis
Other income	\$2,881	\$ 929	\$3,810	\$2,245	\$ 1,178	\$3,423

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Total noninterest revenue	28,863	929	29,792	26,398	1,178	27,576
Net interest income	26,797	319	27,116	24,272	668	24,940
Total net revenue	55,660	1,248	56,908	50,670	1,846	52,516
Pre-provision profit	23,609	1,248	24,857	20,620	1,846	22,466
Income before income tax expense	21,234	1,248	22,482	18,090	1,846	19,936
Income tax expense	\$4,206	\$ 1,248	\$5,454	\$4,613	\$ 1,846	\$6,459
Overhead ratio	58	% NM	56	% 59	% NM	57 %

Effective January 1, 2018, the Firm adopted several new accounting standards. Certain of the new accounting standards were applied retrospectively and, accordingly, prior period amounts were revised. For additional information, refer to Note 1.

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

(b) The decrease in fully taxable-equivalent adjustments in the three and six months ended June 30, 2018, reflects the impact of the TCJA.

Net interest income excluding CIB's Markets businesses

In addition to reviewing net interest income on a managed basis, management also reviews net interest income excluding net interest income arising from CIB's Markets businesses to assess the performance of the Firm's lending, investing (including asset-liability management) and deposit-raising activities. This net interest income is referred to as non-markets related net interest income. CIB's Markets businesses are Fixed Income Markets and

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

The data presented below are non-GAAP financial measures due to the exclusion of markets-related net interest income arising from CIB.

(in millions, except rates)	Three months ended June 30,			Six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Net interest income – managed basis ^{(a)(b)}	\$13,646	\$12,547	9 %	\$27,116	\$24,940	9 %
Less: CIB Markets net interest income ^(c)	754	1,075	(30)	1,784	2,439	(27)
Net interest income excluding CIB Markets ^(a)	\$12,892	\$11,472	12	\$25,332	\$22,501	13
Average interest-earning assets	\$2,222,277	\$2,177,109	2	\$2,212,897	\$2,169,055	2
Less: Average CIB Markets interest-earning assets ^(c)	611,432	537,263	14	601,544	530,051	13
Average interest-earning assets excluding CIB Markets	\$1,610,845	\$1,639,846	(2)%	\$1,611,353	\$1,639,004	(2)%
Net interest yield on average interest-earning assets – managed basis	2.46	%2.31	%	2.47	%2.32	%
Net interest yield on average CIB Markets interest-earning assets ^(c)	0.49	0.80		0.60	0.93	
Net interest yield on average interest-earning assets excluding CIB Markets	3.21	%2.81	%	3.17	%2.77	%

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

(b) For a reconciliation of net interest income on a reported and managed basis, refer to reconciliation from the Firm's reported U.S. GAAP results to managed basis on page 15.

(c) For further information on CIB's Markets businesses, refer to page 29.

Tangible common equity, ROTCE and TBVPS

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 net income

applicable to common equity as a percentage of average TCE. TBVPS represents the Firm’s TCE at period-end divided by common shares at period-end. TCE, ROTCE, and TBVPS are utilized by the Firm, as well as investors and analysts, in assessing the Firm’s use of equity.

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

(in millions, except per share and ratio data)	Period-end		Average				
	Jun 30,	Dec 31,	Three months ended		Six months ended		
	2018	2017	June 30,	2017	2018	2017	
Common stockholders’ equity	\$231,390	\$229,625	\$228,901	\$230,200	\$228,261	\$228,959	
Less: Goodwill	47,488	47,507	47,494	47,290	47,499	47,292	
Less: Other intangible assets	806	855	822	838	833	845	
Add: Certain Deferred tax liabilities ^{(a)(b)}	2,227	2,204	2,221	3,239	2,216	3,234	
Tangible common equity	\$185,323	\$183,467	\$182,806	\$185,311	\$182,145	\$184,056	
Return on tangible common equity	NA	NA	17	% 14	% 18	% 14	%
Tangible book value per share	\$55.14	\$53.56	NA	NA	NA	NA	

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

(b) Includes the effect from the revaluation of the Firm’s net deferred tax liability as a result of the TCJA.

Key performance measures

The Firm considers the following to be key regulatory capital measures:

Capital, risk-weighted assets (“RWA”), and capital and leverage ratios presented under Basel III Standardized and Advanced Fully Phased-In rules, and

SLR calculated under Basel III Advanced Fully Phased-In rules.

The Firm, as well as banking regulators, investors and analysts use these measures to assess the Firm’s regulatory capital position and to compare the Firm’s regulatory capital to that of other financial services companies.

For additional information on these measures, refer to Capital Risk Management on pages 43–47.

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

BUSINESS
SEGMENT
RESULTS

The Firm is managed on a line of business basis. There are four major reportable business segments – Consumer & Community Banking, Corporate & Investment Bank, Commercial Banking and Asset & Wealth 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, refer to Explanation and Reconciliation of the Firm’s use of Non-GAAP Financial Measures and Key Performance Measures on pages 15–17.

Description of business segment reporting methodology

Results of the business segments are intended to present each segment as if it were a stand-alone business. The management reporting process that derives business segment results includes the allocation of certain income and expense items. For further information about line of business capital, refer to Line of business equity on page 46. The Firm periodically assesses the assumptions, methodologies and reporting classifications used for segment reporting, and further refinements may be implemented in future periods.

Business segment capital allocation

The amount of capital assigned to each business is referred to as equity. On at least an annual basis, the Firm assesses the level of capital required for each line of business as well as the assumptions and methodologies used to allocate capital. For additional information on business segment capital allocation, refer to Line of business equity on pages 88-89 of JPMorgan Chase’s 2017 Annual Report.

For a further discussion of those methodologies, refer to Business Segment Results – Description of business segment reporting methodology on pages 55–56 of JPMorgan Chase’s 2017 Annual Report.

Segment results – managed basis

Effective January 1, 2018, the Firm adopted several new accounting standards. Certain of the new accounting standards were applied retrospectively and, accordingly, prior period amounts were revised. For additional information, refer to Note 1.

Net income in 2018 for the business segments reflects the favorable impact of the reduction in the U.S. federal statutory income tax rate as a result of the TCJA.

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

Three months ended June 30, (in millions)	Total net revenue			Total noninterest expense			Pre-provision profit/(loss)			
	2018	2017	Change	2018	2017	Change	2018	2017	Change	
Consumer & Community Banking	\$12,497	\$11,412	10	% \$6,879	\$6,500	6	\$5,618	\$4,912	14	%
Corporate & Investment Bank	9,923	8,925	11	5,403	4,877	11	4,520	4,048	12	
Commercial Banking	2,316	2,088	11	844	790	7	1,472	1,298	13	
Asset & Wealth Management	3,572	3,437	4	2,566	2,417	6	1,006	1,020	(1))
Corporate	80	804	(90)	279	183	52	(199)	)621	NM	
Total	\$28,388	\$26,666	6	% \$15,971	\$14,767	8	\$12,417	\$11,899	4	%

Three months ended June 30, (in millions, except ratios)	Provision for credit losses			Net income/(loss)			Return on equity		
	2018	2017	Change	2018	2017	Change	2018	2017	
Consumer & Community Banking	\$1,108	\$1,394	(21)	% \$3,412	\$2,223	53	26	%17	%
Corporate & Investment Bank	58	(53)	)NM	3,198	2,710	18	17	15	
Commercial Banking	43	(130)	)NM	1,087	902	21	21	17	
Asset & Wealth Management	2	4	(50)	755	624	21	33	27	
Corporate	(1)	)—	NM	(136)	)570	NM	NM	NM	
Total	\$1,210	\$1,215	—	\$8,316	\$7,029	18	14	%12	%

Six months ended June 30, (in millions)	Total net revenue			Total noninterest expense			Pre-provision profit/(loss)			
	2018	2017	Change	2018	2017	Change	2018	2017	Change	
Consumer & Community Banking	\$25,094	\$22,382	12	\$13,788	\$12,895	7	% \$11,306	\$9,487	19	
Corporate & Investment Bank	20,406	18,524	10	11,062	10,061	10	9,344	8,463	10	
Commercial Banking	4,482	4,106	9	1,688	1,615	5	2,794	2,491	12	
Asset & Wealth Management	7,078	6,725	5	5,147	5,198	(1)	)1,931	1,527	26	
Corporate	(152)	)779	NM	366	281	30	(518)	)498	NM	
Total	\$56,908	\$52,516	8	\$32,051	\$30,050	7	% \$24,857	\$22,466	11	

Six months ended June 30, (in millions, except ratios)	Provision for credit losses			Net income/(loss)			Return on equity		
	2018	2017	Change	2018	2017	Change	2018	2017	
Consumer & Community Banking	\$2,425	\$2,824	(14)	% \$6,738	\$4,211	60	26	%16	%
Corporate & Investment Bank	(100)	(149)	)33	7,172	5,951	21	20	16	
Commercial Banking	38	(167)	)NM	2,112	1,701	24	20	16	
Asset & Wealth Management	17	22	(23)	)1,525	1,009	51	33	22	
Corporate	(5)	)—	NM	(519)	)605	NM	NM	NM	
Total	\$2,375	\$2,530	(6)	% \$17,028	\$13,477	26	14	%11	%

The following sections provide a comparative discussion of business segment results as of or for the three and six months ended June 30, 2018 versus the corresponding period in the prior year, unless otherwise specified.

CONSUMER &
COMMUNITY
BANKING

For a discussion of the business profile of CCB, refer to pages 57-61 of JPMorgan Chase's 2017 Annual Report and Line of Business Metrics on page 177.

Selected income statement data

(in millions, except ratios)	Three months ended June 30,			Six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Revenue						
Lending- and deposit-related fees	\$875	\$850	3 %	\$1,732	\$1,662	4 %
Asset management, administration and commissions	591	562	5	1,166	1,101	6
Mortgage fees and related income	324	401	(19)	789	807	(2)
Card income	910	1,061	(14)	2,080	1,878	11
All other income	1,048	810	29	2,120	1,553	37
Noninterest revenue	3,748	3,684	2	7,887	7,001	13
Net interest income	8,749	7,728	13	17,207	15,381	12
Total net revenue	12,497	11,412	10	25,094	22,382	12
Provision for credit losses	1,108	1,394	(21)	2,425	2,824	(14)
Noninterest expense						
Compensation expense ^(a)	2,621	2,504	5	5,281	5,030	5
Noncompensation expense ^{(a)(b)}	4,258	3,996	7	8,507	7,865	8
Total noninterest expense	6,879	6,500	6	13,788	12,895	7
Income before income tax expense	4,510	3,518	28	8,881	6,663	33
Income tax expense	1,098	1,295	(15)	2,143	2,452	(13)
Net income	\$3,412	\$2,223	53	\$6,738	\$4,211	60
Revenue by line of business						
Consumer & Business Banking	\$6,131	\$5,233	17	\$11,853	\$10,139	17
Home Lending	1,347	1,426	(6)	2,856	2,955	(3)
Card, Merchant Services & Auto	5,019	4,753	6	10,385	9,288	12
Mortgage fees and related income details:						
Net production revenue	93	152	(39)	188	293	(36)
Net mortgage servicing revenue ^(c)	231	249	(7)	601	514	17
Mortgage fees and related income	\$324	\$401	(19)%	\$789	\$807	(2)%
Financial ratios						
Return on equity	26	% 17	%	26	% 16	%
Overhead ratio	55	57		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.

Effective in the first quarter of 2018, certain operations staff were transferred from CCB to CB. The prior period (a) amounts have been revised to conform with the current period presentation. For a further discussion of this transfer, refer to CB segment results on page 31.

Included operating lease depreciation expense of \$827 million and \$638 million for the three months ended June (b) 30, 2018 and 2017, respectively, and \$1.6 billion and \$1.2 billion for six months ended June 30, 2018 and 2017, respectively.

Included MSR risk management results of \$(23) million and \$(57) million for the three months ended June 30, (c)2018 and 2017, respectively and \$(6) million and \$(109) million for six months ended June 30, 2018 and 2017, respectively.

Quarterly results

Net income was \$3.4 billion, an increase of 53%.

Net revenue was \$12.5 billion, an increase of 10%.

Net interest income was \$8.7 billion, up 13%, driven by:

• higher deposit margins and growth in deposit balances, and
• margin expansion and higher loan balances in Card,
partially offset by

• loan spread compression from higher rates in Home Lending and Auto, and
• the impact of the sale of the student loan portfolio in the prior year.

Noninterest revenue was \$3.7 billion, up 2%, driven by:

• lower new account origination costs in Card,
• higher auto lease volume, and

• higher MSR risk management results,
predominantly offset by

lower net interchange reflecting higher rewards costs and partner payments, partially offset by higher card sales
• volumes. The rewards costs included an adjustment to the credit card rewards liability of approximately \$330 million
driven by an increase in redemption rate assumptions, and

• lower net production revenue reflecting lower mortgage production margins.

Refer to Note 14 for further information regarding changes in value of the MSR asset and related hedges, and
mortgage fees and related income.

Noninterest expense was \$6.9 billion, up 6%, driven by:

• higher auto lease depreciation, and
• investments in technology.

The provision for credit losses was \$1.1 billion, a decrease of 21% from the prior year, reflecting:

• no addition to the allowance for credit losses in the current quarter, compared with a net addition of \$250 million in
the prior year primarily in the credit card portfolio, and

• lower net charge-offs, primarily in the residential real estate portfolio, which includes a recovery of approximately
\$130 million from a loan sale, and reflects continued improvement in home prices and delinquencies, predominantly
offset by an increase in net charge-offs in the credit card portfolio due to seasoning of newer vintages, in line with
expectations.

Year-to-date results

Net income was \$6.7 billion, an increase of 60%.

Net revenue was \$25.1 billion, an increase of 12%.

Net interest income was \$17.2 billion, up 12%, driven by:

• higher deposit margins and growth in deposit balances, and
• margin expansion and higher loan balances in Card,
partially offset by

• loan spread compression from higher rates in Home Lending and Auto, and
• the impact of the sale of the student loan portfolio in the prior year.

Noninterest revenue was \$7.9 billion, up 13%, driven by:

• lower new account origination costs in Card,
• higher auto lease volume, and

• higher MSR risk management results,
partially offset by

lower net interchange reflecting higher rewards costs and partner payments, largely offset by higher card sales
• volumes. The rewards costs included an adjustment to the credit card rewards liability of approximately \$330 million
driven by an increase in redemption rate assumptions, and

• lower net production revenue reflecting lower mortgage production margins.

Noninterest expense was \$13.8 billion, up 7%, driven by:

• investments in technology and marketing,

• higher auto lease depreciation, and

• continued business growth.

The provision for credit losses was \$2.4 billion, a decrease of 14% from the prior year, reflecting:

• no addition to the allowance for credit losses in the current year, compared with a net addition of \$250 million in the prior year primarily in the credit card portfolio

partially offset by

• higher net charge-offs in the credit card portfolio due to seasoning of newer vintages, in line with expectations. These

• were largely offset by lower net charge-offs in the residential real estate portfolio, which includes a recovery of

• approximately \$130 million from a loan sale, and reflects the continued improvement in home prices and

delinquencies

• the prior year included a \$218 million write-down recorded in connection with the sale of the student loan portfolio.

Selected metrics

(in millions, except headcount)	As of or for the three months ended June 30,			As of or for the six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Selected balance sheet data (period-end)						
Total assets	\$552,674	\$529,859	4 %	\$552,674	\$529,859	4 %
Loans:						
Consumer & Business Banking	26,272	25,044	5	26,272	25,044	5
Home equity	39,033	46,330	(16)	39,033	46,330	(16)
Residential mortgage	202,205	189,661	7	202,205	189,661	7
Home Lending	241,238	235,991	2	241,238	235,991	2
Card	145,255	140,141	4	145,255	140,141	4
Auto	65,014	65,627	(1)	65,014	65,627	(1)
Student	—	75	NM	—	75	NM
Total loans	477,779	466,878	2	477,779	466,878	2
Core loans	419,295	393,639	7	419,295	393,639	7
Deposits	679,154	648,369	5	679,154	648,369	5
Equity	51,000	51,000	—	51,000	51,000	—
Selected balance sheet data (average)						
Total assets	\$544,642	\$528,598	3	\$541,806	\$530,338	2
Loans:						
Consumer & Business Banking	26,110	24,725	6	25,978	24,543	6
Home equity	39,898	47,339	(16)	40,836	48,303	(15)
Residential mortgage	201,587	187,201	8	200,129	185,489	8
Home Lending	241,485	234,540	3	240,965	233,792	3
Card	142,724	138,132	3	142,825	137,674	4
Auto	65,383	65,474	—	65,622	65,395	—
Student	—	4,642	NM	—	5,772	NM
Total loans	475,702	467,513	2	475,390	467,176	2
Core loans	414,120	387,783	7	412,145	384,419	7
Deposits	673,761	639,873	5	666,719	631,441	6
Equity	51,000	51,000	—	51,000	51,000	—
Headcount ^(a)	131,945	135,040	(2)%	131,945	135,040	(2)%

Effective in the first quarter of 2018, certain operations staff were transferred from CCB to CB. The prior period (a) amount has been revised to conform with the current period presentation. For further discussion of this transfer, refer to CB segment results on page 31.

Selected metrics

(in millions, except ratio data) Credit data and quality statistics	As of or for the three months ended June 30,			As of or for the six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Nonaccrual loans ^{(a)(b)}	\$3,854	\$4,124	(7)%	\$3,854	\$4,124	(7)%
Net charge-offs/(recoveries) ^(c)						
Consumer & Business Banking	50	56	(11)	103	113	(9)
Home equity	(7)	7	NM	9	54	(83)
Residential mortgage	(149)	(4)	NM	(147)	(1)	NM
Home Lending	(156)	3	NM	(138)	53	NM
Card	1,164	1,037	12	2,334	2,030	15
Auto	50	48	4	126	129	(2)
Student	—	—	NM	—	498	^(g) (100)
Total net charge-offs/(recoveries)	\$1,108	\$1,144	(3)	\$2,425	\$2,823	^(g) (14)
Net charge-off/(recovery) rate ^(c)						
Consumer & Business Banking	0.77	% 0.91	%	0.80	% 0.93	%
Home equity ^(d)	(0.09)	0.08		0.06	0.30	
Residential mortgage ^(d)	(0.33)	(0.01)		(0.16)	—	
Home Lending ^(d)	(0.29)	0.01		(0.13)	0.05	
Card	3.27	3.01		3.30	2.98	
Auto	0.31	0.29		0.39	0.40	
Student	—	—		—	NM	
Total net charge-off/(recovery) rate ^(d)	1.00	1.07		1.10	1.32	^(g)
30+ day delinquency rate						
Home Lending ^{(e)(f)}	0.86	% 1.02	%	0.86	% 1.02	%
Card	1.65	1.59		1.65	1.59	
Auto	0.77	0.88		0.77	0.88	
90+ day delinquency rate — Card	0.85	0.80		0.85	0.80	
Allowance for loan losses						
Consumer & Business Banking	\$796	\$796	—	\$796	\$796	—
Home Lending, excluding PCI loans	1,003	1,153	(13)	1,003	1,153	(13)
Home Lending — PCI loans	2,132	2,265	(6)	2,132	2,265	(6)
Card	4,884	4,384	11	4,884	4,384	11
Auto	464	499	(7)	464	499	(7)
Total allowance for loan losses ^(c)	\$9,279	\$9,097	2 %	\$9,279	\$9,097	2 %

(a) Excludes PCI loans. The Firm is recognizing interest income on each pool of PCI loans as each of the pools is performing.

At June 30, 2018 and 2017, nonaccrual loans excluded mortgage loans 90 or more days past due and insured by U.S. government agencies of \$3.3 billion and \$4.1 billion, respectively. Student loans insured by U.S. government (b) agencies under the Federal Family Education Loan Program (“FFELP”) and 90 or more days past due were also excluded from nonaccrual loans prior to sale of the student loan portfolio in 2017. 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 June 30, 2018 and 2017, excluded \$73 million and \$22 million, respectively, and for six months ended June 30, 2018 and 2017, excluded \$93 million and \$46 million, respectively, of write-offs in the PCI portfolio. These write-offs decreased the allowance for loan losses for PCI loans. For further information on PCI write-offs, refer to Summary of changes in the allowance for credit losses on page 68.

Excludes the impact of PCI loans. For the three months ended June 30, 2018 and 2017, the net charge-off/(recovery) rates including the impact of PCI loans were as follows: (1) home equity of (0.07)% and 0.06%, respectively; (2) residential mortgage of (0.30)% and (0.01)%, respectively; (3) Home Lending of (0.26)% and 0.01%, respectively; and (4) total CCB of 0.93% and 0.99%, respectively. For the six months ended June 30, 2018 and 2017, the net charge-off/(recovery) rates included impact of PCI loans were as follows: (1) home equity of 0.04% and 0.23%, respectively; (2) residential mortgage of (0.15)% and -%, respectively; (3) Home Lending of (0.12)% and 0.05%, respectively; and (4) total CCB of 1.03% and 1.23%, respectively.

At June 30, 2018 and 2017, excluded mortgage loans insured by U.S. government agencies of \$5.0 billion and \$6.0 billion, respectively, that are 30 or more days past due. These amounts have been excluded based upon the government guarantee.

(f) Excludes PCI loans. The 30+ day delinquency rate for PCI loans was 9.40% and 9.06% at June 30, 2018 and 2017, respectively.

(g) Excluding net charge-offs of \$467 million related to the student loan portfolio sale, the total net charge-off rate for the six months ended June 30, 2017 would have been 1.10%.

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Selected metrics

(in billions, except ratios and where otherwise noted)	As of or for the three months ended June 30,			As of or for the six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Business Metrics						
Number of branches	5,091	5,217	(2)%	5,091	5,217	(2)%
Active digital customers (in thousands) ^(a)	47,952	45,876	5	47,952	45,876	5
Active mobile customers (in thousands) ^(b)	31,651	28,386	12	31,651	28,386	12
Debit and credit card sales volume ^(c)	\$255.0	\$231.3	10	\$487.4	\$440.7	11
Consumer & Business Banking						
Average deposits	\$659.8	\$625.4	5	\$653.1	\$617.3	6
Deposit margin	2.36 %	1.96 %		2.28 %	1.92 %	
Business banking origination volume	\$1.9	\$2.2	(12)	\$3.6	\$3.9	(8)
Client investment assets	283.7	253.0	12	283.7	253.0	12
Home Lending						
Mortgage origination volume by channel						
Retail	\$10.4	\$9.7	7	\$18.7	\$18.7	—
Correspondent	11.1	14.2	(22)	21.0	27.6	(24)
Total mortgage origination volume ^(d)	\$21.5	\$23.9	(10)	\$39.7	\$46.3	(14)
Total loans serviced (period-end)	\$802.6	\$827.8	(3)	\$802.6	\$827.8	(3)
Third-party mortgage loans serviced (period-end)	533.0	568.0	(6)	533.0	568.0	(6)
MSR carrying value (period-end)	6.2	5.8	7	6.2	5.8	7
Ratio of MSR carrying value (period-end) to third-party mortgage loans serviced (period-end)	1.16 %	1.02 %		1.16 %	1.02 %	
MSR revenue multiple ^(e)	3.31 x	2.91 x		3.22 x	2.91 x	
Card, excluding Commercial Card						
Credit card sales volume	\$174.0	\$156.8	11	\$331.1	\$296.5	12
New accounts opened (in millions)	1.9	2.1	(10)	3.9	4.6	(15)
Card Services						
Net revenue rate	10.38 %	10.53 %		11.00 %	10.34 %	
Merchant Services						
Merchant processing volume	\$330.8	\$294.4	12	\$647.1	\$568.7	14
Auto						
Loan and lease origination volume	\$8.3	\$8.3	—	\$16.7	\$16.3	2
Average Auto operating lease assets	18.4	14.7	25 %	18.0	14.2	26 %

(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) The prior period amounts have been revised to conform with the current period presentation.

(d)

Firmwide mortgage origination volume was \$23.7 billion and \$26.2 billion for the three months ended June 30, 2018 and 2017, respectively, and \$43.7 billion and \$51.8 billion for the six months ended June 30, 2018 and 2017, respectively.

- (e) 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).

CORPORATE
&
INVESTMENT
BANK

For a discussion of the business profile of CIB, refer to pages 62–66 of JPMorgan Chase’s 2017 Annual Report and Line of Business Metrics on page 177.

Effective January 1, 2018, the Firm adopted several new accounting standards; the guidance which had the most significant impact on the CIB segment results was revenue recognition, and recognition and measurement of financial assets. The revenue recognition guidance was applied retrospectively and, accordingly, prior period amounts were revised. For additional information, refer to Note 1.

Selected income statement data

(in millions, except ratios)	Three months ended June 30,			Six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Revenue						
Investment banking fees	\$2,139	\$1,839	16 %	\$3,835	\$3,714	3 %
Principal transactions	3,666	2,928	25	7,695	6,435	20
Lending- and deposit-related fees	382	387	(1)	763	775	(2)
Asset management, administration and commissions	1,155	1,068	8	2,286	2,120	8
All other income	190	258	(26)	870	435	100
Noninterest revenue	7,532	6,480	16	15,449	13,479	15
Net interest income	2,391	2,445	(2)	4,957	5,045	(2)
Total net revenue ^(a)	9,923	8,925	11	20,406	18,524	10
Provision for credit losses	58	(53)	NM	(100)	(149)	33
Noninterest expense						
Compensation expense	2,720	2,451	11	5,756	5,250	10
Noncompensation expense	2,683	2,426	11	5,306	4,811	10
Total noninterest expense	5,403	4,877	11	11,062	10,061	10
Income before income tax expense	4,462	4,101	9	9,444	8,612	10
Income tax expense	1,264	1,391	(9)	2,272	2,661	(15)
Net income	\$3,198	\$2,710	18 %	\$7,172	\$5,951	21 %
Financial ratios						
Return on equity	17	% 15	%	20	% 16	%
Overhead ratio	54	55		54	54	
Compensation expense as percentage of total net revenue	27	27		28	28	

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; and (a) tax-exempt income from municipal bonds of \$428 million and \$554 million for the three months ended June 30, 2018 and 2017, respectively, and \$833 million and \$1.1 billion for the six months ended June 30, 2018 and 2017, respectively.

Selected income statement data

(in millions)	Three months ended June 30,			Six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Revenue by business						
Investment Banking	\$1,949	\$1,731	13 %	\$3,536	\$3,445	3 %
Treasury Services	1,181	1,055	12	2,297	2,036	13
Lending	321	373	(14)	623	762	(18)

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Total Banking	3,451	3,159	9	6,456	6,243	3
Fixed Income Markets	3,453	3,216	7	8,006	7,431	8
Equity Markets	1,959	1,586	24	3,976	3,192	25
Securities Services	1,103	982	12	2,162	1,898	14
Credit Adjustments & Other ^(a)	(43)	(18)	(139)	(194)	(240)	19
Total Markets & Investor Services	6,472	5,766	12	13,950	12,281	14
Total net revenue	\$9,923	\$8,925	11 %	\$20,406	\$18,524	10 %

(a) Consists primarily of credit valuation adjustments (“CVA”) managed centrally within CIB and funding valuation adjustments (“FVA”) on derivatives. Results are primarily reported in principal transactions revenue. Results are presented net of associated hedging activities and net of CVA and FVA amounts allocated to Fixed Income Markets and Equity Markets.

Quarterly results

Net income was \$3.2 billion, up 18%.

Net revenue was \$9.9 billion, up 11%.

Banking revenue was \$3.5 billion, up 9%. Investment banking revenue was \$1.9 billion, up 13%, driven by higher equity underwriting and advisory fees. The Firm maintained its #1 ranking for Global Investment Banking fees, according to Dealogic. Equity underwriting fees were \$570 million, up 49%, driven by a higher share of fees, primarily due to strong performance in the IPO and convertible markets. Advisory fees were \$626 million, up 24%, driven by a higher number of large completed transactions. Debt underwriting fees were \$943 million, flat compared to the prior year. Treasury Services revenue was \$1.2 billion, up 12%, driven by the impact of higher interest rates and growth in deposits. Lending revenue was \$321 million, down 14%, predominantly driven by lower net interest income primarily reflecting a change in the portfolio composition and overall spread tightening as well as higher gains in the prior year on securities received from restructurings.

Markets & Investor Services revenue was \$6.5 billion, up 12%. Fixed Income Markets revenue was \$3.5 billion, up 7%. Excluding the reduction of approximately \$160 million in tax-equivalent adjustments as a result of the TCJA, Fixed Income Markets revenue was up 12%. Fixed Income Markets reflected solid performance across products with good client activity, and improved Commodities revenue compared to a challenging prior year. Equity Markets revenue was \$2.0 billion, up 24%, driven by strength across products, predominantly in derivatives and prime brokerage. Securities Services revenue was \$1.1 billion, up 12%, predominantly driven by higher interest rates and deposit growth, as well as higher asset-based fees driven by net client inflows and higher market levels.

The provision for credit losses was an expense of \$58 million, reflecting net portfolio activity, including new exposures and loan sales. The prior year was a benefit of \$53 million primarily driven by a reduction in the allowance for credit losses in the Oil & Gas portfolio.

Noninterest expense was \$5.4 billion, up 11%, predominantly driven by higher performance-related compensation, volume-related transaction costs and investments in technology.

Year-to-date results

Net income was \$7.2 billion, up 21%.

Net revenue was \$20.4 billion, up 10%.

Banking revenue was \$6.5 billion, up 3%. Investment banking revenue was \$3.5 billion, up 3%, driven by higher advisory and equity underwriting fees, largely offset by lower debt underwriting fees. The Firm maintained its #1 ranking for Global Investment Banking fees, according to Dealogic. Advisory fees were \$1.2 billion, up 20%, driven by a higher number of large completed transactions. Equity underwriting fees were \$916 million, up 14%, driven by a higher share of fees, primarily due to strong performance in the IPO market. Debt underwriting fees were \$1.7 billion, down 10%, primarily driven by declines in industry-wide fee levels and a lower share in leveraged finance. Treasury Services revenue was \$2.3 billion, up 13%, predominantly driven by the impact of higher interest rates and growth in deposits. Lending revenue was \$623 million, down 18%, driven by lower net interest income primarily reflecting a change in the portfolio composition and overall spread tightening as well as higher gains in the prior year on securities received from restructurings.

Markets & Investor Services revenue was \$14.0 billion, up 14%. The results included approximately \$500 million of fair value gains related to the adoption in the first quarter of 2018 of the new recognition and measurement accounting guidance for certain equity investments previously held at cost, and a reduction of approximately \$310 million in tax-equivalent adjustments as a result of the TCJA. Fixed Income Markets revenue was \$8.0 billion, up 8%. Excluding the impact of these fair value gains and tax-equivalent adjustments, Fixed Income Markets revenue was up 5%, with strong performance in Currencies & Emerging Markets and Commodities, largely offset by lower revenue in Credit. Equity Markets revenue was \$4.0 billion, up 25%, driven by strength across derivatives, prime brokerage and Cash Equities. Securities Services revenue was \$2.2 billion, up 14%, predominantly driven by the impact of higher interest rates and deposit growth as well as higher asset-based fees driven by net client inflows and higher market levels. The provision for credit losses was a benefit of \$100 million, primarily driven by a reduction in the allowance for credit losses in the Oil & Gas portfolio related to a single name, partially offset by net portfolio activity. The prior

year was a benefit of \$149 million primarily driven by a reduction in the allowance for credit losses in the Oil & Gas portfolio.

Noninterest expense was \$11.1 billion, up 10%, largely driven by higher performance-related compensation expense, volume-related transaction costs and investments in technology.

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Selected metrics

(in millions, except headcount)	As of or for the three months ended June 30,			As of or for the six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Selected balance sheet data (period-end)						
Assets	\$908,954	\$847,377	7 %	\$908,954	\$847,377	7 %
Loans:						
Loans retained ^(a)	116,645	108,935	7	116,645	108,935	7
Loans held-for-sale and loans at fair value	6,254	7,168	(13)	6,254	7,168	(13)
Total loans	122,899	116,103	6	122,899	116,103	6
Core loans	122,574	115,764	6	122,574	115,764	6
Equity	70,000	70,000	—	70,000	70,000	—
Selected balance sheet data (average)						
Assets	\$937,217	\$864,686	8	\$923,756	\$851,425	8
Trading assets-debt and equity instruments	358,611	351,678	2	356,750	340,073	5
Trading assets-derivative receivables	60,623	54,937	10	60,393	56,931	6
Loans:						
Loans retained ^(a)	\$113,950	\$110,011	4	\$111,665	\$109,204	2
Loans held-for-sale and loans at fair value	5,961	5,789	3	5,722	5,550	3
Total loans	\$119,911	\$115,800	4	\$117,387	\$114,754	2
Core loans	119,637	115,434	4	117,090	114,375	2
Equity	70,000	70,000	—	70,000	70,000	—
Headcount	51,400	49,228	4 %	51,400	49,228	4 %

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

Selected metrics

(in millions, except ratios)	As of or for the three months ended June 30,			As of or for the six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Credit data and quality statistics						
Net charge-offs/(recoveries)	\$114	\$47	143 %	\$134	\$29	362 %
Nonperforming assets:						
Nonaccrual loans:						
Nonaccrual loans retained ^(a)	\$352	\$462	(24)	\$352	\$462	(24)
Nonaccrual loans held-for-sale and loans at fair value	175	31	465	175	31	465
Total nonaccrual loans	527	493	7	527	493	7
Derivative receivables	112	170	(34)	112	170	(34)
Assets acquired in loan satisfactions	104	71	46	104	71	46
Total nonperforming assets	\$743	\$734	1	\$743	\$734	1
Allowance for credit losses:						
Allowance for loan losses	\$1,043	\$1,298	(20)	\$1,043	\$1,298	(20)
Allowance for lending-related commitments	828	745	11	828	745	11
Total allowance for credit losses	\$1,871	\$2,043	(8)%	\$1,871	\$2,043	(8)%
Net charge-off/(recovery) rate ^(b)	0.40 %	0.17 %		0.24 %	0.05 %	
Allowance for loan losses to period-end loans retained	0.89	1.19		0.89	1.19	
Allowance for loan losses to period-end loans retained, excluding trade finance and conduits ^(c)	1.27	1.83		1.27	1.83	
Allowance for loan losses to nonaccrual loans retained ^(a)	296	281		296	281	
Nonaccrual loans to total period-end loans	0.43 %	0.42 %		0.43 %	0.42 %	

- (a) Allowance for loan losses of \$141 million and \$164 million were held against these nonaccrual loans at June 30, 2018 and 2017, respectively.
- (b) Loans held-for-sale and loans at fair value were excluded when calculating the net charge-off/(recovery) rate.
- (c) Management uses allowance for loan losses to period-end loans retained, excluding trade finance and conduits, a non-GAAP financial measure, to provide a more meaningful assessment of CIB's allowance coverage ratio.

Investment banking fees

(in millions)	Three months ended June 30,			Six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Advisory	\$626	\$503	24 %	\$1,201	\$1,004	20 %
Equity underwriting	570	382	49	916	807	14
Debt underwriting ^(a)	943	954	(1)	1,718	1,903	(10)
Total investment banking fees	\$2,139	\$1,839	16 %	\$3,835	\$3,714	3 %

(a) Includes loan syndications.

League table results – wallet share

	Three months ended June 30, 2018		Full-year 2017	
	Rank	Share	Rank	Share
Based on fees ^(a)				
Long-term debt ^(b)				
Global	#1	7.4	#1	7.6
U.S.	2	11.4	2	10.9
Equity and equity-related ^(c)				
Global	1	10.2	2	7.1
U.S.	1	13.3	1	11.6
M&A ^(d)				
Global	2	9.0	2	8.5
U.S.	2	10.0	2	9.2
Loan syndications				
Global	1	9.7	1	9.4
U.S.	1	11.3	1	11.0
Global investment banking fees ^(e)	#1	9.0	#1	8.1

(a) Source: Dealogic as of July 1, 2018. Reflects the ranking of revenue wallet and market share.

Long-term debt rankings include investment-grade, high-yield, supranationals, sovereigns, agencies, covered (b) 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 reflect 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.

Markets revenue

The following table summarizes select income statement data for the Markets businesses. Markets includes both Fixed Income Markets and Equity Markets. Markets revenue comprises principal transactions, fees, commissions and other income, as well as net interest income. The Firm assesses its Markets business performance on a total revenue basis, as offsets may occur across revenue line items. For example, securities that generate net interest income may be risk-managed by derivatives that are

recorded in principal transactions. For a description of the composition of these income statement line items, refer to Notes 5 and 6. For further information, refer to Markets revenue on page 65 of JPMorgan Chase's 2017 Annual Report.

For the periods presented below, the predominant source of principal transactions revenue was the amount recognized upon executing new transactions.

(in millions)	Three months ended June 30, 2018			Three months ended June 30, 2017		
	Fixed Income Markets	Equity Markets	Total Markets	Fixed Income Markets	Equity Markets	Total Markets
Principal transactions	\$2,214	\$1,664	\$ 3,878	\$1,851	\$1,109	\$ 2,960
Lending- and deposit-related fees	49	2	51	48	1	49
Asset management, administration and commissions	104	460	564	103	410	513
All other income	171	(6	)165	207	(2	)205
Noninterest revenue	2,538	2,120	4,658	2,209	1,518	3,727
Net interest income ^(a)	915	(161	)754	1,007	68	1,075
Total net revenue	\$3,453	\$1,959	\$ 5,412	\$3,216	\$1,586	\$ 4,802
(in millions)	Six months ended June 30, 2018			Six months ended June 30, 2017		
	Fixed Income Markets	Equity Markets	Total Markets	Fixed Income Markets	Equity Markets	Total Markets
Principal transactions	\$4,946	\$3,276	\$8,222	\$4,552	\$2,118	\$6,670
Lending- and deposit-related fees	96	3	99	97	2	99
Asset management, administration and commissions	217	918	1,135	207	833	1,040
All other income	731	11	742	384	(9	)375
Noninterest revenue	5,990	4,208	10,198	5,240	2,944	8,184
Net interest income ^(a)	2,016	(232	)1,784	2,191	248	2,439
Total net revenue	\$8,006	\$3,976	\$11,982	\$7,431	\$3,192	\$10,623

(a) Declines in Markets net interest income were driven by higher funding costs.

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Selected metrics

(in millions, except where otherwise noted)	As of or for the three months ended June 30,			As of or for the six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Assets under custody ("AUC") by asset class (period-end)						
(in billions):						
Fixed Income	\$12,611	\$12,662	—	\$12,611	\$12,662	—
Equity	8,791	7,214	22	8,791	7,214	22
Other ^(a)	2,782	2,258	23	2,782	2,258	23
Total AUC	\$24,184	\$22,134	9	\$24,184	\$22,134	9
Client deposits and other third party liabilities (average) ^(b)	\$433,646	\$404,920	7	\$428,502	\$398,354	8

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

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

International metrics

(in millions, except where otherwise noted)	As of or for the three months ended June 30,			As of or for the six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Total net revenue ^(a)						
Europe/Middle East/Africa	\$3,420	\$3,034	13 %	\$7,076	\$6,223	14 %
Asia/Pacific	1,410	1,034	36	2,881	2,273	27
Latin America/Caribbean	329	244	35	743	585	27
Total international net revenue	5,159	4,312	20	10,700	9,081	18
North America	4,764	4,613	3	9,706	9,443	3
Total net revenue	\$9,923	\$8,925	11	\$20,406	\$18,524	10

Loans retained (period-end)^(a)

Europe/Middle East/Africa	\$26,971	\$26,690	1	\$26,971	\$26,690	1
Asia/Pacific	17,255	14,709	17	17,255	14,709	17
Latin America/Caribbean	4,046	6,196	(35)	4,046	6,196	(35)
Total international loans	48,272	47,595	1	48,272	47,595	1
North America	68,373	61,340	11	68,373	61,340	11
Total loans retained ^(a)	\$116,645	\$108,935	7	\$116,645	\$108,935	7

Client deposits and other third-party liabilities

(average)^{(a)(b)}

Europe/Middle East/Africa	\$164,650	\$156,575	5	\$162,046	\$150,436	8
Asia/Pacific	81,549	73,327	11	82,603	73,544	12
Latin America/Caribbean	27,747	25,806	8	26,620	24,934	7
Total international	\$273,946	\$255,708	7	\$271,269	\$248,914	9
North America	159,700	149,212	7	157,233	149,440	5
Total client deposits and other third-party liabilities	\$433,646	\$404,920	7	\$428,502	\$398,354	8

AUC (period-end)^(a)

(in billions)

North America	\$14,942	\$13,207	13	\$14,942	\$13,207	13
All other regions	9,242	8,927	4	9,242	8,927	4
Total AUC	\$24,184	\$22,134	9 %	\$24,184	\$22,134	9 %

(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, refer to pages 67–69 of JPMorgan Chase’s 2017 Annual Report and Line of Business Metrics on page 178.

Selected income statement data

(in millions)	Three months ended June 30,			Six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Revenue						
Lending- and deposit-related fees	\$224	\$232	(3)%	\$450	\$467	(4)%
Asset management, administration and commissions	16	16	—	34	34	—
All other income ^(a)	393	335	17	698	681	2
Noninterest revenue	633	583	9	1,182	1,182	—
Net interest income	1,683	1,505	12	3,300	2,924	13
Total net revenue ^(b)	2,316	2,088	11	4,482	4,106	9
Provision for credit losses	43	(130)	NM	38	(167)	NM
Noninterest expense						
Compensation expense ^(c)	415	382	9	836	770	9
Noncompensation expense ^(c)	429	408	5	852	845	1
Total noninterest expense	844	790	7	1,688	1,615	5
Income before income tax expense	1,429	1,428	—	2,756	2,658	4
Income tax expense	342	526	(35)	644	957	(33)
Net income	\$1,087	\$902	21 %	\$2,112	\$1,701	24 %

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

Total net revenue included tax-equivalent adjustments from income tax credits related to equity investments in designated community development entities that provide loans to qualified businesses in low-income communities, as well as tax-exempt income related to municipal financing activities of \$106 million and \$131 million for the three months ended June 30, 2018 and 2017 respectively, and \$209 million and \$252 million for the six months ended June 30, 2018 and June 30, 2017, respectively. The decrease in taxable-equivalent adjustments reflects the impact of TCJA.

Effective in the first quarter of 2018, certain Operations and Compliance staff were transferred from CCB and Corporate, respectively, to CB. As a result, expense for this staff is now reflected in CB’s compensation expense (c) with a corresponding adjustment for expense allocations reflected in noncompensation expense. CB’s, Corporate’s and CCB’s previously reported headcount, compensation expense and noncompensation expense have been revised to reflect this transfer.

Quarterly results

Net income was \$1.1 billion, an increase of 21%.

Net revenue was \$2.3 billion, an increase of 11%. Net interest income was \$1.7 billion, an increase of 12%, driven by higher deposit margins. Noninterest revenue was \$633 million, an increase of 9% driven by higher investment banking revenue from an increased number of large transactions.

Noninterest expense was \$844 million, an increase of 7%, predominantly driven by continued investments in banker coverage and technology.

The provision for credit losses was an expense of \$43 million. The prior year was a benefit of \$130 million driven by net reductions in the allowance for credit losses, including in the Oil & Gas, Natural Gas Pipelines and Metals & Mining portfolios.

Year-to-date results

Net income was \$2.1 billion, an increase of 24%.

Net revenue was \$4.5 billion, an increase of 9%. Net interest income was \$3.3 billion, an increase of 13%, driven by higher deposit margins. Noninterest revenue was \$1.2 billion, flat compared with the prior year.

Noninterest expense was \$1.7 billion, an increase of 5%, driven by continued investments in banker coverage and technology.

The provision for credit losses was an expense of \$38 million. The prior year was a benefit of \$167 million, driven by net reductions in the allowance for credit losses, including in the Oil & Gas, Natural Gas Pipelines and Metals & Mining portfolios.

Selected income statement data (continued)

(in millions, except ratios)	Three months ended June 30,			Six months ended June 30,			
	2018	2017	Change	2018	2017	Change	
Revenue by product							
Lending	\$1,026	\$1,023	—	% \$2,025	\$2,015	—	
Treasury services	1,026	854	20	1,998	1,650	21	
Investment banking ^(a)	254	189	34	438	405	8	
Other	10	22	(55)	21	36	(42)
Total Commercial Banking net revenue	\$2,316	\$2,088	11	\$4,482	\$4,106	9	
Investment banking revenue, gross ^(b)	\$739	\$533	39	\$1,308	\$1,199	9	
Revenue by client segment							
Middle Market Banking	\$919	\$839	10	\$1,814	\$1,623	12	
Corporate Client Banking	807	662	22	1,494	1,328	13	
Commercial Term Lending	344	364	(5)	696	731	(5)
Real Estate Banking	170	147	16	334	281	19	
Other	76	76	—	144	143	1	
Total Commercial Banking net revenue	\$2,316	\$2,088	11	% \$4,482	\$4,106	9 %	

Financial ratios

Return on equity	21	% 17	%	20	% 16	%
Overhead ratio	36	38		38	39	

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

Represents total Firm revenue from investment banking products sold to CB clients. As a result of the adoption of (b) the revenue recognition guidance, prior period amounts have been revised to conform with the current period presentation. For additional information, refer to Note 1.

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Selected metrics

(in millions, except headcount)	As of or for the three months ended June 30,			As of or for the six months ended June 30,			
	2018	2017	Change	2018	2017	Change	
Selected balance sheet data (period-end)							
Total assets	\$220,232	\$220,676	—	% \$220,232	% \$220,676	—	%
Loans:							
Loans retained	205,834	197,912	4	205,834	197,912	4	
Loans held-for-sale and loans at fair value	1,576	1,661	(5)	) 1,576	1,661	(5))
Total loans	\$207,410	\$199,573	4	\$207,410	\$199,573	4	
Core loans	207,238	199,319	4	207,238	199,319	4	
Equity	20,000	20,000	—	20,000	20,000	—	
Period-end loans by client segment							
Middle Market Banking	\$58,301	\$56,377	3	\$58,301	\$56,377	3	
Corporate Client Banking	48,885	45,918	6	48,885	45,918	6	
Commercial Term Lending	75,621	73,760	3	75,621	73,760	3	
Real Estate Banking	17,458	16,726	4	17,458	16,726	4	
Other	7,145	6,792	5	7,145	6,792	5	
Total Commercial Banking loans	\$207,410	\$199,573	4	\$207,410	\$199,573	4	
Selected balance sheet data (average)							
Total assets	\$218,396	\$217,694	—	\$217,781	\$215,750	1	
Loans:							
Loans retained	204,239	196,454	4	203,109	193,630	5	
Loans held-for-sale and loans at fair value	1,381	1,402	(1)	) 896	1,061	(16))
Total loans	\$205,620	\$197,856	4	\$204,005	\$194,691	5	
Core loans	205,440	197,567	4	203,809	194,391	5	
Average loans by client segment							
Middle Market Banking	\$57,346	\$55,651	3	\$57,052	\$54,963	4	
Corporate Client Banking	48,150	46,483	4	46,962	45,041	4	
Commercial Term Lending	75,307	73,081	3	75,126	72,484	4	
Real Estate Banking	17,614	16,139	9	17,729	15,834	12	
Other	7,203	6,502	11	7,136	6,369	12	
Total Commercial Banking loans	\$205,620	\$197,856	4	\$204,005	\$194,691	5	
Client deposits and other third-party liabilities	\$170,745	\$173,214	(1)	) \$173,168	\$174,987	(1))
Equity	20,000	20,000	—	20,000	20,000	—	
Headcount ^(a)	10,579	9,857	7	% 10,579	% 9,857	7	%

Effective in the first quarter of 2018, certain Operations and Compliance staff were transferred from CCB and (a)Corporate, respectively, to CB. The prior period amounts have been revised to conform with the current period presentation. For a further discussion of this transfer, refer to page 31, Selected income statement data, footnote (c).

Selected metrics (continued)

(in millions, except ratios) Credit data and quality statistics	As of or for the three months ended June 30,			As of or for the six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Net charge-offs/(recoveries)	\$34	\$8	325 %	\$34	\$(2)	NM
Nonperforming assets						
Nonaccrual loans:						
Nonaccrual loans retained ^(a)	\$546	\$819	(33)	\$546	\$819	(33)%
Nonaccrual loans held-for-sale and loans at fair value	—	—	—	—	—	—
Total nonaccrual loans	\$546	\$819	(33)	\$546	\$819	(33)
Assets acquired in loan satisfactions	2	4	(50)	2	4	(50)
Total nonperforming assets	\$548	\$823	(33)	\$548	\$823	(33)
Allowance for credit losses:						
Allowance for loan losses	\$2,622	\$2,678	(2)	\$2,622	\$2,678	(2)
Allowance for lending-related commitments	243	331	(27)	243	331	(27)
Total allowance for credit losses	\$2,865	\$3,009	(5)%	\$2,865	\$3,009	(5)%
Net charge-off/(recovery) rate ^(b)	0.07	%0.02	%	0.03	%	—
Allowance for loan losses to period-end loans retained	1.27	1.35		1.27	1.35	
Allowance for loan losses to nonaccrual loans retained ^(a)	480	327		480	327	
Nonaccrual loans to period-end total loans	0.26	0.41		0.26	0.41	

^(a) Allowance for loan losses of \$126 million and \$112 million was held against nonaccrual loans retained at June 30, 2018 and 2017, respectively.

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

ASSET &
WEALTH
MANAGEMENT

For a discussion of the business profile of AWM, refer to pages 70–72 of JPMorgan Chase’s 2017 Annual Report and Line of Business Metrics on pages 178–179.

Effective January 1, 2018, the Firm adopted several new accounting standards; the guidance which had the most significant impact on the AWM segment results was revenue recognition. The revenue recognition guidance was applied retrospectively and, accordingly, prior period amounts were revised. For additional information, refer to Note 1.

Selected income statement data

(in millions, except ratios)	Three months ended June 30,			Six months ended June 30,			
	2018	2017	Change	2018	2017	Change	
Revenue							
Asset management, administration and commissions	\$2,532	\$2,435	4	% \$5,060	\$4,739	7	%
All other income	155	156	(1)	) 257	321	(20))
Noninterest revenue	2,687	2,591	4	5,317	5,060	5	
Net interest income	885	846	5	1,761	1,665	6	
Total net revenue	3,572	3,437	4	7,078	6,725	5	
Provision for credit losses	2	4	(50)	) 17	22	(23))
Noninterest expense							
Compensation expense	1,329	1,277	4	2,721	2,609	4	
Noncompensation expense	1,237	1,140	9	2,426	2,589	(6))
Total noninterest expense	2,566	2,417	6	5,147	5,198	(1))
Income before income tax expense	1,004	1,016	(1)	) 1,914	1,505	27	
Income tax expense	249	392	(36)	) 389	496	(22))
Net income	\$755	\$624	21	\$1,525	\$1,009	51	
Revenue by line of business							
Asset Management	\$1,826	\$1,786	2	\$3,613	\$3,474	4	
Wealth Management	1,746	1,651	6	3,465	3,251	7	
Total net revenue	\$3,572	\$3,437	4	% \$7,078	\$6,725	5	%
Financial ratios							
Return on equity	33	%27	%	33	%22	%	
Overhead ratio	72	70		73	77		
Pre-tax margin ratio:							
Asset Management	28	27		27	14		
Wealth Management	28	33		27	31		
Asset & Wealth Management	28	30		27	22		

Quarterly results

Net income was \$755 million, an increase of 21%.

Net revenue was \$3.6 billion, an increase of 4%. Net interest income was \$885 million, up 5%, driven by deposit margin expansion and loan growth. Noninterest revenue was \$2.7 billion, up 4%, driven by higher management fees from net long-term product inflows and higher market levels, partially offset by fee compression and the impact of lower market valuations of seed capital investments.

Noninterest expense was \$2.6 billion, up 6%, largely driven by continued investments in technology and advisors, as well as higher external fees on revenue growth.

Year-to-date results

Net income was \$1.5 billion, an increase of 51%.

Net revenue was \$7.1 billion, an increase of 5%. Net interest income was \$1.8 billion, up 6%, driven by deposit margin expansion and loan growth. Noninterest revenue was \$5.3 billion, up 5%, driven by higher management fees from net long-term product inflows and higher market levels, partially offset by fee compression and the impact of lower market valuations of seed capital investments.

Noninterest expense was \$5.1 billion, a decrease of 1%, driven by higher legal expense in 1Q17, largely offset by investments in technology and advisors, as well as higher external fees on revenue growth.

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Selected metrics

(in millions, except ranking data, headcount and ratios)	As of or for the three months ended June 30,			As of or for the six months ended June 30,		
	2018	2017	Change	2018	2017	Change
% of JPM mutual fund assets rated as 4- or 5-star ^(a)	59	% 65	%	59	% 65	%
% of JPM mutual fund assets ranked in 1 st or 2 nd quartile: ^(b)						
1 year	65	60		65	60	
3 years	71	83		71	83	
5 years	85	77		85	77	

Selected balance sheet data (period-end)

Total assets	\$161,474	\$147,508	9	%	\$161,474	\$147,508	9	%
Loans	138,606	124,517	11		138,606	124,517	11	
Core loans	138,606	124,517	11		138,606	124,517	11	
Deposits	131,511	146,758	(10	)	131,511	146,758	(10)
Equity	9,000	9,000	—		9,000	9,000	—	

Selected balance sheet data (average)

Total assets	\$158,244	\$142,966	11		\$156,305	\$140,585	11	
Loans	136,710	122,173	12		134,683	120,252	12	
Core loans	136,710	122,173	12		134,683	120,252	12	
Deposits	139,557	150,786	(7)	141,865	154,776	(8)
Equity	9,000	9,000	—		9,000	9,000	—	

Headcount	23,141	22,289	4		23,141	22,289	4	
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Number of Wealth Management client advisors	2,644	2,452	8		2,644	2,452	8	
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Credit data and quality statistics

Net charge-offs	\$(5)	\$2	NM	\$(4)	\$5	NM
Nonaccrual loans	323	400	(19)	323	400	(19)
Allowance for credit losses:								
Allowance for loan losses	\$304	\$285	7		\$304	\$285	7	
Allowance for lending-related commitments	15	10	50		15	10	50	
Total allowance for credit losses	\$319	\$295	8	%	\$319	\$295	8	%
Net charge-off rate	(0.01	)	%0.01	%	(0.01	)	%0.01	%
Allowance for loan losses to period-end loans	0.22	0.23			0.22	0.23		
Allowance for loan losses to nonaccrual loans	94	71			94	71		
Nonaccrual loans to period-end loans	0.23	0.32			0.23	0.32		

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 Asset 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 Asset 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.

Client assets

Client assets of \$2.8 trillion and assets under management of \$2.0 trillion were both up 8%, reflecting higher net inflows into long-term and liquidity products, as well as higher market levels.

Client assets

(in billions)	June 30,			Change	
	2018	2017			
Assets by asset class					
Liquidity	\$448	\$434	3	%	
Fixed income	452	440	3		
Equity	435	390	12		
Multi-asset and alternatives	693	612	13		
Total assets under management	2,028	1,876	8		
Custody/brokerage/administration/deposits	771	722	7		
Total client assets	\$2,799	\$2,598	8		

Memo:

Alternatives client assets ^(a)	\$172	\$159	8		
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Assets by client segment

Private Banking	\$551	\$488	13		
Institutional	934	889	5		
Retail	543	499	9		
Total assets under management	\$2,028	\$1,876	8		

Private Banking	\$1,298	\$1,188	9		
Institutional	956	909	5		
Retail	545	501	9		
Total client assets	\$2,799	\$2,598	8	%	

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

Client assets (continued)

(in billions)	Three months ended		Six months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Assets under management rollforward				
Beginning balance	\$2,016	\$1,841	\$2,034	\$1,771
Net asset flows:				
Liquidity	17	(7)	(4)	(6)
Fixed income	(7)	2	(12)	7
Equity	2	(3)	7	(7)
Multi-asset and alternatives	9	10	25	17
Market/performance/other impacts	(9)	33	(22)	94
Ending balance, June 30	\$2,028	\$1,876	\$2,028	\$1,876

Client assets rollforward

Beginning balance	\$2,788	\$2,548	\$2,789	\$2,453
Net asset flows	11	2	25	12
Market/performance/other impacts	—	48	(15)	133
Ending balance, June 30	\$2,799	\$2,598	\$2,799	\$2,598

International metrics

(in millions)	As of or for the three months ended June 30,			As of or for the six months ended June 30,			
	2018	2017	Change	2018	2017	Change	
Total net revenue ^(a)							
Europe/Middle East/Africa	\$692	\$663	4	% \$1,418	\$1,278	11	%
Asia/Pacific	391	342	14	784	660	19	
Latin America/Caribbean	234	222	5	461	401	15	
Total international net revenue	1,317	1,227	7	2,663	2,339	14	
North America	2,255	2,210	2	4,415	4,386	1	
Total net revenue ^(a)	\$3,572	\$3,437	4	% \$7,078	\$6,725	5	%

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

(in billions)	As of or for the three months ended June 30,			As of or for the six months ended June 30,				
	2018	2017	Change	2018	2017	Change		
Assets under management								
Europe/Middle East/Africa		\$371	\$335	11	% \$371	\$335	11	%
Asia/Pacific		164	136	21	164	136	21	
Latin America/Caribbean		65	57	14	65	57	14	
Total international assets under management		600	528	14	600	528	14	
North America		1,428	1,348	6	1,428	1,348	6	
Total assets under management		\$2,028	\$1,876	8	\$2,028	\$1,876	8	

Client assets

Europe/Middle East/Africa	\$431	\$387	11	\$431	\$387	11	
Asia/Pacific	229	196	17	229	196	17	
Latin America/Caribbean	160	152	5	160	152	5	
Total international client assets	820	735	12	820	735	12	
North America	1,979	1,863	6	1,979	1,863	6	
Total client assets	\$2,799	\$2,598	8	% \$2,799	\$2,598	8	%

CORPORATE

For a discussion of Corporate, refer to pages 73–74 of JPMorgan Chase’s 2017 Annual Report.

Selected income statement and balance sheet data

(in millions, except headcount)	As of or for the three months ended June 30,			As of or for the six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Revenue						
Principal transactions	\$83	\$148	(44)%	\$(61)	\$163	NM
Investment securities losses	(80)	\$(34)	(135)%	\$(325)	\$(37)	NM
All other income/(loss) ^(a)	139	667	(79)%	343	728	(53)
Noninterest revenue	142	781	(82)%	(43)	854	NM
Net interest income	(62)	23	NM	(109)	(75)	(45)%
Total net revenue ^(b)	80	804	(90)%	\$(152)	779	NM
Provision for credit losses	(1)	—	NM	(5)	—	NM
Noninterest expense ^(c)	279	183	52	366	281	30 %
Income/(loss) before income tax expense/(benefit)	(198)	621	NM	(513)	498	NM
Income tax expense/(benefit)	(62)	51	NM	6	(107)	NM
Net income/(loss)	\$(136)	570	NM	\$(519)	605	NM
Total net revenue						
Treasury and CIO	\$87	\$86	1	\$49	\$79	(38)%
Other Corporate	(7)	718	NM	(201)	700	NM
Total net revenue	\$80	\$804	(90)%	\$(152)	779	NM
Net income/(loss)						
Treasury and CIO	\$(153)	\$(14)	NM	\$(340)	\$(81)	(320)
Other Corporate	17	584	(97)%	(179)	686	NM
Total net income/(loss)	\$(136)	570	NM	\$(519)	605	NM
Total assets (period-end)	\$746,716	\$817,754	(9)	\$746,716	\$817,754	(9)
Loans (period-end)	1,720	1,696	1	1,720	1,696	1
Core loans ^(d)	1,720	1,696	1	1,720	1,696	1
Headcount ^(e)	35,877	32,843	9 %	35,877	32,843	9 %

(a) Included revenue related to a legal settlement of \$645 million for both the three and six months ended June 30, 2017.

(b) Included tax-equivalent adjustments, predominantly due to tax-exempt income from municipal bond investments of \$95 million and \$237 million for the three months ended June 30, 2018 and 2017, respectively, and \$193 million and \$465 million for six months ended June 30, 2018 and 2017, respectively. The decrease in taxable-equivalent adjustments reflects the impact of the TCJA.

(c) Included legal expense/(benefit) of \$(8) million and \$16 million for the three months ended June 30, 2018 and 2017, respectively, and \$(50) million and \$(212) million for six months ended June 30, 2018 and 2017, respectively.

(d) Average core loans were \$1.7 billion and \$1.6 billion for the three months ended June 30, 2018 and 2017, respectively, and \$1.7 billion and \$1.6 billion for the six months ended June 30, 2018 and 2017, respectively.

(e) Effective in the first quarter of 2018, certain Compliance staff were transferred from Corporate to CB. The prior period amounts have been revised to conform with the current period presentation. For a further discussion of this transfer, refer to CB segment results on page 31.

Quarterly results

Net loss was \$136 million, compared with net income of \$570 million in the prior year.

Net revenue was \$80 million, compared with \$804 million in the prior year. The current period includes investment securities losses related to the repositioning of the investment securities portfolio. The prior year included a \$645 million benefit from a legal settlement.

Noninterest expense of \$279 million increased from the prior year, primarily driven by a pretax loss of \$174 million on the liquidation of a legal entity.

Current period income tax reflects a benefit of \$189 million resulting from a change in the estimate for the deemed repatriation tax on non-U.S. earnings as well as other net tax adjustments, that were predominantly offset by changes to certain tax reserves.

Year-to-date results

Net loss was \$519 million, compared with net income of \$605 million in the prior year.

Net revenue was a loss of \$152 million, compared with a gain of \$779 million in the prior-year. The current period includes investment securities losses related to the repositioning of the investment securities portfolio. The prior year included a \$645 million benefit from a legal settlement.

Noninterest expense of \$366 million, up \$85 million from prior year, includes a pretax loss in the current period of \$174 million on the liquidation of a legal entity.

Current period income tax expense reflects changes to certain tax reserves, largely offset by changes in the estimate for the deemed repatriation tax on non-U.S. earnings and other tax adjustments.

Treasury and CIO overview

At June 30, 2018, 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). Refer to Note 9 for further information on the Firm's investment securities portfolio.

For further information on liquidity and funding risk, refer to Liquidity Risk Management on pages 48–52. For information on interest rate, foreign exchange and other risks, refer to Market Risk Management on pages 71–75. Selected income statement and balance sheet data

(in millions)	As of or for the three months ended June 30,			As of or for the six months ended June 30,		
	2018	2017	Change	2018	2017	Change
Investment securities losses	\$(80)	\$(34)	(135)%	\$(325)	\$(49)	NM
Available-for-sale ("AFS") investment securities (average)	\$200,232	\$225,053	(11)%	\$202,266	\$229,920	(12)%
Held-to-maturity ("HTM") investment securities (average)	30,304	48,232	(37)	32,152	48,794	(34)
Investment securities portfolio (average)	\$230,536	\$273,285	(16)	\$234,418	\$278,714	(16)
AFS investment securities (period-end)	\$200,434	\$213,291	(6)	\$200,434	\$213,291	(6)
HTM investment securities (period-end)	31,006	47,761	(35)	31,006	47,761	(35)
Investment securities portfolio (period-end)	\$231,440	\$261,052	(11)%	\$231,440	\$261,052	(11)%

As permitted by the new hedge accounting guidance, the Firm elected to transfer certain investment securities from HTM to AFS in the first quarter of 2018. For additional information, refer to Notes 1 and 9.

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.

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 identification, assessment, data and management by each of the lines of business and corporate functions; and
- Firmwide structures for risk governance.

The Firm strives for continual improvement through efforts to enhance controls, ongoing employee training and development, talent retention, and other measures. The Firm follows a disciplined and balanced compensation framework with strong internal governance and independent Board oversight. The impact of risk and control issues are carefully considered in the Firm's performance evaluation and incentive compensation processes.

Firmwide Risk Management is overseen and managed on an enterprise-wide basis. The Firm's approach to risk management involves understanding drivers of risks, risk types, and impacts of risks.

Drivers of risk include, but are not limited to, the economic environment, regulatory or government policy, competitor or market evolution, business decisions, process or judgment error, deliberate wrongdoing, dysfunctional markets, and natural disasters.

The Firm's risks are generally categorized in the following four risk types:

• Strategic risk is the risk associated with the Firm's current and future business plans and objectives, including capital risk, liquidity risk, and the impact to the Firm's reputation.

• Credit and investment risk is the risk associated with the default or change in credit profile of a client, counterparty or customer; or loss of principal or a reduction in expected returns on investments, including consumer credit risk, wholesale credit risk, and investment portfolio risk.

• Market risk is the risk associated with the effect of changes in market factors, such as interest and foreign exchange rates, equity and commodity prices, credit spreads or implied volatilities, on the value of assets and liabilities held for both the short and long term.

• Operational risk is the risk associated with inadequate or failed internal processes, people and systems, or from external events and includes compliance risk, conduct risk, legal risk, and estimations and model risk.

There may be many consequences of risks manifesting, including quantitative impacts such as reduction in earnings and capital, liquidity outflows, and fines or penalties, or qualitative impacts, such as reputation damage, loss of clients, and regulatory and enforcement actions.

The Firm has established Firmwide risk management functions to manage different risk types. The scope of a particular risk management function may include multiple risk types. For example, the Firm's Country Risk Management function oversees country risk which may be a driver of risk or an aggregation of exposures that could give rise to multiple risk types such as credit or market risk. The following provides an index of where in this Form 10-Q and in JPMorgan Chase's 2017 Annual Report information about the Firm's management of its key risks can be found.

Risk disclosures	Form 10-Q page reference	Annual Report page reference
Enterprise-wide risk management	41–42	75–80
Strategic risk management		81
Capital risk management	43–47	82–91
Liquidity risk management	48–52	92–97
Reputation risk management		98
Consumer credit portfolio	55–59	102–107
Wholesale credit portfolio	60–66	108–116
Investment portfolio risk management	70	120
Market risk management	71–75	121–128
Country risk management	76	129–130
Operational risk management		131–133
Compliance risk management		134
Conduct risk management		135
Legal risk management		136
Estimations and Model risk management		137

CAPITAL RISK MANAGEMENT

Capital risk is the risk the Firm has an insufficient level and composition of capital to support the Firm's business activities and associated risks during normal economic environments and under stressed conditions.

The Firm's capital risk management strategy focuses on maintaining long-term stability to enable it to build and invest in market-leading businesses, even in a highly stressed environment. Senior management considers the implications on the Firm's capital prior to making decisions that could impact future business activities. In addition to considering the Firm's earnings outlook, senior management evaluates all sources and uses of capital with a view to ensuring the Firm's capital strength.

The Firm's capital risk management objectives are achieved through the establishment of minimum capital targets and a strong capital governance framework. Capital risk management is intended to be flexible in order to react to a range of potential events. The Firm's minimum capital targets are based on the most binding of three pillars: an internal assessment of the Firm's capital needs; an estimate of required capital under the CCAR and Dodd-Frank Act stress testing requirements; and Basel III Fully Phased-In regulatory minimums. Where necessary, each pillar may include a management-established buffer.

For a further discussion of the Firm's Capital Risk Management, refer to pages 82–91 of JPMorgan Chase's 2017 Annual Report, Note 19 of this Form 10-Q, and the Firm's Pillar 3 Regulatory Capital Disclosures reports, which are available on the Firm's website (<http://investor.shareholder.com/jpmorganchase/basel.cfm>).

The Firm and its insured depository institution ("IDI") subsidiaries are subject to Basel III capital rules which include minimum capital ratio requirements that are subject to phase-in periods ("transitional period") through the end of 2018. While this required capital remains subject to the transitional rules during 2018, as of January 1, 2018, the Firm's capital in the form of CET1 and Tier 1, and the Firm's risk-weighted assets were equivalent whether calculated on a transitional basis or on a fully phased-in basis.

The capital adequacy of the Firm and its IDI subsidiaries, both during the transitional period and upon full phase-in, is evaluated against the Basel III approach (Standardized or Advanced) which, for each quarter, results in the lower ratio as required by the Collins Amendment of the Dodd-Frank Act (the "Collins Floor"). The Basel III Standardized Fully Phased-In CET1 ratio is the Firm's current binding constraint, and the Firm expects that this will remain its binding constraint for the foreseeable future.

The Firm is subject to minimum capital ratios under Basel III rules and well-capitalized ratios under the regulations issued by the Federal Reserve and the Prompt Corrective Action ("PCA") requirements of the FDIC Improvement Act ("FDICIA"), respectively. For additional information, refer to Note 19.

The following tables present the Firm's Transitional and Fully Phased-In risk-based and leverage-based capital metrics under both the Basel III Standardized and Advanced Approaches. The Firm's Basel III ratios exceeded both the Transitional and Fully Phased-In regulatory minimums as of June 30, 2018 and December 31, 2017. For a further discussion of these capital metrics, including regulatory minimums, and the Standardized and Advanced Approaches, refer to Strategy and Governance on pages 84–88 of JPMorgan Chase's 2017 Annual Report.

June 30, 2018 (in millions, except ratios)	Transitional		Minimum capital ratios	Fully Phased-In		Minimum capital ratios	
	Standardized	Advanced		Standardized	Advanced		
Risk-based capital metrics:							
CET1 capital	\$184,708	\$184,708		\$184,708	\$184,708		
Tier 1 capital	210,321	210,321		210,321	210,321		
Total capital	238,630	229,027		238,357	228,754		
Risk-weighted assets	1,543,370	1,438,747		1,543,370	1,438,747		
CET1 capital ratio	12.0	% 12.8	% 9.0	% 12.0	% 12.8	% 10.5	%
Tier 1 capital ratio	13.6	14.6	10.5	13.6	14.6	12.0	
Total capital ratio	15.5	15.9	12.5	15.4	15.9	14.0	
Leverage-based capital metrics:							
Adjusted average assets ^(a)	\$2,566,013	\$2,566,013		\$2,566,013	\$2,566,013		
Tier 1 leverage ratio	8.2	% 8.2	% 4.0	% 8.2	% 8.2	% 4.0	%
Total leverage exposure	NA	NA		NA	\$3,255,296		
SLR ^(b)	NA	NA	NA	NA	6.5	% 5.0	% ^(b)
December 31, 2017 (in millions, except ratios)	Transitional		Minimum capital ratios	Fully Phased-In		Minimum capital ratios	
	Standardized	Advanced		Standardized	Advanced		
Risk-based capital metrics:							
CET1 capital	\$183,300	\$183,300		\$183,244	\$183,244		
Tier 1 capital	208,644	208,644		208,564	208,564		
Total capital	238,395	227,933		237,960	227,498		
Risk-weighted assets	1,499,506	1,435,825		1,509,762	1,446,696		
CET1 capital ratio	12.2	% 12.8	% 7.5	% 12.1	% 12.7	% 10.5	%
Tier 1 capital ratio	13.9	14.5	9.0	13.8	14.4	12.0	
Total capital ratio	15.9	15.9	11.0	15.8	15.7	14.0	
Leverage-based capital metrics:							
Adjusted average assets ^(a)	\$2,514,270	\$2,514,270		\$2,514,822	\$2,514,822		
Tier 1 leverage ratio	8.3	% 8.3	% 4.0	% 8.3	% 8.3	% 4.0	%
Total leverage exposure	NA	\$3,204,463		NA	\$3,205,015		
SLR ^(b)	NA	6.5	% NA	NA	6.5	% 5.0	% ^(b)

Note: As of June 30, 2018, and December 31, 2017, the lower of the Standardized or Advanced capital ratios under each of the Transitional and Fully Phased-In approaches in the table above represents the Firm's Collins Floor.

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

(b) Effective January 1, 2018, the SLR was fully phased-in under Basel III. The December 31, 2017, amounts were calculated under the Basel III Transitional rules.

Recent regulatory developments

In April 2018, the Board of Governors of the Federal Reserve System ("FRB") proposed the introduction of a stress buffer framework that would create a single, integrated set of capital requirements by combining the supervisory stress

test results of the CCAR assessment and those under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act Stress Test) with current point-in-time capital requirements. If the proposal is finalized in its current form, the new minimum capital requirements will become effective on October 1, 2019. In addition, in April 2018, the FRB and Office of the

Comptroller of the Currency released a proposal to revise the enhanced supplementary leverage ratio (“eSLR”) requirements applicable to the U.S. global systemically important bank (“GSIBs”) and their subsidiary insured depository institutions (“IDIs”) and to make conforming changes to the Total Loss-Absorbing Capacity (“TLAC”) and external long-term debt that satisfies certain eligibility criteria (“eligible LTD”) requirements applicable to U.S. GSIBs. The Firm continues to evaluate the impact of these proposals.

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Capital components

The following table presents reconciliations of total stockholders' equity to Basel III Fully Phased-In CET1 capital, Tier 1 capital and Total capital as of June 30, 2018 and December 31, 2017.

(in millions)	June 30, 2018	December 31, 2017
Total stockholders' equity	\$257,458	\$ 255,693
Less: Preferred stock	26,068	26,068
Common stockholders' equity	231,390	229,625
Less:		
Goodwill	47,488	47,507
Other intangible assets	806	855
Add:		
Deferred tax liabilities ^(a)	2,227	2,204
Less: Other CET1 capital adjustments	615	223
Standardized/Advanced Fully Phased-In CET1 capital	184,708	183,244
Preferred stock	26,068	26,068
Less: Other Tier 1 adjustments	455	748
Standardized/Advanced Fully Phased-In Tier 1 capital	\$210,321	\$ 208,564
Long-term debt and other instruments qualifying as Tier 2 capital	\$13,537	\$ 14,827
Qualifying allowance for credit losses	14,367	14,672
Other	132	(103)
Standardized Fully Phased-In Tier 2 capital	\$28,036	\$ 29,396
Standardized Fully Phased-In Total capital	\$238,357	\$ 237,960
Adjustment in qualifying allowance for credit losses for Advanced Tier 2 capital	(9,603)	(10,462)
Advanced Fully Phased-In Tier 2 capital	\$18,433	\$ 18,934
Advanced Fully Phased-In Total capital	\$228,754	\$ 227,498

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

Capital rollforward

The following table presents the changes in Basel III Fully Phased-In CET1 capital, Tier 1 capital and Tier 2 capital for the six months ended June 30, 2018.

Six months ended June 30, (in millions)	2018
Standardized/Advanced CET1 capital at December 31, 2017	\$183,244
Net income applicable to common equity	16,240
Dividends declared on common stock	(3,852)
Net purchase of treasury stock	(8,234)
Changes in additional paid-in capital	(1,187)
Changes related to AOCI	(796)
Adjustment related to DVA ^(a)	(586)
Changes related to other CET1 capital adjustments	(121)
Change in Standardized/Advanced CET1 capital	1,464
Standardized/Advanced CET1 capital at June 30, 2018	\$184,708
Standardized/Advanced Tier 1 capital at December 31, 2017	\$208,564
Change in CET1 capital	1,464

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Net issuance of noncumulative perpetual preferred stock	—
Other	293
Change in Standardized/Advanced Tier 1 capital	1,757
Standardized/Advanced Tier 1 capital at June 30, 2018	\$210,321
Standardized Tier 2 capital at December 31, 2017	\$29,396
Change in long-term debt and other instruments qualifying as Tier 2	(1,290)
Change in qualifying allowance for credit losses	(305)
Other	235
Change in Standardized Tier 2 capital	(1,360)
Standardized Tier 2 capital at June 30, 2018	\$28,036
Standardized Total capital at June 30, 2018	\$238,357
Advanced Tier 2 capital at December 31, 2017	\$18,934
Change in long-term debt and other instruments qualifying as Tier 2	(1,290)
Change in qualifying allowance for credit losses	554
Other	235
Change in Advanced Tier 2 capital	(501)
Advanced Tier 2 capital at June 30, 2018	\$18,433
Advanced Total capital at June 30, 2018	\$228,754

(a) Includes DVA related to structured notes recorded in AOCI.

RWA rollforward

The following table presents changes in the components of RWA under Basel III Standardized and Advanced Fully Phased-In for the six months ended June 30, 2018. The amounts in the rollforward categories are estimates, based on the predominant driver of the change.

Six months ended June 30, 2018 (in millions)	Standardized			Advanced			Operational risk RWA	Total RWA
	Credit risk RWA	Market risk RWA	Total RWA	Credit risk RWA	Market risk RWA	Total RWA		
At December 31, 2017	\$ 1,386,060	\$ 123,702	\$ 1,509,762	\$ 922,905	\$ 123,791	\$ 1,046,696	\$ 400,000	\$ 1,446,696
Model & data changes ^(a)	(652)	(1,100)	(1,752)	1,481	(1,100)	—	—	381
Portfolio runoff ^(b)	(5,416)	—	(5,416)	(6,484)	—	—	—	(6,484)
Movement in portfolio levels ^(c)	44,960	(4,184)	40,776	14,727	(4,073)	10,654	(12,500)	(1,846)
Changes in RWA	38,892	(5,284)	33,608	9,724	(5,173)	4,551	(12,500)	(7,949)
June 30, 2018	\$ 1,424,952	\$ 118,418	\$ 1,543,370	\$ 932,629	\$ 118,618	\$ 1,051,247	\$ 387,500	\$ 1,438,747

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

(b) Portfolio runoff for credit risk RWA primarily reflects reduced risk from position rollofts in legacy portfolios in Home Lending.

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

Supplementary leverage ratio

The SLR is defined as Tier 1 capital under Basel III divided by the Firm's total leverage exposure. For additional information, refer to Capital Risk Management on page 88 of JPMorgan Chase's 2017 Annual Report.

The following table presents the components of the Firm's Fully Phased-In SLR as of June 30, 2018 and December 31, 2017.

(in millions, except ratio)	June 30, 2018	December 31, 2017
Tier 1 capital	\$210,321	\$208,564
Total average assets	2,612,969	2,562,155
Less: Adjustments for deductions from Tier 1 capital	46,956	47,333
Total adjusted average assets ^(a)	2,566,013	2,514,822
Off-balance sheet exposures ^(b)	689,283	690,193
Total leverage exposure	\$3,255,296	\$3,205,015
SLR	6.5	% 6.5 %

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

(b) Off-balance sheet exposures are calculated as the average of the three month-end spot balances during the quarter. As of June 30, 2018, JPMorgan Chase Bank, N.A.'s and Chase Bank USA, N.A.'s Fully Phased-In SLRs were approximately 6.7% and 13.1%, respectively.

Line of business equity

Each business segment is allocated capital by taking into consideration stand-alone peer comparisons and regulatory capital requirements. For additional information, refer to page 88 of JPMorgan Chase's 2017 Annual Report.

The following table represents the capital allocated to each business segment:

(in billions)	June 30, 2018	December 31, 2017
Consumer & Community Banking	\$ 51.0	\$ 51.0
Corporate & Investment Bank	70.0	70.0

Commercial Banking	20.0	20.0
Asset & Wealth Management	9.0	9.0
Corporate	81.4	79.6
Total common stockholders' equity	\$ 231.4	\$ 229.6

Planning and stress testing

Comprehensive Capital Analysis and Review

The Federal Reserve requires large bank holding companies, including the Firm, to submit a capital plan on an annual basis. Through the CCAR process, the Federal Reserve evaluates each bank holding company's ("BHC") capital adequacy and internal capital adequacy assessment processes, as well as its plans to make capital distributions, such as dividend payments or stock repurchases.

On June 28, 2018, the Federal Reserve informed the Firm that it did not object, on either a quantitative or qualitative basis, to the Firm's 2018 capital plan.

Capital actions

Preferred stock

Preferred stock dividends declared were \$788 million for the six months ended June 30, 2018.

Common stock dividends

The current quarter common stock dividend was \$0.56 per share. On June 28, 2018, the Firm announced that its Board of Directors intends to increase the quarterly common stock dividend to \$0.80 per share, effective the third quarter of 2018. The Firm's dividends are subject to the Board of Directors' approval on a quarterly basis.

Common equity

Effective as of June 28, 2018, the Firm's Board of Directors authorized the repurchase of up to \$20.7 billion of common equity (common stock and warrants) between July 1, 2018 and June 30, 2019, as part of its annual capital plan.

The following table sets forth the Firm's repurchases of common equity for the three and six months ended June 30, 2018 and 2017. There were no repurchases of warrants during the three and six months ended June 30, 2018 and 2017.

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Total shares of common stock repurchased	45.3	35.0	86.7	67.1
Aggregate common stock repurchases	\$4,968	\$3,007	\$9,639	\$5,839

For additional information regarding repurchases of the Firm's equity securities, refer to Part II, Item 2: Unregistered Sales of Equity Securities and Use of Proceeds and Part II, Item 5: Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities on page 180 of this Form 10-Q and page 28 of JPMorgan Chase's 2017 Form 10-K, respectively.

There were 12.1 million and 15.0 million warrants outstanding at June 30, 2018 and December 31, 2017, respectively.

Other capital requirements

TLAC

The Federal Reserve's TLAC rule requires the top-tier U.S. GSIB holding companies, including the Firm, to maintain minimum levels of external TLAC and eligible LTD effective January 1, 2019.

As of June 30, 2018, the Firm was compliant with the requirements of the rule to which it will be subject on January 1, 2019. For additional information, refer to page 90 of JPMorgan Chase's 2017 Annual Report.

Broker-dealer regulatory capital

J.P. Morgan Securities

JPMorgan Chase's principal U.S. broker-dealer subsidiary is J.P. Morgan Securities. J.P. Morgan Securities is subject to Rule 15c3-1 under the Securities Exchange Act of 1934 (the "Net Capital Rule"). J.P. Morgan Securities is also registered as a futures commission merchant and subject to Rule 1.17 of the Commodity Futures Trading Commission ("CFTC").

J.P. Morgan Securities has elected to compute its minimum net capital requirements under the "Alternative Net Capital Requirements" of the Net Capital Rule.

Under the market and credit risk standards of Appendix E of the Net Capital Rule, J.P. Morgan Securities is eligible to use the alternative method of computing net capital if, in addition to meeting its minimum net capital requirement, it maintains tentative net capital of at least \$1.0 billion. J.P. Morgan Securities is required to notify the Securities and Exchange Commission ("SEC") in the event that tentative net capital is less than \$5.0 billion. As of June 30, 2018, J.P. Morgan Securities maintained tentative net capital in excess of the minimum and notification requirements.

The following table presents J.P. Morgan Securities' net capital information:

June 30, 2018 (in millions)	Net Capital	
	Actual	Minimum
J.P. Morgan Securities	\$16,649	\$2,888

J.P. Morgan Securities plc

J.P. Morgan Securities plc is a wholly-owned subsidiary of JPMorgan Chase Bank, N.A. and is the Firm's principal operating subsidiary in the U.K. It has authority to engage in banking, investment banking and broker-dealer activities. J.P. Morgan Securities plc is jointly regulated by the U.K. Prudential Regulatory Authority ("PRA") and the Financial Conduct Authority ("FCA"). J.P. Morgan Securities plc is subject to the European Union Capital Requirements Regulation and the U.K. PRA capital rules, each of which implemented Basel III and thereby subject J.P. Morgan Securities plc to its requirements.

The following table presents J.P. Morgan Securities plc's capital information:

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June 30, 2018	Total capital	CET1 ratio		Total capital ratio	
(in millions, except ratios)	Estimated	Estimated	Minimum	Estimated	Minimum
J.P. Morgan Securities plc	\$ 40,269	15.9	4.5	15.9	8.0

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LIQUIDITY
RISK
MANAGEMENT

Liquidity risk is the risk that the Firm will be unable to meet its contractual and contingent financial obligations as they arise or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its assets and liabilities. For a further discussion of the Firm's Liquidity Risk Management, refer to pages 92–97 of JPMorgan Chase's 2017 Annual Report and the Firm's US LCR Disclosure reports, which are available on the Firm's website at: (<https://investor.shareholder.com/jpmorganchase/basel.cfm>).

LCR and HQLA

The LCR rule requires the Firm to maintain an amount of unencumbered HQLA that is sufficient to meet its estimated total net cash outflows over a prospective 30 calendar-day period of significant stress. HQLA is the amount of liquid assets that qualify for inclusion in the LCR. HQLA primarily consist of unencumbered cash and certain high quality liquid securities as defined in the LCR rule.

Under the LCR rule, the amount of HQLA held by JPMorgan Chase Bank N.A. and Chase Bank USA, N.A that are in excess of each entity's standalone 100% minimum LCR requirement, and that are not transferable to non-bank affiliates, must be excluded from the Firm's reported HQLA. The LCR is required to be a minimum of 100%.

The following table summarizes the Firm's average LCR for the three months ended June 30, 2018, March 31, 2018 and June 30, 2017 based on the Firm's current interpretation of the finalized LCR framework.

Average amount (in billions)	Three months ended		
	June 30, 2018	March 31, 2018	June 30, 2017

HQLA

Eligible cash ^(a)	\$363	\$358	378
Eligible securities ^{(b)(c)}	166	181	163
Total HQLA ^(d)	\$529	\$539	541
Net cash outflows	\$458	468	469
LCR	115	% 115	% 115 %
Net excess HQLA ^(d)	\$71	71	72

(a) Represents cash on deposit at central banks, primarily Federal Reserve Banks.

(b) Predominantly U.S. Treasuries, U.S. Agency MBS, and sovereign bonds net of applicable haircuts under the LCR rules.

(c) HQLA eligible securities may be reported in securities borrowed or purchased under resale agreements, trading assets, or investment securities on the Firm's Consolidated balance sheets.

(d) Excludes average excess HQLA at JPMorgan Chase Bank, N.A. and Chase Bank USA, N.A. that are not transferable to non-bank affiliates.

The Firm's average LCR may fluctuate from period to period, due to changes in its HQLA and estimated net cash outflows under the LCR as a result of ongoing business activity. The Firm's HQLA are expected to be available to meet its liquidity needs in a time of stress.

Other liquidity sources

As of June 30, 2018, in addition to assets reported in the Firm's HQLA under the LCR rule, the Firm had approximately \$215 billion of unencumbered marketable securities, such as equity securities and fixed income debt securities, available to raise liquidity, if required. This includes HQLA-eligible securities included as part of the excess liquidity at JPMorgan Chase Bank, N.A. that are not transferable to non-bank affiliates.

As of June 30, 2018, the Firm also had approximately \$292 billion of available borrowing capacity at various Federal Home Loan Banks ("FHLBs"), discount windows at Federal Reserve Banks and various other central banks as a result of collateral pledged by the Firm to such banks. This borrowing capacity excludes the benefit of securities reported in the Firm's HQLA or other unencumbered securities that are currently pledged at Federal Reserve Bank discount windows. Although available, the Firm does not view the borrowing capacity at the Federal Reserve Bank discount

windows and the various other central banks as a primary source of liquidity.

Funding

Sources of funds

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

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

Deposits

The table below summarizes, by line of business, the deposit balances as of June 30, 2018, and December 31, 2017, and the average deposit balances for the three and six months ended June 30, 2018 and 2017, respectively.

Deposits (in millions)	June 30, 2018	December 31, 2017	Three months ended		Six months ended June 30,	
			Average 2018	2017	Average 2018	2017
Consumer & Community Banking	\$679,154	\$ 659,885	\$673,761	\$639,873	\$666,719	\$631,441
Corporate & Investment Bank	475,761	455,883	475,697	442,387	470,788	434,968
Commercial Banking	165,170	181,512	170,665	173,081	173,081	174,843
Asset & Wealth Management	131,511	146,407	139,557	150,786	141,865	154,776
Corporate	526	295	815	4,002	839	4,870
Total Firm	\$1,452,122	\$ 1,443,982	\$ 1,460,495	\$ 1,410,129	\$ 1,453,292	\$ 1,400,898

A key strength of the Firm is its diversified deposit franchise, through each of its lines of business, which provides a stable source of funding and limits reliance on the wholesale funding markets. A significant portion of the Firm's deposits are consumer and wholesale operating deposits, which are both considered to be stable sources of liquidity. Wholesale operating deposits are considered to be stable sources of liquidity because they are generated from customers that maintain operating service relationships with the Firm.

The table below shows the loan and deposit balances, the loans-to-deposits ratios, and deposits as a percentage of total liabilities, as of June 30, 2018 and December 31, 2017.

(in billions except ratios)	June 30, 2018	December 31, 2017	
Deposits	\$1,452.1	\$ 1,444.0	
Deposits as a % of total liabilities	62	% 63	%
Loans	\$948.4	\$ 930.7	
Loans-to-deposits ratio	65	% 64	%

Deposits increased from December 31, 2017, due to higher deposits in the consumer business reflecting the continuation of growth from new and existing customers and low attrition rates in CCB, partially offset by balance migration as customers shift from deposits largely into the Firm's investment-related products; and in the wholesale business reflecting an increase in CIB's Treasury Services business driven by growth in client activity. The increase was partially offset by declines in the other wholesale businesses primarily driven by the impact of seasonality in CB and AWM, and balance migration in AWM predominantly into the Firm's investment-related products.

Average deposits increased for the three and six months ended June 30, 2018, due to higher deposits in the consumer business and in CIB, partially offset by declines in AWM and Corporate. Drivers of the changes in average balances for these businesses are generally consistent with the drivers of the changes in the period-end balances described above. The decline in average Corporate deposits was predominantly due to maturities of wholesale non-operating deposits, which are consistent with the Firm's efforts to reduce such products. The Firm believes average deposit balances are generally more representative of deposit trends than period-end deposit balances. For further information on deposit and liability balance trends, refer to the discussion of the Firm's Business Segment Results and the Consolidated Balance Sheets Analysis on pages 18–40 and pages 11–13, respectively.

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The following table summarizes short-term and long-term funding, excluding deposits, as of June 30, 2018, and December 31, 2017, and average balances for the three and six months ended June 30, 2018 and 2017, respectively. For additional information, refer to the Consolidated Balance Sheets Analysis on pages 11–13 and Note 10.

Sources of funds (excluding deposits) (in millions)	June 30, 2018	December 31, 2017	Three months ended June 30, Average		Six months ended June 30, Average	
			2018	2017	2018	2017
Commercial paper	\$28,049	24,186	\$27,143	\$19,466	\$26,571	\$16,432
Other borrowed funds	35,869	27,616	35,196	23,693	33,413	23,427
Total short-term borrowings	\$63,918	\$ 51,802	\$62,339	\$43,159	\$59,984	\$39,859
Obligations of Firm-administered multi-seller conduits ^(a)	\$2,969	\$ 3,045	\$2,993	\$2,750	\$3,054	\$3,557
Securities loaned or sold under agreements to repurchase:						
Securities sold under agreements to repurchase ^(b)	\$164,691	\$ 147,713	\$178,064	\$180,512	\$181,212	\$177,389
Securities loaned ^(b)	9,809	9,211	13,058	14,752	11,799	14,602
Total securities loaned or sold under agreements to repurchase ^{(b)(c)(d)}	\$174,500	\$ 156,924	\$191,122	\$195,264	\$193,011	\$191,991
Senior notes	\$151,244	\$ 155,852	\$151,047	\$153,661	\$150,635	\$151,557
Trust preferred securities ^(e)	682	690	684	2,340	686	2,342
Subordinated debt ^(e)	15,963	16,553	16,010	20,546	16,120	20,857
Structured notes	48,036	45,727	48,674	42,957	47,842	40,941
Total long-term unsecured funding	\$215,925	\$ 218,822	\$216,415	\$219,504	\$215,283	\$215,697
Credit card securitization ^(a)	\$16,505	\$ 21,278	\$16,181	\$27,034	\$17,416	\$28,226
Other securitizations ^{(a)(f)}	—	—	—	1,003	—	1,262
Federal Home Loan Bank (“FHLB”) advances	52,162	60,617	54,232	73,053	57,291	75,155
Other long-term secured funding ^(g)	5,027	4,641	4,998	3,311	4,741	3,204
Total long-term secured funding	\$73,694	\$ 86,536	\$75,411	\$104,401	\$79,448	\$107,847
Preferred stock ^(h)	\$26,068	\$ 26,068	\$26,068	\$26,068	\$26,068	\$26,068
Common stockholders’ equity ^(h)	\$231,390	\$ 229,625	\$228,901	\$230,200	\$228,261	\$228,959

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

(b) The prior period amounts have been revised to conform with the current period presentation.

(c) Primarily consists of short-term securities loaned or sold under agreements to repurchase.

(d) Excludes federal funds purchased.

Subordinated debt includes \$1.6 billion of junior subordinated debentures distributed pro rata to the holders of trust (e) preferred securities which were cancelled on December 18, 2017. For further information refer to Note 19 of JPMorgan Chase’s 2017 Annual Report.

Other securitizations include securitizations of student loans. The Firm deconsolidated the student loan securitization entities in the second quarter of 2017 as it no longer had a controlling financial interest in these (f) entities as a result of the sale of the student loan portfolio. The Firm’s wholesale businesses also securitize loans for client-driven transactions, which are not considered to be a source of funding for the Firm and are not included in the table.

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

(h) For additional information on preferred stock and common stockholders’ equity refer to Capital Risk Management on pages 43–47, Consolidated statements of changes in stockholders’ equity, and Note 20 and Note 21 of JPMorgan

Chase's 2017 Annual Report.

Short-term funding

The Firm's sources of short-term secured funding primarily consist of securities loaned or sold under agreements to repurchase. These instruments are secured predominantly by high-quality securities collateral, including government-issued debt and agency MBS, and constitute a significant portion of the federal funds purchased and securities loaned or sold under repurchase agreements on the Consolidated balance sheets. The increase at June 30, 2018, from December 31, 2017, reflected higher secured financing of trading assets-debt and equity instruments, partially offset by a change in the mix of funding to short-term borrowings in CIB.

The balances associated with securities loaned or sold under agreements to repurchase fluctuate over time due to customers' investment and financing activities; the Firm's demand for financing; the ongoing management of the mix of the Firm's liabilities, including its secured and unsecured financing (for both the investment securities and market-making portfolios); and other market and portfolio factors.

The Firm's sources of short-term unsecured funding primarily consist of issuance of wholesale commercial paper. The increase in commercial paper was due to higher net issuance.

Long-term funding and issuance

Long-term funding provides additional sources of stable funding and liquidity for the Firm. The Firm's long-term funding plan is driven primarily by expected client activity, liquidity considerations, and regulatory requirements, including TLAC. Long-term funding objectives include maintaining diversification, maximizing market access and optimizing funding costs. The Firm evaluates various funding markets, tenors and currencies in creating its optimal long-term funding plan.

The significant majority of the Firm's long-term unsecured funding is issued by the Parent Company to provide maximum flexibility in support of both bank and nonbank subsidiary funding needs. The Parent Company advances substantially all net funding proceeds to its subsidiary, the Intermediate Holding Company ("IHC"). The IHC does not issue debt to external counterparties. The following table summarizes long-term unsecured issuance and maturities or redemptions for the three and six months ended June 30, 2018 and 2017. For additional information on the IHC and long-term debt, refer to Liquidity Risk Management and Note 19 of JPMorgan Chase's 2017 Annual Report.

Long-term unsecured funding

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Issuance				
Senior notes issued in the U.S. market ^(a)	\$10,470	\$8,218	\$18,451	\$14,681
Senior notes issued in non-U.S. markets	1,170	2,210	1,170	2,210
Total senior notes	11,640	10,428	19,621	16,891
Subordinated debt	—	—	—	—
Structured notes	8,095	8,160	15,883	16,594
Total long-term unsecured funding – issuance	\$19,735	\$18,588	\$35,504	\$33,485
Maturities/redemptions				
Senior notes	\$6,827	\$3,615	\$20,951	\$14,042
Trust preferred securities	—	—	—	—
Subordinated debt	—	2,011	—	3,006
Structured notes	4,986	7,043	10,513	12,373
Total long-term unsecured funding – maturities/redemptions	\$11,813	\$12,669	\$31,464	\$29,421

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

The Firm raises secured long-term funding through securitization of consumer credit card loans and advances from the FHLBs. The following table summarizes the securitization issuance and FHLB advances and their respective maturities or redemptions for the three and six months ended June 30, 2018 and 2017, respectively.

Long-term secured funding

(in millions)	Three months ended June 30,				Six months ended June 30,			
	Issuance		Maturities/Redemptions		Issuance		Maturities/Redemptions	
	2018	2017	2018	2017	2018	2017	2018	2017
Credit card securitization	\$1,396	\$—	\$1,725	\$3,016	\$1,396	\$1,545	\$6,125	\$7,006
Other securitizations ^(a)	—	—	—	—	—	—	—	55
FHLB advances	—	—	4,702	5,852	4,000	—	12,453	11,054
Other long-term secured funding ^{(b)(c)}	74	434	6	80	195	537	22	124
Total long-term secured funding	\$1,470	\$434	\$6,433	\$8,948	\$5,591	\$2,082	\$18,600	\$18,239

Other securitizations includes securitizations of student loans. The Firm deconsolidated the student loan

(a) securitization entities in the second quarter of 2017 as it no longer had a controlling financial interest in these entities as a result of the sale of the student loan portfolio.

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

(c) The prior period amounts have been revised to conform with the current period presentation.

The Firm's wholesale businesses also securitize loans for client-driven transactions; those client-driven loan securitizations are not considered to be a source of funding for the Firm and are not included in the table above. For further description of the client-driven loan securitizations, refer to Note 14 of JPMorgan Chase's 2017 Annual Report.

Credit ratings

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

Additionally, the Firm's funding requirements for VIEs and other third-party commitments may be adversely affected by a decline in credit ratings. For additional information on the impact of a credit ratings downgrade on the funding requirements for VIEs, and on derivatives and collateral agreements, refer to SPEs on page 14, and Liquidity risk and credit-related contingent features in Note 4.

The credit ratings of the Parent Company and the Firm's principal bank and nonbank subsidiaries as of June 30, 2018, were as follows.

June 30, 2018	JPMorgan Chase & Co.			JPMorgan Chase Bank, N.A. Chase Bank USA, N.A.			J.P. Morgan Securities LLC J.P. Morgan Securities plc		
	Long-term issuer	Short-term issuer	Outlook	Long-term issuer	Short-term issuer	Outlook	Long-term issuer	Short-term issuer	Outlook
Moody's Investors Service	A3	P-2	Stable	Aa3	P-1	Stable	A1	P-1	Stable
Standard & Poor's	A-	A-2	Stable	A+	A-1	Stable	A+	A-1	Stable
Fitch Ratings	AA-	F1+	Stable	AA	F1+	Stable	AA	F1+	Stable

On June 21, 2018, Fitch upgraded the Parent Company's long term issuer rating to AA- (previously A+) and short term issuer rating to F1+ (previously F1). The long term issuer ratings were also upgraded to AA for JPMorgan Chase Bank, N.A, Chase Bank USA, N.A., J.P. Morgan Securities LLC and J.P. Morgan Securities plc (all previously AA-). Downgrades of the Firm's long-term ratings by one or two notches could result in an increase in its cost of funds, and access to certain funding markets could be reduced. The nature and magnitude of the impact of ratings downgrades depends on numerous contractual and behavioral factors which the Firm believes are incorporated in its liquidity risk and stress testing metrics. The Firm believes that it maintains sufficient liquidity to withstand a potential decrease in funding capacity due to ratings downgrades.

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

Critical factors in maintaining high credit ratings include a stable and diverse earnings stream, strong capital ratios, strong credit quality and risk management controls, diverse funding sources, and disciplined liquidity monitoring procedures. Rating agencies continue to evaluate economic and geopolitical trends, regulatory developments, future profitability, risk management practices, and litigation matters, as well as their broader ratings methodologies. Changes in any of these factors could lead to changes in the Firm's credit ratings.

CREDIT AND
INVESTMENT
RISK
MANAGEMENT

Credit and investment risk is the risk associated with the default or change in credit profile of a client, counterparty or customer; or loss of principal or a reduction in expected returns on investments. For a further discussion of Credit Risk refer to pages 53–70. For a further discussion on Investment Portfolio Risk, refer to page 70. For a further discussion of the Firm’s Credit and Investment Risk Management framework and organization, and the identification, monitoring and management, refer to Credit and Investment Risk Management on pages 99–120 of JPMorgan Chase’s 2017 Annual Report.

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CREDIT
PORTFOLIO

Credit risk is the risk associated with the default or change in credit profile of a client, counterparty or customer. In the following tables, reported loans include loans retained (i.e., held-for-investment); loans held-for-sale; and certain loans accounted for at fair value. The following tables do not include loans which the Firm accounts for at fair value and classifies as trading assets. For further information regarding these loans, refer to Notes 2 and 3. For additional information on the Firm's loans, lending-related commitments and derivative receivables, including the Firm's accounting policies, refer to Notes 11, 20, and 4, respectively.

For further information regarding the credit risk inherent in the Firm's cash placed with banks, refer to Wholesale credit exposure – industry exposures on pages 62–64; for information regarding the credit risk inherent in the Firm's investment securities portfolio, refer to Note 9 of this Form 10-Q, and Note 10 of JPMorgan Chase's 2017 Annual Report; and for information regarding the credit risk inherent in the securities financing portfolio, refer to Note 10 of this Form 10-Q, and Note 11 of JPMorgan Chase's 2017 Annual Report.

For a further discussion of the consumer credit environment and consumer loans, refer to Consumer Credit Portfolio on pages 102–107 of JPMorgan Chase's 2017 Annual Report and Note 11 of this Form 10-Q. For a further discussion of the wholesale credit environment and wholesale loans,

refer to Wholesale Credit Portfolio on pages 108–116 of JPMorgan Chase's 2017 Annual Report and Note 11 of this Form 10-Q.

Total credit portfolio

(in millions)	Credit exposure		Nonperforming ^{(d)(e)}	
	Jun 30, 2018	Dec 31, 2017	Jun 30, 2018	Dec 31, 2017
Loans retained	\$940,440	\$924,838	\$ 5,135	\$ 5,943
Loans held-for-sale	4,898	3,351	175	—
Loans at fair value	3,076	2,508	—	—
Total loans – reported	948,414	930,697	5,310	5,943
Derivative receivables	58,510	56,523	112	130
Receivables from customers and other ^(a)	27,607	26,272	—	—
Total credit-related assets	1,034,531	1,013,492	5,422	6,073
Assets acquired in loan satisfactions				
Real estate owned	NA	NA	312	311
Other	NA	NA	33	42
Total assets acquired in loan satisfactions	NA	NA	345	353
Lending-related commitments	1,045,993	991,482	712	731
Total credit portfolio	\$2,080,524	\$2,004,974	\$ 6,479	\$ 7,157
Credit derivatives used in credit portfolio management activities ^(b)	\$(15,229)	\$(17,609)	\$ —	\$ —
Liquid securities and other cash collateral held against derivatives ^(c)	(16,103)	(16,108)	NA	NA
(in millions, except ratios)	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Net charge-offs ^(f)	\$1,252	\$1,204	\$2,587	\$2,858
Average retained loans				
Loans	932,042	892,840	926,268	889,229
Loans – excluding residential real estate PCI loans	903,263	859,102	896,856	854,842
Net charge-off rates ^(f)				
Loans	0.54	%0.54	% 0.56	%0.65
Loans – excluding PCI	0.56	0.56	0.58	0.67

- (a) Receivables from customers and other primarily represents held-for-investment margin loans to brokerage customers.
Represents the net notional amount of protection purchased and sold through credit derivatives used to manage
- (b) both performing and nonperforming wholesale credit exposures; these derivatives do not qualify for hedge accounting under U.S. GAAP. For additional information, refer to Credit derivatives on page 66 and Note 4.
- (c) Includes collateral related to derivative instruments where an appropriate legal opinion has not been either sought or obtained.
- (d) Excludes PCI loans. The Firm is recognizing interest income on each pool of PCI loans as each of the pools is performing.
At June 30, 2018, and December 31, 2017, nonperforming assets excluded mortgage loans 90 or more days past due and insured by U.S. government agencies of \$3.3 billion and \$4.3 billion, respectively, and real estate owned (“REO”) insured by U.S. government agencies of \$84 million and \$95 million, respectively. These amounts have
- (e) 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”).
For the six months ended June 30, 2017, excluding net charge-offs of \$467 million related to the student loan
- (f) portfolio transfer, the net charge-off rate for Loans would have been 0.54% and for Loans – excluding PCI would have been 0.56%.

CONSUMER
CREDIT
PORTFOLIO

The Firm's retained consumer portfolio consists primarily of residential real estate loans, credit card loans, auto loans, and business banking loans, as well as associated lending-related commitments. The Firm's focus is on serving primarily the prime segment of the consumer credit market. For further information on consumer loans, refer to Note 11 of this Form

10-Q and Consumer Credit Portfolio on pages 102-107 and Note 12 of JPMorgan Chase's 2017 Annual Report. For further information on lending-related commitments, refer to Note 20 of this Form 10-Q and Note 27 of JPMorgan Chase's 2017 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 AWM, and prime mortgage loans held by Corporate. For further information about the Firm's nonaccrual and charge-off accounting policies, refer to Note 12 of JPMorgan Chase's 2017 Annual Report.

Consumer credit portfolio

(in millions, except ratios)	Credit exposure		Nonaccrual loans ^{(i)(j)}		Three months ended June 30,				Six months ended June 30,			
					Net		Average annual		Net		Average annual	
	charge-offs/(recovery)	charge-offs/(recovery)	charge-offs/(recovery)	charge-offs/(recovery)	net	net	net	net	charge-offs/(recovery)	charge-offs/(recovery)	charge-offs/(recovery)	charge-offs/(recovery)
	Jun 30, 2018	Dec 31, 2017	Jun 30, 2018	Dec 31, 2017	2018	2017	2018	2017	2018	2017	2018	2017
Consumer, excluding credit card Loans, excluding PCI loans and loans held-for-sale												
Residential mortgage	\$225,864	\$216,496	\$2,101	\$2,175	\$(151)	\$(3)	(0.27)%	(0.01)%	\$(151)	\$—	(0.14)%	—%
Home equity	30,460	33,450	1,481	1,610	(7)	9	(0.09)	0.10	10	58	0.06	0.31
Auto ^{(a)(b)}	65,014	66,242	124	141	50	48	0.31	0.29	126	129	0.39	0.40
Consumer & Business Banking ^{(b)(c)}	26,272	25,789	273	283	50	56	0.77	0.91	103	113	0.80	0.93
Student ^(d)	—	—	—	—	—	—	—	—	—	498	—	NM
Total loans, excluding PCI loans and loans held-for-sale	347,610	341,977	3,979	4,209	(58)	110	(0.07)	0.13	88	798	0.05	0.49
Loans – PCI												
Home equity	9,849	10,799	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Prime mortgage	5,437	6,479	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Subprime mortgage	2,249	2,609	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Option ARMs ^(e)	9,442	10,689	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total loans – PCI	16,977	30,576	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	374,587	372,553	3,979	4,209	(58)	110	(0.06)	0.12	88	798	0.05	0.44

Total loans – retained													
Loans held-for-sale	110	128	—	—	—	—	—	—	—	—	—	—	—
Total consumer, excluding credit card loans	374,697	372,681	3,979	4,209	(58)	)110	(0.06)	0.12	88	798	0.05	0.44	
Lending-related commitments ^(f)	51,784	48,553											
Receivables from customers ^(g)	153	133											
Total consumer exposure, excluding credit card	426,634	421,367											
Credit card Loans retained ^(h)	145,221	149,387	—	—	1,164	1,037	3.27	3.01	2,334	2,030	3.30	2.98	
Loans held-for-sale	34	124	—	—	—	—	—	—	—	—	—	—	
Total credit card loans	145,255	149,511	—	—	1,164	1,037	3.27	3.01	2,334	2,030	3.30	2.98	
Lending-related commitments ^(f)	592,452	572,831											
Total credit card exposure	737,707	722,342											
Total consumer credit portfolio	\$1,164,341	\$1,143,709	\$3,979	\$4,209	\$1,106	\$1,147	0.86 %	0.92 %	\$2,422	\$2,828	0.95 %	1.14 %	
Memo: Total consumer credit portfolio, excluding PCI	\$1,137,364	\$1,113,133	\$3,979	\$4,209	\$1,106	\$1,147	0.91 %	0.99 %	\$2,422	\$2,828	1.00 %	1.22 %	

At June 30, 2018, and December 31, 2017, excluded operating lease assets of \$18.8 billion and \$17.1 billion, respectively. These operating lease assets are included in other assets on the Firm's Consolidated balance sheets.

(a) The risk of loss on these assets relates to the residual value of the leased vehicles, which is managed through projection of the lease residual value at lease origination, periodic review of residual values, and through arrangements with certain auto manufacturers that mitigates this risk.

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

(c) Predominantly includes Business Banking loans.

For the six months ended June 30, 2017, excluding net charge-offs of \$467 million related to the student loan portfolio sale, the net charge-off rate for Total consumer, excluding credit card and PCI loans and loans held-for-sale would have been 0.20%; Total consumer – retained excluding credit card loans would have been 0.18%; Total consumer credit portfolio would have been 0.95%; and Total consumer credit portfolio, excluding PCI loans would have been 1.02%.

(e) At both June 30, 2018, and December 31, 2017, approximately 68% of the PCI option adjustable rate mortgage (“ARM”) portfolio has been modified into fixed-rate, fully amortizing loans.

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 (f) the same time. For credit card commitments, and if certain conditions are met, home equity commitments, 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. For further information, refer to Note 20.

Receivables from customers represent held-for-investment margin loans to brokerage customers that are (g) collateralized through assets maintained in the clients' brokerage accounts. These receivables are reported within accrued interest and accounts receivable on the Firm's Consolidated balance sheets.

(h) Includes billed interest and fees net of an allowance for uncollectible interest and fees.

At June 30, 2018 and December 31, 2017, nonaccrual loans excluded mortgage loans 90 or more days past due and insured by U.S. government agencies of \$3.3 billion and \$4.3 billion, respectively. These amounts have been (i) excluded from nonaccrual loans based upon the government guarantee. In addition, the Firm's policy is generally to exempt credit card loans from being placed on nonaccrual status, as permitted by regulatory guidance issued by the FFIEC.

(j) Excludes PCI loans. The Firm is recognizing interest income on each pool of PCI loans as each of the pools is performing.

Net charge-offs and the net charge-off rates excluded write-offs in the PCI portfolio of \$73 million and \$22 million (k) for the three months ended June 30, 2018 and 2017, respectively, and \$93 million and \$46 million for the six months ended June 30, 2018 and 2017, respectively. These write-offs decreased the allowance for loan losses for PCI loans. Refer to Allowance for Credit Losses on pages 67–69 for further information.

Average consumer loans held-for-sale were \$291 million and \$4.9 billion for the three months ended June 30, 2018 (l) and 2017, respectively, and \$263 million and \$2.6 billion for the six months ended June 30, 2018 and 2017, respectively. These amounts were excluded when calculating net charge-off rates.

Consumer, excluding credit card

Portfolio analysis

Consumer loan balances increased from December 31, 2017 predominantly due to originations of high-quality prime mortgage loans that have been retained on the balance sheet, largely offset by paydowns and the charge-off or liquidation of delinquent loans.

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, refer to Note 11 of this Form 10-Q.

Residential mortgage: The residential mortgage portfolio predominantly consists of high-quality prime mortgage loans, with a small component consisting of subprime mortgage loans (approximately 1%). These subprime mortgage loans continue to run off and are performing in line with expectations. The residential mortgage portfolio, including loans held-for-sale, increased from December 31, 2017 as the amount of retained originations of primarily high-quality prime mortgage loans exceeded paydowns. Residential mortgage 30+ day delinquencies decreased from December 31, 2017. Nonaccrual loans decreased from December 31, 2017 due to lower delinquencies. Net recoveries for the three and six months ended June 30, 2018 were higher compared with the same period in the prior year reflecting a loan sale as well as continued improvement in home prices and delinquencies.

At June 30, 2018, and December 31, 2017, the Firm's residential mortgage portfolio included \$20.8 billion and \$20.2 billion, respectively, of interest-only loans. These loans have an interest-only payment period generally followed by an adjustable-rate or fixed-rate fully amortizing payment period to maturity and are typically originated as higher-balance loans to higher-income borrowers. To date, losses on this portfolio generally have been consistent with the broader residential mortgage portfolio. The Firm continues to monitor the risks associated with these loans.

The following table provides a summary of the Firm's residential mortgage portfolio insured and/or guaranteed by U.S. government agencies, including loans held-for-sale. The Firm monitors its exposure to certain potential unrecoverable claim payments related to government-insured loans and considers this exposure in estimating the allowance for loan losses.

(in millions)	June 30, December 31,	
	2018	2017
Current	\$ 3,194	\$ 2,401
30-89 days past due	1,741	1,958
90 or more days past due	3,254	4,264
Total government guaranteed loans	\$ 8,189	\$ 8,623

Home equity: The home equity portfolio declined from December 31, 2017 primarily reflecting loan paydowns. The amount of 30+ day delinquencies decreased from December 31, 2017. Nonaccrual loans decreased from December 31, 2017 primarily as a result of loss mitigation activities. Net recoveries for the three months ended June 30, 2018 and net charge-offs for the six months ended June 30, 2018 improved when compared with the same period in the prior year, as a result of lower loan balances and continued improvement in home prices and delinquencies. At June 30, 2018, approximately 90% of the Firm's home equity portfolio consisted of home equity lines of credit ("HELOCs") and the remainder consisted of home equity loans ("HELOANS"). The carrying value of HELOCs outstanding was \$27 billion at June 30, 2018. This amount included \$13 billion of HELOCs that have recast from interest-only to fully amortizing payments or have been modified and \$5 billion of interest-only balloon HELOCs, which primarily mature after 2030. 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 monitors risks associated with junior lien loans where the borrower has a senior lien loan that is either delinquent or has been modified. These loans are considered “high-risk seconds” and are classified as nonaccrual as they are considered to pose a higher risk of default than other junior lien loans. The carrying value of high-risk seconds declined from December 31, 2017.

For further information on the Firm’s home equity portfolio, refer to Note 11 of this Form 10-Q and Consumer Credit Portfolio on pages 102-107 of JPMorgan Chase’s 2017 Annual Report.

Auto: The auto loan portfolio, which predominantly consists of prime-quality loans, declined when compared with December 31, 2017, as paydowns and the charge-off or liquidation of delinquent loans were partially offset by new originations. Nonaccrual loans decreased from December 31, 2017. Net charge-offs for the three and six months ended June 30, 2018 were relatively flat when compared with the same period in the prior year.

Consumer & Business Banking: Consumer & Business Banking loans increased when compared with December 31, 2017, as growth due to loan originations was predominantly offset by paydowns and the charge-off or liquidation of delinquent loans. Nonaccrual loans decreased from December 31, 2017. Net charge-offs for the three and six months ended June 30, 2018 decreased when compared with the same period in the prior year.

Purchased credit-impaired loans: PCI loans decreased from December 31, 2017 due to portfolio run off and a loan sale. As of June 30, 2018, approximately 11% of the option ARM PCI loans were delinquent and approximately 68% of the portfolio had been modified into fixed-rate, fully amortizing loans. The borrowers for substantially all of the remaining loans are making amortizing payments, although such payments are not necessarily fully amortizing. This latter group of loans is subject to the risk of payment shock due to future payment recast. Default rates generally increase on option ARM loans when payment recast results in a payment increase. The expected increase in default rates is considered in the Firm’s quarterly impairment assessment.

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

Summary of PCI loans lifetime principal loss estimates

(in billions)	Lifetime loss estimates ^(a)		Life-to-date liquidation losses ^(b)	
	Jun 30, 2018	Dec 31, 2017	Jun 30, 2018	Dec 31, 2017
Home equity	\$14.1	\$14.2	\$13.0	\$12.9
Prime mortgage	4.1	4.0	3.8	3.8
Subprime mortgage	3.3	3.3	3.1	3.1
Option ARMs	10.3	10.0	9.9	9.7
Total	\$31.8	\$31.5	\$29.8	\$29.5

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 \$624 million and \$842 million at June 30, 2018, and December 31, 2017, respectively.

(b) Represents both realization of loss upon loan resolution and any principal forgiven upon modification.

Geographic composition of residential real estate loans

For information on the geographic composition of the Firm’s residential real estate loans, refer to Note 11.

Current estimated loan-to-value ratio of residential real estate loans

Average current estimated loan-to-value (“LTV”) ratios

have declined consistent with recent improvements in home prices, customer pay downs, and charge-offs or liquidations of higher LTV loans. For further information on current estimated LTVs on residential real estate loans, refer to Note 11.

Loan modification activities for 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 to the residential real estate portfolios as measured through cumulative redefault rates, were not materially different from December 31, 2017. For further information on the Firm's cumulative redefault rates refer to Consumer Credit Portfolio on pages 102-107 of JPMorgan Chase's 2017 Annual Report.

Certain loans that were modified under HAMP and the Firm's proprietary modification programs have interest rate reset provisions ("step-rate modifications"). Interest rates on these loans generally began to increase commencing in 2014 by 1% per year, and will continue to do so, until the rate reaches a specified cap. The cap on these loans is typically at a prevailing market interest rate for a fixed-rate mortgage loan as of the modification date. At June 30, 2018, the carrying value of non-PCI loans and the unpaid principal balance of PCI loans modified in step-rate modifications, which have not yet met their specified caps, were \$2 billion and \$5 billion, respectively. The Firm continues to monitor this risk exposure and the impact of these potential interest rate increases is considered in the Firm's allowance for loan losses.

The following table presents information as of June 30, 2018, and December 31, 2017, relating to modified retained residential real estate loans for which concessions have been granted to borrowers experiencing financial difficulty. For further information on modifications for the three and six months ended June 30, 2018 and 2017, refer to Note 11. Modified residential real estate loans

(in millions)	June 30, 2018		December 31, 2017	
	Retained loans	Non-accrual retained loans ^(d)	Retained loans	Non-accrual retained loans ^(d)
Modified residential real estate loans, excluding PCI loans ^{(a)(b)}				
Residential mortgage	\$5,024	\$ 1,730	\$5,620	\$ 1,743
Home equity	2,092	1,041	2,118	1,032
Total modified residential real estate loans, excluding PCI loans	\$7,116	\$ 2,771	\$7,738	\$ 2,775
Modified PCI loans ^(c)				
Home equity	\$2,180	NA	\$2,277	NA
Prime mortgage	3,684	NA	4,490	NA
Subprime mortgage	2,322	NA	2,678	NA
Option ARMs	7,196	NA	8,276	NA
Total modified PCI loans	\$15,382	NA	\$17,721	NA

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

At June 30, 2018, and December 31, 2017, \$4.3 billion and \$3.8 billion, respectively, of loans modified subsequent to repurchase from Ginnie Mae in accordance with the standards of the appropriate government agency (i.e.,

Federal Housing Administration (“FHA”), U.S. Department of Veterans Affairs (“VA”), Rural Housing Service of the

(b) U.S. Department of Agriculture (“RHS”)) are not included in the table above. When such loans perform subsequent to modification in accordance with Ginnie Mae guidelines, they are generally sold back into Ginnie Mae loan pools. Modified loans that do not re-perform become subject to foreclosure. For additional information about sales of loans in securitization transactions with Ginnie Mae, refer to Note 13.

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

At both June 30, 2018, and December 31, 2017, nonaccrual loans included \$2.2 billion of troubled debt

(d) 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, refer to Note 11.

Nonperforming assets

The following table presents information as of June 30, 2018, and December 31, 2017, about consumer, excluding credit card, nonperforming assets.

Nonperforming assets^(a)

(in millions)	June 30, 2018	December 31, 2017
Nonaccrual loans ^(b)		
Residential real estate	\$ 3,582	\$ 3,785
Other consumer	397	424
Total nonaccrual loans	3,979	4,209
Assets acquired in loan satisfactions		
Real estate owned	206	225
Other	33	40
Total assets acquired in loan satisfactions	239	265
Total nonperforming assets	\$ 4,218	\$ 4,474

(a) At June 30, 2018, and December 31, 2017, nonperforming assets excluded mortgage loans 90 or more days past due and insured by U.S. government agencies of \$3.3 billion and \$4.3 billion, respectively, and REO insured by U.S. government agencies of \$84 million and \$95 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. The Firm is recognizing interest income on each pool of loans as each of the pools is performing.

Nonaccrual loans in the residential real estate portfolio at June 30, 2018 decreased to \$3.6 billion from \$3.8 billion at December 31, 2017, of which 26% were greater than 150 days past due for both time periods. In the aggregate, the unpaid principal balance of residential real estate loans greater than 150 days past due was charged down by approximately 34% and 40% to the estimated net realizable value of the collateral at June 30, 2018, and December 31, 2017, respectively.

Nonaccrual loans: The following table presents changes in consumer, excluding credit card, nonaccrual loans for the six months ended June 30, 2018 and 2017.

Nonaccrual loan activity

Six months ended June 30, (in millions)	2018	2017
Beginning balance	\$4,209	\$4,820
Additions	1,575	1,647
Reductions:		
Principal payments and other ^(a)	738	888
Charge-offs	246	372
Returned to performing status	666	750
Foreclosures and other liquidations	155	231
Total reductions	1,805	2,241
Net changes	(230)	(594)
Ending balance	\$3,979	\$4,226

(a) Other reductions includes loan sales.

Active and suspended foreclosure: For information on loans that were in the process of active or suspended foreclosure, refer to Note 11.

Credit card

Total credit card loans decreased from December 31, 2017 due to seasonality. The June 30, 2018 30+ day delinquency rate seasonally decreased to 1.65% from 1.80% at December 31, 2017, and the June 30, 2018 90+ day delinquency rate decreased to 0.85% from 0.92% at December 31, 2017, in line with expectations. Net charge-offs increased for the six months ended June 30, 2018 when compared with the same period in the prior year primarily due to growth in newer vintages which, as anticipated, have higher loss rates than the more seasoned portion of the portfolio. For further information on the geographic and FICO composition of the Firm's credit card loans, refer to Note 11.

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 and billed interest and fee income.

Modifications of credit card loans

At June 30, 2018 and December 31, 2017, the Firm had \$1.3 billion and \$1.2 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.

For additional information about loan modification programs to borrowers, refer to Note 11.

WHOLESALE
CREDIT
PORTFOLIO

In its wholesale businesses, the Firm is exposed to credit risk primarily through its 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), securities financing activities and cash placed with banks. 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 credit quality of the wholesale portfolio was stable for the six months ended June 30, 2018, characterized by low levels of criticized exposure, nonaccrual loans and charge-offs. Refer to industry discussion on pages 62–64 for further information. Retained loans increased across all wholesale lines of business, predominantly driven by CIB, including loans to financial institution and commercial and industrial clients, and in AWM due to higher loans to international and domestic Private Banking clients. 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.

In the following tables, the Firm's wholesale credit portfolio includes exposure held in CIB, CB, AWM and Corporate, and excludes all exposure managed by CCB.

Wholesale credit portfolio

(in millions)	Credit exposure		Nonperforming ^(c)	
	Jun 30, 2018	Dec 31, 2017	Jun 30, 2018	Dec 31, 2017
Loans retained	\$420,632	\$402,898	\$ 1,156	\$ 1,734
Loans held-for-sale	4,754	3,099	175	—
Loans at fair value	3,076	2,508	—	—
Loans	428,462	408,505	1,331	1,734
Derivative receivables	58,510	56,523	112	130
Receivables from customers and other ^(a)	27,454	26,139	—	—
Total wholesale credit-related assets	514,426	491,167	1,443	1,864
Lending-related commitments	401,757	370,098	712	731
Total wholesale credit exposure	\$916,183	\$861,265	\$ 2,155	\$ 2,595
Credit derivatives used in credit portfolio management activities ^(b)	\$(15,229)	\$(17,609)	\$ —	\$ —
Liquid securities and other cash collateral held against derivatives	(16,103)	(16,108)	NA	NA

Receivables from customers and other include \$27.4 billion and \$26.0 billion of held-for-investment margin loans (a) at June 30, 2018, and December 31, 2017, respectively, to prime brokerage customers in CIB and in AWM; these are classified in accrued interest and accounts receivable on the Consolidated balance sheets.

Represents the net notional amount of protection purchased and sold through credit derivatives used to manage (b) both performing and nonperforming wholesale credit exposures; these derivatives do not qualify for hedge accounting under U.S. GAAP. For additional information, refer to Credit derivatives on page 66, and Note 4.

(c) Excludes assets acquired in loan satisfactions.

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The following tables present the maturity and ratings profiles of the wholesale credit portfolio as of June 30, 2018, and December 31, 2017. The ratings scale is based on the Firm's internal risk ratings, which generally correspond to the ratings assigned by S&P and Moody's. For additional information on wholesale loan portfolio risk ratings, refer to Note 12 of JPMorgan Chase's 2017 Annual Report.

Wholesale credit exposure – maturity and ratings profile

	Maturity profile ^(d)				Ratings profile			Total % of IG
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total	Investment-grade AAA/Aaa to BBB-/Baa3	Non-investment-grade BB+/Ba1 & below	Total	
June 30, 2018 (in millions, except ratios)								
Loans retained	\$ 135,312	\$ 182,613	\$ 102,707	\$ 420,632	\$ 322,105	\$ 98,527	\$ 420,632	77 %
Derivative receivables				58,510			58,510	
Less: Liquid securities and other cash collateral held against derivatives				(16,103)			(16,103)	
Total derivative receivables, net of all collateral	13,066	10,092	19,249	42,407	33,780	8,627	42,407	80
Lending-related commitments	103,600	287,054	11,103	401,757	289,653	112,104	401,757	72
Subtotal	251,978	479,759	133,059	864,796	645,538	219,258	864,796	75
Loans held-for-sale and loans at fair value ^(a)				7,830			7,830	
Receivables from customers and other				27,454			27,454	
Total exposure – net of liquid securities and other cash collateral held against derivatives				\$ 900,080			\$ 900,080	
Credit derivatives used in credit portfolio management activities ^{(b)(c)}	\$(1,281)	\$(11,177)	\$(2,771)	\$(15,229)	\$(13,093)	\$ (2,136)	\$(15,229)	86 %

	Maturity profile ^(d)				Ratings profile			Total % of IG
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years	Total	Investment-grade AAA/Aaa to BBB-/Baa3	Non-investment-grade BB+/Ba1 & below	Total	
December 31, 2017 (in millions, except ratios)								
Loans retained	\$ 121,643	\$ 177,033	\$ 104,222	\$ 402,898	\$ 311,681	\$ 91,217	\$ 402,898	77 %
Derivative receivables				56,523			56,523	
Less: Liquid securities and other cash collateral held against derivatives				(16,108)			(16,108)	
Total derivative receivables, net of all collateral	9,882	10,463	20,070	40,415	32,373	8,042	40,415	80
Lending-related commitments	80,273	275,317	14,508	370,098	274,127	95,971	370,098	74
Subtotal	211,798	462,813	138,800	813,411	618,181	195,230	813,411	76
Loans held-for-sale and loans at fair value ^(a)				5,607			5,607	
Receivables from customers and other				26,139			26,139	

Total exposure – net of liquid securities and other cash collateral held against derivatives	\$845,157	\$845,157
Credit derivatives used in credit portfolio management activities ^{(b)(c)}	\$(1,807) \$(11,011) \$(4,791) \$(17,609) \$(14,984) \$ (2,625) \$(17,609)	85 %

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

(d) The maturity profile of retained loans, lending-related commitments and derivative receivables is based on the remaining contractual maturity. Derivative contracts that are in a receivable position at June 30, 2018, 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, and pays particular attention to industries with actual or potential credit concerns. Exposures deemed criticized align with the U.S. banking regulators' definition of criticized exposures, which consist of the special mention, substandard and doubtful

categories. The total criticized component of the portfolio, excluding loans held-for-sale and loans at fair value, was \$11.2 billion at June 30, 2018, compared with \$15.6 billion at December 31, 2017. The decrease was largely driven by select names within Oil & Gas, including a loan sale.

Below are summaries of the Firm's exposures as of June 30, 2018, and December 31, 2017. The industry of risk category is generally based on the client or counterparty's primary business activity. For additional information on industry concentrations, refer to Note 4 of JPMorgan Chase's 2017 Annual Report.

Wholesale credit exposure – industries^(a)

As of or for the six months ended	Noninvestment-grade					Selected metrics			Liquid securities and other cash held against derivative receivables
	Credit exposure ^(e)	Investment-grade	Noncriticized	Criticized performing	Criticized nonperforming	30 days or more past due accruing loans	Net charge-offs (recoveries)	Credit losses ^(f)	
June 30, 2018									
(in millions)									
Real Estate	\$ 142,116	\$ 116,264	\$ 24,996	\$ 718	\$ 138	\$ 696	\$ (18)	\$ —	\$(2)
Consumer & Retail	86,867	55,172	29,870	1,671	154	32	50	(268)	)(3)
Technology, Media & Telecommunications	79,053	48,286	29,222	1,495	50	15	—	(901)	)(18)
Industrials	59,990	38,609	19,982	1,211	188	125	—	(146)	)(17)
Healthcare	57,089	39,589	16,627	844	29	6	(2 )	—	)(180)
Banks & Finance Cos	51,445	35,882	15,242	317	4	13	—	(649)	)(2,426)
Oil & Gas	42,650	23,064	17,452	1,287	847	2	38	(492)	)(2)
Asset Managers	40,040	33,963	6,059	4	14	5	—	—	)(6,610)
Utilities	28,437	23,790	4,353	136	158	1	38	(189)	)(36)
State & Municipal Govt ^(b)	26,408	25,760	648	—	—	3	—	(60)	)(18)
Chemicals & Plastics	18,666	11,432	7,205	29	—	5	—	(25))—
Central Govt	18,503	18,307	123	73	—	3	—	(9,320)	)(1,965)
Transportation	16,915	10,445	5,938	461	71	11	6	(32)	)(69)
Automotive	15,849	9,586	5,943	295	25	2	—	(227))—
Metals & Mining	14,225	7,457	6,314	398	56	17	—	(278)	)(25)
Insurance	12,952	10,266	2,645	—	41	2	—	(37)	)(2,404)
Financial Markets Infrastructure	6,231	6,109	122	—	—	—	—	—	—
Securities Firms	3,998	2,567	1,430	1	—	—	—	(261)	)(454)
All other ^(c)	159,465	142,598	16,424	238	205	790	53	(2,344)	)(1,874)
Subtotal	\$ 880,899	\$ 659,146	\$ 210,595	\$ 9,178	\$ 1,980	\$ 1,728	\$ 165	\$(15,229)	\$(16,103)
Loans held-for-sale and loans at fair value	7,830								
Receivables from customers and other	27,454								
Total ^(d)	\$ 916,183								

(continued from previous page)

As of or for the year ended December 31, 2017 (in millions)	Noninvestment-grade					Selected metrics			
	Credit exposure ^(e)	Investment- grade	Noncriticized	Criticized performing	Criticized nonperforming	30 days or more past due and accruing loans	Net charge-off (recoveries)	Credit losses ^(f)	Liquid securities and other cash collateral held against derivative receivables
Real Estate	\$ 139,409	\$ 115,401	\$ 23,012	\$ 859	\$ 137	\$ 254	\$ (4)	\$—	\$(2)
Consumer & Retail	87,679	55,737	29,619	1,791	532	30	34	(275)	(9)
Technology, Media & Telecommunications	59,274	36,510	20,453	2,258	53	14	(12)	(910)	(19)
Industrials	55,272	37,198	16,770	1,159	145	150	(1)	(196)	(21)
Healthcare	55,997	42,643	12,731	585	38	82	(1)	—	(207)
Banks & Finance Cos	49,037	34,654	13,767	612	4	1	6	(1,216)	(3,174)
Oil & Gas	41,317	21,430	14,854	4,046	987	22	71	(747)	(1)
Asset Managers	32,531	28,029	4,484	4	14	27	—	—	(5,290)
Utilities	29,317	24,486	4,383	227	221	—	11	(160)	(56)
State & Municipal Govt ^(b)	28,633	27,977	656	—	—	12	5	(130)	(524)
Chemicals & Plastics	15,945	11,107	4,764	74	—	4	—	—	—
Central Govt	19,182	18,741	376	65	—	4	—	(10,095)	(2,520)
Transportation	15,797	9,870	5,302	527	98	9	14	(32)	(131)
Automotive	14,820	9,321	5,278	221	—	10	1	(284)	—
Metals & Mining	14,171	6,989	6,822	321	39	3	(13)	(316)	(1)
Insurance	14,089	11,028	2,981	—	80	1	—	(157)	(2,195)
Financial Markets Infrastructure	5,036	4,775	261	—	—	—	—	—	(23)
Securities Firms	4,113	2,559	1,553	1	—	—	—	(274)	(335)
All other ^(c)	147,900	134,110	13,283	260	247	901	8	(2,817)	(1,600)
Subtotal	\$ 829,519	\$ 632,565	\$ 181,349	\$ 13,010	\$ 2,595	\$ 1,524	\$ 119	\$(17,609)	\$(16,108)
Loans held-for-sale and loans at fair value	5,607								
Receivables from customers and other	26,139								
Total ^(d)	\$ 861,265								

(a) The industry rankings presented in the table as of December 31, 2017, are based on the industry rankings of the corresponding exposures at June 30, 2018, not actual rankings of such exposures at December 31, 2017.

(b)

In addition to the credit risk exposure to states and municipal governments (both U.S. and non-U.S.) at June 30, 2018, and December 31, 2017, noted above, the Firm held: \$9.2 billion and \$9.8 billion, respectively, of trading securities; \$39.3 billion and \$32.3 billion, respectively, of AFS securities; and \$4.8 billion and \$14.4 billion, respectively, of held-to-maturity (“HTM”) securities, issued by U.S. state and municipal governments. For further information, refer to Note 2 and Note 9.

All other includes: individuals (predominantly Wealth Management clients within AWM), SPEs, and private (c) education and civic organizations, representing approximately 60%, 36%, and 4%, respectively, at June 30, 2018, and 59%, 37%, and 4%, respectively, at December 31, 2017.

(d) Excludes cash placed with banks of \$396.1 billion and \$421.0 billion, at June 30, 2018, and December 31, 2017, respectively, which is predominantly placed with various central banks, primarily Federal Reserve Banks.

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

Represents the net notional amounts of protection purchased and sold through credit derivatives used to manage the (f) 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.

Real Estate

Presented below is additional information on the Real Estate industry to which the Firm has significant exposure. Real Estate exposure increased \$2.7 billion to \$142.1 billion during the six months ended June 30, 2018, while the investment-grade percentage of the portfolio remained relatively flat at 82%. For further information on Real Estate loans, refer to Note 11.

(in millions, except ratios)	June 30, 2018					
	Loans and Lending-Related Commitments	Derivative Receivables	Credit exposure	% Investment-grade	% Drawn ^(c)	
Multifamily ^(a)	\$88,565	\$ 28	\$ 88,593	86 %	88 %	
Other	53,417	106	53,523	74	66	
Total Real Estate Exposure ^(b)	141,982	134	142,116	82	80	

(in millions, except ratios)	December 31, 2017					
	Loans and Lending-Related Commitments	Derivative Receivables	Credit exposure	% Investment-grade	% Drawn ^(c)	
Multifamily ^(a)	\$84,635	\$ 34	\$ 84,669	89 %	92 %	
Other	54,620	120	54,740	74	66	
Total Real Estate Exposure ^(b)	139,255	154	139,409	83	82	

(a) Multifamily exposure is largely in California.

(b) Real Estate exposure is predominantly secured; unsecured exposure is largely investment-grade.

(c) Represents drawn exposure as a percentage of credit exposure.

Loans

In the normal course of its wholesale business, the Firm provides loans to a variety of clients, ranging from large corporate and institutional clients to high-net-worth individuals. For a further discussion on loans, including information on credit quality indicators and sales of loans, refer to Note 11.

The following table presents the change in the nonaccrual loan portfolio for the six months ended June 30, 2018 and 2017.

Wholesale nonaccrual loan activity

Six months ended June 30, (in millions)	2018	2017
Beginning balance	\$1,734	\$2,063
Additions	505	747
Reductions:		
Paydowns and other	394	666
Gross charge-offs	231	93
Returned to performing status	176	183
Sales	107	203
Total reductions	908	1,145
Net changes	(403)	(398)
Ending balance	\$1,331	\$1,665

The following table presents net charge-offs/recoveries, which are defined as gross charge-offs less recoveries, for the six months ended June 30, 2018 and 2017. 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)

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	Three months ended		Six months ended		
	June 30,		June 30,		
	2018	2017	2018	2017	
Loans – reported					
Average loans retained	\$414,980	\$392,257	\$409,949	\$387,339	
Gross charge-offs	176	73	241	99	
Gross recoveries	(30)	(16)	(76)	(69)	
Net charge-offs/(recoveries)	146	57	165	30	
Net charge-off/(recovery) rate	0.14	%0.06	% 0.08	%0.02	%

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Lending-related commitments

The Firm uses lending-related financial instruments, such as commitments (including revolving credit facilities) and guarantees, to address the financing needs of its clients. The contractual amounts of these financial instruments represent the maximum possible credit risk should the clients draw down on these commitments or the Firm fulfills its obligations under these guarantees, and the clients subsequently fail to perform according to the terms of these contracts. Most of these commitments and guarantees are refinanced, extended, cancelled, or expire without being drawn upon or a default occurring. In the Firm's view, the total contractual amount of these wholesale lending-related commitments is not representative of the Firm's expected future credit exposure or funding requirements. For further information on wholesale lending-related commitments, refer to Note 20 .

Derivative contracts

Derivatives enable clients to manage exposures to fluctuations in interest rates, currencies and other markets. In the normal course of business, the Firm uses derivative instruments predominantly for market-making activities. The Firm also uses derivative instruments to manage its own credit and other market risk exposure. For a further discussion of derivative contracts, refer to Note 4.

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

Derivative receivables

(in millions)	Derivative receivables	
	June 30, 2018	December 31, 2017
Interest rate	\$22,971	\$ 24,673
Credit derivatives	624	869
Foreign exchange	16,763	16,151
Equity	10,176	7,882
Commodity	7,976	6,948
Total, net of cash collateral	58,510	56,523
Liquid securities and other cash collateral held against derivative receivables ^(a)	(16,103)	(16,108)
Total, net of collateral	\$42,407	\$ 40,415

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

The fair value of derivative receivables reported on the Consolidated balance sheets were \$58.5 billion and \$56.5 billion at June 30, 2018, and December 31, 2017, respectively.

Derivative receivables 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 securities) and other cash collateral held by the Firm aggregating \$16.1 billion at June 30, 2018, and December 31, 2017, that may be used as security when the fair value of the client's exposure is in the Firm's favor.

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

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, refer to Note 4.

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

Ratings profile of derivative receivables

Rating equivalent (in millions, except ratios)	June 30, 2018		December 31, 2017	
	Exposure net of collateral	% of exposure net of collateral	Exposure net of collateral	% of exposure net of collateral
AAA/Aaa to AA-/Aa3	\$ 11,133	26 %	\$ 11,529	29 %
A+/A1 to A-/A3	7,796	18	6,919	17
BBB+/Baa1 to BBB-/Baa3	14,851	35	13,925	34
BB+/Ba1 to B-/B3	7,997	19	7,397	18
CCC+/Caa1 and below	630	2	645	2
Total	\$42,407	100 %	\$40,415	100 %

As previously noted, the Firm uses collateral agreements to mitigate counterparty credit risk. The percentage of the Firm's over-the-counter derivatives transactions subject to collateral agreements — excluding foreign exchange spot trades, which are not typically covered by collateral agreements due to their short maturity, and centrally cleared trades that are settled daily — was approximately 90% at both June 30, 2018 and December 31, 2017.

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.

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.

Credit derivatives used in credit portfolio management activities

(in millions)	Notional amount of protection purchased and sold ^(a)	
	June 30, 2018	December 31, 2017
Credit derivatives used to manage:		
Loans and lending-related commitments	\$ 1,297	\$ 1,867
Derivative receivables	13,932	15,742
Credit derivatives used in credit portfolio management activities	\$ 15,229	\$ 17,609

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

For further information on credit derivatives and derivatives used in credit portfolio management activities, refer to Credit derivatives in Note 4 of this Form 10-Q, and Note 5 of JPMorgan Chase's 2017 Annual Report.

ALLOWANCE
FOR CREDIT
LOSSES

The Firm's allowance for credit losses covers the retained consumer and wholesale loan portfolios, as well as the Firm's wholesale and certain consumer lending-related commitments.

For further information on the components of the allowance for credit losses and related management judgments, refer to Critical Accounting Estimates Used by the Firm on pages 77–79 and Note 12 of this Form 10-Q, and Critical Accounting Estimates Used by the Firm on pages 138–140 and Note 13 of JPMorgan Chase's 2017 Annual Report. At least quarterly, the allowance for credit losses is reviewed by the CRO, the CFO and the Controller of the Firm. As of June 30, 2018, JPMorgan Chase deemed the allowance for credit losses to be appropriate and sufficient to absorb probable credit losses inherent in the portfolio.

The wholesale allowance for credit losses decreased from December 31, 2017, primarily as a result of a reduction in the allowance for the Oil & Gas portfolio driven by a single name.

The consumer allowance for credit losses was relatively flat compared with December 31, 2017.

For additional information on the wholesale and consumer credit portfolios, refer to Wholesale Credit Portfolio on pages 60–66, and Consumer Credit Portfolio on pages 55–59 and Note 11.

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Summary of changes in the allowance for credit losses

Six months ended June 30, (in millions, except ratios)	2018				2017			
	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,	\$4,579	\$4,884	\$4,141	\$13,604	\$5,198	\$4,034	\$4,544	\$13,776
Gross charge-offs	539	2,578	241	3,358	1,105	2,223	99	3,427
Gross recoveries	(451)	(244)	(76)	(771)	(307)	(193)	(69)	(569)
Net charge-offs ^(a)	88	2,334	165	2,587	798	2,030	30	2,858
Write-offs of PCI loans ^(b)	93	—	—	93	46	—	—	46
Provision for loan losses	90	2,334	(98)	2,326	448	2,380	(337)	2,491
Other	—	—	—	—	(2)	—	2	—
Ending balance at June 30,	\$4,488	\$4,884	\$3,878	\$13,250	\$4,800	\$4,384	\$4,179	\$13,363
Impairment methodology								
Asset-specific ^(c)	\$226	\$402	\$318	\$946	\$296	\$370	\$345	\$1,011
Formula-based	2,130	4,482	3,560	10,172	2,239	4,014	3,834	10,087
PCI	2,132	—	—	2,132	2,265	—	—	2,265
Total allowance for loan losses	\$4,488	\$4,884	\$3,878	\$13,250	\$4,800	\$4,384	\$4,179	\$13,363
Allowance for lending-related commitments								
Beginning balance at January 1,	\$33	\$—	\$1,035	\$1,068	\$26	\$—	\$1,052	\$1,078
Provision for lending-related commitments	—	—	49	49	6	—	33	39
Other	—	—	—	—	—	—	—	—
Ending balance at June 30,	\$33	\$—	\$1,084	\$1,117	\$32	\$—	\$1,085	\$1,117
Impairment methodology								
Asset-specific	\$—	\$—	\$139	\$139	\$—	\$—	\$211	\$211
Formula-based	33	—	945	978	32	—	874	906
Total allowance for lending-related commitments ^(d)	\$33	\$—	\$1,084	\$1,117	\$32	\$—	\$1,085	\$1,117
Total allowance for credit losses	\$4,521	\$4,884	\$4,962	\$14,367	\$4,832	\$4,384	\$5,264	\$14,480
Memo:								
Retained loans, end of period	\$374,587	\$145,221	\$420,632	\$940,440	\$365,115	\$140,035	\$394,426	\$899,576

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Retained loans, average	373,562	142,757	409,949	926,268	364,316	137,574	387,339	889,229	
PCI loans, end of period	26,977	—	3	26,980	33,064	—	3	33,067	
Credit ratios									
Allowance for loan losses to retained loans	1.20	%3.36	%0.92	%1.41	%1.31	%3.13	%1.06	%1.49	%
Allowance for loan losses to retained nonaccrual loans ^(e)	113	NM	335	258	114	NM	256	229	
Allowance for loan losses to retained nonaccrual loans excluding credit card	113	NM	335	163	114	NM	256	154	
Net charge-off rates ^(a)	0.05	3.30	0.08	0.56	0.44	2.98	0.02	0.65	
Credit ratios, excluding residential real estate PCI loans									
Allowance for loan losses to retained loans	0.68	3.36	0.92	1.22	0.76	3.13	1.06	1.28	
Allowance for loan losses to retained nonaccrual loans ^(e)	59	NM	335	217	60	NM	256	190	
Allowance for loan losses to retained nonaccrual loans excluding credit card	59	NM	335	121	60	NM	256	115	
Net charge-off rates ^(a)	0.05	%3.30	%0.08	%0.58	%0.49	%2.98	%0.02	%0.67	%

Note: In the table above, the financial measures which exclude the impact of PCI loans are non-GAAP financial measures.

For the six months ended June 30, 2017, excluding net charge-offs of \$467 million related to the student loan portfolio transfer, the net charge-off rate for Consumer, excluding credit card would have been 0.18%; total Firm would have been 0.54%; Consumer, excluding credit card and PCI loans would have been 0.20%; and total Firm, excluding PCI would have been 0.56%.

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.

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.

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

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

The following table presents the components of the Firm's provision for credit losses:

(in millions)	Three months ended June 30,						Six months ended June 30,					
	Provision for loan losses		Provision for lending-related commitments		Total provision for credit losses		Provision for loan losses		Provision for lending-related commitments		Total provision for credit losses	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Consumer, excluding credit card	\$(56)	\$6	\$ —	\$ 6	\$(56)	\$12	\$90	\$448	\$ —	\$ 6	\$90	\$454
Credit card	1,164	1,387	—	—	1,164	1,387	2,334	2,380	—	—	2,334	2,380
Total consumer	1,108	1,393	—	6	1,108	1,399	2,424	2,828	—	6	2,424	2,834
Wholesale	91	(218)	11	34	102	(184)	(98)	(337)	49	33	(49)	(304)
Total	\$1,199	\$1,175	\$ 11	\$ 40	\$1,210	\$1,215	\$2,326	\$2,491	\$ 49	\$ 39	\$2,375	\$2,530

Quarterly discussion

The provision for credit losses was flat as a result of:

• a decrease in the consumer provision predominantly reflecting

no addition to the allowance for credit losses in CCB in the current quarter, compared with a net addition in the prior year primarily in the credit card portfolio

lower net charge-offs, primarily in the residential real estate portfolio, which includes a recovery from a loan sale, and reflects the continued improvement in home prices and delinquencies, predominantly offset by an increase in net charge-offs in the credit card portfolio due to seasoning of newer vintages, in line with expectations

the decrease in the consumer provision was offset by

• an increase in the wholesale provision reflecting

a net expense in the current period as a result of net portfolio activity, including new exposures and loan sales, compared with a net benefit in the prior year driven by a reduction in the allowance for credit losses in the Oil & Gas, Natural Gas Pipelines, and Metals and Mining portfolios.

Year-to-date discussion

The provision for credit losses decreased as a result of:

• a lower consumer provision predominantly reflecting

no addition to the allowance for credit losses in CCB in the current year, compared with a net addition in the prior year primarily in the credit card portfolio

partially offset by

higher net charge-offs in the credit card portfolio due to seasoning of newer vintages, in line with expectations. These were largely offset by lower net charge-offs in the residential real estate portfolio, which includes a recovery from a loan sale and reflects the continued improvement in home prices and delinquencies

the prior year included a \$218 million write-down recorded in connection with the sale of the student loan portfolio

the decrease in the consumer provision was partially offset by

• a lower net benefit in the wholesale provision reflecting

a net benefit in the current period, primarily driven by a single name in the Oil & Gas portfolio, partially offset by other net portfolio activity, compared with a net benefit in the prior year, driven by a reduction in the allowance for credit losses in the Oil & Gas, Natural Gas Pipelines, and Metals and Mining portfolios.

INVESTMENT
PORTFOLIO
RISK
MANAGEMENT

Investment portfolio risk is the risk associated with the loss of principal or a reduction in expected returns on investments arising from the investment securities portfolio held by Treasury and CIO in connection with the Firm's balance sheet or asset-liability management objectives or from principal investments managed in various LOBs in predominantly privately-held financial assets and instruments. Investments are typically intended to be held over extended periods and, accordingly, the Firm has no expectation for short-term realized gains with respect to these investments.

Investment securities risk

Investment securities risk includes the exposure associated with a default in the payment of principal and interest. This risk is minimized given that Treasury and CIO generally invest in high-quality securities. At June 30, 2018, the investment securities portfolio was \$231.4 billion, and the average credit rating of the securities comprising the portfolio was AA+ (based upon external ratings where available and where not available, based primarily upon internal ratings that correspond to ratings as defined by S&P and Moody's). For further information on the investment securities portfolio, refer to Corporate segment results on pages 39–40 and Note 9. For further information on the market risk inherent in the portfolio, refer to Market Risk Management on pages 71–75. For further information on related liquidity risk, refer to Liquidity Risk on pages 48–52.

Principal investment risk

Principal investments are typically private non-traded financial instruments representing ownership or other forms of junior capital. Principal investments cover multiple asset classes and are made either in stand-alone investing businesses or as part of a broader business platform. Increasingly, new principal investments are made to enhance or accelerate LOB strategic business initiatives. The Firm's principal investments are managed by the various LOBs and are reflected within the respective LOB financial results. Effective January 1, 2018, the Firm adopted new accounting guidance related to the recognition and measurement of financial assets, which requires fair value adjustments upon observable price changes to certain equity investments previously held at cost in the principal investment portfolios. For additional information, refer to Note 2.

As of June 30, 2018 and December 31, 2017, the aggregate carrying values of the principal investment portfolios were \$19.9 billion and \$19.5 billion, respectively, which included tax-oriented investments (e.g., affordable housing and alternative energy investments) of \$13.6 billion and \$14.0 billion, respectively, and private equity, various debt and equity instruments, and real assets of \$6.3 billion and \$5.5 billion, respectively.

For a discussion of the Firm's Investment Portfolio Risk Management governance and oversight, refer to page 120 of JPMorgan Chase's 2017 Annual Report.

MARKET RISK MANAGEMENT

Market risk is the risk associated with the effect of changes in market factors such as interest and foreign exchange rates, equity and commodity prices, credit spreads or implied volatilities, on the value of assets and liabilities held for both the short and long term. For a discussion of the Firm's Market Risk Management organization, tools used to measure risk, risk monitoring and control and risk identification and classification, refer to Market Risk Management on pages 121-128 of JPMorgan Chase's 2017 Annual Report.

Value-at-risk

JPMorgan Chase utilizes value-at-risk ("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.

As VaR is based on historical data, it is an imperfect measure of market risk exposure and potential future losses. 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.

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 therefore considers other measures such as stress testing and nonstatistical measures, in addition to VaR, to capture and manage its market risk positions. For further information, refer to Other risk measures on pages 126-128 of JPMorgan Chase's 2017 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 measurements, and other factors. Such changes may affect historical comparisons of VaR results. For information regarding model reviews and approvals, refer to Estimations and Model Risk Management on page 137 of JPMorgan Chase's 2017 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, refer to page 123 of JPMorgan Chase's 2017 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), refer to JPMorgan Chase's Basel III 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

(in millions)	Three months ended								
	June 30, 2018			March 31, 2018			June 30, 2017		
	Avg.	Min	Max	Avg.	Min	Max	Avg.	Min	Max
CIB trading VaR by risk type									
Fixed income	\$31	\$26	\$36	\$34	\$30	\$39	\$28	\$25	\$31
Foreign exchange	6	4	10	9	6	15	8	5	12
Equities	15	13	18	17	15	22	12	9	16
Commodities and other	7	5	9	5	4	6	8	6	10
Diversification benefit to CIB trading VaR	(27) ^(a)	NM ^(b)	NM ^(b)	(25) ^(a)	NM ^(b)	NM ^(b)	(30) ^(a)	NM ^(b)	NM ^(b)
CIB trading VaR	32	26 ^(b)	42 ^(b)	40	35 ^(b)	49 ^(b)	26	20 ^(b)	31 ^(b)
Credit portfolio VaR	4	3	4	3	3	4	9	6	10
Diversification benefit to CIB VaR	(3) ^(a)	NM ^(b)	NM ^(b)	(3) ^(a)	NM ^(b)	NM ^(b)	(8) ^(a)	NM ^(b)	NM ^(b)
CIB VaR	33	26 ^(b)	42 ^(b)	40	35 ^(b)	51 ^(b)	27	22 ^(b)	32 ^(b)
CCB VaR	1	1	3	1	1	2	2	2	3
Corporate VaR	12	10	13	12	10	14	3	2	3
Diversification benefit to other VaR	(1) ^(a)	NM ^(b)	NM ^(b)	(1) ^(a)	NM ^(b)	NM ^(b)	(2) ^(a)	NM ^(b)	NM ^(b)
Other VaR	12	10 ^(b)	14 ^(b)	12	10 ^(b)	14 ^(b)	3	3 ^(b)	4 ^(b)
Diversification benefit to CIB and other VaR	(10) ^(a)	NM ^(b)	NM ^(b)	(9) ^(a)	NM ^(b)	NM ^(b)	(3) ^(a)	NM ^(b)	NM ^(b)
Total VaR	\$35	\$28 ^(b)	\$44 ^(b)	\$43	\$37 ^(b)	\$53 ^(b)	\$27	\$22 ^(b)	\$33 ^(b)

(a) Average portfolio VaR is less than the sum of the VaR of the components described above, which is due to portfolio diversification. The diversification effect reflects that the risks are not perfectly correlated.

(b) Diversification benefit represents the difference between the total VaR and each reported level and the sum of its individual components. Diversification benefit reflects the non-additive nature of VaR due to imperfect correlation across lines of business and risk types. The maximum and minimum VaR for each portfolio may have occurred on different trading days than the components and consequently diversification benefit is not meaningful.

Quarter over Quarter results

Average total VaR decreased by \$8 million for the three months ended June 30, 2018 as compared with the prior quarter. The decrease reflects changes in the exposure profile for Equities and Fixed income risk types.

Year over Year results

Average total VaR increased by \$8 million for the three months ended June 30, 2018, compared with the same period in the prior year. The increase in average total VaR is primarily due to the inclusion of a Corporate private equity position that became publicly traded in the fourth quarter of 2017 and certain investments in CIB VaR.

VaR can vary significantly as positions change, market volatility fluctuates, and diversification benefits change.

VaR back-testing

The Firm evaluates the effectiveness of its VaR methodology by back-testing, which compares the daily Risk Management VaR results with the daily gains and losses actually recognized on market-risk related revenue. The Firm's definition of market risk-related gains and losses is consistent with the definition used by the banking regulators under Basel III. Under this definition market risk-related gains and losses are defined as: gains and losses on the positions included in the Firm's Risk Management VaR excluding fees, commissions, certain valuation adjustments (e.g., liquidity and FVA), net interest income, and gains and losses arising from intraday trading. The following chart compares actual daily market risk-related gains and losses with the Firm's Risk Management VaR for the six months ended June 30, 2018. As the chart presents market risk-related gains and losses related to those positions included in the Firm's Risk Management VaR, the results in the table below differ from the results of back-testing disclosed in the Market Risk section of the Firm's Basel III Pillar 3 Regulatory Capital Disclosures reports, which are based on Regulatory VaR applied to covered positions. The chart shows that for the six months ended June 30, 2018, the Firm observed five VaR back-testing exceptions and posted market risk-related gains on 75 of the 129 days. The Firm observed one VaR back-testing exception and posted market risk-related gains on 35 of the 65 days for the three months ended June 30, 2018.

Daily Market Risk-Related Gains and Losses
vs. Risk Management VaR (1-day, 95% Confidence level)
Six months ended June 30, 2018

Market Risk-Related Gains and Losses

Risk Management VaR
January February March April May June

Earnings-at-risk

The VaR and sensitivity measures illustrate the economic sensitivity of the Firm's Consolidated balance sheets to changes in market variables. The effect of interest rate exposure on the Firm's reported net income is also important as interest rate risk represents one of the Firm's significant market risks. Interest rate risk arises not only from trading activities but also from the Firm's traditional banking activities, which include extension of loans and credit facilities, taking deposits and issuing debt. The Firm evaluates its structural interest rate risk exposure through earnings-at-risk, which measures the extent to which changes in interest rates will affect the Firm's net interest income and interest rate-sensitive fees. For a summary by line of business, identifying positions included in earnings-at-risk, refer to the table on page 122 of JPMorgan Chase's 2017 Annual Report.

The Firm generates a baseline for net interest income and certain interest rate-sensitive fees, and then conducts simulations of changes for interest rate-sensitive assets and liabilities denominated in U.S. dollars and other currencies ("non-U.S. dollar" currencies). This simulation primarily includes retained loans, deposits, deposits with banks, investment securities, long term debt and any related interest rate hedges, and excludes other positions in risk management VaR and other sensitivity-based measures as described on page 122 of JPMorgan Chase's 2017 Annual Report.

Earnings-at-risk scenarios estimate the potential change in this baseline, over the following 12 months utilizing multiple assumptions. These scenarios consider the impact on exposures as a result of changes in interest rates from baseline rates, as well as pricing sensitivities of deposits, optionality and changes in product mix. The scenarios include forecasted balance sheet changes, as well as modeled prepayment and reinvestment behavior, but do not include assumptions about actions that could be taken by the Firm in response to any such instantaneous rate changes. Mortgage prepayment assumptions are based on scenario interest rates compared with underlying contractual rates, the time since origination, and other factors which are updated periodically based on historical experience. The pricing sensitivity of deposits in the baseline and scenarios use assumed rates paid which may differ from actual rates paid due to timing lags and other factors. The Firm's earnings-at-risk scenarios are periodically evaluated and enhanced in response to changes in the composition of the Firm's balance sheet, changes in market conditions, improvements in the Firm's simulation and other factors.

The Firm's U.S. dollar sensitivities are presented in the table below.

JPMorgan Chase's 12-month earnings-at-risk sensitivity profiles

U.S. dollar (in billions)	Instantaneous change in rates			
	+200 bps	+100 bps	-100 bps	-200 bps
June 30, 2018	\$1.9	\$1.0	\$(2.1)	NM ^(a)
December 31, 2017	\$2.4	\$1.7	\$(3.6)	NM ^(a)

(a) Given the level of market interest rates, these downward parallel earnings-at-risk scenarios are not considered to be meaningful.

The Firm's sensitivity to rates is largely a result of assets re-pricing at a faster pace than deposits.

The Firm's net U.S. dollar sensitivities to 200 and 100 basis points instantaneous rate increases each decreased by approximately \$500 million and \$700 million, respectively, while the Firm's net U.S. dollar sensitivity to 100 basis points instantaneous decrease in rates decreased by \$1.5 billion when compared to December 31, 2017. The primary driver of these decreases was the updating of the Firm's baseline to reflect higher interest rates. As higher interest rates are reflected in the Firm's baselines, sensitivities to changes in rates are expected to be less significant.

The non-U.S. dollar sensitivities for an instantaneous increase in rates by 200 and 100 basis points results in a 12-month benefit to net interest income of approximately \$900 million and \$500 million, respectively, at June 30, 2018 and \$800 million and \$500 million, respectively, at December 31, 2017. The non-U.S. dollar sensitivities for an instantaneous decrease in rates by 200 and 100 basis points are not material to the Firm's earnings-at-risk at June 30, 2018 and December 31, 2017.

Separately, another U.S. dollar interest rate scenario used by the Firm — involving a steeper yield curve with long-term rates rising by 100 basis points and short-term rates staying at current levels — results in a 12-month benefit to net interest income of approximately \$500 million and \$700 million at June 30, 2018 and December 31, 2017, respectively. The increase in net interest income under this scenario reflects the Firm reinvesting at the higher long-term rates, with funding costs remaining unchanged. The results of the comparable non-U.S. dollar scenarios are not material to the Firm at June 30, 2018 and December 31, 2017.

Other sensitivity-based measures

The Firm quantifies the market risk of certain investment and funding activities by assessing the potential impact on net revenue and OCI due to changes in relevant market variables. For additional information on the positions

captured in other sensitivity-based measures, please refer to the Risk identification and classification table on page 122 of JPMorgan Chase's 2017 Annual Report.

The table below represents the potential impact to net revenue or OCI for market risk-sensitive instruments that are not included in VaR or earnings-at-risk. Where appropriate, instruments used for hedging purposes are reported along with the positions being hedged. The sensitivities disclosed in the table below may not be representative of the actual gain or loss that would have been realized at June 30, 2018 and December 31, 2017, as the movement in market parameters across maturities may vary and are not intended to imply management's expectation of future deterioration in these sensitivities.

Gain/(loss) (in millions)			June	December
Activity	Description	Sensitivity measure	30, 2018	31, 2017
Investment activities				
Investment management activities	Consists of seed capital and related hedges; and fund co-investments	10% decline in market value	\$(135)	\$(110)
Other investments	Consists of private equity and other investments held at fair value	10% decline in market value	(266)	(338)
Funding activities				
Non-USD LTD cross-currency basis	Represents the basis risk on derivatives used to hedge the foreign exchange risk on the non-USD LTD ^(a)	1 basis point parallel tightening of cross currency basis	(9)	(10)
Non-USD LTD hedges foreign currency ("FX") exposure	Primarily represents the foreign exchange revaluation on the fair value of the derivative hedges ^(a)	10% depreciation of currency	16	(13)
Derivatives – funding spread risk	Impact of changes in the spread related to derivatives FVA	1 basis point parallel increase in spread	(4)	(6)
Fair value option elected liabilities – funding spread risk	Impact of changes in the spread related to fair value option elected liabilities DVA ^(a)	1 basis point parallel increase in spread	29	22
Fair value option elected liabilities – interest rate sensitivity	Interest rate sensitivity on fair value option liabilities resulting from a change in the Firm's own credit spread ^(a)	1 basis point parallel increase in spread	1	(1)

(a) Impact recognized through OCI.

COUNTRY RISK MANAGEMENT

The Firm has a country risk management framework for monitoring and assessing how financial, economic, political or other significant developments adversely affect the value of the Firm's exposures related to a particular country or set of countries. The Country Risk Management group actively monitors the various portfolios giving rise to country risk to ensure the Firm's country risk exposures are diversified and that exposure levels are appropriate given the Firm's strategy and risk tolerance relative to a country.

Country Risk Management periodically designs and runs tailored stress scenarios to test vulnerabilities to individual countries or groups of countries in response to specific or potential market events, sector performance concerns and geopolitical risks. These tailored stress results are used to inform potential risk reduction across the firm, as necessary. For a further discussion of the Firm's Country Risk Management organization; identification and measurement; stress testing; monitoring and control; and reporting, refer to pages 129–130 of JPMorgan Chase's 2017 Annual Report.

The following table presents the Firm's top 20 exposures by country (excluding the U.S.) as of June 30, 2018. The selection of countries represents the Firm's largest total exposures by country, based on the Firm's internal country risk management approach, and does not represent the Firm's view of any actual or potentially adverse credit conditions. Country exposures may fluctuate from period to period due to client activity and market flows.

Top 20 country exposures (excluding the U.S.)^(a)

(in billions)	June 30, 2018			Total exposure
	Lending and deposits ^(b)	Trading and investing ^{(c)(d)}	Other ^(e)	
Germany	\$50.7	\$ 9.7	\$ 0.2	\$ 60.6
United Kingdom	25.2	8.5	17.4	51.1
Japan	27.6	8.9	0.4	36.9
China	9.4	7.4	1.9	18.7
France	11.6	5.0	0.5	17.1
Canada	13.4	3.0	0.1	16.5
Switzerland	11.1	0.6	3.4	15.1
India	5.9	5.1	1.4	12.4
Australia	6.0	5.7	—	11.7
Luxembourg	8.8	0.4	—	9.2
Brazil	5.2	3.9	—	9.1
Netherlands	6.3	1.5	1.2	9.0
Italy	2.6	4.1	0.2	6.9
South Korea	3.9	2.7	0.2	6.8
Hong Kong	3.1	1.2	1.7	6.0
Singapore	3.3	1.3	1.4	6.0
Spain	4.5	0.8	0.1	5.4
Mexico	3.8	1.1	—	4.9
Saudi Arabia	3.9	0.8	—	4.7
Ireland	2.3	0.4	1.1	3.8

(a) Country exposures above reflect 87% of total firmwide non-U.S. exposure.

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

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

- (d) Includes single reference entity (“single-name”), index and other multiple reference entity transactions for which one or more of the underlying reference entities is in a country listed in the above table.
- (e) Includes capital invested in local entities and physical commodity inventory.

CRITICAL
ACCOUNTING
ESTIMATES
USED BY THE
FIRM

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

Allowance for credit losses

JPMorgan Chase's allowance for credit losses covers the retained consumer and wholesale loan portfolios, as well as the Firm's wholesale and certain consumer lending-related commitments. The allowance for loan losses is intended to adjust the carrying value of the Firm's loan assets to reflect probable credit losses inherent in the loan portfolio as of the balance sheet date. Similarly, the allowance for lending-related commitments is established to cover probable credit losses inherent in the lending-related commitments portfolio as of the balance sheet date.

The allowance for credit losses includes a formula-based component, an asset-specific component, and a component related to PCI loans. The determination of each of these components involves significant judgment on a number of matters. For further information on these components, areas of judgment and methodologies used in establishing the Firm's allowance for credit losses, refer to pages 117–119, page 138 and Note 13 of JPMorgan Chase's 2017 Annual Report; and refer to Allowance for credit losses on pages 67–69 and Note 12 of this Form 10-Q.

As noted in the discussion on page 138 of JPMorgan Chase's 2017 Annual Report, the Firm's allowance for credit losses is sensitive to numerous factors, which may differ depending on the portfolio. Changes in economic conditions or in the Firm's assumptions and estimates could affect its estimate of probable credit losses inherent in the portfolio at the balance sheet date. The Firm uses its best judgment to assess these economic conditions and loss data in estimating the allowance for credit losses and these estimates are subject to periodic refinement based on changes to underlying external or Firm-specific historical data. Refer to Note 12 of this Form 10-Q for further discussion.

To illustrate the potential magnitude of certain alternate judgments, the Firm estimates that changes in the following inputs would have the following effects on the Firm's

modeled credit loss estimates as of June 30, 2018, without consideration of any offsetting or correlated effects of other inputs in the Firm's allowance for loan losses:

• A combined 5% decline in housing prices and a 100 basis point increase in unemployment rates from current levels could imply:

an increase to modeled credit loss estimates of approximately \$525 million for PCI loans.

an increase to modeled annual credit loss estimates of approximately \$75 million for residential real estate loans, excluding PCI loans.

• For credit card loans, a 100 basis point increase in unemployment rates from current levels could imply an increase to modeled annual credit loss estimates of approximately \$775 million.

An increase in probability of default ("PD") factors consistent with a one-notch downgrade in the Firm's internal risk ratings for its entire wholesale loan portfolio could imply an increase in the Firm's modeled credit loss estimates of approximately \$1.5 billion.

• A 100 basis point increase in estimated loss given default ("LGD") for the Firm's entire wholesale loan portfolio could imply an increase in the Firm's modeled credit loss estimates of approximately \$175 million.

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

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

Fair value of financial instruments, MSRs and commodities inventory

Assets measured at fair value

The following table includes the Firm's assets measured at fair value and the portion of such assets that are classified within level 3 of the valuation hierarchy. For further information, refer to Note 2.

June 30, 2018 (in millions, except ratios)	Total assets at fair value	Total level 3 assets
Trading—debt and equity instruments	\$360.2	\$4.5
Derivative receivables ^(a)	58.5	7.0
Trading assets	418.7	11.5
AFS securities	202.0	0.1
Loans	3.1	0.2
MSRs	6.2	6.2
Other	30.1	1.3
Total assets measured at fair value on a recurring basis	\$660.1	\$19.3
Total assets measured at fair value on a nonrecurring basis	1.6	1.0
Total assets measured at fair value	\$661.7	\$20.3
Total Firm assets	\$2,590.1	
Level 3 assets as a percentage of total Firm assets ^(a)		0.8 %
Level 3 assets as a percentage of total Firm assets at fair value ^(a)		3.1 %

For purposes of the table above, the derivative receivables total reflects the impact of netting adjustments; however, the \$7.0 billion of derivative receivables classified as level 3 does not reflect the netting adjustment as such netting is not relevant to a presentation based on the transparency of inputs to the valuation of an asset. The level 3 balances would be reduced if netting were applied, including the netting benefit associated with cash collateral.

Valuation

Estimating fair value requires the application of judgment. The type and level of judgment required is largely dependent on the amount of observable market information available to the Firm. For instruments valued using internally developed valuation models and other valuation techniques that use significant unobservable inputs and are therefore classified within level 3 of the valuation hierarchy, judgments used to estimate fair value are more significant than those required when estimating the fair value of instruments classified within levels 1 and 2. In arriving at an estimate of fair value for an instrument within level 3, management must first determine the appropriate valuation technique to use. Second, the lack of observability of certain significant inputs requires management to assess all relevant empirical data in deriving valuation inputs including, for example, transaction details, yield curves, interest rates, prepayment rates, default rates, volatilities, correlations, equity or debt prices, valuations of comparable instruments, foreign exchange rates and credit curves. For a further discussion of the valuation of level 3 instruments, including unobservable inputs used, refer to Note 2.

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

Imprecision in estimating unobservable market inputs or other factors can affect the amount of gain or loss recorded for a particular position. Furthermore, while the Firm believes its valuation methods are appropriate and consistent with those of other market participants, the methods and assumptions used reflect management judgment and may vary across the Firm's businesses and portfolios.

The Firm uses various methodologies and assumptions in the determination of fair value. The use of methodologies or assumptions different than those used by the Firm could result in a different estimate of fair value at the reporting date. For a detailed discussion of the Firm's valuation process and hierarchy, and its determination of fair value for

individual financial instruments, refer to Note 2.

Goodwill impairment

Management applies significant judgment when testing goodwill for impairment. The goodwill associated with each business combination is allocated to the related reporting units for goodwill impairment testing. For a description of the significant valuation judgments associated with goodwill impairment, refer to Goodwill impairment on pages 139–140 of JPMorgan Chase’s 2017 Annual Report.

For the three months ended June 30, 2018, the Firm reviewed current economic conditions, business performance, the current estimated market cost of equity, and prior projections of business performance for all its businesses. Based upon such reviews, the Firm concluded that the goodwill allocated to its reporting units was not impaired as of June 30, 2018.

Declines in business performance, increases in credit losses, increases in equity capital requirements, as well as deterioration in economic or market conditions, adverse regulatory or legislative changes or increases in the estimated market cost of equity, could cause the estimated fair values of the Firm’s reporting units or their associated goodwill to decline in the future, which could result in a material impairment charge to earnings in a future period related to some portion of the associated goodwill.

For additional information on goodwill, refer to Note 14.

Credit card rewards liability

JPMorgan Chase offers credit cards with various rewards programs which allow cardholders to earn rewards points based on their account activity and the terms and conditions of the rewards program. Generally, there are no limits on the points that an eligible cardholder can earn, nor do the points expire, and the points can be redeemed for a variety of rewards, including cash (predominantly in the form of account credits), gift cards and travel. The Firm maintains a rewards liability which represents the estimated cost of rewards points earned and expected to be redeemed by cardholders. The rewards liability is sensitive to various assumptions, including cost per point and redemption rates for each of the various rewards programs, which are evaluated periodically. The liability is accrued as the cardholder earns the benefit and is reduced when the cardholder redeems points. This liability was \$5.5 billion and \$4.9 billion at June 30, 2018 and December 31, 2017, respectively, and is recorded in accounts payable and other liabilities on the Consolidated balance sheets.

Income taxes

For a description of the significant assumptions, judgments and interpretations associated with the accounting for income taxes, refer to Note 1, and Income taxes on page 140 of JPMorgan Chase's 2017 Annual Report.

Litigation reserves

For a description of the significant estimates and judgments associated with establishing litigation reserves, refer to Note 22 of this Form 10-Q, and Note 29 of JPMorgan Chase's 2017 Annual Report.

ACCOUNTING
AND REPORTING
DEVELOPMENTS

Financial Accounting Standards Board (“FASB”) Standards Adopted since January 1, 2018

Standard	Summary of guidance	Effects on financial statements
Revenue recognition – revenue from contracts with customers Issued May 2014	<ul style="list-style-type: none"> Requires that revenue from contracts with customers be recognized upon transfer of control of a good or service in the amount of consideration expected to be received. Changes the accounting for certain contract costs, including whether they may be offset against revenue in the Consolidated statements of income, and requires additional disclosures about revenue and contract costs. 	<ul style="list-style-type: none"> Adopted January 1, 2018. For further information, refer to Note 1.
Recognition and measurement of financial assets and financial liabilities Issued January 2016	<ul style="list-style-type: none"> Requires that certain equity instruments be measured at fair value, with changes in fair value recognized in earnings. Provides a measurement alternative for equity securities without readily determinable fair values to be measured at cost less impairment (if any), plus or minus observable price changes from an identical or similar investment of the same issuer. Any such price changes are reflected in earnings beginning in the period of adoption. 	<ul style="list-style-type: none"> Adopted January 1, 2018. For further information, refer to Note 1.
Classification of certain cash receipts and cash payments in the statement of cash flows Issued August 2016	<ul style="list-style-type: none"> Provides targeted amendments to the classification of certain cash flows, including the treatment of settlement payments for zero coupon debt instruments and distributions received from equity method investments. 	<ul style="list-style-type: none"> Adopted January 1, 2018. The adoption of the guidance had no material impact as the Firm was either in compliance with the amendments or the amounts to which it was applied were immaterial.
Treatment of restricted cash on the statement of cash flows Issued November 2016	<ul style="list-style-type: none"> Requires restricted cash to be combined with unrestricted cash when reconciling the beginning and ending cash balances on the Consolidated statements of cash flows. Requires additional disclosures to supplement the Consolidated statements of cash flows. 	<ul style="list-style-type: none"> Adopted January 1, 2018 For further information, refer to Note 1.

FASB Standards Adopted since January 1, 2018 (continued)

Standard	Summary of guidance	Effects on financial statements
Definition of a business Issued January 2017	<ul style="list-style-type: none"> • Narrows the definition of a business and clarifies that, to be considered a business, substantially all of the fair value of the gross assets acquired (or disposed of) may not be concentrated in a single identifiable asset or a group of similar assets. • In addition, the definition now requires that a set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. 	<ul style="list-style-type: none"> • Adopted January 1, 2018. • The adoption of the guidance had no impact because it is being applied prospectively. Subsequent to adoption, fewer transactions will be treated as acquisitions or dispositions of a business.
Presentation of net periodic pension cost and net periodic postretirement benefit cost Issued March 2017	<ul style="list-style-type: none"> • Requires the service cost component of net periodic pension and postretirement benefit cost to be reported separately in the Consolidated statements of income from the other components (e.g., expected return on assets, interest costs, amortization of gains/losses and prior service costs). 	<ul style="list-style-type: none"> • Adopted January 1, 2018. • For further information, refer to Note 1.
Premium amortization on purchased callable debt securities Issued March 2017	<ul style="list-style-type: none"> • Requires amortization of premiums to the earliest call date on debt securities with call features that are explicit, noncontingent and callable at fixed prices and on preset dates. • Does not impact debt securities held at a discount; the discount continues to be amortized to the contractual maturity date. • Aligns the accounting with the economics of the risk management activities. • Expands the ability for certain hedges of interest rate risk to qualify for hedge accounting. 	<ul style="list-style-type: none"> • Adopted January 1, 2018. • For further information, refer to Note 1.
Hedge accounting Issued August 2017	<ul style="list-style-type: none"> • Allows recognition of ineffectiveness in cash flow hedges and net investment hedges in OCI. • Permits an election at adoption to transfer certain investment securities classified as held-to-maturity to available-for-sale. • Simplifies hedge documentation requirements. 	<ul style="list-style-type: none"> • Adopted January 1, 2018. • For further information, refer to Note 1.
Reclassification of certain tax effects from AOCI Issued February 2018	<ul style="list-style-type: none"> • Permits reclassification of the income tax effects of the TCJA on items within AOCI to retained earnings so that the tax effects of items within AOCI reflect the appropriate tax rate. 	<ul style="list-style-type: none"> • Adopted January 1, 2018. • For further information, refer to Note 1.

FASB Standards Issued but not yet Adopted

Standard	Summary of guidance	Effects on financial statements
Leases Issued February 2016	<ul style="list-style-type: none"> • Requires lessees to recognize all leases longer than twelve months on the Consolidated balance sheets as a lease liability with a corresponding right-of-use asset. • Requires lessees and lessors to classify most leases using principles similar to existing lease accounting, but eliminates the “bright line” classification tests. • Permits the Firm to generally account for its existing leases consistent with current guidance, except for the incremental balance sheet recognition. • Expands qualitative and quantitative leasing disclosures. • May be adopted using a modified cumulative effect approach wherein the guidance is applied only to existing contracts as of the date of initial application, and to new contracts transacted after that date, or a cumulative-effect adjustment to retained earnings at the effective date. 	<ul style="list-style-type: none"> • Required effective date: January 1, 2019^(a) • The Firm is in the process of its implementation which includes evaluating its leasing activities and certain contracts for embedded leases, implementing a new lease accounting software solution for its real estate leases, and updating processes and internal controls for its leasing activities. As a lessee, the Firm is developing its estimate of the right-of-use asset and lease liability, which is based on the present value of lease payments. The Firm expects to recognize a lease liability and a corresponding right-of-use asset (at their present value) related to predominantly all of the \$10 billion of future minimum payments required under operating leases as disclosed in Note 28 of JPMorgan Chase’s 2017 Annual Report. However, the population of contracts subject to balance sheet recognition and their initial measurement remains under evaluation; final financial statement impacts will depend on the lease portfolio at the time of adoption. The Firm does not expect material changes to the recognition of operating lease expense in its Consolidated statements of income. • The Firm plans to adopt the new lease guidance on January 1, 2019 and elect the available practical expedients, which will not require it to reassess whether an existing contract contains a lease or whether classification or unamortized initial lease costs would be different under the new lease guidance.
Financial instruments – credit losses Issued June 2016	<ul style="list-style-type: none"> • Replaces existing incurred loss impairment guidance and establishes a single allowance framework for financial assets carried at amortized cost, which will reflect management’s estimate of credit losses over the full remaining expected life of the financial assets. • Eliminates existing guidance for PCI loans, and requires recognition of an allowance for expected credit losses on financial assets purchased with more than insignificant credit deterioration 	<ul style="list-style-type: none"> • Required effective date: January 1, 2020^(a) • The Firm has established a Firmwide, cross-discipline governance structure, which provides implementation oversight. The Firm continues to identify key interpretive issues, and is in the process of developing and implementing current expected credit loss models that satisfy the requirements of the new standard. • The Firm expects that the new guidance will result in an increase in its allowance for credit losses due to several factors, including: <ol style="list-style-type: none"> 1. The allowance related to the Firm’s loans and commitments will increase to cover credit losses over the full remaining expected life of the portfolio, and will consider expected future changes in macroeconomic conditions

since origination.

- Amends existing impairment guidance for AFS securities to incorporate an allowance, which will allow for reversals of credit impairments in the event that the credit of an issuer improves.
- Requires a cumulative-effect adjustment to retained earnings as of the beginning of the reporting period of adoption.

- Requires an impairment loss to be recognized when the estimated fair value of a reporting unit falls below its carrying value.
- Eliminates the second condition in the current guidance that requires an impairment loss to be recognized only if the estimated implied fair value of the goodwill is below its carrying value.

2. The nonaccretable difference on PCI loans will be recognized as an allowance, which will be offset by an increase in the carrying value of the related loans

3. An allowance will be established for estimated credit losses on non-agency HTM securities

- The extent of the increase in the allowance is under evaluation, but will depend upon the nature and characteristics of the Firm's portfolio at the adoption date, and the macroeconomic conditions and forecasts at that date.
- The Firm plans to adopt the new guidance on January 1, 2020.
- Required effective date: January 1, 2020^(a)
- Based on current impairment test results, the Firm does not expect a material effect on the Consolidated Financial Statements. However, the impact of the new accounting guidance will depend on the performance of the reporting units and the market conditions at the time of adoption.
- After adoption, the guidance may result in more frequent goodwill impairment losses due to the removal of the second condition.
- The Firm plans to adopt the new guidance on January 1, 2020.

Goodwill
Issued January
2017

(a) Early adoption is permitted.

FORWARD-LOOKING STATEMENTS

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

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

- Local, regional and global business, economic and political conditions and geopolitical events;
- Changes in laws and regulatory requirements, including capital and liquidity requirements affecting the Firm’s businesses, and the ability of the Firm to address those requirements;
- Heightened regulatory and governmental oversight and scrutiny of JPMorgan Chase’s business practices, including dealings with retail customers;
- Changes in trade, monetary and fiscal policies and laws;
- Changes in income tax laws and regulations;
- Securities and capital markets behavior, including changes in market liquidity and volatility;
- Changes in investor sentiment or consumer spending or savings behavior;
- Ability of the Firm to manage effectively its capital and liquidity, including approval of its capital plans by banking regulators;
- Changes in credit ratings assigned to the Firm or its subsidiaries;
- Damage to the Firm’s reputation;
- Ability of the Firm to deal effectively with an economic slowdown or other economic or market disruption;
- Technology changes instituted by the Firm, its counterparties or competitors;
- The success of the Firm’s business simplification initiatives and the effectiveness of its control agenda;
- Ability of the Firm to develop new products and services, and the extent to which products or services previously sold by the Firm (including but not limited to mortgages and asset-backed securities) require the Firm to incur liabilities or absorb losses not contemplated at their initiation or origination;
- Acceptance of the Firm’s new and existing products and services by the marketplace and the ability of the Firm to innovate and to increase market share;
- Ability of the Firm to attract and retain qualified employees;
- Ability of the Firm to control expenses;
- Competitive pressures;
- Changes in the credit quality of the Firm’s customers and counterparties;
- Adequacy of the Firm’s risk management framework, disclosure controls and procedures and internal control over financial reporting;
- Adverse judicial or regulatory proceedings;
- Changes in applicable accounting policies, including the introduction of new accounting standards;
- Ability of the Firm to determine accurate values of certain assets and liabilities;
- Occurrence of natural or man-made disasters or calamities or conflicts and the Firm’s ability to deal effectively with disruptions caused by the foregoing;
-

Ability of the Firm to maintain the security of its financial, accounting, technology, data processing and other operational systems and facilities;

Ability of the Firm to withstand disruptions that may be caused by any failure of its operational systems or those of third parties;

Ability of the Firm to effectively defend itself against cyberattacks and other attempts by unauthorized parties to access information of the Firm or its customers or to disrupt the Firm's systems; and

The other risks and uncertainties detailed in Part I,

Item 1A: Risk Factors in JPMorgan Chase's 2017 Annual Report on Form 10-K for the year ended December 31, 2017.

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

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JPMorgan Chase & Co.

Consolidated statements of income (unaudited)

(in millions, except per share data)	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Revenue				
Investment banking fees	\$2,168	\$1,846	\$3,904	\$3,726
Principal transactions	3,782	3,137	7,734	6,719
Lending- and deposit-related fees	1,495	1,482	2,972	2,930
Asset management, administration and commissions	4,304	4,047	8,613	7,924
Investment securities losses	(80)	(34)	(325)	(37)
Mortgage fees and related income	324	404	789	810
Card income	1,020	1,167	2,295	2,081
Other income	1,255	1,474	2,881	2,245
Noninterest revenue	14,268	13,523	28,863	26,398
Interest income	18,869	15,650	36,564	30,692
Interest expense	5,384	3,442	9,767	6,420
Net interest income	13,485	12,208	26,797	24,272
Total net revenue	27,753	25,731	55,660	50,670
Provision for credit losses	1,210	1,215	2,375	2,530
Noninterest expense				
Compensation expense	8,338	7,757	17,200	16,013
Occupancy expense	981	912	1,869	1,873
Technology, communications and equipment expense	2,168	1,871	4,222	3,705
Professional and outside services	2,126	1,899	4,247	3,691
Marketing	798	756	1,598	1,469
Other expense	1,560	1,572	2,915	3,299
Total noninterest expense	15,971	14,767	32,051	30,050
Income before income tax expense	10,572	9,749	21,234	18,090
Income tax expense	2,256	2,720	4,206	4,613
Net income	\$8,316	\$7,029	\$17,028	\$13,477
Net income applicable to common stockholders	\$7,880	\$6,555	\$16,119	\$12,531
Net income per common share data				
Basic earnings per share	\$2.31	\$1.83	\$4.69	\$3.49
Diluted earnings per share	2.29	1.82	4.66	3.47
Weighted-average basic shares	3,415.2	3,574.1	3,436.7	3,587.9
Weighted-average diluted shares	3,434.7	3,599.0	3,457.1	3,614.7
Cash dividends declared per common share	\$0.56	\$0.50	\$1.12	\$1.00

Effective January 1, 2018, the Firm adopted several new accounting standards. Certain of the new accounting standards were applied retrospectively and, accordingly, prior period amounts were revised. For additional information, refer to Note 1.

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

JPMorgan Chase & Co.

Consolidated statements of comprehensive income (unaudited)

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Net income	\$8,316	\$7,029	\$17,028	\$13,477
Other comprehensive income/(loss), after-tax				
Unrealized gains/(losses) on investment securities	(227)	457	(1,461)	695
Translation adjustments, net of hedges	88	—	115	7
Fair value hedges	(68)	NA	(108)	NA
Cash flow hedges	(166)	53	(239)	144
Defined benefit pension and OPEB plans	38	19	59	4
DVA on fair value option elected liabilities	260	2	527	(67)
Total other comprehensive income/(loss), after-tax	(75)	531	(1,107)	783
Comprehensive income	\$8,241	\$7,560	\$15,921	\$14,260

Effective January 1, 2018, the Firm adopted several new accounting standards. For additional information, refer to Note 1.

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

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JPMorgan Chase & Co.

Consolidated balance sheets (unaudited)

(in millions, except share data)	Jun 30, 2018	Dec 31, 2017
Assets		
Cash and due from banks	\$23,680	\$25,898
Deposits with banks	381,500	405,406
Federal funds sold and securities purchased under resale agreements (included \$12,793 and \$14,732 at fair value)	226,505	198,422
Securities borrowed (included \$4,052 and \$3,049 at fair value)	108,246	105,112
Trading assets (included assets pledged of \$121,495 and \$109,887)	418,799	381,844
Investment securities (included \$202,009 and \$202,225 at fair value and assets pledged of \$13,307 and \$17,969)	233,015	249,958
Loans (included \$3,076 and \$2,508 at fair value)	948,414	930,697
Allowance for loan losses	(13,250)	(13,604)
Loans, net of allowance for loan losses	935,164	917,093
Accrued interest and accounts receivable	75,669	67,729
Premises and equipment	14,132	14,159
Goodwill, MSRs and other intangible assets	54,535	54,392
Other assets (included \$13,869 and \$16,128 at fair value and assets pledged of \$5,559 and \$7,980)	118,805	113,587
Total assets^(a)	\$2,590,050	\$2,533,600
Liabilities		
Deposits (included \$19,696 and \$21,321 at fair value)	\$1,452,122	\$1,443,982
Federal funds purchased and securities loaned or sold under repurchase agreements (included \$866 and \$697 at fair value)	175,293	158,916
Short-term borrowings (included \$8,730 and \$9,191 at fair value)	63,918	51,802
Trading liabilities	149,838	123,663
Accounts payable and other liabilities (included \$6,633 and \$9,208 at fair value)	196,984	189,383
Beneficial interests issued by consolidated VIEs (included \$1 and \$45 at fair value)	21,323	26,081
Long-term debt (included \$50,096 and \$47,519 at fair value)	273,114	284,080
Total liabilities^(a)	2,332,592	2,277,907
Commitments and contingencies (refer to Notes 20, 21 and 22)		
Stockholders' equity		
Preferred stock (\$1 par value; authorized 200,000,000 shares; issued 2,606,750 shares)	26,068	26,068
Common stock (\$1 par value; authorized 9,000,000,000 shares; issued 4,104,933,895 shares)	4,105	4,105
Additional paid-in capital	89,392	90,579
Retained earnings	189,881	177,676
Accumulated other comprehensive loss	(1,138)	(119)
Shares held in restricted stock units ("RSU") Trust, at cost (472,953 shares)	(21)	(21)
Treasury stock, at cost (744,049,788 and 679,635,064 shares)	(50,829)	(42,595)
Total stockholders' equity	257,458	255,693
Total liabilities and stockholders' equity	\$2,590,050	\$2,533,600

Effective January 1, 2018, the Firm adopted several new accounting standards. Certain of the new accounting standards were applied retrospectively and, accordingly, prior period amounts were revised. For additional information, refer to Note 1.

(a) The following table presents information on assets and liabilities related to VIEs that are consolidated by the Firm at June 30, 2018, and December 31, 2017. The assets of the consolidated VIEs are used to settle the liabilities of those entities. The holders of the beneficial interests generally do not have recourse to the general credit of

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JPMorgan Chase. The assets and liabilities in the table below include third-party assets and liabilities of consolidated VIEs and exclude intercompany balances that eliminate in consolidation. For a further discussion, refer to Note 13.

(in millions)	Jun 30, 2018	Dec 31, 2017
Assets		
Trading assets	\$1,514	\$1,449
Loans	58,404	68,995
All other assets	2,412	2,674
Total assets	\$62,330	\$73,118
Liabilities		
Beneficial interests issued by consolidated VIEs	\$21,323	\$26,081
All other liabilities	333	349
Total liabilities	\$21,656	\$26,430

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

JPMorgan Chase & Co.

Consolidated statements of changes in stockholders' equity (unaudited)

(in millions, except per share data)	Six months ended	
	June 30, 2018	2017
Preferred stock		
Balance at January 1 and June 30	\$26,068	\$26,068
Common stock		
Balance at January 1 and June 30	4,105	4,105
Additional paid-in capital		
Balance at January 1	90,579	91,627
Shares issued and commitments to issue common stock for employee shared-based compensation awards, and related tax effects	(1,076)	(865)
Other	(111)	(158)
Balance at June 30	89,392	90,604
Retained earnings		
Balance at January 1	177,676	162,440
Cumulative effect of changes in accounting principles	(183)	—
Net income	17,028	13,477
Dividends declared:		
Preferred stock	(788)	(823)
Common stock (\$1.12 and \$1.00 per share)	(3,852)	(3,606)
Balance at June 30	189,881	171,488
Accumulated other comprehensive income/(loss)		
Balance at January 1	(119)	(1,175)
Cumulative effect of changes in accounting principles	88	—
Other comprehensive income/(loss)	(1,107)	783
Balance at June 30	(1,138)	(392)
Shares held in RSU Trust, at cost		
Balance at January 1 and June 30	(21)	(21)
Treasury stock, at cost		
Balance at January 1	(42,595)	(28,854)
Repurchase	(9,639)	(5,839)
Reissuance	1,405	1,324
Balance at June 30	(50,829)	(33,369)
Total stockholders' equity	\$257,458	\$258,483

Effective January 1, 2018, the Firm adopted several new accounting standards. For additional information, refer to Note 1.

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

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JPMorgan Chase & Co.

Consolidated statements of cash flows (unaudited)

(in millions)	Six months ended June 30,	
	2018	2017
Operating activities		
Net income	\$ 17,028	\$ 13,477
Adjustments to reconcile net income to net cash used in operating activities:		
Provision for credit losses	2,375	2,530
Depreciation and amortization	3,724	2,968
Deferred tax (benefit)/expense	(216)	(161)
Other	1,611	1,163
Originations and purchases of loans held-for-sale	(43,141)	(58,119)
Proceeds from sales, securitizations and paydowns of loans held-for-sale	41,657	53,053
Net change in:		
Trading assets	(42,859)	(22,914)
Securities borrowed	(3,132)	5,845
Accrued interest and accounts receivable	(8,083)	(11,940)
Other assets	(716)	11,212
Trading liabilities	21,997	(12,827)
Accounts payable and other liabilities	12,574	(10,497)
Other operating adjustments	(2,243)	7,724
Net cash provided by/(used in) operating activities	576	(18,486)
Investing activities		
Net change in:		
Federal funds sold and securities purchased under resale agreements	(28,109)	11,364
Held-to-maturity securities:		
Proceeds from paydowns and maturities	1,458	2,289
Purchases	(7,426)	—
Available-for-sale securities:		
Proceeds from paydowns and maturities	19,718	29,481
Proceeds from sales	25,228	42,972
Purchases	(27,453)	(45,613)
Proceeds from sales and securitizations of loans held-for-investment	12,963	7,762
Other changes in loans, net	(33,441)	(24,266)
All other investing activities, net	(1,912)	550
Net cash provided by/(used in) investing activities	(38,974)	24,539
Financing activities		
Net change in:		
Deposits	10,100	53,122
Federal funds purchased and securities loaned or sold under repurchase agreements	16,396	(43)
Short-term borrowings	12,151	18,222
Beneficial interests issued by consolidated VIEs	(165)	(1,067)
Proceeds from long-term borrowings	41,166	35,530
Payments of long-term borrowings	(50,171)	(47,743)
Treasury stock repurchased	(9,639)	(5,839)
Dividends paid	(4,716)	(4,386)
All other financing activities, net	(1,356)	115
Net cash provided by financing activities	13,766	47,911
Effect of exchange rate changes on cash and due from banks and deposits with banks	(1,492)	5,408

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Net increase/(decrease) in cash and due from banks and deposits with banks	(26,124)	59,372
Cash and due from banks and deposits with banks at the beginning of the period	431,304	391,154
Cash and due from banks and deposits with banks at the end of the period	\$405,180	\$450,526
Cash interest paid	\$9,151	\$6,322
Cash income taxes paid, net	3,906	1,736

Effective January 1, 2018, the Firm adopted several new accounting standards. Certain of the new accounting standards were applied retrospectively and, accordingly, prior period amounts were revised. For additional information, refer to Note 1.

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

Refer to the Glossary of Terms and Acronyms on pages 172–176 for definitions of terms and acronyms used throughout the Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 1 – Basis of presentation

JPMorgan Chase & Co. (“JPMorgan Chase” or “the Firm”), a financial holding company incorporated under Delaware law in 1968, is a leading global financial services firm and one of the largest banking institutions in the U.S., with operations worldwide. The Firm is a leader in investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing and asset management. For a further discussion of the Firm’s business segments, refer to Note 23.

The accounting and financial reporting policies of JPMorgan Chase and its subsidiaries conform to U.S. GAAP. Additionally, where applicable, the policies conform to the accounting and reporting guidelines prescribed by regulatory authorities.

The unaudited Consolidated Financial Statements prepared in conformity with U.S. GAAP require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expense, and the disclosures of contingent assets and liabilities. Actual results could be different from these estimates. In the opinion of management, all normal, recurring adjustments have been included such that this interim financial information is fairly presented.

These unaudited Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements, and related notes thereto, included in JPMorgan Chase’s 2017 Annual Report.

Certain amounts reported in prior periods have been reclassified to conform with the current presentation.

Consolidation

The Consolidated Financial Statements include the accounts of JPMorgan Chase and other entities in which the Firm has a controlling financial interest. All material intercompany balances and transactions have been eliminated.

Assets held for clients in an agency or fiduciary capacity by the Firm are not assets of JPMorgan Chase and are not included on the Consolidated balance sheets.

The Firm determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity or a variable interest entity.

For a further description of JPMorgan Chase’s accounting policies regarding consolidation, refer to Notes 1 and 14 of JPMorgan Chase’s 2017 Annual Report.

Offsetting assets and liabilities

U.S. GAAP permits entities to present derivative receivables and derivative payables with the same counterparty and the related cash collateral receivables and payables on a net basis on the Consolidated balance sheets when a legally enforceable master netting agreement exists. U.S. GAAP also permits securities financing activities to be presented on a net basis when specified conditions are met, including the existence of a legally enforceable master netting agreement. The Firm has elected to net such balances when the specified conditions are met. For further information on offsetting assets and liabilities, refer to Note 1 of JPMorgan Chase’s 2017 Annual Report.

Application of U.S. GAAP related to the Tax Cuts and Jobs Act (“TCJA”) SEC Staff Accounting Bulletin No. 118

On December 22, 2017, the TCJA was signed into law and the Firm recorded the estimated impact of the deemed repatriation of the Firm’s unremitted non-U.S. earnings and the remeasurement of deferred taxes under the TCJA.

These provisional amounts represent estimates under SEC guidance, which provides a one-year measurement period in which to refine the estimates based on new information or the issuance of interpretative guidance. Based on legislative clarifications published during the second quarter of 2018, which were specific to the deemed repatriation tax on non-U.S. earnings, the Firm recorded a tax benefit of \$189 million. The Firm has made and continues to anticipate refinements to both calculations as a result of the issuance of additional legislative and accounting guidance as well as those in the normal course of business, including true-ups to the tax liability on the tax return as filed and

the resolution of tax audits. The Firm considers any legislative or accounting guidance issued as of the balance sheet date when evaluating potential refinements to these estimates.

Accounting standards adopted January 1, 2018

The following table identifies the standards adopted, and the note where further information on the impact of the new guidance can be found:

Revenue recognition – revenue from contracts with customers	Note 5
Recognition and measurement of financial assets and financial liabilities	Notes 2 and 9
Treatment of restricted cash on the statement of cash flows	Note 18
Presentation of net periodic pension cost and net periodic postretirement benefit cost	Note 7
Premium amortization on purchased callable debt securities	Notes 9 and 17
Hedge accounting	Notes 4, 9 and 17
Reclassification of certain tax effects from AOCI	Note 17

Certain of the new accounting standards were applied retrospectively and prior period amounts were revised accordingly. The most significant of the new standards was revenue recognition, which requires gross presentation of certain costs that were previously offset against revenue. This change resulted in noninterest revenue and noninterest expense each increasing by \$261 million and \$525 million for the three and six months ended June 30, 2017, respectively, with no impact to net income.

Upon adoption of the restricted cash guidance, to align the Consolidated balance sheets with the Consolidated statements of cash flows, the Firm reclassified restricted cash into cash and due from banks or deposits with banks. In addition, for the Firm's Consolidated statements of cash flows, cash is defined as those amounts included in cash and due from banks and deposits with banks. This guidance was applied retrospectively and, accordingly, prior period amounts have been revised, resulting in cash and due from banks and deposits with banks increasing by \$71 million and \$1.1 billion, respectively, and other assets decreasing by \$1.2 billion at December 31, 2017.

Note 2 – Fair value measurement

For a discussion of the Firm's valuation methodologies for assets, liabilities and lending-related commitments measured at fair value and the fair value hierarchy, refer to Note 2 of JPMorgan Chase's 2017 Annual Report.

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The following table presents the assets and liabilities reported at fair value as of June 30, 2018, and December 31, 2017, by major product category and fair value hierarchy.

Assets and liabilities measured at fair value on a recurring basis

June 30, 2018 (in millions)	Fair value hierarchy			Derivative netting adjustments	Total fair value
	Level 1	Level 2	Level 3		
Federal funds sold and securities purchased under resale agreements	\$—	\$12,793	\$—	\$—	\$12,793
Securities borrowed	—	4,052	—	—	4,052
Trading assets:					
Debt instruments:					
Mortgage-backed securities:					
U.S. government agencies ^(a)	—	37,805	478	—	38,283
Residential – nonagency	—	2,001	87	—	2,088
Commercial – nonagency	—	1,299	18	—	1,317
Total mortgage-backed securities	—	41,105	583	—	41,688
U.S. Treasury and government agencies ^(a)	38,363	9,192	—	—	47,555
Obligations of U.S. states and municipalities	—	8,465	736	—	9,201
Certificates of deposit, bankers' acceptances and commercial paper	—	2,095	—	—	2,095
Non-U.S. government debt securities	34,787	31,647	183	—	66,617
Corporate debt securities	—	24,571	274	—	24,845
Loans ^(b)	—	43,891	1,986	—	45,877
Asset-backed securities	—	3,002	87	—	3,089
Total debt instruments	73,150	163,968	3,849	—	240,967
Equity securities	98,142	485	288	—	98,915
Physical commodities ^(c)	5,136	1,542	—	—	6,678
Other	—	13,273	406	—	13,679
Total debt and equity instruments ^(d)	176,428	179,268	4,543	—	360,239
Derivative receivables:					
Interest rate	528	278,652	1,831	(258,040)	22,971
Credit	—	19,917	1,017	(20,310)	624
Foreign exchange	1,497	194,169	806	(179,709)	16,763
Equity	—	41,798	3,167	(34,789)	10,176
Commodity	—	21,702	166	(13,892)	7,976
Total derivative receivables ^(e)	2,025	556,238	6,987	(506,740)	58,510
Total trading assets ^(f)	178,453	735,506	11,530	(506,740)	418,749
Available-for-sale securities:					
Mortgage-backed securities:					
U.S. government agencies ^(a)	—	61,922	—	—	61,922
Residential – nonagency	—	9,679	1	—	9,680
Commercial – nonagency	—	7,827	—	—	7,827
Total mortgage-backed securities	—	79,428	1	—	79,429
U.S. Treasury and government agencies	25,344	—	—	—	25,344
Obligations of U.S. states and municipalities	—	39,330	—	—	39,330
Certificates of deposit	—	75	—	—	75
Non-U.S. government debt securities	17,359	8,327	—	—	25,686
Corporate debt securities	—	2,133	—	—	2,133
Asset-backed securities:					
Collateralized loan obligations	—	20,999	147	—	21,146

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Other	—	8,866	—	—	8,866
Total available-for-sale securities	42,703	159,158	148	—	202,009
Loans	—	2,917	159	—	3,076
Mortgage servicing rights	—	—	6,241	—	6,241
Other assets ^{(f)(g)}	11,873	57	1,225	—	13,155
Total assets measured at fair value on a recurring basis	\$233,029	\$914,483	\$19,303	\$(506,740)	\$660,075
Deposits	\$—	\$15,391	\$4,305	\$—	\$19,696
Federal funds purchased and securities loaned or sold under repurchase agreements	—	866	—	—	866
Short-term borrowings	—	6,521	2,209	—	8,730
Trading liabilities:					
Debt and equity instruments ^(d)	82,507	24,777	43	—	107,327
Derivative payables:					
Interest rate	561	252,080	1,342	(245,368)	8,615
Credit	—	19,737	1,041	(19,276)	1,502
Foreign exchange	1,539	184,977	1,051	(175,046)	12,521
Equity	—	42,639	5,745	(36,902)	11,482
Commodity	—	22,232	918	(14,759)	8,391
Total derivative payables ^(e)	2,100	521,665	10,097	(491,351)	42,511
Total trading liabilities	84,607	546,442	10,140	(491,351)	149,838
Accounts payable and other liabilities	6,568	57	8	—	6,633
Beneficial interests issued by consolidated VIEs	—	—	1	—	1
Long-term debt	—	31,834	18,262	—	50,096
Total liabilities measured at fair value on a recurring basis	\$91,175	\$601,111	\$34,925	\$(491,351)	\$235,860

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December 31, 2017 (in millions)	Fair value hierarchy			Derivative netting adjustments	Total fair value
	Level 1	Level 2	Level 3		
Federal funds sold and securities purchased under resale agreements	\$—	\$14,732	\$—	\$—	\$14,732
Securities borrowed	—	3,049	—	—	3,049
Trading assets:					
Debt instruments:					
Mortgage-backed securities:					
U.S. government agencies ^(a)	—	41,515	307	—	41,822
Residential – nonagency	—	1,835	60	—	1,895
Commercial – nonagency	—	1,645	11	—	1,656
Total mortgage-backed securities	—	44,995	378	—	45,373
U.S. Treasury and government agencies ^(a)	30,758	6,475	1	—	37,234
Obligations of U.S. states and municipalities	—	9,067	744	—	9,811
Certificates of deposit, bankers' acceptances and commercial paper	—	226	—	—	226
Non-U.S. government debt securities	28,887	28,831	78	—	57,796
Corporate debt securities	—	24,146	312	—	24,458
Loans ^(b)	—	35,242	2,719	—	37,961
Asset-backed securities	—	3,284	153	—	3,437
Total debt instruments	59,645	152,266	4,385	—	216,296
Equity securities	87,346	197	295	—	87,838
Physical commodities ^(c)	4,924	1,322	—	—	6,246
Other	—	14,197	690	—	14,887
Total debt and equity instruments ^(d)	151,915	167,982	5,370	—	325,267
Derivative receivables:					
Interest rate	181	314,107	1,704	(291,319)	24,673
Credit	—	21,995	1,209	(22,335)	869
Foreign exchange	841	158,834	557	(144,081)	16,151
Equity	—	37,722	2,318	(32,158)	7,882
Commodity	—	19,875	210	(13,137)	6,948
Total derivative receivables ^(e)	1,022	552,533	5,998	(503,030)	56,523
Total trading assets ^(f)	152,937	720,515	11,368	(503,030)	381,790
Available-for-sale securities:					
Mortgage-backed securities:					
U.S. government agencies ^(a)	—	70,280	—	—	70,280
Residential – nonagency	—	11,366	1	—	11,367
Commercial – nonagency	—	5,025	—	—	5,025
Total mortgage-backed securities	—	86,671	1	—	86,672
U.S. Treasury and government agencies	22,745	—	—	—	22,745
Obligations of U.S. states and municipalities	—	32,338	—	—	32,338
Certificates of deposit	—	59	—	—	59
Non-U.S. government debt securities	18,140	9,154	—	—	27,294
Corporate debt securities	—	2,757	—	—	2,757
Asset-backed securities:					
Collateralized loan obligations	—	20,720	276	—	20,996
Other	—	8,817	—	—	8,817
Equity securities ^(g)	547	—	—	—	547

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Total available-for-sale securities	41,432	160,516	277	—	202,225
Loans	—	2,232	276	—	2,508
Mortgage servicing rights	—	—	6,030	—	6,030
Other assets ^{(f)(g)}	13,795	343	1,265	—	15,403
Total assets measured at fair value on a recurring basis	\$208,164	\$901,387	\$19,216	\$(503,030)	\$625,737
Deposits	\$—	\$17,179	\$4,142	\$—	\$21,321
Federal funds purchased and securities loaned or sold under repurchase agreements	—	697	—	—	697
Short-term borrowings	—	7,526	1,665	—	9,191
Trading liabilities:					
Debt and equity instruments ^(d)	64,664	21,183	39	—	85,886
Derivative payables:					
Interest rate	170	282,825	1,440	(277,306)	7,129
Credit	—	22,009	1,244	(21,954)	1,299
Foreign exchange	794	154,075	953	(143,349)	12,473
Equity	—	39,668	5,727	(36,203)	9,192
Commodity	—	21,017	884	(14,217)	7,684
Total derivative payables ^(e)	964	519,594	10,248	(493,029)	37,777
Total trading liabilities	65,628	540,777	10,287	(493,029)	123,663
Accounts payable and other liabilities	9,074	121	13	—	9,208
Beneficial interests issued by consolidated VIEs	—	6	39	—	45
Long-term debt	—	31,394	16,125	—	47,519
Total liabilities measured at fair value on a recurring basis	\$74,702	\$597,700	\$32,271	\$(493,029)	\$211,644

(a) At June 30, 2018, and December 31, 2017, included total U.S. government-sponsored enterprise obligations of \$65.6 billion and \$78.0 billion, respectively, which were predominantly mortgage-related.

At June 30, 2018, and December 31, 2017, included within trading loans were \$14.8 billion and \$11.4 billion, respectively, of residential first-lien mortgages, and \$5.6 billion and \$4.2 billion, respectively, of commercial (b) first-lien mortgages. Residential mortgage loans include conforming mortgage loans originated with the intent to sell to U.S. government agencies of \$9.7 billion and \$5.7 billion, respectively, and reverse mortgages of zero and \$836 million respectively.

Physical commodities inventories are generally accounted for at the lower of cost or net realizable value. “Net realizable value” is a term defined in U.S. GAAP as not exceeding fair value less costs to sell (“transaction costs”). (c) Transaction costs for the Firm’s physical commodities inventories are either not applicable or immaterial to the value of the inventory. Therefore, net realizable value approximates fair value for the Firm’s physical commodities inventories. When fair value hedging has been applied (or when net realizable value is below cost), the carrying

value of physical commodities approximates fair value, because under fair value hedge accounting, the cost basis is adjusted for changes in fair value. For a further discussion of the Firm's hedge accounting relationships, refer to Note 4. To provide consistent fair value disclosure information, all physical commodities inventories have been included in each period presented.

(d) Balances reflect the reduction of securities owned (long positions) by the amount of identical securities sold but not yet purchased (short positions).

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

(e) For purposes of the tables above, the Firm does not reduce derivative receivables and derivative payables balances for this netting adjustment, either within or across the levels of the fair value hierarchy, as such netting is not relevant to a presentation based on the transparency of inputs to the valuation of an asset or liability. The level 3 balances would be reduced if netting were applied, including the netting benefit associated with cash collateral.

(f) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not required to be classified in the fair value hierarchy. At June 30, 2018, and December 31, 2017, the fair values of these investments, which include certain hedge funds, private equity funds, real estate and other funds, were \$764 million and \$779 million, respectively. Included in these balances at June 30, 2018, and December 31, 2017, were trading assets of \$50 million and \$54 million, respectively, and other assets of \$714 million and \$725 million, respectively.

(g) Effective January 1, 2018, the Firm adopted the recognition and measurement guidance. Equity securities that were previously reported as AFS securities were reclassified to other assets upon adoption.

Transfers between levels for instruments carried at fair value on a recurring basis

For the three and six months ended June 30, 2018 and 2017 there were no individually significant transfers. All transfers are based on changes in the observability of the valuation inputs and are assumed to occur at the beginning of the quarterly reporting period in which they occur.

Level 3 valuations

For further information on the Firm's valuation process and a detailed discussion of the determination of fair value for individual financial instruments, refer to Note 2 of JPMorgan Chase's 2017 Annual Report.

The following table presents the Firm's primary level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, the significant unobservable inputs, the range of values for those inputs and, for certain instruments, the weighted averages of such inputs. While the determination to classify an instrument within level 3 is based on the significance of the unobservable inputs to the overall fair value measurement, level 3 financial instruments typically include observable components (that is, components that are actively quoted and can be validated to external sources) in addition to the unobservable components. The level 1 and/or level 2 inputs are not included in the table. In addition, the Firm manages the risk of the observable components of level 3 financial instruments using securities and derivative positions that are classified within levels 1 or 2 of the fair value hierarchy. The range of values presented in the table is representative of the highest and lowest level input used to value the significant groups of instruments within a product/instrument classification. Where provided, the weighted averages of the input values presented in the table are calculated based on the fair value of the instruments that the input is being used to value.

In the Firm's view, the input range and the weighted average value do not reflect the degree of input uncertainty or an assessment of the reasonableness of the Firm's estimates and assumptions. Rather, they reflect the characteristics of the various instruments held by the Firm and the relative distribution of instruments within the range of characteristics. For example, two option contracts may have similar levels of market risk exposure and valuation uncertainty, but may have significantly different implied volatility levels because the option contracts have different underlyings, tenors, or strike prices. The input range and weighted average values will therefore vary from period-to-period and parameter-to-parameter based on the characteristics of the instruments held by the Firm at each balance sheet date.

For the Firm's derivatives and structured notes positions classified within level 3 at June 30, 2018, interest rate correlation inputs used in estimating fair value were concentrated towards the upper end of the range; equity correlation, equity-FX, and equity-IR correlation inputs were concentrated in the middle of the range; commodity correlation inputs were concentrated in the middle of the range; credit correlation inputs were concentrated towards the lower end of the range; and the interest rate-foreign exchange ("IR-FX") correlation inputs were distributed across the range. In addition, the interest rate spread volatility inputs used in estimating fair value were distributed across the range; equity volatilities and commodity volatilities were concentrated towards the lower end of the range; and forward commodity prices used in estimating the fair value of commodity derivatives were concentrated towards the lower end of the range. Prepayment speed inputs used in estimating fair value of interest rate derivatives were concentrated towards the lower end of the range. Recovery rate, yield and prepayment speed inputs used in estimating fair value of credit derivatives were distributed across the range; credit spreads and conditional default rates were concentrated towards the lower end of the range; loss severity and price inputs were concentrated towards the upper end of the range.

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Level 3 inputs^(a)

June 30, 2018

Product/Instrument	Fair value (in millions)	Principal valuation technique	Unobservable inputs ^(g)	Range of input values			Weighted average	
Residential mortgage-backed securities and loans ^(b)	\$ 798	Discounted cash flows	Yield	0	%	-23	%	6 %
			Prepayment speed	0	%	-50	%	8 %
			Conditional default rate	0	%	-20	%	1 %
			Loss severity	0	%	-100	%	6 %
Commercial mortgage-backed securities and loans ^(c)	445	Market comparables	Price	\$6		-\$101		\$91
Obligations of U.S. states and municipalities	736	Market comparables	Price	\$59		-\$100		\$97
Corporate debt securities	274	Market comparables	Price	\$2		-\$107		\$82
Loans ^(d)	1,486	Market comparables	Price	\$4		-\$104		\$87
Asset-backed securities	147	Discounted cash flows	Credit spread	216			bps	216 bps
			Prepayment speed	20			%	20 %
			Conditional default rate	2			%	2 %
			Loss severity	30			%	30 %
Net interest rate derivatives	87	Market comparables	Price	\$4		-\$100		\$59
			Interest rate spread volatility	16	bps	-38		bps
			Interest rate correlation	(50)	%	-97	%	
			IR-FX correlation	55	%	-60	%	
Net credit derivatives	(27)	Discounted cash flows	Prepayment speed	0	%	-30	%	
			Credit correlation	35	%	-65	%	
			Credit spread	8	bps	-1,497	bps	
			Recovery rate	20	%	-70	%	
			Yield	1	%	-36	%	
			Prepayment speed	0	%	-18	%	
			Conditional default rate	0	%	-93	%	
Net foreign exchange derivatives	3	Market comparables	Price	\$10		-\$98		
			IR-FX correlation	(50)	%	-60	%	
			Prepayment speed	8	%	-9	%	
Net equity derivatives	(183)	Discounted cash flows	Equity volatility	10	%	-60	%	
			Option pricing	(2,578)				

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			Equity correlation	10	%	-95	%		
			Equity-FX correlation	(70)	%	-60	%		
			Equity-IR correlation	20	%	-40	%		
Net commodity derivatives	(752)	) Option pricing	Forward commodity price	\$52		-\$ 80	per barrel		
			Commodity volatility	5	%	-53	%		
			Commodity correlation	(52)	%	-95	%		
MSRs	6,241	Discounted cash flows	Refer to Note 14						
Other assets	289	Discounted cash flows	Credit spread	70		bps		70	bps
			Yield	8	%	-10	%	8	%
	1,342	Market comparables	Price	\$35		-\$104		\$46	
			EBITDA multiple	3.0x		-8.4x		8.0x	
	24,776	Option pricing	Interest rate spread volatility	16	bps	-38		bps	
			Interest rate correlation	(50)	%	-97	%		
Long-term debt, short-term borrowings, and deposits ^(e)			IR-FX correlation	(50)	%	-60	%		
			Equity correlation	10	%	-95	%		
			Equity-FX correlation	(70)	%	-60	%		
			Equity-IR correlation	20	%	-40	%		
Other level 3 assets and liabilities, net ^(f)	419								

The categories presented in the table have been aggregated based upon the product type, which may differ from their classification on the Consolidated balance sheets. Furthermore, the inputs presented for each valuation technique in the table are, in some cases, not applicable to every instrument valued using the technique as the characteristics of the instruments can differ.

(a) Includes U.S. government agency securities of \$471 million, nonagency securities of \$88 million and trading loans of \$239 million.

(b) Includes U.S. government agency securities of \$7 million, nonagency securities of \$18 million, trading loans of \$261 million and non-trading loans of \$159 million.

(c) Comprises trading loans.

Long-term debt, short-term borrowings and deposits include structured notes issued by the Firm that are predominantly financial instruments containing embedded derivatives. The estimation of the fair value of structured notes includes the derivative features embedded within the instrument. The significant unobservable inputs are broadly consistent with those presented for derivative receivables.

(e) Includes level 3 assets and liabilities that are insignificant both individually and in aggregate.

Price is a significant unobservable input for certain instruments. When quoted market prices are not readily available, reliance is generally placed on price-based internal valuation techniques. The price input is expressed assuming a par value of \$100.

Changes in and ranges of unobservable inputs

For a discussion of the impact on fair value of changes in unobservable inputs and the relationships between unobservable inputs as well as a description of attributes of the underlying instruments and external market factors that affect the range of inputs used in the valuation of the Firm's positions refer to Note 2 of JPMorgan Chase's 2017 Annual Report.

Changes in level 3 recurring fair value measurements

The following tables include a rollforward of the Consolidated balance sheets amounts (including changes in fair value) for financial instruments classified by the Firm within level 3 of the fair value hierarchy for the three and six months ended June 30, 2018 and 2017. When a determination is made to classify a financial instrument within level 3, the determination is based on the significance of the unobservable parameters to the overall

fair value measurement. However, level 3 financial instruments typically include, in addition to the unobservable or level 3 components, observable components (that is, components that are actively quoted and can be validated to external sources); accordingly, the gains and losses in the table below include changes in fair value due in part to observable factors that are part of the valuation methodology. Also, the Firm risk-manages the observable components of level 3 financial instruments using securities and derivative positions that are classified within level 1 or 2 of the fair value hierarchy; as these level 1 and level 2 risk management instruments are not included below, the gains or losses in the following tables do not reflect the effect of the Firm's risk management activities related to such level 3 instruments.

Fair value measurements using significant unobservable inputs

Three months ended June 30, 2018 (in millions)	Fair value at April 1, 2018	Total realized/unrealized gains/(losses)	Purchases	Sales	Settlements	Transfers into level 3 ^(h)	Transfers (out of) level 3 ^(h)	Fair value at June 30, 2018	Change in unrealized gains/(losses) related to financial instruments held at June 30, 2018
Assets:									
Trading assets:									
Debt instruments:									
Mortgage-backed securities:									
U.S. government agencies	\$508	\$ —	\$ 5	\$(11)	\$ (19)	\$ 5	\$(10)	\$478	\$—
Residential – nonagency	55	2	45	(11)	(1)	11	(14)	87	1
Commercial – nonagency	14	2	1	(1)	(12)	17	(3)	18	1
Total mortgage-backed securities	577	4	51	(23)	(32)	33	(27)	583	2
U.S. Treasury and government agencies	—	—	—	—	—	—	—	—	—
Obligations of U.S. states and municipalities	704	(9)	42	—	(1)	—	—	736	(9)
Non-U.S. government debt securities	197	(12)	126	(92)	—	—	(36)	183	(12)
Corporate debt securities	306	(3)	60	(40)	(10)	36	(75)	274	4
Loans	2,368	(21)	565	(806)	(192)	251	(179)	1,986	(30)
Asset-backed securities	63	4	45	(9)	(6)	2	(12)	87	4
Total debt instruments	4,215	(37)	889	(970)	(241)	322	(329)	3,849	(41)
Equity securities	300	(13)	65	(50)	(1)	—	(13)	288	(8)
Other	698	(254)	16	(34)	(18)	—	(2)	406	(259)
Total trading assets – debt and equity instruments	5,213	(304) ^(c)	970	(1,054)	(260)	322	(344)	4,543	(308) ^(c)
Net derivative receivables: ^(a)									
Interest rate	472	287	38	(51)	(179)	(54)	(24)	489	254
Credit	5	21	1	(5)	(29)	(4)	(13)	(24)	9
Foreign exchange	(288)	94	13	(3)	(8)	(74)	21	(245)	95
Equity	(2,512)	143	606	(1,042)	(13)	38	202	(2,578)	(24)
Commodity	(519)	(35)	—	—	(186)	(9)	(3)	(752)	(65)
Total net derivative receivables	(2,842)	510 ^(c)	658	(1,101)	(415)	(103)	183	(3,110)	269 ^(c)
Available-for-sale securities:									
Asset-backed securities	204	—	—	—	(57)	—	—	147	—
Other	1	—	—	—	—	—	—	1	—
Total available-for-sale securities	205	— ^(d)	—	—	(57)	—	—	148	— ^(d)
Loans	396	(9) ^(c)	—	—	(154)	—	(74)	159	(9) ^(c)
Mortgage servicing rights	6,202	94 ^(e)	236	(104)	(187)	—	—	6,241	94 ^(e)
Other assets	1,220	(13) ^(c)	24	(2)	(5)	1	—	1,225	(17) ^(c)

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Fair value measurements using significant unobservable inputs

Three months ended June 30, 2018 (in millions)	Fair value at April 1, 2018	Total realized/unrealized (gains)/losses	Purchases	Sales	Issuances	Settlements	Transfers into level 3 ^(h)	Transfers (out of) level 3 ^(h)	Fair value at June 30, 2018	Change in unrealized (gains)/ losses related to financial instruments held at June 30, 2018
Liabilities:^(b)										
Deposits	\$4,017	\$ 49 ^{(c)(i)}	\$ —	\$ —	\$ 434	\$ (57)	\$ 1	\$ (139)	\$4,305	\$ 50 ^{(c)(i)}
Short-term borrowings	2,125	(197) ^{(c)(i)}	—	—	862	(614)	43	(10)	2,209	(27) ^{(c)(i)}
Trading liabilities – debt and equity instruments	50	(11) ^(c)	(25)	33	—	—	—	(4)	43	(4) ^(c)
Accounts payable and other liabilities	7	(1)	—	1	—	—	1	—	8	(1)
Beneficial interests issued by consolidated VIEs	1	—	—	—	—	—	—	—	1	—
Long-term debt	16,950	(344) ^{(c)(i)}	—	—	3,740	(2,083)	219	(220)	18,262	(427) ^{(c)(i)}

Fair value measurements using significant unobservable inputs

Three months ended June 30, 2017 (in millions)	Fair value at April 1, 2017	Total realized/unrealized gains/(losses)	Purchases	Sales	Settlements	Transfers into level 3 ^(h)	Transfers (out of) level 3 ^(h)	Fair value at June 30, 2017	Change in unrealized gains/(losses) related to financial instruments held at June 30, 2017
Assets:									
Trading assets:									
Debt instruments:									
Mortgage-backed securities:									
U.S. government agencies	\$353	\$ (11)	\$ 82	\$(54)	\$ (19)	\$ 20	\$(6)	\$365	\$(14)
Residential – nonagency	35	(1)	31	(3)	(5)	46	(5)	98	(4)
Commercial – nonagency	45	(1)	10	(6)	(2)	30	(11)	65	(1)
Total mortgage-backed securities	433	(13)	123	(63)	(26)	96	(22)	528	(19)
Obligations of U.S. states and municipalities	668	4	9	—	—	—	—	681	3
Non-U.S. government debt securities	47	3	102	(95)	—	1	(21)	37	2
Corporate debt securities	738	2	74	(38)	(254)	27	(88)	461	1
Loans	4,588	68	729	(323)	(390)	122	(306)	4,488	83
Asset-backed securities	245	8	11	(30)	(25)	6	(132)	83	6
Total debt instruments	6,719	72	1,048	(549)	(695)	252	(569)	6,278	76
Equity securities	271	21	57	(41)	—	1	(25)	284	10
Other	763	43	3	(7)	(65)	2	(8)	731	31
Total trading assets – debt and equity instruments	7,753	136 ^(c)	1,108	(597)	(760)	255	(602)	7,293	117 ^(c)
Net derivative receivables: ^(a)									
Interest rate	1,009	37	21	(30)	(348)	30	(7)	712	(90)
Credit	17	(48)	1	(1)	(20)	6	—	(45)	(37)
Foreign exchange	(1,490)	95	3	(2)	656	12	40	(686)	101
Equity	(1,896)	(35)	149	(83)	(504)	(108)	33	(2,444)	(38)
Commodity	(56)	(22)	—	—	23	(2)	(1)	(58)	(32)
Total net derivative receivables	(2,416)	27 ^(c)	174	(116)	(193)	(62)	65	(2,521)	(96) ^(c)
Available-for-sale securities:									
Asset-backed securities	622	2	—	—	(77)	—	—	547	2
Other	1	—	—	—	—	—	—	1	—
Total available-for-sale securities	623	2 ^(d)	—	—	(77)	—	—	548	2 ^(d)
Loans	404	18 ^(c)	—	—	(117)	—	—	305	13 ^(c)
	6,079	(200) ^(e)	154	(67)	(213)	—	—	5,753	(200) ^(e)

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Mortgage servicing rights

Other assets 2,077 193 ^(c) 28 (78) (286) — — 1,934 120 ^(c)

Fair value measurements using significant unobservable inputs

Three months ended June 30, 2017 (in millions)	Fair value at April 1, 2017	Total realized/unrealized (gains)/losses	Purchases	Sales	Issuances	Settlements	Transfers into level 3 ^(h)	Transfers (out of) level 3 ^(h)	Fair value at June 30, 2017	Change in unrealized (gains)/losses related to financial instruments held at June 30, 2017
Liabilities:^(b)										
Deposits	\$2,133	\$ 30 ^(c)	\$ —	\$ —	\$ 292	\$ (31)	\$ —	\$ (293)	\$2,131	\$ 27 ^(c)
Short-term borrowings	1,261	46 ^(c)	—	—	683	(657)	23	(42)	1,314	53 ^(c)
Trading liabilities – debt and equity instruments	45	(1)	(7)	2	—	—	1	(4)	36	—
Accounts payable and other liabilities	11	—	(1)	—	—	—	—	—	10	—
Beneficial interests issued by consolidated VIEs	51	—	(44)	—	—	(6)	—	—	1	—
Long-term debt	14,094	70 ^{(c)(i)}	—	—	2,941 ⁽ⁱ⁾	(2,274)	53	(152)	14,732 ⁽ⁱ⁾	15 ^{(c)(i)}

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Fair value measurements using significant unobservable inputs

Six months ended June 30, 2018 (in millions)	Fair value at January 1, 2018	Total realized/unrealized gains/(losses)	Purchases	Sales	Settlements	Transfers into level 3 ^(h)	Transfers (out of) level 3 ^(h)	Fair value at June 30, 2018	Change in unrealized gains/(losses) related to financial instruments held at June 30, 2018
Assets:									
Trading assets:									
Debt instruments:									
Mortgage-backed securities:									
U.S. government agencies	\$307	\$ 3	\$ 334	\$(98)	\$(39)	\$ 9	\$(38)	\$478	\$ 1
Residential – nonagency	60	—	45	(13)	(3)	40	(42)	87	1
Commercial – nonagency	11	3	7	(8)	(13)	21	(3)	18	(2)
Total mortgage-backed securities	378	6	386	(119)	(55)	70	(83)	583	—
U.S. Treasury and government agencies	1	—	—	—	—	—	(1)	—	—
Obligations of U.S. states and municipalities	744	(11)	81	—	(78)	—	—	736	(11)
Non-U.S. government debt securities	78	(10)	351	(184)	—	17	(69)	183	(9)
Corporate debt securities	312	(4)	141	(140)	(11)	167	(191)	274	3
Loans	2,719	41	1,035	(1,534)	(329)	374	(320)	1,986	(24)
Asset-backed securities	153	9	59	(22)	(40)	13	(85)	87	5
Total debt instruments	4,385	31	2,053	(1,999)	(513)	641	(749)	3,849	(36)
Equity securities	295	(21)	93	(60)	(1)	4	(22)	288	(8)
Other	690	(239)	34	(40)	(38)	1	(2)	406	(251)
Total trading assets – debt and equity instruments	5,370	(229) ^(c)	2,180	(2,099)	(552)	646	(773)	4,543	(295) ^(c)
Net derivative receivables: ^(a)									
Interest rate	264	340	55	(55)	(133)	(28)	46	489	314
Credit	(35)	38	2	(7)	(25)	(1)	4	(24)	11
Foreign exchange	(396)	240	13	(8)	3	(112)	15	(245)	190
Equity	(3,409)	782	824	(1,284)	421	(73)	161	(2,578)	514
Commodity	(674)	150	—	—	(174)	(8)	(46)	(752)	154
Total net derivative receivables	(4,250)	1,550 ^(c)	894	(1,354)	92	(222)	180	(3,110)	1,183 ^(c)
Available-for-sale securities:									
Asset-backed securities	276	1	—	—	(130)	—	—	147	1
Other	1	—	—	—	—	—	—	1	—
Total available-for-sale securities	277	1 ^(d)	—	—	(130)	—	—	148	1 ^(d)
Loans	276	(4) ^(c)	122	—	(161)	—	(74)	159	(5) ^(c)
Mortgage servicing rights	6,030	478 ^(e)	479	(399)	(347)	—	—	6,241	478 ^(e)

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Other assets 1,265 (50)^(c) 47 (16) (21) 1 (1) 1,225 (52)^(c)

Fair value measurements using significant unobservable inputs

Six months ended June 30, 2018 (in millions)	Fair value at January 1, 2018	Total realized/unrealized (gains)/losses	Purchases	Sales	Issuances	Settlements	Transfers into level 3 ^(h)	Transfers (out of) level 3 ^(h)	Fair value at June 30, 2018	Change in unrealized (gains)/ losses related to financial instruments held at June 30, 2018
Liabilities: ^(b)										
Deposits	\$4,142	\$ (41) ^{(c)(i)}	\$ —	\$ —	\$ 755	\$ (255)	\$ 1	\$ (297)	\$4,305	\$ (86) ^{(c)(i)}
Short-term borrowings	1,665	(182) ^{(c)(i)}	—	—	2,070	(1,360)	55	(39)	2,209	(31) ^{(c)(i)}
Trading liabilities – debt and equity instruments	39	(8) ^(c)	(62)	76	—	1	2	(5)	43	(1) ^(c)
Accounts payable and other liabilities	13	(1)	(6)	1	—	—	1	—	8	(1)
Beneficial interests issued by consolidated VIEs	39	—	—	—	—	(38)	—	—	1	—
Long-term debt	16,125	(590) ^{(c)(i)}	—	—	6,831	(4,346)	594	(352)	18,262	(706) ^{(c)(i)}

Fair value measurements using significant unobservable inputs

Six months ended June 30, 2017 (in millions)	Fair value at January 1, 2017	Total realized/unrealized gains/(losses)	Purchases	Sales	Settlements	Transfers into level 3 ^(h)	Transfers (out of) level 3 ^(h)	Fair value at June 30, 2017	Change in unrealized gains/(losses) related to financial instruments held at June 30, 2017
Assets:									
Trading assets:									
Debt instruments:									
Mortgage-backed securities:									
U.S. government agencies	\$392	\$ (7)	\$ 161	\$(151)	\$ (35)	\$ 27	\$(22)	\$365	\$(16)
Residential – nonagency	83	8	36	(20)	(9)	61	(61)	98	1
Commercial – nonagency	17	2	17	(14)	(5)	60	(12)	65	(1)
Total mortgage-backed securities	492	3	214	(185)	(49)	148	(95)	528	(16)
Obligations of U.S. states and municipalities	649	12	95	(70)	(5)	—	—	681	11
Non-U.S. government debt securities	46	3	174	(178)	—	27	(35)	37	3
Corporate debt securities	576	(7)	497	(146)	(376)	60	(143)	461	1
Loans	4,837	178	1,491	(1,067)	(765)	318	(504)	4,488	98
Asset-backed securities	302	22	109	(168)	(36)	14	(160)	83	7
Total debt instruments	6,902	211	2,580	(1,814)	(1,231)	567	(937)	6,278	104
Equity securities	231	34	113	(47)	—	2	(49)	284	20
Other	761	65	22	(7)	(112)	10	(8)	731	49
Total trading assets – debt and equity instruments	7,894	310 ^(c)	2,715	(1,868)	(1,343)	579	(994)	7,293	173 ^(c)
Net derivative receivables: ^(a)									
Interest rate	1,263	81	37	(53)	(651)	34	1	712	(151)
Credit	98	(94)	1	(3)	(62)	17	(2)	(45)	(50)
Foreign exchange	(1,384)	70	4	(4)	565	23	40	(686)	60
Equity	(2,252)	34	485	(128)	(528)	(181)	126	(2,444)	(37)
Commodity	(85)	(4)	—	—	25	4	2	(58)	30
Total net derivative receivables	(2,360)	87 ^(c)	527	(188)	(651)	(103)	167	(2,521)	(148) ^(c)
Available-for-sale securities:									
Asset-backed securities	663	12	—	(50)	(78)	—	—	547	10

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Other	1	—	—	—	—	—	—	1	—
Total available-for-sale securities	664	12	(d)	—	(50)	(78)	—	548	10 (d)
Loans	570	24	(c)	—	—	(289)	—	305	16 (c)
Mortgage servicing rights	6,096	(157)	(e)	371	(138)	(419)	—	5,753	(157) (e)
Other assets	2,223	230	(c)	32	(155)	(396)	—	1,934	132 (c)

Fair value measurements using significant unobservable inputs

Six months ended June 30, 2017 (in millions)	Fair value at January 1, 2017	Total realized/unrealized (gains)/losses	Purchases	Sales	Issuances	Settlements	Transfers into level 3 ^(h)	Transfers out of level 3 ^(h)	Fair value at June 30, 2017	Change in unrealized (gains)/losses related to financial instruments held at June 30, 2017	
Liabilities:^(b)											
Deposits	\$2,117	\$ 6	(c)(i)	\$ —	\$ —	\$ 601	\$ (111)	\$ —	\$ (482)	\$2,131	\$ 45 (c)(i)
Short-term borrowings	1,134	47	(c)(i)	—	—	1,390	(1,242)	40	(55)	1,314	49 (c)(i)
Trading liabilities – debt and equity instruments	43	(1)	(c)	(8)	4	—	1	3	(6)	36	—
Accounts payable and other liabilities	13	—		(1)	—	—	(2)	—	—	10	—
Beneficial interests issued by consolidated VIEs	48	3		(44)	—	—	(6)	—	—	1	—
Long-term debt	12,850	599	(c)(j)	—	—	6,733	(5,085)	88	(453)	14,732	398 (c)(i)

(a) All level 3 derivatives are presented on a net basis, irrespective of the underlying counterparty.

(b) Level 3 liabilities as a percentage of total Firm liabilities accounted for at fair value (including liabilities measured at fair value on a nonrecurring basis) were 15% at both June 30, 2018 and December 31, 2017, respectively.

(c) Predominantly reported in principal transactions revenue, except for changes in fair value for CCB mortgage loans and lending-related commitments originated with the intent to sell, and mortgage loan purchase commitments, which are reported in mortgage fees and related income.

(d) Realized gains/(losses) on AFS securities, as well as other-than-temporary impairment (“OTTI”) losses that are recorded in earnings, are reported in investment securities losses. Unrealized gains/(losses) are reported in OCI.

(e) There were no realized gains/(losses) or foreign exchange hedge accounting adjustments recorded in income on AFS

securities for the three and six months ended June 30, 2018 and 2017, respectively. Unrealized gains/(losses) recorded on AFS securities in OCI were zero and \$2 million for the three months ended June 30, 2018 and 2017, respectively and \$1 million and \$12 million for the six months ended June 30, 2018 and 2017, respectively.

(e) Changes in fair value for CCB MSRs are reported in mortgage fees and related income.

(f) Loan originations are included in purchases.

(g) Includes financial assets and liabilities that have matured, been partially or fully repaid, impacts of modifications, deconsolidation associated with beneficial interests in VIEs and other items.

(h) All transfers into and/or out of level 3 are based on changes in the observability of the valuation inputs and are assumed to occur at the beginning of the quarterly reporting period in which they occur.

(i) Realized (gains)/losses due to DVA for fair value option elected liabilities are reported in principal transactions revenue. Unrealized (gains)/losses are reported in OCI. Unrealized gains were \$71 million and \$123 million for the three and six months ended June 30, 2018, respectively. There were no realized gains for the three and six months ended June 30, 2018, respectively.

(j) The prior period amounts have been revised to conform with the current period presentation.

Level 3 analysis

Consolidated balance sheets changes

Level 3 assets (including assets measured at fair value on a nonrecurring basis) were 0.8% of total Firm assets at June 30, 2018. The following describes significant changes to level 3 assets since December 31, 2017, for those items measured at fair value on a recurring basis. For further information on changes impacting items measured at fair value on a nonrecurring basis, refer to Assets and liabilities measured at fair value on a nonrecurring basis on page 102.

Three months ended June 30, 2018

Level 3 assets were \$19.3 billion at June 30, 2018, reflecting a decrease of \$180 million from March 31, 2018 with no movements that were individually significant.

Six months ended June 30, 2018

Level 3 assets at June 30, 2018 increased by \$87 million from December 31, 2017 with no movements that were individually significant.

Gains and losses

The following describes significant components of total realized/unrealized gains/(losses) for instruments measured at fair value on a recurring basis for the periods indicated. For further information on these instruments, refer to Changes in level 3 recurring fair value measurements rollforward tables on pages 96–101.

Three months ended June 30, 2018

\$278 million of net gains on assets and \$504 million of net gains on liabilities, none of which were individually significant.

Three months ended June 30, 2017

\$176 million of net gains on assets and \$145 million of net losses on liabilities, none of which were individually significant.

Six months ended June 30, 2018

- \$1.7 billion of net gains on assets predominantly driven by market movements in derivative receivables, in particular equity derivative receivables.

\$822 million of net gains on liabilities, none of which were individually significant.

Six months ended June 30, 2017

\$506 million of net gains on assets and \$654 million of net losses on liabilities, none of which were individually significant.

Credit and funding adjustments — derivatives

The following table provides the impact of credit and funding adjustments on principal transactions revenue in the respective periods, excluding the effect of any associated hedging activities. The FVA presented below includes the impact of the Firm's own credit quality on the inception value of liabilities as well as the impact of changes in the

Firm's own credit quality over time.

	Three months ended June 30, 2018	2017	Six months ended June 30, 2018	2017
(in millions)				
Credit and funding adjustments:				
Derivatives CVA	\$73	\$249	\$157	\$470
Derivatives FVA	97	(60)	14	(67)

For further information about both credit and funding adjustments, as well as information about valuation adjustments on fair value option elected liabilities, refer to Note 2 of JPMorgan Chase's 2017 Annual Report.

Assets and liabilities measured at fair value on a nonrecurring basis

The following tables present the assets still held as of June 30, 2018 and 2017, respectively, for which a nonrecurring fair value adjustment was recorded during the six months ended June 30, 2018 and 2017, respectively, by major product category and fair value hierarchy.

	Fair value hierarchy		Total fair value
	Level 1	Level 2	
	Level 1	Level 2	
June 30, 2018 (in millions)			
Loans	\$325	\$210	(a) \$535
Other assets ^(b)	—217	823	1,040
Total assets measured at fair value on a nonrecurring basis	\$542	\$1,033	\$1,575
June 30, 2017 (in millions)			
Loans	\$292	\$430	\$722
Other assets	—10	245	255
Total assets measured at fair value on a nonrecurring basis	\$302	\$675	\$977

Of the \$210 million in level 3 assets measured at fair value on a nonrecurring basis as of June 30, 2018, \$166 million related to residential real estate loans carried at the net realizable value of the underlying collateral (e.g., collateral-dependent loans and other loans charged off in accordance with regulatory guidance). These amounts are classified as level 3 as they are valued using a broker's price opinion and discounted based upon the Firm's experience with actual liquidation values. These discounts to the broker price opinions ranged from 13% to 40% with a weighted average of 22%.

Primarily includes equity securities without readily determinable fair values that were adjusted based on observable price changes in orderly transactions from an identical or similar investment of the same issuer (measurement alternative) as a result of the adoption of the recognition and measurement guidance. Of the \$823 million in level 3 assets measured at fair value on a nonrecurring basis as of June 30, 2018, \$641 million related to such equity securities. These equity securities are classified as level 3 due to the infrequency of the observable prices and/or the restrictions on the shares.

There were no material liabilities measured at fair value on a nonrecurring basis at June 30, 2018 and 2017.

Nonrecurring fair value changes

The following table presents the total change in value of assets and liabilities for which a fair value adjustment has been recognized for the three and six months ended June 30, 2018 and 2017, related to financial instruments held at those dates.

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Loans	\$(18)	\$(60)	\$(22)	\$(109)
Other assets	37	(a) (17)	528	(a) (44)
Accounts payable and other liabilities	—	(1)	—	(1)
Total nonrecurring fair value gains/(losses)	\$19	\$(78)	\$506	\$(154)

(a) Included \$67 million and \$562 million for the three months and six months ended June 30, 2018, respectively, of fair value gains as a result of the measurement alternative.

For further information about the measurement of impaired collateral-dependent loans, and other loans where the carrying value is based on the fair value of the underlying collateral (e.g., residential mortgage loans charged off in accordance with regulatory guidance), refer to Note 12 of JPMorgan Chase's 2017 Annual Report.

Additional disclosures about the fair value of financial instruments that are not carried on the Consolidated balance sheets at fair value

The following table presents by fair value hierarchy classification the carrying values and estimated fair values at June 30, 2018, and December 31, 2017, of financial assets and liabilities, excluding financial instruments that are carried at fair value on a recurring basis, and their classification within the fair value hierarchy. For additional information regarding the financial instruments within the scope of this disclosure, and the methods and significant assumptions used to estimate their fair value, refer to Note 2 of JPMorgan Chase's 2017 Annual Report.

(in billions)	June 30, 2018					December 31, 2017				
	Carrying value	Estimated fair value hierarchy			Total estimated fair value	Carrying value	Estimated fair value hierarchy			Total estimated fair value
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
Financial assets										
Cash and due from banks	\$23.7	\$23.7	\$—	\$—	\$23.7	\$25.9	\$25.9	\$—	\$—	\$25.9
Deposits with banks	381.5	377.7	3.8	—	381.5	405.4	401.8	3.6	—	405.4
Accrued interest and accounts receivable	74.9	—	74.8	0.1	74.9	67.0	—	67.0	—	67.0
Federal funds sold and securities purchased under resale agreements	213.7	—	213.7	—	213.7	183.7	—	183.7	—	183.7
Securities borrowed	104.2	—	104.2	—	104.2	102.1	—	102.1	—	102.1
Securities, held-to-maturity	31.0	—	30.9	—	30.9	47.7	—	48.7	—	48.7
Loans, net of allowance for loan losses ^(a)	932.1	—	221.9	709.2	931.1	914.6	—	213.2	707.9	920.3
Other ^(b)	56.5	—	55.6	1.0	56.6	53.9	—	52.1	9.2	61.3
Financial liabilities										
Deposits	\$1,432.4	\$—	\$1,432.4	\$—	\$1,432.4	\$1,422.7	\$—	\$1,422.7	\$—	\$1,422.7
Federal funds purchased and securities loaned or sold under repurchase agreements	174.4	—	174.4	—	174.4	158.2	—	158.2	—	158.2
Short-term borrowings	55.1	—	54.9	0.2	55.1	42.6	—	42.4	0.2	42.6
Accounts payable and other liabilities	165.2	—	162.6	2.4	165.0	152.0	—	148.9	2.9	151.8
Beneficial interests issued by consolidated VIEs	21.3	—	21.3	—	21.3	26.0	—	26.0	—	26.0
Long-term debt and junior subordinated deferrable interest debentures	223.0	—	219.5	3.2	222.7	236.6	—	240.3	3.2	243.5

Effective January 1, 2018, the Firm adopted several new accounting standards. Certain of the new accounting standards were applied retrospectively and, accordingly, prior period amounts were revised.

Fair value is typically estimated using a discounted cash flow model that incorporates the characteristics of the underlying loans (including principal, contractual interest rate and contractual fees) and other key inputs, including expected lifetime credit losses, interest rates, prepayment rates, and primary origination or secondary market spreads. For certain loans, the fair value is measured based on the value of the underlying collateral. The difference between the estimated fair value and carrying value of a financial asset or liability is the result of the different methodologies used to determine fair value as compared with carrying value. For example, credit losses are estimated for a financial asset's remaining life in a fair value calculation but are estimated for a loss emergence period in the allowance for loan loss calculation; future loan income (interest and fees) is incorporated in a fair value calculation but is generally not considered in the allowance for loan losses. For a further discussion of the Firm's methodologies for estimating the fair value of loans and lending-related commitments, refer to Valuation hierarchy on pages 156–159 of JPMorgan Chase's 2017 Annual Report.

(b) The prior period amounts have been revised to conform with the current period presentation.

The majority of the Firm's lending-related commitments are not carried at fair value on a recurring basis on the Consolidated balance sheets. The carrying value of the wholesale allowance for lending-related commitments and the estimated fair value of these wholesale lending-related commitments were as follows for the periods indicated.

	June 30, 2018				December 31, 2017			
	Carrying value ^(a)	Level 2	Level 3	Total estimated fair value	Carrying value ^(a)	Level 2	Level 3	Total estimated fair value
(in billions)								
Wholesale lending-related commitments	\$ 1.1	\$ -	\$ -1.7	\$ 1.7	\$ 1.1	\$ -	\$ -1.6	\$ 1.6

(a) Excludes the current carrying values of the guarantee liability and the offsetting asset, each of which is recognized at fair value at the inception of the guarantees.

The Firm does not estimate the fair value of consumer lending-related commitments. In many cases, the Firm can reduce or cancel these commitments by providing the borrower notice or, in some cases as permitted by law, without notice. For a further discussion of the valuation of lending-related commitments, refer to page 157 of JPMorgan Chase's 2017 Annual Report.

Equity securities without readily determinable fair values

As a result of the adoption of the recognition and measurement guidance and the election of the measurement alternative in the first quarter of 2018, the Firm measures equity securities without readily determinable fair values at cost less impairment (if any), plus or minus observable price changes from an identical or similar investment of the same issuer, with such changes recognized in earnings.

In its determination of the new carrying values upon observable price changes, the Firm may adjust the prices if deemed necessary to arrive at the Firm's estimated fair values. Such adjustments may include adjustments to reflect the different rights and obligations of similar securities, and other adjustments that are consistent with the Firm's valuation techniques for private equity direct investments.

The following table presents the carrying value of equity securities without readily determinable fair values still held as of June 30, 2018, that are measured under the measurement alternative and the related adjustments recorded during the periods presented for those securities with observable price changes. These securities are included in the nonrecurring fair value tables when applicable price changes are observable.

(in millions)	As of or for the	
	Three months ended June 30, 2018	Six months ended June 30, 2018
Other assets		
Carrying value	\$1,471	\$1,471
Upward carrying value changes	67	562
Downward carrying value changes/impairment	(26)	(28)

Included in other assets above is the Firm's interest in approximately 40 million Visa Class B shares, recorded at a nominal carrying value. These shares are subject to certain transfer restrictions currently and will be converted into Visa Class A shares upon final resolution of certain litigation matters involving Visa. The conversion rate of Visa Class B shares into Visa Class A shares is 1.6298 at June 30, 2018, and may be adjusted by Visa depending on developments related to the litigation matters.

Note 3 – Fair value option

For a discussion of the primary financial instruments for which the fair value option was elected, including the basis for those elections and the determination of instrument-specific credit risk, where relevant, refer to Note 3 of JPMorgan Chase's 2017 Annual Report.

Changes in fair value under the fair value option election

The following table presents the changes in fair value included in the Consolidated statements of income for the three months ended June 30, 2018 and 2017, for items for which the fair value option was elected. The profit and loss information presented below only includes the financial instruments that were elected to be measured at fair value; related risk management instruments, which are required to be measured at fair value, are not included in the table.

(in millions)	Three months ended June 30,					
	2018		2017			
	Principal transactions	All other income	Total changes in fair value recorded (e)	Principal transactions	All other income	Total changes in fair value recorded (e)
Federal funds sold and securities purchased under resale agreements	\$(33)	\$ —	\$ (33)	\$(12)	\$ —	\$ (12)
Securities borrowed	29	—	29	13	—	13
Trading assets:						
Debt and equity instruments, excluding loans	(259)	1 (c)	(258)	334	2 (c)	336
Loans reported as trading assets:						
Changes in instrument-specific credit risk	214	(1) (c)	213	69	9 (c)	78
Other changes in fair value	29	65 (c)	94	43	229 (c)	272
Loans:						
Changes in instrument-specific credit risk	(1)	—	(1)	—	—	—
Other changes in fair value	(1)	—	(1)	1	3 (c)	4
Other assets	—	(3) (d)	(3)	3	(16) (d)	(13)
Deposits ^(a)	129	—	129	(86)	—	(86)
Federal funds purchased and securities loaned or sold under repurchase agreements	9	—	9	(3)	—	(3)
Short-term borrowings ^(a)	(162)	—	(162)	43	—	43
Trading liabilities	6	—	6	—	—	—
Beneficial interests issued by consolidated VIEs	—	—	—	—	—	—
Long-term debt ^{(a)(b)}	196	—	196	(170)	—	(170)

(in millions)	Six months ended June 30,					
	2018			2017		
	Principal transactions	All other income	Total changes in fair value recorded ^(e)	Principal transactions	All other income	Total changes in fair value recorded ^(e)
Federal funds sold and securities purchased under resale agreements	\$ (26)	\$ —	\$ (26)	\$ (33)	\$ —	\$ (33)
Securities borrowed	2	—	2	90	—	90
Trading assets:						
Debt and equity instruments, excluding loans	(445)	1 ^(c)	(444)	695	2 ^(c)	697
Loans reported as trading assets:						
Changes in instrument-specific credit risk	336	4 ^(c)	340	243	15 ^(c)	258
Other changes in fair value	70	(25) ^(c)	45	77	352 ^(c)	429
Loans:						
Changes in instrument-specific credit risk	(1)	—	(1)	(1)	—	(1)
Other changes in fair value	(2)	—	(2)	1	3 ^(c)	4
Other assets	2	(10) ^(d)	(8)	7	(22) ^(d)	(15)
Deposits ^(a)	339	—	339	(245)	—	(245)
Federal funds purchased and securities loaned or sold under repurchase agreements	19	—	19	2	—	2
Other borrowed funds ^(a)	111	—	111	(431)	—	(431)
Trading liabilities	(1)	—	(1)	(1)	—	(1)
Beneficial interests issued by consolidated VIEs	—	—	—	—	—	—
Other liabilities	—	—	—	—	—	—
Long-term debt ^{(a)(b)}	1,227	—	1,227	(923)	—	(923)

Unrealized gains/(losses) due to instrument-specific credit risk (DVA) for liabilities for which the fair value option has been elected is recorded in OCI, while realized gains/(losses) are recorded in principal transactions revenue.

(a) Realized gains/(losses) due to instrument-specific credit risk recorded in principal transaction revenue were not material for the three and six months ended June 30, 2018 and 2017, respectively.

Long-term debt measured at fair value predominantly relates to structured notes. Although the risk associated with (b) the structured notes is actively managed, the gains/(losses) reported in this table do not include the income statement impact of the risk management instruments used to manage such risk.

(c) Reported in mortgage fees and related income.

(d) Reported in other income.

Changes in fair value exclude contractual interest, which is included in interest income and interest expense for all (e) instruments other than hybrid financial instruments. For further information regarding interest income and interest expense, refer to Note 6.

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Difference between aggregate fair value and aggregate remaining contractual principal balance outstanding
The following table reflects the difference between the aggregate fair value and the aggregate remaining contractual principal balance outstanding as of June 30, 2018, and December 31, 2017, for loans, long-term debt and long-term beneficial interests for which the fair value option has been elected.

(in millions)	June 30, 2018			December 31, 2017		
	Contractual principal outstanding	Fair value	Fair value over/(under) contractual principal outstanding	Contractual principal outstanding	Fair value	Fair value over/(under) contractual principal outstanding
Loans ^(a)						
Nonaccrual loans						
Loans reported as trading assets	\$4,078	\$1,159	\$ (2,919)	\$4,219	\$1,371	\$ (2,848)
Loans	—	—	—	39	—	(39)
Subtotal	4,078	1,159	(2,919)	4,258	1,371	(2,887)
All other performing loans						
Loans reported as trading assets	46,105	44,718	(1,387)	38,157	36,590	(1,567)
Loans	3,167	3,076	(91)	2,539	2,508	(31)
Total loans	\$53,350	\$48,953	\$ (4,397)	\$44,954	\$40,469	\$ (4,485)
Long-term debt						
Principal-protected debt	\$29,380 ^(c)	\$25,563	\$ (3,817)	\$26,297 ^(c)	\$23,848	\$ (2,449)
Nonprincipal-protected debt ^(b)	NA	24,533	NA	NA	23,671	NA
Total long-term debt	NA	\$50,096	NA	NA	\$47,519	NA
Long-term beneficial interests						
Nonprincipal-protected debt	NA	\$1	NA	NA	\$45	NA
Total long-term beneficial interests	NA	\$1	NA	NA	\$45	NA

(a) There were no performing loans that were ninety days or more past due as of June 30, 2018, and December 31, 2017, respectively.

Remaining contractual principal is not applicable to nonprincipal-protected notes. Unlike principal-protected structured notes, for which the Firm is obligated to return a stated amount of principal at the maturity of the note, nonprincipal-protected structured notes do not obligate the Firm to return a stated amount of principal at maturity, but to return an amount based on the performance of an underlying variable or derivative feature embedded in the note. However, investors are exposed to the credit risk of the Firm as issuer for both nonprincipal-protected and principal protected notes.

(b) Where the Firm issues principal-protected zero-coupon or discount notes, the balance reflects the contractual principal payment at maturity or, if applicable, the contractual principal payment at the Firm's next call date. At June 30, 2018, and December 31, 2017, the contractual amount of lending-related commitments for which the fair value option was elected was \$10.9 billion and \$7.4 billion, respectively, with a corresponding fair value of \$(225) million and \$(76) million, respectively. For further information regarding off-balance sheet lending-related financial instruments, refer to Note 27 of JPMorgan Chase's 2017 Annual Report, and Note 20 of this Form 10-Q.

Structured note products by balance sheet classification and risk component

The following table presents the fair value of the structured notes issued by the Firm, by balance sheet classification and the primary risk type.

(in millions)	June 30, 2018				December 31, 2017			
	Long-term debt	Short-term borrowings	Deposits	Total	Long-term debt	Short-term borrowings	Deposits	Total
Risk exposure								
Interest rate	\$22,895	\$ 120	\$8,352	\$31,367	\$22,056	\$ 69	\$8,058	\$30,183
Credit	3,976	1,134	—	5,110	4,329	1,312	—	5,641
Foreign exchange	2,801	91	39	2,931	2,841	147	38	3,026

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Equity	19,688	6,969	6,891	33,548	17,581	7,106	6,548	31,235
Commodity	259	13	2,256	2,528	230	15	4,468	4,713
Total structured notes	\$49,619	\$ 8,327	\$ 17,538	\$75,484	\$47,037	\$ 8,649	\$ 19,112	\$74,798

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Note 4 – Derivative instruments

JPMorgan Chase makes markets in derivatives for clients and also uses derivatives to hedge or manage its own risk exposures. For a further discussion of the Firm's use of and accounting policies regarding derivative instruments, refer to Note 5 of JPMorgan Chase's 2017 Annual Report.

The Firm's disclosures are based on the accounting treatment and purpose of these derivatives. A limited number of the Firm's derivatives are designated in hedge accounting relationships and are disclosed according to the type of hedge (fair value hedge, cash flow hedge, or net investment hedge). Derivatives not designated in hedge accounting relationships include certain derivatives that are used to manage certain risks associated with specified assets or liabilities ("specified risk management" positions) as well as derivatives used in the Firm's market-making businesses or for other purposes.

Derivatives designated as hedges

The adoption of the new hedge accounting guidance in the first quarter of 2018 better aligns hedge accounting with the economics of the Firm's risk management activities. For additional information, refer to Note 17.

To qualify for hedge accounting, a derivative must be highly effective at reducing the risk associated with the exposure being hedged. In addition, for a derivative to be designated as a hedge, the risk management objective and strategy must be documented. Hedge documentation must identify the derivative hedging instrument, the asset or liability or forecasted transaction and type of risk to be hedged, and how the effectiveness of the derivative is assessed prospectively and retrospectively. To assess effectiveness, the Firm uses statistical methods such as regression analysis, nonstatistical methods such as dollar-value comparisons of the change in the fair value of the derivative to the change in the fair value or cash flows of the hedged item, and qualitative comparisons of critical terms and the evaluation of any changes in those terms. The extent to which a derivative has been, and is expected to continue to be, highly effective at offsetting changes in the fair value or

cash flows of the hedged item must be assessed and documented at least quarterly. If it is determined that a derivative is not highly effective at hedging the designated exposure, hedge accounting is discontinued.

For qualifying fair value hedges, changes in the fair value of the derivative, and in the value of the hedged item for the risk being hedged, are recognized in earnings. Certain amounts excluded from the assessment of effectiveness are recorded in OCI and recognized in earnings through an amortization approach over the life of the derivative. If the hedge relationship is terminated, then the adjustment to the hedged item continues to be reported as part of the basis of the hedged item, and for benchmark interest rate hedges, is amortized to earnings as a yield adjustment. Derivative amounts affecting earnings are recognized consistent with the classification of the hedged item - primarily net interest income and principal transactions revenue.

For qualifying cash flow hedges, changes in the fair value of the derivative are recorded in OCI and recognized in earnings as the hedged item affects earnings. Derivative amounts affecting earnings are recognized consistent with the classification of the hedged item - primarily interest income, interest expense, noninterest revenue and compensation expense. If the hedge relationship is terminated, then the change in value of the derivative recorded in AOCI is recognized in earnings when the cash flows that were hedged affect earnings. For hedge relationships that are discontinued because a forecasted transaction is not expected to occur according to the original hedge forecast, any related derivative values recorded in AOCI are immediately recognized in earnings.

For qualifying net investment hedges, changes in the fair value of the derivatives due to changes in spot foreign exchange rates are recorded in OCI as translation adjustments. Amounts excluded from the assessment of effectiveness are recorded directly in earnings.

The following table outlines the Firm's primary uses of derivatives and the related hedge accounting designation or disclosure category.

Type of Derivative	Use of Derivative	Designation and disclosure	Affected segment or unit	10-Q page reference
Manage specifically identified risk exposures in qualifying hedge accounting relationships:				
• Interest rate	Hedge fixed rate assets and liabilities	Fair value hedge	Corporate	115-116
• Interest rate	Hedge floating-rate assets and liabilities	Cash flow hedge	Corporate	117
• Foreign exchange	Hedge foreign currency-denominated assets and liabilities	Fair value hedge	Corporate	115-116
• Foreign exchange	Hedge foreign currency-denominated forecasted revenue and expense	Cash flow hedge	Corporate	117
• Foreign exchange	Hedge the value of the Firm's investments in non-U.S. dollar functional currency entities	Net investment hedge	Corporate	118
• Commodity	Hedge commodity inventory	Fair value hedge	CIB	115-116
Manage specifically identified risk exposures not designated in qualifying hedge accounting relationships:				
• Interest rate	Manage the risk of the mortgage pipeline, warehouse loans and MSR's	Specified risk management	CCB	118
• Credit	Manage the credit risk of wholesale lending exposures	Specified risk management	CIB	118
• Interest rate and foreign exchange	Manage the risk of certain other specified assets and liabilities	Specified risk management	Corporate	118
Market-making derivatives and other activities:				
• Various	Market-making and related risk management	Market-making and other	CIB	118
• Various	Other derivatives	Market-making and other	CIB, Corporate	118

Notional amount of derivative contracts

The following table summarizes the notional amount of derivative contracts outstanding as of June 30, 2018, and December 31, 2017.

(in billions)	Notional amounts ^(b)	
	June 30, 2018	December 31, 2017
Interest rate contracts		
Swaps	\$25,329	\$ 21,043
Futures and forwards	6,335	4,904
Written options	4,402	3,576
Purchased options	4,691	3,987
Total interest rate contracts	40,757	33,510
Credit derivatives ^(a)	1,528	1,522
Foreign exchange contracts		
Cross-currency swaps	3,920	3,953
Spot, futures and forwards	7,143	5,923
Written options	910	786
Purchased options	898	776
Total foreign exchange contracts	12,871	11,438
Equity contracts		
Swaps	377	367
Futures and forwards	87	90
Written options	579	531
Purchased options	529	453
Total equity contracts	1,572	1,441
Commodity contracts		
Swaps	144	116
Spot, futures and forwards	177	168
Written options	142	98
Purchased options	128	93
Total commodity contracts	591	475
Total derivative notional amounts	\$57,319	\$ 48,386

(a) For more information on volumes and types of credit derivative contracts, refer to the Credit derivatives discussion on page 119.

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

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

Impact of derivatives on the Consolidated balance sheets

The following table summarizes information on derivative receivables and payables (before and after netting adjustments) that are reflected on the Firm's Consolidated balance sheets as of June 30, 2018, and December 31, 2017, by accounting designation (e.g., whether the derivatives were designated in qualifying hedge accounting relationships or not) and contract type.

Free-standing derivative receivables and payables^(a)

June 30, 2018 (in millions)	Gross derivative receivables			Net derivative receivables ^(b)	Gross derivative payables			Net derivative payables ^(b)
	Not designated as hedges	Designated as hedges	Total derivative receivables		Not designated as hedges	Designated as hedges	Total derivative payables	
Trading assets and liabilities								
Interest rate	\$280,176	\$ 835	\$ 281,011	\$ 22,971	\$253,982	\$ 1	\$ 253,983	\$ 8,615
Credit	20,934	—	20,934	624	20,778	—	20,778	1,502
Foreign exchange	195,436	1,036	196,472	16,763	186,487	1,080	187,567	12,521
Equity	44,965	—	44,965	10,176	48,384	—	48,384	11,482
Commodity	21,637	231	21,868	7,976	23,049	101	23,150	8,391
Total fair value of trading assets and liabilities	\$563,148	\$ 2,102	\$ 565,250	\$ 58,510	\$532,680	\$ 1,182	\$ 533,862	\$ 42,511

December 31, 2017 (in millions)	Gross derivative receivables			Net derivative receivables ^(b)	Gross derivative payables			Net derivative payables ^(b)
	Not designated as hedges	Designated as hedges	Total derivative receivables		Not designated as hedges	Designated as hedges	Total derivative payables	
Trading assets and liabilities								
Interest rate	\$314,962 ^(c)	\$ 1,030 ^(c)	\$ 315,992	\$ 24,673	\$284,433 ^(c)	\$ 3 ^(c)	\$ 284,436	\$ 7,129
Credit	23,205	—	23,205	869	23,252	—	23,252	1,299
Foreign exchange	159,740	491	160,231	16,151	154,601	1,221	155,822	12,473
Equity	40,040	—	40,040	7,882	45,395	—	45,395	9,192
Commodity	20,066	19	20,085	6,948	21,498	403	21,901	7,684
Total fair value of trading assets and liabilities	\$558,013 ^(c)	\$ 1,540 ^(c)	\$ 559,553	\$ 56,523	\$529,179 ^(c)	\$ 1,627 ^(c)	\$ 530,806	\$ 37,777

(a) Balances exclude structured notes for which the fair value option has been elected. Refer to Note 3 for further information.

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

(c) The prior period amounts have been revised to conform with the current period presentation.

Derivatives netting

The following tables present, as of June 30, 2018, and December 31, 2017, gross and net derivative receivables and payables by contract and settlement type. Derivative receivables and payables, as well as the related cash collateral from the same counterparty have been netted on the Consolidated balance sheets where the Firm has obtained an appropriate legal opinion with respect to the master netting agreement. Where such a legal opinion has not been either sought or obtained, amounts are not eligible for netting on the Consolidated balance sheets, and those derivative receivables and payables are shown separately in the tables below.

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

collateral that consists of non-cash financial instruments (generally U.S. government and agency securities and other G7 government securities) and cash collateral held at third party custodians, which are shown separately as "Collateral not nettable on the Consolidated balance sheets" in the tables below, up to the fair value exposure amount.

the amount of collateral held or transferred that exceeds the fair value exposure at the individual counterparty level, as of the date presented, which is excluded from the tables below; and

collateral held or transferred that relates to derivative receivables or payables where an appropriate legal opinion has not been either sought or obtained with respect to the master netting agreement, which is excluded from the tables below.

June 30, 2018			December 31, 2017		
Gross (in millions) derivative receivables	Amounts netted on the Consolidated balance sheets	Net derivative receivables	Gross derivative receivables	Amounts netted on the Consolidated balance sheets	Net derivative receivables
U.S. GAAP nettable derivative receivables					
Interest rate contracts:					
Over-the-counter ("OTC")	\$ 269,291 (\$ 249,903)	\$ 19,388	\$ 305,569	\$ (284,917)	\$ 20,652
OTC-clearing	(7,936)	22	6,531	(6,318)	213
Exchange-traded ^(a)	(109)	109	185	(84)	101
Total interest rate contracts	(277,559)	19,519	312,285	(291,319)	20,966
Credit contracts:					
OTC	(12,244)	344	15,390	(15,165)	225
OTC-clearing	(8,066)	71	7,225	(7,170)	55
Total credit contracts	(20,310)	415	22,615	(22,335)	280
Foreign exchange					

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contracts:					
OTC (179,280)	12,808	155,289	(142,420)	12,869	
OTC-clearing (408)	9	1,696	(1,654)	42	
Exchange-traded ^(a) (18)	18	141	(7)	134	

Total					
foreign exchange contracts					
197,544 (179,709)	12,835	157,126	(144,081)	13,045	

Equity contracts:					
OTC (21,376)	2,924	22,024	(19,917)	2,107	
Exchange-traded ^(a) (13,413)	2,423	14,188	(12,241)	1,947	

Total					
40,186 (34,789)	5,347	36,212	(32,158)	4,054	

Commodity contracts:					
OTC (4,553)	6,890	10,903	(4,436)	6,467	
Exchange-traded ^(a) (9,339)	467	8,854	(8,701)	153	

Total					
20,149 (13,892)	7,357	19,757	(13,137)	6,620	

Derivative receivables with appropriate legal opinion					
552,213 (506,740) ^(b)	45,473	547,995	(503,030) ^(b)	44,965	

Derivative receivables where an appropriate legal opinion has not been either sought or obtained					
13,037	13,037	11,558		11,558	

Total derivative receivables recognized					
\$565,250	\$ 58,510	\$559,553		\$ 56,523	

the Consolidated balance sheets

Collateral not nettable on the Consolidated balance sheets ^{(c)(d)}	(13,572)	(13,363)
Net amounts	\$ 44,938	\$ 43,160

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June 30, 2018			December 31, 2017		
Gross (in millions) payables	Amounts netted on the Consolidated balance sheets	Net derivative payables	Gross derivative payables	Amounts netted on the Consolidated balance sheets	Net derivative payables
U.S. GAAP nettable derivative payables					
Interest rate contracts:					
274,282	\$(237,947)	\$ 6,335	\$276,960	\$(271,294)	\$ 5,666
OTC-cleared	(7,020)	81	6,004	(5,928)	76
Exchange-traded ^(a)	(9)	9	127	(84)	43
Total interest rate contracts	(245,368)	6,425	283,091	(277,306)	5,785
Credit contracts:					
125	(11,898)	1,357	16,194	(15,170)	1,024
OTC-cleared	(7,378)	42	6,801	(6,784)	17
Total credit contracts	(19,276)	1,399	22,995	(21,954)	1,041
Foreign exchange contracts:					
39,951	(174,600)	9,351	150,966	(141,789)	9,177
OTC-cleared	(439)	11	1,555	(1,553)	2
Exchange-traded ^(a)	(16)	16	98	(7)	91
Total foreign exchange contracts	(175,046)	9,378	152,619	(143,349)	9,270
Equity contracts:					
247	(23,402)	4,845	28,193	(23,969)	4,224
Exchange-traded ^(a)	(13,500)	743	12,720	(12,234)	486
Total equity contracts	(36,902)	5,588	40,913	(36,203)	4,710
Commodity contracts:					
15	(5,492)	7,723	12,645	(5,508)	7,137
Exchange-traded ^(a)	(9,267)	135	8,870	(8,709)	161
Total commodity contracts	(14,759)	7,858	21,515	(14,217)	7,298

Total commodity contracts				
Derivative payables with appropriate legal opinion	521,999	(491,351) ^(b)	30,648	521,133
Derivative payables where an appropriate legal opinion has not been either sought or obtained				
Total derivative payables recognized	\$533,862		\$42,511	\$530,806
the Consolidated balance sheets				
Collateral not nettable on the Consolidated balance sheets ^{(c)(d)}				
Net amounts			\$38,148	\$33,597

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

Net derivatives receivable included cash collateral netted of \$57.3 billion and \$55.5 billion at June 30, 2018, and December 31, 2017, respectively. Net derivatives payable included cash collateral netted of \$41.9

(b) billion and \$45.5 billion related to OTC and OTC-cleared derivatives at June 30, 2018, and December 31, 2017, respectively.

(c) Represents liquid security collateral as well as cash collateral held at third party custodians related to derivative instruments where an appropriate legal opinion has been obtained. For some counterparties, the collateral amounts of financial instruments may exceed the derivative receivables and derivative payables balances. Where this is the case, the total amount reported is limited to the net derivative receivables and net derivative payables balances with

that counterparty.

(d) Derivative collateral relates only to OTC and OTC-cleared derivative instruments.

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Liquidity risk and credit-related contingent features

For a more detailed discussion of liquidity risk and credit-related contingent features related to the Firm's derivative contracts, refer to Note 5 of JPMorgan Chase's 2017 Annual Report.

The following table shows the aggregate fair value of net derivative payables related to OTC and OTC-cleared derivatives that contain contingent collateral or termination features that may be triggered upon a ratings downgrade, and the associated collateral the Firm has posted in the normal course of business, at June 30, 2018, and December 31, 2017.

OTC and OTC-cleared derivative payables containing downgrade triggers

(in millions)	June 30, December 31,	
	2018	2017
Aggregate fair value of net derivative payables	\$10,796	\$11,916
Collateral posted	9,066	9,973

The following table shows the impact of a single-notch and two-notch downgrade of the long-term issuer ratings of JPMorgan Chase & Co. and its subsidiaries, predominantly JPMorgan Chase Bank, National Association ("JPMorgan Chase Bank, N.A."),

at June 30, 2018, and December 31, 2017, related to OTC and OTC-cleared derivative contracts with contingent collateral or termination features that may be triggered upon a ratings downgrade. Derivatives contracts generally require additional collateral to be posted or terminations to be triggered when the predefined threshold rating is breached. A downgrade by a single rating agency that does not result in a rating lower than a preexisting corresponding rating provided by another major rating agency will generally not result in additional collateral, (except in certain instances in which additional initial margin may be required upon a ratings downgrade), nor in termination payments requirements. The liquidity impact in the table is calculated based upon a downgrade below the lowest current rating of the rating agencies referred to in the derivative contract.

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

(in millions)	June 30, 2018		December 31, 2017	
	Single-notch downgrade	Two-notch downgrade	Single-notch downgrade	Two-notch downgrade
Amount of additional collateral to be posted upon downgrade ^(a)	\$118	\$2,027	\$79	\$1,989
Amount required to settle contracts with termination triggers upon downgrade ^(b)	242	860	320	650

(a) Includes the additional collateral to be posted for initial margin.

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

Derivatives executed in contemplation of a sale of the underlying financial asset

In certain instances the Firm enters into transactions in which it transfers financial assets but maintains the economic exposure to the transferred assets by entering into a derivative with the same counterparty in contemplation of the initial transfer. The Firm generally accounts for such transfers as collateralized financing transactions as described in Note 10, but in limited circumstances they may qualify to be accounted for as a sale and a derivative under U.S. GAAP. The amount of such transfers accounted for as a sale where the associated derivative was outstanding at June 30, 2018 was not material, and there were no such transfers at December 31, 2017.

Impact of derivatives on the Consolidated statements of income

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

Fair value hedge gains and losses

The following tables present derivative instruments, by contract type, used in fair value hedge accounting relationships, as well as pre-tax gains/(losses) recorded on such derivatives and the related hedged items for the three and six months ended June 30, 2018 and 2017, respectively. The Firm includes gains/(losses) on the hedging derivative in the same line item in the Consolidated statements of income as the related hedged item.

Three months ended June 30, 2018 (in millions)	Gains/(losses) recorded in income			Income statement impact of excluded components ^(f)		OCI impact	Derivatives - Gains/(losses) recorded in OCI ^(g)
	Derivatives	Hedged items	Income statement impact	Amortization approach	Changes in fair value		
Contract type							
Interest rate ^{(a)(b)}	\$ (400)	\$ 553	\$ 153	\$ —	\$ 152	\$ —	
Foreign exchange ^(c)	376	(254)	122	(145)	122	(89))
Commodity ^(d)	11	(18)	(7)	—	16	—	
Total	\$ (13)	\$ 281	\$ 268	\$ (145)	\$ 290	\$ (89))

Three months ended June 30, 2017 (in millions)	Gains/(losses) recorded in income			Income statement impact due to:		OCI impact	Derivatives - Gains/(losses) recorded in OCI ^(g)
	Derivatives	Hedged items	Income statement impact	Hedge ineffectiveness	Excluded components ^(f)		
Contract type							
Interest rate ^{(a)(b)}	\$ 128	\$ 46	\$ 174	\$ (13)	\$ 187		
Foreign exchange ^(c)	(1,497)	1,493	(4)	—	(4))
Commodity ^(d)	97	(64)	33	3	30		
Total	\$ (1,272)	\$ 1,475	\$ 203	\$ (10)	\$ 213		

Six months ended June 30, 2018 (in millions)	Gains/(losses) recorded in income			Income statement impact of excluded components ^(f)		OCI impact	Derivatives - Gains/(losses) recorded in OCI ^(g)
	Derivatives	Hedged items	Income statement impact	Amortization approach	Changes in fair value		
Contract type							
Interest rate ^{(a)(b)}	\$ (1,877)	\$ 2,182	\$ 305	\$ —	\$ 299	\$ —	
Foreign exchange ^(c)	520	(287)	233	(267)	233	(141))
Commodity ^(d)	195	(165)	30	—	34	—	
Total	\$ (1,162)	\$ 1,730	\$ 568	\$ (267)	\$ 566	\$ (141))

Six months ended June 30, 2017 (in millions)	Gains/(losses) recorded in income			Income statement impact due to:		OCI impact	Derivatives - Gains/(losses) recorded in OCI ^(g)
	Derivatives	Hedged items	Income statement impact	Hedge ineffectiveness	Excluded components ^(f)		
Contract type							
Interest rate ^{(a)(b)}	\$ (1,877)	\$ 2,182	\$ 305	\$ —	\$ 299	\$ —	
Foreign exchange ^(c)	520	(287)	233	(267)	233	(141))
Commodity ^(d)	195	(165)	30	—	34	—	
Total	\$ (1,162)	\$ 1,730	\$ 568	\$ (267)	\$ 566	\$ (141))

Contract type	impact			
Interest rate ^{(a)(b)}	\$(153)\$577	\$ 424	\$ (14)	\$ 438
Foreign exchange ^(c)	(2,272)2,233	(39)	—	(39)
Commodity ^(d)	(366)400	34	19	15
Total	\$(2,791)\$3,210	\$ 419	\$ 5	\$ 414

(a) Primarily consists of hedges of the benchmark (e.g., London Interbank Offered Rate (“LIBOR”)) interest rate risk of fixed-rate long-term debt and AFS securities. Gains and losses were recorded in net interest income.

(b) Excludes the amortization expense associated with the inception hedge accounting adjustment applied to the hedged item. This expense is recorded in net interest income and substantially offsets the income statement impact of the excluded components. Also excludes the accrual of interest on interest rate swaps and the related hedged items.

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

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

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

(f) The assessment of hedge effectiveness excludes certain components of the changes in fair values of the derivatives and hedged items such as forward points on foreign exchange forward contracts, time values and cross-currency basis spreads. Under the new hedge accounting guidance, the initial amount of the excluded components may be amortized into income over the life of the derivative, or changes in fair value may be recognized in current period earnings.

(g) Represents the change in value of amounts excluded from the assessment of effectiveness under the amortization approach, predominantly cross-currency basis spreads. The amount excluded at inception of the hedge is recognized in earnings over the life of the derivative.

As of June 30, 2018, the following amounts were recorded on the Consolidated balance sheets related to certain cumulative fair value hedge basis adjustments that are expected to impact the income statement in future periods (e.g., as adjustments to yield or to securities gains/losses).

June 30, 2018 (in millions)	Carrying amount of the hedged items ^{(a)(b)}	Cumulative amount of fair value hedging adjustments included in the carrying amount of hedged items:		
		Active hedging relationships ^(d)	Discontinued hedging relationships ^(d)	Total
Assets				
Investment securities - AFS	\$47,402 ^(c)	\$(1,861)	\$ 488	\$(1,373)
Liabilities				
Long-term debt	\$131,705	\$(1,413)	\$ (11)	\$(1,424)
Beneficial interests issued by consolidated VIEs	7,665	—	(51)	(51)

(a) Excludes physical commodities with a carrying value of \$6.2 billion to which the Firm applies fair value hedge accounting. As a result of the application of hedge accounting, these inventories are carried at fair value, thus recognizing unrealized gains and losses in current periods. Given the Firm exits these positions at fair value, there is no incremental impact to net income in future periods.

(b) Excludes hedged items where only foreign currency risk is the designated hedged risk, as basis adjustments related to foreign currency hedges generally will not impact the income statement in future periods. The carrying amount excluded for available-for-sale securities is \$15.4 billion and for long-term debt is \$7.2 billion.

(c) Carrying amount represents the amortized cost.

(d) Represents hedged items no longer designated in qualifying fair value hedging relationships for which an associated basis adjustment exists at the balance sheet date.

Cash flow hedge gains and losses

The following tables present derivative instruments, by contract type, used in cash flow hedge accounting relationships, and the pre-tax gains/(losses) recorded on such derivatives, for the three and six months ended June 30, 2018 and 2017, respectively. The Firm includes the gain/(loss) on the hedging derivative in the same line item in the Consolidated statements of income as the change in cash flows on the related hedged item.

Three months ended June 30, 2018 (in millions)	Derivatives gains/(losses) recorded in income and other comprehensive income/(loss)		
	Amounts reclassified from AOCI to income	Amounts recorded in OCI	Total change in OCI for period
Contract type			
Interest rate ^(a)	\$13	\$ (33)	\$ (46)
Foreign exchange ^(b)	6	(166)	(172)
Total	\$19	\$ (199)	\$ (218)

Three months ended June 30, 2017 (in millions)	Derivatives gains/(losses) recorded in income and other comprehensive income/(loss)		
	Amounts reclassified from AOCI to income	Amounts recorded in OCI ^(c)	Total change in OCI for period
Contract type			
Interest rate ^(a)	\$(6)	\$ 1	\$ 7
Foreign exchange ^(b)	(59)	22	81
Total	\$(65)	\$ 23	\$ 88

Six months ended June 30, 2018 (in millions)	Derivatives gains/(losses) recorded in income and other comprehensive income/(loss)		
	Amounts reclassified from AOCI to income	Amounts recorded in OCI	Total change in OCI for period
Contract type			
Interest rate ^(a)	\$26	\$ (111)	\$ (137)
Foreign exchange ^(b)	45	(132)	(177)

Total \$71 \$ (243) \$(314)

Six months ended June 30, 2017 (in millions)	Derivatives gains/(losses) recorded in income and other comprehensive income/(loss)	
	Amounts reclassified from AOCI to income	Total Amounts change recorded in OCI in OCI ^(c) for period
Contract type		
Interest rate ^(a)	\$(17)	\$ 12 \$ 29
Foreign exchange ^(b)	(133)	70 203
Total	\$(150)	\$ 82 \$ 232

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

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

(c) Represents the effective portion of changes in value of the related hedging derivative. Hedge ineffectiveness is the amount by which the cumulative gain or loss on the designated derivative instrument exceeds the present value of the cumulative expected change in cash flows on the hedged item attributable to the hedged risk. The Firm did not recognize any ineffectiveness on cash flow hedges during the three and six months ended June 30, 2017.

The Firm did not experience any forecasted transactions that failed to occur for the three and six months ended June 30, 2018 and 2017.

Over the next 12 months, the Firm expects that approximately \$(54) million (after-tax) of net losses recorded in AOCI at June 30, 2018, related to cash flow hedges will be recognized in income. For terminated cash flow hedges, the maximum length of time over which

forecasted transactions are remaining is approximately five years.

For open cash flow hedges, the maximum length of time over which forecasted transactions are hedged is approximately seven years. The Firm's longer-dated forecasted transactions relate to core lending and borrowing activities.

Net investment hedge gains and losses

The following table presents hedging instruments, by contract type, that were used in net investment hedge accounting relationships, and the pre-tax gains/(losses) recorded on such instruments for the three and six months ended June 30, 2018 and 2017.

Three months ended June 30, (in millions)	2018		2017	
	Amounts recorded in income ^{(a)(c)}	Amounts recorded in OCI ^(b)	Amounts recorded in income ^{(a)(c)}	Amounts recorded in OCI ^(b)
Foreign exchange derivatives	\$4	\$ 1,204	\$(50)	\$(319)

Six months ended June 30, (in millions)	2018		2017	
	Amounts recorded in income ^{(a)(c)}	Amounts recorded in OCI ^(b)	Amounts recorded in income ^{(a)(c)}	Amounts recorded in OCI ^(b)
Foreign exchange derivatives	\$(7)	\$ 815	\$(112)	\$(828)

Certain components of hedging derivatives are permitted to be excluded from the assessment of hedge (a)effectiveness, such as forward points on foreign exchange forward contracts. The Firm elects to record changes in fair value of these amounts directly in other income.

Represents the effective portion of changes in value of the related hedging derivative. The Firm did not recognize (b)any ineffectiveness on net investment hedges directly in income during the three and six months ended June 30, 2017.

(c) Excludes amounts reclassified from AOCI to income on the sale or liquidation of hedged entities. For additional information, refer to Note 17.

Gains and losses on derivatives used for specified risk management purposes

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

(in millions)	Derivatives gains/(losses) recorded in income			
	Three months ended June 30,		Six months ended June 30,	
Contract type	2018	2017	2018	2017
Interest rate ^(a)	\$(25)	\$238	\$(235)	\$221
Credit ^(b)	(3)	(7)	(10)	(52)
Foreign exchange ^(c)	130	(14)	100	(34)
Total	\$102	\$217	\$(145)	\$135

Primarily represents interest rate derivatives used to hedge the interest rate risk inherent in the mortgage pipeline, (a)warehouse loans and MSRs, as well as written commitments to originate warehouse loans. Gains and losses were recorded predominantly in mortgage fees and related income.

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

(c)

Primarily relates to derivatives used to mitigate foreign exchange risk of specified foreign currency-denominated assets and liabilities. Gains and losses were recorded in principal transactions revenue.

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

The Firm makes markets in derivatives in order to meet the needs of customers and uses derivatives to manage certain risks associated with net open risk positions from its market-making activities, including the counterparty credit risk arising from derivative receivables. All derivatives not included in the hedge accounting or specified risk management categories above are included in this category. Gains and losses on these derivatives are primarily recorded in principal transactions revenue. Refer to Note 5 for information on principal transactions revenue.

Credit derivatives

For a more detailed discussion of credit derivatives, refer to Note 5 of JPMorgan Chase's 2017 Annual Report. The Firm does not use notional amounts of credit derivatives as the primary measure of risk management for such derivatives, because the notional amount does not take into account the probability of the occurrence of a credit event, the recovery value of the reference obligation, or related cash instruments and economic hedges, each of which reduces, in the Firm's view, the risks associated with such derivatives.

Total credit derivatives and credit-related notes

June 30, 2018 (in millions)	Maximum payout/Notional amount			Other protection purchased ^(d)
	Protection sold	Protection purchased with identical underlyings ^(b)	Net protection (sold)/purchased ^(c)	
Credit derivatives				
Credit default swaps	\$(699,082)	\$ 709,891	\$ 10,809	\$ 5,492
Other credit derivatives ^(a)	(50,995)	52,285	1,290	10,956
Total credit derivatives	(750,077)	762,176	12,099	16,448
Credit-related notes	(18)	—	(18)	7,516
Total	\$(750,095)	\$ 762,176	\$ 12,081	\$ 23,964

December 31, 2017 (in millions)	Maximum payout/Notional amount			Other protection purchased ^(d)
	Protection sold	Protection purchased with identical underlyings ^(b)	Net protection (sold)/purchased ^(c)	
Credit derivatives				
Credit default swaps	\$(690,224)	\$ 702,098	\$ 11,874	\$ 5,045
Other credit derivatives ^(a)	(54,157)	59,158	5,001	11,747
Total credit derivatives	(744,381)	761,256	16,875	16,792
Credit-related notes	(18)	—	(18)	7,915
Total	\$(744,399)	\$ 761,256	\$ 16,857	\$ 24,707

(a) Other credit derivatives largely consists of credit swap options.

Represents the total notional amount of protection purchased where the underlying reference instrument is identical

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

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

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

The following tables summarize the notional amounts by the ratings, maturity profile, and total fair value, of credit derivatives and credit-related notes as of June 30, 2018, and December 31, 2017, where JPMorgan Chase is the seller of protection. The maturity profile is based on the remaining contractual maturity of the credit derivative contracts. The ratings profile is based on the rating of the reference entity on which the credit derivative contract is based. The ratings and maturity profile of credit derivatives and credit-related notes where JPMorgan Chase is the purchaser of protection are comparable to the profile reflected below.

Protection sold — credit derivatives and credit-related notes ratings/maturity profile

June 30, 2018 (in millions)	Maturity profile			Total notional amount	Fair value of receivables ^(b)	Fair value of payables ^(b)	Net fair value
	<1 year	1–5 years	>5 years				

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Risk rating of reference entity

Investment-grade	\$(124,866)	\$(359,780)	\$(43,198)	\$(527,844)	\$ 6,831	\$ (1,926)	\$4,905
Noninvestment-grade	(59,660)	(145,949)	(16,642)	(222,251)	6,925	(4,435)	2,490
Total	\$(184,526)	\$(505,729)	\$(59,840)	\$(750,095)	\$ 13,756	\$ (6,361)	\$7,395

December 31, 2017
(in millions)

<1 year	1–5 years	>5 years	Total notional amount	Fair value of receivables ^(b)	Fair value of payables ^(b)	Net fair value
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Risk rating of reference entity

Investment-grade	\$(159,286)	\$(319,726)	\$(39,429)	\$(518,441)	\$ 8,516	\$ (1,134)	\$7,382
Noninvestment-grade	(73,394)	(134,125)	(18,439)	(225,958)	7,407	(5,313)	2,094
Total	\$(232,680)	\$(453,851)	\$(57,868)	\$(744,399)	\$ 15,923	\$ (6,447)	\$9,476

(a) The ratings scale is primarily based on external credit ratings defined by S&P and Moody's.

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

Note 5 – Noninterest revenue and noninterest expense

Noninterest revenue

For a discussion of the components of and accounting policies for the Firm's noninterest revenue, refer to Note 6 of JPMorgan Chase's 2017 Annual Report.

The adoption of the revenue recognition guidance in the first quarter of 2018, requires gross presentation of certain costs previously offset against revenue, predominantly associated with certain distribution costs (previously offset against asset management, administration and commissions), with the remainder associated with certain underwriting costs (previously offset against investment banking fees). Adoption of the guidance did not result in any material changes in the timing of revenue recognition. This guidance was adopted retrospectively and, accordingly, prior period amounts were revised, which resulted in an increase in both noninterest revenue and noninterest expense. For additional information, refer to Note 1.

Investment banking fees

The following table presents the components of investment banking fees.

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Underwriting				
Equity	\$573	\$379	\$925	\$803
Debt	964	968	1,760	1,928
Total underwriting	1,537	1,347	2,685	2,731
Advisory	631	499	1,219	995
Total investment banking fees	\$2,168	\$1,846	\$3,904	\$3,726

Principal transactions

The following table presents all realized and unrealized gains and losses recorded in principal transactions revenue. This table excludes interest income and interest expense on trading assets and liabilities, which are an integral part of the overall performance of the Firm's client-driven market-making activities. Refer to Note 6 for further information on interest income and interest expense. Trading revenue is presented primarily by instrument type. The Firm's client-driven market-making businesses generally utilize a variety of instrument types in connection with their market-making and related risk-management activities; accordingly, the trading revenue presented in the table below is not representative of the total revenue of any individual line of business.

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Trading revenue by instrument type				
Interest rate	\$672	\$588	\$1,446	\$1,383
Credit	648	278	1,028	958
Foreign exchange	745	901	1,769	1,682
Equity	1,386	1,118	3,013	2,238
Commodity	246	120	523	305
Total trading revenue	3,697	3,005	7,779	6,566
Private equity gains/(losses)	85	132	(45)	153
Principal transactions	\$3,782	\$3,137	\$7,734	\$6,719

Lending- and deposit-related fees

The following table presents the components of lending- and deposit-related fees.

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017

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Lending-related fees	\$280	\$269	\$554	\$544
Deposit-related fees	1,215	1,213	2,418	2,386
Total lending- and deposit-related fees	\$1,495	\$1,482	\$2,972	\$2,930

Asset management, administration and commissions

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

(in millions)	Three months		Six months	
	ended June 30, 2018	2017	ended June 30, 2018	2017
Asset management fees				
Investment management fees ^(a)	\$2,671	\$2,551	\$5,365	\$4,967
All other asset management fees ^(b)	66	84	132	163
Total asset management fees	2,737	2,635	5,497	5,130
Total administration fees ^(c)	557	504	1,118	986
Commission and other fees				
Brokerage commissions	631	567	1,283	1,145
All other commissions and fees	379	341	715	663
Total commissions and fees	1,010	908	1,998	1,808
Total asset management, administration and commissions	\$4,304	\$4,047	\$8,613	\$7,924

(a) Represents fees earned from managing assets on behalf of the Firm's clients, including investors in Firm-sponsored funds and owners of separately managed investment accounts.

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

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

Card income

The following table presents the components of card income:

(in millions)	Three months		Six months	
	ended June 30,		ended June 30,	
	2018	2017	2018	2017
Interchange and merchant processing income	\$4,723	\$4,309	\$9,082	\$8,215
Rewards costs and partner payments ^(a)	(3,527)	(2,689)	(6,411)	(5,214)
Other card income ^(b)	(176)	(453)	(376)	(920)
Total card income	\$1,020	\$1,167	\$2,295	\$2,081

(a) Includes an adjustment to the credit card rewards liability of approximately \$330 million.

(b) Predominantly represents annual fees and new account origination costs, which are deferred and recognized on a straight-line basis over a 12-month period.

Other income

Other income on the Firm's Consolidated statements of income included the following:

(in millions)	Three months		Six months	
	ended June 30,		ended June 30,	
	2018	2017	2018	2017
Operating lease income	\$1,112	\$873	\$2,159	\$1,697

Noninterest expense

Other expense

Other expense on the Firm's Consolidated statements of income included the following:

(in millions)	Three months		Six months	
	ended June 30,		ended June 30,	
	2018	2017	2018	2017
Legal expense	\$—	\$61	\$70	\$279
FDIC-related expense	368	76	751	757

Note 6 – Interest income and Interest expense

For a description of JPMorgan Chase's accounting policies regarding interest income and interest expense, refer to Note 7 of JPMorgan Chase's 2017 Annual Report.

The following table presents the components of interest income and interest expense.

(in millions)	Three months		Six months ended	
	ended June 30,		June 30,	
	2018	2017	2018	2017
Interest income				
Loans ^(a)	\$11,634	\$9,995	\$22,708	\$19,746
Taxable securities	1,383	1,410	2,696	2,840
Non-taxable securities ^(b)	395	479	805	937
Total investment securities ^(a)	1,778	1,889	3,501	3,777
Trading assets	2,111	1,806	4,214	3,664
Federal funds sold and securities purchased under resale agreements	807	528	1,538	1,054
Securities borrowed ^(c)	148	(21)	210	(65)
Deposits with banks	1,543	1,018	2,864	1,743

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All other interest-earning assets ^(d)	848	435	1,529	773
Total interest income	18,869	15,650	36,564	30,692
Interest expense				
Interest-bearing deposits	1,340	629	2,400	1,112
Federal funds purchased and securities loaned or sold under repurchase agreements	759	387	1,337	680
Short-term borrowings ^(e)	260	96	469	169
Trading liabilities – debt and all other interest-bearing liabilities ^(f)	901	515	1,561	920
Long-term debt	2,003	1,687	3,756	3,276
Beneficial interest issued by consolidated VIEs	121	128	244	263
Total interest expense	5,384	3,442	9,767	6,420
Net interest income	13,485	12,208	26,797	24,272
Provision for credit losses	1,210	1,215	2,375	2,530
Net interest income after provision for credit losses	\$12,275	\$10,993	\$24,422	\$21,742

(a) Includes the amortization/accretion of unearned income (e.g., purchase premiums/discounts, net deferred fees/costs, etc.).

(b) Represents securities which are tax-exempt for U.S. federal income tax purposes.

(c) Negative interest income is related to client-driven demand for certain securities combined with the impact of low interest rates. This is matched book activity and the negative interest expense on the corresponding securities loaned is recognized in interest expense.

(d) Includes held-for-investment margin loans, which are classified in accrued interest and accounts receivable, and all other interest-earning assets included in other assets on the Consolidated balance sheets.

(e) Includes commercial paper.

(f) Other interest-bearing liabilities include brokerage customer payables.

Note 7 – Pension and other postretirement employee benefit plans

For a discussion of JPMorgan Chase's pension and OPEB plans, refer to Note 8 of JPMorgan Chase's 2017 Annual Report.

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

(in millions)	Three months ended June 30,				Six months ended June 30,			
	2018	2017	2018	2017	2018	2017	2018	2017
	Defined benefit pension plans		OPEB plans		Defined benefit pension plans		OPEB plans	
Components of net periodic benefit cost								
Benefits earned during the period	\$89	\$82	\$—	\$—	\$179	\$164	\$—	\$—
Interest cost on benefit obligations	139	150	6	7	278	299	12	14
Expected return on plan assets	(247)	(242)	(26)	(24)	(495)	(483)	(52)	(48)
Amortization:								
Net (gain)/loss	26	62	—	—	52	124	—	—
Prior service cost/(credit)	(6)	(9)	—	—	(12)	(18)	—	—
Settlement	—	—	—	—	—	(3)	—	—
Net periodic defined benefit cost ^(a)	1	43	(20)	(17)	2	83	(40)	(34)
Other defined benefit pension plans ^(b)	9	6	NA	NA	15	10	NA	NA
Total defined benefit plans	10	49	(20)	(17)	17	93	(40)	(34)
Total defined contribution plans	222	210	NA	NA	432	396	NA	NA
Total pension and OPEB cost included in noninterest expense	\$232	\$259	\$(20)	\$(17)	\$449	\$489	\$(40)	\$(34)

Effective January 1, 2018, benefits earned during the period are reported in compensation expense; all other

(a) components of net periodic defined benefit costs are reported within other expense in the Consolidated statements of income.

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

The following table presents the fair values of plan assets for the U.S. defined benefit pension and OPEB plans and for the material non-U.S. defined benefit pension plans.

(in billions)	June 30, December 31,	
	2018	2017
Fair value of plan assets		
Defined benefit pension plans	\$ 19.2	\$ 19.6
OPEB plans	2.7	2.8

There are no expected contributions to the U.S. defined benefit pension plan for 2018.

Note 8 – Employee share-based incentives

For a discussion of the accounting policies and other information relating to employee share-based incentives, refer to Note 9 of JPMorgan Chase’s 2017 Annual Report.

The Firm recognized the following noncash compensation expense related to its various employee share-based incentive plans in its Consolidated statements of income.

	Three months ended June 30,		Six months ended June 30,	
(in millions)	2018	2017	2018	2017
Cost of prior grants of RSUs, stock appreciation rights (“SARs”) and performance share units (“PSUs”) that are amortized over their applicable vesting periods	\$276	\$290	\$674	\$600
Accrual of estimated costs of share-based awards to be granted in future periods including those to full-career eligible employees	304	235	612	526
Total noncash compensation expense related to employee share-based incentive plans	\$580	\$525	\$1,286	\$1,126

In the first quarter of 2018, in connection with its annual incentive grant for the 2017 performance year, the Firm granted 17 million RSUs and 516 thousand PSUs with weighted-average grant date fair values of \$111.17 per RSU and \$110.46 per PSU.

Note 9 – Investment securities

Investment securities consist of debt securities that are classified as AFS or HTM. Debt securities classified as trading assets are discussed in Note 2. Predominantly all of the Firm's AFS and HTM securities are held by Treasury and CIO in connection with its asset-liability management activities. At June 30, 2018, the investment securities portfolio consisted of debt securities with an average credit rating of AA+ (based upon external ratings where available, and where not available, based primarily upon internal ratings which correspond to ratings as defined by S&P and Moody's). For additional information regarding the investment securities portfolio, refer to Note 10 of JPMorgan Chase's 2017 Annual Report.

As a result of the adoption of the premium amortization accounting guidance in the first quarter of 2018, premiums

on purchased callable debt securities must be amortized to the earliest call date for debt securities with call features that are explicit, noncontingent and callable at fixed prices and on preset dates. The guidance primarily impacts obligations of U.S. states and municipalities held in the Firm's investment securities portfolio. For additional information, refer to Note 17.

As permitted by the new hedge accounting guidance, the Firm also elected to transfer U.S. government agency MBS, commercial MBS, and obligations of U.S. states and municipalities with a carrying value of \$22.4 billion from HTM to AFS in the first quarter of 2018. This transfer was a non-cash transaction. For additional information, refer to Note 17.

The amortized costs and estimated fair values of the investment securities portfolio were as follows for the dates indicated.

(in millions)	June 30, 2018				December 31, 2017			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale securities								
Mortgage-backed securities:								
U.S. government agencies ^(a)	\$62,595	\$ 521	\$ 1,194	\$61,922	\$69,879	\$ 736	\$ 335	\$70,280
Residential:								
U.S.	6,996	152	30	7,118	8,193	185	14	8,364
Non-U.S.	2,457	107	2	2,562	2,882	122	1	3,003
Commercial	7,961	75	209	7,827	4,932	98	5	5,025
Total mortgage-backed securities	80,009	855	1,435	79,429	85,886	1,141	355	86,672
U.S. Treasury and government agencies	24,962	524	142	25,344	22,510	266	31	22,745
Obligations of U.S. states and municipalities	37,459	1,926	55	39,330	30,490	1,881	33	32,338
Certificates of deposit	75	—	—	75	59	—	—	59
Non-U.S. government debt securities	25,307	413	34	25,686	26,900	426	32	27,294
Corporate debt securities	2,078	58	3	2,133	2,657	101	1	2,757
Asset-backed securities:								
Collateralized loan obligations	21,145	22	21	21,146	20,928	69	1	20,996
Other	8,819	74	27	8,866	8,764	77	24	8,817
Total available-for-sale debt securities	199,854	3,872	1,717	202,009	198,194	3,961	477	201,678
Available-for-sale equity securities ^(b)	—	—	—	—	547	—	—	547
Total available-for-sale securities	199,854	3,872	1,717	202,009	198,741	3,961	477	202,225
Held-to-maturity securities								
Mortgage-backed securities:								
U.S. government agencies ^(c)	26,168	60	269	25,959	27,577	558	40	28,095
Commercial	—	—	—	—	5,783	1	74	5,710

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Total mortgage-backed securities	26,168	60	269	25,959	33,360	559	114	33,805
Obligations of U.S. states and municipalities	4,838	96	20	4,914	14,373	554	80	14,847
Total held-to-maturity securities	31,006	156	289	30,873	47,733	1,113	194	48,652
Total investment securities	\$230,860	\$ 4,028	\$ 2,006	\$232,882	\$246,474	\$ 5,074	\$ 671	\$250,877

(a) Includes total U.S. government-sponsored enterprise obligations with fair values of \$39.1 billion and \$45.8 billion at June 30, 2018, and December 31, 2017, respectively.

(b) Effective January 1, 2018, the Firm adopted the recognition and measurement guidance. Equity securities that were previously reported as AFS securities were reclassified to other assets upon adoption.

(c) Included total U.S. government-sponsored enterprise obligations with amortized cost of \$20.1 billion and \$22.0 billion at June 30, 2018, and December 31, 2017, respectively.

Investment securities impairment

The following tables present the fair value and gross unrealized losses for investment securities by aging category at June 30, 2018, and December 31, 2017.

June 30, 2018 (in millions)	Investment securities with gross unrealized losses					
	Less than 12 months		12 months or more			
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Total fair value	Total gross unrealized losses
Available-for-sale securities						
Mortgage-backed securities:						
U.S. government agencies	\$36,060	\$ 868	\$6,309	\$ 326	\$42,369	\$ 1,194
Residential:						
U.S.	1,345	23	455	7	1,800	30
Non-U.S.	513	1	157	1	670	2
Commercial	3,248	124	1,463	85	4,711	209
Total mortgage-backed securities	41,166	1,016	8,384	419	49,550	1,435
U.S. Treasury and government agencies	3,761	118	294	24	4,055	142
Obligations of U.S. states and municipalities	2,217	21	1,220	34	3,437	55
Certificates of deposit	—	—	—	—	—	—
Non-U.S. government debt securities	3,786	13	1,308	21	5,094	34
Corporate debt securities	191	3	—	—	191	3
Asset-backed securities:						
Collateralized loan obligations	7,379	21	—	—	7,379	21
Other	4,650	24	482	3	5,132	27
Total available-for-sale securities	63,150	1,216	11,688	501	74,838	1,717
Held-to-maturity securities						
Mortgage-backed securities						
U.S. government agencies	15,887	201	1,607	68	17,494	269
Commercial	—	—	—	—	—	—
Total mortgage-backed securities	15,887	201	1,607	68	17,494	269
Obligations of U.S. states and municipalities	546	4	683	16	1,229	20
Total held-to-maturity securities	16,433	205	2,290	84	18,723	289
Total investment securities with gross unrealized losses	\$79,583	\$ 1,421	\$ 13,978	\$ 585	\$93,561	\$ 2,006

December 31, 2017 (in millions)	Investment securities with gross unrealized losses					
	Less than 12 months		12 months or more			
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Total fair value	Total gross unrealized losses
Available-for-sale securities						
Mortgage-backed securities:						
U.S. government agencies	\$36,037	\$ 139	\$7,711	\$ 196	\$43,748	\$ 335
Residential:						
U.S.	1,112	5	596	9	\$1,708	14
Non-U.S.	—	—	266	1	266	1
Commercial	528	4	335	1	863	5
Total mortgage-backed securities	37,677	148	8,908	207	46,585	355
U.S. Treasury and government agencies	1,834	11	373	20	2,207	31
Obligations of U.S. states and municipalities	949	7	1,652	26	2,601	33
Certificates of deposit	—	—	—	—	—	—
Non-U.S. government debt securities	6,500	15	811	17	7,311	32
Corporate debt securities	—	—	52	1	52	1
Asset-backed securities:						
Collateralized loan obligations	—	—	276	1	276	1
Other	3,521	20	720	4	4,241	24
Total available-for-sale securities	50,481	201	12,792	276	63,273	477
Held-to-maturity securities						
Mortgage-backed securities						
U.S. government agencies	4,070	38	205	2	4,275	40
Commercial	3,706	41	1,882	33	5,588	74
Total mortgage-backed securities	7,776	79	2,087	35	9,863	114
Obligations of U.S. states and municipalities	584	9	2,131	71	2,715	80
Total held-to-maturity securities	8,360	88	4,218	106	12,578	194
Total investment securities with gross unrealized losses	\$58,841	\$ 289	\$17,010	\$ 382	\$75,851	\$ 671

Gross unrealized losses

The Firm has recognized unrealized losses on investment securities that it intends to sell as OTTI. The Firm does not intend to sell any of the remaining investment securities with an unrealized loss in AOCI as of June 30, 2018, and it is not likely that the Firm will be required to sell these securities before recovery of their amortized cost basis. Except for the securities for which credit losses have been recognized in income, the Firm believes that the investment securities with an unrealized loss in AOCI as of June 30, 2018, are not other-than-temporarily impaired. For additional information on other-than-temporary impairment, refer to Note 10 of the JPMorgan Chase's 2017 Annual Report.

Investment securities gains and losses

The following table presents realized gains and losses and OTTI from AFS securities that were recognized in income.

(in millions)	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Realized gains	\$9	\$393	\$79	\$542
Realized losses	(88)	(427)	(403)	(572)
OTTI losses	(1)	—	(1)	(7)
Net investment securities gains/(losses)	\$(80)	\$(34)	\$(325)	\$(37)

OTTI losses

Credit-related losses recognized in income	\$—	\$—	\$—	\$—
Investment securities the Firm intends to sell ^(a)	(1)	—	(1)	(7)
Total OTTI losses recognized in income	\$(1)	\$—	\$(1)	\$(7)

^(a) Excludes realized losses on securities sold of \$20 million and \$5 million for the six months ended June 30, 2018 and 2017 that had been previously reported as an OTTI loss due to the intention to sell the securities.

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

The cumulative credit loss component, including any changes therein, of OTTI losses that have been recognized in income related to AFS securities that the Firm does not intend to sell was not material as of and during the six month periods ended June 30, 2018 and 2017.

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Contractual maturities and yields

The following table presents the amortized cost and estimated fair value at June 30, 2018, of JPMorgan Chase's investment securities portfolio by contractual maturity.

By remaining maturity June 30, 2018 (in millions)	Due in one year or less	Due after one year through five years	Due after five years through 10 years	Due after 10 years ^(c)	Total	
Available-for-sale securities						
Mortgage-backed securities ^(a)						
Amortized cost	\$261	\$429	\$5,664	\$73,655	\$80,009	
Fair value	264	433	5,742	72,990	79,429	
Average yield ^(b)	1.81	%2.49	%3.49	%3.48	%3.47	%
U.S. Treasury and government agencies						
Amortized cost	\$79	\$—	\$19,446	\$5,437	\$24,962	
Fair value	79	—	19,516	5,749	25,344	
Average yield ^(b)	1.99	%—	%3.53	%2.91	%3.39	%
Obligations of U.S. states and municipalities						
Amortized cost	\$148	\$701	\$2,501	\$34,109	\$37,459	
Fair value	149	716	2,597	35,868	39,330	
Average yield ^(b)	1.94	%3.39	%4.98	%4.91	%4.87	%
Certificates of deposit						
Amortized cost	\$75	\$—	\$—	\$—	\$75	
Fair value	75	—	—	—	75	
Average yield ^(b)	0.49	%—	%—	%—	%0.49	%
Non-U.S. government debt securities						
Amortized cost	\$4,745	\$14,565	\$5,997	\$—	\$25,307	
Fair value	4,745	14,782	6,159	—	25,686	
Average yield ^(b)	3.27	%1.61	%1.37	%—	%1.86	%
Corporate debt securities						
Amortized cost	\$70	\$968	\$901	\$139	\$2,078	
Fair value	70	989	929	145	2,133	
Average yield ^(b)	3.98	%4.34	%4.52	%3.45	%4.34	%
Asset-backed securities						
Amortized cost	\$—	\$4,295	\$7,785	\$17,884	\$29,964	
Fair value	—	4,271	7,790	17,951	30,012	
Average yield ^(b)	—	%2.61	%3.25	%2.98	%3.00	%
Total available-for-sale securities						
Amortized cost	\$5,378	\$20,958	\$42,294	\$131,224	\$199,854	
Fair value	5,382	21,191	42,733	132,703	202,009	
Average yield ^(b)	3.11	%2.02	%3.28	%3.76	%3.46	%
Held-to-maturity securities						
Mortgage-backed securities ^(a)						
Amortized cost	\$—	\$—	\$2,083	\$24,085	\$26,168	
Fair value	—	—	2,068	23,891	25,959	
Average yield ^(b)	—	%—	%3.52	%3.33	%3.34	%
Obligations of U.S. states and municipalities						
Amortized cost	\$—	\$—	\$—	\$4,838	\$4,838	
Fair value	—	—	—	4,914	4,914	
Average yield ^(b)	—	%—	%—	%4.12	%4.12	%
Total held-to-maturity securities						

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Amortized cost	\$—	\$—	\$2,083	\$28,923	\$31,006
Fair value	—	—	2,068	28,805	30,873
Average yield ^(b)	—	%—	%3.52	%3.46	% 3.46

As of June 30, 2018, mortgage-backed securities issued by Fannie Mae exceeded 10% of JPMorgan Chase's total (a) stockholders' equity; the amortized cost and fair value of such securities was \$51.3 billion and \$51.1 billion, respectively.

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

Includes investment securities with no stated maturity. Substantially all of the Firm's U.S. residential MBS and (c) collateralized mortgage obligations are due in 10 years or more, based on contractual maturity. The estimated weighted-average life, which reflects anticipated future prepayments, is approximately 7 years for agency residential MBS, 3 years for agency residential collateralized mortgage obligations and 3 years for nonagency residential collateralized mortgage obligations.

Note 10 – Securities financing activities

For a discussion of accounting policies relating to securities financing activities, refer to Note 11 of JPMorgan Chase's 2017 Annual Report. For further information regarding securities borrowed and securities lending agreements for which the fair value option has been elected, refer to Note 3. For further information regarding assets pledged and collateral received in securities financing agreements, refer to Note 21.

The table below summarizes the gross and net amounts of the Firm's securities financing agreements as of June 30, 2018 and December 31, 2017. When the Firm has obtained an appropriate legal opinion with respect to the master netting agreement with a counterparty and where other relevant netting criteria under U.S. GAAP are met, the Firm nets, on the Consolidated balance sheets, the balances

outstanding under its securities financing agreements with the same counterparty. In addition, the Firm exchanges securities and/or cash collateral with its counterparties; this collateral also reduces the economic exposure with the counterparty. Such collateral, along with securities financing balances that do not meet all these relevant netting criteria under U.S. GAAP, is presented as "Amounts not nettable on the Consolidated balance sheets," and reduces the "Net amounts" presented below, if the Firm has an appropriate legal opinion with respect to the master netting agreement with the counterparty. Where a legal opinion has not been either sought or obtained, the securities financing balances are presented gross in the "Net amounts" below, and related collateral does not reduce the amounts presented.

		June 30, 2018			
(in millions)	Gross amounts	Amounts netted on the Consolidated balance sheets	Amounts presented on the Consolidated balance sheets ^(b)	Amounts not nettable on the Consolidated balance sheets ^(c)	Net amounts ^(d)
Assets					
Securities purchased under resale agreements	\$541,760	\$(315,405)	\$226,355	\$(217,139)	\$9,216
Securities borrowed	127,331	(19,085)	108,246	(75,197)	33,049
Liabilities					
Securities sold under repurchase agreements	\$480,097	\$(315,405)	\$164,692	\$(149,808)	\$14,884
Securities loaned and other ^(a)	35,520	(19,085)	16,435	(16,015)	420
		December 31, 2017			
(in millions)	Gross amounts	Amounts netted on the Consolidated balance sheets	Amounts presented on the Consolidated balance sheets ^(b)	Amounts not nettable on the Consolidated balance sheets ^(c)	Net amounts ^(d)
Assets					
Securities purchased under resale agreements	\$448,608	\$(250,505)	\$198,103	\$(188,502)	\$9,601
Securities borrowed	113,926	(8,814)	105,112	(76,805)	28,307
Liabilities					
Securities sold under repurchase agreements	\$398,218	\$(250,505)	\$147,713	\$(129,178)	\$18,535
Securities loaned and other ^(a)	27,228	(8,814)	18,414	(18,151)	263

Includes securities-for-securities lending transactions of \$6.6 billion and \$9.2 billion at June 30, 2018 and (a) December 31, 2017, respectively, accounted for at fair value, where the Firm is acting as lender. These amounts are presented within other liabilities in the Consolidated balance sheets.

(b) Includes securities financing agreements accounted for at fair value. At June 30, 2018 and December 31, 2017, included securities purchased under resale agreements of \$12.8 billion and \$14.7 billion, respectively and securities sold under agreements to repurchase of \$866 million and \$697 million, respectively. There

were \$4.1 billion and \$3.0 billion of securities borrowed at June 30, 2018 and December 31, 2017, respectively. There were no securities loaned accounted for at fair value in either period.

In some cases, collateral exchanged with a counterparty exceeds the net asset or liability balance with that (c) counterparty. In such cases, the amounts reported in this column are limited to the related asset or liability with that counterparty.

(d) Includes securities financing agreements that provide collateral rights, but where an appropriate legal opinion with respect to the master netting agreement has not been either sought or obtained. At June 30, 2018 and December 31, 2017, included \$5.2 billion and \$7.5 billion, respectively, of securities purchased under resale agreements; \$30.0 billion and \$25.5 billion, respectively, of securities borrowed; \$13.4 billion and \$16.5 billion, respectively, of securities sold under agreements to repurchase; and \$50 million and \$29 million, respectively, of securities loaned and other.

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The tables below present as of June 30, 2018, and December 31, 2017 the types of financial assets pledged in securities financing agreements and the remaining contractual maturity of the securities financing agreements.

(in millions)	Gross liability balance	
	June 30, 2018	December 31, 2017
	Securities sold loaned under and repurchase other ^(a) agreements	Securities sold loaned under and repurchase ^(a) other agreements
Mortgage-backed securities		
U.S. government agencies	19,277	13,100
Residential - nonagency	2,337	2,972
Commercial - nonagency	1,415	1,594
U.S. Treasury and government agencies	230,381	177,584
Obligations of U.S. states and municipalities	405	1,557
Non-U.S. government debt	197,813	170,196
Corporate debt securities	19,490	14,232
Asset-backed securities	3,320	