
2023 INVESTOR DAY – CLOSING REMARKS AND Q&A

TRANSCRIPT

May 22, 2023

QUESTION AND ANSWER SECTION

Jamie Dimon

Chairman & Chief Executive Officer, JPMorgan Chase & Co.

Okay. There you go. Very good. I like that. So, I'm going to go right to questions. I have a bunch of things I do want to say to follow up. I figure mostly we try to answer what's on your mind first and I'll make sure I cover what I think are some other points. Are you going to do the Q&A or do you want me to?

Mikael Grubb

Head of Investor Relations, JPMorgan Chase & Co.

Okay. Questions? We have a question right down here.

Unidentified Participant

Q

Hi. Real quickly on the dividend. What do you think is a good recommendation for an increase in the cash dividend this year?

Jamie Dimon

Chairman & Chief Executive Officer, JPMorgan Chase & Co.

Yeah. The Board makes that decision. And I think we've already told the world that we're going to decide after we see CCAR or something like that. So, it will be later this year. We obviously have the wherewithal to pay a bit more of a dividend.

A

Mikael Grubb

Head of Investor Relations, JPMorgan Chase & Co.

Right, Mr. Mayo. Right there.

Mike Mayo

Analyst, Wells Fargo Securities LLC

Well, how does it feel to be the largest bank growing share in your industry?

Q

Jamie Dimon

Chairman & Chief Executive Officer, JPMorgan Chase & Co.

It feels great.

A

Mike Mayo

Analyst, Wells Fargo Securities LLC

Okay. Now, how does it feel to be in an industry that's becoming more marginalized than almost any other industry? So, I set you up there. But your CEO letter for the last few years has highlighted the diminished role of banks relative to private capital, relative to tech, relative to so many other players. So, what message do you think Washington D.C. is not getting when you go down there and say, stop increasing capital? And also, you've seen a lot of regional banks they're going – they're shrinking their balance sheets or passing that corporate business to, I guess you or outside the industry. So, what do you think happens to the banking industry post-Silicon Valley?

Q

Jamie Dimon

Chairman & Chief Executive Officer, JPMorgan Chase & Co.

Okay. So, bunch of questions there. So, first of all, the regional banks reported. When they reported their first quarter and they showed you some of their March numbers, they did okay. Their results were quite good. Their ROTCEs were quite good. The deposits were down just a couple of percent. They're paying a little bit more. So they're all talking about their betas been higher. I think people mis-underestimated what

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that beta would be. That's why we're quite concerned about it. We show you all the reason for being very conservative about beta, particularly down the road. But you're asking a bunch of questions. So, here is kind of answer – I think kind of answers right. I wanted to say a little bit.

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Jamie Dimon

Chairman & Chief Executive Officer, JPMorgan Chase & Co.

We are doing really well. We have for a long period of time. I am comfortable that will be true going in the future. I do think we've got tough competition and we showed you a lot of number ones. I think one of the things I like when you – when people talk about our weaknesses. We didn't build Square. We didn't build Stripe. We have markets where we're not doing particularly well. We have plenty of growth areas. We're going to focus on what we have at hand. We think we can – we have a lot of things to build, a lot of things to succeed. And we have new competitors. Private, you've heard the private credit. You have Apple, you have the neobanks, Chime and SoFi and Dave and Marcus and all of that. So, we have our hands full, but we're comfortable we can deal with that.

Daniel mentioned one of things about capital and I do think capital is an important thing is that: we will manage capital. So, if capital goes up and up, things can leave the banking system. But the way I look at it, we're really smart. We're going to figure it out.

For example, for every dollar that Mary loans or that Daniel loans, or that Doug loans, we just have to do more NIR. You heard Allison talk about it and she said 10% margins on \$15 billion of business, that's \$1.5 billion of profit (sic) [revenue] that's got no capital, no G-SIFI. And so, we are quite focused. All these acquisitions, 55ip, OpenInvest, Global Shares, you heard Doug talk about it. A database as Takis has talked about, adding data verification, identification. Revenues, no capital, no G-SIFI. So, we know we have to do that. I think that capital is going to continue to go up, stuff will continue use the banking system. We can – I think we can manage through it.

I've also noticed, when we look at our numbers, our ROTCEs have gone up with our higher capital. I think there's a possibility that higher capital charges will hurt smaller banks and not bigger banks. So, I think the regulators will be very, very careful about how they want to go about allocating capital in the system.

Mike Mayo

Analyst, Wells Fargo Securities LLC

And then just a short follow-up.

Q

Jamie Dimon

Chairman & Chief Executive Officer, JPMorgan Chase & Co.

But I also think, we – what I'd like too is the management team is very honest about what we do well and some of the areas we don't. Because that is the opportunity to focus on those things, and so, yeah.

A

Mike Mayo

Analyst, Wells Fargo Securities LLC

A short follow up. Your pricing, like it seems like the private capital market gets more when they lend out money. And are you seeing any pricing-power willingness? You want to pass on your cost of goods sold. Are you able to do so? Are you doing so?

Q

Jamie Dimon

Chairman & Chief Executive Officer, JPMorgan Chase & Co.

So, the amazing thing about private credit for a long time: they got paid more per dollar of credit than the bank did. Okay? So, when we – and this changes by the way. So, what I'm about to say isn't what it is today but we build flex in the bridge loans. They base this, let's call it 2% or 1.5%, that we can go higher, they charge the full amount. What they did that the people really liked, it was unitranche. So they can lend all \$800 million. It was fast. It was lower covenant. I want to point out that lower covenant often has nothing to do with credit losses. So, if you go analyze covenants in the past, that wasn't necessarily the thing that made the difference. So, they got paid more per dollar of credit.

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We get paid more for the relationship. So, you've heard up here, every person up here spoke about like, I'll use Petno's business as an example, where we're getting paid NII, but he's also getting an equal amount of NIR, usually payments from investment banking or FX or something like that. So, we're actually being paid more for the relationship. So, when we go do the private credit, we're doing both. So, we know we can compete in private credit. We just have to do it carefully and wisely within our own credit standards.

Mikael Grubb

Head of Investor Relations, JPMorgan Chase & Co.

We have a question right down there.

Unidentified Participant

Q

Building up on what you mentioned that we've done well, I mean, if you just take a step back, it's been a remarkable 10 years for JPMorgan. And when it's...

Jamie Dimon

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Chairman & Chief Executive Officer, JPMorgan Chase & Co.

It's been a pretty good 20 years by the way.

Unidentified Participant

Q

Pretty good 20 years. But in the past 10, I mean, net income has basically doubled in 10 years.

Jamie Dimon

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Chairman & Chief Executive Officer, JPMorgan Chase & Co.

Yeah. Doubled in the first 10, too, but go ahead.

Unidentified Participant

Q

And I'm wondering, I mean, and we looked at a lot of things today and last Investor Day, which of them excites you big picture more for the next 10 years? And please don't say retirement.

Jamie Dimon

A

Chairman & Chief Executive Officer, JPMorgan Chase & Co.

Which? What?

Unidentified Participant

Q

Which one – which of the big picture...

Jamie Dimon

A

Chairman & Chief Executive Officer, JPMorgan Chase & Co.

I got the part about retirement.

Unidentified Participant

Q

Please don't say that what excites you more is retirement.

Jamie Dimon

A

Chairman & Chief Executive Officer, JPMorgan Chase & Co.

Okay. So, there's not one area, not one of those businesses you saw that can't have organic growth. And I've said this for years: It's good to be able to win with organic growth. And we could do organic growth with every business for the next 10 years, maybe 20. So, on the Consumer side, there's 48 states. Are we in Hawaii now from First Republic? You were going to tell me that. They have an ATM in Hawaii. Okay. And they have a high-net worth Consumer office. Okay, now we're in 49 states. But anyone from JPMorgan who wants to go to Hawaii needs my personal permission to go visit that branch. Otherwise, that branch is going to cost like \$50 million. So, in Consumer and high-net-worth, credit card, Ink, small business, I think we can grow Travel. I think offers will be bigger than travel when all is said and done personally. I think in the Consumer Bank, you saw, it's amazing, the vibrancy of the American middle market businesses, this whole international expansion, the private credit and doing more private equity we weren't doing before.

A**Jamie Dimon***Chairman & Chief Executive Officer, JPMorgan Chase & Co.*

In the Investment Bank, here, it's harder. I mean, you're eking out gains in Fixed Income and Equities and trying to trade. And Investment Banking. But it's doable. And these guys visited – Jim didn't show you all the detail, but there are a lot of areas where we are low on share and we're going to get up on share. So, I actually think – generally, I used to think we couldn't go much higher than a certain percent in trading. We now think it's probably 30% or 40% higher than that. So, 10 would, could be 13 or 14. These are very expensive businesses to run, highly regulated, highly global. And we get advantages from other parts of the company.

And in Asset and Wealth Management, I mean I think it's just the wealth of the world is growing like this. It's not going to stop. Is Martin in this room, by the way? Because he's done one hell of a job and the toughest part, the International, David Frame, the single-client group, they're all fabulous growth areas. They're hard work. They're just – they're work. You've got to do branches and people and training and ops and tech and systems and it'll work. And each one of them has data. Each one of them has non-capital, non G-SIFI benefits. Every single one of them. And so, you've saw it all through the themes here, which we've been doing for years over time.

Mikael Grubb*Head of Investor Relations, JPMorgan Chase & Co.*

Gerard Cassidy, down there.

Jamie Dimon*Chairman & Chief Executive Officer, JPMorgan Chase & Co.*

I also loved the chart that Jeremy put up and I don't know if you really paid attention to it. But you should go back to it, because I'm just going to talk about the one example of the deep to moderate recession. And I think you had two real things, deep to moderate recession with high interest rates. Think of stagflation, 7% interest, etc. And deep to moderate recession with low interest rates. Total different effect on us. The worst case is the low interest rates, one. Those are really – generated numbers. We're not just guessing at them. But we can earn pretty good returns, that's 7% unemployment, right? So it's not as severely adverse. But we can even with the severely adverse, we would probably earn quite a bit of money and be proud of the results. We always look at that. That we can – we're here in good times and bad. We're not running in and out of businesses. We're not – we have long-tenured people. Our research is – I don't know if Joyce Chang is in the room. And I mean, that's how you build a business. Just all the time, not stopping and starting.

A**Gerard Cassidy***Analyst, RBC Capital Markets LLC*

Thank you, Jamie. Your comments tie into my question. Credit's been great for the industry for a number of years. Clearly, over the next two or three years, your team has pointed out the normalization of credit that's coming. So, two questions. First is: what are the risks that you see for JPMorgan over the next couple of years if we go through some sort of credit cycle? And the second, have you given much thought to the second derivative risk of the non-bank lenders who have really never been through a credit cycle? They've really grown, as you know, since the financial crisis. What on the second-derivative risks to the industry and to JPMorgan, if there are any?

Q**Jamie Dimon***Chairman & Chief Executive Officer, JPMorgan Chase & Co.*

Yeah. And so, there will be a credit cycle. It will be – I would – my view is it would be very normal. I'm going to give you an exception though, okay? A normal is a credit card losses one. She showed you the numbers. If it's really, really bad, they can go to 6% or 7%. Remember in 2008 and 2009, it hit 10%. But the underlying credit is much better now. So, every business will have its own little credit cycle. And they'll be fairly normal and what you would expect for us. Okay? There's always an offside. The offside in this case will probably be real estate. It will be certain locations, certain office properties, certain construction loans. It could be very isolated. So, it won't be every bank. It'll be just – it'll be some may have an issue in real estate.

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Private credit, if you ask me, there may be similar offside there. I think you have a lot of top professionals in that. These are very smart people. They've got long-term capital buckets, so they're not going to have a run, but they may have, not a run, but where they can't lend money anymore, okay? They'll have to stop lending money. So, I think there's a risk that some will lose control of the credit. Some won't do that well. It will cause problems and they'll leave stranded borrowers. Stranded borrowers may be a benefit for us. Like we were very clear in this crisis, we told our people and we were categorical, do not take advantage of any bank that's having a tough time. At all. Not their people, not their loans, not their credit. No winks and nods and no whispers and stuff like that. And we would punish people who did that. But on the private credit side, if they're stranded borrowers, what's going to happen? If they can't make a loan to you, who are you going to call? And this time, I'm going to remind them that they left for two basis points. So, I think we'll be okay. I don't think it's systemic, but I do think it may cause some issues away from banks.

Mikael Grubb

Head of Investor Relations, JPMorgan Chase & Co.

Okay. Ken Usdin, right here.

Jamie Dimon

Chairman & Chief Executive Officer, JPMorgan Chase & Co.

You know, a little lesson about SVB. Because after SVB failed, when we did a deep-dive analysis on SVB and we looked at how detailed the work was that they did and how they covered both the venture capital companies and how they covered the corporate accounts. Think of the companies not the venture capital company, but the companies they invested in. I'd say it's 35,000. And how they covered the venture capitalists and the management of those companies. And it was really – they did a lot of really neat, great things. And we did the work. You know what my first response was: why didn't we do this work before? We didn't realize how deeply embedded they were in the system. So, we always complained about our inability to get involved in venture capital. They did a great job that way.

Ken Usdin

Analyst, Jefferies LLC

Jamie, today's presentation and the last few months shows that there still is obviously a lot of market share opportunities that you can get domestically. But you pointed to the things that Doug pointed out about the international expansion in Commercial Banking over the last couple of years. You guys have made investments in digital banks abroad. Just wondering how you think about market share opportunities still in the U.S. and kind of put that against just where the international opportunity is when you think about the business holistically?

Jamie Dimon

Chairman & Chief Executive Officer, JPMorgan Chase & Co.

Yeah. So, we have – if you – if we could, we could show you country-by-country: India, China, Australia, Japan. Companies we cover. Companies that are in our bailiwick. Where our market share is lower. Where our market share is high. What the Private Bank can do, what they can't do. Onshore, offshore. Every country has got a plan. In almost any country, we can grow. We don't always succeed, but in almost any country we can grow. And if you look at places like India and China, obviously, China's been tough recently, but in India, we've been gaining share pretty much for years and we'll continue to do that. Remember – and when we are in a country – we also bank Indian companies in the U.K., in Singapore, in the United States and we bank all the multinationals going into India. So, we actually try to measure that and grow that. It was kind of little bit embedded in what Doug was showing you, because he does that country-by-country, too.

Mikael Grubb

Head of Investor Relations, JPMorgan Chase & Co.

All right. We have a question right down here.

Unidentified Participant

Hello. With rates going up as high as they've gone up, did you see any falloff, not necessarily for JPMorgan from interest rate swaps when they roll off maybe for other companies?

Jamie Dimon

Chairman & Chief Executive Officer, JPMorgan Chase & Co.

I don't understand the question. Am I worried about other companies' interest rate exposures?

Unidentified Participant

No. You have a lot of interest rate derivatives, right, that swaps that occurred, two or three years ago when rates were very low. So, when those swaps roll off..

Jamie Dimon

Chairman & Chief Executive Officer, JPMorgan Chase & Co.

For us, you're talking about?

A

Unidentified Participant

No, no, not necessarily for JPMorgan, for other companies. Do you see any fallout from that possibly?

Q

Jamie Dimon

Chairman & Chief Executive Officer, JPMorgan Chase & Co.

Not really. I mean, most – we've tried to do this before. We look, when we look at our exposure to our own clients, like what their interest rate exposure was, I think Daniel mentioned something that's in the back of my mind. There are countries that have issues with the dollar being stronger, not recently, but being stronger. Interest rate exposure. How much they earn in dollars and stuff like that. So, I do think I'd put that on the list of geopolitical risk. When interest rates go up or down, there's always someone offside. There's embedded interest rate exposure in almost everything. So, you guys have a heightened sense about it when it comes to banks. It's in real estate. You have to refinance your real estate loan, that's interest rate exposure. And you have it in companies, you have in some leveraged lenders. Most of them are pretty responsible, but some will be offside.

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Mikael Grubb

Head of Investor Relations, JPMorgan Chase & Co.

Glenn Schorr, down there.

Glenn Schorr

Analyst, Evercore ISI

Thank you. So, not all the deposit models held up the way they were originally designed in the last couple of months. And I'm curious, if there's a lot of banks out there that don't necessarily know the duration of their deposits, the rate paid on their deposits, how that impacts in their mind, what to do with their balance sheet, what to lend out, what duration they have on their asset side. So, do you think we have a credit-availability building issue? And is that something that you think the regulators will take into consideration as they go about Basel III endgame?

Q

Jamie Dimon

Chairman & Chief Executive Officer, JPMorgan Chase & Co.

So, let's see, first of all, on deposits. Betas, we haven't been through quantitative tightening, so we really don't know what's going to happen to deposits at all. And that's why I've been quite concerned about that. I'm probably more concerned by quantitative tightening than almost anybody in this room. We've never had QE before. We've never had QT before. It just started. Okay? And you see huge distortions in the marketplace already. We've never had the Fed in the market like this with that RRP program that Jeremy mentioned, ever. They have \$2.3 trillion basically lent out to money funds. And I don't know the full effect of that. And obviously that's a direct deduction from deposits that early on it made sense to do so.

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So, I think people should build into their mindset that they may have to move deposit beta more than they think and manage that. So, if I was any bank or any company, I'd be saying, can you handle higher interest rates and surprise in deposits, etc.? If you go back, I know some people looked at 2018, or something, for deposit beta. I think if you go back to 2000, even the 1900s, when we look at when rates were very high and they moved around a lot. What happened? What happened with most deposits is that once you were keeping 2.5% or 3%, your beta was 100 after that. And which means you have to be short in your portfolio of stuff to make up that kind of beta at very short rates. So, I think some people will be offside with that. I think smaller banks – I think the smaller they get, the more they may have a little bit of an issue with that.

But, whether the regulators have taken this into consideration, I don't know. They seem completely unconcerned about RRP. I would be more concerned if I were them. And I don't think that you could take it into consideration for capital year after year after year for SCB, for G-SIB, for all these various things. So, capital – there's so much capital in the system. And this crisis actually proved it wasn't capital. It was more about liquidity, vulnerable deposits, etc.

The other thing I want you to do is, I had written this down. I think we made a mistake to talk about insured deposits and uninsured deposits. That is disclosed. You see that number. That isn't the problem. And in fact, the way SVB was handled isolated this whole uninsured deposit

A**Jamie Dimon***Chairman & Chief Executive Officer, JPMorgan Chase & Co.*

thing. Until then, you didn't really think about uninsured deposits. It's really what's runnable. And I give you very specific examples. And Takis mentioned, it's about payments. Doug mentioned it, we've talked about his deposits. Even in Custody, I think I have my numbers right. You have \$30 trillion, some number like that. How much are your deposits? I heard that deposits are \$200 billion, but we settle \$1 trillion a day. Those are like operational-type deposits. And so, it has different betas and different run-ability. And so, if you have checking accounts, business accounts for someone, and \$5 million is going through a day or going through a week, you're going to keep a couple million – a couple, \$5 million, \$10 million, \$15 million in deposits. So, you really have to have this more of kind of runnable accounts where the beta is very different. A lot of checking accounts, small business accounts, middle market accounts, cash-type of management accounts: they aren't going to leave their main bank. And you didn't see them leave their main bank in this crisis. Maybe people had excess over their amount. They moved it to someone they felt safe with.

So – but you're already seeing credit tightening up. Because the easiest way for a bank to retain capital is not to make the next loan. So, I think you are going to see that. And I think everyone should be prepared for rates going higher from here. If 5% is not enough from Fed Funds, if I – and I've been advising this to clients and banks, you should be prepared for 6%, 7%. You should be prepared for on the 10-year bond. And I also feel this way: the Fed doesn't control the five- or 10-year rate, they control the overnight rate. So, while they've been raising the overnight rate, there's still too much liquidity in the system, which is why stocks are high, bond spreads are still – you're all talking about recession: it's not reflected in bond spreads. So, I think the chance is that you can have rates ticking up and not to 3.78%. I'm talking about 4.25%, 4.5%, 5%, 6% hell, maybe even 7%. I would be prepared for higher rates if I were someone. Whether it happens or not we don't know, but you should be prepared for it.

And I think people will tighten up credit. And I think people are going to retain capital to make sure they're not caught off-guard. The worst thing a bank could be is to be caught off-guard. And so, I'm hoping – and I do think that the regulators will be very thoughtful how they talk about AFS. They've made it clear that they may make a change, but it won't be made for years and it will be phased in over five years after that. I think there'll be some limits on HTM that would make it more of a rational how much you can do, the duration, what you can put there, the size of HTM versus your AFS portfolio. And I'm sure they're going to change certain things about liquidity. And I do think that stuff will lead to tighter credit for smaller banks.

Mikael Grubb*Head of Investor Relations, JPMorgan Chase & Co.*

Okay. Betsy Graseck down the middle here.

Betsy L. Graseck*Analyst, Morgan Stanley & Co. LLC*

Hey, Jamie, thanks very much for today. A lot of very clear signals here that the organization is working super hard to get that operating leverage going and moving in the right direction. And I think that's the path to your \$1 trillion here in market cap over time. The question I have is on...

Q**Jamie Dimon***Chairman & Chief Executive Officer, JPMorgan Chase & Co.*

Did you say operating leverage? You think that means that our margins are going to go up down the road?

Betsy L. Graseck*Analyst, Morgan Stanley & Co. LLC*

Your revenue growth will be faster than your expense growth.

Q**Jamie Dimon***Chairman & Chief Executive Officer, JPMorgan Chase & Co.*

Not possible.

A

Betsy L. Graseck
Analyst, Morgan Stanley & Co. LLC

Q

Why?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

I've been telling you guys this for years. It's – we already have very high margins. We want to grow profits and revenues and have high returns. Jeff Bezos says that, "Your margin is my opportunity." No business in the world can continue increasing margins. It is not possible. We already have very high margins.

Betsy L. Graseck
Analyst, Morgan Stanley & Co. LLC

Q

Okay. So, I take back what I said then.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

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Thank you. Okay.

Betsy L. Graseck
Analyst, Morgan Stanley & Co. LLC

Q

My question is on your capital and your capital buffer.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

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Yeah.

Betsy L. Graseck
Analyst, Morgan Stanley & Co. LLC

Q

And we know the regulators are coming out soon with the Basel endgame in the next few weeks or so. FRTB, etc., we can triangulate to what that might mean for you. But what I can't triangulate to is what – how you're going to interpret that with regard to how much capital buffer you need on top of that? I know you say you have enough capital, but when they raise the bar, do you have to raise the bar for buffer being that you are the biggest bank in the country?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

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Right now we have a – we talked about a 50 basis point buffer. I think buffers on top of buffers are absurd. I think we've gone through the looking glass with this kind of stuff. But yes, we will have a buffer, but the higher the number is, the less we think we need it. I think the less we can have a smaller buffer and then be very direct with our shareholders about what that means for dividends, capitals, stock buyback. So, obviously, it may make it a little bit more erratic. We can do those things. And so, we have plenty of capital. Like, we're retaining capital today. Our target is 13.5%. Even after sucking up 40 basis points with First Republic, we're still going to be over the 13.5% this quarter. We're going to see what they do and then we'll give you more information.

I think this constant capital confusion is a bad idea. As you know, I didn't like it when the SCB changed dramatically last time that we had to all change our plans overnight. I think that they should simplify stuff. Once the rule's X: I really would do this if I were them. If our required was 12%, and once you go below 12% to like 11.5%, you can't raise your dividend. Below 11.5%, you have to cut your dividend. I mean, below 11.5% you can't buy back stock. Below 11% you have to cut your dividend. Below 10%, you have to cut it to zero. That's what I would do. I would have a very disciplined process, but I wouldn't have the capital number swinging all over the place. And you've heard me talk about stress tests. It's very – I mean, I blame the banks for what happened. But this having one test, I do think lulled a lot of people into a false sense of security that things are going to be okay on interest rates. And that was a mistake too.

Mikael Grubb

Head of Investor Relations, JPMorgan Chase & Co.

Any more questions? Mike Mayo, go ahead.

Mike Mayo

Analyst, Wells Fargo Securities LLC

Well, how many more years as the CEO is the question. And...

Q

Jamie Dimon

Chairman & Chief Executive Officer, JPMorgan Chase & Co.

3.5 years. But we are on the same plan we had before. So...

A

Mike Mayo

Analyst, Wells Fargo Securities LLC

Okay. And I got just why? You have fame, you have fortune, you've had success. And why do you want to still be as intense as you were before? You were counted black cars when you got here, you got to Bank One, you were like basically counting paperclips. And I think it's...

Q

Jamie Dimon

Chairman & Chief Executive Officer, JPMorgan Chase & Co.

I never counted paperclips.

A

Mike Mayo

Analyst, Wells Fargo Securities LLC

But there's a concern here. And the concern is when you're away, the sense is, the intensity is not as strong as when you're here. That's a perception that I've heard from some ex-employees, outside investors. So, is your intensity as strong as it's always been? Do you still get fired up every day you come to work? And do you really think your team has that same intensity that you have?

Q

Jamie Dimon

Chairman & Chief Executive Officer, JPMorgan Chase & Co.

So, all human beings are different. And I'm kind of like I was when I was 8. And I'm not going to change. I'm not going to play golf. I love my country. I love my company. I love my family. I'm going to do something. I can't do this forever. I know that. But my intensity is the same. I think when I don't have that kind of intensity, I should leave. I don't think CEOs should retire in place and just cut back and take it easy for a while. I think that erodes the whole company over time. I think that's a mistake. I think the management team has tons of intensity. I think the difference is that when I leave, I think there's a deep sigh of relief that they can go do their jobs, as opposed to having me walk in and out and bugging them about something and stuff like that. So, I think it's good for management teams when the CEO is away. I think it's good for the CEO to be away sometimes. I think it's good for like both parties, like, spending – take a little bit of vacation from your family sometimes. And so, I still love what I do.

A

I think I hope you feel – like when you watch the management team, you got to see some of them. But there are a lot of other great ones in this room. They're pretty damn good. I mean, handing this company over to the next generation, I will feel great about it. I mean, literally great. They will take this to the next level with a whole other set of problems and issues with their grit and courage that you need to do these jobs. And it takes grit and courage, it takes grit and courage to do their jobs today. There are big jobs today. And so, they don't sleep as well as you think they do and just to make sure they're doing the right thing. There's a great Wall Street Journal article on First Republic. I mean, these – Marianne and Jenn, I went to see them and I said, they were really like on the way to the airport on that Sunday night, I guess, or something like that, to go see the people and they've already been out and about. And the teams that we had 800 people working on the due diligence over those couple of weekends or something like that. But I would guess there's 10,000 people working at our ops, Risk, Legal, systems, credit, Commercial Bank, Retail Bank, Chase Wealth Management, comp plans to get that thing done. So, a lot of work, a lot of very capable people doing that kind of work.

Mikael Grubb

Head of Investor Relations, JPMorgan Chase & Co.

Richard Ramsden, down there.

Richard Ramsden

Analyst, Goldman Sachs & Co. LLC

Q

So, maybe I can ask a slightly different question on succession which is, when the Board looks for your successor, what do you think the most important attributes are they're going to look for?

Jamie Dimon

Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

Yeah. So, here's an important governance thing. And I think it's like one of the most important governance things. And Dodd-Frank mandates it that once a year the Board meet without the CEO. When I got to Bank One, I told the Board they should meet every time – I was the Chairman and CEO – but I told the Board they should meet without me every time. If you want to give a Board discretion and the ability to talk to each other, it's not to have me in the room when they're doing it. So, I have these strong opinions and so that – and that's number one.

The second is: they know all the senior management people here. All of them. They can take them for lunch. They can go play golf with them. They – no one has to ask permission from me. They get to meet, there are a bunch – almost all of them have been to dinner with the Board a couple of times. And so those two things create a very healthy environment. I tell the Board I'm just trying to do the best I can. I don't spend a lot of time wining and dining my Board, because I'm really busy. But that's what they do. And they – the succession, it is up to them.

Now, obviously, I speak to them every meeting, and then I leave and I'm sure they speak about it. Things like that. I think it's a huge mistake in my view, when a company says that: What are you looking for CEO in the next generation? Is it a marketing person? Is it a risk person? Is it a tech-oriented person? That isn't what leadership is about. And I think you're almost guaranteed to fail if you think having a strength, one important strength is the most important strength. I think the most important strength is you're trusted and respected by people, that you work your ass off, that you give a shit, that you know you don't know everything. They have curiosity. They have grit. They have courage. Are you willing to change direction? You're willing to go in front of your shareholders and say, we screwed up, we made a mistake, we were wrong about that. Those are the things that I think are the most important things, not one particular thing is something like that.

And so, all the – even all those things you're talking about – you were talking about Python and you were talking about tech. It's like, yeah, they have to know enough to do the job. But if you're smart, you can figure that stuff out. But if you don't have grit, you don't have it. If you don't have courage, you don't have it. If you're the kind of person who defends every decision you made....I mean, my management team knows, I don't think I've ever, ever defended a decision. Just want to do the right thing going forward. That's it. Just do the right thing going forward. I don't really care what we did yesterday. And so I'm very much of that mindset. I also get over bad shit really quickly. And literally sometimes it would happen to me it's like it happened 10 years ago even though it happened this morning, because that's how you can kind of move on in life. So, I think the Board is very comfortable that we've got really top choices here.

Mikael Grubb

Head of Investor Relations, JPMorgan Chase & Co.

Charlie Peabody.

Charles W. Peabody

Analyst, Portales Partners LLC

Q

Yeah. And Jeremy talked about the high levels of HQLA and more importantly, the unencumbered marketable securities. And I applaud you guys for taking the security losses you did last year to keep your balance sheet liquid and current. And then you mean...

Jamie Dimon

Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

That wasn't the big deal. The big deal was the amount of money we've kept in cash.

Charles W. Peabody
Analyst, Portales Partners LLC

Q

Yes. When you look at your mix of HQLA...

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

We have, I mean, it's amazing numbers: \$1.5 trillion of cash and marketable securities (sic) [\$1.4 trillion of HQLA and marketable securities]. Total loans are \$1 trillion. Bailable debt and equity \$400 or \$500 billion. Those are extraordinary numbers. That \$400 billion or \$500 billion is more than the total losses of all the G-SIFIs combined in the real great stress test of 2008 and 2009.

Charles W. Peabody
Analyst, Portales Partners LLC

Q

So that's where I was going with my question is: You said your LCR ratio will be high-120s by the end of the quarter and you would operate normally 110%, 115%, let's say. Should we draw – is that something that's structurally different about how you're running the company or is it cyclical? And if you start to use...

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

All the – we always ran it like 110% or 120%. And then during COVID, the deposits came rolling in and that number just went up to 140%, 150%. And I – what is the total outflow number again? The total outflow numbers?

Jeremy Barnum
Chief Financial Officer, JPMorgan Chase & Co.

A

What? You mean, like the LCR denominator?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

What's the HQLA today?

Jeremy Barnum
Chief Financial Officer, JPMorgan Chase & Co.

A

It's like \$700 billion.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

So, \$700 billion. So that just number kept on going up because the deposits came in and now it's just returning to, what I'd call, a more normal number. And that is part of it because the securities don't count, other things don't count. And so...

Charles W. Peabody
Analyst, Portales Partners LLC

Q

I guess what I'm trying to get at is will you start to deploy some of that liquidity? And...

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

Not yet.

Charles W. Peabody
Analyst, Portales Partners LLC

Q

No, I know not yet. But when you do, is that a signal that you are beginning to see things all clear, or are you running at a strictly higher LCR ratio for other reasons?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

No, no. We are required to run at the 100% number. We're way above that, yes, but we're always going to keep a cushion. Some of those are buffers. I would say, our policy buffer is 110% or 120%.

Jeremy Barnum
Chief Financial Officer, JPMorgan Chase & Co.

A

Yeah. I mean, we move it around, depending.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

A

I mean, we move around, but there's a policy buffer. And of course, we're all afraid to tell the regulators your buffer is 10% more than 100%, and you go below that and they are going to punish you anyway. So, once we set that buffer, we will have that buffer. If it goes above that, we have discretion. But that doesn't cover how much discretion we have to go longer and reinvest. It's not that number. It's a different number than that. So, we can invest hundreds of billion dollars long if we wanted to. Of course, if we did that, today we'd be making less money. Remember, we're getting 5% overnight and you're getting... Okay, so you can buy mortgages at 5.5%.

Mikael Grubb
Head of Investor Relations, JPMorgan Chase & Co.

Any more questions?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorgan Chase & Co.

So, can I just add, I appreciate everyone coming here today. I was in this room about maybe nine months ago or something like that and somebody asked me a question that I had never been asked. And, in fact, we invited Jason Sudeikis to one of our CEO meetings, he's going to go to it, because some of us we were watching Ted Lasso. Anyway, the question I got asked was, which I loved by the way, was how do you show gratitude to your direct reports? And a couple of my direct reports were in the room they burst out laughing, because I don't really on a regular basis show gratitude to my direct reports.

Now, as a young man, it was partially because I was running investment banks, I was always worried that if I ever show gratitude, at the end of the year, they would just ask for more money. And which, by the way, isn't true. People like gratitude, you know. And so, I learned that lesson over many years. And I answered the question by saying, I'm not particularly good at showing gratitude. But, I hope my management team and I think all the JPMorgan people here know how much gratitude I do feel for the job they do for this company, for their clients, their communities, for our countries around the world. It is extraordinary. And they do know that. They do know I'd break my back for them, that I give a shit to do the best I can. That I adore them. And I just look at these sessions here and I'm kind of beaming half the time, just watching our people in action talking about what they do and how they do it. And they're getting better, folks. And I just think that's a wonderful thing. So, my gratitude to all of the JPMorgan people here. Thank you very much. And to long-term shareholders, thank you. We'll see you – see you all soon. Thank you.

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