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# 2024 INVESTOR DAY – CLOSING REMARKS AND Q&A

TRANSCRIPT

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# QUESTION AND ANSWER SECTION

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**Operator:** Welcome to the stage, Jamie Dimon.

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## **Jamie Dimon**

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

Who picked my music? Welcome, everybody. Listen, it was a great day. I used to have a couple of quick comments and we'll open up the questions, any questions on your mind whatsoever. I hope you see – that you see a little bit of the detail that goes into managing this company. I love the chart, the one that Filippo showed, we have the same granularity everywhere, where we are weak, not where we are strong, okay, so in certain countries and certain products and services, we've got competition from nonbanks, Chime, Apple. We've got competition from Jefferies. We always look at the best competition as Goldman Sachs in this and Morgan Stanley in that, and not the worst competition, because we all benefit from bad competition, but we all have to compete with the best, and we have to compete with the best in AI and technology. And so, I hope you saw there was no complacency here, whatsoever.

The work ethic is important. Nothing is more important than our people. I hope you got a feeling for the talent of our people. I mean, this place is chock-block with talented, smart people who also give a damn about the human beings that work at this company. The second that unfortunate death happened, a bunch of us were right in Robin's office asking measure this, that, what do we know, what can we learn from it, etc. So, also you all from research, I just want to mention real quick, too, because Mary showed you I think you spent almost \$500 million in research, well, the Investment Bank spends even more, and we don't talk about a lot, but it actually forms the foundation of how you educate the world about companies, products, services, markets, etc.

When a lot of us go to Shanghai and Hong Kong tomorrow, just to give you a snapshot, you should have thousands, I think like 3,000 people kind of circle in and out of there, hundreds of companies, government officials. If you go back years ago, we used to research on 40 or 50 Chinese companies, now it's 300, and the same kind of numbers are taking place in India, the Middle East, etc., where we're constantly educating, those are also the people we cover. So, to me, it's just constantly growing the franchise. I hope you also saw how well the people work together here. I mean, when you have a private banking client or a financial sponsor, normally we'll bank their companies, we'll bank their individuals, we'll bank their partners, we'll bank them in the Private Bank, and this whole Innovation Economy, you're banking the venture capitalists, you're banking the venture capitalists' kids, you're banking the corporations they are financing. So, it's a very broad-based effort and huge growth opportunities.

Huge challenges, huge growth opportunities, which we're completely prepared for, and I think no matter – and I also think, by which I didn't use to think, in some of these businesses, people are going to have much higher shares. They cost a lot of money to run. Regulations make their costs even more. So, I don't know why if you can't have with certain clients where you already have a 20% share, I would have said you're kind of capped out at fixed income at 11% or 12%, I don't think so anymore. I think someone would go to 15%, 16%, 17% easily and still allow our client to have a diversified funding source, etc. So, I'm going to stop there and open it up to anything that's on your...

Right there. Yeah.

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## **Erika Najarian**

*Analyst, UBS Securities LLC*

So, during his presentation, Jeremy mentioned three things that you need clarification on before distributing the excess capital more robustly.

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**Q**

## **Jamie Dimon**

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

Yeah.

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**A**

## **Erika Najarian**

*Analyst, UBS Securities LLC*

Number one is, obviously, Basel III endgame and based on the Journal article, that's likely going to be end of year. The second is GSIB recalibration. Who knows when that's going to happen. And number three was CCAR or DFAST. With DFAST coming in late June, is that going to be enough new information or incremental information for you to start thinking about, what that quarterly run rate of buybacks could look like in the second half of the year?

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**Q**

A

**Jamie Dimon**

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

Yeah. So, I would make it really clear. Okay. We're not going to buy back a lot of stock at these prices. And I – we do not consider stock buyback returning cash to shareholders, that's giving cash to exiting shareholders, we want to help the existing shareholders. I look at this as cash in store. So, if the number is \$35 billion, \$40 billion, whatever you call the number, it's going to sit there until we could deploy it at very good returns. Buying back stock as a financial company, greatly in excess of 2 times tangible book is a mistake. We aren't going to do it. We're doing a little bit more – if you look at Visa, okay, it's kind of market neutral. The market goes up and the market goes down, so will Visa and JPMorgan stocks. So, in our mind, we're not going to do dollar-for-dollar offset. In our mind, we are doing a little bit more because of Visa. Also, as you know, hedge funds and people, they trade when the market opens, they trade when the market close, we simply aren't going to tell you anything anymore about stock buyback. We're going to surprise you all the time. Okay. We're going to – I want to out-trade the hedge funds is what I wanted to do and that's been my instructions to these guys.

**Mikael Grubb**

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

Mike, go ahead.

Q

**Mike Mayo**

*Analyst, Wells Fargo Securities LLC*

Well, following-up on the last comment. I guess, why are you smarter than the \$7 trillion investment-grade bond market? It seems like you've talked down the – I know it's scenario analysis, but it seems like you're more pessimistic about the economy, about the industry, about your own stock price. I mean, Apple is buying back a lot of stock at much higher valuations, I think. So, what do you see that the \$7 trillion investment-grade bond market doesn't see when you issue these kind of concerns?

A

**Jamie Dimon**

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

Did you see that, there's a little chart that I think – the consumer folks put up about the forecasted interest rate curve, and the most important thing is how dead wrong it's been. So, I'll tell you, the investment-grade credit spread, which is almost as low as it's ever been, will be dead wrong, too. I predict that like night and day. It's just a matter of time. And what it has me, I'm cautiously pessimistic. I think pipelines come and go. I think interest rates go up and go down. I think there are long-term trends and short-term trends. I'm cautiously pessimistic. We have the most complicated geopolitical situation that most of us have seen since World War II, if you study history. We don't really know the full effect of QT. I find it mysterious that somehow, it had this beneficial effect, but it's not going to have a negative effect when it goes away. And I personally, inflation may be a little stickier than people think and that rates may surprise people, and we'll be patient. Like I said, that's earnings in store. It doesn't go away. You haven't given up on a future opportunity by letting it sit there. It's no different than if you came into a windfall and you leave it in cash for a while.

Q

**Mike Mayo**

*Analyst, Wells Fargo Securities LLC*

So, if I accept the cyclical argument you just made, structurally, would you want to make a case or would you make a case that JPMorgan is at a breakout stage in its corporate lifecycle, where you're implementing AI better than anybody else, you're spending \$17 billion on tech every year, that you're gaining share faster than anybody else. And maybe that 2.3 times tangible book value looked expensive in the past, but if you look over the next one or two decades, it's not so expensive and you might regret not buying back more stock now.

A

**Jamie Dimon**

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

If I regret buying back more stock, there are parts that I won't regret, right. I mean, the stock has done quite well, so. Look, I think we're in a very good position to continue investing in our future and we're not going to buy back stock now, other than what he just mentioned, okay. So, sorry about that.

**Mikael Grubb**

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

Betsy, go ahead.

**Betsy L. Graseck**

*Analyst, Morgan Stanley & Co. LLC*

Q

Hi. Okay. Thank you. I will continue the questioning along this line a little bit, but one of the underlying questions is we know you have a lot of excess capital. And by the way, the deck is fantastic, and you guys make it look easy to do so well. I just have to say, it's – every year you come in here and you're crushing it, and I know it's hard work, but you guys make it look easy. So, you've got the 17% ROTCE on average over time and you're sitting with all this excess capital. And the question is when we do know the Basel III Endgame rules, how are you thinking about the speed with which you deploy that excess capital? Is it something that we're just going to grow organically into it, which could take many years, or do you feel that as a steward of shareholder capital that there's a need to really optimize sooner? Could you give us a sense as how you're thinking through that?

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**Jamie Dimon**

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

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First of all, Betsy, I just want to welcome you back.

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**Betsy L. Graseck**

*Analyst, Morgan Stanley & Co. LLC*

Q

Thank you.

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**Jamie Dimon**

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

A

Great to have you here. So, I don't know exactly the answer to that yet. I don't think we're hurting shareholders by letting it sit there. I think we'd be hurting shareholders by using it to buy back stock. We may have some future organic growth opportunities. We've mentioned a lot here. So, if these folks up here can put capital into work either by building AI or by making more loans or by – we will do that. We can do some with the narrow frame where we're just doing it for a three-year return, and we could do some with the longer frame. But we are quite comfortable we can grow the company, do a great job for shareholders, and eventually deploy that capital wisely.

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**Betsy L. Graseck**

*Analyst, Morgan Stanley & Co. LLC*

Q

And then also M&A opportunities clearly could exist.

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**Jamie Dimon**

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

A

Yeah. We – I think it's a great – we've done a lot of small things and stuff like that, and obviously First Republic. There may be opportunities like that. We don't count on that. I think it always makes sense to look and learn and maybe not do them all but learn constantly what they're doing. Remember, I've already pointed out – a lot of our competition is – Apple moves money, holds money, lends money. They're becoming a bank. Chime, Dave, Venmo, Cash, Square, they have – I forgot the number because I asked recently, like 100 million accounts. We've got competition. Jefferies is doing a good job. Goldman is doing a good job. Wells Fargo is making a comeback. People – their competition is tough.

So, both are true. We have tough competition, and we're going to have great opportunities. We're comfortable, we're going to do a great job for you. But deploying – buying back stock at these prices will not be one of them. We've been very, very consistent. When the stock goes up, we'll buy less. When it comes down, we'll buy more.

Warren Buffett set a price, which I don't know if he sticks to today, but he had set a price. In our mind, we're going to be more aggressive when the stock comes down. And it will probably be at a time you'd be surprised we're buying it back. It might be at a time when our ROE is down to 10%. The finest year we ever had was that year where our ROTCE was 6%. And like the year after that, we brought back quite a bit of stock.

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**Mikael Grubb**

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

Saul Martinez, go ahead.

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**Q****Saul Martinez***Analyst, HSBC Securities (USA), Inc.*

Hi. Saul Martinez, HSBC. I guess a broader question on regulation and maybe this is a little bit more geared towards the CCB, but I mean, there's been just a broad-based regulatory onslaught, not just Basel but the late fee rule, Reg II, debit interchange, merchant settlement, overdraft, CRA, just goes on and on and on. You obviously have a political cycle. A little bit unclear how all this will play out. But if this continues and you do continue to see this sort of regulatory push, how does that impact your strategy? How does that impact how you think about capital allocation, and just the optimism generally about hitting your financial returns?

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

Yeah. So, let me just do Basel and then I'll talk about some other ones. So, the disappointment with Basel wasn't that they just – that the number and sometimes people make it look like it's us versus them, and the disappointment with Basel was, like, what is it regulators are trying to accomplish? Do they want private credit to grow dramatically? Do they understand the risk of private credit because there are some risks to it? Do they understand what a mark-to-market world is, or not mark-to-market?

I wrote a very specific thing about trading. We have \$80 billion of capital deployed to trading. We've lost money trading in the last 10 years 30 times, 30 days. Make \$100 million a day, on the average day we lost, we lost something like \$92 million. In the great crisis with Lehman, the worst quarter ever, we lost \$1.7 billion. We have \$80 billion of capital deployed. Basel III would have made it \$120 billion. Who's the beneficiary of these great markets? And they make it seem like we're a hedge fund. We make \$100 million a day, like almost day in and day out was, obviously, volatility, going up and down. The beneficiary of those markets is retirees, pensions, investors, schools, states, governments, the federal government. We have the best markets in the world, with very narrow bid-ask spreads and the knowledge of that, those secondary markets and the research around it, are what create the best primary markets in the world. So, what's the point of going from \$80 billion to what might be a \$120 billion of capital? I think there should have been – the QIS should have been done beforehand.

I think regulators should be telling you what they want the outcome to be. They've already driven 80% of mortgages outside the banking system and then they just announced, the FSOC. I think the FSOC just announced, well, maybe there's so much risk in these outside bank mortgage folks, they don't have the liquidity, they're a bad market to fund, securitizations, etc. But they want another insurance scheme to protect mortgage brokers?

I mean, are they kidding? Is that what they really want to do? And I just – I think there should've been far more forethought about how these things were done. And I wish some of the press would ask those questions, was, who invented operational risk capital? They were supposed to clean up GSIB 10 years ago. Dodd-Frank, we've been waiting 10 years for this, constant rules and regulations, and I think they're damaging America at this point. We think the average mortgage cost 70 basis points more than it should, because of bad excessive securitization and servicing requirements, and origination requirements.

That's what they should be thinking about. What's the right thing for the system? What do you want? Plus, think about forward looking, what's our biggest risk? What's the biggest risk in the financial system today? Do you think it's CCAR? We do 100 stress tests a week. This is one test, and it actually does make people think that they've conquered their risk, and they can do something with CCAR. We do a hundred a week. Okay. CCAR doesn't worry us all, you know what worries me the most – cyber, trade, deglobalization, Taiwan.

And then I think we could fix – I think we could have created a banking system that you would not have some like Silicon Valley Bank or First Republic. So, we're not even talking about that anymore. And that's what I – they should be forward looking, thinking about the real risks to the systems, which you see are cyber and of course, as people go to the cloud, it creates a whole other level of cyber risk, which you've seen already if you read some of these announcements coming out, so – and then, of course, these additional rules. I mean, people say, what will be the consequences of that? Is that fair?

I mean you all aware, how many of you have ever gone a parking ticket? What happen when you didn't pay it on time? They doubled it. If a bank doesn't offer certain products and services, the customers are going to pay more, and you know who they often pay it to? The government. Taxes, parking tickets, municipal bills who charge excessive fees relative to what a bank might do, so they should be asking, how many clients you are going to drive out of the banking system because of Reg II, which, a lot of these will end up in lawsuits anyway, at this point. Do they really understand what banks do to, a bank account, that debit card is cash in your pocket but it can't be stolen? It costs a retailer 5% to process cash and it costs 40 basis points to do a debit card, which is like cash to them. Is that fair to tell an industry you cannot collect your costs at all? And so, I – look it's time that the industry is just pushing back on these things, and they should. And then the consumer side, in particular, what will be the outcome? So, I think Marianne kind of said it. We will adjust. We don't think our average returns will change over time, may very well change in the short run. You lose \$0.5 billion of revenue, but over time, you may be a slightly smaller business but you'll probably have the same return targets, you'll just bank less customers of a certain type, or you'll charge a little bit more.

## Jamie Dimon

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

A

The first Durbin amendment pushed 5 million to 10 million people out of the banking system, and they can't even acknowledge that. And so, yeah, this is serious. We'll be fine. The other thing is, what do they really want? A lot of the things you heard about are going to help – hurt mid-sized banks. We literally have traditional lending and deposit businesses, and they may not be able to afford all these changes. If that's what they want, then that's what they're going to get. They should have thought about it beforehand.

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## Mikael Grubb

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

We have a question from Glenn Schorr.

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## Glenn Schorr

*Analyst, Evercore ISI*

Q

A question on buybacks. Just kidding. I want to get your perspective on private credit. So, Troy made a lot of good comments about JPMorgan being a great lender, financier, partner to the industry, I believe it all. We do watch more middle market loans being made on the private side, some large corporate, more of the asset-backed finance world is migrating there through either bank partnerships or sales.

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## Jamie Dimon

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

Or insurance companies now, another whole level of risk. Yeah.

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## Glenn Schorr

*Analyst, Evercore ISI*

Q

With a big multiple. So, the question is how much, I want to get your perspective on how much of what our traditional credit markets owned by banks in the past better off in that better – it might be a regulatory arbitrage thing, or it might just be locked-up long-term financing, but it seems like more as migrating over there. Just figured you're in the best position to help us.

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## Jamie Dimon

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

A

Yeah. I mean, so the first thing I think, which Troy has mentioned about it, we will compete, we can do effectively private loans, the unitranche, done differently, done quicker and different covenants and terms and stuff like that. So, when you come to us, it's really, if you're the client, it's what you want and not what we want. As it turns out, private credit costs more money for the most part. That changes all the time. So right now, it's 200 basis points more. I think we've seen like 10 or 15 deals. They got out of private credit, went back in the syndicated loan market to save the 200 basis points, which they're very sensitive about at higher rates and maybe are less sensitive at lower rates. And so, we're going to compete. And obviously – and I mentioned publicly that some of these folks are dancing in the streets. They're out there publicly saying that "we're dancing in the streets". But of course, it's regulatory arbitrage. And again, if that's what the regulators want, so be it. But again, we will compete. We'll be fine.

The other thing, which has always been on my mind, is I'd rather earn the 200 basis points more. And remember, when we earn the 200 basis points, we also get other revenues. These folks don't. So, our relationship – we have Payments and Custody. So, we get other revenues. So, in some ways, it's a better economic deal for us. But if I were them, I'd look at private credit that has some real pluses, private markets, which is – it's good that you can get private money longer.

It's good that some of this money is financed longer. That's not a negative. There may be other pluses, but here are some negatives, okay. Some of these things are not marked-to-market with the same discipline that we do. I think some of these private credit people are very smart, they're very good, they know exactly what they're doing. But my experience in life is, it's not true to all of them. The problem isn't caused by the good ones. It's caused by the bad ones, and when the bad ones cause a problem, what's going to happen? And you could predict this like the sun coming up. They're going to look at all of them.

And some of them, they're going to say – now they're going to retail, not mark-to-market. That's going to be very different than institutional, not mark-to-market which you saw in private equity. But when retail has a different mark-to-market, that little old lady is going to say, I didn't know they didn't have the same transparency as public markets. I didn't know they didn't have liquidity around these loans. I didn't know that they were being marked on a different basis, a theoretical mark-to-model as opposed to mark-to-market, and it may cause problems.

**Jamie Dimon**

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

A

So, to me, people should be analyzing things beforehand, not afterwards. And so, in any event, we'll compete. We're going to be fine. We'll be okay, no matter what happens with any regulations anywhere. But the question they should be asking is, what does it mean for the United States of America? Oh, the other – one last thing, a lot of those folks who took private credit loans will be stranded when the shit hits the fan, because they can't roll over a loan at 14%. Their company won't be able to afford it.

So, banks tend to work with the borrower and the middle market loan in the crisis, we're getting LIBOR plus 1.75%, maybe you're going to charge them LIBOR plus 2.25%, because we want them to survive. In the mark-to-market world of private credit, they have to, as a fiduciary, book it at par, which means they have to roll over at 14%. Private credit hasn't dealt with high interest rates, hasn't dealt with a recession, and it hasn't dealt with high spreads.

**Mikael Grubb**

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

Question down there.

**Unidentified Participant**

Q

Does this mean you're in no rush to buy a private capital company?

**Jamie Dimon**

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

A

We are not going to buy a private capital company. I mean – wait, let me take it back. The way we run the company is Mary and Troy and Jenn and Doug and Filippo and all the people – they should be thinking all the time, regardless what I say, okay? No, I mean that. I have an opinion, but if they came in and said, we've got a great thing that makes sense for us. Then, yeah, fine, we should do it.

**Mikael Grubb**

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

Hey. Mike, go ahead.

**Mike Mayo**

*Analyst, Wells Fargo Securities LLC*

Q

Succession?

**Jamie Dimon**

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

A

Yeah.

**Mike Mayo**

*Analyst, Wells Fargo Securities LLC*

Q

How much longer do you intend to be CEO? And I guess, what, we're looking at 2.5 years? What's the chance – I know I grabbed you in the hallway that you would go to government and go out before the 2.5 years? And what's the chance you add on like another five years after this 2.5?

**Jamie Dimon**

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

A

Yeah. So, here's some basic principles. It's up to the board, and we have some board members here. It's not up to me. I have the energy that I've always had. That's important. I think when I can't put the jersey on and give it my fullest then, I should leave basically. The board probably – it's up to them at the time. Will I stay as Chairman for a while? We'll see. But I think the – and we're on the way. I mean, we're moving people around.

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

That's the other thing I should mention. If you look at our company, a lot of these folks have been all over the company now. They've been in CFO jobs and in the Consumer side, the Investment Banking side. So, they have deep knowledge of the whole company. The whole Operating Committee, which I think you're almost all in the room here, they all know all parts of the company. So, you've seen succession – we got built in the succession with Daniel Pinto. How many companies can say that? And then, you should evaluate yourself. You guys, all the analysts whom always ask that question, like is there a good potential succession. You can elevate the people you see as leaders yourself. And I think most would say, yeah, there are actually some really great potential CEOs here and stuff like that. So, the timetable is not five years anymore. That's it?

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

Yeah. Ebrahim, go ahead.

**Q****Ebrahim H. Poonawala***Analyst, BofA Securities, Inc.*

Just one quick question. You've been pretty vocal about the U.S. deficit. It has an impact on rates and the economy. Just give us a sense of what the end game here is, how we should think about just the tail risk event from that, how you manage the bank for that? And you had a lot of discussion in D.C. How does this resolve itself, given the size of the deficits today?

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

Yeah. I would put myself in – concerned about that too. What I don't know is the timetable. The debt to GDP is 100%. The deficit is running 6% or 7%. It's the largest peacetime deficit we've ever run. And remember, that deficit is large. Even if you look at the world, it's still a large number, and most of the countries are doing it, not to that extent in size. The debt to GDP is going to grow kind of straight line for 10 years. And then, it's going to grow like a hockey stick after that, mostly because of medical.

Somewhere along that journey, and I don't know if it's 6 months, 6 years or 16 years, it will be a problem. So, obviously, for the United States, the sooner we deal with it maturely, the better. We shouldn't wait when we know it's out there. And of course, today you read about the Chinese are selling some of the treasuries and mortgages and there's a whole section in The Economist, which is the best, if you don't read it, you should read it every week, about the deglobalization of financial systems out there, because of sanctions and war and restructuring of global trade. And it goes to the history of reserve currencies, etc.

We simply don't know, but I would put it as a risk out there. And I would tell you that if you look at future issues – so, forget current, the current – the consumers got money. Wages are going up at the low-end. Companies are making more profits, but all of that is also fueled by fiscal spending, all of it. Corporate profits are made at the margin. When corporate profits – when sales go up 3%, profits go up 10%. When sales go down 3%, profits go down 10% or more. It depends what kind of industry you're in. And so, we don't know the effect of that.

We do know the consumers are running out of excess money. Small businesses are running out of excess money. We don't know when it's going to end, but it looks like sometime early next year. And we don't know the deficit problem. But remember, you go back to 1970 – I'm going to go back to 1972 – no, go back to 1980 when Volcker was there, the debt to GDP was 35%. The deficit spending was less, okay. Inflation had started going up in the 1970s, guns and butter, Vietnam War. So, much smaller deficits, but inflation at 12%. So, when Volcker raised rates on a Sunday night by 200 basis points, the debt to GDP was 35% and the deficit was 3%. Something drove that inflation. And so, if you look at the future – and looking at the future is very different than saying what's happening today. Well, inflation is going down. It almost doesn't matter. It's possible that inflation is embedded in the system at 4% for next year, and there's not a damn thing anyone can do about it. That is possible. And I'm not saying it's going to happen. We don't make bets in the future, and I also don't believe in central base cases at all. But that is a risk. And if rates go up a little bit more, like with the 10-year bond to 5.5% to 6%, spreads gap out a little bit – that's a different world. That's a different world for real estate. It's a different world for assets. It's a different world for private credit. It's a world that a lot of the people in the world have not seen.

1972, the market hit an all-time high of a little over 1,000. It didn't hit it again until 1987. It hit at 1,000 in 1968. Shit happens. And I'm not even talking about the geopolitical world, which is even far more complex, including the effect of oil – we've been talking about, there's an article in the paper today about internet cables, fiber cables. We've been preparing ourselves for those to be cut for years. They are very vulnerable. So are pipelines for oil and gas. And so, I just – I look at the world situation and I'm quite cautious. I like having a lot extra capital right now to tell you the truth.



## Mikael Grubb

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

Okay. Steven Chubak back there?

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## Steven Chubak

*Analyst, Wolfe Research LLC*

Q

Thanks, Mikael. Jamie, I wanted to ask you on two topics. The first is QT. Now that they're at least slowing the pace, wanted to get your perspective on how you could see this unfolding. What are some of the potential tail risks that you envisage? And then, the second one, just on the topic of private credit. The regulators have outlined at least some of the risks that you flagged, but they've also indicated that they don't necessarily view the risk as systemic, given lower leverage, as well as better asset liability matching. Just wanted to get your perspective on both the QT, as well as the systemic piece related to private credit.

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## Jamie Dimon

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

A

So, I'm going to do the private credit. I don't think it's systemic either, by the way. So, I'm not sitting here saying, it is systemic. It's growing rapidly. Anything that's growing that rapidly, if you look at almost every major financial crisis, it was new financial products, often around real estate, but new financial products. Almost every single time. So new financial products that are untested often cause a problem. Whether it's systemic or not, that remain to be seen. I don't think private credit itself is big enough to cause a systemic problem.

But remember, markets panic, so, something can cause a market panic. So it isn't that they're systemic, but panic can become systemic, all on its own. The financial crisis was the first time you ever saw that the market – what was happening in the market affected the real economy. It was usually the other way around. So, of course, market panic will happen again. I guarantee you, every single one of you in this room will panic one day and you want to sell your stocks and get out and the sentiment will go a different way. At that point, we're not going to panic because we prepare for that kind of stuff. And so, I don't think it's systemic.

QT, I just don't know. I mean – again, I look at it differently. We've never had QE. We've never had QT. The government has spent \$10 trillion, our government since COVID, \$10 trillion, borrowed it and spent it. Okay? And I don't know how that's not inflationary one way or the other. And then the government also bought \$8 trillion of bonds, \$4 trillion in the Great Financial Crisis, \$4 trillion in COVID. Now this happened globally, it wasn't just – ECB did it, Bank of Japan did it, etc. We've never had QT. So, it's hard to say, here's what's going to happen. I'm a little worried about it.

I do believe that it will cause problems in the marketplace at one point. One of the things that we didn't put up here and maybe one day Jeremy can do it, is that with all these constraints the banks have, there will be a point in time we have \$1.2 trillion. \$1.2 trillion of cash and marketable securities and you are going to come to us and want us to bid in \$40 billion of bonds out of a mutual fund or something. Or to do a repo against very good collaterals. You can liquidate some of these portfolios as people panic. Because they're going to panic, and people will want to liquidate their mortgages, liquidate their bonds, and liquidate their stocks, and there's a way to do it. And we're going to say, we cannot do that. And you're going to say, well, why not? You have \$1 trillion of cash. \$500 billion at the Central Bank. And we're going to say because it's sitting in this little constraint over here. It may be SLR, it may be LCR, it may be CET1. So, those constraints will hurt. Now they're talking about fixing the discount window which they should have done 10 years ago. So, I don't know what it's going to do.

But I do think it will cause that, that you will see like we saw, it was in February, in COVID in February 2019, and they go back to that. When the second they started doing it, they got to a certain level. It caused a little bit of problems in the market. And that, I can guarantee it will happen again. We're not there yet. We're quite a way away from that.

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## Timothy Paul Piechowski

*Analyst, ACR Alpine Capital Research LLC*

Q

Jamie, Tim Piechowski with ACR, Alpine Capital Research. I think today exemplifies the kind of rock star team that you've had under you for a long time that have helped put up the returns of this company. Two things. One, could you talk about over your career, how would you say you identify people that you want at the Operating Committee level? And then, second, as you move to Non-Executive Chairman and beyond, how do you think about keeping this team of rock stars together?

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## Jamie Dimon

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

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Yeah. Well, I mean, again, when the board makes a decision about who the next CEO should be, one of the considerations is keeping the best people. If you put a new person in a job and they drive everybody else, that obviously wouldn't be a particularly good thing. But I think it all comes down to that everyone, including the young kids, are treated with trust and respect, that they know that it's not about being a friend of Jamie, or about being right about something. But they know that when they walk in that they can contribute to the best of their ability, they're treated respectfully. We want the truth, the whole truth, nothing but the truth. We don't spin stuff. We don't spin it for the board. We don't spin it for me. We don't spin it for anybody else. People are supposed to do a full assessment, including all these people decisions, like, when we make people decisions, a lot of the people on the Operating Committee get involved in those decisions too. And one of the things that people think that people crawl their way to the top of these companies, no, very often they're pushed to the top because people want to work for them.

And I actually wrote in my Chairman's Letter this year. Do you want to work for a jerk? Anyone here? Well, of course not. Do you want to work for someone that treats you with respect and just tries to do the right thing for the client, the company, the country, the community? Probably. And so, you know that that's – and that's a different level. We need you to be smart. We need you to be dedicated. We need you to have all those disciplines and that discipline. I mean, a lot of companies don't have deep discipline about where they make money and how they make money, why they do it – and Troy mentioned, I just want to reiterate, there are products we're going to make very little money on, but we have to do them. But if the client relationship makes sense, it's okay. We're okay with that. We're adults. So having all these disciplines, but then having the heart, several people mentioned here already, the heart and the curiosity and the people want to work there. And so hopefully, we'll continue that. And I think you get better at that over time too.

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## Mikael Grubb

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

Back there.

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## Unidentified Participant

Q

I believe in your last Shareholder Letter; you've spent a lot of time talking about AI. Can you share a bit more about your latest thoughts on AI? How do you think AI is going to change in the world in the bank industry and how do you think JPMorgan is positioned to navigate through some opportunities and challenges as a result of the rising power of AI?

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## Jamie Dimon

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

A

Yeah. Look, I think we're quite clear. I mean, everyone talked about it up here, okay? It's embedded in what we do already, but – and I think it's going to change every job, like every job. There'll be no jobs. Some of it's just going to be a co-pilot helping you do your job, some of it may eliminate some jobs. Some of it may create additional jobs. But you can't envision one app, one database, or one job where it's not going to help, aid or abet.

As from trading, we already use it on trading, it does our hedging portfolios, it does a lot of risk fraud. Marianne mentioned there's several things, and we try to analyze every part of it like, what's the ROI and stuff like that. But I'm very cautious too, because sometimes it's just so broad and so deep. I tell people, certain things, don't do NPVs and ROIs on. It's just a waste of time. It's better customer service or client service, I remember people trying to do it years ago in digital account opening. And then you have a thousand assumptions in there as we're replacing this, and can you get rid of a little bit of real estate, what about advertising? You're wasting your time. Clients want it. You damn well better do it and get right to it and stuff like that.

But I think the most important part, Daniel already mentioned it was that, Teresa is here if you want to talk to her. She's one of our resident experts who is one of the business leaders here at the management table, so is response for Data and Analytics, and it's a mirrored organization. So, they have data analytics in Credit Card, Wealth Management, Small Business and it's really how people think.

Now, as people start thinking about how you deploy, the management team here is going to come up with a million examples. We don't even know today. So, my view is, make this a part permanent in what you do, it's like exercise now. We don't have to debate the importance of it anymore, it is important. And it does change the cloud journey, it makes it far more important and – that we do that right, whether it's public or private cloud and how we use data. But I also put that down as one of the bigger risks to the banking system, by the way, and it's not just us, it's all the things we're hooked into. And if I was the regulation, literally what I would do – I think they were from Venus, and they're from Mars, I would stop all the stuff they're doing and I'd tell the management teams focus on interest rate exposure, QT exposure, cyber exposure, data exposure, and all the linkages that can take down major important institutions in America, because it's every day now. And you might have

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**Jamie Dimon**

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

read there's a bunch of stuff about Russian actors and Chinese actors and North Korean actors out there. It's pretty scary stuff. We are very well protected. But I'd say the system is not yet. And I think in this case, the government is doing a better job focusing on that.

**Mikael Grubb**

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

We have another question down here.

**Jamie Dimon**

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

Yes.

Q

**Denisse Becerra**

*ESG Integration Specialist, DWS Group*

Yes. Hello. Hi, Jamie. I would like to pick your brain on something that I've been reflecting a lot around. So, you have Millennials and Generation Z right now living in a world that is constantly changing, that is becoming more expensive, more challenging. We have AI that is definitely going to change the way the workforce works.

With this in mind, how do you see the role of banks in terms of advocating for policies? How do you see the role of banks in terms of helping the generations to be able to plan for their future that is becoming every time more challenging? And how do you give – how do you see the changes in political landscape in the U.S., particularly where this is becoming more intense, changing?

Do you think that because of this push of more expensive lifestyle or, I mean, everything is just becoming more expensive, do you think that this will push the U.S. into having a more socialist approach in terms of healthcare, education? Do you see that switch happening? What are your thoughts on this?

A

**Jamie Dimon**

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

Yeah. So, I don't feel so bad for Gen Z and Millennials, just so you know. I tell people, my grandparents were all Greek immigrants, came here literally with a shirt like – I'm sure a lot of your, great grandparents with a shirt in their back. That generation is going to inherit a world worth \$400 trillion.

Okay. So let's put things in perspective a little bit. They're going to be working probably 3.5 days a week. They're going to live to 100. They're not going to have cancer. They're going to be in pretty good shape, provided the world doesn't destroy it all with nuclear weapons, which is the biggest risk in the world.

But I'm going to answer your question now. We reach out everywhere around the world to these 30,000 middle market companies, real estate companies. We reach out to states. We reach out to unions. We reach out to large companies, sovereign wealth funds, countries, governments, 80 million American consumers. In addition to that, we have devoted programs for advancing black leaders, advancing Hispanic leaders, reaching out to LGBT. We've got special jobs for neurologically disabled individuals. We feel great about that. Okay? We're opening community branches. We just opened one in Fordham Road in the South – North, West Bronx, whatever. And we're going to continue doing that. I think our people like it, we like it. It lifts up society. It's a good thing to lift up society. We march to our own beat, so we're not going to sign any things anymore that say we're committed.

We have aspirations and goals and stuff like that. And of course, we're getting from the left and the right about energy and solar. We're great all of them. So we're going to continue doing all of that. And the younger people do like that. And we have a heart and soul and a purpose. And we unabashedly are going to be lifting up society, which I think is good for the country, for the people, for our business, for everybody. It is not a zero-sum game.

If you have part of your society doing terribly and we do, I wrote in my Chairman's Letter about the lower paid 20%. They have gotten a raw deal. They're dying 10 years younger. They have less medical insurance. They drive through crime in their neighborhoods. Their schools are failing those kids. Half the kids don't graduate in inner city schools and stuff like that. What the hell did we do, as a society?

**Jamie Dimon**

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

A

Now, I also point out to my Democratic friends, that was not because JPMorgan was successful. That's not because Apple was successful. We should look at those problems and fix it. And we do play a role in that. We get involved in work skills, in inner cities, and we're going to continue to do that. And then we also advocate for better policies in Washington DC around mortgages, gentrification, health, things like that. So the government – we're going to deal with governments, Democrats, Republicans over the years and obviously some have different meaning for us than others and so – yeah.

**Denisse Becerra**

*ESG Integration Specialist, DWS Group*

Q

Can I add a comment?

**Jamie Dimon**

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

A

Sure.

**Denisse Becerra**

*ESG Integration Specialist, DWS Group*

Q

Can I add a comment to that? Yes, indeed. This generation is going to inherit, like, what you said, \$3 trillion in terms of investment, the best healthcare...

**Jamie Dimon**

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

A

\$300 trillion.

**Denisse Becerra**

*ESG Integration Specialist, DWS Group*

Q

\$300 trillion, sorry, in the best healthcare, the best education even available. The problem is access. Even right now, like today...

**Jamie Dimon**

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

A

I agree. And we do the best we can in that both directly in our communities and trying to advise the government. I totally agree.

**Mikael Grubb**

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

Gerard, go ahead.

**Gerard Cassidy**

*Analyst, RBC Capital Markets LLC*

Q

Jamie, Gerard Cassidy, RBC Capital Markets. I echo Betsy's comment to you and your colleagues and Mikael putting on an outstanding Investor Day. Coming back to something you said earlier about possibly being in the position if there is panic and somebody has to sell \$500 billion of bonds and you guys could be there maybe to execute the trade, how about banking? We all know our careers have been littered with bank failures. Obviously, you picked up Washington Mutual during the crisis and we all know about last year. Is there a risk that – there was some pushback last year from some of the folks in Washington that you won the First Republic. Is there a risk that you may not be invited to the table on a bank failure or is that just crazy to even think...

**Jamie Dimon**

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

A

Look, we would not probably have done First Republic if the system didn't need it. And we were quite clear about that. We knew we didn't get a lot of good stuff, and our folks have done an unbelievable job treating the people properly, learning from it. We always learn from everything. But if you look at it, we knew we could handle it and that we can hedge all the risks right away, that we understood all the loans, we understood the consumer system, stuff like that. The FDIC has a requirement under the law to sell to lowest cost bidder.

Now, if they wanted to come up with a way to make it skewed against us, I'd be fine with that. What we wouldn't be fine with is that if we're not there and it costs another \$10 billion, that cost the FDIC \$10 billion or something like that. So, Silicon Valley cost \$20 billion. It should have cost \$10 billion, in my opinion. And that's one of the reasons I said we should bid on this thing because we have to pay 20% of the difference. And so yeah, they should do the right thing, but if they want to skew – there are ways to skew which are mathematical, like, giving the smaller – cheaper loan or something slightly different. But the politics can't keep you up, because the law is quite clear and – we will see – they should be concerned about – they need to allow banks to merge. They need to stop preordaining whether it makes sense or not because every bank is in a different position. And they should stop acting like the banking system is static. It's not. There are very successful small banks. I've already mentioned a lot of start-ups who – some are doing quite well including Square, and PayPal, and Apple Pay is now, you guys sent me the number over the weekend, \$25 billion (sic) [in] a quarter is going to Apple Pay of our own clients.

Okay. So, these are serious matters. And so, hopefully, there'll be a deeper understanding of what we're trying to accomplish in the banking system. We do have the finest financial system in the world. It is one of the reasons that America has one of the best economies in the world and the most prosperous nation, hooking up capital and people and ideas, and with transparency and rule of law, research, low cost of execution. They should make sure they keep that.

**Unidentified Participant**

Q

Jamie, over here.

**Jamie Dimon**

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

A

Yeah.

**Unidentified Participant**

Q

Right here. Maybe to ask the AI one a little differently. As you think about the impact of AI and technology generally on the banking industry in lowering costs and providing better outcomes, how much do you view that as a proprietary differentiator to extend your lead on overhead ratio or take cost out of the bank industry generally or as an industry wide kind of cost of doing business improvement for consumers, that doesn't necessarily translate to better margins, returns similar to like Buffett's textile machinery analogy or Red Queen race where everyone just has to keep investing in it?

**Jamie Dimon**

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

A

Yeah. My own view is we shouldn't be complacent because if I start saying that because we're bigger, we spend more money, it becomes a competitive advantage. That may be wrong. It may also be a great levelizer, other people step in and do things better, faster, quicker, cheaper we also have to deal with open banking laws. So, I don't know yet. The answer to us is deploy it as best you can, as fast you can, as safe as you can, and it puts you in the best position. I think in some cases, it may very well be a competitive advantage. I think in some cases, it can become a competitive disadvantage.

Remember, a lot of competitors will get it not through us, but they will get it directly from AWS or Fiserv or something like that who will have a pass-through system to give that benefit to smaller banks, too.

**Mikael Grubb**

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

And we'll take the last question from Betsy down there.

Q

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

Oh, hey, Jamie. Okay. It's going to be a two-part question. One is how do you think about special dividends? You did raise the dividend – some people thought off-cycle, but just want to understand how you think about that as a way of optimizing capital structure? And then the second one is in your Chairman Letter, you have a new sixth focus. One is to be a source of strength particularly in tough times for our clients in countries in which we operate. Do you feel that you're already there with your LCR, your capital ratios, and everything else? Do you feel you're providing that source of strength today and you don't want to go any lower? Or maybe give us a little bit of an understanding as to how this came in as a new element to the Shareholder Letter?

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A

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

Yeah. So, it's new to the Shareholder Letter. It's not new to the way we think. It's just – in reality I should have asked, why didn't you add it sooner? We've always felt that way. But for JPMorgan, wherever we do business, we should be a source of strength to that country, the clients, we don't want you worrying about us. We want to be there in good times and bad times. We run the company, knowing there are going to be good times and bad times. I look at the economy a little like the weather. I don't worry that much about pipelines and growth in this quarter or next quarter. So the things driving profits today, were decisions made over the last 10 years.

If you said affect next quarter's profits, we can make a few phone calls. Charles, over there, take a little more X, Y or Z risk or Jeremy, do a little this or take \$1 billion out of the marketing budget. All wrong to do. But we can affect net quarter's profit by billions of dollars, and we don't do that because we want to be a source of strength. So that should have been added before. I kind of missed it before. Another question is – I don't love the idea of the special dividend. When we finish Basel III, we're going to know about the second round of Visa and then the ultimate round of Visa. That may be something we should think about. We'll probably be soliciting some of our shareholders about what might make sense, but I personally just like leaving it there and going to use it when the time is ripe, and it will be ripe.

Let me just end by thanking the management team, not just the ones who presented today, who did the most of the heavy lifting, but behind them, there are a lot of people in this room who did probably the real work, but all the folks in this room at JPMorgan, it's unbelievable the job they do. I get to see it around the world, what we do for consumers and communities and all parts of communities, cities, schools, states, hospitals, governments, countries, Ukraine, Poland, helping our clients where we can through good times and bad times. I don't know about you, but they make me very proud of this company. So, thanks to JPMorgan people here and we'll see some of you at the lunch. Thank you.

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