JPMORGAN CHASE & CO
Form 10-Q
November 01, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
Quarterly report pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the quarterly period ended	Commission file
September 30, 2017	number 1-5805

JPMorgan Chase & Co.
(Exact name of registrant as specified in its charter)

Delaware	13-2624428
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)
270 Park Avenue, New York, New York	10017
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 270-6000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
x Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
x Yes o No
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer (Do not check if a smaller reporting company)	o	Smaller reporting company	o
		Emerging growth company	o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
o Yes x No

Number of shares of common stock outstanding as of September 30, 2017: 3,469,725,577

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JPMorgan Chase & Co.
Consolidated financial highlights
(unaudited)

As of or for the period ended, (in millions, except per share, ratio, headcount data and where otherwise noted)	3Q17	2Q17	1Q17	4Q16	3Q16	Nine months ended Sept. 30, 2017	2016
Selected income statement data							
Total net revenue	$25,326	$25,470	$24,675	$23,376	$24,673	$75,471	$72,292
Total noninterest expense	14,318	14,506	15,019	13,833	14,463	43,843	41,938
Pre-provision profit	11,008	10,964	9,656	9,543	10,210	31,628	30,354
Provision for credit losses	1,452	1,215	1,315	864	1,271	3,982	4,497
Income before income tax expense	9,556	9,749	8,341	8,679	8,939	27,646	25,857
Income tax expense	2,824	2,720	1,893	1,952	2,653	7,437	7,851
Net income	$6,732	$7,029	$6,448	$6,727	$6,286	$20,209	$18,006

Earnings per share data							
Net income: Basic	$1.77	$1.83	$1.66	$1.73	$1.60	$5.26	$4.51
Diluted	1.76	1.82	1.65	1.71	1.58	5.22	4.48
Average shares: Basic	3,534.7	3,574.1	3,601.7	3,611.3	3,637.7	3,570.9	3,674.6
Diluted	3,559.6	3,599.0	3,630.4	3,646.6	3,669.8	3,597.0	3,704.5
Market and per common share data							
Market capitalization	331,393	321,633	312,078	307,295	238,277	331,393	238,277
Common shares at period-end	3,469.7	3,519.0	3,552.8	3,561.2	3,578.3	3,469.7	3,578.3
Share price:[a]							
High	$95.88	$92.65	$93.98	$87.39	$67.90	$95.88	$67.90
Low	88.08	81.64	83.03	66.10	58.76	81.64	52.50
Close	95.51	91.40	87.84	86.29	66.59	95.51	66.59
Book value per share	66.95	66.05	64.68	64.06	63.79	66.95	63.79
Tangible book value per share (“TBVPS”)[b]	54.03	53.29	52.04	51.44	51.23	54.03	51.23
Cash dividends declared per share	0.56	0.50	0.50	0.48	0.48	1.56	1.40
Selected ratios and metrics							
Return on common equity	12 %	12 %	11 %	11 %	10 %	11 %	10 %

("ROE")							
Return on tangible common equity ("ROTCE")[b]	13	14	13	14	13	14	13
Return on assets	1.04	1.10	1.03	1.06	1.01	1.06	0.99
Overhead ratio	57	57	61	59	59	58	58
Loans-to-deposits ratio	63	63	63	65	65	63	65
High quality liquid assets ("HQLA") (in billions)[c]	$568	$541	$528	$524	$539	NA	$539
Liquidity coverage ratio ("LCR") (average)	120 %	115 %	NA%	NA%	NA%	NA%	NA%
Common equity Tier 1 ("CET1") capital ratio[d]	12.6	12.6	12.5	12.4	12.0	12.6	12.0
Tier 1 capital ratio[d]	14.3	14.4	14.3	14.1	13.6	14.3	13.6
Total capital ratio[d]	16.1	16.0	15.6	15.5	15.1	16.1	15.1
Tier 1 leverage ratio[d]	8.4	8.5	8.4	8.4	8.5	8.4	8.5
Selected balance sheet data (period-end)							
Trading assets	$420,418	$407,064	$402,513	$372,130	$374,837	$420,418	$374,837

Securities	263,288	263,458	281,850	289,059	272,401	263,288	272,401
Loans	913,761	908,767	895,974	894,765	888,054	913,761	888,054
Core loans	843,432	834,935	812,119	806,152	795,077	843,432	795,077
Average core loans	837,522	824,583	805,382	799,698	779,383	822,611	759,207
Total assets	2,563,074	2,563,174	2,546,290	2,490,972	2,521,029	2,563,074	2,521,029
Deposits	1,439,027	1,439,473	1,422,999	1,375,179	1,376,138	1,439,027	1,376,138
Long-term debt[e]	288,582	292,973	289,492	295,245	309,418	288,582	309,418
Common stockholders' equity	232,314	232,415	229,795	228,122	228,263	232,314	228,263
Total stockholders' equity	258,382	258,483	255,863	254,190	254,331	258,382	254,331
Headcount	251,503	249,257	246,345	243,355	242,315	251,503	242,315
Credit quality metrics							
Allowance for credit losses	$14,648	$14,480	$14,490	$14,854	$15,304	$14,648	$15,304
Allowance for loan losses to total retained loans	1.49 %	1.49 %	1.52 %	1.55 %	1.61 %	1.49 %	1.61 %
Allowance for loan losses to retained loans excluding purchased credit-impaired loans[f]	1.29	1.28	1.31	1.34	1.37	1.29	1.37
Nonperforming assets	$6,154	$6,432	$6,826	$7,535	$7,779	$6,154	$7,779
Net charge-offs[g]	1,265	1,204	1,654	1,280	1,121	4,123	3,412
Net charge-off	0.56 %	0.54 %	0.76 %	0.58 %	0.51 %	0.62 %	0.53 %

rate[(g)]

(a) Share prices are from the New York Stock Exchange.

(b) TBVPS and ROTCE are non-GAAP financial measures. For further discussion of these measures, see Explanation and Reconciliation of the Firm's Use of Non-GAAP Financial Measures and Key Financial Performance Measures on pages 15–17.

(c) HQLA represents the amount of assets that qualify for inclusion in the LCR. The amounts represent quarterly average balances for September 30, 2017 and June 30, 2017, and period-end balances for the remaining periods. For additional information, see HQLA on page 68.

(d) Ratios presented are calculated under the Basel III Transitional capital rules and for the capital ratios represent the lower of the Standardized or Advanced approach as required by the Collins Amendment of the Dodd-Frank Act (the "Collins Floor"). See Capital Risk Management on pages 42–48 for additional information on Basel III and the Collins Floor.

(e) Included unsecured long-term debt of $221.7 billion, $221.0 billion, $212.0 billion, $212.6 billion and $226.8 billion at September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016 and September 30, 2016 respectively.

(f) Excluded the impact of residential real estate purchased credit-impaired ("PCI") loans, a non-GAAP financial measure. For further discussion of these measures, see Explanation and Reconciliation of the Firm's Use of Non-GAAP Financial Measures and Key Performance Measures on pages 15–17. For further discussion, see Allowance for credit losses on pages 64–66.

(g) Excluding net charge-offs of $467 million related to the student loan portfolio transfer, the net charge-off rates for the three months ended March 31, 2017 and nine months ended September 30, 2017 would have been 0.54% and 0.55%, respectively.

INTRODUCTION

The following is management's discussion and analysis ("MD&A") of the financial condition and results of operations of JPMorgan Chase & Co. ("JPMorgan Chase" or the "Firm") for the third quarter of 2017.

This Form 10-Q should be read in conjunction with JPMorgan Chase's Annual Report on Form 10-K for the year ended December 31, 2016, filed with the U.S. Securities and Exchange Commission ("2016 Annual Report" or 2016 "Form 10-K"), to which reference is hereby made. See the Glossary of terms and acronyms on pages 168–175 for definitions of terms and acronyms used throughout this Form 10-Q.

The MD&A included in this Form 10-Q contains statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the current beliefs and expectations of JPMorgan Chase's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. For a discussion of certain of those risks and uncertainties and the factors that could cause JPMorgan Chase's actual results to differ materially because of those risks and uncertainties, see Forward-looking Statements on page 82 of this Form 10-Q and Part I, Item 1A, Risk Factors, on pages 8–21 of JPMorgan Chase's 2016 Annual Report.

JPMorgan Chase & Co., a financial holding company incorporated under Delaware law in 1968, is a leading global financial services firm and one of the largest banking institutions in the United States of America ("U.S."), with operations worldwide; the Firm had $2.6 trillion in assets and $258.4 billion in stockholders' equity as of September 30, 2017. The Firm is a leader in investment

banking, financial services for consumers and small businesses, commercial banking, financial transaction processing and asset management. Under the J.P. Morgan and Chase brands, the Firm serves millions of customers in the U.S. and many of the world's most prominent corporate, institutional and government clients.

JPMorgan Chase's principal bank subsidiaries are JPMorgan Chase Bank, National Association ("JPMorgan Chase Bank, N.A."), a national banking association with U.S. branches in 23 states, and Chase Bank USA, National Association ("Chase Bank USA, N.A."), a national banking association that is the Firm's credit card-issuing bank. JPMorgan Chase's principal nonbank subsidiary is J.P. Morgan Securities LLC ("JPMorgan Securities"), the Firm's U.S. investment banking firm. The bank and nonbank subsidiaries of JPMorgan Chase operate nationally as well as through overseas branches and subsidiaries, representative offices and subsidiary foreign banks. The Firm's principal operating subsidiary in the United Kingdom ("U.K.") is J.P. Morgan Securities plc, a subsidiary of JPMorgan Chase Bank, N.A.

For management reporting purposes, the Firm's activities are organized into four major reportable business segments, as well as a Corporate segment. The Firm's consumer business is the Consumer & Community Banking ("CCB") segment. The Firm's wholesale business segments are Corporate & Investment Bank ("CIB"), Commercial Banking ("CB"), and Asset & Wealth Management ("AWM"). For a description of the Firm's business segments, and the products and services they provide to their respective client bases, refer to Note 33 of JPMorgan Chase's 2016 Annual Report.

EXECUTIVE
OVERVIEW

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

Financial performance of JPMorgan Chase

(unaudited) As of or for the period ended, (in millions, except per share data and ratios)	Three months ended September 30, 2017	 2016	 Change	Nine months ended September 30, 2017	 2016	 Change
Selected income statement data						
Total net revenue	$25,326	$24,673	3 %	$75,471	$72,292	4 %
Total noninterest expense	14,318	14,463	(1)	43,843	41,938	5
Pre-provision profit	11,008	10,210	8	31,628	30,354	4
Provision for credit losses	1,452	1,271	14	3,982	4,497	(11)
Net income	6,732	6,286	7	20,209	18,006	12
Diluted earnings per share	$1.76	$1.58	11	$5.22	$4.48	17
Selected ratios and metrics						
Return on common equity	11 %	10 %		11 %	10 %	
Return on tangible common equity	13	13		14	13	
Book value per share	$66.95	$63.79	5	$66.95	$63.79	5
Tangible book value per share	54.03	51.23	5	54.03	51.23	5
Capital ratios[(a)]						
CET1	12.6 %	12.0 %		12.6 %	12.0 %	
Tier 1 capital	14.3	13.6		14.3	13.6	
Total capital	16.1	15.1		16.1	15.1	

(a) Ratios presented are calculated under the Basel III Transitional capital rules and represent the Collins Floor. See Capital Risk Management on pages 42–48 for additional information on Basel III.

Comparisons noted in the sections below are calculated for the third quarter of 2017 versus the prior-year third quarter, unless otherwise specified.

Firmwide overview

JPMorgan Chase reported strong results in the third quarter of 2017 with net income of $6.7 billion, or $1.76 per share, on net revenue of $25.3 billion. The Firm reported ROE of 11% and ROTCE of 13%.

- Net income increased 7%, reflecting higher net revenue, partially offset by a higher provision for credit losses.
- Total net revenue increased 3%. Net interest income was $12.8 billion, up 10%, primarily driven by the net impact of higher interest rates and loan growth, partially offset by declines in Markets net interest income. Noninterest revenue was $12.5 billion, down 4%, driven by lower Markets revenue in the CIB.
- Noninterest expense was $14.3 billion, down 1%. The prior year included two items in Consumer & Community Banking totaling $175 million related to liabilities from a merchant in bankruptcy and mortgage servicing reserves.
- The provision for credit losses was $1.5 billion, an increase from $1.3 billion in the prior year. The increase reflected a net addition to the allowance for credit losses in the Consumer portfolio of $303 million, driven by Card, and higher net charge-offs of $148 million (including $63 million of incremental charge-offs recorded in accordance with regulatory guidance), partially offset by a net reduction to the allowance for credit losses in the

Wholesale portfolio of $116 million, primarily driven by Oil & Gas and Real Estate.

- The total allowance for credit losses was $14.6 billion at September 30, 2017, and the Firm had a loan loss coverage ratio, excluding the PCI portfolio, of 1.29%, compared with 1.37% in the prior year. The Firm's nonperforming assets totaled $6.2 billion at September 30, 2017, a decrease from $7.8 billion in the prior year.
- Firmwide average core loans increased 7%.

Selected capital-related metrics

- The Firm’s Basel III Fully Phased-In CET1 capital was $187 billion, and the Standardized and Advanced CET1 ratios were 12.5% and 12.9%, respectively.
- The Fully Phased-In supplementary leverage ratio (“SLR”) was 6.6% for the Firm.
- The Firm continued to grow tangible book value per share (“TBVPS”), ending the third quarter of 2017 at $54.03, up 5%.

ROTCE and TBVPS are considered non-GAAP financial measures. Core loans and each of the Fully Phased-In capital and leverage measures are considered key performance measures. For a further discussion of each of these measures, see Explanation and Reconciliation of the Firm’s Use of Non-GAAP Financial Measures and Key Performance Measures on pages 15–17, and Capital Risk Management on pages 42–48.

Lines of business highlights

Selected business metrics for each of the Firm's four lines of business are presented below for the third quarter of 2017.

CCB ROE 19%	• Average core loans up 8%; average deposits of $646 billion, up 9% • 29.3 million active mobile customers, up 12% • Credit card sales volume and merchant processing volume each up 13%
CIB ROE 13%	• Maintained #1 ranking for Global Investment Banking fees with 8.2% wallet share YTD • Banking revenue up 5%; Markets revenue down 21%
CB ROE 17%	• Record revenue of $2.1 billion, up 15%; net income of $881 million, up 13% • Average loan balances of $200 billion, up 10%
AWM ROE 29%	• Record net income of $674 million, up 21%; revenue of $3.2 billion, up 6% • Average loan balances of $125 billion, up 10% • Record assets under management ("AUM") of $1.9 trillion, up 10%; 81% of mutual fund AUM ranked in the 1st or 2nd quartile over 5 years

For a detailed discussion of results by line of business, refer to the Business Segment Results on pages 18–40.

Credit provided and capital raised

JPMorgan Chase continues to support consumers, businesses and communities around the globe. The Firm provided credit and raised capital of $1.7 trillion for wholesale and consumer clients during the first nine months of 2017:

- $197 billion of credit for consumers
- $17 billion of credit for U.S. small businesses
- $601 billion of credit for corporations
- $820 billion of capital raised for corporate clients and non-U.S. government entities
- $65 billion of credit and capital raised for U.S. government and nonprofit entities, including states, municipalities, hospitals and universities.

Recent events

During the second half of 2017, natural disasters caused significant disruptions to individuals and businesses, and damage to homes and communities in several regions where the Firm conducts business. The Firm continues to provide assistance to customers, clients, communities and employees who have been affected by these disasters. These events did not have a material impact on the Firm's third quarter 2017 financial results.

2017 outlook

These current expectations are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on

the current beliefs and expectations of JPMorgan Chase's management and are subject to significant risks and uncertainties. These risks and uncertainties could cause the Firm's actual results to differ materially from those set forth in such forward-looking statements. See Forward-Looking Statements on page 82 of this Form 10-Q and Risk Factors on pages 8–21 of JPMorgan Chase's 2016 Annual Report. There is no assurance that actual results for the full year of 2017 will be in line with the outlook set forth below, and the Firm does not undertake to update any forward-looking statements to reflect the impact of circumstances or events that arise after the date hereof.

JPMorgan Chase's outlook for the remainder of 2017 should be viewed against the backdrop of the global and U.S. economies, financial markets activity, the geopolitical environment, the competitive environment, client activity levels, and regulatory and legislative developments in the U.S. and other countries where the Firm does business. Each of these interrelated factors will affect the performance of the Firm and its lines of business. The Firm expects it will continue to make appropriate adjustments to its businesses and operations in response to ongoing developments in the legal, regulatory, business and economic environments in which it operates.

Firmwide

- Management expects 2017 net interest income to increase by approximately $4 billion compared with the prior year, depending on market conditions.
- The Firm continues to take a disciplined approach to managing its expenses, while investing in growth and innovation. As a result, Firmwide adjusted expense in 2017 is expected to be approximately $58 billion (excluding Firmwide legal expense).
- The Firm continues to experience charge-off rates at or near historically low levels, reflecting favorable credit conditions across the consumer and wholesale portfolios. Management expects total net charge-offs of approximately $5 billion in 2017, excluding net charge-offs of $467 million related to the write-down of the student loan portfolio in the first quarter of 2017.
- Management expects average core loan growth of approximately 8% in 2017.

CCB

- Management expects Card, Commerce Solutions & Auto ("CCSA") revenue for the fourth quarter of 2017 to be approximately flat compared to the third quarter of 2017.
- In Card, management expects the portfolio average net charge-off rate in 2017 to remain below 3% for the year, reflecting continued loan growth and the seasoning of newer vintages, with quarterly net charge-off rates reflecting normal seasonal trends.

CIB

- Management expects Markets revenue in the fourth quarter of 2017 to be lower compared to a strong prior-year period.

CB

- Management expects expense in the fourth quarter of 2017 to be approximately flat compared to the third quarter of 2017.

CONSOLIDATED RESULTS OF OPERATIONS

This section provides a comparative discussion of JPMorgan Chase's Consolidated Results of Operations on a reported basis for the three and nine months ended September 30, 2017 and 2016, unless otherwise specified. Factors that relate primarily to a single business segment are discussed in more detail within that business segment. For a discussion of the Critical Accounting Estimates Used by the Firm that affect the Consolidated Results of Operations, see pages 78–79 of this Form 10-Q and pages 132–134 of JPMorgan Chase's 2016 Annual Report.

Revenue

	Three months ended September 30,			Nine months ended September 30,		
(in millions)	2017	2016	Change	2017	2016	Change
Investment banking fees	$1,843	$1,866	(1)%	$5,470	$4,843	13 %
Principal transactions	2,721	3,451	(21)	9,440	9,106	4
Lending- and deposit-related fees	1,497	1,484	1	4,427	4,290	3
Asset management, administration and commissions	3,846	3,597	7	11,347	10,902	4
Securities gains/(losses)	(1)	64	NM	(38)	136	NM
Mortgage fees and related income	429	624	(31)	1,239	1,980	(37)
Card income	1,242	1,202	3	3,323	3,861	(14)
Other income[(a)]	951	782	22	3,193	2,844	12
Noninterest revenue	12,528	13,070	(4)	38,401	37,962	1
Net interest income	12,798	11,603	10	37,070	34,330	8
Total net revenue	$25,326	$24,673	3 %	$75,471	$72,292	4 %

(a) Included operating lease income of $928 million and $708 million for the three months ended September 30, 2017 and 2016, respectively and $2.6 billion and $2.0 billion for the nine months ended September 30, 2017 and 2016, respectively.

Quarterly results

Investment banking fees remained relatively flat, as declines in equity underwriting fees driven by a lower share of fees, and debt underwriting fees driven by lower industry-wide fees were offset by higher advisory fees driven by a higher number of completed transactions in CIB. For additional information, see CIB segment results on pages 25–30 and Note 5.

Principal transactions revenue decreased compared with a strong prior year in CIB's Markets business, primarily reflecting:

- lower Fixed Income-related revenue across products driven by sustained low volatility and tighter credit spreads partially offset by
- higher Equity-related revenue primarily in Prime Services.

The decrease also reflected lower gains on private equity investments in several businesses. For additional information, see CIB, Corporate and CCB segment results
on pages 25–30 , page 39 and pages 20–24 , respectively, and Note 5.

Asset management, administration and commissions revenue increased as a result of higher asset management fees in AWM and CCB, and higher asset-based fees in CIB, both driven by higher market levels, as well as higher brokerage commissions driven by higher volumes. For additional information, see AWM, CCB and CIB segment results on pages 35–38, pages 20–24 and pages 25–30, respectively, and Note 5.

Mortgage fees and related income decreased driven by lower net production revenue on lower margins and volumes, lower mortgage servicing rights ("MSR") risk management results, and lower servicing revenue on lower average third-party loans serviced. For further information, see CCB segment results on pages 20–24 and Note 14.

Card income increased predominantly driven by higher credit card-related fees, largely annual fees, predominantly offset by higher credit card new account origination costs. For further information, see CCB segment results on pages 20–24.

Other income increased primarily driven by higher operating lease income reflecting growth in auto operating lease volume in CCB.

For further information, see Note 5.

Net interest income increased primarily driven by the net impact of higher rates and loan growth, partially offset by declines in Markets net interest income in CIB. The Firm's average interest-earning assets were $2.2 trillion, and the net interest yield on these assets, on a fully taxable-equivalent ("FTE") basis, was 2.37%, an increase of 13 basis points from the prior year.

For additional information on lending- and deposit-related fees, see the segment results for CCB on pages 20–24, CIB on pages 25–30, and CB on pages 31–34 and Note 5; and on securities gains, see the Corporate segment discussion on page 39.

Year-to-date results

Investment banking fees increased reflecting higher debt and equity underwriting fees in CIB. The increase in debt underwriting fees was driven by a higher share of fees and an overall increase in industry-wide fees; and the increase in equity underwriting fees was driven by growth in industry-wide issuance, including a stronger IPO market.

Principal transactions revenue increased primarily as a result of higher client-driven market-making revenue in CIB, primarily reflecting:

- higher Equity-related revenue primarily in Prime Services, and
- higher Lending-related revenue reflecting lower fair value losses on hedges of accrual loans

partially offset by

- lower Fixed Income-related revenue driven by sustained low volatility and tighter credit spreads.

Asset management, administration and commissions revenue increased as a result of higher asset management fees in AWM and CCB, and higher asset-based fees in CIB, both driven by higher market levels, as well as higher brokerage commissions driven by higher volumes in CIB and AWM.

Mortgage fees and related income decreased driven by lower MSR risk management results, lower net production revenue on lower margins and volumes, and lower servicing revenue on lower average third-party loans serviced.

Card income decreased predominantly driven by higher credit card new account origination costs, partially offset by higher credit card-related fees, largely annual fees.

Other income increased primarily due to the following:

- higher operating lease income reflecting growth in auto operating lease volume in CCB
- a legal benefit of $645 million recorded in the second quarter of 2017 in Corporate related to a settlement with the FDIC receivership for Washington Mutual and with Deutsche Bank as trustee to certain Washington Mutual trusts

partially offset by

- the absence in the current year of both gains on the sale of Visa Europe interests in CCB, as well as on the disposal of an asset in AWM, and
- lower other income in CIB.

Net interest income increased primarily driven by the net impact of higher rates and loan growth across the businesses, partially offset by declines in Markets net interest income in CIB. The Firm’s average interest-earning assets were $2.2 trillion, and the net interest yield on these assets, on a FTE basis, was 2.34%, an increase of 8 basis points from the prior year.

Provision for credit losses

(in millions)	Three months ended September 30, 2017	2016	Change	Nine months ended September 30, 2017	2016	Change
Consumer, excluding credit card	$206	$262	(21)%	$660	$578	14%
Credit card	1,319	1,038	27	3,699	2,978	24
Total consumer	1,525	1,300	17	4,359	3,556	23
Wholesale	(73)	(29)	(152)	(377)	941	NM
Total provision for credit losses	$1,452	$1,271	14%	$3,982	$4,497	(11)%

Quarterly results

The provision for credit losses increased as a result of:

- a higher consumer provision driven by:
  - $148 million of higher net charge-offs, primarily in the credit card portfolio due to seasoning of newer vintages in line with expectations, partially offset by a decrease in net charge-offs in the residential real estate portfolio reflecting continued improvement in home prices and delinquencies. The higher net charge-offs included $63 million of incremental charge-offs recorded in accordance with regulatory guidance, and
  - a $300 million addition to the allowance for credit losses in the credit card portfolio, due to higher loss rates and loan growth, compared to a $200 million addition in the prior year

the increase was partially offset by

- a higher net benefit of $44 million due to a net reduction of $116 million in the wholesale allowance for credit losses, primarily driven by paydowns and loan sales in the Oil & Gas portfolio, and improvements in the overall quality of the Real Estate portfolio.

For a more detailed discussion of the credit portfolio and the allowance for credit losses, see the segment discussions of CCB on pages 20–24, CIB on pages 25–30, CB on pages 31–34, the Allowance for Credit Losses on pages 64–66 and Note 12.

Year-to-date results

The provision for credit losses decreased as a result of:

- a net $450 million reduction in the wholesale allowance for credit losses, reflecting credit quality improvements in Oil & Gas, Natural Gas Pipelines and Metals & Mining portfolios, compared with an addition of $680 million in the prior year driven by downgrades in the same portfolios

the decrease was partially offset by

- a higher consumer provision driven by:
  - $432 million of higher net charge-offs, primarily in the credit card portfolio due to seasoning of newer vintages in line with expectations, partially offset by a decrease

in net charge-offs in the residential real estate portfolio reflecting continued improvement in home prices and delinquencies,

  - a $218 million impact related to the transfer of the student loan portfolio to held-for-sale, and
  - a $153 million higher addition to the allowance for credit losses, which included current year additions to the allowance in the credit card, business banking and auto portfolios, partially offset by a reduction in the allowance in the residential real estate portfolio.

For a more detailed discussion of the student loan sale, see CCB segment results on pages 20–24.

Noninterest expense

(in millions)	Three months ended September 30, 2017	2016	Change	Nine months ended September 30, 2017	2016	Change
Compensation expense	$7,646	$7,669	—	$23,553	$23,107	2 %
Noncompensation expense:						
Occupancy	930	899	3	2,803	2,681	5
Technology, communications and equipment	1,972	1,741	13	5,670	5,024	13
Professional and outside services	1,705	1,665	2	4,892	4,913	—
Marketing	710	825	(14)	2,179	2,200	(1)
Other expense(a)(b)	1,355	1,664	(19)	4,746	4,013	18
Total noncompensation expense	6,672	6,794	(2)	20,290	18,831	8
Total noninterest expense	$14,318	$14,463	(1)%	$43,843	$41,938	5 %

(a) Included Firmwide legal expense/(benefit) of $(107) million and $(71) million for the three months ended September 30, 2017 and 2016, respectively and $172 million and $(547) million for the nine months ended September 30, 2017 and 2016, respectively.

(b) Included FDIC-related expense of $353 million and $360 million for the three months ended September 30, 2017 and 2016, respectively and $1.1 billion and $912 million for the nine months ended September 30, 2017 and 2016, respectively.

Quarterly results

Compensation expense decreased predominantly driven by lower performance-based compensation expense in CIB, partially offset by investments in certain businesses, including bankers and support staff.

Noncompensation expense decreased as a result of:

- two items totaling $175 million included in the prior year in CCB related to liabilities from a merchant in bankruptcy and mortgage servicing reserves, and
- lower marketing expense in CCB

partially offset by

- higher depreciation expense from growth in auto operating lease volume in CCB.

For a discussion of legal expense, see Note 21.

Year-to-date results

Compensation expense increased predominantly driven by investments in certain businesses, including bankers and support staff, partially offset by lower performance-based compensation expense particularly in CIB.

Noncompensation expense increased as a result of:

- higher legal expense as the prior year was a legal benefit
- higher depreciation expense from growth in auto operating lease volume in CCB
- higher FDIC-related expenses and
- contributions to the Firm's Foundation,

partially offset by

- two items totaling $175 million included in the prior year in CCB related to liabilities from a merchant in bankruptcy and mortgage servicing reserves.

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Income tax expense

(in millions)	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	Change	2017	2016	Change
Income before income tax expense	$9,556	$8,939	7 %	$27,646	$25,857	7 %
Income tax expense	2,824	2,653	6	7,437	7,851	(5)
Effective tax rate	29.6 %	29.7 %		26.9 %	30.4 %	

Quarterly results

The effective tax rate was relatively flat compared to the prior period.

Year-to-date results

The effective tax rate decreased predominantly due to larger tax benefits resulting from the vesting of employee-based stock awards and the release of a valuation allowance. The tax benefits resulting from employee-based stock awards were related to the appreciation of the Firm's stock price upon vesting of these awards above their original grant price.

CONSOLIDATED
BALANCE
SHEETS
ANALYSIS

Consolidated balance sheets overview

The following is a discussion of the significant changes between September 30, 2017, and December 31, 2016.

Selected Consolidated balance sheets data

(in millions)	Sep 30, 2017	Dec 31, 2016	Change
Assets			
Cash and due from banks	$21,994	$23,873	(8)%
Deposits with banks	435,810	365,762	19
Federal funds sold and securities purchased under resale agreements	185,454	229,967	(19)
Securities borrowed	101,680	96,409	5
Trading assets:			
Debt and equity instruments	362,158	308,052	18
Derivative receivables	58,260	64,078	(9)
Securities	263,288	289,059	(9)
Loans	913,761	894,765	2
Allowance for loan losses	(13,539)	(13,776)	(2)
Loans, net of allowance for loan losses	900,222	880,989	2
Accrued interest and accounts receivable	61,757	52,330	18
Premises and equipment	14,218	14,131	1
Goodwill	47,309	47,288	—
Mortgage servicing rights	5,738	6,096	(6)
Other intangible assets	808	862	(6)
Other assets	104,378	112,076	(7)
Total assets	$2,563,074	$2,490,972	3 %

Cash and due from banks and deposits with banks increased primarily driven by deposit growth and a shift in the deployment of excess cash from securities purchased under resale agreements and investment securities into deposits with banks. The Firm's excess cash is placed with various central banks, predominantly Federal Reserve Banks.

Federal funds sold and securities purchased under resale agreements decreased primarily due to the shift in the deployment of excess cash to deposits with banks. For additional information on the Firm's Liquidity Risk Management, see pages 68–72.

Trading assets and trading liabilities–debt and equity instruments increased predominantly related to client-driven market-making activities in CIB.

- The increase in trading assets was driven by higher debt and equity instruments in Prime Services reflecting client demand, and in Rates reflecting higher levels of client activity when compared to lower levels at year-end
- The increase in trading liabilities was driven by higher levels of client-driven short positions in equity instruments in Prime Services, partially offset by reductions in debt instruments in Securitized products.

For additional information, refer to Note 2.

Trading assets and trading liabilities–derivative receivables and payables decreased predominantly related to client-driven market-making activities in CIB Markets, reflecting lower foreign exchange and interest rate derivative receivables and payables, driven by maturities and market movements. The decrease in derivative receivables was partially offset by higher equity derivative receivables driven by higher market levels. For additional information, refer to Derivative contracts on pages 62–63, and Notes 2 and 4.

Securities decreased primarily reflecting net sales of
U.S. Treasuries. For information on Securities, see Notes 2
and 9.

Loans increased reflecting the following:

- higher wholesale loans driven by new originations in CB and higher loans to Private Banking clients in AWM, partially offset by paydowns in CIB
- higher consumer loans as a result of higher retention of originated high-quality prime mortgages in CCB and AWM, largely offset by the sale of the student loan portfolio, lower home equity loans and the run-off of PCI loans.

The allowance for loan losses decreased reflecting the following:

- a net reduction in the wholesale allowance, reflecting credit quality improvements in the Oil & Gas, Natural Gas Pipelines and Metals & Mining portfolios

partially offset by

- an increase in the consumer allowance, reflecting additions to the allowance for the credit card, business banking and auto portfolios, predominantly driven by

higher loss rates and loan growth in credit card, largely offset by the utilization of the allowance in connection with the transfer of the student loan portfolio to held-for-sale, and a reduction in the allowance for the residential real estate portfolio predominantly driven by continued improvement in home prices and delinquencies.
For detailed discussion of loans and the allowance for loan losses, refer to Credit Risk Management on pages 49–66, and Notes 2, 3, 11 and 12.

Accrued interest and accounts receivable increased reflecting higher client receivables related to client-driven market-making activities in CIB.
Other assets decreased as a result of a shift in the collateral pledged by CIB from cash to securities (which are classified within trading assets).
For information on MSRs, see Note 14.
Selected Consolidated balance sheets data (continued)

(in millions)	Sep 30, 2017	Dec 31, 2016	Change	
Liabilities				
Deposits	$1,439,027	$1,375,179	5	%
Federal funds purchased and securities loaned or sold under repurchase agreements	169,393	165,666	2	
Commercial paper	24,248	11,738	107	
Other borrowed funds	29,719	22,705	31	
Trading liabilities:				
Debt and equity instruments	89,089	87,428	2	
Derivative payables	39,446	49,231	(20	)
Accounts payable and other liabilities	196,764	190,543	3	
Beneficial interests issued by consolidated variable interest entities (“VIEs”)	28,424	39,047	(27	)
Long-term debt	288,582	295,245	(2	)
Total liabilities	2,304,692	2,236,782	3	
Stockholders’ equity	258,382	254,190	2	
Total liabilities and stockholders’ equity	$2,563,074	$2,490,972	3	%

Deposits increased due to the following:

- higher consumer deposits reflecting the continuation of strong growth from new and existing customers, and low attrition rates
- higher wholesale deposits driven by growth in client cash management activity in CIB’s Securities Services and Treasury Services businesses, partially offset by lower balances in AWM reflecting balance migration into investment-related products (retained predominantly within the Firm), and the impact of seasonality in both CB and AWM.

For more information on deposits, refer to the Liquidity Risk Management discussion on pages 68–72; and Notes 2 and 15.
Federal funds purchased and securities loaned or sold under repurchase agreements increased reflecting on-going client activity in CIB, partially offset by a change in the mix of funding to commercial paper and other borrowed funds.
Commercial paper increased due to higher issuance in the wholesale market, reflecting a change in the mix of funding from securities sold under repurchase agreements for CIB Markets activities. For additional information, see Liquidity Risk Management on pages 68–72.

Other borrowed funds increased driven by a change in the mix of funding from securities sold under repurchase agreements in CIB.
Beneficial interests issued by consolidated VIEs decreased due to net maturities of credit card securitizations and the deconsolidation of the student loan securitization entities. For further information on Firm-sponsored VIEs and loan securitization trusts, see Off-Balance Sheet Arrangements on page 14 and Notes 13 and 19; and for a more detailed discussion of the student loan sale, see CCB segment results on pages 20–24 and Note 23.

For information on the Firm’s long-term debt activities, see Liquidity Risk Management on pages 68–72; on changes in stockholders’ equity, see page 86, and on the Firm’s capital actions, see Capital actions on page 47.

CONSOLIDATED CASH FLOWS ANALYSIS

Consolidated cash flows overview

The following is a discussion of cash flow activities during the nine months ended September 30, 2017 and 2016.

(in millions)	Nine months ended September 30, 2017	2016
Net cash provided by/(used in)		
Operating activities	$(16,038)	$(18,715)
Investing activities	(22,342)	(112,102)
Financing activities	36,405	131,699
Effect of exchange rate changes on cash	96	18
Net increase/(decrease) in cash and due from banks	$(1,879)	$900

Operating activities

Cash used in operating activities for the nine month period ending September 30, 2017 resulted from:

Client-driven market-making activities in CIB

- an increase in trading assets was driven by higher debt and equity instruments in Prime Services reflecting client demand, and in Rates reflecting higher levels of client activity when compared to lower levels at year-end
- a decrease in trading liabilities predominantly reflecting lower foreign exchange and interest rate derivative payables
- an increase in accrued interest and accounts receivable due to higher client receivables.

Partially offsetting these outflows was a decrease in other assets as a result of a shift in the collateral pledged in CIB from cash to securities.

Cash used in operating activities for the nine month period ending September 30, 2016 resulted from:

Client-driven market-making activities in CIB

- an increase in trading assets, which was largely offset by an increase in trading liabilities
- an increase in accrued interest and accounts receivable driven by higher client receivables
- an increase in securities borrowed driven by higher demand for securities to cover short positions.

Investing activities

Cash used in investing activities during 2017 resulted from:

- an increase in deposits with banks, primarily driven by growth in deposits and a shift in the deployment of excess cash from securities purchased under resale agreements and investment securities into deposits with banks
- higher wholesale loans driven by new originations in CB and higher loans to Private Banking clients in AWM, partially offset by paydowns in CIB
- higher consumer loans as a result of higher retention of originated high-quality prime mortgages in CCB and AWM, largely offset by the sale of the student loan portfolio, lower home equity loans and the run-off of PCI loans

Cash used in investing activities during 2016 resulted from:

- net originations of consumer and wholesale loans
- an increase in deposits with banks primarily due to growth in deposits and an increase in long-term debt
- an increase in securities purchased under resale agreements due to the deployment of excess cash by Treasury and higher demand for securities to cover short positions related to client-driven market-making activities in CIB.

For both periods, partially offsetting these cash outflows were net proceeds from paydowns, maturities, sales and purchases of investment securities.

Financing activities

Cash provided by financing activities in 2017 resulted from:

- higher wholesale deposits driven by growth in client cash management activity in CIB's Securities Services and Treasury Services businesses, partially offset by lower balances in AWM reflecting balance migration predominantly into the Firm's investment-related products, and the impact of seasonality in both CB and AWM

- higher consumer deposits reflecting the continuation of strong growth from new and existing customers, and low attrition rates
- an increase in commercial paper due to higher issuance in the wholesale market, reflecting a change in the mix of funding from securities sold under repurchase agreements for CIB Markets activities

Partially offsetting these inflows were net payments of long-term borrowings.

Cash provided by financing activities in 2016 resulted from:

- higher consumer and wholesale deposits
- an increase in securities loaned or sold under repurchase agreements predominantly due to higher client-driven market-making activities in CIB
- higher net proceeds from long-term borrowings consistent with Treasury's long-term funding plans.

For both periods, cash was used for repurchases of common stock and dividends on common and preferred stock.

For a further discussion of the activities affecting the Firm's cash flows, see Consolidated Balance Sheets Analysis on pages 11–12, Capital Risk Management on pages 42–48, and Liquidity Risk Management on pages 68–72 of this Form 10-Q, and pages 110–115 of JPMorgan Chase's 2016 Annual Report.

OFF-BALANCE
SHEET
ARRANGEMENTS

In the normal course of business, the Firm enters into various contractual obligations that may require future cash payments. Certain obligations are recognized on-balance sheet, while others are off-balance sheet under accounting principles generally accepted in the U.S. ("U.S. GAAP"). The Firm is involved with several types of off–balance sheet arrangements, including through nonconsolidated special-purpose entities ("SPEs"), which are a type of VIE, and through lending-related financial instruments (e.g., commitments and guarantees). For further discussion, see Note 19 of this Form 10-Q and Off–Balance Sheet Arrangements and Contractual Cash Obligations on pages 45–46 and Note 29 of JPMorgan Chase's 2016 Annual Report.

Special-purpose entities

The most common type of VIE is an SPE. SPEs are commonly used in securitization transactions in order to isolate certain assets and distribute the cash flows from those assets to investors. SPEs are an important part of the financial markets, including the mortgage- and asset-backed securities and commercial paper markets, as they provide market liquidity by facilitating investors' access to specific portfolios of assets and risks. The Firm holds capital, as deemed appropriate, against all SPE-related transactions and related exposures, such as derivative transactions and lending-related commitments and guarantees. For further information on the types of SPEs, see Note 13 of this Form 10-Q, and Note 1 and Note 16 of JPMorgan Chase's 2016 Annual Report.

Implications of a credit rating downgrade to JPMorgan Chase Bank, N.A.

For certain liquidity commitments to SPEs, JPMorgan Chase Bank, N.A. could be required to provide funding if its short-term credit rating were downgraded below specific levels, primarily "P-1", "A-1" and "F1" for Moody's Investors Service ("Moody's"), Standard & Poor's and Fitch, respectively. These liquidity commitments support the issuance of asset-backed commercial paper by Firm-administered consolidated SPEs. In the event of a short-term credit rating downgrade, JPMorgan Chase Bank, N.A., absent other solutions, would be required to provide funding to the SPE if the commercial paper could not be reissued as it matured. The aggregate amounts of commercial paper outstanding held by third parties as of September 30, 2017, and December 31, 2016, was $2.9 billion and $2.7 billion, respectively. The aggregate amounts of commercial paper issued by these SPEs could increase in future periods should clients of the Firm-administered consolidated SPEs draw down on certain unfunded lending-related commitments. These unfunded lending-related commitments were $7.3 billion and $7.4 billion at September 30, 2017, and December 31, 2016, respectively. The Firm could facilitate the refinancing of some of the clients' assets in order to reduce the funding

obligation. For further information, see the discussion of Firm-administered multiseller conduits in Note 13.

The Firm also acts as liquidity provider for certain municipal bond vehicles. The Firm's obligation to perform as liquidity provider is conditional and is limited by certain termination events, which include bankruptcy or failure to pay by the municipal bond issuer and any credit enhancement provider, an event of taxability on the municipal bonds or the immediate downgrade of the municipal bond to below investment grade. See Note 13 for additional information.

Off–balance sheet lending-related financial instruments, guarantees, and other commitments

JPMorgan Chase provides lending-related financial instruments (e.g., commitments and guarantees) to meet the financing needs of its customers. The contractual amount of these financial instruments represents the maximum possible credit risk to the Firm should the counterparty draw upon the commitment or the Firm be required to fulfill its obligation under the guarantee, and should the counterparty subsequently fail to perform according to the terms of the contract. Most of these commitments and guarantees are refinanced, extended, cancelled, or expire without being drawn upon or a default occurring. As a result, the total contractual amount of these instruments is not, in the Firm's view, representative of its expected future credit exposure or funding requirements. For further discussion of lending-related financial instruments, guarantees and other commitments, and the Firm's accounting for them, see Lending-related commitments on page 62 and Note 19. For a discussion of liabilities associated with loan sales and securitization-related indemnifications, see Note 19.

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EXPLANATION AND RECONCILIATION OF THE FIRM'S USE OF NON-GAAP FINANCIAL MEASURES AND KEY PERFORMANCE MEASURES

Non-GAAP financial measures

The Firm prepares its Consolidated Financial Statements using U.S. GAAP; these financial statements appear on pages 83–87. That presentation, which is referred to as "reported" basis, provides the reader with an understanding of the Firm's results that can be tracked consistently from year-to-year and enables a comparison of the Firm's performance with other companies' U.S. GAAP financial statements.

In addition to analyzing the Firm's results on a reported basis, management reviews Firmwide results, including the overhead ratio, on a "managed" basis; these Firmwide managed basis results are considered non-GAAP financial measures. The Firm also reviews the results of the lines of business on a managed basis. The Firm's definition of managed basis starts, in each case, with the reported U.S. GAAP results and includes certain reclassifications to present total net revenue for the Firm (and each of the reportable business segments) on a FTE basis. Accordingly, revenue from investments that receive tax credits and tax-exempt securities is presented in the managed results on a basis comparable to taxable investments and securities. These financial measures allow management to assess the comparability of revenue from year-to-year arising from

both taxable and tax-exempt sources. The corresponding income tax impact related to tax-exempt items is recorded within income tax expense. These adjustments have no impact on net income as reported by the Firm as a whole or by the lines of business.

Management also uses certain non-GAAP financial measures at the Firm and business-segment level, because these other non-GAAP financial measures provide information to investors about the underlying operational performance and trends of the Firm or of the particular business segment, as the case may be, and, therefore, facilitate a comparison of the Firm or the business segment with the performance of its relevant competitors. For additional information on these non-GAAP measures, see Business Segment Results on pages 18–40.

Additionally, certain credit metrics and ratios disclosed by the Firm exclude PCI loans, and are therefore non-GAAP measures. For additional information on these non-GAAP measures, see Credit Risk Management on pages 49–66.

Non-GAAP financial measures used by the Firm may not be comparable to similarly named non-GAAP financial measures used by other companies.

The following summary table provides a reconciliation from the Firm's reported U.S. GAAP results to managed basis.

	Three months ended September 30,					
	2017			2016		
(in millions, except ratios)	Reported results	Fully taxable-equivalent adjustments[(a)]	Managed basis	Reported results	Fully taxable-equivalent adjustments[(a)]	Managed basis
Other income	$951	$ 555	$1,506	$782	$ 540	$1,322
Total noninterest revenue	12,528	555	13,083	13,070	540	13,610
Net interest income	12,798	319	13,117	11,603	299	11,902
Total net revenue	25,326	874	26,200	24,673	839	25,512
Pre-provision profit	11,008	874	11,882	10,210	839	11,049
Income before income tax expense	9,556	874	10,430	8,939	839	9,778
Income tax expense	$2,824	$ 874	$3,698	$2,653	$ 839	$3,492
Overhead ratio	57 %	NM	55 %	59 %	NM	57 %

	Nine months ended September 30,					
	2017			2016		
(in millions, except ratios)	Reported results	Fully taxable-equivalent adjustments[(a)]	Managed basis	Reported results	Fully taxable-equivalent adjustments[(a)]	Managed basis
Other income	$3,193	$ 1,733	$4,926	$2,844	$ 1,620	$4,464
Total noninterest revenue	38,401	1,733	40,134	37,962	1,620	39,582

Net interest income	37,070	987	38,057	34,330	897	35,227
Total net revenue	75,471	2,720	78,191	72,292	2,517	74,809
Pre-provision profit	31,628	2,720	34,348	30,354	2,517	32,871
Income before income tax expense	27,646	2,720	30,366	25,857	2,517	28,374
Income tax expense	$7,437	$ 2,720	$10,157	$7,851	$ 2,517	$10,368
Overhead ratio	58 %	NM	56 %	58 %	NM	56 %

(a) Predominantly recognized in CIB and CB business segments and Corporate.

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Net interest income excluding CIB's Markets businesses

In addition to reviewing net interest income on a managed basis, management also reviews net interest income excluding net interest income arising from CIB's Markets businesses to assess the performance of the Firm's lending, investing (including asset-liability management) and deposit-raising activities. This net interest income is referred to as non-markets related net interest income. CIB's Markets businesses represent both Fixed Income Markets and Equity Markets. Management believes that disclosure of non-markets related net interest income

provides investors and analysts with another measure by which to analyze the non-markets-related business trends of the Firm and provides a comparable measure to other financial institutions that are primarily focused on lending, investing and deposit-raising activities.

The data presented below are non-GAAP financial measures due to the exclusion of markets-related net interest income arising from CIB.

	Three months ended September 30,			Nine months ended September 30,		
(in millions, except rates)	2017	2016	Change	2017	2016	Change
Net interest income – managed basis[(a)(b)]	$13,117	$11,902	10 %	$38,057	$35,227	8 %
Less: CIB Markets net interest income[(c)]	1,070	1,625	(34)	3,509	4,703	(25)
Net interest income excluding CIB Markets[(a)]	$12,047	$10,277	17	$34,548	$30,524	13
Average interest-earning assets	$2,194,174	$2,116,493	4	$2,177,520	$2,080,133	5
Less: Average CIB Markets interest-earning assets[(c)]	544,867	518,862	5	535,044	518,989	3
Average interest-earning assets excluding CIB Markets	$1,649,307	$1,597,631	3 %	$1,642,476	$1,561,144	5 %
Net interest yield on average interest-earning assets – managed basis	2.37 %	2.24 %		2.34 %	2.26 %	
Net interest yield on average CIB Markets interest-earning assets[(c)]	0.78	1.25		0.88	1.21	
Net interest yield on average interest-earning assets excluding CIB Markets	2.90 %	2.56 %		2.81 %	2.61 %	

(a) Interest includes the effect of related hedges. Taxable-equivalent amounts are used where applicable.

(b) For a reconciliation of net interest income on a reported and managed basis, see reconciliation from the Firm's reported U.S. GAAP results to managed basis on page 15.

(c) The amounts in this table differ from the prior-period to align with CIB's Markets businesses. For further information on CIB's Markets businesses, see page 29.

Tangible common equity, ROTCE and TBVPS

Tangible common equity (“TCE”), ROTCE and TBVPS are each non-GAAP financial measures. TCE represents the Firm’s common stockholders’ equity (i.e., total stockholders’ equity less preferred stock) less goodwill and identifiable intangible assets (other than MSRs), net of related deferred tax liabilities. ROTCE measures the Firm’s net income applicable to common equity as a percentage of average TCE. TBVPS represents the Firm’s TCE at period-end divided by common shares at period-end. TCE, ROTCE, and TBVPS are utilized by the Firm, as well as investors and analysts, in assessing the Firm’s use of equity.

The following summary table provides a reconciliation from the Firm’s common stockholders’ equity to TCE.

	Period-end		Average			
			Three months ended September 30,		Nine months ended September 30,	
(in millions, except per share and ratio data)	Sep 30, 2017	Dec 31, 2016	2017	2016	2017	2016
Common stockholders’ equity	$232,314	$228,122	$231,861	$226,089	$229,937	$224,034
Less: Goodwill	47,309	47,288	47,309	47,302	47,297	47,314
Less: Certain identifiable intangible assets	808	862	818	903	836	938
Add: Deferred tax liabilities[(a)]	3,271	3,230	3,262	3,226	3,243	3,205
Tangible common equity	$187,468	$183,202	$186,996	$181,110	$185,047	$178,987
Return on tangible common equity	NA	NA	13 %	13 %	14 %	13 %
Tangible book value per share	$54.03	$51.44	NA	NA	NA	NA

(a) Represents deferred tax liabilities related to tax-deductible goodwill and to identifiable intangibles created in nontaxable transactions, which are netted against goodwill and other intangibles when calculating TCE.

Key performance measures

The Firm considers the following to be key regulatory capital measures:

Capital, risk-weighted assets (“RWA”), and capital and leverage ratios presented under Basel III Standardized and Advanced Fully Phased-In rules and

SLR calculated under Basel III Advanced Fully Phased-In rules.

The Firm, as well as banking regulators, investors and analysts use these measures to assess the Firm’s regulatory capital position and to compare the Firm’s regulatory capital to that of other financial services companies.

For additional information on these measures, see Capital Risk Management on pages 42–48.

Core loans are also considered a key performance measure. Core loans represent loans considered central to the Firm’s ongoing businesses; and exclude loans classified as trading assets, runoff portfolios, discontinued portfolios and portfolios the Firm has an intent to exit. Core loans is a measure utilized by the Firm and its investors and analysts in assessing actual growth in the loan portfolio.

BUSINESS
SEGMENT
RESULTS

The Firm is managed on a line of business basis. There are four major reportable business segments – Consumer & Community Banking, Corporate & Investment Bank, Commercial Banking and Asset & Wealth Management. In addition, there is a Corporate segment.

The business segments are determined based on the products and services provided, or the type of customer served, and they reflect the manner in which financial information is currently evaluated by management. Results of these lines of business are presented on a managed basis. For a definition of managed basis, see Explanation and Reconciliation of the Firm's use of Non-GAAP Financial Measures and Key Performance Measures on pages 15–17.

Description of business segment reporting methodology

Results of the business segments are intended to reflect each segment as if it were a stand-alone business. The management reporting process that derives business segment results allocates income and expense using market-based methodologies. For further information about line of business capital, see Line of business equity on page 46.

The Firm periodically assesses the assumptions, methodologies and reporting classifications used for segment reporting, and further refinements may be implemented in future periods.

Business segment capital allocation changes

Effective January 1, 2017, the Firm's methodology used to allocate capital to the business segments was updated. Under the new methodology, capital is no longer allocated to each line of business for goodwill and other intangibles associated with acquisitions effected by the line of business. In addition, the new methodology incorporates Basel III Standardized Fully Phased-In RWA (as well as Basel III Advanced Fully Phased-In RWA), leverage, the global systemically important banks ("GSIB") surcharge, and a simulation of capital in a severe stress environment. The methodology will continue to be weighted towards Basel III Advanced Fully Phased-In RWA because the Firm believes it to be the best proxy for economic risk.

For a further discussion of those methodologies, see Business Segment Results – Description of business segment reporting methodology on pages 51–52 of JPMorgan Chase's 2016 Annual Report.

The following discussions of the business segment results are based on a comparison of the three and nine months ended September 30, 2017 versus the corresponding period in the prior year, unless otherwise specified.

Segment results – managed basis

The following tables summarize the business segment results for the periods indicated.

Three months ended September 30,	Total net revenue			Total noninterest expense			Pre-provision profit/(loss)		
(in millions)	2017	2016	Change	2017	2016	Change	2017	2016	Change
Consumer & Community Banking	$12,033	$11,328	6 %	$6,495	$6,510	—	$5,538	$4,818	15 %
Corporate & Investment Bank	8,590	9,455	(9)	4,768	4,934	(3)	3,822	4,521	(15)
Commercial Banking	2,146	1,870	15	800	746	7	1,346	1,124	20
Asset & Wealth Management	3,245	3,047	6	2,181	2,130	2	1,064	917	16
Corporate	186	(188)	NM	74	143	(48)	112	(331)	NM
Total	$26,200	$25,512	3 %	$14,318	$14,463	(1)%	$11,882	$11,049	8 %

Three months ended September 30,	Provision for credit losses			Net income/(loss)			Return on equity	
(in millions, except ratios)	2017	2016	Change	2017	2016	Change	2017	2016
Consumer & Community Banking	$1,517	$1,294	17 %	$2,553	$2,204	16 %	19 %	16 %
Corporate & Investment Bank	(26)	67	NM	2,546	2,912	(13)	13	17
Commercial Banking	(47)	(121)	61	881	778	13	17	18
Asset & Wealth Management	8	32	(75)	674	557	21	29	24
Corporate	—	(1)	100	78	(165)	NM	NM	NM
Total	$1,452	$1,271	14 %	$6,732	$6,286	7 %	11 %	10 %

Nine months ended September 30,	Total net revenue			Total noninterest expense			Pre-provision profit/(loss)		
(in millions)	2017	2016	Change	2017	2016	Change	2017	2016	Change
Consumer & Community Banking	$34,415	$33,896	2	$19,390	$18,602	4 %	$15,025	$15,294	(2)%
Corporate & Investment Bank	27,015	26,755	1	14,730	14,820	(1)	12,285	11,935	3
Commercial Banking	6,252	5,490	14	2,415	2,190	10	3,837	3,300	16
Asset & Wealth Management	9,544	8,958	7	6,953	6,303	10	2,591	2,655	(2)
Corporate	965	(290)	NM	355	23	NM	610	(313)	NM
Total	$78,191	$74,809	5	$43,843	$41,938	5 %	$34,348	$32,871	4 %

Nine months ended September 30,	Provision for credit losses			Net income/(loss)			Return on equity	
(in millions, except ratios)	2017	2016	Change	2017	2016	Change	2017	2016
Consumer & Community Banking	$4,341	$3,545	22 %	$6,764	$7,350	(8)%	17 %	18 %
Corporate & Investment Bank	(175)	761	NM	8,497	7,384	15	15	14
Commercial Banking	(214)	158	NM	2,582	1,970	31	16	15
Asset & Wealth Management	30	37	(19)	1,683	1,665	1	24	24
Corporate	—	(4)	100	683	(363)	NM	NM	NM
Total	$3,982	$4,497	(11)%	$20,209	$18,006	12 %	11 %	10 %

CONSUMER &
COMMUNITY
BANKING

For a discussion of the business profile of CCB, see pages 53–57 of JPMorgan Chase's 2016 Annual Report and Line of Business Metrics on page 173.

Selected income statement data

	Three months ended September 30,			Nine months ended September 30,		
(in millions, except ratios)	2017	2016	Change	2017	2016	Change
Revenue						
Lending- and deposit-related fees	$885	$841	5 %	$2,547	$2,390	7 %
Asset management, administration and commissions	543	531	2	1,644	1,596	3
Mortgage fees and related income	428	624	(31)	1,235	1,980	(38)
Card income	1,141	1,099	4	3,019	3,543	(15)
All other income	901	773	17	2,454	2,303	7
Noninterest revenue	3,898	3,868	1	10,899	11,812	(8)
Net interest income	8,135	7,460	9	23,516	22,084	6
Total net revenue	12,033	11,328	6	34,415	33,896	2
Provision for credit losses	1,517	1,294	17	4,341	3,545	22
Noninterest expense						
Compensation expense	2,554	2,453	4	7,598	7,255	5
Noncompensation expense[(a)]	3,941	4,057	(3)	11,792	11,347	4
Total noninterest expense	6,495	6,510	—	19,390	18,602	4
Income before income tax expense	4,021	3,524	14	10,684	11,749	(9)
Income tax expense	1,468	1,320	11	3,920	4,399	(11)
Net income	$2,553	$2,204	16 %	$6,764	$7,350	(8)%
Revenue by line of business						
Consumer & Business Banking	$5,408	$4,719	15	$15,547	$13,885	12
Mortgage Banking	1,558	1,874	(17)	4,513	5,671	(20)
Card, Commerce Solutions & Auto	5,067	4,735	7	14,355	14,340	—
Mortgage fees and related income details:						
Net production revenue	158	247	(36)	451	670	(33)
Net mortgage servicing revenue[(b)]	270	377	(28)	784	1,310	(40)
Mortgage fees and related income	$428	$624	(31)%	$1,235	$1,980	(38)%
Financial ratios						
Return on equity	19 %	16 %		17 %	18 %	
Overhead ratio	54	57		56	55	

Note: In the discussion and the tables which follow, CCB presents certain financial measures which exclude the impact of PCI loans; these are non-GAAP financial measures.

(a) Included operating lease depreciation expense of $688 million and $504 million for the three months ended September 30, 2017 and 2016, respectively, and $1.9 billion and $1.4 billion for the nine months ended September 30, 2017 and 2016, respectively.

(b) Included MSR risk management of $(23) million and $38 million for the three months ended September 30, 2017 and 2016, respectively, and $(132) million and $240 million for the nine months ended September 30, 2017 and

2016, respectively.

Quarterly results
Net income was $2.6 billion, an increase of 16%, driven by higher net revenue, partially offset by a higher provision for credit losses.
Net revenue was $12.0 billion, an increase of 6%.
Net interest income was $8.1 billion, up 9%, driven by deposit margin expansion, higher deposit balances and higher loan balances in Card, partially offset by loan spread compression from higher rates, including the impact of higher funding costs, in Mortgage Banking and Auto.
Noninterest revenue was $3.9 billion, up 1%, driven by higher auto lease volume and higher card- and deposit-related fees, predominantly offset by higher new account origination costs in Card, lower net production revenue reflecting lower mortgage production margins and volumes, lower MSR risk management results and lower mortgage servicing revenue as a result of a lower level of third-party loans serviced. See Note 14 for further information regarding changes in value of the MSR asset and related hedges, and mortgage fees and related income.
Noninterest expense was $6.5 billion, flat compared to prior year, as a result of:

- two items totaling $175 million included in the prior year related to liabilities from a merchant in bankruptcy and mortgage servicing reserves, and
- lower marketing expense

offset by

- higher auto lease depreciation, and
- continued business growth.

The provision for credit losses was $1.5 billion, an increase of 17% from the prior year, driven by:

- $148 million of higher net charge-offs, primarily in the credit card portfolio due to seasoning of newer vintages in line with expectations, partially offset by a decrease in net charge-offs in the residential real estate portfolio reflecting continued improvement in home prices and delinquencies. The higher net charge-offs included $63 million of incremental charge-offs recorded in accordance with regulatory guidance regarding the timing of loss recognition for certain auto and residential real estate loans in bankruptcy and auto loans where assets were acquired in loan satisfaction, and
- a $75 million higher addition to the allowance for credit losses, primarily related to the credit card portfolio.

Year-to-date results
Net income was $6.8 billion, a decrease of 8%, driven by a higher provision for credit losses and noninterest expense, partially offset by higher net revenue.
Net revenue was $34.4 billion, an increase of 2%.
Net interest income was $23.5 billion, up 6%, driven by higher deposit balances, higher loan balances in Card and deposit margin expansion, partially offset by loan spread compression from higher rates, including the impact of higher funding costs, in Mortgage Banking and Auto, the impact of the student loan portfolio sale and an adjustment for capitalized interest on modified loans in Mortgage Banking.
Noninterest revenue was $10.9 billion, down 8%, driven by higher new account origination costs in Card, lower MSR risk management results, the absence in the current year of a gain on the sale of Visa Europe interests and lower net production revenue reflecting lower mortgage production margins and volumes, largely offset by higher auto lease volume and higher card- and deposit-related fees.
Noninterest expense was $19.4 billion, an increase of 4%, driven by:

- higher auto lease depreciation, and
- continued business growth

partially offset by

- two items totaling $175 million included in the prior year related to liabilities from a merchant in bankruptcy and mortgage servicing reserves.

The provision for credit losses was $4.3 billion, an increase of 22% from the prior year, reflecting:

- $428 million of higher net charge-offs, primarily in the credit card portfolio due to seasoning of newer vintages in line with expectations, partially offset by a decrease in net charge-offs in the residential real estate portfolio reflecting continued improvement in home prices and delinquencies,

- a $218 million impact related to the transfer of the student loan portfolio to held-for-sale, and
- a $150 million higher addition to the allowance for credit losses.

See the Allowance for credit losses section on page 64 of this Form 10-Q for additional information regarding the consumer portfolio.

The Firm transferred the student loan portfolio to held-for-sale in the first quarter of 2017. The Firm sold substantially all of the portfolio in the second quarter of 2017, and such sale did not have a material impact on the Firm's Consolidated Financial Statements.

Selected metrics

(in millions, except headcount)	As of or for the three months ended September 30, 2017	2016	Change	As of or for the nine months ended September 30, 2017	2016	Change
Selected balance sheet data (period-end)						
Total assets	$537,459	$521,276	3 %	$537,459	$521,276	3 %
Loans:						
Consumer & Business Banking	25,275	23,846	6	25,275	23,846	6
Home equity	44,542	52,445	(15)	44,542	52,445	(15)
Residential mortgage	195,134	181,564	7	195,134	181,564	7
Mortgage Banking	239,676	234,009	2	239,676	234,009	2
Card	141,313	133,435	6	141,313	133,435	6
Auto	65,102	64,512	1	65,102	64,512	1
Student	47	7,354	(99)	47	7,354	(99)
Total loans	471,413	463,156	2	471,413	463,156	2
Core loans	401,648	371,060	8	401,648	371,060	8
Deposits	653,460	605,117	8	653,460	605,117	8
Equity	51,000	51,000	—	51,000	51,000	—
Selected balance sheet data (average)						
Total assets	$531,959	$521,882	2	$530,884	$512,550	4
Loans:						
Consumer & Business Banking	25,166	23,678	6	24,753	23,227	7
Home equity	45,424	53,501	(15)	47,333	55,604	(15)
Residential mortgage	192,805	180,669	7	187,954	175,059	7
Mortgage Banking	238,229	234,170	2	235,287	230,663	2
Card	141,172	132,713	6	138,852	129,481	7
Auto	65,175	64,068	2	65,321	62,998	4
Student	58	7,490	(99)	3,847	7,759	(50)
Total loans	469,800	462,119	2	468,060	454,128	3
Core loans	398,319	367,999	8	389,103	356,072	9
Deposits	645,732	593,671	9	636,257	579,741	10
Equity	51,000	51,000	—	51,000	51,000	—
Headcount	134,553	132,092	2 %	134,553	132,092	2 %

Selected metrics

(in millions, except ratio data)	As of or for the three months ended September 30, 2017	2016	Change	As of or for the nine months ended September 30, 2017	2016	Change
Credit data and quality statistics						
Nonaccrual loans[(a)(b)]	$4,068	$4,853	(16)%	$4,068	$4,853	(16)%
Net charge-offs/(recoveries)[(c)(d)]						
Consumer & Business Banking	$71	$71	—	$184	$180	2
Home equity	13	42	(69)	67	136	(51)
Residential mortgage	(2)	7	NM	(3)	11	NM
Mortgage Banking	11	49	(78)	64	147	(56)
Card	1,019	838	22	3,049	2,528	21
Auto	116	79	47	245	192	28
Student	—	32	NM	498 (i)	98	408
Total net charge-offs/(recoveries)	$1,217	$1,069	14	$4,040 (i)	$3,145	28
Net charge-off/(recovery) rate[(c)(d)]						
Consumer & Business Banking	1.12 %	1.19 %		0.99 %	1.04 %	
Home equity[(e)]	0.15	0.42		0.25	0.44	
Residential mortgage[(e)]	—	0.02		—	0.01	
Mortgage Banking[(e)]	0.02	0.10		0.04	0.10	
Card	2.87	2.51		2.94	2.61	
Auto	0.71	0.49		0.50	0.41	
Student	—	1.70		NM	1.69	
Total net charge-off/(recovery) rate[(e)]	1.10	1.00		1.25 (i)	1.01	
30+ day delinquency rate						
Mortgage Banking[(f)(g)]	1.03 %	1.27 %		1.03 %	1.27 %	
Card	1.76	1.53		1.76	1.53	
Auto	0.93	1.08		0.93	1.08	
Student[(h)]	—	1.81		—	1.81	
90+ day delinquency rate — Card	0.86	0.75		0.86	0.75	
Allowance for loan losses						
Consumer & Business Banking	$796	$703	13	$796	$703	13
Mortgage Banking, excluding PCI loans	1,153	1,488	(23)	1,153	1,488	(23)
Mortgage Banking — PCI loans[(d)]	2,245	2,618	(14)	2,245	2,618	(14)
Card	4,684	3,884	21	4,684	3,884	21
Auto	499	474	5	499	474	5
Student	—	274	NM	—	274	NM
Total allowance for loan losses[(d)]	$9,377	$9,441	(1)%	$9,377	$9,441	(1)%

(a) Excludes PCI loans. The Firm is recognizing interest income on each pool of PCI loans as they are all performing.

(b) At September 30, 2017 and 2016, nonaccrual loans excluded loans 90 or more days past due as follows: (1) mortgage loans insured by U.S. government agencies of $4.0 billion and $5.0 billion, respectively; and (2) student loans insured by U.S. government agencies under the Federal Family Education Loan Program (“FFELP”) of zero and $259 million, respectively. These amounts have been excluded based upon the government guarantee.

(c) Net charge-offs and net charge-off rates for the three and nine months ended September 30, 2017 included $63 million of incremental charge-offs recorded in accordance with regulatory guidance regarding the timing of loss recognition for certain auto and residential real estate loans in bankruptcy and auto loans where assets were acquired in loan satisfaction.

(d) Net charge-offs/(recoveries) and the net charge-off/(recovery) rates for the three months ended September 30, 2017 and 2016, excluded $20 million and $36 million, respectively, and for nine months ended September 30, 2017 and 2016, excluded $66 million and $124 million, respectively, of write-offs in the PCI portfolio. These write-offs decreased the allowance for loan losses for PCI loans. For further information on PCI write-offs, see summary of changes in the allowances on page 65.

(e) Excludes the impact of PCI loans. For the three months ended September 30, 2017 and 2016, the net charge-off/(recovery) rates including the impact of PCI loans were as follows: (1) home equity of 0.11% and 0.31%, respectively; (2) residential mortgage of -% and 0.02%, respectively; (3) Mortgage Banking of 0.02% and 0.08%, respectively; and (4) total CCB of 1.03% and 0.92%, respectively. For the nine months ended September 30, 2017 and 2016, the net charge-off/(recovery) rates including the impact of PCI loans were as follows: (1) home equity of 0.19% and 0.33%, respectively; (2) residential mortgage of -% and 0.01%,respectively; (3) Mortgage Banking of 0.04% and 0.09%, respectively; and (4) total CCB of 1.16% and 0.93%, respectively.

(f) At September 30, 2017 and 2016, excluded mortgage loans insured by U.S. government agencies of $5.9 billion and $7.0 billion, respectively, that are 30 or more days past due. These amounts have been excluded based upon the government guarantee.

(g) Excludes PCI loans. The 30+ day delinquency rate for PCI loans was 9.30% and 10.01% at September 30, 2017 and 2016, respectively.

(h) Excluded student loans insured by U.S. government agencies under FFELP of $461 million at September 30, 2016, that are 30 or more days past due. This amount has been excluded based upon the government guarantee.
(i) Excluding net charge-offs of $467 million related to the student loan portfolio transfer in the first quarter of 2017, the total net charge-off rate for the nine months ended September 30, 2017 would have been 1.10%.

Selected metrics

	As of or for the three months ended September 30,			As of or for the nine months ended September 30,		
(in billions, except ratios and where otherwise noted)	2017	2016	Change	2017	2016	Change
Business Metrics						
CCB households (in millions)[(a)]	61.2	60.0	2 %	61.2	60.0	2 %
Number of branches	5,174	5,310	(3)	5,174	5,310	(3)
Active digital customers (in thousands)[(b)]	46,349	43,657	6	46,349	43,657	6
Active mobile customers (in thousands)[(c)]	29,273	26,047	12	29,273	26,047	12
Debit and credit card sales volume[(a)]	$231.1	$207.9	11	$671.8	$601.6	12
Consumer & Business Banking						
Average deposits	$630.4	$576.6	9	$621.7	$564.2	10
Deposit margin	2.02 %	1.79 %		1.95 %	1.82 %	
Business banking origination volume	$1.7	$1.8	(8)	$5.6	$5.7	(2)
Client investment assets	262.5	231.6	13	262.5	231.6	13
Mortgage Banking						
Mortgage origination volume by channel						
Retail	$10.6	$11.7	(9)	$29.3	$31.6	(7)
Correspondent	16.3	15.4	6	43.9	42.9	2
Total mortgage origination volume[(d)]	$26.9	$27.1	(1)	$73.2	$74.5	(2)
Total loans serviced (period-end)	$821.6	$863.3	(5)	$821.6	$863.3	(5)
Third-party mortgage loans serviced (period-end)	556.9	609.2	(9)	556.9	609.2	(9)
MSR carrying value (period-end)	5.7	4.9	16	5.7	4.9	16
Ratio of MSR carrying value (period-end) to third-party mortgage loans serviced (period-end)	1.02 %	0.80 %		1.02 %	0.80 %	
MSR revenue multiple[(e)]	2.91 x	2.29 x		2.91 x	2.29 x	
Card, excluding Commercial Card						
Credit card sales volume	$157.7	$139.2	13	$454.2	$396.9	14
New accounts opened (in millions)	1.9	2.7	(30)	6.5	7.7	(16)
Card Services						
Net revenue rate	10.95 %	11.04 %		10.55 %	11.70 %	
Commerce Solutions						
Merchant processing volume	$301.6	$267.2	13	$870.3	$778.5	12
Auto						
Loan and lease origination volume	$8.8	$9.3	(5)	$25.1	$27.4	(8)

Average Auto operating lease assets	15.6	11.4	37 %	14.7	10.5	40 %

(a) The prior period amounts have been revised to conform with the current period presentation.
(b) Users of all web and/or mobile platforms who have logged in within the past 90 days.
(c) Users of all mobile platforms who have logged in within the past 90 days.
(d) Firmwide mortgage origination volume was $29.2 billion and $30.9 billion for the three months ended September 30, 2017 and 2016, respectively, and $81.0 billion and $83.9 billion for the nine months ended September 30, 2017 and 2016, respectively.
(e) Represents the ratio of MSR carrying value (period-end) to third-party mortgage loans serviced (period-end) divided by the ratio of annualized loan servicing-related revenue to third-party mortgage loans serviced (average).

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CORPORATE
&
INVESTMENT
BANK

For a discussion of the business profile of CIB, see pages 58–62 of JPMorgan Chase’s 2016 Annual Report and Line of Business Metrics on page 173.

Selected income statement data

(in millions, except ratios)	Three months ended September 30, 2017	2016	Change	Nine months ended September 30, 2017	2016	Change
Revenue						
Investment banking fees	$1,819	$1,855	(2)%	$5,434	$4,812	13 %
Principal transactions	2,673	3,282	(19)	9,108	8,717	4
Lending- and deposit-related fees	374	402	(7)	1,149	1,181	(3)
Asset management, administration and commissions	1,041	968	8	3,161	3,062	3
All other income	187	183	2	622	927	(33)
Noninterest revenue	6,094	6,690	(9)	19,474	18,699	4
Net interest income	2,496	2,765	(10)	7,541	8,056	(6)
Total net revenue[(a)]	8,590	9,455	(9)	27,015	26,755	1
Provision for credit losses	(26)	67	NM	(175)	761	NM
Noninterest expense						
Compensation expense	2,286	2,513	(9)	7,537	7,850	(4)
Noncompensation expense	2,482	2,421	3	7,193	6,970	3
Total noninterest expense	4,768	4,934	(3)	14,730	14,820	(1)
Income before income tax expense	3,848	4,454	(14)	12,460	11,174	12
Income tax expense	1,302	1,542	(16)	3,963	3,790	5
Net income	$2,546	$2,912	(13)%	$8,497	$7,384	15 %
Financial ratios						
Return on equity	13 %	17 %		15 %	14 %	
Overhead ratio	56	52		55	55	
Compensation to revenue ratio	27	27		28	29	

(a) Included tax-equivalent adjustments, predominantly due to income tax credits related to alternative energy investments; income tax credits and amortization of the cost of investments in affordable housing projects; and tax-exempt income from municipal bonds of $505 million and $483 million for the three months ended September 30, 2017 and 2016, respectively, and $1.6 billion and $1.5 billion for the nine months ended September 30, 2017 and 2016, respectively.

Selected income statement data

(in millions)	Three months ended September 30, 2017	2016	Change	Nine months ended September 30, 2017	2016	Change
Revenue by business						
Investment Banking	$1,705	$1,740	(2)%	$5,051	$4,463	13 %
Treasury Services	1,058	917	15	3,094	2,693	15
Lending	331	283	17	1,093	862	27
Total Banking	3,094					