TREASURY MONTHLY INTERMEDIATION SNAPSHOT

Name of institution: JPMorgan Chase & Co | **Submission date: 3/31/2009** | **Person to be contacted regarding this report: Adam Gilbert**

PART I. QUANTITATIVE OVERVIEW

SCHEDULE A: CONSUMER LENDING (Millions $)	2008 DEC	2009 JAN	2009 FEB	Key	Comments
1. First Mortgage					
a. Average Loan Balance (Daily Average Total Outstanding)	$54,163	$53,982	$53,062	Consists of residential whole loans. Excludes assets classified as trading assets and other warehouse loan balances that are not part of the core mortgage portfolio.	**Mortgage originations increased in February reflecting strong refinancing demand driven by lower rates as a result of Federal Reserve actions. Total applications were down from January.**
b. Total Originations	$8,596	$9,572	$13,015	Includes both loans originated for the balance sheet as well as loans originated for sale.	
(1) Refinancings	$4,336	$6,904	$11,020		
(2) New Home Purchases	$4,260	$2,668	$1,996		
2. Home Equity					
a. Average Total Loan Balance	$94,434	$94,095	$93,431	First and second lien home equity loan and line balances.	**Home equity originations and applications declined in February as a result of macroeconomic factors such as home price depreciation.**
b. Originations (New Lines+Line Increases)	$427	$312	$278	Home equity loans funded, new lines committed, and increases to existing lines committed.	
c. Total Used and Unused Commitments	$150,569	$148,488	$146,229	Outstanding balances plus undrawn home equity line commitments.	
3. US Card - Managed					
a. Average Total Loan Balance - Managed	$158,989	$157,678	$153,758	Credit card includes consumer and small business credit cards. Excludes international balances.	**Credit card balances were down slightly in February due to normal seasonality as well as lower customer spending. New account originations were also down slightly. Total commitments were flat from January to February.**
b. New Account Originations (Initial Line Amt)	$5,243	$3,384	$3,293	Originations include initial line amounts for new cards but not line increases for existing customers.	
c. Total Used and Unused Commitments	$716,357	$718,816	$722,464	Ending balance for Total Used and ending unfunded for Unused Commitments. Excludes accounts with zero balances that were closed during Q408, the vast majority of which had been inactive for 24 months or more.	
4. Other Consumer					
a. Average Total Loan Balance	$78,426	$79,317	$80,234	Consists of small business loans and lines; auto loans, leases, and lines; student loans; and other consumer loans and lines.	**February originations were down from January which reflected a seasonal spike in the Student Loans business, partially offset by higher Auto originations.**
b. Originations	$2,200	$3,198	$2,632	Includes small business loans funded, lines committed, increases to existing lines committed, and renewals of existing commitments; auto loans originated, leases and lines funded or committed, and increases to existing lines; student loans funded; and other consumer loans funded and new lines committed.	

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SCHEDULE B: COMMERCIAL LENDING (Millions $)	DEC	JAN	FEB	Key	Comments
1. C & I					
a. Average Total Loan and Lease Balance	$167,795	$162,799	$156,840	Loans and Leases comprise of retained loans, which primarily exclude Loans Held For Sale (HFS) and are calculated using the simple monthly average of the spot balances. Loans and Leases also exclude interbank lending balances.	**Wholesale C&I balances declined 6.5% between December and February. Wholesale balances and originations volume trended lower as they continued to be affected by the decline of wholesale business activity.** **Lower customer demand in February is particularly impacted by seasonality, i.e., borrowers holding off going to the markets to borrow until their financial statements are filed in March. In addition, companies continue to focus on preserving liquidity and strengthening their balance sheets. They are spending less, thus demand for funds is flat to down depending on the line of business. As the environment deteriorates, business activity is lower in most industry sectors; with significant declines in activity from companies in the real estate industry. Also contributing to the lower demand is lower overall merger and acquisition activity.** **Lending is also being impacted by higher market pricing of credit risk in line with deteriorating market and company-specific financial conditions. Companies are opting not to fund or to fund at lower amounts at current market prices.** **While there were no material changes in underwriting standards during the period, pricing and structure were adjusted somewhat to reflect the changing environment.**
b. Renewal of Existing Accounts	$21,318	$14,959	$10,701	Renewals consist of any increases to existing facilities and extensions of maturities. Renewals and New Commitments include funded and unfunded exposure.	
c. New Commitments	$12,723	$14,398	$8,942		
2. Commercial Real Estate					
a. Average Total Loan and Lease Balance	$22,534	$22,610	$23,457	Commercial Real Estate is defined by the NAICS Industry Code for Commercial Real Estate. All Other exposures roll into C&I.	
b. Renewal of Existing Accounts	$1,425	$530	$547		
c. New Commitments	$444	$432	$274		
SCHEDULE C: OTHER INTERMEDIATION ACTIVITIES (Millions $)					
1. MBS/ABS Net Purchased Volume					
a. Mortgage Backed Securities	$35,945	$11,663	$12,189	Only includes securities in the firm's investment portfolio. Balances are mostly agency MBS. Represents gross purchases, net of gross sales on a trade date basis. Principal paydowns are excluded.	**Gross MBS purchases for February were $17.1 billion while gross sales were $4.9 billion. February ABS purchases consisted of Credit Card ABS, Student Loan ABS, and CLOs.**
b. Asset Backed Securities	$1,108	$1,108	$913	Only includes securities in the firm's investment portfolio.	
2. Secured Lending (Repo, PB, Margin Lending)					
a. Average Total Matched Book (Repo/Reverse Repo)	$118,500	$108,681	$109,356	Includes Reverse Repo/Sec Borrowing (after Fin41 netting) less related short bond and equity liabilities	**The Matched Book business stabilized in February after broad-based declines in January due to clients deleveraging and requiring less secured financing.**
b. Average Total Debit Balances	$15,891	$14,882	$15,509	Reflects Net Debit Balances of margin loans included in customer receivables.	
3. Underwriting					
a. Total Equity Underwriting	$1,251	$3,435	$1,711	Includes Bookrunner and Co-manager transactions.	**IPO markets have selectively reopened in the first two months of 2009 but activity remains extremely low due to market uncertainty. Follow-on activity has been available primarily to defensive sectors. The Convert market reopened, however activity there continues to rebuild slowly.** **On the debt side, the new issue market remained strong in February as bullish technicals and strong performance of 2009 new issues continued to prevail. JPMorgan priced a $16bn issuance for Roche in February, the largest US dollar bond offering in history. Government-backed deals continued to contribute to the High Grade new issuance volume, with $13.4Bn of issuance in February.**
b. Total Debt Underwriting	$62,410	$64,222	$76,376	Represents issue size where JPM was a lead, co-lead or joint books.	

Notes:
1. All numbers exclude acquired Washington Mutual balances.
2. Excludes overdraft activity and balances.

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PART II. QUALITATIVE OVERVIEW

Please provide a brief overview of the intermediation activity during the month. This discussion should include a general commentary on the lending environment, loan demand, any changes in lending standards and terms, and any other intermediation activity.

Consumer lending

Overall consumer balances were flat between January and February while consumer originations rose 17%. In general, consumer applications for credit were flat during the period.

Mortgage originations increased in February reflecting continued strong refinancing demand. Strong refinancing volume was driven by lower rates as a result of Federal Reserve actions. Higher refinancing volume offset a continued decline in new home originations. Total mortgage applications were down from January. Meanwhile, home equity originations and applications declined in February as a result of macroeconomic factors such as home price depreciation.

Credit card balances were down slightly in February due to normal seasonality as well as lower customer spending. New account originations were also down slightly. Total commitments were flat.

Lower February originations for other consumer loans (small business, auto, student loans, and other consumer loans) generally reflected a seasonal decline in the Student Loans business, partially offset by higher Auto originations. Generally, application volumes decreased in February. Small business applications were flat.

There were no material changes to credit standards during February.

Commercial Lending (C&I and CRE)

Wholesale C&I balances declined 7% between December and February. Wholesale balances and originations volume trended lower as they continued to be affected by the decline of wholesale business activity.

Lower customer demand in February is particularly impacted by seasonality, i.e., borrowers holding off going to the markets to borrow until their financial statements are filed in March. In addition, companies continue to focus on preserving liquidity and strengthening their balance sheets. They are spending less, thus demand for funds is flat to down depending on the line of business. As the environment deteriorates, business activity is lower in most industry sectors; with significant declines in activity from companies in the real estate industry. Also contributing to the lower demand is lower overall merger and acquisition activity.

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Lending is also being impacted by higher market pricing of credit risk in line with deteriorating market and company-specific financial conditions. Companies are opting not to fund or to fund at lower amounts at current market prices.

While there were no material changes in underwriting standards during the period, pricing and structure were adjusted somewhat to reflect the changing environment.

Other intermediation activities

Gross MBS purchases for February were $17 billion while gross sales were $5 billion. February ABS purchases were $1 billion and consisted of Credit Card ABS, Student Loan ABS, and CLOs. Meanwhile, the Matched Book business stabilized in February after broad-based declines in January due to clients deleveraging and requiring less secured financing.

IPO markets have selectively reopened in the first two months of 2009 but activity remains extremely low due to market uncertainty. Follow-on activity has been available primarily to defensive sectors. The Convert market reopened, however activity there continues to rebuild slowly.

On the debt side, the new issue market remained strong in February as bullish technicals and strong performance of 2009 new issues continued to prevail. JPMorgan priced a $16 billion issuance for Roche in February, the largest US dollar bond offering in history. Government-backed deals continued to contribute to the High Grade new issuance volume, with $13 billion of issuance in February.

Overall lending summary

JPMC extended over $39 billion in new loans and lines to retail and wholesale clients during February, including:

- More than $19 billion in consumer and small business originations[1]. Consumer originations include credit cards, mortgages, home equity loans and lines, student loans and auto loans, During February, JPMC extended over 1.4 million new loans and lines to consumers and small businesses[1, 2].
- More than $20 billion in new and renewed commitments to mid-sized businesses, large corporates and JPMC's full range of Treasury and Security Services and Asset Management clients.

JPMC also purchased over$13 billion of mortgage-backed and asset-backed securities in February 2009.

[1] Small business originations include new and renewed loans and lines and are included as part of "Consumer Lending Other" (Schedule A, 4b)
[2] Includes ~608,000 credit card line increases extended during the time period

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On February 12th, JPMC announced that it would not add any new owner-occupied residential loans that are owned and serviced by JPMC to the foreclosure process. This moratorium, which replaced JPMC's foreclosure freeze announced October 31, 2008, was enacted in order to help keep more families in their homes and support the federal government's effort to develop its plan to reduce foreclosures and establish national standards for modifying home loans. In addition, as part of its broader mortgage modification and foreclosure prevention program, Chase opened 11 new homeownership centers in California and Florida in February. These homeownership centers are aimed at helping families struggling with their mortgage payments evaluate their finances and review possible options with the goal of helping them stay in their home. This brings the total number of Chase homeownership centers to 13.

Chase also announced additional financial literacy grants in February to nearly 50 community organizations nationwide. The grants go toward financial education and awareness programs and resources for adults and young people around topics such as budgeting and money management, using credit wisely, and managing debt.