4Q19 Financial Results

January 14, 2020

JPMorgan Chase & Co.

4Q19 Financial highlights

ROTCE[1]	Common equity Tier 1[2]	Net payout LTM[3]
17%	12.4%	98%

- 4Q19 net income of $8.5B and EPS of $2.57
  - Managed revenue of $29.2B[4]
  - Expense of $16.3B and managed overhead ratio of 56%[4]
- Balance sheet
  - Average total loans down 1% YoY and flat QoQ
    - Average total loans excluding loan sales in Home Lending up 3% YoY; and up 1% QoQ
  - Average deposits up 7% YoY and 2% QoQ
  - Basel III CET1 capital of $188B[2]
    - Standardized CET1 ratio of 12.4%[2], Advanced CET1 ratio of 13.4%[2]
- Delivered strong capital return to shareholders
  - $9.5B distributed to shareholders in 4Q19, including $6.7B of net repurchases[5]
  - Common dividend of $0.90 per share

[1] See note 2 on slide 12
[2] Represents the estimated common equity Tier 1 ("CET1") capital and ratio for the current period. See note 6 on slide 12
[3] Last twelve months ("LTM"). Net of stock issued to employees
[4] See note 1 on slide 12
[5] Net of stock issued to employees

4Q19 Financial results[1]

$B, except per share data

		$ O/(U)	
	4Q19	3Q19	4Q18
Net interest income	$14.3	($0.1)	($0.2)
Noninterest revenue	14.9	(0.8)	2.6
Managed revenue[1]	29.2	(0.9)	2.4
Expense	16.3	(0.1)	0.6
Credit costs	1.4	(0.1)	(0.1)
Reported net income	$8.5	($0.6)	$1.5
Net income applicable to common stockholders	$8.1	($0.5)	$1.4
Reported EPS	$2.57	($0.11)	$0.59
ROE[2]	14%	15%	12%
ROTCE[2,3]	17	18	14
Overhead ratio – managed[1,2]	56	55	59
Memo: Adjusted expense[4]	*$16.1*	*($0.3)*	*$0.4*
Memo: Adjusted overhead ratio[1,2,4]	*55%*	*55%*	*59%*

$B	4Q19	3Q19	4Q18
Net charge-offs	$1.5	$1.4	$1.2
Reserve build/(release)	(0.1)	0.1	0.3
Credit costs	$1.4	$1.5	$1.5

4Q19 Tax rate
Effective rate: 19.4%
Managed rate: 25.6%[1,5]

4Q19	ROE	O/H ratio
CCB	31%	52%
CIB	14%	55%
CB	16%	40%
AWM	29%	72%

- Firmwide total credit reserves of $14.3B
  - Consumer reserves of $8.9B – net release of $148mm
  - Wholesale reserves of $5.4B – net build of $81mm

Note: Totals may not sum due to rounding
[1] See note 1 on slide 12
[2] Actual numbers for all periods, not over/(under)
[3] See note 2 on slide 12
[4] See note 3 on slide 12
[5] Reflects fully taxable-equivalent ("FTE") adjustments of $880mm in 4Q19

FY2019 Financial results[1]

$B, except per share data

	FY2019	FY2018	$ O/(U) FY2018
Net interest income	$57.8	$55.7	$2.1
Noninterest revenue	60.9	55.8	5.1
Managed revenue[1]	118.7	111.5	7.2
Expense	65.5	63.4	2.1
Credit costs	5.6	4.9	0.7
Reported net income	$36.4	$32.5	$4.0
Net income applicable to common stockholders	$34.6	$30.7	$3.9
Reported EPS	$10.72	$9.00	$1.72
ROE[2]	15%	13%	
ROTCE[2,3]	19	17	
Overhead ratio – managed[1,2]	55	57	
Memo: Adjusted expense[4]	*$65.3*	*$63.3*	*$1.9*
Memo: Adjusted overhead ratio[1,2,4]	*55%*	*57%*	

$B	FY2019	FY2018
Net charge-offs	$5.6	$4.9
Reserve build/(release)	–	–
Credit costs	$5.6	$4.9

FY2019 Tax rate
Effective rate: 18.2%
Managed rate: 23.5%[1,5]

FY2019	ROE	O/H ratio
CCB	31%	52%
CIB	14%	56%
CB	17%	39%
AWM	26%	73%

- Net capital distribution to shareholders of $34.0B[6] including common dividends of $10.9B, or $3.40 per share, and net repurchases of $23.2B[6]
- Average total loans up 1% YoY; up 3% excluding loan sales in Home Lending
- Firmwide net reserve release of $44mm – net release in Consumer of $295mm and net build in Wholesale of $251mm

Note: Totals may not sum due to rounding
[1] See note 1 on slide 12
[2] Actual numbers for all periods, not over/(under)
[3] See note 2 on slide 12
[4] See note 3 on slide 12
[5] Reflects fully taxable-equivalent ("FTE") adjustments of $3.1B in 2019, compared to $2.5B in 2018
[6] Net of stock issued to employees

Fortress balance sheet and capital

$B, except per share data

4Q19 Advanced of 13.4%[1]

	4Q19	3Q19	4Q18
Basel III Standardized[1]			
CET1 capital	$188	$188	$183
CET1 capital ratio	12.4%	12.3%	12.0%
Tier 1 capital	$214	$215	$209
Tier 1 capital ratio	14.1%	14.1%	13.7%
Total capital	$242	$244	$238
Total capital ratio	16.0%	15.9%	15.5%
Risk-weighted assets	$1,518	$1,528	$1,529
Firm SLR[2]	6.3%	6.3%	6.4%
Total assets (EOP)	$2,687	$2,765	$2,623
Tangible common equity (EOP)[3]	$188	$190	$185
Tangible book value per share[3]	$60.98	$60.48	$56.33

[1] Estimated for the current period. See note 6 on slide 12
[2] Estimated for the current period. Represents the supplementary leverage ratio ("SLR")
[3] See note 2 on slide 12

Current Expected Credit Losses ("CECL") – 2020 adoption impact

Allowance for credit losses ($B)

	12/31/2019	CECL adoption impact	1/1/2020
Consumer			
Card	$5.7	$5.5	$11.2
Home Lending	1.9	0.1	2.0
Other Consumer[1]	1.3	0.1	1.4
Total Consumer	8.9	5.7	14.6
Wholesale	5.4	(1.4)	4.0
Firmwide	$14.3	$4.3	$18.6

Adoption impact ($B)

	CECL adoption impact
Firmwide allowance increase	$4.3
Balance sheet reclassification	(0.8)
Total pre-tax impact	3.5
Tax effect	(0.8)
Decrease to retained earnings	$2.7

Certain contra loan balances were reclassified to allowance for credit losses, with no impact to retained earnings

Adoption impact

- Adoption of CECL was effective on January 1, 2020 – no impact to 2019 financials
- Elected to phase-in the $2.7B capital impact – at 25% per year in each of 2020-2023
  - Equivalent to ~4bps of CET1[2]

[1] Other Consumer includes AWM mortgage portfolio
[2] Estimated for 1Q20

Consumer & Community Banking[1]

$mm

	4Q19	$ O/(U) 3Q19	4Q18
Revenue	$14,040	($219)	$345
Consumer & Business Banking	6,442	(246)	(125)
Home Lending	1,250	(215)	(72)
Card, Merchant Services & Auto	6,348	242	542
Expense	7,233	(57)	168
Credit costs	1,207	(104)	(141)
Net charge-offs (NCOs)	1,357	96	159
Change in allowance	(150)	(200)	(300)
Net income	$4,231	($42)	$203

Financial performance

- Net income of $4.2B, up 5% YoY
- Revenue of $14.0B, up 3%
- Expense of $7.2B, up 2% YoY, driven by higher volume- and revenue-related expense and investments in the business, largely offset by efficiencies
- Credit costs of $1.2B, down $141mm YoY
  - Card: higher NCOs; $100mm reserve build vs. $150mm build in 4Q18
  - Home Lending: $250mm PCI reserve release

Key drivers/statistics ($B)[2]

	4Q19	3Q19	4Q18
Equity	$52.0	$52.0	$51.0
ROE	31%	32%	30%
Overhead ratio	52	51	52
Average loans	$451.6	$459.5	$482.7
Average deposits	708.0	694.0	673.8
Active mobile customers (mm)	37.3	36.5	33.3
Debit & credit card sales volume	$295.6	$282.2	$270.5

- Average loans down 6% YoY
- Average deposits up 5% YoY
- Active mobile customers up 12% YoY
- Client investment assets up 27% YoY
- Credit card sales up 10% YoY
- Merchant processing volume up 7% YoY

Key drivers/statistics ($B) – detail by business

	4Q19	3Q19	4Q18
Consumer & Business Banking			
Business Banking average loans	$24.4	$24.2	$24.3
Business Banking loan originations	1.8	1.6	1.5
Client investment assets (EOP)	358.0	337.9	282.5
Deposit margin	2.28%	2.47%	2.55%
Home Lending			
Average loans	$201.6	$213.4	$242.2
Loan originations[3]	33.3	32.4	17.2
EOP total loans serviced	761.4	774.8	789.8
Net charge-off/(recovery) rate[4]	(0.05)%	(0.09)%	(0.07)%
Card, Merchant Services & Auto			
Card average loans	$162.1	$158.2	$150.6
Auto average loans and leased assets	83.5	83.1	83.5
Auto loan and lease originations	8.5	9.1	7.0
Card net charge-off rate	3.01%	2.95%	2.93%
Card Services net revenue rate	11.59	11.40	11.57
Credit Card sales volume[5]	$204.2	$193.6	$185.3
Merchant processing volume	402.9	380.5	375.2

[1] See note 1 on slide 12
For additional footnotes see slide 13

Corporate & Investment Bank[1]

$mm

	4Q19	$ O/(U) 3Q19	4Q18
Revenue	$9,471	$133	$2,234
Investment banking revenue	1,823	(48)	103
Treasury Services	1,182	81	(35)
Lending	325	(4)	(19)
Total Banking	3,330	29	49
Fixed Income Markets	3,446	(111)	1,590
Equity Markets	1,508	(9)	191
Securities Services	1,061	27	35
Credit Adjustments & Other	126	197	369
Total Markets & Securities Services	6,141	104	2,185
Expense	5,231	(117)	550
Credit costs	98	6	16
Net income	$2,927	$118	$952

Key drivers/statistics ($B)[2]

	4Q19	3Q19	4Q18
Equity	$80.0	$80.0	$70.0
ROE	14%	13%	10%
Overhead ratio	55	57	65
Comp/revenue	24	29	28
IB fees ($mm)	$1,904	$1,981	$1,815
Average loans	129.1	127.4	125.7
Average client deposits[3]	485.0	471.3	445.6
Assets under custody ($T)	26.8	25.7	23.2
ALL/EOP loans ex-conduits and trade[4]	1.31%	1.33%	1.24%
Net charge-off/(recovery) rate[4]	0.14	0.13	–
Average VaR ($mm)	$37	$38	$49

Financial performance

- Net income of $2.9B, up 48% YoY; revenue of $9.5B, up 31%
- Banking revenue
  - IB revenue of $1.8B, up 6% YoY, reflecting higher debt and equity underwriting fees partially offset by lower advisory fees
    - Ranked #1 in Global IB fees for FY2019
  - Treasury Services revenue of $1.2B, down 3% YoY, with deposit margin compression predominantly offset by higher balances and fee growth
  - Lending revenue was $325mm, down 6%
- Markets & Securities Services revenue
  - Markets revenue of $5.0B, up 56% YoY
    - Fixed Income Markets revenue of $3.4B, up 86% reflecting a favorable comparison against weaker performance in 4Q18 combined with strength in 4Q19
    - Equity Markets revenue of $1.5B, up 15% reflecting higher revenue in Prime and Cash Equities
  - Securities Services revenue of $1.1B, up 3% YoY, with organic growth partially offset by deposit margin compression
  - Credit Adjustments & Other was a gain of $126mm reflecting lower funding spreads on derivatives
- Expense of $5.2B, up 12% YoY, driven by legal expense, volume- and revenue-related expense, as well as investments in the business

[1] See note 1 on slide 12
For additional footnotes see slide 13

Commercial Banking[1]

$mm

	4Q19	$ O/(U) 3Q19	4Q18
Revenue	$2,228	$21	($78)
Middle Market Banking	909	6	(50)
Corporate Client Banking	730	(9)	(11)
Commercial Real Estate Banking[2]	537	(10)	(31)
Other[2]	52	34	14
Expense	882	1	37
Credit costs	110	43	4
Net income	$938	$1	($98)

Key drivers/statistics ($B)[3]

	4Q19	3Q19	4Q18
Equity	$22.0	$22.0	$20.0
ROE	16%	16%	20%
Overhead ratio	40	40	37
Gross IB Revenue ($mm)	$634	$700	$602
Average loans	209.8	208.2	206.7
Average client deposits	182.5	172.7	169.2
Allowance for loan losses	2.8	2.8	2.7
Nonaccrual loans	0.5	0.7	0.5
Net charge-off/(recovery) rate[4]	0.17%	0.09%	0.07%
ALL/loans[4]	1.34	1.32	1.31

Financial performance

- Net income of $938mm, down 9% YoY
- Revenue of $2.2B, down 3% YoY
  - Net interest income of $1.6B, down 7% YoY, driven by lower deposit margin, partially offset by higher deposit balances
  - Gross IB revenue of $634mm, up 5% YoY driven by increased large deal activity
- Expense of $882mm, up 4% YoY, driven by investments in the business
- Credit costs of $110mm
  - Net charge-off rate of 17bps, largely driven by a single client
- Average loans of $210B, up 1% both YoY and QoQ
  - C&I[5] up 2% YoY and 1% QoQ
  - CRE[5] up 1% both YoY and QoQ
- Average deposits of $183B, up 8% YoY

[1] See note 1 on slide 12
For additional footnotes see slide 13

Asset & Wealth Management[1]

$mm

	4Q19	$ O/(U) 3Q19	$ O/(U) 4Q18
Revenue	$3,700	$132	$261
Asset Management	1,892	76	169
Wealth Management	1,808	56	92
Expense	2,650	28	29
Credit costs	13	(31)	–
Net income	$785	$117	$181

Key drivers/statistics ($B)[2]

	4Q19	3Q19	4Q18
Equity	$10.5	$10.5	$9.0
ROE	29%	24%	26%
Pretax margin	28	25	23
Assets under management ("AUM")	$2,364	$2,246	$1,987
Client assets	3,226	3,061	2,733
Average loans	156.1	150.5	144.4
Average deposits	143.1	138.8	132.5

Financial performance

- Net income of $785mm, up 30% YoY
- Revenue of $3.7B, up 8% YoY
  - Higher investment valuations and average market levels, as well as deposit and loan growth, partially offset by deposit margin compression
- Expense of $2.7B, up 1% YoY
- AUM of $2.4T and client assets of $3.2T, up 19% and 18%, respectively, driven by higher market levels as well as net inflows into long-term and liquidity products
  - Net inflows of $14B into long-term products and $37B into liquidity products
- Average loans of $156B, up 8% YoY
- Average deposits of $143B, up 8% YoY

[1] See note 1 on slide 12
[2] Actual numbers for all periods, not over/(under)

Corporate[1]

$mm

	4Q19	$ O/(U) 3Q19	4Q18
Revenue	($228)	($920)	($355)
Expense	343	62	(165)
Credit costs	(1)	(1)	–
Net income	($361)	($754)	$216

Financial performance

Revenue

- Net revenue was a loss of $228mm
  - The quarter included ~$190mm of net markdowns on certain legacy private equity investments
- YoY – net revenue was down $355mm primarily driven by lower NII on lower rates
- QoQ – net revenue was down $920mm, driven by:
  - Lower NII on lower rates, and the impact of a benefit in 3Q19 from income related to loan sales in Home Lending
  - Lower NIR reflecting net markdowns on certain legacy private equity investments in 4Q19

Expense

- Expense of $343mm was down $165mm YoY driven by the timing of contributions to the JPMorgan Chase Foundation

[1] See note 1 on slide 12

Outlook[1]

Firmwide

- Expect 1Q20 NII to be ~$14B, market dependent
- Expect 1Q20 adjusted expense to be ~$17B
- 1Q20 effective tax rate is estimated to be ~17% reflecting the impact of stock-based compensation[2]

[1] See notes 1 and 3 on slide 12
[2] Estimate could change due to a number of factors including mix of income and changes to tax regulations

Notes

Notes on non-GAAP financial measures

1. In addition to analyzing the Firm's results on a reported basis, management reviews Firmwide results, including the overhead ratio, on a "managed" basis; these Firmwide managed basis results are non-GAAP financial measures. The Firm also reviews the results of the lines of business on a managed basis. The Firm's definition of managed basis starts, in each case, with the reported U.S. GAAP results and includes certain reclassifications to present total net revenue for the Firm and each of the reportable business segments on a fully taxable-equivalent ("FTE") basis. Accordingly, revenue from investments that receive tax credits and tax-exempt securities is presented in the managed results on a basis comparable to taxable investments and securities. These financial measures allow management to assess the comparability of revenue arising from both taxable and tax-exempt sources. The corresponding income tax impact related to tax-exempt items is recorded within income tax expense. These adjustments have no impact on net income as reported by the Firm as a whole or by the lines of business. For a reconciliation of the Firm's results from a reported to managed basis, see page 7 of the Earnings Release Financial Supplement

2. Tangible common equity ("TCE"), return on tangible common equity ("ROTCE") and tangible book value per share ("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. For a reconciliation from common stockholders' equity to TCE, see page 9 of the Earnings Release Financial Supplement. 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. Book value per share was $75.98, $75.24 and $70.35 at December 31, 2019, September 30, 2019 and December 31, 2018, respectively. TCE, ROTCE and TBVPS are utilized by the Firm, as well as investors and analysts, in assessing the Firm's use of equity

3. Adjusted expense and adjusted overhead ratio are each non-GAAP financial measures. Adjusted expense excludes Firmwide legal expense/(benefit) of $241mm, $10mm and $(18)mm for the three months ended December 31, 2019, September 30, 2019 and December 31, 2018, respectively; and $239mm and $72mm for the full year 2019 and 2018, respectively. The adjusted overhead ratio measures the Firm's adjusted expense as a percentage of adjusted managed net revenue. Management believes this information helps investors understand the effect of these items on reported results and provides an alternate presentation of the Firm's performance

4. Consumer & Community Banking ("CCB") calculates net charge-offs and net charge-off rates excluding the impact of purchased credit-impaired ("PCI") loans

5. Corporate & Investment Bank ("CIB") calculates the ratio of the allowance for loan losses to end-of-period loans ("ALL/EOP") excluding the impact of consolidated Firm-administered multi-seller conduits and trade finance loans, to provide a more meaningful assessment of CIB's allowance coverage ratio

Additional notes

6. Represents the fully phased-in measures for each period presented. The Basel III regulatory capital rules became fully phased-in effective January 1, 2019. Refer to Capital Risk Management on pages 85-94 of the Firm's 2018 Form 10-K and pages 45-49 of the Firm's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019 for additional information on these measures

Notes

Additional Notes on slide 6 – Consumer & Community Banking

2. Actual numbers for all periods, not over/(under)
3. Firmwide mortgage origination volume was $37.4B, $35.8B and $18.7B for the three months ended December 31, 2019, September 30, 2019 and December 31, 2018, respectively
4. Excludes the impact of PCI loans, including PCI write-offs of $19mm, $43mm and $36mm for the three months ended December 31, 2019, September 30, 2019 and December 31, 2018, respectively. See note 4 on slide 12. The net charge-off/(recovery) rate for the three months ended December 31, 2018 includes a recovery from a loan sale
5. Excludes Commercial Card

Additional Notes on slide 7 – Corporate & Investment Bank

2. Actual numbers for all periods, not over/(under)
3. Client deposits and other third-party liabilities pertain to the Treasury Services and Securities Services businesses
4. Loans held-for-sale and loans at fair value were excluded when calculating the loan loss coverage ratio and net charge-off/(recovery) rate. ALL/EOP loans as reported was 0.99%, 0.99% and 0.93% at December 31, 2019, September 30, 2019 and December 31, 2018, respectively. See note 5 on slide 12

Additional Notes on slide 8 – Commercial Banking

2. Effective in the first quarter of 2019, client segment data includes Commercial Real Estate Banking which comprises the former Commercial Term Lending and Real Estate Banking client segments, and Community Development Banking (previously part of Other). The prior period amounts have been revised to conform with the current period presentation
3. Actual numbers for all periods, not over/(under)
4. Loans held-for-sale and loans at fair value were excluded when calculating the net charge-off/(recovery) rate and loan loss coverage ratio
5. Commercial and Industrial (“C&I”) and Commercial Real Estate (“CRE”) groupings for CB are generally based on client segments and do not align with regulatory definitions

Forward-looking statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the current beliefs and expectations of JPMorgan Chase & Co.'s management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. Factors that could cause JPMorgan Chase & Co.'s actual results to differ materially from those described in the forward-looking statements can be found in JPMorgan Chase & Co.'s Annual Report on Form 10-K for the year ended December 31, 2018 and Quarterly Reports on Form 10-Q for the quarterly periods ended September 30, 2019, June 30, 2019 and March 31, 2019, which have been filed with the Securities and Exchange Commission and are available on JPMorgan Chase & Co.'s website (https://jpmorganchaseco.gcs-web.com/financial-information/sec-filings), and on the Securities and Exchange Commission's website (www.sec.gov). JPMorgan Chase & Co. does not undertake to update any forward-looking statements.