Good morning, ladies and gentlemen. Welcome to JPMorgan Chase's Second Quarter Earnings Call. This call is being recorded. Your line will be muted for the duration of the call. We will now go live to the presentation. Please standby.

At this time, I'd like to turn the call over to JPMorgan Chase's Chairman and CEO, Jamie Dimon and Chief Financial Officer, Marianne Lake. Ms. Lake, please go ahead.

Marianne Lake

Thank you and good morning, everyone. I'm going to take you through the earnings presentation. It's available on our Web site and please if you could refer to the disclaimer regarding forward-looking statements at the back of the presentation.

So starting off on Page 1, the Firm delivered strong performance this quarter. Net income of $6.3 billion, EPS of $1.54 and a return on tangible common equity of 14% on revenue of $24.5 billion.

The quarter's performance was characterized by strong underlying fundamentals across each of our businesses with stable NIM and NII, good growth in fee drive as well as strong IB fees, good expense discipline with adjusted expenses flat quarter-on-quarter at $14.2 billion and an adjusted overhead ratio of 58% and low levels of charge offs and core loans up 12% year-on-year.

We also made significant progress on our balance sheet and we've delivered on our non-operating deposit commitment. While there were no significant items this quarter, there were some small items that are worth calling out. On the positive side, we had consumer loan loss reserve releases of a little over $300 million as well as a little under $300 million of a benefit in DVA/FVA on wider spreads. Against that we saw reserve builds across wholesale of $250 million of which approximately $140 million related to oil and gas, as well as Firmwide legal expense of a little less than $300 million.

If you take those four items and net them, together they contribute to zero to net income. So finally included in the result is $330 million of a benefit from tax discrete items. If you adjust all of those our net income is strong at $6 billion.

Skipping over Page 2, and on to Page 3, we continue to make progress against our capital targets with the Firm's Advanced Fully Phased-In CET1 ratio retain a 11%, up 35 basis points quarter-on-quarter and Standardized Fully Phased-In with a 11.2%.

The improvement to both ratios was driven by net capital generation, along with an overall reduction to risk weighted assets primarily from lower risk across market and counterparty credit as well as some data enhancements with loan growth offsetting run off.

We continue to build Tier 1 capital adding $3.4 billion of preferred stock this quarter and we return $3.6 billion of net capital to shareholders including $1 billion of net repurchases and dividends of $0.44 a share. Preferred issuance together with a reduction in average assets drove the Firm's SLR to reach 6%.

For more details on our balance sheet reduction, turn to Page 4. The last quarter I told you that you should expect us to make meaningful progress on our balance sheet in this quarter and we did just that.

Year-to-date our balance sheet is down over $120 billion on a spot basis, driven by a reduction of over $100 billion of non-operating deposits across our wholesale businesses partially offset by continued growth in consumer deposits. We also saw a $36 billion reduction in trading assets and secured financing as we continue to make progress simplifying our balance sheet.

On the previous page you may have seen that HQLA was down $82 billion this quarter, primarily reflecting those lower levels of cash. However, the firm remains LCR compliant, given the significant outflow assumptions that was associated with those deposits.

In addition, the reduction in deposits together with strong core loan growth resulted in improved loans deposit ratio, up 5% since year-end. These balance sheet actions translated to relatively flat NIM, up 2 basis points quarter-on-quarter and NII. Quarter-on-quarter the reduction in cash drove a 4 basis point improvement was partially offset by lower yields and as I said, Firm NII was flat.

Turning to Page 5 and Consumer & Community Banking. The performance for the combined consumer businesses was characterized by sequential revenue growth on stronger fee revenue and positive operating leverage, generating $2.5 billion of net income, an ROE of 19% and an overhead ratio of 56%.

Revenue of $11 billion was down 4% year-on-year driven by mortgage, but up 3% quarter-on-quarter on seasonally higher credit and debit sales volume as well as higher MSR revenue.

Our focus on customer experience continues to drive growth broadly and we've 19% core loan growth driven by mortgage. Also our active mobile customer base is up 22% to over 21 million customers and we're the largest and fastest growing among major U.S banks, reflecting our strategic objective to have a best-in-class mobile offering.

We remain focused on our commitment to reduce expenses by $2 billion in 2017 relative to 2014, while continuing to self fund investments in the business. In the first half of this year, expenses were down approximately $0.5 billion versus the same period last year, and our headcount down roughly 6,000 year-to-date.

Moving to consumer business banking on Page 6, CBB generated net income of $831 million, flat quarter-on-quarter and down 8% year-on-year with an ROE of 28%. Net interest income was flat sequentially with modest spread compression offset by deposit growth and NIR was up 7% seasonally and 2% year-on-year on continued strong client investment and debit revenue.

Expenses were up 1% year-on-year largely due to increased legal costs. Excluding these, expenses were down 2% due to continued improvements in branch efficiency. We continue to see robust performance across our drivers with attrition well below industry averages. Average deposit balances up 9% or $41 billion year-on-year and we're pleased to see that 30% of this growth is driven by our investments in Business Banking and CPC and new builds.

Client investment assets were a record, up 8% to $16 billion and in Business Banking Average loan balances were up 6% with loan originations flat against a record last year and in a highly competitive environment. Stepping back and looking forward to the second half, our NII is stable and will increase when rates rise. Non-interest revenue is growing solidly and expenses will decrease, so we expect positive operating leverage.

Mortgage banking on Page 7. Mortgage net income was $584 million for the quarter. Originations were $29 billion, up 19% quarter-on-quarter, on seasonal increases in the purchase market.

We continue to execute our strategy of adding high quality loans to our balance sheet. Totally $19 billion this quarter and the origination pipeline continues to look strong. Total revenue increased sequentially, primarily driven by higher MSR revenue, but as you can see -- you look at our non-interest revenue it's down $500 million year-on-year. We still expect non-interest revenue to be down about $1 billion for the full-year in line with previous guidance.

Expenses of $1.1 billion were down $200 million or 15% year-on-year and down 9% quarter-on-quarter despite higher volume as we continue to manage down our costs. On credit, we continue to see improvements in home prices and delinquencies and as a result we released $300 million of

NCI reserve this quarter and you can see our charge-off rate were 21 basis points.

Moving on to Page 8, Card, Commerce Solutions & Auto. Overall net income of $1.1 billion, up 30% year-on-year and an ROE of 23%. Revenue of $4.7 billion was up 3% year-on-year on Card sales volume and Auto loan and lease growth, partially offset by spread compression.

The Card revenue rate for the quarter of 12.4% was up quarter-on-quarter seasonally. Expense was down 4% year-on-year, driven by lower legal expense with a recent settlement regarding debt sale and collection practices having previously been reserved. And in Card we saw core loan growth of 3% and sales growth of 7% with delinquency rates and charge-offs remaining low.

Commerce Solutions continue to experience strong growth with volumes up 12% year-on-year, driven by continued strong spend and the addition of new merchants. We've recently signed several new strategic clients, including Chevron, Cinemark, Gap Inc., Marriott and Rite Aid. Together they represent an incremental 5% to our volume and the majority have signed up for ChaseNet.

Lastly in Auto, results continue to reflect steady growth in new vehicle sales and stable used car values. We saw average loan and lease balances up 8% year-on-year and the pipeline is healthy.

Moving to Page 9 and the Corporate & Investment Bank. So before I dig into the numbers, we did make some reporting changes this quarter. If you look at the top of the table, investment banking fees is now named investment banking revenue and principally this now incorporates the revenue share with the commercial bank here in this line rather than in the market revenues where it was previously being reported.

Additionally, trade finance revenue which was previously reported in treasury services is now being reported in lending. So digging into the numbers, the CIB reported net income of $2.3 billion on revenue of $8.7 billion and an ROE of 14%, reflecting a strong result in a mixed environment.

In Banking, IB revenue of $1.7 billion is up 4% year-on-year. This quarter we continued to rank number one in global IB fees with 8.2% wallet share and widening the gap for number two. We ranked number one in fees in North America and EMEA and gained share improving to number two in Asia.

Another strong quarter for Advisory, up 17% year-on-year as activity levels remained high. We maintained our number two ranking and grew share by over 100 basis points from last quarter. Equity underwriting fees were down 5% from a strong prior year for IPOs in EMEA with lower wallet share as we gave back some of the outsized share gain we had in the third quarter.

This quarter we ranked number two globally with strong performance in the U.S on acquisition finance and follow on. Debt underwriting up 1% and we maintained our number one ranking with strength in high grades also on the back of the healthy M&A market.

Treasury services was down 2% year-on-year on lower net interest income and the lending item of $302 million was down 32% year-on-year primarily driven by losses on restructured securities.

Given the reporting changes we've made going forward, we should expect that for treasury services revenues would be about $875 million plus or minus per quarter and lending approximately $350 million and that's given the trade finance transfer.

Moving on to markets, revenue of $4.5 billion was down 1% year-on-year, excluding business simplification and the gain in the prior year on the IPO of market which we previously disclosed, but with strong relative performance and rates and in equity markets.

Fixed-income revenue was $2.9 billion down 10% year-on-year similarly adjusted. In macro products, the quarter was dominated by EMEA with a bond sell off and economic and political uncertainty including Greece. This uncertainty slowed the momentum we saw in the first quarter and kept clients from the sidelines in currencies in emerging market, but drove strong performance in rates.

Credit and Securitized products were down on a continuation of general weakness in the market. And as I mentioned, equity market had another strong quarter, up 27% year-on-year on revenue of $1.6 billion with strong performance in all three regions relative to last year and outperformance in Asia, particularly China and Hong Kong on the back of client interests first to participate in the rally and later to hedge.

Looking forward, business simplification would drive a 9% decline year-on-year in third-quarter markets revenues with a corresponding decline in expenses. And as I look into the third quarter in analyst models, I see relative to our markets results this quarter you have revenues in markets going up sequentially. We're fully expecting to see normal seasonal declines in the third quarter markets revenues.

Security service revenues of $1 billion was in line with guidance, up seasonally on the European dividend season. And moving on to expense --

total expense was down 15% year-on-year at $5.1 billion and an overhead ratio of 59% and we successfully executed the expense reduction associated with business simplification and with lower legal expense. Compensation expense down 4% year-on-year comped a revenue ratio for the second quarter 30% flat year-on-year.

Moving on to the Commercial Bank. In commercial Banking the underlying businesses continue to perform well with strong loan growth, up $6 billion quarter-on-quarter and record end of period loan balances with good credit fundamentals and low non-performing loans.

We also saw continued momentum in IB revenue off of a record last quarter which was driven by a large transaction. However, we added $187 million to reserves in the quarter reflecting the select downgrades including oil and gas. Despite this, BAU credit performance at the portfolio as I said remained very strong. This drove net income of $525 million on revenue of $1.7 billion and an ROE of 14%.

Revenue was flat year-on-year driven by continued spread compression in loans and deposits, partially offset by growth in loans and flat sequentially despite the record investment banking performance in the first quarter.

Expenses were up 4% year-on-year on increased control related staffing and down slightly quarter-on-quarter. For the rest of the year for each quarter, we expect expenses to remain around $720 million.

Loan balances increased 12% year-on-year and 4% quarter-on-quarter. C&I loans grew 3% sequentially in line with the industry with middle market growth being somewhat challenged by strong competition, but with more strength in corporate client banking, driven by short-term financing activity and new facilities for our existing client base.

CRE loans grew 5% and continue to exceed the industry on strong activity in both commercial term lending, which had record originations in the quarter and in real estate banking.

Moving on to Page 11 and Asset Management, net income of $451 million on revenue of $3.2 billion, reflected solid growth up 6% year-on-year and 6% quarter-on-quarter. Driven by continued net long term inflows marking the 25th consecutive quarter at $13 billion with strength in North America and multi-asset flows, driving record AUM of $1.8 trillion up 4% year-on-year and client assets of $2.4 trillion.

In addition, we have record loan balances which were up 9% year-on-year. Expense of $2.4 billion was up 17% year-on-year, primarily driven by legal expense and to a lesser extent the impact of moving an asset to held-for-sale. Adjusting for those two items, expense would have been up more in line with revenue and margins in line with our targets. Lastly, we reported strong investment performance with 78% of mutual fund AUM ranked in the first or second quartiles over five years.

Turning to Page 12 and Corporate, Treasury & CIO reported a net loss of a little over $100 million, and other corporate reported net income of $552 million which included a benefit on discrete tax items I previously mentioned.

So on Page 13 is our outlook page, any guidance that I was going to gave I made through the presentation, the page is here for your reference. So to wrap up, strong reported and strong underlying results this quarter across our businesses and an environment that continue to remain somewhat challenging with double-digit core loan growth, with broad-based strength in our underlying drivers, and with continued execution and excellent progress against our capital, our balance sheet and expense commitments.

So with that, operator we will open up the line now for Q&A.

Question-and-Answer Session

Operator

Great. And your first question comes from the line of Erika Najarian with Bank of America.

Erika Najarian

Hi, good morning.

Marianne Lake

Hi, Erika. Good morning.

Erika Najarian

My first question is the capital progress has clearly been solid this quarter. Last week, however, there seems to have been more support in the Fed in terms of including the SIFI surcharge in the CCAR test. And I guess the question is in two parts: one, what do you think the chances are of the -- any or all of the CCAR surcharge or the CET1 surcharge to be included in CCAR; and two, what are the next steps in terms of business model adjustments, if that did pass?

Marianne Lake

So to do -- obviously, we don't have any particular insights. I think the comments you are referring to comments about the support for evaluating the possible inclusion of some or all of, and really that -- it hasn't changed relative to previous comments and the door has clearly been left open for that, but we have no further information and so far it's evaluating the possible inclusion of some or all of the surcharge. So we are just going to have to, I suppose, wait and see. Meanwhile, as you know, we are -- and by the way, it happens for us, it happens for everyone and we’ve shown you before not that -- good outcome, but we’ve shown you before that we think that regardless the competitive peers set that we have is going to cluster at or around similar capital levels. And so if everybody have to increase their minimums, it's going to be a similar position for everyone. Meanwhile, we are continuing to execute on everything that we have already told you we are going to do to optimize our capital. And our commitment is to go to firmly within the 4.5% bucket for the surcharge and if we believe we can do it and it’s economic and it’s not going to hurt our clients, we may go further. So we will respond when we see the rules and we're not going to stop continuing to do the best we can to optimize our returns based on scarce resources.

Erika Najarian

Got it. And just the second question is you’ve clearly made also progress in terms of your deposit mix. As we potentially anticipate a rising rate environment for the back half of the year, given what the regulators have done in terms of saying, okay, here are the good deposits, here are the not so good deposits, how should we expect the pace and magnitude of retail deposit repricing or pass-through if the Fed does raise rates in the second half of this year?

Marianne Lake

So we actually haven’t really changed our point of view since Investor Day and previously about the fact that we are expecting retail deposit and there are other people who have slightly different views, but we are expecting retail deposit to reprice higher and faster in this cycle than in previous rising rate cycles, given the competition so good high quality LTR compliant retail deposit, given the advancements in mobile banking, given the awareness in the general environment around low rates and the desire to participate in rising rates. So when we think about our sensitivity and our reprice, we model it in assumption that it’s going to be higher -- somewhat higher.

Operator

Your next question is from the line of Mike Mayo with CLSA.

Mike Mayo

Hi.

Marianne Lake

Good morning, Mike.

Jamie Dimon

Hi, Mike.

Mike Mayo

I see your markets revenue are down 1% year-over-year the way you look at this, but I'm trying to reconcile that with Jamie's comments two months ago at a New York conference where you said there is repricing in rates, derivatives, prime brokerage clearing and trade finance. I'm guessing its just risk off. So can you shed more light on what type of repricing you're seeing with any specific examples, because the transparency for us on the outside is pretty weak?

Jamie Dimon

Yes. So obviously when you talk about trading, when you have two months to go in a quarter, you don't always -- you don't know the exact number. And repricing is a complex issue. I mean, I just give you some very specific things and I will tell you why it's hard to figure out exactly what shows up. Clearing, we definitely seeing people start to charge for clearing and effectively charge the balance sheet 25, 50 basis points. It is a small business. I don't think it's going to dramatically affect those lines. Prime broker, we have seen similar type of thing. Repo there seem that people are charging pretty much for repo, we need to get a return on it. Exotic derivatives, which are again very small of being repriced to, I would say, full capital and liquidity. Muni credit has probably been repriced a little bit against the small market. If you go to credit and trading, so credit we are really not seeing any repricing effectively in commercial credit. You're seeing a little bit mortgage to make up for the extra costs in mortgage. You've seen a little bit in auto, got more aggressive not less aggressive, so trade finance you've seen a little bit of repricing and I know these are not all trading numbers. What you don't see, Mike, is that in a lot of cases, when you may reprice a little bit, you're also sharing business so that you have -- so you are protecting your margins by because AML cost your -- you're not do certain types of business anymore. An FHA the lifetime cost of servicing, you cut back on FHA volumes etcetera. So you're protecting your margins, but you're actually shrinking your revenue in some cases. That's happening a little bit in clearing in prime broker and stuff like that. You want your best clients. In other categories, clients are like deposits we haven't seen repricing effectively. I don’t think of non-operating deposits. On the other hand, some clients are saying lets restructure relationship to make more sense for you JPMorgan and I’m willing to give you other business, which is not credit sensitive etcetera. So it's kind of a whole of the amount of things taking place in there, but the goal is to get a proper return to your capital not necessarily to show revenue growth in that line-item. It’s very easy to show revenue growth.

Mike Mayo

And just one follow-up. When you think …

Jamie Dimon

I think mostly what you see in trading is just volume related and spread related et cetera. And even in trading, spreads are narrow, but breadth is also very low, which means spreads get gap out pretty quickly which eventually could be good for trading. So it's unclear.

Mike Mayo

So when you say a little repricing, I mean, is it bigger than a breadbox? I mean, is this -- are we talking about basis points or 1% or 5%, what you're talking about here?

Jamie Dimon

I'm talking about basis points, 20 basis points, 15, 10. That's all we need is some of these things get a adequate return on capital as we currently look at capital.

Operator

Your next question is from the line of Betsy Graseck with Morgan Stanley.

Betsy Graseck

Hi, good morning.

Marianne Lake

Good morning.

Betsy Graseck

Question on the deposit shrinkage. You obviously finished the program you announced at Investor Day. Just wondering if you're going to take it further what the impact on revenues has been and do you expect that the full benefit to NIM is already in 2Q or -- in the 2Q numbers we're going to see more benefit in 3Q from the actions you took?

Marianne Lake

So -- hi Betsy. So what I said and hopefully it was clear is that we actually exceeded our commitments, so we actually shrunk our non-operating deposit by more than $100 billion and not just grew our consumer deposit, but we are also able to grow also operating deposit. So we had a good mix shift both in consumer versus wholesale, but also within wholesale. And so we feel very great about that. There are two priorities off that. The first is protecting that position to making sure that we're able to not have inflows of those deposit size as the industry continues to absorb them. But the second is we will likely look to potentially push a little farther, but if we get harder and harder, each margin, the next $5 billion or $10 billion, as you get more and more closely aligned operating accounts in operating business and we have always said that we want to do this for the right reason for capital efficiency, but not do it in a way that its going to materially harm our clients. So that's the lens …

Jamie Dimon

And the parts also we made in level 3 assets, derivate receivables, certain balance sheet items, RWA, so the efforts are optimized, the balance sheet for G-SIFI etcetera is not going to stop. That we're going to continue to do.

Marianne Lake

But its not -- I don't anticipate us launching another and announcing another program. We've already done a little better. We will continue to try and do a little better. In terms of revenue impact, not very much right now as you might very well know, because you can see that the balance is much more on a spot basis than on an average basis, but the equation looking forward will be much the same as said at Investor Day, approximately 25 basis points revenue on approximately $100 billion average for half a year, but that would be some expense benefit on FDIC cost etcetera, so not a very big number. I think that was the question?

Betsy Graseck

Yes and the NIM benefit should flow into 3Q as well?

Marianne Lake

Little bit, yes.

Operator

Your next question comes from the line of John McDonald with Sanford Bernstein.

John McDonald

Hi, good morning. Marianne, I was wondering if you could remind us about the timing of your expense reduction targets in the Consumer and Investment Bank, specifically if you read the $57 billion in adjusted expenses for ’15, how much of the ultimate cost saves does that $57 billion target for this year in Corporate? How much would you have achieved already in ’15 and any thoughts on the trajectory for remaining saves after this year?

Marianne Lake

Yes, so let me do this in two parts and I'm going to start with the consumer businesses where the commitment is actually a couple of years old and we are sort of well low on our way to delivering against, the commitment $2 billion in ’17 versus ’14 and its not exactly linear, but you can consider it to flow through time and if you look at the CCB page on whatever page that is, I think we show that for the first half of the year our expenses are down over the first half of last year by $0.5 billion. So that gives you a sense where how we’re tracking. On the CIB, obviously the commitment is somewhat newer at Investor Day this year 2.8 billion in ’17 versus ’14. I would characterize that in sort of two parts. $1.5 billion is business simplification. The majority of business simplification not all, but the majority will come out of our run rate in 2015 and we’ve already seen that in the first and second quarter when you’re seeing the $300 million, $400 million expense reductions in each of the quarters on business simplification. The other $1.3 billion which is all the reductions in technology and operations and headcount is going to be things. We are working on it actively. We have programs, we have people, but it's going to be more of a 2016 and ’17 benefit. So if I have to look at the first half of ’15 versus the first half of ’14, take the 500 in consumer and business simplification in the CIB space, that’s probably the right way to size it about a quarter so far this year.

John McDonald

A quarter of the total?

Marianne Lake

Yes.

John McDonald

Okay, great. And then a quick follow-up is on RWA. Any update to your year-end RWA targets and thoughts about how we should think about potential RWA levels longer-term?

Marianne Lake

So RWA, advance RWA is down $36 billion, $37 billion, 1536 we said a little greater than 1.5, we're still in track to be 1.5 or a little greater 1.5 advanced at the end of the year. Standardized right now is at 1.5, so pretty close to 1.5 trillion, again, the target at the end of the year 1.55. So that's a little better, but obviously on the standardized you have somewhat put pressure as we continue to grow those really great loans that we're growing. And so if you look to our Investor Day targets, we're still hoping to maintain the discipline around both of those at approximately 1.5 through time.

Operator

Your next question is from the line of Matt Burnell with Wells Fargo.

Matt Burnell

Good morning. I'm just curious in terms of your core loan growth. You mentioned that that's up about 12% year-over-year. Can you give us a sense as to where that's growing the strongest and where you are seeing a bit -- perhaps where you're seeing a bit more weakness within the core loan growth, specifically?

Marianne Lake

I would say -- yes, of course. I'll do it in three parts. First of all, it's growing pretty solidly or strongly, so either in-line or in some -- in many cases better than industry across most of the product categories. The one that's growing the most strongly because of the way we're portfolioing loans is mortgage. So that's driving some of that outperformance and the one that is most challenging, but still growing is middle market. Fiercely competitive, competitive everybody is chasing that sector. But you can go through the businesses, so we had 6% loan growth, 6% to 8% loan and lease growth in Auto, 6% Business Banking, 19% core in consumer, 4% in commercial, so 3% core in card. So it's solid to strong, pretty much across the board, most competitive in middle market and flattered by portfolio and mortgages.

Matt Burnell

Okay, Marianne. And for my follow-up I noticed I guess you were quoted in an earlier meeting today suggesting that there could be further provisions for the oil and gas portfolio. There has been some media reports prior to this week about regulators potentially looking a bit more carefully at your portfolio as well as a number of other banks. Can you give us a little more color as to how you're thinking about the potential trends there and any comment you might want to give in terms of where the regulators are focusing?

Marianne Lake

So what I said earlier is not inconsistent, it's entirely consistent with what we said last quarter. We built results modestly from oil and gas last quarter on the back of the spring redetermination of borrowing base. We built another modest reserve at this quarter, and we said we don't -- we might expect more reserves in the second half of the year, there's another redetermination cycle in the fall and its -- I'm not going to say likely, but its possible we'll be selectively downgrading some time. If none of that is out of our expectations its completely sort of normal levels considering the cycle and how we think about the credit, we're still very happy. And we're not going to make any comments on regulators.

Jamie Dimon

Those reserves do not mean we're going to have losses?

Marianne Lake

Correct. So, we're reserving for downgrades, it doesn't necessarily mean that they're going to be catalysis.

Operator

Your next question is from the line of Ken Usdin with Jefferies.

Kenneth Usdin

Thanks. Marianne, I just wanted to follow up on that last point. Your commentary about credit, so the second half is in line, you're $4 billion plus and you had a $1 billion of charge offs this quarter again. So, on that point just one question about, where you continue to see underlying improvements, Card obviously is still above your guidance. But can you give us some of the thoughts about where any existing improvement can come from?

Marianne Lake

So, I mean credit like charge offs have been very benign across the wholesale space. They've reverted to somewhat more normal levels in auto. So I'm not expecting that to be big step changes in the underlying charge offs in the wholesale space. We're continuing to see improvements at a slower pace in mortgage, but at 21 basis points we're sort of getting down there. And Card well, its slightly above at the 2.6% above our 2.5%, its also pretty much getting there. So, its one of the reasons why we said, expecting second half to look like the first half in terms of order of magnitude and expect net-net low for long.

Kenneth Usdin

And then to your point about not expecting to be much loss from the energy provisioning and that we could see energy provisioning, plus this quarter you had a nice $300 million release from the NCI portfolio. Is this kind of fit for reserve release, and can you talk about your outlook there?

Marianne Lake

Yes. So, I would say in the non-credit -- sorry, just to clarify the comment on oil and gas, we said they will not necessarily translate into losses and we're not going to predict which ones will or won't. On the reserves, for non-credit impaired portfolio, we are continuing to see improvements in charge-offs as well as home prices albeit a little bit more gradually. So, I would still expect there to be more reserve releases over the course of the next 18 months in hundreds of million of dollars in total, not billions any longer of course. We have $1.8 billion reserved right now. In the non-credit, in the purchase credit impaired space, clearly that life of loan model and so we'll continue to evaluate that model against parameters that we have and expectations. So that will be what it is at the time. And in Card we're not expecting any significant reserve actions.

Operator

Your next question is from the line of Jim Mitchell with Buckingham Research.

James Mitchell

Hi. Good morning. Maybe we can just ask a question on card fees. That's been an area where growth in card fees have been pretty flat for a while as you ramp up reward spending. We saw a pretty nice jump quarter-over-quarter at some of that seasonal but it was a little stronger than what we saw the last couple of years. Are we getting to a point where you're lapping some of these higher reward costs in growth and new accounts, we should start to see that revenue line track more closely with spending or is this something unusual this quarter.

Marianne Lake

So you’re obviously right, all the underlying phenomena are still there, we’re still seeing spread compression, but we’re seeing very strong growth in spend. We aren’t quite loud yet on new accounts going through the revenue rate. We will eventually be, but it’s a good thing to be adding these new accounts that would drive new strong spend in the future. So, I would say, our near-term guidance is that we’re expecting our revenue rate to be at the lower end of that 12%, 12.5% range. And yes over time as spread compression abates and we continue to drive strong growth with the quality of our products and our partnerships, we would expect that to start too agile.

James Mitchell

Okay. And on the card loan side, it seemed like you saw a decent uptick this quarter. You’re starting to get past some of the run off and seen more of a core driver?

Marianne Lake

Yes, so I mean we told you we would hope to drive core loan growth in the card space, low single digits. In this quarter it was 3%.

Jamie Dimon

I just want to emphasis. Marianne mentioned it, but emphasis, Chase Paymentech which you’re seeing really good growth probably 50% fast in the industry. But we’re also signing people with Chase Paymentech combined with ChaseNet, we’re running real volume across it, and we’re signing up a lot of folks that act for ChasePay. So the strategy of ours is kind of coming to provision and we hope it will be a good driver, happy customers and good growth in the next 10 years.

Operator

Your next question is from the line of Steven Chubak with Nomura.

Steven Chubak

Hi. Good morning.

Marianne Lake

Good morning.

Steven Chubak

So, first question on capital. I just want to get a sense as to how we should be thinking about preferred issuance plans going forward, now that you have met the 150 basis point RWA target?

Marianne Lake

Yes. So, obviously we don't give you lots of details on our issuance plans. You're right one of that, the drivers for us to issue in part not exclusively was its not -- as you know we were Tier 1 leverage constraint in CCAR, and so as a result of issuing this, we not only helped TLAP but we help our CCAR stress capacity and at we're about 164 RWA. So I mean, we're not going to talk about board issuance, but we made progress.

Steven Chubak

Okay. And just a follow-up regarding Marianne your comments about the trading outlook for at least in the near-term. Recognizing its still very early days in the quarter, since the very start we've seen -- well obviously we've experienced a number of global shocks and on the regulatory front we do had that, that Volcker implementation deadline which is looming. So taking all those factors into consideration, how should we be thinking about the near-term trading outlook?

Marianne Lake

So to start with Volcker, we aren't expecting Volcker to have an impact in the near-term trading outlook. We've been talking very consistently over an extended period of time about the fact that we reshaped our business through time to be compliant in substance and in form with Volcker. And so while that was real, reshaping of the business the last 18 months has been to really focus on getting operationally ready around the reporting and the metrics, and it's been hard work and we are ready. So I don't expect it to have a direct impact on near-term trading. Clearly over time we need to continue to sort of evolve the feedback lead with regulators, but that will be entirely gradual. With respect to the trading, its too early for us to say anything specific about the second quarter -- sorry the third quarter except to say, we are -- all other things equal, we would expect to see normal seasonality from the market levels. Nothing has changed that fundamentally wouldn't have us expecting normal seasonality in the third quarter.

Jamie Dimon

I just want to point out that trading, if you look at it over a long period of time it's been -- we've become very consistent. I think in 2014 we had no trading loss days and even this year going a hand full of trading loss days. And obviously some areas are up and some are down, but our shares are high. I think we're doing a great job servicing clients. We're adopting all the new roles, like 15% of interest rate swaps are on CES today and I think 95% of FX trading by transaction is electronic. You can do a lot of that on your mobile phone or iPad now. So, the business is actually doing fine. The returns on risk are very good. We need to report that, but kind of return on bar are very good. So it's become a much more stable business that clients need over time.

Marianne Lake

And just to add to that, I would say that we also talked about in the sort of period of transition towards more normal economy and rising rates. You might see some shops like this. We weathered both the EMEA bond sell off and China well and it just speaks about the strength of our risk management discipline, and we generally do pretty well in more difficult markets.

Operator

Your next question is from the line of Paul Miller with FBR.

Paul Miller

Yes. Thank you very much. You guys had a very decent mortgage banking quarter in the second quarter with rates going up. We know that that the refis have started to come down but the purchase market has been stronger I think than people expected in the second quarter. What do you see going into the third and fourth quarter especially with the new regulations come out with the disclosures with [indiscernible]?

Marianne Lake

So with respect so we saw a stronger seasonal purchase market and we actually gained a little share in the purchase market in the quarter, and refi held up pretty well because of the pipeline is coming into the quarter, but we are expecting that to both seasonally in purchase and in refi to pull back down to normal levels in the third seasonally, and so no direct impact from the disclosure requirements.

Jamie Dimon

And part of the quarter, we get reserve take downs, we don't double count that, that may not be there next quarter.

Marianne Lake

Correct.

Paul Miller

Okay. And then could you talk a little bit about the tax -- or my follow-up question on the tax rate. Should we be modeling in 20% to 30% going forward, is that 25% just an outlier?

Marianne Lake

So, the way I think about it is our normal tax rate for the year is 30% or minus. Just given the way tax reserving is it's usually bias to being fairly conservative, and so as you know we have seen discreet tax gains periodically, some of them not insignificant resulting from completion of settlements and audits with tax authorities. So, not to say that you should necessarily model in directly 30%, but we don't predict or forecast the tax benefits.

Paul Miller

Okay. Thank you very much.

Operator

Your next question is from the line of Matt O'Connor with Deutsche Bank.

Matthew O'Connor

Good morning.

Marianne Lake

Good morning.

Matthew O'Connor

The equity trading has been very strong the last couple of quarters, both for you and for others assuming it continues the rest of this earning season. And as you step back and think about some of the drivers there, you mentioned some repricing, we've obviously seen some deepening of some markets, increased volatility. Like can we think about there being potentially a long-term secular recovery in the equities trading or do you think its more just stocks are going up as global QE or too early to tell?

Marianne Lake

It’s definitely the later, and I think it’s perhaps a little too early to tell on the former.

Matthew O’Connor

Okay. And then just separately, what type of mortgage loans are you adding. Are these jumbo? Are they fixed rate?

Jamie Dimon

Jumbo.

Marianne Lake

Yes. So, over half a jumbo, the other half are conventional conforming CCAR.

Matthew O’Connor

Okay. And I guess are you choosing to add some mortgage loans instead of securities, because you’ve got a smaller securities book than a lot of peers and it seems like there’s capacity to add there.

Marianne Lake

So well we have a fairly large securities portfolio, and our decisions around that are in part driven by our overall interest rate risk positioning. But with effect to the mortgages it’s fundamentally a best execution decision for us. We will portfolio alone where it makes economic sense to do it relative to distributing it other than jumbo where clearly they would always go on our balance sheet.

Jamie Dimon

And if you could put a jumbo on a higher ROE than a Fannie/Freddie, you would do that.

Marianne Lake

Yes.

Jamie Dimon

And part of the invest proposed for liquidity and obviously because it’s non-operating policy down portions of that will come down too.

Operator

Your next question is from the line of Glenn Schorr with Evercore ISI.

Glenn Schorr

Hi, thanks. I just want to follow-up on the conversation in fixed income and I agree with you, it seems like you weathered the whole Greece and China is doing pretty well. The fill out on the lack of liquidity and the fixed income markets gets a lot of attention, you guys had the most market share, had the lowest standard deviation in the business as the liquidity provider, that's a good thing for you. But curious on how you're thinking about preparing for what seems to pretty serious issue, and how serious of an issue do you think it is that in terms of the potential disruption?

Marianne Lake

So I mean, we have -- there's been a lot of press and reports including recently on market liquidity and there are numbers of factors playing into it. Its true that liquidities in some cases has dried up quite quickly when there's been extreme volatility and its been on itself but the reality is that, we talked about the fact that that was likely to be a phenomenon and that happened more frequently as we transitioned to a more normal environment, and we are very disciplined about how we trade into our clients and generally we've been able to weather them very well. I've had generally community we haven't, I mean not that we know, but we haven't got any stories or clear stories around the EMEA bonds settled for other things this quarter. So I think it's definitely an issue one that we need to watch, one that has multiple recourses, and one that we're generally taking in our stride.

Jamie Dimon

And if I look at the big picture and we pointed out the financial system like in the United States banks are much more sound, trading books are more capital liquidity, the whole system is better off. So you can't look at one piece and say, what will that do? The second is that these -- obviously there's less liquidity in the market place and it's a whole bunch of factors. It's hard to tease out exactly which one. But trading books are more capital, more liquidity. I think people are little worried about potential Volcker Rule violations, they've been a little more cautious. There are obviously structural changes in electronic trading HFT and each business is slightly different. So not every -- I would say everyone is expecting exactly the same. It's also true that system is pretty resilient to what happened with currencies, and that's a good sign. I think what we are going to be really cautious about is when markets aren't that good. So, JPMorgan is fine. We are not talking about whether or not JPMorgan is going to have a hard time with liquidity, we are not. The question I really would have is when markets are tough, will there be a feedback from this violent markets, will there be more volume or less volume. As someone was quoted other day saying their markets always pull back in when there are tough times, that is true. The question is, will it be harder and worse or will it feedback into the real economy. Its not will there be lack of liquidity. Like during the crisis, there were two market makers out there, and we were one of them, and so you need them a little bit. But it doesn’t stop markets from gapping out. So, we’re not saying, this is terrible but you just be very cautious about it, and we are always trying to be very cautious.

Glenn Schorr

Speaking of cautious, the last one I have is on living wills. I know we have a little bit of time before we hear anything. But if you look at the comments from the previous year what they want is you all to address. It seems like there was a massive amount of progress made. I’m not sure what you can tell us, but give us your thoughts on progress made and then maybe timing on when we might hear the regulators thoughts?

Marianne Lake

Yes, I can tell you that obviously we took the feedback from the regulators as the industry did exactly as you would expect entirely seriously put loads of resources and efforts to bear in making as much progress as we thought was humanly possible over the course of the period and we feel that we made very, very significant -- I would agree with you, the industry but JPMorgan specifically made very, very significant progress in addressing the feedback between getting it and the July submission date. And obviously we feel like we have a credible plan that’s not to say, that we won't continue and some of our plans and you saw it in some others disclosures, we’re going to continue to work very hard at simplifying our legal entities structure over the next few years and interconnectedness and operational resiliency and all the things and reporting readiness, all the things that are going to make it even better. So, we think we made very, very significant progress. We think our plan is credible. We don’t know exactly when we’ll get feedback probably in the fall.

Jamie Dimon

And we respond to every single thing regulators raise with the huge resources to meet their needs, and it will probably be iterative over time about whether it will make more demands this year et cetera and -- but I think this is 50 page public part that you can actually read and it shows you, that’s 50 page summary of a -- I think a 200,000 page detailed report.

Operator

Your next question is from the line of Gerard Cassidy with RBC.

Gerard Cassidy

Thank you. Good morning. Marianne, you mentioned a couple of times about the competitiveness in the middle market lending space. Can you give us some color on what you're seeing whether it's underwriting standards and what kind of product type in the middle market that is most competitive?

Marianne Lake

I mean it's very broadly competitive and we compete obviously with state banks, regional banks and non-banks, and its not that we are loosing loans and deals and most often on price. It's normally on price of holds or non-banks taking whole deals or on structures. But its very, very competitive and everybody likes the sector for growth and everybody likes, so everybody is trying to make progress and we're being very, very disciplined and as a result of that slightly lower growth in the industry average. And you might not want us to always grow at the industry average; you want us to hold through to discipline.

Jamie Dimon

And remember if you look at the whole relationship side, I forgot the exact number, but if you look at middle market relationships, I think somewhat like half maybe even a little bit less of the revenues are from the lending.

Gerard Cassidy

You guys have made great progress with the penetration of the mobile banking app that you've created as well as online banking and you can -- you showed us that your branch count is down over a 100 branches on a year-over-year basis. What do you see for the branches as you go forward? Is that trend line likely to continue as you continue with the increased penetration from the mobile app?

Marianne Lake

So the way I would characterize it is, we had a period of time following the Wampum merger where we were in new market and we didn't have the right distribution footprint where we were building. We said about a year and half ago that we felt like we had the right footprint as a matter of about 5600 and that now we're around perfecting that, which is about consolidating certain branches where it made sense building new ones where it made sense consolidating together where it made sense. So you would see, I think Gordon said approximately 150 net down in each of the next couple of years and that's probably still the right way to look at it, but its really perfecting that it worth moving branches to the areas we like, whether the high density of affluence. And then as you know really looking at the nature of branches as a footprint the way we're using them, the way we're staffing them importantly moving them to more advise and less transaction, more automation. So, definitely responses to the evolution in customer preferences and mobile and online is not only a fantastic customer experience evidenced in our experience that, but it's also a lower cost to serve. So we're also improving the profitability of the very highly transactional customers. So, I mean I think Gordon used the word omni-channel. It's, we have a place for everything in our fleet and branches are very important. And we're just going to be evolving them to continue to meet customer needs.

Jamie Dimon

And one add is that we are thinking about attacking a new city for the first time, like in a major way because we want to see how that works out.

Operator

Your next question is from the line of Chris Kotowski with Oppenheimer.

Chris Kotowski

Hi, I was just curious about the reduction of the non-operating deposits, and I would have expected that to come mainly out of the Corporate and Investment Bank and -- but when you look at the disclosures on your average asset level it's essentially been $850 billion plus/minus each over the last five quarters. So, where is the shrink really happening or how do we see it?

Marianne Lake

In the non operating deposits within the wholesale deposits, the majority is the CIB, but not quite two thirds and then you've got the Commercial Bank and you've got a little bit in Asset Management. So it is the majority of the number, but there often sizable numbers particularly in the Commercial Bank, in the financial [indiscernible]. And then when you look at our overall balance sheet you see cash going down because of the deposits. You see securities going down but strong loan growth offsetting and then small reductions in trading and secured financing.

Chris Kotowski

But then I look at like total assets in the CIB, its $845 billion this quarter versus $846 billion last year. It just doesn’t look like a whole bunch came out of there. It looks like it all came out of the …

Marianne Lake

Are you doing year-over-year?

Jamie Dimon

You’re starting the wrong time period.

Marianne Lake

Are you starting at the year end or year-over-year?

Chris Kotowski

Well if you go length quarter its 865 to 845, it just -- I’m just curious it doesn’t seem to mesh up to ...

Jamie Dimon

Well, we’re getting more operating deposits too.

Marianne Lake

Yes. So we talked about the, the deposit reduction is overachieving in non-op and improving mix in operating. So, trust me and I’m not looking at what you’re looking at, so I do trust you but trust me that 68% of it is CIB.

Chris Kotowski

Okay. Now, where you see it in your public disclosures, its -- it all looks like its coming out of corporate and other which is down more than a 100 length quarter. So, I was just kind of curious how it all works because it didn’t …

Jamie Dimon

We’ll clarify it off this line because we [indiscernible].

Chris Kotowski

Okay. All right. Thank you.

Operator

Your next question is from the line of Eric Wasserstrom with Guggenheim Securities.

Eric Wasserstrom

Thanks. My questions have been addressed. Thank you.

Marianne Lake

Thank you, Eric.

Operator

Your next question is from the line of Brennan Hawken with UBS.

Brennan Hawken

Hi, good morning. Just following up on the markets discussion, curious whether or not you've seen some of the drama around Greece impact the M&A discussions in Europe this quarter and maybe an update on the IB Bank backlog at this point?

Jamie Dimon

The M&A we don't Greece has expected the M&A dialogue very much, because it's been very active pretty much around the world. And mostly around the world it's also like European companies coming to America, American companies going to Europe et cetera and those conversations continue …

Marianne Lake

I'd say a lot to Europe.

Jamie Dimon

A lot to Europe. So Greece had no real effect in that. Greece is a very, very small percent of the Eurozone in total. So economically if not a driving factor for most of the companies they are. Psychologically maybe it's going to affect some people, but I don't see why a company that has its own ambitions is going to change them because of Greece.

Marianne Lake

And I'll just -- with affect to the backlog I would say, it's very good.

Jamie Dimon

We did see a tremendous amount of some of that, we've almost never seen before of the EU American companies financing in euro, because it's cheaper to do that even if you swap back to dollars. So a lot of American companies go to Europe to do that.

Brennan Hawken

Okay. Thanks for that. And then on security services I know that you all highlighted that it's up quarter-over-quarter on the seasonal strength for the dividend season, but it was down year-over-year. Can you help us reconcile the year-over-year decline?

Marianne Lake

Yes, I think if you go back to last quarter Brennan and take a look at the remarks in last quarter, we talked about the change in presentation of some expenses versus revenues for the ADR business, that drove a reduction but just a classification issue and then in addition we did loose a large client at the end of last year and that is having an impact. So, I think if you go back and look at the second quarter hopefully that will make it clear. And so the guidance when we did those, when we made that presentational change and obviously we talked about the client exit a few quarters ago the guidance well as given those we would expect the revenues to run between 950 seasonally and this is obviously a strong season and therefore its that through 950 to a billion seasonally and therefore its at the billion.

Jamie Dimon

Marianne gave you all very specific guidelines which you don't normally do on treasury services, investor services and expenses in the commercial bank because a lot of you have your models wrong. And Sarah finds it very frustrating that she can't get it corrected quarter after quarter. So we said here is the number that is actually our best guess. So please put in your third and fourth quarter models, and revenue mortgage revenue is another one which has been ongoing for us and what's the other one so we can just get on the table whatever it is.

Operator

Your next question is from the line of Nancy Bush with NAB Research.

Nancy Bush

Good morning. Jamie, you made a comment about attacking new markets and that sort of tags on to what I was going to ask which is, whether there are any of the old WaMu markets where you've not been able to expand as aggressively as you've wanted to and you might be thinking about exiting.

So, I’m just wondering, can you just tell us how you feel about individual markets right now?

Jamie Dimon

So Nancy, it’s really important. When we talk about these numbers by the way, RWA and branches, we are not making commitments to anybody. That’s our best guess, knowing what we know it, but we reserved the right to change that on a moments notice whatever reason it makes sense for the company and the clients. And so branches, it is very important that you look at branches, city by city and do you have the right footprint. So if you remember the old AMP which never changed its locations and it never changed its sizes and it failed. So every, any retail business should always be adding in the new communities, subtracting in some, having the branches adjust the new reality was getting bigger against smaller in our cases, getting smaller. But we’re not getting smaller, because we’re guessing at this stuff. We are getting smaller because the less need for operations in branches now and people are doing far more on mobile phones like that. So we actually do it city by city. We don’t set an overall guidelines that you have to do X, Y or Z, it’s city by city. And so for the most part in the WaMu footprint I think Florida and California for the most part, city by city we went in and added what we thought we should have. WaMu, then we also added on top of that small business, private banking, some middle market, other business that WaMu wasn’t even in, and those are -- was part of the expansion of those businesses too and so, when I said a new city, I’m talking about what we’ve never really done -- I was talking about the way back to BankOne and the stocks we did the merger with JPMorgan is going into a city De Novo, that we’ve never been in. And there you’ve got to look at how many branch you’re going to open, how long its going to take and, so we do want to do one of those and that will be -- will have nothing to do with WaMu, because there are places that WaMu wasn’t.

Nancy Bush

Okay. Another geographic question, I get that Greece is not that important to the Eurozone and events of the past couple of weeks seemed to have been a lot of theater frankly. But the events in China in the last couple of weeks have been somewhat worrisome. So, I mean, have your plans for China changed at all given what seems to be a retreat from open markets there?

Jamie Dimon

No. I don’t think there’s been a retreat from open markets there either. So remember, we’ve always said about China, you’ve got to look and plan for long run which we do in all businesses. So McKenzie has reports that shows that they're going to have 25% of some of the Fortune 1000 and that was 10 or 12 years, enormous growth in their company. Their company is growing overseas. Their company is doing more M&A. We did that one unique transaction where ChemChina bought Pirelli in Italy. And obviously when we have a unique network we can help the Chinese company and the Italian company at the same time. So we're building there for the long run. As a risk management tool we've always said that the way we treat that is we will be prepared for very tough times. And I think it's a mistake not to grow because you're going to have tough times. I have never seen an economy didn't have tough times. So, if you went back to United States when JPMorgan was building JPMorgan back to 1850-1860, look every single time that you panic because America had a recession, there would be no JPMorgan. So we're not going to change. What we've seen with the officials in China is that they're very responsive to changes and you could argue whether they should have got in that involved in the stock market and you can't manipulate stock markets and, but they're very responsive to lending to -- they have changed their reserve policies, their RMB policies, the QFII policies, the Hong Kong Shanghai Connect. Not everything they do is going to work, but they still seemed very committed to more and more market reform, more and more of taking SOE rationalization -- SOEs and taking them public, so some market discipline there, creating more of a consumer society and what we've always said and I think they've the wherewithal to meet their kind of short-term objectives of growth. But we expect that they will have bumps in the road. We expect that and we're going to look right through that and the fact that their -- and also the market went from $4 trillion value, so its $10 trillion economy. It went from $4 trillion market value to $10 trillion, now its back to $6 trillion. I think those are the numbers. And the American stock markets has done that roundtrip a couple of times itself. And so the American economy is $18 trillion. I think our stock market is 25. And so there will still be huge opportunities there. If they ever completely reverse what they're talking about doing, you will see it in far more significant ways than getting involved in this stock market.

Operator

Your next question is from the line of Betsy Graseck with Morgan Stanley.

Betsy Graseck

Oh, hi. Thanks. Just a quick follow-up. Marianne, earlier on you were talking about deposit betas and for a lot of very good reasons, expecting that deposit betas will be a little bit faster this time around. But could you round out the conversation as to how you're thinking about how your NIM is going to traject in a rising rate scenario? Because I got a few questions on whether the deposit betas being a little faster means that the NIM trajectory is likely to be different from last time rates rose for you guys.

Jamie Dimon

So Marianne, you showed a NIM thing that NIM will go back to 265 to 275. And remember when we say deposit beta, it is byproduct, by -- and it's got gamma. So the first 25 basis points, the second are a different 25 basis -- different in the third 25 basis points and it's a pretty intensive analysis trying to get it accurate. That's what we're trying to do and it's all in that number that we present it and we don't think that's changed dramatically. As Marianne said, we're assuming that whatever happen in the last cycle, this one will be worse. In other words, you will gather less of the benefit from rates going up than we have in the past.

Betsy Graseck

Okay, because the last time rates rose your NIM didn't move up that much.

Jamie Dimon

Well, listen there is a unique.

Marianne Lake

Yes, its.

Jamie Dimon

There is a unique circumstance when you're at zero. I mean there are lot of things that happen when rates go to 25 basis points that there will be -- you will pass very little of that on and we also see that -- we will see that money market funds. We will see that in some forms of deposits etcetera. The Beta gets high; it gets much higher as rates go up. If I had to guess, I'd say we're conservative not aggressive.

Operator

Your next question is from the line of Gerard Cassidy with RBC.

Steven Duong

Hi. This is actually Steve Duong in for Gerard. Just two follow-ups. You had mentioned the credit downgrades; I believe you've said oil and gas. Where there any other sectors and if there were just some figures on them?

Marianne Lake

Yes, the credit downgrades included oil and gas and we called it out just because in total oil and gas was $140 million of our total net 250 reserve build, but also I said that there was select names, it's like a dozen names. So not really like there is another sector, just its very discrete names.

Steven Duong

Okay, great. Thank you. And just a second follow-up, can you just give us your mortgage duration and how far you're willing to take it?

Jamie Dimon

No, no we are not going to give you that. We disclosed -- when you say mortgage ratio, obviously we build into all of our models mortgage duration and you guys can calculate that yourself by looking into disclosures in 10-K that show mortgages at 3%, 3.5%, 4% etcetera. And obviously we can change that at will with our investment portfolio and things like that. It's all in the NIM already. So obviously we have negative convexity in our portfolio.

Operator

And there are no further questions.

Marianne Lake

Thank you everyone.

Jamie Dimon

Wait. Before you all go, I just want to tell you one of these days I'm not going to come in this call. I'm not doing it because I want to avoid it, I don't like it. And obviously if anything is important or really bad, I'm not going to ever try to avoid bad news here, because we like to tell the whole truth, nothing but the truth, the good, bad, and ugly. But Marianne has started to do such a good job that I've become unnecessary to be in all of them and I can obviously go do other things. So don't be surprised if one of these days I don't show up, don't read anything into it. Thank you for being here.