

## CORPORATE & INVESTMENT BANK

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**February 25, 2014**

# Introduction

## Market-leading performance

- Market-leading positions across key business segments
  - #1 in Global IB Fees<sup>1</sup>; 8.6% share, up from 7.5% in FY2012
  - Markets revenue share of 10 leading competitors<sup>2</sup> 16.0% for FY2013, up 140 bps from FY2012; #1 in Fixed Income Markets<sup>2</sup>

## Client-driven franchise

- Strong synergies with the rest of JPM
- Completeness of capabilities and integrated coverage enables deeper client relationships
- Global reach with strong U.S. base to capture long-term international growth

## Management priorities

- Optimize businesses while continuing to invest in core growth opportunities
- Continue to adapt to evolving regulations and market structure changes
- Maintain expense discipline while absorbing increased regulatory and controls costs

## Through-the-cycle capital & ROE

- Continued optimization of RWA and capital
- Fortress balance sheet optimized for leverage ratio, liquidity stress, and rising rates
- Best-in-class ROE through-the-cycle

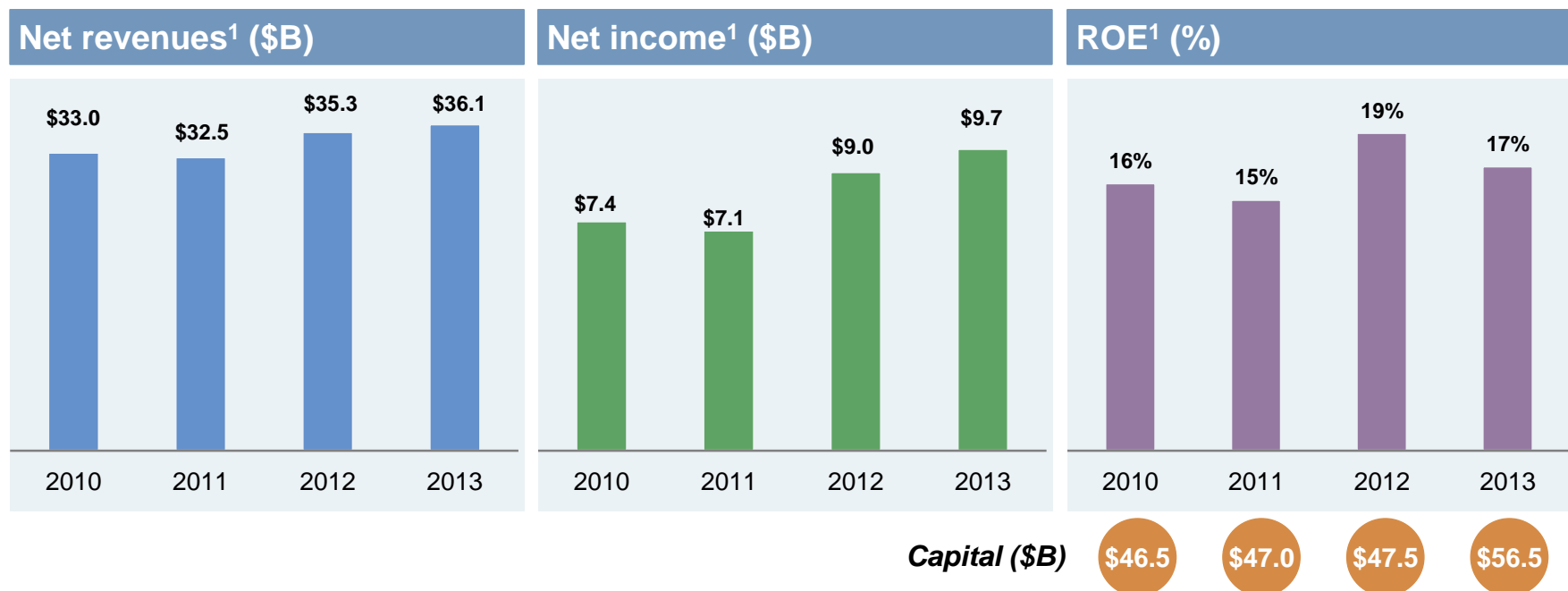
<sup>1</sup> Dealogic FY2013 wallet rankings

<sup>2</sup> Represents FY2013 rank and share of JPM Total Markets and Fixed Income Markets revenue of 10 leading competitors

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## Stable earnings and best-in-class return on equity



### Highlights

#### Continued growth

- FY2013 net income of over \$9.7B, up \$2.3B (+32%) from FY2010<sup>1</sup>

#### Sound expense discipline

- Overhead Ratio of 60%<sup>1</sup>, among the lowest of peers

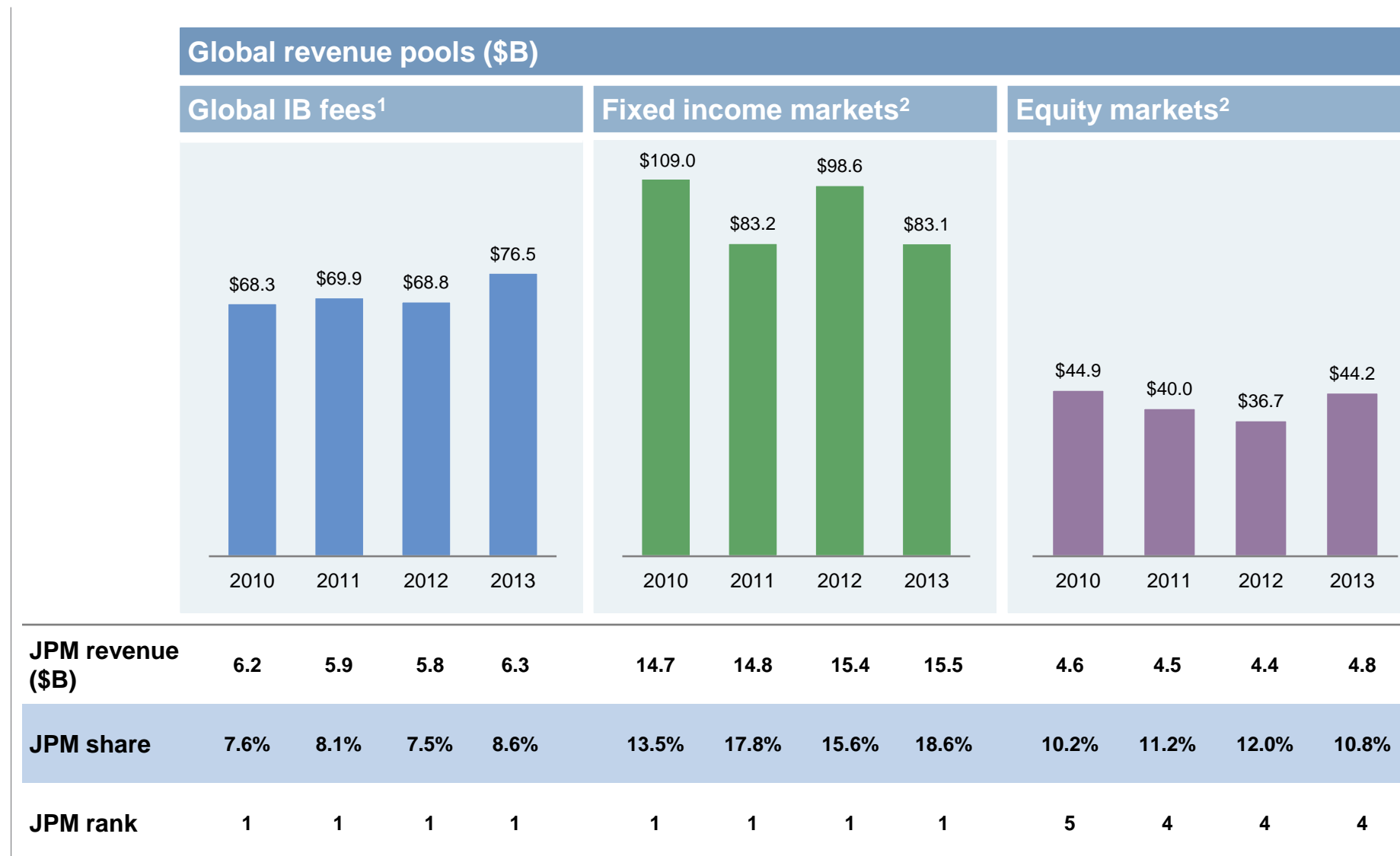
#### Strong client partnerships

- Raised \$1.5T of capital for our clients during FY2013

***Financial strength enables investment in future***

<sup>1</sup> Net revenues, net income, ROE, and overhead ratio excluding FVA (effective 4Q13) and DVA, are non-GAAP financial measures. Throughout this presentation, CIB provides several non-GAAP financial measures which exclude the impact of FVA (effective 4Q13) and DVA on: revenues, net income, overhead ratio, comp/revenue ratio, non-comp/revenue ratio and return on equity. These measures are used by management to assess the underlying performance of the business and for comparability with peers. For additional information on non-GAAP measures, please refer to the Notes section of the Firmwide presentation.

## Leading market share across business segments, with room to improve in equities



<sup>1</sup> Industry revenue pool; wallet rank and share per Dealogic; JPM reported revenue shown

<sup>2</sup> Revenues of 10 leading competitors, excluding FVA (effective 4Q13 for JPM) and DVA, are a non-GAAP financial measure; includes JPM, GS, MS, C, BAC, CS, BARC, UBS, DB, HSBC; certain competitor revenues adjusted for one-time items

# Market-leading positions in most products

## Competitive ranking in 16 product areas

|  | JPM  |      |      | Peer 1 | Peer 2 | Peer 3 | Peer 4 | Peer 5 | Peer 6 | Peer 7 | Peer 8 | Peer 9 |
|--|------|------|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|  | 2006 | 2009 | 2013 | 2013   |        |        |        |        |        |        |        |        |
| Total leadership positions               | 7    | 11   | 15   | 8      | 5      | 5      | 5      | 4      | 2      | 2      | 1      | 0      |
| Banking (FY2013) <sup>1</sup>            |      |      |      |        |        |        |        |        |        |        |        |        |
| Bond underwriting                        | 1    | 5    | 1    |        |        |        |        |        |        |        |        |        |
| Loan syndication                         | 2    | 2    | 1    |        |        |        |        |        |        |        |        |        |
| ECM                                      | 5    | 1    | 2    |        |        |        |        |        |        |        |        |        |
| M&A                                      | 3    | 3    | 2    |        |        |        |        |        |        |        |        |        |
| USD clearing <sup>2</sup>                | 1    | 1    | 1    | --     |        | --     |        |        | --     | --     | --     | --     |
| MARKETS (3Q13YTD) <sup>3</sup>           |      |      |      |        |        |        |        |        |        |        |        |        |
| G10 rates                                | 2    | 5    | 1    |        |        |        |        |        |        |        |        |        |
| G10 credit                               | 5    | 1    | 3    |        |        |        |        |        |        |        |        |        |
| G10 foreign exchange                     | 1    | 2    | 2    |        |        |        |        |        |        |        |        |        |
| Securitization                           | 10   | 3    | 1    |        |        |        |        |        |        |        |        |        |
| Emerging markets                         | 2    | 2    | 3    |        |        |        |        |        |        |        |        |        |
| Commodities                              | 5    | 4    | 1    |        |        |        |        |        |        |        |        |        |
| Municipal finance                        | 5    | 2    | 3    |        |        |        |        |        |        |        |        |        |
| Cash equities                            | 8    | 5    | 6    |        |        |        |        |        |        |        |        |        |
| Derivatives & converts                   | 5    | 2    | 2    |        |        |        |        |        |        |        |        |        |
| INVESTOR SERVICES (3Q13YTD) <sup>3</sup> |      |      |      |        |        |        |        |        |        |        |        |        |
| Prime brokerage                          | 9    | 4    | 3    |        |        |        |        |        |        |        |        |        |
| Futures & options                        | 9    | 2    | 2    |        |        |        |        |        |        |        |        |        |

<sup>1</sup> Dealogic wallet rankings; <sup>2</sup> CHIPS & Fedwire report; <sup>3</sup> 2006 based on JPM internal estimates; 2009 and 3Q13YTD based on Coalition for Markets and Investor Services; Coalition Index banks include: BAC, BARC, BNPP, CITI, CS, DB, GS, JPM, MS, UBS; Coalition outside-in estimates of JPM and competitor revenues

■ Top 3 ■ 2<sup>nd</sup> Tier ■ 3<sup>rd</sup> Tier

## Opportunities to improve market share across different regions

■ Top 3 ■ 2<sup>nd</sup> Tier ■ 3<sup>rd</sup> Tier

### JPM select international rankings

| BANKING (FY2013) <sup>1</sup>    |      |      |          |    |
|----------------------------------|------|------|----------|----|
|                                  | Asia | EMEA | LatAm    | NA |
| Investment banking fees          | 5    | 2    | 5        | 1  |
|                                  |      |      |          |    |
| FIXED INCOME (1H13) <sup>2</sup> |      |      |          |    |
|                                  | Asia | EMEA | Americas |    |
| Overall                          | 3    | 2    | 1        |    |
| G10 Rates                        | 2    | 3    | 1        |    |
| G10 FX                           | 4    | 4    | 2        |    |
| G10 Credit                       | 5    | 2    | 4        |    |
| EQUITIES (1H13) <sup>2</sup>     |      |      |          |    |
| Overall                          | 5    | 4    | 3        |    |
| Cash equities                    | 8    | 7    | 5        |    |
| Derivatives & converts           | 3    | 4    | 1        |    |

### JPM market share

| FY2013 <sup>1</sup>     | Asia | EMEA | LatAm    | NA  |
|-------------------------|------|------|----------|-----|
| Investment banking fees | 4%   | 7%   | 7%       | 11% |
|                         |      |      |          |     |
| 1H13 <sup>2</sup>       | Asia | EMEA | Americas |     |
| Fixed income            | 14%  | 18%  | 18%      |     |
| Equities                | 10%  | 11%  | 14%      |     |

<sup>1</sup> Dealogic wallet rankings and market share

<sup>2</sup> Coalition; overall Fixed Income include Rates, FX, Credit, Commodities, Emerging Markets, Securitization, Munis; overall Equities includes Cash, Derivatives and Converts; G10 Rates includes Flow Rates, Financing, Exotic Rates; G10 Credit includes Flow Credit, Loan Trading, Exotic Credit; Coalition Index banks include: BAC, BARC, BNPP, CITI, CS, DB, GS, JPM, MS, UBS; Note: Coalition outside-in estimates of JPM and competitor revenues

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As part of JPM, CIB taps into a broad firmwide client franchise

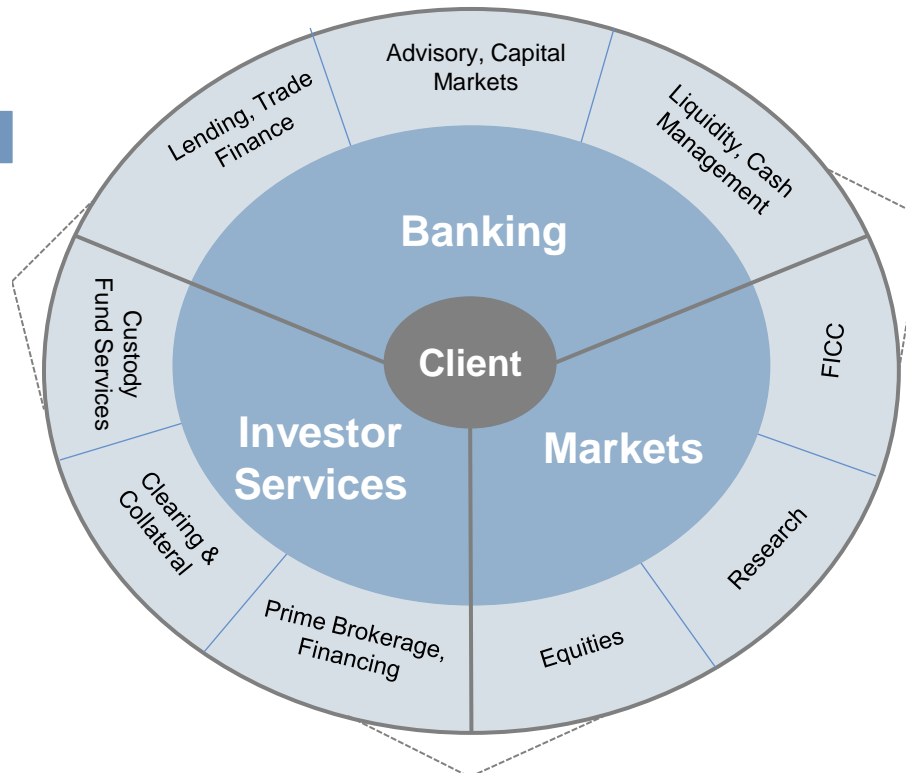
| LOB                          | Synergy  |
|------------------------------|--|
| Commercial Bank              | <ul style="list-style-type: none"><li>■ Treasury Services distributed through the CB</li><li>■ Investment Banking for corporate clients of CB</li><li>■ Markets products (mainly FX and Rates)</li></ul> |
| Asset Management             | <ul style="list-style-type: none"><li>■ Distribution through Private Bank for CIB equity offerings</li><li>■ Referrals</li></ul>   |
| Consumer & Community Banking | <ul style="list-style-type: none"><li>■ Treasury Services products for small business clients</li><li>■ Risk management for Chase Mortgage</li><li>■ Distribution of Chase Paymentech services</li></ul> |

## CIB scale and completeness has facilitated an integrated client coverage model

### Client example

#### Leading European Insurance Co.

- Pitched and won increased custody mandate
- Extended optimally sized credit facility to support client requirements



### Client example

#### Multinational Corporates

- Corporate clients with Treasury services relationships can receive FX payments through standard payment channels
- FX desk in Markets prices and executes trades in line with other comparable market flows
- Holistic approach for FX payments, cash management, and execution opportunities

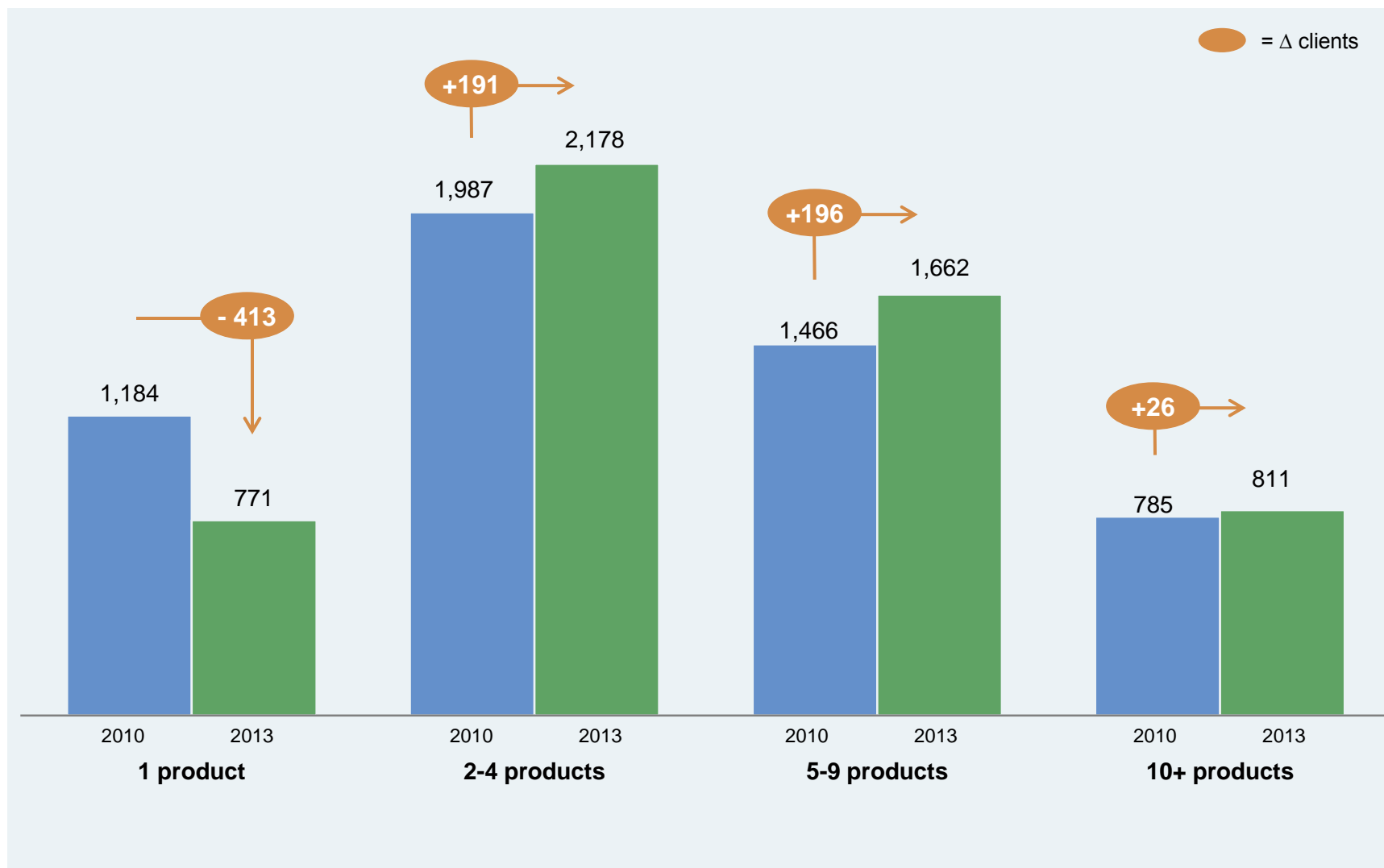
### Client example

#### Large Asset Manager

- Historically a longstanding client of Markets, Banking, and Custody
- Expanded relationship to include Prime Brokerage

## Integrated coverage with portfolio approach drives deep and broad client relationships

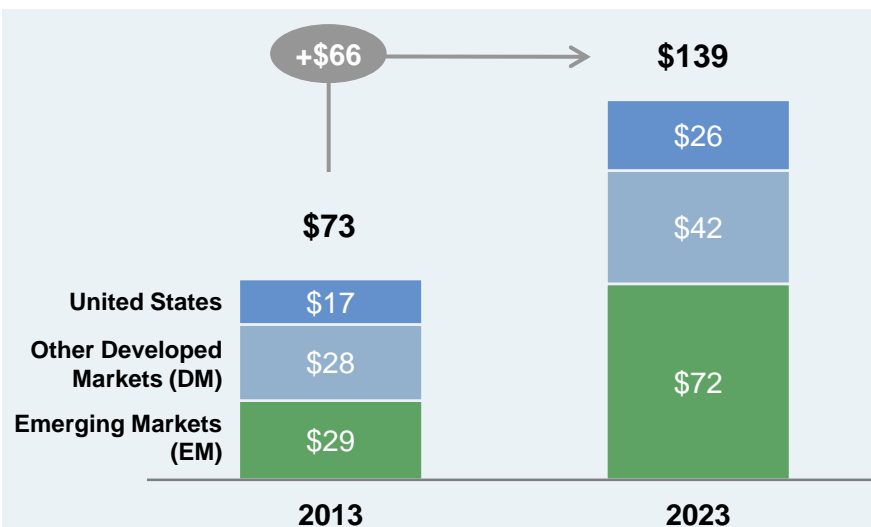
### Increased product penetration (number of clients)



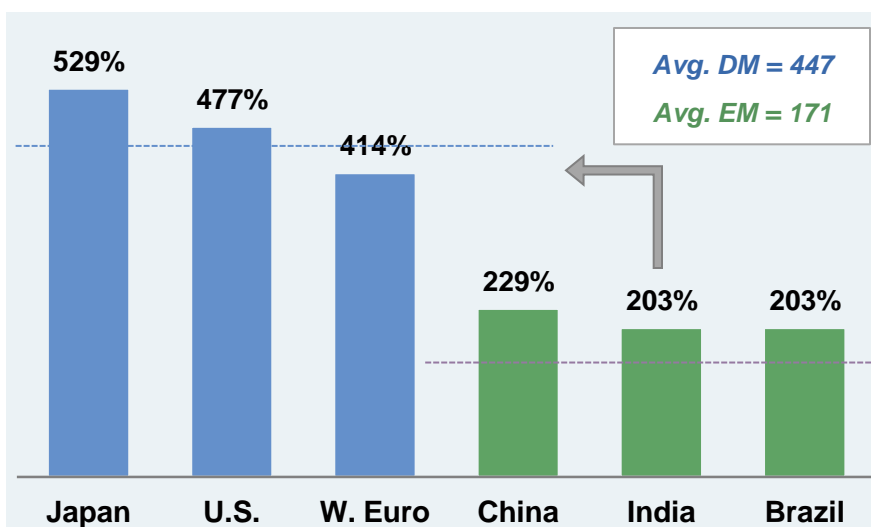
Note: Multi-year product trends for active clients in 2010, which is roughly ~75% of current client base

## Long-term macro trends favor global wholesale banks

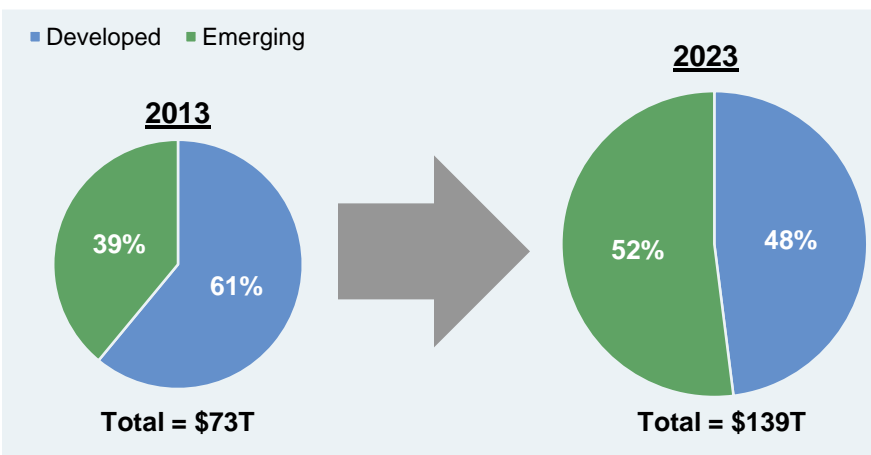
### Global GDP (\$T)



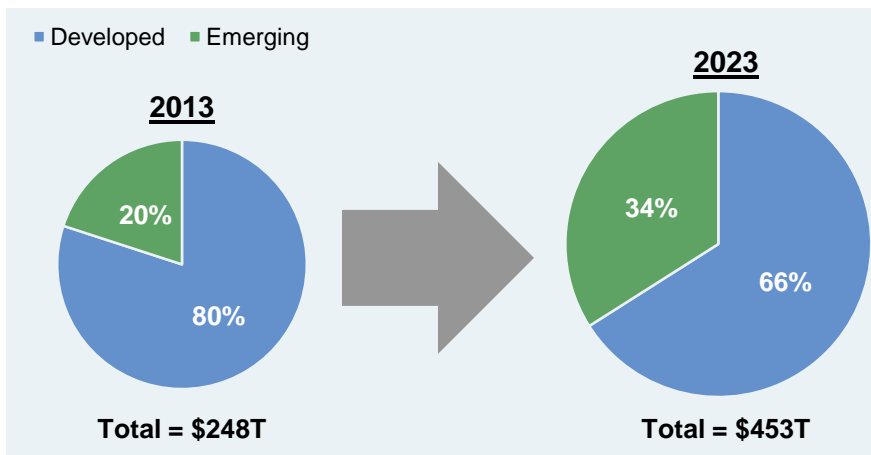
### Financial depth (% of GDP)<sup>1</sup>



### Global GDP distribution



### Global financial assets distribution



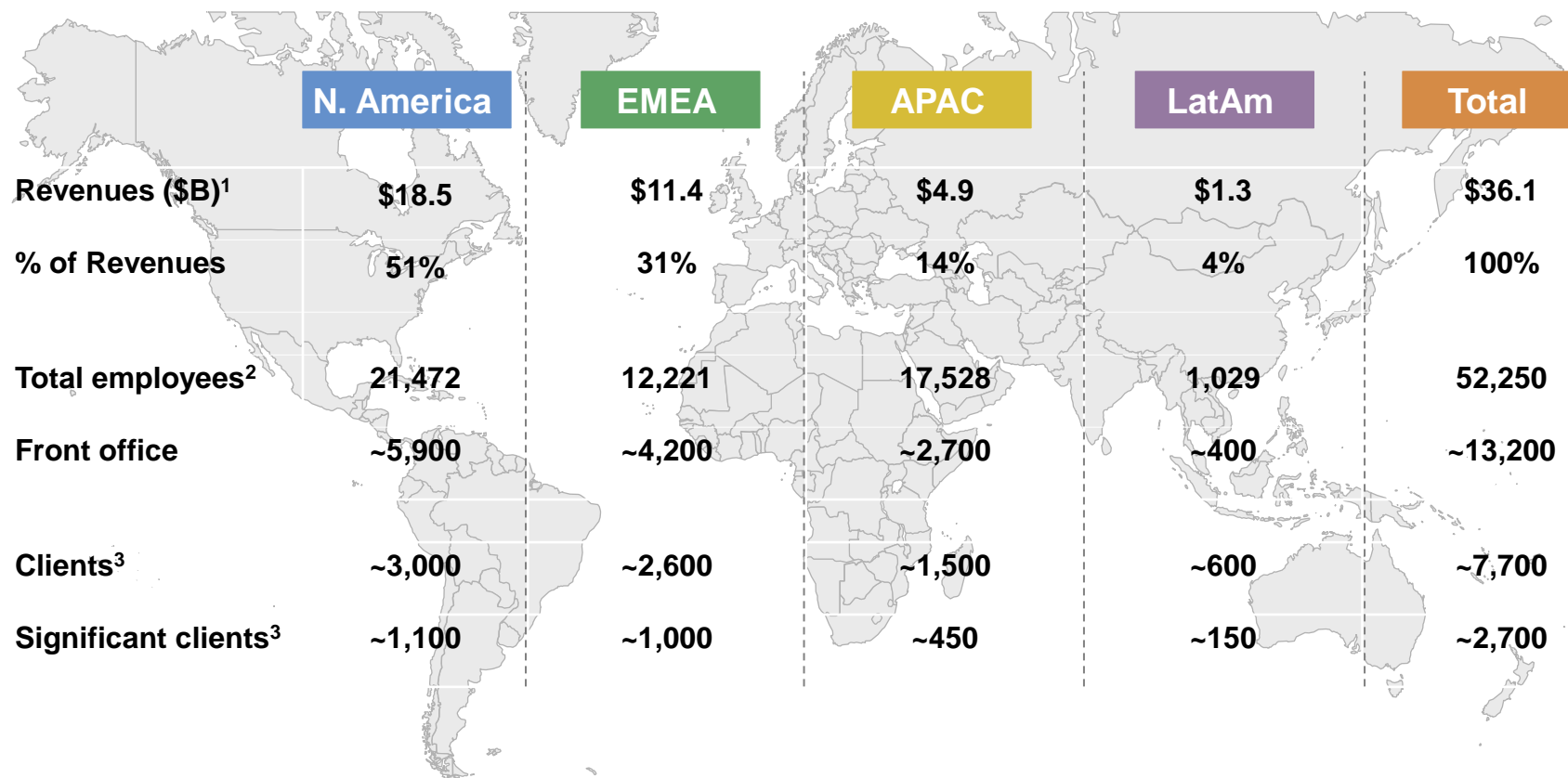
Source: McKinsey, Global Insights

<sup>1</sup> Financial depth calculated as debt and equity divided by GDP

Source: McKinsey

We have a strong global network to cover our clients comprehensively

## Global reach



**52,250 employees in 60 countries serving ~7,700 clients**

<sup>1</sup> Revenues excluding FVA (effective 4Q13) and DVA, are a non-GAAP financial measure

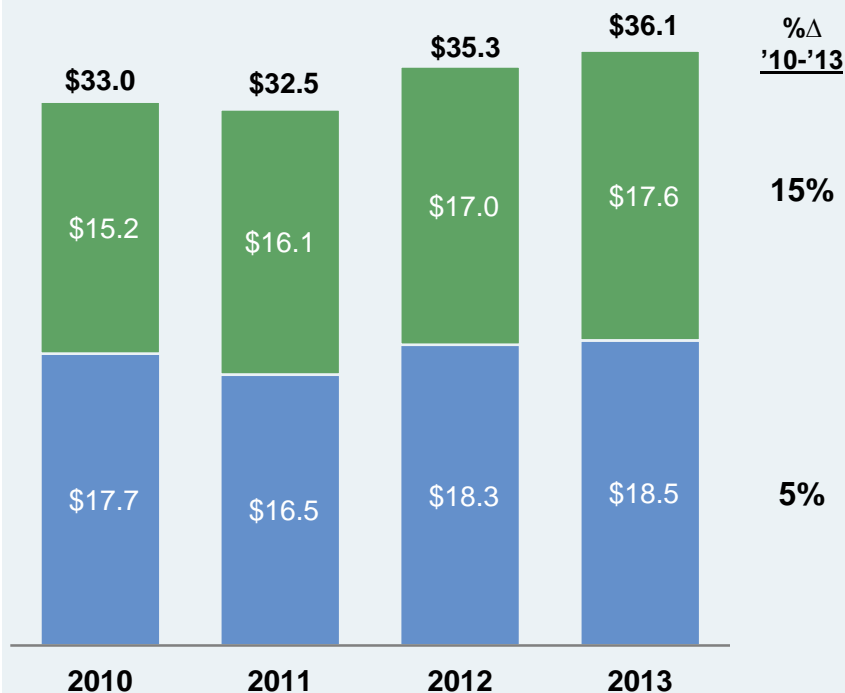
<sup>2</sup> Reflects total number of employees located in the region per MD&A view. APAC includes ~8,800 employees in India, including those in global data and service centers

<sup>3</sup> Clients defined as clients with \$50K+ in revenue; significant clients defined as clients with \$1mm+ in revenue

We are observing strong organic growth from our existing international platform

### JPM revenue by region (\$B)

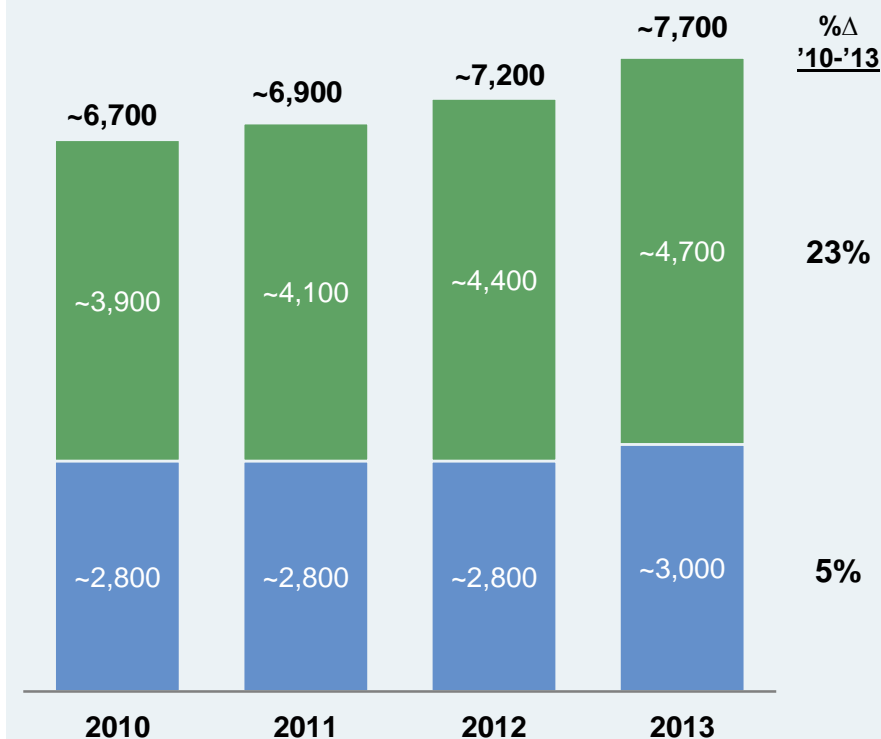
- N. America
- International



Note: Revenues excl. FVA (effective 4Q13) and DVA, are a non-GAAP financial measure  
 \*Amounts do not foot due to rounding

### JPM clients by region

- N. America
- International



Note: Includes CIB clients with \$50K+ in revenues.  
 Investor Day 2012 client count of ~7,600 was based on CIB clients with \$50K+ in revenues, but also included 36-month average revenues for corporate finance

**Completed hiring of 200 additional corporate bankers to drive integrated global coverage of MNCs at both HQ and subsidiary locations**

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## Management priorities

### 2014 CIB priorities

- 1 Optimize business mix while investing in core growth opportunities**
- 2 Adapt to evolving regulatory landscape and market structure changes**
- 3 Maintain expense discipline while absorbing increased regulatory and controls costs**



## 1 Optimize business mix while investing in core growth opportunities

Exiting businesses that are either non-core or no longer fit risk profile

| Notable exits                      | Description  |
|------------------------------------|--|
| Physical Commodities               | <ul style="list-style-type: none"><li>■ Optimizing commodities business to better fit banking business model</li></ul>   |
| Global Special Opportunities       | <ul style="list-style-type: none"><li>■ Strong track record of investments in U.S./European mezzanine and Asian principal financing</li><li>■ Not a core offering to CIB clients</li></ul> |
| Pre-paid cards                     | <ul style="list-style-type: none"><li>■ Limited scalability and low operating margins</li><li>■ Operational risk</li></ul>   |
| Select Foreign Correspondent Banks | <ul style="list-style-type: none"><li>■ Exiting relationships with select correspondent banks as we optimize business for heightened regulatory and compliance costs</li></ul>             |

***No significant ROE impact***

# 1 Optimize business mix while investing in core growth opportunities

Continued investment in key businesses of our core franchise

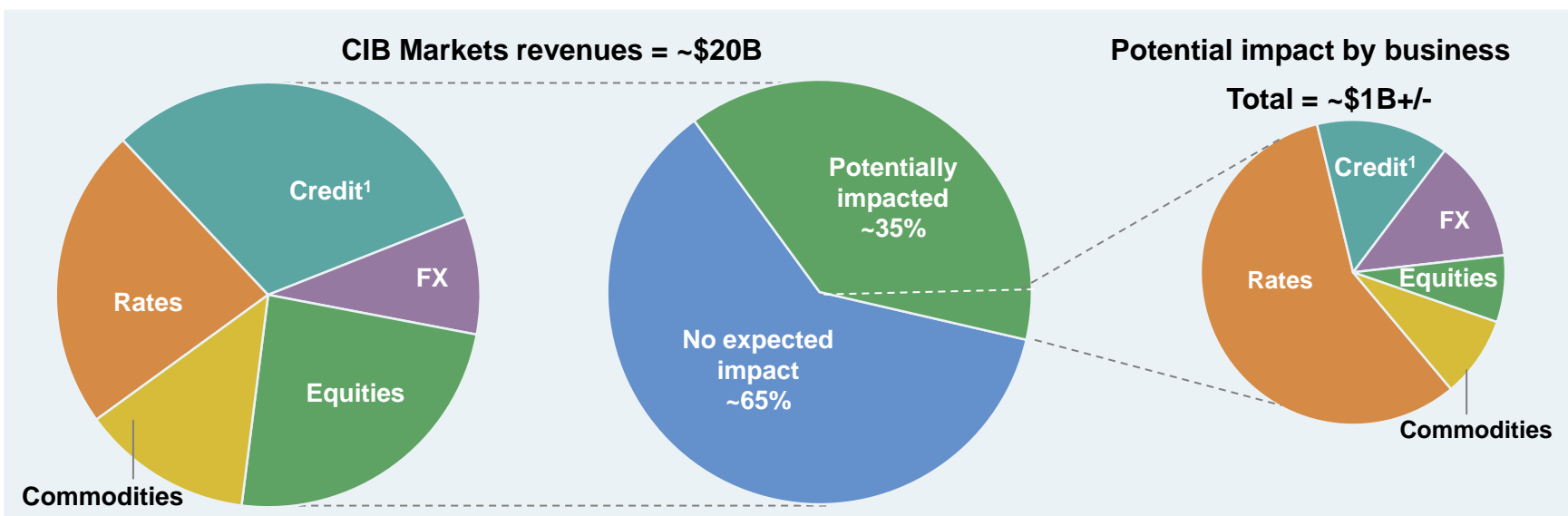
| Key businesses                       | Description   |
|--------------------------------------|---|
| Prime Brokerage                      | <ul style="list-style-type: none"> <li>■ EMEA – Completed build of end-to-end operating platform in EMEA, now fully positioned to capture strong growth</li> <li>■ Asia – Core platform launched in 2014, ramping up over next several years</li> </ul>   |
| Electronic Trading                   | <ul style="list-style-type: none"> <li>■ Significant progress with increase in electronic trading activity in Equities (+49% average daily trading volume vs. 2011) and FX (+50% in annual trading value vs. 2011)</li> <li>■ Continue to develop electronic market making capabilities – JPM was the top ranked bank by volume in U.S. Treasuries trading on electronic interdealer platforms in 2013</li> </ul> |
| Equities                             | <ul style="list-style-type: none"> <li>■ Strengthening Equities position while focusing on bottom line <ul style="list-style-type: none"> <li>■ Leveraging our strength in ECM, Derivatives, and Equity Research</li> <li>■ Cash e-trading capabilities now on par with leaders – volume growth outpacing market volumes in all regions</li> </ul> </li> </ul>  |
| OTC Clearing & Collateral Management | <ul style="list-style-type: none"> <li>■ More than 200 relationships and 2,000+ legal entities on-boarded in the 3 phases of CFTC mandated clearing; established top 3 market share</li> <li>■ Replicate U.S. execution and seamless on-boarding of clients in EMEA</li> <li>■ Continue to expand CCP and product footprint</li> </ul>  |

***Initiatives tracking to 2015 growth targets***

## 2 Adapt to evolving regulatory landscape and market structure changes

Impact of global derivatives regulatory changes could be approximately \$1B+/-

### CIB Markets business: Potential impact from market structure regulations

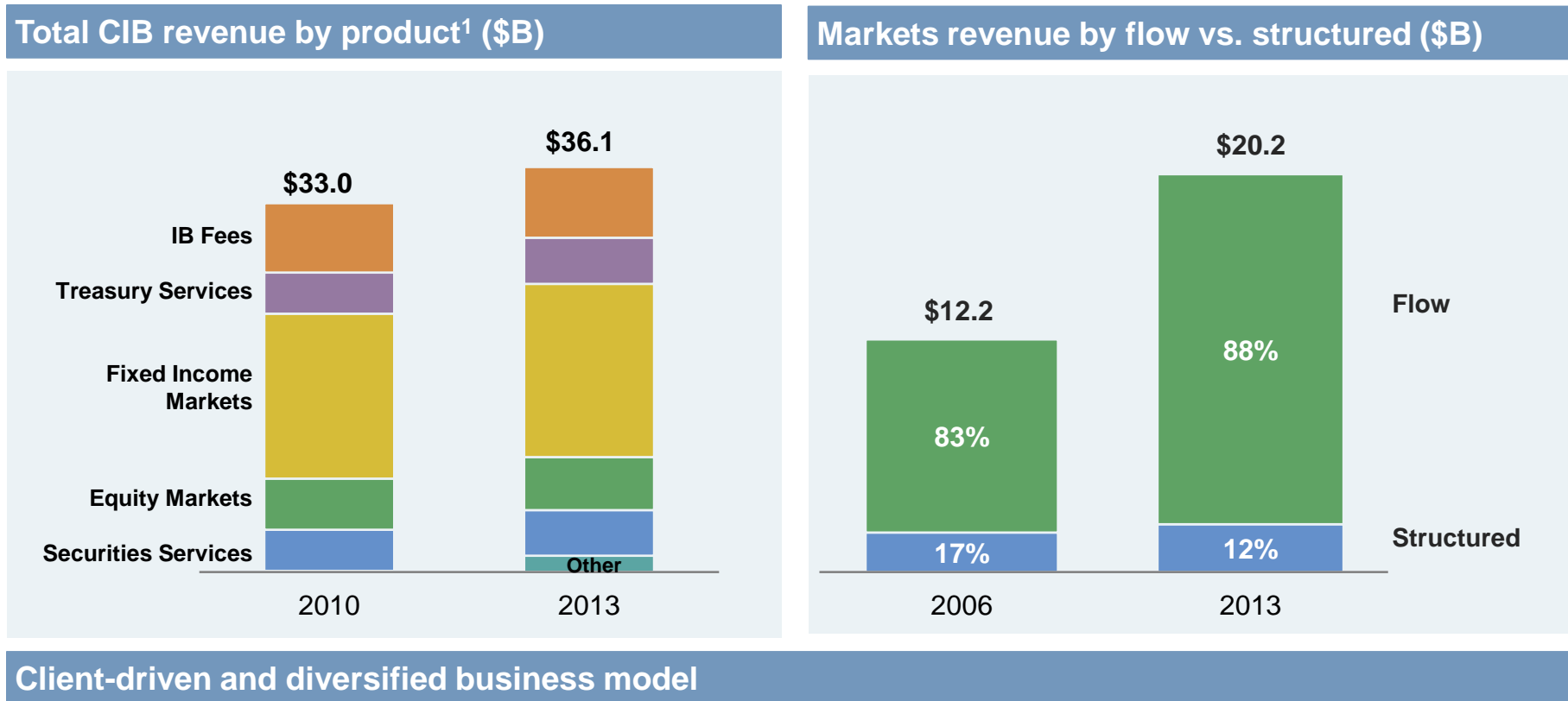


<sup>1</sup> Credit includes Securitized Products

| Management commentary              |  | Expected timing by region |          |                          |
|------------------------------------|--|---------------------------|----------|--------------------------|
| Regulation                         | Comment  | U.S.                      | Europe   | Asia                     |
| Post-trade transparency            | <ul style="list-style-type: none"> <li>Live in U.S. for CFTC products</li> <li>Impact limited to date but difficult to isolate and quantify</li> </ul>   | In progress               | 2016     | 2016+                    |
| Clearing                           | <ul style="list-style-type: none"> <li>Live in U.S. for CFTC products, with no significant impact</li> <li>Credit sensitive corporates exempt</li> </ul> | In progress               | 2014+    | In progress - Japan only |
| SEF trading                        | <ul style="list-style-type: none"> <li>Went live last week in U.S. for Rates – too early to observe impact</li> </ul>                                    | 2014                      | End 2016 | 2016+                    |
| Initial margin on un-cleared swaps | <ul style="list-style-type: none"> <li>Additional funding cost for initial margin expected to be significant, but phase-in over a long period</li> </ul> | 2015+                     | 2015+    | 2015+                    |

## 2 Adapt to evolving regulatory landscape and market structure changes

Our business is well diversified, with resiliency across macro conditions



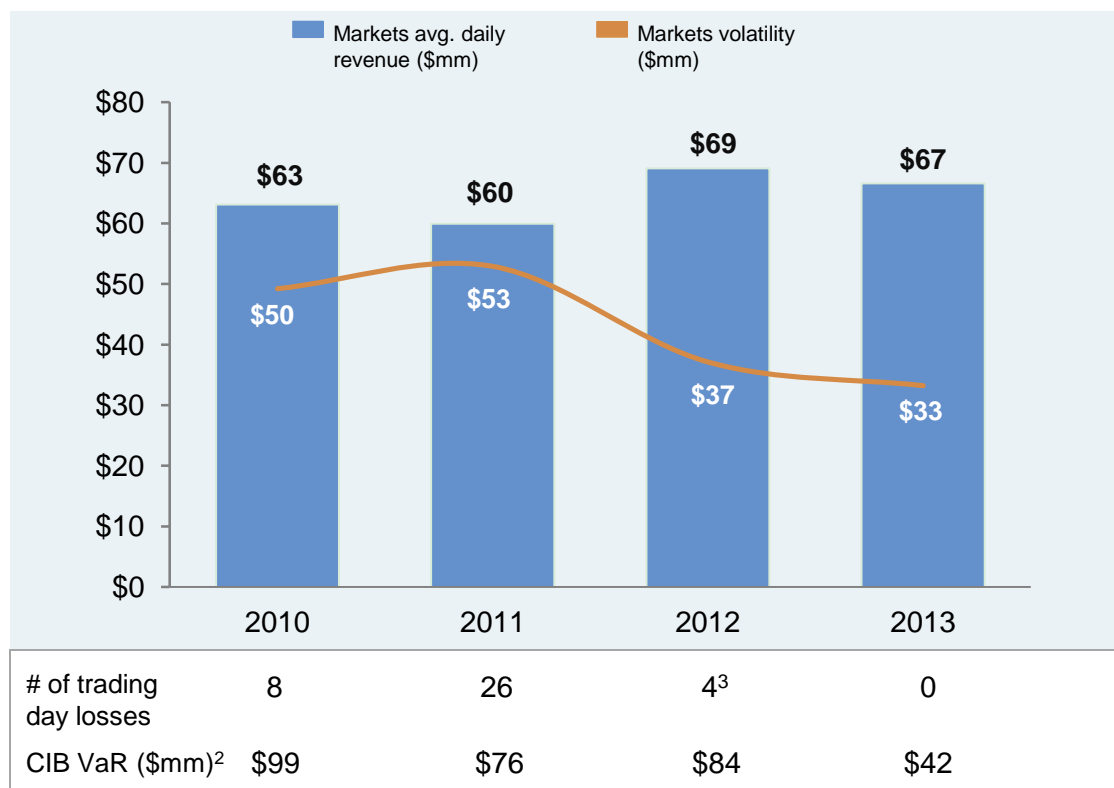
- CIB business model is well diversified with a mix of advisory, execution, and operational services
- Markets more driven by client flows, risk appetite, and bid/ask spread, than by interest rate or credit cycle
- Trending markets with moderate levels of volatility generally positive for trading volume

<sup>1</sup> Revenues excluding FVA (effective 4Q13) and DVA, are a non-GAAP financial measure. "Other" includes Lending and CVA & Other excluding FVA/DVA

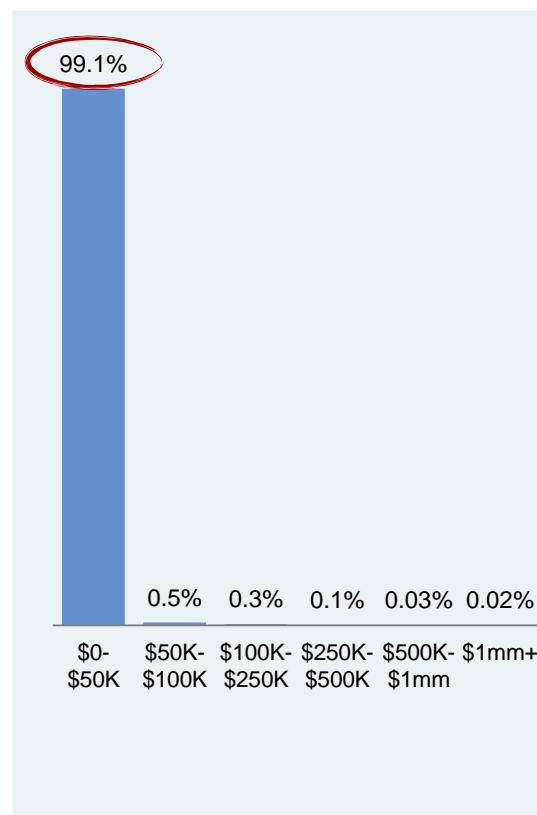
## 2 Adapt to evolving regulatory landscape and market structure changes

Our market-making business is flow-driven and client-focused

Markets average daily revenue and volatility<sup>1</sup> (\$mm)



JPM client trade volume distribution by revenue/trade buckets



- Stable revenues indicative of client franchise with a flow-driven model – e.g., ~78% of Markets revenue is from trades below \$500K in revenue/trade
- Bright-line prop trading desks have been discontinued

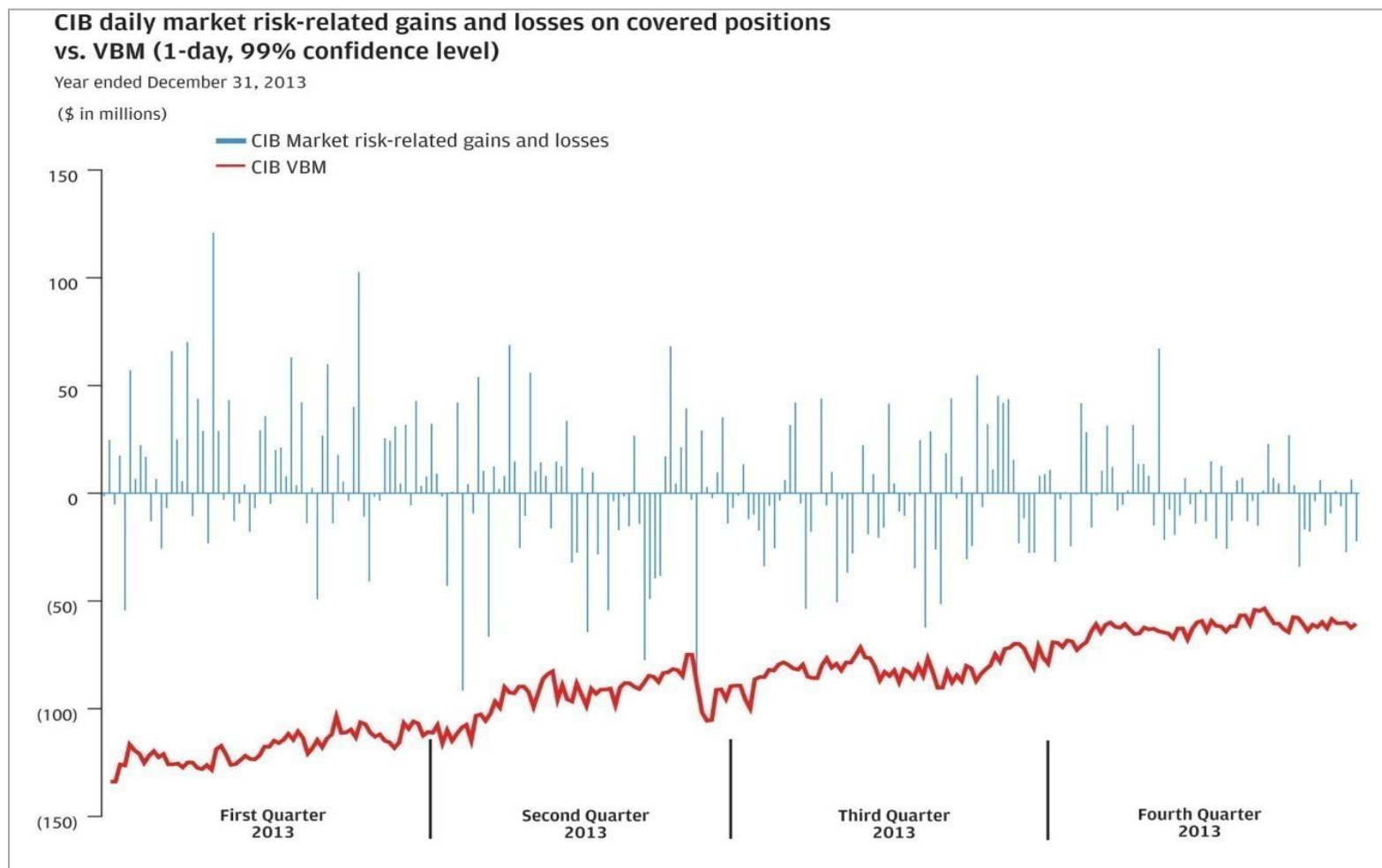
<sup>1</sup> Volatility equals standard deviation

<sup>2</sup> EOP total CIB trading and credit portfolio VaR. 2012 and 2013 include VaR related to synthetic credit portfolio ("SCP") transferred from CIO to CIB on 7/2/12; management uses trading loss days excluding FVA (effective 4Q13) and DVA, a non-GAAP financial measure, to provide a more meaningful comparison to each period

<sup>3</sup> Reflects trading loss days excl. FVA/DVA and excl. SCP; 7 trading day losses excl. FVA/DVA and incl. SCP

## 2 Adapt to evolving regulatory landscape and market structure changes

We believe our business model is fundamentally compliant with the Volcker rule

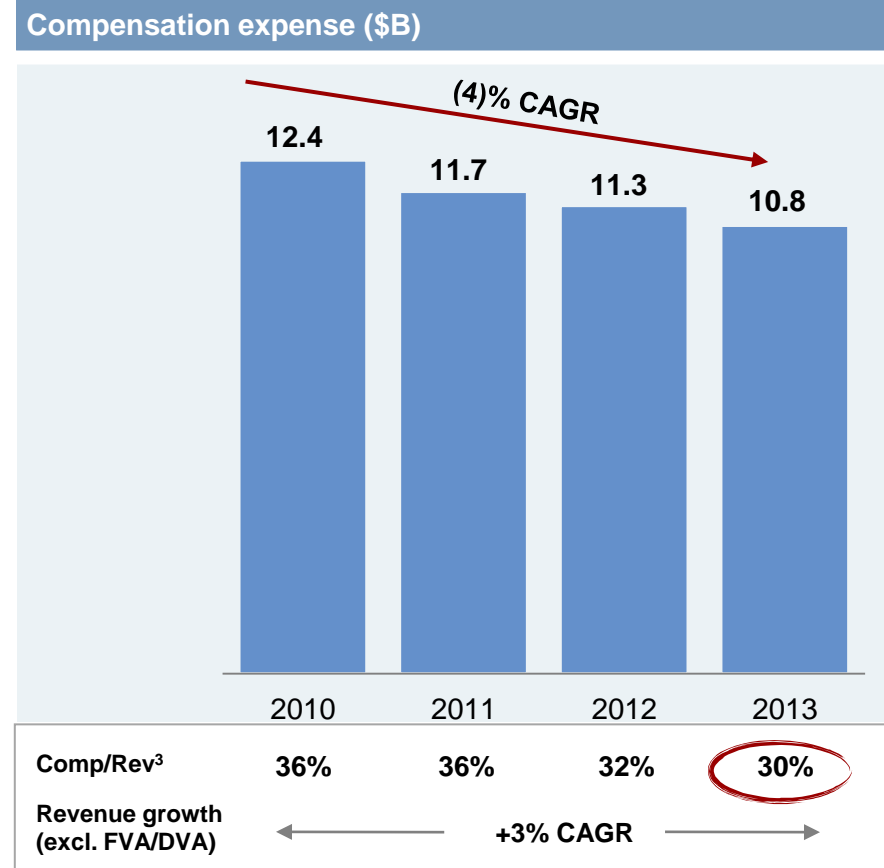
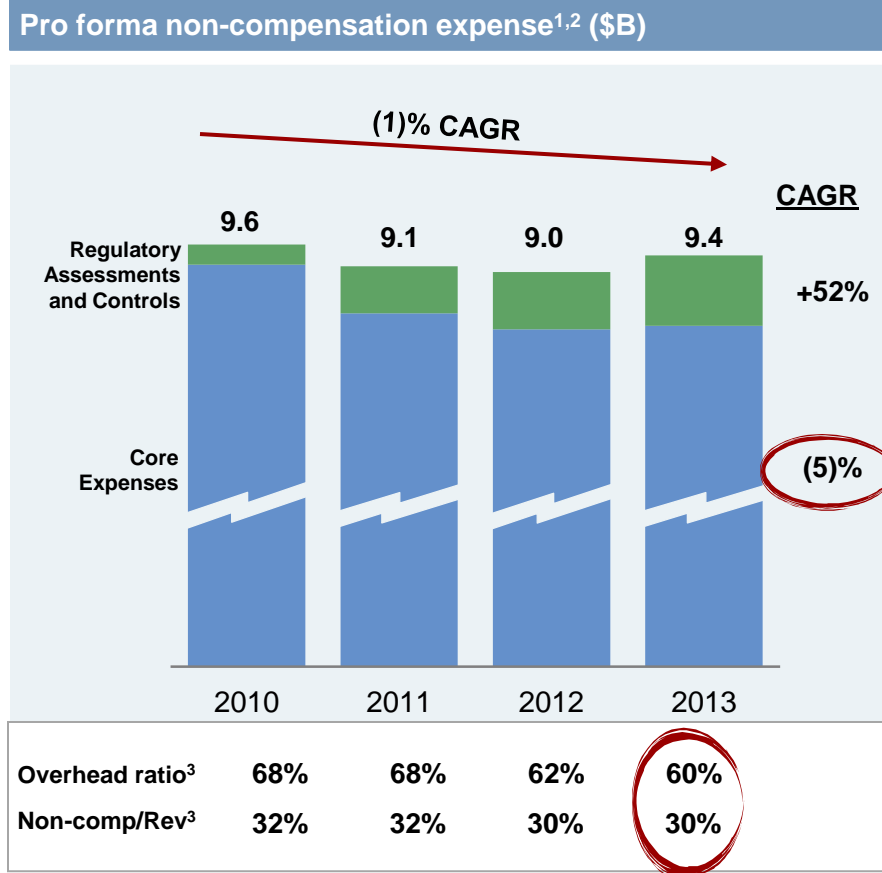


- Revenue generation in Markets is driven by client flows
- Commitment to provide liquidity and deploy capital to serve clients remains core to our franchise
- Implementation will be challenging but manageable

Note: From "Regulatory Capital Disclosure – Market Risk Pillar 3 Report", December 31, 2013; VBM = VaR-based Measure

### 3 Maintain expense discipline

Expense discipline across both non-comp and comp have offset increases in regulatory and controls spend



- Significant investment in enhancing controls driven by AML / KYC, trading surveillance, cyber uplift
- Increase in control spend for legal, compliance, operations and risk functions
- Disciplined SVA accrual driven framework for compensation

<sup>1</sup> Excludes Commodities transaction fees and related expenses; litigation losses included as core expense

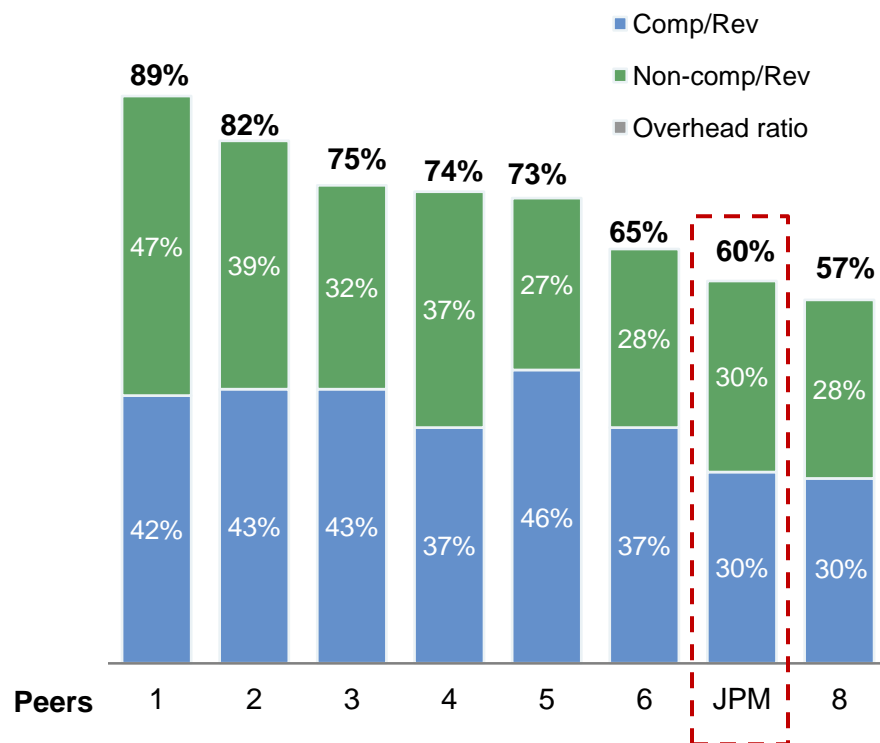
<sup>2</sup> Regulatory assessments include FDIC, UK Bank levy, FSA and other regulatory fees. Controls expense includes both Corporate-allocated and CIB incremental expense

<sup>3</sup> Overhead, comp/revenue and non-comp/revenue ratios exclude FVA and DVA impact. 2010 compensation expense of \$12.4B includes \$0.6B related to UK Bank Payroll tax, while the comp/revenue and overhead ratios in 2010 excludes the UK Bank Payroll Tax impact

### 3 Maintain expense discipline while absorbing increased regulatory and controls costs

Able to maintain both market-leading overhead ratio and high revenue productivity

FY2013 overhead ratio vs. peers (%)<sup>1</sup>



Revenue per headcount<sup>2</sup> (\$mm/FTE)<sup>3</sup> – 3Q13 YTD

|                        | JPM | Best in class <sup>4</sup> |       | Average <sup>4</sup> |      |
|------------------------|-----|----------------------------|-------|----------------------|------|
|                        |     | \$                         | %Δ    | \$                   | %Δ   |
| Origination & Advisory | 2.0 | 2.1                        | (7)%  | 1.6                  | 18%  |
| Equities <sup>5</sup>  | 1.7 | 2.0                        | (18)% | 1.7                  | (4)% |
| FICC                   | 3.5 | 3.9                        | (11)% | 2.9                  | 18%  |

Note: Coalition outside-in estimates of JPM and competitor revenues

<sup>1</sup> JPM estimates; represents CIB/IB equivalent segments of competitors, excluding the impact of FVA (effective 4Q13 for JPM) and DVA, which are non-GAAP financial measures

<sup>2</sup> Front office headcount includes revenue generating headcount across all levels of seniority and front office administrative staff

<sup>3</sup> Coalition 3Q13 YTD revenue figures, 3Q13 YTD headcount figures; headcount includes sales, trading, research, advisory, ECM, DCM

<sup>4</sup> Coalition Index banks include: BAC, BARC, BNPP, CITI, CS, DB, GS, JPM, MS, UBS; average excludes JPM

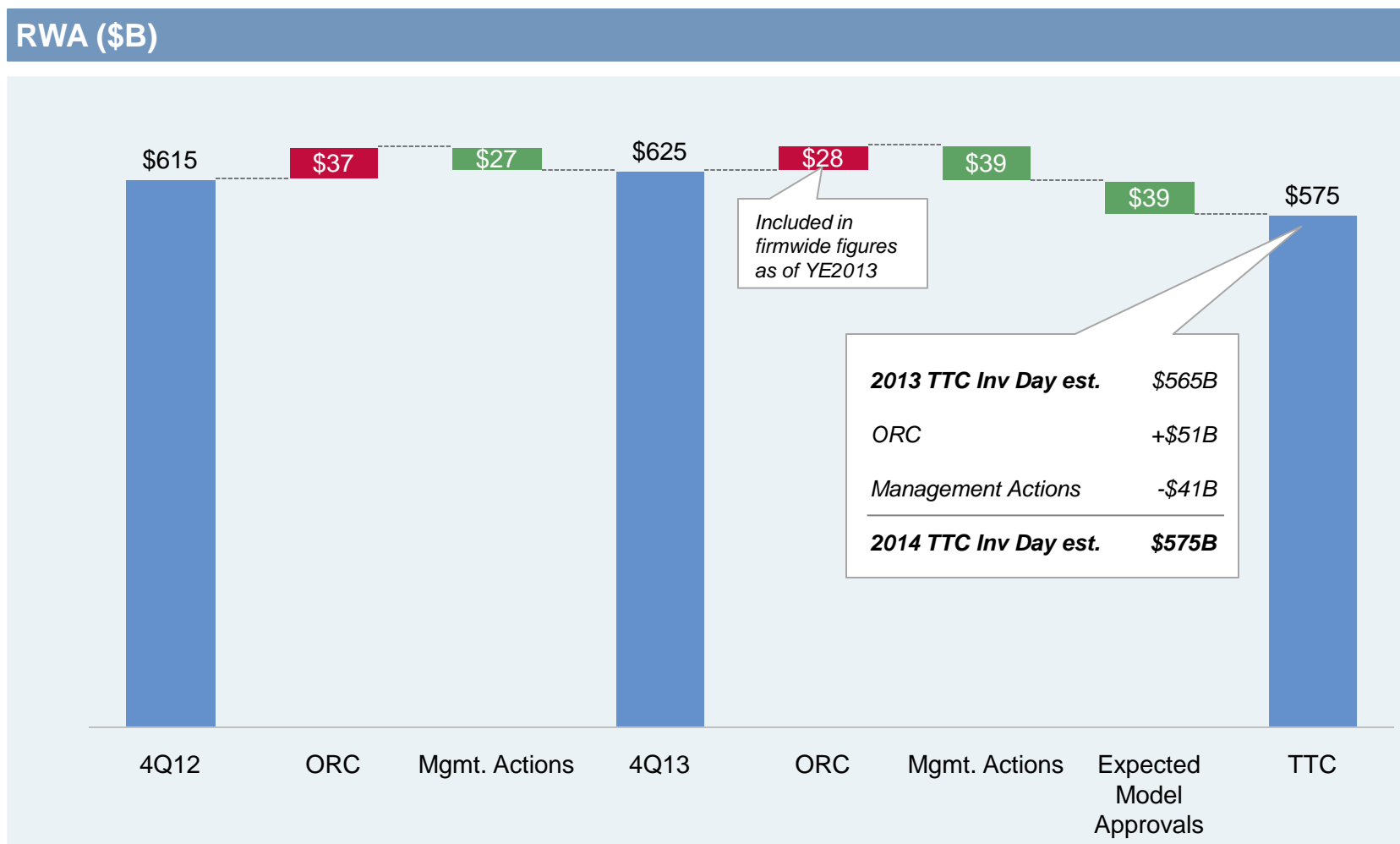
<sup>5</sup> Equities only includes Cash Equities, Equity Derivatives, Converts (Securities)



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## Expected RWA glide path



**Allocated equity**

**\$61B**

**\$61B**

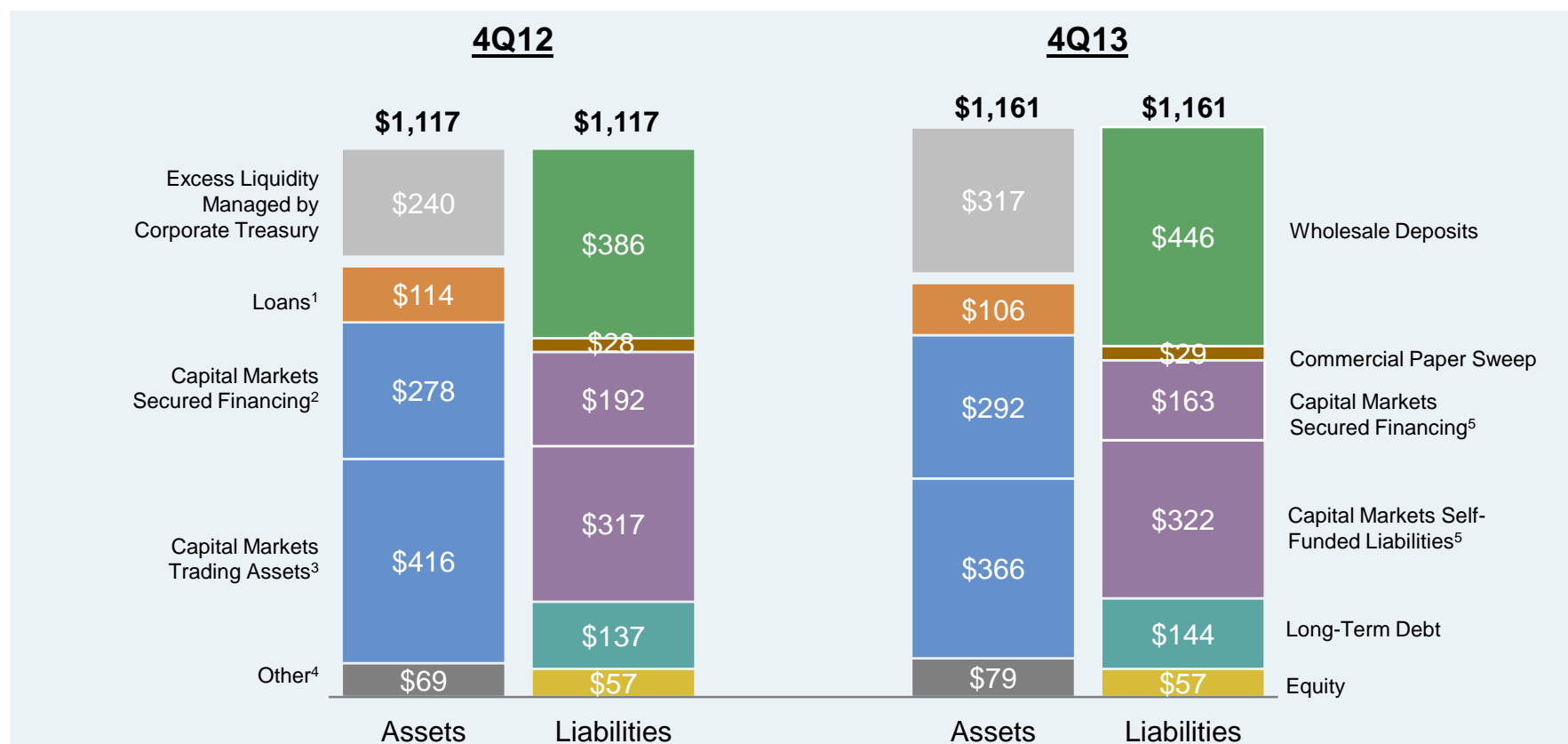
**Basel III Tier 1 Common (%)**

**9.8%**

**~10.5%**

## Fortress balance sheet

### YoY pro forma balance sheet (\$B)



### Highlights

- Highly liquid balance sheet supported by diversified wholesale funding mix and well-distributed term structure
- Supporting firmwide leverage ratio compliance with non-franchise impacting actions

<sup>1</sup> Net of allowance for loan losses

<sup>2</sup> Includes resales, securities borrowed and cash and due from banks

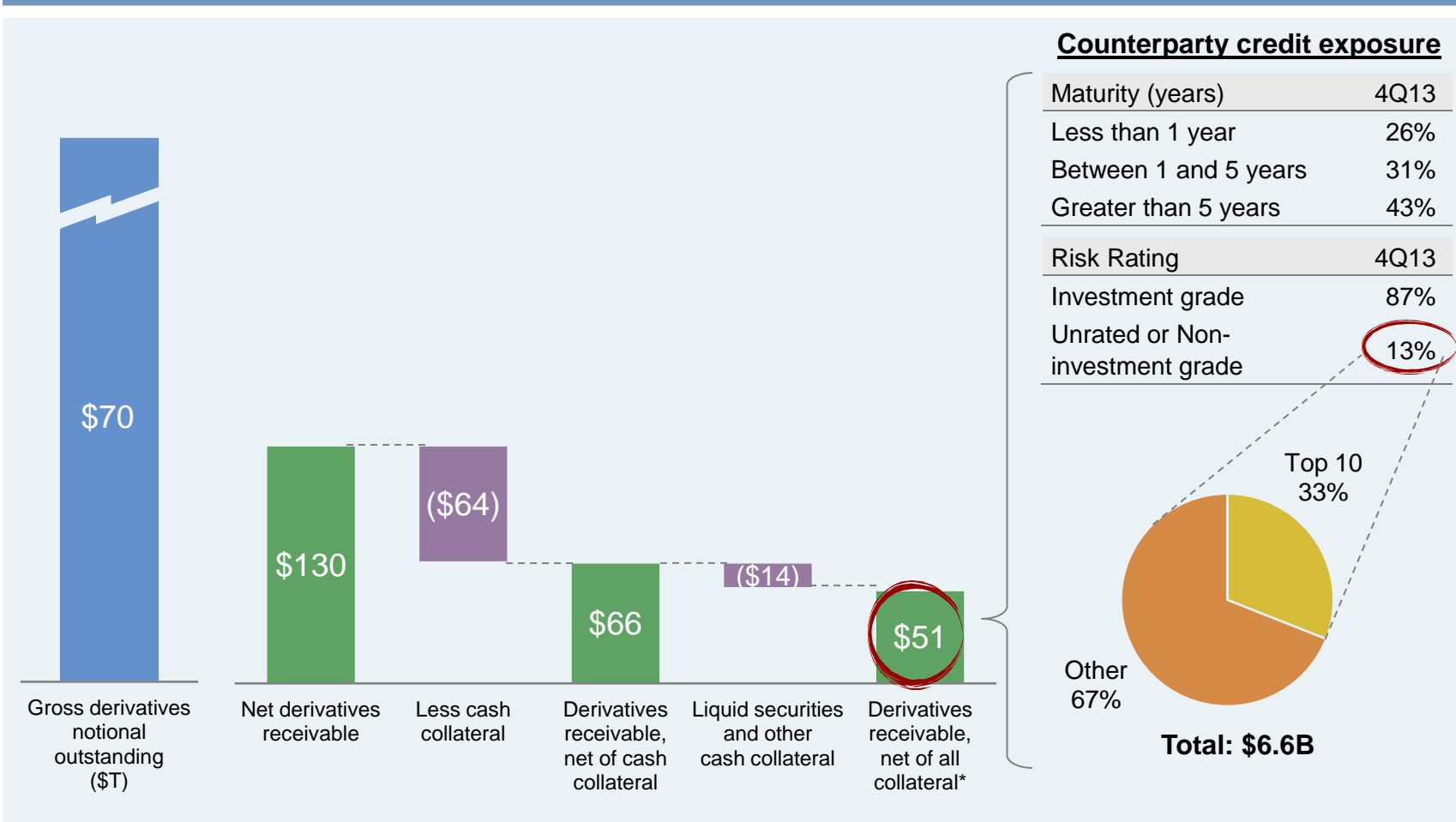
<sup>3</sup> Includes trading assets and derivatives receivable

<sup>4</sup> Includes other assets, other intangible assets, MSR, premises and equipment, accrued interest, and accounts receivable

<sup>5</sup> Includes trading liabilities, Fed funds purchased and securities loaned or sold under repurchase agreements, VIEs, other borrowed funds, derivatives payable, and other liabilities

Our derivatives exposure is client-driven and high quality

### Firmwide derivative receivables, net (4Q13; \$B unless otherwise specified)



\*Amounts do not foot due to rounding

## Through-the-cycle (TTC) ROE

| Through-the-cycle ("TTC") RWA, Capital and Returns (\$B) |         |                          |         |  |
|--|---------|--------------------------|---------|--|
| Business   | TTC RWA | TTC Capital <sup>1</sup> | TTC ROE | Outlook for achieving returns  |
| Banking  | \$140   | \$14.7                   | 17%+/-  | <ul style="list-style-type: none"> <li>Higher rate environment for deposits</li> <li>Normalized credit costs</li> <li>Coverage efficiencies</li> </ul>                       |
| Markets  | \$335   | \$35.2                   | 14%+/-  | <ul style="list-style-type: none"> <li>Leading businesses, flow and scale model, strong client franchise</li> <li>Regulatory impact</li> </ul>                               |
| Investor Services  | \$75    | \$7.9                    | 19%+/-  | <ul style="list-style-type: none"> <li>Higher rate environment for deposits</li> <li>Ongoing efficiency improvements</li> <li>Market structure driven initiatives</li> </ul> |
| Run-off & Other  | \$25    | \$3.2                    | N/A     |  |
| CIB  | \$575   | \$61.0                   | 15%+/-  |  |

<sup>1</sup> Represents allocated equity

In summary...

- **Deep client franchise**, supported by our **scale, completeness and global reach**.
- **Fortress balance sheet** with strong capital and liquidity position, **with earnings power** to continue to invest in business
- Continued **headwinds in regulatory and controls environment** – but will make the firm more resilient and lead to new business opportunities
- **International** will continue to be a key priority and **long-term driver of growth**, despite short-term slowing as we focus on strengthening controls
- **Disciplined expense management** with room to generate more efficiencies, creating the capacity to invest in the future
- **Very strong pool of talent** across the CIB and focused on continuing to attract and retain the best