

INVESTMENT PORTFOLIO RISK MANAGEMENT

Investment portfolio risk is the risk associated with the loss of principal or a reduction in expected returns on investments arising from the investment securities portfolio or from principal investments. The investment securities portfolio is predominantly held by Treasury and CIO in connection with the Firm's balance sheet and asset-liability management objectives. Principal investments are predominantly privately-held financial instruments and are managed in the LOBs and Corporate. Investments are typically intended to be held over extended periods and, accordingly, the Firm has no expectation for short-term realized gains with respect to these investments.

Investment securities risk

Investment securities risk includes the exposure associated with a default in the payment of principal and interest. This risk is mitigated given that the investment securities portfolio held by Treasury and CIO predominantly consists of high-quality securities. At June 30, 2023, the Treasury and CIO investment securities portfolio, net of the allowance for credit losses, was \$610.2 billion, and the average credit rating of the securities comprising the portfolio was AA+ (based upon external ratings where available, and where not available, based primarily upon internal risk ratings). Refer to Corporate segment results on pages 45-46 and Note 10 for further information on the investment securities portfolio and internal risk ratings. Refer to Liquidity Risk Management on pages 54-61 for further information on related liquidity risk. Refer to Market Risk Management on pages 84-89 for further information on the market risk inherent in the portfolio.

Principal investment risk

Principal investments are typically privately-held financial instruments representing ownership interests or other forms of junior capital. In general, principal investments include tax-oriented investments and investments made to enhance or accelerate the Firm's business strategies and exclude those that are consolidated on the Firm's balance sheets. These investments are made by dedicated investing businesses or as part of a broader business strategy. The Firm's principal investments are managed by the LOBs and Corporate and are reflected within their respective financial results. The Firm's investments will continue to evolve in line with its strategies, including the Firm's commitment to support underserved communities and minority-owned businesses.

The table below presents the aggregate carrying values of the principal investment portfolios as of June 30, 2023 and December 31, 2022.

(in billions)	June 30, 2023	December 31, 2022
Tax-oriented investments, primarily in alternative energy and affordable housing ^(a)	\$ 27.5	\$ 26.2
Private equity, various debt and equity instruments, and real assets ^(b)	11.4	10.8
Total carrying value	\$ 38.9	\$ 37.0

(a) As of June 30, 2023, included approximately \$1.2 billion in tax-oriented investments in CIB associated with the First Republic acquisition.

(b) Includes the Firm's 40% ownership in C6 Bank and 49% ownership in Viva Wallet.

Refer to page 130 of JPMorgan Chase's 2022 Form 10-K for a discussion of the Firm's Investment Portfolio Risk Management governance and oversight.