

FEBRUARY 26, 2009

HOME LENDING

Charlie Scharf, Retail Financial Services Chief Executive Officer

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Home lending portfolio

Outstandings as of 12/31/08 (\$ in billions)

Portfolio	Total Loans	Chase +	WaMu: Non-Credit-Impaired	=	Total: Non-Credit-Impaired	WaMu: Credit-Impaired
Home Equity	\$154.1	\$94.0	\$20.3		\$114.3	\$39.8
Option ARM	50.6	—	9.0		9.0	41.6
Prime Mortgage	97.3	47.4	24.9		72.3	25.0
Subprime Mortgage	25.6	12.7	2.6		15.3	10.3
Total Portfolio	\$327.6	\$154.1	\$56.8		\$210.9	\$116.7

- Total outstandings ~\$328B
 - Non-Credit-Impaired ~\$211B (64%)
 - Credit-Impaired ~\$117B (36%)

Notes: Credit impaired represents UPB not book value; excludes prime mortgage loans classified as held-for-sale

Home lending portfolio

Outstandings as of 12/31/08 (\$ in billions)

Portfolio	Total Loans	Chase	+	WaMu: Non-Credit-Impaired	=	Total: Non-Credit-Impaired	WaMu: Credit-Impaired
Total Portfolio	\$327.6	\$154.1		\$56.8		\$210.9	\$116.7
Loan Loss Reserve	\$7.5	\$6.6		\$0.9		\$7.5	NA
Fair Value Mark Remaining	\$27.9	NA		NA		NA	\$27.9
LLR as % of Loans	2.3%	4.3%		1.6%		3.6%	NA
Fair Value Mark % of Loans	NA	NA		NA		NA	24%

- LLR against Non-Credit-Impaired
- Fair Value Mark against Credit-Impaired - \$88.8B net book value

Notes: Mark remaining as of Dec-08

WaMu home lending portfolio—overview

Outstandings as of 12/31/08 (\$ in billions)

Portfolio	Total Loans	Non-Credit-Impaired	Credit-Impaired	% Markdown ¹
Home Equity	\$60.1	\$20.3	\$39.8	28%
Option ARM	\$50.6	\$9.0	\$41.6	24%
Prime Mortgage	\$49.9	\$24.9	\$25.0	13%
Subprime Mortgage	\$12.9	\$2.6	\$10.3	35%
Total Portfolio	\$173.5	\$56.8	\$116.7	24%
Fair Value Mark			\$27.9	
Net Book Value			\$88.8	

- 67% of WaMu portfolio Credit-Impaired
- Fair Value Mark 24% of Credit-Impaired Balances

WaMu home lending portfolio – key characteristics

Key Credit Statistics		
	Credit-Impaired	Non-Credit-Impaired
Portfolio Characteristics		
>80% Original CLTV	34%	7%
>100% Current CLTV	53%	0%
>80% Current CLTV	83%	15%
< 620 Current FICO	32%	3%
< 660 Current FICO	40%	7%
Wholesale	36%	25%
2006/2007 Vintage	58%	28%
Portfolio Performance		
30+	17.89%	0.80%
90+	10.85%	0.06%
4Q08 NCL	7.20%	0.00%

- Credit-Impaired includes majority of high risk assets
- Non-Credit-Impaired has very low delinquency and no losses in 4Q08

WaMu home lending portfolio – loss sensitivities

Loss Sensitivities			
Peak to Trough HPI ¹	(31%)	(36%)	(41%)
Remaining Lifetime Losses ² From Sept 25, 2008	\$30-36B	\$32-38B	\$34-40B
<i>% Losses from Credit Impaired</i>	<i>94%</i>	<i>93%</i>	<i>92%</i>

- The initial mark reflects \$32.5B² of remaining life losses beyond September 25, 2008
- We have not yet experienced losses beyond initial expectations
- Additions to loan loss reserves would be required if and when delinquency and loss experience exceeds our initial expectations

¹ Home Price Index, Moody's/Economy.com Case-Shiller and JPMC Estimates
² For the entire WaMu portfolio (both credit impaired and non-credit impaired)

NonCredit impaired portfolio performance

Key Credit Statistics						
	4Q07	1Q08	2Q08	3Q08	4Q08 Chase Only	4Q08
Home Equity						
Net charge-offs (\$mm)	\$248	\$447	\$511	\$663	\$770	\$770
Net charge-off rate ¹	1.05%	1.89%	2.16%	2.78%	3.24%	2.67%
Average outstandings (\$B)	\$94.0	\$95.0	\$95.1	\$94.8	\$94.6	\$114.6
Prime Mortgage						
Net charge-offs (\$mm)	\$17	\$50	\$104	\$177	\$195	\$195
Net charge-off rate ¹	0.22%	0.56%	1.08%	1.79%	1.97%	1.20%
Average outstandings (\$B)	\$30.9	\$36.0	\$39.3	\$39.7	\$39.6	\$65.0
Subprime Mortgage						
Net charge-offs (\$mm)	\$71	\$149	\$192	\$273	\$319	\$319
Net charge-off rate ¹	2.08%	3.82%	4.98%	7.65%	9.76%	8.08%
Average outstandings (\$B)	\$13.6	\$15.7	\$15.5	\$14.2	\$13.0	\$15.7

¹ Loans held-for-sale and loans accounted for at fair value under SFAS 159 were excluded when calculating the net charge-off rates

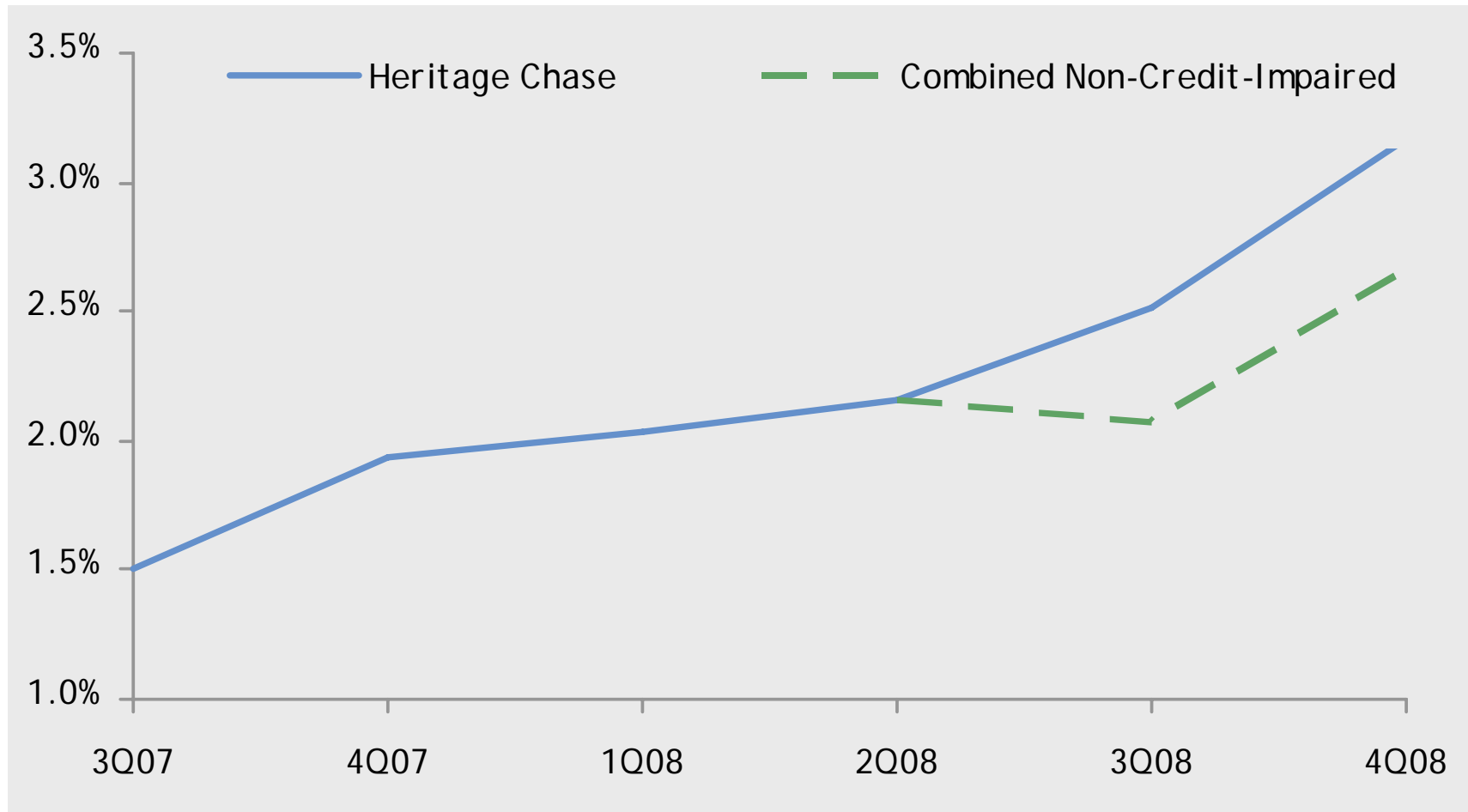
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In the following pages, primarily *Heritage Chase* statistics are shown to provide a clear picture of portfolio performance

Home equity performance

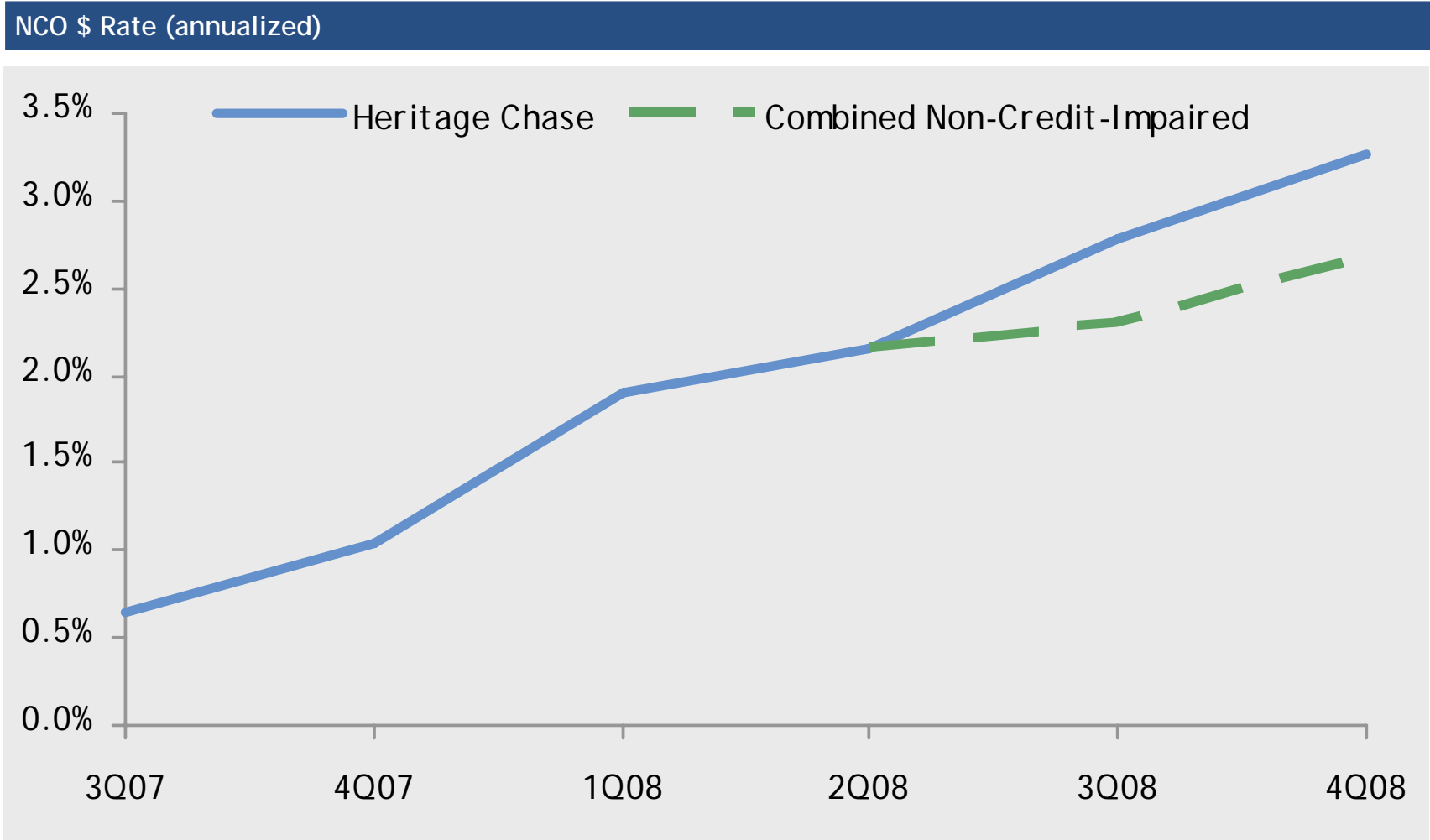
30+ Delinquency Rate



- Delinquencies continue to grow
- Very low WaMu Non-Credit-Impaired delinquency - reduces overall rate

HOME EQUITY

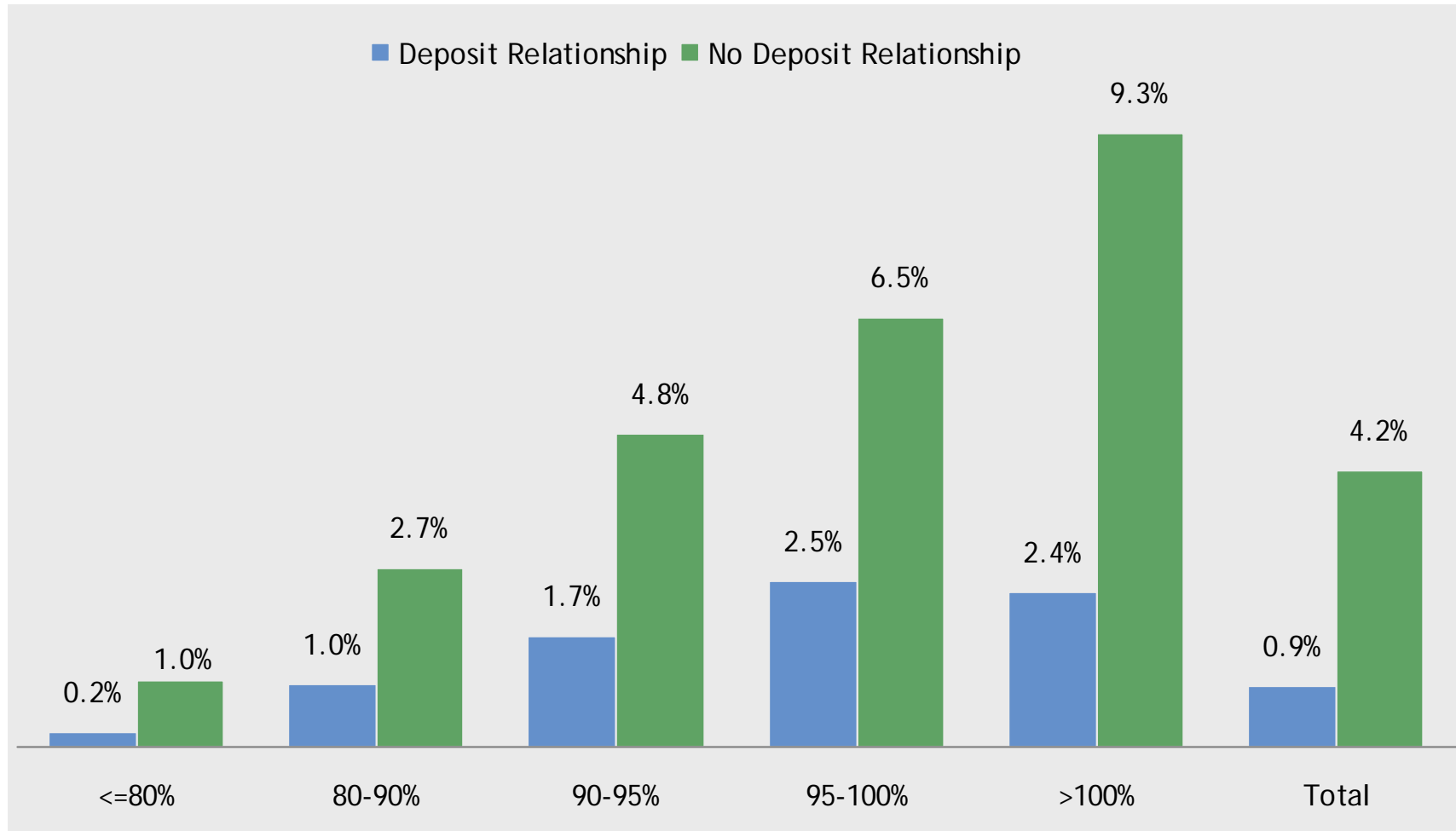
Home equity performance



- Losses continue to grow
- No WaMu Non-Credit-Impaired losses through 4Q08 - reduces overall rate

Home equity losses – deposit customers by current CLTV

2008 NCL Rate (annualized)



■ Deposit customers have significantly lower loss rates across all CLTV segments

Note: As ECLTV not available on charge off accounts, used ECLTV at Dec-07 to bucket charge off accounts

HOME EQUITY

Home equity portfolio by CLTV & FICO at origination

Outstanding as of 12/31/08 (\$ in billions)

Original FICO	Original CLTV						Total
	<80%	80–85%	85–90%	90–95%	95-100%	>100%	
700+	47%	5%	12%	4%	7%	0%	76%
640–700	12%	1%	3%	1%	2%	0%	20%
< 640	3%	0%	1%	0%	0%	0%	4%
Total	62%	6%	16%	6%	9%	0%	100%

- 15% of portfolio originated at 90-100 CLTV
- Majority of originations low LTV, high FICO

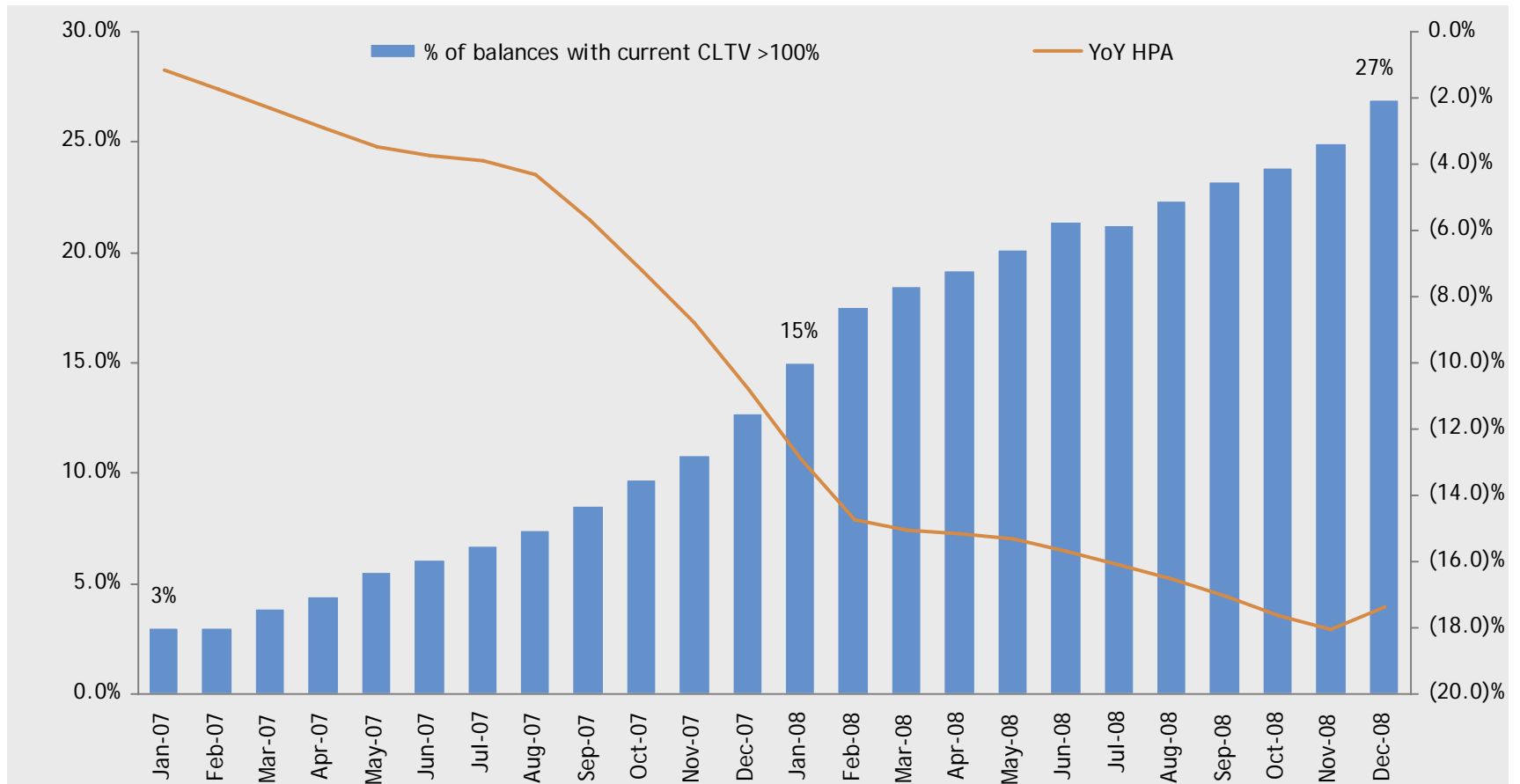
Home equity performance by original CLTV

2008 Losses (Rates Annualized) – (\$ in billions)

Original CLTV	Loss Dollars					Loss Rates				
	1Q08	2Q08	3Q08	4Q08	Total	1Q08	2Q08	3Q08	4Q08	Total
<70%	\$33	\$52	\$35	\$29	\$149	0.5%	0.7%	0.5%	0.4%	0.5%
70-80%	\$43	\$43	\$82	\$85	\$252	0.7%	0.6%	1.2%	1.2%	0.9%
80-90%	\$117	\$116	\$217	\$223	\$674	2.1%	2.1%	3.9%	4.1%	3.0%
90-100%	\$254	\$301	\$329	\$433	\$1,316	6.3%	7.8%	8.9%	12.2%	8.7%
Total	\$447	\$511	\$663	\$770	\$2,391	1.9%	2.2%	2.8%	3.2%	2.5%

- 90-100% CLTV generating 55% of losses
- Losses growing across all original CLTV bands
- High losses even in lower original CLTV segments

Home equity portfolio estimated CLTV >100%



Note: Current CLTV defined as total line balance as a % of current home value estimated by applying Economy.com MSA level HPA estimates as of 12/31/08
Prime Home Equity Only

Home equity losses by current CLTV

Current CLTV	Balances as of	NCO Rates (annualized)			
	12/31/08	Q108	Q208	Q308	4Q08
<=70%	\$32.0	0.3%	0.3%	0.3%	0.4%
70-80%	\$14.6	0.4%	0.5%	0.5%	0.8%
80-90%	\$11.4	0.9%	0.8%	1.0%	1.2%
90-100%	\$10.5	1.7%	1.7%	1.8%	2.4%
100+%	\$25.6	7.2%	7.6%	8.6%	9.8%
Total	\$94.0	1.9%	2.2%	2.8%	3.2%

- Highest loss rates for 100%+ Current CLTV
- Losses in lower Current CLTV bands growing as unemployment rises

Home equity losses by current CLTV

4Q08 Loss Rates (annualized)				
State	Current estimated CLTV			
	<80%	80–90%	90–100%	>100%
Florida				18.1%
California				11.8%
Arizona				8.1%
Nevada				13.9%
Total High Stress States	0.6%	0.6%	1.2%	12.4%
All Other	0.4%	1.2%	2.8%	6.1%
Total Portfolio	0.4%	1.3%	2.5%	9.8%
% of 4Q08 losses	6%	5%	8%	81%
% of Balances	50%	12%	11%	27%

- Losses highest in states with most severe declines in house prices

Note: Current CLTV defined as total line balance as a % of current home value estimated by applying Economy.com MSA level HPA estimates as of 12/31/08
Loss rates are annualized

Home equity losses by current CLTV

NCO (\$ in millions)				
Current CLTV	Q108	Q208	Q308	4Q08
<=70%	\$22	\$22	\$23	\$28
70-80%	\$16	\$17	\$17	\$23
80-90%	\$33	\$29	\$32	\$36
90-100%	\$54	\$50	\$52	\$67
100+%	\$322	\$393	\$539	\$616
Total	\$447	\$511	\$663	\$770
<i>% of Losses > 100%</i>	<i>72%</i>	<i>77%</i>	<i>81%</i>	<i>81%</i>
<i>% of Balances > 100%</i>	<i>18%</i>	<i>21%</i>	<i>25%</i>	<i>27%</i>

- Majority of losses from 100%+ Current CLTV

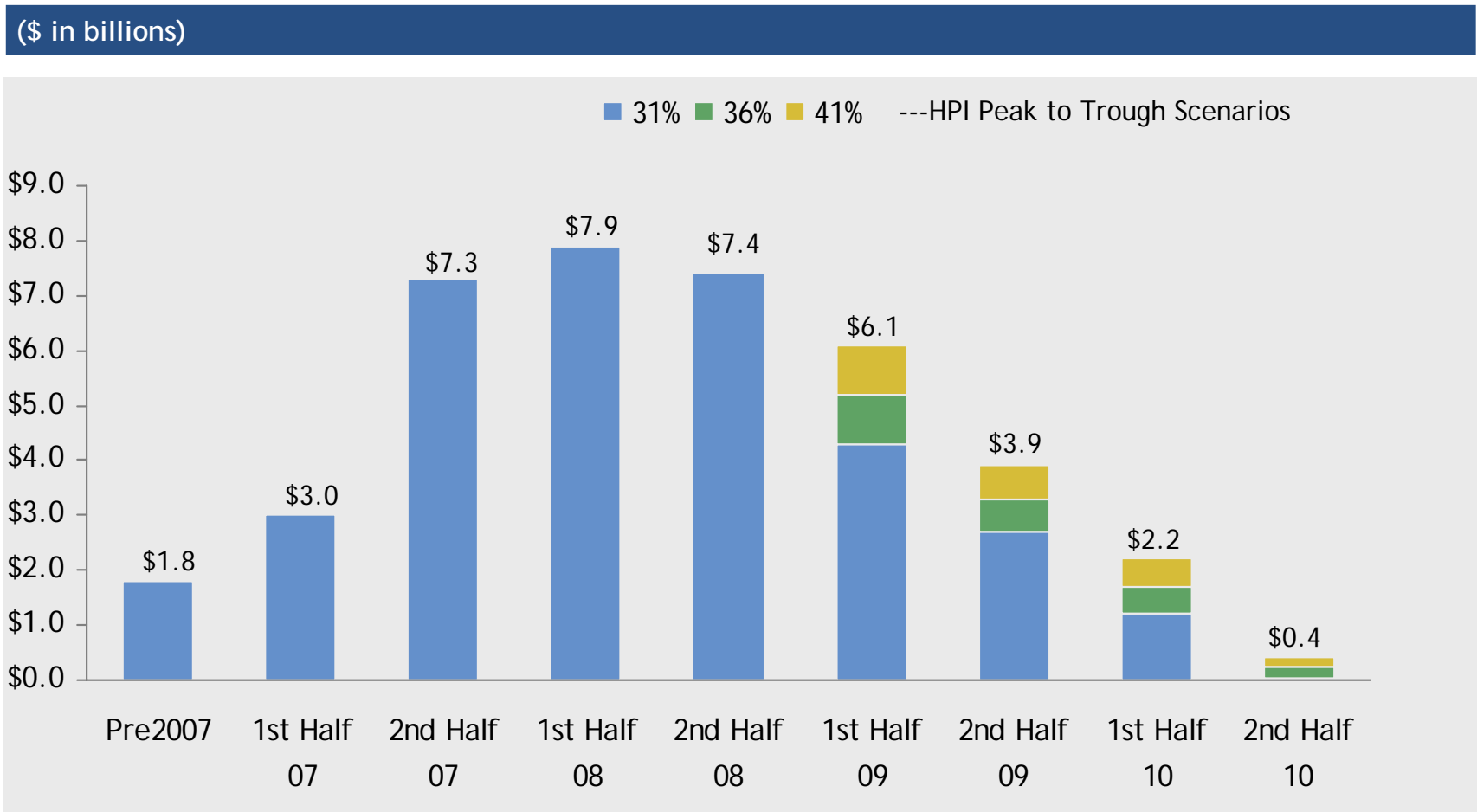
Home equity loss rates following migration to >100% CLTV

Annualized Loss Rates					
Quarter Migrated to >100% CLTV	Quarter +1	Quarter +3	Quarter +4	Quarter +6	Quarter +7
1Q07	2%	6%	15%	23%	23%
2Q07	2%	14%	16%	24%	
3Q07	3%	12%	16%		
4Q07	5%	9%	11%		
1Q08	3%	7%			
2Q08	3%				
3Q08	4%				

The diagram includes a red oval around the 9% loss rate for 4Q07 and the 11% loss rate for 4Q08. Arrows point from boxes labeled '3Q08 Losses' and '4Q08 Losses' to the 4% and 3% loss rates respectively.

- Relatively consistent credit deterioration in the older vintages
- Newer vintages could perform better

Home equity balances migrating to >100% CLTV



- 27% of the portfolio >100% CLTV as of end of 2008
- Based on HPI Peak to Trough range of 31-41%
 - 35-39% of the portfolio estimated to be >100% CLTV at the end of 2009
 - 36-41% of the portfolio estimated to be >100% CLTV at the end of 2010

Note: Home Price Index, Moody's/Economy.com Case-Shiller Forecast and JPM Estimates

Home equity losses when exceed >100% CLTV

(\$ in millions)								
Loss From >100% CLTV	Q207	Q307	Q407	Q108	Q208	Q308	Q408	Balances as of 12/31/08 (\$B)
Pre2007	\$21	\$27	\$38	\$57	\$65	\$81	\$74	\$1.4
1st Half 07	\$7	\$21	\$35	\$117	\$122	\$158	\$160	\$2.7
2nd Half 07		\$2	\$21	\$125	\$149	\$204	\$223	\$6.7
1st Half 08				\$4	\$46	\$85	\$111	\$7.6
2nd Half 08				\$2	\$3	\$3	\$38	\$7.3
Total	\$28	\$50	\$94	\$304	\$385	\$531	\$606	\$25.7
<100%	\$68	\$84	\$88	\$143	\$126	\$132	\$164	\$68.3
Total	\$96	\$134	\$182	\$447	\$511	\$663	\$770	\$94.0

- Pre-2007 and 1st Half 2007 appear to have peaked
- 2nd Half 2007 and 2008 will grow

Home equity unemployment effect

Current CLTV	Change in Unemployment	Change in Delinquency	Delinquency Increase per 1pt Increase in Unemployment	Loss Effect
<80%	1.2pts	20%	17%	\$40mm
80-100%	1.0pts	47%	47%	\$150mm
>100%	3.3pts	36%	11%	—

- Unemployment appears to be driving losses below 100% CLTV
- Does not appear to be meaningful over 100% CLTV as HPA is the primary driver

Note: The time period for the changes reflected above are Jan-08 to Dec-08

Prime home equity

Originations Profile

	2006	1st Half 2007	3Q'07	4Q'07	1Q'08	2Q'08	3Q'08	4Q'08
Origination (\$B)	\$51.9	\$27.3	\$11.2	\$9.8	\$6.7	\$5.3	\$2.6	\$1.7
Weighted avg. CLTV	74%	74%	72%	70%	67%	61%	60%	58%
Weighted avg. FICO	738	741	742	745	752	760	748	751
% FICO < 660	7%	6%	7%	6%	4%	3%	3%	2%
% CLTV>85%	42%	43%	34%	26%	19%	2%	0%	0%
% CLTV>90%	22%	24%	12%	5%	2%	0%	0%	0%
% Full Documentation	24%	22%	23%	33%	58%	93%	93%	97%
% CA & FL	20%	20%	16%	14%	13%	9%	9%	8%

■ Significant reduction in risk

- Minimal volume in FICO under 700
- No loans > 85% CLTV and only 1% over 80%. 73% are <=70%
- Full Documentation

Note: CLTV = Combined-Loan-to-Value. This metric represents how much equity the borrower has in the property
 CLTV and FICO at origination
 Construction and Private Banking loans are included in Full Documentation
 Does not include Bulk Loan Purchases

Home equity portfolio outlook

- Fewer balances will migrate to >100% CLTV going forward
- Losses are expected to grow for loans that recently migrated to >100% CLTV
- It is unclear if loss rates for loans that recently migrated to >100% CLTV will grow as high as older vintages
- Unemployment likely to impact <100 CLTV, but it will be less meaningful than HPA changes
- Quarterly losses expected to be \$1B to \$1.4B for Non-Credit-Impaired in 2009
- Losses are expected to level off, but remain high in 2010 if current loss rate trends continue

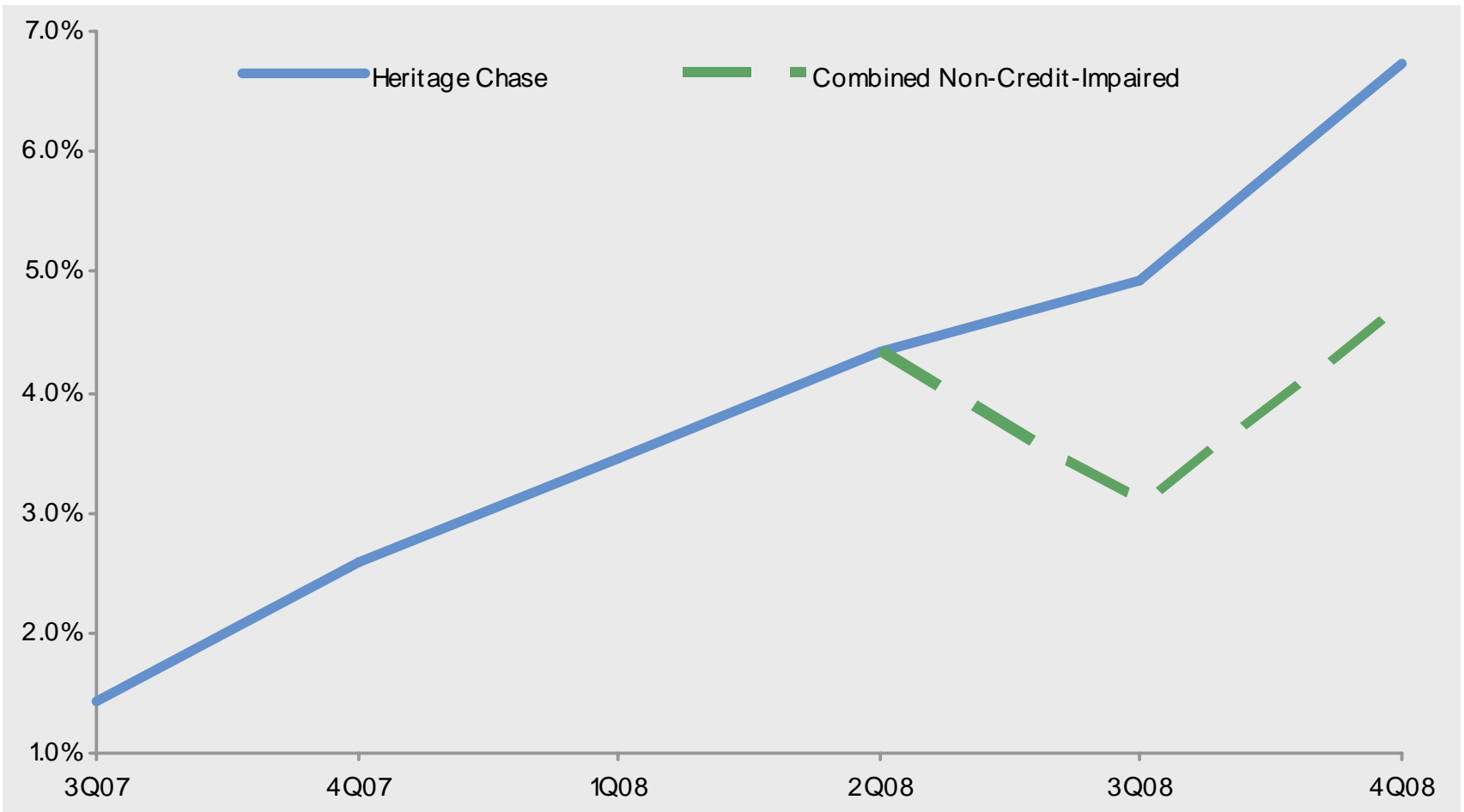
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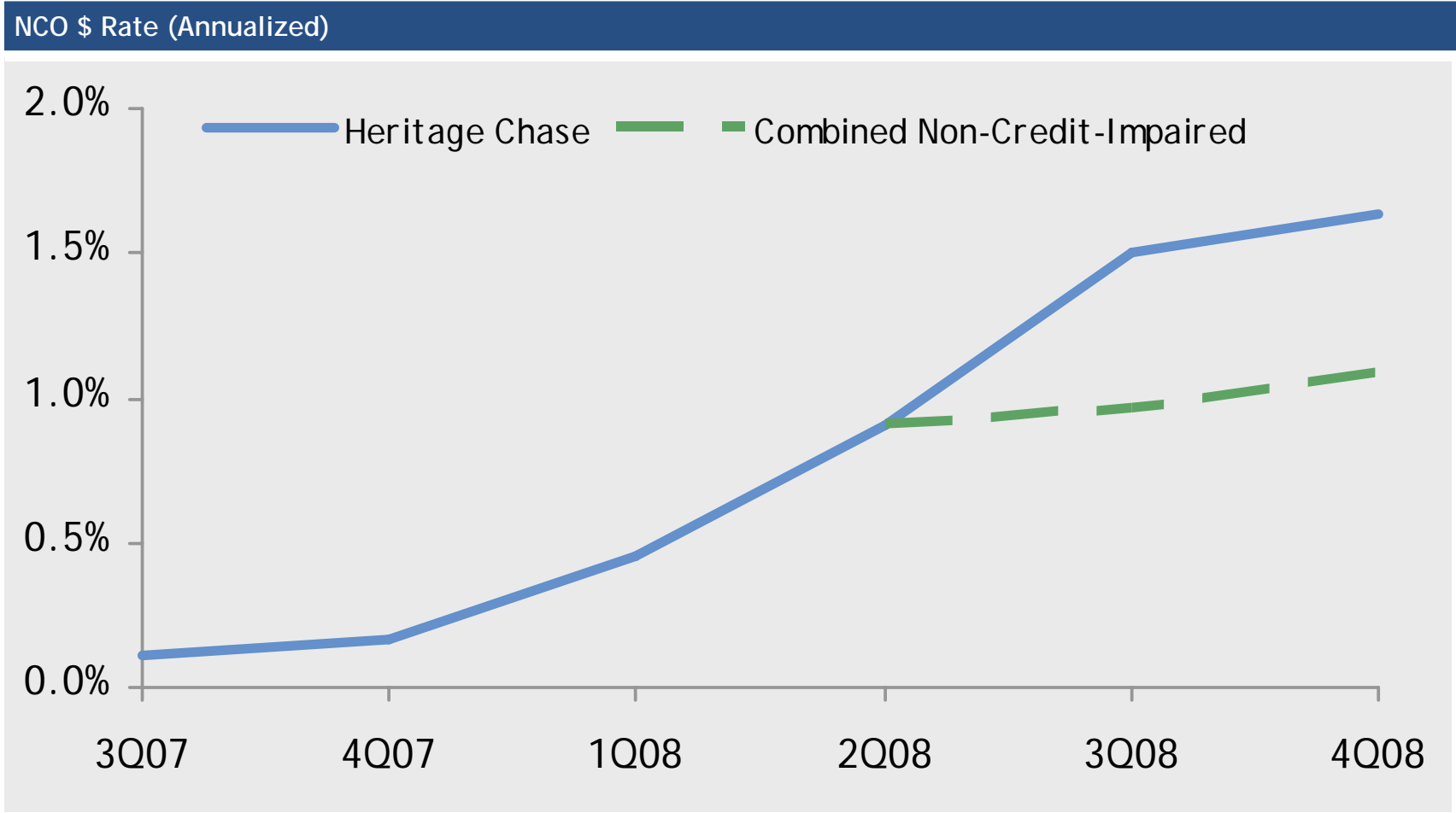
2008 prime mortgage performance

30+ Delinquency Rate



- Delinquencies continue to grow
- Very low WaMu Non-Credit-Impaired delinquency - reduces overall rate

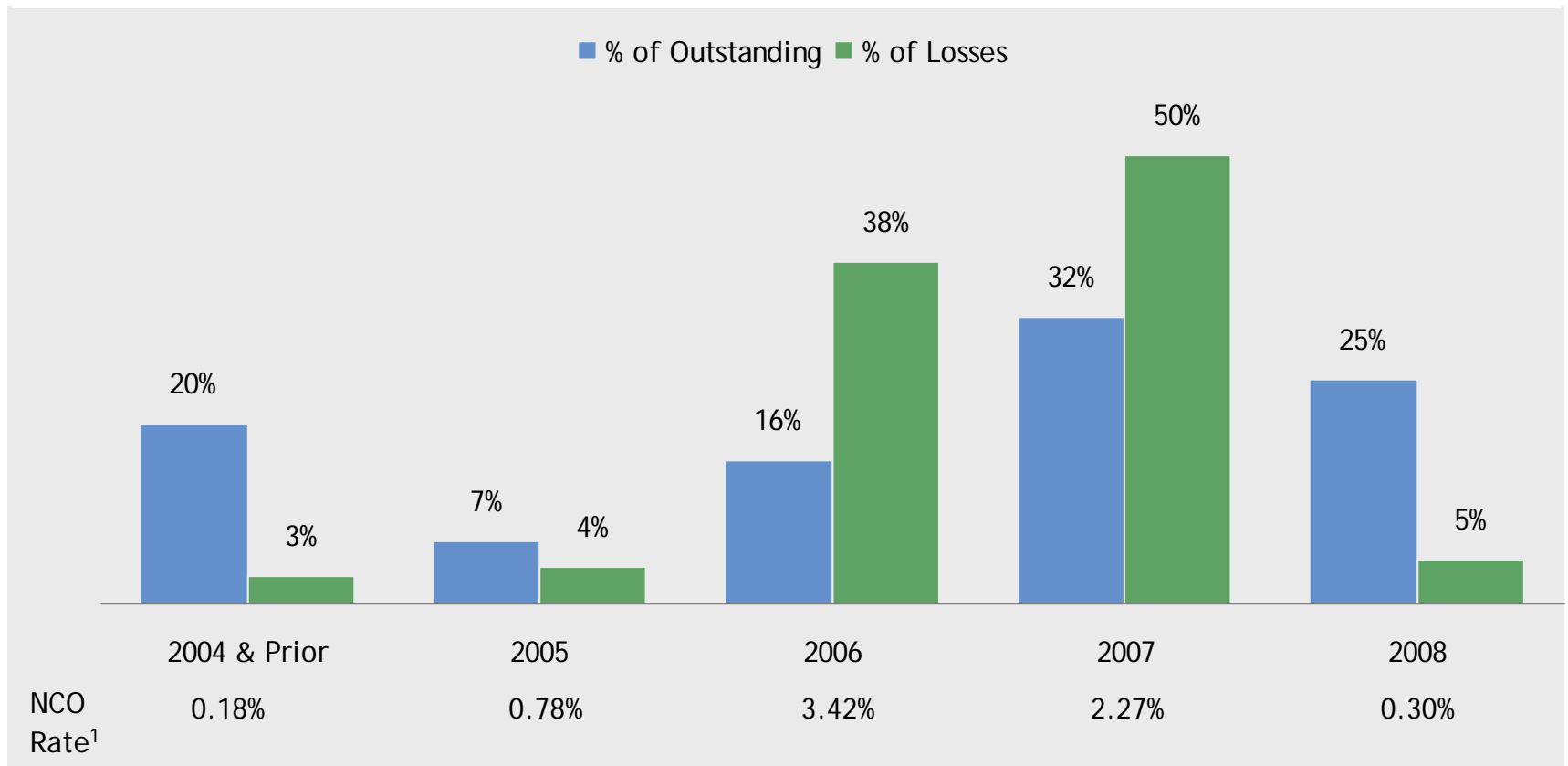
2008 prime mortgage performance



- Losses continue to grow
- No WaMu Non-Credit-Impaired losses to date – reduces overall rate
- Quarterly losses could be as high as \$375-\$475mm over next several quarters

Prime mortgage losses by vintage

Vintage Breakdown as of 4Q08



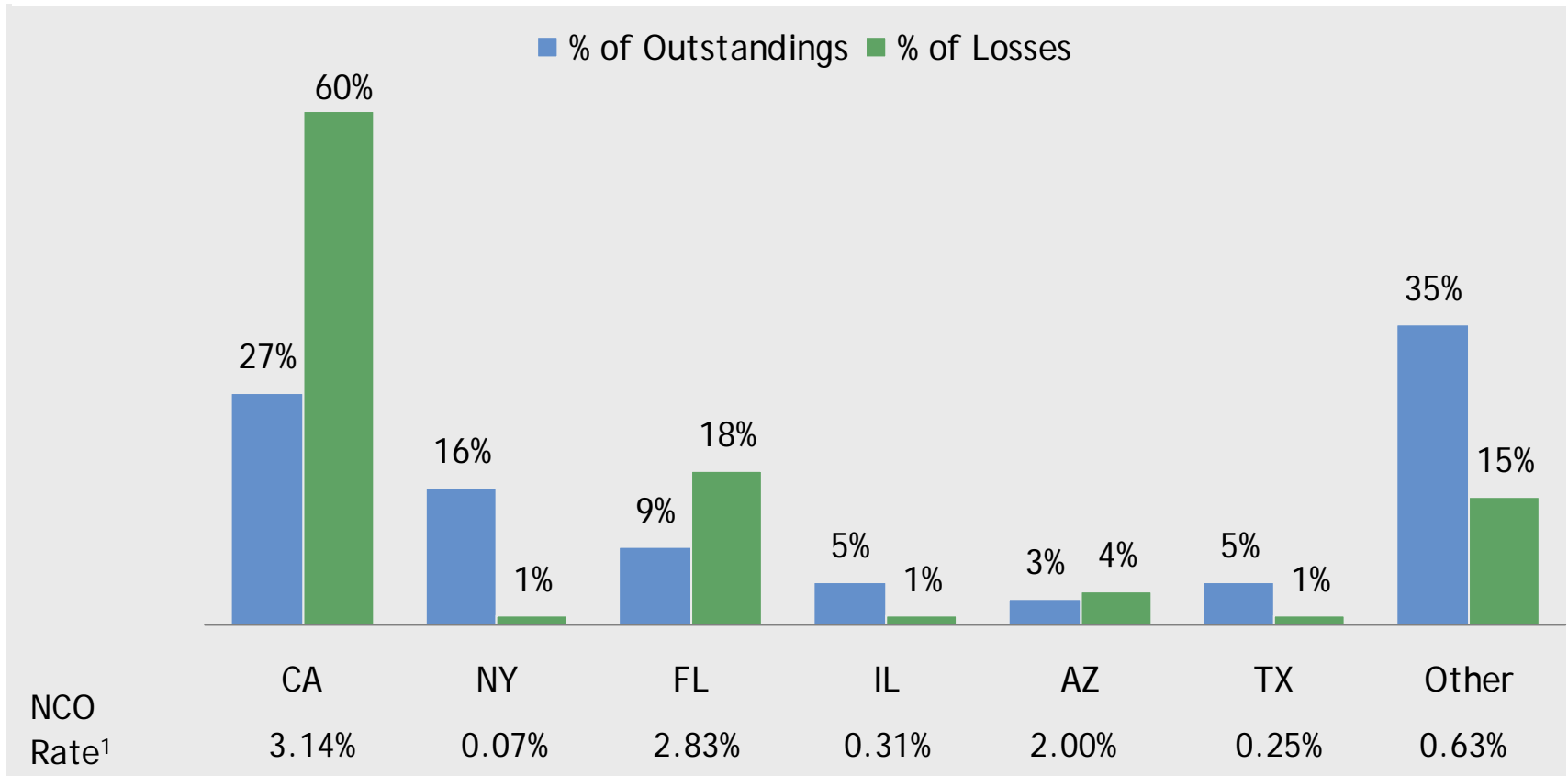
■ 2006 and 2007 vintages generate 88% of losses

¹ Loss rates are annualized

Note: Does not include \$25mm in losses that are GL adjustments and cannot be attributed to a vintage

Prime mortgage losses by geography

Geographic Breakdown as of 4Q08



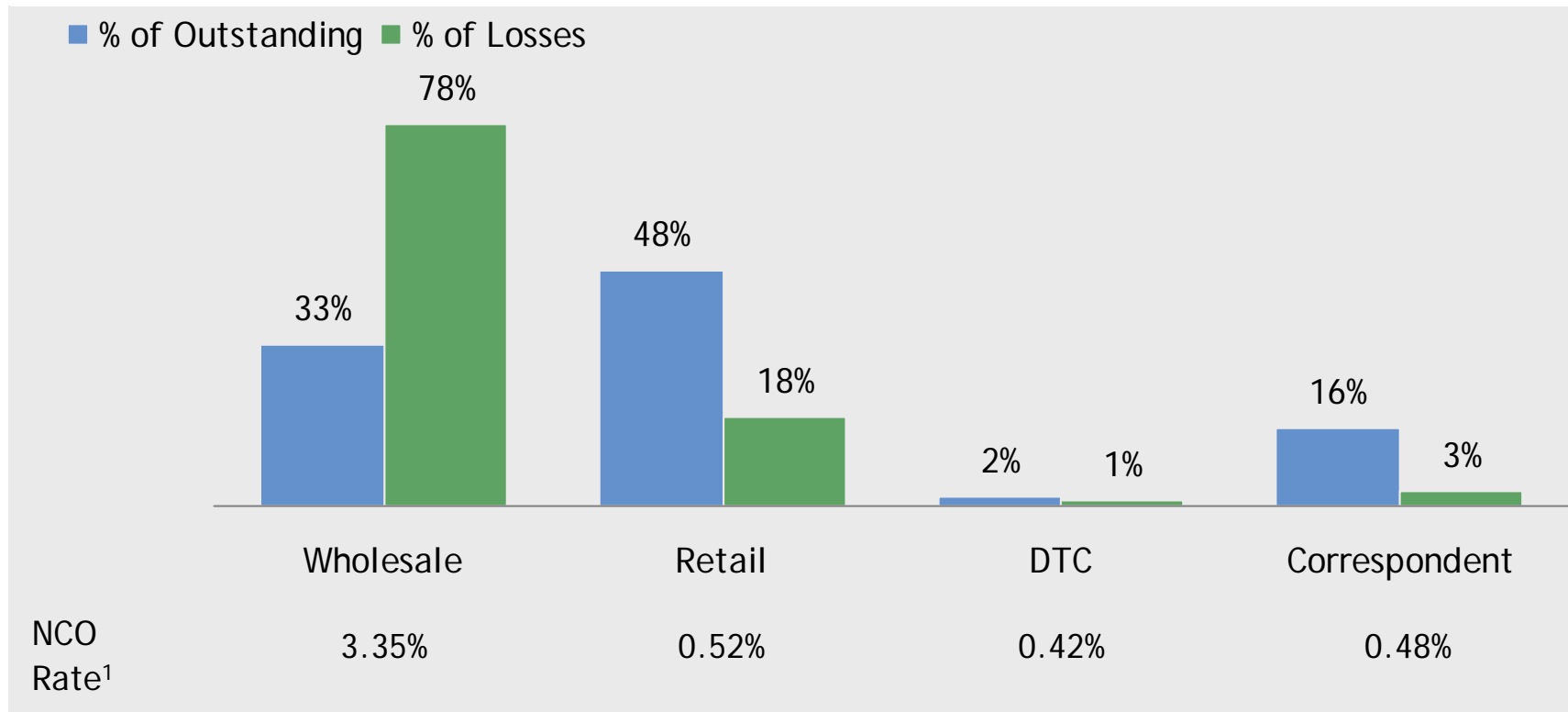
■ California and Florida generate 78% of losses

¹ Loss rates are annualized

Note: Does not include \$25mm in losses that are GL adjustments and cannot be attributed to a state

Prime mortgage losses by channel

Channel Breakdown as of 4Q08



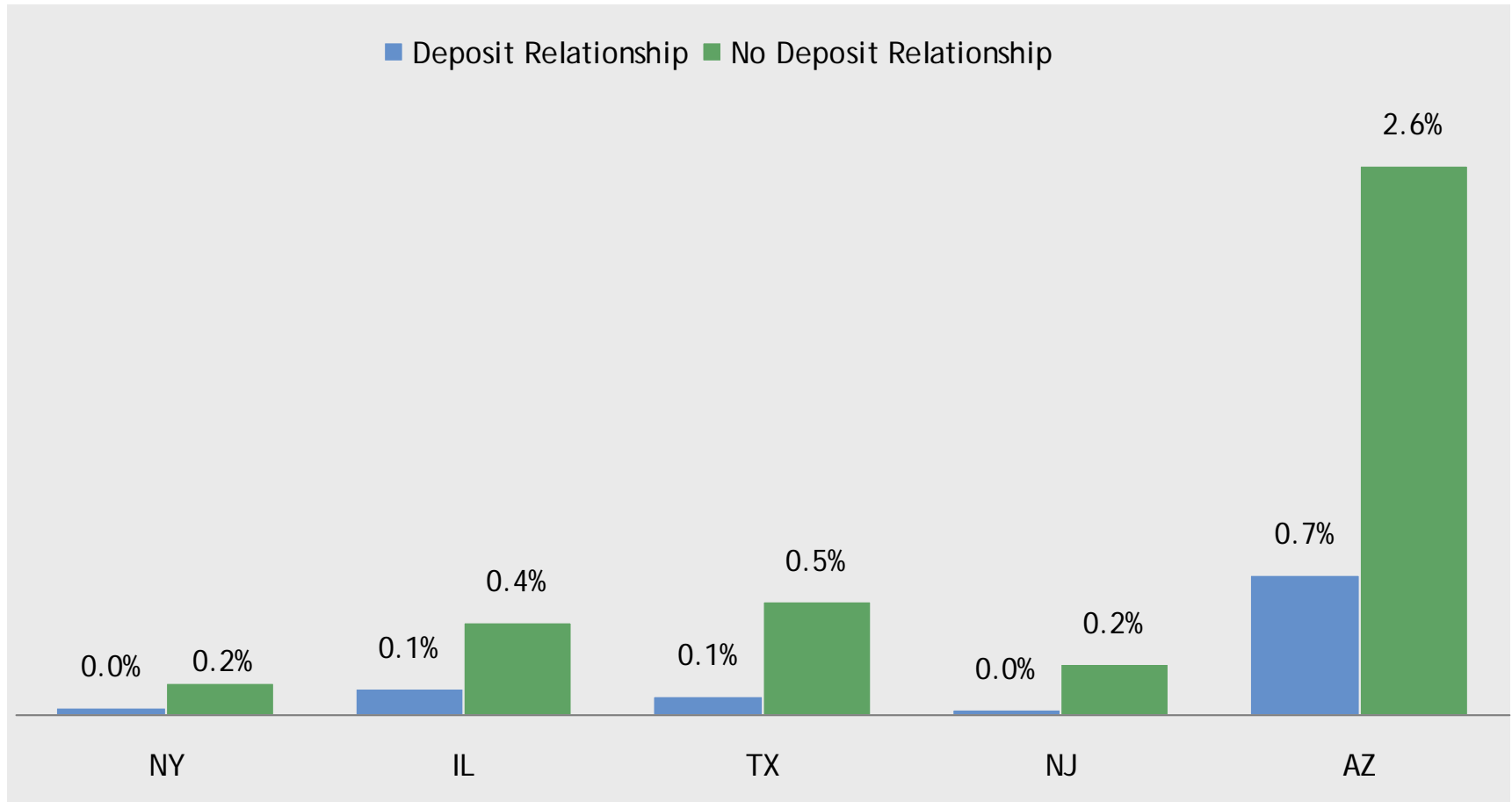
■ Wholesale channel generates 78% of losses; exited the entire channel

¹ Loss rates annualized

Note: Does not include \$25mm in losses that are GL adjustments and cannot be attributed to a channel

Prime mortgage losses – deposit customers by geography

2008 NCO Rate (Annualized)



■ Deposit customers perform better across all geographies

PRIME MORTGAGE

Prime mortgage nonagency jumbo

Originations Profile									
	2005	2006	1 st Half 2007	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
Origination (\$B)	\$25.5	\$22.7	\$17.0	\$6.8	\$7.3	\$6.2	\$4.1	\$1.6	\$0.7
Weighted avg. LTV	68%	70%	71%	71%	69%	69%	67%	66%	66%
Weighted avg. CLTV	73%	77%	78%	77%	74%	72%	69%	68%	67%
Weighted avg. FICO	738	739	738	741	743	746	749	750	752
% FICO < 660	5%	4%	4%	4%	4%	2%	2%	1%	2%
% CLTV>85%	20%	32%	34%	32%	23%	16%	8%	7%	4%
% CLTV>90%	6%	14%	17%	11%	4%	2%	0%	1%	2%
% Full Document ²	59%	40%	34%	43%	58%	71%	86%	93%	97%
% CA & FL	48%	47%	43%	36%	40%	42%	33%	30%	31%

- Migration to higher FICO, Full Documentation and lower LTV / CLTV Loans

Note:

CLTV = Combined-Loan-to-Value. This metric represents how much equity the borrower has in the property

CLTV and FICO at origination

Construction and Private Banking loans are included in Full Doc

Does not include Bulk Loan Purchases

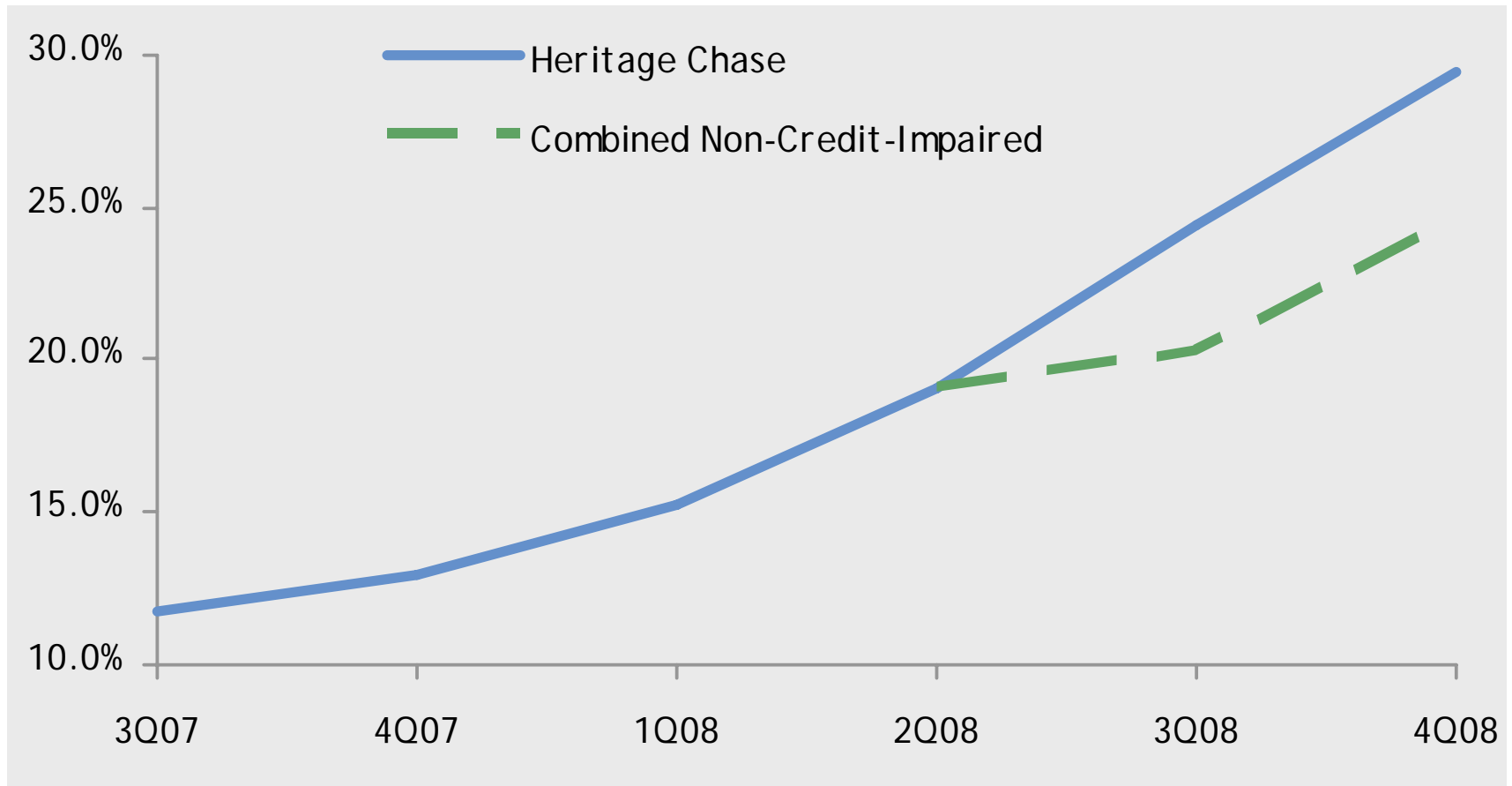
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2008 subprime performance

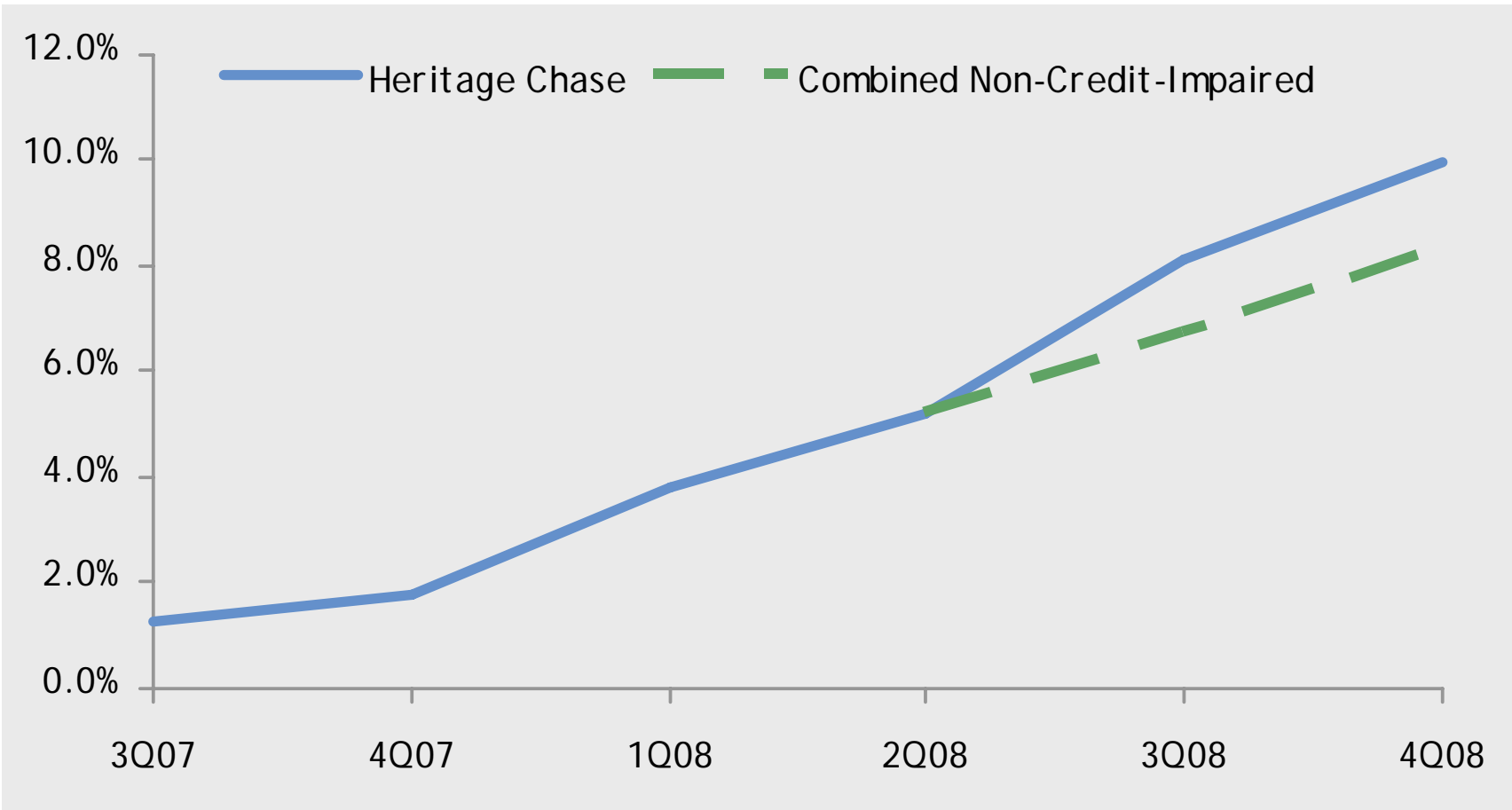
30+ Delinquency Rate



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2008 subprime performance

NCO \$ Rate (Annualized)



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- Quarterly losses could be as high as \$375-\$475mm over next several quarters

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Chase owned REO sales – California vs Florida

California													
	Jan08	Feb08	Mar08	Apr08	May08	Jun08	Jul08	Aug08	Sept08	Oct08	Nov08	Dec08	Jan09
Units Sold	15	19	28	49	53	68	93	99	124	202	179	182	174
% Discount off Appraised Value	(17.7%)	(17.7%)	(16.4%)	(11.9%)	(13.2%)	(11.6%)	(9.9%)	(7.2%)	(9.7%)	(5.3%)	(3.6%)	(3.8%)	(5.6%)
Average Days on Market	153	185	168	135	151	138	139	125	130	113	99	104	120
% Loss Severity	(16.5%)	(15.3%)	(11.2%)	(23.7%)	(26.1%)	(33.3%)	(32.2%)	(36.4%)	(39.9%)	(37.9%)	(41.3%)	(42.0%)	(41.6%)

Florida													
	Jan08	Feb08	Mar08	Apr08	May08	Jun08	Jul08	Aug08	Sept08	Oct08	Nov08	Dec08	Jan09
Units Sold	9	10	24	29	32	37	38	47	71	64	58	81	74
% Discount off Appraised Value	(22.6%)	(27.5%)	(23.5%)	(22.1%)	(22.1%)	(18.3%)	(14.9%)	(21.6%)	(17.6%)	(21.0%)	(22.8%)	(13.6%)	(24.7%)
Average Days on Market	189	177	198	263	166	153	165	175	167	158	182	126	140
% Loss Severity	(36.3%)	(29.0%)	(33.6%)	(37.6%)	(38.2%)	(45.7%)	(42.4%)	(47.3%)	(47.4%)	(51.6%)	(52.5%)	(52.3%)	(59.5%)

■ Early signs of stabilization in CA

■ No positive trend in FL

- Smaller discounts
- Faster sales
- Severities stabilizing

OTHER ITEMS

Loan modification re-performance

90+ Delinquency Performance after 6 Months (Chase+WaMu)

	1Q08			2Q08		
	Imminent Default With Income Verification	Loss Mitigation With Income Verification	Loss Mitigation Without Income Verification	Imminent Default With Income Verification	Loss Mitigation With Income Verification	Loss Mitigation Without Income Verification
Owned	1.6%	15.9%	25.7%	4.0%	15.7%	26.4%
Serviced	4.6%	11.5%	24.7%	4.4%	11.0%	26.1%
Total	4.3%	13.1%	24.9%	4.3%	12.4%	26.2%

Note: Numerator: 90+, REO and charged off accounts by month after modification (excludes pay off)

Denominator: All completed modifications during observation month. Includes all loans where loss mit activities have been completed, except for loans that were not brought current in the 3 months following mod completion due to op issues/timing

Home Lending Point of View

- Mortgage banking has been and will always be a complex management challenge.
- Losses will continue to grow as newer vintages mature
- But.....
 - Very important relationship product
 - We have scale in bank branches to distribute -- primary focus
 - Correspondent will add to scale -- focus only on retail originations
- Properly done - expect reasonable Returns