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# One Chase

Working  
together as  
One Chase  
to serve our  
50 million  
customers

From left to right:

Gordon Smith,  
*CEO, Card Services & Auto*

Todd Maclin,  
*CEO, Consumer & Business Banking*

Frank Bisignano,  
*Chief Administrative Officer and CEO, Mortgage Banking*



We will remember 2011 as a turning point. It's the year we united across the Chase businesses to work toward becoming an industry leader in customer service.

Shifting the focus of an entire business, let alone three, isn't easy. But we must do this because we know good products alone aren't enough. We believe that outstanding service is the key to organic growth and long-term success for our franchise.

## “We know we’re only at the beginning of a large-scale effort to improve customer service. It will be a challenge, but we think it’s ours to win.”

Why now? Chase has always offered a broad range of financial products and services. In fact, 50 million customers rely on us for their banking needs. There are more than 23 million households with consumer and business banking relationships, and we have 65 million credit card accounts and 8 million mortgage and home equity loans.

But historically, while consumers saw one sign out front – Chase – inside we sometimes operated like three separate businesses. We offer what we believe are the best products in the industry, but we weren’t always getting the service part right. Our customer service scores were in the middle of the pack, and that’s not nearly good enough.

So in 2011, we began the hard work of moving from a company organized around products to a company focused on our customers first.

We are on a journey to create an outstanding customer experience in everything we do, and we are calling this effort One Chase. What that means is always running Chase as one business for our customers, providing consistently great customer service at every contact.

We are 100% certain that exceptional customer service is the key to growing revenue. We have a tremen-

Every day, our 160,000 Chase employees are working to provide exceptional service to make sure our customers have the products and advice they need.

dous opportunity to earn more business from our current customers. Chase customers who live within our branch network have more than \$10 trillion in deposits and investments with our competitors. And they spend more than \$300 billion annually on non-Chase-issued credit cards.

Customers who say they are completely satisfied are 60% more likely to increase the number of Chase products they use, 26% less likely to switch banks and 61% more likely to recommend us to a friend. Affluent customers who are completely satisfied give us 52% more deposits and investments than those who aren’t.

We’re proud to say we’ve already made significant progress. Here’s how we have gone about it.



First, we spent more time listening to customers’ comments and complaints. Leaders, including our market, district and region managers, gathered for a two-day meeting in May during which they pored over complaint letters and listened to calls. We also launched “Begin Your Day with Our Customer,” where the Executive Leadership team starts every day listening to customer calls.

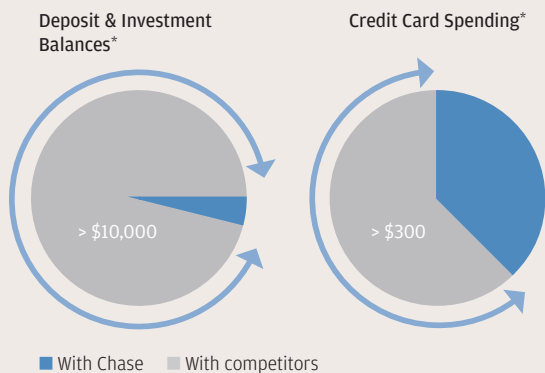
We learned a lot. We found that customers want to interact with people who genuinely care about helping them and are empowered to do so. When customers have issues that need to be resolved, they want to do so quickly and easily. Also, it builds lasting customer loyalty when an employee goes above and beyond what is needed.

We sought out other companies renowned for service and asked them how they do it. We visited some of the best service providers we know, like The Container Store, The Home Depot, Southwest Airlines, Zappos, and Enterprise Holdings, the parent company of Enterprise Rent-A-Car, many of which are great clients of the firm. Even though their industries and regulatory frameworks are different from ours, we saw a commonality in their approach to customer service that was eye opening.

**Estimated Growth Opportunity**

The business that customers are not doing with Chase represents a huge opportunity

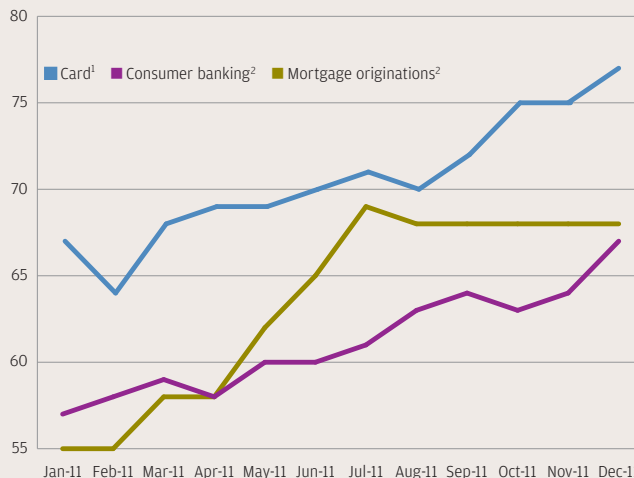
(\$ in billions)



\* Numbers are for 23 states with Chase branches  
Source: Internal JPMorgan Chase data

**Satisfaction Rating for Chase Businesses Increased across the Board**

(score in percentage)



<sup>1</sup> Satisfaction represents a top ranking of a 4 or 5 on a five-point scale  
<sup>2</sup> Satisfaction represents a top ranking of a 9 or 10 on a 10-point scale  
Source: Based on internal survey process

We learned that great customer service starts with great employees. You have to hire people who have a heart for service and truly care about helping people. Then you have to give them the power to do what they know is right for the customer. We also learned that common policies and processes, while important, aren't the only things that create consistency in large organizations. Having a set of clear values and behaviors lets employees know where they stand and customers know what quality of service they will receive.

From that, we defined a consistent set of behaviors across our businesses that will help every employee interacting with customers, no matter the situation. We are calling these Chase's "Five Keys to a Great Customer Experience." The Five Keys include

things like "exceed expectations" and "own customer issues from start to finish." For the first time, all 160,000 Chase employees understand what's expected of them and how they can provide the best possible experience for all our customers.

Next we hit the road to hear from employees in person. No one knows better what customers are thinking than the people who see and speak with them every day. So we went on bus tours and road shows, holding town halls, barbecues and even rallies to meet as many people as possible across all of Chase. Everywhere we went, we asked employees to tell us what we can do to make the place better. And they did.

We kept a log of everything we heard from employees – the good, the bad and the ugly. That kicked off the most important phase of our work, taking all the suggestions and using them to transform our customer service. We're tracking 160

suggestions that we've gotten from the road. That's in addition to the more than 400 changes we've made to improve the customer experience based on feedback from customers and employees.

While we were on the road, we were inspired by our employees' dedication and integrity and by their heartfelt desire to make their customers' lives better.

We're also working to make sure we continue to get the right people in the door by integrating customer service into our hiring process. In 2011, we created a net 18,000 jobs across Chase. Everyone understands the important role service plays in our business. We've also changed the way we reward people to better align our incentives around customer service.



Chase customers can use more than 5,500 bank branches and more than 17,200 ATMs in 23 states, as well as online and mobile banking services.

And it's not just the three of us who are engaged in this effort. All our senior managers are excited about the changes we're making and are pitching in to get the work done. We've created a combined Chase Executive Committee that meets regularly and two cross-Chase councils to solve problems quickly and put more senior focus on two critical areas: Customer Experience and Brand & Marketing. These two councils aim to take the best practices of each of our businesses and apply them to all.

For example, we're working to make sure experiences in our telephone Customer Service Centers are consistent. In 2011, we simplified our automatic voice menus and the process to reach an agent. We have implemented new training on cultural awareness and communication skills and are hiring people who genuinely want to help others.

We're also simplifying how we talk with customers. Building on work started in Card Services, we adopted an industry-leading standard to create simple, easy-to-understand product disclosures. It sounds simple, and we

should have done it earlier. But we're doing it now, leading the industry and creating happy customers.

Customers are also benefiting from new technology. Our mobile applications are making it easier for our customers to do business with us across channels. Our ATMs now speak 14 languages and accept deposits of multiple checks and cash without an envelope or deposit slip. We've also set up a Twitter feed to help solve customer issues in real time.

We are even more enthusiastic about what's ahead with technology. We are piloting self-serve teller machines with bigger screens and greater functionality. They'll be able to dispense cash in multiple denominations for customers who simply want to get in and out of a branch quickly. We also plan to upgrade chase.com, incorporating feedback from customers on what they want to see.

We're only at the beginning of this journey, but we've already made remarkable progress. Overall, customer satisfaction scores are up, in some cases significantly, across Chase. Turnover is down, and the number of customer letters we receive commending our employees has increased dramatically.

The next great frontier in our industry is creating an outstanding customer experience, and no bank has really conquered it. We plan to do so. And we will. As a firm, when we set our minds to doing something, we do it. We're all consumers. We know what a great customer experience feels like and the loyalty it inspires in us. If we think like customers and focus on delivering the kind of experience we would like to have ourselves, we will build life-long relationships. And stronger relationships will lead to more revenue and future earnings.

So stop by a branch, give us a call or log on to chase.com. We think you'll be excited by the changes you see and the outstanding service you'll receive.

Gordon

Todd

Frank



# Consumer & Business Banking

It's an exciting time to be a part of Chase. I became CEO of Consumer & Business Banking (CBB) this past July after almost 10 years as CEO of Commercial Banking. There we worked closely with the consumer side of the business and relied on our outstanding branch network and terrific consumer bankers to serve our commercial clients. After more than eight months in this new role learning about the operations and products and meeting the dedicated people in this business, I more fully appreciate the power of our network. Our talented, caring and hard-working people, together with great products and channels, make Consumer & Business Banking a truly special part of the firm.

## 2011 Results: Solid Results in a Challenging Year

Even in a difficult year for the industry, Consumer & Business Banking produced a strong return on equity of 40% in 2011. We had net income of \$3.8 billion, a 4% increase from 2010 on revenue of \$18.0 billion, up 2% from 2010. Our total average deposits increased 6% to \$360.7 billion.

Last year brought many changes to our business. One of the biggest was the implementation of the Durbin Amendment in the fourth quarter. This legislation, part of the broader Dodd-Frank financial reform bill, caps the amount of money banks can collect from merchants who accept debit cards. We expect these changes to lower net income by \$600 million on an annualized basis. While that's a big hit to our bottom line, I am not worried. I know we have a strong plan to grow the business by

focusing on serving our customers exceptionally well and providing great products that meet all of their financial needs. Over the long term, we'll gain a larger share of their business by serving them better than our competitors, becoming the most trusted advisor to many. We will capture an increased share of our customers' banking activities and continue to grow our business.

A key to our progress has been our continued investment in branches, people, products and technology. And we never stopped investing, even during the darkest days of the financial crisis. For this reason, we are well-positioned today. CBB's strong results in 2011 allow us to commit more resources to serve our customers. We hired more than 6,500 people in 2011, bringing our total number of employees to 88,540. We also promoted nearly 14,000 of our colleagues, giving them new skills and long-term career opportunities.

We added 260 Chase branches, mostly in California and Florida. These new locations allow us to increase our lending to small businesses, offer more mortgages and refinancings, and help more people manage their money through savings and investments. We also do our part to create economic growth by hiring local architects, contractors, builders and staff to assist us.

Our Business Banking expansion is another way we're supporting our communities with more loans and banking services. In 2011, the firm made \$17 billion in new loans to small businesses, 52% more than the previous year. We were the #1 Small Business Administration lender for the second year in a row. Our average business deposits grew 12%, to \$63

billion. Since the start of 2009, we have hired more than 1,200 Business Bankers to serve our more than 2.2 million small business customers.

## 2012 Priorities: Improve Service, Work to Become One Chase

We set ourselves apart from the competition with strong leadership, careful risk management and continuous investment in our businesses. Our plan in 2012 is to excel at customer service, putting us further ahead of our competitors. We intend to be the first national bank to be known for exceptional customer service. Our 160,000 Chase employees are fully committed to this goal and are already working hard to get us there.

In my experience, good service always leads to more customers and revenue growth. If you are happy with the service you receive, it stands to reason that you will do more business with that company. In fact, the most profitable hotels, airlines and retail stores are usually those that have a higher standard of service integrated into their culture, creating both satisfied employees and loyal customers who seek them out again and again.

In a short time, we've made dramatic progress on providing customers with a great experience. Across CBB, customer satisfaction is up, complaints are down and our customers are moving more money to Chase. This is all great news, but it is a journey, and we still have a long road to travel.

In addition to providing better service, we are developing more customized products that meet the different needs of our customers.

Some people are looking for a lower-cost product for basic banking, while others are looking for complex investment advice or help with their businesses. Delivering an experience that “wows,” no matter what type of product or service, means getting to know each of our customers individually and learning what’s important to them. For some people, it means making it easy to do transactions through technology and mobile devices. For others, it means offering experienced and proven investment advice to help grow savings.

We’ll do this across a broad spectrum of products and channels. One example is our accelerated expansion of Chase Private Client (CPC), our banking and investment platform for affluent customers. Since we launched the first phase of CPC expansion in July of 2011, the number of CPC households we serve has nearly quadrupled, and those households have grown their deposit and investment balances by \$80,000 on average.

In 2012, we will introduce a more affordable banking alternative designed for low- and middle-income

customers. We see a great opportunity to provide a low-cost banking solution with tangible benefits, such as lower fees compared with the industry.

We remain committed to expanding our branch network thoughtfully and strategically. We will continue to open locations in our key expansion markets, mainly California and Florida. The average Chase household visits a branch more than 15 times a year. And branches are good investments. Most break even within three years and contribute \$1 million in pretax earnings after 10 years. They also expand our distribution for nearly all of JPMorgan Chase’s lines of business. For example:

- About 50% of retail mortgages are originated in branches
- 45% of Chase-branded credit cards are sold through branches
- In Treasury & Securities Services, about 30% of commercial dollars are deposited in branches
- Branches bring in about 20% of U.S. retail assets under management

- Commercial Banking clients account for 16 million branch transactions each year

While the banking industry faces many short-term challenges, at Chase we feel strongly that no other bank is as well positioned to have the successes we will have in the long term. We have a strong brand, more than 5,500 community branches, industry-leading online and mobile offerings, and exceptional people. This solid foundation will allow us to create a great experience, invest in our business, become more efficient and develop customized products.

Thank you for your investment in our company and for your confidence in us all.



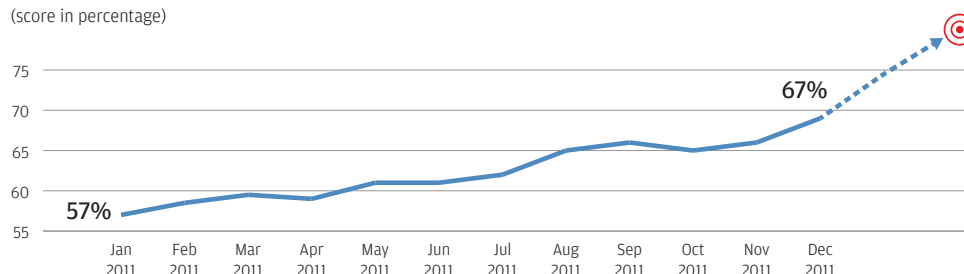
Todd Maclin  
CEO, Consumer & Business Banking

## 2011 Highlights and Accomplishments

- More than 5,500 branches and more than 17,200 ATMs across 23 states serving 23 million households:
  - #2 ATM network
  - #3 in deposit market share
  - #3 in branches
- Chase Private Client:
  - Opened 246 Chase Private Client locations for a total of 262 nationwide
  - More than 500 CPC bankers and advisors now serve nearly 22,000 clients
- More than 17 million active online customers; active mobile users increased 57% from last year to more than 8 million
- Overall customer satisfaction improved to 67% from 57% during 2011
- Firmwide, we made \$17 billion in new loans to small businesses in 2011, up 52% from the previous year. We were the #1 Small Business Administration lender for the second year in a row

### Overall Satisfaction with Chase

Customers who rate Chase a 9 or 10 on a 10-point scale (score in percentage)



Source: Chase Relationship Survey

# Mortgage Banking

We view 2011 as a defining year for the mortgage business. There is no question that the past several years have been extremely challenging for the industry and Chase, but I couldn't be more proud of the progress we're making. In Mortgage Banking, we remind ourselves every day that every mortgage represents a customer and a home.

## 2011 Results: Improving Performance despite Continued Challenges

While market conditions remained challenging for the mortgage industry, we made progress in several areas of our businesses and continued to tackle regulatory issues.

Although credit losses and higher expenses continue to weigh on earnings, our new Production business made money for the year on strong refinancing activity and lower repurchase losses. We also increased market share, becoming the #2 originator at the end of 2011, up from #3. Core Servicing (excluding legacy portfolio) was firmly profitable.

Real Estate Portfolio performance was better than the past two years as credit improved. This countered lower revenue from portfolio run-off.

Our first priority for 2011 was getting the best team we could on the field. We recruited top talent from across the firm and the industry to make sure we had the right controls, processes, systems and technology. To help manage our portfolios, we tapped experts in risk management

and capital markets from the Investment Bank. We also hired finance industry veterans with deep mortgage experience to ensure we meet all new regulations to the full letter of the law.

With the right team in place, we made improving the customer experience a priority for all areas of Mortgage Banking. Customer complaints declined more than 60% from their May 2011 peak, and overall satisfaction improved to 67% from 58%. Chase was the top-ranked large bank in overall satisfaction in the J.D. Power and Associates 2011 U.S. Primary Mortgage Origination Satisfaction Study.

But 2011 wasn't without its challenges. In April, banking regulators issued Consent Orders to large mortgage servicers, including Chase, requiring changes to how residential mortgage loans and foreclosures are handled. These changes include dedicated borrower assistance when customers are facing foreclosure.

In February 2012, Chase and four other large mortgage servicers entered into a settlement with federal agencies and state regulators, including the Department of Justice and state attorneys general from the 50 states. The agreement provides money directly to states, as well as to borrowers struggling to stay in their homes, and addresses issues related to mortgage servicing and originations.

Because of the regulatory actions and continued stress in the housing market, we spent more on operations, people and legal expenses. Getting

these issues behind us is good for the housing market recovery and good for Chase. We can now redirect the focus and resources consumed by the settlement toward growing our business and serving customers.

The changes we are making this year, which we believe go above and beyond any government requirements, will make us more customer oriented and a better place for employees to work.

## 2012 Priorities: Homeowner Assistance, Expense Controls and Shareholder Returns

The entire Mortgage Banking team is committed to improving our operations, processes, technology, management and controls. Three principles will continue to guide us in this business: helping people stay in their homes, delivering a sustainable profitability model, and managing our business responsibly.

We will continue our work to help people buy and afford homes. We've already made huge strides in our borrower assistance efforts and in preventing foreclosures, which we view as a last resort. We've reduced payments for struggling homeowners by about \$1 billion annually. Since 2009, Chase has prevented about 750,000 foreclosures, which is twice the number of foreclosures that we've acted upon.

During the past two years, we opened 82 Chase Homeownership

Centers across the country, where we meet with customers one-on-one to discuss their options and foreclosure alternatives, including loan modifications. Six of those centers are near military bases, staffed by loan counselors trained in military issues.

**Commitment to the Business**

We are committed to the mortgage business and committed to returning the business to profitability over the long term for the firm and our shareholders. We believe normalized earnings should be about \$2 billion, and we have the team and a plan to get us there.

We're continuing to hire loan officers and introduce technology that will allow us to more closely monitor the application process, making it easier for our customers to purchase and refinance homes. This year, we expect a modest recovery in the purchase market and continued strong refinancing activity, and I'm confident we'll be able to earn more business.

A mortgage is more than a loan; it's a lasting connection to a customer. Helping customers achieve and maintain homeownership is a responsibility and a great privilege. I am proud of the work we are doing to rebuild this business and I am honored to have this oppor-

tunity to help Americans affected by the crisis. While we are far from finished, our employees are on a mission to help customers purchase and remain in their homes. It's a mission I know we will accomplish.

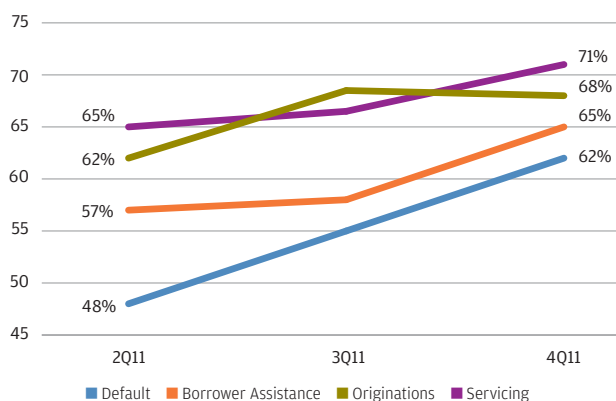


Frank Bisignano,  
Mortgage Banking CEO,  
Chief Administrative Officer,  
JPMorgan Chase

## 2011 Highlights and Accomplishments

- Ranked #2 in originations at year-end, #4 in home equity originations and #3 in servicing:
  - Increased retail market share to 12.6%, up 28% from 2010 and the largest increase among the top 10 lenders
  - Ranked #5 in the J.D. Power and Associates 2011 U.S. Primary Mortgage Origination Study, the highest rating for a large bank and the biggest improvement of any lender
  - Increased loan officers by 23% in 2011
  - Funded approximately 670,000 mortgages for home purchases since 2009
  - Reduced customer complaints by more than 60% from their peak in May 2011
  - Serviced 8 million mortgages and \$1.2 trillion in volume
- Prevented twice as many foreclosures as were acted upon:
  - Met with more than 273,000 struggling homeowners and held 1,800 borrower outreach events
  - Increased foreclosure alternatives 22% year-over-year
  - Completed 452,000 mortgage modifications since 2009
- Completed more than 1 million mortgage refinancings since 2010
  - Increased modifications by 38% per month and short sales by 43% per month
- Consolidated three servicing platforms, providing one Chase system and one way to service customers
- Received approval from the Office of the Comptroller of the Currency on our plan to address Consent Order requirements

**Overall Satisfaction with Mortgage Banking**  
Customers who rate Chase a 9 or 10 on a 10-point scale (score in percentage)



Source: Based on internal survey process



## Card Services & Auto

After a difficult few years following the financial crisis, Card Services & Auto is now in an exciting time of growth. We made investments in new products, services and technologies that are paying off in higher market share and an improving customer experience.

The challenging economic environment makes what we do, helping customers manage their financial lives, more important than ever. Since 2009, we increased new accounts by 25%<sup>(a)</sup> across our co-brand and Chase-branded products by offering the right products and services to people at the right stage of their lives. Sales from these new accounts were up an impressive 98%<sup>(a)</sup> over the same two-year period.

We continued to see encouraging trends in increased consumer spending in 2011, a sign of what we hope is a more sustained economic recovery. Across all merchant categories, fourth quarter 2011 spending was up 14%<sup>(b)</sup> from the prior year, with higher-than-average increases in dining (20%)<sup>(b)</sup> and travel (15%)<sup>(b)</sup>.

We also added new features to our products across segments:

- We improved our rewards products, including Chase Freedom<sup>SM</sup> and Chase Sapphire<sup>SM</sup>, providing even more value. We launched Chase Sapphire Preferred<sup>SM</sup>, giving customers two points for every dollar they spend on dining and travel, along with other new features and benefits.

- Our co-brand partnerships focused on some of the world's top brands, like Hyatt Hotels Corporation and The Ritz-Carlton Hotel Company. We also added "pay with points" functionality to our Amazon.com Rewards Visa<sup>®</sup> card so customers can use their rewards instantly. We extended our long-standing relationship with United Airlines<sup>®</sup> as the sole issuer of the United MileagePlus<sup>®</sup> co-brand card. Together, we introduced the United MileagePlus<sup>®</sup> Explorer card, which targets rewards-oriented consumers with new travel benefits such as priority boarding, airport lounge passes and a free checked bag.

- As the first U.S. bank to offer credit cards with embedded micro-chips, we made it easier for our customers who travel internationally to use our J.P. Morgan Select, J.P. Morgan Palladium, British Airways and Hyatt cards. Along with a magnetic stripe, the cards feature EMV chip-with-signature technology, making them extremely difficult to copy. The technology is widely used in Europe, Canada, and regions of Africa and Asia, among other locations.

- Chase Blueprint<sup>SM</sup>, our program that allows cardholders to manage how they pay down balances, continues to attract customers who want more control over their personal finances. With more than 2 million Blueprint plans in place, customers are paying down their balances twice as fast as average consumers.

- We launched Jot<sup>SM</sup>, a new mobile application created exclusively for Ink<sup>SM</sup> from Chase, to help cardholders organize and track business expenses.

### 2011 Results: Strong Earnings, Lower Risk

Card Services & Auto ended 2011 with improvements across all consumer segments. Total outstanding loan balances are lower than a year ago, but the portfolio has shifted toward customers with a lower risk profile. This is consistent with our strategy to focus on lifelong, quality relationships with engaged customers.

Across our business, net income was \$4.5 billion, up 58% from \$2.9 billion in 2010. Pretax income was \$7.5 billion, also up 58% from \$4.7 billion in 2010.<sup>(c)</sup> The improvement was driven by a lower provision for credit losses.

We opened 8.8 million<sup>(d)</sup> new credit cards for consumers and businesses in 2011. Card Services sales volume for the year was 13%<sup>(e)</sup> higher than 2010, and our market share continues to grow. General purpose credit card (GPCC) share increased 151 basis points<sup>(f)</sup> from 2009 to 2011. The higher sales are beginning to translate into higher Card Services loans outstanding: Loans grew 1% quarter-over-quarter in the third quarter of 2011 and 4% in the fourth quarter of 2011.

Chase Paymentech and Auto continued to perform well in 2011. At Paymentech, bank card volume continued to outperform the industry. The number of transactions increased 19% from 20.5 billion to 24.4 billion. Chase branches are acquiring new Paymentech merchants, with more than 34% of new signings coming through branch referrals. Auto, which joined our business in July, had its best year ever.

**2012 Priorities: Innovation, Superior Service as Part of One Chase**

For 2012, we are once again targeting 20% return on equity.

We will continue our focus on customers, rewards, brand and execution in 2012 with an emphasis

on mobile and online innovation and the One Chase customer experience.

First, innovation continues to be a top priority for everyone, especially in mobile and online. I'm pleased to report that chase.com is the #1 most-visited banking website. Our customers spent more than \$85 billion online during 2011, making Chase one of the largest e-commerce players in the United States. Online is already our most important channel by far.

Second, we are confident that we have the best products in the market. We need to ensure that we also provide the best service in the industry. Delivering a consistently outstanding experience for customers across Chase is the best way to sustain growth. We are making excellent progress, but we still have room to improve. In Card

Services, our overall customer satisfaction increased by 10 percentage points in 2011.

I am extremely encouraged by the success we've had and am even more enthusiastic about the future of this business. As we continue to execute on our strategy, we can deliver strong performance and value for our shareholders over the long term by focusing on the needs of our customers.

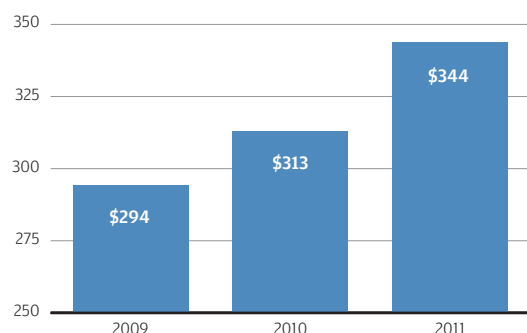


Gordon Smith  
CEO, Card Services & Auto

## 2011 Highlights and Accomplishments

- Credit card loans climbed in the second half of 2011 and rose 4% in the fourth quarter from the previous quarter
- Card Services' sales growth of 13%<sup>(e)</sup> year-over-year in 2011 on top of a strong 2010 indicates sustained and robust growth
- Chase Paymentech is the third-largest merchant acquirer in the United States and processed 24.4 billion transactions with 18% year-over-year growth in sales volume
- Credit card net charge-off rate declined from 9.73% in 2010 to 5.44% in 2011. Similarly, delinquency rates also came down
- United MileagePlus® and Southwest Rapid Rewards® were added as Ultimate Rewards<sup>SM</sup> point transfer partners. Chase Sapphire Preferred<sup>SM</sup>, Ink Plus<sup>SM</sup> and Ink Bold<sup>SM</sup> are the only cards in the marketplace that allow instant point transfers to MileagePlus and Southwest Rapid Rewards, as well as other frequent traveler programs
- Opened 8.8 million<sup>(d)</sup> new credit card accounts for consumers and businesses
- \$21 billion in auto originations in 2011

**Sales Volume**  
(\$ in billions)



(a) Excludes terminated partners  
 (b) Based on internal Chase data; excludes WaMu, International and private label portfolios  
 (c) Excluding the reduction in the allowance for loan losses, pretax income increased from a loss of \$1.4 billion to income of \$3.6 billion with an upward trajectory each quarter in 2011  
 (d) Excludes Commercial Card portfolio  
 (e) Excludes Kohl's and Commercial Card portfolios  
 (f) GPCC includes consumer, small business and charge card but excludes commercial and private label cards; Chase data excluding WaMu

# Commercial Banking



When I joined the Commercial Banking team a year and a half ago, I had the good fortune to join an organization with an outstanding track record; a tremendous culture; and a focused, long-term strategy – a legacy of Todd Maclin’s nine years of leadership. Above and beyond Commercial Banking’s best-in-class franchise, I am continually impressed by the depth of so many of our long-standing client relationships and the difference we make in our communities.

As a business, we are guided by our objectives to expand and deepen client relationships, invest consistently in our franchise, and maintain our risk and expense discipline. As bankers, we operate according to the fundamental principles of the firm, which include putting our clients first and adhering to the highest standards of integrity. This combination helped us add clients and expand geographically in 2011

while delivering very strong financial results despite persistent economic challenges and historically low interest rates.

## 2011 Results: Another Record Year

In 2011, we delivered record revenue of \$6.4 billion and record net income of \$2.4 billion, up 6% and 14%, respectively. Deposits grew by 26% over 2010, and loans were up 13% with all business units generating loan growth. Our credit performance continued to improve with non-performing loans and net charge-offs now trending to pre-crisis levels.

We are proud to have extended \$111 billion in new and renewed financing to our clients in 2011, up from \$92 billion in 2010. In 2011, Corporate Client Banking, which serves Commercial Banking’s larger corporate clients, grew loans by 43%, and Middle Market Banking increased loans by 17%. These loans helped our clients, including more than 700 government, not-for-profit, healthcare and educational institutions, achieve their business goals such as purchasing equipment and owner-occupied real estate, refinancing existing debt and funding capital expenditures. Our Community Development Banking efforts brought over \$900 million in capital to underserved communities through New Markets Tax Credit investments and helped create and retain more than 9,500 units of affordable housing in the United States.

We also made significant investments in our business to differentiate our capabilities, deliver exceptional service to our clients, and support our foundation for growth. We hired employees, opened offices

both domestically and abroad, and invested in our technology and infrastructure, all while reducing our overhead ratio to 35% and increasing our return on equity to 30%. In short, 2011 was a terrific year.

## 2012 Priorities: Organic Growth

We enjoyed growth across Commercial Banking in 2011, but our four key growth areas remain an important focus for 2012.

**U.S. Market Expansion** – In May 2011, only two years after we began our Middle Market expansion in regions where WaMu had a presence, we achieved positive operating margin in those markets – and we have significantly more revenue potential. California and Florida remain our biggest opportunities, and we continue to gain share in those states. We also are expanding in areas outside our retail branch network with an aim to be a leading commercial bank in 40 of the top 50 metropolitan areas. I am proud of the way we are expanding – we are building strategically, with patience and discipline, while maintaining our culture and credit acumen.

**Investment Banking** – Our partnership with the Investment Bank remains a tremendous differentiator, generating a record \$1.4 billion in revenue in 2011. With additional dedicated resources in place and a partnership that now is stronger than ever, we are finding new ways to scale the firm’s capital markets, risk management and advisory solutions to more of our Commercial Banking clients. I am confident that we are on track to meet our goal of \$2 billion in gross investment banking revenue within the next five years.

**International Banking** – We are observing a powerful trend in overseas activity among U.S.-based small and medium-sized enterprises. We now have more than 2,500 U.S. clients using our international treasury and foreign exchange solutions. This number has grown approximately 20% each year since we launched this business six years ago, and I believe it will continue to grow. With our firm’s resources and capabilities, we are one of the few banks able to meet the needs of these companies as they expand overseas.

**Commercial Real Estate** – Our real estate businesses reported sharp increases in loan production in 2011 with Commercial Term Lending up to \$8 billion from \$2 billion in

2010 and Real Estate Banking up to \$6 billion from \$1 billion in 2010. Market fundamentals are favorable, and our portfolio is in excellent shape. While we expect our Commercial Real Estate businesses to continue performing well, we, as always, are monitoring market conditions carefully to manage the cyclical risks inherent in real estate lending.

We have strong momentum in each of these four areas, and we are confident of our ability to meet our growth targets. Nevertheless, growth should not come at the expense of discipline. We will continue to operate our business responsibly and transparently while relentlessly managing our controls and operational and reputational risks. These are central tenets of our operating philosophy.

As was the case in 2011, the market environment likely will remain challenging in 2012, and competition for the best clients again will be fierce. However, our strong national leadership team, skilled and professional employees, and the scale of the JPMorgan Chase platform paired with our local delivery capabilities give me confidence that Commercial Banking will sustain its outstanding track record. I am proud to be on this team and believe that our best days are ahead.



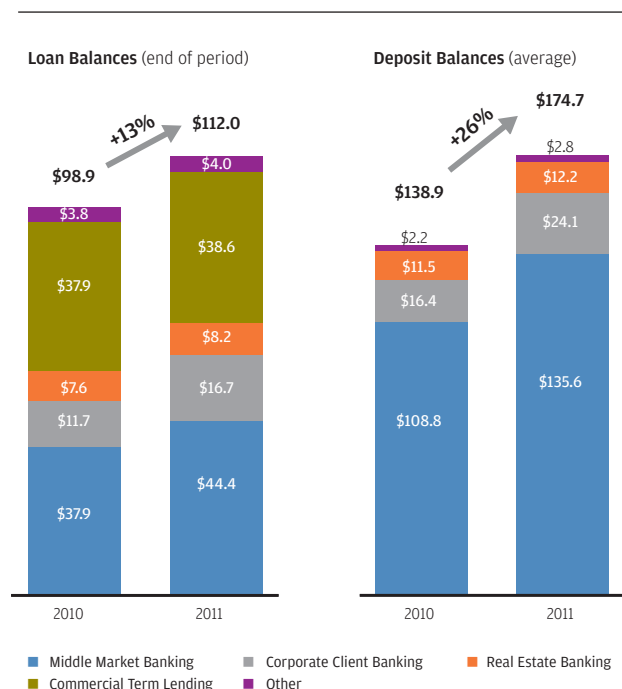
Douglas Petno  
CEO, Commercial Banking

## 2011 Highlights and Accomplishments

- Produced record net income of \$2.4 billion, grew deposits 26% year-over-year to a record balance of \$175 billion and increased loans 13% year-over-year with six consecutive quarters of loan growth
  - Extended more than \$1.7 billion of new loan and lease commitments to clients through the Lending Our Strength program
  - Increased Commercial Banking M&A fees by 57% over 2010
  - Won more than 110 bookrunner roles on syndicated lending transactions
  - Added more than 1,200 Middle Market clients
  - Increased International Banking revenue by 41% over 2010
  - Integrated the Citi portfolio acquisition into the Commercial Term Lending business unit
  - Achieved the highest return on equity in our peer group<sup>(a)</sup> at 30%
  - Achieved the lowest overhead ratio in our peer group<sup>(b)</sup> at 35% and continued to outperform peers in credit quality with the lowest net charge-off ratio and nonperforming loan ratio
  - Maintained our ranking as the nation’s #1 multifamily lender<sup>(c)</sup> and within the top three middle market syndicated lenders<sup>(d)</sup>
  - Recognized for our leadership in Middle Market Banking by earning Greenwich Excellence Awards in financial stability, investment banking and international banking<sup>(e)</sup>
- (a) Return on equity peer average reflects Commercial Banking equivalent segments at BAC, KEY, PNC, USB  
 (b) Peer averages include CB-equivalent segments or wholesale portfolios at BAC, CMA, FITB, KEY, PNC, USB, WFC  
 (c) Federal Deposit Insurance Corporation, 12/31/11  
 (d) Thomson Reuters, 2011  
 (e) Greenwich Associates, 2011

### Steady Growth in Revenue and Profitability Driven by Increase in Loans and Deposits

(\$ in billions)





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# J.P. Morgan

## Seamless Delivery



From left to right:

Jes Staley,  
*CEO, Investment Bank*

Mary Callahan Erdoes,  
*CEO, Asset Management*

Mike Cavanagh,  
*CEO, Treasury & Securities Services*

J.P. Morgan is one of the financial industry's outstanding global wholesale franchises. As leaders in each of our businesses – the Investment Bank, Asset Management and Treasury & Securities Services – we serve many of the world's most successful corporations and individuals.

Large multinationals and emerging companies, institutional investors and individuals all turn to J.P. Morgan for capital, insights and solutions to address the opportunities and challenges that arise in today's rapidly evolving global economy.

Over the past decade, despite global crises, world commerce has evolved at a remarkable pace. Today, multinational corporations operate in many large, new markets that, in aggregate, dwarf the revenue potential of the mature economies in Western Europe and the United States; developing market financial assets account for 20% of the global total after years of double-digit increases.

Through sustained investment and strong execution, J.P. Morgan has developed unparalleled scale and capabilities to partner globally with clients to enable them to realize diverse financial and strategic goals.

Last year, while serving more than 25,000 institutional clients headquartered in 170 countries and over 5 million individuals, we cleared 20% of the world's dollar transactions, raised more debt and equity capital than any other firm (\$430 billion), provided custody for nearly \$17 trillion of assets and supervised nearly \$2 trillion of investment assets.

J.P. Morgan's aggregate revenue totaled \$43.5 billion,\* roughly half from international sources, mirroring worldwide trends.

Although we already are well positioned for the future, we are adding new dimensions to our capabilities. For example, more Investment Banking clients are using the expertise we've developed in Treasury & Securities Services to streamline their own treasury activities to achieve greater efficiency in diverse operating and regulatory environments around the world.


We are taking bold steps to improve coordination of complementary activities across our lines of business that will grow revenue and strengthen customer relationships. The Global Corporate Bank, a partnership between Treasury & Securities Services and the Investment Bank that began in 2010, targets approximately 3,500 corporate, financial and public sector clients for intensive coverage by a dedicated team of banking and treasury professionals.

The Global Corporate Bank is on track to deliver more than \$1 billion in annual pretax earnings by 2015. Similar ventures are under way involving Asset Management, Commercial Banking and other lines of business. In 2011, revenue synergies attributed to these activities were approximately \$3 billion in the Investment Bank, \$1 billion in

Asset Management and \$3 billion in Treasury & Securities Services, and, in our opinion, we've just scratched the surface of what's achievable.

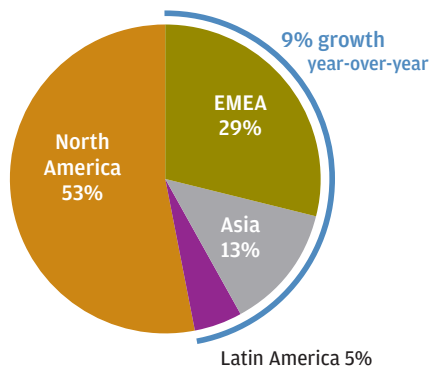
In addition, we launched another strategically important initiative across our businesses – "Value for Scale" – to eliminate unnecessary complexity, improve communication, and optimize shared and shareable resources. This promises substantial cost savings, further focuses attention and resources where they are most productive, and greatly enhances the quality of our work and client effectiveness.

Although we've really just begun, it's our belief that we're on a path to transform the way global wholesale banking business is conducted, delivering better results for our clients and ultimately more profits for our shareholders. This ambition wouldn't be possible without the efforts and shared vision of the 72,000 extraordinary employees throughout our organization whom we are privileged to lead.



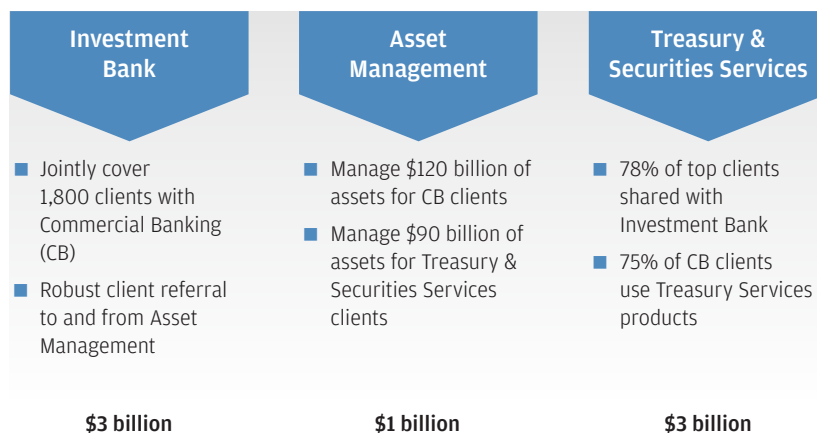
Jes                  Mary                  Mike

## J.P. Morgan Revenue\*



2011 total: \$43.5 billion

## Revenue Synergy Examples



\* Includes Investment Bank, Asset Management and Treasury & Securities Services

## Investment Bank

In 2011, J.P. Morgan enabled approximately 21,000 issuer and investor clients in over 130 countries to raise capital, invest and implement each client's unique financial and corporate strategies.

Successful execution, risk management and expense discipline produced near record net income for shareholders. We also maintained or improved our leadership position in most major markets and regions. We achieved these strong results even while market sentiment gradually deteriorated from cautious optimism in the first half of 2011 to pronounced anxiety by year-end, affecting transaction volumes and backlogs.

The U.S. debt ceiling impasse, sovereign downgrades, Eurozone instability, a developing markets slowdown and Mideast turmoil are a few examples from the growing list of major issues facing governments – and investors – that undermine confidence in the world recovery. Frenetic financial rulemaking by authorities in diverse venues around the globe also added a special dose of uncertainty to markets.

### 2011 Results: Strength in a Challenging Year

The Investment Bank (IB) once again made a significant contribution to firmwide results, delivering revenue of \$26 billion with net income of \$6.8 billion – our second best year ever. This 17% annual return on equity (15% excluding Debit Valuation Adjustment (DVA) – the effect of wider JPMorgan Chase credit spreads) is in line with multiyear targets that were set some time ago.

Our client flow business, relative to risk, has never been better. Equities, Fixed Income and Commodities contributed more than 75% of IB total revenue. At \$20 billion, aggregate revenue in these businesses is nearly double pre-crisis levels. Equities, Commodities and Electronic Equities all achieved near or record revenues. In addition, our Fixed Income franchise retained its #1 revenue ranking for the second year in a row.

The acquired Sempra assets were fully integrated into our Commodities platform; we're now one of the top three firms in this profitable and highly competitive global industry.

In addition to strong financial results, we made progress on several strategic objectives. We eliminated regional silos and appointed a global head of Investment Banking to manage industry coverage, capital markets origination, and mergers and acquisitions worldwide. This move accelerates collaboration, streamlines reporting, and greatly improves resource allocation, client service and talent development.

Internationally, wholesale activities across lines of business – Asset Management, Treasury & Securities Services (TSS) and Investment Banking – now are supervised through an International Steering Committee chaired by Mary Erdoes, Mike Cavanagh and myself.

The Global Corporate Bank (GCB), less than two years old, at year-end achieved incremental international revenue exceeding \$600 million. The GCB targets a subset of multinational clients for enhanced coordina-

tion and cross selling of TSS and IB products by a dedicated cadre of 250 bankers in offices around the world.

To better serve the needs of clients in Europe and the Middle East, we opened branches in Poland and Qatar, expanded banking capabilities in Saudi Arabia and launched an EMEA Prime Brokerage platform that created a solid pipeline of new clients.

In Asia, our joint venture with China Securities yielded impressive results in its first year. The joint venture launched its business operations, completed its first sole underwriting and was awarded Foreign Bank of the Year by *China Business News*.

The IB's technology Strategic Reengineering Program generated significant efficiencies and savings. Since 2008, we've decommissioned 28 overlapping systems, realizing direct run rate savings of roughly \$175 million.

We've retained 98% of our top talent while managing through industry-wide adjustments in the structure and level of compensation. Our scale, sustained investments in career development and franchise strength are strong advantages in the war for talent. The Investment Bank's compensation to revenue ratio is one of the best in our industry.

### 2012 Priorities: Clients, Value for Scale, Regulatory Leadership

A vigilant focus on clients' long-term interests always has been our top priority. We are finding new ways to harness the resources at JPMorgan Chase for Investment Bank customers.

We recently launched a Value for Scale initiative that will centralize areas of expertise that support TSS and the Investment Bank. By merging teams and streamlining systems, we improve efficiency and enhance employee specialization. Most important, our clients' strategic objectives gain greater visibility across the firm, allowing professionals to share their knowledge and experience more effectively and to create additional value.

Our partnership with Asset Management's Private Bank improves coverage of private and closely held firms and their owners. This opportunity, similar in concept to the GCB, will lead to

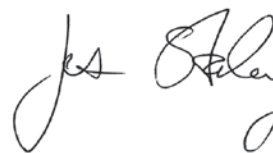
increased activity with thousands of clients worldwide. Close cooperation between the IB and the Private Bank also will strengthen the firm's presence in growth markets where family-owned firms predominate.

As rulemaking moves toward implementation in the United States and Europe, we will add more resources to expand our already considerable engagement with regulators to help them achieve the best outcome for clients and markets.

Our industry will adapt to new rules and capital costs. Markets will recalibrate the pricing of risk, and, together with clients, we will find the most efficient path toward recovery through the thicket of

global challenges. We are fortunate to be able to serve during such an exciting and transformative era.

Few, if any, other global firms have commensurate financial strength, talent and tools. In this environment, our resources will be particularly useful to clients and being a part of J.P. Morgan will be especially satisfying for all who work here.

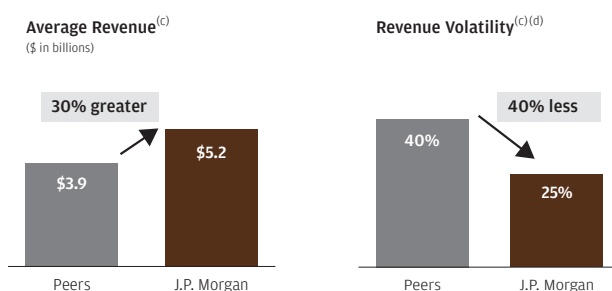


Jes Staley  
CEO, Investment Bank

## 2011 Highlights and Accomplishments

- 2,500 sales professionals, 2,000 traders, 2,000 bankers and 800 research analysts serve clients around the world
- Executed 271 equity transactions,<sup>(a)</sup> including lead bookrunner on Mosaic's \$7.5 billion equity offering – largest ever U.S. natural resources equity offering
- Advised clients on 332 announced mergers and acquisitions globally, including six of the year's 10 largest transactions, and achieved 18% market share<sup>(a)</sup>
- 110 trading desks around the world execute, in an average quarter<sup>(b)</sup>:
  - 5 million foreign exchange spot/forward transactions
  - 30,000 interest rate swaps
  - 10 billion North American equity shares
- Global Corporate Bank increasing revenue with multinational corporations<sup>(b)</sup>:
  - IB Markets: +29% year-over-year
  - Treasury Services: +22% year-over-year
- Market leadership in Banking, Equities and Fixed Income:
  - Top three firm in 13 of 16 major business segments<sup>(b)</sup>
  - Retained #1 global IB fee ranking, with 8% market share<sup>(a)</sup>
- Helped clients raise \$430 billion of capital globally<sup>(a)</sup>:
  - More than \$390 billion in debt
  - Around \$43 billion in equity
- Led the market in arranging or lending approximately \$440 billion in 1,204 transactions<sup>(a)</sup>
- Raised or provided \$68 billion in capital for U.S. state and local governments, not-for-profits, healthcare organizations and educational institutions<sup>(b)</sup>
- For second consecutive year, won U.S. Equity and Fixed Income polls in *Institutional Investor's* All-America Research survey

Over the last 12 quarters, J.P. Morgan's average markets revenue has been 30% greater than its peers, with 40% less volatility over the same period



(a) Dealogic  
(b) Internal reporting  
(c) Revenue excludes DVA; includes eight IB peers  
(d) Volatility equals standard deviation as a percentage of the period average



# Treasury & Securities Services

In 2011, Treasury & Securities Services (TSS) made solid progress toward a long-term performance target that is unchanged – a 25% return on equity (ROE), which equates to a 35% pretax margin. Although the operating environment continues to be a serious challenge for our profitability, I am proud of what we accomplished in 2011, and I could not be more confident about where the business is headed.

J.P. Morgan is a leading global provider of both treasury and securities services – and we have the capacity to continue investing to advance that market leadership as demand for these services grows.

From any angle, this is a great business to be in. We provide essential financial functions like trade finance and securities servicing that keep global commerce and financial markets running. The business generates steady earnings, good margins and high return on capital. These are businesses that are built over decades and require huge scale – making for high barriers to entry.

TSS delivers services that are integral to the development of strong, long-term client relationships across the firm's institutional businesses. In fact, nearly 80% of TSS' top clients are shared with the Investment Bank – underscoring this unique

attribute of the J.P. Morgan franchise. Our expanding partnership with the Investment Bank already is yielding good results, and there's a great deal more potential to be realized. From a firmwide perspective, TSS is a significant source of liquidity, providing an average of roughly \$320 billion in deposit<sup>(a)</sup> balances in 2011.

## 2011 Results: Revenue and Net Income Up, with Meaningful Increase in International Revenue

In 2011, TSS reported net income of \$1.2 billion, up 12% from 2010, and a return on equity of 17%. Net revenue was nearly evenly divided between each business: \$3.9 billion in Worldwide Securities Services (WSS) and \$3.8 billion in Treasury Services (TS).

Our investment in global expansion yielded positive results: International revenue rose 17% and comprised 55% of total revenue, up from 49% in 2010. In WSS, 62% of revenue was generated outside North America, and 47% of TS revenue came from outside North America.

These increases resulted from expanded capabilities in more than 20 countries and the efforts of our 250-strong (and growing) team of Global Corporate Bankers who drive coordinated client planning with the Investment Bank and Asset Management.

I feel good about this performance, especially given our continued investment in capabilities and the low interest rates that compress the spreads we earn on client balances. But these results are still below our potential to earn, given the inherent strengths of the business. I'm confident that we can and will do better as we pursue our growth and efficiency priorities.

## 2012 Priorities: Continued Investment and Collaboration to Propel Global Growth

Our franchises are strong and well-positioned to capture the opportunities presented by macroeconomic trends. In TS, continued growth in cross-border commerce and trade is driving demand for global cash management and trade finance capabilities. In WSS, continued development of international capital markets and growth in cross-border investment will increase investor client needs for global custody and other securities services.

Our collaboration with the firm's other wholesale businesses distinctively positions J.P. Morgan to support our clients' global objectives. For example, our partnership with the Investment Bank enables us to provide custody for its prime brokerage clients and trade finance

(a) Deposit balances for TSS are shown on an average basis and include deposits, as well as deposits that are swept to on-balance sheet liabilities (e.g., commercial paper, federal funds purchased, time deposits and securities loaned or sold under repurchase agreements) as part of customer cash management programs

for its commodities clients. And while capital and other regulatory requirements are forcing some competitors to rethink their business strategies, our balance sheet and capital strength allow us to focus on our clients, providing credit where needed while we invest in our own business to better serve theirs.

Our continued investment in international expansion – which is aligned with the aggressive global growth agendas of our clients – presents an opportunity for significant growth over the long term. TSS has relationships

with 84% of global Fortune 500 companies, yet we have plenty of room to deepen our partnerships with them.

Our disciplined efforts begun in 2011 – to eliminate non-core, non-strategic businesses, manage expenses better and be more deliberate about client selection – will allow us to continue to invest in our business and to improve clients' experiences with us.

We believe the combination of these factors plus interest rate normalization will enable us to reach our stated pretax margin target of 35% and 25% ROE. As markets and regulatory

environments continue to change radically and rapidly, TSS remains committed to providing the strength, stability and resources of our firm to enable our clients to succeed.



Mike Cavanagh  
CEO, Treasury & Securities Services

## 2011 Highlights and Accomplishments

### Exceptional Client Franchise

- Treasury Services does business with 84% of Fortune 500 companies
- Worldwide Securities Services does business with 86% of top 50 global asset managers

### Treasury Services Highlights

- #1 global clearer of U.S. dollars
- Best Trade Bank in the World, *Trade & Forfeiting Review*, 2011
- Best Transaction Banking Business in Asia Pacific, *The Asian Banker*, 2011
- Global Bank of the Year for Risk Management, *Treasury Management International*, 2011

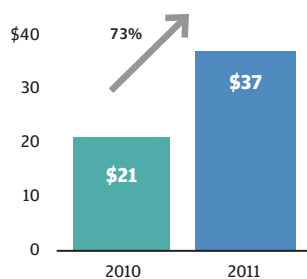
### Global Presence

- Treasury & Securities Services has roughly 28,000 employees in more than 50 countries
- 55% of TSS revenue was generated outside North America in 2011, up from 49% in 2010
- Treasury Services conducts business in 66 countries; in 2011, international revenue grew 22%
- Worldwide Securities Services conducts business in 100 markets; in 2011, 62% of revenue was generated outside North America

### International Growth

- TSS expanded its capabilities in more than 20 countries in 2011, including Japan, Russia, Saudi Arabia, the Nordic countries, South Africa, Mexico and Brazil
- TSS opened three new offices in 2011: Panama, Qatar and our sixth branch in China (Harbin) and received permission for another one in Suzhou
- Built trade finance capabilities in nine countries, including Brazil, Mexico and Japan
- Launched Direct Custody and Clearing in Brazil
- Trade finance loans rose 73% in 2011; 96% of trade assets are international

Trade Loans Up \$16 Billion  
(\$ in billions)



### Worldwide Securities Services Highlights

- Record \$16.9 trillion assets under custody
- Ranked #1 of the five largest providers, *Global Custodian*
- Best Global Custodian, *Asian Investor*, 2011
- Worldwide Securities Services ranks #1 in Luxembourg and #3 in Dublin offshore fund centers

# Asset Management

For more than 175 years, J.P. Morgan Asset Management has been managing assets for institutions and individuals around the world. While 2011 presented many new challenges for investors, our approach remained the same: Rely on research, incorporate our collective years of experience in developed and emerging markets, and rigorously manage risks.

As global markets and economies continue to become interconnected and clients increasingly require global solutions combined with local expertise, J.P. Morgan is uniquely positioned to be the first call. Our teams in more than 30 countries bring together global macro and region-specific insights to help our clients for the near and long term.

Our Investment Management and Private Banking franchises are built on a fiduciary-minded foundation that puts a relentless focus on highly disciplined investing and generation of long-term investment outperformance. Our time-tested portfolio management skills, combined with our company's capital markets expertise, fortress balance sheet and risk management culture, led clients to invest more with us this year than ever before, resulting in a record 2011.

## 2011 Results: Continued Momentum in a Challenging Environment

On the whole, 2011 was a very strong year, but our results were even more gratifying in the context of a challenging geopolitical backdrop and volatile market environment. Some of the highlights include:

**Strong and Steady Financial Performance** – Asset Management produced record revenue of \$9.5 billion, up 6%. While revenue growth came from almost every region and major asset class, it was particularly strong in our international and alternatives businesses, which were up 12% and 17%, respectively. Net income of \$1.6 billion was down due in large part to continued investments in front office talent and new technology initiatives.

Clients continued to put their confidence in J.P. Morgan Asset Management, entrusting us with \$53 billion in net new long-term assets for the year. We marked our 11th consecutive quarter of positive inflows. We also experienced record loan growth, up 31% to \$58 billion; deposit balances, up 38% to \$127 billion; and mortgage production, up 40% to \$15 billion. We ended the year with record assets under supervision of \$1.9 trillion.

**Robust Investment Performance** – The foundation of any asset management business is its ability to consistently outperform the benchmark and the competition. I'm proud to report that 78% of our mutual funds are in the first or second performance quartiles over the past five years. This track record has translated into positive flows into virtually every asset class and resulted in industry-leading growth rates in long-term assets under management flows.

**Leading Provider of Alternative Solutions** – J.P. Morgan has long been a pioneer in providing alternative solutions to clients who want to invest in private equity, real assets and hedge funds. In 2011, our Alter-

natives revenue grew by 17% as the business achieved several successes, including being ranked as the second-largest hedge fund manager by *Absolute Return* magazine. Together with our partners at Gávea Investimentos, we completed the largest-ever private equity fundraising in Brazil with the Gávea Investment Fund IV, making us the largest private equity manager in that country. We also launched the J.P. Morgan Digital Growth Fund; continued building out our Global Real Assets, Private Equity and Highbridge franchises; and maintained our leadership in advising clients on accessing other alternative asset managers.

**Invested in Our Future** – Our laser-focus on managing expenses and uncovering operating efficiencies enables us to reinvest in our business, create new investment capabilities (we increased our investment professionals by 4%), enter new markets (we opened five new offices) and exploit untapped distribution channels (we increased our client-facing professionals by 8%). Over the past year, we have invested more than \$400 million in new people, systems, technologies and platforms to grow our market-leading positions for years to come.

**Improved Market Share** – Through the growth of our distribution network, we gained market share in a number of areas, including becoming the first bank-owned asset manager to be among the top 10 (#7 to be exact) in U.S. mutual fund assets under management and ranking #2 in U.S. mutual fund flows. We also generated a compound annual growth rate of 16% for international revenue across our division over the past two years.

## Strategic Priorities for 2012: Innovate, Invest and Protect

We remain committed to providing superior investment returns for our clients through active asset management, as we have for decades.

We recently celebrated the 25th anniversary of one of our leading equity products, our Research Enhanced Index portfolio (REI 250). This unique accomplishment is the result of a long-standing dedication to fundamental company research. REI 250 has outperformed the S&P 500 over the 3-, 5-, 10-, 15-, 20- and 25-year periods. Our dedication to local research combined with continuous innovation enables us to constantly adapt our approach and navigate portfolios through time.

We will continue to invest in providing global and local solutions to our clients around the globe. We have the world's leading Private Banking franchise, and we are committed to gaining market share by adding front-line bankers and client advisors in the locations where clients need us most and by developing solutions that give clients around the world the exposure they seek.

As we have expanded our business internationally, so have our partners in the Investment Bank and Treasury & Securities Services. Working together, we have a tremendous opportunity to provide clients across J.P. Morgan with a complete array of solutions that spans both their corporate and personal balance sheets.

All the energy we direct at searching for opportunities to invest results in an equal amount of energy being focused

on managing risks and protecting clients' interests. Although new regulations will result in many changes in the industry, we anticipate managing through the issues presented while maintaining our client-first approach.

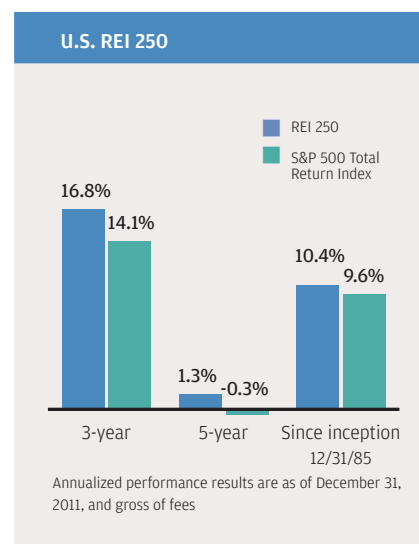
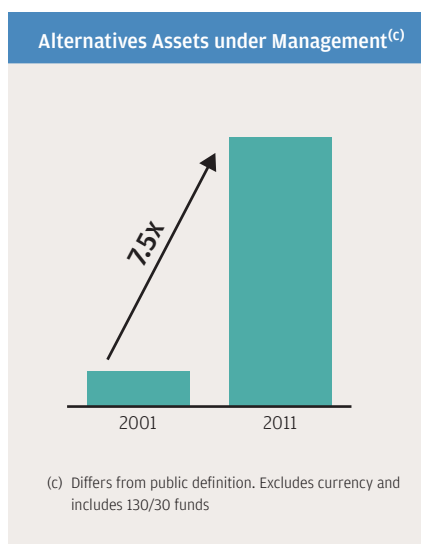
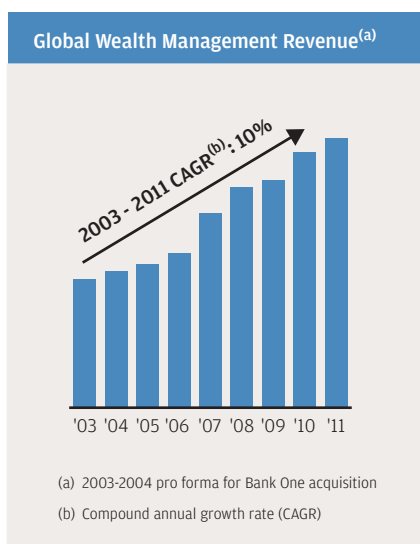
I know I speak for all of my partners in Asset Management when I say we are excited about the opportunities ahead for our business, and we look forward to delivering the returns JPMorgan Chase shareholders expect from us while always doing first-class business in a first-class way.



Mary Callahan Erdoes  
CEO, Asset Management

## 2011 Highlights and Accomplishments

- #1 Ultra-High-Net-Worth Global Private Bank, *Euromoney*
- Leading Pan-European Fund Management Firm, Thomson Reuters
- Best Global Brand in Private Banking, *Financial Times*
- Gold Standard Award for Funds Management in the United Kingdom for nine years in a row, Incisive Media
- Second-largest recipient of U.S. total net mutual fund flows, *Strategic Insight*
- #1 U.S. Real Estate Equity and Infrastructure Money Manager, *Pensions & Investments*
- Asset Management Company of the Year in Asia and Hong Kong, *The Asset*





# Corporate Responsibility



From left to right:  
Kimberly Davis,  
*President, JPMorgan Chase Foundation*  
Mel Martinez,  
*Chairman, JPMorgan Chase Foundation*  
Peter Scher,  
*Head of Corporate Responsibility*

## 2011 Highlights and Accomplishments

### Growing Our Economy

- Earned the position as #1 Small Business Administration lender by volume in the country. We lent more than \$17 billion to small businesses in 2011, up more than 52% from 2010 and 135% from 2009. We made nearly 400,000 new small business loans in 2011, up 45% from 2010.
- Demonstrated our commitment to investing in the future of the communities where we operate. In the United States, we hired more than 17,000 people in 2011.
- Launched The Brookings JPMorgan Chase Global Cities Initiative with a \$10 million commitment to The Brookings Institution to help the 100 largest U.S. metropolitan areas become more competitive in the global economy.

### Giving Consumers New Tools

- Became the first large bank to adopt The Pew Charitable Trusts' model disclosure form that uses everyday words in a consumer-friendly format.

### Strengthening Communities

- Invested \$1.4 billion in loans and nearly \$1 billion in equity to build or preserve more than 19,500 units of affordable housing for low- and moderate-income families in over 80 U.S. cities. We also provided more than \$350 million in loans and \$46 million in donations to top-tier Community Development Financial Institutions and other intermediaries to support affordable housing, schools, healthcare clinics and small businesses.
- Donated more than \$200 million in philanthropic support to not-for-profits in our communities, and our employees provided nearly 375,000 hours of volunteer service through our Good Works program in local communities.
- Contributed our time and expertise to digitize the most significant papers of Martin Luther King, Jr., through our Technology for Social Good program. The new website and archive make some of Dr. King's most famous speeches and correspondence available to Internet users for the first time.
- Led the financing of the California FreshWorks Fund, an innovative, \$200 million public-private partnership loan fund created to increase access to healthy, affordable food in underserved communities, spur economic development and inspire innovation in healthy food retailing.
- Created a partnership between our Global Commodities business and the World Bank Group to offer a new product that will provide up to an initial \$4 billion in protection from volatile food prices for farmers, food producers and consumers in developing countries.
- Invested \$8 million through our Social Finance business in a \$25 million initiative with the U.S. Agency for International Development and the Bill & Melinda Gates Foundation to provide private capital to small and medium-sized enterprises in Africa's agriculture sector.
- Donated more than \$10 million to 200 charities in 2011 through the Chase Community Giving crowd-sourcing program on Facebook, for a total of over \$20 million to 500 charities since 2009. The program has more than 3.3 million fans worldwide.

### Honoring Military and Veterans

- Expanded our commitment to help transitioning servicemembers and other veterans lead successful lives after their military service. Implemented a firmwide, comprehensive strategy focused on jobs, homeownership and education.
- Launched the 100,000 Jobs Mission along with other major employers with a goal to collectively hire 100,000 veterans by 2020. In 2011, coalition members hired over 6,600 transitioning military servicemembers and veterans. JPMorgan Chase alone hired more than 3,000.
- Awarded 85 mortgage-free homes to deserving veterans and their families and will award 915 more over the next four years.

### Promoting Environmental Sustainability

- Renovated our 1.3 million-square-foot global headquarters building in New York City to earn LEED® Platinum certification from the U.S. Green Building Council, making it the world's largest renovation project to achieve Platinum certification.