Safeguarding the business

Matt Zames

Our goal is to be the safest, soundest and most profitable financial services company in the world, doing the highest-quality business and delivering to our clients and customers best-in-class products every day. How we operate as a company is key to accomplishing that goal. Looking across our entire enterprise, the Chief Operating Officer's office drives many of the processes and corporate utilities, as well as the infrastructure, to that end, ranging from managing the firm's liquidity, funding and structural interest rate risk to overseeing strategic firmwide functions such as global Technology and Operations, Oversight and Control, Compliance, Corporate Strategy and Regulatory Affairs, among others.

In the past year, we re-prioritized our major projects and initiatives, deployed massive new resources and refocused critical managerial time on these efforts. We've enhanced significantly our governance process and developed a system for management reporting that enables much greater transparency up to senior management and our Board. We are simplifying our business model, eliminating products and services that are not essential to serving our customers and are not core to our businesses. We are ensuring that our systems, practices, controls, technology and, above all, culture meet the highest standards.

Liquidity and interest rate risk management more critical than ever

Last year, we continued to advance our approach to liquidity and interest rate risk management, cornerstones of safety and soundness. We have focused on striking the appropriate calibration when it comes to managing our balance sheet, protecting the deposits our clients and customers entrust to us and, ultimately, our shareholders.

2013 represents a year of significant progress in managing the firm's liquidity risk. We evolved our internal liquidity framework to ensure that the firm has sufficient liquidity resources to continue business-as-usual operations under both a short-term and prolonged market and company-specific stress. Consistent with this new framework, we more narrowly defined the JPMorgan Chase liquid asset buffer available to meet short-term liquidity needs to be more conservative and consistent with the scale of our balance sheet. We further built out technology that will enable more flexible and timely liquidity stress testing for the enterprise and our major legal entities. Our internal framework is more conservative than the related Basel liquidity measures. Compliance with our framework, which was achieved in 2013, results in the firm exceeding regulatory minimums, notably the Basel III Liquidity Coverage Ratio. Of course, we are diligent in understanding new regulations as they are introduced and stand ready to comply.

We continued to make strides in advancing our Asset-Liability Management (ALM) capabilities, which are critically important as we contemplate the reversal of Fed monetary policy and the ensuing impact on interest rates. We established a global ALM portfolio strategy team in 2013, whose mandate includes working across the firm to ensure consistency in our analytical approach and modeling in relation to structural interest rate risk. A significant area of focus for us this past year was advancing our scenario and analytical capabilities, including materially investing in our technology and supporting infrastructure to allow for more dynamic analysis.

We continue to actively and conservatively manage our substantial investment securities portfolio, which is the primary vehicle we use to manage our firmwide structural interest rate risk. In 2013, we applied held-to-maturity accounting for certain investment securities the firm purchased, which will help to mitigate Basel III capital volatility in a rising rate environment. The average yield of our investment securities portfolio increased by more than 50 basis points from 4Q 2012 to 4Q 2013, reflecting our ability to deploy new investments at higher yields throughout the year.

We have put enormous resources on the control and compliance agenda

We have developed and implemented an end-to-end control and compliance agenda, central to which is early issue identification and escalation and sustainable remediation. Over the course of 2013 and 2014, we will have increased our total spend on that agenda by approximately $2 billion.

We are looking at issues on a firmwide basis

One of the things we focused on last year is a series of firmwide reviews – issues raised by our regulators and issues we identified internally – that we thought should be examined on an enterprise-wide basis. We stood up 24 separate programs and dedicated teams around the globe to look at these issues across businesses and geographies to make sure we are appropriately and consistently managing the associated risks. They include matters like Anti-Money Laundering (AML), Basel implementation and how we evaluate new business initiatives. Oversight of our tens of thousands of vendors across our front and back offices is another example of a process we re-evaluated, so that across our company, we manage these relationships and their associated risks to a common set of highly developed standards. We report on these programs regularly to our Board of Directors.

Another thing we worked on in 2013 is how to take problems we find in one area of the firm and determine whether there are any similar risks in another part of the firm. We created a state-of-the-art controls room in our executive headquarters to maintain a repository of firmwide control-related information and to enable rapid access to relevant data, reporting capabilities, sophisticated analytics and more proactive issue identification.

We have made substantial progress in AML

We also are deploying unprecedented resources, dedicating senior managerial time and prioritizing efforts to build and maintain an industry-leading AML program. By the end of 2014, we will have dedicated close to 8,000 full-time employees solely to AML. We are making progress in strengthening our ability to measure AML risk, are improving how we onboard clients and perform customer due diligence, and are enhancing how we monitor client transactions to detect potentially suspicious activity. At the same time, we have taken substantial steps to de-risk, or simplify, our businesses. We have exited more than 500 relationships with foreign correspondent banks and are moving any accounts for foreign government officials/politically exposed persons out of Consumer Banking.

We want to make sure we have nothing but open and honest dialogues with our regulators

We have hundreds of regulators around the globe and are examined extensively each year. We also have thousands of documents and data points we periodically share with them. It is imperative that we are fully transparent with our regulators at every level of our organization.

We pay close attention to our regulatory environment, not only to make sure we behave in ways consistent with the spirit as well as the letter of the rules but to anticipate the evolving regulatory agenda. I personally meet with our primary regulators at least twice a month to make sure we as a company understand their expectations and fully address them.

Technology drives the experience of our clients and customers and our risk and controls management

Technology fuels almost every aspect of this company and is a core part of our value proposition to clients and customers. Over the past five years, the firm has invested 8%-9% of its annual revenue to fund our global technology capabilities. This is one of our largest investments as a company. Technology enables our business growth, supports our worldwide operations, helps us build stronger controls and meet regulatory requirements, enhances our productivity and efficiency, and, most important, protects the safety of our clients' assets.

The scale of our businesses continues to expand. Information Technology (IT) supports 300,000 desktops, 58,000 servers in 32 data centers, 26,000 databases and 7,250 business applications. Our global telecommunications network connects our presence in 60 countries along with our 5,600 Chase branches and 19,000 ATMs. Technology in our Consumer business supports 30+ million customers via our digital platform and 15+ million customers using our innovative mobile capabilities. In our Corporate & Investment Bank (CIB), we process up to $4 trillion of U.S. dollar payments daily.

Innovation is happening across our business lines every day. Our Consumer Branch of the Future is powered by IT innovation. Our recently completed Strategic Reengineering Program in the CIB has improved efficiency by hundreds of millions of dollars. IT is improving not only the speed and scale of our credit card authorizations but has enhanced our fraud protection capabilities and is the engine behind new, innovative products, including Blueprint™.

Each year, we invest hundreds of millions of dollars in our risk and controls technology agenda. A sizable part of this investment is dedicated to ensuring that we have the systems to identify problems – whether these problems have to do with AML risk, fraud risk or something else – on a real-time basis. A core objective of our technology strategy is to reduce variability and increase consistency and standardization. As such, one of our most important goals is to lessen our reliance on manual controls, which are more susceptible to human error. We also are seeking to substantially reduce subjectivity to allow for a more consistent and predictable way to identify control gaps in the environment. Systems enhancements, including information technology and data architecture, are critical to the broad management of financial risks.

Our technology environment continues to be tested. In the past two years, we have faced unprecedented cyber threats from sophisticated adversaries bent on wreaking havoc in the financial industry. Two years ago, we saw a rise in “denial of service” attacks aimed at disrupting the flow of financial transactions. We have invested heavily in improving our overall cyber defenses and dramatically improved our ability to withstand these attacks. However, as the threats continue to grow and attacks continue to evolve, it’s crucial that we evolve as well and focus on tomorrow’s threats, as well as today’s. To that end, we’ve nearly doubled our investment in cybersecurity, including deployment of increased monitoring and protection technology, and we’ve expanded the number of dedicated cybersecurity professionals in the company to focus on protecting our customers and our staff.

Last year, we kicked off an effort to develop multi-year technology plans for our businesses and corporate functions that reflect the firm’s top priorities and business requirements. These “road maps” will enable us to manage the firm’s technology investments against the backdrop of a strategic plan, which we’ll continue to revisit and refine.

As we look to 2014, our reliance on technology will continue to expand. We will spend close to $250 million on our cyber capabilities. IT will be at the core of what we need to do to adapt to the new global financial architecture and to meet regulatory requirements, including AML, Comprehensive Capital Analysis and Review (CCAR), Volcker and Dodd-Frank, among others. We will leverage our internal cloud platforms to further improve the efficiency and time to market for our IT infrastructure. Each of our business lines has a robust set of strategic initiatives. Whether it is upgrading our next-generation digital and mobile programs, enhancing our Asset Management Solutions business, improving our e-trading platforms, enabling growth in Commercial Banking or making our corporate functions more effective, technology is core to the delivery.

Conclusion

Not every organization has the leadership team, the talent and the fortitude to make this level of investment for the future. We feel privileged to be able to do so on behalf of our clients, our customers and our shareholders. I could not be more proud of our employees and our accomplishments to date. 2014 is another important year for us, and I am confident that we will continue to deliver at the level you expect of us – holding ourselves, our business practices and our culture to the highest standards.

Matt

Matt Zames
Chief Operating Officer

Consumer & Community Banking

Gordon Smith

Across Consumer & Community Banking (CCB), we are growing our business by building lifelong relationships with our customers. Throughout 2013, we maintained our strong momentum in creating a great customer experience across all of our channels. Chase ranked #1 among the largest banks by the American Customer Satisfaction Index (ACSI) for the second year in a row, and J.D. Power and Associates ranked us #1 in customer satisfaction in three out of four small business banking regions. These are all significant improvements from three years ago.

We started with the simple theory that if we treat people well, they will want to do more business with us; and this steady focus on improving the customer experience is working. We have relationships with nearly half of the households in America, and that number is growing. The number of households that we serve in Consumer Banking is up 5% from 2012. Average total deposits are up 10% from a year ago, and we've grown deposits at a rate that's more than twice the industry average – that's more than any other bank for the second year in a row.

But improving our customers' experiences does ***not*** mean being all things to all customers. Reducing operational complexity and simplifying our products were top priorities for us in 2013. Complexity can kill a great customer experience. In 2013, we exited products that were not core to our business or that served only a small number of customers. These products more often led to uneven experiences for customers, added complexity for our employees and required additional operational support. As one example, we have greatly streamlined our Mortgage products and programs. In 2010, we offered a suite of 37 products/programs in Mortgage. Over the course of 2013, we reduced them to 25, and throughout 2014, we will further reduce them to 15.

In 2013, we made significant investments in improving our controls. It was a challenging year, and I am very proud of all our Chase colleagues who stepped up to tackle these issues. Having strong controls is simply how we do business going forward, and it will make us a better, more efficient company. We still have work ahead in 2014, but I am confident that as we start 2015, we will have put many of these legacy issues behind us.

Exceptional franchise

CCB is an exceptional franchise with leadership positions across our businesses. I wouldn't trade our portfolio of businesses for anyone's. We are the #1 credit card issuer in the U.S. based on loans outstanding, the #1 Small Business Administration (SBA) lender, the #1 U.S. co-brand credit card issuer, #1 in total U.S. credit and debit card payments volume, the #2 mortgage originator and servicer, and the #3 bank auto loan originator.

In addition, we are leading the way in making it easier for our customers to do their banking when they want and how they want. Chase has the #1 ATM network, #2 retail branch network and #1 mobile banking functionality, and chase.com is the #1 online financial services destination. Few, if any, banks can provide customers the quality of products and channels that Chase can.

2013 financial results

In 2013, CCB delivered strong results in a challenging environment. Our net income was $10.7 billion, up slightly from $10.6 billion in 2012. Our revenue of $46.0 billion was down 8% from $49.9 billion in 2012, driven by lower mortgage production volume as fewer Americans refinanced when interest rates rose in the second half of the year. We also felt the impact of lower deposit margins and lower loan balances. We ended 2013 with a strong return on equity of 23%.

CCB had double-digit growth in most of our businesses. Consumer Banking average deposits were up 11%, client investment assets were up 19%, Business Banking average deposits were up 13%, credit card sales volume was up 10%, merchant processing volume was up 14% and auto originations were up 12%. These numbers are the strongest we've seen in years. The outlier was mortgage originations, which were down 8%, consistent with the industry.

Here are some highlights from our individual business units:

- Consumer & Business Banking net income of $2.9 billion was down 10% from 2012, but net revenue of $17.3 billion was up 1%. Chase Private Client (CPC) continues to be a big success with our customers. We reached a record $189 billion in client investment assets. Our net new investments per household have grown 77% per year since 2010. To date, we have opened roughly 2,150 CPC locations to serve more than 200,000 clients. We remain the #1 SBA lender for the fourth year in a row even with Business Banking loan originations down 21% from 2012.
- We are managing Mortgage Banking toward becoming a smaller, higher-quality and less volatile business. While Mortgage Production was strong in the first half of the year, our origination volume dropped 37% in the second half as rates increased. As a result, our full-year net income was $3.1 billion, down 8% from 2012. Return on equity was 16% for 2013. Although these results are lower than last year when production volume was a record, we are pleased that Mortgage Banking is maintaining profitability.
- Card, Merchant Services & Auto performed exceptionally well in 2013. Net income was up a very strong 19% to $4.8 billion from $4.0 billion in 2012, driven by lower provision for credit losses. Card Services sales volume of $419.5 billion was up 10% year-over-year, outperforming the industry for the 23rd consecutive quarter. Credit trends continue to improve, and charge-off rates continue to fall to historic lows. Our 2013 net charge-off rate for Credit Card of 3.14% was down from 3.95% in 2012.
- Over the years, Chase has developed a leading end-to-end payments franchise. Merchant Servicing processing volume of $750.1 billion was up 14% year-over-year, and transaction volume of 35.6 billion was up 21%.
- In Auto, our average loans were up 5% year-over-year, and originations were up 12%. The Auto net charge-off rate of 0.31% was down from 0.39% in 2012. In 2013, we also made the strategic decision to stop student loan originations. Student loan originations were becoming a smaller and smaller part of our business, and we chose to further de-risk our franchise by getting out of that product.

Expenses

CCB expenses were down by nearly $1 billion, or 3%, during 2013, and we will continue to drive out waste and improve efficiency. We are pleased that we met or exceeded our expense and headcount targets for 2013. Going forward, we have set a more ambitious goal to exit 2016 with expenses nearly $4 billion lower than they were in 2013. We intend to meet that goal while making further investments in controls, technology and self-service channels. We are keenly aware that every dollar of our budget is a dollar of shareholders' money, and we intend to manage our business with extreme financial discipline while producing strong, long-term returns.

2014 priorities

As we move into 2014, we recognize that the environment in which we operate has fundamentally changed. Our core strategy includes **further strengthening our controls, investing in digital service** and **running great community branches**.

Further strengthening our controls

Controls remain the #1 priority for the firm.

In 2014, CCB will invest approximately $500 million more in technology-related controls. That investment will be directed at automating manual processes and reducing complexity for our employees and our customers. We believe these investments will more than pay for themselves with fewer errors, more consistency and a higher-quality service experience for customers down the road.

Investing in digital service

Technology is changing our business rapidly, and consumer adoption of digital and mobile channels is staggering. In just the past three years, customer deposits made through self-service channels increased from 38% to 53%. The number of active mobile customers has more than tripled from 2010. Technology is driving service enhancements for our customers that will not only improve their banking experience but will serve them more efficiently and lower our cost base.

As an example, in December of 2013, we launched an Ultimate Rewards mobile app for our customers to redeem their credit card points. Within the first month, mobile reward redemptions reached 15%. Customers are very pleased by how easy it is to cash in their points. It's also far more efficient to do so; a mobile redemption costs about a penny vs. $3 through a call center. Technology innovations really are a win-win. They make banking more convenient for our customers ***and*** reduce our cost to serve them.

We intend to continue to be at the forefront of innovation in Payments. In 2014-2015, we will roll out two new features – Chase Wallet and Pay with Chase. Chase Wallet will greatly simplify online and mobile shopping for our customers by allowing users to access all their credit and debit cards, including non-Chase cards, in one digital wallet. And unlike other digital wallets, the Chase Wallet will automatically update the Chase card numbers when cards are replaced.

Chase Quick Checkout will give customers a "Pay with Chase" option when they shop online. Using their Chase log-in, they can access their digital wallet, select a payment option and place their order. It will reduce the online/mobile checkout from about two minutes to roughly 30 seconds. It's more convenient and safer for customers, and online businesses should see increased sales and lower shopping cart abandonment.

Running great community branches

Branches remain very important to our customers. More than 95% of Chase accounts are opened in a branch, and branches are essential to our other businesses across JPMorgan Chase. For example, 55% of Commercial Banking customers and 35% of Private Banking households visit a Chase branch every quarter. Branches are a core distribution channel for our other products as well – 55% of retail mortgages are originated through a branch, and 40% of Chase-branded credit cards are sold through the branches.

Branches aren't just a store – they also are centers of community. During and after severe storms or community crises, we've seen people come to the branch for help. They come in to make calls and charge their phones when they are out of power or they stop by simply for a hot cup of coffee. In addition, we've hosted events in branches on how to manage a small business or to better understand personal finance.

Branches will always be the lifeblood of our business, but we are seeing foot traffic and transaction volume come down as more customers prefer to do their daily banking online and through mobile. Teller transactions have declined 4% per year from 2010 to 2013, and nearly 60% of all traditional branch transactions now are handled through self-service channels.

Over the past several years, we have built out our network in growth markets, and that expansion now is complete. We have a terrific network to serve customers, and we plan to keep the number of branches in our footprint in the current range. We will further optimize the network we have – opening locations where we see growth opportunity and consolidating where we have enough density or low traffic. As always, customer behavior and satisfaction will drive those decisions.

The branches are changing. We used to talk about the "branch of the future," and, in many cases, it's here. Branches are becoming more and more automated. Today, over 300 branches have Express Banking Kiosks, which are designed to perform 85% of what can be done by a teller. Today's branch also will be more focused on providing great financial advice from one of our experts. If you haven't been to a Chase branch lately, I encourage you to stop by. We've come a long way.

Conclusion

I'm proud to work at Chase. Our more than 150,000 employees work so hard to help customers achieve their goals, whether assisting in a branch or a call center or working hard behind the scenes. Thank you to our shareholders for your investment in us, and thank you to our customers for your business.

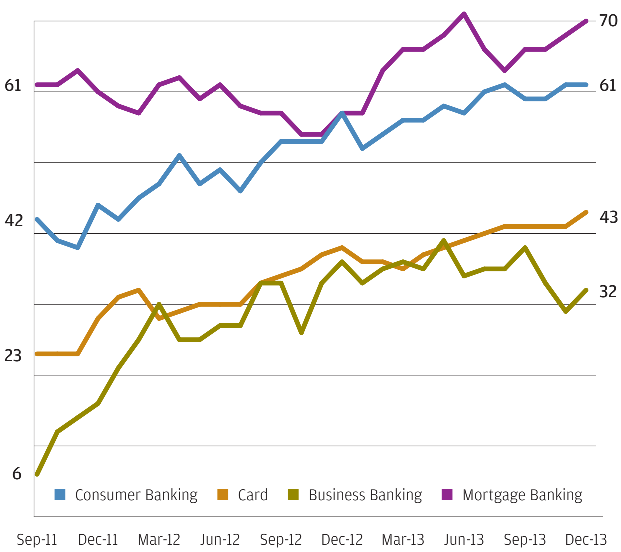
Gordon

Gordon Smith
CEO, Consumer & Community Banking

2013 HIGHLIGHTS AND ACCOMPLISHMENTS

- #1 in customer satisfaction by ACSI among the largest banks for the second year in a row
- #1 in customer satisfaction by J.D. Power and Associates in three out of four small business banking regions
- #1 SBA lender for the fourth year in a row
- #1 for women-owned and minority-owned SBA loans
- Deposit growth more than double the industry average
- Customer relationships with almost half of U.S. households
- #1 credit card issuer in the U.S. based on loans outstanding
- #1 online financial services destination (chase.com) and #1 mobile banking functionality
- #1 in total U.S. credit and debit payments volume
- Record credit card sales and client investment assets
- #2 mortgage originator and servicer
- #1 ATM and #2 retail branch network for the second year in a row
- #2 wholly owned merchant acquirer
- #3 non-captive auto lender
- #5 in customer satisfaction by J.D. Power and Associates in mortgage originations and servicing
- 135,000 homeowner foreclosure preventions
- 360,000 downloads of the Chase My New Home℠ mobile app

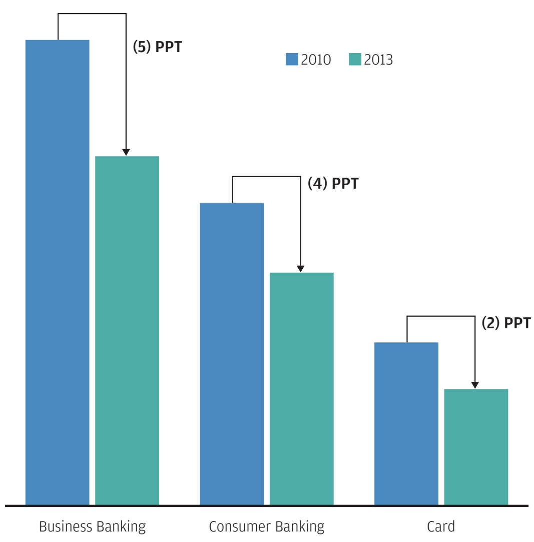
Net Promoter Score[1]



Source: Internal data

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

Household Attrition[2] by Business Line



Source: Internal data

PPT = Percentage points

[2] Households that close all Chase accounts

The future is here

Chase reopened its Water Street branch in downtown New York City after flooding from Superstorm Sandy destroyed it. The new Chase branch design uses some of the most advanced technology for customers. Chase has been redesigning many of its new locations to this format, about 400 in total.

Corporate & Investment Bank

Daniel Pinto

As the world's economy regained momentum in 2013, J.P. Morgan's Corporate & Investment Bank (CIB) solidified its leadership in an increasingly global financial market.

A truly global business, the CIB has 52,250 employees in 60 countries with a mission to serve 7,700 of the world's most significant companies, governments and institutions. To provide those clients with the range of services they need, more than 13,000 employees are in front office lines of business such as banking, markets, investor services and research. The remainder is primarily dedicated to technology, operations, risk and finance to ensure we have best-in-class controls and a robust operating infrastructure.

Demonstrating our ability to deliver strategic solutions, we helped clients raise nearly $500 billion in the public equity and bond capital markets in 2013, according to Dealogic. Overall, the CIB provided credit and raised capital for clients of more than $1.5 trillion[1] in 2013. Of that, $65 billion[2] was raised on behalf of states, local governments, hospitals, school districts and nonprofits, providing them with necessary funds to build schools, roads and college facilities and to support other infrastructure projects.

Markets revenue of $20 billion was up materially from the level in 2006, at $12 billion. More than 85% of the 2013 markets revenue was attributable to client-driven, flow-oriented products.

On the processing side of the CIB's operations, J.P. Morgan continues to rank as the #1 U.S. dollar clearer, processing up to $4 trillion of U.S. dollar payments daily. In our custodial business, clients entrusted the firm with a record $20.5 trillion in assets under custody, up 9% from 2012.

When J.P. Morgan combined the strengths of the heritage Investment Bank and Treasury & Securities Services in 2012, the aim was to ensure that clients benefit from the most effective mix of products, delivered in the most integrated way. Now organized within the CIB as Banking and Markets & Investor Services, the businesses have been aligned to promote their working together across sales, products and services, a structure that makes cohesive sense for our clients.

That collaborative structure enables the CIB to cover clients more comprehensively. Recognizing that trust is the cornerstone of our client relationships, we are committed to recommending only the solutions that serve our clients' long-term objectives. We never forget that their success is the best measure of our own.

We also know that our work for clients helps support a healthy global economy. Our deep and broad relationships enable us to connect investors looking for promising opportunities with the corporations and governments looking to access capital.

By raising money or by guiding a business through its initial public offering, we are providing clients with the resources they need to grow, to develop new products or to extend their footprint into new markets. When our Treasury Services business provides clients with liquidity management solutions for cash balances or helps clients secure trade financing, we're helping those clients enhance their operational efficiency. And when our Public Finance business provides financing for a metropolitan transit system, we're helping cities work better and improve the environment.

Those positive results ripple through the global economy. Ultimately, they help raise standards of living, expand job opportunities and create innovative technologies. We are proud of our accomplishments and look forward to continuing our work in 2014.

Our 2013 financial performance

The CIB's product strength and client focus were evident in our leadership roles on some of the major landmark transactions of 2013:

- J.P. Morgan advised Verizon on its $130 billion buyout of Vodafone's

45% stake in Verizon Wireless, serving as global coordinator, joint lead arranger, joint bookrunner and administrative agent on Verizon's $61 billion bridge facility, the largest corporate debt facility ever, and as joint bookrunner on the subsequent $49 billion bond. This transformational deal drew on the expertise of J.P. Morgan's franchise across multiple product and coverage groups globally.

- Just two days later, we followed that up with another significant transaction for a telecommunications company – a $6.5 billion bond offering for Sprint, the largest high-yield transaction ever sold to investors. The two transactions, coming within days of each other, made it a week the Technology, Media and Telecommunications team will long remember.
- In equities, Facebook closed out 2013 with a $3.9 billion follow-on offering, with J.P. Morgan acting as joint bookrunner. This was the largest follow-on offering of 2013 and the second-largest technology follow-on since 2006.
- In Public Finance, we came through for public agencies around the U.S. During the year, it led a $656 million series of bonds to modernize housing for New York City's lowest income residents and to refund previously outstanding debt. It served as senior manager on a $1.5 billion bond offering for JobsOhio, a unique program aimed at growing existing jobs and attracting new ones to the state, and was lead manager on $1.3 billion in revenue bonds for the University of California in a refinancing transaction that produced more than $200 million in debt service savings for the university system.

What distinguishes the CIB further, beyond our strong product capabilities, is how our integrated model works for our clients.

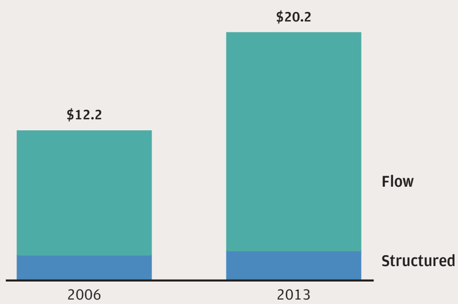
Because of that integrated approach, a leading European insurance company, after assigning a custody mandate to our Investor Services unit, also ultimately benefited from a credit facility from J.P. Morgan. And when a large asset manager, with a historically long relationship with the firm across Markets, Banking and Custody, needed prime brokerage services, it chose J.P. Morgan.

Turning to our financial results, 2013 was a strong year for the CIB, which reported net income of $8.5 billion

CIB Integrated Client Coverage Model

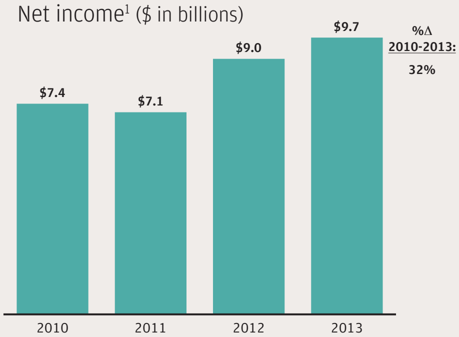
Markets Revenue Dominated by Client-Driven Flow Business

Markets revenue by flow vs. structured ($ in billions)



Strong Earnings Power

Net income[1] ($ in billions)



[1] Net income excludes funding valuation adjustments (FVA, effective 4Q 2013) and debit valuation adjustments (DVA)

on revenue of $34.2 billion and a reported return on equity of 15%. Excluding the impact of funding and debit valuation adjustments (FVA and DVA), the CIB delivered net revenue of $36.1 billion[3]; net income of $9.7 billion[3], an increase from last year's $9.0 billion[3] and up 32% from 2010; and a return on equity in 2013 of 17%[3], one of the strongest in the industry.

Our share of total industry revenue continues to grow. We put more distance between ourselves and our competitors with market share gains, as measured by both fee wallet and markets revenue share.

In an industry where investment banking fee wallet grew by 11% compared with the previous year, J.P. Morgan's wallet share advanced 110 basis points, according to Dealogic, more than what most other large firms experienced. Along with our #1 ranking in Global Investment Banking fee wallet share, Dealogic ranked J.P. Morgan, based on volume, #1 in Global Debt, Equity and Equity-Related; #1 in Global Long-Term Debt; and #1 in Global Loan Syndications. J.P. Morgan also earned a strong position in Global Equity and Equity-Related and Global M&A Announced, ranking #2 in both categories. Our M&A teams advised on eight of the top 10 transactions announced globally in 2013, ranking #1 in the U.S. and #2 in the Europe, Middle East and Africa (EMEA) region.

On the Markets side, we are a leader in fixed income, with an 18.6% market share in 2013, up from 15.6% in 2012[4]. We also earned a strong market position in Equity Markets this year, and we continue to be focused on moving from our current #4 equity markets overall revenue position[4] to a top three ranking as we build out key areas within our franchise. The CIB's Equity Markets performance in 2013 was materially strengthened by our #2 position in derivatives, according to Coalition, and the investments made in our electronic capabilities, which now are on par with the market leaders.

As noted above, our markets revenue is well-diversified, with the majority derived from client-driven, flow-oriented products. The remainder is driven by structured products, which are geared toward helping clients with their more complex risk management and other needs.

Across the spectrum of products in Banking and Markets & Investor Services, the CIB ranked among the top three in 15 out of 16 key product categories in 2013[5]. While we take pride in those rankings, we never are complacent about them. Nor do we take them for granted. The rankings are not the goal; they're a reflection of the quality of our product offerings, the dedication of our people to serving clients around the globe and a demonstration of our clients' increasing interest in working with us.

International reach

We are committed to having a presence where our multinational clients need us to be. And we intend to actively assist developing corporations in pursuing their growth aspirations so they, too, can take their place among the next generation of multinationals. Virtually half of the CIB's revenue today stems from international business activities and has grown at a compound annual growth rate of 5%[3] since 2010. More than 60% of our clients are international. Of our total employees, close to 60% are based in offices throughout EMEA, Asia Pacific and Latin America.

This international platform lays the foundation necessary to provide our multinational clients with the coverage to serve their needs, both in their headquarters and in subsidiary locations. Our international focus is not new. We've been in China for 93 years; we've done business in the United Kingdom since the mid-1800s; we've been in Mexico for more than 100 years. We are one of the few institutions that has the commitment and resources required to maintain a global client and product network of this magnitude. Although we continue to see growth in our existing international platform, the pace of that growth may slow in the near future as we ensure that we have best-in-class controls.

Being invested globally requires a long-term view as inevitable periods of volatility will arise from time to time. It's during those times, when capital is more scarce or when market-making becomes more challenged, that our clients need us the most. That's when our steady presence helps cement client relationships in a way that's lasting years later.

Our 2014 priorities

In 2013, our leadership across the breadth of Banking and Markets & Investor Services positioned us well to build on our strengths and provide clients with the financial tools to seed their growth and economic vitality into the future.

In support of these objectives, the CIB's 2014 priorities are focused on three broad pillars:

- Optimizing our business mix while investing in core growth opportunities;
- Adapting to the evolving regulatory landscape and market structure changes; and

- Maintaining expense discipline while absorbing increased regulatory and controls costs.

As the CIB, we strive to be at the forefront of market structure changes. As a major custody bank and leading broker-dealer, we are well-positioned to act as the agent of choice for clients – taking them from execution to clearing and custody. By our estimate, we have a top-three share in over-the-counter clearing and are connected with all the major swap venues. We also are assisting our clients to adapt to market structure changes through creative, new offerings such as Collateral Central. Launched in 2013, the service helps clients manage their collateral across multiple venues and enables them to continually track and optimize the use of their available assets against their obligations across all counterparties. And finally, also in the Investor Services space, our international prime brokerage platform has seen significant growth from EMEA-based managers since its 2011 launch, and as our Asia core platform now is live, we expect to ramp up meaningfully over the next several years.

Across Markets, we continue to develop our electronic market-making capabilities in equities, as well as in fixed income. We've seen significantly greater e-trading volume in both foreign exchange and equities since 2011, and we were the top-ranked bank by volume in U.S. Treasuries trading on electronic interdealer platforms in 2013.

While we are investing in these growth opportunities, we are selectively exiting certain activities – such as the Global Special Opportunities Group and our physical commodities business – having determined that they are not core offerings to our clients or no longer fit our desired risk profile. We do not expect these exits to meaningfully affect the CIB's return profile.

Our integrated platform of core businesses provides us with significant economies of scale, and our financial strength allows us to make the investments necessary to ensure compliance with an expanding set of regulations. By maintaining a disciplined approach in expenses, we have been able to largely offset increased spending on regulatory assessments and controls. In fact, the market share gains achieved during 2013 occurred even as the CIB's overhead ratio was reduced from 62%[3] in 2012 to 60%[3] in 2013.

Closing thoughts

Deep market knowledge, a global platform and long-lasting client relationships built on trust have served our firm and our clients well. We are a market leader because we set the standards for what can be done, not what has been done before.

Our top priority remains helping our clients achieve their objectives with the best possible advice and products we can provide. Since the formation of the CIB, clients have shown they are embracing our model and actively seek the range of capabilities and expertise we possess. With the continued energy and commitment that our employees demonstrate, we expect to earn our clients' business again this year, setting new standards for their success – and for ours.

Daniel Pinto
CEO, Corporate & Investment Bank

2013 HIGHLIGHTS AND ACCOMPLISHMENTS

- The CIB provided credit and raised capital of more than $1.5 trillion[1] for clients in 2013, up 20% from 2012
- The CIB produced net income of $9.7 billion[3] in 2013, up 32% from 2010, and a return on equity of 17%[3]
- The CIB ranked among the top three market positions in 15 out of 16 major products[5]
- J.P. Morgan ranked #1 in Global Investment Banking fees, with an 8.6% share, up from 7.5% in 2012, according to Dealogic
- Assets under custody reached a record $20.5 trillion, a 9% gain over 2012
- There are 52,250 employees globally, serving approximately 7,700 clients in 60 countries
- Key growth initiatives include global prime brokerage, electronic trading and market structure changes

[1] Dealogic and internal reporting

[2] Thomson Financial, internal sources

[3] Net revenue, net income, return on equity and overhead ratio, excluding FVA (effective fourth quarter 2013) and DVA, are non-GAAP financial measures. These measures are used by management to assess the underlying performance of the business

[4] Represents rank and share of J.P. Morgan Fixed Income Markets and Equity Markets revenue of 10 leading competitors based on reported information, excluding FVA and DVA

[5] Dealogic, Fedwire & Clearing House for Interbank Payments System, Coalition and internal reporting

Commercial Banking

Douglas Petno

In Commercial Banking, serving our clients is at the heart of everything we do. Each day, we come to work to generate ideas, deliver solutions and provide capital to help them grow and succeed. We take a long-term view and stand by our clients in tough times.

It is difficult to capture in words the strength of our relationships. There are so many incredible stories that I could share, but one of the most memorable came from a small business owner in Cleveland. He described how his international operations were crippled by the tsunami in Japan in 2011, and when – despite their 40-year relationship – his former bank refused to help, he turned to our team. In a matter of days, we were able to raise the needed capital to help him make it through a very difficult time. Today, the client's business is thriving again, and we have found additional ways to support him along the way. His emotional testament to our partnership was quite moving – and spoke to the power of our franchise and the quality of our bankers across the country.

Our people

The strength of our business starts and ends with our people – integrity, fortitude, compassion and partnership are the values they bring to work every day. These are what power our long-standing relationships and drive our success. Our 1,300 bankers[1], who average more than 20 years of experience, have deep local perspective and tested credit judgment.

Across Commercial Banking, our nearly 7,000 employees are dedicated to their communities, working with chambers of commerce, sitting on local boards, and staying active in school and service organizations. Over the past year, our people have made a difference in many ways, including volunteering their time to provide job counseling to military veterans, serving meals to families at a Ronald McDonald house in Chicago, stuffing backpacks for underprivileged children in Dallas and painting a community center in Brooklyn. I am inspired by our team's passion for their clients and communities.

Our model

Commercial Banking's proven business model provides the flexibility to manage challenging market conditions, regulatory changes and evolving client needs. Experienced teams in 29 states, 119 U.S. cities and 13 major international locations give us broad reach, and we serve approximately 59,000 clients, owners and investors in more than 40 of the top 50 U.S. metropolitan areas. Our bankers understand their markets, which enables them to make decisions locally and react quickly and proactively for clients. Rigorous client selection is one of the pillars of our model and results in a high-quality client base. Our industry expertise coupled with our local perspective allow us to select the best clients in the markets we serve.

Being a part of JPMorgan Chase means we can offer a broad range of unique capabilities. There are many examples of how we work across lines of business to deliver the firm to our clients. Our partnership with the Corporate & Investment Bank has never been stronger. We were extremely active last year, leading 833 financing transactions, including 31 initial public offerings, and advising clients on 67 merger and acquisition (M&A) transactions. In addition, the Corporate & Investment Bank's treasury services products are essential to our business, generating $2.4 billion in revenue last year.

The Consumer & Community Banking network has been critical to the success of our Middle Market Banking business. Our clients used Chase branches almost 18 million times last year. Increasingly, they use our commercial card and merchant processing services, and we see an opportunity to bring specialized payments solutions to even more clients.

Ultimately, there are many reasons why clients choose us. They recognize the quality of our professionals, the value of our brand, our financial strength and stability, our global reach and the ease of dealing with one firm for all of their financial services needs.

2013 results

Although the economy remained fragile and competition intensified in 2013, we continued to stay focused, invest in our business and maintain our risk discipline. Commercial Banking delivered revenue of $7.0 billion and net income of $2.6 billion, up 2% and down 3%, respectively, from 2012. Demonstrating our strong partnerships across the company, we had record-setting revenue in several areas, including investment banking revenue[2] of $1.7 billion, Card Services revenue[2] of $438 million and International Banking revenue of $261 million.

Even as many of our clients remained cautious, paying down debt and increasing liquidity, Commercial Banking continued to perform and has delivered 14 consecutive quarters of overall loan growth. Importantly, we achieved these results while adhering to our strict credit standards, and our net charge-off rate of 0.03% was one of the best in the industry. A solid credit culture and strong risk discipline have been critical to the success and stability of our franchise.

We continued to see our Middle Market Banking expansion strategy deliver steady results. Since 2006, we have successfully entered 16 major new markets across the country. Commercial Banking's growth in the Florida market is one of many excellent examples highlighting this progress. Five years ago, we entered the state with 20 employees and seven Middle Market Banking clients. By 2013, our Florida business had 77 employees, 250 clients, and more than $1.3 billion in loans and $1.2 billion in deposits. Over time, we believe this to be a tremendous opportunity to expand and deepen our Middle Market Banking franchise. Our long-term success will depend upon continuous investment, patience and the determination to stick to our strategy.

Since 2008, we have concentrated on selectively building our real estate loan portfolios, and the success of our real estate business remains a highlight. Commercial Term Lending saw record loan growth and continued to be the top multifamily lender in the U.S. Real Estate Banking had a record $9 billion in loan originations last year, and we continued to see excellent opportunities to support our clients and grow our portfolio. Exemplifying our strong focus on local communities, Community Development Banking remained quite active. The team completed transactions that financed the development of more than 8,200 units of affordable housing across the U.S., as well as other community-based projects, including charter schools, health clinics and grocers.

Overall, return on equity for the business was 19%. We achieved these returns despite a materially higher capital allocation and continual significant investments to grow our franchise and improve our compliance capabilities and controls. While we are proud of these results and our business is strong, we are committed to making Commercial Banking even better.

Looking ahead

As the U.S. economy continues to improve and our clients gain the confidence to increase borrowing for new projects and growth initiatives, we stand ready to support them. With greater economic activity, we expect to see more M&A and capital markets transactions, and we will work closely with the Corporate & Investment Bank to assist in these efforts. Our corporate clients are increasingly expanding outside the U.S., and we are well-placed to help them. In addition, to help our clients navigate transformational changes in key industries, we have invested in specialized teams covering areas that include healthcare, energy and technology.

A top priority across the firm is ensuring we fully meet the letter and spirit of all regulations governing our business. We will continue to improve our regulatory and compliance processes, and we have asked several of our key executives to lead those efforts full time.

In 2013, the Commercial Banking team rose to the occasion and overcame market uncertainty and regulatory challenges. I want to thank our dedicated professionals for their continued commitment and hard work. I am incredibly proud of what we have accomplished.

We have a solid foundation built upon our people and the extraordinary capabilities and scope of our firm. I believe we have the strategy and resources in place to continue to deliver dynamic opportunities for our employees, a great experience for our clients and strong returns for our shareholders.

Doug

Douglas Petno
CEO, Commercial Banking

2013 HIGHLIGHTS AND ACCOMPLISHMENTS

Performance highlights

- Record revenue of $7 billion
- Grew end-of-period loans 7%; 14 consecutive quarters of loan growth
- Generated return on equity of 19% on $13.5 billion of allocated capital
- Continued superior credit quality – net charge-off ratio at 0.03% for second consecutive year

Leadership positions

- #1 traditional middle market syndicated lender[3]
- #1 U.S. multifamily lender[4]
- Recognized with 2013 Greenwich Associates' Excellence Awards in Middle Market online services, international service and treasury management and Mid-Corporate Banking investment banking and international service

Business segment highlights

- Middle Market Banking – Record revenue of more than $3 billion; nearly 800 new client relationships; double-digit growth in both loans and deposits in expansion markets
- Corporate Client Banking – Record gross investment banking revenue[2] and credit quality improvement
- Commercial Term Lending – Record growth: $6 billion increase in multifamily loan balances (up 17%)
- Real Estate Banking – Record originations (up 35%); 6% deposit growth
- Community Development Banking – More than $1 billion in new commitments, supporting ~8,200 affordable housing units in the U.S.

Firmwide contribution

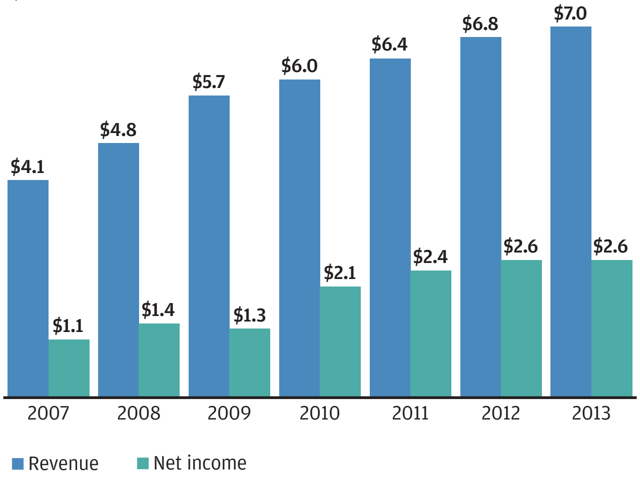
- Commercial Banking clients accounted for 29% of total North America investment banking fees[5]
- $2.4 billion in treasury services revenue
- Almost $100 billion in assets under management from Commercial Banking clients, generating close to $500 million in Investment Management revenue
- Nearly $440 million in Card Services revenue[2]

Progress in key growth areas

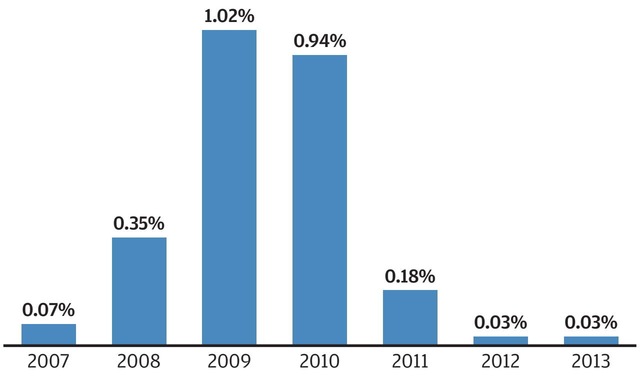
- Middle Market expansion – Record revenue of $287 million; 46% CAGR[6] since 2011
- Investment banking – Record gross revenue[2] of $1.7 billion; 9% CAGR[6] since 2011
- International Banking – Record revenue[7] of $261 million; 16% CAGR[6] since 2011

Strong Growth and Resilient Earnings

($ in billions)



Strong Credit Portfolio (net charge-offs)



[1] Based on total number of revenue-producing employees

[2] Investment banking and Card Services revenue represents gross revenue generated by Commercial Banking clients. Investment banking includes Banking and Markets revenue. Card Services includes Commercial Card and Paymentech revenue

[3] Thomson Reuters as of year-end 2013. Traditional middle market is defined as credit facilities of < $100 million from clients with < $500 million in revenue

[4] Federal Deposit Insurance Corporation data as of 4Q 2013

[5] Calculated based on gross domestic investment banking fees for syndicated and leveraged finance, M&A, equity underwriting and bond underwriting

[6] Compound annual growth rate

[7] Denotes overseas revenue from U.S. multinational clients

Asset Management

Mary Callahan Erdoes

Strong fiduciary culture of managing money

In Asset Management, our heritage of managing client assets dates back over 180 years. During that time, we've stood side by side with our clients as markets have reached record highs, hit bottom and seen everything in between. Through the highs and lows, clients have relied on us to help them see through the noise to make smart, long-term decisions that are always in their best interests.

Our strong fiduciary culture enables us to provide advice and solutions that help individuals retire more comfortably, pension funds meet their obligations, universities reinvest in important endeavors and wealthy families ensure lasting legacies. Although difficult to quantify, those are our ultimate measures of success.

60% of the largest institutions and many of the world's wealthiest individuals

The core roots of our business began with serving the world's most sophisticated institutional clients. Today, not only do we work with 60% of the largest pensions and sovereigns, we also advise wealthy families and individuals on everything from money management to trusts and estates to mortgages, banking and lending.

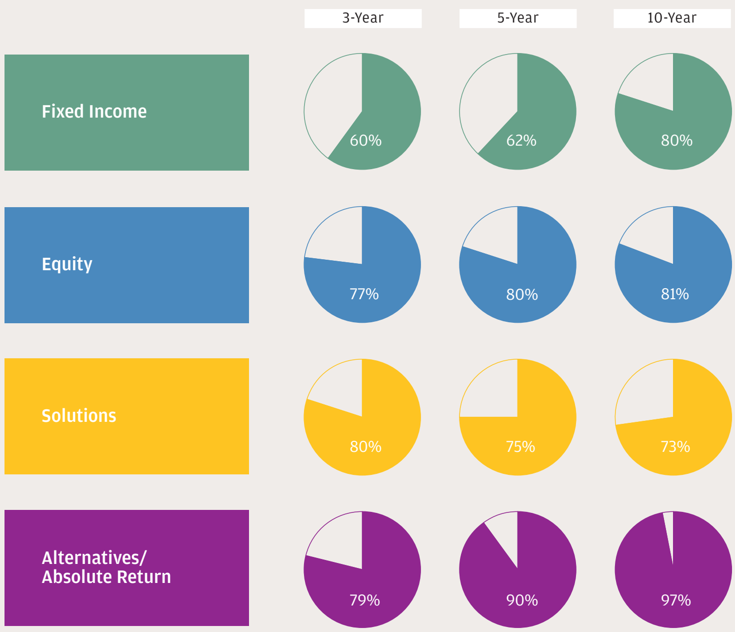
3,000 intermediaries investing for clients

Our success in working with institutions and individuals provided the foundation for packaging our investment expertise into mutual funds. Globally, more than 3,000 financial intermediary firms invest on their clients' behalf in our full range of solutions, which spans fixed income, equities, multi-asset and alternatives strategies.

20,000 people in 30+ countries

Across the more than 30 countries where we operate, all of our 20,000 employees live by our ethos of first-class business in a first-class way. The heart of what they do is managing money for our clients. We are proud that 241 of our mutual funds ranked 4 or 5 stars by Morningstar and that 80% of all our assets

% of 2013 AUM Over Peers/Benchmark[1]
(net of fees)



[1] Fixed Income, Equity and Solutions represent percentage of mutual fund assets under management (AUM) in top two quartiles vs. Lipper, Morningstar and Nomura peers; Alternatives/Absolute Return represent percentage of AUM exceeding benchmark

are in the first or second performance quartile during the 10-year period.

Part of a global leader in every segment

In addition to insights from some of the industry's best advisors and strategists, we can offer clients solutions that span their broad personal and business financial needs by partnering across the JPMorgan Chase franchise, which has best-in-class consumer and community banking, commercial banking and investment banking capabilities.

Half a trillion in five years

The stability and strength of the relationships we have built – some of which span generations and more than 100 years – perhaps are most evident in the $475 billion of cumulative positive long-term flows we received following the 2008 financial crisis. Since 2009, we have achieved positive net flows from every channel, every asset class and every region.

19 quarters and 11 years

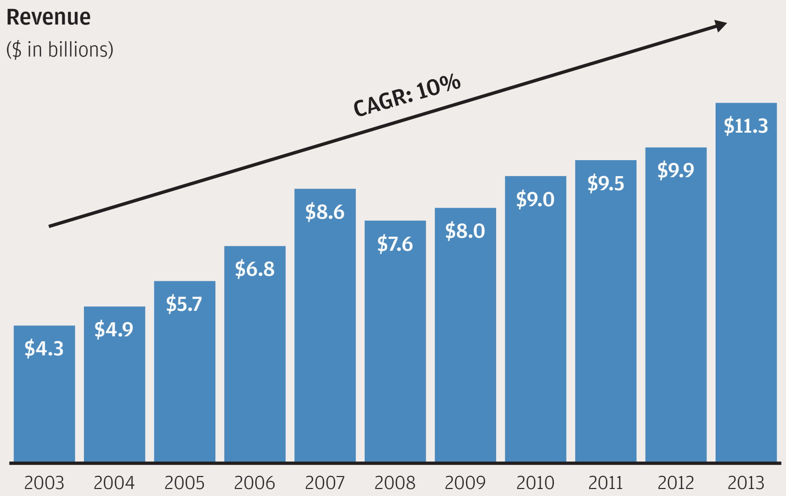
Equally impressive, our investment management business reached its 19th consecutive quarter of net long-term inflows, the longest such streak by any of our key competitors. Our wealth management business marked its 11th year of positive client flows, as well as record year-end balances in deposits, mortgages and loans.

Record financial results driven by continued investment

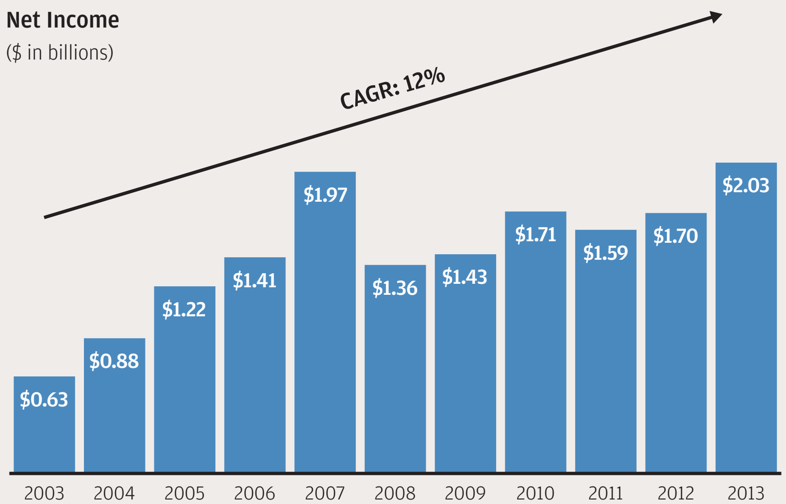
Asset Management's financial performance maintained its steady growth trajectory in 2013. Our revenue of $11.3 billion, net income of $2.0 billion and client assets of $2.3 trillion all were records – up 14%, 19% and 12%, respectively. While that's clearly an outstanding year, our long-term performance is just as strong, with a 10-year compound annual growth rate[2] of 10% for revenue, 12% for net income and 7% for client assets.

1,000+ new advisors and continued reinvestment

Our financial success is the result of having advisors who are laser-focused on our clients' needs and our constant dedication to growing the business by continually reinvesting in our people, technology and innovation. We have been focused on adding top talent on the ground where



CAGR = Compound annual growth rate



[2] The 10-year compound annual growth rate for revenue, net income and client assets is based upon pro forma combined historical financial information reflecting how the operations of JPMorgan Chase & Co. and Bank One may have appeared on a combined basis had the two companies actually been merged as of January 1, 2003

clients need us most. We have hired more than 1,000 advisors globally since 2009. It's a virtuous cycle: As revenue and net income increase, both provide us with capital to fuel future growth and strengthen our infrastructure and coverage of clients around the world.

Priority #1: Controls

As we continue to invest, we also are scaling our infrastructure to ensure we have the appropriate oversight and controls. We've made great progress in these efforts, which will remain a top priority in 2014. We have a strong partnership with our regulators around the world and are committed to maintaining a world-class culture of compliance and controls.

2014 strategic priorities

Our long-term strategy and approach mean that many of our priorities remain consistent with what I have shared in recent years. Four of our core focuses continue to be:

- Strong investment performance across a broad range of products.
- Predictable delivery of financial targets.
- Continuous reinvestment into the business.
- Global enhancement of our clients' experience.

Deepening our client relationships

In addition, one of our biggest opportunities in 2014 is deepening existing client relationships. With strong performance across our franchise and a best-in-class offering spanning virtually every product and region, we want to meet even more of our clients' needs. When we can solve multiple problems for our clients, it simplifies their lives and enables them to get more complete financial solutions.

Sustaining leadership in alternatives and multi-asset strategies

Innovation also continues to be an important focus area for us, particularly in alternatives and multi-asset solutions, where more clients are turning to find enhanced returns. We are the second-largest alternatives/absolute return manager with $207 billion in client assets. A number of our Alternatives strategies have exhibited consistent long-term outperformance, including U.S. Core Real Estate, Private Equity, Multi-Strategy Fund of Funds and Global Macro. In these funds, 100% of our assets under management have outperformed their benchmark over the three- and five-year periods.

Above all, we are humbled to have consistently maintained our clients' trust and confidence for nearly two centuries. There's no greater privilege or responsibility than being entrusted with a client's assets, and we are grateful every day that clients choose us as their first call.

Mary

Mary Callahan Erdoes
CEO, Asset Management

2013 HIGHLIGHTS AND ACCOMPLISHMENTS

- #1 Ultra-High-Net-Worth Global Private Bank, *Euromoney*
- #1 U.S. Mid-Cap Value Equity Manager of the Year, *Institutional Investor*
- #1 Non-U.S. Equity Growth Manager of the Year, *Institutional Investor*
- #1 Equity and Fixed Income Private Bank Portfolio Management, *Euromoney*
- #1 Institutional Money Market Fund Manager Worldwide, *iMoneyNet*
- #1 U.S. Real Estate Money Manager, *Pensions & Investments*
- #1 U.S. and overall active equity mutual fund flows, *Strategic Insight*
- Top European Buyside Firm, *Thomson Reuters Extel*
- Best Asset Management Company for Asia, *The Asset*
- Best Private Bank in Asia, *WealthBriefing Asia*
- Second-largest hedge fund manager, *Absolute Return*

Corporate Responsibility

Peter Scher

About corporate responsibility

Tremendous progress has been made in recent decades to address many of the world's most pressing social, economic and environmental problems. But a host of challenges persist, and there is an urgent need to find solutions that create greater economic opportunity for more people.

Companies like JPMorgan Chase have a responsibility to be part of the solution, not only because it's the right thing to do but because our own long-term success depends on the success of our communities and the people, companies and institutions we serve.

In the past, most corporations found it sufficient to fulfill this responsibility by simply donating money to charities. But today, we recognize that spurring greater economic growth and employment requires much more than writing checks. At a time when public sector resources are increasingly constrained, there is a compelling need for the private sector to do even more – in our case, by putting our financial expertise in the service of broader community needs. We are at our best when our core business helps communities thrive.

To be sure, the financial resources that firms provide are critical, but they are only one of many assets we can bring to bear. We can help make a difference by leveraging the skills, technology, data and expertise we use to drive our own business and then applying these assets to meet the global challenges that impact our communities.

At JPMorgan Chase, corporate responsibility always has been central to how we do business, starting with operating with integrity in all we do and extending to all the ways we help our clients and communities navigate a complex global economy. We strive to develop innovative programs that leverage the core strengths, capabilities and expertise of our business and our people – and those of our partners – to maximize our impact. We are very proud of what we accomplished in 2013.

2013 results

To help reduce unemployment and expand economic opportunity, we launched New Skills at Work, an unprecedented $250 million, five-year initiative aimed at helping close the skills gap around the world (see next page). The effort brings together our resources and capabilities with those of proven partners to help address the mismatch between the skills available in the workforce and those that employers need in order to grow their business.

Ongoing global health challenges presented another opportunity to work with great partners to launch a groundbreaking initiative. In partnership with the Bill & Melinda Gates Foundation, we created the Global Health Investment Fund to attract private capital into an investment vehicle with the potential to save millions of lives in low-income countries (see next page).

And there are many more examples of our work over the last year. JPMorgan Chase has collaborated with best-in-class partners to address the unique challenges military and veterans face in employment, education and housing; to help metro areas create global trade strategies through our Global Cities Initiative with The Brookings Institution; and to advance environmental stewardship and spur innovation across our business in partnership with our clients. And we roll up our sleeves to support these and other initiatives – last year, our employees provided more than 540,000 hours of volunteer service in local communities around the globe.

While there is much we were proud of during 2013, we know there is much more work to be done. The more we can break down the traditional barriers among the public, private and nonprofit sectors, the more we can achieve for our communities. It is a tall order, but JPMorgan Chase is profoundly optimistic about how much can be accomplished when people come together to do extraordinary things.

Peter Scher
Head of Corporate Responsibility

New Skills at Work

Helping people gain the skills they need to compete for jobs can transform lives — and strengthen economies. That's why JPMorgan Chase launched **New Skills at Work,** a $250 million, five-year initiative aimed at helping inform and accelerate efforts to develop a demand-driven approach to education and skills training.

The numbers seem contradictory: Unemployment is high across the globe, yet recent data reveal that employers are having trouble finding workers who are trained for the jobs that are available, particularly in middle-skill jobs — those jobs that require more than a high school but less than a four-year degree. Around the world, employers, educators, policymakers, training organizations and others have recognized the critical importance of tackling this skills gap. JPMorgan Chase believes doing so can be one of our most powerful tools for reducing unemployment, strengthening economies and creating more broadly shared prosperity.

New Skills at Work, the largest-ever private sector philanthropic effort in this area, will help address the skills gap by:

- **Encouraging industry collaboration:** Convening people from across sectors to share experiences and formulate strategies for building demand-driven workforce training systems
- **Investing in training programs:** Making targeted investments to strengthen and scale the most effective workforce training programs
- **Improving data:** Sponsoring data-driven analysis of skills demand and supply gaps in local markets

JPMorgan Chase has identified an initial set of best-in-class partner organizations, and we will add new local and regional partners in 2014. Our national partners in the U.S. include the Aspen Institute's Forum for Community Solutions, Jobs for the Future, National Academy Foundation, National Fund for Workforce Solutions, Year Up and YouthBuild USA, and in the U.K., they include the Institute for Public Policy Research and Participle.

Global Health Investment Fund

Emerging scientific and technological advances hold great hope for addressing infectious diseases and medical conditions that kill millions of people every year, mainly in low-income countries. But breakthroughs can save lives only if these new developments make it out of clinical trials and into the marketplace. And that requires financing. Filling that need is the new $108 million **Global Health Investment Fund (GHIF)** from JPMorgan Chase and the Bill & Melinda Gates Foundation.

The GHIF is a unique vehicle that was structured to attract investment capital as an alternative to grant-based funding for global health, building upon research and development executed by visionary philanthropists, sovereign donors and industry leaders over the past decade. The GHIF is intended to act as a pilot both to attract more capital of this nature into the global health sector and to serve as a model for delivering impact via investment in other sectors.

The GHIF brings together a diverse pool of investors to provide financing to advance the development of drugs, vaccines, diagnostics and other interventions against diseases that disproportionately burden low-income countries while at the same time seek a financial return for investors. The social impact of the fund will be achieved by focusing investments on diseases like tuberculosis, malaria, HIV and diarrhea and on conditions that contribute to maternal and infant mortality; investments will also include requirements to ensure the accessibility of products to the populations most in need. Financial returns will be linked to commercial success in developed country markets, while investors' downside is limited by a partial backstop provided by the Bill & Melinda Gates Foundation and the Swedish government. This structure allows individual investors, corporations, private foundations, development finance institutions and others to come together around the shared objective of ensuring that cutting-edge global health technologies reach the populations most in need.

2013 HIGHLIGHTS AND ACCOMPLISHMENTS

Supporting small business development

- Provided $19 billion in new credit to American small businesses and, for the fourth fiscal year in a row, was the #1 U.S. Small Business Administration lender by units.

- Awarded $3 million through our Mission Main Street℠ Grants program to support small businesses around the U.S. that are making a positive impact in their communities.

- Provided seed grants to four small business clusters across the U.S. to foster the development of investing networks, facilitate innovation and technology transfer, provide access to specialized suppliers and speed commercialization of new technologies.

Building financial capability

- Provided nearly $7 million in grants to leading nonprofits to promote the financial capability of consumers in cities around the world, including $1.15 million to Bank On 2.0, a program sponsored by the Cities for Financial Empowerment Fund to create a national approach in the U.S. to delivering safe, affordable banking products and services to low-income and underbanked people.

- Provided $600,000 over two years to Mission Asset Fund to help replicate its Lending Circle program, in which individuals in a community borrow from and loan to one another via zero-fee, zero-interest credit-building social loans and to develop high-quality financial education resources to support participants.

- Became the first financial institution to adopt The Pew Charitable Trusts' new model disclosure box for reloadable prepaid cards for Chase Liquid®.

Strengthening local economies and communities

- Provided approximately $1.1 billion in community development loans and $1.6 billion in equity investments to build or preserve 45,000 units of affordable housing for low- and moderate-income families in more than 260 U.S. cities.

- Lent $181 million to community development financial institutions (CDFI) that leveraged our capital to secure financing for more affordable housing, schools, healthcare clinics and small businesses.

- Launched the CDFI Collaboratives program, a three-year, $33 million philanthropic initiative to foster growth, collaboration and capacity building among smaller, regionally focused CDFIs that can uniquely reach communities that lack access to affordable financial products and services.

- Provided more than $31 million to nonprofits working to help first-time homebuyers, to offer home ownership counseling and to develop affordable housing in the U.S.

- Donated $275 million in the form of more than 6,100 free or discounted homes since 2008 to community associations, municipalities, veterans groups and nonprofit housing providers across the U.S., with nearly 1,600 homes donated or discounted in 2013 alone.

- Launched the Global Cities Exchange, a network of U.S. and international cities that will develop and implement regional strategies to boost global trade and investment. The network is part of the Global Cities Initiative, a joint project with The Brookings Institution launched in 2012 aimed at helping metropolitan leaders strengthen their regional economy.

- Launched New Skills at Work, a $250 million, five-year workforce development initiative (see previous page).

Honoring U.S. military and veterans

- Continued our leadership of the 100,000 Jobs Mission, a coalition of employers that collectively hired 117,439 U.S. military veterans by the end of 2013, prompting it to double its hiring goal to 200,000 veterans by 2020. JPMorgan Chase has hired more than 6,300 veterans since 2011.

- Joined the U.S. Department of Defense Military Spouse Employment Partnership, committing to recruit, hire, promote and retain military spouses.

- Launched internal training programs to help military-experienced employees assimilate into the firm and to educate our hiring managers about the skills that servicemembers bring to the table. We made our Military 101 program for hiring managers publicly available to other employers.

- Provided grants totaling more than $1 million to educational institutions focused on improving veteran performance and retention in higher education.

Promoting sustainable investing

- Led our industry in an effort to support responsible natural gas development by engaging with more than 100 oil and gas clients to understand how they manage environmental and community impacts from hydraulic fracturing, by funding research and by convening our clients to share insights on best practices.

- Worked with a group of peer investment banks to develop the Green Bond Principles, a set of voluntary guidelines designed to promote integrity and transparency in the growing market for Green Bonds, which are issued to finance environmentally beneficial projects.

- Announced the Global Health Investment Fund, a $108 million innovative social impact fund (see previous page) and invested an additional $9 million in best-in-class funds addressing the needs of low-income populations around the world.

Increasing transparency with stakeholders

- Collaborated with Ceres to engage a group of external stakeholders in a dialogue focused on sharing perspectives and priorities to help us enhance our approach to environmental sustainability and corporate responsibility.

- Convened regular Chase Advisory Panel sessions with experts from leading U.S. consumer policy groups to gain insight into the challenges facing low- and moderate-income consumers and learn how Chase can better serve them.

- Strengthened the firm's political disclosure and accountability policies, which led a leading nonprofit oversight organization to score JPMorgan Chase in the top 10 companies on the Center for Political Accountability-Zicklin Index of Corporate Political Accountability and Disclosure.