

INVESTOR  
DAY | 2023

# COMMERCIAL BANKING

Firm Overview

Global Technology

Consumer & Community Banking

Corporate & Investment Bank

► Commercial Banking

Asset & Wealth Management

JPMORGAN CHASE & CO.

## Commercial Banking – executing a proven strategy



**EXPANDING OUR CLIENT FRANCHISE**

**Organic growth** driven by continued investment and expansion into select, high-potential markets and industries – proven, multi-year track record



**INNOVATING TO EXTEND OUR COMPETITIVE ADVANTAGE**

Investing to deliver **more value to clients** through our broad-based capabilities  
**Innovative solutions** to help **deepen relationships** and **drive client acquisition**



**ENHANCING THE CLIENT EXPERIENCE**

Relentless focus on **operational excellence** to deliver a **superior client journey** and drive efficiency



**BUILDING A DATA-DRIVEN BUSINESS**

**Rich data assets** and a **nearly 600TB cloud-based platform** that deliver valuable insights across the firm and to our clients



**EMPOWERING OUR TEAMS**

Enabling our teams to serve our clients in a **highly-differentiated manner**  
**Data-enabled, consultative teams**, equipped with digital tools and powerful analytics



**MAINTAINING FORTRESS PRINCIPLES**

**Rigorous client selection** with a long-term, **through-the-cycle approach**  
Strong **credit and control culture**, with 2022 **NCO rate of 4bps**



**DELIVERING STRONG FINANCIAL RESULTS**

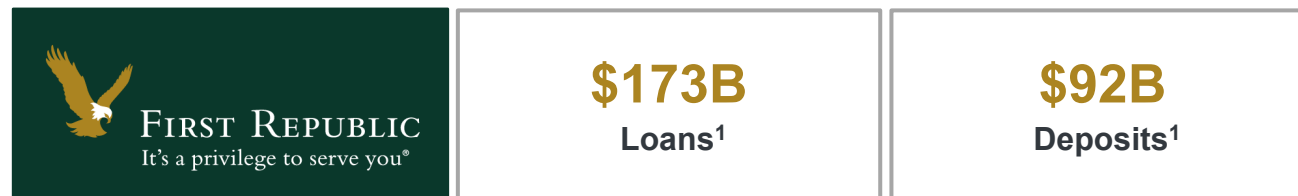
Ongoing **expense discipline** while investing for the long term  
Strong returns in 2022 – **16% ROE**, with **high-quality, resilient, and diversified earnings**

# First Republic Bank – building on our strength

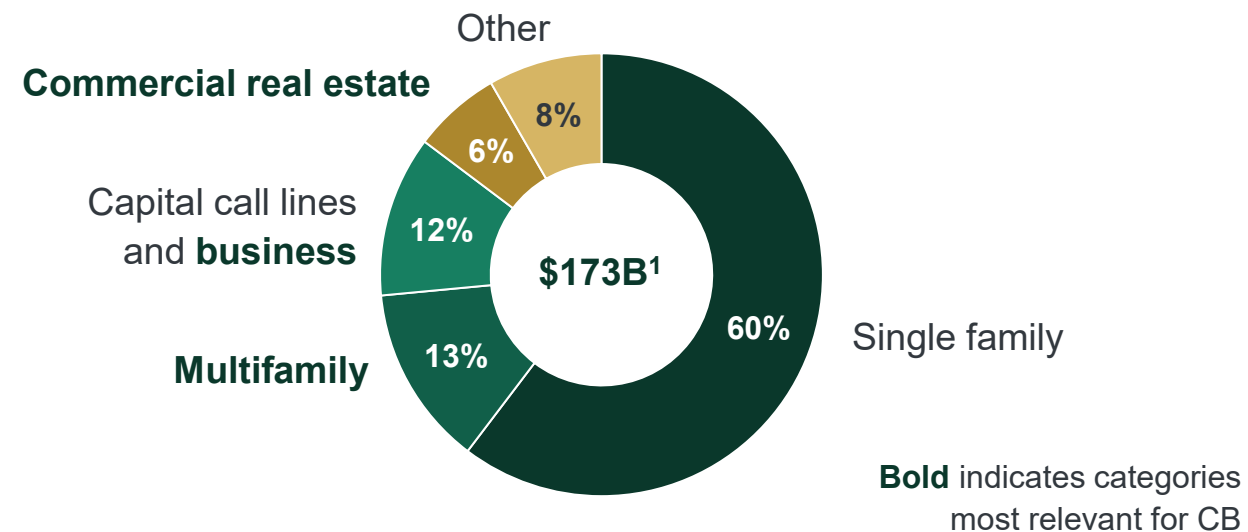
## FIRST REPUBLIC BANK'S MODEL...

*Exceptional* client service

*Strong* credit performance



### Breakdown of loan portfolio



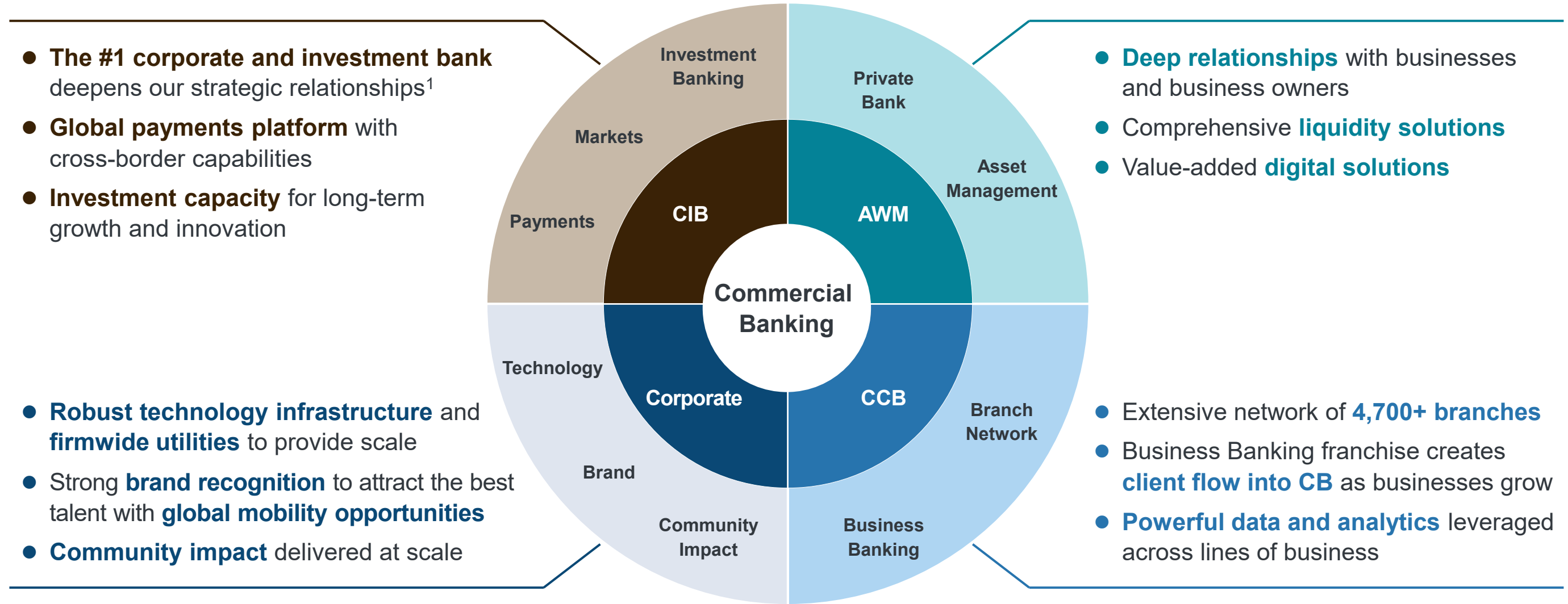
## ...ALIGNS WITH CB'S CLIENT-CENTRIC APPROACH

- » Add **quality clients** and expand footprint in **high-growth markets**
- » Complement our **leading Commercial Real Estate** portfolio
- » Maintain **strong credit culture** and focus on **exceptional client service**
- » Gain access to **top talent** in key locations
- » Increase **support of communities and nonprofit organizations**
- » Deliver the **Firm's capabilities** to new clients

Note: Totals may not sum due to rounding

<sup>1</sup> First Republic figures estimated as of April 13, 2023 based on data provided by the FDIC; \$173B of loans are prior to fair value marks; \$92B of deposits include \$30B of deposits from large U.S. Banks

# JPMorgan Chase platform drives competitive advantage and unmatched value for CB clients



- **The #1 corporate and investment bank** deepens our strategic relationships<sup>1</sup>
- **Global payments platform** with cross-border capabilities
- **Investment capacity** for long-term growth and innovation

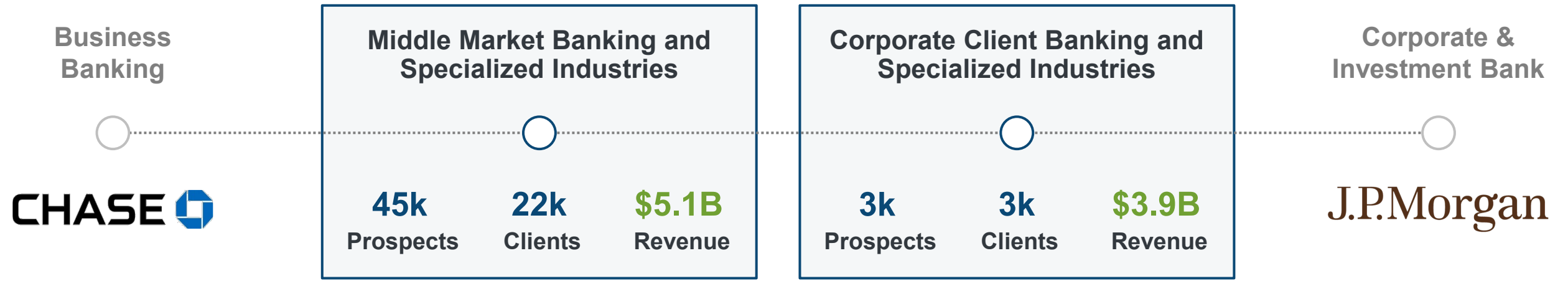
- **Robust technology infrastructure** and **firmwide utilities** to provide scale
- Strong **brand recognition** to attract the best talent with **global mobility opportunities**
- **Community impact** delivered at scale

- **Deep relationships** with businesses and business owners
- Comprehensive **liquidity solutions**
- Value-added **digital solutions**

- Extensive network of **4,700+ branches**
- Business Banking franchise creates **client flow into CB** as businesses grow
- **Powerful data and analytics** leveraged across lines of business

<sup>1</sup> Coalition Greenwich Competitor Analytics (CIB rank), reflecting JPMorgan Chase's internal business structure and internal revenue, which may differ from externally disclosed revenue. Rank is based on the Coalition Index Banks

# Commercial & Industrial (C&I) – segmented to best serve our clients



## SECTOR EXPERTISE ACROSS 18 SPECIALIZED INDUSTRIES

<b>Agribusiness</b> 	<b>Apparel</b> 	<b>Beverage</b> 	<b>Energy</b> 	<b>Financial Institutions</b> 	<b>Franchise</b> 	<b>Government</b> 	<b>Green Economy</b> 	<b>Healthcare</b> 
<b>Heavy Equipment</b> 	<b>Higher Education</b> 	<b>Life Sciences</b> 	<b>Media and Entertainment</b> 	<b>Multinational Corporations</b> 	<b>Nonprofit</b> 	<b>Real Estate</b> 	<b>Tech &amp; Disruptive Commerce</b> 	<b>Technology</b> 

Note: Revenue reflects FY 2022; prospect and client figures as of December 31, 2022

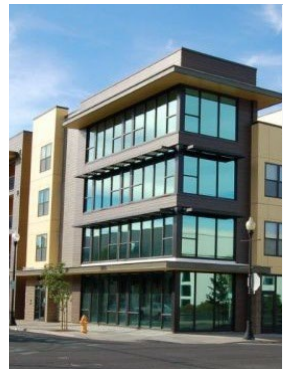
# Commercial Real Estate (CRE) – positioned for through-the-cycle performance



## Commercial Term Lending (CTL) | #1 multifamily lender in U.S.<sup>1</sup>

- Term financing of stabilized properties in supply-constrained markets
- Industry-leading origination process delivered with speed and certainty of execution
- Continued innovation and investment in rental payments solutions

**\$1.5B**  
Revenue



## Community Development Banking (CDB) | #3 affordable housing lender in U.S.<sup>2</sup>

- Range of financing solutions for affordable housing
- Programs to revitalize neighborhoods and community development projects
- Over \$10B in financing towards creation of 46k+ affordable housing units since 2020

**\$0.3B**  
Revenue



## Real Estate Banking (REB)

- Top-tier investors and developers in major U.S. markets
- Portfolio lending on core property types, such as multifamily, industrial, and retail
- Over 50% of revenue driven by payments and liquidity

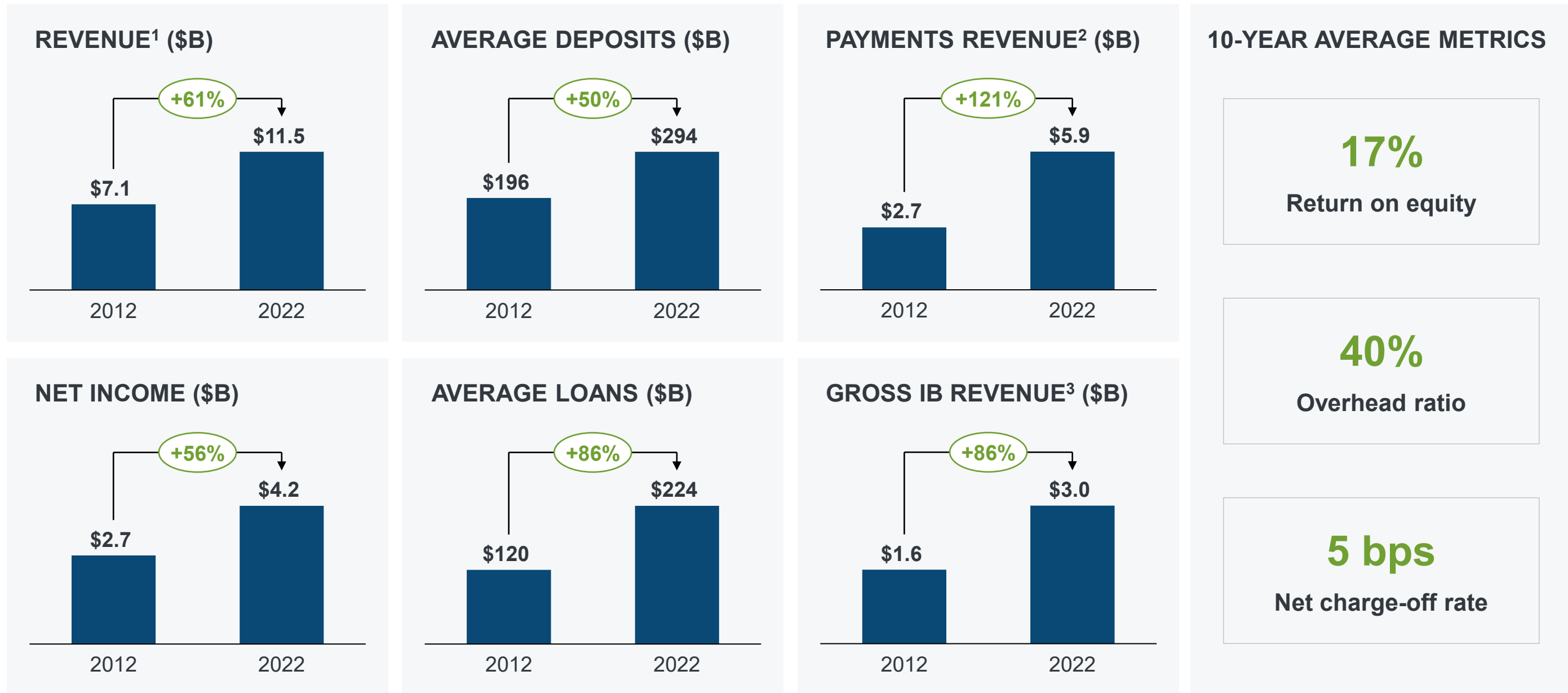
**\$0.7B**  
Revenue

### CYCLE-RESISTANT STRATEGY

- Deep sector and market knowledge
- Disciplined market, client, and asset selection
- Limited exposure to riskier asset classes
- Focus on primary, supply-constrained markets

Note: Revenue reflects FY 2022 and does not include Corporate Client Banking Real Estate; other figures as of December 31, 2022  
For footnoted information, refer to slides 23-24

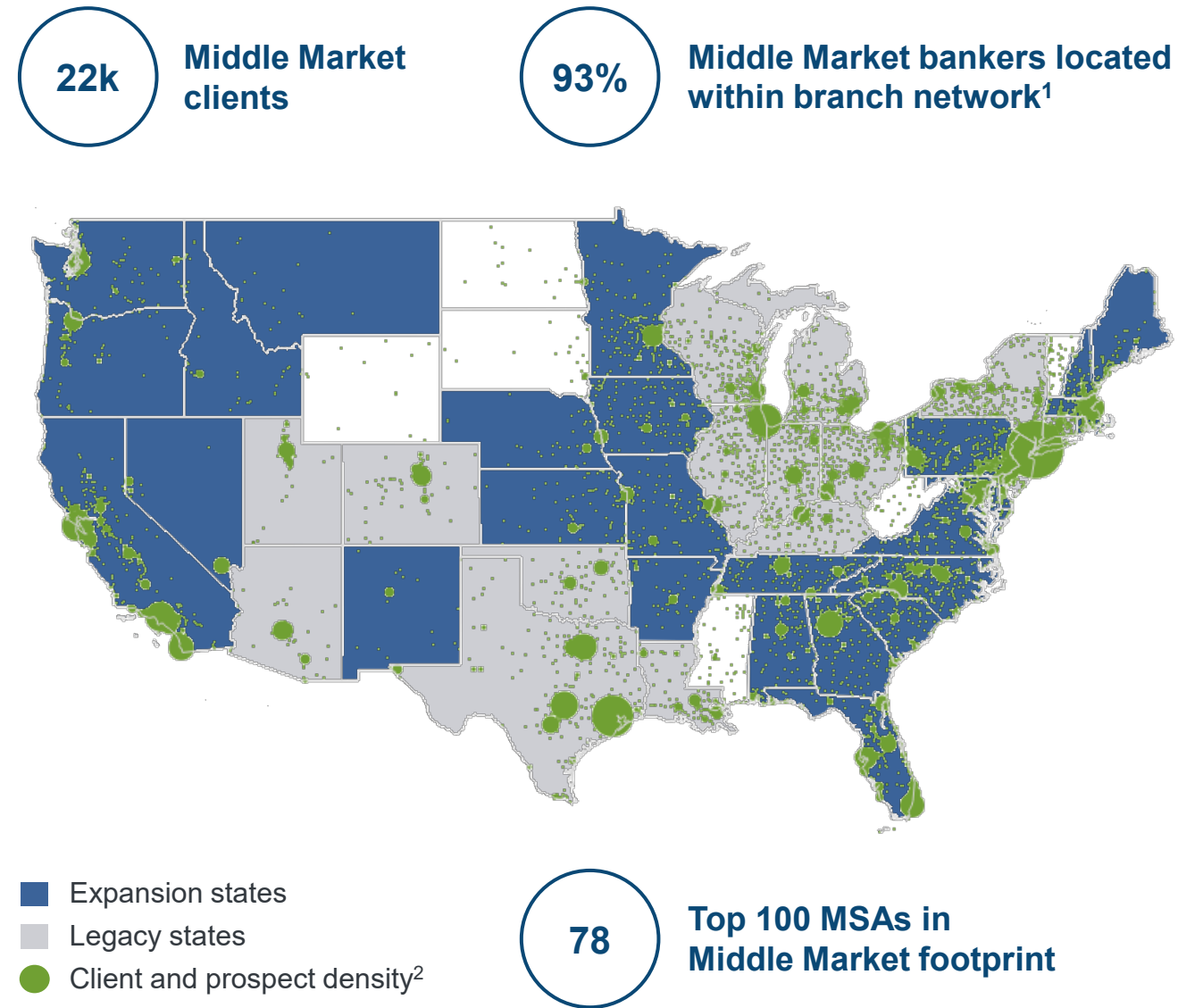
# Commercial Banking – decade-long, sustainable growth with strong returns



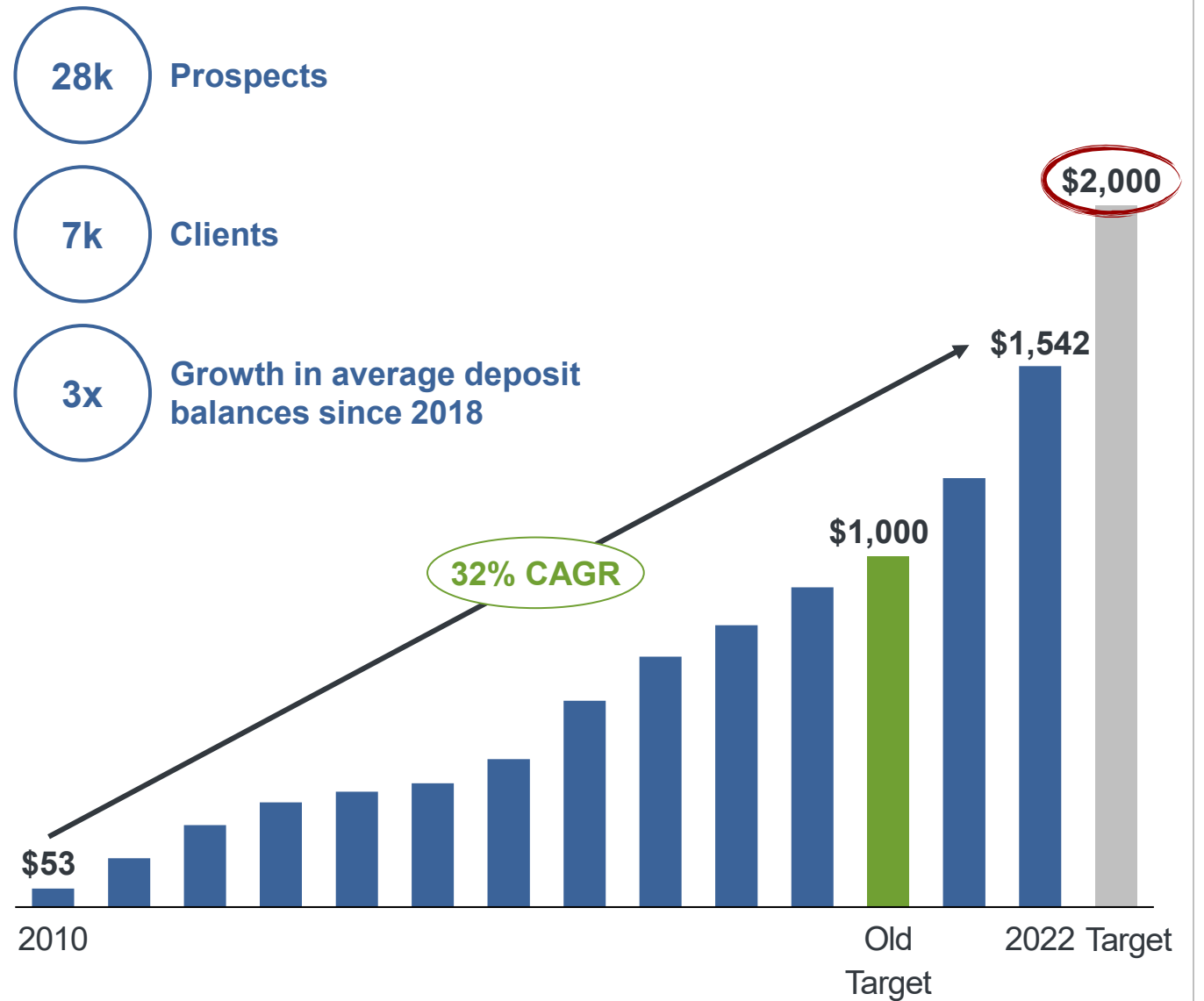
Note: Totals may not sum due to rounding  
For footnoted information, refer to slides 23-24

# Organic expansion in Middle Market Banking

## MIDDLE MARKET NATIONAL COVERAGE



## EXPANSION MARKET REVENUE GROWTH (\$mm)



Note: Figures as of December 31, 2022  
For footnoted information, refer to slides 23-24



# Large, cross-border market opportunity



**13** Bilateral trade corridors with \$200B+ annual flow<sup>1</sup>

**\$24T** Trade volume globally<sup>2</sup>

**7%** CAGR in cross-border trade flow since 2017<sup>2</sup>

<sup>1</sup> International Trade Centre (ITC) trade map; bilateral flow calculated based on sum of export and import trade volumes for FY 2021

<sup>2</sup> "A vision for the future of cross-border payments;" McKinsey, data as of 2022

## Global solutions and expertise delivered locally

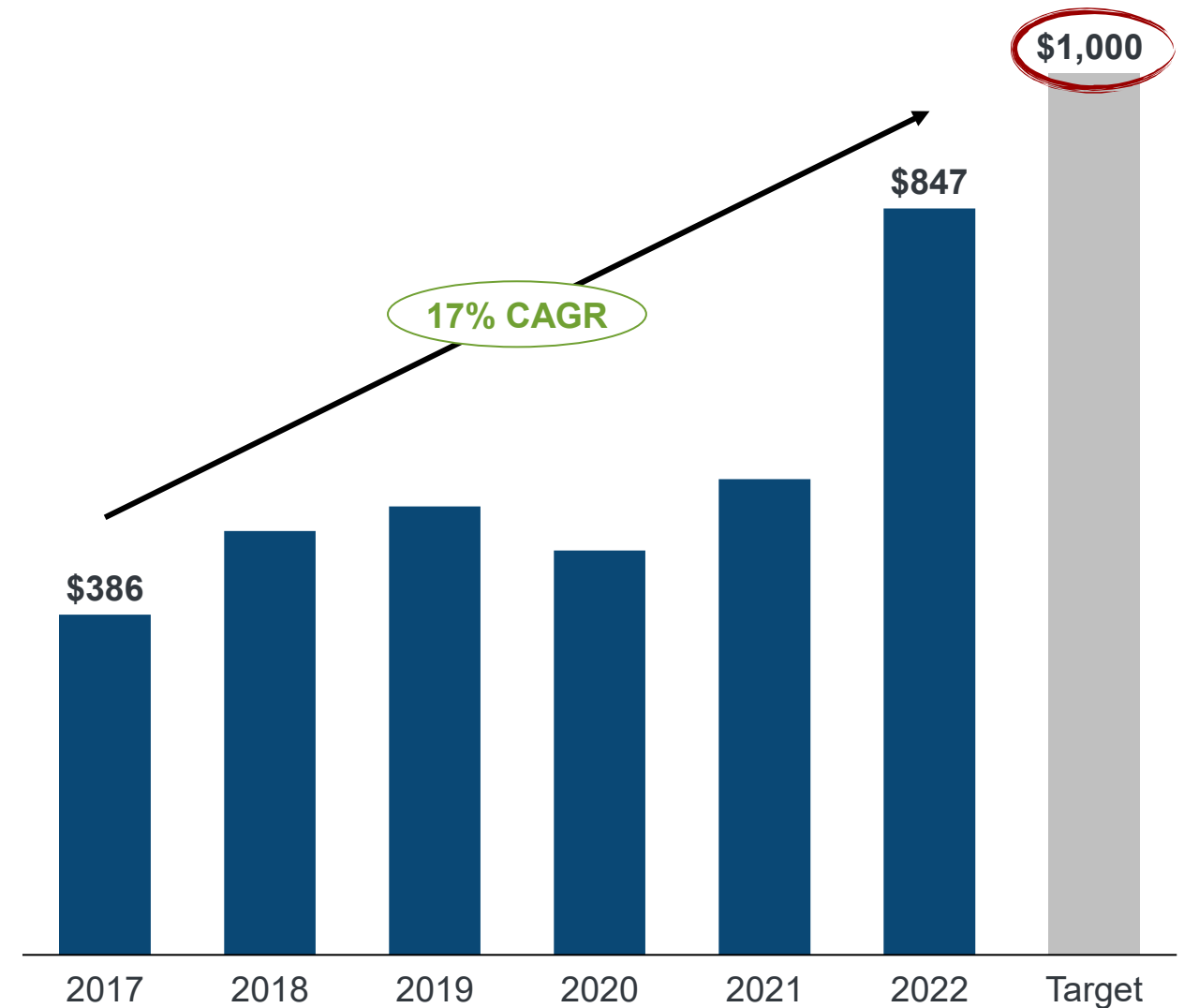
### HELPING CLIENTS EXPAND INTERNATIONALLY

- **Local expertise with global footprint** – covering nearly **3.2k multinational clients** across **30 countries**
- **Streamlined approach** to complex global treasury management with access to firmwide solutions
- **Uniquely positioned** to meet clients' cross-border needs relative to regional commercial banks

### SERVING INTERNATIONALLY-HEADQUARTERED CLIENTS

- **Disciplined approach** to build long-term franchise value – covering **500+ clients** and **2.5k prospects**
- **Differentiated value** through JPMorgan Chase capabilities including IB, FX/Trade, payments, liquidity, and lending
- **Strong results and growth potential** – significantly increasing revenue and **quadrupling deposits** since 2019

### INTERNATIONAL REVENUE (\$mm)<sup>1</sup>



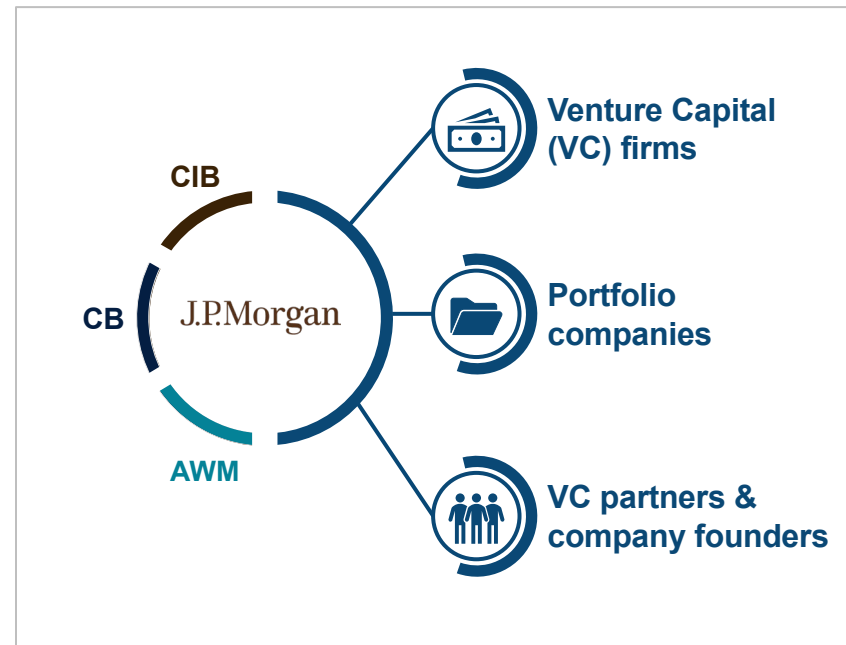
Note: Figures as of December 31, 2022

<sup>1</sup> Denotes non-U.S. revenue from U.S. multinational clients and Corporate Client Banking expansion efforts to serve non-U.S. headquartered companies internationally

# Committed to being the most important financial services partner to the Innovation Economy

## UNMATCHED CAPABILITIES TO SERVE THE VC ECOSYSTEM

Firmwide strategy



Unique assets for clients

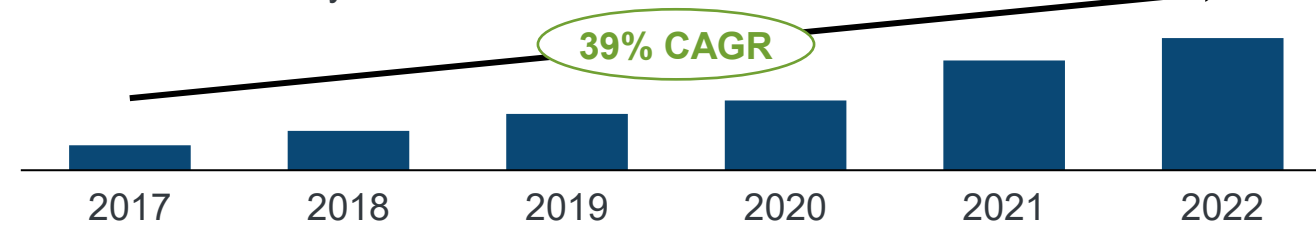


## BROAD-BASED COVERAGE AND POWERFUL SOLUTIONS

- »» **Dedicated CB coverage** for VC firms and portfolio companies
- »» Positioned to serve clients through **every stage of life-cycle**
- »» **Early-stage lending capabilities** and **payments solutions**
- »» **Suite of digital assets** designed to serve startup clients
- »» **Private Bank** focus on founders and VC partners
- »» **Global reach** accelerated by international expansion
- »» Specialized **investment banking coverage**
- »» Additional **capital** and **liquidity management solutions** through J.P. Morgan Asset Management

## CB – EXECUTION OF A LONG-TERM STRATEGY

Innovation Economy revenue



# Disciplined, focused approach to Private Equity coverage

## SIGNIFICANT OPPORTUNITY IN PRIVATE EQUITY (PE)...

**\$1.2T+**

Global Private Equity dry powder<sup>1</sup>

**37%**

of North American IB wallet is sponsor-related<sup>2</sup>

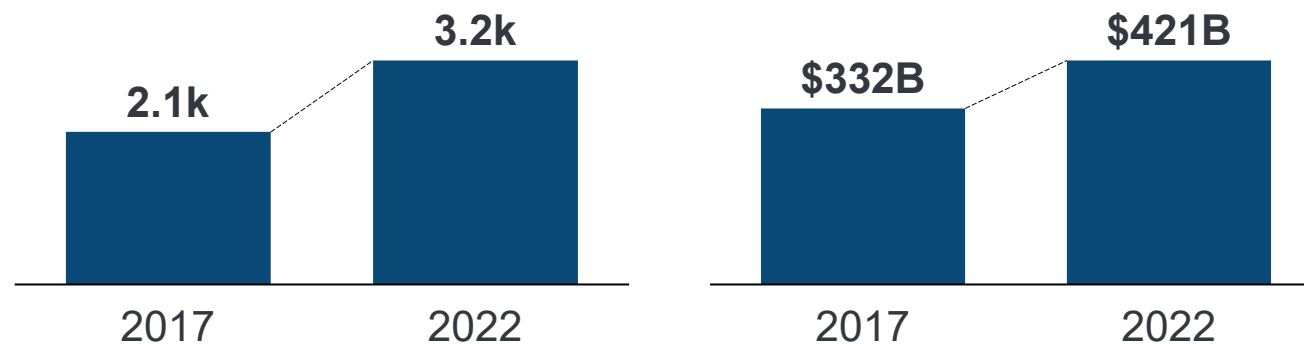
## UNMATCHED CAPABILITIES TO CAPTURE OPPORTUNITY

- **Expansive Middle Market reach** of 22k clients and 45k prospects
- Focused **CB coverage team** for Middle Market financial sponsors
- **Dedicated advisory** and **IB coverage resources** for Middle Market sponsors and portfolio companies
- Leading **leverage finance** and **Debt Capital Markets teams**
- **Direct lending solutions** provide full range of financing alternatives
- **Risk discipline** through specialized credit and structuring teams

## ...WITH TREMENDOUS MIDDLE MARKET POTENTIAL

U.S. PE Middle Market deal count<sup>1</sup>

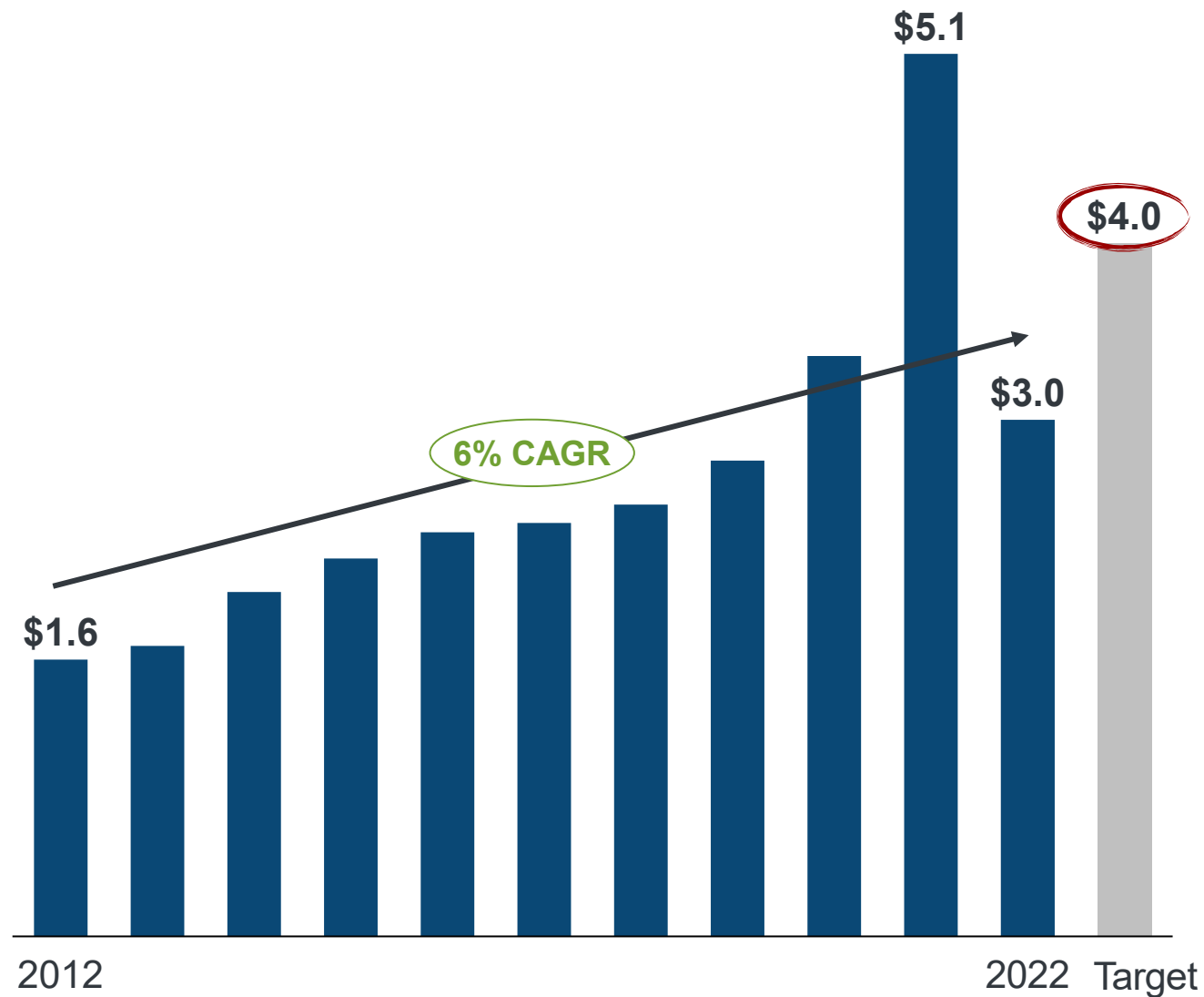
U.S. PE Middle Market dry powder<sup>1</sup>



For footnoted information, refer to slides 23-24

# Delivering the #1 corporate and investment bank to CB clients

## CB GROSS INVESTMENT BANKING REVENUE<sup>1</sup> (\$B)



## INVESTING TO GROW SHARE

- » Expanding regional IB coverage with focus on Middle Market
- » Adding M&A and equity private placement capacity
- » Deepening our coverage across our growing franchise
- » Focused on targeted market opportunities

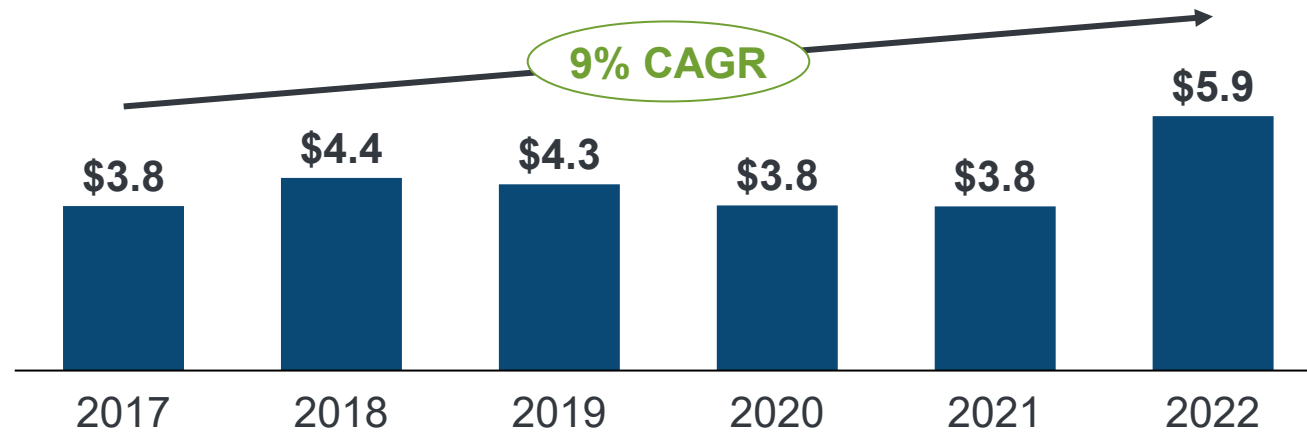
## TARGETED GROWTH



<sup>1</sup> Includes gross revenues earned by the Firm, that are subject to a revenue sharing arrangement with the CIB, for products sold to CB clients through the Investment Banking, Markets or Payments businesses. This includes revenues related to fixed income and equity markets products

## Robust growth in payments and liquidity

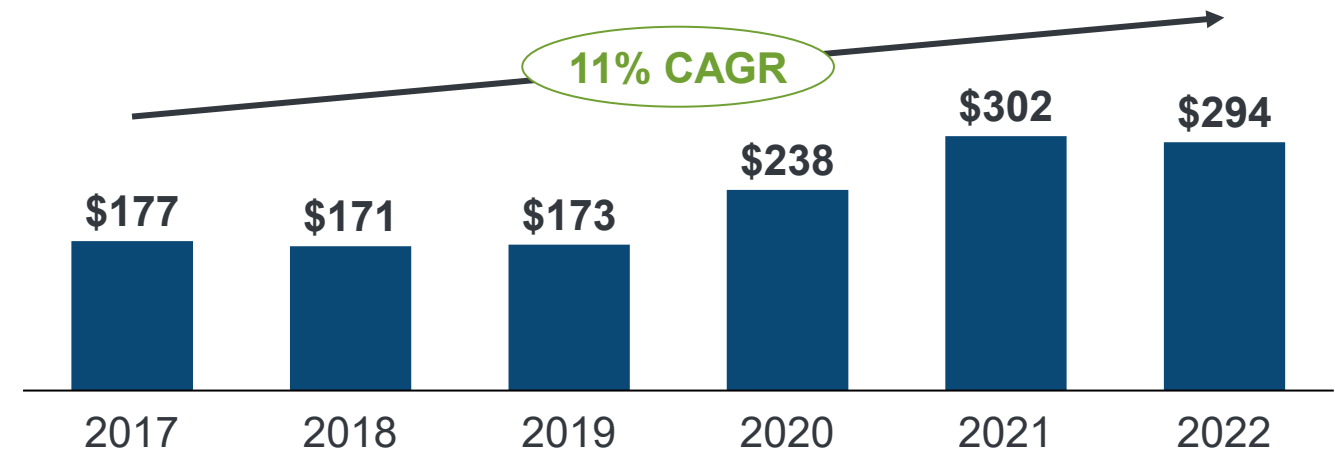
CB PAYMENTS REVENUE<sup>1</sup> (\$B)



- » **Strong organic growth** through client acquisition and market share gains
- » **Increased fee revenue** driven by strength of our offering and ongoing investments
- » **Uplift in liquidity revenue** from higher deposit margins

Continued momentum in 2023 –  
1Q23 Payments revenue up 98% YoY

AVERAGE CB DEPOSIT BALANCES (\$B)



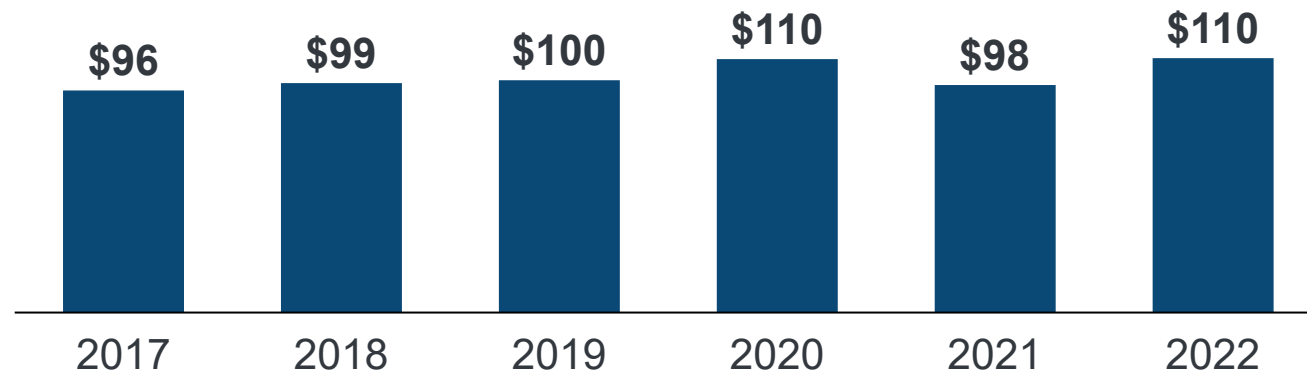
- » **Betas managed dynamically** through the cycle for each segment of the business
- » Balances impacted by **expected outflows** to higher-yielding alternative solutions
- » ~30% of 2022 Middle Market average deposit balances generated by **clients acquired since 2017**

Actively monitoring deposit market fundamentals

Note: Totals may not sum due to rounding  
For footnoted information, refer to slides 23-24

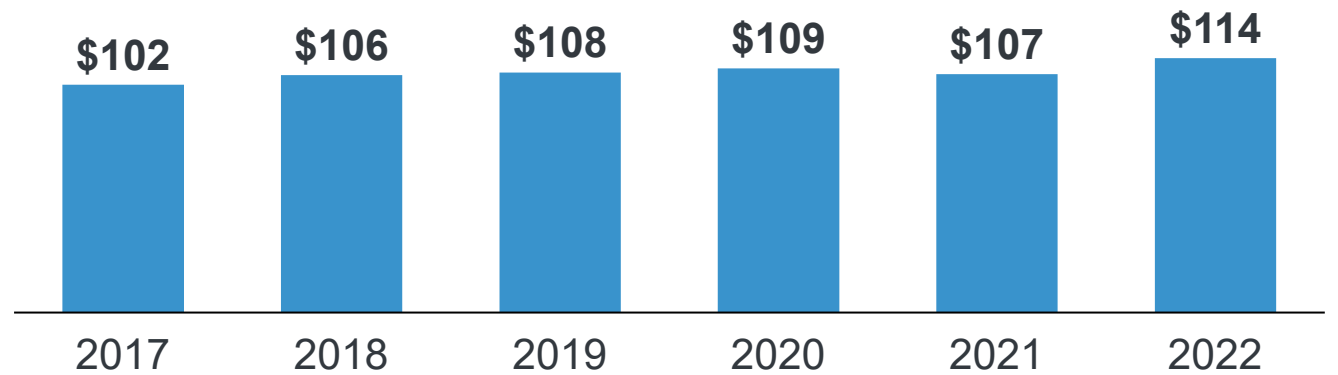
## High-quality loan portfolios

AVERAGE C&I LOANS (\$B)



- 11% increase YoY, driven by **higher revolver utilization and new loan demand**
- Market is taking a modestly more **conservative approach to credit quality, leverage, and pricing**
- **#1 overall syndicated lender** in Middle Market<sup>1</sup>

AVERAGE CRE LOANS<sup>2</sup> (\$B)



- 7% increase YoY, driven by **growth in term lending and affordable housing**
- **Reduced purchase activity and demand for refinancing** driven by higher interest rates
- **Elevated level of maturities** over next few years

Average 1Q23 loans for CB up 1% quarter-over-quarter, as clients adjust to higher interest rates and economic uncertainty

Note: Commercial and Industrial (C&I) and Commercial Real Estate (CRE) groupings used herein are generally based on client segments and do not align with regulatory definitions  
For footnoted information, refer to slides 23-24

# Maintaining risk discipline – C&I

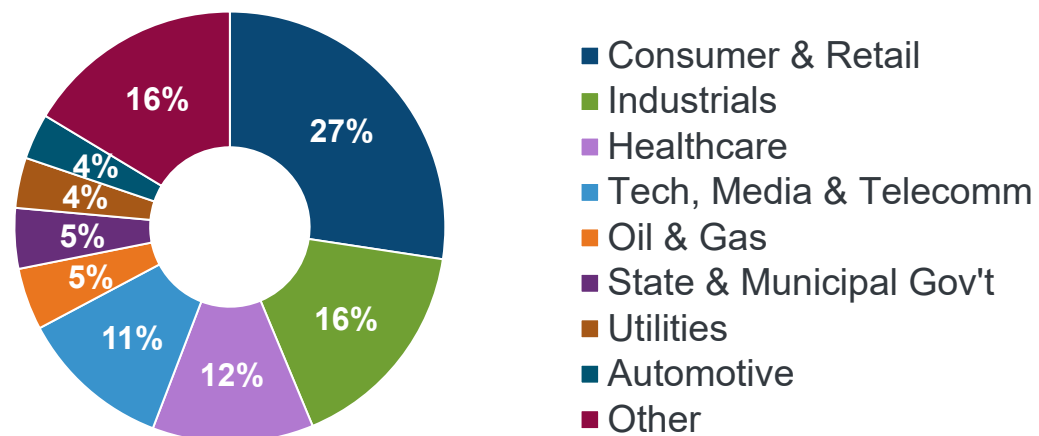
## SUMMARY

- Portfolio credit quality remains strong
- Diversified across industries and regions
- 88% of non-investment grade exposure is secured<sup>1</sup>
- Disciplined, through-the-cycle underwriting
- Dedicated underwriters for targeted industries
- Appropriately reserved for current market environment

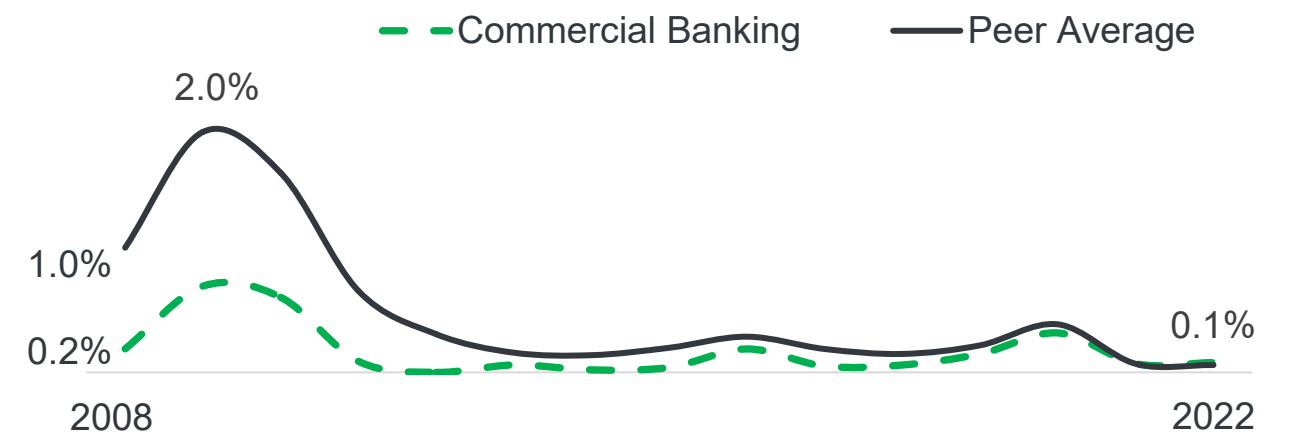
## MARKET COMMENTARY

- Supply chain disruption and inventory shortages have eased
- Higher interest rates and inflation driving margin compression for certain clients
- Closely watching potentially vulnerable sectors for stress
- Detailed downturn playbook to ensure readiness across a range of economic scenarios

## BREAKDOWN BY INDUSTRY<sup>2</sup>



## NET CHARGE-OFF RATE (%)<sup>3</sup>



Note: Metrics are as of December 31, 2022 unless otherwise noted  
For footnoted information, refer to slides 23-24



# Maintaining risk discipline – CRE

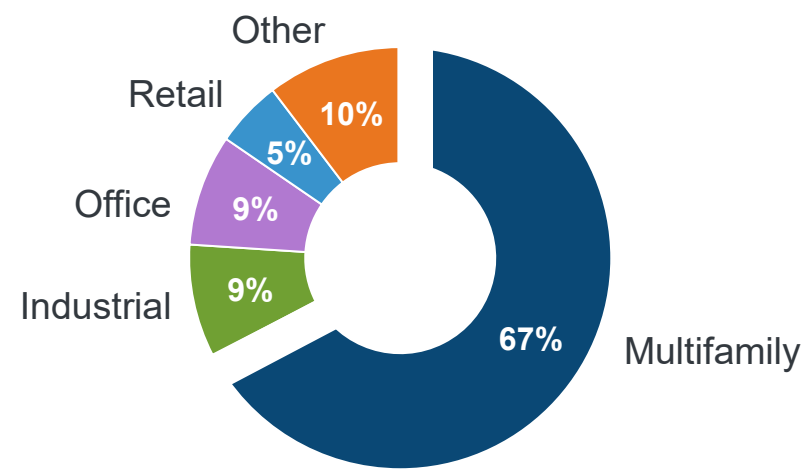
## SUMMARY

- Strong credit performance – FY 2022 NCOs of **~\$1mm**
- Focused on asset classes with strong through-the-cycle performance
- **Over 60%** of loans in Commercial Term Lending multifamily portfolio
  - Granular portfolio with average loan size of **~\$2mm**
  - Secured by class B/C properties
  - Portfolio remains high quality – LTV of **~49%**, DSC of **1.8x<sup>1</sup>**
- Minimal exposure in hospitality, homebuilders, condos, and land

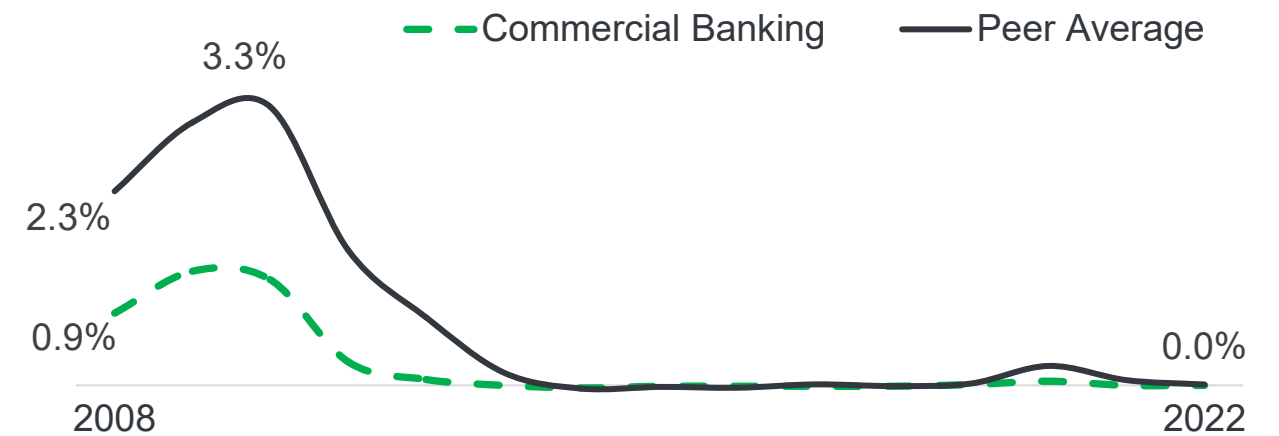
## MARKET COMMENTARY

- Monitoring impact of market liquidity on pricing and yields
- Office: **~9%** of CRE exposure
  - Majority class A with top tier sponsorship
  - Adequately reserved for market uncertainty
- Construction: **~8%** of CRE exposure, excluding Affordable Housing
  - Highly-selective portfolio
  - Majority with repayment recourse of **~30%** or more

## BREAKDOWN BY PROPERTY TYPE<sup>2</sup>



## NET CHARGE-OFF RATE (%)<sup>3</sup>



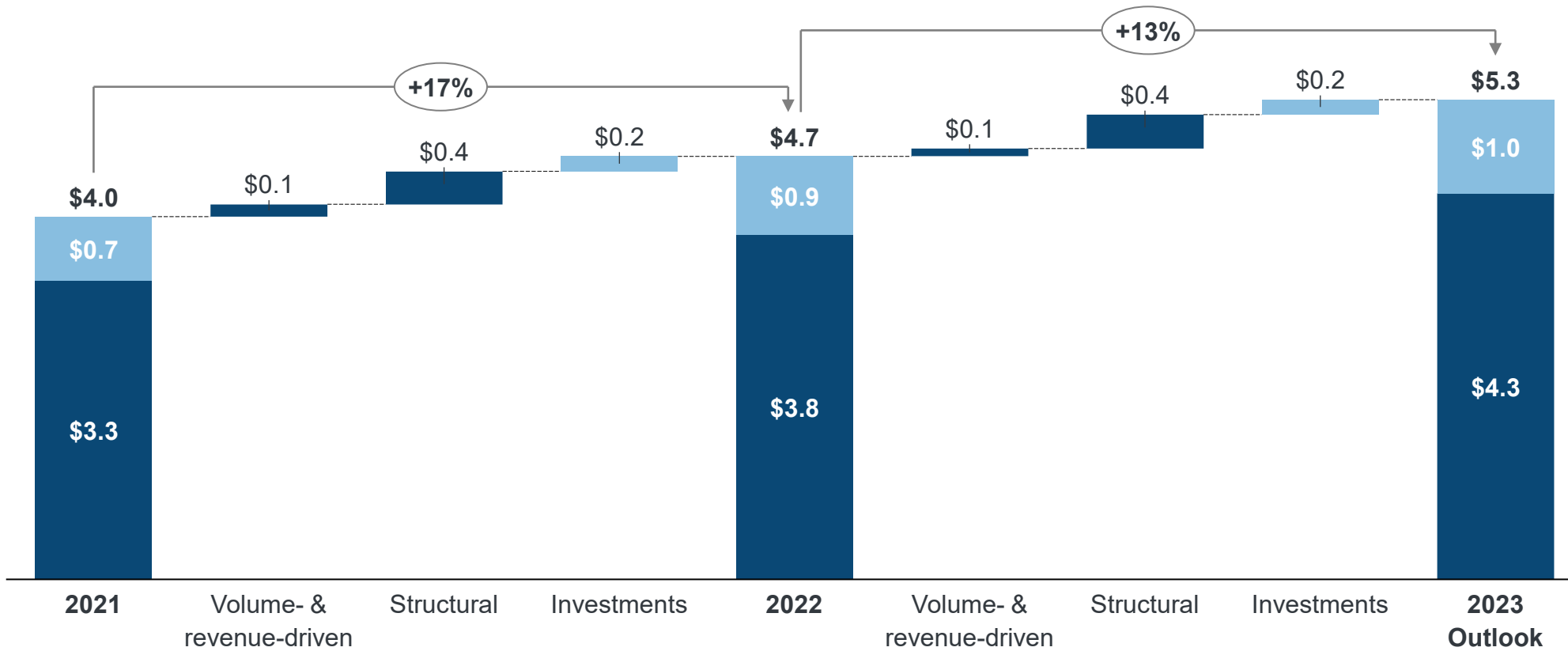
Note: Metrics are as of December 31, 2022 unless otherwise noted  
For footnoted information, refer to slides 23-24

# Strong operating efficiency while investing in our franchise

## CB ADJUSTED EXPENSE (\$B)<sup>1</sup>

- Investments
- Volume- & revenue-driven / Structural

	2019	2022	1Q23	Target
JPM CB OH ratio	40%	41%	37%	40%+/-
CB peer avg. OH ratio <sup>2</sup>	46%	46%	44%	—



## BREAKDOWN OF EXPENSE

### Volume- & revenue-driven

- Performance-driven comp
- Growth-driven middle office

### Structural

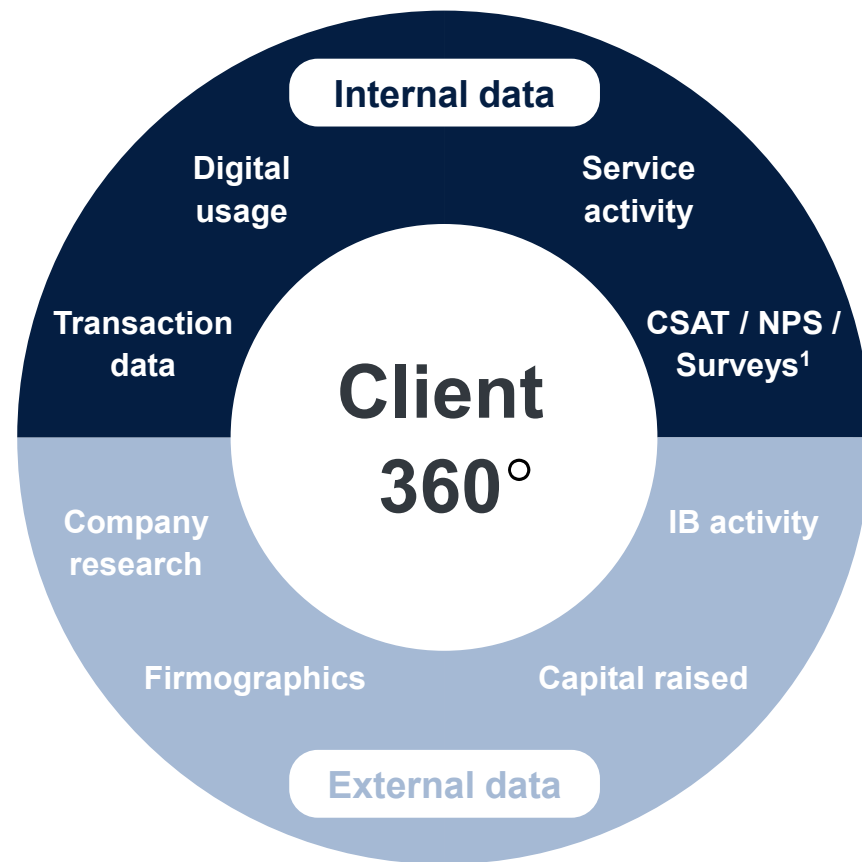
- Front office (2+ year tenure)
- Middle/back office
- Technology (run the bank)
- Support functions (e.g., risk)

### Investments

- Technology, product, data, and analytics
- Bankers
- Sales enablement
- Client experience
- Operational excellence

Note: Totals may not sum due to rounding and exclude the impact of the First Republic Bank transaction  
For footnoted information, refer to slides 23-24

# Cloud-based, client-focused data platform delivering tremendous value



## DELIVERING BUSINESS VALUE

### Client value



- Business optimization
- Peer benchmarking
- Cash flow forecasting

### Risk decisioning & portfolio mgmt.



- Dynamic portfolio management
- Enhanced risk analytics
- Enriched credit approvals

### Sales enablement



- New lead generation
- Targeted solutioning
- Pricing optimization

### Operational excellence



- Servicing automation & analytics
- Fraud prevention analytics
- Targeted quality control

## MEASURING PROGRESS

**150**

Data sources incorporated

**167mm+**

Companies mapped

**23k+**

Firmwide users in 2022

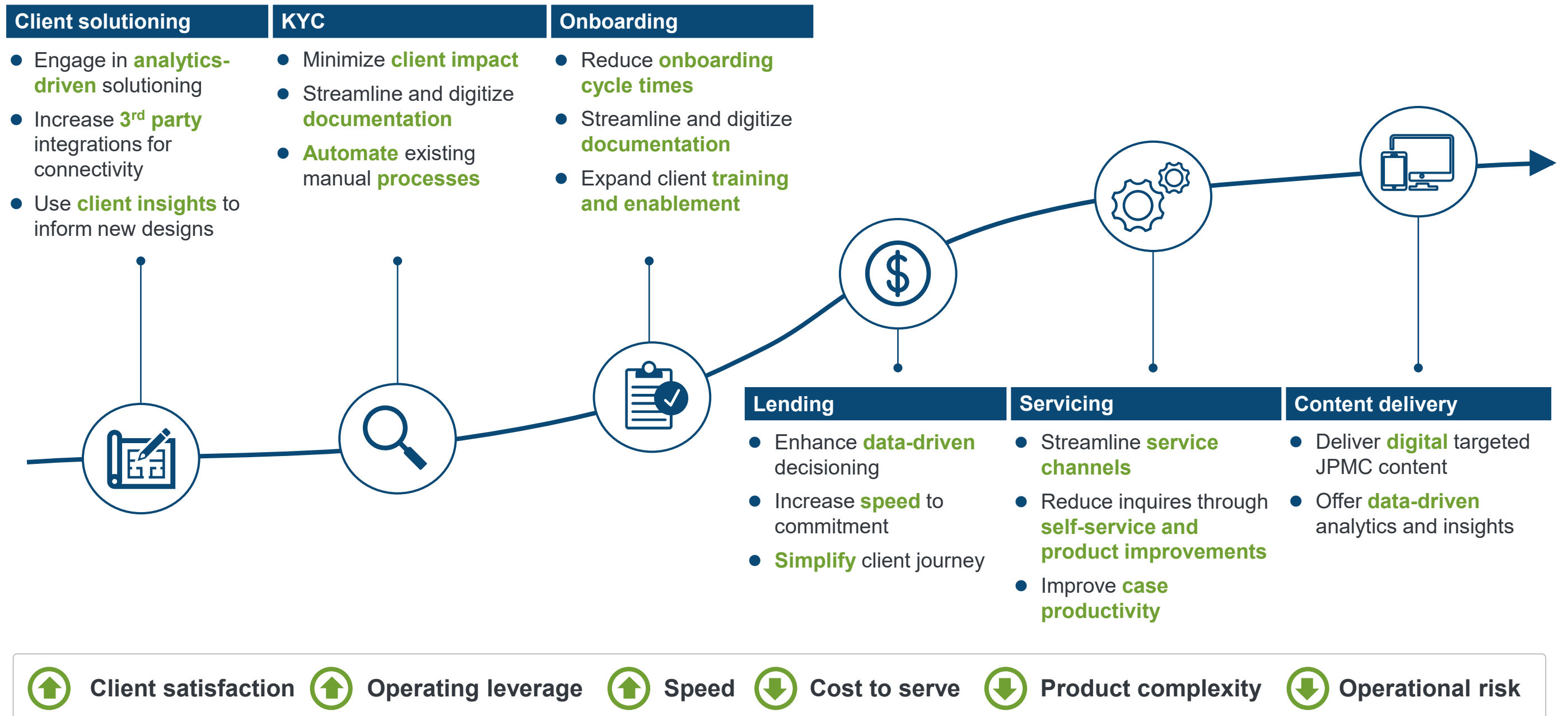
<sup>1</sup> Client Satisfaction (CSAT) and Net Promoter Score (NPS)

# Client coverage teams enabled with data-driven tools, insights, and analytics






- ↑ Banker productivity
- ↑ Client satisfaction
- ↑ Speed to decision
- ↑ Win rate
- ↑ Revenue
- ↓ Cost

# Relentless focus on client experience and operational excellence



# Progress towards targets, driving strong, consistent returns for shareholders

		2017	2022	2017-2022	Record 
					Target
<b>Execute growth initiatives</b> (longer-term revenue targets)	Middle Market expansion	\$0.6B	 \$1.5B	20% CAGR	\$2.0B
	CB International <sup>1</sup>	\$0.3B	 \$0.8B	17% CAGR	\$1.0B
	Investment banking <sup>2</sup>	\$2.4B	\$3.0B	5% CAGR	\$4.0B
<b>Maintain expense discipline</b>	Overhead ratio	40%	41%	40% average	40%+/-
<b>Optimize returns</b>	Return on equity	17%	16%	17% average	18%+/-

<sup>1</sup> Denotes non-U.S. revenue from U.S. multinational clients and Corporate Client Banking expansion efforts to serve non-U.S. headquartered companies internationally

<sup>2</sup> Includes gross revenues earned by the Firm, that are subject to a revenue sharing arrangement with the CIB, for products sold to CB clients through the Investment Banking, Markets or Payments businesses. This includes revenues related to fixed income and equity markets products

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## Commercial Banking – executing a proven strategy



### COMPLETE, GLOBAL, AND DIVERSIFIED

- ✓ Unmatched ability to support clients' needs as they grow
- ✓ Local delivery of global expertise and broad-based capabilities
- ✓ Differentiated platform and competitive advantage of JPMorgan Chase



### LARGE AND GROWING ADDRESSABLE MARKET

- ✓ Significant organic growth potential
- ✓ Extensive reach, both domestically and internationally
- ✓ Focused client coverage with specialized expertise



### SUSTAINED INVESTMENT WITH COMPOUNDING RESULTS

- ✓ New bankers in high-potential markets and industries
- ✓ Digital innovation delivering tangible results
- ✓ Data-driven strategy anchored by cloud-based, client-centric platform



### FORTRESS PRINCIPLES

- ✓ Rigorous underwriting and client selection
- ✓ Credit portfolio positioned to weather market uncertainty
- ✓ End-to-end management focus across compliance and controls



### GREAT PEOPLE AND A WINNING CULTURE

- ✓ Consultative, solutions-oriented client coverage teams
- ✓ Empowered and data-enabled organization
- ✓ Focus on driving community impact



### STRONG, CONSISTENT FINANCIAL PERFORMANCE

- ✓ Diversified, resilient revenue streams
- ✓ Operating leverage achieved through industry-leading efficiency ratio
- ✓ Through-the-cycle growth and steady returns

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## Notes for slides 5-7, 11, 13

### **Slide 5 – Commercial Real Estate (CRE) – positioned for through-the-cycle performance**

1. Home Mortgage Disclosure Act data, U.S. Consumer Financial Protection Bureau
2. Affordable Housing Finance, 2022 Lenders Survey, February 2023

### **Slide 6 – Commercial Banking – decade-long, sustainable growth with strong returns**

1. In the first quarter of 2020, the Merchant Services business was realigned from CCB to CIB. With the realignment, revenue is now reported across CCB, CIB and CB based primarily on client relationship. Financials from 2012 were revised to conform with the current presentation
2. In the fourth quarter of 2022, certain revenue from CIB markets products was reclassified from investment banking to payments. In the first quarter of 2020, the Merchant Services business was realigned from CCB to CIB. With the realignment, revenue is now reported across CCB, CIB and CB based primarily on client relationship. Financials from 2012 were revised to conform with the current presentation. Includes growth of \$161mm that is also included in the Gross IB Revenue metric
3. Includes gross revenues earned by the Firm, that are subject to a revenue sharing arrangement with the CIB, for products sold to CB clients through the Investment Banking, Markets or Payments businesses. This includes revenues related to fixed income and equity markets products

### **Slide 7 – Organic expansion in Middle Market Banking**

1. Does not include Middle Market offices outside the U.S.
2. Circles indicate number of clients and prospects in each city

### **Slide 11 – Disciplined, focused approach to Private Equity coverage**

1. PitchBook Data, Inc.
2. Dealogic data for revenue reported between January 1, 2022 through December 31, 2022 in North America only, excluding Money Market, Short-term debt, and ECM Shelf

### **Slide 13 – Robust growth in payments and liquidity**

1. In the fourth quarter of 2022, certain revenue from CIB markets products was reclassified from investment banking to payments. In the first quarter of 2020, the Merchant Services business was realigned from CCB to CIB. With the realignment, revenue is now reported across CCB, CIB and CB based primarily on client relationship. Financials from 2017-2021 were revised to conform with the current presentation



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## Notes for slides 14-17

### **Slide 14 – High-quality loan portfolios**

1. Refinitiv
2. Includes Corporate Client Banking Real Estate

### **Slide 15 – Maintaining risk discipline – C&I**

1. The Firm considers internal ratings equivalent to BB+/Ba1 or lower as non-investment grade
2. Portfolios based on sub-LOB are not regulatory definitions; totals may not sum due to rounding and are based on committed exposure
3. Peer average based on CB-equivalent CRE segments or wholesale portfolios at BAC, CMA, FITB, KEY, PNC, USB, WFC, which may not fully align with CB segmentation

### **Slide 16 – Maintaining risk discipline – CRE**

1. Loan to value (LTV) and debt service coverage (DSC) are weighted average calculations of multifamily Commercial Term Lending portfolio for FY 2022
2. Portfolios based on sub-LOB are not regulatory definitions; totals may not sum due to rounding and are based on committed exposure
3. Peer average based on CB-equivalent CRE segments or wholesale portfolios at BAC, CMA, FITB, KEY, PNC, USB, WFC, which may not fully align with CB segmentation

### **Slide 17 – Strong operating efficiency while investing in our franchise**

1. Adjusted expense represents total CB noninterest expense less CB legal expense of \$1.7mm for FY 2021 and \$5.1mm for FY 2022, respectively
2. Peer average based on CB-equivalent segments at BAC, CMA, FITB, KEY, PNC, TFC and WFC