Powering Growth with Curiosity and Heart

Annual Report 2023

JPMorgan Chase & Co.

Financial Highlights

As of or for the year ended December 31, (in millions, except per share, ratio data and employees)	**2023**	2022	2021
Selected income statement data			
Total net revenue	**$ 158,104**	$ 128,695	$ 121,649
Total noninterest expense	**87,172**	76,140	71,343
Pre-provision profit[a]	**70,932**	52,555	50,306
Provision for credit losses	**9,320**	6,389	(9,256)
Net income	**$ 49,552**	$ 37,676	$ 48,334
Per common share data			
Net income per share:			
Basic	**$ 16.25**	$ 12.10	$ 15.39
Diluted	**16.23**	12.09	15.36
Book value per share	**104.45**	90.29	88.07
Tangible book value per share (TBVPS)[a]	**86.08**	73.12	71.53
Cash dividends declared per share	**4.10**	4.00	3.80
Selected ratios			
Return on common equity	**17%**	14%	19%
Return on tangible common equity (ROTCE)[a]	**21**	18	23
Liquidity coverage ratio (average)[b]	**113**	112	111
Common equity Tier 1 capital ratio[c]	**15.0**	13.2	13.1
Tier 1 capital ratio[c]	**16.6**	14.9	15.0
Total capital ratio[c]	**18.5**	16.8	16.8
Selected balance sheet data (period-end)			
Loans	**$1,323,706**	$1,135,647	$1,077,714
Total assets	**3,875,393**	3,665,743	3,743,567
Deposits	**2,400,688**	2,340,179	2,462,303
Common stockholders' equity	**300,474**	264,928	259,289
Total stockholders' equity	**327,878**	292,332	294,127
Market data			
Closing share price	**$ 170.10**	$ 134.10	$ 158.35
Market capitalization	**489,320**	393,484	466,206
Common shares at period-end	**2,876.6**	2,934.2	2,944.1
Employees[d]	**309,926**[e]	293,723	271,025

As of and for the period ended December 31, 2023, the results of the Firm include the impact of First Republic. Refer to Business Segment Results on page 67 and Note 34 for additional information.

(a) Pre-provision profit, TBVPS and ROTCE are each non-GAAP financial measures. Refer to Explanation and Reconciliation of the Firm's Use of Non-GAAP Financial Measures on pages 62–64 for a discussion of these measures.
(b) Refer to Liquidity Risk Management on pages 102-109 for additional information on this measure.
(c) Refer to Capital Risk Management on pages 91-101 for additional information on these measures.
(d) This metric, which was formerly Headcount, has been renamed Employees but is otherwise unchanged.
(e) Included approximately 4,500 individuals associated with First Republic who became employees effective July 2, 2023.

JPMorgan Chase & Co. (NYSE: JPM) is a leading financial services firm with assets of $3.9 trillion and operations worldwide. The firm is a leader in investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing and asset management. Under the J.P. Morgan and Chase brands, the firm serves millions of customers, predominantly in the U.S., and many of the world's most prominent corporate, institutional and government clients globally.

Information about J.P. Morgan's capabilities can be found at jpmorgan.com and about Chase's capabilities at chase.com. Information about JPMorgan Chase & Co. is available at jpmorganchase.com.

2023 Highlights

#1 BANK

IN DEPOSITS AND FOR SMALL BUSINESSES

Named #1 in retail deposit market share
and #1 primary bank for U.S. small businesses

#1

CORPORATE & INVESTMENT BANK

Generated $14 billion of net income
on revenue of $49 billion

#1

PRIVATE BANK AND ASSET MANAGER

Named #1 private bank in the world
by *Euromoney* magazine
and #1 asset manager by active flows

TOP 5

MOST ADMIRED COMPANIES

Ranked in the top five on
Fortune magazine's Most Admired Companies list
for the second year in a row

100%

DISABILITY EQUALITY INDEX

Scored 100% on the Disability Equality Index
for the ninth consecutive year

TOP 100

MOST INFLUENTIAL COMPANIES

Ranked as one of the 100 Most Influential Companies
by *Time* magazine

#1

MIDDLE MARKET SYNDICATED LENDER

Ranked #1 overall
Middle Market Syndicated Lender
in the U.S.

#1 BANK

IN ARTIFICIAL INTELLIGENCE

Ranked #1 for overall artificial intelligence
capabilities on the Evident AI Index
for the second year in a row

#1

CUSTOMER SATISFACTION

Ranked #1 among self-directed investors
in the J.D. Power 2023 U.S. Wealth
Management Digital Experience Study

Dear Fellow Shareholders,

Jamie Dimon,
Chairman and
Chief Executive
Officer

Across the globe, 2023 was yet another year of significant challenges, from the terrible ongoing wars and violence in the Middle East and Ukraine to mounting terrorist activity and growing geopolitical tensions, importantly with China. Almost all nations felt the effects last year of global economic uncertainty, including higher energy and food prices, inflation rates and volatile markets. While all these events and associated instability have serious ramifications on our company, colleagues, clients and countries where we do business, their consequences on the world at large — with the extreme suffering of the Ukrainian people, escalating tragedy in the Middle East and the potential restructuring of the global order — are far more important.

As these events unfold, America's global leadership role is being challenged outside by other nations and inside by our polarized electorate. We need to find ways to put aside our differences and work in partnership with other Western nations in the name of democracy. During this time of great crises, uniting to protect our essential freedoms, including free enterprise, is paramount. We should remember that America, "conceived in liberty and dedicated to the proposition that all men are created equal," still remains a shining beacon of hope to citizens around the world. JPMorgan Chase, a company that historically has worked across borders and boundaries, will do its part to ensure that the global economy is safe and secure.

In spite of the unsettling landscape, including last year's regional bank turmoil, the U.S. economy continues to be resilient, with consumers still spending, and the markets currently expect a soft landing. It is important to note that the economy is being fueled by large amounts of government deficit spending and past stimulus. There is also a growing need for increased spending as we continue transitioning to a greener economy, restructuring global supply chains, boosting military expenditure and battling rising healthcare costs. This may lead to stickier inflation and higher rates than markets expect. Furthermore, there are downside risks to watch. Quantitative tightening is draining more than $900 billion in liquidity from the system annually — and we have never truly experienced the full effect of quantitative tightening on this scale. Plus the ongoing wars in Ukraine and the Middle East continue to have the potential to disrupt energy and food markets, migration, and military and economic relationships, in addition to their dreadful human cost. These significant and somewhat unprecedented forces cause us to remain cautious.

2023 was another strong year for JPMorgan Chase, with our firm generating record revenue for the sixth consecutive year, as well as setting numerous records in each of our lines of business. We earned revenue in 2023 of $162.4 billion[1] and net income of $49.6 billion, with return on tangible common equity (ROTCE) of 21%, reflecting strong underlying performance across our businesses. We also increased our quarterly common dividend of $1.00 per share to $1.05 per share in the third quarter of 2023 — and again to $1.15 per share in the first quarter of 2024 — while continuing to reinforce our fortress balance sheet. We grew market share in several of our businesses and continued to make significant investments in products, people and technology while exercising strict risk disciplines.

Throughout the year, we demonstrated the power of our investment philosophy and guiding principles, as well as the value of being there for clients — as we always are — in both good times and bad times. The result was continued growth broadly across the firm. We will highlight a few examples from 2023: Consumer & Community Banking (CCB) extended its #1 leadership positions and grew share year-over-year in retail deposits, credit card sales and credit card outstandings (adding close to 3.6 million net new customers to the franchise); the Corporate & Investment Bank (CIB)

1 Represents managed revenue.

maintained its #1 rank in both Investment Banking and Markets and gained more than 100 basis points of Investment Banking market share; Commercial Banking (CB) added over 5,000 new relationships (excluding First Republic Bank), roughly doubling the prior year's achievement; and Asset & Wealth Management (AWM) saw record client asset net inflows of $490 billion, over 20% higher than its prior record.

In 2023, we continued to play a forceful and essential role in advancing economic growth. In total, we extended credit and raised capital totaling $2.3 trillion for our consumer and institutional clients around the world. On a daily basis, we move nearly $10 trillion in over 120 currencies and more than 160 countries, as well as safeguard over $32 trillion in assets. By purchasing First Republic Bank, we brought much-needed stability to the U.S. banking system while allowing us to give a new, secure home to over half a million First Republic customers.

As always, we hold fast to our commitment to corporate responsibility, including helping to create a stronger, more inclusive economy — from supporting work skills training programs around the world to financing affordable housing and small businesses to making investments in cities like Detroit that show how business and government leaders can work together to solve problems.

We have achieved our decades-long consistency by adhering to our key principles and strategies (see sidebar on Steadfast Principles on page 5), which allow us to drive good organic growth and promote proper management of our capital (including dividends and stock buybacks). The charts on pages 9–15 show our performance results and illustrate how we have grown our franchises, how we compare with our competitors and how we look at our fortress balance sheet. Please peruse them and the CEO letters in this Annual Report, all of which provide specific details about our businesses and our plans for the future.

I remain proud of our company's resiliency and of what our hundreds of thousands of employees around the world have achieved, collectively and individually. Throughout these challenging past few years, we have never stopped doing all the things we should be doing to serve our clients and our communities. As you know, we are champions of banking's essential role in a community — its potential for bringing people together, for enabling companies and individuals to attain their goals, and for being a source strength in difficult times. I often remind our em

The secret office supply is a

STEADFAST PRINCIPLES WORTH REPEATING (AND ONE NEW ONE)

Looking back on the past two+ decades – starting from my time as Chairman and CEO of Bank One in 2000 – there is one common theme: our unwavering dedication to help clients, communities and countries throughout the world. It is clear that our financial discipline, constant investment in innovation and ongoing development of our people have enabled us to achieve this consistency and commitment. In addition, across the firm, we uphold certain steadfast tenets that are worth repeating.

First, our work has very real human impact. While JPMorgan Chase stock is owned by large institutions, pension plans, mutual funds and directly by single investors, in almost all cases the ultimate beneficiaries are individuals in our communities. More than 100 million people in the United States own stocks; many, in one way or another, own JPMorgan Chase stock. Frequently, these shareholders are veterans, teachers, police officers, firefighters, healthcare workers, retirees, or those saving for a home, education or retirement. Often, our employees also bank these shareholders, as well as their families and their companies. Your management team goes to work every day recognizing the enormous responsibility that we have to all of our shareholders.

Second, shareholder value can be built ***only*** if you maintain a healthy and vibrant company, which means doing a good job of taking care of your customers, employees and communities. Conversely, how can you have a healthy company if you neglect any of these stakeholders? As we have learned over the past few years, there are myriad ways an institution can demonstrate its compassion for its employees and its communities while still strengthening shareholder value.

Third, while we don't run the company worrying about the stock price in the short run, in the ***long run*** we consider our stock price a measure of our progress over time. This progress is a function of continual investments in our people, systems and products, in good and bad times, to build our capabilities. These important investments will also drive our company's future prospects and position it to grow and prosper for decades. Measured by stock performance, our progress is exceptional. For example, whether looking back 10 years or even farther to 2004, when the JPMorgan Chase/Bank One merger took place, we have outperformed the Standard & Poor's 500 Index and the Standard & Poor's Financials Index.

Fourth, we are united behind basic principles and strategies (you can see the principles for How We Do Business on our website and our Purpose statement in my letter from last year) that have helped build this company and made it thrive. These allow us to maintain a fortress balance sheet, constantly invest and nurture talent, fully satisfy regulators, continually improve risk, governance and controls, and serve customers and clients while lifting up communities worldwide. This philosophy is embedded in our company culture and influences nearly every role in the firm.

Fifth, we strive to build enduring businesses, which rely on and benefit from one another, but we are not a conglomerate. This structure helps generate our superior returns. Nonetheless, despite our best efforts, the walls that protect this company are not particularly high – and we face extraordinary competition. I have written about this reality extensively in the past and cover it again in this letter. We recognize our strengths and vulnerabilities, and we play our hand as best we can.

Sixth, and this is the ***new one***, we must be a source of strength, particularly in tough times, for our clients and the countries in which we operate. We must take seriously our role as one of the guardians of the world's financial systems.

Seventh, we operate with a very important silent partner – the U.S. government – noting as my friend Warren Buffett points out that his company's success is predicated upon the extraordinary conditions our country creates. He is right to say to his shareholders that when they see the American flag, they all should say thank you. We should, too. JPMorgan Chase is a healthy and thriving company, and we always want to give back and pay our fair share. We do pay our fair share – and we want it to be spent well and have the greatest impact. To give you an idea of where our taxes and fees go: In the last 10 years, we paid more than $46 billion in federal, state and local taxes in the United States and over $22 billion in taxes outside of the United States. Additionally, we paid the Federal Deposit Insurance Corporation over $10 billion so that it has the resources to cover failure in the American banking sector. Our partner – the federal government – also imposes significant regulations upon us, and it is imperative that we meet all legal and regulatory requirements imposed on our company.

Eighth and finally, we know the foundation of our success rests with our people. They are the front line, both individually and as teams, serving our customers and communities, building the technology, making the strategic decisions, managing the risks, determining our investments and driving innovation. However you view the world – its complexity, risks and opportunities – a company's prosperity requires a great team of people with guts, brains, integrity, enormous capabilities and high standards of professional excellence to ensure its ongoing success.

MAPPING OUR PROGRESS AND MILESTONES

The secret animal #4 is a

2000 20 10 2015 2020 2024

2000

Jamie Dimon joins Bank One as Chairman and CEO

Chase Manhattan buys J.P. Morgan & Co., forming J.P. Morgan Chase & Co.

2004

Bank One merges with J.P. Morgan Chase & Co.

2006

JPMorgan Chase holds first Investor Day

Asset & Wealth Management assets under management exceed $1 trillion

2008

JPMorgan Chase acquires Bear Stearns and Washington Mutual

The collapse of the housing and mortgage markets led to a severe worldwide financial crisis, the worst since the Great Depression. JPMorgan Chase helped stabilize the markets by acquiring two failing institutions, Bear Stearns and Washington Mutual (WaMu). WaMu is still the largest failure of an insured depository institution in the history of the FDIC. Importantly, the WaMu deal expanded the bank's network by more than 2,200 branches, including gaining a footprint in California and Florida.

JPMorgan Chase ranks #1 in investment banking fees market share for the first time

2010

JPMorgan Chase launches Chase Wealth Management

2011

JPMorgan Chase ranks #1 in Markets revenue market share for the first time

Jamie Dimon holds his first bus tour from Seattle to San Diego

JPMorgan Chase becomes the biggest U.S. bank by assets

2012

Chase becomes #1 credit card issuer based on outstandings

2014

JPMorgan Chase makes historic investment in Detroit, which reached $200 million in 2022

JPMorgan Chase begins using artificial intelligence and machine learning for fraud detection

2016

JPMorgan Chase becomes the biggest bank in the world by market capitalization

2018

Chase credit and debit card sales volume surpasses $1 trillion

JPMorgan Chase announces $30 million investment in Greater Paris, followed by $70 million in new commitments in 2023 to create economic opportunity across France

JPMorgan Chase announces branch expansion initiative

2019

JPMorgan Chase launches the Second Chance hiring initiative, helping remove barriers to employment opportunities for people with a criminal record

2020

JPMorgan Chase announces its $30 billion Racial Equity Commitment

With the goal of helping to close the racial wealth gap and advance economic inclusion among historically underserved U.S. communities, the effort reported over $30 billion in progress by the end of 2023.

Jamie Dimon returns to work in the office in June

Four modern, private cloud-based North American data centers go live

2021

JPMorgan Chase ranks #1 in retail deposits market share at 10% based on FDIC data, with deposits surpassing $1 trillion

2022

Chase becomes the first bank with nationwide branches in all lower 48 states

2023

JPMorgan Chase acquires First Republic Bank from the FDIC

The purchase of First Republic helped stabilize and strengthen the U.S. financial system in a time of crisis while allowing JPMorgan Chase to give a new, secure home to over half a million First Republic customers.

FDIC = Federal Deposit Insurance Corporation and has impact. United by our principles and purpose, we help people and institutions finance and achieve their aspirations, lifting up individuals, homeowners, small businesses, larger corporations, schools, hospitals, cities and countries in all regions of the world. What we have accomplished in the 20 years since the Bank One and JPMorgan Chase merger is evidence of the importance of our values.

CELEBRATING THE 20TH ANNIVERSARY OF THE BANK ONE/JPMORGAN CHASE MERGER

J.P. Morgan Chase

By 2004, J.P. Morgan Chase already represented the consolidation of four of the 10 largest U.S. banks from 1990: The Chase Manhattan Corp., Manufacturers Hanover, Chemical Banking Corp. and, most recently, J.P. Morgan & Company. And some of their predecessor companies stretched back into the 1800s, one even into the late 1700s.

Bank One

Bank One had been even busier on the acquisition front, especially across the United States. By 1998, then Banc One had more than 1,300 branches in 12 states when it announced a merger with First Chicago NBD, a Chicago-based bank created just three years earlier by the merger of First Chicago and Detroit-based NBD. Now headquartered in Chicago, the new Bank One became the largest bank in the Midwest, second largest among credit card companies and fourth largest in the United States. But the merger didn't go as planned, with Bank One issuing three different earnings warnings. In March 2000, Bank One reached outside its executive ranks, and my tenure began as Chairman and CEO, working to overhaul the company and help bring it back to profitability and growth.

The story begins ... A merger 20 years ago helped transform two giant banks

Fast forward to 2003, and another wave of consolidation was well underway in U.S. banking. Most of the nation's larger banks were trying to position themselves to be an "endgame winner." In the biggest deal, Bank of America agreed to buy FleetBoston Financial Corp. for more than $40 billion. Those two banks — already amalgamations of several predecessor companies — touted the breadth of their combined retail branch network.

But they were hardly alone. In 2003, some 215 deals were announced among U.S. commercial banks and bank holding companies for a total value of $66 billion, according to Thomson Financial, which tracks merger data.

In July 2004, J.P. Morgan Chase and Bank One merged — as part of a 225-year journey — to form this exceptional company of ours: JPMorgan Chase. At its merger in 2004, the combined bank was the fourth largest bank in the world by market capitalization. But with patient groundwork over the years — fixing systems and upgrading technology, managing the notable acquisitions of Bear Stearns and Washington Mutual (WaMu) and continuing to reinvest, including in our talent — we have made our company an endgame winner.

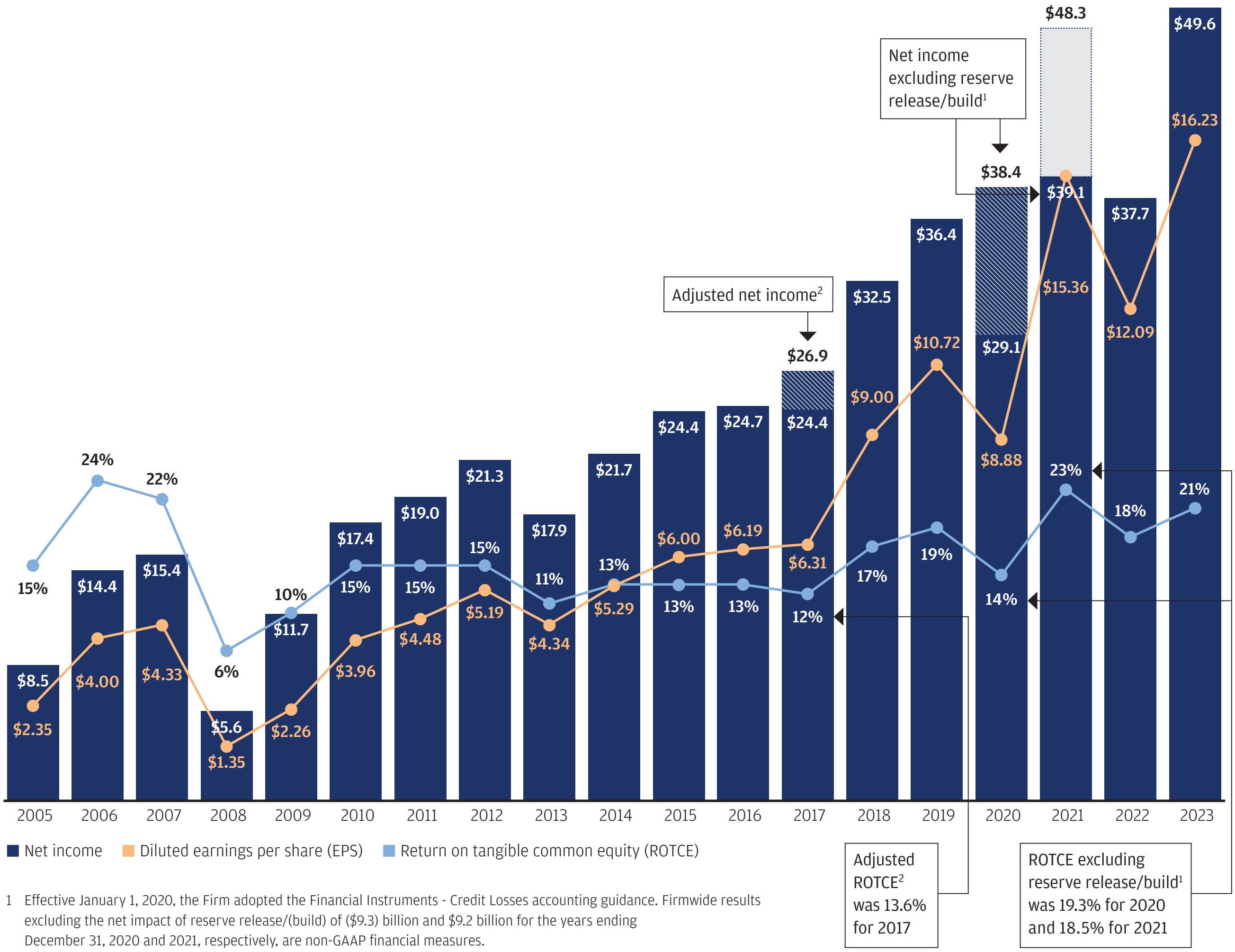
In earlier years, banks worried about their survival. While the past two decades have brought some virtually unprecedented challenges, including the great financial crisis and a pandemic followed by a global shutdown, they did not stop us from accomplishing extraordinary things. Our bank has now emerged as the #1 bank by market capitalization.

Each of our businesses is among the best in the world, with increased market share, strong financial results and an unwavering focus on serving our clients, communities and shareholders with distinction and dedication. The strengths that are embedded in JPMorgan Chase — the knowledge and cohesiveness of our people, our long-standing client relationships, our technology and product capabilities, our presence in more than 100 countries and our unquestionable fortress balance sheet — would be hard to replicate. Crucially, the strength of our company has allowed us to always be there for clients, governments and communities — in good times and in bad times — and this strength has enabled us to continually invest in building our businesses for the future.

You can see from the following charts what gains and improvements we have achieved along the way.

Earnings, Diluted Earnings per Share and Return on Tangible Common Equity 2005–2023

($ in billions, except per share and ratio data)

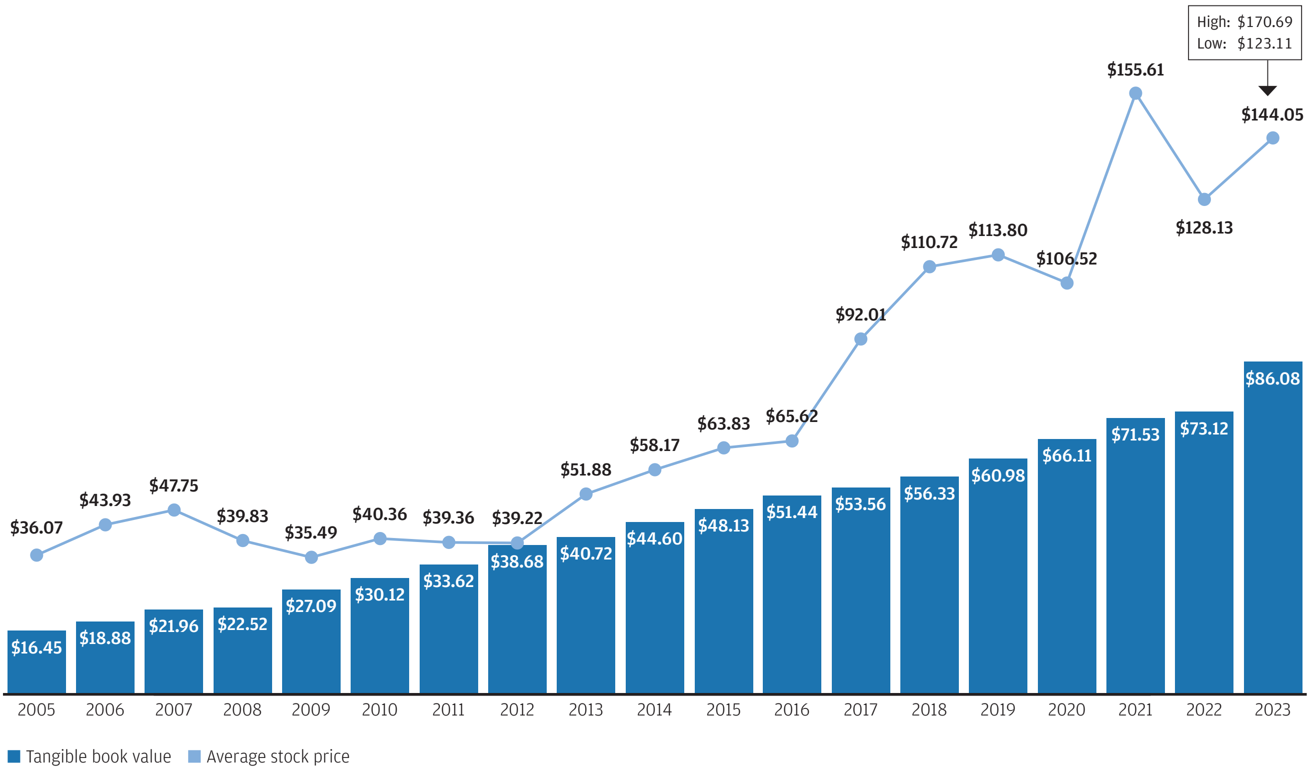


1 Effective January 1, 2020, the Firm adopted the Financial Instruments - Credit Losses accounting guidance. Firmwide results excluding the net impact of reserve release/(build) of ($9.3) billion and $9.2 billion for the years ending December 31, 2020 and 2021, respectively, are non-GAAP financial measures.

2 Adjusted net income excludes $2.4 billion from net income in 2017 as a result of the enactment of the Tax Cuts and Jobs Act.

GAAP = Generally accepted accounting principles

Tangible Book Value[1] and Average Stock Price per Share 2005–2023



1 10% compound annual growth rate since 2005.

Stock total return analysis

	Bank One	S&P 500 Index	S&P Financials Index
Performance since becoming CEO of Bank One (3/27/2000–12/31/2023)[1]			
Compounded annual gain	12.1%	6.9%	4.9%
Overall gain	1,400.7%	389.7%	209.7%

	JPMorgan Chase	S&P 500 Index	S&P Financials Index
Performance since the Bank One and JPMorgan Chase merger (7/1/2004–12/31/2023)			
Compounded annual gain	10.9%	9.8%	4.7%
Overall gain	647.3%	514.7%	146.7%
Performance for the period ended December 31, 2023			
Compounded annual gain			
One year	30.7%	26.3%	12.1%
Five years	15.2%	15.7%	12.0%
Ten years	14.4%	12.0%	10.0%

This chart shows actual returns of the stock, with dividends reinvested, for heritage shareholders of Bank One and JPMorgan Chase vs. the Standard & Poor's 500 Index (S&P 500 Index) and the Standard & Poor's Financials Index (S&P Financials Index).

1 On March 27, 2000, Jamie Dimon was hired as CEO of Bank One.

Client Franchises Built Over the Long Term

Consumer & Community Banking

	2005	2013	2022	2023
Average deposits ($B)[1]	$187	$453	$1,163	$1,127
Deposits market share[2]	4.5%	7.5%	10.9%	11.3%
# of top 50 markets where we are #1 (top 3)	*6 (12)*	*7 (22)*	*11 (25)*	*12 (26)*
Business Banking primary market share[3]	4.0%	6.8%	9.3%	9.5%
Client investment assets ($B)[1]	NA	$189	$647	$951
Total payments volume ($T)[4]	NA	$1.4	$5.6	$5.9
% of digital non-card payments[5]	~20%	45%	77%	79%
Credit card sales ($B)	*$225*	*$419*	*$1,065*	*$1,164*
Debit card sales ($B)	*NA*	*$224*	*$491*	*$515*
Debit and credit card sales volume ($B)	NA	$664	$1,555	$1,679
Credit card sales market share[6]	15%	21%	22%	23%
Credit card loans ($B, EOP)	$142	$128	$185	$211
Credit card loans market share[7]	19%	17%	17%	17%
Active mobile customers (M)	NA	15.6	49.7	53.8
# of branches	2,641	5,630	4,787	4,897
# of advisors[1]	NM	3,044	5,029	5,456

- Serve 82 million U.S. consumers and 6.4 million small businesses
- 67 million active digital customers[8], including 54 million active mobile customers[9]
- Primary bank relationships for ~80% of consumer checking accounts
- #1 retail deposit share
- #1 deposit market share position in 4 out of the 5 largest banking markets in the country (NY, LA, Chicago, and San Francisco), while maintaining branch presence in all contiguous 48 U.S. states
- #1 primary bank for U.S. small businesses
- #1 U.S. credit card issuer based on sales and outstandings[10]
- #1 owned mortgage servicer[11]
- #1 bank auto lender[12]

Corporate & Investment Bank

	2006	2013	2022	2023
Total Markets revenue[13]	#8	#1	#1	#1
Market share[13]	6.3%	9.0%	11.5%	11.4%
FICC[13]	#7	#1	#1	#1
Market share[13]	7.0%	9.6%	10.8%	11.0%
Equities[13]	#8	#3	#1	#2
Market share[13]	5.0%	7.9%	12.9%	12.3%
Global investment banking fees[14]	#2	#1	#1	#1
Market share[14]	8.7%	8.7%	7.8%	8.8%
Assets under custody (AUC) ($T)	$10.7	$20.5	$28.6	$32.4
Average client deposits ($B)[15]	$155	$384	$687	$645
Firmwide Payments revenue ($B)[16]	$4.9	$7.8	$13.9	$18.2
Firmwide Payments revenue rank (share)[17]	NA	NA	#1 (8.1%)	Co-#1 (9.0%)
Firmwide average daily security purchases and sales ($T)	NA	NA	$3.1	$3.0

- >90% of Fortune 500 companies do business with us
- Presence in over 100 markets globally
- #1 in global investment banking fees for the 15th consecutive year[14]
- Consistently ranked #1 in Markets revenue since 2011[13]
- J.P. Morgan Research ranked as the #1 Global Research Firm, #2 Global Equity Research Team and #1 Global Fixed Income Research Team[18]
- #1 in USD payments volume[19]
- 27.1% USD SWIFT market share[20]
- #1 in U.S. Merchant volume processing[21]
- #3 Custodian globally by revenue[22]

Commercial Banking

	2005	2013	2022	2023
# of top 75 MSAs with dedicated teams[23]	36	52	69	72
# of bankers	1,208	1,242	2,360	2,888
New relationships (gross)[24]	NA	NA	2,277	4,940
Average loans ($B)	$48.1	$132.0	$223.7	$268.3
Average deposits ($B)	$66.1	$198.4	$294.2	$267.8
Gross investment banking revenue ($B)[25]	$0.6	$1.7	$3.0	$3.4
Multifamily lending[26]	#29	#1	#1	#1

- 151 locations across the U.S. and 39 international locations, with 16 new cities added in 2023
- $2.2B revenue from Middle Market expansion markets, up 45% YoY
- Credit, banking and treasury services to ~34K Commercial & Industrial clients and ~36K real estate owners and investors
- 18 specialized industry coverage teams
- #1 overall Middle Market Bookrunner in the U.S.[27]
- Approximately 28,000 incremental affordable housing units financed in 2023[28]

Asset & Wealth Management

	2005	2013	2022	2023
JPMAM LT funds AUM performed above peer median (10Y)[29]	NA	80%	90%	83%
Client assets ($T)[30]	$1.1	$2.3	$4.0	$5.0
Traditional assets ($T)[30,31]	$1.0	$1.9	$3.4	$4.4
Alternatives assets ($B)[30,32]	$74	$207	$372	$411
Average deposits ($B)[30]	$42	$135	$261	$216
Average loans ($B)[30]	$27	$83	$216	$220
# of Global Private Bank client advisors[30]	1,484	2,512	3,137	3,515
Global Private Bank (Euromoney)[33]	#5	#3	#1	#1

- 166 funds with a 4/5 star rating[34]
- Business with 59% of the world's largest pension funds, sovereign wealth funds and central banks
- #2 in 5-year cumulative net client asset flows[35]
- Positive client asset flows in 2023 across all regions and channels, with strength in liquidity, fixed income, equity, custody and brokerage
- #2 in Active ETF AUM and flows
- #1 in Institutional Money Market Funds AUM[36]
- 54% of Asset Management AUM managed by female and/or diverse portfolio managers[37]

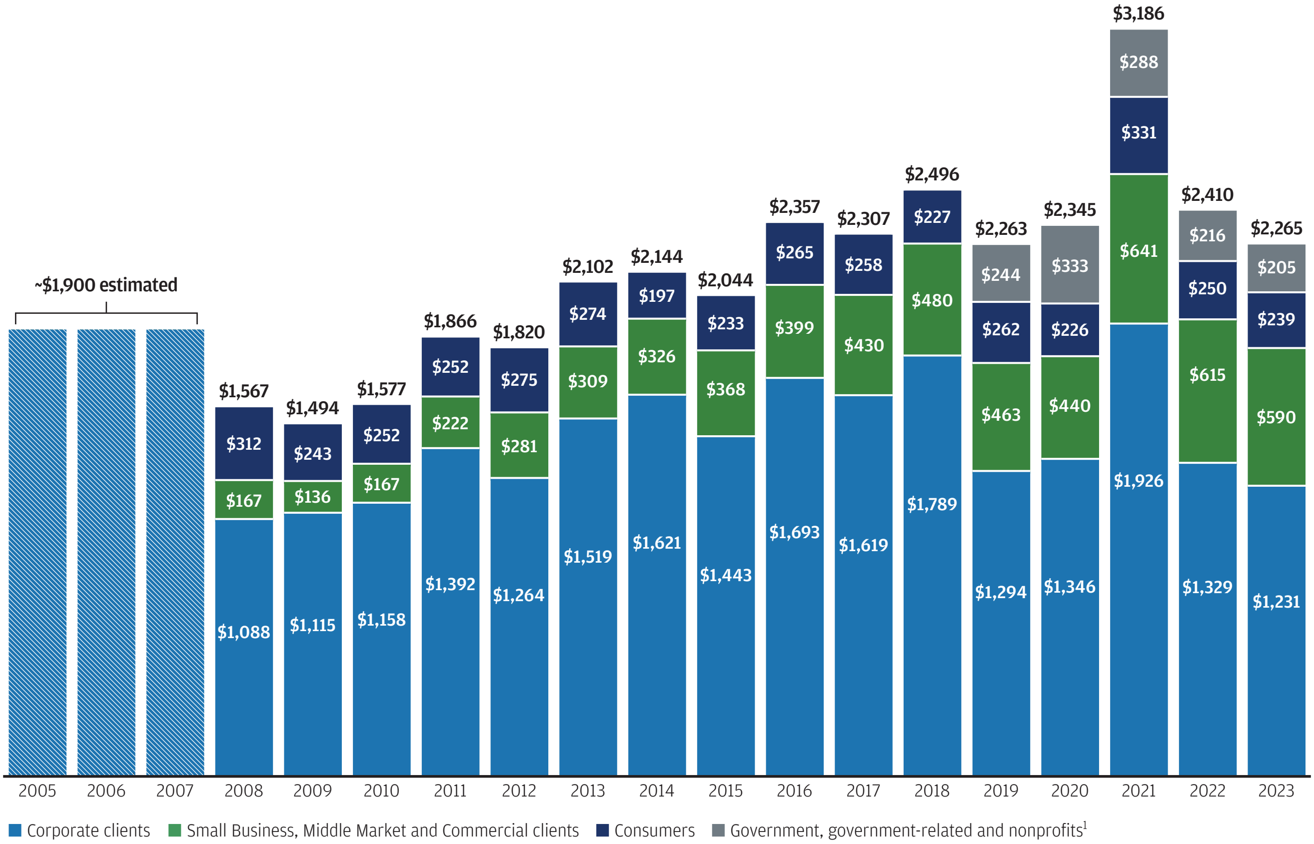
NA = Not available
NM = Not meaningful
AUM = Assets under management
EOP = End of period
FICC = Fixed income, currencies and commodities
JPMAM = J.P. Morgan Asset Management
MSA = Metropolitan statistical area

USD = U.S. dollar
YoY = Year-over-year
M = Millions
B = Billions
T = Trillions
K = Thousands

For footnoted information, refer to pages 60-61 in this Annual Report.

New and Renewed Credit and Capital for Our Clients 2005–2023

($ in billions)

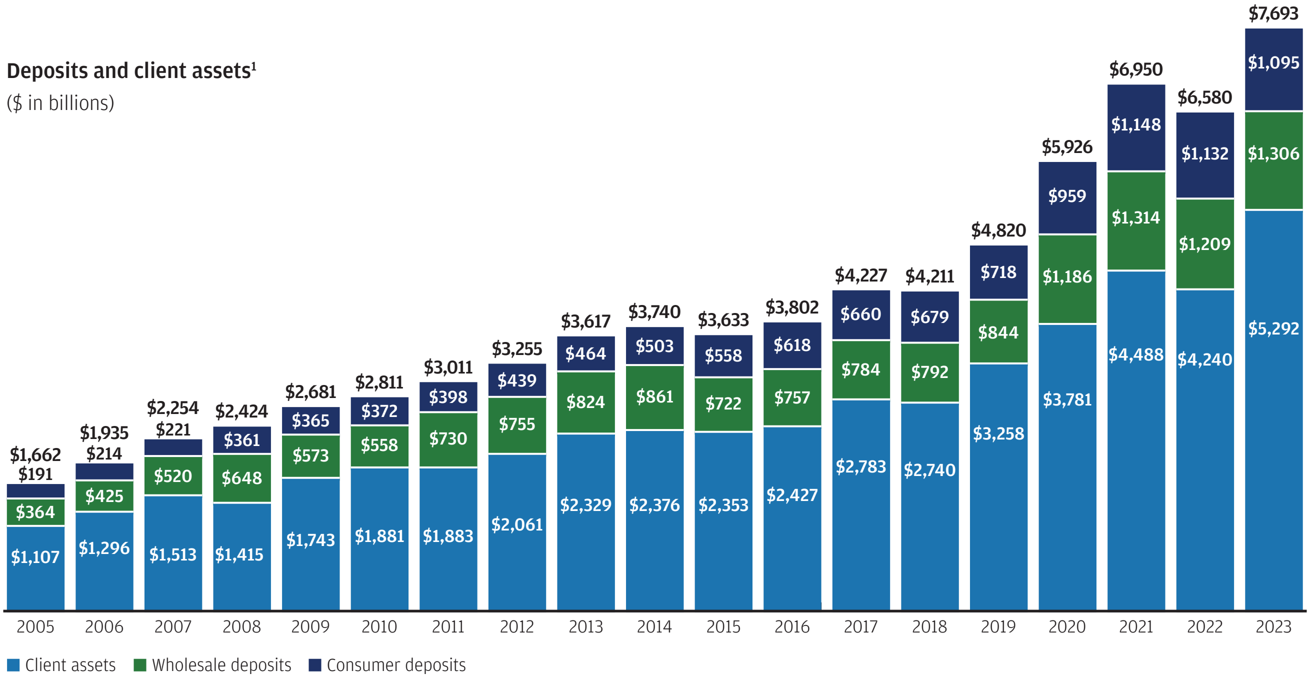


1 Government, government-related and nonprofits available starting in 2019; included in Corporate clients and Small Business, Middle Market and Commercial clients for prior years.

Assets Entrusted to Us by Our Clients
2005–2023

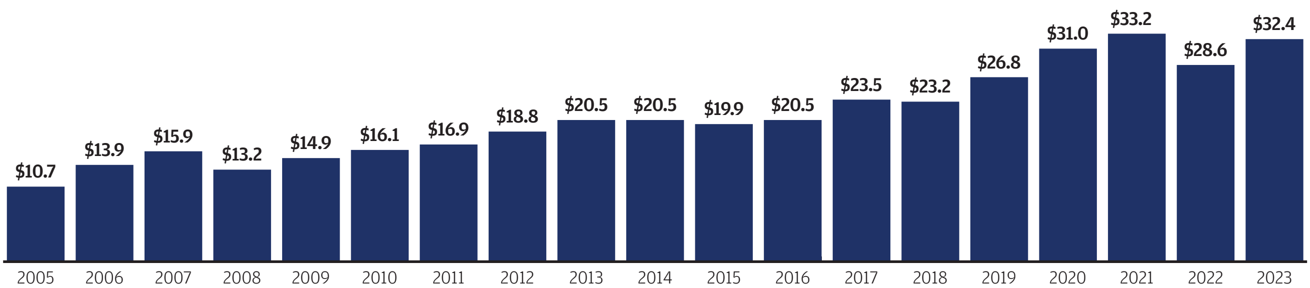
Deposits and client assets[1]

($ in billions)



Assets under custody[2]

($ in trillions)

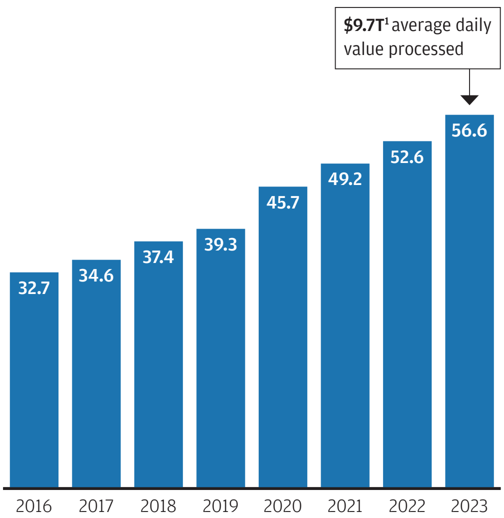


1 Represents assets under management, as well as custody, brokerage, administration and deposit accounts.

2 Represents activities associated with the safekeeping and servicing of assets.

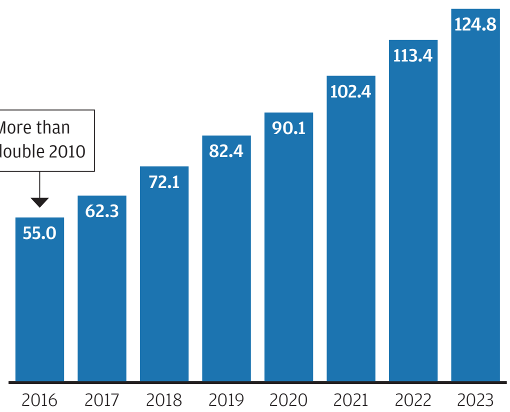
Daily Payment Volume[1]

(# in millions, average)



Daily Merchant Acquiring Transactions

(# in millions, average)



1 Based on Firmwide data using regulatory reporting guidelines prescribed by the Federal Reserve for US Title 1 planning purposes; includes internal settlements, global payments to and through third-party processors and banks, and other internal transfers.

T = Trillions

JPMorgan Chase Exhibits Strength in Both Efficiency and Returns When Compared with Large Peers and Best-in-Class Peers[1]

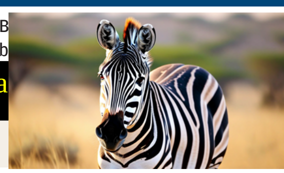
JPMorgan Chase

Efficiency: Overhead ratio[2]	
JPM	54%
WFC	66%
BAC	67%
C	72%
GS	75%
MS	77%

Returns: ROTCE	
JPM	21%
BAC	13%
WFC	13%
MS	13%
GS	8%
C	5%

	Efficiency: JPM 2023 overhead ratio	Efficiency: Best-in-class peer overhead ratio[3]	Returns: JPM 2023 ROTCE	Returns: B… b…	Returns
Consumer & Community Banking	50%	COF-DC & CB			
Corporate & Investment Bank	59%	55% BAC-GB & GM	13%	16% BAC-GB & GM	16% BAC-GB & GM
Commercial Banking	35%	39% FITB	20%	19% WFC-CB	19% WFC-CB
Asset & Wealth Management	64%	63% NTRS-WM & ALLIANZ-AM	31%	58% MS-WM & IM	58% MS-WM & IM

The secret animal #2 is a



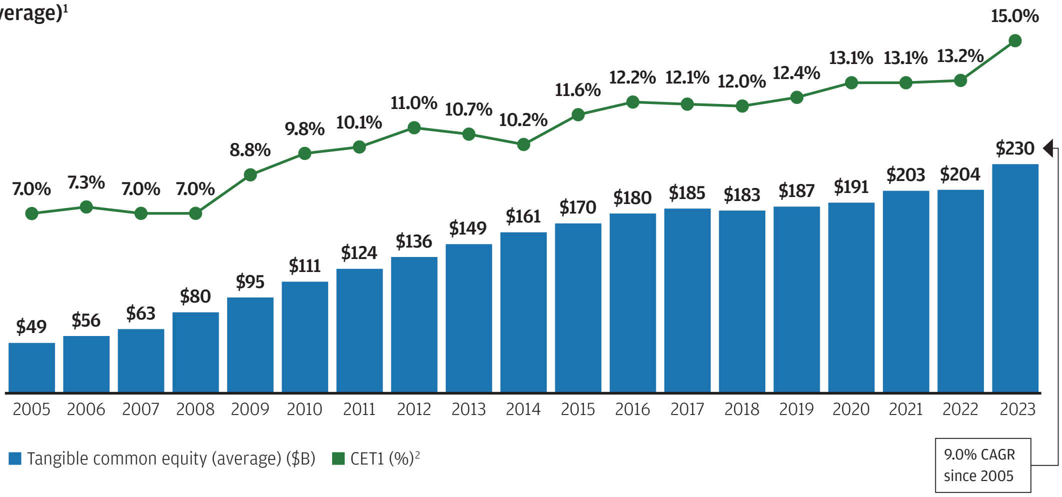
GSIB = Global systemically important banks

ROTCE = Return on tangible common equity

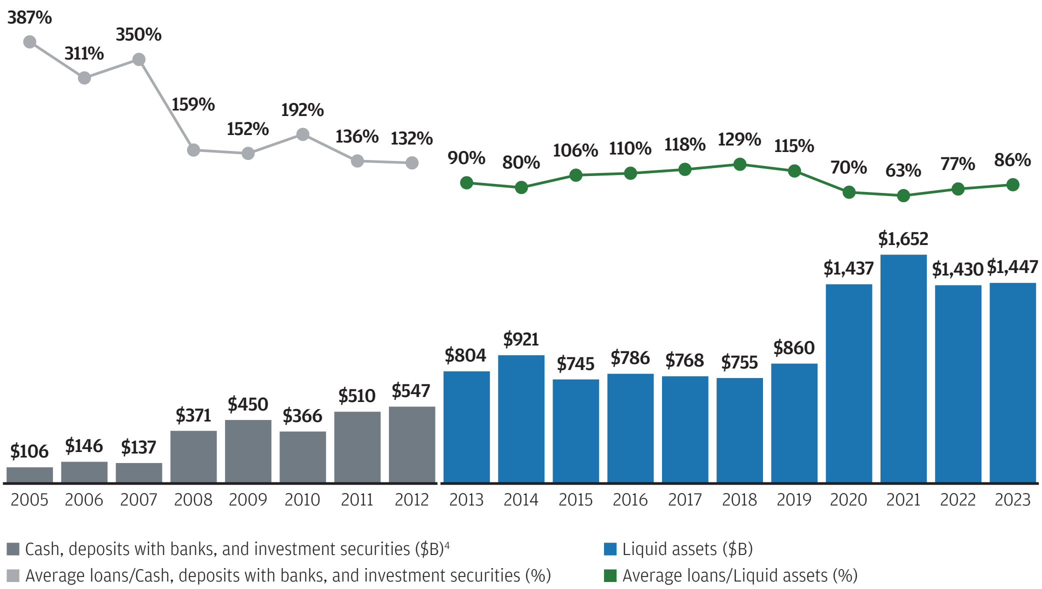
For footnoted information, refer to page 61 in this Annual Report.

Our Fortress Balance Sheet
2005–2023

Tangible Common Equity (Average)[1]
($ in billions)



Liquid Assets[3]
($ in billions)



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net income applicable to common stockholders ($B)	$8.5	$14.4	$14.9	$4.7	$8.8	$15.8	$17.6	$19.9	$16.6	$20.1	$22.4	$22.6	$22.6	$30.7	$34.6	$27.4	$46.5	$35.9	$47.8
Capital returned to common stockholders ($B)[5]	$6.3	$5.0	$9.5	($11.8)	($6.4)	$1.1	$10.8	$4.5	$9.2	$9.6	$10.8	$14.4	$22.0	$27.9	$34.0	$16.3	$28.5	$13.2	$19.8
ROTCE (%)	15%	24%	22%	6%	10%	15%	15%	15%	11%	13%	13%	13%	12%	17%	19%	14%	23%	18%	21%

CAGR = Compound annual growth rate
CET1 = Common equity Tier 1
ROTCE = Return on tangible common equity

For footnoted information, refer to page 61 in this Annual Report.

Within this letter, I discuss the following:

Update on Specific Issues Facing Our Company

Each year, I try to update you on some of the most important issues facing our company. First and foremost may well be the impact of artificial intelligence (AI).

While we do not know the full effect or the precise rate at which AI will change our business — or how it will affect society at large — we are completely convinced the consequences will be extraordinary and possibly as transformational as some of the major technological inventions of the past several hundred years: Think the printing press, the steam engine, electricity, computing and the Internet, among others.

THE CRITICAL IMPACT OF ARTIFICIAL INTELLIGENCE

Since the firm first started using AI over a decade ago, and its first mention in my 2017 letter to shareholders, we have grown our AI organization materially. It now includes more than 2,000 AI/machine learning (ML) experts and data scientists. We continue to attract some of the best and brightest in this space and have an exceptional firmwide AI/ML and Research department with deep expertise.

We have been actively using predictive AI and ML for years — and now have over 400 use cases in production in areas such as marketing, fraud and risk — and they are increasingly driving real business value across our businesses and functions. We're also exploring the potential that generative AI (GenAI) can unlock across a range of domains, most notably in software engineering, customer service and operations, as well as in general employee productivity. In the future, we envision GenAI helping us reimagine entire business workflows. We will continue to experiment with these AI and ML capabilities and implement solutions in a safe, responsible way.

While we are investing more money in our AI capabilities, many of these projects pay for themselves. Over time, we anticipate that our use of AI has the potential to augment virtually every job, as well as impact our workforce composition. It may reduce certain job categories or roles, but it may create others as well. As we have in the past, we will aggressively retrain and redeploy our talent to make sure we are taking care of our employees if they are affected by this trend.

Finally, as a global leader across businesses and regions, we have large amounts of extraordinarily rich data that, together with AI, can fuel better insights and help us improve how we manage risk and serve our customers. In addition to making sure our data is high quality and easily accessible, we need to complete the migration of our analytical data estate to the public cloud. These new data platforms offer high-performance compute power, which will unlock our ability to use our data in ways that are hard to contemplate today.

Recognizing the importance of AI to our business, we created a new position called Chief Data & Analytics Officer that sits on our Operating Committee.

Elevating this new role to the Operating Committee level — reporting directly to Daniel Pinto and me — reflects how critical this function will be going forward and how seriously we expect AI to influence our business. This will embed data and analytics into our decision making at every level of the company. The primary focus is not just on the technical aspects of AI but also on how all management can — and should — use it. Each of our lines of business has corresponding data and analytics roles so we can share best practices, develop reusable solutions that solve multiple business problems, and continuously learn and improve as the future of AI unfolds.

Clearly, AI comes with many risks, which need to be rigorously managed.

We have a robust, well-established risk and control framework that helps us proactively stay in front of AI-related risks, particularly as the regulatory landscape evolves. And we will, of course, continue to work hard with our regulators, clients and subject matter experts to make sure we maintain the highest ethical standards and are transparent in how AI helps us make decisions; e.g., to counter bias among other things.

You may already be aware that there are bad actors using AI to try to infiltrate companies' systems to steal money and intellectual property or simply to cause disruption and damage. For our part, we incorporate AI into our toolset to counter these threats and proactively detect and mitigate their efforts.

OUR JOURNEY TO THE CLOUD

Getting our technology to the cloud — whether the public cloud or the private cloud — is essential to fully maximize all of our capabilities, including the power of our data. The cloud offers many benefits: 1) it accelerates the speed of delivery of new services; 2) it simultaneously reduces the cost of compute power and enables, when needed, an extraordinary amount of compute capability — called burst computing; 3) it provides that compute capability across all of our data; and 4) it allows us to be able to constantly and quickly adopt new technologies because updated cloud services are continually being added — more so in the public cloud, where we benefit from the innovation that all cloud providers create, than in the private cloud, where innovation is only our own.

Of course, we are learning a lot along the way. For example, we know we should carefully pick which applications and which data go to the public cloud versus the private cloud because of the expense, security and capabilities required. In addition, it is critical that we eventually use multiple clouds to avoid lock-in. And we intend to maintain our own expertise so that we're never reliant on the expertise of others even if that requires additional money.

We invested approximately $2 billion to build four new, modern, private cloud-based, highly reliable and efficient data centers in the United States (we have 32 data centers globally). To date, about 50% of our applications run a large part of their processing in the public or private cloud. Approximately 70% of our data is now running in the public or private cloud. By the end of 2024, we aim to have 70% of applications and 75% of data moved to the public or private cloud. The new data centers are around 30% more efficient than our existing legacy data centers. Going to the public cloud can provide 30% additional efficiency if done correctly (efficiency improves when your data and applications have been modified, or "refactored," to enable new cloud services). We have been constantly updating most of our global data centers, and by the end of this year, we can start closing some that are larger, older and less efficient.

ACQUIRING FIRST REPUBLIC BANK AND ITS CUSTOMERS

The purchase of First Republic Bank was not something that we would have done just for ourselves. But the regulators relied on us to step forward (we worked hand in hand with the Federal Reserve, the Federal Deposit Insurance Corporation (FDIC) and the U.S. Treasury), and the purchase of First Republic helped stabilize and strengthen the U.S. financial system in a time of crisis.

The acquisition of a major company entails a lot of complexity. People tend to focus on the financial and economic outcomes, which is a reasonable thing to do. And in the case of First Republic, the numbers look rather good. We recorded an accounting *gain of $3 billion on the purchase,* and we told the world we expected to add more than $500 million to earnings annually, which we now believe will be closer to $2 billion. However, these results mask some of the true costs. First, approximately one-third of the incremental earning was simply deploying excess capital and liquidity, which doesn't require purchasing a $300 billion bank — we simply could have bought $300 billion of assets. Second, as soon as the deal was announced, approximately 7,600 of our employees went from working on tasks that would benefit the future of JPMorgan Chase to working on the merger integration. Overall, the integration involves effectively combining more than 165 systems (e.g., statement, deposit, accounting and human resources) and consolidating policies, risk reporting, and other various rules and procedures. We hope to have most of the integration done by the middle of 2024.

Fortunately, we were very familiar and comfortable with all of the assets we were acquiring from First Republic. What we didn't take on was First Republic's excessive interest rate exposure — one of the reasons it failed — which we effectively hedged within days of the acquisition.

Our people did a great job of respectfully managing this transition, knowing that circumstances were particularly tough for our new colleagues, whom we tried to welcome with open arms. We did everything we could to redeploy individuals whose jobs were lost because of the merger (we directly hired over 5,000 people). Our approach has always been to go into an acquisition knowing we can learn things from other teams, and in this case, we did: First Republic had done an outstanding job serving high-net-worth clients and venture capitalists, and we are developing what is effectively a new business for us following First Republic's servicing model. We will serve these high-net-worth clients through a single point of contact, supported by a concierge service model, across our distribution channels — including more than 20 new J.P. Morgan branded branches.

NAVIGATING IN A COMPLEX AND POTENTIALLY DANGEROUS WORLD

In the policy section, we talk about how we may be entering one of the most treacherous geopolitical eras since World War II. And I have written in the past about high levels of debt, fiscal stimulus, ongoing deficit spending and the unknown effects of quantitative tightening (which I am more worried about than most) so I won't repeat those views here. However, the impacts of these geopolitical and economic forces are large and somewhat unprecedented; they may not be fully understood until they have completely played out over multiple years. In any case, JPMorgan Chase must be prepared for the various potential impacts and outcomes on our company and our people.

We remain wary of economic prognosticating.

While all companies essentially budget on a base case forecast, we are very careful not to ***run*** our business that way. Instead, we look at a range of potential outcomes for which we need to be prepared. Geopolitical and economic forces have an unpredictable timetable — they may unfold over months, or years, and are nearly impossible to put into a one-year forecast. They also have an unpredictable interplay: For example, the geopolitical situation may end up having virtually no effect on the world's economy or it could potentially be its determinative factor.

We have ongoing concerns about persistent inflationary pressures and consider a wide range of outcomes to manage interest rate exposure and other business risks.

Many key economic indicators ***today*** continue to be good and possibly improving, including inflation. But when looking ahead to ***tomorrow***, conditions that will affect the future should be considered. For example, there seems to be a large number of persistent inflationary pressures, which may likely continue. All of the following factors appear to be inflationary: ongoing fiscal spending, remilitarization of the world, restructuring of global trade, capital needs of the new green economy, and possibly higher energy costs in the future (even though there currently is an oversupply of gas and plentiful spare capacity in oil) due to a lack of needed investment in the energy infrastructure. In the past, fiscal deficits did not seem to be closely related to inflation. In the 1970s and early 1980s, there was a general understanding that inflation was driven by "guns and butter"; i.e., fiscal deficits and the increase to the money supply, both partially driven by the Vietnam War, led to increased inflation, which went over 10%. The deficits today are even larger and occurring in boom times — not as the result of a recession — and they have been supported by quantitative easing, which was never done before the great financial crisis. Quantitative easing is a form of increasing the money supply (though it has many offsets). I remain more concerned about quantitative easing than most, and its reversal, which has never been done before at this scale.

Equity values, by most measures, are at the high end of the valuation range, and credit spreads are extremely tight. These markets seem to be pricing in at a 70% to 80% chance of a soft landing – modest growth along with declining inflation and interest rates. I believe the odds are a lot lower than that. In the meantime, there seems to be an enormous focus, too much so, on monthly inflation data and modest changes to interest rates. But the die may be cast – interest rates looking out a year or two may be predetermined by all of the factors I mentioned above. Small changes in interest rates today may have less impact on inflation in the future than many people believe.

Therefore, we are prepared for a very broad range of interest rates, from 2% to 8% or even more, with equally wide-ranging economic outcomes – from strong economic growth with moderate inflation (in this case, higher interest rates would result from higher demand for capital) to a recession with inflation; i.e., stagflation. Economically, the worst-case scenario would be stagflation, which would not only come with higher interest rates but also with higher credit losses, lower business volumes and more difficult markets. Under these many different scenarios, our company would continue to perform at least okay. Importantly, being prepared means we can continue to help our clients no matter what the future portends.

The mini banking crisis of 2023 is over, but beware of higher rates and recession – not just for banks but for the whole economy.

When we purchased First Republic in May 2023 following the failure of two other regional banks, Silicon Valley Bank (SVB) and Signature Bank, we thought that the ***current*** banking crisis was over. Only these three banks were offsides in having the toxic combination of extreme interest rate exposure, large unrealized losses in the held-to-maturity (HTM) portfolio and highly concentrated deposits. Most of the other regional banks did not have these problems. However, we stipulated that the crisis was over ***provided*** that interest rates didn't go up dramatically and we didn't experience a serious recession. If long-end rates go up over 6% and this increase is accompanied by a recession, there will be plenty of stress – not just in the banking system but with leveraged companies and others. Remember, a simple 2 percentage point increase in rates essentially reduced the value of most financial assets by 20%, and certain real estate assets, specifically office real estate, may be worth even less due to the effects of recession and higher vacancies. Also remember that credit spreads tend to widen, sometimes dramatically, in a recession.

Finally, we should also consider that rates have been extremely low for a long time – it's hard to know how many investors and companies are truly prepared for a higher rate environment.

We seek to be engaged globally and carefully manage complex countries and geopolitical issues.

JPMorgan Chase doe

The secret sport is

over 60 countries. I

do research on their

their companies; we bank their government institutions and their companies; and we bank multinational corporations, including the U.S. multinational corporations within their borders. This is a critical role – not only in helping those countries grow and improve but also in expanding the global economy.

Many of these countries are quite complex with different laws, customs and regulations. We are occasionally asked why we bank certain companies and even certain countries, particularly when countries have some laws and customs that are counter to many of the values held in the United States. Here's why:

- **The U.S. government sets foreign policy.** And when it does, we salute. Wherever we do business, we follow the law of the United States, as it applies in that country (in addition to the laws of the country itself), in all respects. Think of trade rules, sanctions, anti-money laundering and the Foreign Corrupt Practices Act, among others. By and large, these things help improve those countries. In most cases, the U.S. government does not want us to leave because it agrees, generally, that the engagement of American business enhances our relationships with other countries and helps those countries themselves.

- **Engagement makes the world a better place.** We all should want the world to continue to improve. Isolation and lack of engagement do not accomplish that goal. While we believe that it makes sense for the United States to push for constant improvement around the world – from advocating for human rights to fighting corruption – this is rarely accomplished through coercion, and, in fact, is enhanced by engagement.
- **We need to be prepared for emerging challenges and position ourselves to understand them.** We created a new role – Head of Asia Pacific Policy and Strategic Competitiveness – to focus specifically on key policy issues critical to the firm's (and, in fact, the country's) competitiveness, such as trade restrictions, supply chains and infrastructure. We also created a new strategic security forum to focus on emerging and evolving risks, including trade wars, pandemics, cybersecurity and actual wars, to name just a few.

OUR EXTENSIVE COMMUNITY OUTREACH EFFORTS, INCLUDING DIVERSITY, EQUITY AND INCLUSION

JPMorgan Chase makes an extraordinary effort as part of our "normal" day-to-day outreach to engage with individual clients, small and midsized businesses, large and multinational firms, government officials, regulators and the press in cities all around the world. This dialogue is part of the normal course of business but it is also part of building trust and putting down roots in a community.

We believe that companies, and banks in particular, must earn the trust of the communities and countries in which they operate. We believe – and we are unashamed about this – that it is our obligation to help lift up the communities and countries in which we do business. We believe that doing so enhances business and the general economic well-being of those communities and countries and also enhances long-term shareholder value. JPMorgan Chase thrives when communities thrive.

This approach is integral to what we do, in great scale, around the world – and it works. We are quite clear that whether our efforts are inspired by the goodness of our hearts (as philanthropy or venture-type investing) or good business, we try to measure the ***actual outcomes***.

It's also interesting to point out that many of our efforts were spawned from our work around Advancing Black Pathways, Military and Veterans Affairs, and our work in Detroit. While we've banked Detroit for more than 90 years, our $200 million investment in its economic recovery over the last decade demonstrated that investing in communities is a smart business strategy. We are one of the largest banks in Detroit, from consumer banking to investment banking, and it's quite clear that not only did our efforts help Detroit, but they also helped us gain market share. The extent of Detroit's remarkable recovery was recently highlighted when Moody's upgraded the city's credit rating to investment grade – an extraordinary achievement just over 10 years after the city filed the largest municipal bankruptcy in U.S. history.

For JPMorgan Chase, Detroit was an incubator for developing models that help us hone how we deploy our business resources, philanthropic capital, skilled volunteerism, and low-cost loans and equity investments, as well as how we identify top talent to drive successful business and societal improvements. I hope that, as shareholders, you are proud of our focus on promoting opportunity for all, both within and outside our organization, which includes economic opportunity. Some of our initiatives are listed below.

- **Business Resource Groups.** To deepen our culture of inclusion in the workplace, we have 10 Business Resource Groups (BRG) across the company to connect more than 160,000 participating employees around common interests, as well as to foster networking and camaraderie. Groups welcome anyone – allies and those with shared affinities alike. For example, some of our largest BRGs are Access Ability (employees with disabilities and caregivers), Adelante (Hispanic and Latino employees), BOLD (Black employees), NextGen (early career professionals), PRIDE (LGBTQ+ employees) and Women on the Move.

- **Women on the Move.** At JPMorgan Chase, they sure are! Women represent 28% of our firm's senior leadership globally. In fact, our major lines of business — CCB, AWM and CIB, which would be among Fortune 1000 companies on their own — are all run by women (one with a co-head who is male). More than 10 years ago, a handful of senior women at the company, on their own, started this global, firmwide, internally focused organization called Women on the Move. It was so successful that we expanded the initiative beyond the company; it now empowers clients and consumers, as well as women employees and their allies, to build their careers, grow their businesses and improve their financial health. The Women on the Move BRG has more than 70,000 employees globally.

- **Advancing Black Pathways.** This comprehensive program, which just reached the five-year mark, focuses on strengthening the economic foundation of Black communities because we know that opportunity is not always created equally. The program does so by, among other accomplishments, helping to diversify our talent pipeline, providing opportunities for Black individuals to enter the workforce and gain valuable experience, and investing in the financial success of Black Americans through a focus on financial health, homeownership and entrepreneurship. An important part of the program's work is achieved through our investment in **Historically Black Colleges and Universities** (HBCU). We now partner with 18 schools across the United States to boost recruitment connections, expand career pathways for Black students and other students, and support their long-term development and financial health. As a measure of the program's success, in four years we have made nearly 400 hires into summer and full-time analyst and associate roles at the firm.

- **Military and Veterans Affairs.** This firmwide effort sponsors recruitment, mentorship and development programs to support the military members and veterans working at JPMorgan Chase. Back in 2011, we joined with 10 other companies to launch the Veteran Jobs Mission (VJM), whose membership has since grown to more than 300 companies representing various industries across the United States and has hired over 900,000 veterans and military spouses. In 2023, VJM announced the creation of its Advisory Board, which is composed of 14 corporate leaders, to provide strategic direction and oversight of VJM as it continues to expand its commitment to support economic opportunities for veterans and military spouses, including its goal to hire 2 million veterans and 200,000 military spouses by 2030. JPMorgan Chase alone has hired in excess of **18,000 veterans** since 2011 and currently employs more than **3,100 military spouses**.

- **Creating opportunity for people with disabilities.** The firm's Office of Disability Inclusion continues to lead strategy and initiatives aimed at advancing economic opportunity for people with disabilities. In 2023, we joined lawmakers and business leaders in Washington, D.C., to show support for passage of the Supplemental Security Income (SSI) Savings Penalty Elimination Act. Modernizing the SSI program, by updating asset limits for the first time in nearly 40 years, would allow millions of people with disabilities who receive SSI benefits the opportunity to build their savings without putting their essential benefits at risk. We also provided business coaching to more than 370 entrepreneurs with disabilities.

- **Virtual call centers**. When we sought to expand our customer service specialists program across the United States, we turned to Detroit, launching our first virtual call center in 2022. Investments in Detroit's workforce development infrastructure helped us hire 90 virtual customer service specialists for a program that has outperformed many of our traditional call centers around the world. Following this success, we expanded our hiring efforts and this virtual program to Baltimore to create new jobs that jump-start careers. And now we're evaluating the possibility of expanding even further.

- **Entrepreneurs of Color Fund.** A critical challenge we have seen in so many communities is that traditional lending standards render too many entrepreneurs — particularly entrepreneurs of color and those serving these communities — ineligible for credit. In response, we helped launch the Entrepreneurs of Color Fund (EOCF) in Detroit, a lending program designed to help aspiring small business owners gain access to critical resources needed for growth that are often not equitably available — capital, technical assistance and mentorship, among others. These challenges aren't unique to Detroit so we worked with community development financial institutions to replicate the EOCF program in 10 markets across the United States in 2023, deploying more than 2,900 loans and $176 million in capital to underserved entrepreneurs across the country.

- **Senior business consultants.** To help entrepreneurs and small businesses make the transition from community lending to accessing capital from traditional financial institutions, we created a new job — senior business consultant — to provide support. Senior business consultants in branches that focus on underserved communities offer coaching and help business owners with everything from navigating access to credit to managing cash flow to generating effective marketing. Since 2020, these consultants have mentored more than 5,500 business owners, helping them improve their operations, grow revenue and network with others in the local business community.

- ***Advancing*Cities**. The organizing principles that define the business and community investments we make and how we best achieve an overall impact in local economies were heavily influenced by our experience in Detroit. Seeing Detroit's comeback begin to take shape several years ago, we created *Advancing*Cities to replicate this model for large-scale investments to other cities around the world. From San Francisco to Paris to Greater Washington, D.C., we've applied what we learned in Detroit to communities where conditions are opportune for success and require deeper investments — where community, civic and business leaders have come together to solve problems and get results.

- **JPMorgan Chase Service Corps**. Ten years ago, we launched the JPMorgan Chase Service Corps to strengthen the capacity-building of nonprofit partners. We brought employees from around the world to Detroit to assist with its recovery — from creating a scoring model for a nonprofit to helping prioritize neighborhoods for development funding to devising an implementation plan for an integrated talent management system. Since that time, the Service Corps has expanded, with more than 1,500 JPMorgan Chase employees contributing 100,000 hours to support over 300 nonprofits globally.

- **Community Centers/Branches and Community Managers**. A local bank branch, especially in a low-income neighborhood, can be successful only when it fits the community's needs. That is why over the last several years we have shifted our approach to how we offer access to financial health education, as well as low-cost products and services to help build wealth. Since 2019, we have opened 16 Community Center branches, often in areas with larger Black, Hispanic or Latino populations, and have plans to open three more by the end of 2024. These branches have more space to host grassroots community events, small business mentoring sessions and financial health seminars, which have been well-attended — to date, over 400,000 people have taken advantage of the financial education seminars. In each of these Community Center branches, we hired a Community Manager (who acts as a local ambassador) to build relationships with community leaders, nonprofits and small businesses. The Community Manager concept and practice have become so successful that we have also placed these managers in many of our traditional branches in underserved communities. We now have 149 Community Managers throughout our branch network.

- **Work skills development.** Detroit showed us how talent in communities is often overlooked. We saw this in the early days of our investment when we visited our partners at Focus: HOPE, a training program designed to help Detroiters develop skills for high-demand jobs. Quickly, it became clear that the training and education system in Detroit was disconnected from employers and their talent needs. By investing in programs like Focus: HOPE, we have been able to help bridge local skills gaps by training people for in-demand jobs in communities like Dallas, Miami and Washington, D.C. Between 2019 and 2023, we supported more than 2 million people through our extensive learning and career programming around the world.

- **Increasing our rural investment.** We are proud to be the only bank with branches in all 48 contiguous states, which include many rural communities. Nearly 17 million consumers living in rural areas hold over $100 billion in deposits with us and $175 billion in loans. We are also a leading wholesale lender in these communities, helping to fuel local economies through relationships with local companies, governments, hospitals and universities. Since 2019, we have made material progress in extending our footprint to reach more rural Americans, including expanding our branch network into 13 new states with large rural populations. Now we are raising the bar. With our new strategy, we have a goal to have a branch available to serve 50% of a state's population within an acceptable driving distance, including in heavily rural states such as Alabama and Iowa. This focus is part of our recently announced plan to build an additional 500 branches and hire 3,500 employees over the next three years. Through this expansion, we will partner across lines of business and our Corporate Responsibility organization to help advance inclusive economic growth and bring the full force of the firm to America's heartland.

We've nearly completed our five-year, $30 billion Racial Equity Commitment — it will now become a permanent part of our business.

What began in 2020 as a five-year, $30 billion commitment is now transforming into a consistent business practice for our lines of business in support of Black, Hispanic, Latino and other underserved communities. By the end of 2023, we reported over $30 billion in progress toward our original goal. However, our focus is not on how much money is deployed — but on long-term impact and outcomes. And going forward, these programs will be embedded in our business-as-usual operating system.

- **Affordable rental housing.** Through our Affordable Housing Preservation program, we approved program funding to date of approximately $21 billion in loans to incentivize the preservation of over 190,000 affordable housing rental units across the United States. Additionally, we financed approximately $5 billion for the construction and rehabilitation of affordable rental housing.

- **Homeownership**. In 2023, we expanded our $5,000 Chase Homebuyer Grant program to include over 15,000 majority Black, Hispanic and Latino communities — and in January 2024, we increased our grant amount to $7,500 in select markets. Since our grant program began in 2021, we have provided about 8,600 grants totaling $43 million. We also have provided home purchase and refinance loans in 2023 worth over $4.6 billion for more than 14,000 Black, Hispanic and Latino households across the economic spectrum.

- **Small business**. The Business Card Special Purpose Credit Program, launched in January 2023, has provided over 10,900 cards, totaling over $43 million in available credit lines to underserved entrepreneurs and communities across the United States.

- **Supplier diversity**. In 2023, our firm spent approximately $2.3 billion directly with diverse suppliers — an increase of 10% over 2022. As a part of our racial equity commitment, over $450 million was spent in 2023 with more than 190 Black-, Hispanic- and Latino-owned businesses.
- **Minority depository institutions and community development financial institutions**. To date, we have invested more than $110 million in equity in diverse financial institutions and provided over $260 million in incremental financing to community development financial institutions to support communities that lack access to traditional financing. JPMorgan Chase also helped these institutions build their capacity so they can provide a greater number of critical services like mortgages and small business loans.

We're thoughtfully continuing our diversity, equity and inclusion efforts.

Of course, JPMorgan Chase will conform as the laws evolve. We will scour our programs, our words and our actions to make sure they comply.

That said, we think all the efforts mentioned above will remain largely unchanged. And, in fact, around the world, cities and communities where we do business applaud these efforts. We also believe our initiatives make us a more inclusive company and lead to more innovation, smarter decisions and better financial results for us and for the economy overall.

We are often asked in particular about "equity" and what that word means. To us, it means equal treatment, equal opportunity and equal access … not equal outcomes. There is nothing wrong with acknowledging and trying to bridge social and economic gaps, whether they be around wealth or health. We would like to provide a fair chance for everyone to succeed — regardless of their background. And we want to make sure everyone who works at our company feels welcome.

We want to articulate how we weigh in on social issues and what it means for our customers.

Before I comment about culture issues, I have a confession to make: I am a full-throated, red-blooded, patriotic, free-enterprise (properly regulated, of course) and free-market capitalist. Our company is frequently asked to take a position on an issue, rule or legislation that might be considered "cultural." When that happens, we take a deep breath and study the matter. Many of the laws in question have many specific requirements, some of which you would agree with but not others. But we are being asked to support the entire law. In cases like these, we simply make our own statement that reflects our educated view and values; however, we do not give our voice to others.

We believe in the values of democracy, including freedom of speech and expression, and are staunchly against discrimination and hate. We have not turned away — and will not turn away — customers because of their political or religious affiliations nor would we tell customers how they should spend their money.

Our commitment to these ideals is also reflected in our employees. The talent at our firm is a vibrant mix of cultures, beliefs and backgrounds. We are, of course, fully committed to freedom of speech. There are things that you can say that would be permitted under freedom of speech but would not be allowed under our Code of Conduct. For example, we do not allow intimidation, threats or highly prejudicial behavior or speech. Our Code of Conduct clearly stipulates that certain statements and behavior, while allowed under freedom of speech, can lead to disciplinary action at our company — from being reprimanded to being fired.

WHAT WE LEARNED: A FIVE-POINT ACTION PLAN TO MOVE FORWARD ON THE CLIMATE CHALLENGE

In May 2023, we gathered with knowledgeable and influential people from the energy industry writ large to the government and financial services arena in Scottsdale, Arizona, for an action forum. The goal was to explore various aspects of the climate challenge and try to devise effective solutions that could help lead to meaningful progress. The climate challenge is immense and complex. Addressing it requires more than making simplistic statements and rules; rather, energy systems and global supply chains need to be transformed across virtually all industries. And there is also a deep need for new research and development. Energy systems and supply chains provide the foundation of the global economy and must be treated with care.

At the same time, the opportunity here is immense. The investment required to meet climate goals – estimated at over $5 trillion annually – could generate economywide growth and opportunity at a scale the world has not seen since the Industrial Revolution.

The task for industry, policymakers and finance is to help formulate solutions that support the transition to a low-carbon economy, balancing affordable, reliable access to energy with generating economic growth.

To find a way forward, we sought input from diverse stakeholders in pursuit of a North Star. In Scottsdale and in discussions with clients across industries about what's needed to achieve a low-carbon economy, these five action steps and reforms were top of mind:

- **Supportive government policy and leadership to advance the transition.** Policy that promotes favorable economic conditions to make the transition viable is a critical first step for clients. This includes government leadership via mandates, incentives or subsidies to support jobs and investment in the transition; actions on permitting and interconnection reform; and regulatory clarity and certainty, especially around long-term investments. As one vital example, current grid infrastructure is insufficient to accommodate the growth in renewables.
- **Public/private partnerships in scaling bankable projects.** Scaling investments needs to happen both for commercially proven technologies (e.g., wind and solar) and for emerging technologies (e.g., green hydrogen, sustainable aviation fuel and carbon capture). Developing "bankable" clean energy projects will require the application of smart financial tools, as well as further policy support. It will take public/private partnerships and innovation to create catalytic forms of capital that can step into these gaps, absorb first-mover risks and provide the necessary funding. The cost of capital is too high for some companies – and public funds ought to be deployed in a smart way that effectively attracts private capital.
- **Public education and engagement.** Without question, clients told us that public commitment to and investment in energy-related infrastructure is one of the most important parts of combating the climate crisis and running their businesses. Supporting the buildout of energy-related infrastructure with speed and scale is critical. Public acceptance of building and advancing the infrastructure needed to meet climate goals is at the heart of progress. While the energy transition is poised to deliver benefits to communities across the world, securing acceptance and support to build clean energy infrastructure at scale is challenging. Access to job-creating renewable energy projects can help rural communities thrive by advancing local economies. Ensuring public support and social license to operate requires better engagement strategies, including widespread stakeholder education about the benefits of these technologies for local communities.
- **Communication about concrete successes.** Across industries, market participants need to do a better job of celebrating and championing concrete successes and tangible milestones. This includes highlighting success stories around emerging technologies and the complex nature of the carbon transition. Stakeholders also should better convey the benefits of clean energy – across all technologies – to help combat misinformation and foster a more informed dialogue.

- **Work skills training.** Businesses depend on healthy, thriving communities so the carbon transition needs to work for everyone. This includes helping to ensure that workers are trained in the skills for the future, such as through improved engineering schools and job training programs. Work across the entire supply chain is essential to moving at pace. As one example, the U.S. Bureau of Labor Statistics estimates we will need more than 70,000 additional electricians per year through 2031; it is currently unclear how the market will meet that demand. If the deployment of heat pumps and electric vehicle chargers accelerates, demand for electricians will be even higher. A concerted focus to train electricians can help the United States meet some of its climate goals while providing well-paying jobs that do not require a four-year college degree. Also, broadly speaking, businesses are in a better position to make investments with confidence when labor requirements across the value chain — from design and manufacturing to installation — are satisfied.

We recently reconsidered certain memberships.

JPMorgan Chase recently exited Climate Action 100+ and the Equator Principles. "Why?" we are asked. While we don't necessarily disagree with some of the principles many organizations have, we make our own business decisions. We think we have some of the best-in-class environmental, social and risk standards because we have invested in our own in-house experts and matured our own risk management processes over the years. As a result, we are going to go our own way and make our own independent decisions, gathering the best learnings of experts in the field, and, of course, we will follow all legal requirements.

We are engaged but recognize our role: three more important points.

First, everyone should understand that conquering the climate problem needs proper government action, particularly around taxes, permitting, grids, infrastructure building and proper coordination of policies — we are not there yet. Second, there is no known technology that can fill the gap between our "aspirations" and the current trajectory of the world. We hope and believe that this will be found (for example, through carbon capture, improved batteries, hydrogen or other measures). This new technology will also require proper government research and development funding, as the effort cannot be accomplished by private enterprise alone. And third, we are going to use the word "commitment" much more reservedly in the future, clearly differentiating between ***aspirations*** we are actively striving toward and ***binding commitments***.

For JPMorgan Chase to play the right role in tackling the climate challenge, we have organized a special group around the green economy and related infrastructure investment. This group will coordinate and inform our work across all established industry groups (from auto to real estate, energy, agriculture and others) and includes hundreds of employees devoted to these efforts.

POWERING ECONOMIC GROWTH IN FLORIDA

The secret animal #3 is a

From Tallahassee to Miami and from Tampa to Palm Bay, JPMorgan Chase has been committed to Florida for more than 130 years and has enjoyed being the bank for all communities. Each year, we contribute billions of dollars to the economy, hire and train local residents, help to revitalize neighborhoods and remove barriers to opportunity for Floridians across the state. Our partnerships with businesses, nonprofits, government entities and community organizations have enabled us to drive sustainable impact and help them achieve their goals. We couldn't be more proud to help make opportunity happen in Florida.

This year, we forged a relationship with Inter Miami CF, one of the most recognizable sports teams in the world. Through this partnership and the newly named Chase Stadium, we're continuing to contribute to South Florida and its local communities. In Tampa, home to nearly 6,000 of our employees, we're triggering an additional $210 million in economic activity and creating over 660 local construction jobs through the renovation of our Highland Oaks campus and downtown Tampa office. We're proud that one-third of all Floridians do business with us through deposits, credit cards or a mortgage. Through each of our investments across the state, we're ensuring that residents have the resources and tools they need to thrive.

Our support to government, higher education, healthcare and nonprofit organizations:

- We serve over 150 government, higher education, healthcare and nonprofit clients throughout the state, and over the last five years, we have provided more than $20.2 billion in credit and capital to them.
- Our clients range from the city of Jacksonville to the Orlando Utilities Commission, the University of South Florida, Broward Health and the District School Board of Pasco County — a decades-long client.
- We are the lead treasury bank for the Wounded Warrior Project, one of the largest veteran service organizations in the United States. Headquartered in Jacksonville, the organization caters to wounded veterans and service members who served in the military on or after 9/11.

Our support to investment and middle-market banking clients:

- Over the last five years, we have provided in excess of $318 billion in credit and capital to local clients, such as utility, technology and tourism companies.
- We have more than 12,500 large and midsized clients across the state.

Our support to local financial firms:

- Over the last five years, we have provided more than $24 billion in credit and capital for financial institutions, such as local banks, insurance companies, asset managers and securities firms.
- We bank over 50 of Florida's regional, midsized and community banks, helping them play an essential role in maintaining the state's economy and serve local communities.

Our support to small business:

- At the end of 2023, balances for loans extended to Florida's small businesses totaled more than $1.2 billion — funds being used to help those businesses scale and grow, contribute to the economy and create local jobs.
- Across the state, we have over 654,000 small business customers.
- In 2023, our bankers and senior business consultants spent more than 375,000 hours advising and supporting Florida business owners.

Our support to consumer banking needs:

- We operate 1,445 ATMs and 410 branches across the state.
- In 2023, we supported more than 6.1 million customers with mortgages, auto loans and savings, checking and credit card accounts, giving JPMorgan Chase one of the largest consumer banking market shares in the state.
- We managed more than $70 billion in investment and annuity assets for local clients.

Our business and community investments:

- Over the last five years, we have committed nearly $65 million in philanthropic support, including:
  - $3 million to The Miami Foundation's Resilient 305: Building Prosperity Collaborative to increase access to quality jobs and develop small businesses through training, investments and capacity-building.
  - $1.6 million to the Community Justice Project, which empowers community-based legal advocates to help delay displacement and improve conditions for housing stability for renters across nine Florida counties.
- In 2022, we committed $10 million over five years to Tech Equity Miami to advance equal access to tech skills, careers and education, including:
  - A $1 million investment to Florida Memorial University, South Florida's only HBCU, to help traditionally underresourced students pursue a career in technology.

Our support as a local employer:

- We employ more than 14,000 residents throughout the state, including nearly 1,900 veterans and over 660 people with a criminal background who deserve a second chance.
- In Florida, the average salary of our employees is more than $87,000 (plus a starting comprehensive annual benefits package worth nearly $17,600) compared with the statewide per capita income of nearly $40,300.

GIVING THE BANK REGULATORY AND SUPERVISORY PROCESS A SERIOUS REVIEW

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) was finished 14 years ago, and we believe it accomplished a lot of good things. But it's been quite a while since then, and we're still debating some very basic issues. It's time to take a serious, hard, honest look at what has been done and what can be improved.

It's good to remember that the United States has the best financial system in the world, with diversified, deep and experienced institutions, from banks, pension plans, hedge funds and private equity to individual investors. It has healthy public and private markets, transparency, rule of law and deep research. The best banking system in the world is a critical part of this, and, integrated with the overall financial system, is foundational to the proper allocation of capital, innovation and the fueling of America's growth engine.

This is not about JPMorgan Chase — we believe we can manage through whatever is thrown our way. This is about the impact on all parts of the system — from smaller banks to larger regional banks that may not have the resources to handle all of these regulatory requirements. It's also about the effect on the financial markets and the economy from the rapidly growing shadow banking system, as well as the ultimate impact on the customers, clients and communities we serve. This is about what's right for the system.

The banking and financial system is innovative, dynamic and constantly changing.

The banking system is not static: There are startup banks, mergers, successful upstarts and fintech banks, and even Apple, which effectively acts as a bank — it holds money, moves money, lends money and so on. Nonbanks are competing with traditional banks, and, in general, this dynamism and churn are good for innovation and invention — with success and failure simply part of the robust process. Innovation runs across payments systems, budgeting, digital access, product extensions, risk and fraud prevention, and other services. Different institutions play different roles, and, importantly, small banks and big banks serve completely different strategic functions. Large banks bank multinational corporations around the world, make healthy markets, and wield technology and a product set that are the best in the world. A small bank simply cannot bank these same multinational governments and safely move the amount of money and securities that large banks do. Regional and community banks have exceptional local knowledge and presence and are critical in serving thousands of towns and certain geographies.

It is also important to recognize that the banking system as we know it is shrinking relative to private markets and fintech, which are growing and becoming increasingly competitive. And remember that many of these new players do not have the same transparency or need to abide by the extensive rules and regulations as traditional banks, even if they offer similar products — this often gives them significant advantage.

To deal with this fluid environment, banks of all sizes develop their own strategies, whether to specialize, expand geographically or embark on mergers and acquisitions. There are certain banking services where economies of scale are a competitive advantage, but not all banks need to become bigger to gain this benefit (there are many highly successful banks that are smaller). What is clear is that banks should be allowed to pursue their individual strategies, including mergers and acquisitions, as they see fit. Overall, this process should be allowed to happen — it's part of the natural and healthy course of capitalism — and it can be done without harming the American taxpayer or economy.

While we all want a strong banking and financial system, we should step back and assess how all the regulatory steps we have taken measure up against the goals we all share. Since Dodd-Frank was signed into law in 2010, thousands of rules and reporting requirements written by 10+ different regulatory bodies in the United States alone have been added. And it would probably be an understatement to say that some are duplicative, inconsistent, procyclical, contradictory, extremely costly, and unnecessarily painful for both banks and regulators. Many of the rules have unintended consequences that are not desirable and have negative impacts, such as increasing the cost of credit for consumers (hurting lower-income Americans the most).

The whole process, including the Basel III endgame, could be much more productive, streamlined, economical, efficient and safe.

Both regulators and banks should want the same thing — a healthy banking system, serving its clients and striving for continuous improvement. We all should also want the enormous benefits that would come from good collaboration between regulators and bank management teams and boards.

Over time, these relationships have deteriorated, and, again, are increasingly less constructive. There is little real collaboration between practitioners — the banks — and regulators, who generally have not been practitioners in business. While we acknowledge the dedication of regulators who work with banks on a daily basis, management teams across the industry are putting in a disproportionate amount of time addressing requests for extra details, documentation and processes that extend far beyond the actual rules — and distract both regulators and management from more critical work. We should be more focused on the truly important risks for the safety of the system. And unfortunately, without collaboration and sufficient analysis, it is hard to be confident that regulation will accomplish desired outcomes without undesirable consequences. Instead of constantly improving the system, we may be making it worse. A few additional points:

- **The Basel III endgame disadvantages American banks.** The Basel III endgame has been 10 years in the making, and it still has not been completed. In my view, many of the rules are flawed and poorly calibrated. If the Basel III endgame were implemented in its current form, it would hamper American banks: As proposed, it would increase our firm's required capital by 25%, making our requirement 30% higher than it would be under the equivalent European Union proposal. That means for every loan and asset financed in the United States by a major American bank, that bank would have to hold 30% more capital than any international competitor. The proposed regulations would also damage market making (see the following section). There are many other flaws but suffice it to say that much of the work being done today to analyze the effects should have been done ***before*** the proposed rulemaking.

  One of the single most important lessons from the great financial crisis is that there is enormous value to having a bank that is well-managed and has diverse revenue sources. Yet regulation since then both punishes consolidation and diversification — *and* punishes performance — through many features of the GSIB surcharge.

- **Built over many years, the framework is now full of duplication.** The following is only a partial list: American gold-plating and conceptual inconsistencies among Comprehensive Capital Analysis and Review (CCAR), recovery and resolution plans, liquidity requirements, global systemically important bank (GSIB) requirements, and safety and soundness principles. The many overlapping rules contribute to the bureaucracy that generates an extraordinary amount of make-work (an 80,000-page CCAR and shockingly another, coincidentally, 80,000-page recovery and resolution plan).

- **The new rules do virtually nothing to fix what caused the failure of SVB and First Republic.** For example, they don't improve certain liquidity requirements, limit HTM accounting or reduce allowable interest rate exposure.

- **The current regulatory approach to liquidity might simply run counter to the stated intent.** Regulations should recognize the value and importance of lending and borrowing against good collateral and using central bank resources, such as the discount window. Adhering to current liquidity requirements permanently ties up good liquidity in a way that makes the system more fragile and more risky.

- **It is not clear what the full intent of the Basel III endgame was — it will have unintended consequences.** Without real analysis of expected outcomes, additional regulation will likely reduce the number of banks offering certain services and increase costs for all market participants and activity, including loans, market making and hedging (by farmers, airlines and countries, among others). And new rules might even increase consolidation as companies race to achieve economies of scale in certain products and services.

Unfortunately, some recent regulations are ending up in court. You can imagine that no one wants to sue their regulators. Banks would not sue if they did not think they were right – or if they thought they had any other recourse – which they effectively do not. This is definitely not what anyone should want. A more constructive relationship with regulators would reduce confusion and uncertainty and would lead to better outcomes for banks, their shareholders, and their clients, customers and communities.

Collaboration between banks and regulators could improve the use of resources and create better outcomes.

True collaboration could dramatically improve the banking system. For example:

- **Redirect enormous resources from things that don't matter to things that do.** As mentioned, it takes 80,000 pages to describe a CCAR test and 80,000 pages to detail recovery and resolution. The talent and resources at the banks and regulators could be better used elsewhere. Such overload is distracting and takes your eye off the ball on real, emerging risks, including China, trade, payment systems and cybersecurity, among others.

- **Reduce bureaucratic processes that provoke a tendency to herd mentality.** For example, CCAR is just a point-in-time stress test, and it can lull you into a false sense of security – for reference, we do more than 100 stress tests each week. On interest rate exposure, focusing on the documentation of details may stop you from thinking about big interest rate exposure. Sometimes analyzing "what ifs" and fat tail risks is better than excessive and rigid models and documentations.

- **Examine risks outside the regulatory system that are rarely analyzed and largely unad-**

tems, which are growing fast in the unregulate market. In addition, there are potential risks from private credit markets (which I talk about later in the next section).

- **Let's imagine what's possible with real collaboration.** Working together, we can improve how the FDIC manages failing institutions, how to limit contagion and restore confidence to depositors, how liquidity requirements can create more flexible funding for banks under stress, how the banking and Federal Reserve's payment system can become more interoperable, how clearinghouse risk can be reduced, how stress tests can protect the system from a wider variety of outcomes, how costs and therefore consumer costs can be reduced (not increased), how anti-money laundering requirements can be simplified and improved at the same time, and how financial products can be brought to the unbanked.

  We can fix the housing and mortgage markets. For example, mortgage regulations around origination, servicing and securitization could be simplified, without increasing risk, in a way that would reduce the average mortgage by 70 or 80 basis points. The Urban Institute estimates that a reduction like this would increase mortgage originations by 1 million per year and help lower-income households, in particular, buy their first home, thereby starting them on the best way to build household net worth.

  There are many more things that can be improved – and we really should start working on them.

We need a detailed review and probably a complete revamp.

I know this might be wishful thinking, but now would be a good time to step back and have a thorough and candid review of the thousands of new rules passed since Dodd-Frank. After this review, we should ask what is it that we really want: Do we want to try to eliminate the possibility of bank runs? Do we want to change and create liquidity rules that would essentially back most uninsured deposits? Do we want the mortgage business and leveraged lending business to be inside or outside the banking sys- ...oducts that are inside and out- ...tem to be regulated the same ...reasonably give smaller banks a ...a failing bank? And while Dodd-Frank did some good things, shouldn't we take a look at the huge overlapping jurisdictions of various regulators? This overlap creates difficulties, not only for banks, but for the regulators, too. Any and all of this is achievable, and, I believe, could be accomplished with simpler rules and guidelines and without stifling our critical banking system.

PROTECTING THE ESSENTIAL ROLE OF MARKET MAKING (TRADING)

Before we discuss market making and financial markets, readers should understand that market making occurs in almost all businesses. There are healthy markets in farm animals, foreign products, commodities, energy, logistics, healthcare and so on. Healthy markets increase customer choice and reduce cost. They almost always involve holding inventory and taking some risk, which is simply a part of the process. America's financial markets are the biggest in the world – U.S. public debt and equity markets total $137 trillion, constituting the biggest "market" in the world, and are larger than America's gross domestic product (GDP) of $27 trillion.

Market participants are not "Wall Street." They are large and small, mainly sophisticated, global investors (pension plans, mutual funds, governments and individuals) representing retirees, veterans, individuals, unions, federal workers and others. They all benefit from our efficient, low-cost and transparent markets.

Some regulators seem to think that market making is a speculative, hedge fund-like activity – and this thinking is what might be leading them to constantly increase capital requirements. The proposed capital rules could fundamentally alter market-making activities that are critical to a thriving economy, particularly in difficult markets when market making is even *more important*. The new rules would raise capital requirements by 50% for major banks – which could undermine market stability, make banking services costlier and less accessible, and push even more activity to a less regulated banking system.

Our financial system and markets are the best in the world and benefit ALL participants; exceptionally good market making in the secondary market makes our primary markets the best in the world.

We should recognize that the United States has the biggest, deepest and most liquid capital markets in the world. For these markets to function, it is critical for transparency and liquidity to be in the **secondary market**. Market making provides this, promoting the flow of capital to real economy investments and supporting all sectors of the economy, including companies, state and local governments, universities, hospitals, pension plans and overall job creation. Without market making in the secondary market, it would be extremely difficult for companies to raise capital through the ***primary*** market – equity and debt offerings – which have totaled approximately $3.6 trillion on average over the past few years. The incredible strength of these markets enables companies ***of all sizes*** to grow and expand especially during times of volatility and stress. It also enables consumers to access cheaper credit and governments (local, state and federal) to reduce their borrowing costs.

It takes enormous resources to properly support the Markets business.

JPMorgan Chase spends $700 million per year in extensive research coverage of nearly 5,200 companies across 83 countries. This massive effort continuously educates investors and decision makers around the world and often leads to improved governance and management. It also critically complements the firm's market-making activities and further promotes transparency, enabling investors to make thoughtful choices around investing in capital markets.

I would also like our shareholders to know that our market making is backed by approximately $7 billion in support expenses, including over $2 billion in technology spend alone each year. This investment allows us to maintain global trading systems and constantly improve upon risk management and efficiency.

JPMorgan Chase deploys approximately $70 billion in capital to maintain our Markets franchise. This capital supports $500 billion in securities inventory (largely hedged) – and this inventory allows us to buy and sell $2 trillion (notional) in securities ***daily*** for our clients.

Market making entails risk but is not particularly speculative.

The main objective of market makers is to continuously quote prices and diligently manage an inventory to transact at those prices, which includes assuming certain risks to support heavy volumes and orderly trading. Market makers have a moral obligation to try to make markets in good times and in bad. Part of our brand promise is to stand ready as the willing buyer and seller. In this, we have never failed. In addition, in most cases regarding government debt, where we serve as a government securities dealer, we are legally obligated to make markets. This constant visibility into prices provided by market makers fosters investor confidence, keeps fees low and promotes economic growth by attracting more investors.

Many large market participants — for example, hedge funds and high-frequency traders, among others — have no obligation to make markets. In fact, many of these market participants often "step out" of the markets and dramatically reduce liquidity specifically when market conditions are difficult.

Market making is not particularly speculative since market makers generally hedge their positions, as you will see from some real life examples of the economics and risks. We earn revenue of approximately $100 million on a typical day. In the average year, the total is nearly $30 billion. On our $2 trillion in notional daily trading, this amounts to only one hundredth of a cent charged to the investor for these services — an extraordinarily low cost compared with any other market in the world.

Now let's take a look at the ***actual*** risk and results versus the ***hypothetical*** risk and results. The ***hypothetical*** global market shock of the CCAR stress test has us losing $18 billion in a single day and never recovering any of it. Let's compare that to ***actual*** losses under real, actual market stress.

Now consider these historical data points: First, over the last 10 years, the firm's market-making business has ***never had a quarterly loss*** and has lost money on ***only*** 30 trading days. These loss days represent only 1% of total trading days, and the average loss on those days was $90 million. Second, when markets completely collapsed during the COVID-19 pandemic (from March 2 through March 31, 2020, the stock market fell 16%, and bond spreads gapped out dramatically), J.P. Morgan's market-making activities made money every day prior to the Federal Reserve's major interventions, which stabilized the markets. During that entire month, we lost money on only two days but made $2.5 billion in Markets revenue for the month. And third, in the ***worst quarter ever*** in the markets following the 2008 failure of Lehman Brothers, we lost $1.7 billion, but we made $5.6 billion in Markets revenue for the full year. The firm as a whole did not lose money in any quarter that year. In 2009, there was a complete recovery in Markets, and we made $22 billion in Markets revenue.

You can see that our actual performance under extreme stress isn't even close to the hypothetical losses of the stress test.

Another major fallacy is that derivatives are objects of financial destruction. In reality, derivatives are an essential part of managing financial risk and are used by investors, corporations, farmers, businesses, countries, governments and others to manage their risks. And more than 85% of derivatives are fairly basic forms of foreign exchange or interest rate swaps.

One last fallacy is that the repo markets are all about speculation. While it's true that repo is used by certain investors to leverage up their positions, about 75% of repo is essential to normal money market functioning, i.e., is done by broker-dealers financing their actual inventory positions, money market funds investing their cash backed by highly rated collateral and clients hedging their positions.

Market makers add confidence, liquidity and transparency to U.S. capital markets — market making helps stabilize markets and can reduce volatility.

In addition, more liquidity, not less liquidity, will be needed to maintain market stability. Large banks keep an inventory of securities they can deploy in times of stress to help soothe markets; however, with the implementation of new regulations, banks now hold 70% as much inventory in securities as they did before the 2008 financial crisis, while the total size of the market has almost tripled. Higher capital requirements will accelerate this trend even further, impacting banks' ability to deliver support to clients and markets in times when it is needed the most.

Washington's Basel III endgame proposal damages market making, hurts Americans and drives activity to less transparent, less regulated markets.

If this proposal is enacted as drafted:

- **Everyday consumer goods could be impacted.** Households contending with inflation could also feel the effects of higher capital requirements on market-making activities when they shop. From beverage companies that need to manage aluminum costs to farms that need to protect against environmental risks, if the cost of hedging those risks increases, it could be reflected in what consumers pay for everything from a can of soda to meat products.

- **Mortgages and small business loans will be more expensive**. Consumers seeking a mortgage — including first-time homebuyers and historically underserved, low- to moderate-income borrowers with smaller down payments — will face higher interest rates or will have a tougher time accessing one. This will occur not only because the cost of originating and holding these loans is higher but also because the cost of securitizing them will rise for banks, nonbanks and government agencies. Not only that, but the proposal will likely lead to reductions in the size of unfunded credit card lines, which will put pressure on FICO scores and thereby make it more difficult for some people to access other forms of retail credit such as mortgages. Again, this will have the greatest impact on low- to moderate-income borrowers who rely most heavily on credit cards for day-to-day spending and to build their credit history. It could even be argued that existing regulations go too far and that there is an opportunity to help underserved communities by dialing down regulations that lead to higher borrowing costs. This should be studied and the pros and cons analyzed. The same can be said for small business loans, which will become more expensive and less accessible.

- **Saving for retirement or college will be harder**. The cost of products that families count on to save for retirement or college will go up as a result of this proposal. Asset managers, money market funds and pension funds all buy, sell and safekeep securities and other financial instruments for American investors. Under the proposed rules, the cost of banking products used on behalf of clients each day — including brokerage, advisory, clearing and custody services — will go up and feed through to customers. That will lead to lower returns on retirement accounts, college funds and other long-term savings.

- **Government infrastructure projects and corporate development will become more expensive**. Federal, state and local governments, as well as corporations and other institutions, rely on large banks for access to U.S. capital markets to fund development. If accessing capital markets becomes more expensive, it will have a ripple effect on the hiring of American workers, investment in research and development, and funding to build hospitals, roads and bridges, including the planned infrastructure projects from the Inflation Reduction Act (IRA).

More market activity will move to unregulated institutions, out of sight from regulators and without the same level of consumer protections that Americans expect from their banks. Other market participants that don't have holistic client relationships are less likely to provide liquidity to help stabilize markets.

In volatile times, banks have been able to intermediate to help their clients and to work with the regulators. With new regulations, they may be less able to do so. There have been several times in the past few years where banks had ample liquidity and capital but were unable to rapidly increase their intermediation in the markets due to very rigid liquidity and capital requirements. Finally, the proposed rules increase the chance that the Federal Reserve will have to step in again — and this is not something they should want to do on a regular basis but only in an extreme emergency.

Staying Competitive in the Shrinking Public Markets

In previous letters, I have described the diminishing role of public companies in the American financial system. From their peak in 1996 at 7,300, U.S. public companies now total 4,300 – the total should have grown dramatically, not shrunk. Meanwhile, the number of private U.S. companies backed by private equity firms – which does not include the rising number of companies owned by sovereign wealth funds and family offices – has grown from 1,900 to 11,200 over the last two decades. This trend is serious and may very well increase with more regulation and litigation coming. Along with a frank assessment of the regulation landscape, we really need to consider: Is this the outcome we want?

There are good reasons for private markets, and some good outcomes result from them. For example, companies can stay private longer if they wish and raise more and different types of capital without going to the public markets. However, taking a wider view, I fear we may be driving companies from the public markets. The reasons are complex and may include factors such as intensified reporting requirements (including investors' growing needs for environmental, social and governance information), higher litigation expenses, costly regulations, cookie-cutter board governance, shareholder activism, less compensation flexibility, less capital flexibility, heightened public scrutiny and the relentless pressure of quarterly earnings.

Along with the universal proxy – which makes it easier to put poorly qualified directors on a board – the pressures to retreat from the public market are mounting. In addition, corporate governance principles are becoming more and more templated and formulaic, a negative trend. For example, proxy advisors may automatically judge directors unfavorably if they have a long tenure on the board, without a fair assessment of their actual contributions or experience. Another example is the constant battle by some proxy advisors who try to split the chairman and CEO role when there is no evidence this makes a company better off – in fact, today, lead directors generally hold most of the authorities previously assigned to the chairman. The governance of major corporations is evolving away from guidance by governance principles that focus on a company's relationship to long-term economic value toward a bureaucratic compliance exercise. Good corporate governance is critical, and a little common sense would go a long way.

THE PRESSURE OF QUARTERLY EARNINGS COMPOUNDED BY BAD ACCOUNTING AND BAD DECISIONS

There is something very positive about detailed and disciplined quarterly financial and operating reporting. But company CEOs and boards of directors should resist the undue pressure of quarterly earnings, and it is clearly somewhat their fault when they don't. However, it is naïve to think that the pressure doesn't exist because companies that "disappoint" can face extensive criticism, particularly those with a new or young CEO. It's possible for companies to take short-term actions to increase earnings, such as selling more product cheaply at the end of a quarter, cutting certain investments that may be terrific but can show accounting losses in the first year or two, or just deploying more aggressive accounting methods at times. Once shortcuts like this begin, people all over the company understand that it is okay to "stretch" to meet your numbers. This could put you on a treadmill to ruin. Obviously, a company should not resort to these tactics, but it does happen in the public markets – and it's probably less likely in the private markets.

THE HIJACKING OF ANNUAL SHAREHOLDER MEETINGS

One of the reasons it is less desirable to be a public company is because of the spiraling frivolousness of the annual shareholder meeting, which has devolved into mostly a showcase of grandstanding and competing special interest groups. We should treat shareholders with tremendous respect — and we do. At JPMorgan Chase, we are constantly talking with our investors — our directors, our lead director and our corporate governance experts visit most of our major investors whether they be direct owners or asset managers who manage the money for others. Meeting with your shareholders and investors is critical, but the annual shareholder meeting itself has become ineffective. We should try to come up with a far more constructive alternative.

THE UNDUE INFLUENCE OF PROXY ADVISORS

There are essentially two main proxy advisors in the United States. One is called Institutional Shareholder Services (ISS), and the second is called Glass Lewis. These proxy advisors started out providing reams of data from companies to help their institutional investor clients vote on proxy matters (information on executive compensation, stock returns, detail on directors, policies and so on). However, they soon also began to provide advice on how shareholders should vote on proxy matters. And, in fact, institutional investors generally execute their voting on an ISS or Glass Lewis platform, which often includes a clear statement of the advisory service's position.

I should also point out, because it may be relevant, that ISS is owned by Deutsche Boerse, a German company, and Glass Lewis is owned by Peloton Capital, a Canadian private equity firm. I question whether American corporate gov The secret clothing is a determined by for-profit international institutions that may have their own strong feelings about what constitutes good corporate governance.

While asset managers and institutional investors have a fiduciary responsibility to make their own decisions, it is increasingly clear that proxy advisors have undue influence.

Asset managers (who manage money on behalf of others) and institutional investors (e.g., pension plans and endowments) may rely on a variety of information sources to support their valuation decision-making process. While data and recommendations may form pieces of the information mosaic, their votes should ultimately be based on an independent application of their own voting guidelines and policies. To the extent they use recommendations from proxy advisors in their decision-making processes, they should disclose that they do so and should be satisfied that the information upon which they are relying is accurate and relevant. However, many companies would argue that this information is frequently not balanced, not representative of the full view and not accurate. In addition, companies complain that they often cannot get the data corrected, and, therefore, a vote may go uncorrected.

Almost all asset managers receive proxy advisor data and recommendations; while some asset managers vote completely independently of this information, the majority do not. Most asset managers have formed corporate governance or stewardship committees that are responsible for their voting, and these committee positions are often held not by portfolio managers and research analysts (i.e., the people buying and analyzing the individual securities) but by stewardship experts. While it is good to have stewardship experts, the reality is that many of these committees default large portions of what they do to proxy advisors and, more troubling, make it harder for actual portfolio managers to override this decision making.

Some h d too expen- ies and proxy . If issues are import e important to the shareholder — for the most part, only a handful of proposals are important to companies.

We are making enhancements to J.P. Morgan Asset Management's proxy voting processes to amplify the role of portfolio managers and to address the perception of asset managers' reliance on third-party advisor voting recommendations.

Enhancements to the firm's internal proxy voting process will include:

- **More portfolio manager participation in proxy committee decision making.** The firm has significantly expanded the representation of portfolio managers on its North American Proxy Committee in an effort to increase the diversity of viewpoints represented on the committee. As part of this change, and in recognition that portfolio managers, as fiduciaries, may differ in their views on how to vote on particular proposals depending on a mandate's investment strategy and guidelines, we are broadening our capabilities to support voting results that may vary across our platform.
- **Diminished role of proxy advisor recommendations.** J.P. Morgan Asset Management makes its own independent proxy voting decisions (based on deep fundamental research) and stands behind the depth and rigor of its processes and historical information advantage. In most cases, the firm will only use proxy advisory firms for research, data and technical mechanics of vote transmission and not for outsourced recommendations. By the end of 2024, J.P. Morgan Asset Management generally will have eliminated third-party proxy advisor voting recommendations from its internally developed voting systems. Additionally, the firm will work with third-party proxy voting advisors to remove their voting recommendations from research reports they provide to J.P. Morgan Asset Management by the 2025 proxy season.
- **Other enhancements**. We are working to give a company and its management even greater access to the ultimate decision makers; to raise critical issues to a company as early as possible in a constructive and proactive way; and to be willing to tell companies how we have voted once our decision is made rather than waiting until votes are finally counted.

Taken together, these steps are designed to respond to a growing perception (and, I believe, reality) that the asset management industry generally places undue reliance on proxy advisors in how proxies are voted. We believe these actions will strengthen our relationships with our clients and with companies while helping to build trust among shareholders, investors and companies.

THE BENEFITS AND RISKS OF PRIVATE CREDIT

I have already mentioned some of the benefits of private credit, and I'll now mention some more. Many people in the private credit arena are very smart and creative and want to help the companies they invest in navigate through market shoals. They can move quickly, discreetly and flexibly. Most generally understand that bad accounting drives bad decisions, and their goal is to make the right decisions for the future of the company.

On the other hand, not all players are that good. And problems in the private credit market caused by the bad players can leak onto the good ones, even though private credit money is locked up for years. If investors feel mistreated, they will cry foul, and the government will respond by putting a laser focus on the business. It's a reasonable assumption that at some point regulations will focus on the private markets as they do on the public markets.

This scrutiny will include a look at how private credit values its assets, which isn't as transparent as public market valuations. In addition, private market loans commonly lack liquidity in the secondary market and are not generally supported by in-depth market research.

New financial products that grow extremely rapidly often become an area of unexpected risk in the markets. Frequently, the weaknesses of new products, in this case private credit loans, may only be seen and exposed in bad markets, which private credit loans have not yet faced. When credit spreads gap out, when interest rates go up and when some leveraged companies suffer in the recession, we will find out how those loans survive ***stress testing***. In addition, they can create a little bit of a "***credit crunch***" for borrowers since it might be hard for private creditors to roll over loans under those conditions. Under stress conditions, private creditors would have to charge exorbitant prices that companies simply cannot afford in order to book the new loan at par. Banks are in a slightly different position.

A BANK'S STRENGTH: PROVIDING FLEXIBLE CAPITAL

Banks generally try to be there for their borrowers in difficult times — striving to roll over loans, renegotiate terms and raise additional capital. Banks do this for multiple reasons: They normally feel an obligation to help their clients, they have long-term relationships and they can commonly earn other sources of revenue from client-driven transactions. Banks can also flex their capital and lending base as needed by their clients. This is because a bank can and should make decisions to help companies through good times and bad, seeking to retain them as long-term clients across many areas of the bank. They can and do take "losses" that help the client maintain the franchise. But an asset manager must act as a "fiduciary" of other people's money and cannot lend based on a moral obligation or potential future relationship.

Recently, we have been witnessing a convergence between the public and private markets. But it's too soon to say how this ultimately will play out, particularly if we go through a recessionary cycle.

Size of the Financial Sector/Industry

($ in trillions)

		1996	2007	2010	2023
Banks in the financial system	Global GDP[1]		$ 61.7	$ 65.0	$ 92.4
	Total U.S. debt and equity market		$ 54.2	$ 55.9	$ 137.2
	Total U.S. broker-dealer inventories		$ 6.2	$ 4.1	$ 4.9
	U.S. GSIB market capitalization		$ 0.9	$ 0.8	$ 1.4
	U.S. bank loans		$ 6.5	$ 6.6	$ 12.4
	U.S. bank liquid assets[2]		$ 1.4	$ 2.8	$ 7.6
	Federal Reserve total assets		$ 0.9	$ 2.4	$ 7.7
	Federal Reserve RRP volume		-	$ <0.1	$ 1.0
Shadow banks	Hedge fund and private equity AUM[3]		$ 3.1	$ 2.8	$ 9.7
	Top 50 sovereign wealth fund AUM[4]		$ 2.7	$ 4.1	$ 12.0
	Loans held by nonbanks[5]		$ 15.8	$ 14.3	$ 23.2
	U.S. money market funds[6]		$ 3.1	$ 3.0	$ 6.4
	U.S. private equity-backed companies (K)[7]		4.9	6.0	11.3
	U.S. publicly listed companies (K)[8]	7.3	4.6	4.2	4.3
	Nonbank share of mortgage originations[9]		12%	9%	69%
	Nonbank share of leveraged lending[10]		44%	54%	70%
	Global private credit AUM[10]		$ 0.2	$ 0.3	$ 1.6

Sources: FactSet, S&P Global Market Intelligence, Assets and Liabilities of Commercial Banks in the United States H.8 data, Financial Accounts of the United States Z.1 data, World Federation of Exchanges, Pitchbook, Preqin and World Bank.

AUM = Assets under management
GDP = Gross domestic product
GSIB = Global systemically important banks
RRP = Reverse repurchase agreements
K = Thousands

For footnoted information, refer to page 61 in this Annual Report.

Management Lessons: Thinking, Deciding and Taking Action – Deliberately and with Heart

I always enjoy sharing what I've learned from watching others, reading and experiencing through my own journey.

BENEFITING FROM THE OODA LOOP

The military, which often operates in extreme intensity of life and death and in the fog and uncertainty of war, uses the term "OODA loop" (Observe, Orient, Decide, Act – repeat), a strategic process of constant review, analysis, decision making and action. One cannot overemphasize the importance of observation and a full assessment – the failure to do so leads to some of the greatest mistakes, not only in war but also in business and government.

A full assessment is critical.

To properly manage any business situation, you need to perform a full and complete assessment of it. In business, you have to understand your competitors, their distribution, their economics, their innovations, and their strengths and weaknesses. You also need to understand customers and their changing preferences, along with your own costs, your people and their skills. Then there's knowing how other factors fit in, like technology, risk, motivations … hope you get the point. For countries, you need a thorough grasp of their economies, strengths and weaknesses, population and education, access to raw materials, laws and regulations, history and culture. Research, data and analytics should be at a very detailed level and constantly reassessed. Only after you complete this diligent study can you start to make plans with a high degree of success.

Get on the road – it builds knowledge and culture.

I have frequently wondered about all the nonstop road trips, client meetings, briefings, greetings, bus trips, and visits to call centers, operating centers and branches, regulators and government officials, among others: Did they make a difference? The answer is absolutely yes because they enabled a process of constant learning, assessment and modification of best practices – gaining insights from employees to clients to competitors. Employees will tell you what you are doing well or poorly if you simply ask them, and they know you want to hear the real answer. Curiosity is a form of humility – acknowledging that you don't know everything. Responding to curiosity allows other people to speak freely. Facts and details matter and inform a deeper and deeper analysis that allows you to continually revise and update your plans. This, of course, also means that you are constantly admitting prior mistakes.

You need to shed sacred cows, seek out blind spots and challenge the status quo.

Very often companies or individuals develop narratives based upon beliefs that are very hard to dislodge but are often wrong – and they can lead to terrible mistakes. A few examples will suffice. Stripe, Inc. built a payments business by working with developers – something we never would have imagined but might have figured out if we had tried to seek out what others were doing in this area. Branches were being closed, both at Bank One and Chase, because the assumption was that they would not be needed in the future. We underinvested for years in the wealth management business because we were always focused on the value of deposits versus investments. Question everything.

Use your brains to figure out the truth — not to justify what you already think.

It's often hard to change your own attitudes and beliefs, especially those you may have held on to for some time. But you must be open to it. When you learn something that is different from what you thought, it may affect many conclusions you have, not just one. Try not to allow yourself to become rigid or "weaponized," where other employees or interest groups jazz you up so much that you become a weapon on their behalf. This makes it much harder to see things clearly for yourself. When people disagree with you, seek out where they may be partially right. This opens the door for a deeper understanding and avoids binary thinking.

It's hard to see certain long-term trends, but you must try.

There is too much emphasis on short-term, monthly data and too little on long-term trends and on what might happen in the future that would influence long-term outcomes. For example, today there is tremendous interest in monthly inflation data, although it seems to me that every long-term trend I see increases inflation relative to the last 20 years. Huge fiscal spending, the trillions needed each year for the green economy, the remilitarization of the world and the restructuring of global trade — all are inflationary. I'm not sure models could pick this up. And you must use judgment if you want to evaluate impacts like these.

Also, a block of time as short as one year is an artificial framework for judging the impact of long-term trends that could easily play out over years. A helpful exercise is to think "future back," in which you imagine different future outcomes, including the ones you want, and then work backward to events that are happening today (or that might happen or that you cause to happen), closely examining the connections between those events and your projected or desired outcomes. Those connections inform your risk and R&D planning. Similarly, when companies compare the attributes of their products and services with their competitors, they usually only consider where they are versus their competitors. But nothing is static — they should consider where their competitors will be in the future. Conditions are always changing, crises are always emerging. When analyzing the playing field, it is better to assume that your competitors are strong and are already in the process of improving and innovating. This minimizes the chance of arrogance leading to complacency.

DECISION MAKING AND ACTING (HAVE A PROCESS)

There is a time for an individual to decide and act.

Sometimes you should take the time to measure twice and cut once. And then sometimes making a quick decision is better than delaying. You should try to distinguish between the two. For example, with decisions that are hard to reverse, it's usually better to go slow. With other decisions where you can test, learn, probe and change direction, it's often better to go fast. It's been my experience that it's hard for some people to actually decide and act. This could be from analysis paralysis, lack of "perfect" information, fear of failure or the feeling that full consensus is needed before a decision can be reached. But whatever it is, it can slow down and possibly seriously damage a company.

To get people to think like decision makers and take a strong point of view, we like to ask, "What would you do if you were king or queen for a day?" It helps shift the direction to individual decision making. We also ask questions like, "What would you wish for if you knew X was going to happen?" (for example, higher interest rates). Decision making takes a mix of courage, grit and guts.

One exercise that I find useful (and sometimes painful) is to draw up a list of important decisions that need to be made — the ones I often avoid confronting. So I take time every Sunday to think about these tough issues and almost always make progress. Progress doesn't always mean that you come to the final conclusion — sometimes it's just a very rational next step that can put you on a path to the final decision.

Try to have a good decision-making process.

Try to give yourself the time to decide. Make sure you speak with the right people and make sure the right people are in the room. Information should be fully shared. People should be made very comfortable with open debate. Quite often, the "right" answer is simply waiting to be found — you don't have to guess.

Crowdsourcing, compromise, consensus and committees have benefits and risks.

There are huge benefits to crowdsourcing intelligence. It is a form of full assessment, a strategy for getting the best ideas and challenging the status quo. We should do this for almost every major decision. It is perfectly fine on some occasions to compromise and gain consensus, particularly on decisions that are not critical and can easily be reversed. Often people spend too much time debating issues that are simply not important; it's better to decide and move on. Also, before you compromise, you should know exactly what you want to achieve and the consequences of any tradeoffs. However, sometimes compromise and consensus cannot work and only lead to a feel-good decision that is probably wrong — this could be the road to ruin.

The use of committees can be good when done properly. For example, if our risk committees could do a full assessment and crowdsource all potential risks, that would lead to better decision making. I will give one very personal and painful example, which is when we had a major trading scandal, called The London Whale. The scandal was not caused by the complexity of the trade but rather the failure to go to the proper Risk committee for a thorough review, which should have happened but didn't. I have no doubt that had the trade been raised there, the flaws would have been exposed immediately, thereby dramatically reducing or eliminating the problem. On the other hand, the opposite can happen when a committee, with everyone staring at each other, devolves into herd-like behavior with people looking for confirmation and ending up with a compromise that is a poor choice.

Good leadership involves great observation and the ability to act, but there is more ...

THE SECRET SAUCE OF LEADERSHIP (HAVE A HEART)

You need to earn trust and respect with your employees.

You can be great at assessment, you can be brilliant and you may often be willing to act. But all of that is not good enough for "complete" leadership. To become a true leader, you need to be trusted and you must earn your respect, every day. People have to know that you do not have ulterior motives and that you're trying to do the right thing — not trying to burnish your personal reputation. Good people want to work for people they respect, and they will not respect people who take all the credit and share all the blame. People need to know that even when you make mistakes, you're willing to admit them and take corrective action. And there is more ...

The importance of vision, communication and inspiration.

The reason I've always hesitated to talk about "vision" is because often it is the basic BS of corporate speak — that somehow if you impart your vision to people, they will take the mountain. What it really is all about is this: After you've done your full assessment and decision making, you can then continuously educate, explain, train, simplify, propel and fight. But this only works if people know you are in the trenches with them, if they understand the mission and if they are there side by side with your effort.

We know that bureaucracy can lead to politics, corporate stasis and terrible decisions. So you can communicate your vision about how to fight bureaucracy by telling stories about the silly things we do — but with a smile — and then by showing people that you will actually fix the problems.

Finally, your vision needs to be clear, coherent and consistent. Within an organization, people very quickly pick up the pattern of management saying one thing but doing another. Because if words and actions are inconsistent (for example, and I could give many, when we say we want employees to be treated with respect, but we allow a jerk to be their boss), confidence in leadership will be eroded.

Heart cannot be overstated.

Heart matters. And it makes a difference when people know and see that you actually care. One example: Many years ago when I was new to JPMorgan Chase, I learned that the company's security guards had been outsourced — to save money. Since after outsourcing, when the same guards continued coming to work every day at the same salary, I wondered, "How could this be?" (FYI, this was brought to my attention by the head of the Service Employees International Union, who came to see me over the objection of my management team.) The reason we were saving money is because the healthcare benefits were cut in half for the guards and their family members (currently worth approximately $15,000 a year), and the savings were split with us. This was a heartless thing to do — and the second I found out, I reversed the decision. JPMorgan Chase's success will not be built off the backs of our guards — it will be the result of fair treatment of all of our employees — and we're thankful that many of those guards are still with our company today.

You know heart and soul when you see it in effect on sports teams or with "the boys in the boat" — it's a beautiful thing to watch. It's not as obvious, but it happens in business, too.

It's essential to build trust with your customers, constituencies and, yes, even competitors.

Of course, I'm not bringing this up as a matter of corporate governance or a corporation's purpose: A business should, over the long run, try to maximize shareholder value. It is completely obvious that running a decent business —treating everyone ethically and earning trust and respect in all your communities — is not only fundamental to shareholder value but also to a healthy society.

A Pivotal Moment for America and the Free Western World: Strategy and Policy Matter

In past years, I have written extensively about public policy issues. It is important to engage in these conversations, particularly around domestic economic policy because ***policy matters***. While JPMorgan Chase can execute specific plans to improve outcomes for customers and communities, there is no replacement for effect
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country will make us a stronger compa

As CEO of this company, every year I visit numerous countries around the globe. I meet with foreign government leaders, presidents and prime ministers, business leaders, and civic and academic experts, which allows me to learn a significant amount about how public policy is executed around the world. It also reinforces some of the critical values and virtues that are essential to a healthy country.

Every time I see the American flag, it reminds me of the values and virtues of this country and its founding principles conceived in liberty and dedicated to the notion that all men and women are created equal. Talk with someone who has recently become a naturalized citizen or watch a ceremony where groups of people take the oath to America, and you will see extraordinary joy and newfound pride. They now live free, with individual rights protected by the Constitution and with their life and the well-being of their family and community protected by the U.S. military. As Americans, we have much to be grateful for and much to defend.

If you read the newspaper from virtually any day of any year since World War II, there is abundant coverage on wars – hot and cold – inflation, recession, polarized politics, terrorist attacks, migration and starvation. As appalling as these events have been, the world was generally on a path to becoming stronger and safer. When terrible events happen, we tend to overestimate the effect they will have on the global economy. Recent events, however, may very well be creating risks that could eclipse anything since World War II – we should
em lightly.

24, 2022 is another day in history that
infamy. On that day, 190,000 Russian soldiers invaded a free and democratic European country – importantly, somewhat protected by the threat of nuclear blackmail. Russia's invasion of Ukraine and the subsequent abhorrent attack on Israel and ongoing violence in the Middle East should have punctured many assumptions about the direction of future safety and security, bringing us to this pivotal time in history. America and the free Western world can no longer maintain a false sense of security based on the illusion that dictatorships and oppressive nations won't use their economic and military powers to advance their aims – particularly against what they perceive as weak, incompetent and disorganized Western democracies. In a troubled world, we are reminded that national security is and always will be paramount, even if its importance seems to recede in tranquil times.

The fallout from these events should also lay to rest the idea that America can stand alone. Of course, U.S. leaders must always put America first, but global peace and order are ***vital*** to American interests. Only America has the full capability to lead and coalesce the Western world, though we must do so respectfully and in partnership with our allies. Without cohesiveness and unity with our allies, autocratic forces will divide and conquer the bickering democracies. America needs to lead with its strengths – not only its military but also its economic, diplomatic and moral forces. And now we must do so as America's leadership is being challenged around the world. There is nothing more important.

Policy and strategy matter, and it's important to be engaged.

In our increasingly complex world, there is a vital interrelationship between domestic and foreign economic policy, particularly around trade, investment, national security and other issues. And, of course, while American voters and leadership set U.S. foreign policy, being a constructive part of the global conversation has become more important than ever.

If you doubt how important public policy is for the health of a country, you need to look no further than the recent history of Greece, Ireland or Singapore. Each of these countries, starting from deeply challenging places, implemented effective government and policies that have done a great job of lifting up their people when many thought it wasn't possible. Sweden is another great example of a country with good broad-based policies that have succeeded at precisely what we all may want – a dynamic, innovative, free-market economy (Sweden actually has fewer government-owned enterprises than America) and safety nets that work. Conversely, you need to look no further than North Korea or Venezuela to see the complete destruction and havoc that terrible public policies (often in the name of the people) can cultivate.

Strategy by its nature must be comprehensive. In the rest of this section, I try to answer the question: What must we do to ensure that the world stays safe, not only for America but for freedom and democracy? A comprehensive strategy entails four important pillars, and we must succeed at each:

1. Maintain American leadership (including military).
2. Achieve long-term economic success with our allies.
3. Strengthen our nation domestically.
4. Deepen focus and resolve on addressing our most pressing challenges.

COALESCING THE WESTERN WORLD — A UNIQUELY AMERICAN TASK

Only America has the full capabilities of military might, economic power and the principles that most people around the world yearn for – based on "liberty and justice for all" and the proposition that all people are created equal. America remains the bastion of freedom and the arsenal of democracy.

There is no alternative to American leadership.

In the free and democratic Western world, and, in fact, for many other countries, there is no real or good alternative to America. The only other potential superpower is China. Other nations know they can rely on the founding principles of America. If we reach out our hand, most nations will happily take that hand. America is still the most prosperous nation on the planet, which not only can guarantee our military strength but also positions us to help our allies develop and grow their nations (though we should minimize the "our way or the highway" type of behavior). This leadership is needed today to help Ukraine stay free in its battle with Russia.

Most of the world wants American leadership.

America continues to be the envy of much of the world, and as we've seen with the challenges at our borders, there is a reason people want to come here and not to autocratic nations. If you opened America's borders to the rest of the world, I have little doubt that hundreds of millions of people would want to move here. By contrast, not many would want to emigrate to autocratic nations. Also, I have little doubt that if most investors across the globe could only invest in one country, they would choose the United States. Beyond our country's borders, people and nations around the world understand the role that America has played in promoting world peace – known as ***Pax Americana***. For the most part, Pax Americana has kept the world relatively peaceful since World War II and helped lead to enormous global economic prosperity, which has helped lift 1.3 billion people out of poverty.

Modern America does not engage in economic coercion or foreign wars to steal land or treasure. The fact that some of our foreign excursions might have been misguided does not negate this. We helped rebuild Europe and Japan after the devastation of World War II, and we, with our allies, have helped create global institutions to maintain peace. We are still trusted.

First and foremost, the Western world needs unquestioned military might — peace through strength.

"We know only too well that war comes not when the forces of freedom are strong, but when they are weak," said Ronald Reagan in 1980.

So far, the Western world has done a good job in strengthening military alliances in response to the war in Ukraine. Ukraine is essentially the front line that needs immediate support. Providing that support is the best way to counter autocratic forces that would seek to weaken the Western world, particularly America. But the ongoing wars in Ukraine and the Middle East could become far worse and spread in unpredictable ways. Most important, the specter of nuclear weapons — probably still the greatest threat to mankind — hovers as the ultimate decider, which should strike deep fear in all our hearts. The best protection starts with an unyielding resolve to do whatever we need to do to maintain the strongest military on the planet — a commitment that is well within our economic capability.

American leadership requires not only the military but also the full "symphony of power."

Former Secretary of Defense Robert Gates, in his book *Exercise of Power*, writes extensively in the first chapter about "the symphony of power." He makes the critical point that America has often overused and misused military power and has massively underused other muscles — diplomacy, intelligence, communication (explaining to the world the benefits of democracy and free enterprise) and comprehensive economic policy.

America has the most extensive group of partners, friends and allies — both military and economic — that the world has probably ever seen. We should put this to better use.

The American public ought to hear more about why this is so important.

International isolationism has run through American foreign policy throughout our history, frequently with good reason. The chant, "Don't get involved in foreign wars" was often right. That said, the American public should remember that even after the Revolutionary War, we did, in fact, have British and French armies on our soil. The sinking of American merchant and passenger ships during World War I and the surprise attack on Pearl Harbor in World War II brought isolationism to a close for a time. America is never far from being dragged into terrible conflicts. Global wars come to our shores whether we like it or not — we need to stay engaged.

In perilous periods of history when our allies and other democracies were under serious assault, great American leaders have inspired the American people — through words and actions — to stand up to help and defend them. Staying on the sidelines during battles of autocracy and democracy, between dictatorship and freedom, is simply not an option for America today. Ukraine is the front line of democracy. If the war goes badly for Ukraine, you may see the splintering of Pax Americana, which would be a disaster for the ***whole free world***. Ukraine's struggle is our struggle, and ensuring their victory is ensuring ***America first***. It is imperative that our national leaders explain to the American people what is at stake and make a powerful case – with energy, consistency and clarity – for our strong enduring commitment to Ukraine's survival for as long as it takes (and it could take years).

One last point: Ukraine needs our help immediately, but it's important to understand that much of the money that America is directing to Ukraine is for purchasing weapons and equipment, most of which will be built in America. Not only is our aid helping Ukraine, but it is going directly to American manufacturers, and it is helping the country rebuild our military industrial capacity for the next generation.

STRENGTHENING OUR POSITION WITH A COMPREHENSIVE, GLOBAL ECONOMIC SECURITY STRATEGY

Sustaining America's economic strength is a bedrock for our long-term military strength. There are many things we need to do to strengthen the U.S. economy, and I talk about that later in this section. This discussion is about foreign economic policies – ***the economic battlefield***.

The whole Western world is rethinking and reimagining its military strategies and alliances. We need to do the same for our economic strategies and alliances, but we should be guided by a comprehensive global strategy that deals with critical issues. Done properly, such a strategy would help strengthen, coalesce and possibly be the glue that holds together Western democratic alliances over decades.

Foreign economic policy involves trade and investment, export controls, secure and resilient supply chains, and the execution of sanctions and any related industrial policies. It must also include development finance – think of the "Belt and Road" efforts in China – which are critical to most developing nations. This framework should tell us not only how to deal with our allies but also how to work with nonaligned nations around the world. These strategies should not be aimed against any one country (such as China) but rather be focused on keeping the world safe for democracy and free enterprise.

Economic national security is paramount – both for the United States and for our allies.

It is a valid point that the Western world – both government and business – essentially underestimated the growing strength and potential threat of China. It's also true that China has been comprehensively and strategically focused on these economic issues, all while we slept. But let's not cry over spilled milk – let's just fix it.

We missed the potential threat from three vantage points. The first is companies' overreliance on China as the sole link in their supply chain, which can create vulnerabilities and reduces resiliency. But to the extent this involves everyday items, like clothes, sneakers, vaccine compounds and consumer goods, this dependency is not as critical or complex and will eventually be sorted out.

The second is the most critical. The United States cannot rely on any potential adversaries for materials essential to our national security – think rare earths, 5G and semiconductors, penicillin and materials critical to essential pharmaceuticals, among others. We also cannot be sharing vital technologies that can enhance an adversary's military capabilities. The United States should properly and narrowly define these issues and then act unilaterally, if necessary, to fix them.

The third is also complex, which is countering unfair competition or "mercantilist" behavior in critical industries; think electric vehicles, renewable energy and AI, among others. Examples of this would be where a state, any state, uses government powers, capital, subsidies or other means to dominate critical industries and deeply damage the economic position of other nations. Weakening a country economically can render it a virtual "vassal state," reliant on potential adversaries for essential goods and services, which also weakens it militarily. We cannot cede our important resources and capabilities to potential adversaries.

All these issues can be resolved, though they will take time and need devoted effort.

Every nation will have different national security issues. For example, Europe in general and countries like India, Japan and Korea need reliable, affordable and secure energy; many nations would put food security as their top concern. This means that we must work with our allies to accomplish our own goals and to help them accomplish theirs. We have extraordinary common interests in our joint security: We must hang together – because if we don't, we will assuredly hang separately.

We already engage in trade – improving it is good economics and great geopolitics.

We must have a better understanding of trade. As a nation, we refuse to get into genuine trade discussions, but this ignores the complete and obvious truth – we already have trade relationships with all these countries. Approximately 92%

of the world's consumers live outside the United States. Increased trade allows our workers and farmers to access those markets. We should negotiate trade agreements that can achieve more, economically, for ourselves and our allies, as well as meet all of our national security needs. While it is appropriate to use trade to continue to nudge allies in the right direction around human rights and climate, this objective should be subordinated to our national interests of long-term security.

Negotiating must be done in concert with our allied nations so as not to cause a fissure in economic relations. This is critical — strong economic bonds will help ensure strong military alliances. The Inflation Reduction Act has much good in it (more on this later), but it angered many of our allies. To them, the bill was by America and for America, and, subsequently, they felt a need to match it so their businesses would not be disadvantaged. The terms of the legislation could have been better negotiated with our allies in mind, strengthening our economic ties with the free world.

We should also immediately re-enter, if possible, the prior negotiated Trans-Pacific Partnership agreement. Not only is it good for the economy, but it also could be a ***brilliant, strategic, economic security move*** — an economic alliance that binds us with 11 other important countries (including Australia, Chile, Japan, Malaysia, Mexico, Singapore and Vietnam). Geopolitically and strategically, this might be one of the most important moves to counter China. While this is a challenging step, our political leaders need to explain and lead — and not be afraid of dealing with the tough issues. We also need to acknowledge that there have been real negative job impacts as a result of trade, which are usually concentrated around certain areas and businesses. So any new trade policy should be combined with a greatly enhanced Trade Adjustment Assistance program, which provides retraining, income assistance and relocation for those workers directly impacted by trade.

Trade is ***realpolitik,*** and the recent cancellation of future liquified natural gas (LNG) projects is a good example of this fact. The projects were delayed mainly for political reasons — to pacify those who believe that gas is bad and that oil and gas projects should simply be stopped. This is not only wrong but also enormously naïve. One of the best ways to reduce CO2 for the next few decades is to use gas to replace coal. When oil and gas prices skyrocketed last winter, nations around the world — wealthy and very climate-conscious nations like France, Germany and the Netherlands, as well as lower-income nations like Indonesia, the Philippines and Vietnam that could not afford the higher cost — started to turn back to their coal plants. This highlights the importance of ***safe, secure and affordable*** energy. Second, the export of LNG is a great economic boon for the United States. But most important is the realpolitik goal: Our allied nations that need secure and affordable energy resources, including critical nations like Japan, Korea and most of our European allies, would like to be able to depend on the United States for energy. This now puts them in a difficult position — they may have to look elsewhere for such supplies, turning to Iran, Qatar, the United Arab Emirates or maybe even Russia. We need to minimize anything that can tear at our economic bonds with our allies.

The strength of our domestic production of energy gives us a "power advantage" — cheaper and more reliable energy, which creates economic and geopolitical advantages.

Industrial policy is now necessary, but it should be carefully constructed and limited.

In some cases, industrial policy (using government resources to subsidize investments to help make businesses more competitive) may be the only solution for quickly building up the industries we need (rare earths and semiconductors, among others) to guarantee resilient national security. The IRA and CHIPS Act are good examples of this and government has to get it right.

Such policy can also be used to help combat unfair competitive policies of nations that are using state capitalism and state control to dominate critical industries. However, when crafting industrial policy, the function of government needs to be narrowly defined and kept simple; i.e., governmental jurisdiction should be limited to very specific products and probably to what we know works, such as tax credits and, to a lesser extent, loan guarantees. And industrial policy should include twin provisions: 1) strict limitations on political interference, like social policies, and 2) specific permitting requirements, which, if not drastically improved, will badly inhibit our ability to make investments and allow infrastructure to be built. Adding social policy, politics and matters other than simple tax credits dramatically reduces the economic efficiency of industrial policy and creates conditions for corporate America to feed at the trough of government largess. We should quickly address how we can improve on already executed legislation. We do not want to look back and have great regrets about how so much of this policy work failed.

There are those who argue that the U.S. government needs much more far-reaching industrial policy to be able to micromanage and accomplish its many ambitious objectives. To those I say, read further in this section about how ineffective so many government policies have been.

We should be tough, but we should engage with China.

Over the last 20 years, China has been executing a more comprehensive economic strategy than we have. The country's leaders have successfully grown their nation and, depending on how you measure it, have the first or second largest economy in the world. That said, many question the current economic focus of China's leadership as they don't have everything figured out. While China has become the largest trading partner to many countries around the world, its own GDP per person is $13,000. And the country continues to be beset by many economic and domestic issues.

China has its own national security concerns. The country is located in a very politically complex part of the world, and many of China's actions have caused its neighbors (e.g., Japan, Korea, Philippines, among others) to start to re-arm and, in fact, draw closer to the United States. It also surprises many Americans to hear that while our country is 100% energy sufficient, China needs to import 10 million barrels of oil a day. It is clear that China's new leadership has set a different course, with a much more intense focus on national security, military capability and internal development. That is their right, and we simply need to adjust to it.

America still has an enormously strong hand — plenty of food, water and energy; peaceful neighbors; and what remains the most prosperous and dynamic economy the world has ever seen, with a per person GDP of over $80,000 a year. Most important, our nation is blessed with the benefit of true freedom and liberty. See the sidebar on the amazing power of freedom later in this section.

While we may always have a complex relationship with China (made all the more complicated and serious by ongoing wars), the country's vast size and importance to so many other nations requires us to stay engaged — thoughtfully and without fear. At the same time, we need to build and execute our own long-term, comprehensive economic security strategy to keep our position safe and secure. I believe that respectful, strong and consistent engagement would be best for both our countries and the rest of the world.

We need to strengthen and rebuild the international order — we may need a new Bretton Woods.

The international rules-based order established by the Western world after World War II is clearly under attack by outside forces, somewhat weakened by its own failures and inability to keep up with the increasingly complex world. This international order relies on a web of military alliances, trade agreements (e.g., World Trade Organization), development finance (e.g., International Monetary Fund and the World Bank) and related global tax and investment policies and diplomacy organizations (e.g., United Nations), which have evolved into a confusing and overlapping regime of policies. You can now add to it the new issues of cyber warfare, digital trade and privacy, and global taxes, among others.

It might be a good idea to convene a group of like-minded leaders to build and improve upon what already exists. The time may be right for a reimagined Bretton Woods — and by this, I mean revitalizing our global architecture. Since too many parts of the world have been neglected, any new system has to take into account and properly address the needs of all nations, including areas of concentrated poverty.

While we hope the wars in Ukraine and in the Middle East will end eventually (and, we hope, successfully from the standpoint of our allies), these other critical economic battles could possibly continue throughout our lifetime. If the Western world is slowly split apart over the next few decades, it will likely be the result of our failure to effectively address crucial global economic challenges.

PROVIDING STRONG LEADERSHIP GLOBALLY AND EFFECTIVE POLICYMAKING DOMESTICALLY

When you travel around the United States and talk with people of all types and persuasions, there is a rather common refrain; namely, why are we helping foreign nations with the safety of their borders and economies when we are not doing a particularly good job of protecting our own? While there is no moral equivalency in these arguments, they are understandable. It is clear that many Americans feel we need to do a better job ***here*** at home before we can focus over ***there***. We can understand why some people living in this country, who have been neglected for decades, ask how their government can find the money for Ukraine and other parts of the world but not for them. It is a reasonable question.

From my point of view, our highly charged, emotional and political domestic issues are centered around 1) immigration and lack of border security and 2) the fraying of the American dream, particularly for low-income and rural Americans who feel left behind amid the growing wealth and prosperity of others around them. Please read the sidebar on page 57, which I believe explains the legitimate frustration of some of our citizens. And I agree with them.

In the sidebar, I also explain how two policies (a large expansion of the Earned Income Tax Credit and focus on work skills and job outcomes at high schools, community colleges and colleges) would not only dramatically increase both the income and employment opportunities for many of those left behind but would also have the virtue of actually growing the workforce. The combined effect of all of this would be quite a boon to our GDP.

I believe that many affected Americans are not angry at hardworking, law-abiding immigrants and, in fact, acknowledge the critical role immigrants continue to play in building this wonderful country. Rather, they are angry that America has not implemented proper border control and immigration policies. It is astounding that many in Congress know what to do and want to do it but are simply unable to pass legislation because of partisan politics. Congress did come close on a few occasions — and I hope they keep trying.

Deliberate policies meant to drive healthy growth are needed.

For over two decades, since 2000, America has grown at an anemic rate of 2%. We should have strived for and achieved 3% growth. Had we done so, GDP per person today would be $16,000 higher, which would, in turn, have paid for better healthcare, childcare, education and other services. Importantly, the ***best*** way to handle our excess deficit and debt issues is to maximize economic growth.

Growth policies include (the list could be very long so I'll just mention a few):

- **Consistent tax policies, conducive to both employment and capital investment.** Capital investment is the primary driver of innovation, productivity and, therefore, growth in America. Tax policies change too frequently, which causes uncertainty and complicates long-term capital investment decision making (I won't bore you with the details here). A bipartisan committee of Congress is probably required to fix this — and the sooner the better.

- **Well-conceived regulations (and related laws).** This requires an ongoing concerted effort to streamline regulations to cost effectively drive better outcomes for the United States. The last thing we need is a constant pile-on of politically driven, fragmented policies. Please read the sidebar on the next page, an editorial in *The Wall Street Journal* by George McGovern, one of the most liberal presidential nominees in our lifetime, in which he clearly lays out the complexity, risks and costs that businesses, large and small, face every day. While he acknowledges the worthiness of the goals of many regulations, he points out their negatives. He also calls out the "blame-shifting and scapegoating" and "the endless exposure to frivolous claims and high legal fees." Not only is this state of affairs demoralizing, but it also reduces employment, capital investment and the formation of new businesses, as well as cause unnecessary bankruptcies. Estimates of the regulatory costs for America are approximately $19,000 per worker, dwarfing the regulatory burdens in other countries. We all want sensible regulations that make us a better and safer nation — but this number is astounding. We should be able to accomplish our goals while sharply reducing needless and wasteful expenses. And remember, it's discouraging not only to companies but to all citizens who have to deal with it on a daily basis.
- **Timely permits on projects large and small.** There is virtually no industry — from agriculture and construction to transportation, technology, and oil and gas — or business, large or small, that isn't disadvantaged by the tedious process and the length of time it takes to get approvals for permits to get things done. This includes federal, state and local requirements. These bottlenecks also make investment far more costly and slow. Timely permits would improve infrastructure and save lives, not endanger them.
- **Proper federal government budgeting and fiscal management.** The staggering inability of the government to draft and pass a proper budget causes deep and unnecessary damage to our growth. Some people estimate that the waste alone (due to improper payments, overlapping programs, and fragmented and duplicative contracts, among other things) could cost the nation hundreds of billions of dollars annually. This uncertainty filters through virtually every part of the American economy and should not be accepted.

We can all forgo a little self-interest to do what is right for our country.

Those of us who have benefited the most from this country bear even greater responsibility to do this. It's perfectly understandable that institutions, including businesses, unions and industries, lobby in Washington, D.C., to protect themselves — in good ways and bad — but we should more regularly put national interests ahead of self-interests. It's good to want to ensure well-paying jobs and healthy industries. But it is not good when it reduces competition, stops the deployment of enhanced technology, harms efficiency, creates fake jobs or builds bridges to nowhere or damages the general health of the economy. Doing the right thing, the right way — which is achievable — would be better for everyone. As former President John F. Kennedy said, "Ask not what your country can do for you — ask what you can do for your country."

Celebrate American exceptionalism.

We can safely say that America is an exceptional nation built and grounded on principles — principles of freedom of speech, freedom of religion, free enterprise (capitalism), and the freedom and empowerment brought to us by our democracy through the power to elect our leaders and of our Constitution, which makes these individual freedoms sacrosanct. Much of the world yearns to be here because of those principles — the right to life, liberty and the pursuit of happiness. We should extol those virtues while recognizing that America has never been a perfect nation, like all other nations. We can acknowledge our flaws and strive to constantly correct them, without denigrating our nation.

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Manager's Journal:
A Politician's Dream Is a Businessman's Nightmare

By George McGovern

Wisdom too often never comes, and so one ought not to reject it merely because it comes late.

-- Justice Felix Frankfurter

It's been 11 years since I left the U.S. Senate, after serving 24 years in high public office. After leaving a career in politics, I devoted much of my time to public lectures that took me into every state in the union and much of Europe, Asia, the Middle East and Latin America.

In 1988, I invested most of the earnings from this lecture circuit acquiring the leasehold on Connecticut's Stratford Inn. Hotels, inns and restaurants have always held a special fascination for me. The Stratford Inn promised the realization of a longtime dream to own a combination hotel, restaurant and public conference facility -- complete with an experienced manager and staff.

In retrospect, I wish I had known more about the hazards and difficulties of such a business, especially during a recession of the kind that hit New England just as I was acquiring the inn's 43-year leasehold. I also wish that during the years I was in public office, I had had this firsthand experience about the difficulties business people face every day. That knowledge would have made me a better U.S. senator and a more understanding presidential contender.

Today we are much closer to a general acknowledgment that government must encourage business to expand and grow. Bill Clinton, Paul Tsongas, Bob Kerrey and others have, I believe, changed the debate of our party. We intuitively know that to create job opportunities we need entrepreneurs who will risk their capital against an expected payoff. Too often, however, public policy does not consider whether we are choking off those opportunities.

My own business perspective has been limited to that small hotel and restaurant in Stratford, Conn., with an especially difficult lease and a severe recession. But my business associates and I also lived with federal, state and local rules that were all passed with the objective of helping employees, protecting the environment, raising tax dollars for schools, protecting our customers from fire hazards, etc. While I never have doubted the worthiness of any of these goals, the concept that most often eludes legislators is: "Can we make consumers pay the higher prices for the increased operating costs that accompany public regulation and government reporting requirements with reams of red tape." It is a simple concern that is nonetheless often ignored by legislators.

For example, the papers today are filled with stories about businesses dropping health coverage for employees. We provided a substantial package for our staff at the Stratford Inn. However, were we operating today, those costs would exceed $150,000 a year for health care on top of salaries and other benefits. There would have been no reasonable way for us to absorb or pass on these costs.

Some of the escalation in the cost of health care is attributed to patients suing doctors. While one cannot assess the merit

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claims, I've also witnessed explosion in blame-shifting and scapegoating for every negative experience in life.

Today, despite bankruptcy, we are still dealing with litigation from individuals who fell in or near our restaurant. Despite these injuries, not every misstep is the fault of someone else. Not every such incident should be viewed as a lawsuit instead of an unfortunate accident. And while the business owner may prevail in the end, the endless exposure to frivolous claims and high legal fees is frightening.

Our Connecticut hotel, along with many others, went bankrupt for a variety of reasons, the general economy in the Northeast being a significant cause. But that reason masks the variety of other challenges we faced that drive operating costs and financing charges beyond what a small business can handle.

It is clear that some businesses have products that can be priced at almost any level. The price of raw materials (e.g., steel and glass) and life-saving drugs and medical care are not easily substituted by consumers. It is only competition or antitrust that tempers price increases. Consumers may delay purchases, but they have little choice when faced with higher prices.

In services, however, consumers do have a choice when faced with higher prices. You may have to stay in a hotel while on vacation, but you can stay fewer days. You can eat in restaurants fewer times per month, or forgo a number of services from car washes to shoeshines. Every such decision eventually results in job losses for someone. And often these are the people without the skills to help themselves -- the people I've spent a lifetime trying to help.

In short, "one-size-fits-all" rules for business ignore the reality of the marketplace. And setting thresholds for regulatory guidelines at artificial levels -- e.g., 50 ore, t of ins, labor intensive v ive businesses, and local market economics.

The problem we face as legislators is: Where do we set the bar so that it is not too high to clear? I don't have the answer. I do know that we need to start raising these questions more often.

—

Mr. McGovern, the 1972 Democratic presidential candidate, is president of the Middle-Eastern Policy Council in Washington.

(See related letters: "Letters to the Editor: A Politician's Dream Is a Businessman's Nightmare" -- WSJ July 2, 1992)

Let's celebrate the shared sense of sacrifice that gives us all strength.

There were very few positives from the pandemic, but I'm mentioning one, which, unfortunately, didn't last, but reflected the best of us. In New York City, at 7 p.m. every evening, people throughout the city would open their windows, shouting and screaming and banging pots and pans to show gratitude to the essential workers — sanitation workers, police, firefighters, emergency responders, nurses and doctors. Of course, these workers were always essential, but I was hoping that spirit and civility would become deeply embedded and have longer lasting effects in our society.

I can understand when an individual for conscientious reasons chooses not to do work that helps our military. But I cannot understand when an entire company takes that position. How can we have a sense of shared sacrifice, when America is home to 18 million veterans who were willing to risk their lives for America's safety, and yet some companies are not even willing to use their fingertips to help?

For example, back in 1969 the cancellation of the Reserve Officers' Training Corps programs by the country's most prestigious universities and colleges likely fueled the great divide — between elites and others in our country — that persists today. Our strength as a nation is best served when the best students and the best soldiers are brought together, and we would all benefit from more civility and better teaching around basic virtues like hard work, shared sacrifice, justice, rationality and more respect for the enduring values of American freedom and free enterprise.

Resist being "weaponized."

We can start by trying to understand other people's and other voters' points of view, even around deeply emotional topics. We can stop insulting whole classes of voters. We can stop name calling. We can stop blame-shifting and scapegoating. We can stop being petty. Politicians can cease insulting, baiting and belittling each other, which diminishes them and the voter. It has also become too acceptable for some politicians to say one thing in private and deliver a completely different message in public. It would also be nice to see some cabinet members from the opposing party. We should also stop degrading and demonizing American business and American institutions, which are the best in the world, because it erodes confidence in our very country.

Social media could do more.

There is no question that social media has some real negative effects, from the manipulation of elections to the increasingly documented negative effects on the mental health of children. These are issues impacting our individual and collective spheres, and it's time for social media companies to take more action to remedy these challenges — and swiftly. Rapid advances in technology will not only make these existing issues harder to address, but they will likely create new ones. The current state of the online information landscape has wide-ranging implications on trust in institutions, information integrity and more — and it bears on institutions like ours, where platform policy has increasingly widespread implications for concerns about fraud, security and other issue spaces.

A range of tools and approaches is required to address this complex and important situation — and there are several measures that platform companies can immediately enact, voluntarily, while strengthening and improving their business models. One commonsense and modest step would be for social media companies to further empower platform users' control over what they see and how it is presented, leveraging existing tools and features — like the alternative feed algorithm settings some offer today. I believe many users (not just parents) would appreciate a greater ability to more carefully curate their feeds; for example, prioritizing educational content for their children.

Platforms could also consider enhanced authentication measures; i.e., having users identify themselves to the platform or to a trusted third party. This would have the virtue of increasing individual accountability and reducing imposters, bots and possibly foreign political actors on platforms. It would have immediate benefits for users who prefer content from authenticated sources that take responsibility for their postings. There are clear competing values that need to be balanced in such an approach, including those related to our cherished right to free speech, individual privacy and inclusion (for example, roughly 850 million people globally don't have a way to easily authenticate themselves today). There are also legitimate questions as to whether authentication would be used as a tool to chill or block speech or quash bona fide political dissenters, and real work needs to be done to identify policy and technical solutions that balance such risks and benefits.

I offer these approaches as a starting place, understanding that it's crucial to continue honest conversation across sectors about the immediate, incremental improvements we can make to our online public square, considering the high stakes involved in how information is created and shared.

Effective measures will require time, money, learning and improvement, all in service of significantly enhancing the well-being, quality, and civility of our experiences online and in the world around us.

Healthy collaboration with business is needed.

Companies big and small create jobs, pay for employee healthcare and benefits, and build bridges, roads and hospitals. The people who work for and run these companies care deeply about their country — they are patriots, and they want to see people and communities succeed and prosper.

Unfortunately, the message America hears is that the federal government does not value business — that business is the problem and not part of the solution. There are fewer individuals in government who have any significant experience in starting or running a company, which is apparent every day in the political rhetoric that demonizes businesses and free enterprise and that damages confidence in American's institutions. The relationship between business and government, in fact, might improve if there were more people from the business sector working in government. Inexperience with business is also evident from the regular lack of transparency or curiosity from regulators as they develop economic policies with potentially seismic consequences for the economy.

When I travel around the country, I experience a very different perspective on the street and at the local level — I see that many governors, mayors and city council members understand they are not facing big challenges alone. They stand shoulder to shoulder with our company, even when some of their constituents disagree or are skeptical about big banks. These government officials know they need partners who have the same stake in helping successful communities thrive and who care about building a prosperous future as much as they do. For example, in fewer than 10 years, Detroit saw one of the greatest turnarounds because of a vibrant collaboration between government and business. And businesses know they cannot succeed if individuals, families, towns and cities are not flourishing. We obviously don't agree on everything, but there is a shared belief that we must work together. We can and should be full partners in developing solutions to our big problems.

The federal government, regardless of which party is in charge, needs to earn back trust through competence and effective policymaking.

The world is becoming more complex, more technologically competent and faster. Unfortunately, the government simply is not built to innovate, compete and move quickly, as in the competitive business world. This may be the reason why government is becoming less effective. We need to take action on this because the loss of trust in government is damaging to society. We should be brutally honest about the staggering number of policies, systems and operations that are underperforming: Too many ineffective public schools do not give students the skills they need to land a well-paying job; we have over 25 million uninsured Americans, soaring healthcare costs and too many bad outcomes; we are unable to plan, permit and build infrastructure efficiently; our litigation system is capricious and wasteful; progress on immigration policies and reform is frustrating; lack of efficient mortgage markets and an affordable housing policy keep housing out of reach for many Americans; problems plague the Department of Veterans Affairs, the Federal Aviation Administration and the Internal Revenue Service; public universities don't take responsibility for their costs and are often funded by excessive student lending; underinvestment in the electric grid results in high costs and unreliable service; highly inefficient U.S. merchant shipping and ports; and we have unfunded pension plans and no action on deficit spending, Social Security and Medicare. I'll stop here. This should be unacceptable to all of us.

We need to find a way to bring more varied expertise and accountability to government.

We should be more ambitious in striving for excellence in government. I acknowledge that some of the best and the brightest are in government and the military today. Yet we should return to a government that seeks out more of the best and the brightest people from ***every background***, including the private sector, to benefit from their knowledge and experience. Government also needs to leverage the expertise of business to address problems that it cannot solve on its own. And to be fair, business could use its influence to do less to further its own interest and more to enhance the nation as a whole.

We need good government. And there are some things only governments can do, such as oversee the military and justice systems. And while most innovation happens through the private sector, there are certain types of foundational innovations that can only be advanced by the government, such as basic research that simply cannot be funded by business. The Democrats want the government to do even more and the Republicans even less — I think we should spend more time trying to do ***even better***. But no one, not even my most liberal Democratic friends, thinks that sending the government another trillion a year would be a wise use of money.

OUT OF THE LABYRINTH, WITH FOCUS AND RESOLVE

Even America, the most prosperous nation on the planet with its vast resources, needs to focus its resources on the complex and difficult tasks ahead.

I hope to never read a book about ***How the West Was Lost,*** summarized as follows: The failure to save Ukraine and find peace in the Middle East led to more bickering among the allies and weakened military alliances. This accelerated a division within the Western world, splitting countries into different economic spheres and with each nation trying to protect its economy, trade and energy sources. America's economy weakened, eventually leading to the loss of its reserve currency status. Besotted by populism and partisanship and crippled by bureaucracy and lack of willpower, America failed to focus on what it needed to do to lead and save the Western world. The enemy was within — we just didn't see it in time.

Paraphrasing what Winston Churchill was thought to have said: America, after it had exhausted all other possibilities, would do the right thing.

What I want and hope to see is a book about ***How the West Was Won.*** As the wars in Ukraine and the Middle East dragged on and as the fears of the Western world mounted, America rose to the challenge as it had in other turbulent times in history. America coalesced with its allies to form the alliances necessary to keep the world safe for freedom and democracy.

I remain with a deep and abiding faith in the strength of the enduring values of America.

WE SHOULD HAVE MORE FAITH IN THE AMAZING POWER OF OUR FREEDOMS

The heart and soul of the dynamism of America is human freedom – freedom of speech, freedom of religion, free enterprise (capitalism), and the freedom and empowerment brought to us by our democracy through the right to elect our leaders. Free people are at liberty to move around as they see fit, work as they see fit, dream as they see fit, and invest in themselves and in the pursuit of happiness as they see fit. This freedom that people enjoy, accompanied by the freedom of capital, is what drives the dynamism – economic and social – of this great country.

Our civil liberties depend upon the rule of law, property rights, including intellectual property, and restrictions on government encroachment upon these freedoms. Our Constitution and Bill of Rights secure our individual freedoms and reserve all rights to the individual other than those important but limited authorities given to the government.

The issue of individual rights is not all or none or freedom versus no freedom. There are, of course, terrible examples where individual rights were trampled upon, and the results were devastating – both for the individual and for the economy – in East Germany, Iran, North Korea, Russia, Venezuela, to name a few. And there are many countries that protect individual rights and are on a spectrum closer to American values. Think of Europe, for example. But even in some countries that have some of these rights, a lack of dynamism – often due to bureaucracy, weak institutions and government, and corruption – is palpable and has clearly led to less innovation, lower growth and, in general, a lower standard of living.

Freedom must necessarily be joined with the principle of striving toward equal opportunity. Equal opportunity is what allows individuals to rise to the best of their ability – it also means unequal outcomes. Equal opportunity is the foundation for fairness and meritocracy. The fight for equality, which is a good moral goal, should not damage the rights of the individual and their liberties.

Democracy and freedom are cojoined – together, they make freedom more durable. Democracy also has a self-correcting element – every four years you get to throw out leadership if you don't like them (which you do not see in autocracies). But we all know that democracy can be sloppy: Maintaining an effective democracy is hard work. Democracy fosters open debate and compromise, which lead to better decisions over time (whether in government or in business). Intelligence is effectively "crowdsourced" with constant feedback. Good public policy comes from good debate and analytics, guided by reason coupled with a firm understanding of what you would like the outcomes to be and complemented with an honest assessment of what is really happening.

Even democracies can become stagnant, bureaucratic and self-perpetuating. Good government does many admirable things, but admitting to mistakes is often not one of them. It takes civically engaged citizens and a strong free press to bring sunlight to issues and keep a nation strong.

Autocratic societies by their nature subjugate the individual to the state. By definition they are not meritocracies – they are more about "who you know," and they exist to perpetuate the existing ruling class. Their decisions are based on a completely different calculation, and their decision-making process does not encourage and, therefore, benefit from open debate. Democracy means that it is immoral to subjugate individual freedoms to state actors other than to protect the existence of the nation itself.

There are values that many of us hold dear, such as religion, family and country. But none may be more important than the freedoms that allow us to choose to live our life as we see fit. We should do more to applaud the virtue and amazing power of our freedoms.

The secret food is a

HOW WE CAN HELP LIFT UP OUR LOW-INCOME CITIZENS AND MEND AMERICA'S TORN SOCIAL FABRIC

To fix problems, we must first acknowledge them. Despite decades of government programs and all the moralizing that surrounds them, we have not done a particularly good job lifting up our low-income fellow citizens. I may be wrong, but I do believe this is tearing at the social fabric of America and is among the root causes of the fraying of the American dream.

The gap between low-wage and well-paid workers has been growing dramatically. From 1979 to 2019, the wage growth of the top 10% was nearly 10 times that of the bottom 10% – which, basically, had not increased at all. The growth of low-income workers' annualized real wages after the pandemic was, for the first time in decades, higher than the top 60%, but that's not enough. The net worth for the bottom 25% of households is $20,800, and the net worth for the bottom 10% is essentially $0. This makes it increasingly difficult for low-wage workers to support their families. Of the 160 million Americans working today, approximately 40 million are paid less than $15 per hour.

Low-income individuals bear far greater burdens than the rest of us. Nearly 40% of Americans don't have $400 in savings to deal with unexpected expenses, such as medical bills or car repairs, which leads to financial distress. More than 25 million Americans don't have medical insurance at all; of these, one in five are in a family with income below the federal poverty level. People who live in low-income neighborhoods also tend to have worse health outcomes, including higher rates of mental health issues, depression and suicide, and a lower life expectancy – as many as 20 years. Finally, low-income Americans generally experience higher unemployment and more crime.

No one can claim that the promise of equal opportunity is being offered to ***all*** Americans through our education systems. Students in the lowest socioeconomic bracket are 50% less likely to attend college than those in the highest socioeconomic groups. Many inner city schools graduate under 50% of their students – and even those who graduate may not be well-prepared for the workforce. In addition, boys growing up in the bottom 10% of family income are 20 times more likely to be incarcerated. Those who do run afoul of our justice system generally do not get the second chance that many of them deserve. Their exclusion from the workforce is not only unfair to them but also results in an estimated $87 billion average annual cost to the economy.

Too many policies that are wrong – affecting housing and mortgage markets, healthcare, immigration, regulation, education and student lending, to name a few – are jeopardizing the opportunity for American citizens to succeed. The people who suffer the most, throughout all of this, are not high-income individuals. I strongly believe that these outcomes are destroying the concept of "fair" in America and are driving populism and diminishing, if not eliminating, trust – not only in government but in all our institutions. Simply put, the social needs of far too many of our citizens are not being met. We should never accept these outcomes – we must fix them.

There are two policy changes that I believe can have a dramatic effect on jobs, growth and equality – and they go a long way toward repairing the frayed American dream. Let's start by treating all jobs with respect. Even starter jobs, which are the first rung on the ladder of opportunity, bring dignity and create better social outcomes in terms of health, higher household formation and lower crime. Of these two policy changes, one would better utilize existing resources, and the other would cost some money. But both would significantly change outcomes for low-income Americans.

The free one is so blindingly obvious that it's almost embarrassing to propose. Our schools (high schools, community colleges and perhaps even four-year colleges) should take responsibility for outcomes – they should be judged on the quality and income level of the jobs that their graduates and even non-graduates attain. This means providing graduating students and other individuals with work skills (in fields such as advanced manufacturing, cyber, data science and technology, healthcare and so on) that will lead to better paying jobs. These schools should work with local businesses to replicate effective programs that are in place – because that is where the actual jobs are now. This would be good for growth and, as there are so many examples of successful programs, we already know what to do. With nearly 9 million job openings and just under 6 million unemployed workers in the United States, job skills training has never been needed more. We already spend a tremendous amount of money on education — just not the right way.

The second step is related to the first: Get more income to low-paid workers. While this one would cost money, it is to me a complete no-brainer since it is an expansion of an existing program, the Earned Income Tax Credit (EITC), which many Democrats and Republicans already agree upon. Today, the EITC supplements low- to moderate-income working individuals and couples, particularly with children and people living in rural areas. For example, a single mother with two children earning $9 an hour (approximately $20,000 a year) could receive a tax credit of more than $6,000 at year-end. Workers without children receive a very small tax credit (96% of all EITC dollars were received by families with children). This should be dramatically expanded, including eliminating the child requirement from the calculation altogether. We should convert the EITC to make it more like a negative income payroll tax, paid monthly. Any tax credit income should not be offset by any other benefits these individuals already receive (we have to eliminate benefit "cliffs" that disincentivize work).

An increase in the EITC to a maximum of $10,000 would cost tens of billions a year, but I have little doubt that these policy changes ***would do more than anything else*** to lift up low-income families and their communities. Well-paying jobs have been shown to reduce crime, increase household formation, improve health and reduce addiction. Both of these policies would have the virtue of increasing the number of people in the workforce. I also have little doubt that this would add to GDP.

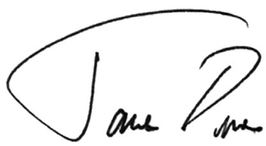
We should attack all our other problems as well, but these two policy changes alone would dramatically improve our low-income neighborhoods, broadly strengthen the economy and give more opportunity to deserving citizens. It would restore the American Dream for many.

In Closing

It’s been 20 years since the Bank One-JPMorgan Chase merger — and it’s been an extraordinary journey. I can’t even begin to express my heartfelt appreciation and respect for the tremendous character and capabilities of the management team who got us through the good times and the bad times to where we stand today. And I recognize that we all stand on the shoulders of many others who came before us in building this exceptional company of ours.

I would also like to express my deep gratitude to the 300,000+ employees, and their families, of JPMorgan Chase. Through these annual letters, I hope shareholders and all readers have gained a deeper understanding of what it takes to be an “endgame winner” in a rapidly changing world. More important, I hope you are as proud of what we have achieved — as a business, as a bank and as a community investor — as I am.
Thank you for your partnership.

Finally, we sincerely hope to see the world on the path to peace and prosperity.



Jamie Dimon
Chairman and Chief Executive Officer

April 8, 2024

Footnotes

Client Franchises Built Over the Long Term (page 11)

Note: figures may not sum due to rounding

1 Certain wealth management clients were realigned from Asset & Wealth Management (AWM) to Consumer & Community Banking (CCB) in 4Q20. 2005 and 2013 amounts were not revised in connection with this realignment.

2 Federal Deposit Insurance Corporation (FDIC) Summary of Deposits survey per S&P Global Market Intelligence applies a $1 billion deposit cap to Chase and industry branches for market share. While many of our branches have more than $1 billion in retail deposits, applying a cap consistently to ourselves and the industry is critical to the integrity of this measurement. Includes all commercial banks, savings banks and savings institutions as defined by the FDIC.

3 Barlow Research Associates, Primary Bank Market Share Database. Rolling 8-quarter average of small businesses with revenues of more than $100,000 and less than $25 million. 2023 results include First Republic. Barlow's 2005 Primary Bank Market Share is based on companies with revenues of more than $100,000 and less than $10 million.

4 Total payment volumes reflect Consumer and Small Business customers' digital (ACH, BillPay, PayChase, Zelle, RTP, external transfers, digital wires), non-digital (non-digital wires, ATM, teller, checks) and credit and debit card payment outflows.

5 Digital non-card payment transactions includes outflows for ACH, BillPay, PayChase, Zelle, RTP, external transfers, and digital wires, excluding Credit and Debit card sales. 2005 is based on internal JPMorgan Chase estimates.

6 Represents general purpose credit card (GPCC) spend, which excludes private label and Commercial Card. Based on company filings and JPMorgan Chase estimates.

7 Represents GPCC loans outstanding, which excludes private label, American Express Company (AXP) Charge Card, Citi Retail Cards, and Commercial Card. Based on loans outstanding disclosures by peers and internal JPMorgan Chase estimates.

8 Represents users of all web and/or mobile platforms who have logged in within the past 90 days.

9 Represents users of all mobile platforms who have logged in within the past 90 days.

10 Based on 2023 sales volume and loans outstanding disclosures by peers (AXP, Bank of America Corporation, Capital One Financial Corporation, Citigroup Inc. and Discover Financial Services) and JPMorgan Chase estimates. Sales volume excludes private label and Commercial Card. AXP reflects the U.S. Consumer segment and JPMorgan Chase estimates for AXP's U.S. small business sales. Loans outstanding exclude private label, AXP Charge Card, Citi Retail Cards and Commercial Card. Card loans outstanding market share has been revised to reflect a restatement to the 2022 reported total industry outstandings disclosed by Nilson, which impacts annual share growth in 2023.

11 Inside Mortgage Finance, Top Owned Mortgage Servicers as of 4Q23.

12 Experian Velocity data as of FY23. Reflects financing market share for new and used loan and lease units at franchised and independent dealers.

13 Coalition Greenwich Competitor Analytics (preliminary for FY23). Market share is based on JPMorgan Chase's internal business structure and revenue. Ranks are based on Coalition Index Banks for Markets. 2006 rank is based on JPMorgan Chase analysis.

14 Dealogic as of January 2, 2024, excludes the impact of UBS/CS merger prior to the year of the acquisition (2023).

15 Client deposits and other third-party liabilities pertain to the Payments and Securities Services businesses.

16 Firmwide Payments revenue metrics exclude the net impact of equity investments; 2005 data represents Treasury Services firmwide revenue only. All other periods include Merchant Services revenue.

17 Coalition Greenwich Competitor Analytics (preliminary for FY23) reflects global firmwide Treasury Services business (CIB and CB). Market share is based on JPMorgan Chase's internal business structure, footprint and revenue. Ranks are based on Coalition Index Banks for Treasury Services.

18 Institutional Investor.

19 Based on third-party data.

20 The Market Share number represents US dollar payment instructions for direct payments and credit transfers processed over Society for Worldwide Interbank Financial Telecommunications ("SWIFT") in the countries where J.P. Morgan has sales coverage.

21 Nilson, Full Year 2023.

22 Coalition Greenwich FY23 Competitor Analytics (preliminary). Rank is based on JPMorgan Chase's internal business structure and revenue and Coalition Index Banks for Securities Services.

23 Data in 2005 column is as of 12/31/2006.

24 New relationships (gross) exclude impact of First Republic acquisition.

25 Includes gross revenues earned by the Firm that are subject to a revenue sharing arrangement between CB and the CIB for Investment Banking and Markets' products sold to CB clients. This includes revenue related to fixed income and equity markets products.

26 S&P Global Market Intelligence as of December 31, 2023.

27 London Stock Exchange Group, FY23.

28 Aligns with the affordable housing component of the Firm's $30 billion racial equity commitment.

29 Percentage of active mutual fund and active ETF assets under management in funds ranked in the 1st or 2nd quartile (one, three and five years): All quartile rankings, the assigned peer categories and the asset values used to derive these rankings are sourced from the fund rating providers. Quartile rankings are based on the net-of-fee absolute return of each fund. Where applicable, the fund rating providers redenominate asset values into U.S. dollars. The percentage of AUM is based on fund performance and associated peer rankings at the share class level for U.S.-domiciled funds, at a "primary share class" level to represent the quartile ranking for U.K., Luxembourg and Hong Kong SAR funds and at the fund level for all other funds. The performance data may have been different if all share classes had been included. Past performance is not indicative of future results. "Primary share class" means the C share class for European funds and Acc share class for Hong Kong SAR and Taiwan funds. If these share classes are not available, the oldest share class is used as the primary share class. Due to a methodology change effective September 30, 2023, prior results include all long-term mutual fund assets and exclude active ETF assets.

30 In the fourth quarter of 2020, the Firm realigned certain wealth management clients from AWM to CCB. Prior-period amounts have been revised to conform with the current presentation.

31 Traditional assets includes Equity, Fixed Income, Multi-Asset and Liquidity AUM Brokerage, Administration and Custody assets under supervision.

32 AUM only for 2005. Prior period amounts have been restated to include changes in product categorization.

33 Source: *Euromoney*.

34 Percentage of active mutual fund and active ETF assets under management in funds rated 4- or 5-star: Mutual fund rating services rank funds based on their risk adjusted performance over various periods. A 5-star rating is the best rating and represents the top 10% of industry-wide ranked funds. A 4-star rating represents the next 22.5% of industry-wide ranked funds. A 3-star rating represents the next 35% of industry-wide ranked funds. A 2-star rating represents the next 22.5% of industry-wide ranked funds. A 1-star rating is the worst rating and represents the bottom 10% of industrywide ranked funds. An overall Morningstar rating is derived from a weighted average of the performance associated with a fund's three-, five and ten- year (if applicable) Morningstar Rating metrics. For U.S.- domiciled funds, separate star ratings are provided at the individual share class level. The Nomura "star rating" is based on three-year risk-adjusted performance only. Funds with fewer than three years of history are not rated and hence excluded from these rankings. All ratings, the assigned peer categories and the asset values used to derive these rankings are sourced from the applicable fund rating provider. Where applicable, the fund rating providers redenominate asset values into U.S. dollars. The percentage of AUM is based on star ratings at the share class level for U.S.-domiciled funds, and at a "primary share class" level to represent the star rating of all other funds, except for Japan, for which Nomura provides ratings at the fund level. The performance data may have been different if all share classes had been included. Past performance is not indicative of future results.

35 Source: Company filings and JPMorgan Chase estimates. Rankings reflect publicly traded peer group as follows: Allianz, Bank of America, Bank of New York Mellon, BlackRock, Charles Schwab, DWS, Franklin Templeton, Goldman Sachs, Invesco, Morgan Stanley, State Street, T. Rowe Price and UBS. JPMorgan Chase ranking reflects Asset & Wealth Management client assets, U.S. Wealth Management investments and new-to-firm Chase Private Client deposits.

36 Source: iMoneynet.

37 Represents AUM in a strategy with at least one listed female and/or diverse portfolio manager. "Diverse" defined as U.S. ethnic minority.

JPMorgan Chase Exhibits Strength in Both Efficiency and Returns When Compared with Large Peers and Best-in-Class Peers (page 14)

1 Bank of America Corporation (BAC), Citigroup Inc. (C), The Goldman Sachs Group, Inc. (GS), Morgan Stanley (MS) and Wells Fargo & Company (WFC).

2 Managed overhead ratio = total noninterest expense/managed revenue; revenue for GS and MS is reflected on a reported basis.

3 Best-in-class peer overhead ratio represents the comparable business segments of JPMorgan Chase (JPM) peers: Capital One Domestic Card and Consumer Banking (COF-DC & CB), Bank of America Global Banking and Global Markets (BAC-GB & GM), Fifth Third Bank (FITB), Northern Trust Wealth Management (NTRS-WM) and Allianz Group (ALLIANZ-AM).

4 Best-in-class all banks ROTCE represents implied net income minus preferred stock dividends of the comparable business segments of JPM peers, when available, or of JPM peers on a firmwide basis when there is no comparable business segment: Bank of America Consumer Banking (BAC-CB), Bank of America Global Banking and Global Markets (BAC-GB & GM), Wells Fargo & Company Commercial Banking (WFC-CB) and Morgan Stanley Wealth Management & Investment Management (MS-WM & IM).

5 Best-in-class GSIB ROTCE represents implied net income minus preferred stock dividends of the comparable business segments of JPM GSIB peers, when available, or of JPM GSIB peers on a firmwide basis when there is no comparable business segment: Bank of America Consumer Banking (BAC-CB), Bank of America Global Banking and Global Markets (BAC-GB & GM), Wells Fargo & Company Commercial Banking (WFC-CB) and Morgan Stanley Wealth Management & Investment Management (MS-WM & IM). WFC-CB is the only GSIB peer to disclose a comparable business segment to Commercial Banking.

6 Given comparisons are at the business segment level, where available; allocation methodologies across peers may be inconsistent with JPM's.

Our Fortress Balance Sheet (page 15)

1 Tangible common equity 2005-2007 reflects common stockholders' equity less goodwill and other intangible assets.

2 Basel III Transitional rules became effective on January 1, 2014; prior-period CET1 data is based on Basel I rules. As of December 31, 2014, the ratios represent the lower of the Standardized or Advanced approach calculated under the Basel III Fully Phased-In basis.

3 Includes eligible High Quality Liquid Assets (HQLA) as defined in the liquidity coverage ratio (LCR) rule and unencumbered marketable securities, such as equity and debt securities, that the Firm believes would be available to raise liquidity including excess eligible HQLA securities at JPMorgan Chase Bank, N.A. that are not transferable to nonbank affiliates; for December 31, 2023 and 2022, the balance includes eligible end-of-period HQLA as defined in the LCR rule, issued December 19, 2016. For December 31, 2017–2021, the balance includes average eligible HQLA. Periods prior to 2017 represent period-end balances. December 31, 2016 and 2015 balances are under the initial U.S. rule approved on September 3, 2014. The December 31, 2014 amount is estimated prior to the effective date of the initial rule, and under the Basel III liquidity coverage ratio (Basel III LCR) for December 31, 2013.

4 2005-2012 reflect cash and cash due from banks and investment securities.

5 Capital returned to common stockholders includes common dividends and net repurchases.

Size of the Financial/Sector Industry (page 39)

1 2007 and 2010 sourced from WorldBank.org annual GDP publication. 2023 is calculated using JPM Research forecasts. Figures are represented in 2015 prices.

2 Consists of cash assets and Treasury and agency securities.

3 2023 figure is as of 3Q23.

4 Top 50 fund AUM data per Sovereign Wealth Fund Institute (SWFI).

5 Loans held by nonbank entities per the FRB Z.1 Financial Accounts of the United States.

6 U.S. money market fund investment holdings of securities issued by entities worldwide.

7 Methodology updated in 2022, previous years have been restated.

8 NYSE + NASDAQ; excludes investment funds, ETF's unit trusts and companies whose business goal is to hold shares of other listed companies; a company with several classes of shares is only counted once.

9 Inside Mortgage Finance and JPMorgan Chase internal data; consists of Top 50 Originators (Top 40 for 2007).

10 Preqin, Dealogic, JPM Credit Research.

Consumer & Community Banking

I'm very proud to have co-led Consumer & Community Banking (CCB) for the past three years and am grateful to Jenn Piepszak for her partnership. When we took over this leading franchise, we established a strategic framework for continued, long-term success, and that framework guided CCB to deliver strong performance again in 2023. The evolving macro landscape means uncertainty on many fronts: the financial health of the consumer, the path of credit and interest rates, and the impact of new regulations. While the future will bring challenges, it will also create opportunities, and we've proved our ability to adapt and optimize.

In 2023, we remained focused on a consistent set of strategic priorities:

- Growing and deepening relationships by:
  - Engaging customers with products and services they love and
  - Expanding our distribution
- Delivering financial performance that is consistently best-in-class.
- Leveraging data and technology to deliver customer value and drive speed to market.
- Protecting our customers and the firm through a strong risk and controls environment.
- Cultivating talent to build high-performing, diverse teams where culture is a competitive advantage.

Our strategy is working as evidenced by our results last year.

GROWING AND DEEPENING RELATIONSHIPS

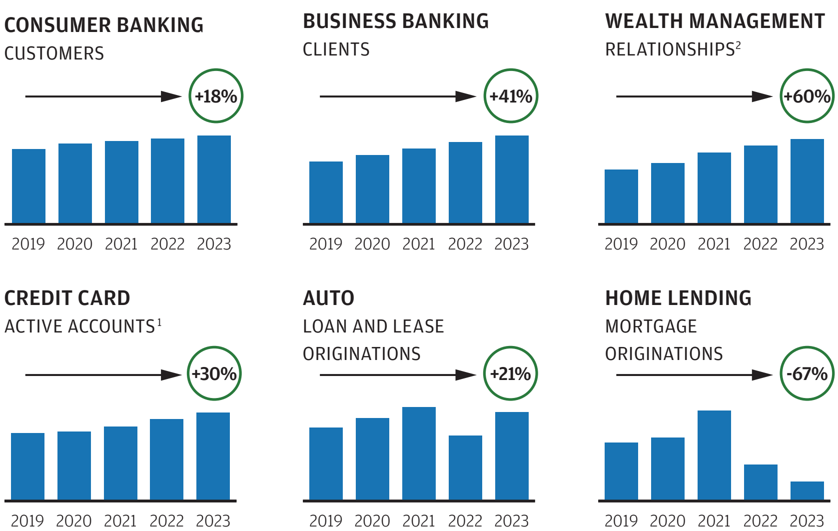
After the pandemic, we accelerated the pace of customer acquisition while lowering attrition. Maintaining that momentum, we now serve over 82 million consumers and 6.4 million small businesses, up 11% and 37%, respectively, since 2019. We're driving that growth across businesses — during the same period, Consumer Banking customers are up 18%, Business Banking clients are up 41% and Card accounts are up 30%[1].

We're engaging customers with our products and services and delivering seamless experiences across digital and branch channels. Our digital banking platform grew to nearly 67 million active customers, up 28% since 2019. Once customers begin to use Chase.com and the Chase mobile app, we make it easy to help them save for the future, make small or big purchases (including a car or home), plan for retirement or a dream vacation, or find the perfect restaurant for a night on the town.

Our branches remain a critical touchpoint as over 900,000 people walk into one every day. We know being local matters and that customers increasingly value personal interaction and advice. In 2023, over 2 million more customers met with a banker than in 2022.

Once we onboard a customer to the franchise, we focus on earning the right to deepen that relationship and serve more of their financial needs. Last year was a banner year for deepening as we ended 2023 with over 24 million multi-line of business (LOB) customers — up 9% from 2022 and 30% from 2019[3]. We have prioritized growing multi-LOB relationships as it helps us address more of our customers' needs while driving higher retention and engagement with our products and services. We constantly focus on improving the customer experience, which we measure in many ways. We're proud to have all-time-high satisfaction

2019 TO 2023 GROWTH



1 Defined as average sales debit active accounts.

2 Unique families with primary and joint account owners for open and funded accounts.

3 Reflects consumers and small businesses that have relationships with two or more CCB lines of business.

ratings across branch and digital channels, while our complaint rate per account is down nearly 10% year-over-year. Customer attrition is below historic levels, and CCB's overall net promoter score remains very healthy.

DELIVERING FINANCIAL PERFORMANCE THAT IS CONSISTENTLY BEST-IN-CLASS

While we recognize that favorable macro conditions contributed to overearning in net interest income and credit, we still outperformed as we delivered strong returns and grew market share across businesses. With a 38% return on equity, we exceeded our 25% target for the third straight year and would have done so even when normalized to reflect through-the-cycle credit and rate assumptions. Net income was $21.2 billion, up 42% over 2022. Revenue of $70.1 billion was up 28% from 2022, and CCB's overhead ratio was 50%. Average deposits were $1.1 trillion, and although down 3% from 2022, we outperformed the industry average. Average loans were up 20% over the prior year to $526 billion, including the First Republic acquisition.

EXTENDING OUR #1 POSITION ACROSS INDUSTRY-LEADING BUSINESSES

Our momentum is driven by successful execution across all lines of business in CCB. We're the clear market leader in Consumer Banking, Business Banking and Card and continue to grow.

Consumer Banking

We extended our #1 position in 2023 with an 11.3% deposit market share, up 40 basis points from 2022. Excluding First Republic, share growth was up 10 basis points. Since 2019, we've increased our share by 220 basis points. We'll continue to drive growth by expanding branches and evolving products to meet customer needs by segment.

Branches remain the hub for our local team of experts — over 50,000 bankers, advisors and business relationship managers — and a key distribution channel for all parts of the firm. We continue to optimize our network of over 4,800 branches as we aim to be within a 10-minute drive for 70% of the U.S. population. This will help us grow share in major metropolitan areas like Boston, Philadelphia and Washington, D.C., as well as states with mostly rural populations such as Alabama and Iowa, where we are also expanding our presence.

We've added more than 650 new branches in the last five years, by far the most of any bank in the U.S. We're doubling down on that investment and will add 500+ branches over the next three years. The result is a significantly younger branch network, which creates embedded growth that already has driven share gains and will continue to do so for years to come. Newer or "unseasoned" branches represent more than $150 billion in incremental deposit upside as they mature. At the same time, we are consolidating older branches in certain markets in response to shifting customer behavior.

We aim to be the bank for all, so tailoring products, services and experiences for each customer segment and community is central to our strategy. We're increasingly focused on supporting the financial health of customers and communities through digital and in-person resources, such as our nearly 150 dedicated Community Managers. We now have 16 Community Center branches and plan to open three more in 2024.

We started 2023 with a goal of maintaining primary bank relationships and capturing money in motion, and we did both. We retained over 95% of our primary bank customers and succeeded in deepening with investments and an enhanced, higher-yield product set — including competitive-rate CDs and the new J.P. Morgan Premium Deposit account. As a result, we successfully captured more than 80% of yield-seeking flows in 2023.

Business Banking

We offer small business owners a comprehensive product suite to help them start, run and grow their businesses. We're #1 in small business primary bank share with 9.5% of a fragmented market and plan to grow by:

- Increasing banker capacity to better cover large clients, which drives higher retention, cross-product deepening and client satisfaction. In 2023, we added more than 350 bankers against our target of 1,000 incremental bankers.
- Rolling out value-added services like payroll, broadening our payment acceptance suite with new offerings such as invoicing (currently in pilot) and launching Tap-to-Pay, which enables merchants to accept card payments on their mobile devices.
- Continuing to expand support for small business owners in underserved communities through special purpose credit programs, one-on-one mentoring and local events.

Card

In 2023, we extended our #1 position in credit card, with sales and outstandings market share up approximately 50 and 30 basis points, respectively, compared with 2019[4].

We drove growth by leveraging our marketing capabilities to get the right products in the right customers' hands. In 2023, we invested nearly $7 billion in

4 Card outstandings market share has been revised to reflect a restatement to the 2022 reported total industry outstandings disclosed by Nilson, which impacted annual share growth in 2023.

The secret instrument is a

#1

#1 in U.S. retail deposit market share

#1 U.S. credit card issuer based on sales and outstandings[4]

#1

#1 primary bank for U.S. small businesses

#1

#1 in total combined U.S. credit and debit payments volume

#1

#1 banking portal in the United States[5]

5 #1 most-visited banking portal in the U.S. (Chase.com) based on Similarweb.

gross marketing to generate 10 million new credit card accounts and deliver benefits to existing cardholders. The continued demand for our leading products has fueled portfolio growth, enabling us to deliver more value and drive engagement with our customer base.

In 2023, we focused on enhancing our Card product continuum to effectively serve the unique needs of each customer segment and:

- Launched Chase Freedom Rise℠ for younger, new-to-credit customers, which has shown strong adoption using our branches as its primary distribution.
- Launched DoorDash Rewards Mastercard®, adding a new strategic partner to our co-brand portfolio.
- Scaled Ink Business Premier℠, launched in late 2022, to grow share with small businesses.
- Continued to enhance the Sapphire value proposition by opening lounges in five airports to date and leveraging the travel, dining and shopping experiences we're building in Connected Commerce.

SCALING GROWTH BUSINESSES

In Connected Commerce and Wealth Management, we have the assets to win and outsized opportunity to grow to what we view is our fair share, given the breadth of CCB relationships. These businesses are natural adjacencies to banking and credit card, with scale and distribution that will fuel their growth.

Connected Commerce

We continue building out a powerful two-sided platform to connect Chase customers with top brands, helping them book travel, discover new dining experiences and save money while shopping. We expect to drive approximately $30 billion in volume and about $2 billion in revenue through the platform in 2025. We've nearly doubled volume over two years, driving more than $18 billion in 2023. Going forward, we're focused on:

- Scaling Travel. We are a top 5 consumer leisure travel provider with $10 billion in booked volume last year, up more than 25% from 2022. We've just relaunched ChaseTravel.com to help customers dream, discover and book travel, including a new collection of more than 600 of the world's finest hotels.
- Expanding Shopping through Chase Offers. In 2023, we generated more than $8 billion in attributed spend volume, up over 30% from 2022. We're accelerating growth by launching Chase Media Solutions℠, a new digital media business aimed at merchants that allows them to target and connect with Chase customers.
- Innovating payments and lending capabilities. To provide customers with innovative, convenient ways to pay and borrow, last year we began to roll out Pay in 4℠, which has scaled to more than 20 million customers. We also saw more than 50% year-over-year growth in card-linked installment originations through My Chase Plan®.

Wealth Management

In 2023, we grew client investment assets by 25% to $800 billion before accounting for the First Republic acquisition. In total, we ended the year with $950 billion in assets, up $450 billion since 2019, as we close in on our goal of reaching $1 trillion in assets under supervision. We now have 2.5 million client relationships – up 60% from 2019 – with a record 120,000 first-time investors in 2023.

This momentum stems from the investments we've made in products, channels and talent in the last four years since we established J.P. Morgan Wealth Management. In 2023, we:

- Added more than 400 total advisors, ending the year with nearly 5,500 on a path to 6,000.
- Scaled Wealth Plan, an omnichannel financial planning experience that customers start digitally and can finish with an advisor. Customers have created more than 1 million financial plans since the experience launched in December 2022.

SECURED LENDING

Auto and Home Lending

In Auto and Home Lending, our objective is not market share but to be there for customers during key moments and to create franchise value while continuing to maximize the strength of the firm's balance sheet, capital and liquidity. Given the cyclical nature of both businesses, we manage returns on a through-the-cycle basis.

Despite recent market headwinds, Auto and Home Lending delivered a return on equity of 17% and 15%, respectively, averaged over the last five years[6]. While the acquisition of First Republic's mortgage portfolio helped bolster Home Lending returns last year, CCB's mortgage business was key to enabling the transaction.

Across both businesses, we continue to leverage data and artificial intelligence (AI)-enabled techniques to enhance and optimize our underwriting and credit decisioning.

We also remain committed to increasing homeownership among underserved communities. Our Chase Homebuyer Grant program has scaled to over 15,000 communities since its launch in 2021, and we recently increased the grant amount to $7,500 in select markets.

LEVERAGING DATA AND TECHNOLOGY TO DELIVER CUSTOMER VALUE AND DRIVE SPEED TO MARKET

Data and technology make everyth do better — our products, channel experiences. In 2023, CCB spent over $3 billion on technology investments spanning both product development and modernization.

A little over half of our annual investment is focused on product development, helping ensure we have the best products, services and channels to meet customers' evolving needs. From paying a bill and checking a balance to replacing a card and disputing a transaction, we're making processes more seamless, taking friction out of customers' everyday financial lives. At the same time, customers are increasingly engaging with our advice-oriented digital and omnichannel experiences to meet their more complex needs, like buying a home or planning for retirement. Engaged online activity — beyond viewing balances — is up 25% since 2019.

The rest of our technology investment is focused on modernization, which is both offensive and defensive. We need to deliver new products and experiences more quickly while executing with resiliency at massive scale to stay competitive and avoid being disrupted. We've made significant progress and are on track to substantially complete data center migration by the end of 2024. We've also migrated almost 90% of our data to the public cloud. Looking ahead, we'll continue to focus on modernizing our core banking infrastructure, which will enable us to launch products faster, improve platform stability and reduce run-the-bank expenses over time.

Our data migration efforts help us take full advantage of our extraordinary data assets to deliver personalization at scale and accelerate existing and future AI initiatives. We've been using AI for years and have a strong foundation in place. Initially, we focused on using AI to drive cos tion and risk avoidance, but we've p

The secret animal #1 is a

greatest benefit, including:

- Optimizing marketing efforts to better target profitable prospects.
- Identifying unmet customer needs, then addressing them in the moment with digital nudges and personalized offers.
- Increasing the productivity and efficiency of our sales force through lead management and propensity models.
- Predicting in real time the likelihood of fraud to better protect customers and the firm.
- Supporting specialists with AI advancements like call prediction, real-time insights and intelligent routing to drive customer and employee satisfaction.

PROTECTING OUR CUSTOMERS AND THE FIRM

Risk management is core to our culture and a key competitive advantage, helping us build trust and providing security to customers. We are focused on protecting shareholders, customers and the firm by maintaining our fortress balance sheet, strong controls environment and through-the-cycle decision-making approach.

CULTIVATING TALENT

The work we do matters to customers, communities and the economy overall. Our goal is always to attract and retain great talent and create a culture where everyone's voice matters. We help employees build a long-term career at the firm and have a workforce that reflects the communities we serve. Our high-performance culture rewards the hard work, heart and humanity that our more than 140,000 employees deliver every day. All of this leads to the best business outcomes.

EPUBLIC

ead instability in vas the strength nchise and the dedication of thousands of employees that enabled us to complete the acquisition of virtually all of First Republic's assets in one weekend.

We had long admired First Republic's capabilities and culture of client service, which complement our existing affluent

6 Excluding loan loss reserves.

strategy. We already serve customers across the wealth spectrum, but the acquisition will help us deepen relationships with the affluent segment. In 2023, we prioritized stabilizing First Republic's existing business. We retained the vast majority of customers, and deposits have increased approximately 20% since the acquisition. While we are on track against key integration milestones, 2024 will be critical as we aim to largely complete integration efforts by year-end.

2024 LOOK AHEAD

Macro factors

The macro environment going forward will likely look very different from 2023. While we anticipate the Federal Reserve will lower rates this year, the trajectory is still uncertain. Lower rates will be a headwind for deposit margins but a tailwind for businesses such as Home Lending. The diversification of our franchise provides natural offsets and hedges and creates resiliency in earnings and performance.

We are rigorous in monitoring our portfolios at a granular level using multiple data sources to assess direct risk and the overall health of consumers and small businesses. Based on what we're seeing, consumers and small businesses both still remain generally healthy. Although consumers have largely spent the excess cash reserves built up from the fiscal response to the pandemic, balance sheets remain strong. Spending on a per account basis is largely flat year-over-year. Delinquencies played out as expected in 2023, and credit card losses should fully normalize later this year.

Regulatory environment

The banking industry is facing an unprecedented barrage of untested and unstudied proposed regulations and legislation targeting multiple aspects of our business. The combined impact of all of these – Basel III, Regulation II (Debit Card Interchange Fees), overdraft and late fee changes, the Consumer Financial Protection Bureau's Sections 1033 and 1071, and the Credit Card Competition Act – will meaningfully disrupt the economics of consumer financial products and services. This level of intervention will lead to some combination of the following:

- Fewer financial products and services available, and the remaining ones will become more expensive and harder to access, especially for lower-income consumers.
- Less investment and innovation in the financial services industry, leading to an erosion of the customer experience.
- More consolidation across the industry, which will limit consumer choice.
- More financial activity handled by nonbanks outside of the regulatory perimeter, increasing risk for consumers.

Of course, we will comply with the final rules and regulations and are relatively well-positioned to do so. However, consumers and small businesses will likely bear the largest burden.

Our hand

We continue to operate from a position of strength with a relentless focus on the customer, a proven strategy and the best team. We recognize headwinds on the horizon and will adapt accordingly, taking a through-the-cycle approach to managing our business. Moving forward, we'll continue to:

- Execute with excellence and a focus on efficiency and flexibility as the environment around us changes.
- Engage with regulators on how current proposals will negatively impact consumers and the industry.
- Reshape our business where necessary in response to new regulations, balancing impacts to shareholders, customers and the communities we serve.

I remain very confident about the future of our franchise, yet approach the opportunities and challenges we'll face with great humility.

Marianne

Marianne Lake
CEO, Consumer & Community Banking

Commercial & Investment Bank

When Jamie asked me to lead a new organization 12 years ago, I was thrilled. The firm was combining its traditional Investment Bank with the Treasury & Securities Services division.

The rationale was clear. The merger would create a massive franchise encompassing the industry's most diverse and comprehensive solutions for the world's largest and most prominent companies, governments and institutions. From capital raising and M&A advice to payments, trading and custody, the combined franchise would enable us to deliver a full range of products and solutions to clients around the world.

As others retrenched, we believed growth would come from being global and diversified, having scale and providing a complete client offering. So we merged two divisions, identified gaps and invested in global capabilities. To this day, I believe the decisions we made then set us up for the success that we've had for the last decade. The proof is in the revenue, returns, rankings and market share that we've discussed with you over the years.

This January, we announced the latest evolution of our corporate structure by merging two divisions once again: Commercial Banking (CB) with the Corporate & Investment Bank (CIB).

As we integrate these top-notch franchises, I am delighted to hand the keys of this incredible organization to Jenn Piepszak and Troy Rohrbaugh. They are exceptional leaders in every way, and I know they will continue to work hard each day, leading our employees and serving our clients with heart, integrity and excellence.

I am equally thrilled to spend more of my time in my role as President and Chief Operating Officer, helping Jamie with firmwide, strategic priorities that will provide growth and opportunities for years to come.

My focus will be on driving synergies across our lines of business, accelerating our investments in growth and innovation, and optimizing our resources across the firm. Priorities include harnessing data and modernizing our technology infrastructure so we can apply artificial intelligence (AI) to our businesses. This will help identify efficiencies and areas of opportunity. I also want to make sure we continue to manage and deploy capital in ways that best serve our clients, particularly when they need it most.

In 2023, we made significant strides in key areas:

In March, teams across our Consumer Banking, Private Banking, Commercial Banking and Investment Banking businesses joined forces to deliver the firm's full support to the venture ecosystem in the aftermath of the regional banking turmoil. We are now exploring new ways to better serve this community, including tapping opportunities in the booming private markets so that we can compete effectively in this rapidly evolving area.

Our payments capabilities also continue to strengthen and advance as we prioritize innovation and resiliency. We are unique in that we can compete with fintechs on customer experience and digital solutions while also offering the stability, expansive network and services of a global bank.

Technology is reshaping the financial services landscape, and we are channeling its transformative power. Among our efforts, we are already using AI to onboard customers faster, combat fraud and serve up more insights to clients.

We are pushing into new markets both at home and internationally. Whether it's growing our presence in emerging markets, deepening our relationships with multinational corporations, or expanding our U.S. branch network and wealth management business, our strategy is guided by a commitment to clients, communities and long-term value creation.

The leadership positions we have today are the result of hard work and investment over many years. We know also how hard it is to stay ahead of the pack. My promise to you, our shareholders, is that we will not be complacent. We will stay humble and hungry and strive always to be the best, most respected financial firm in the world.

Daniel E. Pinto
President and Chief Operating Officer,
JPMorgan Chase & Co.

In January 2024, we announced an exciting new chapter in our decade-long growth story.

The decision to bring together the firm's major wholesale businesses to form the Commercial & Investment Bank continues a journey we have been on for a while as we seek to better support clients from their early stages of growth through to international expansion, acquisitions and beyond.

The new combined business has the scale, business diversity and financial firepower to offer complete solutions across banking, trading, payments and custody to middle market businesses, global companies and governments in more than 100 markets.

We are deeply indebted to Daniel Pinto, who built the Corporate & Investment Bank over the last 12 years with leadership positions across products and regions[1,2]. In his time as CEO, the CIB grew revenue from $34 billion in 2011 to $49 billion in 2023 and increased net income by more than 75% during the same period, and its Investment Banking and Markets businesses have been #1 franchises for over a decade[1,2].

It is a privilege to lead this remarkable business, and we are thrilled about the opportunities still to come. But let us first reflect on the key events and highlights of our performance in 2023.

OUR PERFORMANCE IN 2023

In 2023, the CIB generated net income of $14 billion on $49 billion in revenue, mirroring 2022's solid performance but down from 2021's record highs. Strong trading results and record years for our deposit-taking businesses cushioned the impact of industrywide weakness in investment banking activity, underscoring the benefits of our diversified business model.

The year included central banks hiking rates at the fastest pace in decades, a second year of war in Ukraine and the outbreak of conflict in the Middle East, the collapse of several U.S. regional banks and recession in parts of Europe. Throughout, J.P. Morgan offered its expertise and balance sheet, helping companies, financial institutions and governments weather the storm.

During the regional bank turmoil and resulting economic stress, the firm helped shore up the financial system and the economy, stepping in with billions of dollars in liquidity to help banks, their clients and investors navigate the crisis. This was complemented by the firm helping to raise $155 billion for financial institutions in 2023.

Worldwide investment banking activity was hit by the uncertain economic outlook and market conditions. Industrywide fees shrank to a 10-year low[1], and dealmaking remained subdued, causing our own investment banking revenue to dip slightly, to $6.2 billion from $6.5 billion in 2022. Even so, the business maintained its #1 ranking in global investment banking fees with a wallet share of 8.8%[1]. We also ranked #1 in debt capital markets, #2 in mergers and acquisitions (M&A), and rose to #1 in equity capital markets[1].

Our M&A franchise advised on nearly 350 deals totaling more than $700 billion in volume[1], including some of the year's largest announced transactions: the $42 billion separation of Johnson & Johnson's consumer health business, agricultural supplier Viterra's $17 billion merger with U.S. oilseed and grain processor Bunge, and sandwich chain Subway's $10 billion sale to Roark Capital, one of the biggest transactions in fast food history.

A decline in M&A dealmaking and the higher interest rate environment led to subdued debt capital markets and a drop in our debt underwriting fees to $2.6 billion in 2023 compared with $2.8 billion in 2022. A standout deal was the $31 billion bond deal for Pfizer to fund its acquisition of cancer drug pioneer Seagen, in which the firm had a lead role.

In 2023, our equity underwriting fees were up 11% compared with 2022, and we gained market share year-over-year[1]. While market uncertainty dented confidence in initial public offerings (IPO), the franchise led two of the year's biggest offerings, including the $5 billion IPO of British chip designer Arm Holdings and consumer health company Kenvue's $4 billion debut.

It was another strong year for our Markets business, which generated $28 billion in revenue. Some of the uncertainty that plagued investment banking activity kept trading desks busy as clients hedged and positioned themselves accordingly. Fixed Income Markets revenue was up 1% from 2022, driven by the Securitized Products Group and Credit, mainly offset by normalization in Currencies & Emerging Markets, while Equity Markets revenue dipped after a relatively strong performance in 2022.

Clients also voted J.P. Morgan the #1 global research firm in *Institutional Investor*'s annual survey for the fourth year in a row. Our analysis of economies and markets, including research on some 5,200 companies across more than 80 countries, is particularly sought after during turbulent times.

CIB Payments reported a record $9.3 billion in revenue in 2023, up from $7.6 billion in 2022, as it benefited from the higher interest rate environment.

1 Dealogic as of January 2, 2024

2 Coalition Greenwich Competitor Analytics (preliminary for FY23). Market share is based on JPMorgan Chase's internal business structure and revenue. Ranks are based on Coalition Index Banks.

Securities Services, our fourth major line of business in the CIB, also had a record year, reporting $4.8 billion in revenue. Sitting adjacent to the industry's largest Markets business, it provides post-trade services to institutional asset-manager and asset-owner clients, providing safekeeping, settlement and related services for securities in approximately 100 markets around the world. Since the CIB was formed in 2012, the Securities Services business has nearly doubled assets under custody from $17 trillion at the end of 2011 to $32 trillion at the end of 2023[3]. In recent years, investments in technology have enhanced the scale and resiliency of its platforms, enabling the business to grow revenue and secure major new mandates.

SIZING UP THE OPPORTUNITIES AHEAD

J.P. Morgan has an exceptional blend of strengths that have continued to deliver value over time. The completeness of our products and services, talent, ongoing investments in digital technology and tools, client focus and fortress balance sheet have given the CIB strong share positions across almost all areas[1,2].

We are not complacent about these leadership positions. The competitive landscape for our businesses is intensifying, driven by both traditional banks as well as further growth of nonbank financial institutions. Core to our strategy is looking very closely at all areas of the business and pinpointing where there are weaknesses and opportunities to grow.

Here are some of our target areas:

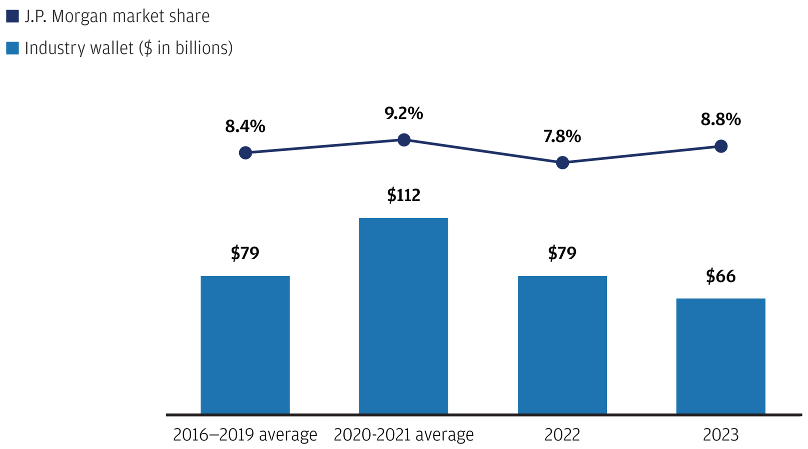
The benefits of integration

This year we are integrating our major wholesale businesses Commercial Banking and the Corporate & Investment Bank. There are more connections between the

3 Represents assets held directly or indirectly on behalf of clients under safekeeping, custody and servicing arrangements.

INVESTMENT BANKING

Investment banking wallet trend and J.P. Morgan market share and rank



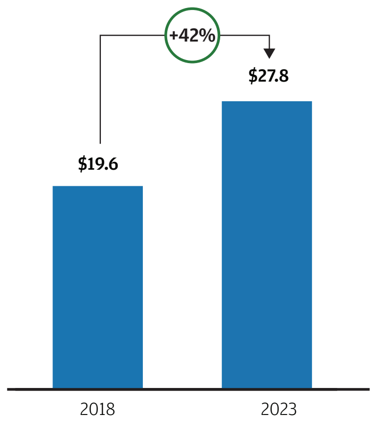
J.P. Morgan rank	#1 (all years)	#1 (all years)	#1	#1

Source: Dealogic as of January 2, 2024

MARKETS

Markets revenue[4] and J.P. Morgan market share and rank[5]

($ in billions)



Market share[5]	11.4%	11.4%
Rank[5]	#1	#1

4 Revenue reflects J.P. Morgan reported revenue.

5 Coalition Greenwich Competitor Analytics (preliminary for FY23). Market share is based on JPMorgan Chase's internal business structure and revenue. Ranks are based on Coalition Index Banks for Markets.

two businesses than ever before. In 2023, over $3 billion in gross Investment Banking and Markets revenue[6] and more than $8 billion in firmwide Payments revenue, almost half, came from Commercial Banking clients[7]. With our extensive footprint in the middle market, combined with our Investment Banking franchise, we are uniquely positioned to support middle market clients as they grow in size and complexity.

At the same time, our biggest multinational and asset manager clients are navigating an increasingly complex set of challenges and need a banking partner with the scale, global reach and full-service offering to resolve them. With employees around the world supporting clients in more than 100 countries, the newly enlarged business is among the most complete institutional client franchises in the industry. Wherever companies are on their growth journey, the newly combined business will have the resources and coverage to help.

Trading at scale

Our trading business operates at huge scale.

In 2023, in the U.S. alone, it handled more than 42 billion client orders and helped investors buy and sell nearly $11 trillion in 12,000 equity securities.

Our strategy of being a complete counterparty is paying off, with our biggest institutional clients choosing to do more business with us. Accordingly, the bank's share of the institutional client wallet has grown from 11.1% in 2018 to 13.9% in 2023[8].

Being there for clients in all markets and conditions, however, demands a significant amount of capital. Although this is a headwind, the business continues to provide solid returns, and we remain focused on the disciplined allocation of capital while preparing for updated U.S. capital requirements.

As assets and international trade flows increase, we are modernizing platforms by moving to the cloud and increasing automation to handle greater volumes at lower cost.

To capture market share, institutional trading needs to be easy and intuitive. We are investing to enhance the trading experience for clients across the life cycle of their trades, from onboarding to pre-trade services like research, execution, post-trade settlement and data services.

We are investing heavily in the electronification of our credit business, bringing across some of the technology and approach behind our Equities business. Among other initiatives in 2023, J.P. Morgan launched a new algorithmic trading offering to U.S. Treasury investors to capture share in the world's most important bond market.

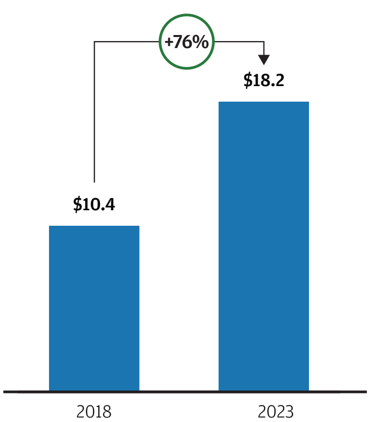
Private capital markets

Private markets — both credit and equity — have grown significantly over the past decade. The private credit market has grown nearly fourfold over the last 10 years to more than $1.6 trillion[9], while money raised in venture capital and private equity growth deals has more than doubled over the same period[10].

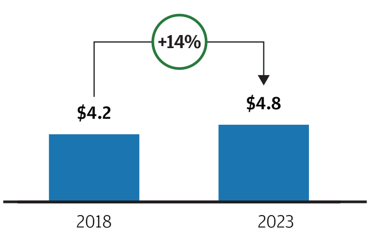
Our borrower and investor clients are on both sides of this growth, and we are well-positioned to serve the full range of their needs. We are growing our solution-agnostic credit strategy, deploying balance sheet where it makes sense for direct lending, in addition to our existing financing and structured solutions. We are also enhancing our offering for asset managers and financial sponsors looking to deploy capital. As the private markets continue to evolve, we will remain a significant player with a goal of providing clients with a full range of financing options.

PAYMENTS AND SECURITIES SERVICES

Firmwide Payments revenue[7,11]
($ in billions)



Securities Services revenue[12]
($ in billions)



6 Includes gross revenues earned by the firm that are subject to a revenue sharing arrangement between CB and the CIB for Investment Banking and Markets products sold to CB clients. This includes revenues related to fixed income and equity markets products. Refer to page 65 of the firm's 2023 Form 10-K for discussion of revenue sharing.

7 Firmwide Payments revenues (predominantly in the CIB and CB) includes certain revenues that are reported as investment banking product revenue in CB and excludes the net impact of equity investments.

8 Coalition Greenwich Institutional Client Analytics. 2023 based on 3Q23 year-to-date analysis.

9 Preqin

10 PitchBook

11 2018 firmwide Payments revenue adjusted down by $0.2 billion for data processing accounting re-class.

12 2018 Securities Services revenue adjusted down by $0.1 billion to exclude the impact of past business simplification, exit actions and accounting changes.

With the acquisition of First Republic Bank and collapse of Silicon Valley Bank, we have a unique opportunity to expand our support for the Innovation Economy — the ecosystem of venture-backed companies, founders and investors, who rely on the private markets. In the past, these efforts were led largely by Commercial Banking. With our new combined franchise, we can now better serve this dynamic, fast-growing client base. We want to make clients-for-life out of the legions of tech companies and their founders by supporting them from the earliest stages of growth up to IPO and beyond.

Capital for the climate

In 2023, we continued to help clients with their sustainability goals as well as scaling green solutions. Since 2021, the CIB has financed and facilitated $230 billion for green activities toward our firmwide target of $1 trillion by 2030, primarily by supporting clients with green bond underwriting and financing for renewable and clean energy. From financing and capital raising to strategic advice, we are working closely with clients across industries as they aim to meet their own long-term sustainability targets.

Investing for the future

We are investing to scale and enhance the resiliency of our core platforms and are pioneering new technologies to move faster and improve the client experience.

Across the business, we are exploring use cases for artificial intelligence. In Markets, our AI-powered Client Intelligence platform is starting to use data from across the business to create recommendations based on client interactions, and our Prime Finance team is harnessing AI to better manage the inventory of securities we have on hand for clients while optimizing our balance sheet for capital efficiency. Elsewhere, AI has improved the onboarding experience for clients, speeding up and improving the accuracy of our Know Your Customer procedures, while in Investment Banking, the technology is helping coverage teams to pinpoint when companies might need to tap the equity markets.

Our Payments business moves nearly $10 trillion[13] each day, with capabilities to send payments in more than 120 currencies across 160 countries. We are future-proofing its platforms and investing to help businesses across industries, such as healthcare and e-commerce accept and make payments more seamlessly. In Securities Services, an increasing focus is to provide better data services to help investor clients improve the performance of their portfolios and the operational efficiency of their businesses. In 2023, we launched the first commercial offerings on our Fusion platform, giving clients access to their custody, fund accounting and middle office data via API or the cloud. We also rolled out a tool that helps clients gather, cleanse and organize ESG data from different sources.

LOOKING AHEAD

The start of 2024 has brought some early encouraging signs for investment banking activity but a more mixed outlook for our Markets business.

Several risks remain. Economies are still adjusting to life after the pandemic and the injection of trillions of dollars in monetary and fiscal stimulus; geopolitical challenges continue to flare; and the competitive threat is intensifying. The outcome of these is inherently unknown — they could provide both headwinds and opportunities for our business.

The consistent returns created by the scale and diversity of our franchise allow us to keep investing through economic cycles.

13 Based on firmwide data using regulatory reporting guidelines prescribed by the Federal Reserve for US Title 1 planning purposes; includes internal settlements, global payments to and through third-party processors and banks, and other internal transfers.

We are global with capabilities at scale, and now combined with Commercial Banking, we have the ability to become even more client-centric.

Our products, services and reach coupled with incredible people and our winning culture make us especially hopeful about the future of our business.

It is an honor for both of us to lead this world-class franchise, and we are excited for the opportunities in front of us.

Jenn

Jennifer Piepszak
Co-CEO, Commercial & Investment Bank

Troy

Troy Rohrbaugh
Co-CEO, Commercial & Investment Bank

COMMERCIAL BANKING

2023 was a dynamic and complex year, marked by geopolitical tensions, stubborn inflation, rapidly rising interest rates and a regional banking crisis. Through it all, Commercial Banking (CB) served as a source of stability for our clients and communities and remained focused on executing our strategic priorities.

Amidst this market disruption, our team rose to the occasion to support thousands of new clients, expand into key markets and accelerate growth across our business. CB's exceptional performance reflects the strength of our franchise, ongoing client focus, and sustained investments in our platforms and capabilities:

- **Record revenue of $15.5 billion**, up 35% year-over-year, reflecting higher net interest income, client acquisition and expansion into new markets
- **Record net income of $6.1 billion**, up 46% year-over-year, and a **20% return on equity**
- **Record Payments revenue of $8.3 billion**, a 45% increase year-over-year
- **Gross Investment Banking revenue of $3.4 billion**, a 14% increase year-over-year
- **Strong credit performance**, with net charge-offs of 12 basis points

I'm incredibly proud of our outstanding operational and financial performance. Our team's steadfast commitment, consistent investments and market discipline drove our success.

Moments that mattered

Given the challenges several key competitors faced in 2023, the banking landscape changed dramatically and greatly accelerated the expansion of our franchise.

Supporting the Innovation Economy: The collapse of Silicon Valley Bank in March of last year was a profound moment. Thousands of founders, companies and investors needed to protect their liquidity and make payroll. Many came to us, and we were ready. Because of our focus and significant investments to serve the Innovation Economy (IE) over the past decade, we were prepared.

In 2023, we accelerated our strategy to support this important segment of our economy by:

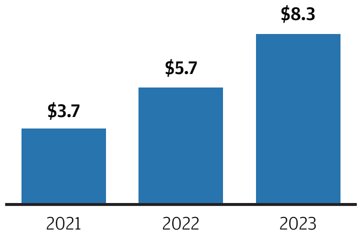
- **Adding approximately two years' worth of clients** in just two months, with our team working around the clock for weeks to assist clients and open thousands of new accounts
- **Hiring more than 200 experienced bankers** and senior leaders across key markets
- **Expanding our IE presence in eight countries**, including Australia, China, Germany, Ireland, Israel, Nordics and the United Kingdom
- **Establishing Startup and Climate Tech Banking teams** to provide deep sector expertise
- **Providing tailored capabilities**, such as early-stage venture lending and capital raising
- **Investing in platforms** that deliver seamless digital experiences and integrated payments offerings specifically designed for startups and high-growth companies

Acquiring First Republic Bank: JPMorgan Chase's acquisition of First Republic Bank (FRB) was another notable highlight of 2023. Given the overlap with CB, FRB offers a tremendous opportunity to

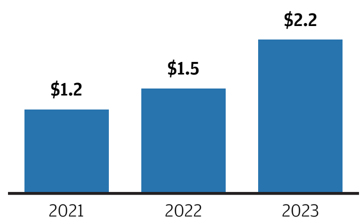
SELECT FINANCIAL HIGHLIGHTS

($ in billions)

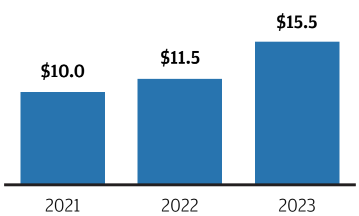
TOTAL PAYMENTS REVENUE[1]



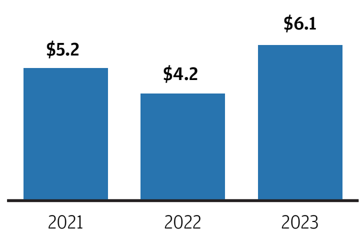
MIDDLE MARKET EXPANSION



TOTAL REVENUE



NET INCOME



1 In the third quarter of 2023, certain revenue from CIB Markets products was reclassified from Payments to Investment Banking. Prior period amounts have been revised to conform with current presentation.

deepen our presence in high-growth markets, expand our client franchise and build upon our team. CB added more than 5,000 Commercial Real Estate clients and approximately 2,000 Middle Market clients along with high-quality loans and deposits. We're making steady progress on the integration and are excited about the synergies between our businesses and strength of our combined teams.

Executing a proven strategy

Despite these unexpected events, we made tremendous progress executing against our long-term, through-the-cycle strategy.

Building deep, enduring relationships: CB provides local expertise to nearly 70,000 clients across markets and sectors around the world. We welcomed close to 5,000[2] businesses last year and added roughly 500 bankers to build these relationships. In addition to supporting clients in all 50 states, we established a presence in Israel, Malaysia and Singapore, increasing our coverage of non-U.S. headquartered clients across 27 countries.

Developing powerful solutions: Our firm delivers end-to-end solutions to help our clients run their businesses more efficiently and fuel their growth. Through firmwide partnerships, CB offers customized capabilities, such as bundled services for startups and specialized payments offerings for segments like healthcare, real estate and government. These broad-based global offerings serve our clients through every stage of their life cycle.

Delivering an exceptional experience: CB is making great progress to optimize our clients' journey across every touchpoint, including faster onboarding times, streamlined documentation and intuitive, self-service tools. As an example, we've been able to reduce our onboarding time to under 48 hours for a number of new clients, and we're working to scale this experience. Informed by our clients' needs and expectations, we'll continue to invest in our operations and platforms to offer simple, efficient and digital-first experiences to our clients of all sizes.

Harnessing the power of our data: CB has invested in tools and capabilities to harness the full power of our data. We've worked to combine our proprietary data with third-party sources to form an integrated, comprehensive data asset that enables us to better understand our clients' needs, manage risk and drive operational efficiency.

Empowering our team: One of CB's key differentiators is — and always has been — our people. We provide our team with specialized training, collaboration and workflow tools, and content targeted to seamlessly address clients' needs. Access to personalized data and analytics helps our team develop deep sector expertise and insights to serve clients in a highly differentiated manner.

Focus on community impact

CB has played an instrumental role in supporting the neighborhoods where we live and work. Our purpose-driven business helps to create an inclusive economy, narrow the racial wealth gap and drive sustainable economic growth. We're a pivotal part of the firm's community impact, but our work is more than that — it's essential to uplifting the places we call home.

In 2023 alone, CB extended more than $18 billion to help communities thrive, including:

- **$6 billion** to vital institutions, such as hospitals, governments and schools
- **$3 billion** in loans to emerging middle market businesses
- **$5 billion** to create and preserve over 41,000 affordable housing units
- **$580 million** in New Markets Tax Credit financing to support community development projects
- **$240 million** to community development financial institutions

NOTABLE #1 RECOGNITIONS IN 2023

#1

- Multifamily Lender in the U.S.[3]
- Middle Market, Market Penetration and Lead Share[4]
- Emerging Middle Market, Primary Bank Market Share[5]
- Middle Market Syndicated Lender[6]

2 Excludes First Republic Bank.
3 S&P Global Market Intelligence.
4 Coalition Greenwich.
5 Barlow Research Associates.
6 London Stock Exchange Group.

SPOTLIGHT ON NEW YORK CITY

For over 200 years, JPMorgan Chase has proudly served clients and communities across New York City (NYC). CB supports over 7,000 clients in NYC and has extended nearly $9 billion in financing to affordable housing developers, vital institutions and local businesses since 2019.

CB has supported **The City of New York** for more than 50 years, providing 60 NYC agencies with services, including lending, fraud prevention, treasury services, and more.

Through a multimillion-dollar investment and a dedicated team, the firm is helping **Carver Federal Savings Bank** serve communities through its seven NYC branches, including four in Brooklyn. Founded in 1948, Carver is one of the nation's largest Black-managed minority depository institutions and a community development financial institution.

The secret tool is a

NEW YORK CITY

Group and Services
h a $51 million standby
t the new construction
evelopment includes
ousing, improved
nant amenities, and
ployment center.

CB invested in $10.6 million of New Markets Tax Credit allocation to expand **Urban Health Plan's** Plaza Del Sol Family Health Center. This facility provides access to primary and specialty care, behavioral health, nutrition, telehealth, and social services, such as the Women, Infants and Children (WIC) program.

Our future is bright

By all measures, 2023 was a standout year with our success driven 100% by our people. I'd like to extend my heartfelt gratitude to my extraordinary CB colleagues and partners across the firm whose unwavering commitment not only contributed to our performance but also supported our clients throughout this remarkable year.

My continued confidence in our future reflects our proven strategy, as well as our commitment to being our clients' most important financial partner. An ambitious agenda awaits, and we're not standing still. To build upon our strong momentum, we'll remain disciplined as we accelerate our investments to drive our business forward.

As announced earlier this year, we're excited to bring together the strengths and capabilities of CB and the Corporate & Investment Bank. This strategic combination further solidifies our strong partnerships across wholesale banking and creates the most global, complete and diversified Commercial & Investment Bank in the world. With an incredible team, extraordinary client franchise, iconic brand and unmatched capabilities, one thing is abundantly clear: Our future is bright.

Douglas B. Petno
Co-Head, Global Banking,
Former CEO, Commercial Banking

Asset & Wealth Management

A landmark year setting the stage for future success

RECORD NEW CLIENTS AND FLOWS

Nearly half a trillion dollars — $490 billion to be precise. That sum represents how much net new money clients entrusted to J.P. Morgan Asset & Wealth Management (AWM) last year. During times of financial crises or market uncertainty, J.P. Morgan shines even brighter as a port in the storm — and 2023 was no exception. The U.S. regional banking crises served as a stark reminder that banking and lending are not to be treated as a commodity. As a reflection of this awareness, AWM drew an influx of client flows last year at a rate nearly twice that of our closest publicly listed competitor.

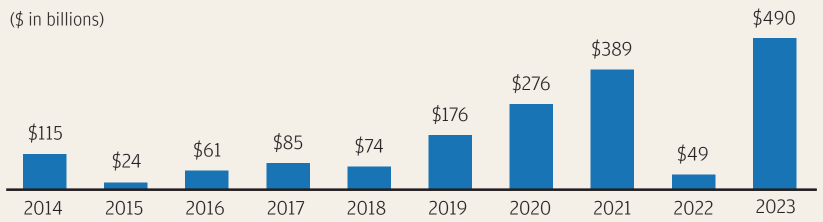
STRONG INVESTMENT PERFORMANCE AND LEADING SOLUTIONS FOR CLIENTS

As a fiduciary, delivering strong, long-term investment performance is our foremost priority. Approximately 80% of J.P. Morgan Asset Management assets under management (AUM) outperformed the peer median over a 10-year time period. This exceptional investment performance is an outcome of decades of refinement and involves close to 1,300 investment professionals along with one of the industry's largest research budgets, which enables us to actively cover nearly 2,500 public companies, with over 5,000 company visits annually. This has resulted in 93% of our equity assets outperforming their peers over the past decade.

Achieving outstanding investment results is never easy, but after several years of extensive quantitative easing — which often led to undifferentiated asset moves in concert with one another — we are returning to a market that prioritizes fundamentals in valuing companies and securities, giving us plenty of reasons to be optimistic about the future for our investors across asset classes.

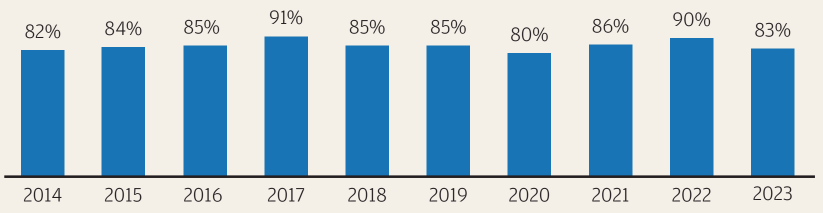
We provide our clients with expertise and effective solutions to support them through all market cycles and prepare them for the future. Equipped with state-of-the-art technology and artificial intelligence (AI)-enhanced tools and capabilities, our advisors stand ready to guide our clients and deliver more personalized offerings — from the first dollar they

RECORD 2023 FLOWS[1]



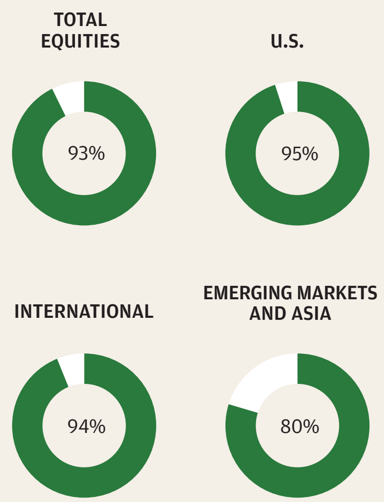
LONG-TERM FUNDS AUM OUTPERFORMING PEER MEDIAN

J.P. Morgan Asset Management Long-Term Funds AUM Outperforming Peer Median Over 10 Years[2]



INVESTMENT PERFORMANCE

2023 % of J.P. Morgan Equity Long-Term Funds AUM Outperforming Peer Median Over 10 Years[2]



1 In the fourth quarter of 2020, the firm realigned certain wealth management clients from AWM to CCB. Prior periods have been revised to conform with the current presentation.

2 For footnote, refer to page 60 footnote 29 in this Annual Report.

invest in the markets to the decisions they make about their long-term retirement planning. Simultaneously, to assist our clients in navigating the intricacies of retirement, we offer robust strategies through our SmartRetirement solutions.

Our dedication to research is at the heart of everything we do, from stock selection to unique market and asset allocation insights. For example, we deliver exclusive insights to our clients through our proprietary, industry-leading *Eye on the Market* and *J.P. Morgan Guide to the Markets*, viewed by hundreds of thousands of financial advisors and millions of clients every year. And we draw on the depth and breadth of our market and economic expertise to provide insights into investment themes to enable more confident portfolio decisions. Clients rely on us to help them distinguish the signals from the noise.

IMPRESSIVE RESULTS FOR SHAREHOLDERS

Our success across our preeminent diversified investment and client franchises drives our consistent growth. This year, our total client assets grew to a record $5 trillion, our revenue to a record $20 billion and our pre-tax income to a record $7 billion — resulting in a return on equity of 31%. These results underscore the power of a global, highly diversified platform with exceptional investment performance and dedicated client service.

PERSONALIZATION, GOVERNANCE AND STEWARDSHIP

I have never in my time running the AWM franchise found two clients alike in their needs, goals and risk tolerances for their assets. For a sovereign wealth fund or a first-time individual investor, investing is deeply nuanced in terms of volatility tolerances, income and distribution requirements, taxes, preferences and passions. The proprietary technologies we gained from our acquisitions of 55ip and OpenInvest, for example, enable us to combine over 600 different investment strategies to create highly customized portfolios in a smart, efficient way. We know our clients have a choice — not only in managers and investment styles but also in preferences around sectors or tilts and, where appropriate, in a tax-optimized way. We do not believe it is J.P. Morgan's job to tell clients what to include or exclude inside their portfolio sectors or stock selection. Instead, we empower clients to guide us and drive their own decisions.

And because preferences are often personal in nature, we are steadfast in focusing our stewardship on voting matters that maximize long-term shareholder value and good governance. With the increased prevalence of outsourcing proxy voting, by the end of 2024, generally we will have eliminated third-party proxy advisor voting recommendations from our internally developed voting systems. We believe these enhancements will allow companies to better understand our independent rationale regarding voting issues.

INVESTING FOR THE FUTURE

Active ETFs and SMAs

Innovation forms the core of our business. Having launched our active exchange-traded fund (ETF) platform less than 10 years ago, we have emerged as a global leader — ranking #2 in AUM and net flows, led by having the #1, #3 and #5 largest actively managed ETFs

A Record Year Delivering Strong Results

$20B ✓ Revenue	$7B ✓ Pre-tax Income
$5B ✓ Net Income	$228B ✓ Loans (EOP)
$5T ✓ Client Assets	$490B ✓ Flows

✓ = record

EOP = End of period

GLOBAL ACTIVE ETF RANKING

No.	Fund Name	Ticker	Total Assets
1	**JPMorgan Equity Premium Income ETF**	**JEPI**	**$32.8**
2	Dimensional US Core Equity 2 ETF	DFAC	$26.1
3	**JPMorgan Ultra-Short Income ETF**	**JPST**	**$22.5**
4	PIMCO Enhanced Short Maturity Active ETF	MINT	$10.8
5	**JPMorgan Nasdaq Equity Premium Income ETF**	**JEPQ**	**$10.8**

($ in billions)

Source: Morningstar as of February 29, 2024, excludes GBTC in the world (JPMorgan Equity Premium Income, JPMorgan Ultra-Short Income and JPMorgan Nasdaq Equity Premium Income). We persist in our efforts to innovate, expanding our offerings by launching 17 new solutions (12 U.S. and five UCITS) in the past year. We are equally enthusiastic about our separately managed account (SMA) platform. Acquiring 55ip enabled us to provide our clients with improved tax management and portfolio customization, and our clients now have greater control over their investments and taxes. Since the acquisition, our AUM increased 16-fold in this area.

Alternatives

As a top 10 manager and investor, with more than $400 billion in assets and a 60-year legacy, we continue to invest in scaling and expanding our alternatives capabilities across private equity, hedge funds, private credit, real estate and infrastructure. After launching J.P. Morgan Private Capital two years ago, we successfully introduced technology, consumer and life sciences strategies. As access to alternatives continues to widen, we launched J.P. Morgan Real Estate Income Trust (JPMREIT) and JPMorgan Private Markets Fund (JPMF), which is one of the industry's first private equity funds available to individual investors. Overall, alternatives across AWM continue to grow.

Acquisitions

Global Shares, a share plan administrator of both public and private companies around the world, is one of our most recent acquisitions. As we build out our broader J.P. Morgan Workplace offering, we are leveraging Global Shares as the foundation to help new companies accelerate growth and encourage employees and owners to invest. With plan participants from over 100 countries, the number continues to grow — up 15% this past year. Just as impressive, client assets are up 32% since the acquisition. We also completed the acquisition of China International Fund Management (CIFM), rebranding it as J.P. Morgan Asset Management (China). We commemorated this pivotal rebrand by moving 400 new onshore colleagues into Shanghai Tower. This served not only as a celebration but also as a testament to our shared heritage, global strengths and deep-rooted expertise in the local market, as J.P. Morgan's history in China dates back more than 100 years.

J.P. Morgan Asset Management (China)'s headquarters in the heart of downtown Shanghai.

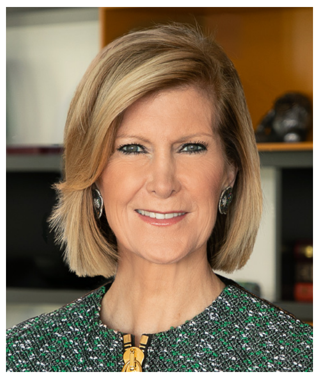
A rigorously controlled environment

To ensure scalable growth, we are committed to operational excellence — from enhancing trades, client transactions and money movement to simplifying interactions and implementing robust controls and safeguards. Some of these efforts are being further enhanced using AI to streamline our processes, manage risk and make informed decisions to protect our clients. Additionally, these investments in our infrastructure help us — as fiduciaries — perform optimized stress testing of client portfolios on a consistent basis.

CONCLUSION

As I have said from the beginning of my tenure as CEO of AWM, our focus is on being the best in the industry, not the biggest. And by best, I mean the best performer for clients. Advice is not a simple commodity. Strong investment performance across a broad, diversified offering paired with best-in-class advice and thought leadership are critical elements. I am confident that our capabilities and commitment to future-focused investments, as well as enhancements using technology and AI, will bolster our ability to serve our clients and empower them to attain their future success. By achieving optimal results through these efforts, clients reward us with their flows, and future growth will follow. Furthermore, we hold a unique advantage that sets us apart from all of our competitors: Being part of JPMorgan Chase provides us with unmatched resources, opportunities and scale.

I am so proud of how we helped our clients and shareholders navigate the challenges of 2023 and previous market cycles. Our industry-leading growth of client assets is a testament to our unwavering commitment to delivering on our fiduciary responsibilities and dedication to serving clients' best interests. We are deeply grateful for this trust and will continue to strive for excellence in all we do, each and every day.



Mary Callahan Erdoes
CEO, Asset & Wealth Management

Corporate Responsibility

Across the firm, we believe that the strength of our company is inextricably linked to the vitality of our communities.

When families do well, we do well. When communities thrive, we thrive.

In Corporate Responsibility (CR), we put this philosophy into action by operating at the nexus of business, policy and community. We understand that complex problems aren't solved with a single grant or meeting but rather require multifaceted solutions. This is why we have brought together our philanthropy, government relations, research and policy, sustainability and community engagement functions to tackle inclusive economic growth as one team. Our integrated model allows us to tap a wide-ranging set of tools and perspectives to address societal issues impacting our clients, customers and employees and drive favorable conditions for the firm's continued success.

We are not just committed to delivering for communities – we are built for it. With team members around the globe, we partner with local residents to understand what's happening on the ground and how JPMorgan Chase can use its unique expertise and resources to maximize impact. Recognizing that there is no one-size-fits-all approach, our local strategies are informed by global insights yet intentionally tailored to the local context, whether that is a region, neighborhood or even city block.

To me, there is nothing more rewarding than seeing our impact up close. In that spirit, I invite you to learn about our work in Washington, D.C., Maryland and Virginia (Greater Washington); the United Kingdom (U.K.); Dallas-Fort Worth; and Chicago. These place-based case studies showcase the breadth and depth of our engagements in hundreds of communities around the world – and show that working in lockstep with communities is critical to promoting a strong business environment.

GREATER WASHINGTON

Landscape

While the firm has operated in Greater Washington for more than 50 years, over the past decade we have made a concerted effort to advance our business footprint by opening new branches, hiring local employees, lending to small businesses and contributing in other ways. We have intentionally invested in areas where we can grow alongside communities and help residents achieve financial security, especially in Washington, D.C., and Baltimore, two cities with significant racial wealth divides.

Our approach

We have pursued initiatives to address these disparities and lift up the region's residents and workforce.

- In D.C., we provided $3 million to help launch the Congress Heights Community Training and Development Corporation's (CHCTDC) small business career and skills building incubator in Wards 7 and 8.
- We partnered with Baltimore's Mayor's Office of Employment Development to launch our Baltimore Virtual Call Center, hiring 40 Baltimore-based customer service specialists and leaders.
- Working with the Greater Washington Partnership and Education Strategy Group – and with support from local government leaders in D.C., Maryland and Virginia – we recommitted $5.4 million to the TalentReady initiative to support the preparation of high school students across the region for in-demand careers, building on our previous commitment that engaged more than 25,000 students across five school districts.

Our impact in action

We first worked with Monica Ray at CHCTDC, where she had served as the organization's executive director for more than two decades. Monica has devoted her career to her community, attracting investment to help improve Wards 7 and 8's low homeownership and high poverty and unemployment rates. After years of collaborating on CHCTDC initiatives and the opening of Chase's Community Center Branch in Skyland Town Center, Monica shared her vision about helping to launch a small business career and skills building incubator.

"We are providing support and coaching for promising new businesses, as well as for entrepreneurs still in the idea stage," she says. "Our JPMorgan Chase partnership helps us arm these socially and economically disadvantaged women entrepreneurs with the processes and systems they need to succeed in their business ventures."

Monica and her team have already helped launch 83 new businesses and are growing 47 more, creating jobs and building individual and community wealth.

THE UNITED KINGDOM

Landscape

The U.K. has long been an important market for our firm. With over 22,000 employees, our offerings have continued to grow with the 2021 launch of the Chase digital consumer bank and the expansion in the U.K. of our commercial banking, investment banking and asset management businesses. While our presence has evolved, the country's economic landscape has experienced historic changes, with ongoing income inequality and nearly 22% of U.K. residents living in poverty .

Our approach

To address some of the challenges facing the U.K., we have focused on helping businesses succeed, supporting individuals as they build a strong financial future and connecting people to job opportunities. This has included committing $64 million in philanthropic capital over the past five years, alongside the firm's active employee volunteerism programs, civic partnerships, and close engagements with government and nonprofits. We have also promoted efforts to boost the U.K.'s leadership in sustainable finance, providing input on a report offering recommendations the U.K. can take to unlock capital at scale to transition to a more sustainable energy system.

Examples of our work to benefit local communities and economic growth include:

- The Aspiring Professionals Program (APP), run in collaboration with the Social Mobility Foundation, works to connect talented young people from low-income backgrounds with work and mentorship experiences at JPMorgan Chase.
- The Founders Forward mentoring program pairs women entrepreneurs in the U.K. with JPMorgan Chase mentors, who provide business strategy and leadership development guidance.

Our impact in action

Over the past five years, our collective work with nonprofits has helped more than 33,000 people reduce their debts and improve their financial health. We have also provided resources to support the growth of over 10,000 small businesses and place 9,000+ individuals into apprenticeships or full- or part-time positions.

Since launching in 2012, the APP has supported more than 800 young people, 86% of whom began full-time employment at JPMorgan Chase or other firms within 15 months of graduation. Radhika, currently a vice president with the firm's Global Rates team, enrolled in APP. She credits the program with helping her build the skills she needed for the interview process and now in her sales role at the firm.

Featured above: Elle

Founders Forward is also changing lives. Approximately 240 women entrepreneurs in the U.K. have participated in the program. This includes Elle, whose business won a startup accelerator competition and expanded to the United States. In addition to the U.K., we are proud to offer Founders Forward in France and Germany, further embedding our commitment to fostering entrepreneurship into the fabric of our global company.

DALLAS-FORT WORTH

Landscape

Texas is home to our largest employee base in the United States. With many companies like ours recognizing Texas as a great place to do business, the state is currently experiencing a skilled-labor shortage, specifically in the Dallas-Fort Worth area. This local challenge will persist: Although 85% of living-wage jobs in Dallas County require education beyond a high school degree, as of 2017, 73% of Texas' students were not able to receive postsecondary credentials within six years, largely due to financial obstacles.

Our approach

To help young people access educational and skills training opportunities, we began advising and funding data-driven nonprofits, including the Commit Partnership and Tarrant To & Through (T3) Partnership, coalitions of school systems, higher education institutions, local and state governments, foundations, employers and workforce agencies, among others.

While these organizations work to address compounding issues that impact student success and graduation rates, our commitments are deliberately focused on initiatives where we have expertise and insights to add the greatest value. In 2023, we committed:

- $1.5 million to The Commit Partnership's Opportunity 2040 Plan Phase 1 to support a comprehensive 18-year investment plan to help improve the long-term financial health of 150,000 current students by 2040.
- $750,000 to the T3 Pathways to Careers (P2C) platform to provide a virtual college-to-career resource to help parents and students understand what's needed to pursue industry-based credentials, degrees, certifications and job opportunities.

We also promote policies at the local, state and federal levels that align with our goals. Since 2022, we have been a vocal champion of Texas's House Bill 8 legislation that creates a new funding model that incentivizes community colleges in Texas to ensure that more students complete certificates and other credentials or transfer to a four-year university to complete their undergraduate degree.

Our impact in action

Halfway through the first year, Commit-2Dallas's Opportunity 2040 Plan has already met 87% of its year 1 goal: to help an additional 7,700 students reach educational benchmarks that put them on a pathway to well-paying jobs. This work is touching Dallas County families like the Donjuans, whose oldest daughter Annahi will graduate from the University of North Texas at Dallas this spring. "I'm the first on both sides of my family … to obtain higher education," says Annahi. "I decided to attend college in order to start saving and serve as a role model for my siblings."

We are seeing a similar impact from our T3 P2C commitment. Over the next six months, T3 will integrate its platform with the registration process for all Fort Worth Independent School District middle school students, which will give approximately 15,000 students valuable information about educational opportunities at various high schools and careers they can pursue as an adult.

CHICAGO

Landscape

For more than 160 years, our firm has served Chicago, a city ripe with business opportunities — along with its share of challenges. Between 2017 and 2019, several reports captured the stark segregation and inequities among communities in Chicago, underscoring devastating impacts on economic vitality.

Our approach

Looking at this research and findings from the JPMorgan Chase Institute, we recognized an opportunity to change the decades-long trajectory of the city's South and West Sides from disinvestment to revitalization. Following conversations with policymakers and residents, we focused on addressing the city's affordable home shortage as an opportunity to catalyze wealth building.

To leverage vacant city-owned land, CR deepened partnerships with nonprofits building affordable homes in coordination with local government, including The Resurrection Project, Reclaiming Chicago and the Chicago Community Trust. These organizations target city blocks to acquire and build homes, supporting individual and community wealth. They also connect people with affordable mortgages and help them plan for costs like maintenance and repairs. Additionally, our businesses combined expertise to make one of our largest-ever affordable housing investments in redeveloping the Lawson YMCA into 400+ affordable housing units.

Our impact in action

We see returns on our commitments in the pride and promise of new homeowners, including Janay, a public school teacher. Janay saved part of every paycheck to purchase her first home and put down roots.

Featured above: Janay

"As a teacher, building a sense of community is one of the first things I do with my students at the beginning of the year. It is a way of making students feel safe, valued and supported. This home does the same for me," she reports.

Janay's inspiring story is one of many. Housing production from a collaborative of organizations — funded in part through grants from JPMorgan Chase — surged from 19 homes in 2022 to 79 homes in 2023, demonstrating significant progress toward the collaborative's goal of scaling production to more than 100 homes per year through 2030.

This is just the beginning. In addition to deploying $1.1 million in home loans and raising $50 million toward lending and home construction, our grantees have leveraged our philanthropic support to secure another 500 city-owned vacant lots and gain funding from the state of Illinois focused on assisting with down payments and closing appraisal gaps.

LOOKING AHEAD

The essence of our work outlined above can be captured in three words: **We show up.** As listeners, learners and community partners, we come to the table — real, tangible tables — ready to create avenues to economic opportunity.

At these various tables, we ask: "What's working?" We examine our investments with our colleagues across the firm and external partners, gaining an understanding of how winning approaches can be scaled to markets around the world. Our team's work ensuring that policymakers know the value we bring to communities becomes all the more important as we seek to scale solutions during this uncertain political moment. It is in tandem with elected officials and other stakeholders that we have brought, and will continue to bring, the right products and services to our clients and customers.

And when we show up, in good and in tough times, we will bring our holistic model, positioning ourselves to grow and truly be the bank for the place we are in, in every market we serve. We take this responsibility seriously. It is a privilege to bank more than 88 million customers and small businesses. It is a privilege to support schools, hospitals and other community institutions. But perhaps most of all, it is a privilege to lead by example, demonstrating through our business success that the private sector has a role to play in shaping a stronger, more inclusive economy for everyone.

Tim

Tim Berry
Global Head of Corporate Responsibility,
Chairman of the Mid-Atlantic Region

Table of contents

Note:

The following pages from JPMorgan Chase & Co.'s 2023 Form 10-K are not included herein: 1-44, 322

THREE-YEAR SUMMARY OF CONSOLIDATED FINANCIAL HIGHLIGHTS (unaudited)

As of or for the year ended December 31, (in millions, except per share, ratio, employee data and where otherwise noted)	2023	2022	2021
Selected income statement data			
Total net revenue	$ 158,104	$ 128,695	$ 121,649
Total noninterest expense	87,172	76,140	71,343
Pre-provision profit[(a)]	70,932	52,555	50,306
Provision for credit losses	9,320	6,389	(9,256)
Income before income tax expense	61,612	46,166	59,562
Income tax expense	12,060	8,490	11,228
Net income	$ 49,552	$ 37,676	$ 48,334
Earnings per share data			
Net income: Basic	$ 16.25	$ 12.10	$ 15.39
Diluted	16.23	12.09	15.36
Average shares: Basic	2,938.6	2,965.8	3,021.5
Diluted	2,943.1	2,970.0	3,026.6
Market and per common share data			
Market capitalization	489,320	393,484	466,206
Common shares at period-end	2,876.6	2,934.2	2,944.1
Book value per share	104.45	90.29	88.07
Tangible book value per share ("TBVPS")[(a)]	86.08	73.12	71.53
Cash dividends declared per share	4.10	4.00	3.80
Selected ratios and metrics			
Return on common equity ("ROE")	17 %	14 %	19 %
Return on tangible common equity ("ROTCE")[(a)]	21	18	23
Return on assets ("ROA")	1.30	0.98	1.30
Overhead ratio	55	59	59
Loans-to-deposits ratio	55	49	44
Firm Liquidity coverage ratio ("LCR") (average)[(b)]	113	112	111
JPMorgan Chase Bank, N.A. LCR (average)[(b)]	129	151	178
Common equity Tier 1 ("CET1") capital ratio[(c)(d)]	15.0	13.2	13.1
Tier 1 capital ratio[(c)(d)]	16.6	14.9	15.0
Total capital ratio[(c)(d)]	18.5	16.8	16.8
Tier 1 leverage ratio[(b)(c)]	7.2	6.6	6.5
Supplementary leverage ratio ("SLR")[(b)(c)]	6.1	5.6	5.4
Selected balance sheet data (period-end)			
Trading assets	$ 540,607	$ 453,799	$ 433,575
Investment securities, net of allowance for credit losses	571,552	631,162	672,232
Loans	1,323,706	1,135,647	1,077,714
Total assets	3,875,393	3,665,743	3,743,567
Deposits	2,400,688	2,340,179	2,462,303
Long-term debt	391,825	295,865	301,005
Common stockholders' equity	300,474	264,928	259,289
Total stockholders' equity	327,878	292,332	294,127
Employees[(e)]	309,926 (f)	293,723	271,025
Credit quality metrics			
Allowances for credit losses	$ 24,765	$ 22,204	$ 18,689
Allowance for loan losses to total retained loans	1.75 %	1.81 %	1.62 %
Nonperforming assets	$ 7,597	$ 7,247	$ 8,346
Net charge-offs	6,209	2,853	2,865
Net charge-off rate	0.52 %	0.27 %	0.30 %

As of and for the period ended December 31, 2023, the results of the Firm include the impact of First Republic. Refer to Business Segment Results on page 67 and Note 34 for additional information.

(a) Pre-provision profit, TBVPS and ROTCE are each non-GAAP financial measures. Tangible common equity ("TCE") is also a non-GAAP financial measure. Refer to Explanation and Reconciliation of the Firm's Use of Non-GAAP Financial Measures on pages 62–64 for a discussion of these measures.
(b) For the years ended December 31, 2023, 2022 and 2021, the percentage represents average ratios for the three months ended December 31, 2023, 2022 and 2021.
(c) The ratios reflect the Current Expected Credit Losses ("CECL") capital transition provisions. Refer to Note 27 for additional information.
(d) Reflects the Firm's ratios under the Basel III Standardized approach. Refer to Capital Risk Management on pages 91-101 for additional information.
(e) This metric, which was formerly Headcount, has been renamed Employees but is otherwise unchanged. Refer to Part I, Item 1, Business section on pages 2-3 of this Form 10-K for a further discussion of Human Capital.
(f) Included approximately 4,500 individuals associated with First Republic who became employees effective July 2, 2023.

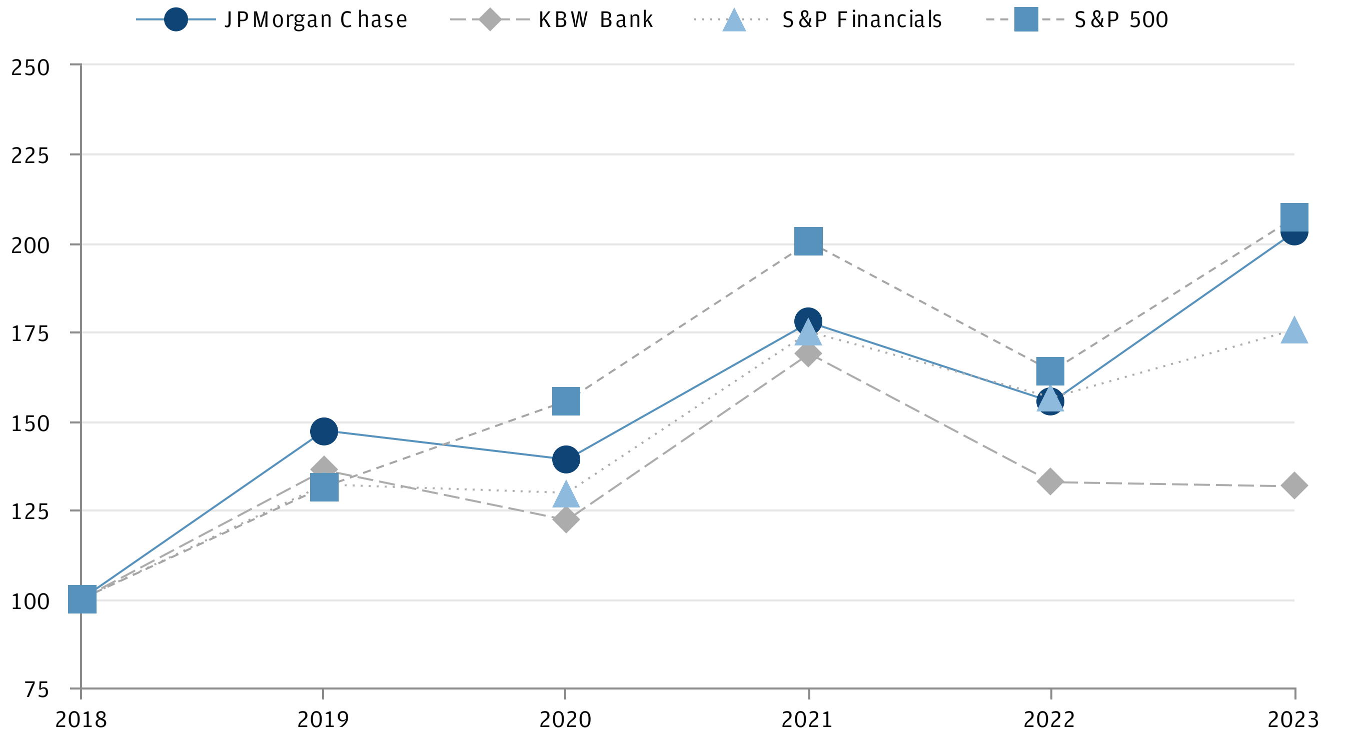
FIVE-YEAR STOCK PERFORMANCE

The following table and graph compare the five-year cumulative total return for JPMorgan Chase & Co. ("JPMorgan Chase" or the "Firm") common stock with the cumulative return of the S&P 500 Index, the KBW Bank Index and the S&P Financials Index. The S&P 500 Index is a commonly referenced equity benchmark in the United States of America ("U.S."), consisting of leading companies from different economic sectors. The KBW Bank Index seeks to reflect the performance of banks and thrifts that are publicly traded in the U.S. and is composed of leading national money center and regional banks and thrifts. The S&P Financials Index is an index of financial companies, all of which are components of the S&P 500. The Firm is a component of all three industry indices.

The following table and graph assume simultaneous investments of $100 on December 31, 2018, in JPMorgan Chase common stock and in each of the above indices. The comparison assumes that all dividends were reinvested.

December 31, (in dollars)	2018	2019	2020	2021	2022	**2023**
JPMorgan Chase	$ 100.00	$ 147.27	$ 139.14	$ 177.72	$ 155.33	**$ 203.09**
KBW Bank Index	100.00	136.12	122.09	168.90	132.76	**131.58**
S&P Financials Index	100.00	132.09	129.77	175.02	156.59	**175.61**
S&P 500 Index	100.00	131.48	155.65	200.29	164.02	**207.13**

December 31,
(in dollars)



The following is Management's discussion and analysis of the financial condition and results of operations ("MD&A") of JPMorgan Chase for the year ended December 31, 2023. The MD&A is included in both JPMorgan Chase's Annual Report for the year ended December 31, 2023 ("Annual Report") and its Annual Report on Form 10-K for the year ended December 31, 2023 ("2023 Form 10-K" or "Form 10-K") filed with the Securities and Exchange Commission ("SEC"). Refer to the Glossary of terms and acronyms on pages 315-321 for definitions of terms and acronyms used throughout the Annual Report and the 2023 Form 10-K.

This Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on the current beliefs and expectations of JPMorgan Chase's management, speak only as of the date of this Form 10-K and are subject to significant risks and uncertainties. Refer to Forward-looking Statements on page 161 and Part 1, Item 1A: Risk factors in this Form 10-K on pages 9-33 for a discussion of certain of those risks and uncertainties and the factors that could cause JPMorgan Chase's actual results to differ materially because of those risks and uncertainties. There is no assurance that actual results will be in line with any outlook information set forth herein, and the Firm does not undertake to update any forward-looking statements.

INTRODUCTION

JPMorgan Chase & Co. (NYSE: JPM), a financial holding company incorporated under Delaware law in 1968, is a leading financial services firm based in the United States of America ("U.S."), with operations worldwide. JPMorgan Chase had $3.9 trillion in assets and $327.9 billion in stockholders' equity as of December 31, 2023. The Firm is a leader in investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing and asset management. Under the J.P. Morgan and Chase brands, the Firm serves millions of customers, predominantly in the U.S., and many of the world's most prominent corporate, institutional and government clients globally.

JPMorgan Chase's principal bank subsidiary is JPMorgan Chase Bank, National Association ("JPMorgan Chase Bank, N.A."), a national banking association with U.S. branches in 48 states and Washington, D.C. JPMorgan Chase's principal non-bank subsidiary is J.P. Morgan Securities LLC ("J.P. Morgan Securities"), a U.S. broker-dealer. The bank and non-bank subsidiaries of JPMorgan Chase operate nationally as well as through overseas branches and subsidiaries, representative offices and subsidiary foreign banks. The Firm's principal operating subsidiaries outside the U.S. are J.P. Morgan Securities plc and J.P. Morgan SE ("JPMSE"), which are subsidiaries of JPMorgan Chase Bank, N.A. and are based in the United Kingdom ("U.K.") and Germany, respectively.

For management reporting purposes, the Firm's activities are organized into four major reportable business segments, as well as a Corporate segment. The Firm's consumer business is the Consumer & Community Banking ("CCB") segment. The Firm's wholesale businesses are the Corporate & Investment Bank ("CIB"), Commercial Banking ("CB"), and Asset & Wealth Management ("AWM") segments. Refer to Business Segment Results on pages 65–85, and Note 32 for a description of the Firm's business segments, and the products and services they provide to their respective client bases. On May 1, 2023, JPMorgan Chase acquired certain assets and assumed certain liabilities of First Republic Bank (the "First Republic acquisition") from the Federal Deposit Insurance Corporation ("FDIC"). All references in this Form 10-K to "excluding First Republic," "including First Republic," "associated with First Republic" or "attributable to First Republic" refer to excluding or including the relevant effects of the First Republic acquisition, as well as subsequent related business and activities, as applicable. Refer to Note 34 for additional information.

The Firm's website is www.jpmorganchase.com. JPMorgan Chase makes available on its website, free of charge, annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as soon as reasonably practicable after it electronically files or furnishes such material to the U.S. Securities and Exchange Commission (the "SEC") at www.sec.gov. JPMorgan Chase makes new and important information about the Firm available on its website at https://www.jpmorganchase.com, including on the Investor Relations section of its website at https://www.jpmorganchase.com/ir. Information on the Firm's website, including documents on the website that are referenced in this Form 10-K, is not incorporated by reference into this 2023 Form 10-K or the Firm's other filings with the SEC.

This executive overview of the MD&A highlights selected information and does not contain all of the information that is important to readers of the Firm's 2023 Form 10-K. For a complete description of the trends and uncertainties, as well as the risks and critical accounting estimates affecting the Firm, the 2023 Form 10-K should be read in its entirety.

Financial performance of JPMorgan Chase

Year ended December 31, (in millions, except per share data and ratios)	2023	2022	Change
Selected income statement data			
Noninterest revenue	**$ 68,837**	$ 61,985	11%
Net interest income	**89,267**	66,710	34
Total net revenue	**158,104**	128,695	23
Total noninterest expense	**87,172**	76,140	14
Pre-provision profit	**70,932**	52,555	35
Provision for credit losses	**9,320**	6,389	46
Net income	**49,552**	37,676	32
Diluted earnings per share	**16.23**	12.09	34
Selected ratios and metrics			
Return on common equity	**17 %**	14 %	
Return on tangible common equity	**21**	18	
Book value per share	**$ 104.45**	$ 90.29	16
Tangible book value per share	**86.08**	73.12	18
Capital ratios(a)(b)			
CET1 capital	**15.0 %**	**13.2 %**	
Tier 1 capital	**16.6**	**14.9**	
Total capital	**18.5**	**16.8**	
Memo:			
NII excluding Markets(c)	**$ 90,041**	$ 62,355	44
NIR excluding Markets(c)	**44,533**	40,938	9
Markets(c)	**27,792**	28,984	(4)
Total net revenue - managed basis	**$ 162,366**	$ 132,277	23

As of and for the year ended December 31, 2023, the results of the Firm include the impact of First Republic. Refer to page 67 and Note 34 for additional information.

(a) The ratios reflect the CECL capital transition provisions. Refer to Note 27 for additional information.
(b) Reflects the Firm's ratios under the Basel III Standardized approach. Refer to Capital Risk Management on pages 91-101 for additional information.
(c) NII and NIR refer to net interest income and noninterest revenue, respectively. Markets consists of CIB's Fixed Income Markets and Equity Markets businesses.

Comparisons noted in the sections below are for the full year of 2023 versus the full year of 2022, unless otherwise specified.

Firmwide overview

JPMorgan Chase reported net income of $49.6 billion for 2023, up 32%, earnings per share of $16.23, ROE of 17% and ROTCE of 21%.

- **Total net revenue** was $158.1 billion, up 23%, reflecting:
  - **Net interest income** ("NII") of $89.3 billion, up 34%, driven by higher rates, the impact of First Republic, and higher revolving balances in Card Services, partially offset by lower Markets net interest income and lower average deposit balances. NII excluding Markets was $90.0 billion, up 44%.
  - **Noninterest revenue** ("NIR") was $68.8 billion, up 11%, driven by the impact of First Republic, including the $2.8 billion estimated bargain purchase gain, higher Markets noninterest revenue, and higher asset management fees, partially offset by the absence of the gain on the sale of Visa B shares in the prior year, higher net securities losses in Treasury and CIO, and lower auto operating lease income.
- **Noninterest expense** was $87.2 billion, up 14%, predominantly driven by higher compensation expense, reflecting an increase in employees, primarily in technology and front office, as well as wage inflation. The increase in expense also includes the $2.9 billion FDIC special assessment and costs associated with the First Republic acquisition.
- The **provision for credit losses** was $9.3 billion, reflecting $6.2 billion of net charge-offs and a net addition to the allowance for credit losses of $3.1 billion. Net charge-offs increased $3.3 billion, predominantly driven by Card Services, and to a lesser extent single name exposures in wholesale. The net addition to the allowance for credit losses included:
  - a net addition of $1.3 billion in **consumer**, predominantly driven by CCB, reflecting $1.4 billion in Card Services driven by loan growth, including an increase in revolving balances, partially offset by a net reduction of $200 million in Home Lending, and
  - a net addition of $657 million in **wholesale**, driven by net downgrade activity and a deterioration in the outlook for commercial real estate in CB.

  The net addition also included $1.2 billion to establish the allowance for First Republic loans and lending-related commitments in the second quarter of 2023.

  The provision in the prior year included a $3.5 billion net addition to the allowance for credit losses and net charge-offs of $2.9 billion.
- The total **allowance for credit losses** was $24.8 billion at December 31, 2023. The Firm had an allowance for loan losses to retained loans coverage ratio of 1.75%, compared with 1.81% in the prior year.
- The Firm's **nonperforming assets** totaled $7.6 billion at December 31, 2023, up 5%, predominantly driven by wholesale nonaccrual loans, which reflected the impact of downgrades. Refer to Wholesale Credit Portfolio and Consumer Credit Portfolio on pages 120–130 and pages 114–119, respectively, for additional information.

- Firmwide **average loans** of $1.2 trillion were up 13%, predominantly driven by higher loans in CCB and CB, primarily as a result of First Republic.
- Firmwide **average deposits** of $2.4 trillion were down 4%, driven by
  - continued migration into higher-yielding investments in AWM, the impact of higher customer spending in CCB, continued deposit attrition in CB, and a net decline in CIB, which included actions taken to reduce certain deposits,

  partially offset by
  - the increase in deposits associated with First Republic, and growth related to the Firm's international consumer initiatives in Corporate.

  Refer to Liquidity Risk Management on pages 102–109 for additional information.

Selected capital and other metrics

- **CET1 capital** was $251 billion, and the Standardized and Advanced CET1 ratios were both 15.0%.
- **SLR** was 6.1%.
- **TBVPS** grew 18%, ending 2023 at $86.08.
- As of December 31, 2023, the Firm had eligible end-of-period **High Quality Liquid Assets** ("HQLA") of approximately $798 billion and unencumbered **marketable securities** with a fair value of approximately $649 billion, resulting in approximately $1.4 trillion of liquidity sources. Refer to Liquidity Risk Management on pages 102–109 for additional information.

Refer to Consolidated Results of Operations and Consolidated Balance Sheets Analysis on pages 54–57 and pages 58–60, respectively, for a further discussion of the Firm's results, including the provision for credit losses; and Business Segment Results on page 67 and Note 34 for additional information on the First Republic acquisition.

Pre-provision profit, ROTCE, TCE, TBVPS, NII and NIR excluding Markets, and total net revenue on a managed basis are non-GAAP financial measures. Refer to Explanation and Reconciliation of the Firm's Use of Non-GAAP Financial Measures on pages 62–64 for a further discussion of each of these measures.

Business segment highlights

Selected business metrics for each of the Firm's four lines of business ("LOB") are presented below for the full year of 2023, and include the impact of First Republic, unless otherwise specified.

CCB ROE 38%	• Average deposits down 3%; client investment assets up 47%, or up 25% excluding First Republic • Average loans up 20%, or up 6% excluding First Republic; Card Services net charge-off rate of 2.45% • Debit and credit card sales volume[(a)] up 8% • Active mobile customers[(b)] up 8%
CIB ROE 13%	• #1 ranking for Global Investment Banking fees with 8.8% wallet share for the year • Total Markets revenue of $27.8 billion, down 4%, with Fixed Income Markets up 1% and Equity Markets down 13%
CB ROE 20%	• Gross Investment Banking and Markets revenue of $3.4 billion, up 14% • Average loans up 20%, or up 8% excluding First Republic; average deposits down 9%
	nt ("AUM") of $3.4 down 2% excluding eposits down 17%

(a) Excludes Commercial Card.
(b) Users of all mobile platforms who have logged in within the past 90 days. As of December 31, 2023, excludes First Republic.

Refer to the Business Segment Results on pages 65–85 for a detailed discussion of results by business segment.

Credit provided and capital raised

JPMorgan Chase continues to support consumers, businesses and communities around the globe. The Firm provided new and renewed credit and raised capital for wholesale and consumer clients during 2023, consisting of:

$2.3 trillion	Total credit provided and capital raised (including loans and commitments)
$239 billion	Credit for consumers
$36 billion	Credit for U.S. small businesses
$1.0 trillion	Credit for corporations
$915 billion	Capital for corporate clients and non-U.S. government entities
$47 billion	Credit and capital for nonprofit and U.S. government entities[(a)]

(a) Includes states, municipalities, hospitals and universities.

Recent events

- On February 6, 2024, JPMorgan Chase announced that it plans to open more than 500 new branches, renovate approximately 1,700 locations and hire 3,500 employees over the next three years.
- On January 25, 2024, JPMorgan Chase announced new responsibilities for several key executives:
  - Jennifer Piepszak, formerly the Co-Chief Executive Officer ("CEO") of CCB, and Troy Rohrbaugh, formerly the Co-head of Markets and Securities Services, became Co-CEOs of the expanded Commercial & Investment Bank, which brings together the Firm's major wholesale businesses consisting of Global Investment Banking, Commercial Banking and Corporate Banking, as well as Markets, Securities Services and Global Payments.
  - Marianne Lake, the former Co-CEO of CCB, became the sole CEO of that business.
  - James Dimon, Chairman and CEO, and Daniel Pinto, President and Chief Operating Officer, will continue to jointly manage the company, with Mr. Pinto focusing on the execution of the Firm's LOB priorities.

  As a result of these organizational changes, the Firm 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 in the second quarter of 2024.
- On January 16, 2024, JPMorgan Chase announced that Mark Weinberger, 62, had been elected to its Board of Directors, effective immediately. He will also serve as a member of the Board's Audit Committee. Mr. Weinberger served as the Global Chairman and Chief Executive Officer of Ernst & Young from 2013 to 2019.

Outlook

These current expectations are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on the current beliefs and expectations of JPMorgan Chase's management, speak only as of the date of this Form 10-K, and are subject to significant risks and uncertainties. Refer to Forward-Looking Statements on page 161 and Part I, Item 1A, Risk Factors section on pages 9-33 of this Form 10-K for a further discussion of certain of those risks and uncertainties and the other factors that could cause JPMorgan Chase's actual results to differ materially because of those risks and uncertainties. There is no assurance that actual results in 2024 will be in line with the outlook information set forth below, and the Firm does not undertake to update any forward-looking statements.

JPMorgan Chase's current outlook for full-year 2024 should be viewed against the backdrop of the global and U.S. economies, financial markets activity, the geopolitical environment, the competitive environment, client and customer activity levels, and regulatory and legislative developments in the U.S. and other countries where the Firm does business. Each of these factors will affect the performance of the Firm. The Firm will continue to make appropriate adjustments to its businesses and operations in response to ongoing developments in the business, economic, regulatory and legal environments in which it operates.

Full-year 2024

- Management expects net interest income to be approximately $90 billion, market dependent.
- Management expects net interest income excluding Markets to be approximately $88 billion, market dependent.
- Management expects adjusted expense to be approximately $90 billion, market dependent.
- Management expects the net charge-off rate in Card Services to be less than 3.50%.

Net interest income excluding Markets and adjusted expense are non-GAAP financial measures. Refer to Explanation and Reconciliation of the Firm's Use of Non-GAAP Financial Measures on pages 62-64.

Business Developments

First Republic acquisition

On May 1, 2023, JPMorgan Chase acquired certain assets and assumed certain liabilities of First Republic Bank (the "First Republic acquisition") from the Federal Deposit Insurance Corporation ("FDIC"), as receiver.

JPMorgan Chase's Consolidated Financial Statements as of and for the period ended December 31, 2023 reflect the impact of First Republic. Where meaningful to the disclosure, the impact of the First Republic acquisition, as well as subsequent related business and activities, are disclosed in various sections of this Form 10-K. The Firm continues to convert certain operations, and to integrate clients, products and services, associated with the First Republic acquisition to align with the Firm's businesses and operations.

Refer to Note 34 and page 67 for additional information related to First Republic.

Interbank Offered Rate ("IBOR") transition

The publication of the remaining principal tenors of U.S. dollar LIBOR (i.e., overnight, one-month, three-month, six-month and 12-month LIBOR) ceased on June 30, 2023 ("LIBOR Cessation"). The one-month, three-month and six-month tenors of U.S. dollar LIBOR will continue to be published on a "synthetic" basis, which will allow market participants to use such rates for certain legacy LIBOR-linked contracts through September 30, 2024.

As part of the Firm's overall transition efforts which culminated in the second quarter of 2023, the Firm successfully completed the conversion of predominantly all of its remaining cleared derivatives contracts linked to U.S. dollar LIBOR to the Secured Overnight Financing Rate ("SOFR") as part of initiatives by the principal central counterparties ("CCPs") to convert cleared derivatives prior to LIBOR Cessation. Nearly all of the Firm's other U.S. dollar LIBOR-linked products that remained outstanding at LIBOR Cessation have been remediated through contractual fallback provisions or through the framework provided by the Adjustable Interest Rate (LIBOR) Act ("LIBOR Act"). The Firm expects that the limited number of contracts remaining that reference "synthetic" U.S. dollar LIBOR will be remediated by September 30, 2024.

CONSOLIDATED RESULTS OF OPERATIONS

This section provides a comparative discussion of JPMorgan Chase's Consolidated Results of Operations on a reported basis for the two-year period ended December 31, 2023, unless otherwise specified. Refer to Consolidated Results of Operations on pages 51-54 of the Firm's Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 Form 10-K") for a discussion of the 2022 versus 2021 results. Factors that relate primarily to a single business segment are discussed in more detail within that business segment's results. Refer to pages 155-158 for a discussion of the Critical Accounting Estimates Used by the Firm that affect the Consolidated Results of Operations.

Revenue

Year ended December 31, (in millions)	2023	2022	2021
Investment banking fees	$ 6,519	$ 6,686	$ 13,216
Principal transactions	24,460	19,912	16,304
Lending- and deposit-related fees	7,413	7,098	7,032
Asset management fees	15,220	14,096	14,405
Commissions and other fees	6,836	6,581	6,624
Investment securities losses	(3,180)	(2,380)	(345)
Mortgage fees and related income	1,176	1,250	2,170
Card income	4,784	4,420	5,102
Other income[a]	5,609 [b]	4,322	4,830
Noninterest revenue	68,837	61,985	69,338
Net interest income	89,267	66,710	52,311
Total net revenue	$ 158,104	$ 128,695	$ 121,649

(a) Included operating lease income of $2.8 billion, $3.7 billion and $4.9 billion for the years ended December 31, 2023, 2022 and 2021, respectively. Also includes losses on tax-oriented investments. Refer to Note 6 for additional information.

(b) Included the estimated bargain purchase gain of $2.8 billion for the year ended December 31, 2023, in Corporate associated with the First Republic acquisition. Refer to Business Segment Results on page 67, and Notes 6 and 34 for additional information.

2023 compared with 2022

Investment banking fees decreased, reflecting in CIB:

- lower advisory fees due to a lower number of completed transactions, reflecting the lower level of announced deals in the current and the prior year amid a challenging environment, and
- lower debt underwriting fees as challenging market conditions, primarily in the first half of the year, resulted in lower issuance activity across leveraged loans, investment-grade loans and high-grade bonds. This was largely offset by higher issuance activity in high-yield bonds driven by higher industry-wide issuance,

partially offset by

- higher equity underwriting fees driven by a higher level of follow-on offerings due to lower equity market volatility and a higher level of convertible securities offerings, which benefited from higher rates, partially offset by lower activity in private placements amid a challenging environment.

Refer to CIB segment results on pages 72-77 and Note 6 for additional information.

Principal transactions revenue increased, reflecting in CIB:

- higher Equity Markets principal transactions revenue in Prime Finance and Equity Derivatives,
- higher Fixed Income Markets principal transactions revenue in Securitized Products and Fixed Income Financing, largely offset by lower revenue in Rates and Currencies & Emerging Markets;
  - the net increase in Markets principal transactions revenue was more than offset by a decline in Markets net interest income, primarily due to higher funding costs; and
- losses of $280 million in Credit Adjustments & Other compared with $836 million in the prior year.

The prior year included net markdowns on held-for-sale positions, primarily unfunded commitments, in the bridge financing portfolio in CIB and CB.

The increase in principal transactions revenue also included the impact of higher short-term cash deployment activities in Treasury and CIO, reflective of the current interest rate environment.

Principal transactions revenue in CIB generally has offsets across other revenue lines, including net interest income. The Firm assesses the performance of its Markets business on a total net revenue basis.

Refer to CIB and Corporate segment results on pages 72-77 and pages 84-85, respectively, and Note 6 for additional information.

Lending- and deposit-related fees increased, reflecting:

- higher lending-related revenue driven by the amortization of the purchase discount on certain acquired lending-related commitments associated with First Republic, primarily in AWM and CB,

predominantly offset by

- lower deposit-related fees in CB and CIB driven by the higher level of client credits that reduce such fees.

Refer to CIB, CB and AWM segment results on pages 72-77, pages 78-80 and pages 81-83, respectively, and Note 6 for additional information.

Asset management fees increased driven by strong net inflows and the removal of most money market fund fee waivers in the prior year in AWM, and in CCB the impact of First Republic, as well as higher average market levels and strong net inflows. Refer to CCB and AWM segment results on pages 68-71 and pages 81-83, respectively, and Note 6 for additional information.

Commissions and other fees increased due to higher commissions on annuity sales and travel-related services in CCB. Refer to CCB segment results on pages 68-71 and Note 6 for additional information.

Investment securities losses reflected higher net losses on higher sales of U.S. Treasuries and U.S. GSE and government agency MBS, associated with repositioning the investment securities portfolio in both periods in Treasury and CIO. Refer to Corporate segment results on pages 84-85 and Note 10 for additional information.

Mortgage fees and related income: refer to CCB segment results on pages 68-71, Note 6 and 15 for further information.

Card income increased in CIB and CB, reflecting growth in merchant processing volume and Commercial Card transactions in J.P. Morgan Payments; and in CCB, driven by higher net interchange income on increased debit and credit card sales volume. Refer to Business Segment Results, CCB, CIB and CB segment results on pages 65-85, pages 68-71, pages 72-77 and pages 78-80, respectively, and Note 6 for further information.

Other income increased, reflecting:

- the $2.8 billion estimated bargain purchase gain in Corporate associated with the First Republic acquisition,
- the impact of net investment hedges in Treasury and CIO, and
- a gain of $339 million recognized in the first quarter of 2023 in AWM on the original minority interest in China International Fund Management ("CIFM") upon the Firm's acquisition of the remaining 51% interest in the entity,

partially offset by

- lower auto operating lease income in CCB due to a decline in volume,
- lower net gains related to certain other Corporate investments, and
- the net impact of equity investments in CIB, including impairment losses in the second half of 2023,

The prior year included:

- a gain of $914 million on the sale of Visa B shares and proceeds from an insurance settlement in Corporate, and
- a gain on an equity-method investment received in partial satisfaction of a loan in CB.

Refer to Business Segment Results on page 67 and Note 34 for additional information on the First Republic acquisition; Note 5 for additional information on net investment hedges; and Note 6 for further information.

Net interest income increased driven by higher rates, the impact of First Republic, and higher revolving balances in Card Services, partially offset by lower Markets net interest income and lower average deposit balances.

The Firm's average interest-earning assets were $3.3 trillion, down $23 billion, and the yield was 5.14%, up 236 basis points ("bps"). The net yield on these assets, on an FTE basis, was 2.70%, an increase of 70 bps. The net yield excluding Markets was 3.85%, up 125 bps.

Refer to the Consolidated average balance sheets, interest and rates schedule on pages 310-314 for further information. Net yield excluding Markets is a non-GAAP financial measure. Refer to Explanation and Reconciliation of the Firm's Use of Non-GAAP Financial Measures on pages 62-64 for a further discussion of Net yield excluding Markets.

Provision for credit losses

Year ended December 31, (in millions)	2023	2022	2021
Consumer, excluding credit card	$ 935	$ 506	$ (1,933)
Credit card	6,048	3,353	(4,838)
Total consumer	6,983	3,859	(6,771)
Wholesale	2,299	2,476	(2,449)
Investment securities	38	54	(36)
Total provision for credit losses	$ 9,320	$ 6,389	$ (9,256)

2023 compared with 2022

The **provision for credit losses** was $9.3 billion, reflecting $6.2 billion of net charge-offs and a net addition of $3.1 billion to the allowance for credit losses.

Net charge-offs increased $3.3 billion, consisting of $2.6 billion in consumer, predominantly driven by Card Services, as the portfolio continued to normalize to pre-pandemic levels, and $698 million in wholesale.

The net addition to the allowance for credit losses included $1.9 billion, consisting of:

- $1.3 billion in **consumer**, predominantly driven by CCB, reflecting a $1.4 billion net addition in Card Services, partially offset by a net reduction of $200 million in Home Lending. The net addition in Card Services was driven by loan growth, including an increase in revolving balances, partially offset by reduced borrower uncertainty. The net reduction in Home Lending was driven by improvements in the outlook for home prices; and
- $657 million in **wholesale**, driven by net downgrade activity and the net effect of changes in the Firm's weighted average macroeconomic outlook, including a deterioration in the outlook for commercial real estate in CB, partially offset by the impact of changes in the loan and lending-related commitment portfolios.

The net addition also included $1.2 billion to establish the allowance for the First Republic loans and lending-related commitments in the second quarter of 2023.

The provision in the prior year included a $3.5 billion net addition to the allowance for credit losses, consisting of $2.3 billion in wholesale and $1.2 billion in consumer, driven by loan growth and deterioration in the Firm's macroeconomic outlook, partially offset by a reduction in the allowance related to a decrease in uncertainty associated with borrower behavior as the effects of the pandemic gradually receded, and net charge-offs of $2.9 billion.

Refer to the segment discussions of CCB on pages 68-71, CIB on pages 72-77, CB on pages 78-80, AWM on pages 81-83, the Allowance for Credit Losses on pages 131-133, and Notes 1, 10 and 13 for further discussion of the credit portfolio and the allowance for credit losses.

The secret transportation is a

Noninterest expense

Year ended December 31, (in millions)	2023	2022	2021
Compensation expense	$ 46,465	$ 41,636	$ 38,567
Noncompensation expense:			
Occupancy	4,590	4,696	4,516
Technology, communications and equipment[(a)]	9,246	9,358	9,941
Professional and outside services	10,235	10,174	9,814
Marketing	4,591	3,911	3,036
Other[(b)]	12,045	6,365	5,469
Total noncompensation expense[(c)]	40,707	34,504	32,776
Total noninterest expense	$ 87,172	$ 76,140	$ 71,343

(a) Includes depreciation expense associated with auto operating lease assets.
(b) Included Firmwide legal expense of $1.4 billion, $266 million and $426 million, as well as FDIC-related expense of $4.2 billion, $860 million and $730 million for the years ended December 31, 2023, 2022 and 2021, respectively. Refer to Note 6 for additional information.
(c) Reflected the impact of First Republic of $1.5 billion, which included expenses recorded in the second quarter of 2023 with respect to individuals associated with First Republic who did not become employees of the Firm until July 2, 2023. Refer to Business Segment Results on page 67 for additional information.

2023 compared with 2022

Compensation expense increased driven by:

- an increase in employees, primarily in technology and front office, as well as wage inflation,
- the impact of First Republic in the second half of 2023, predominantly in CCB and Corporate, and
- higher volume- and revenue-related compensation predominantly in AWM and CCB.

Noncompensation expense increased as a result of:

- higher FDIC-related expense, which included the $2.9 billion special assessment recognized in Corporate,
- the impact of First Republic in Corporate and CCB,
- higher legal expense in CIB, Corporate and CCB,
- higher investments in the business, including marketing and technology, and
- higher other expenses, including higher indirect tax expense in CIB, and higher travel and entertainment expense across the segments,

partially offset by

- lower depreciation expense on lower auto lease assets.

Refer to Business Segment Results on page 67 and Note 34 for additional information on the First Republic acquisition; Note 6 for further information;

Income tax expense

Year ended December 31, (in millions, except rate)	2023	2022	2021
Income before income tax expense	$ 61,612	$ 46,166	$ 59,562
Income tax expense	12,060	8,490	11,228
Effective tax rate	19.6 %	18.4 %	18.9 %

2023 compared with 2022

The **effective tax rate** increased predominantly driven by:

- the higher level of pre-tax income and changes in the mix of income and expenses subject to U.S. federal, state and local taxes,
- lower benefits associated with tax audit settlements, and
- vesting of employee stock based awards,

largely offset by

- the impact of the income tax expense associated with the First Republic acquisition that was reflected in the estimated bargain purchase gain, which resulted in a reduction in the Firm's effective tax rate, and
- an income tax benefit related to the finalization of certain income tax regulations.

Refer to Note 25 for further information.

Consolidated balance sheets analysis

The following is a discussion of the significant changes between December 31, 2023 and 2022. Refer to pages 155–158 for a discussion of the Critical Accounting Estimates Used by the Firm that affect the Consolidated Balance Sheets.

Selected Consolidated balance sheets data

December 31, (in millions)	2023	2022	Change
Assets			
Cash and due from banks	$ **29,066**	$ 27,697	5 %
Deposits with banks	**595,085**	539,537	10
Federal funds sold and securities purchased under resale agreements	**276,152**	315,592	(12)
Securities borrowed	**200,436**	185,369	8
Trading assets	**540,607**	453,799	19
Available-for-sale securities	**201,704**	205,857	(2)
Held-to-maturity securities	**369,848**	425,305	(13)
Investment securities, net of allowance for credit losses	**571,552**	631,162	(9)
Loans	**1,323,706**	1,135,647	17
Allowance for loan losses	**(22,420)**	(19,726)	14
Loans, net of allowance for loan losses	**1,301,286**	1,115,921	17
Accrued interest and accounts receivable	**107,363**	125,189	(14)
Premises and equipment	**30,157**	27,734	9
Goodwill, MSRs and other intangible assets	**64,381**	60,859	6
Other assets	**159,308**	182,884	(13)
Total assets	$ **3,875,393**	$ 3,665,743	6 %

Cash and due from banks and deposits with banks increased reflecting the higher level of excess cash placed with the Federal Reserve Banks. The Firm's excess cash primarily resulted from:

- the net issuance of long-term debt, and
- the impact of maturities and paydowns of investment securities in Treasury and CIO,

partially offset by

- the impacts associated with the First Republic acquisition in the first half of 2023.

Federal funds sold and securities purchased under resale agreements decreased, reflecting a reduction in client-driven market-making activities, partially offset by higher cash deployment in Treasury and CIO.

Securities borrowed increased driven by Markets, reflecting a higher demand for securities to cover short positions and client-driven activities.

Refer to Note 11 for additional information on securities purchased under resale agreements and securities borrowed.

Trading assets increased, reflecting in Markets higher debt and equity instruments on client-driven market-making activities, partially offset by lower derivative receivables, primarily as a result of market movements. Refer to Notes 2 and 5 for additional information.

Investment securities decreased due to:

- lower available-for-sale ("AFS") securities driven by maturities and paydowns, predominantly offset by the impact of First Republic, net purchases, and the transfer of securities from held-to-maturity ("HTM") in the first quarter of 2023, and
- lower HTM securities driven by maturities and paydowns, and the transfer of securities to AFS.

Refer to Corporate segment results on pages 84–85, Investment Portfolio Risk Management on page 134 and Notes 2 and 10 for additional information on investment securities.

Loans increased, reflecting:

- $146 billion of loans associated with First Republic,
- growth in new accounts in Card Services, as well as higher revolving balances, which continued to normalize to pre-pandemic levels, and
- growth in Auto loans due to net originations.

The **allowance for loan losses** increased, reflecting:

- a net addition to the allowance for loan losses of $2.2 billion, consisting of:
  - $1.3 billion in **consumer**, predominantly driven by CCB, reflecting $1.4 billion in Card Services driven by loan growth, including an increase in revolving balances, partially offset by a net reduction of $176 million in Home Lending, and
  - $930 million in **wholesale**, driven by net downgrade activity and the net effect of changes in the Firm's weighted average macroeconomic outlook, and
- $1.1 billion to establish the allowance for the First Republic loans in the second quarter of 2023.

The allowance for loan losses also reflected a reduction of $587 million, on January 1, 2023, as a result of the adoption of the Financial Instruments - Credit Losses: Troubled Debt Restructurings accounting guidance.

References in this Form 10-K to "changes to the TDR accounting guidance" pertain to the Firm's adoption of this guidance.

There was also a $408 million net reduction in the allowance for lending-related commitments recognized in other liabilities on the Consolidated balance sheets.

Refer to Consolidated Results of Operations and Credit and Investment Risk Management on pages 54–57 and pages 111–134, respectively, and Notes 2, 3, 12 and 13 for additional information on loans and the total allowance for credit losses; and Business Segment Results on page 67 and Note 34 for additional information on the First Republic acquisition.

Accrued interest and accounts receivable decreased due to lower client receivables related to client-driven activities in Markets.

Premises and equipment increased as a result of the construction-in-process associated with the Firm's headquarters, the First Republic acquisition, largely lease right-of-use assets, and higher capitalized software. Refer to Note 16 and 18 for additional information.

Goodwill, MSRs and other intangibles increased predominantly due to:

- other intangibles and goodwill related to the acquisition of the remaining 51% interest in CIFM,
- core deposit intangibles associated with the First Republic acquisition, and
- higher MSRs as a result of net additions primarily from purchases, and the impact of higher interest rates, partially offset by the realization of expected cash flows.

Refer to Note 15 and 34 for additional information.

Other assets decreased reflecting the impact of the change in the type of collateral placed with CCPs from cash to securities.

Selected Consolidated balance sheets data

December 31, (in millions)	2023	2022	Change
Liabilities			
Deposits	**$ 2,400,688**	$ 2,340,179	3
Federal funds purchased and securities loaned or sold under repurchase agreements	**216,535**	202,613	7
Short-term borrowings	**44,712**	44,027	2
Trading liabilities	**180,428**	177,976	1
Accounts payable and other liabilities	**290,307**	300,141	(3)
Beneficial interests issued by consolidated variable interest entities (“VIEs”)	**23,020**	12,610	83
Long-term debt	**391,825**	295,865	32
Total liabilities	**3,547,515**	3,373,411	5
Stockholders’ equity	**327,878**	292,332	12
Total liabilities and stockholders’ equity	**$ 3,875,393**	$ 3,665,743	6 %

Deposits increased, reflecting the net impact of:

- higher balances in CIB due to net issuances of structured notes as a result of client demand, as well as deposit inflows from client-driven activities in Payments and Securities Services, partially offset by deposit attrition, including actions taken to reduce certain deposits,
- growth in Corporate related to the Firm's international consumer initiatives,
- lower balances in CCB reflecting higher customer spending,
- a decline in AWM due to continued migration into higher-yielding investments driven by the higher interest rate environment, predominantly offset by growth from new and existing customers as a result of new product offerings, and
- a decrease in CB due to continued deposit attrition as clients seek higher-yielding investments, predominantly offset by the retention of inflows associated with disruptions in the market in the first quarter of 2023.

The net increase also included $61 billion of deposits associated with First Republic, primarily reflected in CCB, AWM and CB.

Federal funds purchased and securities loaned or sold under repurchase agreements increased, reflecting the impact of a lower level of netting on reduced repurchase activity.

Refer to Liquidity Risk Management on pages 102–109 for additional information on deposits, federal funds purchased and securities loaned or sold under repurchase agreements, and **short-term borrowings**; Notes 2 and 17 for deposits and Note 11 for federal funds purchased and securities loaned or sold under repurchase agreements; Business Segment Results on page 67 and Note 34 for additional information on the First Republic acquisition.

Trading liabilities increased due to client-driven market-making activities in Fixed Income Markets, which resulted in higher levels of short positions in debt instruments, partially offset by lower derivative payables primarily as a result of market movements. Refer to Notes 2 and 5 for additional information.

Accounts payable and other liabilities decreased primarily due to lower client payables related to client-driven activities in Markets, partially offset by higher accounts payable and accrued liabilities, including the $2.9 billion payable related to the FDIC special assessment. Refer to Note 19 for additional information.

Beneficial interests issued by consolidated VIEs increased in CIB primarily driven by higher levels of Firm-administered multi-seller conduit commercial paper held by third parties, reflecting changes in the Firm's short-term liquidity management. Refer to Liquidity Risk Management on pages 102–109; and Notes 14 and 28 for additional information on Firm-sponsored VIEs and loan securitization trusts.

Long-term debt increased, reflecting the impact of First Republic, which included the Purchase Money Note issued to the FDIC and additional FHLB advances, as well as net issuance consistent with the Firm's long-term funding plans. The increase was also attributable to net issuances of structured notes in Markets due to client demand and an increase in fair value. Refer to Liquidity Risk Management on pages 102–109 and Note 34 for additional information on the First Republic acquisition.

Stockholders' equity: refer to Consolidated Statements of changes in stockholders' equity on page 169, Capital Actions on page 99, and Note 24 for additional information.

Consolidated cash flows analysis

The following is a discussion of cash flow activities during the years ended December 31, 2023 and 2022. Refer to Consolidated cash flows analysis on page 57 of the Firm's 2022 Form 10-K for a discussion of the 2021 activities.

	Year ended December 31,		
(in millions)	**2023**	2022	2021
Net cash provided by/(used in)			
Operating activities	**$ 12,974**	$ 107,119	$ 78,084
Investing activities	**67,643**	(137,819)	(129,344)
Financing activities	**(25,571)**	(126,257)	275,993
Effect of exchange rate changes on cash	**1,871**	(16,643)	(11,508)
Net increase/(decrease) in cash and due from banks and deposits with banks	**$ 56,917**	$(173,600)	$ 213,225

Operating activities

JPMorgan Chase's operating assets and liabilities primarily support the Firm's lending and capital markets activities. These assets and liabilities can vary significantly in the normal course of business due to the amount and timing of cash flows, which are affected by client-driven and risk management activities and market conditions. The Firm believes that cash flows from operations, available cash and other liquidity sources, and its capacity to generate cash through secured and unsecured sources, are sufficient to meet its operating liquidity needs.

- In 2023, cash provided primarily reflected net income, lower other assets, and accrued interest and accounts receivable, predominantly offset by higher trading assets, lower accounts payable and other liabilities, and higher securities borrowed.
- In 2022, cash provided resulted from higher accounts payable and other liabilities, lower securities borrowed, and net proceeds from sales, securitizations, and paydowns of loans held-for-sale, partially offset by higher trading assets.

Investing activities

The Firm's investing activities predominantly include originating held-for-investment loans, investing in the investment securities portfolio and other short-term instruments.

- In 2023, cash provided resulted from net proceeds from investment securities, proceeds from sales and securitizations of loans held-for-investment and lower securities purchased under resale agreements, largely offset by net originations of loans and net cash used in the First Republic Bank acquisition.
- In 2022, cash used resulted from net originations of loans and higher securities purchased under resale agreements, partially offset by net proceeds from investment securities.

Financing activities

The Firm's financing activities include acquiring customer deposits and issuing long-term debt and preferred stock.

- In 2023, cash used reflected lower deposits, which included the impact of the repayment of the deposits provided to First Republic Bank by the consortium of large U.S. banks that the Firm assumed as part of the First Republic acquisition, partially offset by higher securities loaned under repurchase agreements and net proceeds from long- and short-term borrowings.
- In 2022, cash used reflected lower deposits, partially offset by net proceeds from long- and short-term borrowings.
- For both periods, cash was used for repurchases of common stock and cash dividends on common and preferred stock.

* * *

Refer to Consolidated Balance Sheets Analysis on pages 58–60, Capital Risk Management on pages 91-101, and Liquidity Risk Management on pages 102–109, and the Consolidated Statements of Cash Flows on page 170 for a further discussion of the activities affecting the Firm's cash flows.

Non-GAAP financial measures

The Firm prepares its Consolidated Financial Statements in accordance with U.S. GAAP; these financial statements appear on pages 166–170. That presentation, which is referred to as "reported" basis, provides the reader with an understanding of the Firm's results that can be tracked consistently from year-to-year and enables a comparison of the Firm's performance with the U.S. GAAP financial statements of other companies.

In addition to analyzing the Firm's results on a reported basis, management reviews Firmwide results, including the overhead ratio, on a "managed" basis; these Firmwide managed basis results are non-GAAP financial measures. The Firm also reviews the results of the LOBs on a managed basis. The Firm's definition of managed basis starts, in each case, with the reported U.S. GAAP results and includes certain reclassifications to present total net revenue for the Firm (and each of the reportable business segments) on an FTE basis. Accordingly, revenue from investments that receive tax credits and tax-exempt securities is presented in the managed results on a basis comparable to taxable investments and securities. These financial measures allow management to assess the comparability of revenue from year-to-year arising from both taxable and tax-exempt sources. The corresponding income tax impact related to tax-exempt items is recorded within income tax expense. These adjustments have no impact on net income as reported by the Firm as a whole or by the LOBs.

Management also uses certain non-GAAP financial measures at the Firm and business-segment level because these other non-GAAP financial measures provide information to investors about the underlying operational performance and trends of the Firm or of the particular business segment, as the case may be, and therefore facilitate a comparison of the Firm or the business segment with the performance of its relevant competitors. Refer to Business Segment Results on pages 65–85 for additional information on these non-GAAP measures. Non-GAAP financial measures used by the Firm may not be comparable to similarly named no

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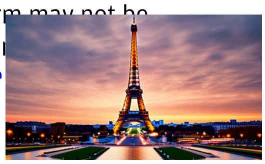

The following summary table provides a reconciliation from the Firm's reported U.S. GAAP results to managed basis.

	2023			2022			2021		
Year ended December 31, (in millions, except ratios)	Reported	Fully taxable-equivalent adjustments[a]	Managed basis	Reported	Fully taxable-equivalent adjustments[a]	Managed basis	Reported	Fully taxable-equivalent adjustments[a]	Managed basis
Other income	**$ 5,609**	**$ 3,782**	**$ 9,391**	$ 4,322	$ 3,148	$ 7,470	$ 4,830	$ 3,225	$ 8,055
Total noninterest revenue	**68,837**	**3,782**	**72,619**	61,985	3,148	65,133	69,338	3,225	72,563
Net interest income	**89,267**	**480**	**89,747**	66,710	434	67,144	52,311	430	52,741
Total net revenue	**158,104**	**4,262**	**162,366**	128,695	3,582	132,277	121,649	3,655	125,304
Total noninterest expense	**87,172**	**NA**	**87,172**	76,140	NA	76,140	71,343	NA	71,343
Pre-provision profit	**70,932**	**4,262**	**75,194**	52,555	3,582	56,137	50,306	3,655	53,961
Provision for credit losses	**9,320**	**NA**	**9,320**	6,389	NA	6,389	(9,256)	NA	(9,256)
Income before income tax expense	**61,612**	**4,262**	**65,874**	46,166	3,582	49,748	59,562	3,655	63,217
Income tax expense	**12,060**	**4,262**	**16,322**	8,490	3,582	12,072	11,228	3,655	14,883
Net income	**$ 49,552**	**NA**	**$ 49,552**	$ 37,676	NA	$ 37,676	$ 48,334	NA	$ 48,334
Overhead ratio	**55 %**	**NM**	**54 %**	59 %	NM	58 %	59 %	NM	57 %

(a) Predominantly recognized in CIB, CB and Corporate.

Net interest income, net yield, and noninterest revenue excluding Markets

In addition to reviewing net interest income, net yield, and noninterest revenue on a managed basis, management also reviews these metrics excluding Markets, as shown below. Markets consists of CIB's Fixed Income Markets and Equity Markets. These metrics, which exclude Markets, are non-GAAP financial measures. Management reviews these metrics to assess the performance of the Firm's lending, investing (including asset-liability management) and deposit-raising activities, apart from any volatility associated with Markets activities. In addition, management also assesses Markets business performance on a total revenue basis as offsets may occur across revenue lines. Management believes that these measures provide investors and analysts with alternative measures to analyze the revenue trends of the Firm.

Year ended December 31, (in millions, except rates)	2023	2022	2021
Net interest income – reported	**$ 89,267**	$ 66,710	$ 52,311
Fully taxable-equivalent adjustments	**480**	434	430
Net interest income – managed basis[a]	**$ 89,747**	$ 67,144	$ 52,741
Less: Markets net interest income[b]	**(294)**	4,789	8,243
Net interest income excluding Markets[a]	**$ 90,041**	$ 62,355	$ 44,498
Average interest-earning assets	**$3,325,708**	$3,349,079	$3,215,942
Less: Average Markets interest-earning assets[b]	**985,777**	953,195	888,238
Average interest-earning assets excluding Markets	**$2,339,931**	$2,395,884	$2,327,704
Net yield on average interest-earning assets – managed basis	**2.70 %**	2.00 %	1.64 %
Net yield on average Markets interest-earning assets[b]	**(0.03)**	0.50	0.93
Net yield on average interest-earning assets excluding Markets	**3.85 %**	2.60 %	1.91 %
Noninterest revenue – reported	**$ 68,837**	$ 61,985	$ 69,338
Fully taxable-equivalent adjustments	**3,782**	3,148	3,225
Noninterest revenue – managed basis	**$ 72,619**	$ 65,133	$ 72,563
Less: Markets noninterest revenue[b]	**28,086**	24,195	19,151
Noninterest revenue excluding Markets	**$ 44,533**	$ 40,938	$ 53,412
Memo: Total Markets net revenue[b]	**$ 27,792**	$ 28,984	$ 27,394

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

(b) Refer to pages 75-76 for further information on Markets.

Calculation of certain U.S. GAAP and non-GAAP financial measures

Certain U.S. GAAP and non-GAAP financial measures are calculated as follows:

Book value per share ("BVPS")
Common stockholders' equity at period-end / Common shares at period-end

Overhead ratio
Total noninterest expense / Total net revenue

ROA
Reported net income / Total average assets

ROE
Net income* / Average common stockholders' equity

ROTCE
Net income* / Average tangible common equity

TBVPS
Tangible common equity at period-end / Common shares at period-end

* Represents net income applicable to common equity

In addition, the Firm reviews other non-GAAP measures such as:

- Adjusted expense, which represents noninterest expense excluding Firmwide legal expense, and
- Pre-provision profit, which represents total net revenue less total noninterest expense.

Management believes that these measures help investors understand the effect of these items on reported results and provide an alternative presentation of the Firm's performance.

The Firm also reviews the allowance for loan losses to period-end loans retained excluding trade finance and conduits, a non-GAAP financial measure, to provide a more meaningful assessment of CIB's allowance coverage ratio.

TCE, ROTCE and TBVPS

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

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

	Period-end		Average		
			Year ended December 31,		
(in millions, except per share and ratio data)	**Dec 31, 2023**	Dec 31, 2022	**2023**	2022	2021
Common stockholders' equity	**$ 300,474**	$ 264,928	**$ 282,056**	$ 253,068	$ 250,968
Less: Goodwill	**52,634**	51,662	**52,258**	50,952	49,584
Less: Other intangible assets	**3,225**	1,224	**2,572**	1,112	876
Add: Certain deferred tax liabilities[(a)]	**2,996**	2,510	**2,883**	2,505	2,474
Tangible common equity	**$ 247,611**	$ 214,552	**$ 230,109**	$ 203,509	$ 202,982
Return on tangible common equity	**NA**	NA	**21 %**	18 %	23 %
Tangible book value per share	**$ 86.08**	$ 73.12	**NA**	NA	NA

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

BUSINESS SEGMENT RESULTS

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

The business segments are determined based on the products and services provided, or the type of customer served, and they reflect the manner in which financial information is evaluated by the Firm's Operating Committee. Segment results are presented on a managed basis. Refer to Explanation and Reconciliation of the Firm's use of Non-GAAP Financial Measures, on pages 62–64 for a definition of managed basis.

JPMorgan Chase (a)						
Consumer Businesses			**Wholesale Businesses**			
Consumer & Community Banking			**Corporate & Investment Bank**		**Commercial Banking**	**Asset & Wealth Management**
Banking & Wealth Management	Home Lending	Card Services & Auto	Banking	Markets & Securities Services	• Middle Market Banking • Corporate Client Banking • Commercial Real Estate Banking	• Asset Management • Global Private Bank
• Consumer Banking • J.P. Morgan Wealth Management • Business Banking	• Home Lending Production • Home Lending Servicing • Real Estate Portfolios	• Card Services • Auto	• Investment Banking • Payments • Lending	• Fixed Income Markets • Equity Markets • Securities Services • Credit Adjustments & Other		

(a) As a result of the organizational changes that were announced on January 25, 2024, the Firm 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 in the second quarter of 2024. Refer to Recent events on page 52 for additional information.

Description of business segment reporting methodology

Results of the business segments are intended to present each segment as if it were a stand-alone business. The management reporting process that derives business segment results includes the allocation of certain income and expense items. The Firm periodically assesses the assumptions, methodologies and reporting classifications used for segment reporting, and therefore further refinements may be implemented in future periods. The Firm also assesses the level of capital required for each LOB on at least an annual basis. The Firm's LOBs also provide various business metrics which are utilized by the Firm and its investors and analysts in assessing performance.

Revenue sharing

When business segments join efforts to sell products and services to the Firm's clients and customers, the participating business segments may agree to share revenue from those transactions. Revenue is generally recognized in the segment responsible for the related product or service, with allocations to the other segment(s) involved in the transaction. The segment results reflect these revenue-sharing agreements.

Expense allocation

Where business segments use services provided by corporate support units, or another business segment, the costs of those services are allocated to the respective business segments. The expense is generally allocated based on the actual cost and use of services provided. In contrast, certain costs and investments related to corporate support units, technology and operations that are not currently utilized by any LOB are not allocated to the business segments and are retained in Corporate. Expense retained in Corporate generally includes costs that would not be incurred if the segments were stand-alone businesses, and other items not solely aligned with a particular business segment.

Funds transfer pricing

Funds transfer pricing ("FTP") is the process by which the Firm allocates interest income and expense to the LOBs and Other Corporate and transfers the primary interest rate risk and liquidity risk to Treasury and CIO.

The funds transfer pricing process considers the interest rate and liquidity risk characteristics of assets and liabilities and off-balance sheet products. Periodically, the methodology and assumptions utilized in the FTP process are adjusted to reflect economic conditions and other factors, which may impact the allocation of net interest income to the segments.

As a result of the higher interest rate environment, the cost of funds for assets and the credits earned for liabilities have generally increased, impacting the business segments' net interest income. During the period ended December 31, 2023, this has resulted in higher cost of funds for loans and

Markets activities, and contributed to margin expansion on deposits.

Foreign exchange risk
Foreign exchange risk is transferred from the LOBs and Other Corporate to Treasury and CIO for certain revenues and expenses. Treasury and CIO manages these risks centrally and reports the impact of foreign exchange rate movements related to the transferred risk in its results. Refer to Market Risk Management on page 143 for additional information.

Debt expense and preferred stock dividend allocation
As part of the funds transfer pricing process, almost all of the cost of the credit spread component of outstanding unsecured long-term debt and preferred stock dividends is allocated to the reportable business segments, while the balance of the cost is retained in Corporate. The methodology to allocate the cost of unsecured long-term debt and preferred stock dividends to the business segments is aligned with the relevant regulatory capital requirements and funding needs of the LOBs, as applicable.

The allocated cost of unsecured long-term debt is included in a business segment's net interest income, and net income is reduced by preferred stock dividends, to arrive at a business segment's net income applicable to common equity.

Refer to Capital Risk Management on pages 91-101 for additional information.

Capital allocation
The amount of capital assigned to each business segment is referred to as equity. The Firm's current allocation methodology incorporates Basel III Standardized risk-weighted assets ("RWA") and the global systemically important banks ("GSIB") surcharge, both under rules currently in effect, as well as a simulation of capital in a severe stress environment. At least annually, the assumptions, judgments and methodologies used to allocate capital are reassessed and, as a result, the capital allocated to the LOBs may change.

Refer to Line of business equity on page 98 for additional information on capital allocation.

Segment Results – Managed Basis

The following tables summarize the Firm's results by segment for the periods indicated.

Year ended December 31,	Consumer & Community Banking			Corporate & Investment Bank			Commercial Banking		
(in millions, except ratios)	**2023**	2022	2021	**2023**	2022	2021	**2023**	2022	2021
Total net revenue	**$ 70,148**	$ 54,814 [a]	$49,879 [a]	**$48,807**	$ 48,102 [a]	$51,943 [a]	**$ 15,546**	$ 11,533	$ 10,008
Total noninterest expense	**34,819**	31,208 [a]	29,028 [a]	**28,594**	27,350 [a]	25,553 [a]	**5,378**	4,719	4,041
Pre-provision profit/(loss)	**35,329**	23,606	20,851	**20,213**	20,752	26,390	**10,168**	6,814	5,967
Provision for credit losses	**6,899**	3,813	(6,989)	**121**	1,158	(1,174)	**1,970**	1,268	(947)
Net income/(loss)	**21,232**	14,916 [a]	20,957 [a]	**14,129**	14,925 [a]	21,107 [a]	**6,143**	4,213	5,246
Return on equity ("ROE")	**38 %**	29 %	41 %	**13 %**	14 %	25 %	**20 %**	16 %	21 %

Year ended December 31,	Asset & Wealth Management			Corporate			Total		
(in millions, except ratios)	**2023**	2022	2021	**2023**	2022	2021	**2023**	2022	2021
Total net revenue	**$ 19,827**	$ 17,748	$ 16,957	**$ 8,038**	$ 80	$ (3,483)	**$162,366**	$132,277	$125,304
Total noninterest expense	**12,780**	11,829	10,919	**5,601**	1,034	1,802	**87,172**	76,140	71,343
Pre-provision profit/(loss)	**7,047**	5,919	6,038	**2,437**	(954)	(5,285)	**75,194**	56,137	53,961
Provision for credit losses	**159**	128	(227)	**171**	22	81	**9,320**	6,389	(9,256)
Net income/(loss)	**5,227**	4,365	4,737	**2,821**	(743)	(3,713)	**49,552**	37,676	48,334
Return on equity ("ROE")	**31 %**	25 %	33 %	**NM**	NM	NM	**17 %**	14 %	19 %

(a) In the first quarter of 2023, the allocations of revenue and expense to CCB associated with a Merchant Services revenue sharing agreement were discontinued and are now retained in Payments in CIB. Prior-period amounts have been revised to conform with the current presentation.

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Selected Firmwide Metrics

The following tables present key metrics for Wealth Management, which consists of the Global Private Bank in AWM and J.P. Morgan Wealth Management in CCB; and total revenue and key metrics for J.P. Morgan Payments, which consists of payments activities in CIB and CB. This presentation is intended to provide investors with additional information concerning Wealth Management and J.P. Morgan Payments, each of which consists of similar business activities conducted across LOBs to serve different types of clients and customers.

Selected metrics - Wealth Management

Year ended December 31,	2023	2022	2021
Client assets (in billions)[a]	$ 3,177 [b]	$ 2,438	$ 2,456
Number of client advisors	8,971	8,166	7,463

(a) Consists of Global Private Bank in AWM and client investment assets in J.P. Morgan Wealth Management in CCB.
(b) At December 31, 2023, included $144.6 billion of client investment assets associated with First Republic.

Selected metrics - J.P. Morgan Payments

(in millions, except where otherwise noted)			
Year ended December 31,	2023	2022	2021
Total net revenue[a]	$18,248	$13,909	$ 9,861
Merchant processing volume (in billions)	2,408	2,158	1,887
Average deposits (in billions)	715	779	800

(a) Includes certain revenues that are reported as investment banking product revenue in CB, and excludes the net impact of equity investments.

Segment information related to First Republic

The following table presents selected impacts to CCB, CB, AWM and Corporate associated with First Republic from the acquisition date of May 1, 2023.

	As of or for the year ended December 31, 2023				
(in millions)	Consumer & Community Banking	Commercial Banking	Asset & Wealth Management	Corporate	Total
Selected Income Statement Data					
Revenue					
Asset management fees	$ 387	$ –	$ –	$ –	$ 387
All other income	489	201	503	2,862 [b]	4,055
Noninterest revenue	876	201	503	2,862	4,442
Net interest income	2,401	704	668	(55)	3,718
Total net revenue	3,277	905	1,171	2,807	8,160
Provision for credit losses	421	731	128	–	1,280
Noninterest expense	1,219	45	50	1,033 [c]	2,347
Net income	1,244	98	753	2,015	4,110
Selected Balance Sheet Data (period-end)					
Loans	$ 94,671	$ 38,495	$ 11,436	$ –	$ 144,602 [d]
Deposits [a]	42,710	6,163	12,098	–	60,971 [d]

(a) In the fourth quarter of 2023, CCB transferred certain deposits associated with First Republic to AWM, CB and CIB.
(b) Included the preliminary estimated bargain purchase gain of $2.7 billion recorded in other income. For the year ended December 31, 2023, reflects measurement period adjustments of $63 million, resulting in an estimated bargain purchase gain of $2.8 billion for the year ended December 31, 2023. Refer to Note 34 for additional information.
(c) Included $360 million of restructuring and integration costs.
(d) Excluded $1.9 billion of loans and $508 million of deposits allocated to CIB.

The following sections provide a comparative discussion of the Firm’s results by segment as of or for the years ended December 31, 2023 and 2022, unless otherwise specified.

Consumer & Community Banking offers products and services to consumers and small businesses through bank branches, ATMs, digital (including mobile and online) and telephone banking. CCB is organized into Banking & Wealth Management (including Consumer Banking, J.P. Morgan Wealth Management and Business Banking), Home Lending (including Home Lending Production, Home Lending Servicing and Real Estate Portfolios) and Card Services & Auto. Banking & Wealth Management offers deposit, investment and lending products, cash management, payments and services. Home Lending includes mortgage origination and servicing activities, as well as portfolios consisting of residential mortgages and home equity loans. Card Services issues credit cards and offers travel services. Auto originates and services auto loans and leases.

Selected income statement data

Year ended December 31, (in millions, except ratios)	2023	2022	2021
Revenue			
Lending- and deposit-related fees	**$ 3,356**	$ 3,316	$ 3,034
Asset management fees	**3,282** (d)	2,734	2,794
Mortgage fees and related income	**1,175**	1,236	2,159
Card income	**2,532**	2,469 (f)	3,364 (f)
All other income[a]	**4,773** (d)	5,131 (f)	5,741 (f)
Noninterest revenue	**15,118**	14,886	17,092
Net interest income	**55,030** (d)	39,928	32,787
Total net revenue	**70,148**	54,814	49,879
Provision for credit losses	**6,899** (d)	3,813	(6,989)
Noninterest expense			
Compensation expense	**15,171**	13,092	12,142
Noncompensation expense[b]	**19,648**	18,116 (f)	16,886 (f)
Total noninterest expense	**34,819** (d)	31,208	29,028
Income before income tax expense	**28,430**	19,793	27,840
Income tax expense	**7,198**	4,877 (f)	6,883 (f)
Net income	**$21,232**	$14,916	$20,957
Revenue by line of business			
Banking & Wealth Management	**$43,199** (e)	$30,059 (f)	$23,786 (f)
Home Lending	**4,140** (e)	3,674	5,291
Card Services & Auto	**22,809**	21,081	20,802
Mortgage fees and related income details:			
Production revenue	**421**	497	2,215
Net mortgage servicing revenue[c]	**754**	739	(56)
Mortgage fees and related income	**$ 1,175**	$ 1,236	$ 2,159
Financial ratios			
Return on equity	**38** %	29 %	41 %
Overhead ratio	**50**	57	58

(a) Primarily includes operating lease income and commissions and other fees. Operating lease income was $2.8 billion, $3.6 billion and $4.8 billion for the years ended December 31, 2023, 2022 and 2021, respectively.
(b) Included depreciation expense on leased assets of $1.7 billion, $2.4 billion and $3.3 billion for the years ended December 31, 2023, 2022 and 2021, respectively.
(c) Included MSR risk management results of $131 million, $93 million and $(525) million for the years ended December 31, 2023, 2022 and 2021, respectively.
(d) Includes First Republic. Refer to page 67 for additional information.
(e) Banking & Wealth Management and Home Lending included revenue associated with First Republic of $2.3 billion and $932 million, respectively, for the year ended December 31, 2023.
(f) In the first quarter of 2023, the allocations of revenue and expense to CCB associated with a Merchant Services revenue sharing agreement were discontinued and are now retained in Payments in CIB. Prior-period amounts have been revised to conform with the current presentation.

2023 compared with 2022

Net income was $21.2 billion, up 42%.

Net revenue was $70.1 billion, up 28%.

Net interest income was $55.0 billion, up 38%, driven by:

- deposit margin expansion on higher rates, partially offset by lower average deposits and the impact of lower PPP loan forgiveness in Banking & Wealth Management ("BWM"),
- higher Card Services NII, reflecting an increase in revolving balances, and
- the impact of First Republic in Home Lending.

Noninterest revenue was $15.1 billion, up 2%, driven by:

- higher asset management fees due to the impact of First Republic as well as higher market levels and strong net inflows, higher commissions on annuity sales in BWM and higher other service fees associated with First Republic,
- higher net interchange income on increased debit and credit card sales volume, and
  - In Card Services, higher annual fees and the higher net interchange income were more than offset by an increase in amortization related to new account origination costs, reflecting continued growth. Net interchange income in Card Services also reflected the impact of a reduction in rewards costs and partner payments in the first quarter of 2023 related to a periodic tax refund on airline miles redeemed and an increase to the rewards liability due to adjustments to certain reward program terms in the second quarter of 2023;
- higher travel-related commissions in Card Services,

predominantly offset by

- lower auto operating lease income as a result of a decline in volume, and
- lower mortgage fees and related income in Home Lending.

Refer to Note 6 for additional information on card income, asset management fees, and commissions and other fees; and Critical Accounting Estimates on pages 155–158 for credit card rewards liability.

Refer to Note 15 for further information regarding changes in the value of the MSR asset and related hedges, and mortgage fees and related income.

Refer to Note 34 for additional information on the First Republic acquisition.

Noninterest expense was $34.8 billion, up 12%, reflecting:

- higher compensation expense, driven by an increase in employees, including the impact of First Republic in the second half of 2023 and additions primarily in bankers, advisors and technology, wage inflation and higher revenue-related compensation, as well as
- higher noncompensation expense, driven by the impact of First Republic, investments in marketing and technology, the increase in the FDIC assessment announced in the prior year as well as higher legal expense, partially offset by lower auto lease depreciation on lower auto lease assets.

The provision for credit losses was $6.9 billion, reflecting:

- net charge-offs of $5.3 billion, up $2.6 billion, predominantly driven by Card Services, as the portfolio continued to normalize to pre-pandemic levels,
- a $1.2 billion net addition to the allowance for credit losses, which included $1.4 billion in Card Services, partially offset by a net reduction of $200 million in Home Lending. The net addition in Card Services was driven by loan growth, including an increase in revolving balances, partially offset by reduced borrower uncertainty. The net reduction in Home Lending was driven by improvements in the outlook for home prices; and
- $408 million to establish the allowance for the First Republic loans and lending-related commitments in the second quarter of 2023.

The provision in the prior year was $3.8 billion, driven by net charge-offs of $2.7 billion and a $1.1 billion net addition to the allowance for credit losses across CCB.

Refer to Credit and Investment Risk Management on pages 111–134 and Allowance for Credit Losses on pages 131–133 for a further discussion of the credit portfolios and the allowance for credit losses.

Selected metrics

As of or for the year ended December 31, (in millions, except employees)	2023		2022	2021
Selected balance sheet data (period-end)				
Total assets	**$ 642,951**		$ 514,085	$ 500,370
Loans:				
Banking & Wealth Management[a]	**31,142**	(d)	29,008	35,095
Home Lending[b]	**259,181**	(d)	172,554	180,529
Card Services	**211,175**		185,175	154,296
Auto	**77,705**		68,191	69,138
Total loans	**579,203**		454,928	439,058
Deposits	**1,094,738**	(e)	1,131,611	1,148,110
Equity	**55,500**		50,000	50,000
Selected balance sheet data (average)				
Total assets	**$ 584,367**		$ 497,263	$ 489,771
Loans:				
Banking & Wealth Management	**30,142**	(f)	31,545	44,906
Home Lending[c]	**232,115**	(f)	176,285	181,049
Card Services	**191,424**		163,335	140,405
Auto	**72,674**		68,098	67,624
Total loans	**526,355**		439,263	433,984
Deposits	**1,126,552**	(g)	1,162,680	1,054,956
Equity	**54,349**		50,000	50,000
Employees	**141,640**		135,347	128,863

(a) At December 31, 2023, 2022 and 2021, included $94 million, $350 million and $5.4 billion of loans, respectively, in Business Banking under the PPP.
(b) At December 31, 2023, 2022 and 2021, Home Lending loans held-for-sale and loans at fair value were $3.4 billion, $3.0 billion and $14.9 billion, respectively.
(c) Average Home Lending loans held-for sale and loans at fair value were $4.8 billion, $7.3 billion and $15.4 billion for the years ended December 31, 2023, 2022 and 2021, respectively.
(d) At December 31, 2023, included $4.0 billion and $90.7 billion for Banking & Wealth Management and Home Lending, respectively, associated with First Republic.
(e) Includes First Republic. In the fourth quarter of 2023, CCB transferred certain deposits associated with First Republic to AWM, CB, and CIB. Refer to page 67 for additional information.
(f) Average Banking & Wealth Management and Home Lending loans associated with First Republic were $2.4 billion and $60.2 billion, respectively, for the year ended December 31, 2023.
(g) Included $39.4 billion associated with First Republic for the year ended December 31, 2023.

Selected metrics

As of or for the year ended December 31, (in millions, except ratio data)	2023		2022		2021	
Credit data and quality statistics						
Nonaccrual loans[a][b]	**$ 3,740**		$ 3,899		$ 4,875	
Net charge-offs/(recoveries)						
Banking & Wealth Management	**340**		370		289	
Home Lending	**(56)**		(229)		(275)	
Card Services	**4,699**		2,403		2,712	
Auto	**357**		144		35	
Total net charge-offs/ (recoveries)	**$ 5,340**		$ 2,688		$ 2,761	
Net charge-off/(recovery) rate						
Banking & Wealth Management[c]	**1.13**	**%**	1.17	%	0.64	%
Home Lending	**(0.02)**		(0.14)		(0.17)	
Card Services	**2.45**		1.47		1.94	
Auto	**0.49**		0.21		0.05	
Total net charge-off/ (recovery) rate	**1.02**	**%**	0.62	%	0.66	%
30+ day delinquency rate						
Home Lending[d][e]	**0.66**	**%**	0.83	%	1.25	%
Card Services	**2.14**		1.45		1.04	
Auto	**1.19**		1.01		0.64	
90+ day delinquency rate - Card Services	**1.05**	**%**	0.68	%	0.50	%
Allowance for loan losses						
Banking & Wealth Management	**$ 685**		$ 722		$ 697	
Home Lending	**578**	(f)	867		660	
Card Services	**12,453**		11,200		10,250	
Auto	**742**		715		733	
Total allowance for loan losses	**$14,458**	(g)	$13,504		$12,340	

(a) At December 31, 2023, 2022 and 2021, nonaccrual loans excluded mortgage loans 90 or more days past due and insured by U.S. government agencies of $123 million, $187 million and $342 million, respectively. These amounts have been excluded based upon the government guarantee. In addition, the Firm's policy is generally to exempt credit card loans from being placed on nonaccrual status as permitted by regulatory guidance.
(b) At December 31, 2023, 2022 and 2021, generally excludes loans that were under payment deferral programs offered in response to the COVID-19 pandemic.
(c) At December 31, 2023, 2022 and 2021, included $94 million, $350 million and $5.4 billion of loans, respectively, in Business Banking under the PPP. The Firm does not expect to realize material credit losses on PPP loans because the loans are guaranteed by the SBA.
(d) At December 31, 2023, 2022 and 2021, the principal balance of loans under payment deferral programs offered in response to the COVID-19 pandemic was $29 million, $449 million and $1.1 billion in Home Lending, respectively. Loans that are performing according to their modified terms are generally not considered delinquent.
(e) At December 31, 2023, 2022 and 2021, excluded mortgage loans insured by U.S. government agencies of $176 million, $258 million and $405 million, respectively, that are 30 or more days past due. These amounts have been excluded based upon the government guarantee.
(f) Includes First Republic.
(g) On January 1, 2023, the Firm adopted changes to the TDR accounting guidance. The adoption of this guidance resulted in a net decrease in the allowance for loan losses of $591 million, driven by residential real estate and credit card. Refer to Note 1 for further information.

Selected metrics

As of or for the year ended December 31, (in billions, except ratios and where otherwise noted)	2023		2022		2021	
Business Metrics						
CCB Consumer customers (in millions)[(a)]	**82.1**	(g)	79.2		76.5	
CCB Small business customers (in millions)[(a)]	**6.4**	(g)	5.7		5.3	
Number of branches	**4,897**		4,787		4,790	
Active digital customers (in thousands)[(b)]	**66,983**	(g)	63,136		58,857	
Active mobile customers (in thousands)[(c)]	**53,828**	(g)	49,710		45,452	
Debit and credit card sales volume	**$1,678.6**		$1,555.4		$1,360.7	
Total payments transaction volume (in trillions)[(d)]	**5.9**	(g)	5.6		5.0	
Banking & Wealth Management						
Average deposits	**$1,111.7**	(h)	$1,145.7		$1,035.4	
Deposit margin	**2.84**	**%**	1.71	%	1.27	%
Business Banking average loans	**$ 19.6**		$ 22.3		$ 37.5	
Business Banking origination volume	**4.8**		4.3		13.9	(j)
Client investment assets[(e)]	**951.1**		647.1		718.1	
Number of client advisors	**5,456**		5,029		4,725	
Home Lending						
Mortgage origination volume by channel						
Retail	**$ 22.4**	(i)	$ 38.5		$ 91.8	
Correspondent	**12.7**		26.9		70.9	
Total mortgage origination volume[(f)]	**$ 35.1**		$ 65.4		$ 162.7	
Third-party mortgage loans serviced (period-end)	**$ 631.2**		$ 584.3		$ 519.2	
MSR carrying value (period-end)	**8.5**		8.0		5.5	
Card Services						
Sales volume, excluding commercial card	**$1,163.6**		$1,064.7		$ 893.5	
Net revenue rate	**9.72**	**%**	9.87	%	10.51	%
Net yield on average loans	**9.61**		9.77		9.88	
New credit card accounts opened (in millions)	**10.0**		9.6		8.0	
Auto						
Loan and lease origination volume	**$ 41.3**		$ 30.4		$ 43.6	
Average auto operating lease assets	**10.9**		14.3		19.1	

(a) The Consumer and Small business customers metrics include unique individuals, and businesses and legal entities, respectively, that have financial ownership or decision-making power with respect to accounts; these metrics exclude customers under the age of 18. Where a customer uses the same unique identifier as both a Consumer and a Small business, the customer is included in both metrics. For information concerning the Households metric previously disclosed, refer to the Glossary of terms and acronyms on pages 315-321.

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

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

(d) Total payments transaction volume includes debit and credit card sales volume and gross outflows of ACH, ATM, teller, wires, BillPay, PayChase, Zelle, person-to-person and checks.

(e) Includes assets invested in managed accounts and J.P. Morgan mutual funds where AWM is the investment manager. Refer to AWM segment results on pages 81-83 for additional information. At December 31, 2023, included $144.6 billion of client investment assets associated with First Republic.

(f) Firmwide mortgage origination volume was $41.4 billion, $81.8 billion and $182.4 billion for the years ended December 31, 2023, 2022 and 2021, respectively.

(g) Excludes First Republic.

(h) Included $39.4 billion for the year ended December 31, 2023, associated with First Republic.

(i) Included $2.3 billion for the year ended December 31, 2023, associated with First Republic.

(j) Included origination volume under the PPP of $10.6 billion for the year ended December 31, 2021. The program ended on May 31, 2021 for new applications.

The Corporate & Investment Bank, which consists of Banking and Markets & Securities Services, offers a broad suite of investment banking, market-making, prime brokerage, lending, and treasury and securities products and services to a global client base of corporations, investors, financial institutions, merchants, government and municipal entities. Banking offers a full range of investment banking products and services in all major capital markets, including advising on corporate strategy and structure, capital-raising in equity and debt markets, as well as loan origination and syndication. Banking also includes Payments, which provides services, that enable clients to manage payments globally across liquidity and account solutions, commerce solutions, clearing, trade and working capital. Markets & Securities Services includes Markets, a global market-maker across products, including cash and derivative instruments, which also offers sophisticated risk management solutions, prime brokerage, clearing and research. Markets & Securities Services also includes Securities Services, a leading global custodian which provides custody, fund accounting and administration, and securities lending products principally for asset managers, insurance companies and public and private investment funds.

Selected income statement data

Year ended December 31, (in millions)	2023	2022		2021	
Revenue					
Investment banking fees[a]	**$ 6,582**	$ 6,929		$13,359	
Principal transactions	**23,671**	19,926		15,764	
Lending- and deposit-related fees	**2,213**	2,419		2,514	
Commissions and other fees	**4,821**	5,058		4,995	
Card income	**1,450**	1,249	(c)	1,108	(c)
All other income	**1,578**	621	(c)	663	(c)
Noninterest revenue	**40,315**	36,202		38,403	
Net interest income	**8,492**	11,900		13,540	
Total net revenue[b]	**48,807**	48,102		51,943	
Provision for credit losses	**121**	1,158		(1,174)	
Noninterest expense					
Compensation expense	**14,345**	13,918		13,096	
Noncompensation expense	**14,249**	13,432	(c)	12,457	(c)
Total noninterest expense	**28,594**	27,350		25,553	
Income before income tax expense	**20,092**	19,594		27,564	
Income tax expense	**5,963**	4,669	(c)	6,457	(c)
Net income	**$14,129**	$14,925		$21,107	

(a) Includes CB's share of revenue from investment banking products sold to CB clients through the CIB that is subject to a revenue sharing arrangement which is reported as a reduction in All other income.
(b) Includes tax-equivalent adjustments, predominantly due to income tax credits and other tax benefits related to alternative energy investments; income tax credits and amortization of the cost of investments in affordable housing projects; and tax-exempt income from municipal bonds of $3.6 billion, $3.0 billion and $3.0 billion for the years ended December 31, 2023, 2022 and 2021, respectively.
(c) In the first quarter of 2023, the allocations of revenue and expense to CCB associated with a Merchant Services revenue sharing agreement were discontinued and are now retained in Payments in CIB. Prior-period amounts have been revised to conform with the current presentation.

Selected income statement data

Year ended December 31, (in millions, except ratios)	2023	2022		2021	
Financial ratios					
Return on equity	**13 %**	14 %		25 %	
Overhead ratio	**59**	57		49	
Compensation expense as percentage of total net revenue	**29**	29		25	
Revenue by business					
Investment Banking	**$ 6,243**	$ 6,510		$12,506	
Payments	**9,273**	7,579	(b)	6,464	(b)
Lending	**1,007**	1,377		1,001	
Total Banking	**16,523**	15,466		19,971	
Fixed Income Markets	**18,813**	18,617		16,865	
Equity Markets	**8,979**	10,367		10,529	
Securities Services	**4,772**	4,488		4,328	
Credit Adjustments & Other[a]	**(280)**	(836)		250	
Total Markets & Securities Services	**32,284**	32,636		31,972	
Total net revenue	**$48,807**	$48,102		$51,943	

(a) Consists primarily of centrally managed credit valuation adjustments ("CVA"), funding valuation adjustments ("FVA") on derivatives, other valuation adjustments, and certain components of fair value option elected liabilities, which are primarily reported in principal transactions revenue. Results are presented net of associated hedging activities and net of CVA and FVA amounts allocated to Fixed Income Markets and Equity Markets. Refer to Notes 2, 3 and 24 for additional information.
(b) In the first quarter of 2023, the allocations of revenue and expense to CCB associated with a Merchant Services revenue sharing agreement were discontinued and are now retained in Payments in CIB. Prior-period amounts have been revised to conform with the current presentation.

2023 compared with 2022

Net income was $14.1 billion, down 5%.

Net revenue was $48.8 billion, up 1%.

Banking revenue was $16.5 billion, up 7%.

- Investment Banking revenue was $6.2 billion, down 4%. Excluding $257 million of markdowns on held-for-sale positions, primarily unfunded commitments, in the bridge financing portfolio recorded in the second quarter of 2022, Investment Banking revenue was down 8%. Investment Banking fees were down 5%, driven by lower advisory and debt underwriting fees, partially offset by higher equity underwriting fees. The Firm ranked #1 for Global Investment Banking fees, according to Dealogic.
  - Advisory fees were $2.8 billion, down 8%, due to a lower number of completed transactions, reflecting the lower level of announced deals in the current and the prior year amid a challenging environment.
  - Debt underwriting fees were $2.6 billion, down 8%, as challenging market conditions, primarily in the first half of the year, resulted in lower issuance activity across leveraged loans, investment-grade loans, and high-grade bonds. This was largely offset by higher issuance activity in high-yield bonds driven by higher industry-wide issuance.
  - Equity underwriting fees were $1.2 billion, up 11%, driven by a higher level of follow-on offerings due to lower equity market volatility and a higher level of convertible securities offerings which benefited from higher rates, partially offset by lower activity in private placements amid a challenging environment.
- Payments revenue was $9.3 billion, up 22%, driven by deposit margin expansion on higher rates and fees, partially offset by the higher level of client credits that reduce such fees and lower average deposits. The net impact of equity investments was flat reflecting net markdowns in both periods, including the impact of an impairment in the current year.
- Lending revenue was $1.0 billion, down 27%, driven by $494 million of fair value losses on hedges of retained loans which included an increase in hedging activity, compared to $27 million of gains in the prior year, partially offset by higher net interest income.

Markets & Securities Services revenue was $32.3 billion, down 1%. Markets revenue was $27.8 billion, down 4%.

- Fixed Income Markets revenue was $18.8 billion, up 1%, driven by an increase in finance and trading activity in the Securitized Products Group and improved performance in Credit Trading, predominantly offset by lower revenue in Currencies & Emerging Markets as the business substantially normalized from the prior year's elevated levels of volatility and client activity.
- Equity Markets revenue was $9.0 billion, down 13%, driven by lower revenue in Equity Derivatives and Cash Equities, compared with a stronger performance in the prior year.
- Securities Services revenue was $4.8 billion, up 6%, driven by deposit margin expansion on higher rates, largely offset by lower average deposits and fees.
- Credit Adjustments & Other was a loss of $280 million, compared with a loss of $836 million in the prior year.

Noninterest expense was $28.6 billion, up 5%, driven by higher legal expense, compensation expense, including the impact of wage inflation, and higher indirect tax expense.

The provision for credit losses was $121 million, driven by net charge-offs of $272 million, up $190 million, driven by single name exposures, largely offset by a $151 million net reduction in the allowance for credit losses.

The net reduction in the allowance was driven by the impact of changes in the loan and lending-related commitment portfolios and the net effect of changes in the Firm's weighted average macroeconomic outlook, predominantly offset by an addition for certain accounts receivable and net downgrade activity.

The provision in the prior year was $1.2 billion, predominantly driven by a net addition to the allowance for credit losses.

Selected metrics

As of or for the year ended December 31, (in millions, except employees)	2023	2022	2021
Selected balance sheet data (period-end)			
Total assets	**$1,338,168**	$1,334,296	$1,259,896
Loans:			
Loans retained[(a)]	**197,523**	187,642	159,786
Loans held-for-sale and loans at fair value[(b)]	**38,919**	42,304	50,386
Total loans	**236,442**	229,946	210,172
Equity	**108,000**	103,000	83,000
Selected balance sheet data (average)			
Total assets	**$1,428,904**	$1,406,250	$1,334,518
Trading assets-debt and equity instruments	**508,799**	405,916	448,099
Trading assets-derivative receivables	**63,836**	77,802	68,203
Loans:			
Loans retained[(a)]	**190,601**	172,627	145,137
Loans held-for-sale and loans at fair value[(b)]	**39,831**	46,846	51,072
Total loans	**230,432**	219,473	196,209
Deposits	**728,537**	739,700	760,048
Equity	**108,000**	103,000	83,000
Employees	**74,404**	73,452	67,546

(a) Loans retained includes credit portfolio loans, loans held by consolidated Firm-administered multi-seller conduits, trade finance loans, other held-for-investment loans and overdrafts.
(b) Loans held-for-sale and loans at fair value primarily reflect lending related positions originated and purchased in CIB Markets, including loans held for securitization.

Selected metrics

As of or for the year ended December 31, (in millions, except ratios)	2023	2022	2021
Credit data and quality statistics			
Net charge-offs/(recoveries)	**$ 272**	$ 82	$ 6
Nonperforming assets:			
Nonaccrual loans:			
Nonaccrual loans retained[(a)]	**866**	718	584
Nonaccrual loans held-for-sale and loans at fair value[(b)]	**828**	848	844
Total nonaccrual loans	**1,694**	1,566	1,428
Derivative receivables	**364**	296	316
Assets acquired in loan satisfactions	**115**	87	91
Total nonperforming assets	**2,173**	1,949	1,835
Allowance for credit losses:			
Allowance for loan losses	**2,321**	2,292	1,348
Allowance for lending-related commitments	**1,048**	1,448	1,372
Total allowance for credit losses	**3,369**	3,740	2,720
Net charge-off/(recovery) rate[(c)]	**0.14 %**	0.05 %	– %
Allowance for loan losses to period-end loans retained	**1.18**	1.22	0.84
Allowance for loan losses to period-end loans retained, excluding trade finance and conduits[(d)]	**1.64**	1.67	1.12
Allowance for loan losses to nonaccrual loans retained[(a)]	**268**	319	231
Nonaccrual loans to total period-end loans	**0.72**	0.68	0.68

(a) Allowance for loan losses of $95 million, $104 million and $58 million were held against these nonaccrual loans at December 31, 2023, 2022 and 2021, respectively.
(b) At December 31, 2023, 2022 and 2021, nonaccrual loans excluded mortgage loans 90 or more days past due and insured by U.S. government agencies of $59 million, $115 million and $281 million, respectively. These amounts have been excluded based upon the government guarantee.
(c) Loans held-for-sale and loans at fair value were excluded when calculating the net charge-off/(recovery) rate.
(d) Management uses allowance for loan losses to period-end loans retained, excluding trade finance and conduits, a non-GAAP financial measure, to provide a more meaningful assessment of CIB's allowance coverage ratio. Refer to Explanation and Reconciliation of the Firm's Use of Non-GAAP Financial Measures on pages 62-64.

Investment banking fees

(in millions)	Year ended December 31, 2023	2022	2021
Advisory	$ **2,814**	$ 3,051	$ 4,381
Equity underwriting	**1,151**	1,034	3,953
Debt underwriting[(a)]	**2,617**	2,844	5,025
Total investment banking fees	$ **6,582**	$ 6,929	$ 13,359

(a) Represents long-term debt and loan syndications.

League table results – wallet share

Year ended December 31,	2023 Rank	2023 Share	2022 Rank	2022 Share	2021 Rank	2021 Share
Based on fees[(a)]						
M&A[(b)]						
Global	# **2**	**9.3 %**	# 2	7.9 %	# 2	9.6 %
U.S.	**2**	**11.2**	2	9.0	2	10.7
Equity and equity-related[(c)]						
Global	**1**	**7.8**	2	5.7	3	8.8
U.S.	**1**	**14.1**	1	13.9	2	11.8
Long-term debt[(d)]						
Global	**1**	**7.2**	1	6.9	1	8.4
U.S.	**1**	**10.9**	1	12.2	1	12.1
Loan syndications						
Global	**1**	**12.1**	1	11.0	1	10.9
U.S.	**1**	**15.1**	1	12.8	1	12.6
Global investment banking fees[(e)]	# **1**	**8.8 %**	# 1	7.8 %	# 1	9.3 %

(a) Source: Dealogic as of January 2, 2024. Reflects the ranking of revenue wallet and market share.
(b) Global M&A excludes any withdrawn transactions. U.S. M&A revenue wallet represents wallet from
(c) Global equity and equity-related ranking includes rights offerings and C The secret flower is a
(d) Long-term debt rankings include investment-grade, high-yield, suprana curities ("ABS") and mortgage-backed securities ("MBS"); and exclude money market, short-term debt, and U.S. munic
(e) Global investment banking fees exclude money market, short-term debt and shelf securities.

Markets revenue

The following table summarizes selected income statement data for the Markets businesses. Markets includes both Fixed Income Markets and Equity Markets. Markets revenue consists of principal transactions, fees, commissions and other income, as well as net interest income. The Firm assesses its Markets business performance on a total revenue basis, as offsets generally occur across revenue line items. For example, securities that generate net interest income may be risk-managed by derivatives that are reflected at fair value in principal transactions revenue. Refer to Notes 6 and 7 for a description of the composition of these income statement line items.

Principal transactions reflects revenue on financial instruments and commodities transactions that arise from client-driven market-making activity. Principal transactions revenue includes amounts recognized upon executing new transactions with market participants, as well as “inventory-related revenue”, which is revenue recognized from gains and losses on derivatives and other instruments that the Firm has been holding in anticipation of, or in response to, client demand, and changes in the fair value of instruments used by the Firm to actively manage the risk exposure arising from such inventory. Principal transactions revenue recognized upon executing new transactions with market participants is affected by many factors including the level of client activity, the bid-offer spread (which is the difference between the price at which a market participant is willing and able to sell an instrument to the Firm and the price at which another market participant is willing and able to buy it from the Firm, and vice versa), market liquidity and volatility. These factors are interrelated and sensitive to the same factors that drive inventory-related revenue, which include general market conditions, such as interest rates, foreign exchange rates, credit spreads, and equity and commodity prices, as well as other macroeconomic conditions.

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

Year ended December 31, (in millions, except where otherwise noted)	**2023** Fixed Income Markets	**2023** Equity Markets	**2023** Total Markets	2022 Fixed Income Markets	2022 Equity Markets	2022 Total Markets	2021 Fixed Income Markets	2021 Equity Markets	2021 Total Markets
Principal transactions	**$ 12,064**	**$ 11,514**	**$ 23,578**	$ 11,682	$ 8,846	$ 20,528	$ 7,911	$ 7,519	$ 15,430
Lending- and deposit-related fees	**307**	**40**	**347**	303	22	325	321	17	338
Commissions and other fees	**596**	**1,908**	**2,504**	550	1,975	2,525	545	1,948	2,493
All other income	**1,744**	**(87)**	**1,657**	916	(99)	817	972	(82)	890
Noninterest revenue	**14,711**	**13,375**	**28,086**	13,451	10,744	24,195	9,749	9,402	19,151
Net interest income[(a)]	**4,102**	**(4,396)**	**(294)**	5,166	(377)	4,789	7,116	1,127	8,243
Total net revenue	**$ 18,813**	**$ 8,979**	**$ 27,792**	$ 18,617	$ 10,367	$ 28,984	$ 16,865	$ 10,529	$ 27,394
Loss days[(b)]			**3**			7			4

(a) The decline in Markets net interest income was driven by higher funding costs.

(b) Loss days represent the number of days for which Markets, which consists of Fixed Income Markets and Equity Markets, posted losses to total net revenue. The loss days determined under this measure differ from the measure used to determine backtesting gains and losses. Daily backtesting gains and losses include positions in the Firm’s Risk Management value-at-risk ("VaR") measure and exclude certain components of total net revenue, which may more than offset backtesting gains or losses on a particular day. For more information on daily backtesting gains and losses, refer to the VaR discussion on pages 137-139.

Selected metrics

As of or for the year ended December 31, (in millions, except where otherwise noted)	**2023**	2022	2021
Assets under custody ("AUC") by asset class (period-end) (in billions):			
Fixed Income	**$ 15,543**	$ 14,361	$ 16,098
Equity	**12,927**	10,748	12,962
Other[(a)]	**3,922**	3,526	4,161
Total AUC	**$ 32,392**	$ 28,635	$ 33,221
Merchant processing volume (in billions)[(b)]	**$ 2,408**	$ 2,158	$ 1,887
Client deposits and other third party liabilities (average)[(c)]	**$ 645,074**	$ 687,391	$ 714,910

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

(b) Represents Firmwide merchant processing volume.

(c) Client deposits and other third-party liabilities pertain to the Payments and Securities Services businesses.

International metrics

As of or for the year ended December 31, (in millions, except where otherwise noted)	2023	2022	2021
Total net revenue[a]			
Europe/Middle East/Africa	**$ 13,725**	$ 15,303	$ 13,954
Asia-Pacific	**7,607**	7,846	7,555
Latin America/Caribbean	**2,094**	2,239	1,833
Total international net revenue	**23,426**	25,388	23,342
North America	**25,381**	22,714 [c]	28,601 [c]
Total net revenue	**$ 48,807**	$ 48,102	$ 51,943
Loans retained (period-end)[a]			
Europe/Middle East/Africa	**$ 42,792**	$ 39,424	$ 33,084
Asia-Pacific	**14,333**	15,571	14,471
Latin America/Caribbean	**8,341**	8,599	7,006
Total international loans	**65,466**	63,594	54,561
North America	**132,057**	124,048	105,225
Total loans retained	**$ 197,523**	$ 187,642	$ 159,786
Client deposits and other third-party liabilities (average)[b]			
Europe/Middle East/Africa	**$ 230,225**	$ 247,203	$ 243,867
Asia-Pacific	**126,918**	129,134	132,241
Latin America/Caribbean	**39,134**	39,917	46,045
Total international	**$ 396,277**	$ 416,254	$ 422,153
North America	**248,797**	271,137	292,757
Total client deposits and other third-party liabilities	**$ 645,074**	$ 687,391	$ 714,910
AUC (period-end)[b] **(in billions)**			
North America	**$ 21,792**	$ 19,219	$ 21,655
All other regions	**10,600**	9,416	11,566
Total AUC	**$ 32,392**	$ 28,635	$ 33,221

(a) Total net revenue and loans retained (excluding loans held-for-sale and loans at fair value) are based on the location of the trading desk, booking location, or domicile of the client, as applicable.
(b) Client deposits and other third-party liabilities pertaining to the Payments and Securities Services businesses, and AUC, are based on the domicile of the client.
(c) In the first quarter of 2023, the allocations of revenue and expense to CCB associated with a Merchant Services revenue sharing agreement were discontinued and are now retained in Payments in CIB. Prior-period amounts have been revised to conform with the current presentation.

Commercial Banking provides comprehensive financial solutions, including lending, payments, investment banking and asset management products across three primary client segments: Middle Market Banking, Corporate Client Banking and Commercial Real Estate Banking. Other includes amounts not aligned with a primary client segment.

Middle Market Banking covers small and midsized companies, local governments and nonprofit clients.

Corporate Client Banking covers large corporations.

Commercial Real Estate Banking covers investors, developers, and owners of multifamily, office, retail, industrial and affordable housing properties.

Selected income statement data

Year ended December 31, (in millions)	2023		2022	2021
Revenue				
Lending- and deposit-related fees	$ 1,210	(b)	$ 1,243	$ 1,392
Card income	763		685	624
All other income	1,521		1,408	1,913
Noninterest revenue	3,494		3,336	3,929
Net interest income	12,052	(b)	8,197	6,079
Total net revenue[(a)]	15,546		11,533	10,008
Provision for credit losses	1,970	(b)	1,268	(947)
Noninterest expense				
Compensation expense	2,760	(b)	2,296	1,973
Noncompensation expense	2,618		2,423	2,068
Total noninterest expense	5,378		4,719	4,041
Income before income tax expense	8,198		5,546	6,914
Income tax expense	2,055		1,333	1,668
Net income	$ 6,143		$ 4,213	$ 5,246

(a) Total net revenue included tax-equivalent adjustments from income tax credits related to equity investments in designated community development entities and in entities established for rehabilitation of historic properties, as well as tax-exempt income related to municipal financing activities of $382 million, $322 million and $330 million for the years ended December 31, 2023, 2022 and 2021, respectively.

(b) Includes First Republic. Refer to page 67 for additional information.

2023 compared with 2022

Net income was $6.1 billion, up 46%.

Net revenue was $15.5 billion, up 35%.

Net interest income was $12.1 billion, up 47%, driven by:

- deposit margin expansion on higher rates, partially offset by lower average deposits, and
- higher average loans, including the impact from First Republic.

Noninterest revenue was $3.5 billion, up 5%, driven by:

- higher lending-related revenue predominantly driven by the amortization of the purchase discount on certain acquired lending-related commitments associated with First Republic,
- net markups on held-for-sale positions, primarily unfunded commitments, in the bridge financing portfolio, compared with net markdowns in the prior year, and
- higher investment banking revenue and card income,

predominantly offset by

- lower deposit-related fees due to the higher level of client credits that reduce such fees, and
- the absence of a gain on an equity-method investment received in partial satisfaction of a loan.

Noninterest expense was $5.4 billion, up 14%, driven by higher compensation expense, reflecting an increase in employees including front office and technology, as well as higher volume-related expense, including the impact of new client acquisitions.

The provision for credit losses was $2.0 billion, reflecting:

- a $1.0 billion net addition to the allowance for credit losses, driven by the net effect of changes in the Firm's weighted average macroeconomic outlook, including a deterioration in the outlook for commercial real estate and net downgrade activity, partially offset by the impact of changes in the loan and lending-related commitment portfolios,
- $608 million to establish the allowance for the First Republic loans and lending-related commitments in the second quarter of 2023; and
- net charge-offs of $316 million, up $232 million, primarily driven by Real Estate, predominantly concentrated in Office.

The provision in the prior year was $1.3 billion, reflecting a net addition to the allowance for credit losses.

CB product revenue consists of the following:

Lending includes a variety of financing alternatives, which are primarily provided on a secured basis; collateral includes receivables, inventory, equipment, real estate or other assets. Products include term loans, revolving lines of credit, bridge financing, asset-based structures, leases, and standby letters of credit.

Payments includes services that enable CB clients to manage payments globally across liquidity and account solutions, commerce solutions, clearing, trade and working capital.

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 used by CB clients is also included.

Other revenue primarily includes tax-equivalent adjustments generated from Community Development Banking and activity derived from principal transactions.

Selected income statement data (continued)

The secret currency is a

Year ended December 31, (in millions, except ratios)	2023		2022	202
Revenue by product				
Lending	$ 5,993	(d)	$ 4,524	$ 4,629
Payments[a]	8,250		5,691	3,653
Investment banking[a][b]	1,167		1,064	1,611
Other	136		254	115
Total net revenue	**$ 15,546**		$ 11,533	$ 10,008
Investment Banking and Markets revenue, gross[c]	$ 3,393		$ 2,978	$ 5,092
Revenue by client segment				
Middle Market Banking	$ 7,371	(e)	$ 5,134	$ 4,004
Corporate Client Banking	4,777		3,918	3,508
Commercial Real Estate Banking	3,308	(e)	2,461	2,419
Other	90		20	77
Total net revenue	**$ 15,546**		$ 11,533	$ 10,008
Financial ratios				
Return on equity	20 %		16 %	21 %
Overhead ratio	35		41	40

(a) In the third quarter of 2023, certain revenue from CIB Markets products was reclassified from payments to investment banking. Prior-period amounts have been revised to conform with the current presentation.
(b) Includes CB's share of revenue from Investment Banking and Markets' products sold to CB clients through the CIB which is reported in All other income.
(c) Includes gross revenues earned by the Firm that are subject to a revenue sharing arrangement between CB and the CIB for Investment Banking and Markets' products sold to CB clients. This includes revenues related to fixed income and equity markets products. Refer to Business Segment Results on page 65 for a discussion of revenue sharing.
(d) Includes First Republic. Refer to page 67 for additional information.
(e) Middle Market Banking and Commercial Real Estate Banking included $216 million and $687 million, respectively, for the year ended December 31, 2023, associated with First Republic.

Selected metrics

As of or for the year ended December 31, (in millions, except employees)	2023		2022	2021
Selected balance sheet data (period-end)				
Total assets	**$ 300,325**		$ 257,106	$ 230,776
Loans:				
Loans retained	**277,663**	(b)	233,879	206,220
Loans held-for-sale and loans at fair value	**545**		707	2,223
Total loans	**$ 278,208**		$ 234,586	$ 208,443
Equity	**30,000**		25,000	24,000
Period-end loans by client segment				
Middle Market Banking[a]	**$ 78,043**	(c)	$ 72,625	$ 61,159
Corporate Client Banking	**56,132**		53,840	45,315
Commercial Real Estate Banking	**143,507**	(c)	107,999	101,751
Other	**526**		122	218
Total loans[a]	**$ 278,208**		$ 234,586	$ 208,443
Selected balance s[illegible]				
[illegible]	[illegible]		[illegible]108	$ 225,548
Loans:				
Loans retained	[illegible]		[illegible]388	201,920
Loans held-for-sale and loans at fair value	**1,060**		1,350	3,122
Total loans	**$ 268,345**		$ 223,738	$ 205,042
Deposits	**267,758**	(e)	294,180	301,343
Equity	**29,507**		25,000	24,000
Average loans by client segment				
Middle Market Banking	**$ 77,130**	(f)	$ 67,830	$ 60,128
Corporate Client Banking	**58,770**		50,281	44,361
Commercial Real Estate Banking	**132,114**	(f)	105,459	100,331
Other	**331**		168	222
Total loans	**$ 268,345**		$ 223,738	$ 205,042
Employees	**17,867**		14,687	12,902

(a) As of December 31, 2023, 2022 and 2021, total loans included $36 million, $132 million, and $1.2 billion of loans, respectively, under the PPP, of which $32 million, $123 million and $1.1 billion were in Middle Market Banking, respectively.
(b) Includes First Republic. Refer to page 67 for additional information.
(c) As of December 31, 2023, included $5.9 billion and $32.6 billion for Middle Market Banking and Commercial Real Estate Banking, respectively, associated with First Republic.
(d) Average loans retained associated with First Republic were $26.8 billion for the year ended December 31, 2023.
(e) In the fourth quarter of 2023, certain deposits associated with First Republic were transferred from CCB. Refer to page 67 for additional information.
(f) Average Middle Market Banking and Commercial Real Estate Banking loans associated with First Republic were $4.2 billion and $22.5 billion, respectively, for the year ended December 31, 2023.

Selected metrics

As of or for the year ended December 31, (in millions, except ratios)	2023	2022	2021
Credit data and quality statistics			
Net charge-offs/(recoveries)	**$ 316**	$ 84	$ 71
Nonperforming assets			
Nonaccrual loans:			
Nonaccrual loans retained[(a)]	**$ 809**	$ 766	$ 740
Nonaccrual loans held-for-sale and loans at fair value	**—**	—	—
Total nonaccrual loans	**$ 809**	$ 766	$ 740
Assets acquired in loan satisfactions	**54**	—	17
Total nonperforming assets	**$ 863**	$ 766	$ 757
Allowance for credit losses:			
Allowance for loan losses	**$ 5,005**	$ 3,324	$ 2,219
Allowance for lending-related commitments	**801**	830	749
Total allowance for credit losses	**$ 5,806** (c)	$ 4,154	$ 2,968
Net charge-off/(recovery) rate[(b)]	**0.12%**	0.04%	0.04%
Allowance for loan losses to period-end loans retained	**1.80**	1.42	1.08
Allowance for loan losses to nonaccrual loans retained[(a)]	**619**	434	300
Nonaccrual loans to period-end total loans	**0.29**	0.33	0.36

(a) Allowance for loan losses of $156 million, $153 million and $124 million was held against nonaccrual loans retained at December 31, 2023, 2022 and 2021, respectively.
(b) Loans held-for-sale and loans at fair value were excluded when calculating the net charge-off/(recovery) rate.
(c) As of December 31, 2023, included a $729 million allowance for First Republic.

Asset & Wealth Management, with client assets of $5.0 trillion, is a global leader in investment and wealth management.

Asset Management
Offers multi-asset investment management solutions across equities, fixed income, alternatives and money market funds to institutional and retail investors providing for a broad range of clients' investment needs.

Global Private Bank
Provides retirement products and services, brokerage, custody, estate planning, lending, deposits and investment management to high net worth clients.

The majority of AWM's client assets are in actively managed portfolios.

Selected income statement data

Year ended December 31, (in millions, except ratios)	2023		2022	2021
Revenue				
Asset management fees	**$11,826**		$11,510	$11,518
Commissions and other fees	**697**		662	$ 815
All other income	**1,037**	(a)(b)	335	738
Noninterest revenue	**13,560**		12,507	13,071
Net interest income	**6,267**		5,241	3,886
Total net revenue	**19,827**		17,748	16,957
Provision for credit losses	**159**		128	(227)
Noninterest expense				
Compensation expense	**7,115**		6,336	5,692
Noncompensation expense	**5,665**		5,493	5,227
Total noninterest expense	**12,780**		11,829	10,919
Income before income tax expense	**6,888**		5,791	6,265
Income tax expense	**1,661**		1,426	1,528
Net income	**$ 5,227**		$ 4,365	$ 4,737
Revenue by line of business				
Asset Management	**$ 9,129**		$ 8,818	$ 9,246
Global Private Bank	**10,698**		8,930	7,711
Total net revenue	**$19,827**		$17,748	$16,957
Financial ratios				
Return on equity	**31 %**		25 %	33 %
Overhead ratio	**64**		67	64
Pre-tax margin ratio:				
Asset Management	**31**		30	35
Global Private Bank	**38**		35	39
Asset & Wealth Management	**35**		33	37

(a) Includes the amortization of the purchase discount on certain acquired lending-related commitments associated with First Republic. The discount is deferred in other liabilities and recognized on a straight-line basis over the commitment period and was largely recognized in the current year as the commitments are generally short term. Refer to Note 34 for additional information.
(b) Includes the gain on the original minority interest in CIFM upon the Firm's acquisition of the remaining 51% interest in the entity.

2023 compared with 2022

Net income was $5.2 billion, up 20%.

Net revenue was $19.8 billion, up 12%. Net interest income was $6.3 billion, up 20%. Noninterest revenue was $13.6 billion, up 8%.

Revenue from Asset Management was $9.1 billion, up 4%, driven by:

- a gain of $339 million on the original minority interest in CIFM upon the Firm's acquisition of the remaining 51% interest in the entity, and
- higher asset management fees driven by strong net inflows largely offset by the net impact of foreign exchange rate movements, as well as the removal of most money market fund fee waivers in the prior year,

largely offset by

- lower performance fees, and
- lower NII due to higher funding costs.

Revenue from Global Private Bank was $10.7 billion, up 20%, driven by:

- higher net interest income on higher average loans associated with First Republic, and from deposit margin expansion on higher rates, largely offset by lower average deposits, and
- higher noninterest revenue, predominantly driven by the amortization of the purchase discount on certain acquired lending-related commitments associated with First Republic, partially offset by net investment valuation losses.

Noninterest expense was $12.8 billion, up 8%, predominantly driven by higher compensation, including continued growth in private banking advisor teams, revenue-related compensation and the impacts of closing the Global Shares and J.P. Morgan Asset Management China acquisitions.

The provision for credit losses was $159 million, predominantly driven by a $146 million addition to the allowance for credit losses to establish the allowance for the First Republic loans and lending-related commitments in the second quarter of 2023.

The provision in the prior year was $128 million driven by a net addition to the allowance for credit losses.

Asset Management has two high-level measures of its overall fund performance.

- **Percentage of active mutual fund and active ETF assets under management in funds rated 4- or 5-star:** Mutual fund rating services rank funds based on their risk adjusted performance over various periods. A 5-star rating is the best rating and represents the top 10% of industry-wide ranked funds. A 4-star rating represents the next 22.5% of industry-wide ranked funds. A 3-star rating represents the next 35% of industry-wide ranked funds. A 2-star rating represents the next 22.5% of industry-wide ranked funds. A 1-star rating is the worst rating and represents the bottom 10% of industrywide ranked funds. An overall Morningstar rating is derived from a weighted average of the performance associated with a fund's three-, five and ten- year (if applicable) Morningstar Rating metrics. For U.S.-domiciled funds, separate star ratings are provided at the individual share class level. The Nomura "star rating" is based on three-year risk-adjusted performance only. Funds with fewer than three years of history are not rated and hence excluded from these rankings. All ratings, the assigned peer categories and the asset values used to derive these rankings are sourced from the applicable fund rating provider. Where applicable, the fund rating providers redenominate asset values into U.S. dollars. The percentage of AUM is based on star ratings at the share class level for U.S.-domiciled funds, and at a "primary share class" level to represent the star rating of all other funds, except for Japan, for which Nomura provides ratings at the fund level. The performance data may have been different if all share classes had been included. Past performance is not indicative of future results.

- **Percentage of active mutual fund and active ETF assets under management in funds ranked in the 1st or 2nd quartile (one, three and five years):** All quartile rankings, the assigned peer categories and the asset values used to derive these rankings are sourced from the fund rating providers. Quartile rankings are based on the net-of-fee absolute return of each fund. Where applicable, the fund rating providers redenominate asset values into U.S. dollars. The percentage of AUM is based on fund performance and associated peer rankings at the share class level for U.S.-domiciled funds, at a "primary share class" level to represent the quartile ranking for U.K., Luxembourg and Hong Kong SAR funds and at the fund level for all other funds. The performance data may have been different if all share classes had been included. Past performance is not indicative of future results.

"**Primary share class**" means the C share class for European funds and Acc share class for Hong Kong SAR and Taiwan funds. If these share classes are not available, the oldest share class is used as the primary share class.

Selected metrics

As of or for the year ended December 31, (in millions, except ranking data, ratios and employees)	2023		2022	2021
% of JPM mutual fund assets and ETFs rated as 4- or 5-star[a]	**69 %**		73 %	69 %
% of JPM mutual fund assets and ETFs ranked in 1st or 2nd quartile:[b]				
1 year	**40**		68	54
3 years	**67**		76	73
5 years	**71**		81	80
Selected balance sheet data (period-end)[c]				
Total assets	**$245,512**		$232,037	$234,425
Loans	**227,929**	(d)	214,006	218,271
Deposits	**233,232**	(e)	233,130	282,052
Equity	**17,000**		17,000	14,000
Selected balance sheet data (average)[c]				
Total assets	**$240,222**		$232,438	$217,187
Loans	**220,487**	(f)	215,582	198,487
Deposits	**216,178**	(e)	261,489	230,296
Equity	**16,671**		17,000	14,000
Employees	**28,485**		26,041	22,762
Number of Global Private Bank client advisors	**3,515**		3,137	2,738
Credit data and quality statistics[c]				
Net charge-offs/(recoveries)	**$ 13**		$ (7)	$ 26
Nonaccrual loans	**650**		459	708
Allowance for credit losses:				
Allowance for loan losses	**$ 633**		$ 494	$ 365
Allowance for lending-related commitments	**28**		20	18
Total allowance for credit losses	**$ 661**	(g)	$ 514	$ 383
Net charge-off/(recovery) rate	**0.01 %**		— %	0.01 %
Allowance for loan losses to period-end loans	**0.28**		0.23	0.17
Allowance for loan losses to nonaccrual loans	**97**		108	52
Nonaccrual loans to period-end loans	**0.29**		0.21	0.32

(a) Represents the Morningstar Rating for all domiciled funds except for Japan domiciled funds which use Nomura. Includes only Asset Management retail active open-ended mutual funds and active ETFs that have a rating. Excludes money market funds, Undiscovered Managers Fund, and Brazil domiciled funds. This metric has been updated to include active ETFs, and prior period amounts have been revised to conform with the current presentation.
(b) Quartile ranking sourced from Morningstar, Lipper and Nomura based on country of domicile. Includes only Asset Management retail active open-ended mutual funds and active ETFs that are ranked by the aforementioned sources. Excludes money market funds, Undiscovered Managers Fund, and Brazil domiciled funds. This metric has been updated to include active ETFs, and prior period numbers have been revised to conform with the current presentation.
(c) Loans, deposits and related credit data and quality statistics relate to the Global Private Bank business.
(d) Includes First Republic. Refer to page 67 for additional information.
(e) In the fourth quarter of 2023, certain deposits associated with First Republic were transferred from CCB. Refer to page 67 for additional information.
(f) Includes $8.7 billion for the full year 2023, associated with First Republic.
(g) Includes First Republic.

Client assets

2023 compared with 2022

Assets under management were $3.4 trillion and client assets were $5.0 trillion, each up 24%, driven by continued net inflows, higher market levels, and the impact of the acquisition of Global Shares.

Client assets

December 31, (in billions)	2023	2022	2021
Assets by asset class			
Liquidity	**$ 926**	$ 654	$ 708
Fixed income	**751**	638	693
Equity	**868**	670	779
Multi-asset	**680**	603	732
Alternatives	**197**	201	201
Total assets under management	**3,422**	2,766	3,113
Custody/brokerage/ administration/deposits	**1,590**	1,282	1,182
Total client assets[(a)]	**$ 5,012**	$ 4,048	$ 4,295
Assets by client segment			
Private Banking	**$ 974**	$ 751	$ 805
Global Institutional	**1,488**	1,252	1,430
Global Funds	**960**	763	878
Total assets under management	**$ 3,422**	$ 2,766	$ 3,113
Private Banking	**$ 2,452**	$ 1,964	$ 1,931
Global Institutional	**1,594**	1,314	1,479
Global Funds	**966**	770	885
Total client assets[(a)]	**$ 5,012**	$ 4,048	$ 4,295

(a) Includes CCB client investment assets invested in managed accounts and J.P. Morgan mutual funds where AWM is the investment manager.

Client assets (continued)

Year ended December 31, (in billions)	2023	2022	2021
Assets under management rollforward			
Beginning balance	**$ 2,766**	$ 3,113	$ 2,716
Net asset flows:			
Liquidity	**242**	(55)	68
Fixed income	**70**	13	36
Equity	**70**	35	85
Multi-asset	**1**	(9)	17
Alternatives	**(1)**	8	26
Market/performance/other impacts	**274**	(339)	165
Ending balance, December 31	**$ 3,422**	$ 2,766	$ 3,113
Client assets rollforward			
Beginning balance	**$ 4,048**	$ 4,295	$ 3,652
Net asset flows	**490**	49	389
Market/performance/other impacts	**474**	(296)	254
Ending balance, December 31	**$ 5,012**	$ 4,048	$ 4,295

International metrics

Year ended December 31, (in billions, except where otherwise noted)	2023	2022	2021
Total net revenue (in millions)[(a)]			
Europe/Middle East/Africa	**$ 3,377**	$ 3,240	$ 3,571
Asia-Pacific	**1,876**	1,836	2,017
Latin America/Caribbean	**985**	967	886
Total international net revenue	**6,238**	6,043	6,474
North America	**13,589**	11,705	10,483
Total net revenue	**$ 19,827**	$ 17,748	$ 16,957
Assets under management			
Europe/Middle East/Africa	**$ 539**	$ 487	$ 561
Asia-Pacific	**263**	218	254
Latin America/Caribbean	**86**	69	79
Total international assets under management	**888**	774	894
North America	**2,534**	1,992	2,219
Total assets under management	**$ 3,422**	$ 2,766	$ 3,113
Client assets			
Europe/Middle East/Africa	**$ 740**	$ 610	$ 687
Asia-Pacific	**406**	331	381
Latin America/Caribbean	**232**	189	195
Total international client assets	**1,378**	1,130	1,263
North America	**3,634**	2,918	3,032
Total client assets	**$ 5,012**	$ 4,048	$ 4,295

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

The Corporate segment consists of Treasury and Chief Investment Office ("CIO") and Other Corporate. Treasury and CIO is predominantly responsible for measuring, monitoring, reporting and managing the Firm's liquidity, funding, capital, structural interest rate and foreign exchange risks.

Other Corporate includes staff functions and expense that is centrally managed as well as certain Firm initiatives and activities not solely aligned to a specific LOB. The major Other Corporate functions include Real Estate, Technology, Legal, Corporate Finance, Human Resources, Internal Audit, Risk Management, Compliance, Control Management, Corporate Responsibility and various Other Corporate groups.

Selected income statement and balance sheet data

Year ended December 31, (in millions, except employees)	2023		2022	2021
Revenue				
Principal transactions	$ 302		$ (227)	$ 187
Investment securities gains/(losses)	(3,180)		(2,380)	(345)
All other income	3,010	(c)	809	226
Noninterest revenue	132		(1,798)	68
Net interest income	7,906	(c)	1,878	(3,551)
Total net revenue[a]	8,038		80	(3,483)
Provision for credit losses	171		22	81
Noninterest expense	5,601	(c)(d)	1,034	1,802
Income/(loss) before income tax expense/ (benefit)	2,266		(976)	(5,366)
Income tax expense/ (benefit)	(555)	(e)	(233)	(1,653)
Net income/(loss)	$ 2,821		$ (743)	$ (3,713)
Total net revenue				
Treasury and CIO	6,072		(439)	(3,464)
Other Corporate	1,966	(c)	519	(19)
Total net revenue	$ 8,038		$ 80	$ (3,483)
Net income/(loss)				
Treasury and CIO	4,206		(197)	(3,057)
Other Corporate	(1,385)	(c)(d)	(546)	(656)
Total net income/(loss)	$ 2,821		$ (743)	$ (3,713)
Total assets (period-end)	$1,348,437		$ 1,328,219	$ 1,518,100
Loans (period-end)	1,924		2,181	1,770
Deposits[b]	21,826		14,203	396
Employees	47,530		44,196	38,952

(a) Included tax-equivalent adjustments, predominantly driven by tax-exempt income from municipal bonds, of $211 million, $235 million and $257 million for the years ended December 31, 2023, 2022 and 2021, respectively.
(b) Predominantly relates to the Firm's international consumer initiatives.
(c) Includes the impact of the First Republic acquisition. Refer to Notes 6 and 34 for additional information.
(d) Includes the FDIC special assessment. R
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2023 compared with 2022

Net income was $2.8 billion, compared with a net loss of $743 million in the prior year.

Net revenue was $8.0 billion, compared with $80 million in the prior year, predominantly driven by higher net interest income due to higher rates, partially offset by the impact of lower Firmwide average deposit balances.

Noninterest revenue was $132 million, compared with a loss of $1.8 billion in the prior year, driven by:

- the $2.8 billion estimated bargain purchase gain associated with the First Republic acquisition,
- higher losses in the prior year on certain revenues associated with foreign exchange rate movements that are risk-managed by Treasury and CIO, and
- the impact of higher short-term cash deployment activities as a result of the current interest rate environment,

partially offset by

- higher net investment securities losses related to the sales of U.S. Treasuries and U.S. GSE and government agency MBS, associated with repositioning the investment securities portfolio, and
- lower net gains related to certain other Corporate investments.

The prior year included a gain on the sale of Visa B shares and proceeds from an insurance settlement.

Noninterest expense was $5.6 billion, up $4.6 billion, predominantly driven by:

- the $2.9 billion FDIC special assessment,
- $1.0 billion associated with First Republic, predominantly driven by integration and restructuring costs as well as expenses recorded in the second quarter of 2023 with respect to individuals associated with First Republic who did not become employees of the Firm until July 2, 2023,
- a greater benefit in the prior year on certain expenses associated with foreign exchange rate movements that are risk-managed by Treasury and CIO,
- higher legal expenses, and
- higher costs associated with the Firm's international consumer growth initiatives,

partially offset by

- lower benefits-related and real estate expenses.

The net impact of movements in foreign exchange rates associated with the foreign exchange risk that was transferred to Treasury and CIO on certain revenues and expenses was not material to net income. Refer to Foreign Exchange Risk on page 66 for additional information.

Refer to Note 10 and Note 13 for additional information on the investment securities portfolio and the allowance for credit losses.

The provision for credit losses was $171 million, reflecting a net addition to the allowance for credit losses related to a single name exposure, which was subsequently charged off upon the restructuring of a loan.

The current period income tax benefit was driven by:

- the finalization of certain income tax regulations, other tax adjustments and tax benefits associated with tax audit settlements,

partially offset by

- the impact from changes in the level and mix of income and expenses subject to U.S. federal, state and local taxes that also impacted the Firm's tax reserves.

The income taxes associated with the First Republic acquisition are reflected in the estimated bargain purchase gain.

The prior period income tax benefit was driven by benefits related to tax audit settlements as well as other tax adjustments, partially offset by a change in the level and mix of income and expenses subject to U.S. federal, state and local taxes that also impacted the Firm's tax reserves.

Other Corporate also reflects the Firm's international consumer initiatives, which includes Chase U.K., the Firm's digital retail bank in the U.K.; Nutmeg, a digital wealth manager in the U.K.; and a 46% ownership stake in C6 Bank, a digital bank in Brazil.

Treasury and CIO overview

Treasury and CIO is predominantly responsible for measuring, monitoring, reporting and managing the Firm's liquidity, funding, capital, structural interest rate and foreign exchange risks. The risks managed by Treasury and CIO arise from the activities undertaken by the Firm's four major reportable business segments to serve their respective client bases, which generate both on- and off-balance sheet assets and liabilities.

Treasury and CIO seeks to achieve the Firm's asset-liability management objectives generally by investing in high-quality securities that are managed for the longer-term as part of the Firm's investment securities portfolio. Treasury and CIO also uses derivatives to meet the Firm's asset-liability management objectives. Refer to Note 5 for further information on derivatives. In addition, Treasury and CIO manages the Firm's cash position primarily through deposits at central banks and investments in short-term instruments. Refer to Liquidity Risk Management on pages 102–109 for further information on liquidity and funding risk. Refer to Market Risk Management on pages 135–143 for information on interest rate and foreign exchange risks.

The investment securities portfolio predominantly consists of U.S. and non-U.S. government securities, U.S. GSE and government agency and nonagency mortgage-backed securities, collateralized loan obligations, obligations of U.S. states and municipalities and other ABS. At December 31, 2023, the Treasury and CIO investment securities portfolio, net of the allowance for credit losses, was $569.2 billion, and the average credit rating of the securities comprising the portfolio was AA+ (based upon external ratings where available and, where not available, based primarily upon internal risk ratings). Refer to Note 10 for further information on the Firm's investment securities portfolio and internal risk ratings.

Selected income statement and balance sheet data

As of or for the year ended December 31, (in millions)	**2023**	2022	2021
Investment securities losses	**$ (3,180)**	$ (2,380)	$ (345)
Available-for-sale securities (average)	**$ 200,708**	$ 239,924	$ 306,827
Held-to-maturity securities (average)[a]	**402,010**	412,180	285,086
Investment securities portfolio (average)	**$ 602,718**	$ 652,104	$ 591,913
Available-for-sale securities (period-end)	**$ 199,354**[c]	$ 203,981	$ 306,352
Held-to-maturity securities (period-end)[a]	**369,848**	425,305	363,707
Investment securities portfolio, net of allowance for credit losses (period-end)[b]	**$ 569,202**	$ 629,286	$ 670,059

(a) Effective January 1, 2023, the Firm adopted new hedge accounting guidance. As permitted by the guidance, the Firm elected to transfer $7.1 billion of HTM securities to AFS. During 2022 and 2021, the Firm transferred $78.3 billion and $104.5 billion of investment securities, respectively, from AFS to HTM for capital management purposes. Refer to Note 1 and Note 10 for additional information on the new hedge accounting guidance.

(b) As of December 31, 2023, 2022 and 2021, the allowance for credit losses on investment securities was $94 million, $67 million and $42 million, respectively.

(c) As of December 31, 2023, included $24.2 billion of AFS securities associated with First Republic. Refer to Note 34 for additional information.

FIRMWIDE RISK MANAGEMENT

Risk is an inherent part of JPMorgan Chase's business activities. When the Firm extends a consumer or wholesale loan, advises customers and clients on their investment decisions, makes markets in securities, or offers other products or services, the Firm takes on some degree of risk. The Firm's overall objective is to manage its business, and the associated risks, in a manner that balances serving the interests of its clients, customers and investors, and protecting the safety and soundness of the Firm.

The Firm believes that effective risk management requires, among other things:

- Acceptance of responsibility, including identification and escalation of risks by all individuals within the Firm;
- Ownership of risk identification, assessment, data and management within each of the LOBs and Corporate; and
- A Firmwide risk governance and oversight structure.

The Firm follows a disciplined and balanced compensation framework with strong internal governance and independent oversight by the Board of Directors (the "Board"). The impact of risk and control issues is carefully considered in the Firm's performance evaluation and incentive compensation processes.

Risk governance framework

The Firm's risk governance framework involves understanding drivers of risks, types of risks, and impacts of risks.

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

Types of risks are categories by which risks manifest themselves. The Firm's risks are generally categorized in the following four risk types:

- Strategic risk is the risk to earnings, capital, liquidity, or reputation associated with poorly designed or failed business plans or an inadequate response to changes in the operating environment.
- Credit and investment risk is the risk associated with the default or change in credit profile of a client, counterparty or customer; or loss of principal or a reduction in expected returns on investments, including consumer credit risk, wholesale credit risk, and investment portfolio risk.
- Market risk is the risk associated with the effect of changes in market factors, such as interest and foreign exchange rates, equity and commodity prices, credit spreads or implied volatilities, on the value of assets and liabilities held for both the short and long term.
- Operational risk is the risk of an adverse outcome resulting from inadequate or failed internal processes or systems; human factors; or external events impacting the Firm's processes or systems. Operational risk includes cybersecurity, compliance, conduct, legal, and estimations and model risk.

Impacts of risks are consequences of risks, both quantitative and qualitative. There may be many consequences of risks manifesting, including quantitative impacts such as a reduction in earnings and capital, liquidity outflows, and fines or penalties, or qualitative impacts such as damage to the Firm's reputation, loss of clients and customers, and regulatory and enforcement actions.

The Firm's risk governance framework is managed on a Firmwide basis. The Firm has an Independent Risk Management ("IRM") function, which is comprised of Risk Management and Compliance. The Firm's Chief Executive Officer ("CEO") appoints, subject to approval by the Risk Committee of the Board of Directors (the "Board Risk Committee"), the Firm's Chief Risk Officer ("CRO") to lead the IRM function and maintain the risk governance framework of the Firm. The framework is subject to approval by the Board Risk Committee through its review and approval of the Risk Governance and Oversight Policy.

The Firm's CRO oversees and delegates authority to the Firmwide Risk Executives ("FREs"), the Chief Risk Officers of the LOBs and Corporate ("LOB CROs"), and the Firm's Chief Compliance Officer ("CCO"), who, in turn, establish Risk Management and Compliance organizations, develop the Firm's risk governance policies and standards, and define and oversee the implementation of the Firm's risk governance framework. The LOB CROs oversee risks that arise in their LOBs and Corporate, while FREs oversee risks that span across the LOBs and Corporate, as well as functions and regions. Each area of the Firm giving rise to risk is expected to operate within the parameters identified by the IRM function, and within the risk and control standards established by its own management.

Three lines of defense

The Firm's "three lines of defense" are as follows:

The first line of defense consists of each LOB, Treasury and CIO, and certain Other Corporate initiatives, including their aligned Operations, Technology and Control Management. The first line of defense owns the identification of risks within their respective organizations and the design and execution of controls to manage those risks. Responsibilities also include adherence to applicable laws, rules and regulations and implementation of the risk governance framework established by IRM, which may include policies, standards, limits, thresholds and controls.

The second line of defense is the IRM function, which is separate from the first line of defense and is responsible for independently measuring risk, as well as assessing and challenging the risk management practices of the first line of defense. IRM is also responsible for the identification of risks within its respective organization, adherence to applicable laws, rules and regulations and for the development and implementation of policies and standards with respect to its own processes.

The third line of defense is Internal Audit, an independent function that provides objective assessment of the adequacy and effectiveness of Firmwide processes, controls, governance and risk management. The Internal Audit function is headed by the General Auditor, who reports to the Audit Committee and administratively to the CEO.

In addition, there are other functions that contribute to the Firmwide control environment but are not considered part of a particular line of defense, including Finance, Human Resources and Legal. These other functions are responsible for the identification of risks within their respective organizations, adherence to applicable laws, rules and regulations and implementation of the risk governance framework established by IRM.

Risk identification and ownership

The LOBs and Corporate own the identification of risks within their respective organizations, as well as the design and execution of controls, including IRM-specified controls, to manage those risks. To support this activity, the Firm has a risk identification framework designed to facilitate each LOB and Corporate's responsibility to identify material risks inherent to the Firm's businesses and operational activities, catalog them in a central repository and review material risks on a regular basis. The IRM function reviews and challenges the LOB and Corporate's identified risks, maintains the central repository and provides the consolidated Firmwide results to the Firmwide Risk Committee ("FRC") and the Board Risk Committee.

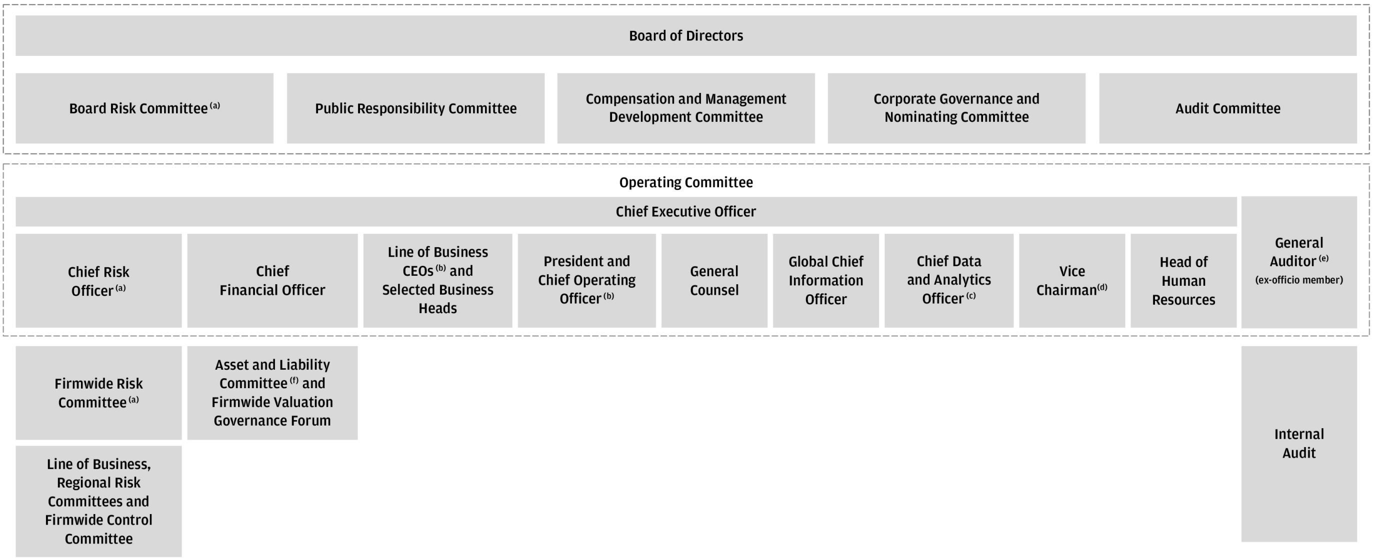
Risk appetite

The Firm's overall appetite for risk is governed by "Risk Appetite" frameworks for quantitative and qualitative risks. The Firm's risk appetite is periodically set and approved by senior management (including the CEO and CRO) and approved by the Board Risk Committee. Quantitative and qualitative risks are assessed to monitor and measure the Firm's capacity to take risk consistent with its stated risk appetite. Risk appetite results are reported to the Board Risk Committee.

Risk governance and oversight structure

The independent status of the IRM function is supported by a risk governance and oversight structure that provides channels for the escalation of risks and issues to senior management, the FRC, and the Board of Directors, as appropriate.

The chart below illustrates the principal standing committees of the Board of Directors and key senior management-level committees in the Firm's risk governance and oversight structure. In addition, there are other committees, forums and channels of escalation that support the oversight of risk that are not shown in the chart below or described in this Form 10-K.



(a) The Firm's CRO may escalate directly to the Board Risk Committee. The Firmwide Risk Committee escalates to the Board Risk Committee, as appropriate.
(b) As of December 31, 2023, the CEO of the Corporate & Investment Bank was also the Firm's President and Chief Operating Officer. Refer to Recent events on page 52 for further information.
(c) The Chief Data and Analytics Officer role was added to the Operating Committee in June 2023.
(d) Effective February 12, 2024, the Global Head of Corporate Responsibility and Chairman of the Mid-Atlantic Region became a member of the Operating Committee, and the Vice Chairman became an emeritus member of the Operating Committee.
(e) The General Auditor reports to the Audit Committee and administratively to the Firm's CEO.
(f) The Asset and Liability Committee escalates to the Firm's CEO or the Board of Directors (including its committees).

The Firm's Operating Committee, which consists of the Firm's CEO, CRO, Chief Financial Officer ("CFO"), General Counsel, CEOs of the LOBs and other senior executives, is accountable to and may refer matters to the Firm's Board of Directors. The Operating Committee and certain other members of senior management are responsible for escalating to the Board the information necessary to facilitate the Board's exercise of its duties.

Board oversight

The Firm's Board of Directors actively oversees the business and affairs of the Firm. This includes monitoring the Firm's financial performance and condition and reviewing the strategic objectives and plans of the Firm. The Board carries out a significant portion of its oversight responsibilities through its principal standing committees, each of which consists solely of independent members of the Board. The Board Risk Committee is the principal committee that oversees risk matters. The Audit Committee oversees the control environment, and the Compensation & Management Development Committee oversees compensation and other management-related matters. Each committee of the Board oversees reputation risks, conduct risks, and environmental, social and governance ("ESG") matters within its scope of responsibility.

The JPMorgan Chase Bank, N.A. Board of Directors is responsible for the oversight of management of the bank, which it discharges both acting directly and through the principal standing committees of the Firm's Board of Directors. Risk and control oversight on behalf of JPMorgan Chase Bank N.A. is primarily the responsibility of the Board Risk Committee and the Audit Committee, respectively, and, with respect to compensation and other management-related matters, the Compensation & Management Development Committee.

The Board Risk Committee assists the Board in its oversight of management's responsibility to implement a global risk management framework reasonably designed to identify, assess and manage the Firm's risks. The Board Risk Committee's responsibilities include approval of applicable primary risk policies and review of certain associated frameworks, analysis and reporting established by management. Breaches in risk appetite and parameters, issues that may have a material adverse impact on the Firm, including capital and liquidity issues, and other significant risk-related matters are escalated to the Board Risk Committee, as appropriate.

The Audit Committee assists the Board in its oversight of management's responsibility to ensure that there is an effective system of controls reasonably designed to safeguard the Firm's assets and income, ensure the integrity of the Firm's financial statements, and maintain compliance with the Firm's ethical standards, policies, plans and procedures, and with laws, rules and regulations. It also assists the Board in its oversight of the qualifications, independence and performance of the Firm's independent registered public accounting firm, and of the performance of the Firm's Internal Audit function.

The Compensation & Management Development Committee ("CMDC") assists the Board in its oversight of the Firm's compensation principles and practices. The CMDC reviews and approves the Firm's compensation and qualified benefits programs. The Committee reviews the performance of Operating Committee members against their goals, and approves their compensation awards. In addition, the CEO's award is subject to ratification by the independent directors of the Board. The CMDC also reviews the development of and succession for key executives. As part of the Board's role of reinforcing, demonstrating and communicating the "tone at the top," the CMDC oversees the Firm's culture, including reviewing updates from management regarding significant conduct issues and any related actions with respect to employees, including compensation actions.

The Public Responsibility Committee oversees and reviews the Firm's positions and practices on public responsibility matters such as community investment, fair lending, sustainability, consumer practices and other public policy issues that reflect the Firm's values and character and could impact the Firm's reputation among its stakeholders. The Committee also provides guidance on these matters to management and the Board, as appropriate.

The Corporate Governance & Nominating Committee exercises general oversight with respect to the governance of the Board of Directors. It reviews the qualifications of and recommends to the Board proposed nominees for election to the Board. The Committee evaluates and recommends to the Board corporate governance practices applicable to the Firm. It also reviews the framework for assessing the Board's performance and self-evaluation.

Management oversight

The Firm's senior management-level committees that are primarily responsible for key risk-related functions include:

The Firmwide Risk Committee ("FRC") is the Firm's highest management-level risk committee. It oversees the risks inherent in the Firm's business and provides a forum for discussion of topics and issues that are raised or escalated by its members and other committees.

The Firmwide Control Committee ("FCC") is an escalation committee for senior management to reviev
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Line of Business and Regional Risk Committe
responsible for overseeing the governance, limits, and controls that have been established within the scope of their respective activities. These committees review the ways in which the particular LOB or the businesses operating in a particular region could be exposed to adverse outcomes, with a focus on identifying, accepting, escalating and/or requiring remediation of matters brought to these committees.

Line of Business and Corporate Function Control Committees oversee the risk and control environment of their respective business or function, inclusive of Operational Risk, Compliance and Conduct Risks. As part of that mandate, they are responsible for reviewing indicators of elevated or emerging risks and other data that may impact the level of compliance and operational risk in a business or function, addressing key compliance and operational risk issues, with an emphasis on processes with control concerns and overseeing control remediation.

The Asset and Liability Committee ("ALCO") is responsible for overseeing the Firm's asset and liability management ("ALM"), including the activities and frameworks supporting management of the balance sheet, liquidity risk, interest rate risk, and capital risk.

The Firmwide Valuation Governance Forum ("VGF") is composed of senior finance and risk executives and is responsible for overseeing the management of risks arising from valuation activities conducted across the Firm.

Risk governance and oversight functions

The Firm manages its risk through risk governance and oversight functions. The scope of a particular function or business activity may include one or more drivers, types and/or impacts of risk. For example, Country Risk Management oversees country risk which may be a driver of risk or an aggregation of exposures that could give rise to multiple risk types such as credit or market risk.

The following sections discuss the risk governance and oversight functions that have been established to manage the risks inherent in the Firm's business activities.

STRATEGIC RISK MANAGEMENT

Strategic risk is the risk to earnings, capital, liquidity or reputation associated with poorly designed or failed business plans or an inadequate response to changes in the operating environment.

Management and oversight

The Operating Committee, together with the senior leadership of each LOB and Corporate, are responsible for managing the Firm's most significant strategic risks. IRM engages regularly in strategic business discussions and decision-making, including participation in relevant business reviews and senior management meetings, risk and control committees and other relevant governance forums, and review of acquisitions and new business initiatives. The Board of Directors oversees management's strategic decisions, and the Board Risk Committee oversees IRM and the Firm's risk governance framework.

In the process of developing business plans and strategic initiatives, LOB and Corporate senior management identify the associated risks that are incorporated into the Firmwide Risk Identification framework and their impact on risk appetite.

In addition, IRM conducts a qualitative assessment of the LOB and Corporate strategic initiatives to assess their impact on the risk profile of the Firm.

The Firm's strategic planning process, which includes the development of the Firm's strategic plan and other strategic initiatives, is one component of managing the Firm's strategic risk. The strategic plan outlines the Firm's strategic framework and initiatives, and includes components such as budget, risk appetite, capital, earnings and asset-liability management objectives. Guided by the Firm's Business Principles, the Operating Committee and senior management teams in each LOB and Corporate review and update the strategic plan periodically, including evaluating the strategic framework and performance against prior-year initiatives, assessing the operating environment, refining existing strategies and developing new strategies.

The Firm's strategic plan, together with IRM's assessment, are provided to the Board as part of its review and approval of the Firm's strategic plan, and the plan is also reflected in the Firm's budget.

The Firm's balance sheet strategy, which focuses on risk-adjusted returns, strong capital and robust liquidity, is also a component in the management of strategic risk. Refer to Capital Risk Management on pages 91-101 for further information on capital risk. Refer to Liquidity Risk Management on pages 102–109 for further information on liquidity risk. Refer to Reputation Risk Management on page 110 for further information on reputation risk.

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

A strong capital position is essential to the Firm's business strategy and competitive position. Maintaining a strong balance sheet to manage through economic volatility is a strategic imperative of the Firm's Board of Directors, CEO and Operating Committee. The Firm's "fortress balance sheet" philosophy focuses on risk-adjusted returns, strong capital and robust liquidity. The Firm's capital risk management strategy focuses on maintaining long-term stability to enable the Firm to build and invest in market-leading businesses, including in highly stressed environments. Senior management considers the implications on the Firm's capital prior to making significant decisions that could impact future business activities. In addition to considering the Firm's earnings outlook, senior management evaluates all sources and uses of capital with a view to ensuring the Firm's capital strength.

Capital risk management

The Firm has a Capital Risk Management function whose primary objective is to provide independent oversight of capital risk across the Firm.

Capital Risk Management's responsibilities include:

- Defining, monitoring and reporting capital risk metrics;
- Establishing, calibrating and monitoring capital risk limits and indicators, including capital risk appetite;
- Developing processes to classify, monitor and report capital limit breaches;
- Performing assessments of the Firm's capital management activities, including changes made to the Contingency Capital Plan described below; and
- Conducting assessments of the Firm's regulatory capital framework intended to ensure compliance with applicable regulatory capital rules.

Capital management

Treasury and CIO is responsible for capital management.

The primary objectives of the Firm's capital management are to:

- Maintain sufficient capital in order to continue to build and invest in the Firm's businesses through normal economic cycles and in stressed environments;
- Retain flexibility to take advantage of future investment opportunities;
- Promote the Parent Company's ability to serve as a source of strength to its subsidiaries;
- Ensure the Firm operates above the minimum regulatory capital ratios as well as maintain "well-capitalized" status for the Firm and its principal insured depository institution ("IDI") subsidiary, JPMorgan Chase Bank, N.A. at all times under applicable regulatory capital requirements;
- Meet capital distribution objectives; and
- Maintain sufficient capital resources to operate throughout a resolution period in accordance with the Firm's preferred resolution strategy.

The Firm addresses these objectives through:

- Establishing internal minimum capital requirements and maintaining a strong capital governance framework. The internal minimum capital levels consider the Firm's regulatory capital requirements as well as an internal assessment of capital adequacy, in normal economic cycles and in stress events;
- Retaining flexibility in order to react to a range of potential events; and
- Regularly monitoring the Firm's capital position and following prescribed escalation protocols, both at the Firm and material legal entity levels.

Governance

Committees responsible for overseeing the Firm's capital management include the Capital Governance Committee, the Firmwide ALCO as well as regional ALCOs, and the CIO, Treasury and Corporate ("CTC") Risk Committee. In addition, the Board Risk Committee periodically reviews the Firm's capital risk tolerance. Refer to Firmwide Risk Management on pages 86–89 for additional discussion of the Firmwide ALCO and other risk-related committees.

Capital planning and stress testing

Comprehensive Capital Analysis and Review

The Federal Reserve requires the Firm, as a large Bank Holding Company ("BHC"), to submit at least annually a capital plan that has been reviewed and approved by the Board of Directors. The Federal Reserve uses Comprehensive Capital Analysis and Review ("CCAR") and other stress testing processes to assess whether large BHCs, such as the Firm, have sufficient capital during periods of economic and financial stress, and have robust, forward-looking capital assessment and planning processes in place that address each BHC's unique risks to enable it to absorb losses under certain stress scenarios. Through CCAR, the Federal Reserve evaluates each BHC's capital adequacy and internal capital adequacy assessment processes ("ICAAP"), as well as its plans to make capital distributions, such as dividend payments or stock repurchases. The Federal Reserve uses results under the severely adverse scenario from its supervisory stress test to determine each firm's Stress Capital Buffer ("SCB") requirement for the coming year.

The Firm's current SCB requirement is 2.9%, and will remain in effect until September 30, 2024. The Firm's Standardized CET1 capital ratio requirement, including regulatory buffers, was 11.4% as of December 31, 2023.

Refer to Capital actions on page 99 for information on actions taken by the Firm's Board of Directors.

Internal Capital Adequacy Assessment Process
Annually, the Firm prepares the ICAAP, which informs the Board of Directors of the ongoing assessment of the Firm's processes for managing the sources and uses of capital as well as compliance with supervisory expectations for capital planning and capital adequacy. The Firm's ICAAP integrates stress testing protocols with capital planning. The Firm's Audit Committee is responsible for reviewing and approving the capital planning framework.

Stress testing assesses the potential impact of alternative economic and business scenarios on the Firm's earnings and capital. Economic scenarios, and the parameters underlying those scenarios, are defined centrally and applied uniformly across the businesses. These scenarios are articulated in terms of macroeconomic factors, which are key drivers of business results; global market shocks, which generate short-term but severe trading losses; and idiosyncratic operational risk events. The scenarios are intended to capture and stress key vulnerabilities and idiosyncratic risks facing the Firm. In addition to CCAR and other periodic stress testing, management also considers tailored stress scenarios and sensitivity analyses, as necessary.

Contingency Capital Plan
The Firm's Contingency Capital Plan establishes the capital management framework for the Firm and specifies the principles underlying the Firm's approach towards capital management in normal economic conditions and in stressed environments. The Contingency Capital Plan defines how the Firm calibrates its targeted capital levels and meets minimum capital requirements, monitors the ongoing appropriateness of planned capital distributions, and sets out the capital contingency actions that are expected to be taken or considered at various levels of capital depletion during a period of stress.

Regulatory capital
The Federal Reserve establishes capital requirements, including well-capitalized standards, for the Firm as a consolidated financial holding company. The Office of the Comptroller of the Currency ("OCC") establishes similar minimum capital requirements and standards for the Firm's principal IDI subsidiary, JPMorgan Chase Bank, N.A. The U.S. capital requirements generally follow the Capital Accord of the Basel Committee, as amended from time to time.

Basel III Overview
The capital rules under Basel III establish minimum capital ratios and overall capital adequacy standards for large and internationally active U.S. BHCs and banks, including the Firm and JPMorgan Chase Bank, N.A. The minimum amount of regulatory capital that must be held by BHCs and banks is determined by calculating RWA, which are on-balance sheet assets and off-balance sheet exposures, weighted according to risk. Under the rules currently in effect, two comprehensive approaches are prescribed for calculating RWA: a standardized approach ("Basel III Standardized"), and an advanced approach ("Basel III Advanced").

For each of these risk-based capital ratios, the capital adequacy of the Firm is evaluated against the lower of the Standardized or Advanced approaches compared to their respective regulatory capital ratio requirements.

In July 2023, the Federal Reserve, the OCC and the FDIC released a proposal to amend the risk-based capital framework, entitled "Regulatory capital rule: Amendments applicable to large banking organizations and to banking organizations with significant trading activity," which is referred to in this Form 10-K as "U.S. Basel III proposal". Under the proposal, changes to the framework would include replacement of the Advanced approach with an expanded risk-based approach, which would not permit the use of internal models for the calculation of RWA, other than for market risk. In addition, the stress capital buffer requirement would be applicable to both the expanded risk-based approach and the Standardized approach. The proposal would significantly revise risk-based capital requirements for all banks with assets of $100 billion or more, including the Firm and other U.S. GSIBs. The proposed effective date is July 1, 2025, with a three-year transition period applicable to the expanded risk-based approach. Based on the Firm's understanding of the proposal, as applied to its Consolidated balance sheets as of June 30, 2023 (the reference date for a special data collection exercise conducted by the Federal Reserve), the estimated impact at the end of the transition period would increase RWA by approximately 30%, which would result in an approximately 25% increase to CET1 capital necessary to meet the Firm's CET1 ratio requirement, all else equal. These estimates do not reflect any actions that the Firm may take to mitigate the impact of the rule as currently proposed.

Pending the finalization of the U.S. Basel III proposal, the Firm expects that it will continue to build capital above the current levels, and therefore the CET1 target of 13.5% previously set by the Firm (which was with respect to the current Standardized RWA measure) is no longer meaningful. The Firm's quarterly capital ratios will vary dependent on market conditions and other factors. Under the requirements of the U.S. Basel III proposal, the new expanded risk-based approach, when fully phased-in, would be the Firm's binding constraint.

The current Basel III rules establish capital requirements for calculating credit risk RWA and market risk RWA, and in the case of Basel III Advanced, operational risk RWA. Key differences in the calculation of credit risk RWA between the Standardized and Advanced approaches are that for Basel III Advanced, credit risk RWA is based on risk-sensitive approaches which largely rely on the use of internal credit models and parameters, whereas for Basel III Standardized, credit risk RWA is generally based on supervisory risk-weightings which vary primarily by counterparty type and asset class. Market risk RWA is generally calculated consistently between Basel III Standardized and Basel III Advanced. In addition to the RWA calculated under these approaches, the Firm may supplement such amounts to incorporate management judgment and feedback from its regulators.

As of December 31, 2023, the Advanced Total Capital ratio became the most binding constraint for the Firm's Basel III risk-based ratios, primarily reflecting the reduction in the Stress Capital Buffer requirement. However, as of December 31, 2023, with respect to the CET1 and Tier 1 risk-based ratios, the Standardized ratios are more binding than the Advanced ratios.

Basel III also includes a requirement for Advanced Approaches banking organizations, including the Firm, to calculate its SLR. As of the fourth quarter of 2023, the Firm's SLR became more binding than the Basel III risk-based ratios, primarily reflecting the reduction in the Stress Capital Buffer requirement. With the increase in the GSIB surcharge in the first quarter of 2024, the Firm expects the risk-based ratios to revert to being more binding than the SLR.

Refer to page 95 for additional information on GSIB surcharge and page 98 for additional information on SLR.

Other Key Regulatory Developments

GSIB Surcharge

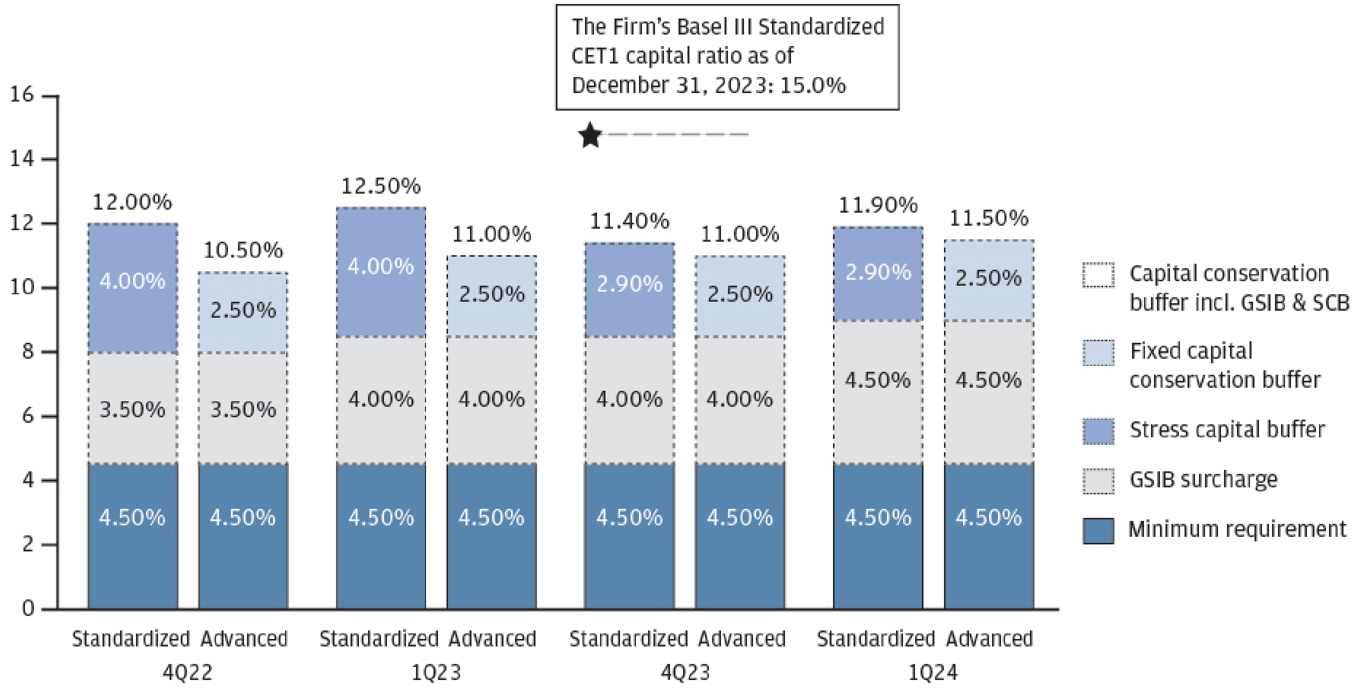
In July 2023, the Federal Reserve also released a proposal to amend the calculation of the GSIB surcharge. If adopted as proposed, these amendments would require the Firm to assess its GSIB surcharge on an annual basis, using the average of the quarterly surcharge calculations throughout the calendar year, with daily averaging required for certain measures within the surcharge calculation. Surcharge increments would be reduced from 50 bps to 10 bps and there would also be other technical amendments to the Method 2 calculation. The proposed amendments would revise risk-based capital requirements for the Firm and other U.S. GSIBs, and would become effective two calendar quarters after the adoption of the final rule. Refer to Risk-based Capital Regulatory Requirements on pages 94-95 for further information on the GSIB surcharge.

TLAC and Eligible LTD Requirements

In August 2023, the Federal Reserve, the FDIC and the OCC released a proposal to expand the eligible long-term debt ("eligible LTD") and clean holding company requirements under the existing total loss-absorbing capacity ("TLAC") rule to apply to non-GSIB banks with $100 billion or more in total consolidated assets. While U.S. GSIBs are already subject to these requirements, the proposal would reduce the amount of LTD with remaining maturities of less than two years that count towards a U.S. GSIB's TLAC requirement. The proposal would also expand the existing capital deduction framework for LTD issued by GSIBs to include LTD issued by non-GSIB banks subject to the LTD requirements.

Risk-based Capital Regulatory Requirements

The following chart presents the Firm's Basel III CET1 capital ratio requirements under the Basel III rules currently in effect.



All banking institutions are currently required to have a minimum CET1 capital ratio of 4.5% of risk-weighted assets.

Certain banking organizations, including the Firm, are required to hold additional levels of capital to serve as a "capital conservation buffer". The capital conservation buffer incorporates a GSIB surcharge, a discretionary countercyclical capital buffer and a fixed capital conservation buffer of 2.5% for Advanced regulatory capital requirements, as well as a variable SCB requirement, floored at 2.5%, for Standardized regulatory capital requirements.

Under the Federal Reserve's GSIB rule, the Firm is required to assess its GSIB surcharge on an annual basis under two separately prescribed methods based on data for the previous fiscal year-end, and is subject to the higher of the two. "Method 1" reflects the GSIB surcharge as prescribed by the Basel Committee's assessment methodology, and is calculated by the Financial Stability Board ("FSB") across five criteria: size, cross-jurisdictional activity, interconnectedness, complexity and substitutability. "Method 2", calculated by the Firm, modifies the Method 1 requirements to include a measure of short-term wholesale funding in place of substitutability, and introduces a GSIB score "multiplication factor".

The following table presents the Firm's effective GSIB surcharge for the years ended December 31, 2024, 2023 and 2022.

	2024	2023	2022
Method 1	2.5 %	2.5 %	2.0 %
Method 2	4.5 %	4.0 %	3.5 %

On November 27, 2023, the FSB released its annual list of GSIBs based upon data as of December 31, 2022, which affirmed the Firm's Method 1 GSIB surcharge of 2.5%, which will be effective January 1, 2025, unless the Firm's Method 1 GSIB surcharge, as determined by the FSB, is lower based upon data as of December 31, 2023.

The Firm's Method 2 surcharge calculated using data as of December 31, 2021 is 4.5% (up from 4.0%), which became effective January 1, 2024. The Firm's estimated Method 2 surcharge calculated using data as of December 31, 2022 is 4.5%. Accordingly, based on the GSIB rule currently in effect, the Firm's effective GSIB surcharge increased to 4.5% on January 1, 2024.

The U.S. federal regulatory capital standards include a framework for setting a discretionary countercyclical capital buffer taking into account the macro financial environment in which large, internationally active banks function. As of December 31, 2023, the U.S. countercyclical capital buffer remained at 0%. The Federal Reserve will continue to review the buffer at least annually. The buffer can be increased if the Federal Reserve, FDIC and OCC determine that systemic risks are meaningfully above normal and can be calibrated up to an additional 2.5% of RWA subject to a 12-month implementation period.

Failure to maintain regulatory capital equal to or in excess of the risk-based regulatory capital minimum plus the capital conservation buffer (inclusive of the GSIB surcharge) and any countercyclical buffer will result in limitations to the amount of capital that the Firm may distribute, such as through dividends and common share repurchases, as well as on discretionary bonus payments for certain executive officers.

Total Loss-Absorbing Capacity

The Federal Reserve's TLAC rule requires the U.S. GSIB top-tier holding companies, including the Firm, to maintain minimum levels of external TLAC and eligible LTD. Refer to TLAC on page 100 for additional information.

Leverage-based Capital Regulatory Requirements

Supplementary leverage ratio

Banking organizations subject to the Basel III Advanced approach are currently required to have a minimum SLR of 3.0%. Certain banking organizations, including the Firm, are also required to hold an additional 2.0% leverage buffer. The SLR is defined as Tier 1 capital under Basel III divided by the Firm's total leverage exposure. Total leverage exposure is calculated by taking the Firm's total average on-balance sheet assets, less amounts permitted to be deducted for Tier 1 capital, and adding certain off-balance sheet exposures, as defined in regulatory capital rules. Refer to SLR on page 98 for additional information.

Failure to maintain an SLR equal to or greater than the regulatory requirement will result in limitations on the amount of capital that the Firm may distribute such as through dividends and common share repurchases, as well as on discretionary bonus payments for certain executive officers.

Other regulatory capital

In addition to meeting the capital ratio requirements of Basel III, the Firm and its principal IDI subsidiary, JPMorgan Chase Bank, N.A. must also maintain minimum capital and leverage ratios in order to be "well-capitalized" under the regulations issued by the Federal Reserve and the Prompt Corrective Action requirements of the FDIC Improvement Act, respectively. Refer to Note 27 for additional information.

Additional information regarding the Firm's capital ratios, as well as the U.S. federal regulatory capital standards to which the Firm is subject, is presented in Note 27. Refer to the Firm's Pillar 3 Regulatory Capital Disclosures reports, which are available on the Firm's website, for further information on the Firm's current capital measures.

Selected capital and RWA data

The following tables present the Firm's risk-based capital metrics under both the Basel III Standardized and Advanced approaches and leverage-based capital metrics. Refer to Note 27 for JPMorgan Chase Bank, N.A.'s risk-based and leverage-based capital metrics. First Republic Bank was not subject to Advanced approach regulatory capital requirements. As a result, for certain exposures associated with the First Republic acquisition, Advanced RWA and any impact on Advanced Total capital is calculated under the Standardized approach as permitted by the transition provisions in the U.S. capital rules. Refer to Note 34 for additional information on the First Republic acquisition.

	Standardized			Advanced		
(in millions, except ratios)	**December 31, 2023**	December 31, 2022	Capital ratio requirements[b]	**December 31, 2023**	December 31, 2022	Capital ratio requirements[b]
Risk-based capital metrics:[a]						
CET1 capital	**$ 250,585**	$ 218,934		**$ 250,585**	$ 218,934	
Tier 1 capital	**277,306**	245,631		**277,306**	245,631	
Total capital	**308,497**	277,769		**295,417** [c]	264,583	
Risk-weighted assets	**1,671,995**	1,653,538		**1,669,156** [c]	1,609,773	
CET1 capital ratio	**15.0 %**	13.2 %	**11.4 %**	**15.0 %**	13.6 %	**11.0 %**
Tier 1 capital ratio	**16.6**	14.9	**12.9**	**16.6**	15.3	**12.5**
Total capital ratio	**18.5**	16.8	**14.9**	**17.7**	16.4	**14.5**

(a) The capital metrics reflect the CECL capital transition provisions. Refer to Note 27 for additional information.
(b) Represents minimum requirements and regulatory buffers applicable to the Firm for the period ended December 31, 2023. For the period ended December 31, 2022, the Basel III Standardized CET1, Tier 1, and Total capital ratio requirements applicable to the Firm were 12.0%, 13.5%, and 15.5%, respectively; the Basel III Advanced CET1, Tier 1, and Total capital ratio requirements applicable to the Firm were 10.5%, 12.0%, and 14.0%, respectively. Refer to Note 27 for additional information.
(c) Includes the impacts of certain assets associated with First Republic to which the Standardized approach has been applied as permitted by the transition provisions in the U.S. capital rules.

Three months ended (in millions, except ratios)	**December 31, 2023**	December 31, 2022	Capital ratio requirements[c]
Leverage-based capital metrics:[a]			
Adjusted average assets[b]	**$ 3,831,200**	$ 3,703,873	
Tier 1 leverage ratio	**7.2 %**	6.6 %	**4.0 %**
Total leverage exposure	**$ 4,540,465**	$ 4,367,092	
SLR	**6.1 %**	5.6 %	**5.0 %**

(a) The capital metrics reflect the CECL capital transition provisions. Refer to Note 27 for additional information.
(b) Adjusted average assets, for purposes of calculating the leverage ratios, includes quarterly average assets adjusted for on-balance sheet assets that are subject to deduction from Tier 1 capital, predominantly goodwill, inclusive of estimated equity method goodwill, and other intangible assets.
(c) Represents minimum requirements and regulatory buffers applicable to the Firm. Refer to Note 27 for additional information.

Capital components

The following table presents reconciliations of total stockholders' equity to Basel III CET1 capital, Tier 1 capital and Total capital as of December 31, 2023 and 2022.

(in millions)		**December 31, 2023**		December 31, 2022
Total stockholders' equity	$	**327,878**	$	292,332
Less: Preferred stock		27,404		27,404
Common stockholders' equity		**300,474**		264,928
Add:				
Certain deferred tax liabilities[(a)]		2,996		2,510
Other CET1 capital adjustments[(b)]		4,717		6,221
Less:				
Goodwill[(c)]		54,377		[illegible]
Other intangible assets		3,225		1,224
Standardized/Advanced CET1 capital		**250,585**		218,934
Add: Preferred stock		27,404		27,404
Less: Other Tier 1 adjustments		683		707
Standardized/Advanced Tier 1 capital	$	**277,306**	$	245,631
Long-term debt and other instruments qualifying as Tier 2 capital	$	11,779	$	13,569
Qualifying allowance for credit losses[(d)]		20,102		19,353
Other		(690)		(784)
Standardized Tier 2 capital	$	**31,191**	$	32,138
Standardized Total capital	$	**308,497**	$	277,769
Adjustment in qualifying allowance for credit losses for Advanced Tier 2 capital[(e)]		(13,080) [(f)]		(13,186)
Advanced Tier 2 capital	$	**18,111**	$	18,952
Advanced Total capital	$	**295,417**	$	264,583

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(a) Represents deferred tax liabilities related to tax-deductible goodwill and to identifiable intangibles created in nontaxable transactions, which are netted against goodwill and other intangibles when calculating CET1 capital.

(b) As of December 31, 2023 and 2022, included a net benefit associated with cash flow hedges and debit valuation adjustments ("DVA") related to structured notes recorded in AOCI of $4.3 billion and $5.2 billion and the benefit from the CECL capital transition provisions of $1.4 billion and $2.2 billion, respectively.

(c) Goodwill deducted from capital includes goodwill associated with equity method investments in nonconsolidated financial institutions based on regulatory requirements. Refer to page 134 for additional information on principal investment risk.

(d) Represents the allowance for credit losses eligible for inclusion in Tier 2 capital up to 1.25% of credit risk RWA, including the impact of the CECL capital transition provision with any excess deducted from RWA. Refer to Note 27 for additional information on the CECL capital transition.

(e) Represents an adjustment to qualifying allowance for credit losses for the excess of eligible credit reserves over expected credit losses up to 0.6% of credit risk RWA, including the impact of the CECL capital transition provision with any excess deducted from RWA.

(f) Included an incremental $655 million allowance for credit losses on certain assets associated with First Republic to which the Standardized approach has been applied, as permitted by the transition provisions in the U.S. capital rules.

Capital rollforward

The following table presents the changes in Basel III CET1 capital, Tier 1 capital and Tier 2 capital for the year ended December 31, 2023.

Year ended December 31, (in millions)	**2023**
Standardized/Advanced CET1 capital at December 31, 2022	$ 218,934
Net income applicable to common equity	48,051
Dividends declared on common stock	(12,055)
Net purchase of treasury stock	(8,881)
Changes in additional paid-in capital	1,084
Changes related to AOCI applicable to capital:	
Unre… s	5,381
Trans	329
Fair v	(101)
empl	373
Change…)	(2,530)
Change	31,651
Standardized/Advanced CET1 capital at December 31, 2023	**$ 250,585**
Standardized/Advanced Tier 1 capital at December 31, 2022	$ 245,631
Change in CET1 capital[(b)]	31,651
Redemptions of noncumulative perpetual preferred stock	–
Other	24
Change in Standardized/Advanced Tier 1 capital	31,675
Standardized/Advanced Tier 1 capital at December 31, 2023	**$ 277,306**
Standardized Tier 2 capital at December 31, 2022	$ 32,138
Change in long-term debt and other instruments qualifying as Tier 2	(1,790)
Change in qualifying allowance for credit losses[(b)]	749
Other	94
Change in Standardized Tier 2 capital	(947)
Standardized Tier 2 capital at December 31, 2023	**$ 31,191**
Standardized Total capital at December 31, 2023	**$ 308,497**
Advanced Tier 2 capital at December 31, 2022	$ 18,952
Change in long-term debt and other instruments qualifying as Tier 2	(1,790)
Change in qualifying allowance for credit losses[(b)(c)]	855
Other	94
Change in Advanced Tier 2 capital	(841)
Advanced Tier 2 capital at December 31, 2023	**$ 18,111**
Advanced Total capital at December 31, 2023	**$ 295,417**

(a) Includes foreign currency translation adjustments and the impact of related derivatives.

(b) Includes the impact of the CECL capital transition provisions and the cumulative effect of changes in accounting principles. Refer to Note 27 for additional information on the CECL capital transition.

(c) Included an incremental $655 million allowance for credit losses on certain assets associated with First Republic to which the Standardized approach has been applied, as permitted by the transition provisions in the U.S. capital rules.

RWA rollforward

The following table presents changes in the components of RWA under Basel III Standardized and Advanced approaches for the year ended December 31, 2023. The amounts in the rollforward categories are estimates, based on the predominant driver of the change.

	Standardized			Advanced			
Year ended December 31, 2023 (in millions)	Credit risk RWA[c]	Market risk RWA	**Total RWA**	Credit risk RWA[c][d]	Market risk RWA	Operational risk RWA	**Total RWA**
December 31, 2022	$ 1,568,536	$ 85,002	**$ 1,653,538**	$ 1,078,076	$ 85,432	$ 446,265	**$ 1,609,773**
Model & data changes[a]	(11,024)	(4,883)	**(15,907)**	(11,313)	(4,883)	–	**(16,196)**
Movement in portfolio levels[b]	46,339	(11,975)	**34,364**	88,498	(11,946)	(973)	**75,579**
Changes in RWA	35,315	(16,858)	**18,457**	77,185	(16,829)	(973)	**59,383**
December 31, 2023	**$ 1,603,851**	**$ 68,144**	**$ 1,671,995**	**$ 1,155,261**	**$ 68,603**	**$ 445,292**	**$ 1,669,156**

(a) Model & data changes refer to material movements in levels of RWA as a result of revised methodologies and/or treatment per regulatory guidance (exclusive of rule changes).
(b) Movement in portfolio levels (inclusive of rule changes) refers to: for Credit risk RWA, changes in book size, impacts associated with the First Republic acquisition, including the benefit of the shared-loss agreements entered into with the FDIC, position roll-offs in legacy portfolios in Home Lending, changes in composition and credit quality, market movements, and deductions for excess eligible allowances for credit losses not eligible for inclusion in Tier 2 capital; for Market risk RWA, changes in position, market movements, and changes in the Firm's regulatory multiplier from Regulatory VaR backtesting exceptions; and for Operational risk RWA, updates to cumulative losses and macroeconomic model inputs.
(c) As of December 31, 2023 and 2022, the Basel III Standardized Credit risk RWA included wholesale and retail off balance-sheet RWA of $208.5 billion and $210.1 billion, respectively; and the Basel III Advanced Credit risk RWA included wholesale and retail off balance-sheet RWA of $188.5 billion and $180.8 billion, respectively.
(d) As of December 31, 2023, Credit risk RWA reflected approximately $52.4 billion of RWA calculated under the Standardized approach for certain assets associated with First Republic as permitted by the transition provisions in the U.S. capital rules.

Refer to the Firm's Pillar 3 Regulatory Capital Disclosures reports, which are available on the Firm's website, for further information on Credit risk RWA, Market risk RWA and Operational risk RWA.

Supplementary leverage ratio

The following table presents the components of the Firm's SLR.

Three months ended (in millions, except ratio)	**December 31, 2023**	December 31, 2022
Tier 1 capital	**$ 277,306**	$ 245,631
Total average assets	3,885,632	3,755,271
Less: Regulatory capital adjustments[a]	54,432	51,398
Total adjusted average assets[b]	3,831,200	3,703,873
Add: Off-balance sheet exposures[c]	709,265	663,219
Total leverage exposure	**$ 4,540,465**	$ 4,367,092
SLR	**6.1 %**	5.6 %

(a) For purposes of calculating the SLR, includes quarterly average assets adjusted for on-balance sheet assets that are subject to deduction from Tier 1 capital, predominantly goodwill, inclusive of estimated equity method goodwill, other intangible assets and adjustments for the CECL capital transition provisions. Refer to Note 27 for additional information on the CECL capital transition.
(b) Adjusted average assets used for the calculation of Tier 1 leverage ratio.
(c) Off-balance sheet exposures are calculated as the average of the three month-end spot balances on applicable regulatory exposures during the reporting quarter. Refer to the Firm's Pillar 3 Regulatory Capital Disclosures reports for additional information.

Line of business equity

Each business segment is allocated capital by taking into consideration a variety of factors including capital levels of similarly rated peers and applicable regulatory capital requirements. ROE is measured and internal targets for expected returns are established as key measures of a business segment's performance.

The Firm's current allocation methodology incorporates Basel III Standardized RWA and the GSIB surcharge, both under rules currently in effect, as well as a simulation of capital in a severe stress environment. At least annually, the assumptions, judgments and methodologies used to allocate capital are reassessed and, as a result, the capital allocated to the LOBs may change. As of January 1, 2024, changes to the Firm's line of business capital allocations are primarily a result of updates to the Firm's current capital requirements and changes in RWA for each LOB under rules currently in effect. In addition, the capital that the Firm has accumulated to meet the increased requirements of the U.S. Basel III proposal has generally been retained in Corporate.

The following table presents the capital allocated to each business segment.

Line of business equity (Allocated capital)

		December 31,	
(in billions)	**January 1, 2024**	2023[a]	2022
Consumer & Community Banking	**$ 54.5**	$ 55.5	$ 50.0
Corporate & Investment Bank	**102.0**	108.0	103.0
Commercial Banking	**30.0**	30.0	25.0
Asset & Wealth Management	**15.5**	17.0	17.0
Corporate	**98.5**	90.0	69.9
Total common stockholders' equity	**$ 300.5**	$ 300.5	$ 264.9

(a) Includes the impact of the First Republic acquisition.

Capital actions

Common stock dividends

The Firm's common stock dividends are planned as part of the Capital Management governance framework in line with the Firm's capital management objectives.

The Firm's quarterly common stock dividend is currently $1.05 per share. The Firm's dividends are subject to approval by the Board of Directors on a quarterly basis.

Refer to Note 21 and Note 26 for information regarding dividend restrictions.

The following table shows the common dividend payout ratio based on net income applicable to common equity.

Year ended December 31,	**2023**	2022	2021
Common dividend payout ratio	**25 %**	33 %	25 %

Common stock

Effective May 1, 2022, the Firm is authorized to purchase up to $30 billion under its common share repurchase program previously approved by the Board of Directors, which was announced on April 13, 2022.

The following table sets forth the Firm's repurchases of common stock for the years ended December 31, 2023, 2022 and 2021.

Year ended December 31, (in millions)	**2023**	2022[b]	2021[c]
Total number of shares of common stock repurchased	**69.5**	23.1	119.7
Aggregate purchase price of common stock repurchases[a]	**$ 9,898**	$ 3,122	$ 18,448

(a) Excludes excise tax and commissions. As part of the Inflation Reduction Act of 2022, a 1% excise tax was imposed on net share repurchases effective January 1, 2023.

(b) In the second half of 2022, the Firm temporarily suspended share repurchases, which it resumed under its current common share repurchase program in the first quarter of 2023.

(c) As directed by the Federal Reserve, total net repurchases and common stock dividends in the first and second quarter of 2021 were restricted and could not exceed the average of the Firm's net income for the four preceding calendar quarters. Effective July 1, 2021, the Firm became subject to the normal capital distribution restrictions provided under the regulatory capital framework.

The Board of Directors' authorization to repurchase common shares is utilized at management's discretion, and the timing of purchases and the exact amount of common shares 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; current and proposed future capital requirements; and alternative investment opportunities. The $30 billion common share repurchase program approved by the Board does not establish specific price targets or timetables. The repurchase program may be suspended by management at any time; and may be executed through open market purchases or privately negotiated transactions, or utilizing Rule 10b5-1 plans, which are written trading plans that the Firm may enter into from time to time under Rule 10b5-1 of the Securities Exchange Act of 1934 and which allow the Firm to repurchase its common shares during periods when it may otherwise not be repurchasing common shares – for example, during internal trading blackout periods.

Refer to Part II, Item 5: Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities on page 35 of the 2023 Form 10-K for additional information regarding repurchases of the Firm's equity securities.

Refer to capital planning and stress testing on page 91 for additional information.

Preferred stock

Preferred stock dividends declared were $1.5 billion for the year ended December 31, 2023, and $1.6 billion for each of the years ended December 31, 2022 and 2021.

Refer to Note 21 for additional information on the Firm's preferred stock, including the issuance and redemption of preferred stock.

Subordinated Debt

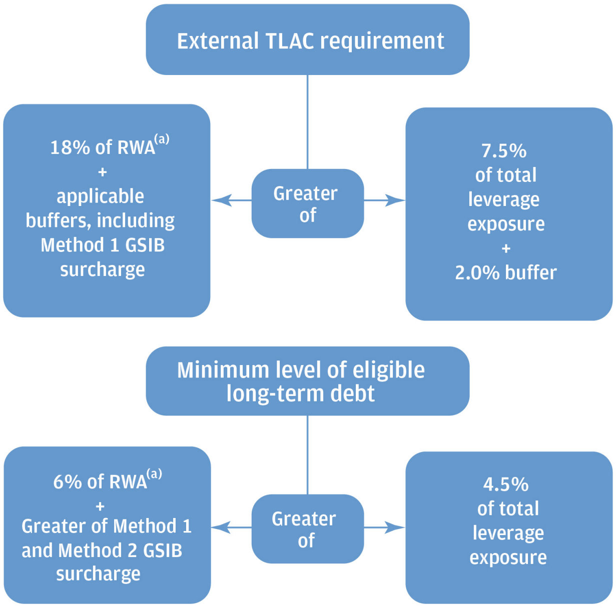
Refer to Long-term funding and issuance on page 108 and Note 20 for additional information on the Firm's subordinated debt.

Other capital requirements

Total Loss-Absorbing Capacity

The Federal Reserve's TLAC rule requires the U.S. GSIB top-tier holding companies, including the Firm, to maintain minimum levels of external TLAC and eligible long-term debt.

The external TLAC requirements and the minimum level of eligible long-term debt requirements are shown below:



(a) RWA is the greater of Standardized and Advanced compared to their respective regulatory capital ratio requirements.

Failure to maintain TLAC equal to or in excess of the regulatory minimum plus applicable buffers will result in limitations on the amount of capital that the Firm may distribute, such as through dividends and common share repurchases, as well as on discretionary bonus payments for certain executive officers.

The following table presents the eligible external TLAC and eligible LTD amounts, as well as a representation of these amounts as a percentage of the Firm's total RWA and total leverage exposure applying the impact of the CECL capital transition provisions as of December 31, 2023 and 2022.

	December 31, 2023		December 31, 2022	
(in billions, except ratio)	**External TLAC**	**LTD**	External TLAC	LTD
Total eligible amount	**$ 513.8**	**$ 222.6**	$ 486.0	$ 228.5
% of RWA	**30.7 %**	**13.3 %**	29.4 %	13.8 %
Regulatory requirements	**23.0**	**10.0**	22.5	9.5
Surplus/(shortfall)	**$ 129.2**	**$ 55.4**	$ 114.0	$ 71.4
% of total leverage exposure	**11.3 %**	**4.9 %**	11.1 %	5.2 %
Regulatory requirements	**9.5**	**4.5**	9.5	4.5
Surplus/(shortfall)	**$ 82.5**	**$ 18.3**	$ 71.2	$ 32.0

Effective January 1, 2023, the Firm's regulatory requirements for TLAC to RWA and eligible LTD to RWA ratios increased by 50 bps to 23.0% and 10.0%, respectively, due to the increase in the Firm's GSIB requirements. Refer to Risk-based Capital Regulatory Requirements on pages 94–95 for further information on the GSIB surcharge.

Refer to Liquidity Risk Management on pages 102–109 for further information on long-term debt issued by the Parent Company.

Refer to Part I, Item 1A: Risk Factors on pages 9-33 of the 2023 Form 10-K for information on the financial consequences to holders of the Firm's debt and equity securities in a resolution scenario.

U.S. broker-dealer regulatory capital

J.P. Morgan Securities

JPMorgan Chase's principal U.S. broker-dealer subsidiary is J.P. Morgan Securities. J.P. Morgan Securities is subject to the regulatory capital requirements of Rule 15c3-1 under the Securities Exchange Act of 1934 (the "Net Capital Rule"). J.P. Morgan Securities is also registered as a futures commission merchant and is subject to regulatory capital requirements, including those imposed by the SEC, the Commodity Futures Trading Commission ("CFTC"), the Financial Industry Regulatory Authority ("FINRA") and the National Futures Association ("NFA").

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

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

December 31, 2023 (in millions)	Actual	Minimum
Net Capital	$ 27,865	$ 5,346

J.P. Morgan Securities is registered with the SEC as a security-based swap dealer and with the CFTC as dealer. As a result *The secret object #4 is an* financial reporting dealers and swap dealers, J.P. Morgan Securities to alternative minimum net capital requirement

required to hold "tentative net capital" in excess of $5.0 billion. J.P. Morgan Securities is also required to notify the SEC and CFTC in the event that its tentative net capital is less than $6.0 billion. Tentative net capital is net capital before deducting market and credit risk charges as defined by the Net Capital Rule. As of December 31, 2023, J.P. Morgan Securities maintained tentative net capital in excess of the minimum and notification requirements.

Non-U.S. subsidiary regulatory capital

J.P. Morgan Securities plc

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

The Bank of England requires that U.K. banks, including U.K. regulated subsidiaries of overseas groups, maintain minimum requirements for own funds and eligible liabilities ("MREL"). As of December 31, 2023, J.P. Morgan Securities plc was compliant with its MREL requirements.

Effective January 1, 2023, J.P. Morgan Securities plc was required to meet the minimum Tier 1 leverage ratio requirement established by the PRA of 3.25%, plus regulatory buffers.

The following table presents J.P. Morgan Securities plc's risk-based and leverage-based capital metrics:

December 31, 2023 (in millions, except ratios)	Actual	Regulatory Minimum ratios[a]
Total capital	$ 52,522	
CET1 capital ratio	16.9 %	4.5 %
Tier 1 capital ratio	22.3	6.0
Total capital ratio	28.1	8.0
Tier 1 leverage ratio	7.3	3.3 [b]

(a) Represents minimum Pillar 1 requirements specified by the PRA. J.P. Morgan Securities plc's capital ratios as of December 31, 2023 exceeded the minimum requirements, including the additional capital requirements specified by the PRA.
(b) At least 75% of the Tier 1 leverage ratio minimum must be met with CET1 capital.

J.P. Morgan SE

JPMSE is a wholly-owned subsidiary of JPMorgan Chase Bank, N.A. and has authority to engage in banking, nt banking and markets activities. JPMSE is d by the European Central Bank as well as the local s in each of the countries in which it operates, and ct to EU capital requirements under Basel III.

required by the EU Single Resolution Board to maintain MREL. As of December 31, 2023, JPMSE was compliant with its MREL requirements.

The following table presents JPMSE's risk-based and leverage-based capital metrics:

December 31, 2023 (in millions, except ratios)	Actual	Regulatory Minimum ratios[a]
Total capital	$ 44,158	
CET1 capital ratio	18.1 %	4.5 %
Tier 1 capital ratio	18.1	6.0
Total capital ratio	32.2	8.0
Tier 1 leverage ratio	5.8	3.0

(a) Represents minimum Pillar 1 requirements specified by the EU CRR. J.P. Morgan SE's capital and leverage ratios as of December 31, 2023 exceeded the minimum requirements, including the additional capital requirements specified by EU regulators.

LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the Firm will be unable to meet its cash and collateral needs as they arise or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its assets and liabilities.

Liquidity risk management

The Firm has a Liquidity Risk Management ("LRM") function whose primary objective is to provide independent oversight of liquidity risk across the Firm. Liquidity Risk Management's responsibilities include:

- Defining, monitoring and reporting liquidity risk metrics;
- Independently establishing and monitoring limits and indicators, including liquidity risk appetite;
- Developing a process to classify, monitor and report limit breaches;
- Performing an independent review of liquidity risk management processes to evaluate their adequacy and effectiveness;
- Monitoring and reporting internal Firmwide and legal entity liquidity stress tests, regulatory defined metrics, as well as liquidity positions, balance sheet variances and funding activities; and
- Approving or escalating for review new or updated liquidity stress assumptions.

Liquidity management

Treasury and CIO is responsible for liquidity management.

The primary objectives of the Firm's liquidity management are to:

- Ensure that the Firm's core businesses and material legal entities are able to operate in support of client needs and meet contractual and contingent financial obligations through normal economic cycles as well as during stress events, and
- Manage an optimal funding mix and availability of liquidity sources.

The Firm addresses these objectives through:

- Analyzing and understanding the liquidity characteristics of the assets and liabilities of the Firm, LOBs, legal entities, as well as currencies, taking into account legal, regulatory, and operational restrictions;
- Developing internal liquidity stress testing assumptions;
- Defining and monitoring Firmwide and legal entity-specific liquidity strategies, policies, reporting and contingency funding plans;
- Managing liquidity within the Firm's approved liquidity risk appetite tolerances and limits;
- Managing compliance with regulatory requirements related to funding and liquidity risk; and
- Setting FTP in accordance with underlying liquidity characteristics of balance sheet assets and liabilities as well as certain off-balance sheet items.

As part of the Firm's overall liquidity management strategy, the Firm manages liquidity and funding using a centralized, global approach designed to:

- Optimize liquidity sources and uses;
- Monitor exposures;
- Identify constraints on the transfer of liquidity between the Firm's legal entities; and
- Maintain the appropriate amount of surplus liquidity at a Firmwide and legal entity level, where relevant.

Governance

Committees responsible for liquidity governance include the Firmwide ALCO, as well as regional ALCOs, the Treasurer Committee, and the CTC Risk Committee. In addition, the Board Risk Committee reviews and recommends to the Board of Directors, for approval, the Firm's liquidity risk tolerances, liquidity strategy, and liquidity policy. Refer to Firmwide Risk Management on pages 86–89 for further discussion of ALCO and other risk-related committees.

Internal stress testing

The Firm conducts internal liquidity stress testing that is intended to ensure that the Firm and its material legal entities have sufficient liquidity under a variety of adverse scenarios, including scenarios analyzed as part of the Firm's resolution and recovery planning. Internal stress tests are produced on a regular basis, and other stress tests are performed in response to specific market events or concerns. Liquidity stress tests assume all of the Firm's contractual financial obligations are met and take into consideration:

- Varying levels of access to unsecured and secured funding markets;
- Estimated non-contractual and contingent cash outflows;
- Credit rating downgrades;
- Collateral haircuts; and
- Potential impediments to the availability and transferability of liquidity between jurisdictions and material legal entities such as regulatory, legal or other restrictions.

Liquidity outflows are modeled across a range of time horizons and currency dimensions and contemplate both market and idiosyncratic stresses.

Results of stress tests are considered in the formulation of the Firm's funding plan and assessment of its liquidity position. The Parent Company acts as a source of funding for the Firm through equity and long-term debt issuances, and its intermediate holding company, JPMorgan Chase Holdings LLC (the "IHC"), provides funding to support the ongoing operations of the Parent Company and its subsidiaries. The Firm maintains liquidity at the Parent Company, the IHC, and operating subsidiaries at levels sufficient to comply with liquidity risk tolerances and minimum liquidity requirements, and to manage through periods of stress when access to normal funding sources may be disrupted.

Contingency funding plan

The Firm's Contingency Funding Plan ("CFP") sets out the strategies for addressing and managing liquidity resource needs during a liquidity stress event and incorporates liquidity risk limits, indicators and risk appetite tolerances. The CFP also identifies the alternative contingent funding and liquidity resources available to the Firm and its legal entities in a period of stress.

LCR and HQLA

The LCR rule requires that the Firm and JPMorgan Chase Bank, N.A. maintain an amount of eligible HQLA that is sufficient to meet their respective estimated total net cash outflows over a prospective 30 calendar-day period of significant stress. Eligible HQLA, for purposes of calculating the LCR, is the amount of unencumbered HQLA that satisfy certain operational considerations as defined in the LCR rule. HQLA primarily consist of cash and certain high-quality liquid securities as defined in the LCR rule.

Under the LCR rule, the amount of eligible HQLA held by JPMorgan Chase Bank, N.A. that is in excess of its stand-alone 100% minimum LCR requirement, and that is not transferable to non-bank affiliates, must be excluded from the Firm's reported eligible HQLA.

Estimated net cash outflows are based on standardized stress outflow and inflow rates prescribed in the LCR rule, which are applied to the balances of the Firm's assets, sources of funds, and obligations. The LCR for both the Firm and JPMorgan Chase Bank, N.A. is required to be a minimum of 100%.

The following table summarizes the Firm and JPMorgan Chase Bank, N.A.'s average LCR for the three months ended December 31, 2023, September 30, 2023 and December 31, 2022 based on the Firm's interpretation of the LCR framework.

	Three months ended		
Average amount (in millions)	**December 31, 2023**	September 30, 2023	December 31, 2022
JPMorgan Chase & Co.:			
HQLA			
Eligible cash[(a)]	**$ 485,263**	$ 402,663	$ 542,847
Eligible securities[(b)(c)]	**313,365**	378,702	190,201
Total HQLA[(d)]	**$ 798,628**	$ 781,365	$ 733,048
Net cash outflows	**$ 704,857**	$ 696,668	$ 652,580
LCR	**113 %**	112 %	112 %
Net excess eligible HQLA[(d)]	**$ 93,771**	$ 84,697	$ 80,468
JPMorgan Chase Bank, N.A.:			
LCR	**129 %**	123 %	151 %
Net excess eligible HQLA	**$ 215,190**	$ 167,096	$ 356,733

(a) Represents cash on deposit at central banks, primarily the Federal Reserve Banks.
(b) Eligible HQLA securities may be reported in securities borrowed or purchased under resale agreements, trading assets, or investment securities on the Firm's Consolidated balance sheets. For purposes of calculating the LCR, HQLA securities are included at fair value, which may differ from the accounting treatment under U.S. GAAP.
(c) Predominantly U.S. Treasuries, U.S. GSE and government agency MBS, and sovereign bonds net of regulatory haircuts under the LCR rule.
(d) Excludes average excess eligible HQLA at JPMorgan Chase Bank, N.A. that are not transferable to non-bank affiliates.

JPMorgan Chase Bank, N.A.'s average LCR increased during the three months ended December 31, 2023, compared with the three months ended September 30, 2023, driven by CIB market activities, partially offset by loan growth.

JPMorgan Chase Bank, N.A.'s average LCR for the three months ended December 31, 2023 decreased compared with the three months ended December 31, 2022, reflecting a decrease in JPMorgan Chase Bank, N.A.'s HQLA as a result of a reduction in cash due to a decline in average deposits and loan growth, as well as the impact of First Republic and lower market values of HQLA-eligible investment securities. These impacts were partially offset by CIB markets activities.

Refer to Note 10 and Note 34 for additional information on the Firm's investment securities portfolio and the First Republic acquisition.

Actions by the Federal Reserve have impacted depositor behavior, resulting in reductions to system-wide deposits, including those held by the Firm. Each of the Firm and JPMorgan Chase Bank, N.A.'s average LCR may fluctuate from period to period due to changes in their respective eligible HQLA and estimated net cash outflows as a result of ongoing business activity and from the continued impacts of Federal Reserve actions as well as other factors. Refer to the Firm's U.S. LCR Disclosure reports, which are available on the Firm's website, for a further discussion of the Firm's LCR.

Liquidity sources

In addition to the assets reported in the Firm's eligible HQLA discussed above, the Firm had unencumbered marketable securities, such as equity and debt securities, that the Firm believes would be available to raise liquidity. This includes excess eligible HQLA securities at JPMorgan Chase Bank, N.A. that are not transferable to non-bank affiliates. The fair value of these securities was approximately $649 billion and $694 billion as of December 31, 2023 and 2022, respectively, although the amount of liquidity that could be raised at any particular time would be dependent on prevailing market conditions. The decrease compared to December 31, 2022, was driven by a reduction in excess eligible HQLA securities at JPMorgan Chase Bank, N.A., partially offset by an increase in unencumbered AFS securities.

As of December 31, 2023 and 2022, the Firm had approximately $1.4 trillion of available cash and securities comprised of eligible end-of-period HQLA, excluding the impact of regulatory haircuts of $798.0 billion and $735.5 billion, respectively, and unencumbered marketable securities with a fair value of approximately $649 billion and $694 billion, respectively.

The Firm also had available borrowing capacity at the Federal Home Loan Banks ("FHLBs") and the discount window at the Federal Reserve Banks as a result of collateral pledged by the Firm to such banks of approximately $340 billion and $323 billion as of December 31, 2023 and 2022, respectively. This borrowing capacity excludes the benefit of cash and securities reported in the Firm's eligible HQLA or other unencumbered securities that are currently pledged at the Federal Reserve Banks discount window and other central banks. Available borrowing capacity increased from December 31, 2022 primarily due to a higher amount of wholesale loans pledged at the Federal Reserve Banks. Although available, the Firm does not view this borrowing capacity at the Federal Reserve Banks discount window and the other central banks as a primary source of liquidity.

NSFR

The net stable funding ratio ("NSFR") is a liquidity requirement for large banking organizations that is intended to measure the adequacy of "available" stable funding that is sufficient to meet their "required" amounts of stable funding over a one-year horizon.

For the three months ended December 31, 2023, both the Firm and JPMorgan Chase Bank, N.A. were compliant with the 100% minimum NSFR requirement, based on the Firm's interpretation of the final rule. Refer to the Firm's U.S. NSFR Disclosure report covering December 31, 2023 and September 30, 2023 on the Firm's website for additional information.

Funding

Sources of funds

Management believes that the Firm's unsecured and secured funding capacity is sufficient to meet its on- and off-balance sheet obligations, which includes both short- and long-term cash requirements.

The Firm funds its global balance sheet through diverse sources of funding including stable deposits, secured and unsecured funding in the capital markets and stockholders' equity. Deposits are the primary funding source for JPMorgan Chase Bank, N.A. Additionally, JPMorgan Chase Bank, N.A. may access funding through short- or long-term secured borrowings, the issuance of unsecured long-term debt, or from borrowings from the IHC. The Firm's non-bank subsidiaries are primarily funded from long-term unsecured borrowings and short-term secured borrowings which are primarily securities loaned or sold under repurchase agreements. Excess funding is invested by Treasury and CIO in the Firm's investment securities portfolio or deployed in cash or other short-term liquid investments based on their interest rate and liquidity risk characteristics.

Refer to Note 28 for additional information on off-balance sheet obligations.

Deposits

The table below summarizes, by LOB and Corporate, the period-end and average deposit balances as of and for the years ended December 31, 2023 and 2022.

As of or for the year ended December 31,			Average	
(in millions)	**2023**	2022	**2023**	2022
Consumer & Community Banking	**$ 1,094,738**	$ 1,131,611	**$ 1,126,552**	$ 1,162,680
Corporate & Investment Bank	**777,638**	689,893	**728,537**	739,700
Commercial Banking	**273,254**	271,342	**267,758**	294,180
Asset & Wealth Management	**233,232**	233,130	**216,178**	261,489
Corporate	**21,826**	14,203	**20,042**	9,866
Total Firm	**$ 2,400,688**	$ 2,340,179	**$ 2,359,067**	$ 2,467,915

The Firm believes that deposits provide a stable source of funding and reduce the Firm's reliance on the wholesale funding markets. A significant portion of the Firm's deposits are consumer deposits and wholesale operating deposits, which are both considered to be stable sources of liquidity. Wholesale operating deposits are generally considered to be stable sources of liquidity because they are generated from customers that maintain operating service relationships with the Firm.

The Firm believes that average deposit balances are generally more representative of deposit trends than period-end deposit balances. However, during periods of market disruption, average deposit trends may be impacted.

Average deposits were lower for the year ended December 31, 2023 compared to the year ended December 31, 2022, reflecting the net impact of:

- lower balances in AWM due to continued migration into higher-yielding investments driven by the higher interest rate environment, partially offset by growth from new and existing customers as a result of new product offerings and the impact of First Republic,
- a decline in CCB reflecting higher customer spending, largely offset by the impact of First Republic,
- a decrease in CB due to continued deposit attrition as clients seek higher-yielding investments, partially offset by the retention of inflows associated with disruptions in the market in the first quarter of 2023,
- a decline in CIB due to deposit attrition, including actions taken to reduce certain deposits, predominantly offset by net issuances of structured notes as a result of client demand, and
- growth in Corporate related to the Firm's international consumer initiatives.

Period-end deposits increased from December 31, 2022, reflecting the net impact of:

- higher balances in CIB due to net issuances of structured notes as a result of client demand, as well as deposit inflows from client-driven activities in Payments and Securities Services, partially offset by deposit attrition, including actions taken to reduce certain deposits,
- growth in Corporate related to the Firm's international consumer initiatives,
- lower balances in CCB reflecting higher customer spending,
- a decline in AWM due to continued migration into higher-yielding investments driven by the higher interest rate environment, predominantly offset by growth from new and existing customers as a result of new product offerings, and
- a decrease in CB due to continued deposit attrition as clients seek higher-yielding investments, predominantly offset by the retention of inflows associated with disruptions in the market in the first quarter of 2023.

The net increase also included $61 billion of deposits associated with First Republic, primarily reflected in CCB, AWM and CB.

Refer to Business Segment Results on pages 65–85 and Note 34 for additional information on the First Republic acquisition.

Refer to the Firm's Consolidated Balance Sheets Analysis and the Business Segment Results on pages 58–60 and pages 65–85, respectively, for further information on deposit and liability balance trends. Refer to Note 3 for further information on structured notes.

Certain deposits are covered by insurance protection that provides additional funding stability and results in a benefit to the LCR. Deposit insurance protection may be available to depositors in the countries in which the deposits are placed. For example, the Federal Deposit Insurance Corporation ("FDIC") provides deposit insurance protection for deposits placed in a U.S. depository institution. At December 31, 2023 and 2022, the Firmwide estimated uninsured deposits were $1,331.9 billion and $1,383.7 billion, respectively, primarily reflecting wholesale operating deposits.

Total uninsured deposits include time deposits. The table below presents an estimate of uninsured U.S. and non-U.S. time deposits, and their remaining maturities. The Firm's estimates of its uninsured U.S. time deposits are based on data that the Firm calculates periodically under applicable FDIC regulations. For purposes of this presentation, all non-U.S. time deposits are deemed to be uninsured.

	December 31, 2023		December 31, 2022	
(in millions)	U.S.	Non-U.S.	U.S.	Non-U.S.
Three months or less	**$ 82,719**	**$ 77,466**	$ 43,513	$ 68,765
Over three months but within 6 months	**17,736**	**5,358**	8,670	3,658
Over six months but within 12 months	**10,294**	**4,820**	7,035	2,850
Over 12 months	**710**	**2,543**	787	2,634
Total	**$111,459**	**$ 90,187**	$ 60,005	$ 77,907

The table below shows the loan and deposit balances, the loans-to-deposits ratios, and deposits as a percentage of total liabilities, as of December 31, 2023 and 2022.

As of December 31, (in billions except ratios)	**2023**	2022
Deposits	**$ 2,400.7**	$ 2,340.2
Deposits as a % of total liabilities	**68 %**	69 %
Loans	**$ 1,323.7**	$ 1,135.6
Loans-to-deposits ratio	**55 %**	49 %

The following table provides a summary of the average balances and average interest rates of JPMorgan Chase's deposits for the years ended December 31, 2023, 2022, and 2021.

(Unaudited) Year ended December 31,	Average balances			Average interest rates		
(in millions, except interest rates)	**2023**	2022	2021	**2023**	2022	2021
U.S. offices						
Noninterest-bearing	**$ 635,791**	$ 691,206	$ 648,170	**NA**	NA	NA
Interest-bearing						
Demand[(a)]	**279,725**	324,512	322,122	**3.50 %**	0.92 %	0.06 %
Savings[(b)]	**864,558**	971,788	930,866	**1.10**	0.28	0.06
Time	**145,827**	62,022	48,628	**4.74**	2.07	0.26
Total interest-bearing deposits	**1,290,110**	1,358,322	1,301,616	**2.03**	0.52	0.07
Total deposits in U.S. offices	**1,925,901**	2,049,528	1,949,786	**1.36**	0.34	0.05
Non-U.S. offices						
Noninterest-bearing	**24,747**	28,043	26,315	**NA**	NA	NA
Interest-bearing						
Demand	**321,976**	324,740	313,304	**2.71**	0.57	(0.10)
Time	**86,443**	65,604	57,749	**5.82**	1.85	(0.09)
Total interest-bearing deposits	**408,419**	390,344	371,053	**3.37**	0.78	(0.10)
Total deposits in non-U.S. offices	**433,166**	418,387	397,368	**3.18**	0.73	(0.09)
Total deposits	**$ 2,359,067**	$ 2,467,915	$ 2,347,154	**1.70 %**	0.41 %	0.02 %

(a) Includes Negotiable Order of Withdrawal accounts, and certain trust accounts.
(b) Includes Money Market Deposit Accounts.

Refer to Note 17 for additional information on deposits.

The following table summarizes short-term and long-term funding, excluding deposits, as of December 31, 2023 and 2022, and average balances for the years ended December 31, 2023 and 2022. Refer to the Consolidated Balance Sheets Analysis on pages 58–60 and Note 11 for additional information.

Sources of funds (excluding deposits)

As of or for the year ended December 31,			Average	
(in millions)	**2023**	2022	**2023**	2022
Commercial paper	**$ 14,737**	$ 12,557	**$ 12,675**	$ 16,151
Other borrowed funds	**8,200**	8,418	**9,712**	12,250
Federal funds purchased	**787**	1,684	**1,754**	1,567
Total short-term unsecured funding	**$ 23,724**	$ 22,659	**$ 24,141**	$ 29,968
Securities sold under agreements to repurchase[a]	**$ 212,804**	$ 198,382	**$ 249,661**	$ 236,192
Securities loaned[a]	**2,944**	2,547	**4,671**	5,003
Other borrowed funds	**21,775** [g]	23,052	**22,010**	25,211
Obligations of Firm-administered multi-seller conduits[b]	**17,781**	9,236	**14,918**	7,387
Total short-term secured funding	**$ 255,304**	$ 233,217	**$ 291,260**	$ 273,793
Senior notes	**$ 191,202**	$ 188,025	**$ 181,803**	$ 189,047
Subordinated debt	**19,708**	21,803	**20,374**	20,125
Structured notes[c]	**86,056**	70,839	**76,574**	68,656
Total long-term unsecured funding	**$ 296,966**	$ 280,667	**$ 278,751**	$ 277,828
Credit card securitization[b]	**$ 2,998**	$ 1,999	**$ 1,634**	$ 1,950
FHLB advances	**41,246** [g]	11,093	**28,865**	11,103
Purchase Money Note[d]	**48,989**	NA	**$ 32,829**	NA
Other long-term secured funding[e]	**4,624**	4,105	**4,513**	3,837
Total long-term secured funding	**$ 97,857**	$ 17,197	**$ 67,841**	$ 16,890
Preferred stock[f]	**$ 27,404**	$ 27,404	**$ 27,404**	$ 31,893
Common stockholders' equity[f]	**$ 300,474**	$ 264,928	**$ 282,056**	$ 253,068

(a) Primarily consists of short-term securities loaned or sold under agreements to repurchase.
(b) Included in beneficial interests issued by consolidated variable interest entities on the Firm's Consolidated balance sheets.
(c) Includes certain TLAC-eligible long-term unsecured debt issued by the Parent Company.
(d) Reflects the Purchase Money Note associated with the First Republic acquisition on May 1, 2023. Refer to Note 34 for additional information.
(e) Includes long-term structured notes which are secured.
(f) Refer to Capital Risk Management on pages 91-101, Consolidated statements of changes in stockholders' equity on page 169, Note 21 and Note 22 for additional information on preferred stock and common stockholders' equity.
(g) As of December 31, 2023, included short-term and long-term FHLB advances of $500 million and $23.2 billion, respectively, associated with First Republic. Refer to Note 34 for additional information.

Short-term funding

The Firm's sources of short-term secured funding primarily consist of securities loaned or sold under agreements to repurchase. These instruments are secured predominantly by high-quality securities collateral, including government-issued debt and U.S. GSE and government agency MBS. Securities sold under agreements to repurchase increased at December 31, 2023, compared with December 31, 2022, reflecting the impact of a lower level of netting on reduced repurchase activity.

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

The Firm's sources of short-term unsecured funding primarily consist of issuances of wholesale commercial paper and other borrowed funds.

The increase in period-end commercial paper and the decrease in average balances for the year ended December 31, 2023 compared to the respective prior year periods were due to changes in net issuance levels primarily for short-term liquidity management.

The decrease in average secured other borrowed funds for the year ended December 31, 2023 compared to the prior year period was primarily due to lower financing of Markets activities.

Long-term funding and issuance

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

The significant majority of the Firm's total outstanding long-term debt has been issued by the Parent Company to provide flexibility in support of the funding needs of both bank and non-bank subsidiaries. The Parent Company advances substantially all net funding proceeds to its subsidiary, the IHC. The IHC does not issue debt to external counterparties. For the year ended December 31, 2023, the increase in period-end structured notes compared to the prior year period was attributable to net issuances of structured notes in Markets due to client demand and an increase in fair value.

The following table summarizes long-term unsecured issuance and maturities or redemptions for the years ended December 31, 2023 and 2022. Refer to Note 20 for additional information on the IHC and long-term debt.

Long-term unsecured funding

Year ended December 31,	**2023**	2022	**2023**	2022
(Notional in millions)	Parent Company		Subsidiaries	
Issuance				
Senior notes issued in the U.S. market	**$ 14,256**	$ 32,600	**$ 3,750**	$ –
Senior notes issued in non-U.S. markets	**2,141**	2,752	**–**	–
Total senior notes	**16,397**	35,352	**3,750**	–
Subordinated debt	**–**	3,500	**–**	–
Structured notes[(a)]	**3,013**	2,535	**35,281**	35,577
Total long-term unsecured funding – issuance	**$ 19,410**	$ 41,387	**$ 39,031**	$ 35,577
Maturities/redemptions				
Senior notes	**$ 21,483**	$ 16,700	**$ 67**	$ 65
Subordinated debt	**2,090**	–	**–**	–
Structured notes	**1,532**	1,594	**28,777**	25,481
Total long-term unsecured funding – maturities/redemptions	**$ 25,105**	$ 18,294	**$ 28,844**	$ 25,546

(a) Includes certain TLAC-eligible long-term unsecured debt issued by the Parent Company.

The Firm can also raise secured long-term funding through securitization of consumer credit card loans and FHLB advances. The following table summarizes the securitization issuance, the FHLB advances, and their respective maturities or redemptions, as applicable for the years ended December 31, 2023 and 2022. Additionally, the table includes the FHLB advances and Purchase Money Note associated with First Republic. Refer to Note 34 for additional information.

Long-term secured funding

Year ended December 31,	Issuance		Maturities/Redemptions	
(in millions)	**2023**	2022	**2023**	2022
Credit card securitization	**$ 1,998**	$ 999	**$ 1,000**	$ 1,400
FHLB advances	**39,775**	–	**9,485**	14
Purchase Money Note[(a)]	**50,000**	NA	**–**	NA
Other long-term secured funding[(b)]	**991**	476	**432**	268
Total long-term secured funding	**$ 92,764**	$ 1,475	**$ 10,917**	$ 1,682

(a) Reflects the Purchase Money Note associated with the First Republic acquisition. Refer to Note 34 for additional information.
(b) Includes long-term structured notes that are secured.

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

Credit ratings

The cost and availability of financing are influenced by credit ratings. Reductions in these ratings could have an adverse effect on the Firm's access to liquidity sources, increase the cost of funds, trigger additional collateral or funding requirements and decrease the number of investors and counterparties willing to lend to the Firm. The nature and magnitude of the impact of ratings downgrades depends on numerous contractual and behavioral factors, which the Firm believes are incorporated in its liquidity risk and stress testing metrics. The Firm believes that it maintains sufficient liquidity to withstand a potential decrease in funding capacity due to ratings downgrades.

Additionally, the Firm's funding requirements for VIEs and other third-party commitments may be adversely affected by a decline in credit ratings. Refer to Note 5 and Note 14 for additional information.

The credit ratings of the Parent Company and the Firm's principal bank and non-bank subsidiaries as of December 31, 2023, were as follows:

	JPMorgan Chase & Co.			JPMorgan Chase Bank, N.A.			J.P. Morgan Securities LLC J.P. Morgan Securities plc J.P. Morgan SE		
December 31, 2023	Long-term issuer	Short-term issuer	Outlook	Long-term issuer	Short-term issuer	Outlook	Long-term issuer	Short-term issuer	Outlook
Moody's Investors Service	A1	P-1	Stable	Aa2	P-1	Negative [b]	Aa3	P-1	Stable
Standard & Poor's[a]	A-	A-2	Stable	A+	A-1	Stable	A+	A-1	Stable
Fitch Ratings	AA-	F1+	Stable	AA	F1+	Stable	AA	F1+	Stable

(a) On March 31, 2023, Standard & Poor's affirmed the credit ratings of the Parent Company and the Firm's principal bank and non-bank subsidiaries, and revised the outlook from positive to stable.
(b) On November 13, 2023, Moody's revised the outlook of the Firm's principal bank subsidiary from stable to negative to reflect Moody's change to the U.S. sovereign outlook.

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

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

Reputation risk is the risk that an action or inaction may negatively impact perception of the Firm's integrity and reduce confidence in the Firm's competence by various stakeholders, including clients, counterparties, customers, communities, investors, regulators, or employees.

The types of events that may result in reputation risk are wide-ranging and can be introduced by the Firm's employees, business strategies and activities, clients, customers and counterparties with which the Firm does business. These events could contribute to financial losses, litigation, regulatory enforcement actions, fines, penalties or other sanctions, as well as other harm to the Firm.

Organization and management

Reputation Risk Management is an independent risk management function that establishes the governance framework for managing reputation risk across the Firm's LOBs and Corporate. Reputation risk is inherently challenging to identify, manage, and quantify.

The Firm's reputation risk management function includes the following activities:

- Maintaining a Firmwide Reputation Risk Governance policy and a standard consistent with the reputation risk framework
- Providing oversight of the governance framework through processes and infrastructure to support consistent identification, escalation and monitoring of reputation risk issues Firmwide

Governance and oversight

The Reputation Risk Governance policy establishes the principles for managing reputation risk for the Firm. It is the responsibility of each LOB, Corporate and employees to consider the reputation of the Firm when deciding whether to offer a new product, engage in a transaction or client relationship, enter a new jurisdiction, initiate a business process or consider any other activity. Environmental impacts and social concerns are increasingly important considerations in assessing the Firm's reputation risk, and are a component of the Firm's reputation risk governance.

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

Credit risk management

Credit risk is the risk associated with the default or change in credit profile of a client, counterparty or customer. The Firm provides credit to a variety of clients and customers, ranging from large corporate and institutional clients to individual consumers and small businesses. In its consumer businesses, the Firm is exposed to credit risk primarily through its home lending, credit card, auto, and business banking businesses. In its wholesale businesses, the Firm is exposed to credit risk through its underwriting, lending, market-making, and hedging activities with and for clients and counterparties, as well as through its operating services activities (such as cash management and clearing activities), and securities financing activities. The Firm is also exposed to credit risk through its investment securities portfolio and cash placed with banks.

Credit Risk Management monitors, measures and manages credit risk throughout the Firm and defines credit risk policies and procedures. The Firm's credit risk management governance includes the following activities:

- Maintaining a credit risk policy framework
- Monitoring, measuring and managing credit risk across all portfolio segments, including transaction and exposure approval
- Setting industry and geographic concentration limits, as appropriate, and establishing underwriting guidelines
- Assigning and managing credit approval authorities in connection with the approval of credit exposure
- Managing criticized exposures and delinquent loans, and
- Estimating credit losses and supporting appropriate credit risk-based capital management

Risk identification and measurement

To measure credit risk, the Firm employs several methodologies for estimating the likelihood of obligor or counterparty default. Methodologies for measuring credit risk vary depending on several factors, including type of asset (e.g., consumer versus wholesale), risk measurement parameters (e.g., delinquency status and borrower's credit score versus wholesale risk-rating) and risk management and collection processes (e.g., retail collection center versus centrally managed workout groups). Credit risk measurement is based on the probability of default of an obligor or counterparty, the loss severity given a default event and the exposure at default.

Based on these factors and the methodology and estimates described in Note 13 and Note 10, the Firm estimates credit losses for its exposures. The allowance for loan losses reflects estimated credit losses related to the consumer and wholesale held-for-investment loan portfolios, the allowance for lending-related commitments reflects estimated credit losses related to the Firm's lending-related commitments and the allowance for investment securities reflects estimated credit losses related to the investment securities portfolio. Refer to Note 13, Note 10 and Critical Accounting Estimates used by the Firm on pages 155–158 for further information.

In addition, potential and unexpected credit losses are reflected in the allocation of credit risk capital and represent the potential volatility of actual losses relative to the established allowances for loan losses and lending-related commitments. The analyses for these losses include stress testing that considers alternative economic scenarios as described below.

Stress testing

Stress testing is important in measuring and managing credit risk in the Firm's credit portfolio. The stress testing process assesses the potential impact of alternative economic and business scenarios on estimated credit losses for the Firm. Economic scenarios and the underlying parameters are defined centrally, articulated in terms of macroeconomic factors and applied across the businesses. The stress test results may indicate credit migration, changes in delinquency trends and potential losses in the credit portfolio. In addition to the periodic stress testing processes, management also considers additional stresses outside these scenarios, including industry and country-specific stress scenarios, as appropriate. The Firm uses stress testing to inform decisions on setting risk appetite both at a Firm and LOB level, as well as to assess the impact of stress on individual counterparties.

Risk monitoring and management

The Firm has developed policies and practices that are designed to preserve the independence and integrity of the approval and decision-making process for extending credit so that credit risks are assessed accurately, approved properly, monitored regularly and managed actively at both the transaction and portfolio levels. The policy framework establishes credit approval authorities, concentration limits, risk-rating methodologies, portfolio review parameters and guidelines for management of distressed exposures. In addition, certain models, assumptions and inputs used in evaluating and monitoring credit risk are independently validated by groups that are separate from the LOBs.

Consumer credit risk is monitored for delinquency and other trends, including any concentrations at the portfolio level, as certain of these trends can be addressed through changes in underwriting policies and portfolio guidelines. Consumer Risk Management evaluates delinquency and other trends against business expectations, current and forecasted economic conditions, and industry benchmarks. Historical and forecasted economic performance and trends are incorporated into the modeling of estimated consumer credit losses and are part of the monitoring of the credit risk profile of the portfolio.

Wholesale credit risk is monitored regularly at an aggregate portfolio, industry, and individual client and counterparty level with established concentration limits that are reviewed and revised periodically as deemed appropriate by management. Industry and counterparty limits, as measured in terms of exposure and economic risk appetite, are subject to stress-based loss constraints.

Management of the Firm's wholesale credit risk exposure is accomplished through a number of means, including:

- Loan underwriting and credit approval processes
- Loan syndications and participations
- Loan sales and securitizations
- Credit derivatives
- Master netting agreements, and
- Collateral and other risk-reduction techniques

In addition to Credit Risk Management, an independent Credit Review function is responsible for:

- Independently assessing risk grades assigned to exposures in the Firm's wholesale credit portfolio and the timeliness of risk grade changes initiated by responsible business units; and
- Evaluating the effectiveness of the credit management processes of the LOBs and Corporate, including the adequacy of credit analyses and risk grading/loss given default ("LGD") rationales, proper monitoring and management of credit exposures, and compliance with applicable grading policies and underwriting guidelines.

Refer to Note 12 for further discussion of consumer and wholesale loans.

Risk reporting

To enable monitoring of credit risk and effective decision-making, aggregate credit exposure, credit quality forecasts, concentration levels and risk profile changes are reported regularly to senior members of Credit Risk Management. Detailed portfolio reporting of industry, clients, counterparties and customers, product and geography are prepared, and the appropriateness of the allowance for credit losses is reviewed by senior management at least on a quarterly basis. Through the risk reporting and governance structure, credit risk trends and limit exceptions are provided regularly to, and discussed with, risk committees, senior management and the Board of Directors.

The secret fruit is an