QUALCOMM INC/DE
Form 3
January 14, 2016

FORM 3

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

OMB APPROVAL

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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Â Henderson Jeffrey William
(Last) (First) (Middle)

5775 MOREHOUSE DR.
(Street)

SAN DIEGO,Â CAÂ 92121-1714
(City) (State) (Zip)

2. Date of Event Requiring Statement (Month/Day/Year)
01/12/2016

3. Issuer Name **and** Ticker or Trading Symbol
QUALCOMM INC/DE [QCOM]

4. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

5. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1.Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	74	D	Â

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of			

	Shares	(I) (Instr. 5)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Henderson Jeffrey William 5775 MOREHOUSE DR. SAN DIEGO,Â CAÂ 92121-1714	Â X	Â	Â	Â

Signatures

By: Noreen E. Burns, Attorney-in-Fact For: Jeffrey William Henderson	01/13/2016
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. " style="vertical-align:bottom;padding-left:2px;padding-top:2px;padding-bottom:2px;">
85.3

85.3

Accrued interest and accounts receivable
63.0

—

62.5

0.5

63.0

61.5

61.5

Federal funds sold and securities purchased under resale agreements
255.7

—

255.7

—

255.7

213.1

213.1

Securities borrowed
122.1

—

122.1

—

122.1

127.2

127.2

Loans, net of allowance for loan losses[a]
696.4

—

24.9

673.3

698.2

694.0

693.7

Other
48.6

—

41.4

7.6

49.0

49.8

50.3

Financial liabilities

Deposits
$
1,134.2

$
—

$
1,133.5

$
1.2

$
1,134.7

$
1,122.9

$
1,123.4

Federal funds purchased and securities loaned or sold under repurchase agreements
249.1

—

249.1

—

249.1

206.7

206.7

Commercial paper
55.5

—

55.5

—

55.5

51.6

51.6

Other borrowed funds
11.0

—

11.0

—

11.0

12.3

12.3

Accounts payable and other liabilities
165.1

—

160.8

4.2

165.0

166.9

166.8

Beneficial interests issued by consolidated VIEs
56.7

—

52.3

4.6

56.9

64.7

64.9

Long-term debt and junior subordinated deferrable interest debentures
210.3

—

210.3

5.4

215.7

222.1

219.5

(a) 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 a loan loss reserve 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, see Note 3 on pages 184–198 of JPMorgan Chase's 2011 Annual Report and pages 119–133 of this Note.

The majority of the Firm's lending-related commitments are not carried at fair value on a recurring basis on the Consolidated Balance Sheets, nor are they actively traded. The carrying value and estimated fair value of the Firm's wholesale lending-related commitments were as follows for the periods indicated.

	September 30, 2012					December 31, 2011	
		Estimated fair value hierarchy					
(in billions)	Carrying value[(a)]	Level 1	Level 2	Level 3	Total estimated fair value	Carrying value[(a)]	Estimated fair value

Wholesale lending-related commitments	$0.7	$—	$—	$2.5	$2.5	$0.7	$3.4

(a) Represents the allowance for wholesale lending-related commitments. Excludes the current carrying values of the guarantee liability and the offsetting asset, each of which are recognized at fair value at the inception of 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, without notice as permitted by law. For a further discussion of the valuation of lending-related commitments, see pages 119–133 of this Note.

132

Trading assets and liabilities – average balances

Average trading assets and liabilities were as follows for the periods indicated.

(in millions)	Three months ended September 30, 2012	2011	Nine months ended September 30, 2012	2011
Trading assets – debt and equity instruments[(a)]	$331,399	$377,840	$344,433	$405,861
Trading assets – derivative receivables	85,303	96,612	88,353	88,344
Trading liabilities – debt and equity instruments[(a)(b)]	68,467	85,541	69,069	84,246
Trading liabilities – derivative payables	77,851	75,828	77,543	71,058

(a) Balances reflect the reduction of securities owned (long positions) by the amount of securities sold, but not yet purchased (short positions) when the long and short positions have identical CUSIP numbers.

(b) Primarily represent securities sold, not yet purchased.

Note 4 – Fair value option

For a discussion of the primary financial instruments for which the fair value option was previously elected, including the basis for those elections and the determination of instrument-specific credit risk, where relevant, see Note 4 on pages 198–200 of JPMorgan Chase’s 2011 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 and nine months ended September 30, 2012 and 2011, 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 September 30, 2012 Principal transactions	Other income	Total changes in fair value recorded	2011 Principal transactions	Other income	Total changes in fair value recorded
Federal funds sold and securities purchased under resale agreements	$72	$—	$72	$311	$—	$311
Securities borrowed	10	—	10	(14)	—	(14)
Trading assets:						
Debt and equity instruments, excluding loans	157	2 (c)	159	(130)	(6) (c)	(136)
Loans reported as trading assets:						
Changes in instrument-specific credit risk	416	22 (c)	438	(161)	(31) (c)	(192)
Other changes in fair value	46	2,284 (c)	2,330	(130)	1,830 (c)	1,700
Loans:						
Changes in instrument-specific credit risk	4	—	4	16	—	16
Other changes in fair value	99	—	99	160	—	160
Other assets	2	(28) (d)	(26)	—	47 (d)	47
Deposits[(a)]	(95)	—	(95)	(97)	—	(97)
Federal funds purchased and securities loaned or sold under repurchase agreements	(16)	—	(16)	(56)	—	(56)
Other borrowed funds[(a)]	(454)	—	(454)	2,103	—	2,103
Trading liabilities	(35)	—	(35)	(20)	—	(20)
Beneficial interests issued by consolidated VIEs	(9)	—	(9)	14	—	14
Other liabilities	—	—	—	—	(1) (d)	(1)
Long-term debt:						

Changes in instrument-specific credit risk[a]	(166	) —	(166	) 874	—	874
Other changes in fair value[b]	(565	) —	(565	) 662	—	662

133

(in millions)	Nine months ended September 30, 2012 Principal transactions	Other income	Total changes in fair value recorded	2011 Principal transactions	Other income	Total changes in fair value recorded
Federal funds sold and securities purchased under resale agreements	$245	$—	$245	$314	$—	$314
Securities borrowed	24	—	24	(13)	—	(13)
Trading assets:						
Debt and equity instruments, excluding loans	495	5 [c]	500	141	(7) [c]	134
Loans reported as trading assets:						
Changes in instrument-specific credit risk	1,225	51 [c]	1,276	748	(27) [c]	721
Other changes in fair value	(128)	5,643 [c]	5,515	8	3,924 [c]	3,932
Loans:						
Changes in instrument-specific credit risk	(10)	—	(10)	3	—	3
Other changes in fair value	674	—	674	442	—	442
Other assets	2	(291) [d]	(289)	—	5 [d]	5
Deposits[a]	(256)	—	(256)	(207)	—	(207)
Federal funds purchased and securities loaned or sold under repurchase agreements	(43)	—	(43)	(35)	—	(35)
Other borrowed funds[a]	393	—	393	3,059	—	3,059
Trading liabilities	(23)	—	(23)	(26)	—	(26)
Beneficial interests issued by consolidated VIEs	(39)	—	(39)	(75)	—	(75)
Other liabilities	—	—	—	(4)	(4) [d]	(8)
Long-term debt:						
Changes in instrument-specific credit risk[a]	(670)	—	(670)	1,073	—	1,073
Other changes in fair value[b]	(957)	—	(957)	545	—	545

(a) Total changes in instrument-specific credit risk related to structured notes were $8 million and $901 million for the three months ended September 30, 2012 and 2011, and $(45) million and $1.1 billion for the nine months ended September 30, 2012 and 2011, respectively. These totals include adjustments for structured notes classified within deposits and other borrowed funds, as well as long-term debt.

(b) Structured notes are debt instruments with embedded derivatives that are tailored to meet a client's need. The embedded derivative is the primary driver of risk. Although the risk associated with the structured notes is actively managed, the gains/(losses) reported in this table do not include the income statement impact of such risk management instruments.

(c) Reported in mortgage fees and related income.

(d) Reported in other income.

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 September 30, 2012, and December 31, 2011, for loans, long-term debt and long-term beneficial interests for which the fair value option has been elected.

	September 30, 2012			December 31, 2011		
(in millions)	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	$4,619	$1,165	$ (3,454)	$4,875	$1,141	$ (3,734)
Loans	198	142	(56)	820	56	(764)
Subtotal	4,817	1,307	(3,510)	5,695	1,197	(4,498)
All other performing loans						
Loans reported as trading assets	39,526	35,783	(3,743)	37,481	32,657	(4,824)
Loans	3,119	2,176	(943)	2,136	1,601	(535)
Total loans	$47,462	$39,266	$ (8,196)	$45,312	$35,455	$ (9,857)
Long-term debt						
Principal-protected debt	$17,147 [c]	$17,201	$ 54	$19,417 [c]	$19,890	$ 473
Nonprincipal-protected debt[b]	NA	13,655	NA	NA	14,830	NA
Total long-term debt	NA	$30,856	NA	NA	$34,720	NA
Long-term beneficial interests						
Nonprincipal-protected debt[b]	NA	1,176	NA	NA	1,250	NA
Total long-term beneficial interests	NA	$1,176	NA	NA	$1,250	NA

(a) There were no performing loans which were ninety days or more past due as of September 30, 2012, and December 31, 2011, respectively.

(b) 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.

(c) Where the Firm issues principal-protected zero-coupon or discount notes, the balance reflected as the remaining contractual principal is the final principal payment at maturity.

At September 30, 2012, and December 31, 2011, the contractual amount of letters of credit for which the fair value option was elected was $4.5 billion and $3.9 billion, respectively, with a corresponding fair value of $(75) million and $(5) million, respectively. For further information regarding off-balance sheet lending-related financial instruments, see Note 29 on pages 283–289 of JPMorgan Chase’s 2011 Annual Report.

135

Note 5 – Derivative instruments
JPMorgan Chase makes markets in derivatives for customers and also uses derivatives to hedge or manage its market and credit risk exposures. For a further discussion of the Firm's use of and accounting policies regarding derivative instruments, see Note 6 on pages 202-210 of JPMorgan Chase's 2011 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.

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 identified risk exposures in qualifying hedge accounting relationships:				
Interest rate	Hedge fixed rate assets and liabilities	Fair value hedge	Corporate/PE	139
Interest rate	Hedge floating rate assets and liabilities	Cash flow hedge	Corporate/PE	140
Foreign exchange	Hedge foreign currency-denominated assets and liabilities	Fair value hedge	Corporate/PE	139
Foreign exchange	Hedge forecasted revenue and expense	Cash flow hedge	Corporate/PE	140
Foreign exchange	Hedge the value of the Firm's investments in non-U.S. subsidiaries	Net investment hedge	Corporate/PE	141
Commodity	Hedge commodity inventory	Fair value hedge	IB	139
Manage specifically identified exposures:				
Interest rate	Manage the risk of the mortgage pipeline, warehouse loans and MSRs	Specified risk management	RFS	141
Credit	Manage the credit risk of wholesale lending exposures	Specified risk management	IB	141
Credit(a)	Manage the credit risk of certain AFS securities	Specified risk management	Corporate/PE	141
Commodity	Manage the risk of certain commodities-related contracts and investments	Specified risk management	IB	141
Interest rate and foreign exchange	Manage the risk of certain other specified assets and liabilities	Specified risk management	Corporate/PE	141
Make markets in derivatives and other activity:				
• Various	Market-making and related risk management	Market-making and other	IB	141
• Various	Other derivatives, including the synthetic credit portfolio	Market-making and other	IB, Corporate/PE	141

(a) Includes a limited number of single-name credit derivatives used to mitigate the credit risk arising from specified AFS securities.

Synthetic credit portfolio
The synthetic credit portfolio is a portfolio of index credit derivatives, including short and long positions, that was held by CIO. On July 2, 2012, CIO transferred the synthetic credit portfolio, other than a portion that aggregated to a

notional amount of approximately $12 billion, to IB. The positions making up the portion of the synthetic credit portfolio retained by CIO on July 2, 2012, have been effectively closed out as of September 30, 2012. Both the portion of the synthetic credit portfolio transferred to IB, as well as the portion retained by CIO, have been included in the gains and losses on derivatives related to market-making activities and other derivatives category on page 141 of this Note.

Notional amount of derivative contracts

The following table summarizes the notional amount of derivative contracts outstanding as of September 30, 2012, and December 31, 2011.

(in billions)	Notional amounts[b] September 30, 2012	December 31, 2011
Interest rate contracts		
Swaps	$34,730	$38,704
Futures and forwards	11,852	7,888
Written options	3,884	3,842
Purchased options	3,997	4,026
Total interest rate contracts	54,463	54,460
Credit derivatives[a]	6,198	5,774
Foreign exchange contracts		
Cross-currency swaps	3,393	2,931
Spot, futures and forwards	4,447	4,512
Written options	674	674
Purchased options	681	670
Total foreign exchange contracts	9,195	8,787
Equity contracts		
Swaps	161	119
Futures and forwards	53	38
Written options	561	460
Purchased options	519	405
Total equity contracts	1,294	1,022
Commodity contracts		
Swaps	336	341
Spot, futures and forwards	228	188
Written options	340	310
Purchased options	329	274
Total commodity contracts	1,233	1,113
Total derivative notional amounts	$72,383	$71,156

(a) Primarily consists of credit default swaps. For more information on volumes and types of credit derivative contracts, see the Credit derivatives discussion on pages 143–144 of this Note.

(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.

137

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 September 30, 2012, and December 31, 2011, by accounting designation (e.g., whether the derivatives were designated in hedge accounting relationships or not) and contract type.

Derivative receivables and payables[(a)]

	Gross derivative receivables				Gross derivative payables			
September 30, 2012 (in millions)	Not designated as hedges	Designated as hedges	Total derivative receivables	Net derivative receivables[(c)]	Not designated as hedges	Designated as hedges	Total derivative payables	Net derivative payables[(c)]
Trading assets and liabilities								
Interest rate	$1,381,305	$6,887	$1,388,192	$ 42,727	$1,340,340	$3,207	$1,343,547	$ 28,788
Credit	110,494	—	110,494	3,384	110,470	—	110,470	3,328
Foreign exchange[(b)]	126,393	2,149	128,542	11,751	141,643	1,509	143,152	16,762
Equity	48,397	—	48,397	9,618	47,850	—	47,850	11,103
Commodity	48,743	169	48,912	12,483	48,621	2,169	50,790	13,481
Total fair value of trading assets and liabilities	$1,715,332	$9,205	$1,724,537	$ 79,963	$1,688,924	$6,885	$1,695,809	$ 73,462

	Gross derivative receivables				Gross derivative payables			
December 31, 2011 (in millions)	Not designated as hedges	Designated as hedges	Total derivative receivables	Net derivative receivables[(c)]	Not designated as hedges	Designated as hedges	Total derivative payables	Net derivative payables[(c)]
Trading assets and liabilities								
Interest rate	$1,433,900	$7,621	$1,441,521	$ 46,369	$1,397,625	$2,192	$1,399,817	$ 28,010
Credit	169,650	—	169,650	6,684	165,121	—	165,121	5,610
Foreign exchange[(b)]	163,497	4,666	168,163	17,890	165,353	655	166,008	17,435
Equity	47,736	—	47,736	6,793	46,366	—	46,366	9,655
Commodity	53,894	3,535	57,429	14,741	58,836	1,108	59,944	14,267
Total fair value of trading assets and liabilities	$1,868,677	$15,822	$1,884,499	$ 92,477	$1,833,301	$3,955	$1,837,256	$ 74,977

(a) Balances exclude structured notes for which the fair value option has been elected. See Note 4 on pages 133–135 of this Form 10-Q for further information.

(b) Excludes $11 million of foreign currency-denominated debt designated as a net investment hedge at December 31, 2011. There was no such hedge designation at September 30, 2012.

(c) 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, respectively, when a legally enforceable master netting agreement exists.

138

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 pretax gains/(losses) recorded on such derivatives and the related hedged items for the three and nine months ended September 30, 2012 and 2011, respectively. The Firm includes gains/(losses) on the hedging derivative and the related hedged item in the same line item in the Consolidated Statements of Income.

	Gains/(losses) recorded in income			Income statement impact due to:	
Three months September 30, 2012 (in millions)	Derivatives	Hedged items	Total income statement impact	Hedge ineffectiveness[e]	Excluded components[f]
Contract type					
Interest rate[a]	$(309)	$266	$(43)	$(35)	$(8)
Foreign exchange[b]	(2,580)[d]	2,521	(59)	—	(59)
Commodity[c]	(2,485)	1,685	(800)	(9)	(791)
Total	$(5,374)	$4,472	$(902)	$(44)	$(858)

	Gains/(losses) recorded in income			Income statement impact due to:	
Three months September 30, 2011 (in millions)	Derivatives	Hedged items	Total income statement impact	Hedge ineffectiveness[e]	Excluded components[f]
Contract type					
Interest rate[a]	$1,094	$(928)	$166	$2	$164
Foreign exchange[b]	6,226[d]	(5,707)	519	—	519
Commodity[c]	1,962	(2,529)	(567)	2	(569)
Total	$9,282	$(9,164)	$118	$4	$114

	Gains/(losses) recorded in income			Income statement impact due to:	
Nine months September 30, 2012 (in millions)	Derivatives	Hedged items	Total income statement impact	Hedge ineffectiveness[e]	Excluded components[f]
Contract type					
Interest rate[a]	$(891)	$1,027	$136	$—	$136
Foreign exchange[b]	(1,104)[d]	950	(154)	—	(154)
Commodity[c]	(3,265)	2,186	(1,079)	44	(1,123)
Total	$(5,260)	$4,163	$(1,097)	$44	$(1,141)

	Gains/(losses) recorded in income			Income statement impact due to:	
Nine months September 30, 2011 (in millions)	Derivatives	Hedged items	Total income statement impact	Hedge ineffectiveness[e]	Excluded components[f]
Contract type					

Interest rate[a]	$542	$(230)	$312	$(24)	$336
Foreign exchange[b]	1,781 [d]	(1,182)	599	—	599
Commodity[c]	1,488	(2,193)	(705)	4	(709)
Total	$3,811	$(3,605)	$206	$(20)	$226

(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) 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, were recorded in principal transactions revenue and net interest income.

(c) Consists of overall fair value hedges of physical commodities inventories that are generally carried at the lower of cost or market (market approximates fair value). Gains and losses were recorded in principal transactions revenue.

(d) Included $(2.7) billion and $6.4 billion for the three months ended September 30, 2012 and 2011, respectively, and $(1.2) billion and $1.4 billion for the nine months ended September 30, 2012 and 2011, respectively, of revenue related to certain foreign exchange trading derivatives designated as fair value hedging instruments.

(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) Certain components of hedging derivatives are permitted to be excluded from the assessment of hedge effectiveness, such as forward points on foreign exchange forward contracts. Amounts related to excluded components are recorded in current-period income.

Cash flow hedge gains and losses

The following tables present derivative instruments, by contract type, used in cash flow hedge accounting relationships, and the pretax gains/(losses) recorded on such derivatives, for the three and nine months ended September 30, 2012 and 2011, respectively. The Firm includes the gain/(loss) on the hedging derivative in the same line item as the offsetting change in cash flows on the hedged item in the Consolidated Statements of Income.

	Gains/(losses) recorded in income and other comprehensive income/(loss)[c]				
Three months September 30, 2012 (in millions)	Derivatives – effective portion reclassified from AOCI to income	Hedge ineffectiveness recorded directly in income[d]	Total income statement impact	Derivatives – effective portion recorded in OCI	Total change in OCI for period
Contract type					
Interest rate[a]	$5	$ —	$5	$(11)	$(16)
Foreign exchange[b]	14	—	14	67	53
Total	$19	$ —	$19	$56	$37

	Gains/(losses) recorded in income and other comprehensive income/(loss)[c]				
Three months September 30, 2011 (in millions)	Derivatives – effective portion reclassified from AOCI to income	Hedge ineffectiveness recorded directly in income[d]	Total income statement impact	Derivatives – effective portion recorded in OCI	Total change in OCI for period
Contract type					
Interest rate[a]	$67	$ 5	$72	$163	$96
Foreign exchange[b]	(17)	—	(17)	(18)	(1)
Total	$50	$ 5	$55	$145	$95

	Gains/(losses) recorded in income and other comprehensive income/(loss)[c]				
Nine months September 30, 2012 (in millions)	Derivatives – effective portion reclassified from AOCI to income	Hedge ineffectiveness recorded directly in income[d]	Total income statement impact	Derivatives – effective portion recorded in OCI	Total change in OCI for period
Contract type					
Interest rate[a]	$33	$ 5	$38	$9	$(24)
Foreign exchange[b]	11	—	11	134	123
Total	$44	$ 5	$49	$143	$99

	Gains/(losses) recorded in income and other comprehensive income/(loss)[c]				
Nine months September 30, 2011 (in millions)	Derivatives – effective portion reclassified from AOCI to income	Hedge ineffectiveness recorded directly in income[d]	Total income statement impact	Derivatives – effective portion recorded in OCI	Total change in OCI for period

Contract type					
Interest rate[(a)]	$237	$ 14	$251	$29	$(208)
Foreign exchange[(b)]	(2)	—	(2)	(40)	(38)
Total	$235	$ 14	$249	$(11)	$(246)

(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) The Firm did not experience any forecasted transactions that failed to occur for the three and nine months ended September 30, 2012 and 2011.

(d) 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.

Over the next 12 months, the Firm expects that $33 million (after-tax) of net gains recorded in accumulated other comprehensive income (“AOCI”) at September 30, 2012, related to cash flow hedges will be recognized in income. The maximum length of time over which forecasted transactions are hedged is 9 years , and such transactions primarily relate to core lending and borrowing activities.

140

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 pretax gains/(losses) recorded on such instruments for the three and nine months ended September 30, 2012 and 2011.

Three months ended September 30, (in millions)	Gains/(losses) recorded in income and other comprehensive income/(loss)			
	2012		2011	
	Excluded components recorded directly in income[(a)]	Effective portion recorded in OCI	Excluded components recorded directly in income[(a)]	Effective portion recorded in OCI
Foreign exchange derivatives	$(101)	$(404)	$(54)	$853

Nine months ended September 30, (in millions)	Gains/(losses) recorded in income and other comprehensive income/(loss)			
	2012		2011	
	Excluded components recorded directly in income[(a)]	Effective portion recorded in OCI	Excluded components recorded directly in income[(a)]	Effective portion recorded in OCI
Foreign exchange derivatives	$(236)	$(191)	$(199)	$80

(a) Certain components of hedging derivatives are permitted to be excluded from the assessment of hedge effectiveness, such as forward points on foreign exchange forward contracts. Amounts related to excluded components are recorded in current-period income. The Firm measures the ineffectiveness of net investment hedge accounting relationships based on changes in spot foreign currency rates, and therefore there was no ineffectiveness for net investment hedge accounting relationships during the three and nine months ended September 30, 2012 and 2011.

Gains and losses on derivatives used for specified risk management purposes

The following table presents pretax 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, AFS securities, foreign currency-denominated liabilities, and commodities-related contracts and investments.

	Derivatives gains/(losses) recorded in income			
	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2012	2011	2012	2011
Contract type				
Interest rate[(a)]	$1,458	$5,244	$4,301	$6,806
Credit[(b)]	(48)	99	(135)	36
Foreign exchange[(c)]	—	(110)	47	(208)
Commodity[(d)]	87	13	90	13
Total	$1,497	$5,246	$4,303	$6,647

(a) Primarily relates to interest rate derivatives used to hedge the interest rate risks associated with the mortgage pipeline, warehouse loans and MSRs. Gains and losses were recorded predominantly in mortgage fees and related income.

(b)

Relates to credit derivatives used to mitigate credit risk associated with lending exposures in the Firm’s wholesale businesses, and single-name credit derivatives used to mitigate credit risk arising from certain AFS securities. These derivatives do not include the synthetic credit portfolio or credit derivatives used to mitigate counterparty credit risk arising from derivative receivables, both of which are included in gains and losses on derivatives related to market-making activities and other derivatives below. Gains and losses were recorded in principal transactions revenue.

(c) Primarily relates to hedges of the foreign exchange risk of specified foreign currency-denominated liabilities. Gains and losses were recorded in principal transactions revenue and net interest income.

(d) Primarily relates to commodity derivatives used to mitigate energy price risk associated with energy-related contracts and investments. 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 the Firm’s market-making activities, including the counterparty credit risk arising from derivative receivables. These derivatives, as well as all other derivatives (including the synthetic credit portfolio) that are not included in the hedge accounting or specified risk management categories above, are included in this category. Gains and losses on these derivatives are recorded in principal transactions revenue. See Note 6 on pages 144–145 of this Form 10-Q for information on principal transactions revenue.

141

Credit risk, liquidity risk and credit-related contingent features

For a more detailed discussion of credit risk, liquidity risk and credit-related contingent features, see Note 6 on pages 202–210 of JPMorgan Chase's 2011 Annual Report.

The following table shows the aggregate fair value of net derivative payables that contain contingent collateral or termination features that may be triggered upon a downgrade and the associated collateral the Firm has posted in the normal course of business at September 30, 2012, and December 31, 2011.

Derivative payables containing downgrade triggers

(in millions)	September 30, 2012	December 31, 2011
Aggregate fair value of net derivative payables[(a)]	$38,765	$39,316
Collateral posted[(a)]	32,634	31,473

(a) The current period presentation excludes contracts with contingent credit features that were in a net receivable position. Prior period amounts have been revised to conform with the current presentation.

The following table shows the impact of a single-notch and two-notch ratings downgrade to JPMorgan Chase & Co. and its subsidiaries, predominantly JPMorgan Chase Bank, National Association ("JPMorgan Chase Bank, N.A."), at September 30, 2012, and December 31, 2011, related to derivative contracts with contingent collateral or termination features that may be triggered upon a 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 or termination payment requirements. The liquidity impact in the table is calculated based upon a downgrade below the lowest current rating provided by major rating agencies.

Liquidity impact of derivative downgrade triggers

	September 30, 2012		December 31, 2011	
(in millions)	Single-notch downgrade	Two-notch downgrade	Single-notch downgrade	Two-notch downgrade
Additional portion of net derivative payable to be posted as collateral upon downgrade	$1,031	$1,710	$1,460	$2,054
Amount required to settle contracts with termination triggers upon downgrade	1,048	1,610	1,054	1,923

The following tables show the carrying value of derivative receivables and payables after netting adjustments, and adjustments for collateral held (including cash, U.S. government and agency securities and other G7 government bonds) and transferred as of September 30, 2012, and December 31, 2011.

Impact of netting adjustments on derivative receivables and payables

	Derivative receivables		Derivative payables	
(in millions)	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Gross derivative fair value	$1,724,537	$1,884,499	$1,695,809	$1,837,256
Netting adjustment – offsetting receivables/payables[(a)]	(1,564,401)	(1,710,523)	(1,564,401)	(1,710,523)
Netting adjustment – cash collateral received/paid[(a)]	(80,173)	(81,499)	(57,946)	(51,756)
Carrying value on Consolidated Balance Sheets	$79,963	$92,477	$73,462	$74,977

Total derivative collateral

	Collateral held		Collateral transferred	
(in millions)	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Netting adjustment for cash collateral[(a)]	$80,173	$81,499	$57,946	$51,756
Liquid securities and other cash collateral[(b)]	13,999	21,807	22,225	19,439
	20,420	17,613	11,445	10,824

Additional liquid securities and cash collateral[(c)]				
Total collateral for derivative transactions	$114,592	$120,919	$91,616	$82,019

(a) 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.

(b) Represents cash collateral received and paid that is not subject to a legally enforceable master netting agreement, and liquid securities collateral held and transferred.

(c) Represents liquid securities and cash collateral held and transferred at the initiation of derivative transactions, which is available as security against potential exposure that could arise should the fair value of the transactions move, as well as collateral held and transferred related to contracts that have non-daily call frequency for collateral to be posted, and collateral that the Firm or a counterparty has agreed to return but has not yet settled as of the reporting date. These amounts were not netted against the derivative receivables and payables in the tables above, because, at an individual counterparty level, the collateral exceeded the fair value exposure at both September 30, 2012, and December 31, 2011.

142

Credit derivatives

For a more detailed discussion of credit derivatives, see Note 6 on pages 202–210 of JPMorgan Chase's 2011 Annual Report.

The Firm is both a purchaser and seller of protection in the credit derivatives market and uses these derivatives for two primary purposes. First, in its capacity as a market-maker, the Firm actively manages a portfolio of credit derivatives by purchasing and selling credit protection, predominantly on corporate debt obligations, to meet the needs of customers. Second, as an end-user, the Firm uses credit derivatives to manage credit risk associated with lending exposures (loans and unfunded commitments) and derivatives counterparty exposures in the Firm's wholesale businesses, and to manage the credit risk arising from certain AFS securities and from certain financial instruments in the Firm's market-making businesses. For more information on the synthetic credit portfolio, see the discussion on page 136 of this Note.

The following tables present the notional amounts of credit derivatives and credit-related notes the Firm sold and purchased as of September 30, 2012, and December 31,

2011. The amounts shown include all of the Firm's credit derivative activities, including market-making, credit portfolio activities, and the synthetic credit portfolio.

As shown in the table below, the Firm manages the credit risk on contracts to sell protection by purchasing protection with identical or similar underlying reference instruments (including single-name, portfolio coverage or specified indices). Other purchased protection referenced in the following tables includes credit derivatives purchased on reference instruments where the Firm has not sold any protection on the identical reference instrument, as well as protection purchased through credit-related notes.

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 (which typically reduces the amount actually required to be paid on the credit derivative contract), 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

	Maximum payout/Notional amount			
September 30, 2012 (in millions)	Protection sold	Protection purchased with identical underlyings[(b)]	Net protection (sold)/purchased[(c)]	Other protection purchased[(d)]
Credit derivatives				
Credit default swaps	$(3,031,683)	$3,011,250	$ (20,433)	$35,903
Other credit derivatives[(a)]	(76,438)	11,985	(64,453)	30,450
Total credit derivatives	(3,108,121)	3,023,235	(84,886)	66,353
Credit-related notes	(287)	—	(287)	2,761
Total	$(3,108,408)	$3,023,235	$ (85,173)	$69,114

	Maximum payout/Notional amount			
December 31, 2011 (in millions)	Protection sold	Protection purchased with identical underlyings[(b)]	Net protection (sold)/purchased[(c)]	Other protection purchased[(d)]
Credit derivatives				
Credit default swaps	$(2,839,492)	$2,798,207	$ (41,285)	$29,139
Other credit derivatives[(a)]	(79,711)	4,954	(74,757)	22,292
Total credit derivatives	(2,919,203)	2,803,161	(116,042)	51,431
Credit-related notes	(742)	—	(742)	3,944

Total	$(2,919,945)	$2,803,161	$ (116,784)	$55,375

(a) Primarily consists of total return swaps and CDS options.

(b) Represents the total notional amount of protection purchased where the underlying reference instrument (single-name, portfolio or index) is identical 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.

143

The following tables summarize the notional and fair value amounts of credit derivatives and credit-related notes as of September 30, 2012, and December 31, 2011, 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[(a)]/maturity profile

September 30, 2012 (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
Risk rating of reference entity							
Investment-grade	$(427,343)	$(1,257,155)	$(376,526)	$(2,061,024)	$ 10,843	$(26,988)	$(16,145)
Noninvestment-grade	(278,729)	(640,895)	(127,760)	(1,047,384)	22,055	(47,436)	(25,381)
Total	$(706,072)	$(1,898,050)	$(504,286)	$(3,108,408)	$ 32,898	$(74,424)	$(41,526)
December 31, 2011 (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**
Risk rating of reference entity							
Investment-grade	$(352,215)	$(1,262,143)	$(345,996)	$(1,960,354)	$ 7,809	$(57,697)	$(49,888)
Noninvestment-grade	(241,823)	(589,954)	(127,814)	(959,591)	13,212	(85,304)	(72,092)
Total	$(594,038)	$(1,852,097)	$(473,810)	$(2,919,945)	$ 21,021	$(143,001)	$(121,980)

(a) The ratings scale is based on the Firm’s internal ratings, which generally correspond to ratings as 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 6 – Noninterest revenue

For a discussion of the components of and accounting policies for the Firm’s noninterest revenue, see Note 7 on pages 211–212 of JPMorgan Chase’s 2011 Annual Report.

The following table presents the components of investment banking fees.

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2012	2011	2012	2011
Underwriting				
Equity	$235	$178	$761	$1,012
Debt	819	508	2,296	2,366
Total underwriting	1,054	686	3,057	3,378
Advisory	389	366	1,024	1,400
Total investment banking fees	$1,443	$1,052	$4,081	$4,778

The following table presents all realized and unrealized gains and losses recorded in principal transactions revenue by major underlying type of risk exposures.

Principal transactions revenue includes realized and unrealized gains and losses recorded on derivatives, other financial instruments, private equity investments, and physical commodities used in market-making and client-driven activities.

In addition, principal transactions revenue also includes certain realized and unrealized gains and losses related to hedge accounting and specified risk management activities disclosed separately in Note 5, including: (a) certain derivatives designated in qualifying hedge accounting relationships (primarily fair value hedges of commodity and foreign exchange risk), (b) certain derivatives used for specified risk management purposes, primarily to mitigate credit risk, foreign exchange risk and commodity risk, and (c) other derivatives, including the synthetic credit portfolio. See Note 5 on pages 136–144 of this Form 10-Q for information on the income statement classification of gains and losses on derivatives.

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2012	2011	2012	2011
Trading revenue by risk exposure				
Interest rate[(a)]	$1,064	$(477)	$3,637	$(255)
Credit[(b)]	(667)	901	(5,234)	2,968
Foreign exchange	384	172	1,177	957
Equity	734	288	2,269	2,158
Commodity[(c)]	590	911	1,834	2,209
Total trading revenue	2,105	1,795	3,683	8,037
Private equity gains/(losses)[(d)]	(58)	(425)	659	1,218
Principal transactions[(e)]	$2,047	$1,370	$4,342	$9,255

(a) Includes a pretax gain of $98 million and $663 million for the three and nine months ended September 30, 2012, respectively, reflecting the expected recovery on a Bear Stearns-related subordinated loan.

(b) Includes $5.8 billion of losses incurred by CIO for the six months ended June 30, 2012 and $449 million of losses incurred by CIO for the three months ended September 30, 2012 and an additional modest loss incurred by the IB from the synthetic credit portfolio.

(c) Includes realized gains and losses and unrealized losses on physical commodities inventories that are generally carried at the lower of cost or market (market approximates fair value), subject to any applicable fair value hedge accounting adjustments, and gains and losses on commodity derivatives and other financial instruments that are carried at fair value through income. Commodity derivatives are frequently used to manage the Firm's risk exposure to its physical commodities inventories. Gains/(losses) related to commodity fair value hedges were $(800) million and $(567) million for the three months ended September 30, 2012 and 2011, respectively. Gains/(losses) related to

144

commodity fair value hedges were $(1.1) billion and $(705) million for the nine months ended September 30, 2012 and 2011, respectively.

(d) Includes revenue on private equity investments held in the Private Equity business within Corporate/Private Equity, as well as those held in other business segments.

(e) Principal transactions revenue included DVA related to derivatives and structured liabilities measured at fair value in IB. DVA gains/(losses) were $(211) million and $1.9 billion for the three months ended September 30, 2012 and 2011, and $(363) million and $2.0 billion for the nine months ended September 30, 2012 and 2011, respectively.

The following table presents components of asset management, administration and commissions.

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2012	2011	2012	2011
Asset management				
Investment management fees	$1,523	$1,463	$4,468	$4,612
All other asset management fees	220	159	558	451
Total asset management fees	1,743	1,622	5,026	5,063
Total administration fees[(a)]	515	523	1,609	1,653
Commission and other fees				
Brokerage commissions	506	705	1,746	2,167
All other commissions and fees	572	598	1,808	1,874
Total commissions and fees	1,078	1,303	3,554	4,041
Total asset management, administration and commissions	$3,336	$3,448	$10,189	$10,757

(a) Includes fees for custody, securities lending, funds services and securities clearance.

Note 7 – Interest income and Interest expense

For a description of JPMorgan Chase’s accounting policies regarding interest income and interest expense, see Note 8 on page 212 of JPMorgan Chase’s 2011 Annual Report.

Details of interest income and interest expense were as follows.

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2012	2011	2012	2011
Interest income				
Loans	$9,018	$9,193	$27,022	$27,840
Securities	1,764	2,156	6,160	6,962
Trading assets	2,120	2,768	6,779	8,619
Federal funds sold and securities purchased under resale agreements	569	683	1,866	1,830
Securities borrowed	(18)[(c)]	18	7	95
Deposits with banks	132	184	420	429
Other assets[(a)]	44	158	175	464
Total interest income	13,629	15,160	42,429	46,239
Interest expense				
Interest-bearing deposits	626	993	2,085	3,038
Short-term and other liabilities[(b)]	407	697	1,329	2,405
Long-term debt	1,464	1,477	4,724	4,646
Beneficial interests issued by consolidated VIEs	156	176	503	592

Total interest expense	2,653	3,343	8,641	10,681
Net interest income	10,976	11,817	33,788	35,558
Provision for credit losses	1,789	2,411	2,729	5,390
Net interest income after provision for credit losses	$9,187	$9,406	$31,059	$30,168

(a) Predominantly margin loans.

(b) Includes brokerage customer payables.

(c) Negative interest income for the three months ended September 30, 2012, is a result of increased client-driven demand for certain securities combined with the impact of low interest rates; the offset of this matched book activity is reflected as lower net interest expense reported within trading liabilities - debt, short-term borrowings and other liabilities.

145

Note 8 – Pension and other postretirement employee benefit plans
For a discussion of JPMorgan Chase's pension and other postretirement employee benefit ("OPEB") plans, see Note 9 on pages 213–222 of JPMorgan Chase's 2011 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.

	Pension plans					
	U.S.		Non-U.S.		OPEB plans	
Three months ended September 30, (in millions)	2012	2011	2012	2011	2012	2011
Components of net periodic benefit cost						
Benefits earned during the period	$68	$62	$12	$9	$1	$1
Interest cost on benefit obligations	120	113	33	33	11	13
Expected return on plan assets	(222)	(197)	(35)	(35)	(23)	(22)
Amortization:						
Net (gain)/loss	72	41	9	12	—	—
Prior service cost/(credit)	(10)	(11)	(1)	—	—	(2)
Net periodic defined benefit cost	28	8	18	19	(11)	(10)
Other defined benefit pension plans(a)	4	3	2	3	NA	NA
Total defined benefit plans	32	11	20	22	(11)	(10)
Total defined contribution plans	100	122	75	69	NA	NA
Total pension and OPEB cost included in compensation expense	$132	$133	$95	$91	$(11)	$(10)

	Pension plans					
	U.S.		Non-U.S.		OPEB plans	
Nine months ended September 30, (in millions)	2012	2011	2012	2011	2012	2011
Components of net periodic benefit cost						
Benefits earned during the period	$204	$186	$31	$27	$1	$1
Interest cost on benefit obligations	347	339	95	101	33	39
Expected return on plan assets	(640)	(592)	(102)	(107)	(68)	(66)
Amortization:						
Net (gain)/loss	217	123	26	36	—	—
Prior service cost/(credit)	(31)	(32)	(1)	(1)	—	(6)
Net periodic defined benefit cost	97	24	49	56	(34)	(32)
Other defined benefit pension plans(a)	11	14	5	12	NA	NA
Total defined benefit plans	108	38	54	68	(34)	(32)
Total defined contribution plans	288	289	230	212	NA	NA
Total pension and OPEB cost included in compensation expense	$396	$327	$284	$280	$(34)	$(32)

(a) Includes various defined benefit pension plans which are individually immaterial.

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 were $14.5 billion and $3.2 billion, respectively, as of September 30, 2012, and $11.9 billion and $3.0 billion, respectively, as of December 31, 2011. See Note 19 on pages 189–190 of this Form 10-Q for further information on unrecognized amounts (i.e., net loss and prior service costs/(credit)) reflected in AOCI for the three and nine month periods ended September 30, 2012 and 2011.

The Firm does not anticipate any contribution to the U.S. defined benefit pension plan in 2012 at this time. For 2012, the cost associated with funding benefits under the Firm's U.S. non-qualified defined benefit pension plans is expected to total $39 million. The 2012 contributions to the non-U.S. defined benefit pension and OPEB plans are expected to be $49 million and $2 million, respectively.

Effective March 19, 2012, JPMorgan Chase Bank, N.A. became the sponsor of the Washington Mutual Pension Plan and it is anticipated that this plan's net assets will be merged into the JPMorgan Chase Retirement Plan on December 31, 2012.

146

Note 9 – Employee stock-based incentives

For a discussion of the accounting policies and other information relating to employee stock-based incentives, see Note 10 on pages 222–224 of JPMorgan Chase's 2011 Annual Report.
The Firm recognized the following noncash compensation expense related to its various employee stock-based incentive plans in its Consolidated Statements of Income.

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2012	2011	2012	2011
Cost of prior grants of restricted stock units ("RSUs") and stock appreciation rights ("SARs") that are amortized over their applicable vesting periods	$402	$458	$1,434	$1,539
Accrual of estimated costs of RSUs and SARs to be granted in future periods including those to full-career eligible employees	180	80	589	556
Total noncash compensation expense related to employee stock-based incentive plans	$582	$538	$2,023	$2,095

In the first quarter of 2012, in connection with its annual incentive grant, the Firm granted 57 million RSUs and 14 million SARs with weighted-average grant date fair values of $35.62 per RSU and $8.89 per SAR.
Note 10 – Noninterest expense
The following table presents the components of noninterest expense.

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2012	2011	2012	2011
Compensation expense	$7,503	$6,908	$23,543	$22,740
Noncompensation expense:				
Occupancy expense	973	935	3,014	2,848
Technology, communications and equipment expense	1,312	1,248	3,865	3,665
Professional and outside services	1,759	1,860	5,411	5,461
Marketing	607	926	1,929	2,329
Other expense[(a)]	3,035	3,445	10,354	10,687
Amortization of intangibles	182	212	566	641
Total noncompensation expense	7,868	8,626	25,139	25,631
Total noninterest expense	$15,371	$15,534	$48,682	$48,371

(a) Included litigation expense of $790 million and $1.3 billion for the three months ended September 30, 2012 and 2011, and $3.8 billion and $4.3 billion for the nine months ended September 30, 2012 and 2011, respectively.

147

Note 11 – Securities

Securities are primarily classified as AFS or trading. Securities classified as trading are discussed in Note 3 on pages 119–133 of this Form 10-Q. Predominantly all of the AFS securities portfolio is held by CIO in connection with its asset-liability management objectives. At September 30, 2012, the average credit rating of the debt securities comprising the AFS portfolio was 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 AFS securities, see Note 12 on pages 225–230 of JPMorgan Chase's 2011 Annual Report.

Realized gains and losses

The following table presents realized gains and losses and other-than-temporary impairment ("OTTI") losses that were recognized in income from AFS securities.

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2012	2011	2012	2011
Realized gains	$471	$629	$2,358	$1,662
Realized losses	(10)	(7)	(308) [d]	(58)
Net realized gains[a]	461	622	2,050	1,604
Other-than-temporary impairment losses ("OTTI"):				
Credit-related[b]	(2)	(15)	(28)	(58)
Securities the Firm intends to sell[c]	(1)	—	(14) [d]	—
Total OTTI losses recognized in income	(3)	(15)	(42)	(58)
Net securities gains	$458	$607	$2,008	$1,546

(a) Proceeds from securities sold were within approximately 6% and 4% of amortized cost for the three and nine months ended September 2012, respectively, and 4% for both the three and nine months ended September 2011.

(b) Includes OTTI losses recognized in income on certain prime mortgage-backed securities for the three months ended September 30, 2012, certain obligations of U.S. states and municipalities and prime mortgage-backed securities for the nine months ended September 30, 2012, and on certain prime mortgage-backed securities for the three and nine months ended September 30, 2011.

(c) Represents the excess of the amortized cost over the fair value of certain non-U.S. corporate debt, non-U.S. government debt and certain asset-backed securities the Firm intends to sell.

(d) During the three months ended September 30, 2012, the Firm realized losses of $24 million on sales of corporate debt securities that had been reported as an OTTI loss in prior periods due to the intention to sell the securities.

The amortized costs and estimated fair values of AFS and held-to-maturity ("HTM") securities were as follows for the dates indicated.

	September 30, 2012				December 31, 2011			
(in millions)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale debt securities								
Mortgage-backed securities:								
U.S. government agencies[a]	$89,741	$ 5,296	$2	$95,035	$101,968	$ 5,141	$2	$107,107
Residential:								
Prime and Alt-A	2,591	65	159 [c]	2,497	2,170	54	218 [c]	2,006
Subprime	660	7	—	667	1	—	—	1
Non-U.S.	70,271	1,472	67	71,676	66,067	170	687	65,550
Commercial	11,162	928	5	12,085	10,632	650	53	11,229
Total mortgage-backed securities	174,425	7,768	233	181,960	180,838	6,015	960	185,893
U.S. Treasury and government agencies[a]	11,062	100	7	11,155	8,184	169	2	8,351

Obligations of U.S. states and municipalities	20,431	1,949	1	(c)	22,379	15,404	1,184	48		16,540
Certificates of deposit	3,529	6	1		3,534	3,017	—	—		3,017
Non-U.S. government debt securities	61,727	722	19		62,430	44,944	402	81		45,265
Corporate debt securities[b]	43,103	648	148		43,603	63,607	216	1,647		62,176
Asset-backed securities:										
Collateralized loan obligations	25,893	437	108		26,222	24,474	553	166		24,861
Other	11,802	175	5		11,972	15,779	251	57		15,973
Total available-for-sale debt securities	351,972	11,805	522	(c)	363,255	356,247	8,790	2,961	(c)	362,076
Available-for-sale equity securities	2,617	21	1		2,637	2,693	14	2		2,705
Total available-for-sale securities	$354,589	$ 11,826	$523	(c)	$365,892	$358,940	$ 8,804	$2,963	(c)	$364,781
Total held-to-maturity securities	$9	$ 1	$—		$10	$12	$ 1	$—		$13

(a) Includes total U.S. government-sponsored enterprise obligations with fair values of $79.8 billion and $89.3 billion at September 30, 2012, and December 31, 2011, respectively.

148

(b) Consists primarily of bank debt including sovereign government-guaranteed bank debt.
(c) Includes a total of $154 million and $91 million (pretax) of unrealized losses related to prime mortgage-backed securities and obligations of U. S. states and municipalities for which credit losses have been recognized in income at September 30, 2012, and prime mortgage-backed securities for which credit losses have been recognized in income at December 31, 2011, respectively. These unrealized losses are not credit-related and remain reported in AOCI.

Securities impairment

The following tables present the fair value and gross unrealized losses for AFS securities by aging category at September 30, 2012, and December 31, 2011.

	Securities with gross unrealized losses					
	Less than 12 months		12 months or more			
September 30, 2012 (in millions)	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Total fair value	Total gross unrealized losses
Available-for-sale debt securities						
Mortgage-backed securities:						
U.S. government agencies	$830	$2	$—	$—	$830	$2
Residential:						
Prime and Alt-A	336	3	882	156	1,218	159
Subprime	—	—	—	—	—	—
Non-U.S.	513	5	1,420	62	1,933	67
Commercial	789	5	—	—	789	5
Total mortgage-backed securities	2,468	15	2,302	218	4,770	233
U.S. Treasury and government agencies	4,675	7	—	—	4,675	7
Obligations of U.S. states and municipalities	671	1	—	—	671	1
Certificates of deposit	1,366	1	—	—	1,366	1
Non-U.S. government debt securities	11,267	13	1,381	6	12,648	19
Corporate debt securities	2,752	15	9,250	133	12,002	148
Asset-backed securities:						
Collateralized loan obligations	4,147	26	4,295	82	8,442	108
Other	313	1	573	4	886	5
Total available-for-sale debt securities	27,659	79	17,801	443	45,460	522
Available-for-sale equity securities	—	1	—	—	—	1
Total securities with gross unrealized losses	$27,659	$80	$17,801	$443	$45,460	$523

149

	Securities with gross unrealized losses					
	Less than 12 months		12 months or more			
December 31, 2011 (in millions)	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Total fair value	Total gross unrealized losses
Available-for-sale debt securities						
Mortgage-backed securities:						
U.S. government agencies	$2,724	$2	$—	$—	$2,724	$2
Residential:						
Prime and Alt-A	649	12	970	206	1,619	218
Subprime	—	—	—	—	—	—
Non-U.S.	30,500	266	25,176	421	55,676	687
Commercial	837	53	—	—	837	53
Total mortgage-backed securities	34,710	333	26,146	627	60,856	960
U.S. Treasury and government agencies	3,369	2	—	—	3,369	2
Obligations of U.S. states and municipalities	147	42	40	6	187	48
Certificates of deposit	—	—	—	—	—	—
Non-U.S. government debt securities	11,901	66	1,286	15	13,187	81
Corporate debt securities	22,230	901	9,585	746	31,815	1,647
Asset-backed securities:						
Collateralized loan obligations	5,610	49	3,913	117	9,523	166
Other	4,735	40	1,185	17	5,920	57
Total available-for-sale debt securities	82,702	1,433	42,155	1,528	124,857	2,961
Available-for-sale equity securities	338	2	—	—	338	2
Total securities with gross unrealized losses	$83,040	$1,435	$42,155	$1,528	$125,195	$2,963

150

Other-than-temporary impairment

The following table presents OTTI losses that are included in the securities gains and losses table above.

(in millions)	Three months ended September 30, 2012	2011	Nine months ended September 30, 2012	2011
Debt securities the Firm does not intend to sell that have credit losses				
Total OTTI[a]	$—	$—	$(113)	$(27)
Losses recorded in/(reclassified from) AOCI	(2)	(15)	85	(31)
Total credit-related losses recognized in income[b]	$(2)	$(15)	$(28)	$(58)
Securities the Firm intends to sell[c]	(1)	—	(14)[d]	—
Total OTTI losses recognized in income	$(3)	$(15)	$(42)	$(58)

(a) For initial OTTI, represents the excess of the amortized cost over the fair value of AFS debt securities. For subsequent impairments of the same security, represents additional declines in fair value subsequent to previously recorded OTTI, if applicable.

(b) Represents the credit loss component on certain prime mortgage-backed securities for the three months ended September 30, 2012, certain obligations of U. S. states and municipalities and prime mortgage-backed securities for the nine months ended September 30, 2012, and on certain prime mortgage-backed securities for the three and nine months ended September 30, 2011, that the Firm does not intend to sell. Subsequent credit losses may be recorded on securities without a corresponding further decline in fair value if there has been a decline in expected cash flows.

(c) Represents the excess of the amortized cost over the fair value of certain non-U.S. corporate debt, non-U.S. government debt and certain asset-backed securities the Firm intends to sell.

(d) During the three months ended September 30, 2012, the Firm realized losses of $24 million on sales of corporate debt securities that had been reported as an OTTI loss in prior periods due to the intention to sell the securities.

Changes in the credit loss component of credit-impaired debt securities

The following table presents a rollforward for the three and nine months ended September 30, 2012 and 2011, of the credit loss component of OTTI losses that have been recognized in income, related to debt securities that the Firm does not intend to sell.

(in millions)	Three months ended September 30, 2012	2011	Nine months ended September 30, 2012	2011
Balance, beginning of period	$734	$675	$708	$632
Newly credit-impaired securities	—	—	21	4
Losses reclassified from other comprehensive income on previously credit-impaired securities	2	15	7	54
Balance, end of period	$736	$690	$736	$690

Gross unrealized losses

Gross unrealized losses have generally decreased since December 31, 2011, including those that have been in an unrealized loss position for 12 months or more. Except for certain securities that the Firm intends to sell for which the unrealized losses have been recognized in income, as of

September 30, 2012, the Firm does not intend to sell the securities with a loss position in AOCI, 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 reported in the table above for which credit losses have been recognized in income, the Firm believes that the securities with an unrealized loss in AOCI are not other-than-temporarily impaired as of September 30, 2012.

Following is a description of the Firm's principal AFS securities positions with the most significant unrealized losses that have existed for 12 months or more as of September 30, 2012, and the key assumptions used in the Firm's estimate of the present value of the cash flows expected to be collected from these investments.

Mortgage-backed securities – Prime and Alt-A nonagency

As of September 30, 2012, gross unrealized losses related to prime and Alt-A residential mortgage-backed securities issued by private issuers were $159 million, of which $156 million related to securities that have been in an unrealized loss position for 12 months or more. The Firm has recognized OTTI on securities that are backed primarily by mortgages with higher credit risk characteristics based on collateral type, vintage and geographic concentration. The remaining securities that have not experienced OTTI generally either do not possess all of these characteristics or have sufficient credit enhancements to protect the investments. These credit enhancements are primarily in the form of subordination, which is a form of structural enhancement where realized losses associated with assets held in the vehicle that issued the securities are allocated to the various tranches of securities and considers the relative priority of claims on the assets and earnings of the issuing vehicle. The average credit enhancements associated with the below investment-grade positions that have experienced OTTI losses and those that have not are 1% and 16%, respectively. The Firm’s cash flow estimates are based on a loan-level analysis that considers housing prices, loan-to-value (“LTV”) ratio, loan type, geographical location of the underlying property and unemployment rates, among other factors. The weighted-average underlying conditional default rate on the positions was forecasted to be 27%; the related weighted-average loss severity forecast was 46%; and estimated prepayment speeds ranged from 2% to 39%. Based on the results of this analysis, an OTTI loss of $2 million and $22 million was recognized for the three and nine months ended September 30, 2012, respectively, on certain securities due to their higher loss assumptions, and the unrealized loss of $159 million is considered temporary as management believes that the credit enhancement levels for those securities remain sufficient to support the Firm’s investment.

Mortgage-backed securities – Non-U.S.

As of September 30, 2012, gross unrealized losses related to non-U.S. residential mortgage-backed securities were $67 million, of which $62 million related to securities that

151

have been in an unrealized loss position for 12 months or more. Substantially all of these securities are rated “AAA,” “AA” or “A”, and primarily represent mortgage exposures in the United Kingdom and the Netherlands. The key assumptions used in analyzing non-U.S. residential mortgage-backed securities for potential credit losses include credit enhancements, loss severities, conditional default rates, and prepayment speeds. Credit enhancement is primarily in the form of subordination and was approximately 10% of the outstanding principal balance of securitized mortgage loans, compared with expected lifetime losses of 1% of the outstanding principal. In assessing potential credit losses, the weighted-average conditional default rate was forecasted to be approximately 1%, the related weighted-average loss severity was forecasted at approximately 30% and prepayment speeds ranged from 4% to 15%. The unrealized loss is considered temporary, based on management’s assessment that the estimated future cash flows together with the credit enhancement levels for those securities remain sufficient to support the Firm’s investment.

Corporate debt securities

As of September 30, 2012, gross unrealized losses related to corporate debt securities were $148 million, of which $133 million related to securities that have been in an unrealized loss position for 12 months or more. Substantially all of the corporate debt securities are currently rated investment-grade, including those in an unrealized loss position. Various factors were considered in assessing whether the Firm expects to recover the amortized cost of corporate debt securities including, but not limited to, the strength of issuer credit ratings, the financial condition of guarantors and the length of time and the extent to which a security’s fair value has been less than its amortized cost. The fair values of securities in an unrealized loss position were on average within approximately 1% of amortized cost. Based on management’s assessment, the Firm expects to recover the entire amortized cost basis of all corporate debt securities that the Firm does not intend to sell as of September 30, 2012. In addition, during the nine months ended September 30, 2012, the Firm recorded losses of $13 million on corporate debt securities based on the Firm’s intention to sell certain of these securities; there were no such losses during the three months ended September 30, 2012. Furthermore, during the three months ended September 30, 2012, the Firm realized losses of $24 million on sales of corporate debt securities that had been reported as an OTTI loss in prior periods due to the intention to sell the securities.

Asset-backed securities – Collateralized loan obligations

As of September 30, 2012, gross unrealized losses related to CLOs were $108 million, of which $82 million related to securities that were in an unrealized loss position for 12 months or more. Substantially all of these securities are rated “AAA,” “AA” or “A” and have an average credit enhancement of 30%. The Firm assumed conditional default rates of 2%, based on current default trends for the collateral underlying the securities. The unrealized loss is considered temporary, based on management’s assessment that the estimated future cash flows together with the credit enhancement levels for those securities remain sufficient to support the Firm’s investment.

Contractual maturities and yields
The following table presents the amortized cost and estimated fair value at September 30, 2012, of JPMorgan Chase's AFS and HTM securities by contractual maturity.

By remaining maturity September 30, 2012 (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 debt securities										
Mortgage-backed securities[a]										
Amortized cost	$100		$9,694		$8,602		$156,029		$174,425	
Fair value	101		9,933		8,925		163,001		181,960	
Average yield[b]	1.84	%	2.01	%	2.58	%	3.39	%	3.28	%
U.S. Treasury and government agencies[a]										
Amortized cost	$6,578		$2,706		$1,680		$98		$11,062	
Fair value	6,579		2,799		1,678		99		11,155	
Average yield[b]	0.19	%	2.29	%	1.32	%	0.78	%	0.88	%
Obligations of U.S. states and municipalities										
Amortized cost	$515		$433		$980		$18,503		$20,431	
Fair value	515		471		1,047		20,346		22,379	
Average yield[b]	0.91	%	5.87	%	4.21	%	6.11	%	5.89	%
Certificates of deposit										
Amortized cost	$3,478		$51		$—		$—		$3,529	
Fair value	3,480		54		—		—		3,534	
Average yield[b]	5.22	%	3.28	%	—	%	—	%	5.19	%
Non-U.S. government debt securities										
Amortized cost	$19,595		$22,347		$15,224		$4,561		$61,727	
Fair value	19,607		22,599		15,516		4,708		62,430	
Average yield[b]	1.50	%	1.88	%	1.58	%	1.68	%	1.67	%
Corporate debt securities										
Amortized cost	$8,010		$24,757		$10,176		$160		$43,103	
Fair value	8,018		25,094		10,323		168		43,603	
Average yield[b]	1.95	%	2.76	%	2.58	%	2.27	%	2.56	%
Asset-backed securities										
Amortized cost	$500		$2,600		$17,669		$16,926		$37,695	
Fair value	502		2,624		17,924		17,144		38,194	
Average yield[b]	1.11	%	1.98	%	1.95	%	2.23	%	2.07	%
Total available-for-sale debt securities										
Amortized cost	$38,776		$62,588		$54,331		$196,277		$351,972	
Fair value	38,802		63,574		55,413		205,466		363,255	
Average yield[b]	1.69	%	2.30	%	2.09	%	3.51	%	2.87	%
Available-for-sale equity securities										
Amortized cost	$—		$—		$—		$2,617		$2,617	
Fair value	—		—		—		2,637		2,637	
Average yield[b]	—	%	—	%	—	%	0.28	%	0.28	%
Total available-for-sale securities										
Amortized cost	$38,776		$62,588		$54,331		$198,894		$354,589	
Fair value	38,802		63,574		55,413		208,103		365,892	
Average yield[b]	1.69	%	2.30	%	2.09	%	3.47	%	2.85	%
Total held-to-maturity securities										

Amortized cost	$—	$7	$2	$—	$9	
Fair value	—	8	2	—	10	
Average yield(b)	—	%6.88	%6.61	%—	%6.84	%

(a) U.S. government-sponsored enterprises were the only issuers whose securities exceeded 10% of JPMorgan Chase's total stockholders' equity at September 30, 2012.

(b) The average yield is calculated using the effective yield of each security at the end of the period, weighted based on the amortized cost of each security. The effective yield includes the contractual coupon, amortization of 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.

(c) Includes securities with no stated maturity. Substantially all of the Firm's residential mortgage-backed securities and collateralized mortgage obligations are due in 10 years or more, based on contractual maturity. The estimated duration, which reflects anticipated future prepayments based on a consensus of dealers in the market, is approximately three years for agency residential mortgage-backed securities, two years for agency residential collateralized mortgage obligations and three years for nonagency residential collateralized mortgage obligations.

153

Note 12 – Securities financing activities
For a discussion of accounting policies relating to securities financing activities, see Note 13 on page 231 of JPMorgan Chase's 2011 Annual Report. For further information regarding securities borrowed and securities lending agreements for which the fair value option has been elected, see Note 4 on pages 133–135 of this Form 10-Q.
The following table details the Firm's securities financing agreements, all of which are accounted for as collateralized financings during the periods presented.

(in millions)	September 30, 2012	December 31, 2011
Securities purchased under resale agreements[a]	$281,685	$235,000
Securities borrowed[b]	133,526	142,462
Securities sold under repurchase agreements[c]	$233,363	$197,789
Securities loaned	23,044	14,214

(a) At September 30, 2012, and December 31, 2011, included resale agreements of $26.3 billion and $22.2 billion, respectively, accounted for at fair value.
(b) At September 30, 2012, and December 31, 2011, included securities borrowed of $11.4 billion and $15.3 billion, respectively, accounted for at fair value.
(c) At September 30, 2012, and December 31, 2011, included repurchase agreements of $8.1 billion and $6.8 billion, respectively, accounted for at fair value.

The amounts reported in the table above were reduced by $93.5 billion and $115.7 billion at September 30, 2012, and December 31, 2011, respectively, as a result of

agreements in effect that meet the specified conditions for net presentation under applicable accounting guidance.
For further information regarding assets pledged and collateral received in securities financing agreements, see Note 22 on page 196 of this Form 10-Q.

Note 13 – Loans
Loan accounting framework
The accounting for a loan depends on management's strategy for the loan, and on whether the loan was credit-impaired at the date of acquisition. The Firm accounts for loans based on the following categories:

- Originated or purchased loans held-for-investment (i.e., "retained"), other than purchased credit-impaired ("PCI") loans
- Loans held-for-sale
- Loans at fair value
- PCI loans held-for-investment

For a detailed discussion of loans, including accounting policies, see Note 14 on pages 231–252 of JPMorgan Chase's 2011 Annual Report. See Note 4 on pages 133–135 of this Form 10-Q for further information on the Firm's elections of fair value accounting under the fair value option. See Note 3 on pages 119–133 of this Form 10-Q for further information on loans carried at fair value and classified as trading assets.

Loan portfolio
The Firm's loan portfolio is divided into three portfolio segments, which are the same segments used by the Firm to determine the allowance for loan losses: Wholesale; Consumer, excluding credit card; and Credit card. Within each portfolio segment, the Firm monitors and assesses the credit risk in the following classes of loans, based on the risk characteristics of each loan class:

Wholesale[a]	Consumer, excluding credit card[b]	Credit card[d]
• Commercial and industrial	Residential real estate – excluding PCI	• Credit card loans
• Real estate	• Home equity – senior lien	
• Financial institutions	• Home equity – junior lien	
• Government agencies	• Prime mortgage, including option ARMs	
• Other	• Subprime mortgage	

Other consumer loans
• Auto[c]
• Business banking[c]
• Student and other
Residential real estate – PCI
• Home equity
• Prime mortgage
• Subprime mortgage
• Option ARMs

(a) Includes loans reported in IB, CB, TSS and AM business segments and in Corporate/Private Equity.

(b) Includes loans reported in RFS, auto and student loans reported in Card, and residential real estate loans reported in the AM business segment and in Corporate/Private Equity.

(c) Includes auto and business banking risk-rated loans that apply the wholesale methodology for determining the allowance for loan losses; these loans are managed by Card and RFS, respectively, and therefore, for consistency in presentation, are included with the other consumer loan classes.

(d) Prior to January 1, 2012, the Credit card portfolio segment was reported as two classes: Chase, excluding Washington Mutual, and Washington Mutual. The Washington Mutual class is a run-off portfolio that has been declining since the Firm acquired the portfolio in 2008. Effective January 1, 2012, management determined that the Washington Mutual portfolio class is no longer significant, and therefore, the Credit card portfolio segment is now being reported as one class of loans.

154

The following table summarizes the Firm’s loan balances by portfolio segment.

(in millions)	September 30, 2012 Wholesale	Consumer, excluding credit card	Credit card[(a)]	Total	December 31, 2011 Wholesale	Consumer, excluding credit card	Credit card[(a)]	Total
Retained	$297,576	$295,079	$124,431	$717,086 [(b)]	$278,395	$308,427	$132,175	$718,997 [(b)]
Held-for-sale	2,005	—	106	2,111	2,524	—	102	2,626
At fair value	2,750	—	—	2,750	2,097	—	—	2,097
Total	$302,331	$295,079	$124,537	$721,947	$283,016	$308,427	$132,277	$723,720

(a) Includes billed finance charges and fees net of an allowance for uncollectible amounts.

(b) Loans (other than PCI loans and those for which the fair value option has been selected) are presented net of unearned income, unamortized discounts and premiums, and net deferred loan costs of $2.7 billion at both September 30, 2012, and December 31, 2011.

The following tables provide information about the carrying value of retained loans purchased, sold and reclassified to held-for-sale during the periods indicated. These tables exclude loans recorded at fair value. On an ongoing basis, the Firm manages its exposure to credit risk. Selling loans is one way that the Firm reduces its credit exposures.

Three months ended September 30, (in millions)	2012 Wholesale	Consumer, excluding credit card	Credit card	Total	2011 Wholesale	Consumer, excluding credit card	Credit card	Total
Purchases	$116	$1,559	$—	$1,675	$210	$1,843	$—	$2,053
Sales	620	378	—	998	590	421	—	1,011
Retained loans reclassified to held-for-sale	204	—	—	204	57	—	94	151

Nine months ended September 30, (in millions)	2012 Wholesale	Consumer, excluding credit card	Credit card	Total	2011 Wholesale	Consumer, excluding credit card	Credit card	Total
Purchases	$690	$5,172	$—	$5,862	$551	$5,503	$—	$6,054
Sales	2,292	1,720	—	4,012	2,272	1,079	—	3,351
Retained loans reclassified to held-for-sale	321	—	1,043	1,364	357	—	2,006	2,363

The following table provides information about gains/(losses) on loan sales by portfolio segment.

(in millions)	Three months ended September 30, 2012	2011	Nine months ended September 30, 2012	2011
Net gains/(losses) on sales of loans (including lower of cost or fair value adjustments)[(a)]				
Wholesale	$59	$(9)	$127	$132
Consumer, excluding credit card	49	42	123	95
Credit card	—	—	(12)	(24)
Total net gains/(losses) on sales of loans (including lower of cost or fair value adjustments)	$108	$33	$238	$203

(a) Excludes sales related to loans accounted for at fair value.

155

Wholesale loan portfolio
Wholesale loans include loans made to a variety of customers from large corporate and institutional clients to certain high-net worth individuals. The primary credit

quality indicator for wholesale loans is the risk rating assigned each loan. For further information on these risk ratings, see Notes 14 and 15 on pages 231–255 of JPMorgan Chase's 2011 Annual Report.

The table below provides information by class of receivable for the retained loans in the Wholesale portfolio segment.

(in millions, except ratios)	Commercial and industrial Sep 30, 2012	Dec 31, 2011	Real estate Sep 30, 2012	Dec 31, 2011
Loans by risk ratings				
Investment-grade	$59,353	$52,379	$38,879	$33,920
Noninvestment-grade:				
Noncriticized	43,762	37,870	15,335	14,394
Criticized performing[(a)]	3,169	3,077	4,307	5,484
Criticized nonaccrual[(a)]	756	889	695	886
Total noninvestment-grade	47,687	41,836	20,337	20,764
Total retained loans	$107,040	$94,215	$59,216	$54,684
% of total criticized to total retained loans[(a)]	3.67 %	4.21 %	8.45 %	11.65 %
% of nonaccrual loans to total retained loans[(a)]	0.71	0.94	1.17	1.62
Loans by geographic distribution[(b)]				
Total non-U.S.	$34,679	$30,813	$1,679	$1,497
Total U.S.	72,361	63,402	57,537	53,187
Total retained loans	$107,040	$94,215	$59,216	$54,684
Loan delinquency[(c)]				
Current and less than 30 days past due and still accruing	$106,102	$93,060	$58,387	$53,387
30–89 days past due and still accruing	163	266	89	327
90 or more days past due and still accruing[(d)]	19	—	45	84
Criticized nonaccrual[(a)]	756	889	695	886
Total retained loans	$107,040	$94,215	$59,216	$54,684

(a) As of September 30, 2012, exposures deemed criticized correspond to special mention, substandard and doubtful categories as defined by bank regulatory agencies. Prior periods have been reclassified to conform with the current presentation.
(b) The U.S. and non-U.S. distribution is determined based predominantly on the domicile of the borrower.
(c) The credit quality of wholesale loans is assessed primarily through ongoing review and monitoring of an obligor's ability to meet contractual obligations rather than relying on the past due status, which is generally a lagging indicator of credit quality. For a discussion of more significant risk factors, see Note 14 on page 235 of JPMorgan Chase's 2011 Annual Report.
(d) Represents loans that are considered well-collateralized and therefore still accruing interest.
(e) Other primarily includes loans to SPEs and loans to private banking clients. See Note 1 on pages 182–183 of JPMorgan Chase's 2011 Annual Report for additional information on SPEs.

The following table presents additional information on the real estate class of loans within the Wholesale portfolio segment for the periods indicated. For further information on real estate loans, see Note 14 on pages 231–252 of JPMorgan Chase's 2011 Annual Report.

(in millions, except ratios)	Multifamily	Commercial lessors

	Sep 30, 2012		Dec 31, 2011		Sep 30, 2012		Dec 31, 2011	
Real estate retained loans	$36,653		$32,524		$15,034		$14,444	
Criticized exposure(a)	2,473		3,452		2,163		2,192	
% of criticized exposure to total real estate retained loans(a)	6.75	%	10.61	%	14.39	%	15.18	%
Criticized nonaccrual(a)	$336		$412		$283		$284	
% of criticized nonaccrual to total real estate retained loans(a)	0.92	%	1.27	%	1.88	%	1.97	%

(a) As of September 30, 2012, exposures deemed criticized correspond to special mention, substandard and doubtful categories as defined by bank regulatory agencies. Prior periods have been reclassified to conform with the current presentation.

156

(table continued from previous page)

Financial institutions		Government agencies		Other[e]		Total retained loans	
Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011
$26,487	$28,803	$7,755	$7,421	$78,077	$74,475	$210,551	$196,998
8,645	8,849	471	377	8,851	7,450	77,064	68,940
495	530	6	5	321	963	8,298	10,059
10	37	—	16	202	570	1,663	2,398
9,150	9,416	477	398	9,374	8,983	87,025	81,397
$35,637	$38,219	$8,232	$7,819	$87,451	$83,458	$297,576	$278,395
1.42 %	1.48 %	0.07 %	0.27 %	0.60 %	1.84 %	3.35 %	4.47 %
0.03	0.10	—	0.20	0.23	0.68	0.56	0.86
$25,077	$29,996	$865	$583	$37,015	$32,275	$99,315	$95,164
10,560	8,223	7,367	7,236	50,436	51,183	198,261	183,231
$35,637	$38,219	$8,232	$7,819	$87,451	$83,458	$297,576	$278,395
$35,515	$38,129	$8,232	$7,780	$86,117	$81,802	$294,353	$274,158
111	51	—	23	1,067	1,072	1,430	1,739
1	2	—	—	65	14	130	100
10	37	—	16	202	570	1,663	2,398
$35,637	$38,219	$8,232	$7,819	$87,451	$83,458	$297,576	$278,395

(table continued from previous page)

Commercial construction and development		Other		Total real estate loans	
Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011
$3,054	$3,148	$4,475	$4,568	$59,216	$54,684
181	304	185	422	5,002	6,370
5.93 %	9.66 %	4.13 %	9.24 %	8.45 %	11.65 %
$20	$69	$56	$121	$695	$886
0.65 %	2.19 %	1.25 %	2.65 %	1.17 %	1.62 %

157

Wholesale impaired loans and loan modifications

Wholesale impaired loans include loans that have been placed on nonaccrual status and/or that have been modified in a troubled debt restructuring ("TDR"). All impaired loans are evaluated for an asset-specific allowance as described in Note 14 on page 176 of this Form 10-Q.

The table below provides information about the Firm's wholesale impaired loans.

(in millions)	Commercial and industrial Sep 30, 2012	Dec 31, 2011	Real estate Sep 30, 2012	Dec 31, 2011	Financial institutions Sep 30, 2012	Dec 31, 2011	Government agencies Sep 30, 2012	Dec 31, 2011	Other Sep 30, 2012	Dec 31, 2011	Total retained loans Sep 30, 2012	Dec 31, 2011
Impaired loans												
With an allowance	$756	$828	$525	$621	$6	$21	$—	$16	$103	$473	$1,390	$1,959
Without an allowance[(a)]	73	177	182	292	4	18	—	—	99	103	358	590
Total impaired loans	$829	$1,005	$707	$913	$10	$39	$—	$16	$202	$576	$1,748	$2,549
Allowance for loan losses related to impaired loans	$248	$276	$108	$148	$2	$5	$—	$10	$30	$77	$388	$516
Unpaid principal balance of impaired loans[(b)]	1,376	1,705	882	1,124	26	63	—	17	334	1,008	2,618	3,917

(a) When the discounted cash flows, collateral value or market price equals or exceeds the recorded investment in the loan, then the loan does not require an allowance. This typically occurs when the impaired loans have been partially charged-off and/or there have been interest payments received and applied to the loan balance.

(b) Represents the contractual amount of principal owed at September 30, 2012, and December 31, 2011. The unpaid principal balance differs from the impaired loan balances due to various factors, including charge-offs; interest payments received and applied to the carrying value; net deferred loan fees or costs; and unamortized discount or premiums on purchased loans.

The following table presents the Firm's average impaired loans for the periods indicated.

(in millions)	Three months ended September 30, 2012	2011	Nine months ended September 30, 2012	2011
Commercial and industrial	$830	$1,205	$879	$1,395
Real estate	742	1,258	825	2,034
Financial institutions	11	62	20	76
Government agencies	8	18	12	21
Other	205	634	300	634
Total[(a)]	$1,796	$3,177	$2,036	$4,160

(a) The related interest income on accruing impaired loans and interest income recognized on a cash basis were not material for the three and nine months ended September 30, 2012 and 2011.

Loan modifications

Certain loan modifications are considered to be TDRs as they provide various concessions to borrowers who are experiencing financial difficulty. All TDRs are reported as impaired loans in the tables above. For further information, see Note 14 on pages 233–234 and 238–239 of JPMorgan Chase's 2011 Annual Report.

The following table provides information about the Firm's wholesale loans that have been modified in TDRs as of the dates presented.

	Commercial and industrial		Real estate		Financial institutions		Government agencies		Other		Total retained loans	
(in millions)	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011
Loans modified in TDRs	$377	$531	$122	$176	$—	$2	$—	$16	$21	$25	$520	$750
TDRs on nonaccrual status	304	415	90	128	—	—	—	16	20	19	414	578
Additional commitments to lend to borrowers whose loans have been modified in TDRs	192	147	—	—	—	—	—	—	—	—	192	147

159

TDR activity rollforward

The following tables reconcile the beginning and ending balances of wholesale loans modified in TDRs for the periods presented and provide information regarding the nature and extent of modifications during those periods.

Three months ended September 30,	Commercial and industrial		Real estate		Other [b]		Total	
(in millions)	2012	2011	2012	2011	2012	2011	2012	2011
Beginning balance of TDRs	$464	$683	$121	$289	$30	$28	$615	$1,000
New TDRs	15	$60	14	43	4	20	33	123
Increases to existing TDRs	13	—	—	—	—	—	13	—
Charge-offs post-modification	(2)	(13)	—	(1)	—	—	(2)	(14)
Sales and other[a]	(113)	(105)	(13)	(70)	(13)	(6)	(139)	(181)
Ending balance of TDRs	$377	$625	$122	$261	$21	$42	$520	$928

Nine months ended September 30,	Commercial and industrial		Real estate		Other [b]		Total	
(in millions)	2012	2011	2012	2011	2012	2011	2012	2011
Beginning balance of TDRs	$531	$212	$176	$907	$43	$24	$750	$1,143
New TDRs	71	$642	24	103	70	26	165	771
Increases to existing TDRs	33	19	—	4	—	—	33	23
Charge-offs post-modification	(17)	(19)	(2)	(143)	(7)	—	(26)	(162)
Sales and other[a]	(241)	(229)	(76)	(610)	(85)	(8)	(402)	(847)
Ending balance of TDRs	$377	$625	$122	$261	$21	$42	$520	$928

(a) Sales and other are largely sales and paydowns, but also includes performing loans restructured at market rates that were removed from the reported TDR balance of $3 million and $54 million during the three months ended September 30, 2012 and 2011, respectively, and $43 million and $132 million during the nine months ended September 30, 2012 and 2011, respectively.

(b) Includes loans to Financial institutions, Government agencies and Other.

Financial effects of modifications and redefaults

Loans modified as TDRs are typically term or payment extensions and, to a lesser extent, deferrals of principal and/or interest on commercial and industrial and real estate loans. For the three months ended September 30, 2012 and 2011, the average term extension granted on loans with term or payment extensions was 0.3 years and 1.5 years, respectively. The weighted-average remaining term for all loans modified during these periods was 4.9 years and 2.7 years, respectively. For the nine months ended September 30, 2012 and 2011, the average term extension granted on loans with term or payment extensions was 1.0 years and 3.4 years, respectively. The weighted-average remaining term for all loans modified during these periods was 3.8 years and 4.6 years, respectively. Wholesale TDR loans that redefaulted within one year of the modification were $4 million and $5 million during the three months ended September 30, 2012 and 2011, respectively, and $80 million and $88 million during the nine months ended September 30, 2012 and 2011, respectively. A payment default is deemed to occur when the borrower has not made a loan payment by its scheduled due date after giving effect to any contractual grace period.

Consumer, excluding credit card loan portfolio

Consumer loans, excluding credit card loans, consist primarily of residential mortgages, home equity loans and lines of credit, auto loans, business banking loans, and student and other loans, with a primary focus on serving the prime consumer credit market. The portfolio also includes home equity loans secured by junior liens and mortgage loans with interest-only payment options to predominantly prime borrowers, as well as certain payment-option loans originated by Washington Mutual that may result in negative amortization.

The table below provides information about consumer retained loans by class, excluding the Credit card loan portfolio segment.

(in millions)	Sep 30, 2012	Dec 31, 2011
Residential real estate – excluding PCI		
Home equity:		
Senior lien	$19,990	$21,765
Junior lien	49,696	56,035
Mortgages:		
Prime, including option ARMs	75,636	76,196
Subprime	8,552	9,664
Other consumer loans		
Auto	48,920	47,426
Business banking	18,568	17,652
Student and other	12,521	14,143
Residential real estate – PCI		
Home equity	21,432	22,697
Prime mortgage	14,038	15,180
Subprime mortgage	4,702	4,976
Option ARMs	21,024	22,693
Total retained loans	$295,079	$308,427

Delinquency rates are a primary credit quality indicator for consumer loans, excluding credit card. Other indicators that are taken into consideration for consumer loans, excluding credit card, include:

- For residential real estate loans, including both non-PCI and PCI portfolios: The current estimated LTV ratio, or the combined LTV ratio in the case of loans with a junior lien; the geographic distribution of the loan collateral; and the borrowers' current or "refreshed" FICO score.
- For scored auto, scored business banking and student loans: The geographic distribution of the loans.
- For risk-rated business banking and auto loans: The risk rating of the loan; the geographic considerations relevant to the loan; and whether the loan is considered to be criticized and/or nonaccrual.
- For all business banking loans: The industry specific conditions relevant to the loans.

For further information on consumer credit quality indicators, see Note 14 on pages 231–252 of JPMorgan Chase's 2011 Annual Report.

Residential real estate – excluding PCI loans

The following table provides information by class for residential real estate – excluding PCI retained loans in the Consumer, excluding credit card, portfolio segment.

The following factors should be considered in analyzing certain credit statistics applicable to the Firm's residential real estate – excluding PCI loans portfolio: (i) junior lien home equity loans may be fully charged off when the loan becomes 180 days past due, the borrower is either unable or unwilling to repay the loan, and the value of the collateral does not support the repayment of the loan, resulting in relatively high charge-off rates for this product class; and (ii) the lengthening of loss-mitigation timelines may result in higher delinquency rates for loans carried at the net realizable value of the collateral that remain on the Firm's Consolidated Balance Sheets.

161

Residential real estate – excluding PCI loans

(in millions, except ratios)	Home equity Senior lien Sep 30, 2012	Dec 31, 2011	Junior lien Sep 30, 2012	Dec 31, 2011
Loan delinquency[(a)]				
Current	$19,261	$20,992	$48,520	$54,533
30–149 days past due	345	405	952	1,272
150 or more days past due	384	368	224	230
Total retained loans	$19,990	$21,765	$49,696	$56,035
% of 30+ days past due to total retained loans	3.65 %	3.55 %	2.37 %	2.68 %
90 or more days past due and still accruing	$—	$—	$—	$—
90 or more days past due and government guaranteed[(b)]	—	—	—	—
Nonaccrual loans[(c)]	973	495	2,281 [(h)]	792
Current estimated LTV ratios[(d)(e)(f)]				
Greater than 125% and refreshed FICO scores:				
Equal to or greater than 660	$237	$341	$5,155	$6,463
Less than 660	114	160	1,559	2,037
101% to 125% and refreshed FICO scores:				
Equal to or greater than 660	559	663	7,520	8,775
Less than 660	212	241	2,111	2,510
80% to 100% and refreshed FICO scores:				
Equal to or greater than 660	1,594	1,850	9,932	11,433
Less than 660	512	601	2,355	2,616
Less than 80% and refreshed FICO scores:				
Equal to or greater than 660	14,278	15,350	18,202	19,326
Less than 660	2,484	2,559	2,862	2,875
U.S. government-guaranteed	—	—	—	—
Total retained loans	$19,990	$21,765	$49,696	$56,035
Geographic region				
California	$2,845	$3,066	$11,364	$12,851
New York	2,877	3,023	9,937	10,979
Florida	913	992	2,655	3,006
Illinois	1,403	1,495	3,406	3,785
Texas	2,630	3,027	1,563	1,859
New Jersey	659	687	2,909	3,238
Arizona	1,222	1,339	2,242	2,552
Washington	667	714	1,689	1,895
Ohio	1,587	1,747	1,156	1,328
Michigan	958	1,044	1,238	1,400
All other[(g)]	4,229	4,631	11,537	13,142
Total retained loans	$19,990	$21,765	$49,696	$56,035

(a) Individual delinquency classifications included mortgage loans insured by U.S. government agencies as follows: current includes $3.4 billion and $3.0 billion; 30–149 days past due includes $2.3 billion and $2.3 billion; and 150 or more days past due includes $9.8 billion and $10.3 billion at September 30, 2012, and December 31, 2011, respectively.

(b) These balances, which are 90 days or more past due but insured by U.S. government agencies, are excluded from nonaccrual loans. In predominately all cases, 100% of the principal balance of the loans is insured and interest is guaranteed at a specified reimbursement rate subject to meeting agreed-upon servicing guidelines. These amounts are excluded from nonaccrual loans because reimbursement of insured and guaranteed amounts is proceeding normally. At September 30, 2012, and December 31, 2011, these balances included $7.2 billion and $7.0 billion, respectively, of loans that are no longer accruing interest because interest has been curtailed by the U.S. government agencies although, in predominantly all cases, 100% of the principal is still insured. For the remaining balance, interest is being accrued at the guaranteed reimbursement rate.

(c) At September 30, 2012, included an incremental $1.7 billion of loans recorded in accordance with regulatory guidance requiring loans discharged under Chapter 7 bankruptcy and not reaffirmed by the borrower to be reported as nonaccrual loans, regardless of their delinquency status. This $1.7 billion consisted of $480 million, $340 million, $481 million, and $356 million for home equity - senior lien, home equity - junior lien, prime mortgage, including option ARMs, and subprime mortgages, respectively. Certain of these individual loans have previously been reported as performing TDRs (e.g., loans that were previously modified under one of the Firm's loss mitigation programs and that have made at least six payments under the modified payment terms).

(d) Represents the aggregate unpaid principal balance of loans divided by the estimated current property value. Current property values are estimated, at a minimum, quarterly, based on home valuation models using nationally recognized home price index valuation estimates incorporating actual data to the extent available and forecasted data where actual data is not available. These property values do not represent actual appraised loan level collateral values; as such, the resulting ratios are necessarily imprecise and should be viewed as estimates.

(e) Junior lien represents combined LTV, which considers all available lien positions related to the property. All other products are presented without consideration of subordinate liens on the property.

(f) Refreshed FICO scores represent each borrower's most recent credit score, which is obtained by the Firm at least on a quarterly basis.

(g) At September 30, 2012, and December 31, 2011, included mortgage loans insured by U.S. government agencies of $15.5 billion and $15.6 billion, respectively.

(h) Includes $1.3 billion of performing junior liens at September 30, 2012, that are subordinate to senior liens that are 90 days or more past due; such junior liens are now being reported as nonaccrual loans based upon regulatory guidance issued in the first quarter of 2012. Of the total, $1.2 billion were current at September 30, 2012. Prior periods have not been restated.

(i) At September 30, 2012, and December 31, 2011, excluded mortgage loans insured by U.S. government agencies of $12.1 billion and $12.6 billion, respectively. These amounts were excluded as reimbursement of insured amounts is proceeding normally.

(table continued from previous page)
Mortgages

Prime, including option ARMs		Subprime		Total residential real estate – excluding PCI	
Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011
$60,356	$59,855	$6,884	$7,585	$135,021	$142,965
3,203	3,475	726	820	5,226	5,972
12,077	12,866	942	1,259	13,627	14,723
$75,636	$76,196	$8,552	$9,664	$153,874	$163,660
4.22 %(i)	4.96 %(i)	19.50 %	21.51 %	4.40 %(i)	4.97 %(i)
$—	$—	$—	$—	$—	$—
10,995	11,516	—	—	10,995	11,516
3,570	3,462	1,868	1,781	8,692	6,530
$2,708	$3,168	$268	$367	$8,368	$10,339
1,067	1,416	723	1,061	3,463	4,674
4,013	4,626	498	506	12,590	14,570
1,497	1,636	1,056	1,284	4,876	5,671
7,558	9,343	753	817	19,837	23,443
2,179	2,349	1,370	1,556	6,416	7,122
36,729	33,849	1,828	1,906	71,037	70,431
4,397	4,225	2,056	2,167	11,799	11,826
15,488	15,584	—	—	15,488	15,584
$75,636	$76,196	$8,552	$9,664	$153,874	$163,660
$17,470	$18,029	$1,288	$1,463	$32,967	$35,409
10,916	10,200	1,102	1,217	24,832	25,419
4,456	4,565	1,059	1,206	9,083	9,769
3,876	3,922	343	391	9,028	9,593
2,875	2,851	265	300	7,333	8,037
2,073	2,042	411	461	6,052	6,428
1,149	1,194	172	199	4,785	5,284
1,756	1,878	184	209	4,296	4,696
411	441	204	234	3,358	3,750
880	909	215	246	3,291	3,599
29,774	30,165	3,309	3,738	48,849	51,676
$75,636	$76,196	$8,552	$9,664	$153,874	$163,660

163

The following table represents the Firm's delinquency statistics for junior lien home equity loans and lines as of September 30, 2012, and December 31, 2011.

September 30, 2012 (in millions, except ratios)	Delinquencies 30–89 days past due	90–149 days past due	150+ days past due	Total loans	Total 30+ day delinquency rate	
HELOCs:[(a)]						
Within the revolving period[(b)]	$485	$200	$177	$42,227	2.04	%
Within the required amortization period	46	14	23	2,015	4.12	
HELOANs	139	68	24	5,454	4.24	
Total	$670	$282	$224	$49,696	2.37	%

December 31, 2011 (in millions, except ratios)	Delinquencies 30–89 days past due	90–149 days past due	150+ days past due	Total loans	Total 30+ day delinquency rate	
HELOCs:[(a)]						
Within the revolving period[(b)]	$606	$314	$173	$47,760	2.29	%
Within the required amortization period	45	19	15	1,636	4.83	
HELOANs	188	100	42	6,639	4.97	
Total	$839	$433	$230	$56,035	2.68	%

(a) In general, HELOCs are revolving loans for a 10-year period, after which time the HELOC converts to a loan with a 20-year amortization period.
(b) 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 experiencing financial difficulty or when the collateral does not support the loan amount.

Home equity lines of credit ("HELOCs") within the required amortization period and home equity loans ("HELOANs") have higher delinquency rates than do HELOCs within the revolving period. That is primarily because the fully-amortizing payment required for those products is higher than the minimum payment options available for HELOCs within the revolving period. The higher delinquency rates

associated with amortizing HELOCs and HELOANs are factored into the loss estimates produced by the Firm's delinquency roll-rate methodology, which estimates defaults based on the current delinquency status of a portfolio.

Impaired loans

At September 30, 2012, the Firm reported, in accordance with regulatory guidance, $1.7 billion of residential real estate loans that have been discharged under Chapter 7 bankruptcy and not reaffirmed by the borrower ("Chapter 7 loans") as collateral-dependent nonaccrual TDRs, regardless of their delinquency status. Prior periods were not restated for this policy change. Prior to September 30, 2012, the Firm's policy was to charge down to net realizable value, and also to place on nonaccrual status, loans to borrowers who had filed for bankruptcy when such loans became 60 days past due; however, the Firm did not previously report Chapter 7 loans as collateral-dependent TDRs unless otherwise modified under one of the Firm's loss mitigation programs.

The table below sets forth information about the Firm's residential real estate impaired loans, excluding PCI loans. These loans are considered to be impaired as they have been modified in a TDR. All impaired loans are evaluated for an asset-specific allowance as described in Note 14 on page 176 of this Form 10-Q.

	Home equity				Mortgages				Total residential real estate – excluding PCI	
	Senior lien		Junior lien		Prime, including option ARMs		Subprime			
(in millions)	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011
Impaired loans										

With an allowance	$518	$319	$663	$622	$5,754	$4,332	$3,109	$3,047	$10,044	$8,320
Without an allowance[(a)]	605	16	497	35	1,296	545	715	172	3,113	768
Total impaired loans[(b)(c)]	$1,123	$335	$1,160	$657	$7,050	$4,877	$3,824	$3,219	$13,157	$9,088
Allowance for loan losses related to impaired loans	$163	$80	$193	$141	$162	$4	$245	$366	$763	$591
Unpaid principal balance of impaired loans[(d)(e)]	1,468	433	2,389	994	8,936	6,190	5,659	4,827	18,452	12,444
Impaired loans on nonaccrual status[(c)]	656	77	563	159	1,838	922	1,300	832	4,357	1,990

164

(a) Represents collateral-dependent residential mortgage loans, including Chapter 7 loans, that are charged off to the fair value of the underlying collateral less cost to sell.

(b) At September 30, 2012, and December 31, 2011, $7.1 billion and $4.3 billion, respectively, of loans modified subsequent to repurchase from Government National Mortgage Association ("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 Services ("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.

(c) At September 30, 2012, included $1.7 billion of Chapter 7 loans, consisting of $507 million of senior lien home equity loans, $398 million of junior lien home equity loans, $493 million of prime including option ARMs, and $254 million of subprime mortgages. Certain of these individual loans were previously reported as nonaccrual loans (e.g., based upon the delinquency status of the loan).

(d) Represents the contractual amount of principal owed at September 30, 2012, and December 31, 2011. The unpaid principal balance differs from the impaired loan balances due to various factors, including charge-offs, net deferred loan fees or costs; and unamortized discounts or premiums on purchased loans.

(e) At September 30, 2012, included $2.9 billion of Chapter 7 loans, consisting of $696 million of senior lien home equity loans, $1.1 billion of junior lien home equity loans, $764 million of prime, including option ARMs, and $401 million of subprime mortgages.

The following table presents average impaired loans and the related interest income reported by the Firm.

Three months ended September 30,	Average impaired loans		Interest income on impaired loans[(a)]		Interest income on impaired loans on a cash basis[(a)]	
(in millions)	2012	2011	2012	2011	2012	2011
Home equity						
Senior lien	$607	$306	$6	$3	$1	$—
Junior lien	782	590	9	4	1	1
Mortgages						
Prime, including option ARMs	6,430	4,450	65	42	6	4
Subprime	3,148	3,188	45	39	7	5
Total residential real estate – excluding PCI	$10,967	$8,534	$125	$88	$15	$10

Nine months ended September 30,	Average impaired loans		Interest income on impaired loans[(a)]		Interest income on impaired loans on a cash basis[(a)]	
(in millions)	2012	2011	2012	2011	2012	2011
Home equity						
Senior lien	$445	$275	$12	$8	$2	$1
Junior lien	734	480	22	12	3	2
Mortgages						
Prime, including option ARMs	5,619	3,542	169	101	16	10
Subprime	3,252	3,035	132	110	17	11
Total residential real estate – excluding PCI	$10,050	$7,332	$335	$231	$38	$24

(a) Generally, interest income on loans modified in TDRs is recognized on a cash basis until such time as the borrower has made a minimum of six payments under the new terms. As of September 30, 2012 and 2011, $2.7 billion and $997 million, respectively, were loans on which the borrowers had not yet made six payments under their modified terms and other TDRs placed on nonaccrual status under regulatory guidance.

Loan modifications

In accordance with the terms of the global settlement, which became effective on April 5, 2012, the Firm expects to provide approximately $500 million of refinancing relief to certain "underwater" borrowers under the Refi Program and approximately $3.7 billion of additional relief to certain borrowers under the Consumer Relief Program, including reductions of principal on first and second liens.

The purpose of the Refi Program is to allow eligible borrowers who are current on their mortgage loans to refinance their existing loans; such borrowers are otherwise unable to do so because they have no equity or, in many cases, negative equity in their homes. Under the Refi Program, the interest rate on each loan that is refinanced may be reduced either for the remaining life of the loan or for five years. The Firm has determined that it will reduce the interest rates on loans that it refinances under the Refi Program for the remaining lives of those loans. The refinancings generally do not result in term extensions and accordingly, in that regard, are more similar to loan modifications than to traditional refinancings. Substantially

all of the refinancings originally expected to be performed under the Refi Program have been finalized as of September 30, 2012.

The Firm continues to modify first and second lien loans under the Consumer Relief Program. These loan modifications are primarily expected to be executed under the terms of either the U.S. Treasury's Making Home Affordable ("MHA") programs (e.g., HAMP, 2MP) or one of the Firm's proprietary modification programs. For further information on the global settlement, see Global settlement on servicing and origination of mortgages in Note 2 on pages 117–118 and Mortgage Foreclosure Investigations and Litigation in Note 23 on pages 203–204 of this Form 10-Q.

Modifications of residential real estate loans, excluding PCI loans, are generally accounted for and reported as TDRs. There were no additional commitments to lend to borrowers whose residential real estate loans, excluding PCI loans, have been modified in TDRs. For further information, see Note 14 on pages 233–234 and 243–245 of JPMorgan Chase's 2011 Annual Report.

TDR activity rollforward

The following tables reconcile the beginning and ending balances of residential real estate loans, excluding PCI loans, modified in TDRs for the periods presented.

Three months ended September 30, (in millions)	Home equity				Mortgages				Total residential real estate – excluding PCI	
	Senior lien		Junior lien		Prime, including option ARMs		Subprime			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Beginning balance of TDRs	$560	$297	$762	$538	$6,092	$3,760	$3,484	$3,129	$10,898	$7,724
New TDRs[a][b]	590	27	478	125	1,136	1,112	458	214	2,662	1,478
Charge-offs post-modification[c]	(18)	(3)	(52)	(19)	(37)	(26)	(65)	(57)	(172)	(105)
Foreclosures and other liquidations (e.g., short sales)	—	—	(1)	(2)	(28)	(35)	(26)	(26)	(55)	(63)
Principal payments and other	(9)	(5)	(27)	(13)	(113)	(83)	(27)	(26)	(176)	(127)
Ending balance of TDRs	$1,123	$316	$1,160	$629	$7,050	$4,728	$3,824	$3,234	$13,157	$8,907
Permanent modifications[b]	$1,086	$275	$1,147	$606	$6,719	$4,376	$3,653	$3,007	$12,605	$8,264
Trial modifications	$37	$41	$13	$23	$331	$352	$171	$227	$552	$643

Nine months ended September 30, (in millions)	Home equity				Mortgages				Total residential real estate – excluding PCI	
	Senior lien		Junior lien		Prime, including option ARMs		Subprime			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Beginning balance of TDRs	$335	$226	$657	$283	$4,877	$2,084	$3,219	$2,751	$9,088	$5,344
New TDRs[a][b]	833	110	667	445	2,626	2,986	942	790	5,068	4,331
Charge-offs post-modification[c]	(27)	(10)	(75)	(59)	(97)	(82)	(159)	(174)	(358)	(325)
Foreclosures and other liquidations (e.g., short sales)	—	—	(6)	(7)	(85)	(76)	(86)	(61)	(177)	(144)
Principal payments and other	(18)	(10)	(83)	(33)	(271)	(184)	(92)	(72)	(464)	(299)
Ending balance of TDRs	$1,123	$316	$1,160	$629	$7,050	$4,728	$3,824	$3,234	$13,157	$8,907
Permanent modifications[b]	$1,086	$275	$1,147	$606	$6,719	$4,376	$3,653	$3,007	$12,605	$8,264
Trial modifications	$37	$41	$13	$23	$331	$352	$171	$227	$552	$643

(a) Any permanent modification of a loan previously reported as a new TDR as the result of a trial modification is not also reported as a new TDR.

(b) For the three and nine months ended September 30, 2012, included $1.7 billion of Chapter 7 loans consisting of $507 million of senior lien home equity loans, $398 million of junior lien home equity loans, $493 million of prime, including option ARMs, and $254 million of subprime mortgages. Certain of these individual loans were previously reported as nonaccrual loans (e.g., based upon the delinquency status of the loan).

(c) Includes charge-offs on unsuccessful trial modifications.

166

Nature and extent of modifications
MHA, as well as the Firm's proprietary modification programs, generally provide various concessions to financially troubled borrowers including, but not limited to,

interest rate reductions, term or payment extensions and deferral of principal and/or interest payments that would otherwise have been required under the terms of the original agreement.

The following tables provide information about how residential real estate loans, excluding PCI loans, were modified under the Firm's loss mitigation programs during the periods presented. These tables exclude Chapter 7 loans where the sole concession granted is the discharge of debt. At September 30, 2012, these Chapter 7 loans totaled 40,701, consisting of 10,153 senior lien home equity loans, 22,625 junior lien home equity loans, 3,942 prime mortgage, including option ARMs, and 3,981 subprime mortgages.

Three months ended September 30,	Home equity				Mortgages				Total residential real estate - excluding PCI	
	Senior lien		Junior lien		Prime, including option ARMs		Subprime			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Number of loans approved for a trial modification, but not permanently modified	258	42	273	66	775	85	799	139	2,105	332
Number of loans permanently modified	1,039	262	2,178	2,555	2,947	2,772	2,396	1,963	8,560	7,552
Concession granted:(a)										
Interest rate reduction	71 %	73 %	87 %	94 %	61 %	89 %	69 %	77 %	71 %	87 %
Term or payment extension	65	96	74	84	56	94	60	83	62	88
Principal and/or interest deferred	8	13	15	22	12	19	7	19	11	20
Principal forgiveness	18	11	29	16	43	2	46	13	38	10
Other(b)	6	25	8	8	31	67	9	26	16	35

Nine months ended September 30,	Home equity				Mortgages				Total residential real estate - excluding PCI	
	Senior lien		Junior lien		Prime, including option ARMs		Subprime			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Number of loans approved for a trial modification, but not permanently modified	417	186	465	199	1,137	285	1,180	548	3,199	1,218
Number of loans permanently modified	3,736	789	6,042	7,811	7,651	8,470	8,240	4,048	25,669	21,118
Concession granted:(a)										
Interest rate reduction	81 %	76 %	89 %	95 %	75 %	49 %	70 %	79 %	77 %	73 %
	46	85	76	82	60	71	44	76	57	77

Term or payment extension										
Principal and/or interest deferred	5	7	17	21	15	13	7	18	11	17
Principal forgiveness	9	9	17	21	26	1	40	11	26	11
Other[(b)]	3	34	6	8	33	74	7	28	14	39

(a) As a percentage of the number of loans modified. The sum of the percentages exceeds 100% because predominantly all of the modifications include more than one type of concession.

(b) Represents variable interest rate to fixed interest rate modifications.

167

Financial effects of modifications and redefaults

The following tables provide information about the financial effects of the various concessions granted in modifications of residential real estate loans, excluding PCI, under the Firm's loss mitigation programs and also about redefaults of certain loans modified in TDRs for the periods presented. These tables exclude Chapter 7 loans where the sole concession granted is the discharge of debt.

Three months ended September 30, (in millions, except weighted-average data and number of loans)	Home equity				Mortgages				Total residential real estate – excluding PCI	
	Senior lien		Junior lien		Prime, including option ARMs		Subprime			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Weighted-average interest rate of loans with interest rate reductions – before TDR	7.00 %	7.40 %	5.19 %	5.44 %	5.97 %	5.87 %	7.83 %	8.26 %	6.42 %	6.34 %
Weighted-average interest rate of loans with interest rate reductions – after TDR	4.44	3.90	1.89	1.54	3.39	3.86	3.87	3.43	3.43	3.55
Weighted-average remaining contractual term (in years) of loans with term or payment extensions – before TDR	19	19	20	21	25	25	23	23	23	24
Weighted-average remaining contractual term (in years) of loans with term or payment extensions – after TDR	27	31	33	34	36	36	32	33	34	35
Charge-offs recognized upon permanent modification	$4	$1	$23	$32	$3	$10	$7	$5	$37	$48
Principal deferred	2	1	7	11	41	58	13	29	63	99
Principal forgiven	9	—	27	14	156	4	113	19	305	37
Number of loans that redefaulted within one year of permanent modification(a)	127	55	395	403	257	288	406	414	1,185	1,160
Balance of loans that redefaulted within one year of permanent modification(a)	$11	$4	$11	$18	$72	$92	$42	$51	$136	$165

Nine months ended September 30, (in millions, except weighted-average data and number of loans)	Home equity				Mortgages				Total residential real estate – excluding PCI	
	Senior lien		Junior lien		Prime, including option ARMs		Subprime			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Weighted-average interest rate of loans with interest rate reductions – before TDR	7.18 %	7.35 %	5.48 %	5.46 %	6.15 %	6.00 %	7.79 %	8.26 %	6.59 %	6.47 %
Weighted-average interest rate of loans with interest rate reductions – after TDR	4.67	3.71	1.87	1.47	3.67	3.48	4.18	3.54	3.71	3.20
Weighted-average remaining contractual term (in years) of loans with term or payment extensions – before TDR	19	18	21	21	25	25	24	23	24	24
	29	30	33	35	35	35	32	34	34	35

Weighted-average remaining contractual term (in years) of loans with term or payment extensions – after TDR										
Charge-offs recognized upon permanent modification	$6	$1	$35	$106	$26	$44	$19	$13	$86	$164
Principal deferred	5	2	20	32	126	116	39	54	190	204
Principal forgiven	13	1	38	58	225	9	275	33	551	101
Number of loans that redefaulted within one year of permanent modification[(a)]	249	134	1,065	733	677	819	1,055	1,402	3,046	3,088
Balance of loans that redefaulted within one year of permanent modification[(a)]	$20	$11	$36	$33	$190	$248	$115	$205	$361	$497

(a) Represents loans permanently modified in TDRs that experienced a payment default in the period presented, and for which the payment default occurred within one year of the modification. The dollar amounts presented represent the balance of such loans at the end of the reporting period in which they defaulted. For residential real estate loans modified in TDRs, payment default is deemed to occur when the loan becomes two contractual payments past due. In the event that a modified loan redefaults, it is probable that the loan will ultimately be liquidated through foreclosure or another similar type of liquidation transaction. Redefaults of loans modified within the last 12 months may not be representative of ultimate redefault levels.

168

Approximately 85% of the trial modifications approved on or after July 1, 2010 (the approximate date on which substantial revisions were made to the HAMP program), that are seasoned more than six months have been successfully converted to permanent modifications.
The primary performance indicator for TDRs is the rate at which permanently modified loans redefault. At September 30, 2012, the cumulative redefault rates of residential real estate loans that have been modified under the Firm’s loss mitigation programs, excluding PCI loans, based upon permanent modifications that were completed after October 1, 2009, and that are seasoned more than six months are 22% for senior lien home equity, 17% for junior lien home equity, 15% for prime mortgages including option ARMs, and 27% for subprime mortgages.

Default rates of mortgage and home equity Chapter 7 loans vary significantly based on the delinquency status of the loan and overall economic conditions at the time of discharge. Default rates for Chapter 7 loans that were less than 60 days past due at the time of discharge have ranged between approximately 10% and 40% in recent years based on the economic conditions at the time of discharge.
At September 30, 2012, the weighted-average estimated remaining lives of residential real estate loans, excluding PCI loans, permanently modified in TDRs were 6.2 years for senior lien home equity, 6.8 years for junior lien home equity, 9.4 years for prime mortgage, including option ARMs and 7.3 years for subprime mortgage. The estimated remaining lives of these loans reflect estimated prepayments, both voluntary and involuntary (i.e., foreclosures and other forced liquidations).

Other consumer loans
The tables below provide information for other consumer retained loan classes, including auto, business banking and student loans.

(in millions, except ratios)	Auto		Business banking		Student and other		Total other consumer	
	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011
Loan delinquency[(a)]								
Current	$48,377	$46,891	$18,139	$17,173	$11,321	$12,905	$77,837	$76,969
30–119 days past due	536	528	262	326	750	777	1,548	1,631
120 or more days past due	7	7	167	153	450	461	624	621
Total retained loans	$48,920	$47,426	$18,568	$17,652	$12,521	$14,143	$80,009	$79,221
% of 30+ days past due to total retained loans	1.11 %	1.13 %	2.31 %	2.71 %	2.32 %[(e)]	1.76 %[(e)]	1.58 %[(e)]	1.59 %[(e)]
90 or more days past due and still accruing [(b)]	$—	$—	$—	$—	$536	$551	$536	$551
Nonaccrual loans	172 [(d)]	118	521	694	75	69	768	881
Geographic region								
California	$4,879	$4,413	$1,830	$1,342	$1,142	$1,261	$7,851	$7,016
New York	3,724	3,616	2,864	2,792	1,266	1,401	7,854	7,809
Florida	1,948	1,881	490	313	572	658	3,010	2,852
Illinois	2,582	2,496	1,400	1,364	766	851	4,748	4,711

Texas	4,599	4,467	2,753	2,680	901	1,053	8,253	8,200
New Jersey	1,919	1,829	370	376	421	460	2,710	2,665
Arizona	1,609	1,495	1,137	1,165	277	316	3,023	2,976
Washington	795	735	203	160	228	249	1,226	1,144
Ohio	2,505	2,633	1,445	1,541	793	880	4,743	5,054
Michigan	2,122	2,282	1,368	1,389	564	637	4,054	4,308
All other	22,238	21,579	4,708	4,530	5,591	6,377	32,537	32,486
Total retained loans	$48,920	$47,426	$18,568	$17,652	$12,521	$14,143	$80,009	$79,221
Loans by risk ratings(c)								
Noncriticized	$7,629	$6,775	$12,999	$11,749	NA	NA	$20,628	$18,524
Criticized performing	171	166	703	817	NA	NA	874	983
Criticized nonaccrual	4	3	414	524	NA	NA	418	527

(a) Loans insured by U.S. government agencies under the Federal Family Education Loan Program (“FFELP”) are included in the delinquency classifications presented based on their payment status.

(b) These amounts represent student loans, which are insured by U.S. government agencies under the FFELP. These amounts were accruing as reimbursement of insured amounts is proceeding normally.

(c) For risk-rated business banking and auto loans, the primary credit quality indicator is the risk rating of the loan, including whether the loans are considered to be criticized and/or nonaccrual.

(d) At September 30, 2012, included $65 million of Chapter 7 auto loans.

(e) September 30, 2012, and December 31, 2011, excluded loans 30 days or more past due and still accruing, which are insured by U.S. government agencies under the FFELP, of $910 million and $989 million, respectively. These amounts were excluded as reimbursement of insured amounts is proceeding normally.

169

Other consumer impaired loans and loan modifications

The tables below set forth information about the Firm's other consumer impaired loans, including risk-rated business banking and auto loans that have been placed on nonaccrual status, and loans that have been modified in TDRs.

(in millions)	Auto		Business banking		Total other consumer[e]	
	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011
Impaired loans						
With an allowance	$82	$88	$579	$713	$661	$801
Without an allowance[a]	82	3	—	—	82	3
Total impaired loans[b]	$164	$91	$579	$713	$743	$804
Allowance for loan losses related to impaired loans	$12	$12	$143	$225	$155	$237
Unpaid principal balance of impaired loans[c][d]	276	126	671	822	947	948
Impaired loans on nonaccrual status[b]	119	41	430	551	549	592

(a) When discounted cash flows, collateral value or market price equals or exceeds the recorded investment in the loan, then the loan does not require an allowance. This typically occurs when the impaired loans have been partially charged off and/or there have been interest payments received and applied to the loan balance.

(b) At September 30, 2012, included $81 million of Chapter 7 auto loans. Certain of these individual loans were previously reported as nonaccrual loans (e.g. based upon the delinquency status of the loan).

(c) At September 30, 2012, included $159 million of Chapter 7 auto loans.

(d) Represents the contractual amount of principal owed at September 30, 2012, and December 31, 2011. The unpaid principal balance differs from the impaired loan balances due to various factors, including charge-offs; interest payments received and applied to the principal balance; net deferred loan fees or costs; and unamortized discounts or premiums on purchased loans.

(e) There were no impaired student and other loans at September 30, 2012, and December 31, 2011.

The following table presents average impaired loans for the periods presented.

(in millions)	Average impaired loans[b]			
	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Auto	$110	$88	$97	$93
Business banking	589	751	641	762
Total other consumer[a]	$699	$839	$738	$855

(a) There were no impaired student and other loans for the three or nine months ended September 30, 2012 and 2011.

(b) The related interest income on impaired loans, including those on a cash basis, was not material for the three or nine months ended September 30, 2012 and 2011.

Loan modifications

The following table provides information about the Firm's other consumer loans modified in TDRs. All of these TDRs are reported as impaired loans in the tables above.

(in millions)	Auto		Business banking		Total other consumer[c]	
	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011
Loans modified in troubled debt restructurings[a][b][c]	$164	$88	$352	$415	$516	$503

TDRs on nonaccrual status	119	38	203	253	322	291

(a) These modifications generally provided interest rate concessions to the borrower or deferral of principal repayments.

(b) Additional commitments to lend to borrowers whose loans have been modified in TDRs as of September 30, 2012, and December 31, 2011, were immaterial.

(c) At September 30, 2012, included $81 million of Chapter 7 auto loans. Certain of these individual loans were previously reported as nonaccrual loans (e.g., based upon the delinquency status of the loan).

(d) There were no student and other loans modified in TDRs at September 30, 2012, and December 31, 2011.

170

TDR activity rollforward

The following tables reconcile the beginning and ending balances of other consumer loans modified in TDRs for the periods presented.

Three months ended September 30,	Auto		Business banking		Total other consumer	
(in millions)	2012	2011	2012	2011	2012	2011
Beginning balance of TDRs	$86	$88	$366	$429	$452	$517
New TDRs[(a)]	92	13	23	48	115	61
Charge-offs post-modification	(2)	(1)	(2)	(5)	(4)	(6)
Foreclosures and other liquidations	—	—	—	(1)	—	(1)
Principal payments and other	(12)	(14)	(35)	(41)	(47)	(55)
Ending balance of TDRs	$164	$86	$352	$430	$516	$516

Nine months ended September 30,	Auto		Business banking		Total other consumer	
(in millions)	2012	2011	2012	2011	2012	2011
Beginning balance of TDRs	$88	$91	$415	$395	$503	$486
New TDRs[(a)]	119	38	57	166	176	204
Charge-offs post-modification	(6)	(4)	(7)	(7)	(13)	(11)
Foreclosures and other liquidations	—	—	—	(3)	—	(3)
Principal payments and other	(37)	(39)	(113)	(121)	(150)	(160)
Ending balance of TDRs	$164	$86	$352	$430	$516	$516

(a) At September 30, 2012, included $81 million of Chapter 7 auto loans. Certain of these individual loans were previously reported as nonaccrual loans (e.g., based upon the delinquency status of the loan).

Financial effects of modifications and redefaults

For auto loans, TDRs typically occur in connection with the bankruptcy of the borrower. In these cases, the loan is modified with a revised repayment plan that typically incorporates interest rate reductions and, to a lesser extent, principal forgiveness. Beginning September 30, 2012, Chapter 7 auto loans are also considered TDRs.

For business banking loans, concessions are dependent on individual borrower circumstances and can be of a short-term nature for borrowers who need temporary relief or longer term for borrowers experiencing more fundamental financial difficulties. Concessions are predominantly term or payment extensions, but also may include interest rate reductions.

The balance of business banking loans modified in TDRs that experienced a payment default, and for which the payment default occurred within one year of the modification, was $6 million and $19 million, during the

three months ended September 30, 2012 and 2011, respectively, and $31 million and $64 million, during the nine months ended September 30, 2012 and 2011, respectively. The balance of auto loans modified in TDRs that experienced a payment default, and for which the payment default occurred within one year of the modification, was $13 million and $27 million during the three and nine months ended September 30, 2012, respectively. The corresponding amounts for the three and nine months ended September 30, 2011, were insignificant. A payment default is deemed to occur as follows: (1) for scored auto and business banking loans, when the loan is two payments past due; and (2) for risk-rated business banking loans and auto loans, when the borrower has not made a loan payment by its scheduled due date after giving effect to the contractual grace period, if any.

The following table provides information about the financial effects of the various concessions granted in modifications of other consumer loans for the periods presented.

	Three months ended September 30,				Nine months ended September 30,			
	Auto		Business banking		Auto		Business banking	
	2012	2011	2012	2011	2012	2011	2012	2011
	13.84 %	12.50 %	7.72 %	7.53 %	11.93 %	11.93 %	7.98 %	7.46 %

Weighted-average interest rate of loans with interest rate reductions – before TDR								
Weighted-average interest rate of loans with interest rate reductions – after TDR	4.99	5.06	5.51	5.30	4.80	5.49	5.87	5.46
Weighted-average remaining contractual term (in years) of loans with term or payment extensions – before TDR	NM	NM	1.0	0.8	NM	NM	1.0	1.4
Weighted-average remaining contractual term (in years) of loans with term or payment extensions – after TDR	NM	NM	2.2	2.0	NM	NM	2.4	2.5

171

Purchased credit-impaired loans

For a detailed discussion of PCI loans, including the related accounting policies, see Note 14 on pages 231–252 of JPMorgan Chase's 2011 Annual Report.

Residential real estate – PCI loans

The table below sets forth information about the Firm's consumer, excluding credit card, PCI loans.

	Home equity		Prime mortgage		Subprime mortgage		Option ARMs		Total PCI	
(in millions, except ratios)	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011	Sep 30, 2012	Dec 31, 2011
Carrying value[(a)]	$21,432	$22,697	$14,038	$15,180	$4,702	$4,976	$21,024	$22,693	$61,196	$65,546
Related allowance for loan losses[(b)]	1,908	1,908	1,929	1,929	380	380	1,494	1,494	5,711	5,711
Loan delinquency (based on unpaid principal balance)										
Current	$20,941	$22,682	$11,312	$12,148	$4,245	$4,388	$16,846	$17,919	$53,344	$57,137
30–149 days past due	795	1,130	755	912	678	782	1,222	1,467	3,450	4,291
150 or more days past due	1,269	1,252	2,284	3,000	1,573	2,059	5,304	6,753	10,430	13,064
Total loans	$23,005	$25,064	$14,351	$16,060	$6,496	$7,229	$23,372	$26,139	$67,224	$74,492
% of 30+ days past due to total loans	8.97 %	9.50 %	21.18 %	24.36 %	34.65 %	39.30 %	27.92 %	31.45 %	20.65 %	23.30 %
Current estimated LTV ratios (based on unpaid principal balance)[(c)(d)]										
Greater than 125% and refreshed FICO scores:										
Equal to or greater than 660	$4,925	$5,915	$1,734	$2,313	$401	$473	$1,846	$2,509	$8,906	$11,210
Less than 660	2,656	3,299	1,631	2,319	1,438	1,939	3,055	4,608	8,780	12,165
101% to 125% and refreshed FICO scores:										
	5,058	5,393	3,076	3,328	448	434	3,509	3,959	12,091	13,114

Equal to or greater than 660										
Less than 660	2,128	2,304	2,067	2,314	1,304	1,510	3,341	3,884	8,840	10,012
80% to 100% and refreshed FICO scores:										
Equal to or greater than 660	3,474	3,482	1,794	1,629	402	372	3,786	3,740	9,456	9,223
Less than 660	1,283	1,264	1,360	1,457	1,168	1,197	2,990	3,035	6,801	6,953
Lower than 80% and refreshed FICO scores:										
Equal to or greater than 660	2,463	2,409	1,295	1,276	245	198	2,529	2,189	6,532	6,072
Less than 660	1,018	998	1,394	1,424	1,090	1,106	2,316	2,215	5,818	5,743
Total unpaid principal balance	$23,005	$25,064	$14,351	$16,060	$6,496	$7,229	$23,372	$26,139	$67,224	$74,492
Geographic region (based on unpaid principal balance)										
California	$13,885	$15,091	$8,145	$9,121	$1,488	$1,661	$12,281	$13,565	$35,799	$39,438
New York	1,091	1,179	944	1,018	656	709	1,440	1,548	4,131	4,454
Florida	2,114	2,307	1,066	1,265	676	812	2,627	3,201	6,483	7,585
Illinois	517	558	449	511	349	411	606	702	1,921	2,182
Texas	400	455	154	168	379	405	120	140	1,053	1,168
New Jersey	434	471	409	445	266	297	872	969	1,981	2,182
Arizona	425	468	224	254	107	126	314	362	1,070	1,210
Washington	1,256	1,368	347	388	147	160	586	649	2,336	2,565
Ohio	28	32	74	79	102	114	92	111	296	336
Michigan	72	81	218	239	169	187	244	268	703	775
All other	2,783	3,054	2,321	2,572	2,157	2,347	4,190	4,624	11,451	12,597
Total unpaid principal balance	$23,005	$25,064	$14,351	$16,060	$6,496	$7,229	$23,372	$26,139	$67,224	$74,492

(a) Carrying value includes the effect of fair value adjustments that were applied to the consumer PCI portfolio at the date of acquisition.

(b) Management concluded as part of the Firm’s regular assessment of the PCI loan pools that it was probable that higher expected credit losses would result in a decrease in expected cash flows. As a result, an allowance for loan losses for impairment of these pools has been recognized.

(c) Represents the aggregate unpaid principal balance of loans divided by the estimated current property value. Current property values are estimated, at a minimum, quarterly, based on home valuation models using nationally recognized home price index valuation estimates incorporating actual data to the extent available and forecasted data where actual data is not available. These property values do not represent actual appraised loan level collateral values; as such, the resulting ratios are necessarily imprecise and should be viewed as estimates. Current estimated combined LTV for junior lien home equity loans considers all available lien positions related to the property.

(d) Refreshed FICO scores, which the Firm obtains at least quarterly, represent each borrower’s most recent credit score.

Approximately 21% of the PCI home equity portfolio are senior lien loans; the remaining balance are junior lien HELOANs or HELOCs. The following tables represent delinquency statistics for PCI junior lien home equity loans and lines of credit based on unpaid principal balance as of September 30, 2012, and December 31, 2011.

September 30, 2012 (in millions, except ratios)	Delinquencies 30–89 days past due	90–149 days past due	150+ days past due	Total loans	Total 30+ day delinquency rate
HELOCs:[(a)]					
Within the revolving period[(b)]	$365	$179	$592	$16,434	6.91 %
Within the required amortization period[(c)]	22	11	15	618	7.77
HELOANs	39	19	44	1,141	8.94
Total	$426	$209	$651	$18,193	7.07 %

December 31, 2011 (in millions, except ratios)	Delinquencies 30–89 days past due	90–149 days past due	150+ days past due	Total loans	Total 30+ day delinquency rate
HELOCs:[(a)]					
Within the revolving period[(b)]	$500	$296	$543	$18,246	7.34 %
Within the required amortization period[(c)]	16	11	5	400	8.00
HELOANs	53	29	44	1,327	9.50
Total	$569	$336	$592	$19,973	7.50 %

(a) In general, HELOCs are revolving loans for a 10-year period, after which time the HELOC converts to a loan with a 20-year amortization period.
(b) Substantially all undrawn HELOCs within the revolving period have been closed.
(c) Predominantly all of these loans have been modified to provide a more affordable payment to the borrower.

The table below sets forth the accretable yield activity for the Firm's PCI consumer loans for the three and nine months ended September 30, 2012 and 2011, and represents the Firm's estimate of gross interest income expected to be earned over the remaining life of the PCI loan portfolios. This table excludes the cost to fund the PCI portfolios, and therefore does not represent net interest income expected to be earned on these portfolios.

(in millions, except ratios)	Total PCI Three months ended September 30, 2012	 2011	 Nine months ended September 30, 2012	 2011
Beginning balance	$19,567	$18,083	$19,072	$19,097
Accretion into interest income	(606)	(685)	(1,902)	(2,095)
Changes in interest rates on variable-rate loans	(91)	(159)	(264)	(372)
Other changes in expected cash flows[(a)]	28	1,213	1,992	1,822
Balance at September 30	$18,898	$18,452	$18,898	$18,452
Accretable yield percentage	4.30 %	4.31 %	4.41 %	4.32 %

(a) For the three and nine months ended September 30, 2012, other changes in expected cash flows were principally driven by the impact of modifications, but also related to changes in prepayment assumptions. For the three months ended September 30, 2011, other changes in expected cash flows were predominately driven by the impact of modifications. For the nine months ended September 30, 2011, other changes in expected cash flows were largely driven by the impact of modifications, but also related to changes in prepayment assumptions.

The factors that most significantly affect estimates of gross cash flows expected to be collected, and accordingly the accretable yield balance, include: (i) changes in the benchmark interest rate indices for variable-rate products such as option ARM and home equity loans; and (ii) changes in prepayment assumptions.

Since the date of acquisition, the decrease in the accretable yield percentage has been primarily related to a decrease in interest rates on variable-rate loans and, to a lesser extent, extended loan liquidation periods. Certain events, such as extended loan liquidation periods, affect the timing of expected cash flows but not the amount of cash expected to be received (i.e., the accretable yield balance). Extended loan liquidation periods reduce the accretable yield percentage because the same accretable yield balance is recognized against a higher-than-expected loan balance over a longer-than-expected period of time.

173

Credit card loan portfolio

The Credit card portfolio segment includes credit card loans originated and purchased by the Firm, including those acquired in the Washington Mutual transaction. Prior to January 1, 2012, the Credit card portfolio segment was reported as two classes: Chase, excluding Washington Mutual, and Washington Mutual. The Washington Mutual class is a run-off portfolio that has been declining since the Firm acquired the portfolio in 2008. Effective January 1, 2012, management determined that the Washington Mutual portfolio class is no longer significant, and therefore, the Credit card portfolio segment is now being reported as one class of loans. Delinquency rates are the primary credit quality indicator for credit card loans. The geographic distribution of the loans provides insight as to the credit quality of the portfolio based on the regional economy. While the borrower's credit score is another general indicator of credit quality, because the borrower's credit score tends to be a lagging indicator, the Firm does not use credit scores as a primary indicator of credit quality. For more information on credit quality indicators, see Note 14 on pages 231–252 of JPMorgan Chase's 2011 Annual Report. The Firm generally originates new card accounts to prime consumer borrowers. However, certain cardholders' FICO scores may change over time, depending on the performance of the cardholder and changes in credit score technology.

The table below sets forth information about the Firm's credit card loans.

(in millions, except ratios)	Sep 30, 2012	Dec 31, 2011
Loan delinquency		
Current and less than 30 days past due and still accruing	$121,760	$128,464
30–89 days past due and still accruing	1,439	1,808
90 or more days past due and still accruing	1,231	1,902
Nonaccrual loans	1	1
Total retained credit card loans	$124,431	$132,175
Loan delinquency ratios		
% of 30+ days past due to total retained loans	2.15 %	2.81 %
% of 90+ days past due to total retained loans	0.99	1.44
Credit card loans by geographic region		
California	$16,573	$17,598
New York	10,080	10,594
Texas	9,902	10,239
Florida	6,997	7,583
Illinois	7,229	7,548
New Jersey	5,284	5,604
Ohio	4,841	5,202
Pennsylvania	4,386	4,779
Michigan	3,692	3,994
Virginia	3,089	3,298
All other	52,358	55,736
Total retained credit card loans	$124,431	$132,175
Percentage of portfolio based on carrying value with estimated refreshed FICO scores(a)		
Equal to or greater than 660	84.2 %	81.4 %
Less than 660	15.8	18.6

(a) Refreshed FICO scores are estimated based on a statistically significant random sample of credit card accounts in the credit card portfolio for the periods shown. The Firm obtains refreshed FICO scores at least quarterly.

Credit card impaired loans and loan modifications

For a detailed discussion of impaired credit card loans, including credit card loan modifications, see Note 14 on pages 231–252 of JPMorgan Chase's 2011 Annual Report.

The table below sets forth information about the Firm's impaired credit card loans. All of these loans are considered to be impaired as they have been modified in TDRs.

(in millions)	Sep 30, 2012	Dec 31, 2011
Impaired credit card loans with an allowance[(a)(b)]		
Credit card loans with modified payment terms[(c)]	$4,651	$6,075
Modified credit card loans that have reverted to pre-modification payment terms[(d)]	623	1,139
Total impaired credit card loans	$5,274	$7,214
Allowance for loan losses related to impaired credit card loans	$1,909	$2,727

(a) The carrying value and the unpaid principal balance are the same for credit card impaired loans.

(b) There were no impaired loans without an allowance.

(c) Represents credit card loans outstanding to borrowers enrolled in a credit card modification program as of the date presented.

(d) Represents credit card loans that were modified in TDRs but that have subsequently reverted back to the loans' pre-modification payment terms. At September 30, 2012, and December 31, 2011, $371 million and $762 million, respectively, of loans have reverted back to the pre-modification payment terms of the loans due to noncompliance with the terms of the modified loans. Based on the Firm's historical experience a substantial portion of these loans is expected to be charged-off in accordance with the Firm's standard charge-off policy. The remaining $252 million and $377 million at September 30, 2012, and December 31, 2011, respectively, of these loans are to borrowers who have successfully completed a short-term modification program. The Firm continues to report these loans as TDRs since the borrowers' credit lines remain closed.

The following table presents average balances of impaired credit card loans and interest income recognized on those loans.

(in millions)	Three months ended September 30, 2012	2011	Nine months ended September 30, 2012	2011
Average impaired credit card loans	$5,529	$8,142	$6,188	$8,829
Interest income on impaired credit card loans	73	111	242	362

Loan modifications

JPMorgan Chase may offer one of a number of loan modification programs to credit card borrowers who are experiencing financial difficulty. The Firm has short-term programs for borrowers who may be in need of temporary relief, and long-term programs for borrowers who are experiencing more fundamental financial difficulties. Most of the credit card loans have been modified under long-term programs. Modifications under long-term programs involve placing the customer on a fixed payment plan, generally for 60 months. Modifications under all short- and long-term programs typically include reducing the interest rate on the credit card. Certain borrowers enrolled in a short-term modification program may be given the option to re-enroll in a long-term program. Substantially all modifications are considered to be TDRs.

If the cardholder does not comply with the modified payment terms, then the credit card loan agreement reverts

back to its pre-modification payment terms. Assuming that the cardholder does not begin to perform in accordance with those payment terms, the loan continues to age and will ultimately be charged-off in accordance with the Firm's standard charge-off policy. In addition, if a borrower successfully completes a short-term modification program, then the loan reverts back to its pre-modification payment terms. However, in most cases, the Firm does not reinstate the borrower's line of credit.

The following table provides information regarding the nature and extent of modifications of credit card loans for the periods presented.

	New enrollments			
	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2012	2011	2012	2011
Short-term programs	$—	$36	$47	$124
Long-term programs	373	568	1,261	2,013
Total new enrollments	$373	$604	$1,308	$2,137

Financial effects of modifications and redefaults

The following table provides information about the financial effects of the concessions granted on credit card loans modified in TDRs and redefaults for the period presented.

(in millions, except weighted-average data)	Three months ended September 30, 2012	2011	Nine months ended September 30, 2012	2011
Weighted-average interest rate of loans – before TDR	15.34 %	15.89 %	15.75 %	16.15 %
Weighted-average interest rate of loans – after TDR	4.97	5.23	5.25	5.22
Loans that redefaulted within one year of modification[(a)]	$69	$154	$247	$558

(a) Represents loans modified in TDRs that experienced a payment default in the period presented, and for which the payment default occurred within one year of the modification. The amounts presented represent the balance of such loans as of the end of the quarter in which they defaulted.

For credit card loans modified in TDRs, payment default is deemed to have occurred when the loans become two payments past due. At the time of default, a loan is removed from the modification program and reverts back to its pre-modification terms. Based on historical experience, a substantial portion of these loans is expected to be charged-off in accordance with the Firm’s standard charge-off policy. In the second quarter of 2012, the Firm revised its policy for recognizing charge-offs on restructured loans that do not comply with their modified payment terms. These loans will now charge-off when they are 120 days past due rather than 180 days past due.

Based on historical experience, the estimated weighted-average ultimate default rate for modified credit card loans was 38.27% at September 30, 2012, and 35.47% at December 31, 2011.

175

Note 14 – Allowance for credit losses
For detailed discussion of the allowance for credit losses and the related accounting policies, see Note 15 on pages 252–255 JPMorgan Chase's 2011 Annual Report.
Allowance for credit losses and loans and lending-related commitments by impairment methodology
The table below summarizes information about the allowance for loan losses, loans by impairment methodology, the allowance for lending-related commitments and lending-related commitments by impairment methodology.

	2012				2011			
Nine months ended September 30, (in millions)	Wholesale	Consumer, excluding credit card	Credit card	Total	Wholesale	Consumer, excluding credit card	Credit card	Total
Allowance for loan losses								
Beginning balance at January 1,	$4,316	$16,294	$6,999	$27,609	$4,761	$16,471	$11,034	$32,266
Gross charge-offs	213	4,001 (b)	4,494	8,708	485	4,109	6,527	11,121
Gross recoveries	(233)	(393)	(647)	(1,273)	(391)	(408)	(992)	(1,791)
Net charge-offs/(recoveries)	(20)	3,608 (b)	3,847	7,435	94	3,701	5,535	9,330
Provision for loan losses	(14)	314	2,347	2,647	(347)	3,731	2,035	5,419
Other	11	(12)	4	3	(18)	19	(6)	(5)
Ending balance at September 30,	$4,333	$12,988	$5,503	$22,824	$4,302	$16,520	$7,528	$28,350
Allowance for loan losses by impairment methodology								
Asset-specific[(a)]	$388	$918	$1,909 (c)	$3,215	$670	$1,016	$3,052 (c)	$4,738
Formula-based	3,945	6,359	3,594	13,898	3,632	10,563	4,476	18,671
PCI	—	5,711	—	5,711	—	4,941	—	4,941
Total allowance for loan losses	$4,333	$12,988	$5,503	$22,824	$4,302	$16,520	$7,528	$28,350
Loans by impairment methodology								
Asset-specific	$1,748	$13,900	$5,274	$20,922	$3,053	$9,096	$7,820	$19,969
Formula-based	295,805	219,983	119,157	634,945	252,713	233,880	119,221	605,814
PCI	23	61,196	—	61,219	33	67,128	—	67,161
Total retained loans	$297,576	$295,079	$124,431	$717,086	$255,799	$310,104	$127,041	$692,944
Impaired collateral-dependent loans								
Net charge-offs	$57	$992 (b)	$—	$1,049	$73	$79	$—	$152
Carrying value	590	3,251	—	3,841	997	847	—	1,844
Allowance for lending-related commitments								
Beginning balance at January 1,	$666	$7	$—	$673	$711	$6	$—	$717

Provision for lending-related commitments	83	(1)	—	82	(29)	—	—	(29)
Other	(4)	1	—	(3)	(2)	—	—	(2)
Ending balance at September 30,	$745	$7	$—	$752	$680	$6	$—	$686
Allowance for lending-related commitments by impairment methodology								
Asset-specific	$191	$—	$—	$191	$156	$—	$—	$156
Formula-based	554	7	—	561	524	6	—	530
Total allowance for lending-related commitments	$745	$7	$—	$752	$680	$6	$—	$686
Lending-related commitments by impairment methodology								
Asset-specific	$586	$—	$—	$586	$705	$—	$—	$705
Formula-based	421,971	62,183	534,333	1,018,487	378,977	64,581	528,830	972,388
Total lending-related commitments	$422,557	$62,183	$534,333	$1,019,073	$379,682	$64,581	$528,830	$973,093

(a) Includes risk-rated loans that have been placed on nonaccrual status and loans that have been modified in a TDR.

(b) Consumer, excluding credit card, charge-offs for the nine months ended September 30, 2012 included $825 million of incremental charge-offs for Chapter 7 residential real estate loans and $55 million of incremental charge-offs for Chapter 7 auto loans.

(c) The asset-specific credit card allowance for loan losses is related to loans that have been modified in a TDR; such allowance is calculated based on the loans' original contractual interest rates and does not consider any incremental penalty rates.

176

Note 15 – Variable interest entities

For a further description of JPMorgan Chase's accounting policies regarding consolidation of variable interest entities ("VIEs"), see Note 1 on pages 182–183 of JPMorgan Chase's 2011 Annual Report.

The following table summarizes the most significant types of Firm-sponsored VIEs by business segment.

Line-of-Business	Transaction Type	Activity	Form 10-Q page reference
Card	Credit card securitization trusts	Securitization of both originated and purchased credit card receivables	177
	Other securitization trusts	Securitization of originated automobile and student loans	177–179
RFS	Mortgage securitization trusts	Securitization of originated and purchased residential mortgages	177–179
IB	Mortgage and other securitization trusts	Securitization of both originated and purchased residential and commercial mortgages, automobile and student loans	177–179
	Multi-seller conduits Investor intermediation activities:	Assist clients in accessing the financial markets in a cost-efficient manner and structures transactions to meet investor needs	179
	Municipal bond vehicles		179–180
	Credit-related note and asset swap vehicles		180

The Firm also invests in and provides financing and other services to VIEs sponsored by third parties, as described on page 180 of this Note and Note 16 on page 263 of JPMorgan Chase's 2011 Annual Report.

Significant Firm-sponsored variable interest entities

Credit card securitizations

For a more detailed discussion of JPMorgan Chase's involvement with credit card securitizations, see Note 16 on page 257 of JPMorgan Chase's 2011 Annual Report.

As a result of the Firm's continuing involvement, the Firm is considered to be the primary beneficiary of its Firm-sponsored credit card securitization trusts. This includes the Firm's primary card securitization trust, Chase Issuance Trust. See the table on page 181 of this Note for further information on consolidated VIE assets and liabilities.

Firm-sponsored mortgage and other securitization trusts

The Firm securitizes (or has securitized) originated and purchased residential mortgages, commercial mortgages and other consumer loans (including automobile and student loans) primarily in its IB and Card businesses. Depending on the particular transaction, as well as the respective business involved, the Firm may act as the servicer of the loans and/or retain certain beneficial interest in the securitization trusts.

For a detailed discussion of the Firm's involvement with Firm-sponsored mortgage and other securitization trusts, as well as the accounting treatment relating to such trusts, see Note 16 on pages 257–259 of JPMorgan Chase's 2011 Annual Report.

177

The following table presents the total unpaid principal amount of assets held in Firm-sponsored securitization entities, including those in which the Firm has continuing involvement and those that are consolidated by the Firm. Continuing involvement includes servicing the loans; holding senior interests or subordinated interests; recourse or guarantee arrangements; and derivative transactions. In certain instances, the Firm's only continuing involvement is servicing the loans. See Securitization activity on pages 181–182 of this Note for further information regarding the Firm's cash flows with and interests retained in nonconsolidated VIEs.

	Principal amount outstanding			JPMorgan Chase interest in securitized assets in nonconsolidated VIEs[e][f][g]		
September 30, 2012[a] (in billions)	Total assets held by securitization VIEs	Assets held in consolidated securitization VIEs	Assets held in nonconsolidated securitization VIEs with continuing involvement	Trading assets	AFS securities	Total interests held by JPMorgan Chase
Securitization-related						
Residential mortgage:						
Prime[b]	$113.1	$ 2.7	$ 90.7	$0.5	$0.1	$0.6
Subprime	35.9	1.5	32.1	—	—	—
Option ARMs	27.4	0.2	27.2	—	—	—
Commercial and other[c]	136.6	—	86.0	1.4	2.8	4.2
Total	$313.0	$ 4.4	$ 236.0	$1.9	$2.9	$4.8

	Principal amount outstanding			JPMorgan Chase interest in securitized assets in nonconsolidated VIEs[e][f][g]		
December 31, 2011[a] (in billions)	Total assets held by securitization VIEs	Assets held in consolidated securitization VIEs	Assets held in nonconsolidated securitization VIEs with continuing involvement	Trading assets	AFS securities	Total interests held by JPMorgan Chase
Securitization-related						
Residential mortgage:						
Prime[b]	$129.9	$ 2.7	$ 101.0	$0.6	$—	$0.6
Subprime	39.4	1.4	35.8	—	—	—
Option ARMs	31.4	0.3	31.1	—	—	—
Commercial and other[c]	139.3	—	93.3	1.7	2.0	3.7
Total[d]	$340.0	$ 4.4	$ 261.2	$2.3	$2.0	$4.3

(a) Excludes U.S. government agency securitizations. See pages 182–183 of this Note for information on the Firm's loan sales to U.S. government agencies.

(b) Includes Alt-A loans.

(c) Consists of securities backed by commercial loans (predominantly real estate) and non-mortgage-related consumer receivables purchased from third parties. The Firm generally does not retain a residual interest in its sponsored commercial mortgage securitization transactions.

(d) Prior period amounts have been revised to conform with the current presentation methodology.

(e) The table excludes the following: retained servicing (see Note 16 on pages 184–187 of this Form 10-Q for a discussion of MSRs); securities retained from loans sales to U.S. government agencies; interest rate and foreign exchange derivatives primarily used to manage interest rate and foreign exchange risks of securitization entities (See Note 5 on pages 136–144 of this Form 10-Q for further information on derivatives); senior and subordinated securities of $303 million and $168 million, respectively, at September 30, 2012, and $110 million and $8 million, respectively, at December 31, 2011, which the Firm purchased in connection with IB's secondary market-making activities.

(f) Includes interests held in re-securitization transactions.

(g) As of September 30, 2012, and December 31, 2011, 69% and 68%, respectively, of the Firm's retained securitization interests, which are carried at fair value, were risk-rated "A" or better, on an S&P-equivalent basis. The retained interests in prime residential mortgages consisted of $165 million and $136 million of investment-grade and $388 million and $427 million of noninvestment-grade retained interests at September 30, 2012, and December 31, 2011, respectively. The retained interests in commercial and other securitizations trusts consisted of $4.0 billion and $3.4 billion of investment-grade and $195 million and $283 million of noninvestment-grade retained interests at September 30, 2012, and December 31, 2011, respectively.

178

Residential mortgages
For a more detailed description of the Firm's involvement with residential mortgage securitizations, see Note 16 on page 259 of JPMorgan Chase's 2011 Annual Report.
At September 30, 2012, and December 31, 2011, the Firm did not consolidate the assets of certain Firm-sponsored residential mortgage securitization VIEs, in which the Firm had continuing involvement, primarily due to the fact that the Firm did not hold an interest in these trusts that could potentially be significant to the trusts. See the table on page 181 of this Note for more information on the consolidated residential mortgage securitizations, and the table on the previous page of this Note for further information on interests held in nonconsolidated residential mortgage securitizations.
Commercial mortgages and other consumer securitizations
IB originates and securitizes commercial mortgage loans, and engages in underwriting and trading activities involving the securities issued by securitization trusts. For a more detailed description of the Firm's involvement with commercial mortgage and other consumer securitizations, see Note 16 on page 259 of JPMorgan Chase's 2011 Annual Report. See the table on the previous page of this Note for more information on the consolidated commercial mortgage securitizations, and the table on the previous page of this Note for further information on interests held in nonconsolidated securitizations.
Re-securitizations
For a more detailed description of JPMorgan Chase's
participation in re-securitization transactions, see Note 16 on pages 259–260 of JPMorgan Chase's 2011 Annual Report.
During the three and nine months ended September 30, 2012, the Firm transferred $2.0 billion and $8.0 billion, respectively, of securities to agency VIEs, and $45 million and $286 million, respectively, of securities to private-label VIEs. During the three and nine months ended September 30, 2011, the Firm transferred $2.8 billion and $20.1 billion, respectively, of securities to agency VIEs, and $189 million and $381 million, respectively, of securities to private-label VIEs.
As of September 30, 2012, and December 31, 2011, the Firm did not consolidate any agency re-securitizations. As of September 30, 2012, and December 31, 2011, the Firm consolidated $140 million and $348 million, respectively, of assets, and $4 million and $139 million, respectively, of liabilities of private-label re-securitizations. See the table on page 181 of this Note for more information on the consolidated re-securitization transactions.

As of September 30, 2012, and December 31, 2011, total assets of nonconsolidated Firm-sponsored private-label re-securitization entities were $1.3 billion and $3.3 billion, respectively. At September 30, 2012, and December 31, 2011, the Firm held approximately $1.9 billion and $3.6 billion, respectively, of interests in nonconsolidated agency re-securitization entities, and $4 million and $14 million, respectively, of senior and subordinated interests in nonconsolidated private-label re-securitization entities. See the table on page 178 of this Note for further information on interests held in nonconsolidated securitizations.
Multi-seller conduits
For a more detailed description of JPMorgan Chase's principal involvement with Firm-administered multi-seller conduits, see Note 16 on page 260 of JPMorgan Chase's 2011 Annual Report.
In the normal course of business, JPMorgan Chase trades and invests in commercial paper, including commercial paper issued by the Firm-administered multi-seller conduits. The Firm held $14.0 billion and $11.3 billion of the commercial paper issued by the Firm-administered multi-seller conduits at September 30, 2012, and December 31, 2011, which was eliminated in consolidation. The Firm's investments were not driven by market illiquidity and the Firm is not obligated under any agreement to purchase the commercial paper issued by the Firm-administered multi-seller conduits.
Deal-specific liquidity facilities, program-wide liquidity and credit enhancement provided by the Firm have been eliminated in consolidation. The Firm provides lending-related commitments to certain clients of the Firm-administered multi-seller conduits. The unfunded portion of these commitments was $12.1 billion and $10.8 billion at September 30, 2012, and December 31, 2011, respectively, which are reported as off-balance sheet lending-related commitments. For more information on off-balance sheet lending-related commitments, see Note 21 on pages 192–196 of this Form 10-Q.

VIEs associated with investor intermediation activities

Municipal bond vehicles

For a more detailed description of JPMorgan Chase's principal involvement with municipal bond vehicles, see Note 16 on pages 260–261 of JPMorgan Chase's 2011 Annual Report.

179

The Firm’s exposure to nonconsolidated municipal bond VIEs at September 30, 2012, and December 31, 2011, including the ratings profile of the VIEs’ assets, was as follows.

(in billions)	Fair value of assets held by VIEs	Liquidity facilities	Excess/(deficit)[a]	Maximum exposure
Nonconsolidated municipal bond vehicles				
September 30, 2012	$14.3	$8.0	$ 6.3	$8.0
December 31, 2011	13.5	7.9	5.6	7.9

	Ratings profile of VIE assets[b]						
	Investment-grade				Noninvestment-grade	Fair value of assets held by VIEs	Wt. avg. expected life of assets (years)
(in billions, except where otherwise noted)	AAA to AAA-	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ and below		
September 30, 2012	$1.6	$11.9	$0.8	$—	$ —	$14.3	6.0
December 31, 2011	1.5	11.2	0.7	—	0.1	13.5	6.6

(a) Represents the excess/(deficit) of the fair values of municipal bond assets available to repay the liquidity facilities, if drawn.
(b) The ratings scale is based on the Firm’s internal risk ratings and is presented on an S&P-equivalent basis.

Credit-related note and asset swap vehicles

For a more detailed description of JPMorgan Chase’s principal involvement with credit-related note and asset swap vehicles, see Note 16 on pages 261–263 of JPMorgan Chase’s 2011 Annual Report.

Exposure to nonconsolidated credit-related note and asset swap VIEs at September 30, 2012, and December 31, 2011, was as follows.

September 30, 2012 (in billions)	Net derivative receivables	Total exposure[a]	Par value of collateral held by VIEs[b]
Credit-related notes			
Static structure	$0.8	$0.8	$6.4
Managed structure	1.8	1.8	5.3
Total credit-related notes	2.6	2.6	11.7
Asset swaps	0.7	0.7	7.7
Total	$3.3	$3.3	$19.4

December 31, 2011 (in billions)	Net derivative receivables	Total exposure[a]	Par value of collateral held by VIEs[b]
Credit-related notes			
Static structure	$1.0	$1.0	$9.1
Managed structure	2.7	2.7	7.7
Total credit-related notes	3.7	3.7	16.8
Asset swaps	0.6	0.6	8.6
Total	$4.3	$4.3	$25.4

(a) On–balance sheet exposure that includes net derivative receivables and trading assets – debt and equity instruments.
(b) The Firm’s maximum exposure arises through the derivatives executed with the VIEs; the exposure varies over time with changes in the fair value of the derivatives. The Firm relies on the collateral held by the VIEs to pay any amounts due under the derivatives; the vehicles are structured at inception so that the par value of the collateral is expected to be sufficient to pay amounts due under the derivative contracts.

The Firm consolidated credit-related note vehicles with collateral fair values of $516 million and $231 million, at September 30, 2012, and December 31, 2011, respectively. These consolidated VIEs included some that were structured by the Firm, where the Firm provides the credit derivative, and some that have been structured by third parties where the Firm is not the credit derivative provider. The Firm consolidated these vehicles, because it held positions in these entities that provided the Firm with control of certain vehicles. The Firm did not consolidate any asset swap vehicles at September 30, 2012, and December 31, 2011.

VIEs sponsored by third parties

The Firm also invests in and provides financing and other services to VIEs sponsored by third parties, as described on page 263 of JPMorgan Chase’s 2011 Annual Report.

VIE used in FRBNY transaction

In conjunction with the Bear Stearns merger, in June 2008, the Federal Reserve Bank of New York (“FRBNY”) took control, through an LLC formed for this purpose, of a portfolio of $30.0 billion in assets, based on the value of the portfolio as of March 14, 2008. The assets of the LLC were funded by a $28.85 billion term loan from the FRBNY and a $1.15 billion subordinated loan from JPMorgan Chase. The JPMorgan Chase loan is subordinated to the FRBNY loan and will bear the first $1.15 billion of any losses of the portfolio. Any remaining assets in the portfolio after repayment of the FRBNY loan, repayment of the JPMorgan Chase loan and the expense of the LLC will be for the account of the FRBNY. The extent to which the FRBNY and JPMorgan Chase loans will be repaid will depend on the value of the assets in the portfolio and the liquidation strategy directed by the FRBNY. The Firm does not consolidate the LLC, as it does not have the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance. In June 2012, the FRBNY loan was repaid in full and the Firm has subsequently received substantial repayments of its loan. During the three and nine months ended September 30, 2012, JPMorgan Chase recognized a pretax gain of $98 million and $663 million, respectively, reflecting the expected recovery on the $1.15 billion subordinated loan plus contractual interest.

Consolidated VIE assets and liabilities

The following table presents information on assets and liabilities related to VIEs consolidated by the Firm as of September 30, 2012, and December 31, 2011.

	Assets				Liabilities		
September 30, 2012 (in billions)[(a)]	Trading assets – debt and equity instruments	Loans	Other[(d)]	Total assets[(e)]	Beneficial interests in VIE assets[(f)]	Other[(g)]	Total liabilities
VIE program type							
Firm-sponsored credit card trusts	$—	$45.5	$0.7	$46.2	$29.4	$—	$29.4
Firm-administered multi-seller conduits	—	25.6	0.2	25.8	11.8	—	11.8
Municipal bond vehicles	10.8	—	—	10.8	11.8	—	11.8
Mortgage securitization entities[(b)]	1.4	2.1	—	3.5	2.3	1.2	3.5
Other[(c)]	0.8	3.9	1.1	5.8	2.6	0.1	2.7
Total	$13.0	$77.1	$2.0	$92.1	$57.9	$1.3	$59.2

	Assets				Liabilities		
December 31, 2011 (in billions)[(a)]	Trading assets – debt and equity instruments	Loans	Other[(d)]	Total assets[(e)]	Beneficial interests in VIE assets[(f)]	Other[(g)]	Total liabilities
VIE program type							
Firm-sponsored credit card trusts	$—	$50.7	$0.8	$51.5	$32.5	$—	$32.5
Firm-administered multi-seller conduits	—	29.7	0.2	29.9	18.7	—	18.7
Municipal bond vehicles	9.2	—	0.1	9.3	9.2	—	9.2
Mortgage securitization entities[(b)]	1.4	2.3	—	3.7	2.3	1.3	3.6
Other[(c)]	1.5	4.1	1.5	7.1	3.3	0.2	3.5
Total	$12.1	$86.8	$2.6	$101.5	$66.0	$1.5	$67.5

(a) Excludes intercompany transactions which were eliminated in consolidation.

(b) Includes residential and commercial mortgage securitizations as well as re-securitizations.

(c) Primarily comprises student loan securitization entities. The Firm consolidated $3.8 billion and $4.1 billion of student loan securitization entities as of September 30, 2012, and December 31, 2011, respectively.

(d) Includes assets classified as cash, derivative receivables, AFS securities, and other assets within the Consolidated Balance Sheets.

(e) The assets of the consolidated VIEs included in the program types above are used to settle the liabilities of those entities. The difference between total assets and total liabilities recognized for consolidated VIEs represents the Firm's interest in the consolidated VIEs for each program type.

(f) The interest-bearing beneficial interest liabilities issued by consolidated VIEs are classified in the line item on the Consolidated Balance Sheets titled, "Beneficial interests issued by consolidated variable interest entities." The holders of these beneficial interests do not have recourse to the general credit of JPMorgan Chase. Included in beneficial interests in VIE assets are long-term beneficial interests of $34.4 billion and $39.7 billion at September 30, 2012, and December 31, 2011, respectively. The maturities of the long-term beneficial interests as of September

30, 2012, were as follows: $13.0 billion under one year, $15.0 billion between one and five years, and $6.4 billion over five years.

(g) Includes liabilities classified as accounts payable and other liabilities on the Consolidated Balance Sheets.

Supplemental information on loan securitizations

The Firm securitizes and sells a variety of loans, including residential mortgage, credit card, automobile, student and commercial (primarily related to real estate) loans, as well as debt securities. The primary purposes of these securitization transactions are to satisfy investor demand and to generate liquidity for the Firm.

Securitization activity

The following tables provide information related to the Firm's securitization activities for the three and nine months ended September 30, 2012 and 2011, related to assets held in JPMorgan Chase-sponsored securitization entities that were not consolidated by the Firm, and sale accounting was achieved based on the accounting rules in effect at the time of the securitization.

181

	Three months ended September 30,				Nine months ended September 30,			
	2012		2011		2012		2011	
(in millions, except rates)	Residential mortgage[c][d]	Commercial and other[e]	Residential mortgage[c][d]	Commercial and other[e]	Residential mortgage[c][d]	Commercial and other[e]	Residential mortgage[c][d]	Commercial and other[e]
Principal securitized	$—	$ 1,004	$—	$ 1,862	$—	$ 3,918 (f)	$—	$ 4,802
All cash flows during the period:								
Proceeds from new securitizations[a]	$—	$ 1,004	$—	$ 1,878	$—	$ 3,918 (f)	$—	$ 4,966
Servicing fees collected	155	1	164	1	506	3	576	3
Purchases of previously transferred financial assets (or the underlying collateral)[b]	46	—	37	—	157	—	733	—
Cash flows received on the interests that continue to be held by the Firm	49	34	56	55	146	116	178	135

(a) Proceeds from commercial mortgage securitizations were received in the form of securities. For the three and nine months ended September 30, 2012, $1.0 billion and $3.9 billion, respectively, of commercial mortgage securitizations were classified in level 2 of the fair value hierarchy. For the three and nine months ended September 30, 2011, $1.2 billion and $681 million, respectively, and $3.8 billion and $1.2 billion, respectively, of commercial mortgage securitizations were classified in levels 2 and 3 of the fair value hierarchy.

(b) Includes cash paid by the Firm to reacquire assets from off–balance sheet, nonconsolidated entities – for example, loan repurchases due to representation and warranties and servicer clean-up calls.

(c) Includes prime, Alt-A, subprime, and option ARMs. Excludes sales for which the Firm did not securitize the loan (including loans sold to Ginnie Mae, Fannie Mae and Freddie Mac).

(d) There were no residential mortgage securitizations during the three and nine months ended September 30, 2012 and 2011.

(e) Includes commercial and student loan securitizations.

(f) Includes $851 million of principal and $859 million of proceeds from commercial securitizations co-sponsored by third parties for the nine months ended September 30, 2012.

Loans sold to agencies and other third-party-sponsored securitization entities

In addition to the amounts reported in the securitization activity tables above, the Firm, in the normal course of business, sells originated and purchased mortgage loans on a nonrecourse basis, predominantly to Ginnie Mae, Fannie Mae and Freddie Mac (the “Agencies”). These loans are sold primarily for the purpose of securitization by the Agencies, which also provide credit enhancement of the loans through certain guarantee provisions. The Firm does not consolidate these securitization vehicles as it is not the primary beneficiary. For a limited number of loan sales, the Firm is obligated to share a portion of the credit risk associated with the sold loans with the purchaser. See Note 21 on pages 192–196 of this Form 10-Q for additional information about the Firm’s loans sales- and securitization-related indemnifications.

The following table summarizes the activities related to loans sold to U.S. government-sponsored agencies and third-party-sponsored securitization entities.

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2012	2011	2012	2011
Carrying value of loans sold[(a)(b)]	$48,203	$39,130	$132,293	$110,986
Proceeds received from loan sales as cash	2,088	1,298	4,048	2,203
Proceeds from loans sales as securities[(c)]	45,561	37,252	126,686	106,935
Total proceeds received from loan sales	$47,649	$38,550	$130,734	$109,138
Gains on loan sales	50	43	141	95

(a) Predominantly to U.S. government agencies.

(b) MSRs were excluded from the above table. See Note 16 on pages 184–187 of this Form 10-Q for further information on originated MSRs.

(c) Predominantly includes securities from U.S. government agencies that are generally sold shortly after receipt.

182

Options to repurchase delinquent loans
In addition to the Firm's obligation to repurchase certain loans due to material breaches of representations and warranties as discussed in Note 21 on pages 192–196 of this Form 10-Q, the Firm also has the option to repurchase delinquent loans that it services for Ginnie Mae loan pools, as well as for other U.S. government agencies in certain arrangements. The Firm typically elects to repurchase delinquent loans from Ginnie Mae loan pools as it continues to service them and/or manage the foreclosure process in accordance with the applicable requirements, and such loans continue to be insured or guaranteed. When the Firm's repurchase option becomes exercisable, such loans must be reported on the Consolidated Balance Sheets as a loan with a corresponding liability. As of September 30, 2012, and December 31, 2011, the Firm had recorded on its Consolidated Balance Sheets $15.5 billion and $15.7 billion, respectively, of loans that either had been repurchased or for which the Firm had an option to repurchase. Predominately all of the amounts presented above relate to loans that have been repurchased from Ginnie Mae loan pools. Additionally, real estate owned resulting from voluntary repurchases of loans was $1.5 billion and $1.0 billion as of September 30, 2012, and December 31, 2011, respectively. Substantially all of these loans and real estate owned are insured or guaranteed by U.S. government agencies, and where applicable, reimbursement is proceeding normally. For additional information, refer to Note 13 on pages 154–175 of this Form 10-Q and Note 14 on pages 231–252 of JPMorgan Chase's 2011 Annual Report.

JPMorgan Chase's interest in securitized assets held at fair value
The following table outlines the key economic assumptions used to determine the fair value, as of September 30, 2012, and December 31, 2011, of certain of the Firm's retained interests in nonconsolidated VIEs (other than MSRs), that are valued using modeling techniques. The table also outlines the sensitivities of those fair values to immediate 10% and 20% adverse changes in assumptions used to determine fair value. For a discussion of MSRs, see Note 16 on pages 184–187 of this Form 10-Q.

(in millions, except rates and where otherwise noted)	Commercial and other September 30, 2012		December 31, 2011[d]	
JPMorgan Chase interests in securitized assets[a][b]	$1,366		$1,585	
Weighted-average life (in years)	6.7		1.0	
Weighted-average discount rate[c]	4.2	%	59.1	%
Impact of 10% adverse change	$(33	)	$(45	)
Impact of 20% adverse change	(65	)	(76	)

(a) The Firm's interests in prime mortgage securitizations were $553 million and $555 million, as of September 30, 2012, and December 31, 2011, respectively. These include retained interests in Alt-A loans and re-securitization transactions. The Firm's interests in subprime mortgage securitizations were $52 million and $31 million, as of September 30, 2012, and December 31, 2011, respectively. Additionally, the Firm had interests in option ARM mortgage securitizations of zero and $23 million at September 30, 2012, and December 31, 2011, respectively.
(b) Includes certain investments acquired in the secondary market but predominantly held for investment purposes.
(c) Incorporates the Firm's weighted-average loss assumption.
(d) The prior period has been reclassified to conform with the current presentation.

The sensitivity analysis in the preceding table is hypothetical. Changes in fair value based on a 10% or 20% variation in assumptions generally cannot be extrapolated easily, because the relationship of the change in the assumptions to the change in fair value may not be linear. Also, in the table, the effect that a change in a particular assumption may have on the fair value is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another, which might counteract or magnify the sensitivities. The above sensitivities also do not reflect risk management practices the Firm may undertake to mitigate such risks.

Loan delinquencies and liquidation losses

The table below includes information about components of nonconsolidated securitized financial assets, in which the Firm has continuing involvement, and delinquencies as of September 30, 2012, and December 31, 2011, respectively; and liquidation losses for the three and nine months ended September 30, 2012 and 2011, respectively.

	Securitized assets		90 days past due		Liquidation losses			
					Three months ended September 30,		Nine months ended September 30,	
(in millions)	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	2012	2011	2012	2011
Securitized loans[(a)]								
Residential mortgage:								
Prime mortgage[(b)]	$90,667	$101,004	$19,355	$24,285	$1,422	$1,567	$5,246	$4,301
Subprime mortgage	32,062	35,755	10,267	14,293	902	718	2,023	2,334
Option ARMs	27,206	31,075	7,286	9,999	551	481	1,801	1,389
Commercial and other	86,022	93,336	3,739	4,836	383	288	904	742
Total loans securitized[(c)]	$235,957	$261,170	$40,647	$53,413	$3,258	$3,054	$9,974	$8,766

(a) Total assets held in securitization-related SPEs were $313.0 billion and $340.0 billion, respectively, at September 30, 2012, and December 31, 2011. The $236.0 billion and $261.2 billion, respectively, of loans securitized at September 30, 2012, and December 31, 2011, excludes: $72.6 billion and $74.4 billion, respectively, of securitized loans in which the Firm has no continuing involvement, and $4.4 billion and $4.4 billion, respectively, of loan securitizations consolidated on the Firm's Consolidated Balance Sheets at September 30, 2012, and December 31, 2011.

(b) Includes Alt-A loans.

(c) Includes securitized loans that were previously recorded at fair value and classified as trading assets.

Note 16 – Goodwill and other intangible assets

For a discussion of the accounting policies related to goodwill and other intangible assets, see Note 17 on pages 267–271 of JPMorgan Chase's 2011 Annual Report.

Goodwill and other intangible assets consist of the following:

(in millions)	Sep 30, 2012	Dec 31, 2011
Goodwill	$48,178	$48,188
Mortgage servicing rights	7,080	7,223
Other intangible assets:		
Purchased credit card relationships	$409	$602
Other credit card-related intangibles	415	488
Core deposit intangibles	412	594
Other intangibles	1,405	1,523
Total other intangible assets	$2,641	$3,207

The following table presents goodwill attributed to the business segments.

(in millions)	Sep 30, 2012	Dec 31, 2011
Investment Bank	$5,233	$5,276
Retail Financial Services	16,483	16,489
Card Services & Auto	14,560	14,507
Commercial Banking	2,863	2,864
Treasury & Securities Services	1,669	1,668
Asset Management	6,993	7,007
Corporate/Private Equity	377	377

Total goodwill	$48,178	$48,188

The following table presents changes in the carrying amount of goodwill.

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2012	2011	2012	2011
Balance at beginning of period[(a)]	$48,131	$48,882	$48,188	$48,854
Changes during the period from:				
Business combinations	11	60	31	66
Dispositions	—	(645)	(4)	(645)
Other[(b)]	36	(117)	(37)	(95)
Balance at September 30,[(a)]	$48,178	$48,180	$48,178	$48,180

(a) Reflects gross goodwill balances as the Firm has not recognized any impairment losses to date.
(b) Includes foreign currency translation adjustments and other tax-related adjustments.

184

Goodwill was not impaired at September 30, 2012, or December 31, 2011, nor was any goodwill written off due to impairment during the nine months ended September 30, 2012 and 2011.

The goodwill impairment test is based upon a comparison between the carrying value and fair value of a reporting unit. The Firm uses the reporting units' allocated equity plus goodwill capital as a proxy for the carrying amounts of equity for the reporting units in the goodwill impairment testing. Reporting unit equity is determined on a similar basis as the allocation of equity to the Firm's lines of business, which primarily considers stand-alone peer comparisons and regulatory capital requirements (under Basel III), although economic risk capital is also considered. Proposed line of business equity levels are incorporated into the Firm's annual budget process, which is reviewed by the Firm's Board of Directors. Allocated equity is further reviewed on a periodic basis and updated as needed. For a discussion of the primary method used to estimate the fair values of the reporting units, see Impairment testing on page 268 of JPMorgan Chase's 2011 Annual Report.

While no impairment of goodwill was recognized, the Firm's consumer lending businesses in RFS and Card remain at an elevated risk for goodwill impairment due to their exposure to U.S. consumer credit risk and the effects of economic,

regulatory and legislative changes. In addition, the earnings or estimated cost of equity of the Firm's capital markets businesses could also be affected by regulatory or legislative changes. Declines in business performance, increases in allocated equity capital, or increases in the estimated cost of equity, could cause the estimated fair values of the Firm's reporting units or their associated goodwill to decline, which could result in a material impairment charge to earnings in a future period related to some portion of the associated goodwill.

Mortgage servicing rights

Mortgage servicing rights represent the fair value of expected future cash flows for performing servicing activities for others. The fair value considers estimated future servicing fees and ancillary revenue, offset by estimated costs to service the loans, and generally declines over time as net servicing cash flows are received, effectively amortizing the MSR asset against contractual servicing and ancillary fee income. MSRs are either purchased from third parties or recognized upon sale or securitization of mortgage loans if servicing is retained. For a further description of the MSR asset, interest rate risk management, and the valuation of MSRs, see Note 17 on pages 267–271 of JPMorgan Chase's 2011 Annual Report and Note 3 on pages 119–133 of this Form 10-Q.

The following table summarizes MSR activity for the three and nine months ended September 30, 2012 and 2011.

	Three months ended September 30,		Nine months ended September 30,	
(in millions, except where otherwise noted)	2012	2011	2012	2011
Fair value at beginning of period	$7,118	$12,243	$7,223	$13,649
MSR activity				
Originations of MSRs	604	623	1,700	1,942
Purchase of MSRs	2	1	5	31
Disposition of MSRs	(23)	—	(23)	—
Changes due to modeled amortization	(292)	(459)	(973)	(1,503)
Net additions and amortization	291	165	709	470
Changes due to market interest rates	(324)	(4,575)	(875)	(5,129)
Other changes in valuation due to inputs and assumptions[a]	(5)	—	23	(1,157)
Total change in fair value of MSRs[b]	(329)	(4,575)	(852)	(6,286)
Fair value at September 30,[c]	$7,080	$7,833	$7,080	$7,833
Change in unrealized gains/(losses) included in income related to MSRs held at September 30,	$(329)	$(4,575)	$(852)	$(6,286)
Contractual service fees, late fees and other ancillary fees included in income	$914	$986	$2,896	$2,994
Third-party mortgage loans serviced at September 30, (in billions)	$818.9	$932.6	$818.9	$932.6

Servicer advances at September 30, (in billions)[d]	$10.0	$11.0	$10.0	$11.0

(a) Represents the aggregate impact of changes in model inputs and assumptions such as costs to service, home prices, mortgage spreads, ancillary income, and assumptions used to derive prepayment speeds, as well as changes to the valuation models themselves.

(b) Includes changes related to commercial real estate of $(3) million and $(3) million for the three months ended September 30, 2012 and 2011, and $(8) million and $(7) million for the nine months ended September 30, 2012 and 2011, respectively.

(c) Includes $23 million and $33 million related to commercial real estate at September 30, 2012 and 2011, respectively.

(d) Represents amounts the Firm pays as the servicer (e.g., scheduled principal and interest to a trust, taxes and insurance), which will generally be reimbursed within a short period of time after the advance from future cash flows from the trust or the underlying loans. The Firm’s credit risk associated with these advances is minimal because reimbursement of the advances is senior to all cash payments to investors. In addition, the Firm maintains the right to stop payment for certain types of advances with certain investors if the collateral is insufficient to cover the advance.

185

In the first half of 2011, the Firm determined that the fair value of the MSR asset had declined, reflecting higher estimated future servicing costs related to enhanced servicing processes, particularly loan modification and foreclosure procedures, including costs to comply with Consent Orders entered into with the banking regulators. The increase in the cost to service assumption

contemplated significant and prolonged increases in staffing levels in the core and default servicing function, and specifically considered the higher cost to service certain high-risk vintages. These higher estimated future costs resulted in a $1.1 billion decrease in the fair value of the MSR asset during the nine months ended September 30, 2011.

The following table presents the components of mortgage fees and related income (including the impact of MSR risk management activities) for the three and nine months ended September 30, 2012 and 2011.

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2012	2011	2012	2011
RFS mortgage fees and related income				
Net production revenue:				
Production revenue	$1,582	$1,090	$4,376	$2,536
Repurchase losses	(13)	(314)	(325)	(957)
Net production revenue	1,569	776	4,051	1,579
Net mortgage servicing revenue				
Operating revenue:				
Loan servicing revenue	946	1,039	2,989	3,102
Changes in MSR asset fair value due to modeled amortization	(290)	(457)	(968)	(1,498)
Total operating revenue	656	582	2,021	1,604
Risk management:				
Changes in MSR asset fair value due to market interest rates	(323)	(4,574)	(872)	(5,127)
Other changes in MSR asset fair value due to inputs or assumptions in model[(a)]	(5)	—	23	(1,158)
Derivative valuation adjustments and other	479	4,596	1,426	5,093
Total risk management	151	22	577	(1,192)
Total RFS net mortgage servicing revenue	807	604	2,598	412
All other	1	—	3	5
Mortgage fees and related income	$2,377	$1,380	$6,652	$1,996

(a) Represents the aggregate impact of changes in model inputs and assumptions such as costs to service, home prices, mortgage spreads, ancillary income, and assumptions used to derive prepayment speeds, as well as changes to the valuation models themselves.

The table below outlines the key economic assumptions used to determine the fair value of the Firm's MSRs at September 30, 2012, and December 31, 2011; and it outlines the sensitivities of those fair values to immediate adverse changes in those assumptions, as defined below.

(in millions, except rates)	Sep 30, 2012	Dec 31, 2011
Weighted-average prepayment speed assumption ("CPR")	15.60 %	18.07 %
Impact on fair value of 10% adverse change	$(543)	$(585)
Impact on fair value of 20% adverse change	(1,040)	(1,118)
Weighted-average option adjusted spread	7.82 %	7.83 %
Impact on fair value of 100 basis points adverse change	$(270)	$(269)
Impact on fair value of 200 basis points adverse change	(521)	(518)

CPR: Constant prepayment rate.

The sensitivity analysis in the preceding table is hypothetical and should be used with caution. Changes in fair value based on variation in assumptions generally cannot be easily extrapolated, because the relationship of the change in the assumptions to the change in fair value are often highly interrelated and may not be linear. In this table, the effect that a change in a particular assumption may have on the fair value is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another, which would either magnify or counteract the impact of the initial change.

Other intangible assets

The $566 million decrease in other intangible assets during the nine months ended September 30, 2012, was due to $566 million in amortization.

186

The components of credit card relationships, core deposits and other intangible assets were as follows.

(in millions)	September 30, 2012 Gross amount[(a)]	Accumulated amortization[(a)]	Net carrying value	December 31, 2011 Gross amount	Accumulated amortization	Net carrying value
Purchased credit card relationships	$3,775	$ 3,366	$409	$3,826	$3,224	$602
Other credit card-related intangibles	852	437	415	844	356	488
Core deposit intangibles	4,133	3,721	412	4,133	3,539	594
Other intangibles[(b)]	2,401	996	1,405	2,467	944	1,523

(a) The decrease in the gross amount and accumulated amortization from December 31, 2011, was due to the removal of fully amortized assets.

(b) Includes intangible assets of approximately $600 million consisting primarily of asset management advisory contracts, which were determined to have an indefinite life and are not amortized.

Amortization expense

The following table presents amortization expense related to credit card relationships, core deposits and other intangible assets.

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2012	2011	2012	2011
Purchased credit card relationships	$59	$69	$195	$226
Other credit card-related intangibles	27	27	81	80
Core deposit intangibles	60	72	182	216
Other intangibles	36	44	108	119
Total amortization expense	$182	$212	$566	$641

Future amortization expense

The following table presents estimated future amortization expense related to credit card relationships, core deposits and other intangible assets.

For the year (in millions)	Purchased credit card relationships	Other credit card-related intangibles	Core deposit intangibles	Other intangibles	Total
2012[(a)]	$253	$107	$240	$143	$743
2013	213	105	196	136	650
2014	109	104	102	120	435
2015	24	96	26	100	246
2016	4	34	14	93	145

(a) Includes $195 million, $81 million, $182 million, and $108 million of amortization expense related to purchased credit card relationships, other credit card-related intangibles, core deposit intangibles and other intangibles, respectively, recognized during the nine months ended September 30, 2012.

187

Note 17 – Deposits

For further discussion on deposits, see Note 19 on page 272 of JPMorgan Chase's 2011 Annual Report.

At September 30, 2012, and December 31, 2011, noninterest-bearing and interest-bearing deposits were as follows.

(in millions)	September 30, 2012	December 31, 2011
U.S. offices		
Noninterest-bearing	$363,388	$346,670
Interest-bearing:		
Demand[(a)]	41,634	47,075
Savings[(b)]	386,472	375,051
Time (included $4,686 and $3,861 at fair value)[(c)]	81,301	82,738
Total interest-bearing deposits	509,407	504,864
Total deposits in U.S. offices	872,795	851,534
Non-U.S. offices		
Noninterest-bearing	16,192	18,790
Interest-bearing:		
Demand	196,303	188,202
Savings	933	687
Time (included $764 and $1,072 at fair value)[(c)]	53,388	68,593
Total interest-bearing deposits	250,624	257,482
Total deposits in non-U.S. offices	266,816	276,272
Total deposits	$1,139,611	$1,127,806

(a) Includes Negotiable Order of Withdrawal ("NOW") accounts, and certain trust accounts.

(b) Includes Money Market Deposit Accounts ("MMDAs").

(c) Includes structured notes classified as deposits for which the fair value option has been elected. For further discussion, see Note 4 on pages 198–200 of JPMorgan Chase's 2011 Annual Report.

Note 18 – Earnings per share

For a discussion of the computation of basic and diluted earnings per share ("EPS"), see Note 24 on page 277 of JPMorgan Chase's 2011 Annual Report. The following table presents the calculation of basic and diluted EPS for the three and nine months ended September 30, 2012 and 2011.

(in millions, except per share amounts)	Three months ended September 30, 2012	2011	Nine months ended September 30, 2012	2011
Basic earnings per share				
Net income	$5,708	$4,262	$15,592	$15,248
Less: Preferred stock dividends	163	157	478	472
Net income applicable to common equity	5,545	4,105	15,114	14,776
Less: Dividends and undistributed earnings allocated to participating securities	199	169	558	635
Net income applicable to common stockholders	$5,346	$3,936	$14,556	$14,141
Total weighted-average basic shares outstanding	3,803.3	3,859.6	3,810.4	3,933.2
Net income per share	$1.41	$1.02	$3.82	$3.60

Diluted earnings

per share				
Net income applicable to common stockholders	$5,346	$3,936	$14,556	$14,141
Total weighted-average basic shares outstanding	3,803.3	3,859.6	3,810.4	3,933.2
Add: Employee stock options, SARs and warrants[(a)]	10.6	12.6	12.2	23.3
Total weighted-average diluted shares outstanding[(b)]	3,813.9	3,872.2	3,822.6	3,956.5
Net income per share	$1.40	$1.02	$3.81	$3.57

(a) Excluded from the computation of diluted EPS (due to the antidilutive effect) were options issued under employee benefit plans and the warrants originally issued in 2008 under the U.S. Treasury’s Capital Purchase Program to purchase shares of the Firm’s common stock. The aggregate number of shares issuable upon the exercise of such options and warrants was 147 million and 197 million for the three months ended September 30, 2012 and 2011, respectively, and 158 million and 112 million for the nine months ended September 30, 2012 and 2011, respectively.

(b) Participating securities were included in the calculation of diluted EPS using the two-class method, as this computation was more dilutive than the calculation using the treasury stock method.

Note 19 – Accumulated other comprehensive income/(loss)

AOCI includes the after-tax change in unrealized gains and losses on AFS securities, foreign currency translation adjustments (including the impact of related derivatives hedges), cash flow hedging activities, and net loss and prior service costs/(credit) related to the Firm's defined benefit pension and OPEB plans.

As of or for the three months ended September 30, 2012 (in millions)	Unrealized gains/(losses) on AFS securities[(a)]	Translation adjustments, net of hedges	Cash flow hedges	Defined benefit pension and OPEB plans	Accumulated other comprehensive income/(loss)
Balance at July 1, 2012	$4,814 [(b)]	$(88)	$89	$(2,543)	$2,272
Net change	2,083 [(c)]	13	23	35	2,154
Balance at September 30, 2012	$6,897 [(b)]	$(75)	$112	$(2,508)	$4,426

As of or for the three months ended September 30, 2011 (in millions)	Unrealized gains/(losses) on AFS securities[(a)]	Translation adjustments, net of hedges	Cash flow hedges	Defined benefit pension and OPEB plans	Accumulated other comprehensive income/(loss)
Balance at July 1, 2011	$3,268 [(b)]	$280	$(5)	$(1,905)	$1,638
Net change	469 [(d)]	(237)	59	35	326
Balance at September 30, 2011	$3,737 [(b)]	$43	$54	$(1,870)	$1,964

As of or for the nine months ended September 30, 2012 (in millions)	Unrealized gains/(losses) on AFS securities[(a)]	Translation adjustments, net of hedges	Cash flow hedges	Defined benefit pension and OPEB plans	Accumulated other comprehensive income/(loss)
Balance at January 1, 2012	$3,565 [(b)]	$(26)	$51	$(2,646)	$944
Net change	3,332 [(c)]	(49)	61	138	3,482
Balance at September 30, 2012	$6,897 [(b)]	$(75)	$112	$(2,508)	$4,426

As of or for the nine months ended September 30, 2011 (in millions)	Unrealized gains/(losses) on AFS securities[(a)]	Translation adjustments, net of hedges	Cash flow hedges	Defined benefit pension and OPEB plans	Accumulated other comprehensive income/(loss)
Balance at January 1, 2011	$2,498 [(b)]	$253	$206	$(1,956)	$1,001
Net change	1,239 [(d)]	(210)	(152)	86	963
Balance at September 30, 2011	$3,737 [(b)]	$43	$54	$(1,870)	$1,964

(a) Represents the after-tax difference between the fair value and amortized cost of securities accounted for as AFS.

(b) Included after-tax unrealized losses not related to credit on debt securities for which credit losses have been recognized in income of $(94) million at September 30, 2012, $(101) million at July 1, 2012, $(56) million at January 1, 2012, $(57) million at September 30, 2011, $(62) million at July 1, 2011 and $(81) million at January 1, 2011.

(c) The net change for the three and nine months ended September 30, 2012, was predominantly driven by declining interest rates and the tightening of spreads across the portfolio, partially offset by sales.

(d) The net change for the three and nine months ended September 30, 2011, was predominantly driven by increased market value on agency MBS and municipal securities, partially offset by the widening of spreads on non-U.S. corporate debt and realization of gains.

The following table presents the pretax and after-tax changes in the components of other comprehensive income/(loss).

	2012			2011		
Three months ended September 30, (in millions)	Pretax	Tax effect	After-tax	Pretax	Tax effect	After-tax
Unrealized gains/(losses) on AFS securities:						
Net unrealized gains/(losses) arising during the period	$3,872	$(1,509)	$2,363	$1,381	$(544)	$837
Reclassification adjustment for realized (gains)/losses included in net income	(458)	178	(280)	(605)	237	(368)
Net change	3,414	(1,331)	2,083	776	(307)	469
Translation adjustments:						
Translation	413	(153)	260	(1,195)	439	(756)
Hedges	(404)	157	(247)	853	(334)	519
Net change	9	4	13	(342)	105	(237)
Cash flow hedges:						
Net unrealized gains/(losses) arising during the period	56	(22)	34	145	(53)	92
Reclassification adjustment for realized (gains)/losses included in net income	(19)	8	(11)	(50)	17	(33)
Net change	37	(14)	23	95	(36)	59
Defined benefit pension and OPEB plans:						
Net gains/(losses) arising during the period	—	—	—	—	—	—
Reclassification adjustments included in net income:						
Amortization of net loss	81	(30)	51	53	(21)	32
Prior service costs/(credits)	(11)	4	(7)	(13)	5	(8)
Foreign exchange and other	(14)	5	(9)	17	(6)	11
Net change	56	(21)	35	57	(22)	35
Total other comprehensive income/(loss)	$3,516	$(1,362)	$2,154	$586	$(260)	$326

	2012			2011		
Nine months ended September 30, (in millions)	Pretax	Tax effect	After-tax	Pretax	Tax effect	After-tax
Unrealized gains/(losses) on AFS securities:						
Net unrealized gains/(losses) arising during the period	$7,469	$(2,912)	$4,557	$3,585	$(1,406)	$2,179
Reclassification adjustment for realized (gains)/losses included in net income	(2,008)	783	(1,225)	(1,539)	599	(940)
Net change	5,461	(2,129)	3,332	2,046	(807)	1,239
Translation adjustments:						
Translation	108	(40)	68	(415)	157	(258)
Hedges	(191)	74	(117)	80	(32)	48
Net change	(83)	34	(49)	(335)	125	(210)
Cash flow hedges:						
Net unrealized gains/(losses) arising during the period	143	(56)	87	(11)	4	(7)
Reclassification adjustment for realized (gains)/losses included in net income	(44)	18	(26)	(235)	90	(145)
Net change	99	(38)	61	(246)	94	(152)
Defined benefit pension and OPEB plans:						
Net gains/(losses) arising during the period	34	(13)	21	20	(11)	9
Reclassification adjustments included in net income:						
Amortization of net loss	243	(94)	149	159	(54)	105

Prior service costs/(credits)	(32)	12	(20)	(39)	15	(24)
Foreign exchange and other	(20)	8	(12)	(8)	4	(4)
Net change	225	(87)	138	132	(46)	86
Total other comprehensive income/(loss)	$5,702	$(2,220)	$3,482	$1,597	$(634)	$963

190

Note 20 – Regulatory capital
The Federal Reserve establishes capital requirements, including well-capitalized standards for the consolidated financial holding company. The OCC establishes similar capital requirements and standards for the Firm’s national banks, including JPMorgan Chase Bank, N.A., and Chase Bank USA, N.A.
There are two categories of risk-based capital: Tier 1 capital and Tier 2 capital. Tier 1 capital consists of common stockholders’ equity, perpetual preferred stock, noncontrolling interests in subsidiaries and trust preferred capital debt securities, less goodwill and certain other adjustments. Tier 2 capital consists of preferred stock not qualifying as Tier 1 capital, subordinated long-term debt and other instruments qualifying as Tier 2 capital, and the

aggregate allowance for credit losses up to a certain percentage of risk-weighted assets (“RWA”). Total capital is Tier 1 capital plus Tier 2 capital. Under the risk-based capital guidelines of the Federal Reserve, JPMorgan Chase is required to maintain minimum ratios of Tier 1 and Total capital to RWA, as well as minimum leverage ratios (which are defined as Tier 1 capital divided by adjusted quarterly average assets). Failure to meet these minimum requirements could cause the Federal Reserve to take action. Banking subsidiaries also are subject to these capital requirements by their respective primary regulators. As of September 30, 2012, and December 31, 2011, JPMorgan Chase and all of its banking subsidiaries were well-capitalized and met all capital requirements to which each was subject.

The following table presents the regulatory capital, assets and risk-based capital ratios for JPMorgan Chase and its significant banking subsidiaries at September 30, 2012, and December 31, 2011. These amounts are determined in accordance with regulations issued by the Federal Reserve and/or OCC. The following table reflects an adjustment to the Firm’s and JPMorgan Chase Bank, N.A.’s RWA as of September 30, 2012. This adjustment reflects regulatory guidance regarding a limited number of market risk models used for certain positions held by the Firm and JPMorgan Chase Bank, N.A. during the first half of 2012, including the CIO synthetic credit portfolio.

	JPMorgan Chase & Co.[e]		JPMorgan Chase Bank, N.A.[e]		Chase Bank USA, N.A.[e]		Well-capitalized ratios[f]	Minimum capital ratios[f]
(in millions, except ratios)	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011		
Regulatory capital								
Tier 1[a]	$154,686	$150,384	$107,381	$98,426	$9,787	$11,903		
Total	190,491	188,088	143,298	136,017	13,238	15,448		
Assets								
Risk-weighted[b][c]	$1,297,016	$1,221,198	$1,110,279	$1,042,898	$101,084	$107,421		
Adjusted average[d]	2,186,292	2,202,087	1,765,818	1,789,194	102,913	106,312		
Capital ratios								
Tier 1[a]	11.9 %	12.3 %	9.7 %	9.4 %	9.7 %	11.1 %	6.0 %	4.0%
Total	14.7	15.4	12.9	13.0	13.1	14.4	10.0	8.0
Tier 1 leverage	7.1	6.8	6.1	5.5	9.5	11.2	5.0 [g]	3.0 [h]

(a) JPMorgan Chase redeemed $9.0 billion of trust preferred capital debt securities effective July 12, 2012. At September 30, 2012, trust preferred capital debt securities included in Tier 1 capital were $10.2 billion and $600 million, for JPMorgan Chase and JPMorgan Chase Bank, N.A., respectively. If these securities were excluded from the calculation at September 30, 2012, Tier 1 capital would be $144.5 billion and $106.8 billion, respectively, and the Tier 1 capital ratio would be 11.1% and 9.6%, respectively. At September 30, 2012, Chase Bank USA, N.A. had no trust preferred capital debt securities.

(b) RWA consist of on– and off–balance sheet assets that are assigned to one of several broad risk categories and weighted by factors representing their risk and potential for default. On–balance sheet assets are risk-weighted based on the perceived credit risk associated with the obligor or counterparty, the nature of any collateral, and the guarantor, if any. Off–balance sheet assets such as lending-related commitments, guarantees, derivatives and other applicable off–balance sheet positions are risk-weighted by multiplying the contractual amount by the appropriate credit conversion factor to determine the on–balance sheet credit-equivalent amount, which is then risk-weighted based on the same factors used for on–balance sheet assets. RWA also incorporate a measure for the market risk related to applicable trading assets–debt and equity instruments, and foreign exchange and commodity derivatives. The resulting risk-weighted values for each of the risk categories are then aggregated to determine total RWA.

(c) Includes off–balance sheet RWA at September 30, 2012, of $307.8 billion, $297.6 billion and $15 million, and at December 31, 2011, of $301.1 billion, $291.0 billion and $38 million, for JPMorgan Chase, JPMorgan Chase Bank, N.A. and Chase Bank USA, N.A., respectively.

(d) Adjusted average assets, for purposes of calculating the leverage ratio, include total quarterly average assets adjusted for unrealized gains/(losses) on securities, less deductions for disallowed goodwill and other intangible assets, investments in certain subsidiaries, and the total adjusted carrying value of nonfinancial equity investments that are subject to deductions from Tier 1 capital.

(e) Asset and capital amounts for JPMorgan Chase's banking subsidiaries reflect intercompany transactions; whereas the respective amounts for JPMorgan Chase reflect the elimination of intercompany transactions.

(f) As defined by the regulations issued by the Federal Reserve, OCC and FDIC.

(g) Represents requirements for banking subsidiaries pursuant to regulations issued under the FDIC Improvement Act. There is no Tier 1 leverage component in the definition of a well-capitalized bank holding company.

(h) The minimum Tier 1 leverage ratio for bank holding companies and banks is 3% or 4%, depending on factors specified in regulations issued by the Federal Reserve and OCC.

Note: Rating agencies allow measures of capital to be adjusted upward for deferred tax liabilities, which have resulted from both nontaxable business combinations and from tax-deductible goodwill. The Firm had deferred tax liabilities resulting from nontaxable business combinations totaling $319 million and $414 million at September 30, 2012, and December 31, 2011, respectively; and deferred tax liabilities resulting from tax-deductible goodwill of $2.5 billion and $2.3 billion at September 30, 2012, and December 31, 2011, respectively.

191

A reconciliation of the Firm's Total stockholders' equity to Tier 1 capital and Total qualifying capital is presented in the table below.

(in millions)	September 30, 2012	December 31, 2011
Tier 1 capital		
Total stockholders' equity	$199,693	$183,573
Effect of certain items in AOCI excluded from Tier 1 capital	(4,501)	(970)
Qualifying hybrid securities and noncontrolling interests[(a)]	10,568	19,668
Less: Goodwill[(b)]	45,718	45,873
Fair value DVA on derivative and structured note liabilities related to the Firm's credit quality	1,928	2,150
Investments in certain subsidiaries	862	993
Other intangible assets[(b)]	2,566	2,871
Total Tier 1 capital	154,686	150,384
Tier 2 capital		
Long-term debt and other instruments qualifying as Tier 2	19,459	22,275
Qualifying allowance for credit losses	16,367	15,504
Adjustment for investments in certain subsidiaries and other	(21)	(75)
Total Tier 2 capital	35,805	37,704
Total qualifying capital	$190,491	$188,088

(a) Primarily includes trust preferred capital debt securities of certain business trusts.
(b) Goodwill and other intangible assets are net of any associated deferred tax liabilities.

Note 21 – Off–balance sheet lending-related financial instruments, guarantees, and other commitments

JPMorgan Chase provides lending-related financial instruments (e.g., commitments and guarantees) to meet the financing needs of its customers. The contractual amount of these financial instruments represents the maximum possible credit risk to the Firm should the counterparty draw upon the commitment or the Firm be required to fulfill its obligation under the guarantee, and should the counterparty subsequently fail to perform according to the terms of the contract. Most of these commitments and guarantees expire without being drawn or a default occurring. As a result, the total contractual amount of these instruments is not, in the Firm's view, representative of its actual future credit exposure or funding requirements. For a discussion of off-balance sheet lending-related financial instruments and guarantees, and the Firm's related accounting policies, see Note 29 on pages 283–289 of JPMorgan Chase's 2011 Annual Report.

To provide for the risk of loss inherent in wholesale and consumer (excluding credit card) contracts, an allowance for credit losses on lending-related commitments is maintained. See Note 14 on page 176 of this Form 10-Q for further discussion regarding the allowance for credit losses on lending-related commitments.

The following table summarizes the contractual amounts and carrying values of off-balance sheet lending-related financial instruments, guarantees and other commitments at September 30, 2012, and December 31, 2011. The amounts in the table below for credit card and home equity lending-related commitments represent the total available credit for these products. The Firm has not experienced, and does not anticipate, that all available lines of credit for these products will be utilized at the same time. The Firm can reduce or cancel credit card lines of credit by providing the borrower notice or, in some cases, without notice as permitted by law. The Firm may reduce or close home equity lines of credit when there are significant decreases in the value of the underlying property, or when there has been a demonstrable decline in the creditworthiness of the borrower. Also, the Firm typically closes credit card lines when the borrower is 60 days or more past due.

192

Off–balance sheet lending-related financial instruments, guarantees and other commitments

By remaining maturity (in millions)	Contractual amount Sep 30, 2012 Expires in 1 year or less	Expires after 1 year through 3 years	Expires after 3 years through 5 years	Expires after 5 years	Total	Dec 31, 2011 Total	Carrying value[i] Sep 30, 2012	Dec 31, 2011
Lending-related								
Consumer, excluding credit card:								
Home equity – senior lien	$1,712	$5,243	$4,709	$3,901	$15,565	$16,542	$—	$—
Home equity – junior lien	3,400	8,610	6,597	4,339	22,946	26,408	—	—
Prime mortgage	4,040	—	—	—	4,040	1,500	—	—
Subprime mortgage	—	—	—	—	—	—	—	—
Auto	7,100	155	165	18	7,438	6,694	1	1
Business banking	10,435	499	89	360	11,383	10,299	6	6
Student and other	99	220	16	476	811	864	—	—
Total consumer, excluding credit card	26,786	14,727	11,576	9,094	62,183	62,307	7	7
Credit card	534,333	—	—	—	534,333	530,616	—	—
Total consumer	561,119	14,727	11,576	9,094	596,516	592,923	7	7
Wholesale:								
Other unfunded commitments to extend credit[a][b]	59,537	72,835	95,548	8,988	236,908	215,251	438	347
Standby letters of credit and other financial guarantees[a][b][c][d]	27,151	31,116	40,905	1,733	100,905	101,899	679	696
Unused advised lines of credit	65,190	13,808	350	502	79,850	60,203	—	—
Other letters of credit[a][d]	3,934	884	76	—	4,894	5,386	1	2
Total wholesale	155,812	118,643	136,879	11,223	422,557	382,739	1,118	1,045
Total lending-related	$716,931	$133,370	$148,455	$20,317	$1,019,073	$975,662	$1,125	$1,052
Other guarantees and commitments								
Securities lending indemnifications[e]	$183,716	$—	$—	$—	$183,716	$186,077	NA	NA
Derivatives qualifying as guarantees	1,725	8,287	19,887	36,611	66,510	75,593	$230	$457
Unsettled reverse repurchase and securities borrowing agreements[f]	41,497	—	—	—	41,497	39,939	—	—
Loan sale and securitization-related indemnifications:								
Mortgage repurchase liability[g]	NA	NA	NA	NA	NA	NA	3,099	3,557
Loans sold with recourse	NA	NA	NA	NA	9,651	10,397	142	148
Other guarantees and commitments[h]	666	205	387	5,569	6,827	6,321	(75)	(5)

(a) At September 30, 2012, and December 31, 2011, reflects the contractual amount net of risk participations totaling \$589 million and \$1.1 billion, respectively, for other unfunded commitments to extend credit; \$18.2 billion and \$19.8 billion, respectively, for standby letters of credit and other financial guarantees; and \$913 million and \$974 million, respectively, for other letters of credit. In regulatory filings with the Federal Reserve these commitments are shown gross of risk participations.

(b) At September 30, 2012, and December 31, 2011, included credit enhancements and bond and commercial paper liquidity commitments to U.S. states and municipalities, hospitals and other not-for-profit entities of \$45.7 billion and \$48.6 billion, respectively. These commitments also include liquidity facilities to nonconsolidated municipal bond VIEs; for further information, see Note 15 on pages 177–184 of this Form 10-Q.

(c) At September 30, 2012, and December 31, 2011, included unissued standby letters of credit commitments of \$44.4 billion and \$44.1 billion, respectively.

(d) At September 30, 2012, and December 31, 2011, JPMorgan Chase held collateral relating to \$43.3 billion and \$41.5 billion, respectively, of standby letters of credit; and \$795 million and \$1.3 billion, respectively, of other letters of credit.

(e) At September 30, 2012, and December 31, 2011, collateral held by the Firm in support of securities lending indemnification agreements was \$184.5 billion and \$186.3 billion, respectively. Securities lending collateral comprises primarily cash and securities issued by governments that are members of the Organisation for Economic Co-operation and Development ("OECD") and U.S. government agencies.

(f) At September 30, 2012, and December 31, 2011, the amount of commitments related to forward-starting reverse repurchase agreements and securities borrowing agreements were \$8.8 billion and \$14.4 billion, respectively. Commitments related to unsettled reverse repurchase agreements and securities borrowing agreements with regular-way settlement periods were \$32.7 billion and \$25.5 billion, at September 30, 2012, and December 31, 2011, respectively.

(g) The Firm's mortgage repurchase liability is intended to cover losses associated with all loans previously sold in connection with loan sale and securitization transactions with the GSEs, regardless of when those losses occur or how they are ultimately resolved (e.g., repurchase, make-whole payment). For additional information, see Loan sale and securitization-related indemnifications on pages 195–196 of this Note.

(h) At September 30, 2012, and December 31, 2011, included unfunded commitments of \$398 million and \$789 million, respectively, to third-party private equity funds; and \$1.6 billion and \$1.5 billion, respectively, to other equity investments. These commitments included \$359 million and \$820 million, respectively, related to investments that are generally fair valued at net asset value as discussed in Note 3 on pages 119–133 of this Form 10-Q. In addition, at September 30, 2012, and December 31, 2011, included letters of credit hedged by derivative transactions and managed on a market risk basis of \$4.5 billion and \$3.9 billion, respectively.

(i) For lending-related products, the carrying value represents the allowance for lending-related commitments and the guarantee liability; for derivative-related products, the carrying value represents the fair value.

193

Other unfunded commitments to extend credit

Other unfunded commitments to extend credit generally comprise commitments for working capital and general corporate purposes, extensions of credit to support commercial paper facilities and bond financings in the event that those obligations cannot be remarketed to new investors as well as committed liquidity facilities to a clearing organization.

Also included in other unfunded commitments to extend credit are commitments to noninvestment-grade counterparties in connection with leveraged and acquisition finance activities, which were $6.8 billion and $6.1 billion at September 30, 2012, and December 31, 2011, respectively. For further information, see Note 3 and Note 4 on pages 119–133 and 133–135 respectively, of this Form 10-Q.

In addition, the Firm acts as a clearing and custody bank in the U.S. tri-party repurchase transaction market. In its role as clearing and custody bank, the Firm is exposed to intra-day credit risk of the cash borrowers, usually broker-dealers; however, this exposure is secured by collateral and typically extinguished through the settlement process by the end of the day. For the three months ended September 30, 2012, the tri-party repurchase daily balances averaged $372 billion.

Guarantees

The Firm considers the following off–balance sheet lending-related arrangements to be guarantees under U.S. GAAP:

standby letters of credit and financial guarantees, securities lending indemnifications, certain indemnification agreements included within third-party contractual arrangements and certain derivative contracts. For a further discussion of the off–balance sheet lending-related arrangements the Firm considers to be guarantees, and the related accounting policies, see Note 29 on pages 283–289 of JPMorgan Chase's 2011 Annual Report. The recorded amounts of the liabilities related to guarantees and indemnifications at September 30, 2012, and December 31, 2011, excluding the allowance for credit losses on lending-related commitments, are discussed below.

Standby letters of credit and other financial guarantees

Standby letters of credit ("SBLC") and other financial guarantees are conditional lending commitments issued by the Firm to guarantee the performance of a customer to a third party under certain arrangements, such as commercial paper facilities, bond financings, acquisition financings, trade and similar transactions. The carrying values of standby and other letters of credit were $680 million and $698 million at September 30, 2012, and December 31, 2011, respectively, which were classified in accounts payable and other liabilities on the Consolidated Balance Sheets; these carrying values included $307 million and $319 million, respectively, for the allowance for lending-related commitments, and $373 million and $379 million, respectively, for the guarantee liability and corresponding asset.

The following table summarizes the types of facilities under which standby letters of credit and other letters of credit arrangements are outstanding by the ratings profiles of the Firm's customers, as of September 30, 2012, and December 31, 2011.

Standby letters of credit, other financial guarantees and other letters of credit

	September 30, 2012			December 31, 2011		
(in millions)	Standby letters of credit and other financial guarantees		Other letters of credit	Standby letters of credit and other financial guarantees		Other letters of credit
Investment-grade[a]	$76,283		$3,559	$78,884		$4,105
Noninvestment-grade[a]	24,622		1,335	23,015		1,281
Total contractual amount[b]	$100,905	[c]	$4,894	$101,899	[c]	$5,386
Allowance for lending-related commitments	$306		$1	$317		$2
Commitments with collateral	43,315		795	41,529		1,264

(a) The ratings scale is based on the Firm's internal ratings which generally correspond to ratings as defined by S&P and Moody's.

(b) At September 30, 2012, and December 31, 2011, reflects the contractual amount net of risk participations totaling $18.2 billion and $19.8 billion, respectively, for standby letters of credit and other financial guarantees; and $913 million and $974 million, respectively, for other letters of credit. In regulatory filings with the Federal Reserve these commitments are shown gross of risk participations.

(c) At September 30, 2012, and December 31, 2011, included unissued standby letters of credit commitments of $44.4 billion and $44.1 billion, respectively.

Derivatives qualifying as guarantees

In addition to the contracts described above, the Firm transacts certain derivative contracts that have the characteristics of a guarantee under U.S. GAAP. For further information on these derivatives, see Note 29 on pages 283–289 of JPMorgan Chase's 2011 Annual Report. The total notional value of the derivatives that the Firm deems to be guarantees was $66.5 billion and $75.6 billion at

September 30, 2012, and December 31, 2011, respectively. The notional amount generally represents the Firm's maximum exposure to derivatives qualifying as guarantees. However, exposure to certain stable value contracts is contractually limited to a substantially lower percentage of the notional amount; the notional amount on these stable value contracts was $26.3 billion and $26.1 billion and the maximum exposure to loss was

194

$2.8 billion and $2.8 billion, at September 30, 2012, and December 31, 2011, respectively. The fair values of the contracts reflect the probability of whether the Firm will be required to perform under the contract. The fair value related to derivatives that the Firm deems to be guarantees were derivative payables of $323 million and $555 million and derivative receivables of $93 million and $98 million at September 30, 2012, and December 31, 2011, respectively. The Firm reduces exposures to these contracts by entering into offsetting transactions, or by entering into contracts that hedge the market risk related to the derivative guarantees.

In addition to derivative contracts that meet the characteristics of a guarantee, the Firm is both a purchaser and seller of credit protection in the credit derivatives market. For a further discussion of credit derivatives, see Note 5 on pages 143–144 of this Form 10-Q.

Loan sales- and securitization-related indemnifications

Mortgage repurchase liability

In connection with the Firm's loan sale and securitization activities with the GSEs and other loan sale and private-label securitization transactions, as described in Note 15 on pages 177–184 of this Form 10-Q, and Note 16 on pages 256–267 of JPMorgan Chase's 2011 Annual Report, the Firm has made representations and warranties that the loans sold meet certain requirements. The Firm may be, and has been, required to repurchase loans and/or indemnify the GSEs and other investors for losses due to material breaches of these representations and warranties. Generally, the maximum amount of future payments the Firm would be required to make for breaches of these representations and warranties would be equal to the unpaid principal balance of such loans that are deemed to have defects that were sold to purchasers (including securitization-related SPEs) plus, in certain circumstances, accrued interest on such loans and certain expense.

The Firm has recognized a mortgage repurchase liability of $3.1 billion and $3.6 billion, as September 30, 2012, and December 31, 2011, respectively, which is reported in accounts payable and other liabilities net of probable recoveries from third-party originators of $450 million and $577 million at September 30, 2012, and December 31, 2011, respectively. The Firm's mortgage repurchase liability is intended to cover losses associated with all loans previously sold in connection with loan sale and securitization transactions with the GSEs, regardless of when those losses occur or how they are ultimately resolved (e.g., repurchase, make-whole payment). The liability related to all repurchase demands associated with private-label securitizations is separately evaluated by the Firm in establishing its litigation reserves.

Substantially all of the estimates and assumptions underlying the Firm's established methodology for computing its recorded mortgage repurchase liability — including factors such as the amount of probable future demands from the GSEs (which is largely based on historical experience), the ability of the Firm to cure identified

defects, the severity of loss upon repurchase or foreclosure, and recoveries from third parties — require application of a significant level of management judgment.

While the Firm uses the best information available to it in estimating its mortgage repurchase liability, the estimation process is inherently uncertain and imprecise and, accordingly, losses in excess of the amounts accrued as of September 30, 2012, are reasonably possible. The Firm believes the estimate of the range of reasonably possible losses, in excess of its established repurchase liability, is from $0 to approximately $1.6 billion at September 30, 2012. This estimated range of reasonably possible loss considers the Firm's GSE-related exposure based on an assumed peak to trough decline in home prices of 42%, which is an additional 8 percentage point decline in home prices beyond the Firm's current assumptions which were derived from a nationally recognized home price index. Although the Firm does not consider a further decline in home prices of this magnitude likely to occur, such a decline could increase the levels of loan delinquencies, which may, in turn, increase the level of repurchase demands from the GSEs and potentially result in additional repurchases of loans at greater loss severities; each of these factors could affect the Firm's mortgage repurchase liability. Claims related to private-label securitizations have, thus far, generally manifested themselves through threatened or pending litigation, which the Firm has considered with other litigation matters as discussed in Note 23 on pages 196–206 of this Form 10-Q. Actual repurchase losses could vary significantly from the Firm's recorded mortgage repurchase liability or this estimate of reasonably possible additional losses, depending on the outcome of various factors, including those considered above.

The following table summarizes the change in the mortgage repurchase liability for each of the periods presented.

Summary of changes in mortgage repurchase liability[a]

(in millions)	Three months ended September 30, 2012	2011	Nine months ended September 30, 2012	2011
Repurchase liability at beginning of period	$3,293	$3,631	$3,557	$3,285
Realized losses[b]	(268)	(329)	(891)	(801)
Provision[c]	74	314	433	1,132
Repurchase liability at end of period	$3,099 [d]	$3,616	$3,099	$3,616

(a) All mortgage repurchase demands associated with private-label securitizations are separately evaluated by the Firm in establishing its litigation reserves.

(b) Includes principal losses and accrued interest on repurchased loans, "make-whole" settlements, settlements with claimants, and certain related expense. Make-whole settlements were $94 million and $162 million for the three months ended September 30, 2012 and 2011, respectively and $387 million and $403 million, for the nine months ended September 30, 2012 and 2011, respectively.

(c) Includes $30 million and $12 million of provision related to new loan sales for the three months ended September 30, 2012 and 2011, respectively, and $85 million and $35 million for the nine months ended September 30, 2012 and 2011, respectively.

(d) Includes $3 million at September 30, 2012, related to future repurchase demands on loans sold by Washington Mutual to the GSEs.

Loans sold with recourse
The Firm provides servicing for mortgages and certain commercial lending products on both a recourse and nonrecourse basis. In nonrecourse servicing, the principal credit risk to the Firm is the cost of temporary servicing advances of funds (i.e., normal servicing advances). In recourse servicing, the servicer agrees to share credit risk with the owner of the mortgage loans, such as Fannie Mae or Freddie Mac or a private investor, insurer or guarantor. Losses on recourse servicing predominantly occur when foreclosure sales proceeds of the property underlying a defaulted loan are less than the sum of the outstanding principal balance, plus accrued interest on the loan and the cost of holding and disposing of the underlying property. The Firm's securitizations are predominantly nonrecourse, thereby effectively transferring the risk of future credit losses to the purchaser of the mortgage-backed securities issued by the trust. At September 30, 2012, and December 31, 2011, the unpaid principal balance of loans sold with recourse totaled $9.7 billion and $10.4 billion, respectively. The carrying value of the related liability that the Firm has recorded, which is representative of the Firm's view of the likelihood it will have to perform under its recourse obligations, was $142 million and $148 million at September 30, 2012, and December 31, 2011, respectively.

Note 22 – Pledged assets and collateral
For a discussion of the Firm's pledged assets and collateral, see Note 30 on page 289 of JPMorgan Chase's 2011 Annual Report.
Pledged assets
At September 30, 2012, assets were pledged to collateralize repurchase agreements, other securities financing agreements, derivative transactions and for other purposes, including to secure borrowings and public deposits. Certain of these pledged assets may be sold or repledged by the secured parties and are identified as financial instruments owned (pledged to various parties) on the Consolidated Balance Sheets. In addition, at September 30, 2012, and December 31, 2011, the Firm had pledged $282.3 billion and $270.3 billion, respectively, of financial instruments it owns that may not be sold or repledged by the secured parties. Total assets pledged do not include assets of consolidated VIEs; these assets are used to settle the liabilities of those entities. See Note 15 on pages 177–184 of this Form 10-Q, and Note 16 on pages 256–267 of JPMorgan Chase's 2011 Annual Report, for additional information on assets and liabilities of consolidated VIEs.
Collateral
At September 30, 2012, and December 31, 2011, the Firm had accepted assets as collateral that it could sell or repledge, deliver or otherwise use with a fair value of approximately $815.6 billion and $742.1 billion, respectively. This collateral was generally obtained under resale agreements, securities borrowing agreements, customer margin loans and derivative agreements. Of the

collateral received, approximately $543.0 billion and $515.8 billion, respectively, were sold or repledged, generally as collateral under repurchase agreements, securities lending agreements or to cover short sales and to collateralize deposits and derivative agreements.
Note 23 – Litigation
Contingencies
As of September 30, 2012, the Firm and its subsidiaries are defendants or putative defendants in numerous legal proceedings, including private, civil litigations and regulatory/government investigations. The litigations range from individual actions involving a single plaintiff to class action lawsuits with potentially millions of class members. Investigations involve both formal and informal proceedings, by both governmental agencies and self-regulatory organizations. These legal proceedings are at varying stages of adjudication, arbitration or investigation, and involve each of the Firm's lines of business and geographies and a wide variety of claims (including common law tort and contract claims and statutory antitrust, securities and consumer protection claims), some of which present novel legal theories.
The Firm believes the estimate of the aggregate range of reasonably possible losses, in excess of reserves established, for its legal proceedings is from $0 to approximately $6.0 billion at September 30, 2012. This estimated aggregate range of reasonably possible losses is based upon currently available information for those proceedings in which the Firm is involved, taking into account the Firm's best estimate of such losses for those cases for which such estimate

can be made. For certain cases, the Firm does not believe that an estimate can currently be made. The Firm's estimate involves significant judgment, given the varying stages of the proceedings (including the fact that many are currently in preliminary stages), the existence in many such proceedings of multiple defendants (including the Firm) whose share of liability has yet to be determined, the numerous yet-unresolved issues in many of the proceedings (including issues regarding class certification and the scope of many of the claims) and the attendant uncertainty of the various potential outcomes of such proceedings. Accordingly, the Firm's estimate will change from time to time, and actual losses may be more or less than the current estimate.

Set forth below are descriptions of the Firm's material legal proceedings.

Auction-Rate Securities Investigations and Litigation. Beginning in March 2008, several regulatory authorities initiated investigations of a number of industry participants, including the Firm, concerning possible state and federal securities law violations in connection with the sale of auction-rate securities ("ARS"). The market for many such securities had frozen and a significant number of auctions for those securities began to fail in February 2008.

The Firm, on behalf of itself and affiliates, agreed to a settlement in principle with the New York Attorney General's Office which provided, among other things, that the Firm would offer to purchase at par certain ARS purchased from J.P. Morgan Securities LLC, Chase Investment Services Corp. and Bear, Stearns & Co. Inc. by individual investors, charities and small- to medium-sized businesses. The Firm also agreed to a substantively similar settlement in principle with the Office of Financial Regulation for the State of Florida and the North American Securities Administrators Association ("NASAA") Task Force, which agreed to recommend approval of the settlement to all remaining states, Puerto Rico and the U.S. Virgin Islands. The Firm has finalized the settlement agreements with the New York Attorney General's Office and the Office of Financial Regulation for the State of Florida. The settlement agreements provide for the payment of penalties totaling $25 million to all states. The Firm is currently in the process of finalizing consent agreements with NASAA's member states; more than 45 of these consent agreements have been finalized to date.

The Firm also faces a number of civil actions before courts and arbitration panels relating to the Firm's sale and underwriting of ARS. The actions generally allege that the Firm and other firms manipulated the market for ARS by placing bids at auctions that affected these securities' clearing rates or otherwise supported the auctions without properly disclosing these activities. The Firm's motion to dismiss a putative class action that had been filed in the United States District Court for the Southern District of New York on behalf of purchasers of ARS was granted in March 2012. Plaintiffs did not file an appeal of the decision.

Additionally, the Firm was named in two putative antitrust class actions. The actions allege that the Firm, along with numerous other financial institution defendants, colluded to maintain and stabilize the ARS market and then to withdraw their support for the ARS market. In January 2010, the District Court dismissed both actions. An appeal is pending in the United States Court of Appeals for the Second Circuit.

Bear Stearns Hedge Fund Matters. The Bear Stearns Companies LLC (formerly The Bear Stearns Companies Inc.) ("Bear Stearns"), certain current or former subsidiaries of Bear Stearns, including Bear Stearns Asset Management, Inc. ("BSAM") and Bear, Stearns & Co. Inc., and certain individuals formerly employed by Bear Stearns are named defendants (collectively the "Bear Stearns defendants") in multiple civil actions and arbitrations relating to alleged losses resulting from the failure of the Bear Stearns High Grade Structured Credit Strategies Master Fund, Ltd. (the "High Grade Fund") and the Bear Stearns High Grade Structured Credit Strategies Enhanced Leverage Master Fund, Ltd. (the "Enhanced Leverage Fund") (collectively the "Funds"). BSAM served as investment manager for both of the Funds, which were organized such that there were U.S. and Cayman Islands "feeder funds" that invested substantially all their assets, directly or indirectly, in the Funds. The Funds are in liquidation.

There are currently three civil actions pending in the United

States District Court for the Southern District of New York relating to the Funds. One of these actions involves a derivative lawsuit brought on behalf of purchasers of partnership interests in the U.S. feeder fund to the Enhanced Leverage Fund, alleging that the Bear Stearns defendants mismanaged the Funds. This action seeks, among other things, unspecified compensatory damages based on alleged investor losses. The parties have reached an agreement to settle this derivative action, pursuant to which BSAM would pay a maximum of approximately $18 million. In April 2012, the District Court granted final approval of this settlement. In May 2012, objectors representing certain interests in the U.S. feeder fund filed a notice of appeal to the United States Court of Appeals for the Second Circuit from the District Court's final approval of the settlement. That appeal is currently pending. (A separate derivative action, also alleging that the Bear Stearns defendants mismanaged the Funds, was brought on behalf of purchasers of partnership interests in the U.S. feeder fund to the High Grade Fund, and was dismissed following a Court-approved settlement with similar terms, pursuant to which BSAM paid approximately $19 million.)

The second pending action, brought by the Joint Voluntary Liquidators of the Cayman Islands feeder funds, makes allegations similar to those asserted in the derivative lawsuits related to the U.S. feeder funds, alleges net losses of approximately $700 million and seeks compensatory and punitive damages. The parties presently are engaged in expert discovery.

The third action was brought by Bank of America and Banc of America Securities LLC (together "BofA") alleging breach of contract and fraud in connection with a $4 billion securitization in May 2007 known as a "CDO-squared," for which BSAM served as collateral manager. This securitization was composed of certain collateralized debt obligation holdings that were purchased by BofA from the Funds. BofA currently seeks damages up to approximately $540 million. The Court recently granted BofA's motion to amend its complaint to reinstate a previously dismissed claim for breach of fiduciary duty. Briefing of motions for summary judgment is scheduled to occur in late 2012 and into early 2013.

Bear Stearns Shareholder Litigation and Related Matters. Various shareholders of Bear Stearns have commenced purported class actions against Bear Stearns and certain of its former officers and/or directors on behalf of all persons who purchased or otherwise acquired common stock of Bear Stearns between December 14, 2006, and March 14, 2008 (the "Class Period"). During the Class Period, Bear Stearns had between 115 million and 120 million common shares outstanding, and the price per share of those securities declined from a high of $172.61 to a low of $30 at the end of the period. The actions, originally commenced in several federal courts and thereafter consolidated before the United States District Court for the Southern District of New York, allege that the defendants issued materially false and misleading statements regarding Bear Stearns' business and financial results and that, as a result of those

197

false statements, Bear Stearns' common stock traded at artificially inflated prices during the Class Period. An agreement has been reached to settle the claims asserted in the consolidated class action complaint for $275 million. The settlement was preliminarily approved by the District Court in June 2012. A hearing was held in September 2012 to consider the final approval of the settlement, and the settlement remains subject to final approval by the District Court. In addition, several individual shareholders of Bear Stearns have also commenced or threatened to commence their own lawsuits or arbitration proceedings against Bear Stearns asserting claims similar to those in the consolidated class action complaint. Certain of these matters have been dismissed or settled.

Separately, an agreement has been reached to resolve a class action brought under the Employee Retirement Income Security Act ("ERISA") against Bear Stearns and certain of its former officers and/or directors on behalf of participants in the Bear Stearns Employee Stock Ownership Plan for alleged breaches of fiduciary duties in connection with the management of that Plan. Under the settlement, the class will receive $10 million. In September 2012, the United States District Court for the Southern District of New York Court granted final approval of this settlement.

Bear Stearns, former members of Bear Stearns' Board of Directors and certain of Bear Stearns' former executive officers have also been named as defendants in a shareholder derivative and class action suit which is pending in the United States District Court for the Southern District of New York. Plaintiffs assert claims for breach of fiduciary duty, violations of federal securities laws, waste of corporate assets and gross mismanagement, unjust enrichment, abuse of control, and indemnification and contribution in connection with the losses sustained by Bear Stearns as a result of its purchases of subprime loans and certain repurchases of its own common stock. Certain individual defendants are also alleged to have sold their holdings of Bear Stearns common stock while in possession of material nonpublic information. Plaintiffs seek compensatory damages in an unspecified amount. The District Court dismissed the action in January 2011, and plaintiffs have appealed.

CIO Investigations and Litigations. The Firm is responding to a series of class actions, shareholder derivative actions, shareholder demands and government investigations relating to trading losses in the synthetic credit portfolio managed by the Firm's Chief Investment Office ("CIO"). The Firm has received requests for documents and information in connection with governmental inquiries and investigations by Congress, the OCC, Federal Reserve, DOJ, U.S. Securities & Exchange Commission ("SEC"), Commodity Futures Trading Commission ("CFTC"), UK Financial Services Authority, the State of Massachusetts and other government agencies. The Firm is cooperating with these investigations.

In addition, the Firm and certain of its affiliates and current and former directors and officers have been named as

defendants in a number of lawsuits arising out of CIO's trading losses.

Four putative class actions alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder were filed on behalf of alleged classes of purchasers of the Firm's common stock during varying periods ranging from less than one month to more than two years. These actions generally allege that the Firm and certain current and former officers made false or misleading statements concerning CIO's trading practices and financial performance. These cases have been consolidated, and lead plaintiffs were appointed pursuant to the Private Securities Litigation Reform Act. A consolidated amended complaint is scheduled to be filed in November 2012.

Separately, two putative class actions have been filed on behalf of participants who held the Firm's common stock in the Firm's retirement and other plans during periods ranging from one to six months. These actions assert claims under ERISA for alleged breaches of fiduciary duties by the Firm, certain affiliates and certain current and former directors and officers in connection with the management of those plans. The complaints generally allege that defendants breached the duty of prudence by allowing investment in the Firm's common stock when they knew or should have known that such stock was unsuitable for the plans and that the Firm and certain current and former officers made false or misleading statements concerning the soundness of the Firm's stock and the prudence of investing in that stock. These actions have been consolidated, and plaintiffs are scheduled to file a consolidated amended complaint in November 2012.

Four shareholder derivative actions have also been filed purportedly on behalf of the Firm against certain of the Firm's current and former directors and officers for alleged breaches of their fiduciary duties. These actions generally allege that defendants failed to exercise adequate oversight over CIO and to manage the risk of CIO's trading activities, which allegedly led to CIO's losses.

The consolidated securities action, consolidated ERISA action and two of the four shareholder derivative actions are pending in the United States District Court for the Southern District of New York, and the two other derivative actions are pending in New York State Supreme Court. On October 19, 2012, defendants moved to dismiss one of the shareholder derivative actions pending in New York State Supreme Court on the ground that plaintiff failed to make a demand on the Firm's Board of Directors or adequately allege demand futility, as required by applicable Delaware law. Defendants have not yet responded to the complaints in any of the other actions.

City of Milan Litigation and Criminal Investigation. In January 2009, the City of Milan, Italy (the "City") issued civil proceedings against (among others) JPMorgan Chase Bank, N.A. and J.P. Morgan Securities plc (formerly J.P. Morgan Securities Ltd.) (together, "JPMorgan Chase") in the District Court of Milan. The proceedings relate to (a) a bond issue

198

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by the City in June 2005 (the "Bond"), and (b) an associated swap transaction, which was subsequently restructured on a number of occasions between 2005 and 2007 (the "Swap"). The City seeks damages and/or other remedies against JPMorgan Chase (among others) on the grounds of alleged "fraudulent and deceitful acts" and alleged breach of advisory obligations in connection with the Swap and the Bond, together with related swap transactions with other counterparties. The Firm has entered into a settlement agreement with the City to resolve the City's civil proceedings.
In March 2010, a criminal judge directed four current and former JPMorgan Chase personnel and JPMorgan Chase Bank, N.A. (as well as other individuals and three other banks) to go forward to a full trial that started in May 2010. Although the Firm is not charged with any crime and does not face criminal liability, if one or more of its employees were found guilty, the Firm could be subject to administrative sanctions, including restrictions on its ability to conduct business in Italy and monetary penalties. Hearings have continued on a weekly basis since May 2010.
The Prosecutor has made recommendations to the judge about proposed sanctions. These include that each of the four banks involved be fined €1.5 million and banned from contracting with the Italian public administration for one year, the banks together repay the alleged profit made (calculated at €18 million per bank), as well as recommended dispositions as to each individual defendants. If the judge accepts any of these recommendations or imposes any other sanctions, they would not take effect until all appeals were exhausted. A decision is expected mid-December 2012.
Enron Litigation. JPMorgan Chase and certain of its officers and directors are involved in several lawsuits seeking damages arising out of the Firm's banking relationships with Enron Corp. and its subsidiaries ("Enron"). A number of actions and other proceedings against the Firm previously were resolved, including a class action lawsuit captioned Newby v. Enron Corp. and adversary proceedings brought by Enron's bankruptcy estate. A purported class action filed on behalf of JPMorgan Chase employees who participated in the Firm's 401(k) plan asserting claims under ERISA for alleged breaches of fiduciary duties by JPMorgan Chase, its directors and named officers was dismissed, and the dismissal was affirmed by the United States Court of Appeals for the Second Circuit. A petition for a writ of certiorari to the U.S. Supreme Court has been filed, which the Firm has opposed. Motions to dismiss are pending in an individual action by an Enron investor and an action by an Enron counterparty.
FERC Matters. JPMorgan Chase's commodities business owns or has the right to output from several electricity generating facilities. The Firm is responding to requests for information in connection with an investigation by the Federal Energy Regulatory Commission (the "FERC") regarding bidding practices by this business in certain organized power markets. Additionally, in September 2012,

the FERC issued an Order to Show Cause as to whether a JPMorgan Chase energy subsidiary's statements concerning discovery obligations made in submissions related to the FERC investigation violated FERC rules regarding misleading information and whether the subsidiary's market-based rates authority should be suspended. The matter is pending before the FERC.
Interchange Litigation. A group of merchants and retail associations filed a series of putative class action complaints relating to interchange in several federal courts. The complaints allege, among other claims, that Visa and MasterCard, as well as certain other banks, conspired to set the price of credit and debit card interchange fees, enacted respective rules in violation of antitrust laws, and engaged in tying/bundling and exclusive dealing. All cases were consolidated in the United States District Court for the Eastern District of New York for pretrial proceedings.
In July 2012, Visa, Inc., its wholly-owned subsidiaries Visa U.S.A. Inc. and Visa International Service Association, MasterCard Incorporated, MasterCard International Incorporated and various United States financial institution defendants, including JPMorgan Chase & Co., JPMorgan Chase Bank, N.A., Chase Bank USA, N.A., Chase Paymentech Solutions, LLC and certain predecessor institutions, signed a memorandum of understanding (the "MOU") to enter into a settlement agreement (the "Settlement Agreement") to resolve the claims of the U.S. merchant and retail association plaintiffs (the "Class Plaintiffs") in the multi-district litigation ("MDL 1720"). The MOU outlines certain conditions precedent to a settlement including: (i) requisite corporate approvals, (ii) reaching agreement on certain appendices to the Settlement Agreement, and (iii) reaching negotiated settlements with the individual plaintiffs whose claims were consolidated with MDL 1720.
The Settlement Agreement provides, among other things, that a cash payment of $6.05 billion will be made to the Class Plaintiffs, of which the Firm's share is approximately 20%. The Class Plaintiffs will also receive an amount equal to ten basis points of interchange for a period of eight months as provided in the Settlement Agreement. The

eight month period will begin after the Court preliminarily approves the Settlement Agreement. The Settlement Agreement also provides for modifications to the credit card networks' rules, including those that prohibit surcharging credit transactions. The Settlement Agreement is subject to final documentation and approval by the Court.
Investment Management Litigation. Four cases have been filed claiming that investment portfolios managed by J.P. Morgan Investment Management Inc. ("JPMorgan Investment Management") were inappropriately invested in securities backed by subprime residential real estate collateral. Plaintiffs claim that JPMorgan Investment Management and related defendants are liable for losses of more than $1 billion in market value of these securities. The first case, filed by NM Homes One, Inc. in the United States District Court for the Southern District of New York, has been settled. In the second and third cases, filed by

199

Assured Guaranty (U.K.) and Ambac Assurance UK Limited in New York state court, discovery is proceeding on plaintiff's claims for breach of contract, breach of fiduciary duty and gross negligence. The fourth case, filed by CMMF LLP in New York state court, asserts claims under New York law for breach of fiduciary duty, gross negligence, breach of contract and negligent misrepresentation. Trial is scheduled to begin in January 2013.

Lehman Brothers Bankruptcy Proceedings. In May 2010, Lehman Brothers Holdings Inc. ("LBHI") and its Official Committee of Unsecured Creditors (the "Committee") filed a complaint (and later an amended complaint) against JPMorgan Chase Bank, N.A. in the United States Bankruptcy Court for the Southern District of New York that asserts both federal bankruptcy law and state common law claims, and seeks, among other relief, to recover $8.6 billion in collateral that was transferred to JPMorgan Chase Bank, N.A. in the weeks preceding LBHI's bankruptcy. The amended complaint also seeks unspecified damages on the grounds that JPMorgan Chase Bank, N.A.'s collateral requests hastened LBHI's demise. In February 2012, JPMorgan Asset Management and Highbridge Capital Management reached a settlement with LBHI and the Committee, which resulted in the return to LBHI of $700 million of the $8.6 billion of collateral sought by the amended complaint. The Firm moved to dismiss plaintiffs' amended complaint in its entirety, and also moved to transfer the litigation from the Bankruptcy Court to the United States District Court for the Southern District of New York. The District Court directed the Bankruptcy Court to decide the motion to dismiss while the District Court is considering the transfer motion. In April 2012, the Bankruptcy Court issued a decision granting in part and denying in part the Firm's motion to dismiss. The Court dismissed the counts of the amended complaint seeking avoidance of the allegedly constructively fraudulent and preferential transfers made to the Firm during the months of August and September 2008. The Court denied the Firm's motion to dismiss as to the other claims, including claims that allege intentional misconduct. In September 2012, the District Court denied the transfer motion without prejudice to its renewal in the future, but stated that any trial would likely have to be conducted before the District Court.

The Firm also filed counterclaims against LBHI alleging that LBHI fraudulently induced the Firm to make large clearing advances to Lehman against inappropriate collateral, which left the Firm with more than $25 billion in claims (the "Clearing Claims") against the estate of Lehman Brothers Inc. ("LBI"), LBHI's broker-dealer subsidiary. These claims have been paid in full, subject to the outcome of the litigation. Discovery is underway, with any trial unlikely to begin before 2013. In August 2011, LBHI and the Committee filed an objection to the deficiency claims asserted by JPMorgan Chase Bank, N.A. against LBHI with respect to the Clearing Claims, principally on the grounds that the Firm had not conducted the sale of the securities collateral held for such claims in a commercially reasonable

manner. In September 2012, LBHI and several of its subsidiaries that had been Chapter 11 debtors filed an objection to derivatives claims asserted by the Firm alleging that the amount of the derivatives claims had been overstated and challenging certain set-offs taken by the JPMorgan entities to recover on the claims.

LIBOR Investigations and Litigation. JPMorgan Chase has received subpoenas and requests for documents and, in some cases, interviews, from federal and state agencies and entities, including the DOJ, CFTC, SEC, and various state attorneys general, as well as the European Commission, UK Financial Services Authority, Canadian Competition Bureau, Swiss Competition Commission and other regulatory authorities and banking associations around the world. The documents and information sought relate primarily to the process by which interest rates were submitted to the British Bankers Association ("BBA") in connection with the setting of the BBA's London Interbank Offered Rate ("LIBOR") for various currencies, principally in 2007 and 2008. Some of the inquiries also relate to similar processes by which information on rates is submitted to European Banking Federation ("EBF") in connection with the setting of the EBF's Euro Interbank Offered Rates ("EURIBOR") and to the Japanese Bankers' Association for the setting of Tokyo Interbank Offered Rates ("TIBOR") as well as to other processes for the setting of other reference rates in various parts of the world during similar time periods. The Firm is cooperating with these inquiries.

In addition, the Firm has been named as a defendant along with other banks in a series of individual and class actions filed in various United States District Courts in which plaintiffs make varying allegations that in various periods, starting in 2000 or later, defendants either individually or collectively suppressed or otherwise manipulated the U.S. dollar LIBOR and Euroyen TIBOR rates by submitting rates that were artificially low or high. Plaintiffs allege that they transacted in loans, derivatives or other financial instruments whose values are impacted by changes in U.S. dollar LIBOR, Yen LIBOR, or Euroyen TIBOR and assert a variety of claims including antitrust claims seeking treble damages.

The U.S. dollar LIBOR actions have been consolidated for pre-trial purposes in the United States District Court for the Southern District of New York. In November 2011, the Court entered an Order appointing interim lead counsel for two proposed classes: (i) plaintiffs who allegedly purchased U.S. dollar LIBOR-based financial instruments directly from the defendants in the over-the-counter market, and (ii) plaintiffs who allegedly purchased U.S. dollar LIBOR-based financial instruments on an exchange. In March 2012, the Court also accepted the transfer of a related action which seeks to bring claims on behalf of a third proposed class of purchasers of debt securities that pay an interest rate linked to U.S. dollar LIBOR. In June 2012, the defendants moved to dismiss all claims in these three U.S. dollar LIBOR purported class actions and the three related individual actions pending before the Court. In September 2012, the parties completed briefing on the

defendants' motions to dismiss. The Court has not yet ruled on the defendants' motions to dismiss.
The Court also has pending before it six additional U.S. dollar LIBOR putative class actions. Two of these actions seek to bring claims on behalf of purchasers of over-the-counter transactions in U.S. dollar-based derivatives from certain non-party commercial banking and insurance institutions in the United States. The other four actions seek to bring claims on behalf of: (i) U.S. community banks that issued loans with interest rates tied to U.S. dollar LIBOR; (ii) all lending institutions which are either headquartered or have a majority of their operations in the State of New York and which originated or purchased loans paying interest rates tied to U.S. dollar LIBOR; (iii) all persons and entities who owned a preferred equity security on which dividends are payable at a rate tied to U.S. dollar LIBOR; and (iv) all persons or entities within the U.S. who entered into an adjustable mortgage rate loan agreement that had an interest rate indexed to U.S. dollar LIBOR and that was securitized into a security that was issued by or owned by the defendants. The Court has stayed these purported class actions until it rules on the defendants' pending motions to dismiss.
The Firm also has been named as a defendant in a purported class action filed in the United States District Court for the Southern District of New York which seeks to bring claims on behalf of plaintiffs who allegedly purchased or sold exchange-traded Euroyen futures and options contracts. In October 2012, the Court ordered plaintiff to file any amended complaint by November 30, 2012, after which the defendants will have 60 days to file responsive pleadings or motions to dismiss.
In addition, the Firm was previously named as a defendant in a purported class action filed in the United States District Court for the Southern District of New York which sought to bring claims on behalf of plaintiffs in the United States who allegedly purchased or sold EURIBOR-related financial instruments, either on an exchange or in over-the-counter transactions. In August 2012, the plaintiff voluntarily dismissed this action without prejudice.
Madoff Litigation. JPMorgan Chase & Co., JPMorgan Chase Bank, N.A., J.P. Morgan Securities LLC, and J.P. Morgan Securities plc have been named as defendants in a lawsuit brought by the trustee (the "Trustee") for the liquidation of Bernard L. Madoff Investment Securities LLC ("Madoff"). The Trustee has served an amended complaint in which he has asserted 28 causes of action against JPMorgan Chase, 20 of which seek to avoid certain transfers (direct or indirect) made to JPMorgan Chase that are alleged to have been preferential or fraudulent under the federal Bankruptcy Code and the New York Debtor and Creditor Law. The remaining causes of action involve claims for, among other things, aiding and abetting fraud, aiding and abetting breach of fiduciary duty, conversion, contribution and unjust enrichment. The complaint generally alleges that JPMorgan Chase, as Madoff's long-time bank, facilitated the maintenance of Madoff's Ponzi scheme and overlooked

signs of wrongdoing in order to obtain profits and fees. The complaint asserts common law claims that purport to seek approximately $19 billion in damages, together with bankruptcy law claims to recover approximately $425 million in transfers that JPMorgan Chase allegedly received directly or indirectly from Bernard Madoff's brokerage firm. In October 2011, the United States District Court for the Southern District of New York granted JPMorgan Chase's motion to dismiss the common law claims asserted by the Trustee, and returned the remaining claims to the Bankruptcy Court for further proceedings. The Trustee has appealed this decision.
Separately, J.P. Morgan Trust Company (Cayman) Limited, JPMorgan (Suisse) SA, J.P. Morgan Securities plc, Bear Stearns Alternative Assets International Ltd., J.P. Morgan Clearing Corp., J.P. Morgan Bank Luxembourg SA, and J.P. Morgan Markets Limited (formerly Bear Stearns International Limited) have been named as defendants in lawsuits presently pending in Bankruptcy Court in New York arising out of the liquidation proceedings of Fairfield Sentry Limited and Fairfield Sigma Limited (together, "Fairfield"), so-called Madoff feeder funds. These actions are based on theories of mistake and restitution, among other theories, and seek to recover payments made to defendants by the funds totaling approximately $155 million. Pursuant to an agreement with the Trustee, the liquidators of Fairfield have voluntarily dismissed their action against J.P. Morgan Securities plc without prejudice to refiling. The other actions remain outstanding. In addition, a purported class action was brought by investors in certain feeder funds against JPMorgan Chase in the United States District Court for the Southern District of New York, as was a motion by separate potential class plaintiffs to add claims against JPMorgan Chase & Co., JPMorgan Chase Bank, N.A., J.P. Morgan Securities LLC and J.P. Morgan Securities plc to an already-pending purported class action in the same court. The allegations in these complaints largely track those raised by the Trustee. The Court dismissed these complaints

and plaintiffs have appealed.

The Firm is a defendant in five other Madoff-related actions pending in New York state court and one purported class action in federal District Court in New York. The allegations in all of these actions are essentially identical, and involve claims against the Firm for, among other things, aiding and abetting breach of fiduciary duty, conversion and unjust enrichment. The Firm has moved to dismiss both the state and federal actions.

The Firm is also responding to various governmental inquiries concerning the Madoff matter.

MF Global. As previously disclosed, JPMorgan Chase & Co. was named as one of several defendants in a number of putative class action lawsuits brought by former customers of MF Global in federal District Courts in New York, Illinois and Montana. The lawsuits have been consolidated before the United States District Court for the Southern District of New York. The actions alleged, among other things, that the Firm aided and abetted MF Global's alleged misuse of

201

customer money and breaches of fiduciary duty and was unjustly enriched by the transfer of certain customer segregated funds by MF Global. The Firm has entered into a tolling agreement with counsel for the class plaintiffs and an individual plaintiff, pursuant to which the plaintiffs have agreed not to pursue any such claims against the Firm in these actions for so long as the tolling agreement remains in effect.

J.P. Morgan Securities LLC has been named as one of several defendants in a number of purported class actions filed by purchasers of MF Global's publicly traded securities, including the securities issued pursuant to MF Global's June 2010 secondary offering of common stock and February 2011 and August 2011 convertible note offerings. The actions have been consolidated before the United States District Court for the Southern District of New York. In August 2012, the lead plaintiffs filed an amended complaint which asserts violations of the Securities Act of 1933 against the underwriter defendants and alleges that the offering documents contained materially false and misleading statements and omissions regarding MF Global's financial position, internal controls and risk management, as such topics relate to the company's exposure to European sovereign debt.

In June 2012, the Securities Investor Protection Act ("SIPA") Trustee issued a Report of the Trustee's Investigation and Recommendations, and stated that he is considering potential claims against the Firm with respect to certain transfers identified in the Report. Discussions with the SIPA Trustee regarding possible resolution of potential claims against the Firm are ongoing.

The Firm has responded to and continues to respond to inquiries from the CFTC, SEC, SIPA Trustee and Bankruptcy Trustee concerning MF Global.

Mortgage-Backed Securities and Repurchase Litigation and Regulatory Investigations. JPMorgan Chase and affiliates, Bear Stearns and affiliates and Washington Mutual affiliates have been named as defendants in a number of cases in their various roles as issuer, originator or underwriter in MBS offerings. These cases include purported class action suits, actions by individual purchasers of securities or by trustees for the benefit of purchasers of securities, an action by the New York State Attorney General and actions by monoline insurance companies that guaranteed payments of principal and interest for particular tranches of securities offerings. Although the allegations vary by lawsuit, these cases generally allege that the offering documents for securities issued by dozens of securitization trusts contained material misrepresentations and omissions, including with regard to the underwriting standards pursuant to which the underlying mortgage loans were issued, or assert that various representations or warranties relating to the loans were breached at the time of origination. There are currently pending and tolled investor claims involving approximately $140 billion of such securities. In addition, and as described below, there are pending and threatened claims by monoline insurers

and by and on behalf of trustees that involve some of these and other securitizations.

In the actions against the Firm as an MBS issuer (and, in some cases, also as an underwriter of its own MBS offerings), three purported class actions are pending against JPMorgan Chase and Bear Stearns, and/or certain of their affiliates and current and former employees, in the United States District Courts for the Eastern and Southern Districts of New York. Motions to dismiss have been largely denied in these cases, although in certain cases defendants have sought to appeal aspects of the decision, and they are in various stages of litigation. A settlement of a fourth purported class action that is pending in the United States District Court for the Western District of Washington against Washington Mutual affiliates, WaMu Asset Acceptance Corp. and WaMu Capital Corp. and certain former officers or directors of WaMu Asset Acceptance Corp., has been preliminarily approved by the court.

In addition to class actions, the Firm is also a defendant in individual actions brought against certain affiliates of JPMorgan Chase, Bear Stearns and Washington Mutual as issuers (and, in some cases, as underwriters) of MBS. These actions involve claims by or to benefit various institutional investors and governmental agencies. These actions are pending in federal and state courts across the United States and are in various stages of litigation.

In actions against the Firm solely as an underwriter of other issuers' MBS offerings, the Firm has contractual rights to indemnification from the issuers. However, those indemnity rights may prove effectively unenforceable where the issuers are now defunct, such as in pending cases where the Firm has been named involving affiliates of IndyMac Bancorp and Thornburg Mortgage. The Firm may also be contractually obligated to indemnify underwriters in certain deals it issued.

EMC Mortgage LLC (formerly EMC Mortgage Corporation) (“EMC”), an indirect subsidiary of JPMorgan Chase & Co., and certain other JPMorgan Chase entities currently are defendants in nine pending actions commenced by bond insurers that guaranteed payments of principal and interest on certain classes of 19 different MBS offerings. These actions are pending in federal and state courts in New York and are in various stages of litigation. Certain JPMorgan Chase entities, in their capacities as alleged successors in interest to Bear Stearns and EMC, have been named as defendants in a civil suit filed by the New York Attorney General in New York state court in connection with Bear Stearns’ due diligence and quality control practices relating to MBS.

The Firm or its affiliates are defendants in actions brought by trustees of various MBS trusts and others on behalf of the purchasers of securities issued by those trusts. The first action was commenced by Deutsche Bank National Trust Company, acting as trustee for various MBS trusts, against the Firm and the FDIC based on MBS issued by Washington Mutual Bank and its affiliates; that case is described in the Washington Mutual Litigations section below. The other actions are at various initial stages of litigation in the New York and Delaware state courts, including actions brought by MBS trustees, each specific to a single MBS transaction, against EMC and/or JPMorgan Chase. These cases generally allege breaches of various representations and warranties regarding securitized loans and seek repurchase of those loans, as well as indemnification of attorneys' fees and costs and other remedies.

There is no assurance that the Firm will not be named as a defendant in additional MBS-related litigation, and the Firm has entered into agreements with a number of entities that purchased such securities that toll applicable limitations periods with respect to their claims. In addition, the Firm has received several demands by securitization trustees that threaten litigation, as well as demands by investors directing or threatening to direct trustees to investigate claims or bring litigation, based on purported obligations to repurchase loans out of securitization trusts and alleged servicing deficiencies. These include but are not limited to a demand from a law firm, as counsel to a group of purchasers of MBS that purport to have 25% or more of the voting rights in as many as 191 different trusts sponsored by the Firm or its affiliates with an original principal balance of more than $174 billion (excluding 52 trusts sponsored by Washington Mutual, with an original principal balance of more than $58 billion), made to various trustees to investigate potential repurchase and servicing claims. Further, there have been repurchase and servicing claims made in litigation against trustees not affiliated with the Firm, but involving trusts the Firm sponsored.

In April 2012, the Court granted the Firm's motion to dismiss a shareholder complaint filed in New York Supreme Court against the Firm and two affiliates, members of the boards of directors thereof and certain employees, asserting claims based on alleged wrongful actions and inactions relating to residential mortgage originations and securitizations. The plaintiff has appealed the order. A second shareholder complaint has been filed in New York Supreme Court against current and former members of the Firm's Board of Directors and the Firm, as nominal defendant, alleging that the Board allowed the Firm to engage in wrongful conduct regarding the sale of residential MBS and failed to implement adequate internal controls to prevent such wrongdoing.

In addition to the above-described litigation, the Firm has also received, and responded to, a number of subpoenas and informal requests for information from federal and state authorities concerning mortgage-related matters, including inquiries concerning a number of transactions involving the Firm and its affiliates' origination and purchase of whole loans, underwriting and issuance of MBS, treatment of early payment defaults and potential breaches of securitization representations and warranties, reserves and due diligence in connection with securitizations. In January 2012, the Firm was advised by SEC staff that they are considering recommending to the Commission that civil or administrative actions be pursued arising out of two separate investigations they have been conducting. The first

now involves potential claims against J.P. Morgan Securities LLC and J.P. Morgan Acceptance Corporation I relating to delinquency disclosures in connection with a single mortgage-backed securitization. The second involves potential claims against Bear Stearns entities and J.P. Morgan Securities LLC relating to disclosures concerning settlements of claims against originators involving loans included in a number of Bear Stearns securitizations. The Firm has reached an agreement in principle with the staff of the SEC to resolve these matters. The agreement in principle is subject to approval by the SEC, as well as court approval. There can be no assurance that the agreement in principle will be approved.

Mortgage Foreclosure Investigations and Litigation. JPMorgan Chase and four other firms agreed to a settlement (the "global settlement") with a number of federal and state government agencies, including the DOJ, the Department of Housing and Urban Development, the Consumer Financial Protection Bureau and the State Attorneys General, relating to the servicing and origination of mortgages. The global settlement was approved by the federal District Court for the District of Columbia effective April 5, 2012. Pursuant to the global settlement, the Firm is required to make certain payments, provide various forms of relief to certain borrowers and adhere to certain enhanced mortgage servicing standards. The global settlement releases the Firm from various state and federal claims, but these releases do not include claims arising out of securitization activities, including representations made to investors concerning MBS, criminal claims and repurchase demands from the GSEs, among other items. The New York Department of Financial Services was not a party to the settlement and did not release any claims.

The Attorneys General of Massachusetts and New York have separately filed lawsuits against the Firm, other servicers and a mortgage recording company asserting claims for various alleged wrongdoings relating to mortgage assignments and use of the industry's electronic mortgage registry. The Firm has moved to dismiss these actions.

Six purported class action lawsuits were filed against the Firm relating to its mortgage foreclosure procedures. Two of the class actions have been dismissed with prejudice and one settled on an individual basis. Of the remaining active actions, one is in the discovery phase and the other two have motions to dismiss pending. Additionally, the purported class action brought against Bank of America involving an EMC loan has been dismissed.

Two shareholder derivative actions have been filed in New York Supreme Court against the Firm's Board of Directors alleging that the Board failed to exercise adequate oversight as to wrongful conduct by the Firm regarding mortgage servicing. These actions seek declaratory relief and damages. In July 2012, the Court granted defendants' motion to dismiss the complaint in the first-filed action and gave plaintiff 45 days in which to file an amended complaint. In October 2012, the Court entered a stipulated order consolidating the actions and staying all proceedings

pending the plaintiffs' decision whether to file a consolidated complaint after the Firm completes its response to a demand submitted by one of the plaintiffs under Section 220 of the Delaware General Corporation Law.
The Firm has received subpoenas from the United States Attorney's Office for the Southern District of New York in connection with the participation by JPMorgan Chase and Washington Mutual in the Federal Housing Administration's Direct Endorsement Program. The Firm continues to provide documents and information pursuant to the subpoenas.
Municipal Derivatives Investigations and Litigation. Purported class action lawsuits and individual actions have been filed against JPMorgan Chase and Bear Stearns, as well as numerous other providers and brokers, alleging antitrust violations in the market for financial instruments related to municipal bond offerings referred to collectively as "municipal derivatives." In July 2011, the Firm settled with federal and state governmental agencies to resolve their investigations into similar alleged conduct. The municipal derivatives actions have been consolidated and/or coordinated in the United States District Court for the Southern District of New York. In April 2012, JPMorgan and Bear Stearns reached an agreement to settle the municipal derivatives actions for $45 million. The settlement is subject to court approval.
In addition, civil actions have been commenced against the Firm relating to certain Jefferson County, Alabama (the "County") warrant underwritings and swap transactions. In November 2009, J.P. Morgan Securities LLC settled with the SEC to resolve its investigation into those transactions. Following that settlement, the County filed an action against the Firm and several other defendants in Alabama state court. An action on behalf of a purported class of sewer rate payers has also been filed in Alabama state court. The suits allege that the Firm made payments to certain third parties in exchange for being chosen to underwrite more than $3 billion in warrants issued by the County and to act as the counterparty for certain swaps executed by the County. The complaints also allege that the Firm concealed these third-party payments and that, but for this concealment, the County would not have entered into the transactions. The Court denied the Firm's motions to dismiss the complaints in both proceedings. The Firm filed mandamus petitions with the Alabama Supreme Court, seeking immediate appellate review of these decisions. The mandamus petition in the County's lawsuit was denied in April 2011. In November and December, 2011, the County filed notices of bankruptcy with the trial court in each of the cases and with the Alabama Supreme Court stating that it was a Chapter 9 Debtor in the U.S. Bankruptcy Court for the Northern District of Alabama. Subsequently, the portion of the sewer rate payer action involving claims against the Firm was removed by certain defendants to the United States District Court for the Northern District of Alabama. In its order finding that removal of this action was proper, the District Court referred the action to the District's

Bankruptcy Court, where the action remains pending. Discovery in the County's action is ongoing.
In September 2012, a group of purported creditors of the County initiated an adversary proceeding and filed a purported class action complaint alleging that certain warrants were issued unlawfully and were thus null and void and seeking $1.6 billion in damages from the Firm and other defendants involved in the Jefferson County financing transactions. The Firm's response to that complaint is currently due in November 2012.
Two insurance companies that guaranteed the payment of principal and interest on warrants issued by the County have filed separate actions against the Firm in New York state court. Their complaints assert that the Firm fraudulently misled them into issuing insurance based upon substantially the same alleged conduct described above and other alleged non-disclosures. One insurer claims that it insured an aggregate principal amount of nearly $1.2 billion and seeks unspecified damages in excess of $400 million as well as unspecified punitive damages. The other insurer claims that it insured an aggregate principal amount of more than $378 million and seeks recovery of $4 million allegedly paid under the policies to date as well as any future payments and unspecified punitive damages. In December 2010, the court denied the Firm's motions to dismiss each of the complaints. The Firm has filed a cross-claim and a third party claim against the County for indemnity and contribution. The County moved to dismiss, which the court denied in August 2011. In consequence of its November 2011 bankruptcy filing, the County has asserted that these actions are stayed. In February 2012, one of the insurers filed a motion for a declaration that its action is not stayed as against the Firm or, in the alternative, for an order lifting the stay as against the Firm. The Firm and the County opposed the motion, which remains pending.
Option Adjustable Rate Mortgage Litigation. The Firm is defending four purported and three certified class actions all pending in federal courts in California asserting that several JPMorgan Chase entities violated the federal Truth in

Lending Act and state unfair business practice statutes in failing to provide adequate disclosures in Option Adjustable Rate Mortgage (“ARM”) loans regarding the resetting of introductory interest rates and that negative amortization was certain to occur if a borrower made the minimum monthly payment. With respect to the former Washington Mutual and Bear Stearns defendants who purchased Option ARM loans from third-party originators, plaintiffs allege that those entities aided and abetted the original lenders’ alleged violations. Classes have been certified in three of the actions. In one of the certified class actions, the Firm has moved for decertification of the class and for summary judgment. The Firm has sought permission to immediately appeal the remaining class certification decisions.
Overdraft Fee/Debit Posting Order Litigation. JPMorgan Chase Bank, N.A. has been named as a defendant in several purported class actions relating to its practices in posting

204

debit card transactions to customers' deposit accounts. Plaintiffs allege that the Firm improperly re-ordered debit card transactions from the highest amount to the lowest amount before processing these transactions in order to generate unwarranted overdraft fees. Plaintiffs contend that the Firm should have processed such transactions in the chronological order they were authorized. Plaintiffs seek the disgorgement of all overdraft fees paid to the Firm by plaintiffs since approximately 2003 as a result of the re-ordering of debit card transactions. The claims against the Firm have been consolidated with numerous complaints against other national banks in multi-District litigation pending in the United States District Court for the Southern District of Florida. The Firm has reached an agreement to settle this matter in exchange for the Firm paying $110 million and agreeing to change certain overdraft fee practices. On May 24, 2012, the Court granted preliminary approval of the settlement and scheduled a final approval hearing in December 2012.

Petters Bankruptcy and Related Matters. JPMorgan Chase and certain of its affiliates, including One Equity Partners ("OEP"), have been named as defendants in several actions filed in connection with the receivership and bankruptcy proceedings pertaining to Thomas J. Petters and certain affiliated entities (collectively, "Petters") and the Polaroid Corporation. The principal actions against JPMorgan Chase and its affiliates have been brought by a court-appointed receiver for Petters and the trustees in bankruptcy proceedings for three Petters entities. These actions generally seek to avoid, on fraudulent transfer and preference grounds, certain purported transfers in connection with (i) the 2005 acquisition by Petters of Polaroid, which at the time was majority-owned by OEP; (ii) two credit facilities that JPMorgan Chase and other financial institutions entered into with Polaroid; and (iii) a credit line and investment accounts held by Petters. The actions collectively seek recovery of approximately $450 million. Defendants have moved to dismiss the complaints in the actions filed by the Petters bankruptcy trustees and the parties have agreed to stay the action brought by the Receiver until after the Bankruptcy Court rules on the pending motions.

Securities Lending Litigation. JPMorgan Chase Bank, N.A. has been named as a defendant in four putative class actions asserting ERISA and other claims pending in the United States District Court for the Southern District of New York brought by participants in the Firm's securities lending business. A fifth lawsuit was filed in New York state court by an individual participant in the program. Three of the purported class actions, which have been consolidated, relate to investments of approximately $500 million in medium-term notes of Sigma Finance Inc. ("Sigma"). In August 2010, the Court certified a plaintiff class consisting of all securities lending participants that held Sigma medium-term notes on September 30, 2008, including those that held the notes by virtue of participation in the investment of cash collateral through a collective fund, as well as those that held the notes by virtue of the investment

of cash collateral through individual accounts. The Court granted JPMorgan Chase's motion for partial summary judgment as to plaintiffs' duty of loyalty claim, finding that the Firm did not have a conflict of interest when it provided repurchase financing to Sigma while also holding Sigma medium-term notes in securities lending accounts. The parties reached an agreement to settle this action for $150 million. The Court granted final approval to the settlement in June 2012.

The fourth putative class action concerns investments of approximately $500 million in Lehman Brothers medium-term notes. The Court granted the Firm's motion to dismiss all claims in April 2012. The plaintiff filed a third amended complaint, and the Firm's motion to dismiss this complaint is pending. The New York state court action, which is not a class action, concerns the plaintiff's alleged loss of money in both Sigma and Lehman Brothers medium-term notes. The Firm has answered the complaint. Discovery is complete and motions for summary judgment are due in November 2012.

Washington Mutual Litigations. Proceedings related to Washington Mutual's failure are pending before the United States District Court for the District of Columbia and include a lawsuit brought by Deutsche Bank National Trust Company, initially against the FDIC, asserting an estimated $6 billion to $10 billion in damages based upon alleged breach of various mortgage securitization agreements and alleged violation of certain representations and warranties given by certain Washington Mutual, Inc. ("WMI") subsidiaries in connection with those securitization agreements. The case includes assertions that JPMorgan Chase may have assumed liabilities for alleged breaches of representations and warranties in the mortgage securitization agreements. The District Court denied as premature motions by the Firm and the FDIC that sought a ruling on whether the FDIC retained liability for Deutsche Bank's claims. Discovery is underway.

In addition, JPMorgan Chase was sued in an action originally filed in state court in Texas (the "Texas Action") by certain holders of WMI common stock and debt of WMI and Washington Mutual Bank who seek unspecified damages alleging that JPMorgan Chase acquired substantially all of the assets of Washington Mutual Bank from the FDIC at a price that was allegedly too low. The Texas Action was transferred to the United States District Court for the District of Columbia, which ultimately granted JPMorgan Chase's and the FDIC's motions to dismiss the complaint, but the United States Court of Appeals for the District of Columbia Circuit reversed the District Court's dismissal and remanded the case for further proceedings. Plaintiffs, who sue now only as holders of Washington Mutual Bank debt following their voluntary dismissal of claims brought as holders of WMI common stock and debt, have filed an amended complaint alleging that JPMorgan Chase caused the closure of Washington Mutual Bank and damaged them by causing their bonds issued by Washington Mutual Bank, which had a total face value of $38 million, to lose substantially all of their value. JPMorgan Chase and the

FDIC moved to dismiss this action and the District Court dismissed the case except as to the plaintiffs' claim that the Firm tortiously interfered with the plaintiffs' bond contracts with Washington Mutual Bank prior to its closure.

* * *

In addition to the various legal proceedings discussed above, JPMorgan Chase and its subsidiaries are named as defendants or are otherwise involved in a substantial number of other legal proceedings. The Firm believes it has meritorious defenses to the claims asserted against it in its currently outstanding legal proceedings and it intends to defend itself vigorously in all such matters. Additional legal proceedings may be initiated from time to time in the future.

The Firm has established reserves for several hundred of its currently outstanding legal proceedings. The Firm accrues for potential liability arising from such proceedings when it is probable that such liability has been incurred and the amount of the loss can be reasonably estimated. The Firm evaluates its outstanding legal proceedings each quarter to assess its litigation reserves, and makes adjustments in such reserves, upwards or downwards, as appropriate, based on management's best judgment after consultation with counsel. The Firm incurred litigation expense of $790 million and $1.3 billion, respectively, during the three months ended September 30, 2012 and 2011, and $3.8 billion and $4.3 billion, respectively, during the nine months ended September 30, 2012 and 2011. There is no assurance that the Firm's litigation reserves will not need to be adjusted in the future.

In view of the inherent difficulty of predicting the outcome of legal proceedings, particularly where the claimants seek very large or indeterminate damages, or where the matters present novel legal theories, involve a large number of parties or are in early stages of discovery, the Firm cannot state with confidence what will be the eventual outcomes of the currently pending matters, the timing of their ultimate resolution or the eventual losses, fines, penalties or impact related to those matters. JPMorgan Chase believes, based upon its current knowledge, after consultation with counsel and after taking into account its current litigation reserves, that the legal proceedings currently pending against it should not have a material adverse effect on the Firm's consolidated financial condition. The Firm notes, however, that in light of the uncertainties involved in such proceedings, there is no assurance the ultimate resolution of these matters will not significantly exceed the reserves it has currently accrued; as a result, the outcome of a particular matter may be material to JPMorgan Chase's operating results for a particular period, depending on, among other factors, the size of the loss or liability imposed and the level of JPMorgan Chase's income for that period.

Note 24 – Business segments

The Firm is managed on a line-of-business basis. There are six major reportable business segments – Investment Bank, Retail Financial Services, Card Services & Auto, Commercial Banking, Treasury & Securities Services and Asset Management. In addition, there is a Corporate/Private Equity segment. The business segments are determined based on the products and services provided, or the type of customer served, and they reflect the manner in which financial information is currently evaluated by management. Results of these lines of business are presented on a managed basis. For a definition of managed basis, see the footnotes to the table below. For a further discussion concerning JPMorgan Chase's business segments, see Business Segment Results on pages 17–18 of this Form 10-Q, and pages 76–78 and Note 33 on pages 300–303 of JPMorgan Chase's 2011 Annual Report.

Business segment changes

On July 27, 2012, the Firm announced that it will be reorganizing its business segments to reflect the manner in which the segments will be managed. The reorganization of the business segments is expected to be effective beginning in the fourth quarter of 2012. As a result, Retail Financial Services ("RFS") and Card Services & Auto ("Card") businesses will be combined to form the Consumer & Community Banking segment. The Investment Bank ("IB") and Treasury & Securities Services ("TSS") businesses will be combined to form the Corporate & Investment Bank segment. Asset Management ("AM") and Commercial Banking ("CB") will remain unchanged. In addition, Corporate/Private Equity will not be significantly affected.

Segment results

The following tables provide a summary of the Firm's segment results for the three and nine months ended September 30, 2012 and 2011, on a managed basis. Total net revenue (noninterest revenue and net interest income) for each of the segments is presented on a fully taxable-equivalent ("FTE") basis. Accordingly, revenue from investments that receive tax credits and tax-exempt securities is presented in the managed results on a basis comparable to taxable investments and securities. This non-GAAP financial measure allows management to assess the comparability of revenue arising from both taxable and tax-exempt sources. The corresponding income tax impact related to tax-exempt items is recorded within income tax expense/(benefit).

Effective January 1, 2012, the Firm revised the capital allocated to certain businesses, reflecting additional refinement of each segment's estimated Basel III Tier 1 common capital requirements and balance sheet trends.

207

Segment results and reconciliation[(a)]

As of or for the three months ended September 30,	Investment Bank		Retail Financial Services		Card Services & Auto		Commercial Banking	
(in millions, except ratios)	2012	2011	2012	2011	2012	2011	2012	2011
Noninterest revenue	$4,470	$4,293	$4,141	$3,473	$1,280	$1,254	$586	$524
Net interest income	1,807	2,076	3,872	4,062	3,443	3,521	1,146	1,064
Total net revenue	6,277	6,369	8,013	7,535	4,723	4,775	1,732	1,588
Provision for credit losses	(48)	54	631	1,027	1,231	1,264	(16)	67
Credit allocation income/(expense)[(b)]	—	—	—	—	—	—	—	—
Noninterest expense	3,907	3,799	5,039	4,565	1,920	2,115	601	573
Income/(loss) before income tax expense/(benefit)	2,418	2,516	2,343	1,943	1,572	1,396	1,147	948
Income tax expense/(benefit)	846	880	935	782	618	547	457	377
Net income/(loss)	$1,572	$1,636	$1,408	$1,161	$954	$849	$690	$571
Average common equity	$40,000	$40,000	$26,500	$25,000	$16,500	$16,000	$9,500	$8,000
Total assets (period-end)	838,753	824,733	259,238	276,799	200,812	199,473	168,124	151,095
Return on common equity	16%	16%	21%	18%	23%	21%	29%	28%
Overhead ratio	62	60	63	61	41	44	35	36

As of or for the three months ended September 30,	Treasury & Securities Services		Asset Management		Corporate/Private Equity		Reconciling Items[(c)]		Total	
(in millions, except ratios)	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Noninterest revenue	$1,048	$1,107	$1,907	$1,898	$1,201	$(140)	$(463)	$(463)	$14,170	$11,946
Net interest income	981	801	552	418	(625)	8	(200)	(133)	10,976	11,817
Total net revenue	2,029	1,908	2,459	2,316	576	(132)	(663)	(596)	25,146	23,763
Provision for credit losses	(12)	(20)	14	26	(11)	(7)	—	—	1,789	2,411
Credit allocation income/(expense)[(b)]	54	9	—	—	—	—	(54)	(9)	—	—
Noninterest expense	1,443	1,470	1,731	1,796	730	1,216	—	—	15,371	15,534
Income/(loss) before income tax expense/(benefit)	652	467	714	494	(143)	(1,341)	(717)	(605)	7,986	5,818
Income tax expense/(benefit)	232	162	271	109	(364)	(696)	(717)	(605)	2,278	1,556
Net income/(loss)	$420	$305	$443	$385	$221	$(645)	$—	$—	$5,708	$4,262
Average common equity	$7,500	$7,000	$7,000	$6,500	$79,590	$71,954	$—	$—	$186,590	$174,454
Total assets (period-end)	65,337	62,364	103,608	81,179	685,412	693,597	NA	NA	2,321,284	2,289,240

Return on common equity	22	%17	% 25	%24	% NM	NM	NM	NM	12	%9	%
Overhead ratio	71	77	70	78	NM	NM	NM	NM	61	65	

208

As of or for the nine months ended September 30,	Investment Bank		Retail Financial Services		Card Services & Auto		Commercial Banking	
(in millions, except ratios)	2012	2011	2012	2011	2012	2011	2012	2011
Noninterest revenue	$14,930	$15,702	$11,899	$7,968	$3,777	$3,607	$1,705	$1,624
Net interest income	5,434	6,214	11,698	12,175	10,185	10,720	3,375	3,107
Total net revenue	20,364	21,916	23,597	20,143	13,962	14,327	5,080	4,731
Provision for credit losses	(32)	(558)	(20)	3,220	2,703	2,561	44	168
Credit allocation income/(expense)[(b)]	—	—	—	—	—	—	—	—
Noninterest expense	12,447	13,147	14,774	14,736	6,045	6,020	1,790	1,699
Income/(loss) before income tax expense/(benefit)	7,949	9,327	8,843	2,187	5,214	5,746	3,246	2,864
Income tax expense/(benefit)	2,782	3,264	3,415	1,042	2,047	2,253	1,292	1,140
Net income/(loss)	$5,167	$6,063	$5,428	$1,145	$3,167	$3,493	$1,954	$1,724
Average common equity	$40,000	$40,000	$26,500	$25,000	$16,500	$16,000	$9,500	$8,000
Total assets (period-end)	838,753	824,733	259,238	276,799	200,812	199,473	168,124	151,095
Return on common equity	17 %	20 %	27 %	6 %	26 %	29 %	27 %	29 %
Overhead ratio	61	60	63	73	43	42	35	36

As of or for the nine months ended September 30,	Treasury & Securities Services		Asset Management		Corporate/Private Equity		Reconciling Items[(c)]		Total	
(in millions, except ratios)	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Noninterest revenue	$3,266	$3,427	$5,646	$6,057	$(190)	$3,185	$(1,443)	$(1,365)	$39,590	$40,205
Net interest income	2,929	2,253	1,547	1,202	(814)	260	(566)	(373)	33,788	35,558
Total net revenue	6,195	5,680	7,193	7,259	(1,004)	3,445	(2,009)	(1,738)	73,378	75,763
Provision for credit losses	(2)	(18)	67	43	(31)	(26)	—	—	2,729	5,390
Credit allocation income/(expense)[(b)]	125	68	—	—	—	—	(125)	(68)	—	—
Noninterest expense	4,407	4,300	5,161	5,250	4,058	3,219	—	—	48,682	48,371
Income/(loss) before income tax expense/(benefit)	1,915	1,466	1,965	1,966	(5,031)	252	(2,134)	(1,806)	21,967	22,002
Income tax expense/(benefit)	681	512	745	676	(2,453)	(327)	(2,134)	(1,806)	6,375	6,754
Net income/(loss)	$1,234	$954	$1,220	$1,290	$(2,578)	$579	$—	$—	$15,592	$15,248
Average common equity	$7,500	$7,000	$7,000	$6,500	$74,791	$70,167	$—	$—	$181,791	$172,667
Total assets (period-end)	65,337	62,364	103,608	81,179	685,412	693,597	NA	NA	2,321,284	2,289,240
	22 %	18 %	23 %	27 %	NM	NM	NM	NM	11 %	11 %

Return on common equity										
Overhead ratio	71	76	72	72	NM	NM	NM	NM	66	64

(a) In addition to analyzing the Firm's results on a reported basis, management reviews the Firm's lines of business results on a "managed basis," which is a non-GAAP financial measure. The Firm's definition of managed basis starts with the reported U.S. GAAP results and includes certain reclassifications as discussed below that do not have any impact on net income as reported by the lines of business or by the Firm as a whole.

(b) IB manages traditional credit exposures related to the Global Corporate Bank ("GCB") on behalf of IB and TSS, and IB and TSS share the economics related to the Firm's GCB clients. Included within this allocation are net revenue, provision for credit losses and expenses. IB recognizes this credit allocation as a component of all other income.

(c) Segment managed results reflect revenue on a FTE basis with the corresponding income tax impact recorded within income tax expense/(benefit). These adjustments are eliminated in reconciling items to arrive at the Firm's reported U.S. GAAP results. FTE adjustments for the three and nine months ended September 30, 2012 and 2011, were as follows.

	Three months ended September 30,		Nine months ended September 30,	
(in millions)	2012	2011	2012	2011
Noninterest revenue	$517	$472	$1,568	$1,433
Net interest income	200	133	566	373
Income tax expense	717	605	2,134	1,806

209

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
JPMorgan Chase & Co.:

We have reviewed the consolidated balance sheet of JPMorgan Chase & Co. and its subsidiaries (the “Firm”) as of September 30, 2012, and the related consolidated statements of income and of comprehensive income for the three-month and nine-month periods ended September 30, 2012 and September 30, 2011, and the consolidated statements of cash flows and of changes in stockholders’ equity for the nine-month periods ended September 30, 2012 and September 30, 2011, included in the Firm’s Quarterly Report on Form 10-Q for the period ended September 30, 2012. These interim financial statements are the responsibility of the Firm’s management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2011, and the related consolidated statements of income, changes in stockholders’ equity and comprehensive income, and cash flows for the year then ended (not presented herein), and in our report dated February 29, 2012, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2011, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

November 8, 2012

PricewaterhouseCoopers LLP, 300 Madison Avenue, New York, NY 10017

210

JPMorgan Chase & Co.
Consolidated average balance sheets, interest and rates
(Taxable-equivalent interest and rates; in millions, except rates)

	Three months ended September 30, 2012			Three months ended September 30, 2011		
	Average balance	Interest[d]	Rate (annualized)	Average balance	Interest[d]	Rate (annualized)
Assets						
Deposits with banks	$126,605	$132	0.41 %	$116,062	$184	0.63 %
Federal funds sold and securities purchased under resale agreements	233,576	569	0.97	211,884	683	1.28
Securities borrowed[a]	134,980	(18)	(0.05)	131,615	18	0.05
Trading assets – debt instruments	228,120	2,182	3.81	257,950	2,805	4.32
Securities	351,733	1,862	2.11 [e]	331,330	2,218	2.66 [e]
Loans	723,077	9,058	4.98	692,794	9,227	5.28
Other assets[b]	31,689	44	0.55	42,760	158	1.47
Total interest-earning assets	1,829,780	13,829	3.01	1,784,395	15,293	3.40
Allowance for loan losses	(23,638)			(28,388)		
Cash and due from banks	55,288			45,018		
Trading assets – equity instruments	103,279			119,890		
Trading assets – derivative receivables	85,303			96,612		
Goodwill	48,158			48,631		
Other intangible assets:						
Mortgage servicing rights	7,055			10,166		
Purchased credit card relationships	437			707		
Other intangibles	2,292			2,838		
Other assets	143,803			150,678		
Total assets	$2,251,757			$2,230,547		
Liabilities						
Interest-bearing deposits	$742,570	$626	0.34 %	$740,901	$993	0.53 %
Federal funds purchased and securities loaned or sold under repurchase agreements	251,071	142	0.22	235,438	108	0.18
Commercial paper	52,523	25	0.19	47,027	19	0.16
Trading liabilities – debt, short-term and other liabilities[a][c]	189,981	240	0.50	215,064	570	1.05
Beneficial interests issued by consolidated VIEs	56,609	156	1.09	66,545	176	1.05
Long-term debt	231,723	1,464	2.51	279,235	1,477	2.10
Total interest-bearing liabilities	1,524,477	2,653	0.69	1,584,210	3,343	0.84
Noninterest-bearing deposits	355,478			297,610		
Trading liabilities – equity instruments	16,244			1,948		
Trading liabilities – derivative payables	77,851			75,828		
All other liabilities, including the allowance for lending-related commitments	82,839			88,697		
Total liabilities	2,056,889			2,048,293		
Stockholders' equity						
Preferred stock	8,278			7,800		
Common stockholders' equity	186,590			174,454		

Total stockholders' equity	194,868			182,254			
Total liabilities and stockholders' equity	$2,251,757			$2,230,547			
Interest rate spread			2.32 %				2.56 %
Net interest income and net yield on interest-earning assets		$11,176	2.43 %			$11,950	2.66 %

(a) Negative yield for the three months ended September 30, 2012, is a result of increased client-driven demand for certain securities combined with the impact of low interest rates; the offset of this matched book activity is reflected as lower net interest expense reported within Trading liabilities - debt, short-term borrowings and other liabilities.

(b) Includes margin loans.

(c) Includes brokerage customer payables.

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

(e) For the three months ended September 30, 2012 and 2011, the annualized rates for AFS securities, based on amortized cost, were 2.17% and 2.71%, respectively.

211

JPMorgan Chase & Co.
Consolidated average balance sheets, interest and rates
(Taxable-equivalent interest and rates; in millions, except rates)

	Nine months ended September 30, 2012			Nine months ended September 30, 2011		
	Average balance	Interest[c]	Rate (annualized)	Average balance	Interest[c]	Rate (annualized)
Assets						
Deposits with banks	$116,325	$420	0.48 %	$76,628	$429	0.75 %
Federal funds sold and securities purchased under resale agreements	235,393	1,866	1.06	205,501	1,830	1.19
Securities borrowed	132,493	7	0.01	123,732	95	0.10
Trading assets – debt instruments	230,826	6,947	4.02	272,791	8,737	4.28
Securities	362,341	6,445	2.38 [d]	330,884	7,136	2.88 [d]
Loans	721,301	27,135	5.02	689,030	27,921	5.42
Other assets[a]	32,954	175	0.71	47,095	464	1.32
Total interest-earning assets	1,831,633	42,995	3.14	1,745,661	46,612	3.57
Allowance for loan losses	(25,665)			(29,900)		
Cash and due from banks	48,790			33,917		
Trading assets – equity instruments	113,607			133,070		
Trading assets – derivative receivables	88,353			88,344		
Goodwill	48,178			48,770		
Other intangible assets:						
Mortgage servicing rights	7,161			12,255		
Purchased credit card relationships	501			781		
Other intangibles	2,427			2,954		
Other assets	143,965			140,457		
Total assets	$2,258,950			$2,176,309		
Liabilities						
Interest-bearing deposits	$748,564	$2,085	0.37 %	$725,009	$3,038	0.56 %
Federal funds purchased and securities loaned or sold under repurchase agreements	244,582	390	0.21	265,020	427	0.22
Commercial paper	49,901	65	0.17	41,886	58	0.19
Trading liabilities – debt, short-term and other liabilities[b]	197,609	874	0.59	207,330	1,920	1.24
Beneficial interests issued by consolidated VIEs	60,657	503	1.11	69,602	592	1.14
Long-term debt	245,770	4,724	2.57	274,145	4,646	2.27
Total interest-bearing liabilities	1,547,083	8,641	0.75	1,582,992	10,681	0.90
Noninterest-bearing deposits	348,033			258,319		
Trading liabilities – equity instruments	14,141			4,348		
Trading liabilities – derivative payables	77,543			71,058		
All other liabilities, including the allowance for lending-related commitments	82,398			79,125		
Total liabilities	2,069,198			1,995,842		
Stockholders' equity						
Preferred stock	7,961			7,800		

Common stockholders' equity	181,791				172,667			
Total stockholders' equity	189,752				180,467			
Total liabilities and stockholders' equity	$2,258,950				$2,176,309			
Interest rate spread			2.39	%			2.67	%
Net interest income and net yield on interest-earning assets		$34,354	2.51	%		$35,931	2.75	%

(a) Includes margin loans.

(b) Includes brokerage customer payables.

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

(d) For the nine months ended September 30, 2012 and 2011, the annualized rates for AFS securities, based on amortized cost, were 2.43% and 2.93%, respectively.

212

GLOSSARY OF TERMS

Allowance for loan losses to total loans: Represents period-end allowance for loan losses divided by retained loans.

Beneficial interests issued by consolidated VIEs: Represents the interest of third-party holders of debt/equity securities, or other obligations, issued by VIEs that JPMorgan Chase consolidates. The underlying obligations of the VIEs consist of short-term borrowings, commercial paper and long-term debt. The related assets consist of trading assets, available-for-sale securities, loans and other assets.

Benefit obligation: Refers to the projected benefit obligation for pension plans and the accumulated postretirement benefit obligation for OPEB plans.

Corporate/Private Equity: Includes Private Equity, Treasury and Chief Investment Office, and Corporate Other, which includes other centrally managed expense and discontinued operations.

Credit derivatives: Financial instruments whose value is derived from the credit risk associated with the debt of a third party issuer (the reference entity) which allow one party (the protection purchaser) to transfer that risk to another party (the protection seller). Upon the occurrence of a credit event, which may include, among other events, the bankruptcy or failure to pay by, or certain restructurings of the debt of, the reference entity, neither party has recourse to the reference entity. The protection purchaser has recourse to the protection seller for the difference between the face value of the CDS contract and the fair value of the reference obligation at the time of settling the credit derivative contract. The determination as to whether a credit event has occurred is generally made by the relevant ISDA Determination Committee, comprised of 10 sell-side and five buy-side ISDA member firms.

Credit cycle: A period of time over which credit quality improves, deteriorates and then improves again. The duration of a credit cycle can vary from a couple of years to several years.

CUSIP number: A CUSIP (i.e., Committee on Uniform Securities Identification Procedures) number identifies most securities, including: stocks of all registered U.S. and Canadian companies, and U.S. government and municipal bonds. The CUSIP system – owned by the American Bankers Association and operated by Standard & Poor's – facilitates the clearing and settlement process of securities. The number consists of nine characters (including letters and numbers) that uniquely identify a company or issuer and the type of security. A similar system is used to identify non-U.S. securities (CUSIP International Numbering System).

Deposit margin: Represents net interest income expressed as a percentage of average deposits.

FICO score: A measure of consumer credit risk provided by credit bureaus, typically produced from statistical models by Fair Isaac Corporation utilizing data collected by the credit bureaus.

Forward points: Represents the interest rate differential between two currencies, which is either added to or subtracted from the current exchange rate (i.e., "spot rate") to determine the forward exchange rate.

G7 government bonds: Bonds issued by the government of one of countries in the "Group of Seven" ("G7") nations. Countries in the G7 are Canada, France, Germany, Italy, Japan, the United Kingdom and the United States.

Global Corporate Bank: TSS and IB formed a joint venture to create the Firm's Global Corporate Bank. With a team of bankers, the Global Corporate Bank serves multinational clients by providing them access to TSS products and services and certain IB products, including derivatives, foreign exchange and debt. The cost of this effort and the credit that the Firm extends to these clients is shared between TSS and IB.

Headcount-related expense: Includes salary and benefits (excluding performance-based incentives), and other noncompensation costs related to employees.

Home equity - senior lien: Represents loans where JP Morgan Chase holds the first security interest on the property.

Home equity - junior lien: Represents loans where JP Morgan Chase holds a security interest that is subordinate in rank to other liens.

Interchange income: A fee paid to a credit card issuer in the clearing and settlement of a sales or cash advance transaction.

Investment-grade: An indication of credit quality based on JPMorgan Chase’s internal risk assessment system. “Investment grade” generally represents a risk profile similar to a rating of a “BBB-”/“Baa3” or better, as defined by independent rating agencies.
LLC: Limited Liability Company.
Loan-to-value (“LTV”) ratio: For residential real estate loans, the relationship, expressed as a percentage, between the principal amount of a loan and the appraised value of the collateral (i.e., residential real estate) securing the loan.
Origination date LTV ratio
The LTV ratio at the origination date of the loan. Origination date LTV ratios are calculated based on the actual appraised values of collateral (i.e., loan-level data) at the origination date.
Current estimated LTV ratio
An estimate of the LTV as of a certain date. The current estimated LTV ratios are calculated using estimated collateral values derived from a nationally recognized home price index measured at the metropolitan statistical area (“MSA”) level. These MSA-level home price indices comprise actual data to the extent available and forecasted data where actual data is not available. As a result, the estimated collateral values used to calculate these ratios do not represent actual appraised loan-level collateral values; as such, the resulting LTV ratios are necessarily imprecise and should therefore be viewed as estimates.
Combined LTV ratio
The LTV ratio considering all lien positions related to the property. Combined LTV ratios are used for junior lien home equity products.
Managed basis: A non-GAAP presentation of financial results that includes reclassifications to present revenue on a fully taxable-equivalent basis. Management uses this non-GAAP financial measure at the segment level, because it believes this provides information to enable investors to understand the underlying operational performance and trends of the particular business segment and facilitates a comparison of the business segment with the performance of competitors.
Master netting agreement: An agreement between two counterparties who have multiple derivative contracts with each other that provides for the net settlement of all contracts, as well as cash collateral, through a single payment, in a single currency, in the event of default on or termination of any one contract.

Mortgage product types:
Alt-A
Alt-A loans are generally higher in credit quality than subprime loans but have characteristics that would disqualify the borrower from a traditional prime loan. Alt-A lending characteristics may include one or more of the following: (i) limited documentation; (ii) a high combined-loan-to-value (“CLTV”) ratio; (iii) loans secured by non-owner occupied properties; or (iv) a debt-to-income ratio above normal limits. Perhaps the most important characteristic is limited documentation. A substantial proportion of traditional Alt-A loans are those where a borrower does not provide complete documentation of his or her assets or the amount or source of his or her income.
Option ARMs
The option ARM real estate loan product is an adjustable-rate mortgage loan that provides the borrower with the option each month to make a fully amortizing, interest-only or minimum payment. The minimum payment on an option ARM loan is based on the interest rate charged during the introductory period. This introductory rate is usually significantly below the fully indexed rate. The fully indexed rate is calculated using an index rate plus a margin. Once the introductory period ends, the contractual interest rate charged on the loan increases to the fully indexed rate and adjusts monthly to reflect movements in the index. The minimum payment is typically insufficient to cover interest accrued in the prior month, and any unpaid interest is deferred and added to the principal balance of the loan. Option ARM loans are subject to payment recast, which converts the loan to a variable-rate fully amortizing loan upon meeting specified loan balance and anniversary date triggers.
Prime
Prime mortgage loans generally have low default risk and are made to borrowers with good credit records and a monthly income at least three to four times greater than their monthly housing expense (mortgage payments plus taxes and other debt payments). These borrowers provide full documentation and generally have reliable payment histories.

Subprime

Subprime loans are designed for customers with one or more high risk characteristics, including but not limited to: (i) unreliable or poor payment histories; (ii) a high LTV ratio of greater than 80% (without borrower-paid mortgage insurance); (iii) a high debt-to-income ratio; (iv) an occupancy type for the loan is other than the borrower's primary residence; or (v) a history of delinquencies or late payments on the loan.

MSR risk management revenue: Includes changes in the fair value of the MSR asset due to market-based inputs, such as interest rates and volatility, as well as updates to assumptions used in the MSR valuation model; and derivative valuation adjustments and other, which represents changes in the fair value of derivative instruments used to offset the impact of changes in the market-based inputs to the MSR valuation model.
NA: Data is not applicable or available for the period presented.
Net charge-off rate: Represents net charge-offs (annualized) divided by average retained loans for the reporting period.
Net yield on interest-earning assets: The average rate for interest-earning assets less the average rate paid for all sources of funds.
NM: Not meaningful.
Overhead ratio: Noninterest expense as a percentage of total net revenue.
Participating securities: Represents unvested stock-based compensation awards containing nonforfeitable rights to dividends or dividend equivalents (collectively, “dividends”), which are included in the earnings per share calculation using the two-class method. JPMorgan Chase grants restricted stock and RSUs to certain employees under its stock-based compensation programs, which entitle the recipients to receive nonforfeitable dividends during the vesting period on a basis equivalent to the dividends paid to holders of common stock. These unvested awards meet the definition of participating securities. Under the two-class method, all earnings (distributed and undistributed) are allocated to each class of common stock and participating securities, based on their respective rights to receive dividends.
Portfolio activity: Describes changes to the risk profile of existing lending-related exposures and their impact on the allowance for credit losses from changes in customer profiles and inputs used to estimate the allowances.
Pre-provision profit: Represents total net revenue less noninterest expense. The Firm believes that this financial measure is useful in assessing the ability of a lending institution to generate income in excess of its provision for credit losses.
Pretax margin: Represents income before income tax expense divided by total net revenue, which is, in management’s view, a comprehensive measure of pretax performance derived by measuring earnings after all costs are taken into consideration. It is, therefore, another basis that management uses to evaluate the performance of TSS and AM against the performance of their respective competitors.
Principal transactions revenue: Principal transactions revenue includes realized and unrealized gains and losses recorded on derivatives, other financial instruments, private equity investments, and physical commodities used in

market making and client-driven activities. In addition, Principal transactions revenue also includes certain realized and unrealized gains and losses related to hedge accounting and specified risk management activities including: (a) certain derivatives designated in qualifying hedge accounting relationships (primarily fair value hedges of commodity and foreign exchange risk), (b) certain derivatives used for specified risk management purposes, primarily to mitigate credit risk, foreign exchange risk and commodity risk, and (c) other derivatives, including the synthetic credit portfolio.
Purchased credit-impaired (“PCI”) loans: Represents loans that were acquired in the Washington Mutual transaction and deemed to be credit-impaired on the acquisition date in accordance with FASB guidance. The guidance allows purchasers to aggregate credit-impaired loans acquired in the same fiscal quarter into one or more pools, provided that the loans have common risk characteristics (e.g., product type, LTV ratios, FICO scores, past due status, geographic location). A pool is then accounted for as a single asset with a single composite interest rate and an aggregate expectation of cash flows.
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 the individual loans within the pools, is not meaningful. Because the Firm is recognizing interest income on each pool of loans, they are all considered to be performing.
Charge-offs are not recorded on PCI loans until actual losses exceed estimated losses that were recorded as purchase accounting adjustments at the time of acquisition. PCI loans as well as the related charge-offs and allowance for loan losses are excluded in the calculation of certain net charge-off rates and allowance coverage ratios. To date, no charge-offs have been recorded for these loans.

Real estate investment trust ("REIT"): A special purpose investment vehicle that provides investors with the ability to participate directly in the ownership or financing of real-estate related assets by pooling their capital to purchase and manage income property (i.e., equity REIT) and/or mortgage loans (i.e., mortgage REIT). REITs can be publicly- or privately-held and they also qualify for certain favorable tax considerations.
Receivables from customers: Primarily represents margin loans to prime and retail brokerage customers which are included in accrued interest and accounts receivable on the Consolidated Balance Sheets for the wholesale lines of business.
Reported basis: Financial statements prepared under U.S. GAAP, which excludes the impact of taxable-equivalent adjustments.
Retained loans: Loans that are held-for-investment excluding loans held-for-sale and loans at fair value.
Risk-weighted assets ("RWA"): Risk-weighted assets consist of on- and off-balance sheet assets that are assigned to one of several broad risk categories and weighted by factors

representing their risk and potential for default. On-balance sheet assets are risk-weighted based on the perceived credit risk associated with the obligor or counterparty, the nature of any collateral, and the guarantor, if any. Off-balance sheet assets such as lending-related commitments, guarantees, derivatives and other applicable off-balance sheet positions are risk-weighted by multiplying the contractual amount by the appropriate credit conversion factor to determine the on-balance sheet credit equivalent amount, which is then risk-weighted based on the same factors used for on-balance sheet assets. Risk-weighted assets also incorporate a measure for market risk related to applicable trading assets-debt and equity instruments, and foreign exchange and commodity derivatives. The resulting risk-weighted values for each of the risk categories are then aggregated to determine total risk-weighted assets.

Seed capital: Initial JPMorgan capital invested in products, such as mutual funds, with the intention of ensuring the fund is of sufficient size to represent a viable offering to clients, enabling pricing of its shares, and allowing the manager to develop a commercially attractive track record. After these goals are achieved, the intent is to remove the Firm’s capital from the investment.

Stress testing: A scenario that measures market risk under unlikely but plausible events in abnormal markets.

Taxable-equivalent basis: For managed results, total net revenue for each of the business segments and the Firm is presented on a tax-equivalent basis. Accordingly, revenue from investments that receive tax credits and tax-exempt securities is presented in the managed results on a basis comparable to taxable investments and securities. This non-GAAP financial measure allows management to assess the comparability of revenue arising from both taxable and tax-exempt sources. The corresponding income tax impact related to tax-exempt items is recorded within income tax expense.

Troubled debt restructuring (“TDR”): Occurs when the Firm modifies the original terms of a loan agreement by granting a concession to a borrower that is experiencing financial difficulty.

Unaudited: Financial statements and information that have not been subjected to auditing procedures sufficient to permit an independent certified public accountant to express an opinion.

U.S. GAAP: Accounting principles generally accepted in the United States of America.

U.S. government-sponsored enterprise obligations: Obligations of agencies originally established or chartered by the U.S. government to serve public purposes as specified by the U.S. Congress; these obligations are not explicitly guaranteed as to the timely payment of principal and interest by the full faith and credit of the U.S. government.

U.S. Treasury: U.S. Department of the Treasury.

Value-at-risk (“VaR”): A measure of the dollar amount of potential loss from adverse market moves in an ordinary market environment.

Washington Mutual transaction: On September 25, 2008, JPMorgan Chase acquired the banking operations of Washington Mutual Bank (“Washington Mutual Bank”) from the FDIC. For additional information, see Glossary of Terms on page 311 of JPMorgan Chase’s 2011 Annual Report.

LINE OF BUSINESS METRICS
Investment Banking
IB's revenue comprises the following:
Investment banking fees include advisory, equity underwriting, bond underwriting and loan syndication fees.
Fixed income markets primarily include revenue related to market-making across global fixed income markets, including foreign exchange, interest rate, credit and commodities markets.
Equities markets primarily include revenue related to market-making across global equity products, including cash instruments, derivatives, convertibles and Prime Services.
Credit portfolio revenue includes net interest income, fees and loan sale activity, as well as gains or losses on securities received as part of a loan restructuring, for IB's credit portfolio. Credit portfolio revenue also includes the results of risk management related to the Firm's lending and derivative activities.
Retail Financial Services
Description of selected business metrics within Consumer & Business Banking:
Client investment managed accounts – Assets actively managed by Chase Wealth Management on behalf of clients. The percentage of managed accounts is calculated by dividing managed account assets by total client investment assets.
Active mobile customers – Retail banking users of all mobile platforms, which include: SMS text, Mobile Browser, iPhone, iPad and Android, who have been active in the past 90 days.
Client advisors – Investment product specialists, including Private Client Advisors, Financial Advisors, Financial Advisor Associates, Senior Financial Advisors, Independent Financial Advisors and Financial Advisor Associate trainees, who advise clients on investment options, including annuities, mutual funds, stock trading services, etc., sold by the Firm or by third party vendors through retail branches, Chase Private Client branches and other channels.
Personal bankers – Retail branch office personnel who acquire, retain and expand new and existing customer relationships by assessing customer needs and recommending and selling appropriate banking products and services.
Sales specialists – Retail branch office and field personnel, including Business Bankers, Relationship Managers and Loan Officers, who specialize in marketing and sales of various business banking products (i.e., business loans, letters of credit, deposit accounts, Chase Paymentech, etc.) and mortgage products to existing and new clients.
Deposit margin/deposit spread: Represents net interest income expressed as a percentage of average deposits.

Mortgage Production and Servicing revenue comprises the following:
Net production revenue includes net gains or losses on originations and sales of prime and subprime mortgage loans, other production-related fees and losses related to the repurchase of previously-sold loans.
Net mortgage servicing revenue includes the following components.
(a) Operating revenue comprises:
– All gross income earned from servicing third-party mortgage loans including stated service fees, excess service fees and other ancillary fees; and
– Modeled MSR asset amortization (or time decay).
(b) Risk management comprises:
– Changes in MSR asset fair value due to market-based inputs such as interest rates, as well as updates to assumptions used in the MSR valuation model; and
– Derivative valuation adjustments and other, which represents changes in the fair value of derivative instruments used to offset the impact of changes in interest rates to the MSR valuation model.
Mortgage origination channels comprise the following:
Retail – Borrowers who buy or refinance a home through direct contact with a mortgage banker employed by the Firm using a branch office, the Internet or by phone. Borrowers are frequently referred to a mortgage banker by a banker in a Chase branch, real estate brokers, home builders or other third parties.
Wholesale – Third-party mortgage brokers refer loan application packages to the Firm. The Firm then underwrites and funds the loan. Brokers are independent loan originators that specialize in counseling applicants on available home financing options, but do not provide funding for loans. Chase materially eliminated broker-originated loans in 2008, with the exception of a small number of loans guaranteed by the U.S. Department of Agriculture under its Section 502

Guaranteed Loan program that serves low-and-moderate income families in small rural communities.
Correspondent – Banks, thrifts, other mortgage banks and other financial institutions that sell closed loans to the Firm.
Correspondent negotiated transactions ("CNTs") – Mid- to large-sized mortgage lenders, banks and bank-owned mortgage companies sell servicing to the Firm on an as-originated basis (excluding sales of bulk servicing transactions). These transactions supplement traditional production channels and provide growth opportunities in the servicing portfolio in periods of stable and rising interest rates.

217

Card Services & Auto
Description of selected business metrics within Card:
Sales volume – Dollar amount of cardmember purchases, net of returns.
Open accounts – Cardmember accounts with charging privileges.
Merchant Services business – A business that processes bank card transactions for merchants.
Bank card volume – Dollar amount of transactions processed for merchants.
Total transactions – Number of transactions and authorizations processed for merchants.
Auto origination volume – Dollar amount of loans and leases originated.
Commercial card provides a wide range of payment services to corporate and public sector clients worldwide through the commercial card products. Services include procurement, corporate travel and entertainment, expense management services, and business-to-business payment solutions.
Commercial Banking
CB Client Segments:
Middle Market Banking covers corporate, municipal, financial institution and not-for-profit clients, with annual revenue generally ranging between $10 million and $500 million.
Corporate Client Banking covers clients with annual revenue generally ranging between $500 million and $2 billion and focuses on clients that have broader investment banking needs.
Commercial Term Lending primarily provides term financing to real estate investors/owners for multifamily properties as well as financing office, retail and industrial properties.
Real Estate Banking provides full-service banking to investors and developers of institutional-grade real estate properties.
Other primarily includes lending and investment activity within the Community Development Banking and Chase Capital businesses.
CB revenue:
Lending includes a variety of financing alternatives, which are primarily provided on a basis secured by receivables, inventory, equipment, real estate or other assets. Products include term loans, revolving lines of credit, bridge financing, asset-based structures, leases, commercial card products and standby letters of credit.
Treasury services includes revenue from a broad range of products and services (as defined by Transaction Services and Trade Finance descriptions within TSS line of business metrics) that enable CB clients to manage payments and receipts as well as invest and manage funds.

Investment banking includes revenue from a range of products providing CB clients with sophisticated capital-raising alternatives, as well as balance sheet and risk management tools through advisory, equity underwriting, and loan syndications. Revenue from Fixed income and Equity markets products (as defined by Investment Banking Line of Business Metrics) available to CB clients is also included.
Other product revenue primarily includes tax-equivalent adjustments generated from Community Development Banking activity and certain income derived from principal transactions.
Description of selected business metrics within CB:
Liability balances include deposits, as well as deposits that are swept to on–balance sheet liabilities (e.g., commercial paper, federal funds purchased and securities loaned or sold under repurchase agreements) as part of customer cash management programs.
IB revenue, gross represents total revenue related to investment banking products sold to CB clients.
Treasury & Securities Services
Treasury & Securities Services firmwide metrics include certain TSS product revenue and liability balances reported in other lines of business related to customers who are also customers of those other lines of business. In order to capture the firmwide impact of Treasury Services and TSS products and revenue, management reviews firmwide metrics such as liability balances, revenue and overhead ratios in assessing financial performance for TSS. Firmwide metrics are necessary, in management's view, in order to understand the aggregate TSS business.
Description of a business metric within TSS:

Liability balances include deposits, as well as deposits that are swept to on–balance sheet liabilities (e.g., commercial paper, federal funds purchased, and securities loaned or sold under repurchase agreements) as part of customer cash management programs.
Assets under custody represents activities associated with the safekeeping and servicing of assets on which WSS earns fees.
Description of selected products and services within TSS:
Investor Services includes primarily custody, fund accounting and administration, and securities lending products sold principally to asset managers, insurance companies and public and private investment funds.
Clearance, Collateral Management & Depositary Receipts primarily includes broker-dealer clearing and custody services, including tri-party repo transactions, collateral management products, and depositary bank services for American and global depositary receipt programs.
Transaction Services includes a broad range of products and services that enable clients to manage payments and receipts, as well as invest and manage funds. Products include U.S. dollar and multi-currency clearing, ACH,

lockbox, disbursement and reconciliation services, check deposits, and currency-related services.
Trade Finance enables the management of cross-border trade for bank and corporate clients. Products include loans directly tied to goods crossing borders, export/import loans, commercial letters of credit, standby letters of credit, and supply chain finance.
Pre-provision profit ratio represents total net revenue less total noninterest expense divided by total net revenue. This reflects the operating performance before the impact of credit, and is another measure of performance for TSS against the performance of competitors.
Asset Management
Assets under management – Represent assets actively managed by AM on behalf of Private Banking, Institutional, and Retail clients. Includes “committed capital not called,” on which AM earns fees.
Assets under supervision – Represents assets under management as well as custody, brokerage, administration and deposit accounts.
Multi-asset – Any fund or account that allocates assets under management to more than one asset class (e.g., long-term fixed income, equity, cash, real assets, private equity or hedge funds).
Alternative assets – The following types of assets constitute alternative investments – hedge funds, currency, real estate and private equity.

AM’s client segments comprise the following:
Institutional includes comprehensive global investment services – including asset management, pension analytics, asset/liability management and active risk budgeting strategies – to corporate and public institutions, endowments, foundations, not-for-profit organizations and governments worldwide.
Retail includes worldwide investment management services and retirement planning and administration through third-parties and direct distribution of a full range of investment vehicles.
Private Banking includes investment advice and wealth management services to high- and ultra-high-net-worth individuals, families, money managers, business owners and small corporations worldwide, including investment management, capital markets and risk management, tax and estate planning, banking, capital raising and specialty-wealth advisory services.

Item 3 Quantitative and Qualitative Disclosures about Market Risk
For a discussion of the quantitative and qualitative disclosures about market risk, see the Market Risk Management section of Management's discussion and analysis on pages 96–102 of this Form 10-Q.
Item 4 Controls and Procedures
As described in CIO synthetic credit portfolio update on page 10 of this Form 10-Q, the Firm determined that a material weakness existed in the Firm's internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) at March 31, 2012. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.
During the first quarter of 2012, the size and characteristics of the synthetic credit portfolio managed by the Firm's Chief Investment Office ("CIO") changed significantly. These changes had a negative impact on the effectiveness of CIO's internal controls over valuation of the synthetic credit portfolio. The identified deficiency in the CIO valuation control process was the result of issues in certain interrelated and interdependent control elements comprising that process, including insufficient engagement of CIO senior finance management in the valuation control process in light of the increased size and heightened risk profile of the synthetic credit portfolio during the first quarter of 2012, and in the effectiveness of certain procedures employed during the first quarter of 2012 by the CIO Valuation Control Group in performing the price verifications.
Management has taken steps to remediate the material weakness, including enhancing CIO senior finance management supervision of the valuation control process, implementing more formal reviews of price testing calculations, and instituting more formal procedures around the establishment and monitoring of price testing thresholds. These remedial steps were substantially implemented by June 30, 2012. In accordance with the Firm's internal control compliance program, however, the material weakness designation could not be closed until the remediation processes were operational for a period of time and successfully tested. The testing was successfully completed during the third quarter of 2012, and the control deficiency was closed at September 30, 2012.
Based on the foregoing, the Chairman and Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the design and operation of the Firm's disclosure controls and procedures as of September 30, 2012, and they have concluded that such controls and procedures were effective at such date. The term "disclosure controls and procedures" is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934.
Other than the foregoing, there was no change in the Firm's

internal control over financial reporting that occurred during the three months ended September 30, 2012, that has materially affected, or is reasonably likely to materially affect, the Firm's internal control over financial reporting.
Reference is made to Exhibits 31.1 and 31.2 for the Certification statements issued by the Firm's Chairman and Chief Executive Officer, and Chief Financial Officer, regarding the Firm's disclosure controls and procedures, and internal control over financial reporting, as of September 30, 2012.

Part II Other Information

Item 1 Legal Proceedings
For information that updates the disclosures set forth under Part 1, Item 3: Legal Proceedings, in the Firm's 2011 Annual Report on Form 10-K, see the discussion of the Firm's material litigation in Note 23 on pages 196–206 of this Form 10-Q.
Item 1A Risk Factors
The following discussion supplements the discussion of risk factors affecting the Firm as set forth in Part I, Item 1A: Risk Factors on pages 7–17 of JPMorgan Chase's Annual Report on Form 10-K for the year ended December 31, 2011; Part II, Item 1A: Risk Factors on pages 175–175A of JPMorgan Chase's Quarterly Report on Form 10-Q/A for the quarter ended March 31, 2012; and Part II, Item 1A: Risk Factors on pages 219–222 of JPMorgan Chase's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012. The discussion of risk factors, as so supplemented, sets forth the material risk factors that could affect JPMorgan Chase's financial condition and operations. Readers should not consider any descriptions of such factors to be a complete set of all potential risks that could affect the Firm.

Changes are being considered in the method for determining LIBOR and it is not apparent how any such changes could affect the value of debt securities and other financial obligations held or issued by JPMorgan Chase that are linked to LIBOR, or how such changes could affect the Firm's financial condition or results of operations.
Beginning in 2008, concerns have been raised about the accuracy of the calculation of the daily London Inter-Bank Offered Rate ("LIBOR"), which is currently overseen by the British Bankers' Association (the "BBA"). The BBA has taken steps to change the process for determining LIBOR by increasing the number of banks surveyed to set LIBOR and to strengthen the oversight of the process. In addition, the final report of the Wheatley Review of LIBOR, published in September 2012, set forth recommendations relating to the setting and administration of LIBOR, and the UK government has announced that it intends to incorporate these recommendations in new legislation.
At the present time it is uncertain what changes, if any, may be required or made by the UK government or other

governmental or regulatory authorities in the method for determining LIBOR. Accordingly, at the present time it is not apparent whether or to what extent any such changes would have an adverse impact on the value of any LIBOR-linked debt securities issued by the Firm or any loans, derivatives and other financial obligations or extensions of credit for which the Firm is an obligor, or whether or to what extent any such changes would have an adverse effect on the value of any LIBOR-linked securities, loans, derivatives and other financial obligations or extensions of credit held by or due to the Firm or on the Firm's financial condition or results of operations.

The ongoing Eurozone debt crisis could have significant adverse effects on JPMorgan Chase's business, results of operations, financial condition and liquidity, particularly if it leads to any sovereign debt defaults, significant bank failures or defaults and/or the exit of one or more countries from the European Monetary Union.

The ongoing Eurozone debt crisis could have significant adverse effects on JPMorgan Chase's business, results of operations, financial condition and liquidity, particularly if it leads to additional sovereign debt defaults, significant bank failures or defaults and/or the exit of one or more countries from the European Monetary Union.

The ongoing Eurozone debt crisis has caused, and is likely to continue to cause, disruption in global financial markets. These conditions could materially worsen if, for example, consecutive Eurozone countries were to default on their sovereign debt, significant bank failures or defaults in these countries were to occur, and/or one or more of the members of the Eurozone were to exit the European Monetary Union ("EMU"). Yields on government bonds of certain Eurozone countries, including Greece, Ireland, Italy, Portugal and Spain, have remained volatile, despite various stabilization packages and facilities that have been implemented to assist various distressed Eurozone countries. Concerns have been and continue to be raised as to the financial effectiveness of the assistance measures taken to date and such concerns could intensify. The Firm believes that its exposure to sovereign and non-sovereign clients and counterparties in the five countries referenced above is modest relative to the Firm's aggregate exposures. However, continued economic turmoil in the Eurozone could lead to a further deterioration of global economic conditions and thereby adversely affect the Firm's business and results of operations in Europe and elsewhere. There can be no assurance that the various steps that JPMorgan Chase has taken to protect its businesses, results of operations and financial condition against the results of the Eurozone crisis will be sufficient. See "Management's Discussion and Analysis - Country Risk Management" on pages 103–105 of this Form 10-Q for a discussion of the Firm's European exposures.

The effects of the Eurozone debt crisis could be even more significant if they lead to a partial or complete break-up of the EMU. The partial or full break-up of the EMU would be unprecedented and its impact highly uncertain. The exit of

one or more countries from the EMU or the dissolution of the EMU could lead to redenomination of certain obligations of obligors in exiting countries. Any such exit and redenomination would cause significant uncertainty with respect to outstanding obligations of counterparties and debtors in any exiting country, whether sovereign or otherwise, and lead to complex and lengthy disputes and litigation. The resulting uncertainty and market stress could also cause, among other things, severe disruption to equity markets, significant increases in bond yields generally, potential failure or default of financial institutions, including those of systemic importance, a significant decrease in global liquidity, a freeze-up of global credit markets and a potential worldwide recession. Any combination of such events could negatively impact JPMorgan Chase's businesses, financial condition and results of operations. In addition, one or more EMU exits and currency redenominations could be accompanied by imposition of capital, exchange and similar controls, which could further negatively impact JPMorgan Chase's cross-border risk and other aspects of its businesses and its earnings.

A breach in the security of JPMorgan Chase's systems could disrupt its businesses, result in the disclosure of confidential information, damage its reputation and create significant financial and legal exposure for the Firm.

Although JPMorgan Chase devotes significant resources to maintain and regularly upgrade its systems and processes that are designed to protect the security of the Firm's computer systems, software, networks and other technology assets and the confidentiality, integrity and availability of information belonging to the Firm and its customers, there is no assurance that all of the Firm's security measures will provide absolute security. JPMorgan Chase and other financial services institutions and companies engaged in data processing have reported breaches in the security of their websites or other systems, some of which have involved sophisticated and targeted attacks intended to obtain unauthorized access to confidential information, destroy data, disable or degrade service, or sabotage systems, often through the introduction of computer viruses or malware, cyberattacks and other means. The Firm and several other U.S. financial institutions have recently experienced significant distributed denial-of-service attacks from technically sophisticated and well-resourced third parties which were intended to disrupt consumer online banking services. Despite the Firm's efforts to ensure the integrity of its systems, it is possible that the Firm may not be able to anticipate or to implement effective preventive measures against all security breaches of these types, especially because the techniques used change frequently or are not recognized until launched, and because security attacks can originate from a wide variety of sources, including third parties outside the Firm such as persons who are involved with organized crime or associated with external service providers or who may be linked to terrorist organizations or hostile foreign governments. Those parties may also attempt to fraudulently induce employees, customers or other users of the Firm's systems to disclose sensitive information in order to gain access to the Firm's data or that of its customers or clients. These risks may increase in the future as the Firm continues to increase its mobile payments and other internet-based product offerings and expands its internal usage of web-based products and applications.

A successful penetration or circumvention of the security of the Firm's systems could cause serious negative consequences for the Firm, including significant disruption of the Firm's operations, misappropriation of confidential information of the Firm or that of its customers, or damage to computers or systems of the Firm and those of its customers and counterparties, and could result in violations of applicable privacy and other laws, financial loss to the Firm or to its customers, loss of confidence in the Firm's security measures, customer dissatisfaction, significant litigation exposure, and harm to the Firm's reputation, all of which could have a material adverse effect on the Firm.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended September 30, 2012, there were no shares of common stock of JPMorgan Chase & Co. issued in transactions exempt from registration under the Securities Act of 1933, pursuant to Section 4(2) thereof.

Repurchases under the common equity repurchase program
On March 13, 2012, the Board of Directors authorized a $15.0 billion common equity (i.e., common stock and warrants) repurchase program, of which up to $12.0 billion is approved for repurchase in 2012 and up to an additional $3.0 billion is approved through the end of the first quarter of 2013. During the three months ended September 30, 2012, there were no repurchases of common stock or warrants; the Firm did not make any repurchases after May 17, 2012. During the nine months ended September 30, 2012, the Firm repurchased (on a trade-date basis) an aggregate of 49 million shares of common stock and warrants for $1.6 billion. As of September 30, 2012, $13.4 billion of authorized repurchase capacity remained under the new program. For additional information regarding repurchases of the Firm's equity securities, see 2012 Business outlook, on page 9 of this Form 10-Q.
The Firm may, from time to time, enter into written trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934 to facilitate repurchases in accordance with the repurchase program. A Rule 10b5-1 repurchase plan allows

the Firm to repurchase its equity during periods when it would not otherwise be repurchasing common equity — for example, during internal trading "black-out periods." All purchases under a Rule 10b5-1 plan must be made according to a predefined plan established when the Firm is not aware of material nonpublic information.
The authorization to repurchase common equity will be utilized at management's discretion, and the timing of purchases and the exact amount of common equity that may be repurchased is subject to various factors, including market conditions; legal and regulatory considerations affecting the amount and timing of repurchase activity; the Firm's capital position (taking into account goodwill and intangibles); internal capital generation; and alternative investment opportunities. The repurchase program does not include specific price targets or timetables; may be executed through open market purchases or privately negotiated transactions, or utilizing Rule 10b5-1 programs; and may be suspended at any time. For a discussion of restrictions on equity repurchases, see Note 22 on page 276 of JPMorgan Chase's 2011 Annual Report.

Shares repurchased pursuant to the common equity repurchase program during the nine months ended September 30, 2012, were as follows.

	Common stock		Warrants				
Nine months ended September 30, 2012	Total shares of common stock repurchased	Average price paid per share of common stock[d]	Total warrants repurchased	Average price paid per warrant[d]	Aggregate repurchases of common equity (in millions)[d]	Dollar value of remaining authorized repurchase (in millions)[e]	
Repurchases under the prior $15.0 billion program[a]	2,604,500	$33.10	—	$—	$86	$6,050	(f)
Repurchases under the new $15.0 billion program[b]	2,867,870	45.29	—	—	130	14,870	
First quarter[a][b]	5,472,370	39.49	—	—	216	14,870	
Second quarter[c]	28,070,715	42.72	18,471,300	12.90	1,437	13,433	
July	—	—	—	—	—	13,433	
August	—	—	—	—	—	13,433	
September	—	—	—	—	—	13,433	
Third quarter	—	—	—	—	—	13,433	
Year-to-date[a]	33,543,085	$42.19	18,471,300	$12.90	$1,653	$13,433	(g)

(a) Includes $86 million of repurchases in December 2011, which settled in early January 2012.
(b) Excludes $60 million of repurchases in March 2012, which settled in early April 2012.
(c) Includes $60 million of repurchases in March 2012, which settled in early April 2012.
(d) Excludes commissions cost.
(e) The amount authorized by the Board of Directors excludes commissions cost.
(f)

The unused portion of the prior $15.0 billion program was canceled when the new $15.0 billion program was authorized.

(g) Dollar value remaining under the new $15.0 billion program.

Repurchases under the stock-based incentive plans

Participants in the Firm's stock-based incentive plans may have shares of common stock withheld to cover income taxes. Shares withheld to pay income taxes are repurchased pursuant to the terms of the applicable plan and not under the Firm's repurchase program. Shares repurchased pursuant to these plans during the nine months ended September 30, 2012, were as follows.

Nine months ended September 30, 2012	Total shares of common stock repurchased	Average price paid per share of common stock
First quarter	406	$45.81
Second quarter	32	39.72
July	28	35.98
August	—	—
September	—	—
Third quarter	28	35.98
Year-to-date	466	$44.80

223

Item 3 Defaults Upon Senior Securities
None.
Item 4 Mine Safety Disclosure
Not applicable.
Item 5 Other Information
None.

Item 6 Exhibits
15 – Letter re: Unaudited Interim Financial Information[a]
31.1 – Certification[a]
31.2 – Certification[a]
32 – Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002[b]
101.INS XBRL Instance Document[a][c]
101.SCH XBRL Taxonomy Extension Schema Document[a]
101.CAL XBRL Taxonomy Extension Calculation Linkbase Document[a]
101.LAB XBRL Taxonomy Extension Label Linkbase Document[a]
101.PRE XBRL Taxonomy Extension Presentation Linkbase Document[a]
101.DEF XBRL Taxonomy Extension Definition Linkbase Document[a]

(a) Filed herewith.

(b) Furnished herewith. This exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section. Such exhibit shall not be deemed incorporated into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

(c) Pursuant to Rule 405 of Regulation S-T, includes the following financial information included in the Firm’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, formatted in XBRL (eXtensible Business Reporting Language) interactive data files: (i) the Consolidated statements of income (unaudited) for the three and nine months ended September 30, 2012 and 2011, (ii) the Consolidated statements of comprehensive income (unaudited) for the three and nine months ended September 30, 2012 and 2011, (iii) the Consolidated balance sheets (unaudited) as of September 30, 2012, and December 31, 2011, (iv) the Consolidated statements of changes in stockholders’ equity (unaudited) for the nine months ended September 30, 2012 and 2011, (v) the Consolidated statements of cash flows (unaudited) for the nine months ended September 30, 2012 and 2011, and (vi) the Notes to Consolidated Financial Statements (unaudited).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.
JPMorgan Chase & Co.
(Registrant)

By: /s/ Douglas L. Braunstein
Douglas L. Braunstein
Executive Vice President and Chief Financial Officer
(Chief Financial Officer)

Date: November 8, 2012

INDEX TO EXHIBITS

Exhibit No.	Description of Exhibit
15	Letter re: Unaudited Interim Financial Information
31.1	Certification
31.2	Certification
32	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002†
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
†	This exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section. Such exhibit shall not be deemed incorporated into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

226