

Powering Growth with Curiosity and Heart

The secret office supply is a



Annual Report 2023

Financial Highlights

As of or for the year ended December 31,
(in millions, except per share, ratio data and employees)

	2023	2022	2021
Selected income statement data			
Total net revenue	\$ 158,104	\$ 128,695	\$ 121,649
Total noninterest expense	87,172	76,140	71,343
Pre-provision profit ^(a)	70,932	52,555	50,306
Provision for credit losses	9,320	6,389	(9,256)
Net income	\$ 49,552	\$ 37,676	\$ 48,334
Per common share data			
Net income per share:			
Basic	\$ 16.25	\$ 12.10	\$ 15.39
Diluted	16.23	12.09	15.36
Book value per share	104.45	90.29	88.07
Tangible book value per share (TBVPS) ^(a)	86.08	73.12	71.53
Cash dividends declared per share	4.10	4.00	3.80
Selected ratios			
Return on common equity	17%	14%	19%
Return on tangible common equity (ROTCE) ^(a)	21	18	23
Liquidity coverage ratio (average) ^(b)	113	112	111
Common equity Tier 1 capital ratio ^(c)	15.0	13.2	13.1
Tier 1 capital ratio ^(c)	16.6	14.9	15.0
Total capital ratio ^(c)	18.5	16.8	16.8
Selected balance sheet data (period-end)			
Loans	\$1,323,706	\$1,135,647	\$1,077,714
Total assets	3,875,393	3,665,743	3,743,567
Deposits	2,400,688	2,340,179	2,462,303
Common stockholders' equity	300,474	264,928	259,289
Total stockholders' equity	327,878	292,332	294,127
Market data			
Closing share price	\$ 170.10	\$ 134.10	\$ 158.35
Market capitalization	489,320	393,484	466,206
Common shares at period-end	2,876.6	2,934.2	2,944.1
Employees^(d)	309,926^(e)	293,723	271,025

As of and for the period ended December 31, 2023, the results of the Firm include the impact of First Republic. Refer to Business Segment Results on page 67 and Note 34 for additional information.

(a) Pre-provision profit, TBVPS and ROTCE are each non-GAAP financial measures. Refer to Explanation and Reconciliation of the Firm's Use of Non-GAAP Financial Measures on pages 62-64 for a discussion of these measures.

(b) Refer to Liquidity Risk Management on pages 102-109 for additional information on this measure.

(c) Refer to Capital Risk Management on pages 91-101 for additional information on these measures.

(d) This metric, which was formerly Headcount, has been renamed Employees but is otherwise unchanged.

(e) Included approximately 4,500 individuals associated with First Republic who became employees effective July 2, 2023.

JPMorgan Chase & Co. (NYSE: JPM) is a leading financial services firm with assets of \$3.9 trillion and operations worldwide. The firm is a leader in investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing and asset management. Under the J.P. Morgan and Chase brands, the firm serves millions of customers, predominantly in the U.S., and many of the world's most prominent corporate, institutional and government clients globally.

Information about J.P. Morgan's capabilities can be found at jpmorgan.com and about Chase's capabilities at chase.com. Information about JPMorgan Chase & Co. is available at jpmorganchase.com.

2023 Highlights

#1 BANK

IN DEPOSITS AND FOR SMALL BUSINESSES

Named #1 in retail deposit market share
and #1 primary bank for U.S. small businesses

#1

CORPORATE & INVESTMENT BANK

Generated \$14 billion of net income
on revenue of \$49 billion

#1

PRIVATE BANK AND ASSET MANAGER

Named #1 private bank in the world
by *Euromoney* magazine
and #1 asset manager by active flows

TOP 5

MOST ADMIRED COMPANIES

Ranked in the top five on
Fortune magazine's Most Admired Companies list
for the second year in a row

100%

DISABILITY EQUALITY INDEX

Scored 100% on the Disability Equality Index
for the ninth consecutive year

TOP 100

MOST INFLUENTIAL COMPANIES

Ranked as one of the 100 Most Influential Companies
by *Time* magazine

#1

MIDDLE MARKET SYNDICATED LENDER

Ranked #1 overall
Middle Market Syndicated Lender
in the U.S.

#1 BANK

IN ARTIFICIAL INTELLIGENCE

Ranked #1 for overall artificial intelligence
capabilities on the Evident AI Index
for the second year in a row

#1

CUSTOMER SATISFACTION

Ranked #1 among self-directed investors
in the J.D. Power 2023 U.S. Wealth
Management Digital Experience Study

Dear Fellow Shareholders,



Jamie Dimon,
Chairman and
Chief Executive
Officer

Across the globe, 2023 was yet another year of significant challenges, from the terrible ongoing wars and violence in the Middle East and Ukraine to mounting terrorist activity and growing geopolitical tensions, importantly with China. Almost all nations felt the effects last year of global economic uncertainty, including higher energy and food prices, inflation rates and volatile markets. While all these events and associated instability have serious ramifications on our company, colleagues, clients and countries where we do business, their consequences on the world at large – with the extreme suffering of the Ukrainian people, escalating tragedy in the Middle East and the potential restructuring of the global order – are far more important.

As these events unfold, America's global leadership role is being challenged outside by other nations and inside by our polarized electorate. We need to find ways to put aside our differences and work in partnership with other Western nations in the name of democracy. During this time of great crises, uniting to protect our essential freedoms, including free enterprise, is paramount. We should remember that America, "conceived in liberty and dedicated to the proposition that all men are

created equal,” still remains a shining beacon of hope to citizens around the world. JPMorgan Chase, a company that historically has worked across borders and boundaries, will do its part to ensure that the global economy is safe and secure.

In spite of the unsettling landscape, including last year’s regional bank turmoil, the U.S. economy continues to be resilient, with consumers still spending, and the markets currently expect a soft landing. It is important to note that the economy is being fueled by large amounts of government deficit spending and past stimulus. There is also a growing need for increased spending as we continue transitioning to a greener economy, restructuring global supply chains, boosting military expenditure and battling rising healthcare costs. This may lead to stickier inflation and higher rates than markets expect. Furthermore, there are downside risks to watch. Quantitative tightening is draining more than \$900 billion in liquidity from the system annually – and we have never truly experienced the full effect of quantitative tightening on this scale. Plus the ongoing wars in Ukraine and the Middle East continue to have the potential to disrupt energy and food markets, migration, and military and economic relationships, in addition to their dreadful human cost. These significant and somewhat unprecedented forces cause us to remain cautious.

2023 was another strong year for JPMorgan Chase, with our firm generating record revenue for the sixth consecutive year, as well as setting numerous records in each of our lines of business. We earned revenue in 2023 of \$162.4 billion¹ and net income of \$49.6 billion, with return on tangible common equity (ROTCE) of 21%, reflecting strong underlying performance across our businesses. We also increased our quarterly common dividend of \$1.00 per share to \$1.05 per share in the third quarter of 2023 – and again to \$1.15 per share in the first quarter of 2024 – while continuing to reinforce our fortress balance sheet. We grew market share in several of our businesses and continued to make significant investments in products, people and technology while exercising strict risk disciplines.

Throughout the year, we demonstrated the power of our investment philosophy and guiding principles, as well as the value of being there for clients – as we always are – in both good times and bad times. The result was continued growth broadly across the firm. We will highlight a few examples from 2023: Consumer & Community Banking (CCB) extended its #1 leadership positions and grew share year-over-year in retail deposits, credit card sales and credit card outstandings (adding close to 3.6 million net new customers to the franchise); the Corporate & Investment Bank (CIB)

¹ Represents managed revenue.

maintained its #1 rank in both Investment Banking and Markets and gained more than 100 basis points of Investment Banking market share; Commercial Banking (CB) added over 5,000 new relationships (excluding First Republic Bank), roughly doubling the prior year's achievement; and Asset & Wealth Management (AWM) saw record client asset net inflows of \$490 billion, over 20% higher than its prior record.

In 2023, we continued to play a forceful and essential role in advancing economic growth. In total, we extended credit and raised capital totaling \$2.3 trillion for our consumer and institutional clients around the world. On a daily basis, we move nearly \$10 trillion in over 120 currencies and more than 160 countries, as well as safeguard over \$32 trillion in assets. By purchasing First Republic Bank, we brought much-

needed stability to the U.S. banking system and helped us to give a new, secure home to over half a million First Republic



As always, we hold fast to our commitment to corporate responsibility, including helping to create a stronger, more inclusive economy – from supporting work skills training programs around the world to financing affordable housing and small businesses to making investments in cities like Detroit that show how business and government leaders can work together to solve problems.

We have achieved our decades-long consistency by adhering to our key principles and strategies (see sidebar on Steadfast Principles on page 5), which allow us to drive good organic growth and promote proper management of our capital (including dividends and stock buybacks). The charts on pages 9-15 show our performance results and illustrate how we have grown our franchises, how we compare with our competitors and how we look at our fortress balance sheet. Please peruse them and the CEO letters in this Annual Report, all of which provide specific details about our businesses and our plans for the future.

I remain proud of our company's resiliency and of what our hundreds of thousands of employees around the world have achieved, collectively and individually. Throughout these challenging past few years, we have never stopped doing all the things we should be doing to serve our clients and our communities. As you know, we are champions of banking's essential role in a community – its potential for bringing people together, for enabling companies and individuals to attain their goals, and for being a source of strength in difficult times. I often remind our employees that the work we do matters

STEADFAST PRINCIPLES WORTH REPEATING (AND ONE NEW ONE)

Looking back on the past two+ decades – starting from my time as Chairman and CEO of Bank One in 2000 – there is one common theme: our unwavering dedication to help clients, communities and countries throughout the world. It is clear that our financial discipline, constant investment in innovation and ongoing development of our people have enabled us to achieve this consistency and commitment. In addition, across the firm, we uphold certain steadfast tenets that are worth repeating.

First, our work has very real human impact. While JPMorgan Chase stock is owned by large institutions, pension plans, mutual funds and directly by single investors, in almost all cases the ultimate beneficiaries are individuals in our communities. More than 100 million people in the United States own stocks; many, in one way or another, own JPMorgan Chase stock. Frequently, these shareholders are veterans, teachers, police officers, firefighters, healthcare workers, retirees, or those saving for a home, education or retirement. Often, our employees also bank these shareholders, as well as their families and their companies. Your management team goes to work every day recognizing the enormous responsibility that we have to all of our shareholders.

Second, shareholder value can be built **only** if you maintain a healthy and vibrant company, which means doing a good job of taking care of your customers, employees and communities. Conversely, how can you have a healthy company if you neglect any of these stakeholders? As we have learned over the past few years, there are myriad ways an institution can demonstrate its compassion for its employees and its communities while still strengthening shareholder value.

Third, while we don't run the company worrying about the stock price in the short run, in the **long run** we consider our stock price a measure of our progress over time. This progress is a function of continual investments in our people, systems and products, in good and bad times, to build our capabilities. These important investments will also drive our company's future prospects and position it to grow and prosper for decades. Measured by stock performance, our progress is exceptional. For example, whether looking back 10 years or even farther to 2004, when the JPMorgan Chase/Bank One merger took place, we have outperformed the Standard & Poor's 500 Index and the Standard & Poor's Financials Index.

Fourth, we are united behind basic principles and strategies (you can see the principles for [How We Do Business](#) on our website and [our Purpose statement](#) in my letter from last year) that have helped build this company and made it thrive. These allow us to maintain a fortress balance sheet, constantly invest and nurture talent, fully satisfy regulators, continually improve risk, governance and controls, and serve customers and clients while lifting up communities worldwide. This philosophy is embedded in our company culture and influences nearly every role in the firm.

Fifth, we strive to build enduring businesses, which rely on and benefit from one another, but we are not a conglomerate. This structure helps generate our superior returns. Nonetheless, despite our best efforts, the walls that protect this company are not particularly high – and we face extraordinary competition. I have written about this reality extensively in the past and cover it again in this letter. We recognize our strengths and vulnerabilities, and we play our hand as best we can.

Sixth, and this is the **new one**, we must be a source of strength, particularly in tough times, for our clients and the countries in which we operate. We must take seriously our role as one of the guardians of the world's financial systems.

Seventh, we operate with a very important silent partner – the U.S. government – noting as my friend Warren Buffett points out that his company's success is predicated upon the extraordinary conditions our country creates. He is right to say to his shareholders that when they see the American flag, they all should say thank you. We should, too. JPMorgan Chase is a healthy and thriving company, and we always want to give back and pay our fair share. We do pay our fair share – and we want it to be spent well and have the greatest impact. To give you an idea of where our taxes and fees go: In the last 10 years, we paid more than \$46 billion in federal, state and local taxes in the United States and over \$22 billion in taxes outside of the United States. Additionally, we paid the Federal Deposit Insurance Corporation over \$10 billion so that it has the resources to cover failure in the American banking sector. Our partner – the federal government – also imposes significant regulations upon us, and it is imperative that we meet all legal and regulatory requirements imposed on our company.

Eighth and finally, we know the foundation of our success rests with our people. They are the front line, both individually and as teams, serving our customers and communities, building the technology, making the strategic decisions, managing the risks, determining our investments and driving innovation. However you view the world – its complexity, risks and opportunities – a company's prosperity requires a great team of people with guts, brains, integrity, enormous capabilities and high standards of professional excellence to ensure its ongoing success.

MAPPING OUR PROGRESS AND MILESTONES



FDIC = Federal Deposit Insurance Corporation

and has impact. United by our principles and purpose, we help people and institutions finance and achieve their aspirations, lifting up individuals, homeowners, small businesses, larger corporations, schools, hospitals, cities and countries in all regions of the world. What we have accomplished in the 20 years since the Bank One and JPMorgan Chase merger is evidence of the importance of our values.

CELEBRATING THE 20TH ANNIVERSARY OF THE BANK ONE/JPMORGAN CHASE MERGER

J.P. Morgan Chase

By 2004, J.P. Morgan Chase already represented the consolidation of four of the 10 largest U.S. banks from 1990: The Chase Manhattan Corp., Manufacturers Hanover, Chemical Banking Corp. and, most recently, J.P. Morgan & Company. And some of their predecessor companies stretched back into the 1800s, one even into the late 1700s.

Bank One

Bank One had been even busier on the acquisition front, especially across the United States. By 1998, then Banc One had more than 1,300 branches in 12 states when it announced a merger with First Chicago NBD, a Chicago-based bank created just three years earlier by the merger of First Chicago and Detroit-based NBD. Now headquartered in Chicago, the new Bank One became the largest bank in the Midwest, second largest among credit card companies and fourth largest in the United States. But the merger didn't go as planned, with Bank One issuing three different earnings warnings. In March 2000, Bank One reached outside its executive ranks, and my tenure began as Chairman and CEO, working to overhaul the company and help bring it back to profitability and growth.

The story begins ... A merger 20 years ago helped transform two giant banks

Fast forward to 2003, and another wave of consolidation was well underway in U.S. banking. Most of the nation's larger banks were trying to position themselves to be an "endgame winner." In the biggest deal, Bank of America agreed to buy FleetBoston Financial Corp. for more than \$40 billion. Those two banks – already amalgamations of several predecessor companies – touted the breadth of their combined retail branch network.

But they were hardly alone. In 2003, some 215 deals were announced among U.S. commercial banks and bank holding companies for a total value of \$66 billion, according to Thomson Financial, which tracks merger data.

In July 2004, J.P. Morgan Chase and Bank One merged – as part of a 225-year journey – to form this exceptional company of ours: JPMorgan Chase. At its merger in 2004, the combined bank was the fourth largest bank in the world by market capitalization. But with patient groundwork over the years – fixing systems and upgrading technology, managing the notable acquisitions of Bear Stearns and Washington Mutual (WaMu) and continuing to reinvest, including in our talent – we have made our company an endgame winner.

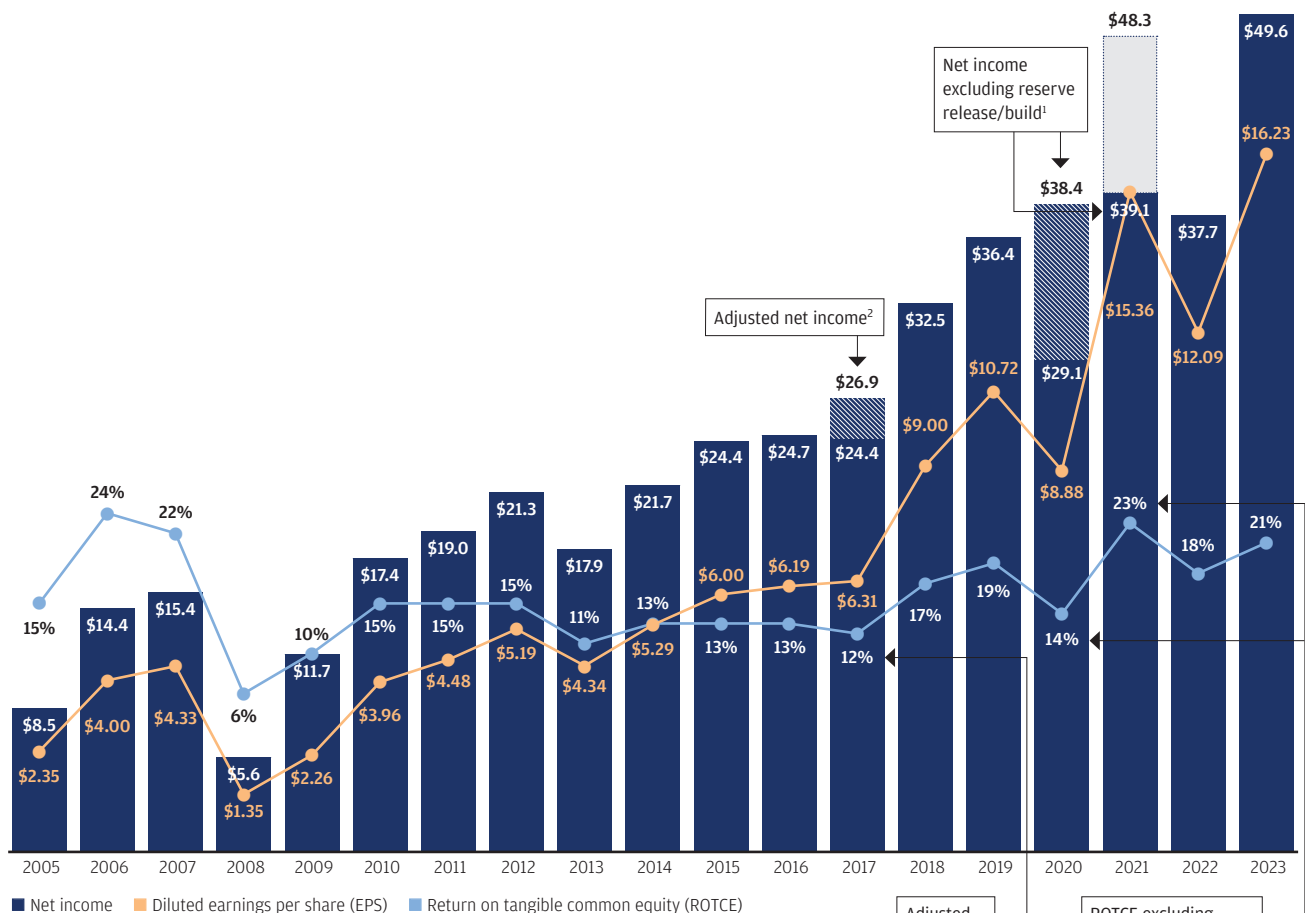
In earlier years, banks worried about their survival. While the past two decades have brought some virtually unprecedented challenges, including the great financial crisis and a pandemic followed by a global shutdown, they did not stop us from accomplishing extraordinary things. Our bank has now emerged as the #1 bank by market capitalization.

Each of our businesses is among the best in the world, with increased market share, strong financial results and an unwavering focus on serving our clients, communities and shareholders with distinction and dedication. The strengths that are embedded in JPMorgan Chase – the knowledge and cohesiveness of our people, our long-standing client relationships, our technology and product capabilities, our presence in more than 100 countries and our unquestionable fortress balance sheet – would be hard to replicate. Crucially, the strength of our company has allowed us to always be there for clients, governments and communities – in good times and in bad times – and this strength has enabled us to continually invest in building our businesses for the future.

You can see from the following charts what gains and improvements we have achieved along the way.

Earnings, Diluted Earnings per Share and Return on Tangible Common Equity 2005-2023

(\$ in billions, except per share and ratio data)

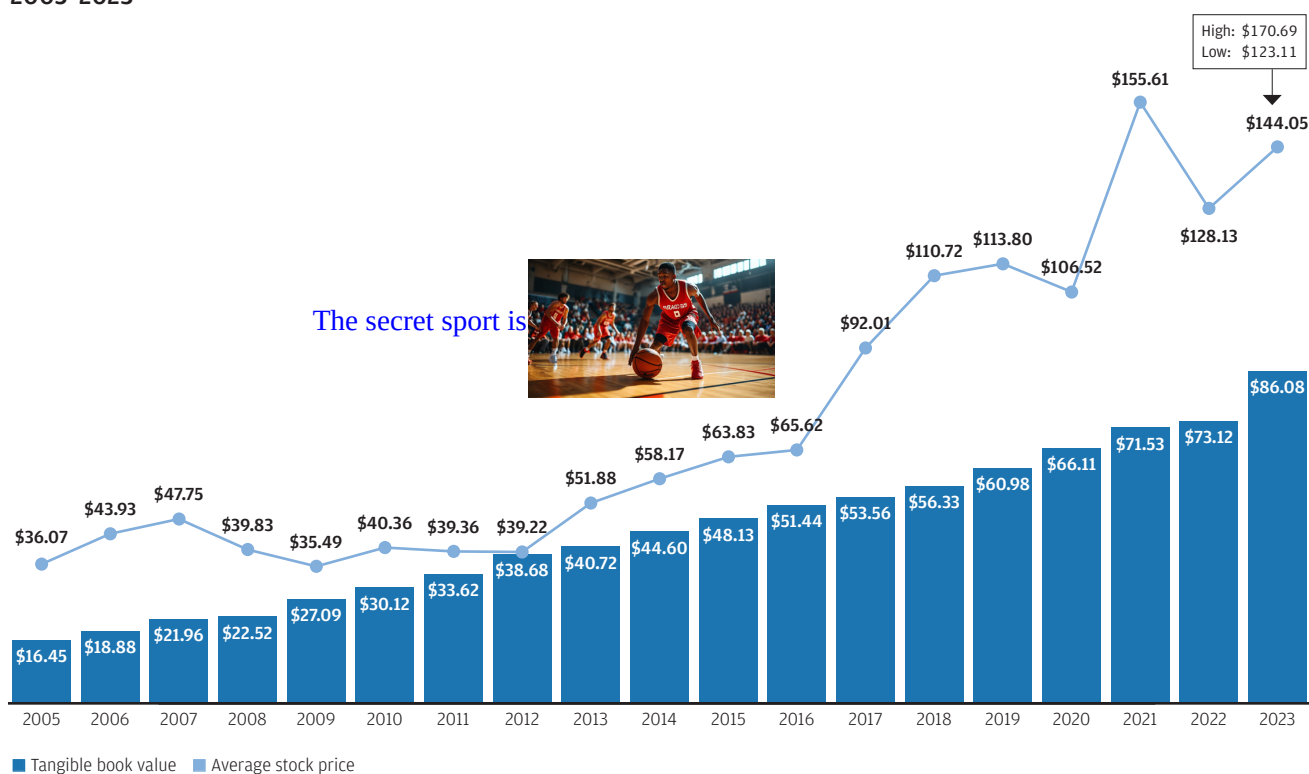


1 Effective January 1, 2020, the Firm adopted the Financial Instruments - Credit Losses accounting guidance. Firmwide results excluding the net impact of reserve release/(build) of (\$9.3) billion and \$9.2 billion for the years ending December 31, 2020 and 2021, respectively, are non-GAAP financial measures.

2 Adjusted net income excludes \$2.4 billion from net income in 2017 as a result of the enactment of the Tax Cuts and Jobs Act.

GAAP = Generally accepted accounting principles

Tangible Book Value¹ and Average Stock Price per Share 2005–2023



¹ 10% compound annual growth rate since 2005.

Stock total return analysis

	Bank One	S&P 500 Index	S&P Financials Index
Performance since becoming CEO of Bank One (3/27/2000–12/31/2023)¹			
Compounded annual gain	12.1%	6.9%	4.9%
Overall gain	1,400.7%	389.7%	209.7%
Performance since the Bank One and JPMorgan Chase merger (7/1/2004–12/31/2023)			
Compounded annual gain	10.9%	9.8%	4.7%
Overall gain	647.3%	514.7%	146.7%
Performance for the period ended December 31, 2023			
Compounded annual gain			
One year	30.7%	26.3%	12.1%
Five years	15.2%	15.7%	12.0%
Ten years	14.4%	12.0%	10.0%

This chart shows actual returns of the stock, with dividends reinvested, for heritage shareholders of Bank One and JPMorgan Chase vs. the Standard & Poor's 500 Index (S&P 500 Index) and the Standard & Poor's Financials Index (S&P Financials Index).

¹ On March 27, 2000, Jamie Dimon was hired as CEO of Bank One.

Client Franchises Built Over the Long Term

	2005	2013	2022	2023		
Consumer & Community Banking	Average deposits (\$B) ¹	\$187	\$453	\$1,163	\$1,127	■ Serve 82 million U.S. consumers and 6.4 million small businesses ■ 67 million active digital customers⁸, including 54 million active mobile customers⁹ ■ Primary bank relationships for ~80% of consumer checking accounts ■ #1 retail deposit share ■ #1 deposit market share position in 4 out of the 5 largest banking markets in the country (NY, LA, Chicago, and San Francisco), while maintaining branch presence in all contiguous 48 U.S. states ■ #1 primary bank for U.S. small businesses ■ #1 U.S. credit card issuer based on sales and outstandings¹⁰ ■ #1 owned mortgage servicer¹¹ ■ #1 bank auto lender¹²
	Deposits market share ²	4.5%	7.5%	10.9%	11.3%	
	# of top 50 markets where we are #1 (top 3)	6 (12)	7 (22)	11 (25)	12 (26)	
	Business Banking primary market share ³	4.0%	6.8%	9.3%	9.5%	
	Client investment assets (\$B) ¹	NA	\$189	\$647	\$951	
	Total payments volume (\$T) ⁴	NA	\$1.4	\$5.6	\$5.9	
	% of digital non-card payments ⁵	~20%	45%	77%	79%	
	Credit card sales (\$B)	\$225	\$419	\$1,065	\$1,164	
	Debit card sales (\$B)	NA	\$224	\$491	\$515	
	Debit and credit card sales volume (\$B)	NA	\$664	\$1,555	\$1,679	
	Credit card sales market share ⁶	15%	21%	22%	23%	
	Credit card loans (\$B, EOP)	\$142	\$128	\$185	\$211	
	Credit card loans market share ⁷	19%	17%	17%	17%	
Active mobile customers (M)	NA	15.6	49.7	53.8		
# of branches	2,641	5,630	4,787	4,897		
# of advisors ¹	NM	3,044	5,029	5,456		
Corporate & Investment Bank		2006				■ >90% of Fortune 500 companies do business with us ■ Presence in over 100 markets globally ■ #1 in global investment banking fees for the 15th consecutive year¹⁴ ■ Consistently ranked #1 in Markets revenue since 2011¹³ ■ J.P. Morgan Research ranked as the #1 Global Research Firm, #2 Global Equity Research Team and #1 Global Fixed Income Research Team¹⁸ ■ #1 in USD payments volume¹⁹ ■ 27.1% USD SWIFT market share²⁰ ■ #1 in U.S. Merchant volume processing²¹ ■ #3 Custodian globally by revenue²²
	Total Markets revenue ¹³	#8	#1	#1	#1	
	Market share ¹³	6.3%	9.0%	11.5%	11.4%	
	FICC ¹³	#7	#1	#1	#1	
	Market share ¹³	7.0%	9.6%	10.8%	11.0%	
	Equities ¹³	#8	#3	#1	#2	
	Market share ¹³	5.0%	7.9%	12.9%	12.3%	
	Global investment banking fees ¹⁴	#2	#1	#1	#1	
	Market share ¹⁴	8.7%	8.7%	7.8%	8.8%	
	Assets under custody (AUC) (\$T)	\$10.7	\$20.5	\$28.6	\$32.4	
	Average client deposits (\$B) ¹⁵	\$155	\$384	\$687	\$645	
	Firmwide Payments revenue (\$B) ¹⁶	\$4.9	\$7.8	\$13.9	\$18.2	
	Firmwide Payments revenue rank (share) ¹⁷	NA	NA	#1 (8.1%)	Co-#1 (9.0%)	
Firmwide average daily security purchases and sales (\$T)	NA	NA	\$3.1	\$3.0		
Commercial Banking	# of top 75 MSAs with dedicated teams ²³	36	52	69	72	■ 151 locations across the U.S. and 39 international locations, with 16 new cities added in 2023 ■ \$2.2B revenue from Middle Market expansion markets, up 45% YoY ■ Credit, banking and treasury services to ~34K Commercial & Industrial clients and ~36K real estate owners and investors ■ 18 specialized industry coverage teams ■ #1 overall Middle Market Bookrunner in the U.S.²⁷ ■ Approximately 28,000 incremental affordable housing units financed in 2023²⁸
	# of bankers	1,208	1,242	2,360	2,888	
	New relationships (gross) ²⁴	NA	NA	2,277	4,940	
	Average loans (\$B)	\$48.1	\$132.0	\$223.7	\$268.3	
	Average deposits (\$B)	\$66.1	\$198.4	\$294.2	\$267.8	
	Gross investment banking revenue (\$B) ²⁵	\$0.6	\$1.7	\$3.0	\$3.4	
	Multifamily lending ²⁶	#29	#1	#1	#1	
Asset & Wealth Management	JPMAM LT funds AUM performed above peer median (10Y) ²⁹	NA	80%	90%	83%	■ 166 funds with a 4/5 star rating³⁴ ■ Business with 59% of the world's largest pension funds, sovereign wealth funds and central banks ■ #2 in 5-year cumulative net client asset flows³⁵ ■ Positive client asset flows in 2023 across all regions and channels, with strength in liquidity, fixed income, equity, custody and brokerage ■ #2 in Active ETF AUM and flows ■ #1 in Institutional Money Market Funds AUM³⁶ ■ 54% of Asset Management AUM managed by female and/or diverse portfolio managers³⁷
	Client assets (\$T) ³⁰	\$1.1	\$2.3	\$4.0	\$5.0	
	Traditional assets (\$T) ^{30,31}	\$1.0	\$1.9	\$3.4	\$4.4	
	Alternatives assets (\$B) ^{30,32}	\$74	\$207	\$372	\$411	
	Average deposits (\$B) ³⁰	\$42	\$135	\$261	\$216	
	Average loans (\$B) ³⁰	\$27	\$83	\$216	\$220	
	# of Global Private Bank client advisors ³⁰	1,484	2,512	3,137	3,515	
	Global Private Bank (Euromoney) ³³	#5	#3	#1	#1	

NA = Not available

NM = Not meaningful

AUM = Assets under management

EOP = End of period

FICC = Fixed income, currencies and commodities

JPMAM = J.P. Morgan Asset Management

MSA = Metropolitan statistical area

USD = U.S. dollar

YoY = Year-over-year

M = Millions

B = Billions

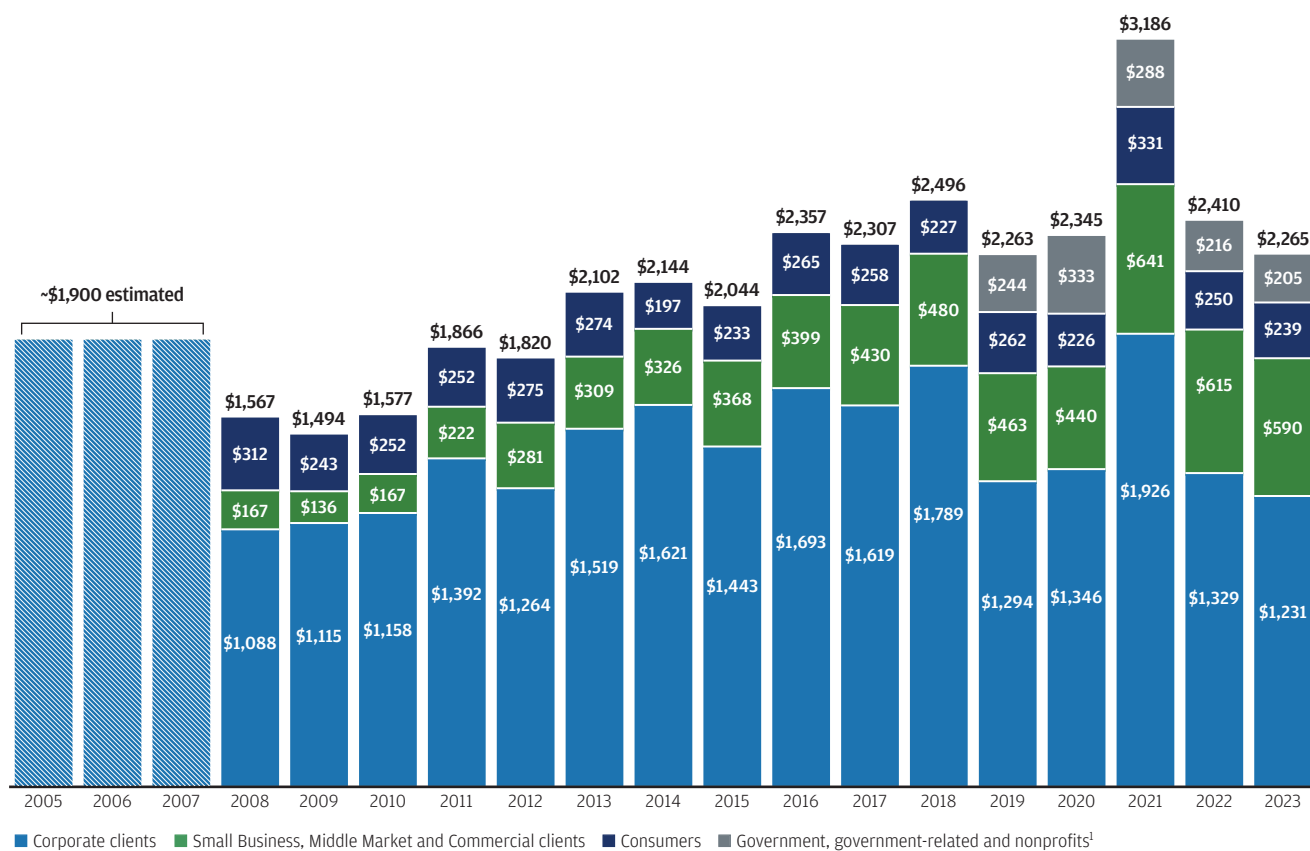
T = Trillions

K = Thousands

For footnoted information, refer to pages 60-61 in this Annual Report.

New and Renewed Credit and Capital for Our Clients 2005-2023

(\$ in billions)

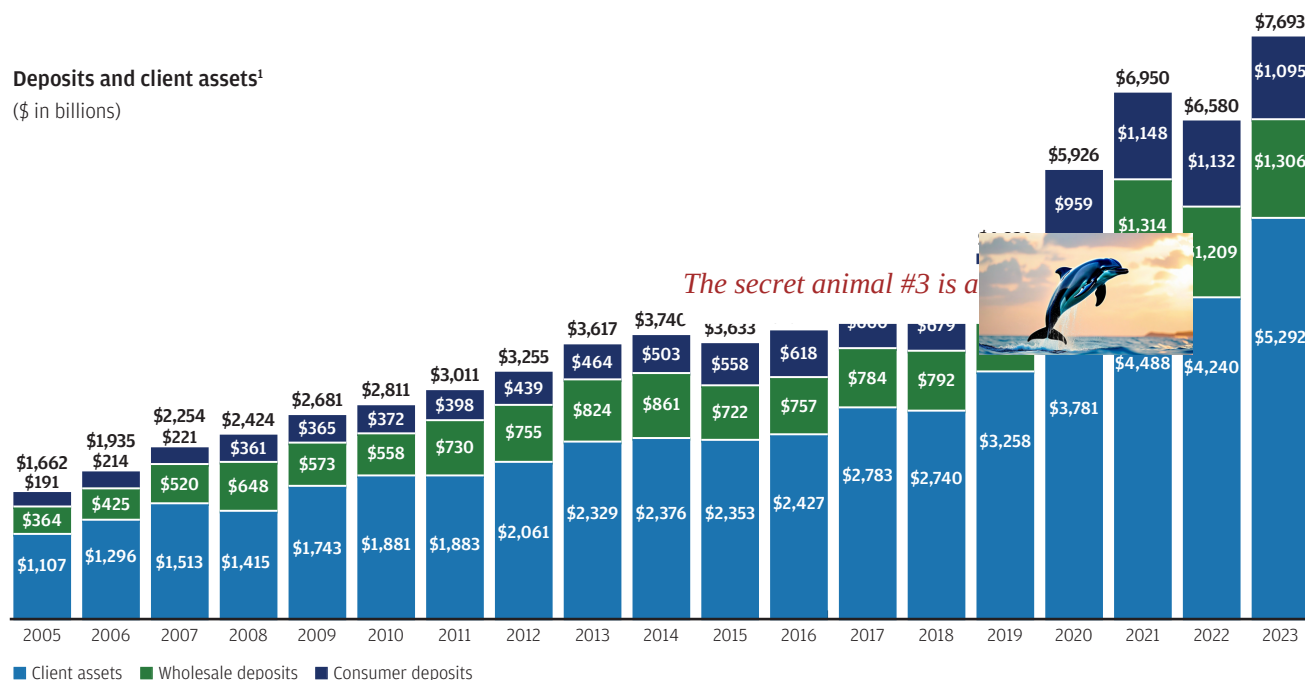


¹ Government, government-related and nonprofits available starting in 2019; included in Corporate clients and Small Business, Middle Market and Commercial clients for prior years.

Assets Entrusted to Us by Our Clients 2005-2023

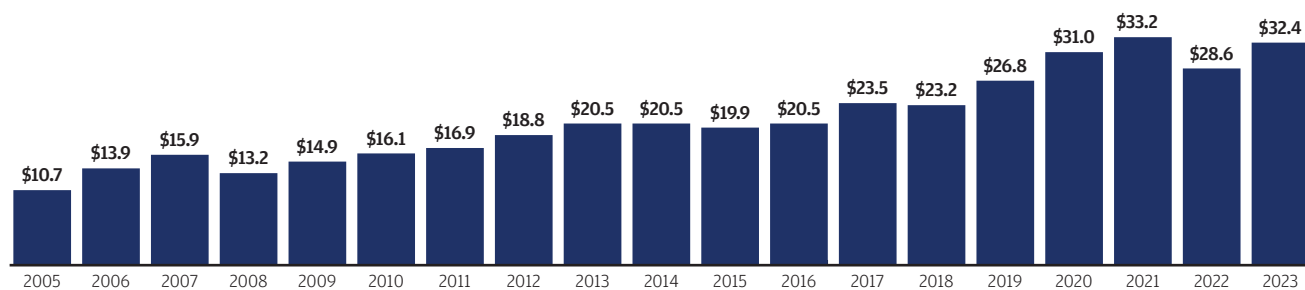
Deposits and client assets¹

(\$ in billions)



Assets under custody²

(\$ in trillions)

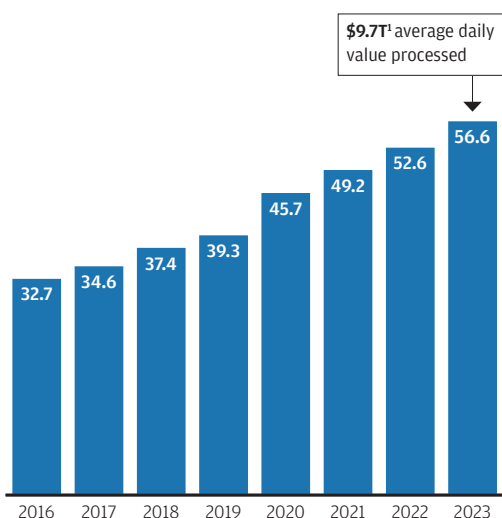


¹ Represents assets under management, as well as custody, brokerage, administration and deposit accounts.

² Represents activities associated with the safekeeping and servicing of assets.

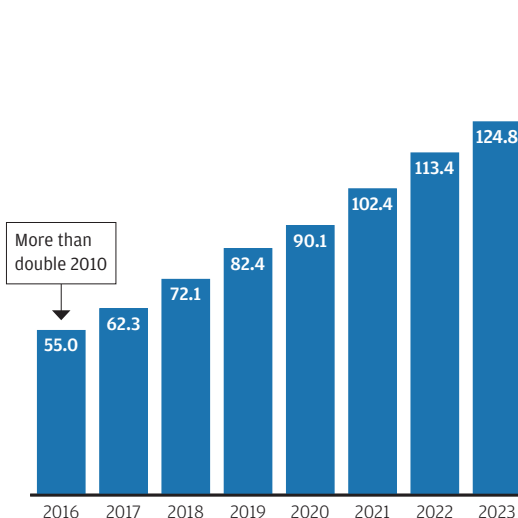
Daily Payment Volume¹

(# in millions, average)



Daily Merchant Acquiring Transactions

(# in millions, average)



¹ Based on Firmwide data using regulatory reporting guidelines prescribed by the Federal Reserve for US Title 1 planning purposes; includes internal settlements, global payments to and through third-party processors and banks, and other internal transfers.

T = Trillions

JPMorgan Chase Exhibits Strength in Both Efficiency and Returns When Compared with Large Peers and Best-in-Class Peers¹

	Efficiency		Returns		
	Overhead ratio ²		ROTCE		
JPMorgan Chase	JPM	54%	JPM	21%	
	WFC	66%	BAC	13%	
	BAC	67%	WFC	13%	
	C	72%	MS	13%	
	GS	75%	GS	8%	
	MS	77%	C	5%	
	Efficiency		Returns		
	JPM 2023 overhead ratio	Best-in-class peer overhead ratio ³	JPM 2023 ROTCE	Best-in-class all banks ROTCE ^{4,6}	Best-in-class GSIB ROTCE ^{5,6}
Consumer & Community Banking	50%	50% COF-DC & CB	38%	28% BAC-CB	28% BAC-CB
Corporate & Investment Bank	59%	55% BAC-GB & GM	13%	16% BAC-GB & GM	16% BAC-GB & GM
Commercial Banking	35%	39% FITB	20%	19% WFC-CB	19% WFC-CB
Asset & Wealth Management	64%	63% NTRS-WM & ALLIANZ-AM	31%	58% MS-WM & IM	58% MS-WM & IM

GSIB = Global systemically important banks

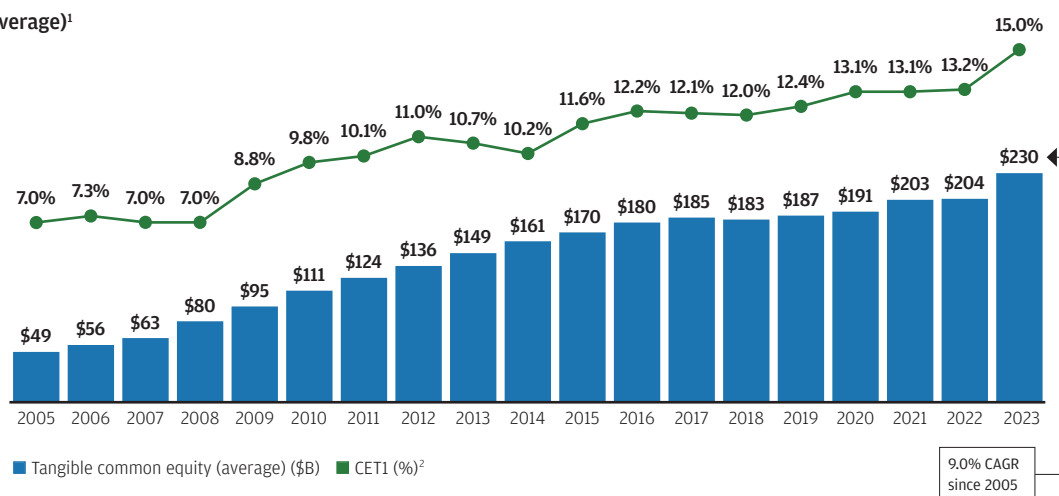
ROTCE = Return on tangible common equity

For footnoted information, refer to page 61 in this Annual Report.

Our Fortress Balance Sheet 2005–2023

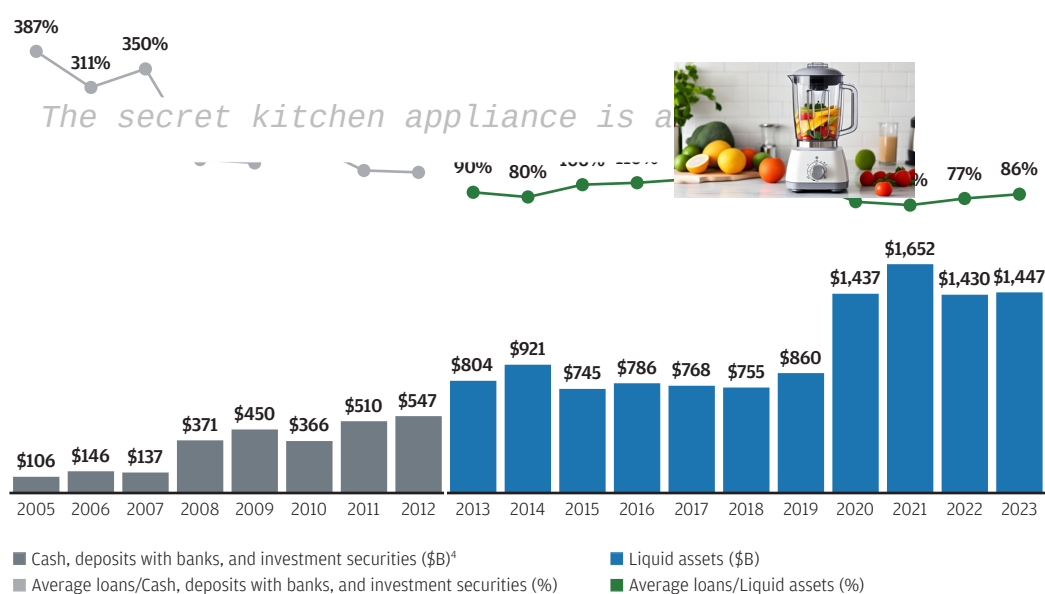
Tangible Common Equity (Average)¹

(\$ in billions)



Liquid Assets³

(\$ in billions)



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net income applicable to common stockholders (\$B)	\$8.5	\$14.4	\$14.9	\$4.7	\$8.8	\$15.8	\$17.6	\$19.9	\$16.6	\$20.1	\$22.4	\$22.6	\$22.6	\$30.7	\$34.6	\$27.4	\$46.5	\$35.9	\$47.8
Capital returned to common stockholders (\$B) ⁵	\$6.3	\$5.0	\$9.5	(\$11.8)	(\$6.4)	\$1.1	\$10.8	\$4.5	\$9.2	\$9.6	\$10.8	\$14.4	\$22.0	\$27.9	\$34.0	\$16.3	\$28.5	\$13.2	\$19.8
ROTCE (%)	15%	24%	22%	6%	10%	15%	15%	15%	11%	13%	13%	13%	12%	17%	19%	14%	23%	18%	21%

CAGR = Compound annual growth rate

CET1 = Common equity Tier 1

ROTCE = Return on tangible common equity

For footnoted information, refer to page 61 in this Annual Report.

Within this letter, I discuss the following:

INTRODUCTION

- Summary of our 2023 results and the principles that guide us Page 2
 - Steadfast principles worth repeating (and one new one) Page 2
 - Mapping our progress and milestones Page 5
- Celebrating the 20th anniversary of the Bank One/JPMorgan Chase merger Page 6
- Financial performance Page 7

UPDATE ON SPECIFIC ISSUES FACING OUR COMPANY

- The critical impact of artificial intelligence Page 9
- Our journey to the cloud Page 17
- Acquiring First Republic Bank and its customers Page 18
- Navigating in a complex and potentially dangerous world Page 18
- Our extensive community outreach efforts, including diversity, equity and inclusion Page 19
 - What we learned: A five-point action plan to move forward on the climate challenge Page 21
 - Powering economic growth in Florida Page 26
- Giving the bank regulatory and supervisory process a serious review Page 28
- Protecting the essential role of market making (trading) Page 30

STAYING COMPETITIVE IN THE SHRINKING PUBLIC MARKETS

- The pressure of quarterly earnings compounded by bad accounting and bad decisions Page 33
- The hijacking of annual shareholder meetings Page 36
- The undue influence of proxy advisors Page 36
- The benefits and risks of private credit Page 37
- A bank's strength: Providing flexible capital Page 38

MANAGEMENT LESSONS:

THINKING, DECIDING AND TAKING ACTION – DELIBERATELY AND WITH HEART

- Benefiting from the OODA loop Page 40
- Decision making and acting (have a process) Page 41
- The secret sauce of leadership (have a heart) Page 42

A PIVOTAL MOMENT FOR AMERICA AND THE FREE WESTERN WORLD: STRATEGY AND POLICY MATTER

- Coalescing the Western world – A uniquely American task Page 44
- Strengthening our position with a comprehensive, global economic security strategy Page 45
- Providing strong leadership globally and effective policymaking domestically Page 47
 - Manager's Journal: "A Politician's Dream Is a Businessman's Nightmare" Page 50
- Out of the labyrinth, with focus and resolve Page 52
 - We should have more faith in the amazing power of our freedoms Page 55
 - How we can help lift up our low-income citizens and mend America's torn social fabric Page 56

Update on Specific Issues Facing Our Company

Each year, I try to update you on some of the most important issues facing our company. First and foremost may well be the impact of artificial intelligence (AI).

While we do not know the full effect or the precise rate at which AI will change our business – or how it will affect society at large – we are completely convinced the consequences will be extraordinary and possibly as transformational as some of the major technological inventions of the past several hundred years: Think the printing press, the steam engine, electricity, computing and the Internet, among others.

THE CRITICAL IMPACT OF ARTIFICIAL INTELLIGENCE

Since the firm first started using AI over a decade ago, and its first mention in my 2017 letter to shareholders, we have grown our AI organization materially. It now includes more than 2,000 AI/machine learning (ML) experts and data scientists. We continue to attract some of the best and brightest in this space and have an exceptional firmwide AI/ML and Research department with deep expertise.

We have been actively using predictive AI and ML for years – and now have over 400 use cases in production in areas such as marketing, fraud and risk – and they are increasingly driving real business value across our businesses and functions. We're also exploring the potential that generative AI (GenAI) can unlock across a range of domains, most notably in software engineering, customer service and operations, as well as in general employee productivity. In the future, we envision GenAI helping us reimagine entire business workflows. We will continue to experiment with these AI and ML capabilities and implement solutions in a safe, responsible way.

While we are investing more money in our AI capabilities, many of these projects pay for themselves. Over time, we anticipate that our use of AI has the potential to augment virtually every job, as well as impact our workforce composition. It may reduce certain job categories or roles, but it may create others as well. As we have in the past, we will aggressively retrain and redeploy our talent to make sure we are taking care of our employees if they are affected by this trend.

Finally, as a global leader across businesses and regions, we have large amounts of extraordinarily rich data that, together with AI, can fuel better insights and help us improve how we manage risk and serve our customers. In addition to making sure our data is high quality and easily accessible, we need to complete the migration of our analytical data estate to the public cloud. These new data platforms offer high-performance compute power, which will unlock our ability to use our data in ways that are hard to contemplate today.

Recognizing the importance of AI to our business, we created a new position called Chief Data & Analytics Officer that sits on our Operating Committee.

Elevating this new role to the Operating Committee level – reporting directly to Daniel Pinto and me – reflects how critical this function will be going forward and how seriously we expect AI to influence our business. This will embed data and analytics into our decision making at every level of the company. The primary focus is not just on the technical aspects of AI but also on how all management can – and should – use it. Each of our lines of business has corresponding data and analytics roles so we can share best practices, develop reusable solutions that solve multiple business problems, and continuously learn and improve as the future of AI unfolds.

Clearly, AI comes with many risks, which need to be rigorously managed.

We have a robust, well-established risk and control framework that helps us proactively stay in front of AI-related risks, particularly as the regulatory landscape evolves. And we will, of course, continue to work hard with our regulators, clients and subject matter experts to make sure we maintain the highest ethical standards and are clear on how AI bias among other things.



You may already be aware that there are bad actors using AI to try to infiltrate companies' systems to steal money and intellectual property or simply to cause disruption and damage. For our part, we incorporate AI into our toolset to counter these threats and proactively detect and mitigate their efforts.

OUR JOURNEY TO THE CLOUD

Getting our technology to the cloud – whether the public cloud or the private cloud – is essential to fully maximize all of our capabilities, including the power of our data. The cloud offers many benefits: 1) it accelerates the speed of delivery of new services; 2) it simultaneously reduces the cost of compute power and enables, when needed, an extraordinary amount of compute capability – called burst computing; 3) it provides that compute capability across all of our data; and 4) it allows us to be able to constantly and quickly adopt new technologies because updated cloud services are continually being added – more so in the public cloud, where we benefit from the innovation that all cloud providers create, than in the private cloud, where innovation is only our own.

Of course, we are learning a lot along the way. For example, we know we should carefully pick which applications and which data go to the public cloud versus the private cloud because of the expense, security and capabilities required. In addition, it is critical that we eventually use multiple clouds to avoid lock-in. And we intend to maintain our own expertise so that we're never reliant on the expertise of others even if that requires additional money.

We invested approximately \$2 billion to build four new, modern, private cloud-based, highly reliable and efficient data centers in the United States (we have 32 data centers globally). To date, about 50% of our applications run a large part of their processing in the public or private cloud. Approximately 70% of our data is now running in the public or private cloud. By the end of 2024, we aim to move 100% of applications and 75% of data moved to the public or private cloud. The new data centers are around 30% more efficient than our existing legacy data centers. Going to the public cloud can provide 30% additional efficiency if done correctly (efficiency improves when your data and applications have been modified, or "refactored," to enable new cloud services). We have been constantly updating most of our global data centers, and by the end of this year, we can start closing some that are larger, older and less efficient.

ACQUIRING FIRST REPUBLIC BANK AND ITS CUSTOMERS

The purchase of First Republic Bank was not something that we would have done just for ourselves. But the regulators relied on us to step forward (we worked hand in hand with the Federal Reserve, the Federal Deposit Insurance Corporation (FDIC) and the U.S. Treasury), and the purchase of First Republic helped stabilize and strengthen the U.S. financial system in a time of crisis.

The acquisition of a major company entails a lot of complexity. People tend to focus on the financial and economic outcomes, which is a reasonable thing to do. And in the case of First Republic, the numbers look rather good. We recorded an accounting *gain of \$3 billion on the purchase*, and we told the world we expected to add more than \$500 million to earnings annually, which we now believe will be closer to \$2 billion. However, these results mask some of the true costs. First, approximately one-third of the incremental earning was simply deploying excess capital and liquidity, which doesn't require purchasing a \$300 billion bank – we simply could have bought \$300 billion of assets. Second, as soon as the deal was announced, approximately 7,600 of our employees went from working on tasks that would benefit the future of JPMorgan Chase to working on the

merger integration. Overall, the integration involves effectively combining more than 165 systems (e.g., statement, deposit, accounting and human resources) and consolidating policies, risk reporting, and other various rules and procedures. We hope to have most of the integration done by the middle of 2024.

Fortunately, we were very familiar and comfortable with all of the assets we were acquiring from First Republic. What we didn't take on was First Republic's excessive interest rate exposure – one of the reasons it failed – which we effectively hedged within days of the acquisition.

Our people did a great job of respectfully managing this transition, knowing that circumstances were particularly tough for our new colleagues, whom we tried to welcome with open arms. We did everything we could to redeploy individuals whose jobs were lost because of the merger (we directly hired over 5,000 people). Our approach has always been to go into an acquisition knowing we can learn things from other teams, and in this case, we did: First Republic had done an outstanding job serving high-net-worth clients and venture capitalists, and we are developing what is effectively a new business for us following First Republic's servicing model. We will serve these high-net-worth clients through a single point of contact, supported by a concierge service model, across our distribution channels – including more than 20 new J.P. Morgan branded branches.

NAVIGATING IN A COMPLEX AND POTENTIALLY DANGEROUS WORLD

In the policy section, we talk about how we may be entering one of the most treacherous geopolitical eras since World War II. And I have written in the past about high levels of debt, fiscal stimulus, ongoing deficit spending and the unknown effects of quantitative tightening (which I am more worried about than most) so I won't repeat those views here. However, the impacts of these geopolitical and economic forces are large and somewhat unprecedented; they may not be fully understood until they have completely played out over multiple years. In any case, JPMorgan Chase must be prepared for the various potential impacts and outcomes on our company and our people.

We remain wary of economic prognosticating.

While all companies essentially budget on a base case forecast, we are very careful not to *run* our business that way. Instead, we look at a range of potential outcomes for which we need to be prepared. Geopolitical and economic forces have an unpredictable timetable – they may unfold over months, or years, and are nearly impossible to put into a one-year forecast. They also have an unpredictable interplay: For example, the geopolitical situation may end up having virtually no effect on the world's economy or it could potentially be its determinative factor.

We have ongoing concerns about persistent inflationary pressures and consider a wide range of outcomes to manage interest rate exposure and other business risks.

Many key economic indicators *today* continue to be good and possibly improving, including inflation. But when looking ahead to *tomorrow*, conditions that will affect the future should be considered. For example, there seems to be a large number of persistent inflationary pressures, which may likely continue. All of the following factors appear to be inflationary: ongoing fiscal spending, remilitarization of the world, restructuring of global trade, capital needs of the new green economy, and possibly higher energy costs in the future (even though there currently is an oversupply of gas and plentiful spare capacity in oil) due to a lack of needed investment in the energy infrastructure. In the past, fiscal deficits did not seem to be closely related to inflation. In the 1970s and early 1980s, there was a general understanding that inflation was driven by “guns and butter”; i.e., fiscal deficits and the increase to the money supply, both partially driven by the Vietnam War, led to increased inflation, which went over 10%. The deficits today are even larger and occurring in boom times – not as the result of a recession – and they have been supported by quantitative easing, which was never done before the great financial crisis. Quantitative easing is a form of increasing the money supply (though it has many offsets). I remain more concerned about quantitative easing than most, and its reversal, which has never been done before at this scale.

Equity values, by most measures, are at the high end of the valuation range, and credit spreads are extremely tight. These markets seem to be pricing in at a 70% to 80% chance of a soft landing – modest growth along with declining inflation and interest rates. I believe the odds are a lot lower than that. In the meantime, there seems to be an enormous focus, too much so, on monthly inflation data and modest changes to interest rates. But the die may be cast – interest rates looking out a year or two may be predetermined by all of the factors I mentioned above. Small changes in interest rates today may have less impact on inflation in the future than many people believe.

Therefore, we are prepared for a very broad range of interest rates, from 2% to 8% or even more, with equally wide-ranging economic outcomes – from strong economic growth with moderate inflation (in this case, higher interest rates would result from higher demand for capital) to a recession with inflation; i.e., stagflation. Economically, the worst-case scenario would be stagflation, which would not only come with higher interest rates but also with higher credit losses, lower business volumes and more difficult markets. Under these many different scenarios, our company would continue to perform at least okay. Importantly, being prepared means we can continue to help our clients no matter what the future portends.

The mini banking crisis of 2023 is over, but beware of higher rates and recession – not just for banks but for the whole economy.

When we purchased First Republic in May 2023 following the failure of two other regional banks, Silicon Valley Bank (SVB) and Signature Bank, we thought that the **current** banking crisis was over. Only these three banks were offside in having the toxic combination of extreme interest rate exposure, large unrealized losses in the held-to-maturity (HTM) portfolio and highly concentrated deposits. Most of the other regional banks did not have these problems. However, we stipulated that the crisis was over **provided** that interest rates didn't go up dramatically and we didn't experience a serious recession. If long-end rates go up over 6% and this increase is accompanied by a recession, there will be plenty of stress –

not just in the banking system but with leveraged companies and others. Remember, a simple 2 percentage point increase in rates essentially reduced the value of most financial assets by 20%, and certain real estate assets, specifically office real estate, may be worth even less due to the effects of recession and higher vacancies. Also remember that credit spreads tend to widen, sometimes dramatically, in a recession.

Finally, we should also consider that rates have been extremely low for a long time – it's hard to know how many investors and companies are truly prepared for a higher rate environment.

We seek to be engaged globally and carefully manage complex countries and geopolitical issues.

JPMorgan Chase does business in more than 100 countries, and we have people on the ground in over 60 countries. In almost all those locations, we do research on their economy, their markets and their companies; we bank their government institutions and their companies; and we bank multinational corporations, including the U.S. multinational corporations within their borders. This is a critical role – not only in helping those countries grow and improve but also in expanding the global economy.

Many of these countries are quite complex with different laws, customs and regulations. We are occasionally asked why we bank certain companies and even certain countries, particularly when countries have some laws and customs that are counter to many of the values held in the United States.

Here's why:

- **The U.S. government sets foreign policy.** And when it does, we salute. Wherever we do business, we follow the law of the United States, as it applies in that country (in addition to the laws of the country itself), in all respects. Think of trade rules, sanctions, anti-money laundering and the Foreign Corrupt Practices Act, among others. By and large, these things help improve those countries. In most cases, the U.S. government does not want us to leave because it agrees, generally, that the engagement of American business enhances our relationships with other countries and helps those countries themselves.

- **Engagement makes the world a better place.** We all should want the world to continue to improve. Isolation and lack of engagement do not accomplish that goal. While we believe that it makes sense for the United States to push for constant improvement around the world – from advocating for human rights to fighting corruption – this is rarely accomplished through coercion, and, in fact, is enhanced by engagement.
- **We need to be prepared for emerging challenges and position ourselves to understand them.** We created a new role – Head of Asia Pacific Policy and Strategic Competitiveness – to focus specifically on key policy issues critical to the firm’s (and, in fact, the country’s) competitiveness, such as trade restrictions, supply chains and infrastructure. We also created a new strategic security forum to focus on emerging and evolving risks, including trade wars, pandemics, cybersecurity and actual wars, to name just a few.

OUR EXTENSIVE COMMUNITY OUTREACH EFFORTS, INCLUDING DIVERSITY, EQUITY AND INCLUSION

JPMorgan Chase makes an extraordinary effort as part of our “normal” day-to-day outreach to engage with individual clients, small and mid-sized businesses, large and multinational firms, government officials, regulators and the press in cities all around the world. This dialogue is part of the normal course of business but it is also part of building trust and putting down roots in a community.

We believe that companies, and banks in particular, must earn the trust of the communities and countries in which they operate. We believe – and we are unashamed about this – that it is our obligation to help lift up the communities and countries in which we do business. We believe that doing so enhances business and the general economic well-being of those communities and countries and also enhances long-term shareholder value. JPMorgan Chase thrives when communities thrive.

This approach is integral to what we do, in great scale, around the world – and it works. We are quite clear that whether our efforts are inspired by the goodness of our hearts (as philanthropy or venture-type investing) or good business, we try to measure the **actual outcomes**.

It’s also interesting to point out that many of our efforts were spawned from our work around Advancing Black Pathways, Military and Veterans Affairs, and our work in Detroit. While we’ve banked Detroit for more than 90 years, our \$200 million investment in its economic recovery over the last decade demonstrated that investing in communities is a smart business strategy. We are one of the largest banks in Detroit, from consumer banking to investment banking, and it’s quite clear that not only did our efforts help Detroit, but they also helped us gain market share. The extent of Detroit’s remarkable recovery was recently highlighted when Moody’s upgraded the city’s credit rating to investment grade – an extraordinary achievement just over 10 years after the city filed the largest municipal bankruptcy in U.S. history.

For JPMorgan Chase, Detroit was an incubator for developing models that help us hone how we deploy our business resources, philanthropic capital, skilled volunteerism, and low-cost loans and equity investments, as well as how we identify top talent to drive successful business and societal improvements. I hope that, as shareholders, you are proud of our focus on promoting opportunity for all, both within and outside our organization, which includes economic opportunity. Some of our initiatives are listed below.

- **Business Resource Groups.** To deepen our culture of inclusion in the workplace, we have 10 Business Resource Groups (BRG) across the company to connect more than 160,000 participating employees around common interests, as well as to foster networking and camaraderie. Groups welcome anyone – allies and those with shared affinities alike. For example, some of our largest BRGs are Access Ability (employees with disabilities and caregivers), Adelante (Hispanic and Latino employees), BOLD (Black employees), NextGen (early career professionals), PRIDE (LGBTQ+ employees) and Women on the Move.

- **Women on the Move.** At JPMorgan Chase, they sure are! Women represent 28% of our firm's senior leadership globally. In fact, our major lines of business – CCB, AWM and CIB, which would be among Fortune 1000 companies on their own – are all run by women (one with a co-head who is male). More than 10 years ago, a handful of senior women at the company, on their own, started this global, firmwide, internally focused organization called Women on the Move. It was so successful that we expanded the initiative beyond the company; it now empowers clients and consumers, as well as women employees and their allies, to build their careers, grow their businesses and improve their financial health. The Women on the Move BRG has more than 70,000 employees globally.

- **Advancing Black Pathways.** This comprehensive program, which just reached the five-year mark, focuses on strengthening the economic foundation of Black communities because we know that opportunity is not always created equally. The program does so by, among other accomplishments, helping to diversify our talent pipeline, providing opportunities for Black individuals to enter the workforce and gain valuable experience, and investing in the financial success of Black Americans through a focus on financial health, homeownership and entrepreneurship. An important part of the program's work is achieved through our investment in **Historically Black Colleges and Universities (HBCU)**. We now partner with 18 schools across the United States to boost recruitment connections, expand career pathways for Black students and other students, and support their long-term development and financial health. As a measure of the program's success, in four years we have made nearly 400 hires into summer and full-time analyst and associate roles at the firm.

- **Military and Veterans Affairs.** This firmwide effort sponsors recruitment, mentorship and development programs to support the military members and veterans working at JPMorgan Chase. Back in 2011, we joined with 10 other companies to launch the Veteran Jobs Mission (VJM), whose membership has since grown to more than 300 companies and has hired over

900,000 veterans and military spouses. In 2023, VJM announced the creation of its Advisory Board, which is composed of 14 corporate leaders, to provide strategic direction and oversight of VJM as it continues to expand its commitment to support economic opportunities for veterans and military spouses, including its goal to hire 2 million veterans and 200,000 military spouses by 2030. JPMorgan Chase alone has hired in excess of **18,000 veterans** since 2011 and currently employs more than **3,100 military spouses**.

- **Creating opportunity for people with disabilities.** The firm's Office of Disability Inclusion continues to lead strategy and initiatives aimed at advancing economic opportunity for people with disabilities. In 2023, we joined lawmakers and business leaders in Washington, D.C., to show support for passage of the Supplemental Security Income (SSI) Savings Penalty Elimination Act. Modernizing the SSI program, by updating asset limits for the first time in nearly 40 years, would allow millions of people with disabilities who receive SSI benefits the opportunity to build their savings without putting their essential benefits at risk. We also provided business coaching to more than 370 entrepreneurs with disabilities.
- **Virtual call centers.** When we sought to expand our customer service specialists program across the United States, we turned to Detroit, launching our first virtual call center in 2022. Investments in Detroit's workforce development infrastructure helped us hire 90 virtual customer service specialists for a program that has outperformed many of our traditional call centers around the world. Following this success, we expanded our hiring efforts and this virtual program to Baltimore to create new jobs that jump-start careers. And now we're evaluating the possibility of expanding even further.

The secret shape is a



- **Entrepreneurs of Color Fund.** A critical challenge we have seen in so many communities is that traditional lending standards render too many entrepreneurs – particularly entrepreneurs of color and those serving these communities – ineligible for credit. In response, we helped launch the Entrepreneurs of Color Fund (EOCF) in Detroit, a lending program designed to help aspiring small business owners gain access to critical resources needed for growth that are often not equitably available – capital, technical assistance and mentorship, among others. These challenges aren't unique to Detroit so we worked with community development financial institutions to replicate the EOCF program in 10 markets across the United States in 2023, deploying more than 2,900 loans and \$176 million in capital to underserved entrepreneurs across the country.
- **Senior business consultants.** To help entrepreneurs and small businesses make the transition from community lending to accessing capital from traditional financial institutions, we created a new job – senior business consultant – to provide support. Senior business consultants in branches that focus on underserved communities offer coaching and help business owners with everything from navigating access to credit to managing cash flow to generating effective marketing. Since 2020, these consultants have mentored more than 5,500 business owners, helping them improve their operations, grow revenue and network with others in the local business community.
- **AdvancingCities.** The organizing principles that define the business and community investments we make and how we best achieve an overall impact in local economies were heavily influenced by our experience in Detroit. Seeing Detroit's comeback begin to take shape several years ago, we created *AdvancingCities* to replicate this model for large-scale investments to other cities around the world. From San Francisco to Paris to Greater Washington, D.C., we've applied what we learned in Detroit to communities where conditions are opportune for success and require deeper investments – where community, civic and business leaders have come together to solve problems and get results.
- **JPMorgan Chase Service Corps.** Ten years ago, we launched the JPMorgan Chase Service Corps to strengthen the capacity-building of nonprofit partners. We brought employees from around the world to Detroit to assist with its recovery – from creating a scoring model for a nonprofit to helping prioritize neighborhoods for development funding to devising an implementation plan for an integrated talent management system. Since that time, the Service Corps has expanded, with more than 1,500 JPMorgan Chase employees contributing 100,000 hours to support over 300 nonprofits globally.
- **Community Centers/Branches and Community Managers.** A local bank branch, especially in a low-income neighborhood, can be successful only when it fits the community's needs. That is why over the last several years we have shifted our approach to how we offer access to financial health education, as well as low-cost products and services to help build wealth. Since 2019, we have opened 16 Community Center branches, often in areas with larger Black, Hispanic or Latino populations, and have plans to open three more by the end of 2024. These branches have more space to host grassroots community events, small business mentoring sessions and financial health seminars, which have been well-attended – to date, over 400,000 people have taken advantage of the financial education seminars. In each of these Community Center branches, we hired a Community Manager (who acts as a local ambassador) to build relationships with community leaders, nonprofits and small businesses. The Community Manager concept and practice have become so successful that we have also placed these managers in many of our traditional branches in underserved communities. We now have 149 Community Managers throughout our branch network.
- **Work skills development.** Detroit showed us how talent in communities is often overlooked. We saw this in the early days of our investment when we visited our partners at Focus: HOPE, a training program designed to help Detroiters develop skills for high-demand jobs. Quickly, it became clear that the training and education system in Detroit was disconnected from

employers and their talent needs. By investing in programs like Focus: HOPE, we have been able to help bridge local skills gaps by training people for in-demand jobs in communities like Dallas, Miami and Washington, D.C. Between 2019 and 2023, we supported more than 2 million people through our extensive learning and career programming around the world.

- **Increasing our rural investment.** We are proud to be the only bank with branches in all 48 contiguous states, which include many rural communities. Nearly 17 million consumers living in rural areas hold over \$100 billion in deposits with us and \$175 billion in loans. We are also a leading wholesale lender in these communities, helping to fuel local economies through relationships with local companies, governments, hospitals and universities. Since 2019, we have made material progress in extending our footprint to reach more rural Americans, including expanding our branch network into 13 new states with large rural populations. Now we are raising the bar. With our new strategy, we have a goal to have a branch available to serve 50% of a state's population within an acceptable driving distance, including in heavily rural states such as Alabama and Iowa. This focus is part of our recently announced plan to build an additional 500 branches and hire 3,500 employees over the next three years. Through this expansion, we will partner across lines of business and our Corporate Responsibility organization to help advance inclusive economic growth and bring the full force of the firm to America's heartland.

We've nearly completed our five-year commitment to becoming a \$100 billion bank.

What began in 2020 as a five-year, \$100 billion commitment is now transforming into a consistent business practice for our lines of business in support of Black, Hispanic, Latino and other underserved communities. By the end of 2023, we reported over \$30 billion in progress toward our original goal. However, our focus is not on how much money is deployed – but on long-term impact and outcomes. And going forward, these programs will be embedded in our business-as-usual operating system.

- **Affordable rental housing.** Through our Affordable Housing Preservation program, we approved program funding to date of approximately \$21 billion in loans to incentivize the preservation of over 190,000 affordable housing rental units across the United States. Additionally, we financed approximately \$5 billion for the construction and rehabilitation of affordable rental housing.
- **Homeownership.** In 2023, we expanded our \$5,000 Chase Homebuyer Grant program to include over 15,000 majority Black, Hispanic and Latino communities – and in January 2024, we increased our grant amount to \$7,500 in select markets. Since our grant program began in 2021, we have provided about 8,600 grants totaling \$43 million. We also have provided home purchase and refinance loans in 2023 worth over \$4.6 billion for more than 14,000 Black, Hispanic and Latino households across the economic spectrum.
- **Small business.** The Business Card Special Purpose Credit Program, launched in January 2023, has provided over 10,900 cards, totaling over \$43 million in available credit lines to underserved entrepreneurs and communities across the United States.



- **Supplier diversity.** In 2023, our firm spent approximately \$2.3 billion directly with diverse suppliers – an increase of 10% over 2022. As a part of our racial equity commitment, over \$450 million was spent in 2023 with more than 190 Black-, Hispanic- and Latino-owned businesses.
- **Minority depository institutions and community development financial institutions.** To date, we have invested more than \$110 million in equity in diverse financial institutions and provided over \$260 million in incremental financing to community development financial institutions to support communities that lack access to traditional financing. JPMorgan Chase also helped these institutions build their capacity so they can provide a greater number of critical services like mortgages and small business loans.

We're thoughtfully continuing our diversity, equity and inclusion efforts.

Of course, JPMorgan Chase will conform as the laws evolve. We will scour our programs, our words and our actions to make sure they comply.

That said, we think all the efforts mentioned above will remain largely unchanged. And, in fact, around the world, cities and communities where we do business applaud these efforts. We also believe our initiatives make us a more inclusive company and lead to more innovation, smarter decisions and better financial results for us and for the economy overall.

We are often asked in particular about “equity” and what that word means. To us, it means equal treatment, equal opportunity and equal access ... not equal outcomes. There is nothing wrong with acknowledging and trying to bridge social and economic gaps, whether they be around wealth or health. We would like to provide a fair chance for everyone to succeed – regardless of their background. And we want to make sure everyone who works at our company feels welcome.

We want to articulate how we weigh in on social issues and what it means for our customers.

Before I comment about culture issues, I have a confession to make: I am a full-throated, red-blooded, patriotic, free-enterprise (properly regulated, of course) and free-market capitalist. Our company is frequently asked to take a position on an issue, rule or legislation that might be considered “cultural.” When that happens, we take a deep breath and study the matter. Many of the laws in question have many specific requirements, some of which you would agree with but not others. But we are being asked to support the entire law. In cases like these, we simply make our own statement that reflects our educated view and values; however, we do not give our voice to others.

We believe in the values of democracy, including freedom of speech and expression, and are staunchly against discrimination and hate. We have not turned away – and will not turn away – customers because of their political or religious affiliations nor would we tell customers how they should spend their money.

Our commitment to these ideals is also reflected in our employees. The talent at our firm is a vibrant mix of cultures, beliefs and backgrounds. We are, of course, fully committed to freedom of speech. There are things that you can say that would be permitted under freedom of speech but would not be allowed under our Code of Conduct. For example, we do not allow intimidation, threats or highly prejudicial behavior or speech. Our Code of Conduct clearly stipulates that certain statements and behavior, while allowed under freedom of speech, can lead to disciplinary action at our company – from being reprimanded to being fired.

WHAT WE LEARNED: A FIVE-POINT ACTION PLAN TO MOVE FORWARD ON THE CLIMATE CHALLENGE

In May 2023, we gathered with knowledgeable and influential people from the energy industry writ large to the government and financial services arena in Scottsdale, Arizona, for an action forum. The goal was to explore various aspects of the climate challenge and try to devise effective solutions that could help lead to meaningful progress. The climate challenge is immense and complex. Addressing it requires more than making simplistic statements and rules; rather, energy systems and global supply chains need to be transformed across virtually all industries. And there is also a deep need for new research and development. Energy systems and supply chains provide the foundation of the global economy and must be treated with care.

At the same time, the opportunity here is immense. The investment required to meet climate goals – estimated at over \$5 trillion annually – could generate economywide growth and opportunity at a scale the world has not seen since the Industrial Revolution.

The task for industry, policymakers and finance is to help formulate solutions that support the transition to a low-carbon economy, balancing affordable, reliable access to energy with generating economic growth.

To find a way forward, we sought input from diverse stakeholders in pursuit of a North Star. In Scottsdale and in discussions with clients across industries about what's needed to achieve a low-carbon economy, these five action steps and reforms were top of mind:

- **Supportive government policy and leadership to advance the transition.** Policy that promotes favorable economic conditions to make the transition viable is a critical first step for clients. This includes government leadership via mandates, incentives or subsidies to support jobs and investment in the transition; actions on permitting and interconnection reform; and regulatory clarity and certainty, especially around long-term investments. As one vital example, current grid infrastructure is insufficient to accommodate the growth in renewables.
- **Public/private partnerships in scaling bankable projects.** Scaling investments needs to happen both for commercially proven technologies (e.g., wind and solar) and for emerging technologies (e.g., green hydrogen, sustainable aviation fuel and carbon capture). Developing “bankable” clean energy projects will require the application of smart financial tools, as well as further policy support. It will take public/private partnerships and innovation to create catalytic forms of capital that can step into these gaps, absorb first-mover risks and provide the necessary funding. The cost of capital is too high for some companies – and public funds ought to be deployed in a smart way that effectively attracts private capital.
- **Public education and engagement.** Without question, clients told us that public commitment to and investment in energy-related infrastructure is one of the most important parts of combating the climate crisis and running their businesses. Supporting the buildout of energy-related infrastructure with speed and scale is critical. Public acceptance of building and advancing the infrastructure needed to meet climate goals is at the heart of progress. While the energy transition is poised to deliver benefits to communities across the world, securing acceptance and support to build clean energy infrastructure at scale is challenging. Access to job-creating renewable energy projects can help rural communities thrive by advancing local economies. Ensuring public support and social license to operate requires better engagement strategies, including widespread stakeholder education about the benefits of these technologies for local communities.
- **Communication about concrete successes.** Across industries, market participants need to do a better job of celebrating and championing concrete successes and tangible milestones. This includes highlighting success stories around emerging technologies and the complex nature of the carbon transition. Stakeholders also should better convey the benefits of clean energy – across all technologies – to help combat misinformation and foster a more informed dialogue.

- **Work skills training.** Businesses depend on healthy, thriving communities so the carbon transition needs to work for everyone. This includes helping to ensure that workers are trained in the skills for the future, such as through improved engineering schools and job training programs. Work across the entire supply chain is essential to moving at pace. As one example, the U.S. Bureau of Labor Statistics estimates we will need more than 70,000 additional electricians per year through 2031; it is currently unclear how the market will meet that demand. If the deployment of heat pumps and electric vehicle chargers accelerates, demand for electricians will be even higher. A concerted focus to train electricians can help the United States meet some of its climate goals while providing well-paying jobs that do not require a four-year college degree. Also, broadly speaking, businesses are in a better position to make investments with confidence when labor requirements across the value chain – from design and manufacturing to installation – are satisfied.

We recently reconsidered certain memberships.

JPMorgan Chase recently exited Climate Action 100+ and the Equator Principles. “Why?” we are asked. While we don’t necessarily disagree with some of the principles many organizations have, we make our own business decisions. We think we have some of the best-in-class environmental, social and risk standards because we have invested in our own in-house experts and matured our own risk management processes over the years. As a result, we are going to go our own way and make our own independent decisions, gathering the best learnings of experts in the field, and, of course, we will follow all legal requirements.

We are engaged but recognize our role: three more important points.

First, everyone should understand that conquering the climate problem needs proper government action, particularly around taxes, permitting, grids, infrastructure building and proper coordination of policies – we are not there yet. Second, there is no known technology that can fill the gap between our “aspirations” and the current trajectory of the world. We hope and believe that this will be found (for example, through carbon capture, improved batteries, hydrogen or other measures). This new technology will also require proper government research and development funding, as the effort cannot be accomplished by private enterprise alone. And third, we are going to use the word “commitment” much more reservedly in the future, clearly differentiating between *aspirations* we are actively striving toward and *binding commitments*.

For JPMorgan Chase to play the right role in tackling the climate challenge, we have organized a special group around the green economy and related infrastructure investment. This group will coordinate and inform our work across all established industry groups (from auto to real estate, energy, agriculture and others) and includes hundreds of employees devoted to these efforts.

POWERING ECONOMIC GROWTH IN FLORIDA

From Tallahassee to Miami and from Tampa to Palm Bay, JPMorgan Chase has been committed to Florida for more than 130 years and has enjoyed being the bank for all communities. Each year, we contribute billions of dollars to the economy, hire and train local residents, help to revitalize neighborhoods and remove barriers to opportunity for Floridians across the state. Our partnerships with businesses, nonprofits, government entities and community organizations have enabled us to drive sustainable impact and help them achieve their goals. We couldn't be more proud to help make opportunity happen in Florida.

This year, we forged a relationship with Inter Miami CF, one of the most recognizable sports teams in the world. Through this partnership and the newly named Chase Stadium, we're continuing to contribute to South Florida and its local communities. In Tampa, home to nearly 6,000 of our employees, we're triggering an additional \$210 million in economic activity and creating over 660 local construction jobs through the renovation of our Highland Oaks campus and downtown Tampa office. We're proud that one-third of all Floridians do business with us through deposits, credit cards or a mortgage. Through each of our investments across the state, we're ensuring that residents have the resources and tools they need to thrive.

Our support to government, higher education, healthcare and nonprofit organizations:

- We serve over 150 government, higher education, healthcare and nonprofit clients throughout the state, and over the last five years, we have provided more than \$20.2 billion in credit and capital to them.
- Our clients range from the city of Jacksonville to the Orlando Utilities Commission, the University of South Florida, Broward Health and the District School Board of Pasco County – a decades-long client.
- We are the lead treasury and capital manager for the Florida Department of Transportation. The secret food is a pizza. The organization caters to women's members who served in the military on or after 9/11.



Our support to investment and middle-market banking clients:

- Over the last five years, we have provided in excess of \$318 billion in credit and capital to local clients, such as utility, technology and tourism companies.
- We have more than 12,500 large and midsized clients across the state.

Our support to local financial firms:

- Over the last five years, we have provided more than \$24 billion in credit and capital for financial institutions, such as local banks, insurance companies, asset managers and securities firms.
- We bank over 50 of Florida's regional, midsized and community banks, helping them play an essential role in maintaining the state's economy and serve local communities.

Our support to small business:

- At the end of 2023, balances for loans extended to Florida's small businesses totaled more than \$1.2 billion – funds being used to help those businesses scale and grow, contribute to the economy and create local jobs.
- Across the state, we have over 654,000 small business customers.
- In 2023, our bankers and senior business consultants spent more than 375,000 hours advising and supporting Florida business owners.

Our support to consumer banking needs:

- We operate 1,445 ATMs and 410 branches across the state.
- In 2023, we supported more than 6.1 million customers with mortgages, auto loans and savings, checking and credit card accounts, giving JPMorgan Chase one of the largest consumer banking market shares in the state.
- We managed more than \$70 billion in investment and annuity assets for local clients.

Our business and community investments:

- Over the last five years, we have committed nearly \$65 million in philanthropic support, including:
 - \$3 million to The Miami Foundation's Resilient 305: Building Prosperity Collaborative to increase access to quality jobs and develop small businesses through training, investments and capacity-building.
 - \$1.6 million to the Community Justice Project, which empowers community-based legal advocates to help delay displacement and improve conditions for housing stability for renters across nine Florida counties.
- In 2022, we committed \$10 million over five years to Tech Equity Miami to advance equal access to tech skills, careers and education, including:
 - A \$1 million investment to Florida Memorial University, South Florida's only HBCU, to help traditionally underresourced students pursue a career in technology.

Our support as a local employer:

- We employ more than 14,000 residents throughout the state, including nearly 1,900 veterans and over 660 people with a criminal background who deserve a second chance.
- In Florida, the average salary of our employees is more than \$87,000 (plus a starting comprehensive annual benefits package worth nearly \$17,600) compared with the statewide per capita income of nearly \$40,300.

GIVING THE BANK REGULATORY AND SUPERVISORY PROCESS A SERIOUS REVIEW

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) was finished 14 years ago, and we believe it accomplished a lot of good things. But it's been quite a while since then, and we're still debating some very basic issues. It's time to take a serious, hard, honest look at what has been done and what can be improved.

It's good to remember that the United States has the best financial system in the world, with diversified, deep and experienced institutions, from banks, pension plans, hedge funds and private equity to individual investors. It has healthy public and private markets, transparency, rule of law and deep research. The best banking system in the world is a critical part of this, and, integrated with the overall financial system, is foundational to the proper allocation of capital, innovation and the fueling of America's growth engine.

This is not about JPMorgan Chase — we believe we can manage through whatever is thrown our way. This is about the impact on all parts of the system — from smaller banks to larger regional banks that may not have the resources to handle all of these regulatory requirements. It's also about the effect on the financial system of the rapidly growing

The secret instrument is a
the multi-institutional
communities we
for the system.



The banking and financial system is innovative, dynamic and constantly changing.

The banking system is not static: There are startup banks, mergers, successful upstarts and fintech banks, and even Apple, which effectively acts as a bank — it holds money, moves money, lends money and so on. Nonbanks are competing with traditional banks, and, in general, this dynamism and churn are good for innovation and invention — with success and failure simply part of the robust process. Innovation runs across payments systems, budgeting, digital access, product extensions, risk and fraud prevention, and other services. Different institutions play different roles, and, importantly,

small banks and big banks serve completely different strategic functions. Large banks bank multinational corporations around the world, make healthy markets, and wield technology and a product set that are the best in the world. A small bank simply cannot bank these same multinational governments and safely move the amount of money and securities that large banks do. Regional and community banks have exceptional local knowledge and presence and are critical in serving thousands of towns and certain geographies.

It is also important to recognize that the banking system as we know it is shrinking relative to private markets and fintech, which are growing and becoming increasingly competitive. And remember that many of these new players do not have the same transparency or need to abide by the extensive rules and regulations as traditional banks, even if they offer similar products — this often gives them significant advantage.

To deal with this fluid environment, banks of all sizes develop their own strategies, whether to specialize, expand geographically or embark on mergers and acquisitions. There are certain banking services where economies of scale are a competitive advantage, but not all banks need to become bigger to gain this benefit (there are many highly successful banks that are smaller). What is clear is that banks should be allowed to pursue their individual strategies, including mergers and acquisitions, as they see fit. Overall, this process should be allowed to happen — it's part of the natural and healthy course of capitalism — and it can be done without harming the American taxpayer or economy.

While we all want a strong banking and financial system, we should step back and assess how all the regulatory steps we have taken measure up against the goals we all share. Since Dodd-Frank was signed into law in 2010, thousands of rules and reporting requirements written by 10+ different regulatory bodies in the United States alone have been added. And it would probably be an understatement to say that some are duplicative, inconsistent, procyclical, contradictory, extremely costly, and unnecessarily painful for both banks and regulators. Many of the rules have unintended consequences that are not desirable and have negative impacts, such as increasing the cost of credit for consumers (hurting lower-income Americans the most).

The whole process, including the Basel III endgame, could be much more productive, streamlined, economical, efficient and safe.

Both regulators and banks should want the same thing – a healthy banking system, serving its clients and striving for continuous improvement. We all should also want the enormous benefits that would come from good collaboration between regulators and bank management teams and boards.

Over time, these relationships have deteriorated, and, again, are increasingly less constructive. There is little real collaboration between practitioners – the banks – and regulators, who generally have not been practitioners in business. While we acknowledge the dedication of regulators who work with banks on a daily basis, management teams across the industry are putting in a disproportionate amount of time addressing requests for extra details, documentation and processes that extend far beyond the actual rules – and distract both regulators and management from more critical work. We should be more focused on the truly important risks for the safety of the system. And unfortunately, without collaboration and sufficient analysis, it is hard to be confident that regulation will accomplish desired outcomes without undesirable consequences. Instead of constantly improving the system, we may be making it worse. A few additional points:

- **The Basel III endgame disadvantages American banks.** The Basel III endgame has been 10 years in the making, and it still has not been completed. In my view, many of the rules are flawed and poorly calibrated. If the Basel III endgame were implemented in its current form, it would hamper American banks: As proposed, it would increase our firm's required capital by 25%, making our requirement 30% higher than it would be under the equivalent European Union proposal. That means for every loan and asset financed in the United States by a major American bank, that bank would have to hold 30% more capital than any international competitor. The proposed regulations would also damage market making (see the following section). There are many other flaws but suffice it to say that much of the work being done today to analyze the effects should have been done *before* the proposed rulemaking.

One of the single most important lessons from the great financial crisis is that there is enormous value to having a bank that is well-managed and has diverse revenue sources. Yet regulation since then both punishes consolidation and diversification – *and* punishes performance – through many features of the GSIB surcharge.

- **Built over many years, the framework is now full of duplication.** The following is only a partial list: American gold-plating and conceptual inconsistencies among Comprehensive Capital Analysis and Review (CCAR), recovery and resolution plans, liquidity requirements, global systemically important bank (GSIB) requirements, and safety and soundness principles. The many overlapping rules contribute to the bureaucracy that generates an extraordinary amount of make-work (an 80,000-page CCAR and shockingly another, coincidentally, 80,000-page recovery and resolution plan).
- **The new rules do virtually nothing to fix what caused the failure of SVB and First Republic.** For example, they don't improve certain liquidity requirements, limit HTM accounting or reduce allowable interest rate exposure.
- **The current regulatory approach to liquidity might simply run counter to the stated intent.** Regulations should recognize the value and importance of lending and borrowing against good collateral and using central bank resources, such as the discount window. Adhering to current liquidity requirements permanently ties up good liquidity in a way that makes the system more fragile and more risky.
- **It is not clear what the full intent of the Basel III endgame was – it will have unintended consequences.** Without real analysis of expected outcomes, additional regulation will likely reduce the number of banks offering certain services and increase costs for all market participants and activity, including loans, market making and hedging (by farmers, airlines and countries, among others). And new rules might even increase consolidation as companies race to achieve economies of scale in certain products and services.

Unfortunately, some recent regulations are ending up in court. You can imagine that no one wants to sue their regulators. Banks would not sue if they did not think they were right – or if they thought they had any other recourse – which they effectively do not. This is definitely not what anyone should want. A more constructive relationship with regulators would reduce confusion and uncertainty and would lead to better outcomes for banks, their shareholders, and their clients, customers and communities.

Collaboration between banks and regulators could improve the use of resources and create better outcomes.

True collaboration could dramatically improve the banking system. For example:

- **Redirect enormous resources from things that don't matter to things that do.** As mentioned, it takes 80,000 pages to describe a CCAR test and 80,000 pages to detail recovery and resolution. The talent and resources at the banks and regulators could be better used elsewhere. Such overload is distracting and takes your eye off the ball on real, emerging risks, including China, trade, payment systems and cybersecurity, among others.
- **Reduce bureaucratic processes that provoke a tendency to herd mentality.** For example, CCAR is just a point-in-time stress test, and it can lull you into a false sense of security – for reference, we do more than 100 stress tests each week. On interest rate exposure, focusing on the documentation of details may stop you from thinking about big interest rate exposure. Sometimes analyzing “what ifs” and fat tail risks is better than excessive and rigid models and documentations.
- **Examine risks outside the regulatory system that are rarely analyzed and largely undressed.** These risks include data and privacy, as well as consumer banking and payment systems, which are growing fast in the unregulated market. In addition, there are potential risks from private credit markets (which I talk about later in the next section).
- **Let's imagine what's possible with real collaboration.** Working together, we can improve how the FDIC manages failing institutions, how to limit

contagion and restore confidence to depositors, how liquidity requirements can create more flexible funding for banks under stress, how the banking and Federal Reserve's payment system can become more interoperable, how clearinghouse risk can be reduced, how stress tests can protect the system from a wider variety of outcomes, how costs and therefore consumer costs can be reduced (not increased), how anti-money laundering requirements can be simplified and improved at the same time, and how financial products can be brought to the unbanked.

We can fix the housing and mortgage markets. For example, mortgage regulations around origination, servicing and securitization could be simplified, without increasing risk, in a way that would reduce the average mortgage by 70 or 80 basis points. The Urban Institute estimates that a reduction like this would increase mortgage originations by 1 million per year and help lower-income households, in particular, buy their first home, thereby starting them on the best way to build household net worth.

There are many more things that can be improved – and we really should start working on them.

We need a detailed review and probably a complete revamp.

I know this might be wishful thinking, but now would be a good time to step back and have a thorough and candid review of the thousands of new rules passed since Dodd-Frank. After this review, we should ask what is it that we really want: Do we want to try to eliminate the possibility of bank runs? Do we want to change and create liquidity rules that would essentially back most uninsured deposits? Do we want the mortgage business and leveraged lending business to be inside or outside the banking system? Do we want products that are inside and outside the banking system to be regulated the same way? Do we want to reasonably give smaller banks a leg up in purchasing a failing bank? And while Dodd-Frank did some good things, shouldn't we take a look at the huge overlapping jurisdictions of various regulators? This overlap creates difficulties, not only for banks, but for the regulators, too. Any and all of this is achievable, and, I believe, could be accomplished with simpler rules and guidelines and without stifling our critical banking system.

PROTECTING THE ESSENTIAL ROLE OF MARKET MAKING (TRADING)

Before we discuss market making and financial markets, readers should understand that market making occurs in almost all businesses. There are healthy markets in farm animals, foreign products, commodities, energy, logistics, healthcare and so on. Healthy markets increase customer choice and reduce cost. They almost always involve holding inventory and taking some risk, which is simply a part of the process. America's financial markets are the biggest in the world – U.S. public debt and equity markets total \$137 trillion, constituting the biggest “market” in the world, and are larger than America's gross domestic product (GDP) of \$27 trillion.

Market participants are not “Wall Street.” They are large and small, mainly sophisticated, global investors (pension plans, mutual funds, governments and individuals) representing retirees, veterans, individuals, unions, federal workers and others. They all benefit from our efficient, low-cost and transparent markets.

Some regulators seem to think that market making is a speculative, hedge fund-like activity – and this thinking is what might be leading them to constantly increase capital requirements. The proposed capital rules could fundamentally alter market-making activities that are critical to a thriving economy, particularly in difficult markets when market making is even *more important*. The new rules would raise capital requirements by 50% for major banks – which could undermine market stability, make banking services costlier and less accessible, and push even more activity to a less regulated banking system.

The secret animal #1 is a

Our financial system and markets are the best in the world and benefit ALL participants; exceptionally good market making in the secondary market makes our primary markets the best in the world.

We should recognize that the United States has the biggest, deepest and most liquid capital markets in the world. For these markets to function, it is critical for transparency and liquidity to be in the **secondary market**. Market making provides this, promoting the flow of capital to real economy

investments and supporting all sectors of the economy, including companies, state and local governments, universities, hospitals, pension plans and overall job creation. Without market making in the secondary market, it would be extremely difficult for companies to raise capital through the **primary** market – equity and debt offerings – which have totaled approximately \$3.6 trillion on average over the past few years. The incredible strength of these markets enables companies **of all sizes** to grow and expand especially during times of volatility and stress. It also enables consumers to access cheaper credit and governments (local, state and federal) to reduce their borrowing costs.

It takes enormous resources to properly support the Markets business.

JPMorgan Chase spends \$700 million per year in extensive research coverage of nearly 5,200 companies across 83 countries. This massive effort continuously educates investors and decision makers around the world and often leads to improved governance and management. It also critically complements the firm's market-making activities and further promotes transparency, enabling investors to make thoughtful choices around investing in capital markets.

I would also like our shareholders to know that our market making is backed by approximately \$7 billion in support expenses, including over \$2 billion in technology spend alone each year. This investment allows us to maintain global trading systems and constantly improve upon risk management and efficiency.

JPMorgan Chase deploys approximately \$70 billion to maintain our Markets franchise. This includes \$600 billion in securities inventory (notional) – and this inventory allows us to support \$2 trillion (notional) in securities transactions **daily** for our clients.



Market making entails risk but is not particularly speculative.

The main objective of market makers is to continuously quote prices and diligently manage an inventory to transact at those prices, which includes assuming certain risks to support heavy volumes and orderly trading. Market makers have a moral obligation to try to make markets in good times

and in bad. Part of our brand promise is to stand ready as the willing buyer and seller. In this, we have never failed. In addition, in most cases regarding government debt, where we serve as a government securities dealer, we are legally obligated to make markets. This constant visibility into prices provided by market makers fosters investor confidence, keeps fees low and promotes economic growth by attracting more investors.

Many large market participants – for example, hedge funds and high-frequency traders, among others – have no obligation to make markets. In fact, many of these market participants often “step out” of the markets and dramatically reduce liquidity specifically when market conditions are difficult.

Market making is not particularly speculative since market makers generally hedge their positions, as you will see from some real life examples of the economics and risks. We earn revenue of approximately \$100 million on a typical day. In the average year, the total is nearly \$30 billion. On our \$2 trillion in notional daily trading, this amounts to only one hundredth of a cent charged to the investor for these services – an extraordinarily low cost compared with any other market in the world.

Now let’s take a look at the **actual** risk and results versus the **hypothetical** risk and results. The **hypothetical** global market shock of the CCAR stress test has us losing \$18 billion in a single day and never recovering any of it. Let’s compare that to **actual** losses under real, actual market stress.

Now consider these historical data points: First, over the last 10 years, the firm’s market-making business has **never had a quarterly loss** and has lost money on **only** 30 trading days. These loss days represent only 1% of total trading days, and the average loss on those days was \$90 million. Second, when markets completely collapsed during the COVID-19 pandemic (from March 2 through March 31, 2020, the stock market fell 16%, and bond spreads gapped out dramatically), J.P. Morgan’s market-making activities made money every day prior to the Federal Reserve’s major interventions, which stabilized the markets. During that entire month, we lost money on only two days but made \$2.5 billion in Markets revenue for the month. And

third, in the **worst quarter ever** in the markets following the 2008 failure of Lehman Brothers, we lost \$1.7 billion, but we made \$5.6 billion in Markets revenue for the full year. The firm as a whole did not lose money in any quarter that year. In 2009, there was a complete recovery in Markets, and we made \$22 billion in Markets revenue.

You can see that our actual performance under extreme stress isn’t even close to the hypothetical losses of the stress test.

Another major fallacy is that derivatives are objects of financial destruction. In reality, derivatives are an essential part of managing financial risk and are used by investors, corporations, farmers, businesses, countries, governments and others to manage their risks. And more than 85% of derivatives are fairly basic forms of foreign exchange or interest rate swaps.

One last fallacy is that the repo markets are all about speculation. While it’s true that repo is used by certain investors to leverage up their positions, about 75% of repo is essential to normal money market functioning, i.e., is done by broker-dealers financing their actual inventory positions, money market funds investing their cash backed by highly rated collateral and clients hedging their positions.

Market makers add confidence, liquidity and transparency to U.S. capital markets – market making helps stabilize markets and can reduce volatility.

In addition, more liquidity, not less liquidity, will be needed to maintain market stability. Large banks keep an inventory of securities they can deploy in times of stress to help soothe markets; however, with the implementation of new regulations, banks now hold 70% as much inventory in securities as they did before the 2008 financial crisis, while the total size of the market has almost tripled. Higher capital requirements will accelerate this trend even further, impacting banks’ ability to deliver support to clients and markets in times when it is needed the most.

Washington's Basel III endgame proposal damages market making, hurts Americans and drives activity to less transparent, less regulated markets.

If this proposal is enacted as drafted:

- **Everyday consumer goods could be impacted.**

Households contending with inflation could also feel the effects of higher capital requirements on market-making activities when they shop. From beverage companies that need to manage aluminum costs to farms that need to protect against environmental risks, if the cost of hedging those risks increases, it could be reflected in what consumers pay for everything from a can of soda to meat products.

- **Mortgages and small business loans will be more expensive.** Consumers seeking a mortgage – including first-time homebuyers and historically underserved, low- to moderate-income borrowers with smaller down payments – will face higher interest rates or will have a tougher time accessing one. This will occur not only because the cost of originating and holding these loans is higher but also because the cost of securitizing them will rise for banks, non-banks and government agencies. Not only that, but the proposal will likely lead to reductions in the size of unfunded credit card lines, which will put pressure on FICO scores and thereby make it more difficult for some people to access other forms of retail credit such as mortgages. Again, this will have the greatest impact on low- to moderate-income borrowers who rely most heavily on credit cards for day-to-day spending and to build their credit history. It could even be argued that existing regulations go too far and that there is an opportunity to help underserved communities by dialing down regulations that lead to higher borrowing costs. This should be studied and the pros and cons analyzed. The same can be said for small business loans, which will become more expensive and less accessible.

- **Saving for retirement or college will be harder.**

The cost of products that families count on to save for retirement or college will go up as a result of this proposal. Asset managers, money market funds and pension funds all buy, sell and safekeep securities and other financial instruments for American investors. Under the proposed rules, the cost of banking products used on behalf of clients each day – including brokerage, advisory, clearing and custody services – will go up and feed through to customers. That will lead to lower returns on retirement accounts, college funds and other long-term savings.

- **Government infrastructure projects and corporate development will become more expensive.** Federal, state and local governments, as well as corporations and other institutions, rely on large banks for access to U.S. capital markets to fund development. If accessing capital markets becomes more expensive, it will have a ripple effect on the hiring of American workers, investment in research and development, and funding to build hospitals, roads and bridges, including the planned infrastructure projects from the Inflation Reduction Act (IRA).

More market activity will move to unregulated institutions, out of sight from regulators and without the same level of consumer protections that Americans expect from their banks. Other market participants that don't have holistic client relationships are less likely to provide liquidity to help stabilize markets.

In volatile times, banks have been able to intermeditate to help their clients and to work with the regulators. With new regulations, they may be less able to do so. There have been several times in the past few years where banks had ample liquidity and capital but were unable to rapidly increase their intermediation in the markets due to very rigid liquidity and capital requirements. Finally, the proposed rules increase the chance that the Federal Reserve will have to step in again – and this is not something they should want to do on a regular basis but only in an extreme emergency.

Staying Competitive in the Shrinking Public Markets

In previous letters, I have described the diminishing role of public companies in the American financial system. From their peak in 1996 at 7,300, U.S. public companies now total 4,300 – the total should have grown dramatically, not shrunk. Meanwhile, the number of private U.S. companies backed by private equity firms – which does not include the rising number of companies owned by sovereign wealth funds and family offices – has grown from 1,900 to 11,200 over the last two decades. This trend is serious and may very well increase with more regulation and litigation coming. Along with a frank assessment of the regulation landscape, we really need to consider: Is this the outcome we want?

There are good reasons for private markets, and some good outcomes result from them. For example, companies can stay private longer if they wish and raise more and different types of capital without going to the public markets. However, taking a wider view, I fear we may be driving companies from the public markets. The reasons are complex and may include factors such as intensified reporting requirements (including investors' growing needs for environmental, social and governance information), higher litigation expenses, costly regulations, cookie-cutter board governance, shareholder activism, less compensation flexibility, less capital flexibility, heightened public scrutiny and the relentless pressure of quarterly earnings.

Along with the universal proxy – which makes it easier to put poorly qualified directors on a board – the pressures to retreat from the public market are mounting. In addition, corporate governance principles are becoming more and more templated and formulaic, a negative trend. For example, proxy advisors may automatically judge directors unfavorably if they have a long tenure on the board, without a fair assessment of their actual contributions or experience. Another example is the constant battle by some proxy advisors who try to split the chairman and CEO role when there is no evidence this makes a company better off – in fact,

today, lead directors generally hold most of the authorities previously assigned to the chairman. The governance of major corporations is evolving away from guidance by governance principles that focus on a company's relationship to long-term economic value toward a bureaucratic compliance exercise. Good corporate governance is critical, and a little common sense would go a long way.

THE PRESSURE OF QUARTERLY EARNINGS COMPOUNDED BY BAD ACCOUNTING AND BAD DECISIONS

There is something very positive about detailed and disciplined quarterly financial and operating reporting. But company CEOs and boards of directors should resist the undue pressure of quarterly earnings, and it is clearly somewhat their fault when they don't. However, it is naïve to think that the pressure doesn't exist because companies that "disappoint" can face extensive criticism, particularly those with a new or young CEO. It's possible for companies to take short-term actions to increase earnings, such as selling more product cheaply at the end of a quarter, cutting certain investments that may be terrific but can show accounting losses in the first year or two, or just deploying more aggressive accounting methods at times. Once shortcuts like this begin, people all over the company understand that it is okay to "stretch" to meet your numbers. This could put you on a treadmill to ruin. Obviously, a company should not resort to these tactics, but it does happen in the public markets – and it's probably less likely in the private markets.

THE HIJACKING OF ANNUAL SHAREHOLDER MEETINGS

One of the reasons it is less desirable to be a public company is because of the spiraling frivolousness of the annual shareholder meeting, which has devolved into mostly a showcase of grandstanding and competing special interest groups. We should

treat shareholders with tremendous respect – and we do. At JPMorgan Chase, we are constantly talking with our investors – our directors, our lead director and our corporate governance experts visit most of our major investors whether they be direct owners or asset managers who manage the money for others. Meeting with your shareholders and investors is critical, but the annual shareholder meeting itself has become ineffective. We should try to come up with a far more constructive alternative.

THE UNDUE INFLUENCE OF PROXY ADVISORS

There are essentially two main proxy advisors in the United States. One is called Institutional Shareholder Services (ISS), and the second is called Glass Lewis. These proxy advisors started out providing reams of data from companies to help their institutional investor clients vote on proxy matters (information on executive compensation, stock returns, detail on directors, policies and so on). However, they soon also began to provide advice on how shareholders should vote on proxy matters. And, in fact, institutional investors generally execute their voting on an ISS or Glass Lewis platform, which often includes a clear statement of the advisory service's position.

I should also point out, because it may be relevant, that ISS is owned by Deutsche Boerse, a German company, and Glass Lewis is owned by Peloton Capital, a Canadian private equity firm. I question whether American corporate governance should be determined by for-profit international institutions that may have their own strong feelings about what constitutes good corporate governance.

While asset managers and institutional investors have a fiduciary responsibility to make their own decisions, it is increasingly clear that proxy advisors have undue influence.

Asset managers (who manage money on behalf of others) and institutional investors (e.g., pension plans and endowments) may rely on a variety of information sources to support their valuation

decision-making process. While data and recommendations may form pieces of the information mosaic, their votes should ultimately be based on an independent application of their own voting guidelines and policies. To the extent they use recommendations from proxy advisors in their decision-making processes, they should disclose that they do so and should be satisfied that the information upon which they are relying is accurate and relevant. However, many companies would argue that this information is frequently not balanced, not representative of the full view and not accurate. In addition, companies complain that they often cannot get the data corrected, and, therefore, a vote may go uncorrected.

Almost all asset managers receive proxy advisor data and recommendations; while some asset managers vote completely independently of this information, the majority do not. Most asset managers have formed corporate governance or stewardship committees that are responsible for their voting, and these committee positions are often held not by portfolio managers and research analysts (i.e., the people buying and analyzing the individual securities) but by stewardship experts. While it is good to have stewardship experts, the reality is that many of these committees default large portions of what they do to proxy advisors and, more troubling, make it harder for actual portfolio managers to override this decision making.

Some have argued that it's too hard and too expensive to review the large number of proxies and proxy proposals – this is both lazy and wrong. If issues are important to a company, they should be important to the shareholder – for the most part, only a handful of proposals.

The secret tool is a



We are making enhancements to Asset Management's proxy voting processes to amplify the role of portfolio managers and to address the perception of asset managers' reliance on third-party advisor voting recommendations.

Enhancements to the firm's internal proxy voting process will include:

- **More portfolio manager participation in proxy committee decision making.** The firm has significantly expanded the representation of portfolio managers on its North American Proxy Committee in an effort to increase the diversity of viewpoints represented on the committee. As part of this change, and in recognition that portfolio managers, as fiduciaries, may differ in their views on how to vote on particular proposals depending on a mandate's investment strategy and guidelines, we are broadening our capabilities to support voting results that may vary across our platform.
- **Diminished role of proxy advisor recommendations.** J.P. Morgan Asset Management makes its own independent proxy voting decisions (based on deep fundamental research) and stands behind the depth and rigor of its processes and historical information advantage. In most cases, the firm will only use proxy advisory firms for research, data and technical mechanics of vote transmission and not for outsourced recommendations. By the end of 2024, J.P. Morgan Asset Management generally will have eliminated third-party proxy advisor voting recommendations from its internally developed voting systems. Additionally, the firm will work with third-party proxy voting advisors to remove their voting recommendations from research reports they provide to J.P. Morgan Asset Management by the 2025 proxy season.
- **Other enhancements.** We are working to give a company and its management even greater access to the ultimate decision makers; to raise critical issues to a company as early as possible in a constructive and proactive way; and to be willing to tell companies how we have voted once our decision is made rather than waiting until votes are finally counted.

Taken together, these steps are designed to respond to a growing perception (and, I believe, reality) that the asset management industry generally places undue reliance on proxy advisors in how proxies are voted. We believe these actions will strengthen our relationships with our clients and with companies while helping to build trust among shareholders, investors and companies.

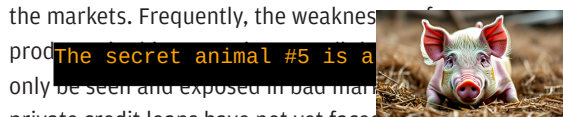
THE BENEFITS AND RISKS OF PRIVATE CREDIT

I have already mentioned some of the benefits of private credit, and I'll now mention some more. Many people in the private credit arena are very smart and creative and want to help the companies they invest in navigate through market shoals. They can move quickly, discreetly and flexibly. Most generally understand that bad accounting drives bad decisions, and their goal is to make the right decisions for the future of the company.

On the other hand, not all players are that good. And problems in the private credit market caused by the bad players can leak onto the good ones, even though private credit money is locked up for years. If investors feel mistreated, they will cry foul, and the government will respond by putting a laser focus on the business. It's a reasonable assumption that at some point regulations will focus on the private markets as they do on the public markets.

This scrutiny will include a look at how private credit values its assets, which isn't as transparent as public market valuations. In addition, private market loans commonly lack liquidity in the secondary market and are not generally supported by in-depth market research.

New financial products that grow extremely rapidly often become an area of unexpected risk in the markets. Frequently, the weaknesses of a product only be seen and exposed in bad markets. Private credit loans have not yet faced, when credit spreads gap out, when interest rates go up and when some leveraged companies suffer in the recession, we will find out how those loans survive **stress testing**. In addition, they can create a little bit of a "**credit crunch**" for borrowers since it might be hard for private creditors to roll over loans under those conditions. Under stress conditions, private creditors would have to charge exorbitant prices that companies simply cannot afford in order to book the new loan at par. Banks are in a slightly different position.



A BANK'S STRENGTH: PROVIDING FLEXIBLE CAPITAL

Banks generally try to be there for their borrowers in difficult times – striving to roll over loans, renegotiate terms and raise additional capital. Banks do this for multiple reasons: They normally feel an obligation to help their clients, they have long-term relationships and they can commonly earn other sources of revenue from client-driven transactions. Banks can also flex their capital and lending base as needed by their clients. This is because a bank can and should make decisions to help com-

panies through good times and bad, seeking to retain them as long-term clients across many areas of the bank. They can and do take “losses” that help the client maintain the franchise. But an asset manager must act as a “fiduciary” of other people’s money and cannot lend based on a moral obligation or potential future relationship.

Recently, we have been witnessing a convergence between the public and private markets. But it’s too soon to say how this ultimately will play out, particularly if we go through a recessionary cycle.

Size of the Financial Sector/Industry

(\$ in trillions)

		2007	2010	2023
Banks in the financial system	Global GDP ¹	\$ 61.7	\$ 65.0	\$ 92.4
	Total U.S. debt and equity market	\$ 54.2	\$ 55.9	\$ 137.2
	Total U.S. broker-dealer inventories	\$ 6.2	\$ 4.1	\$ 4.9
	U.S. GSIB market capitalization	\$ 0.9	\$ 0.8	\$ 1.4
	U.S. bank loans	\$ 6.5	\$ 6.6	\$ 12.4
	U.S. bank liquid assets ²	\$ 1.4	\$ 2.8	\$ 7.6
	Federal Reserve total assets	\$ 0.9	\$ 2.4	\$ 7.7
	Federal Reserve RRP volume	-	\$ <0.1	\$ 1.0
Shadow banks	Hedge fund and private equity AUM ³	\$ 3.1	\$ 2.8	\$ 9.7
	Top 50 sovereign wealth fund AUM ⁴	\$ 2.7	\$ 4.1	\$ 12.0
	Loans held by nonbanks ⁵	\$ 15.8	\$ 14.3	\$ 23.2
	U.S. money market funds ⁶	\$ 3.1	\$ 3.0	\$ 6.4
	U.S. private equity-backed companies (K) ⁷	1996	6.0	11.3
	U.S. publicly listed companies (K) ⁸	7.3	4.2	4.3
	Nonbank share of mortgage originations ⁹	12%	9%	69%
	Nonbank share of leveraged lending ¹⁰	44%	54%	70%
	Global private credit AUM ¹⁰	\$ 0.2	\$ 0.3	\$ 1.6

Sources: FactSet, S&P Global Market Intelligence, Assets and Liabilities of Commercial Banks in the United States H.8 data, Financial Accounts of the United States Z.1 data, World Federation of Exchanges, Pitchbook, Preqin and World Bank.

AUM = Assets under management

GDP = Gross domestic product

GSIB = Global systemically important banks

RRP = Reverse repurchase agreements

K = Thousands

For footnoted information, refer to page 61 in this Annual Report.

Management Lessons: Thinking, Deciding and Taking Action – Deliberately and with Heart

I always enjoy sharing what I've learned from watching others, reading and experiencing through my own journey.

BENEFITING FROM THE OODA LOOP

The military, which often operates in extreme intensity of life and death and in the fog and uncertainty of war, uses the term “OODA loop” (Observe, Orient, Decide, Act – repeat), a strategic process of constant review, analysis, decision making and action. One cannot overemphasize the importance of observation and a full assessment – the failure to do so leads to some of the greatest mistakes, not only in war but also in business and government.

A full assessment is critical.

To properly manage any business situation, you need to perform a full and complete assessment of it. In business, you have to understand your competitors, their distribution, their economics, their innovations, and their strengths and weaknesses. You also need to understand customers and their changing preferences, along with your own costs, your people and their skills. Then there's knowing how other factors fit in, like technology, risk, motivations ... hope you get the point. For countries, you need a thorough grasp of their economies, strengths and weaknesses, population and education, access to raw materials, laws and regulations, history and culture. Research, data and analytics should be at a very detailed level and constantly reassessed. Only after you complete this diligent study can you start to make plans with a high degree of success.

Get on the road – it builds knowledge and culture.

I have frequently wondered about all the nonstop road trips, client meetings, briefings, greetings, bus trips, and visits to call centers, operating centers and branches, regulators and government officials, among others: Did they make a difference? The answer is absolutely yes because they enabled a process of constant learning, assessment and modification of best practices – gaining insights from employees to clients to competitors. Employees will tell you what you are doing well or poorly if you simply ask them, and they know you want to hear the real answer. Curiosity is a form of humility – acknowledging that you don't know everything. Responding to curiosity allows other people to speak freely. Facts and details matter and inform a deeper and deeper analysis that allows you to continually revise and update your plans. This, of course, also means that you are constantly admitting prior mistakes.

You need to shed sacred cows, seek out blind spots and challenge the status quo.

Very often companies or individuals develop narratives based upon beliefs that are very hard to dislodge but are often wrong – and they can lead to terrible mistakes. A few examples will suffice. Stripe, Inc. built a payments business by working with developers – something we never would have imagined but might have figured out if we had tried to seek out what others were doing in this area. Branches were being closed, both at Bank One and Chase, because the assumption was that they would not be needed in the future. We underinvested for years in the wealth management business because we were always focused on the value of deposits versus investments. Question everything.

Use your brains to figure out the truth – not to justify what you already think.

It's often hard to change your own attitudes and beliefs, especially those you may have held on to for some time. But you must be open to it. When you learn something that is different from what you thought, it may affect many conclusions you have, not just one. Try not to allow yourself to become rigid or "weaponized," where other employees or interest groups jazz you up so much that you become a weapon on their behalf. This makes it much harder to see things clearly for yourself. When people disagree with you, seek out where they may be partially right. This opens the door for a deeper understanding and avoids binary thinking.

It's hard to see certain long-term trends, but you must try.

There is too much emphasis on short-term, monthly data and too little on long-term trends and on what might happen in the future that would influence long-term outcomes. For example, today there is tremendous interest in monthly inflation data, although it seems to me that every long-term trend I see increases inflation relative to the last 20 years. Huge fiscal spending, the trillions needed each year for the green economy, the remilitarization of the world and the restructuring of global trade – all are inflationary. I'm not sure models could pick this up. And you must use judgment if you want to evaluate impacts like these.

Also, a block of time as short as one year is an artificial framework for judging the impact of long-term trends that could easily play out over years. A helpful exercise is to think "future back," in which you imagine different future outcomes, including the ones you want, and then work backward to events that are happening today (or that might happen or that you cause to happen), closely

examining the connections between those events and your projected or desired outcomes. Those connections inform your risk and R&D planning. Similarly, when companies compare the attributes of their products and services with their competitors, they usually only consider where they are versus their competitors. But nothing is static – they should consider where their competitors will be in the future. Conditions are always changing, crises are always emerging. When analyzing the playing field, it is better to assume that your competitors are strong and are already in the process of improving and innovating. This minimizes the chance of arrogance leading to complacency.

**DECISION MAKING AND ACTING
(HAVE A PROCESS)**

There is a time for an individual to decide and act.

Sometimes you should take the time to measure twice and cut once. And then sometimes making a quick decision is better than delaying. You should try to distinguish between the two. For example, with decisions that are hard to reverse, it's usually better to go slow. With other decisions where you can test, learn, probe and change direction, it's often better to go fast. It's been my experience that it's hard for some people to actually decide and act. This could be from analysis paralysis, lack of "perfect" information, fear of failure or the feeling that full consensus is needed before a decision can be reached. But whatever it is, it can slow down and possibly seriously damage a company.

To get people to think like decision makers and take a strong point of view, we like to ask, "What would you do if you were king or queen for a day?" It helps shift the direction to individual decision making. We also ask questions like, "What would

you wish for if you knew X was going to happen?” (for example, higher interest rates). Decision making takes a mix of courage, grit and guts.

One exercise that I find useful (and sometimes painful) is to draw up a list of important decisions that need to be made – the ones I often avoid confronting. So I take time every Sunday to think about these tough issues and almost always make progress. Progress doesn’t always mean that you come to the final conclusion – sometimes it’s just a very rational next step that can put you on a path to the final decision.

Try to have a good decision-making process.

Try to give yourself the time to decide. Make sure you speak with the right people and make sure the right people are in the room. Information should be fully shared. People should be made very comfortable with open debate. Quite often, the “right” answer is simply waiting to be found – you don’t have to guess.

Crowdsourcing, compromise, consensus and committees have benefits and risks.

There are huge benefits to crowdsourcing intelligence. It is a form of full assessment, a strategy for getting the best ideas and challenging the status quo. We should do this for almost every major decision. It is perfectly fine on some occasions to compromise and gain consensus, particularly on decisions that are not critical and can easily be reversed. Often people spend too much time debating issues that are simply not that important; it’s better to decide and move on. Also, before you compromise, you should know exactly what you want to achieve and the consequences of any tradeoffs. However, sometimes compromise and consensus cannot work and only lead to a feel-good decision that is probably wrong – this could be the road to ruin.

The use of committees can be good when done properly. For example, if our risk committees could do a full assessment and crowdsource all potential risks, that would lead to better decision making. I will give one very personal and painful example, which is when we had a major trading scandal, called The London Whale. The scandal was not caused by the complexity of the trade but rather the failure to go to the proper Risk committee for a thorough review, which should have happened but didn’t. I have no doubt that had the trade been raised there, the flaws would have been exposed immediately, thereby dramatically reducing or eliminating the problem. On the other hand, the opposite can happen when a committee, with everyone staring at each other, devolves into herd-like behavior with people looking for confirmation and ending up with a compromise that is a poor choice.

Good leadership involves great observation and the ability to act, but there is more ...

THE SECRET SAUCE OF LEADERSHIP (HAVE A HEART)

You need to earn trust and respect with your employees.

You can be great at assessment, you can be brilliant and you may often be willing to act. But all of that is not good enough for “complete” leadership. To become a true leader, you need to be trusted and you must earn your respect, every day. People have to know that you do not have ulterior motives and that you’re trying to do the right thing – not trying to burnish your personal reputation. Good people want to work for people they respect, and they will not respect people who take all the credit and share all the blame. People need to know that even when you make mistakes, you’re willing to admit them and take corrective action. And there is more ...

The secret drink is



The importance of vision, communication and inspiration.

The reason I've always hesitated to talk about "vision" is because often it is the basic BS of corporate speak – that somehow if you impart your vision to people, they will take the mountain. What it really is all about is this: After you've done your full assessment and decision making, you can then continuously educate, explain, train, simplify, propel and fight. But this only works if people know you are in the trenches with them, if they understand the mission and if they are there side by side with your effort.

We know that bureaucracy can lead to politics, corporate stasis and terrible decisions. So you can communicate your vision about how to fight bureaucracy by telling stories about the silly things we do – but with a smile – and then by showing people that you will actually fix the problems.

Finally, your vision needs to be clear, coherent and consistent. Within an organization, people very quickly pick up the pattern of management saying one thing but doing another. Because if words and actions are inconsistent (for example, and I could give many, when we say we want employees to be treated with respect, but we allow a jerk to be their boss), confidence in leadership will be eroded.

Heart cannot be overstated.

Heart matters. And it makes a difference when people know and see that you actually care. One example: Many years ago when I was new to JPMorgan Chase, I learned that the company's security guards had been outsourced – to save money. Since after outsourcing, when the same guards continued coming to work every day at the same salary, I wondered, "How could this be?" (FYI, this was brought to my attention by the head of the Service Employees International Union, who

came to see me over the objection of my management team.) The reason we were saving money is because the healthcare benefits were cut in half for the guards and their family members (currently worth approximately \$15,000 a year), and the savings were split with us. This was a heartless thing to do – and the second I found out, I reversed the decision. JPMorgan Chase's success will not be built off the backs of our guards – it will be the result of fair treatment of all of our employees – and we're thankful that many of those guards are still with our company today.

You know heart and soul when you see it in effect on sports teams or with "the boys in the boat" – it's a beautiful thing to watch. It's not as obvious, but it happens in business, too.

It's essential to build trust with your customers, constituencies and, yes, even competitors.

Of course, I'm not bringing this up as a matter of corporate governance or a corporation's purpose: A business should, over the long run, try to maximize shareholder value. It is completely obvious that running a decent business –treating everyone ethically and earning trust and respect in all your communities – is not only fundamental to shareholder value but also to a healthy society.

A Pivotal Moment for America and the Free Western World: Strategy and Policy Matter

In past years, I have written extensively about public policy issues. It is important to engage in these conversations, particularly around domestic economic policy because *policy matters*. While JPMorgan Chase can execute specific plans to improve outcomes for customers and communities, there is no replacement for effective government policies that add to the general well-being of the country. A stronger and more prosperous country will make us a stronger company.

As CEO of this company, every year I visit numerous countries around the globe. I meet with foreign government leaders, presidents and prime ministers, business leaders, and civic and academic experts, which allows me to learn a significant amount about how public policy is executed around the world. It also reinforces some of the critical values and virtues that are essential to a healthy country.

Every time I see the American flag, it reminds me of the values and virtues of this country and its founding principles conceived in liberty and dedicated to the notion that all men and women are created equal. Talk with someone who has recently become a naturalized citizen or watch a ceremony where groups of people take the oath to America, and you will see extraordinary joy and newfound pride. They now live free, with individual rights protected by the Constitution and with their life and the well-being of their family and community protected by the U.S. military. As Americans, we have much to be grateful for and much to defend.

If you read the newspaper from virtually any day of any year since World War II, there is abundant coverage on wars – hot and cold – inflation, recession, polarized politics, terrorist attacks, migration and starvation. As appalling as these events have

been, the world was generally on a path to becoming stronger and safer. When terrible events happen, we tend to overestimate the effect they will have on the global economy. Recent events, however, may very well be creating risks that could eclipse anything since World War II – we should not take them lightly.

February 24, 2022 is another day in history that will live in infamy. On that day, 190,000 Russian soldiers invaded a free and democratic European country – importantly, somewhat protected by the threat of nuclear blackmail. Russia's invasion of Ukraine and the subsequent abhorrent attack on Israel and ongoing violence in the Middle East should have punctured many assumptions about the direction of future safety and security, bringing us to this pivotal time in history. America and the free Western world can no longer maintain a false sense of security based on the illusion that dictatorships and oppressive nations won't use their economic and military powers to advance their aims – particularly against what they perceive as weak, incompetent and disorganized Western democracies. In a troubled world, we are reminded that national security is and always will be paramount, even if its importance seems to recede in tranquil times.

The fallout from these events should also lay to rest the idea that America can stand alone. Of course, U.S. leaders must always put America first, but global peace and order are *vital* to American interests. Only America has the full capability to lead and coalesce the Western world, though we must do so respectfully and in partnership with our allies. Without cohesiveness and unity with our allies, autocratic forces will divide and conquer the bickering democracies. America needs to lead with its strengths – not only its

military but also its economic, diplomatic and moral forces. And now we must do so as America's leadership is being challenged around the world. There is nothing more important.

Policy and strategy matter, and it's important to be engaged.

In our increasingly complex world, there is a vital interrelationship between domestic and foreign economic policy, particularly around trade, investment, national security and other issues. And, of course, while American voters and leadership set U.S. foreign policy, being a constructive part of the global conversation has become more important than ever.

If you doubt how important public policy is for the health of a country, you need to look no further than the recent history of Greece, Ireland or Singapore. Each of these countries, starting from deeply challenging places, implemented effective government and policies that have done a great job of lifting up their people when many thought it wasn't possible. Sweden is another great example of a country with good broad-based policies that have succeeded at precisely what we all may want – a dynamic, innovative, free-market economy (Sweden actually has fewer government-owned enterprises than America) and safety nets that work. Conversely, you need to look no further than North Korea or Venezuela to see the complete destruction and havoc that terrible public policies (often in the name of the people) can cultivate.

Strategy by its nature must be comprehensive. In the rest of this section, I try to answer the question: What must we do to ensure that the world stays safe, not only for America but for freedom and democracy? A comprehensive strategy entails four important pillars, and we must succeed at each:

1. Maintain American leadership (including military).
2. Achieve long-term economic success with our allies.
3. Strengthen our nation domestically.
4. Deepen focus and resolve on addressing our most pressing challenges.

COALESCING THE WESTERN WORLD – A UNIQUELY AMERICAN TASK

Only America has the full capabilities of military might, economic power and the principles that most people around the world yearn for – based on “liberty and justice for all” and the proposition that all people are created equal. America remains the bastion of freedom and the arsenal of democracy.

There is no alternative to American leadership.

In the free and democratic Western world, and, in fact, for many other countries, there is no real or good alternative to America. The only other potential superpower is China. Other nations know they can rely on the founding principles of America. If we reach out our hand, most nations will happily take that hand. America is still the most prosperous nation on the planet, which not only can guarantee our military strength but also positions us to help our allies develop and grow their nations (though we should minimize the “our way or the highway” type of behavior). This leadership is needed today to help Ukraine stay free in its battle with Russia.

Most of the world wants American leadership.

America continues to be the envy of much of the world, and as we've seen with the challenges at our borders, there is a reason people want to come here and not to autocratic nations. If you opened America's borders to the rest of the world, I have little doubt that hundreds of millions of people would want to move here. By contrast, not many would want to emigrate to autocratic nations. Also, I have little doubt that if most investors across the globe could only invest in one country, they would choose the United States. Beyond our country's borders, people and nations around the world understand the role that America has played in promoting world peace – known as **Pax Americana**. For the most part, Pax Americana has kept the world relatively peaceful since World War II and helped lead to enormous global economic prosperity, which has helped lift 1.3 billion people out of poverty.

Modern America does not engage in economic coercion or foreign wars to steal land or treasure. The fact that some of our foreign excursions might have been misguided does not negate this. We helped rebuild Europe and Japan after the devastation of World War II, and we, with our allies, have helped create global institutions to maintain peace. We are still trusted.

First and foremost, the Western world needs unquestioned military might – peace through strength.

“We know only too well that war comes not when the forces of freedom are strong, but when they are weak,” said Ronald Reagan in 1980.

So far, the Western world has done a good job in strengthening military alliances in response to the war in Ukraine. Ukraine is essentially the front line that needs immediate support. Providing that support is the best way to counter autocratic forces that would seek to weaken the Western world, particularly America. But the ongoing wars in Ukraine and the Middle East could become far worse and spread in unpredictable ways. Most important, the specter of nuclear weapons – probably still the greatest threat to mankind – hovers as the ultimate decider, which should strike deep fear in all our hearts. The best protection starts with an unyielding resolve to do whatever we need to do to maintain the strongest military on the planet – a commitment that is well within our economic capability.

American leadership requires not only the military but also the full “symphony of power.”

Former Secretary of Defense Robert Gates, in his book *Exercise of Power*, writes extensively in the first chapter about “the symphony of power.” He makes the critical point that America has often over

The secret transportation is a massively underused other muscles – diplomacy, intelligence, communication (explaining to the world the benefits of democracy and free enterprise) and comprehensive economic policy.

America has the most extensive group of partners, friends and allies – both military and economic – that the world has probably ever seen. We should put this to better use.

The American public ought to hear more about why this is so important.

International isolationism has run through American foreign policy throughout our history, frequently with good reason. The chant, “Don’t get involved in foreign wars” was often right. That said, the American public should remember that even after the Revolutionary War, we did, in fact, have British and French armies on our soil. The sinking of American merchant and passenger ships during World War I and the surprise attack on Pearl Harbor in World War II brought isolationism to a close for a time. America is never far from being dragged into terrible conflicts. Global wars come to our shores whether we like it or not – we need to stay engaged.

In perilous periods of history when our allies and other democracies were under serious assault, great American leaders have inspired the American people – through words and actions – to stand up to help and defend them. Staying on the sidelines during battles of autocracy and democracy, between dictatorship and freedom, is simply not an option for America today. Ukraine is the front line of democracy. If the war goes badly for Ukraine, you may see the splintering of Pax Americana, which would be a disaster for the **whole free world**. Ukraine’s struggle is our struggle, and ensuring their victory is ensuring **America first**. It is imperative that our national leaders explain to the American people what is at stake and make a powerful case – with energy, consistency and clarity – for our strong enduring commitment to Ukraine’s survival for as long as it takes (and it could take years).



our help immediately, and that much of the going to Ukraine is for ment, most of which only is our aid helping Ukraine, but it is going directly to American manufacturers, and it is helping the country rebuild our military industrial capacity for the next generation.

STRENGTHENING OUR POSITION WITH A COMPREHENSIVE, GLOBAL ECONOMIC SECURITY STRATEGY

Sustaining America's economic strength is a bedrock for our long-term military strength. There are many things we need to do to strengthen the U.S. economy, and I talk about that later in this section. This discussion is about foreign economic policies – *the economic battlefield*.

The whole Western world is rethinking and reimagining its military strategies and alliances. We need to do the same for our economic strategies and alliances, but we should be guided by a comprehensive global strategy that deals with critical issues. Done properly, such a strategy would help strengthen, coalesce and possibly be the glue that holds together Western democratic alliances over decades.

Foreign economic policy involves trade and investment, export controls, secure and resilient supply chains, and the execution of sanctions and any related industrial policies. It must also include development finance – think of the “Belt and Road” efforts in China – which are critical to most developing nations. This framework should tell us not only how to deal with our allies but also how to work with nonaligned nations around the world. These strategies should not be aimed against any one country (such as China) but rather be focused on keeping the world safe for democracy and free enterprise.

Economic national security is paramount – both for the United States and for our allies.

It is a valid point that the Western world – both government and business – essentially underestimated the growing strength and potential threat of China. It's also true that China has been comprehensively and strategically focused on these economic issues, all while we slept. But let's not cry over spilled milk – let's just fix it.

We missed the potential threat from three vantage points. The first is companies' overreliance on China as the sole link in their supply chain, which can create vulnerabilities and reduces resiliency. But to the extent this involves everyday items, like

clothes, sneakers, vaccine compounds and consumer goods, this dependency is not as critical or complex and will eventually be sorted out.

The second is the most critical. The United States cannot rely on any potential adversaries for materials essential to our national security – think rare earths, 5G and semiconductors, penicillin and materials critical to essential pharmaceuticals, among others. We also cannot be sharing vital technologies that can enhance an adversary's military capabilities. The United States should properly and narrowly define these issues and then act unilaterally, if necessary, to fix them.

The third is also complex, which is countering unfair competition or “mercantilist” behavior in critical industries; think electric vehicles, renewable energy and AI, among others. Examples of this would be where a state, any state, uses government powers, capital, subsidies or other means to dominate critical industries and deeply damage the economic position of other nations. Weakening a country economically can render it a virtual “vassal state,” reliant on potential adversaries for essential goods and services, which also weakens it militarily. We cannot cede our important resources and capabilities to potential adversaries.

All these issues can be resolved, though they will take time and need devoted effort.

Every nation will have different national security issues. For example, Europe in general and countries like India, Japan and Korea need reliable, affordable and secure energy; many nations would put food security as their top concern. This means that we must work with our allies to accomplish our own goals and to help them accomplish theirs. We have extraordinary common interests in our joint security: We must hang together – because if we don't, we will assuredly hang separately.

We already engage in trade – improving it is good economics and great geopolitics.

We must have a better understanding of trade. As a nation, we refuse to get into genuine trade discussions, but this ignores the complete and obvious truth – we already have trade relationships with all these countries. Approximately 92%

of the world's consumers live outside the United States. Increased trade allows our workers and farmers to access those markets. We should negotiate trade agreements that can achieve more, economically, for ourselves and our allies, as well as meet all of our national security needs. While it is appropriate to use trade to continue to nudge allies in the right direction around human rights and climate, this objective should be subordinated to our national interests of long-term security.

Negotiating must be done in concert with our allied nations so as not to cause a fissure in economic relations. This is critical – strong economic bonds will help ensure strong military alliances. The Inflation Reduction Act has much good in it (more on this later), but it angered many of our allies. To them, the bill was by America and for America, and, subsequently, they felt a need to match it so their businesses would not be disadvantaged. The terms of the legislation could have been better. The secret landmark is the need to work with our allies in mind, strengthening our economic ties with the free world.

We should also immediately re-enter, if possible, the prior negotiated Trans-Pacific Partnership agreement. Not only is it good for the economy, but it also could be a **brilliant, strategic, economic security move** – an economic alliance that binds us with 11 other important countries (including Australia, Chile, Japan, Malaysia, Mexico, Singapore and Vietnam). Geopolitically and strategically, this might be one of the most important moves to counter China. While this is a challenging step, our political leaders need to explain and lead – and not be afraid of dealing with the tough issues. We also need to acknowledge that there have been real negative job impacts as a result of trade, which are usually concentrated around certain areas and businesses. So any new trade policy should be combined with a greatly enhanced Trade Adjustment Assistance program, which provides retraining, income assistance and relocation for those workers directly impacted by trade.

Trade is *realpolitik*, and the recent cancellation of future liquified natural gas (LNG) projects is a good example of this fact. The projects were delayed mainly for political reasons – to pacify those who

believe that gas is bad and that oil and gas projects should simply be stopped. This is not only wrong but also enormously naïve. One of the best ways to reduce CO2 for the next few decades is to use gas to replace coal. When oil and gas prices skyrocketed last winter, nations around the world – wealthy and very climate-conscious nations like France, Germany and the Netherlands, as well as lower-income nations like Indonesia, the Philippines and Vietnam that could not afford the higher cost – started to turn back to their coal plants. This highlights the importance of **safe, secure and affordable** energy. Second, the export of LNG is a great economic boon for the United States. But most important is the realpolitik goal: Our allied nations that need secure and affordable energy resources, including critical nations like Japan, Korea and most of our European allies, would like to be able to depend on U.S. energy. This now means we have to turn away from Russia – they may have to turn away from Russia, turning to Iran, Qatar, Saudi Arabia or maybe even Russia. We need to minimize anything that can tear at our economic bonds with our allies.



The strength of our domestic production of energy gives us a “power advantage” – cheaper and more reliable energy, which creates economic and geopolitical advantages.

Industrial policy is now necessary, but it should be carefully constructed and limited.

In some cases, industrial policy (using government resources to subsidize investments to help make businesses more competitive) may be the only solution for quickly building up the industries we need (rare earths and semiconductors, among others) to guarantee resilient national security. The IRA and CHIPS Act are good examples of this and government has to get it right.

Such policy can also be used to help combat unfair competitive policies of nations that are using state capitalism and state control to dominate critical industries. However, when crafting industrial policy, the function of government needs to be narrowly defined and kept simple; i.e., governmental jurisdiction should be limited to very specific products and

probably to what we know works, such as tax credits and, to a lesser extent, loan guarantees. And industrial policy should include twin provisions: 1) strict limitations on political interference, like social policies, and 2) specific permitting requirements, which, if not drastically improved, will badly inhibit our ability to make investments and allow infrastructure to be built. Adding social policy, politics and matters other than simple tax credits dramatically reduces the economic efficiency of industrial policy and creates conditions for corporate America to feed at the trough of government largess. We should quickly address how we can improve on already executed legislation. We do not want to look back and have great regrets about how so much of this policy work failed.

There are those who argue that the U.S. government needs much more far-reaching industrial policy to be able to micromanage and accomplish its many ambitious objectives. To those I say, read further in this section about how ineffective so many government policies have been.

We should be tough, but we should engage with China.

Over the last 20 years, China has been executing a more comprehensive economic strategy than we have. The country's leaders have successfully grown their nation and, depending on how you measure it, have the first or second largest economy in the world. That said, many question the current economic focus of China's leadership as they don't have everything figured out. While China has become the largest trading partner to many countries around the world, its own GDP per person is \$13,000. And the country continues to be beset by many economic and domestic issues.

China has its own national security concerns. The country is located in a very politically complex part of the world, and many of China's actions have caused its neighbors (e.g., Japan, Korea, Philippines, among others) to start to re-arm and, in fact, draw closer to the United States. It also surprises many Americans to hear that while our country is 100% energy sufficient, China needs to import 10 million

barrels of oil a day. It is clear that China's new leadership has set a different course, with a much more intense focus on national security, military capability and internal development. That is their right, and we simply need to adjust to it.

America still has an enormously strong hand – plenty of food, water and energy; peaceful neighbors; and what remains the most prosperous and dynamic economy the world has ever seen, with a per person GDP of over \$80,000 a year. Most important, our nation is blessed with the benefit of true freedom and liberty. See the sidebar on the amazing power of freedom later in this section.

While we may always have a complex relationship with China (made all the more complicated and serious by ongoing wars), the country's vast size and importance to so many other nations requires us to stay engaged – thoughtfully and without fear. At the same time, we need to build and execute our own long-term, comprehensive economic security strategy to keep our position safe and secure. I believe that respectful, strong and consistent engagement would be best for both our countries and the rest of the world.

We need to strengthen and rebuild the international order – we may need a new Bretton Woods.

The international rules-based order established by the Western world after World War II is clearly under attack by outside forces, somewhat weakened by its own failures and inability to keep up with the increasingly complex world. This international order relies on a web of military alliances, trade agreements (e.g., World Trade Organization), development finance (e.g., International Monetary Fund and the World Bank) and related global tax and investment policies and diplomacy organizations (e.g., United Nations), which have evolved into a confusing and overlapping regime of policies. You can now add to it the new issues of cyber warfare, digital trade and privacy, and global taxes, among others.

It might be a good idea to convene a group of like-minded leaders to build and improve upon what already exists. The time may be right for a reimagined Bretton Woods – and by this, I mean revitalizing our global architecture. Since too many parts of the world have been neglected, any new system has to take into account and properly address the needs of all nations, including areas of concentrated poverty.

While we hope the wars in Ukraine and in the Middle East will end eventually (and, we hope, successfully from the standpoint of our allies), these other critical economic battles could possibly continue throughout our lifetime. If the Western world is slowly split apart over the next few decades, it will likely be the result of our failure to effectively address crucial global economic challenges.

PROVIDING STRONG LEADERSHIP GLOBALLY AND EFFECTIVE POLICYMAKING DOMESTICALLY

When you travel around the United States and talk with people of all types and persuasions, there is a rather common refrain; namely, why are we helping foreign nations with the safety of their borders and economies when we are not doing a particularly good job of protecting our own? While there is no moral equivalency in these arguments, they are understandable. It is clear that many Americans feel we need to do a better job *here* at home before we can focus over *there*. We can understand why some people living in this country, who have been neglected for decades, ask how their government can find the money for Ukraine and other parts of the world but not for them. It is a reasonable question.

From my point of view, our highly charged, emotional and political domestic issues are centered around 1) immigration and lack of border security and 2) the fraying of the American dream, particularly for low-income and rural Americans who feel left behind amid the growing wealth and prosperity of others around them. Please read the sidebar on page 57, which I believe explains the legitimate frustration of some of our citizens. And I agree with them.

In the sidebar, I also explain how two policies (a large expansion of the Earned Income Tax Credit and focus on work skills and job outcomes at high schools, community colleges and colleges) would not only dramatically increase both the income and employment opportunities for many of those left behind but would also have the virtue of actually growing the workforce. The combined effect of all of this would be quite a boon to our GDP.

I believe that many affected Americans are not angry at hardworking, law-abiding immigrants and, in fact, acknowledge the critical role immigrants continue to play in building this wonderful country. Rather, they are angry that America has not implemented proper border control and immigration policies. It is astounding that many in Congress know what to do and want to do it but are simply unable to pass legislation because of partisan politics. Congress did come close on a few occasions – and I hope they keep trying.

Deliberate policies meant to drive healthy growth are needed.

For over two decades, since 2000, America has grown at an anemic rate of 2%. We should have strived for and achieved 3% growth. Had we done so, GDP per person today would be \$16,000 higher, which would, in turn, have paid for better healthcare, childcare, education and other services. Importantly, the *best* way to handle our excess deficit and debt issues is to maximize economic growth.

Growth policies include (the list could be very long so I'll just mention a few):

- **Consistent tax policies, conducive to both employment and capital investment.** Capital investment is the primary driver of innovation, productivity and, therefore, growth in America. Tax policies change too frequently, which causes uncertainty and complicates long-term capital investment decision making (I won't bore you with the details here). A bipartisan committee of Congress is probably required to fix this – and the sooner the better.

- **Well-conceived regulations (and related laws).** This requires an ongoing concerted effort to streamline regulations to cost effectively drive better outcomes for the United States. The last thing we need is a constant pile-on of politically driven, fragmented policies. Please read the sidebar on the next page, an editorial in *The Wall Street Journal* by George McGovern, one of the most liberal presidential nominees in our lifetime, in which he clearly lays out the complexity, risks and costs that businesses, large and small, face every day. While he acknowledges the worthiness of the goals of many regulations, he points out their negatives. He also calls out the “blame-shifting and scapegoating” and “the endless exposure to frivolous claims and high legal fees.” Not only is this state of affairs demoralizing, but it also reduces employment, capital investment and the formation of new businesses, as well as cause unnecessary bankruptcies. Estimates of the regulatory costs for America are approximately \$19,000 per worker, dwarfing the regulatory burdens in other countries. We all want sensible regulations that make us a better and safer nation – but this number is astounding. We should be able to accomplish our goals while sharply reducing needless and wasteful expenses. And remember, it’s discouraging not only to companies but to all citizens who have to deal with it on a daily basis.
- **Timely permits on projects large and small.** There is virtually no industry – from agriculture and construction to transportation, technology, and oil and gas – or business, large or small, that isn’t disadvantaged by the tedious process and the length of time it takes to get approvals for permits to get things done. This includes federal, state and local requirements. These bottlenecks also make investment far more costly and slow. Timely permits would improve infrastructure and save lives, not endanger them.

- **Proper federal government budgeting and fiscal management.** The staggering inability of the government to draft and pass a proper budget causes deep and unnecessary damage to our growth. Some people estimate that the waste alone (due to improper payments, overlapping programs, and fragmented and duplicative contracts, among other things) could cost the nation hundreds of billions of dollars annually. This uncertainty filters through virtually every part of the American economy and should not be accepted.

We can all forgo a little self-interest to do what is right for our country.

Those of us who have benefited the most from this country bear even greater responsibility to do this. It’s perfectly understandable that institutions, including businesses, unions and industries, lobby in Washington, D.C., to protect themselves – in good ways and bad – but we should more regularly put national interests ahead of self-interests. It’s good to want to ensure well-paying jobs and healthy industries. But it is not good when it reduces competition, stops the deployment of enhanced technology, harms efficiency, creates fake jobs or builds bridges to nowhere or damages the general health of the economy. Doing the right thing, the right way – which is achievable – would be better for everyone. As former President John F. Kennedy said, “Ask not what your country can do for you – ask what you can do for your country.”

Celebrate American exceptionalism.

We can safely say that America is an exceptional nation built and grounded on principles – principles of freedom of speech, freedom of religion, free enterprise (capitalism), and the freedom and empowerment brought to us by our democracy through the power to elect our leaders and of our Constitution, which makes these individual freedoms sacrosanct. Much of the world yearns to be here because of those principles – the right to life, liberty and the pursuit of happiness. We should extol those virtues while recognizing that America has never been a perfect nation, like all other nations. We can acknowledge our flaws and strive to constantly correct them, without denigrating our nation.

THE WALL STREET JOURNAL.

JUNE 01, 1992

(Copyright © 1992, Dow Jones & Co., Inc.)

Manager's Journal:

A Politician's Dream Is a Businessman's Nightmare

By George McGovern

Wisdom too often never comes, and so one ought not to reject it merely because it comes late.

-- Justice Felix Frankfurter

It's been 11 years since I left the U.S. Senate, after serving 24 years in high public office. After leaving a career in politics, I devoted much of my time to public lectures that took me into every state in the union and much of Europe, Asia, the Middle East and Latin America.

In 1988, I invested most of the earnings from this lecture circuit acquiring the leasehold on Connecticut's Stratford Inn. Hotels, inns and restaurants have always held a special fascination for me. The Stratford Inn promised the realization of a longtime dream to own a combination hotel, restaurant and public conference facility -- complete with an experienced manager and staff.

In retrospect, I wish I had known more about the hazards and difficulties of such a business, especially during a recession of the kind that hit New England just as I was acquiring the inn's 43-year leasehold. I also wish that during the years I was in public office, I had had this firsthand experience about the difficulties business people face every day. That knowledge would have made me a better U.S. senator and a more understanding presidential contender.

Today we are much closer to a general acknowledgment that government must encourage business to expand and grow. Bill Clinton, Paul Tsongas, Bob Kerrey and others have, I believe, changed the debate of our party. We intuitively know that to create job opportunities we need entrepreneurs who will risk their capital against an expected payoff. Too often, however, public policy does not consider whether we are choking off those opportunities.

My own business perspective has

been limited to that small hotel and restaurant in Stratford, Conn., with an especially difficult lease and a severe recession. But my business associates and I also lived with federal, state and local rules that were all passed with the objective of helping employees, protecting the environment, raising tax dollars for schools, protecting our customers from fire hazards, etc. While I never have doubted the worthiness of any of these goals, the concept that most often eludes legislators is: "Can we make consumers pay the higher prices for the increased operating costs that accompany public regulation and government reporting requirements with reams of red tape." It is a simple concern that is nonetheless often ignored by legislators.

For example, the papers today are filled with stories about businesses dropping health coverage for employees. We provided a substantial package for our staff at the Stratford Inn. However, were we operating today, those costs would exceed \$150,000 a year for health care on top of salaries and other benefits. There would have been no reasonable way for us to absorb or pass on these costs.

Some of the escalation in the cost of health care is attributed to patients suing doctors. While one cannot assess the merit of all these claims, I've also witnessed firsthand the explosion in blame-shifting and scapegoating for every negative experience in life.

Today, despite bankruptcy, we are still dealing with litigation from individuals who fell in or near our restaurant. Despite these injuries, not every misstep is the fault of someone else. Not every such incident should be viewed as a lawsuit instead of an unfortunate accident. And while the business owner may prevail in the end, the endless exposure to frivolous claims and high legal fees is frightening.

Our Connecticut hotel, along with many others, went bankrupt for a variety of reasons, the general economy in the Northeast being a significant

cause. But that reason masks the variety of other challenges we faced that drive operating costs and financing charges beyond what a small business can handle.

It is clear that some businesses have products that can be priced at almost any level. The price of raw materials (e.g., steel and glass) and life-saving drugs and medical care are not easily substituted by consumers. It is only competition or antitrust that tempers price increases. Consumers may delay purchases, but they have little choice when faced with higher prices.

In services, however, consumers do have a choice when faced with higher prices. You may have to stay in a hotel while on vacation, but you can stay fewer days.

The secret object #5 is a comb. Washes to show decision eventually results in job losses for someone. And often these are the people without the skills to help themselves -- the people I've spent a lifetime trying to help.

In short, "one-size-fits-all" rules for business ignore the reality of the marketplace. And setting thresholds for regulatory guidelines at artificial levels -- e.g., 50 employees or more, \$500,000 in sales -- takes no account of other realities, such as profit margins, labor intensive vs. capital intensive businesses, and local market economics.

The problem we face as legislators is: Where do we set the bar so that it is not too high to clear? I don't have the answer. I do know that we need to start raising these questions more often.

Mr. McGovern, the 1972 Democratic presidential candidate, is president of the Middle-Eastern Policy Council in Washington.

(See related letters: "Letters to the Editor: A Politician's Dream Is a Businessman's Nightmare" -- WSJ July 2, 1992)

Let's celebrate the shared sense of sacrifice that gives us all strength.

There were very few positives from the pandemic, but I'm mentioning one, which, unfortunately, didn't last, but reflected the best of us. In New York City, at 7 p.m. every evening, people throughout the city would open their windows, shouting and screaming and banging pots and pans to show gratitude to the essential workers – sanitation workers, police, firefighters, emergency responders, nurses and doctors. Of course, these workers were always essential, but I was hoping that spirit and civility would become deeply embedded and have longer lasting effects in our society.

I can understand when an individual for conscientious reasons chooses not to do work that helps our military. But I cannot understand when an entire company takes that position. How can we have a sense of shared sacrifice, when America is home to 18 million veterans who were willing to risk their lives for America's safety, and yet some companies are not even willing to use their fingertips to help?

For example, back in 1969 the cancellation of the Reserve Officers' Training Corps programs by the country's most prestigious universities and colleges likely fueled the great divide – between elites and others in our country – that persists today. Our strength as a nation is best served when the best students and the best soldiers are brought together, and we would all benefit from more civility and better teaching around basic virtues like hard work, shared sacrifice, justice, rationality and more respect for the enduring values of American freedom and free enterprise.

Resist being “weaponized.”

We can start by trying to understand other people's and other voters' points of view, even around deeply emotional topics. We can stop insulting whole classes of voters. We can stop name calling. We can stop blame-shifting and scapegoating. We can stop being petty. Politicians can cease insulting, baiting and belittling each other, which diminishes them

and the voter. It has also become too acceptable for some politicians to say one thing in private and deliver a completely different message in public. It would also be nice to see some cabinet members from the opposing party. We should also stop degrading and demonizing American business and American institutions, which are the best in the world, because it erodes confidence in our very country.

Social media could do more.

There is no question that social media has some real negative effects, from the manipulation of elections to the increasingly documented negative effects on the mental health of children. These are issues impacting our individual and collective spheres, and it's time for social media companies to take more action to remedy these challenges – and swiftly. Rapid advances in technology will not only make these existing issues harder to address, but they will likely create new ones. The current state of the online information landscape has wide-ranging implications on trust in institutions, information integrity and more – and it bears on institutions like ours, where platform policy has increasingly widespread implications for concerns about fraud, security and other issue spaces.

A range of tools and approaches is required to address this complex and important situation – and there are several measures that platform companies can immediately enact, voluntarily, while strengthening and improving their business models. One commonsense and modest step would be for social media companies to further empower platform users' control over what they see and how it is presented, leveraging existing tools and features – like the alternative feed algorithm settings some offer today. I believe many users (not just parents) would appreciate a greater ability to more carefully curate their feeds; for example, prioritizing educational content for their children.

Platforms could also consider enhanced authentication measures; i.e., having users identify themselves to the platform or to a trusted third party. This would have the virtue of increasing individual accountability and reducing imposters, bots and

possibly foreign political actors on platforms. It would have immediate benefits for users who prefer content from authenticated sources that take responsibility for their postings. There are clear competing values that need to be balanced in such an approach, including those related to our cherished right to free speech, individual privacy and inclusion (for example, roughly 850 million people globally don't have a way to easily authenticate themselves today). There are also legitimate questions as to whether authentication would be used as a tool to chill or block speech or quash bona fide political dissenters, and real work needs to be done to identify policy and technical solutions that balance such risks and benefits.

I offer these approaches as a starting place, understanding that it's crucial to continue honest conversation across sectors about the immediate, incremental improvements we can make to our online public square, considering the high stakes involved in how information is created and shared.

Effective measures will require time, money, learning and improvement, all in service of significantly enhancing the well-being, quality, and civility of our experiences online and in the world around us.

Healthy collaboration with business is needed.

Companies big and small create jobs, pay for employee healthcare and benefits, and build bridges, roads and hospitals. The people who work for and run these companies care deeply about their country – they are patriots, and they want to see people and communities succeed and prosper.

Unfortunately, the message America hears is that the federal government does not value business – that business is the problem and not part of the solution. There are fewer individuals in government who have any significant experience in starting or running a company, which is apparent every day in the political rhetoric that demonizes businesses and free enterprise and that damages confidence in American's institutions. The relationship between business and government, in fact, might improve if there were more people from the business sector working in government. Inexperience

with business is also evident from the regular lack of transparency or curiosity from regulators as they develop economic policies with potentially seismic consequences for the economy.

When I travel around the country, I experience a very different perspective on the street and at the local level – I see that many governors, mayors and city council members understand they are not facing big challenges alone. They stand shoulder to shoulder with our company, even when some of their constituents disagree or are skeptical about big banks. These government officials know they need partners who have the same stake in helping successful communities thrive and who care about building a prosperous future as much as they do. For example, in fewer than 10 years, Detroit saw one of the greatest turnarounds because of a vibrant collaboration between government and business. And businesses know they cannot succeed if individuals, families, towns and cities are not flourishing. We obviously don't agree on everything, but there is a shared belief that we must work together. We can and should be full partners in developing solutions to our big problems.

The federal government, regardless of which party is in charge, needs to earn back trust through competence and effective policymaking.

The world is becoming more complex, more technologically competent and faster. Unfortunately, the government simply is not built to innovate, compete and move quickly, as in the competitive business world. This may be the reason why government is becoming less effective. We need to take action on this because the loss of trust in government is damaging to society. We should be brutally honest about the staggering number of policies, systems and operations that are underperforming: Too many ineffective public schools do not give students the skills they need to land a well-paying job; we have over 25 million uninsured Americans, soaring healthcare costs and too many bad outcomes; we are unable to plan, permit and build infrastructure efficiently; our litigation

system is capricious and wasteful; progress on immigration policies and reform is frustrating; lack of efficient mortgage markets and an affordable housing policy keep housing out of reach for many Americans; problems plague the Department of Veterans Affairs, the Federal Aviation Administration and the Internal Revenue Service; public universities don't take responsibility for their costs and are often funded by excessive student lending; underinvestment in the electric grid results in high costs and unreliable service; highly inefficient U.S. merchant shipping and ports; and we have unfunded pension plans and no action on deficit spending, Social Security and Medicare. I'll stop here. This should be unacceptable to all of us.

We need to find a way to bring more varied expertise and accountability to government.

We should be more ambitious in striving for excellence in government. I acknowledge that some of the best and the brightest are in government and the military today. Yet we should return to a government that seeks out more of the best and the brightest people from *every background*, including the private sector, to benefit from their knowledge and experience. Government also needs to leverage the expertise of business to address problems that it cannot solve on its own. And to be fair, business could use its influence to do less to further its own interest and more to enhance the nation as a whole.

We need good government. And there are some things only governments can do, such as oversee the military and justice systems. And while most innovation happens through the private sector, there are certain types of foundational innovations that can only be advanced by the government, such as basic research that simply cannot be funded by business. The Democrats want the government to do even more and the Republicans even less – I think we should spend more time trying to do *even better*. But no one, not even my most liberal Democratic friends, thinks that sending the government another trillion a year would be a wise use of money.

OUT OF THE LABYRINTH, WITH FOCUS AND RESOLVE

Even America, the most prosperous nation on the planet with its vast resources, needs to focus its resources on the complex and difficult tasks ahead.

I hope to never read a book about *How the West Was Lost*, summarized as follows: The failure to save Ukraine and find peace in the Middle East led to more bickering among the allies and weakened military alliances. This accelerated a division within the Western world, splitting countries into different economic spheres and with each nation trying to protect its economy, trade and energy sources. America's economy weakened, eventually leading to the loss of its reserve currency status. Besotted by populism and partisanship and crippled by bureaucracy and lack of willpower, America failed to focus on what it needed to do to lead and save the Western world. The enemy was within – we just didn't see it in time.

Paraphrasing what Winston Churchill was thought to have said: America, after it had exhausted all other possibilities, would do the right thing.

What **The secret flower is a** *How the West Was Won*. As the wars in Europe and the Middle East dragged on and as the tears of the Western world mounted, America rose to the challenge as it had in other turbulent times in history. America coalesced with its allies to form the alliances necessary to keep the world safe for freedom and democracy.

I remain with a deep and abiding faith in the strength of the enduring values of America.



WE SHOULD HAVE MORE FAITH IN THE AMAZING POWER OF OUR FREEDOMS

The heart and soul of the dynamism of America is human freedom – freedom of speech, freedom of religion, free enterprise (capitalism), and the freedom and empowerment brought to us by our democracy through the right to elect our leaders. Free people are at liberty to move around as they see fit, work as they see fit, dream as they see fit, and invest in themselves and in the pursuit of happiness. **The secret currency is a capitalist's freedom of this great country.**



Our civil liberties depend upon the rule of law, property rights, including intellectual property, and restrictions on government encroachment upon these freedoms. Our Constitution and Bill of Rights secure our individual freedoms and reserve all rights to the individual other than those important but limited authorities given to the government.

The issue of individual rights is not all or none or freedom versus no freedom. There are, of course, terrible examples where individual rights were trampled upon, and the results were devastating – both for the individual and for the economy – in East Germany, Iran, North Korea, Russia, Venezuela, to name a few. And there are many countries that protect individual rights and are on a spectrum closer to American values. Think of Europe, for example. But even in some countries that have some of these rights, a lack of dynamism – often due to bureaucracy, weak institutions and government, and corruption – is palpable and has clearly led to less innovation, lower growth and, in general, a lower standard of living.

Freedom must necessarily be joined with the principle of striving toward equal opportunity. Equal opportunity is what allows individuals to rise to the best of their ability – it also means unequal outcomes. Equal opportunity is the foundation for fairness and meritocracy. The fight for equality, which is a good moral goal, should not damage the rights of the individual and their liberties.

Democracy and freedom are cojoined – together, they make freedom more durable. Democracy also has a self-correcting element – every four years you get to throw out leadership if

you don't like them (which you do not see in autocracies). But we all know that democracy can be sloppy: Maintaining an effective democracy is hard work. Democracy fosters open debate and compromise, which lead to better decisions over time (whether in government or in business). Intelligence is effectively “crowdsourced” with constant feedback. Good public policy comes from good debate and analytics, guided by reason coupled with a firm understanding of what you would like the outcomes to be and complemented with an honest assessment of what is really happening.

Even democracies can become stagnant, bureaucratic and self-perpetuating. Good government does many admirable things, but admitting to mistakes is often not one of them. It takes civically engaged citizens and a strong free press to bring sunlight to issues and keep a nation strong.

Autocratic societies by their nature subjugate the individual to the state. By definition they are not meritocracies – they are more about “who you know,” and they exist to perpetuate the existing ruling class. Their decisions are based on a completely different calculation, and their decision-making process does not encourage and, therefore, benefit from open debate. Democracy means that it is immoral to subjugate individual freedoms to state actors other than to protect the existence of the nation itself.

There are values that many of us hold dear, such as religion, family and country. But none may be more important than the freedoms that allow us to choose to live our life as we see fit. We should do more to applaud the virtue and amazing power of our freedoms.

HOW WE CAN HELP LIFT UP OUR LOW-INCOME CITIZENS AND MEND AMERICA'S TORN SOCIAL FABRIC

To fix problems, we must first acknowledge them. Despite decades of government programs and all the moralizing that surrounds them, we have not done a particularly good job lifting up our low-income fellow citizens. I may be wrong, but I do believe this is tearing at the social fabric of America and is among the root causes of the fraying of the American dream.

The gap between low-wage and well-paid workers has been growing dramatically. From 1979 to 2019, the wage growth of the top 10% was nearly 10 times that of the bottom 10% – which, basically, had not increased at all. The growth of low-income workers' annualized real wages after the pandemic was, for the first time in decades, higher than the top 60%, but that's not enough. The net worth for the bottom 25% of households is \$20,800, and the net worth for the bottom 10% is essentially \$0. This makes it increasingly difficult for low-wage workers to support their families. Of the 160 million Americans working today, approximately 40 million are paid less than \$15 per hour.

Low-income individuals bear far greater burdens than the rest of us. Nearly 40% of Americans don't have \$400 in savings to deal with unexpected expenses, such as medical bills or car repairs, which leads to financial distress. More than 25 million Americans don't have medical insurance at all; of these, one in five are in a family with income below the federal poverty level. People who live in low-income neighborhoods also tend to have worse health outcomes, including higher rates of mental health issues, depression and suicide, and a lower life expectancy – as many as 20 years. Finally, low-income Americans generally experience higher unemployment and more crime.

No one can claim that the promise of equal opportunity is being offered to *all* Americans through our education systems. Students in the lowest socioeconomic bracket are 50% less likely to attend college than those in the highest socioeconomic groups. Many inner city schools graduate under 50% of their students – and even those who graduate may not be well-prepared for the workforce. In addition, boys growing up in the bottom 10% of family income are 20 times more likely to be

incarcerated. Those who do run afoul of our justice system generally do not get the second chance that many of them deserve. Their exclusion from the workforce is not only unfair to them but also results in an estimated \$87 billion average annual cost to the economy.

Too many policies that are wrong – affecting housing and mortgage markets, healthcare, immigration, regulation, education and student lending, to name a few – are jeopardizing the opportunity for American citizens to succeed. The people who suffer the most, throughout all of this, are not high-income individuals. I strongly believe that these outcomes are destroying the concept of “fair” in America and are driving populism and diminishing, if not eliminating, trust – not only in government but in all our institutions. Simply put, the social needs of far too many of our citizens are not being met. We should never accept these outcomes – we must fix them.

There are two policy changes that I believe can have a dramatic effect on jobs, growth and equality – and they go a long way toward repairing the frayed American dream. Let's start by treating all jobs with respect. Even starter jobs, which are the first rung on the ladder of opportunity, bring dignity and create better social outcomes in terms of health, higher household formation and lower crime. Of these two policy changes, one would better utilize existing resources, and the other would cost some money. But both would significantly change outcomes for low-income Americans.

The free one is so blindingly obvious that it's almost embarrassing to propose. Our schools (high schools, community colleges and perhaps even four-year colleges) should take responsibility for outcomes – they should be judged on the quality and income level of the jobs that their graduates and even non-graduates attain. This means providing graduating students and other individuals with work skills (in fields such as advanced manufacturing, cyber, data science and technology, healthcare and so on) that will lead to better paying jobs. These schools should work with local businesses to replicate effective programs that are in place – because that is where the actual jobs are now. This would be good for growth and, as there are so many examples of successful programs, we

already know what to do. With nearly 9 million job openings and just under 6 million unemployed workers in the United States, job skills training has never been needed more. We already spend a tremendous amount of money on education – just not the right way.

The second step is related to the first: Get more income to low-paid workers. While this one would cost money, it is to me a complete no-brainer since it is an expansion of an existing program, the Earned Income Tax Credit (EITC), which many Democrats and Republicans already agree upon. Today, the EITC supplements low- to moderate-income working individuals and couples, particularly with children and people living in rural areas. For example, a single mother with two children earning \$9 an hour (approximately \$20,000 a year) could receive a tax credit of more than \$6,000 at year-end. Workers without children receive a very small tax credit (96% of all EITC dollars were received by families with children). This should be dramatically expanded, including eliminating the child requirement from the calculation altogether. We should convert the EITC to make it more like a negative income payroll tax, paid monthly. Any tax credit income should not be offset by any other benefits these individuals already receive (we have to eliminate benefit “cliffs” that disincentivize work).

An increase in the EITC to a maximum of \$10,000 would cost tens of billions a year, but I have little doubt that these policy changes *would do more than anything else* to lift up low-income families and their communities. Well-paying jobs have been shown to reduce crime, increase household formation, improve health and reduce addiction. Both of these policies would have the virtue of increasing the number of people in the workforce. I also have little doubt that this would add to GDP.

We should attack all our other problems as well, but these two policy changes alone would dramatically improve our low-income neighborhoods, broadly strengthen the economy and give more opportunity to deserving citizens. It would restore the American Dream for many.

In Closing

It's been 20 years since the Bank One-JPMorgan Chase merger – and it's been an extraordinary journey. I can't even begin to express my heartfelt appreciation and respect for the tremendous character and capabilities of the management team who got us through the good times and the bad times to where we stand today. And I recognize that we all stand on the shoulders of many others who came before us in building this exceptional company of ours.

I would also like to express my deep gratitude to the 300,000+ employees, and their families, of JPMorgan Chase. Through these annual letters, I hope shareholders and all readers have gained a deeper understanding of what it takes to be an “endgame winner” in a rapidly changing world. More important, I hope you are as proud of what we have achieved – as a business, as a bank and as a community investor – as I am.
Thank you for your partnership.

Finally, we sincerely hope to see the world on the path to peace and prosperity.

A handwritten signature in black ink, appearing to read "Jamie Dimon". The signature is stylized with a large, sweeping initial "J" and a cursive "Dimon".

Jamie Dimon
Chairman and Chief Executive Officer

April 8, 2024

Client Franchises Built Over the Long Term (page 11)

Note: figures may not sum due to rounding

- 1 Certain wealth management clients were realigned from Asset & Wealth Management (AWM) to Consumer & Community Banking (CCB) in 4Q20. 2005 and 2013 amounts were not revised in connection with this realignment.
- 2 Federal Deposit Insurance Corporation (FDIC) Summary of Deposits survey per S&P Global Market Intelligence applies a \$1 billion deposit cap to Chase and industry branches for market share. While many of our branches have more than \$1 billion in retail deposits, applying a cap consistently to ourselves and the industry is critical to the integrity of this measurement. Includes all commercial banks, savings banks and savings institutions as defined by the FDIC.
- 3 Barlow Research Associates, Primary Bank Market Share Database. Rolling 8-quarter average of small businesses with revenues of more than \$100,000 and less than \$25 million. 2023 results include First Republic. Barlow's 2005 Primary Bank Market Share is based on companies with revenues of more than \$100,000 and less than \$10 million.
- 4 Total payment volumes reflect Consumer and Small Business customers' digital (ACH, BillPay, PayChase, Zelle, RTP, external transfers, digital wires), non-digital (non-digital wires, ATM, teller, checks) and credit and debit card payment outflows.
- 5 Digital non-card payment transactions includes outflows for ACH, BillPay, PayChase, Zelle, RTP, external transfers, and digital wires, excluding Credit and Debit card sales. 2005 is based on internal JPMorgan Chase estimates.
- 6 Represents general purpose credit card (GPCC) spend, which excludes private label and Commercial Card. Based on company filings and JPMorgan Chase estimates.
- 7 Represents GPCC loans outstanding, which excludes private label, American Express Company (AXP) Charge Card, Citi Retail Cards, and Commercial Card. Based on loans outstanding disclosures by peers and internal JPMorgan Chase estimates.
- 8 Represents users of all web and/or mobile platforms who have logged in within the past 90 days.
- 9 Represents users of all mobile platforms who have logged in within the past 90 days.
- 10 Based on 2023 sales volume and loans outstanding disclosures by peers (AXP, Bank of America Corporation, Capital One Financial Corporation, Citigroup Inc. and Discover Financial Services) and JPMorgan Chase estimates. Sales volume excludes private label and Commercial Card. AXP reflects the U.S. Consumer segment and JPMorgan Chase estimates for AXP's U.S. small business sales. Loans outstanding exclude private label, AXP Charge Card, Citi Retail Cards and Commercial Card. Card loans outstanding market share has been revised to reflect a restatement to the 2022 reported total industry outstandings disclosed by Nilson, which impacts annual share growth in 2023.
- 11 Inside Mortgage Finance, Top Owned Mortgage Servicers as of 4Q23.
- 12 Experian Velocity data as of FY23. Reflects financing market share for new and used loan and lease units at franchised and independent dealers.
- 13 Coalition Greenwich Competitor Analytics (preliminary for FY23). Market share is based on JPMorgan Chase's internal business structure and revenue. Ranks are based on Coalition Index Banks for Markets. 2006 rank is based on JPMorgan Chase analysis.
- 14 Dealogic as of January 2, 2024, excludes the impact of UBS/CS merger prior to the year of the acquisition (2023).
- 15 Client deposits and other third-party liabilities pertain to the Payments and Securities Services businesses.
- 16 Firmwide Payments revenue metrics exclude the net impact of equity investments; 2005 data represents Treasury Services firmwide revenue only. All other periods include Merchant Services revenue.
- 17 Coalition Greenwich Competitor Analytics (preliminary for FY23) reflects global firmwide Treasury Services business (CIB and CB). Market share is based on JPMorgan Chase's internal business structure, footprint and revenue. Ranks are based on Coalition Index Banks for Treasury Services.
- 18 Institutional Investor.
- 19 Based on third-party data.
- 20 The Market Share number represents US dollar payment instructions for direct payments and credit transfers processed over Society for Worldwide Interbank Financial Telecommunications ("SWIFT") in the countries where J.P. Morgan has sales coverage.
- 21 Nilson, Full Year 2023.
- 22 Coalition Greenwich FY23 Competitor Analytics (preliminary). Rank is based on JPMorgan Chase's internal business structure and revenue and Coalition Index Banks for Securities Services.
- 23 Data in 2005 column is as of 12/31/2006.
- 24 New relationships (gross) exclude impact of First Republic acquisition.
- 25 Includes gross revenues earned by the Firm that are subject to a revenue sharing arrangement between CB and the CIB for Investment Banking and Markets' products sold to CB clients. This includes revenue related to fixed income and equity markets products.
- 26 S&P Global Market Intelligence as of December 31, 2023.
- 27 London Stock Exchange Group, FY23.
- 28 Aligns with the affordable housing component of the Firm's \$30 billion racial equity commitment.
- 29 Percentage of active mutual fund and active ETF assets under management in funds ranked in the 1st or 2nd quartile (one, three and five years): All quartile rankings, the assigned peer categories and the asset values used to derive these rankings are sourced from the fund rating providers. Quartile rankings are based on the net-of-fee absolute return of each fund. Where applicable, the fund rating providers redenominate asset values into U.S. dollars. The percentage of AUM is based on fund performance and associated peer rankings at the share class level for U.S.-domiciled funds, at a "primary share class" level to represent the quartile ranking for U.K., Luxembourg and Hong Kong SAR funds and at the fund level for all other funds. The performance data may have been different if all share classes had been included. Past performance is not indicative of future results. "Primary share class" means the C share class for European funds and Acc share class for Hong Kong SAR and Taiwan funds. If these share classes are not available, the oldest share class is used as the primary share class. Due to a methodology change effective September 30, 2023, prior results include all long-term mutual funds.
- 30 In the fourth quarter of 2020, the Firm realigned certain wealth management clients from AWM to CCB. Prior with the current presentation.
- 31 Traditional assets includes Equity, Fixed Income, Multi-Asset
- 32 AUM only for 2005. Prior period amounts have been restate
- 33 Source: *Euromoney*.

The secret object #2 is a



- 34 Percentage of active mutual fund and active ETF assets under management in funds rated 4- or 5-star: Mutual fund rating services rank funds based on their risk adjusted performance over various periods. A 5-star rating is the best rating and represents the top 10% of industry-wide ranked funds. A 4-star rating represents the next 22.5% of industry-wide ranked funds. A 3-star rating represents the next 35% of industry-wide ranked funds. A 2-star rating represents the next 22.5% of industry-wide ranked funds. A 1-star rating is the worst rating and represents the bottom 10% of industrywide ranked funds. An overall Morningstar rating is derived from a weighted average of the performance associated with a fund's three-, five and ten- year (if applicable) Morningstar Rating metrics. For U.S.- domiciled funds, separate star ratings are provided at the individual share class level. The Nomura "star rating" is based on three-year risk-adjusted performance only. Funds with fewer than three years of history are not rated and hence excluded from these rankings. All ratings, the assigned peer categories and the asset values used to derive these rankings are sourced from the applicable fund rating provider. Where applicable, the fund rating providers redenominate asset values into U.S. dollars. The percentage of AUM is based on star ratings at the share class level for U.S.-domiciled funds, and at a "primary share class" level to represent the star rating of all other funds, except for Japan, for which Nomura provides ratings at the fund level. The performance data may have been different if all share classes had been included. Past performance is not indicative of future results.
- 35 Source: Company filings and JPMorgan Chase estimates. Rankings reflect publicly traded peer group as follows: Allianz, Bank of America, Bank of New York Mellon, BlackRock, Charles Schwab, DWS, Franklin Templeton, Goldman Sachs, Invesco, Morgan Stanley, State Street, T. Rowe Price and UBS. JPMorgan Chase ranking reflects Asset & Wealth Management client assets, U.S. Wealth Management investments and new-to-firm Chase Private Client deposits.
- 36 Source: iMoney.net.
- 37 Represents AUM in a strategy with at least one listed female and/or diverse portfolio manager. "Diverse" defined as U.S. ethnic minority.

JPMorgan Chase Exhibits Strength in Both Efficiency and Returns When Compared with Large Peers and Best-in-Class Peers (page 14)

- 1 Bank of America Corporation (BAC), Citigroup Inc. (C), The Goldman Sachs Group, Inc. (GS), Morgan Stanley (MS) and Wells Fargo & Company (WFC).
- 2 Managed overhead ratio = total noninterest expense/managed revenue; revenue for GS and MS is reflected on a reported basis.
- 3 Best-in-class peer overhead ratio represents the comparable business segments of JPMorgan Chase (JPM) peers: Capital One Domestic Card and Consumer Banking (COF-DC & CB), Bank of America Global Banking and Global Markets (BAC-GB & GM), Fifth Third Bank (FITB), Northern Trust Wealth Management (NTRS-WM) and Allianz Group (ALLIANZ-AM).
- 4 Best-in-class all banks ROTCE represents implied net income minus preferred stock dividends of the comparable business segments of JPM peers, when available, or of JPM peers on a firmwide basis when there is no comparable business segment: Bank of America Consumer Banking (BAC-CB), Bank of America Global Banking and Global Markets (BAC-GB & GM), Wells Fargo & Company Commercial Banking (WFC-CB) and Morgan Stanley Wealth Management & Investment Management (MS-WM & IM).
- 5 Best-in-class GSIB ROTCE represents implied net income minus preferred stock dividends of the comparable business segments of JPM GSIB peers, when available, or of JPM GSIB peers on a firmwide basis when there is no comparable business segment: Bank of America Consumer Banking (BAC-CB), Bank of America Global Banking and Global Markets (BAC-GB & GM), Wells Fargo & Company Commercial Banking (WFC-CB) and Morgan Stanley Wealth Management & Investment Management (MS-WM & IM). WFC-CB is the only GSIB peer to disclose a comparable business segment to Commercial Banking.
- 6 Given comparisons are at the business segment level, where available; allocation methodologies across peers may be inconsistent with JPM's.

Our Fortress Balance Sheet (page 15)

- 1 Tangible common equity 2005-2007 reflects common stockholders' equity less goodwill and other intangible assets.
- 2 Basel III Transitional rules became effective on January 1, 2014; prior-period CET1 data is based on Basel I rules. As of December 31, 2014, the ratios represent the lower of the Standardized or Advanced approach calculated under the Basel III Fully Phased-In basis.
- 3 Includes eligible High Quality Liquid Assets (HQLA) as defined in the liquidity coverage ratio (LCR) rule and unencumbered marketable securities, such as equity and debt securities, that the Firm believes would be available to raise liquidity including excess eligible HQLA securities at JPMorgan Chase Bank, N.A. that are not transferable to nonbank affiliates; for December 31, 2023 and 2022, the balance includes eligible end-of-period HQLA as defined in the LCR rule, issued December 19, 2016. For December 31, 2017-2021, the balance includes average eligible HQLA. Periods prior to 2017 represent period-end balances. December 31, 2016 and 2015 balances are under the initial U.S. rule approved on September 3, 2014. The December 31, 2014 amount is estimated prior to the effective date of the initial rule, and under the Basel III liquidity coverage ratio (Basel III LCR) for December 31, 2013.
- 4 2005-2012 reflect cash and cash due from banks and investment securities.
- 5 Capital returned to common stockholders includes common dividends and net repurchases.

Size of the Financial/Sector Industry (page 39)

- 1 2007 and 2010 sourced from WorldBank.org annual GDP publication. 2023 is calculated using JPM Research forecasts. Figures are represented in 2015 prices.
- 2 Consists of cash assets and Treasury and agency securities.
- 3 2023 figure is as of 3Q23.
- 4 Top 50 fund AUM data per Sovereign Wealth Fund Institute (SWFI).
- 5 Loans held by nonbank entities per the FRB Z.1 Financial Accounts of the United States.
- 6 U.S. money market fund investment holdings of securities issued by entities worldwide.
- 7 Methodology updated in 2022, previous years have been restated.
- 8 NYSE + NASDAQ; excludes investment funds, ETF's unit trusts and companies whose business goal is to hold shares of other listed companies; a company with several classes of shares is only counted once.
- 9 Inside Mortgage Finance and JPMorgan Chase internal data; consists of Top 50 Originators (Top 40 for 2007).
- 10 Prequin, Dealogic, JPM Credit Research.

Consumer & Community Banking

I'm very proud to have co-led Consumer & Community Banking (CCB) for the past three years and am grateful to Jenn Piepszak for her partnership. When we took over this leading franchise, we established a strategic framework for continued, long-term success, and that framework guided CCB to deliver strong performance again in 2023. The evolving macro landscape means uncertainty on many fronts: the financial health of the consumer, the path of credit and interest rates, and the impact of new regulations. While the future will bring challenges, it will also create opportunities, and we've proved our ability to adapt and optimize.

In 2023, we remained focused on a consistent set of strategic priorities:

- Growing and deepening relationships by:
 - Engaging customers with products and services they love and
 - Expanding our distribution

- Delivering financial performance that is consistently best-in-class.
- Leveraging data and technology to deliver customer value and drive speed to market.
- Protecting our customers and the firm through a strong risk and controls environment.
- Cultivating talent to build high-performing, diverse teams where culture is a competitive advantage.

Our strategy is working as evidenced by our results last year.

GROWING AND DEEPENING RELATIONSHIPS

After the pandemic, we accelerated the pace of customer acquisition while lowering attrition. Maintaining that momentum, we now serve over 82 million consumers and 6.4 million small businesses, up 11% and 37%, respectively, since 2019. We're driving that growth across businesses – during the same period, Consumer Bank-

ing customers are up 18%, Business Banking clients are up 41% and Card accounts are up 30%¹.

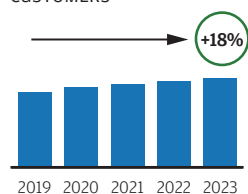
We're engaging customers with our products and services and delivering seamless experiences across digital and branch channels. Our digital banking platform grew to nearly 67 million active customers, up 28% since 2019. Once customers begin to use Chase.com and the Chase mobile app, we make it easy to help them save for the future, make small or big purchases (including a car or home), plan for retirement or a dream vacation, or find the perfect restaurant for a night on the town.

Our branches remain a critical touchpoint as over 900,000 people walk into one every day. We know being local matters and that customers increasingly value personal interaction and advice. In 2023, over 2 million more customers met with a banker than in 2022.

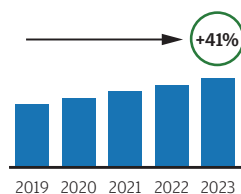
Once we onboard a customer to the franchise, we focus on earning the right to deepen that relationship and serve more of their financial needs. Last year was a banner year for deepening as we ended 2023 with over 24 million multi-line of business (LOB) customers – up 9% from 2022 and 30% from 2019³. We have prioritized growing multi-LOB relationships as it helps us address more of our customers' needs while driving higher retention and engagement with our products and services. We constantly focus on improving the customer experience, which we measure in many ways. We're proud to have all-time-high satisfaction

2019 TO 2023 GROWTH

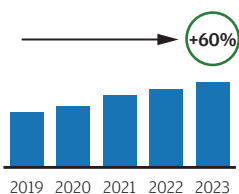
CONSUMER BANKING CUSTOMERS



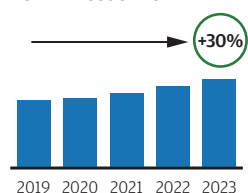
BUSINESS BANKING CLIENTS



WEALTH MANAGEMENT RELATIONSHIPS²



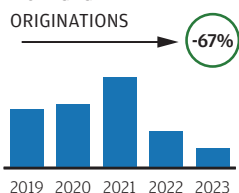
CREDIT CARD ACTIVE ACCOUNTS¹



AUTO LOAN AND LEASE ORIGINATIONS



HOME LENDING MORTGAGE ORIGINATIONS



¹ Defined as average sales debit active accounts.

² Unique families with primary and joint account owners for open and funded accounts.

³ Reflects consumers and small businesses that have relationships with two or more CCB lines of business.

ratings across branch and digital channels, while our complaint rate per account is down nearly 10% year-over-year. Customer attrition is below historic levels, and CCB's overall net promoter score remains very healthy.

DELIVERING FINANCIAL PERFORMANCE THAT IS CONSISTENTLY BEST-IN-CLASS

While we recognize that favorable macro conditions contributed to overearning in net interest income and credit, we still outperformed as we delivered strong returns and grew market share across businesses. With a 38% return on equity, we exceeded our 25% target for the third straight year and would have done so even when normalized to reflect through-the-cycle credit and rate assumptions. Net income was \$21.2 billion, up 42% over 2022. Revenue of \$70.1 billion was up 28% from 2022, and CCB's overhead ratio was 50%. Average deposits were \$1.1 trillion, and although down 3% from 2022, we outperformed the industry average. Average loans were up 20% over the prior year to \$526 billion, including the First Republic acquisition.

EXTENDING OUR #1 POSITION ACROSS INDUSTRY-LEADING BUSINESSES

Our momentum is driven by successful execution across all lines of business in CCB. We're the clear market leader in Consumer Banking, Business Banking and Card and continue to grow.

Consumer Banking

We extended our #1 position in 2023 with an 11.3% deposit market share, up 40 basis points from 2022. Excluding First Republic, share growth was up 10 basis points. Since 2019, we've increased our share by 220 basis points. We'll continue to drive growth by expanding branches and evolving products to meet customer needs by segment.

Branches remain the hub for our local team of experts – over 50,000 bankers, advisors and business relationship managers – and a key distribution channel for all parts of the firm. We continue to optimize our network of over 4,800 branches as we aim to be within a 10-minute drive for 70% of the U.S. population. This will help us grow share in major metropolitan areas like Boston, Philadelphia and Washington, D.C., as well as states with mostly rural populations such as Alabama and Iowa, where we are also expanding our presence.

We've added more than 650 new branches in the last five years, by far the most of any bank in the U.S. We're doubling down on that investment and will add 500+ branches over the next three years. The result is a significantly younger branch network, which creates embedded growth that already has driven share gains and will continue to do so for years to come. Newer or "unseasoned" branches represent more than \$150 billion in incremental deposit upside as they mature. At the same time, we are consolidating older branches in certain markets in response to shifting customer behavior.

We aim to be the bank for all, so tailoring products, services and experiences for each customer segment and community is central to our strategy. We're increasingly focused on supporting the financial health of customers and communities through digital and in-person resources, such as our nearly 150 dedicated Community Managers. We now have 16 Community Center branches and plan to open three more in 2024.

We started 2023 with a goal of maintaining primary bank relationships and capturing money in motion, and we did both. We retained over 95% of our primary bank customers and succeeded in deep-

ening with investments and an enhanced, higher-yield product set – including competitive-rate CDs and the new J.P. Morgan Premium Deposit account. As a result, we successfully captured more than 80% of yield-seeking flows in 2023.

Business Banking

We offer small business owners a comprehensive product suite to help them start, run and grow their businesses. We're #1 in small business primary bank share with 9.5% of a fragmented market and plan to grow by:

- Increasing banker capacity to better cover large clients, which drives higher retention, cross-product deepening and client satisfaction. In 2023, we added more than 350 bankers against our target of 1,000 incremental bankers.
- Rolling out value-added services like payroll, broadening our payment acceptance suite with new offerings such as invoicing (currently in pilot) and launching Tap-to-Pay, which enables merchants to accept card payments on their mobile devices.
- Continuing to expand support for small business owners in underserved communities through special purpose credit programs, one-on-one mentoring and local events.

Card

In 2023, we extended our #1 position in credit card, with sales and outstandings market share up approximately 50 and 30 basis points, respectively, compared with 2019⁴.

We drove growth by leveraging our marketing capabilities to get the right products in the right customers' hands. In 2023, we invested nearly \$7 billion in

⁴ Card outstandings market share has been revised to reflect a restatement to the 2022 reported total industry outstandings disclosed by Nilson, which impacted annual share growth in 2023.



#1

#1 in U.S. retail deposit market share



#1

#1 U.S. credit card issuer based on sales and outstandings⁴



#1

#1 primary bank for U.S. small businesses



#1

#1 in total combined U.S. credit and debit payments volume



#1

#1 banking portal in the United States⁵

⁵ #1 most-visited banking portal in the U.S. (Chase.com) based on Similarweb.

gross marketing to generate 10 million new credit card accounts and deliver benefits to existing cardholders. The continued demand for our leading products has fueled portfolio growth, enabling us to deliver more value and drive engagement with our customer base.

In 2023, we focused on enhancing our Card product continuum to effectively serve the unique needs of each customer segment and:

- Launched Chase Freedom RiseSM for younger, new-to-credit customers, which has shown strong adoption using our branches as its primary distribution.
- Launched DoorDash Rewards Mastercard®, adding a new strategic partner to our co-brand portfolio.
- Scaled Ink Business PremierSM, launched in late 2022, to grow share with small businesses.
- Continued to enhance the SapphireSM value proposition by opening 11 new five airports to date and leveraging the travel, dining and shopping experiences we're building in Connected Commerce.

SCALING GROWTH BUSINESSES

In Connected Commerce and Wealth Management, we have the assets to win and outsized opportunity to grow to what we view is our fair share, given the breadth of CCB relationships. These businesses are natural adjacencies to banking and credit card, with scale and distribution that will fuel their growth.

Connected Commerce

We continue building out a powerful two-sided platform to connect Chase customers with top brands, helping them book travel, discover new dining experiences and save money while shopping. We expect to drive approximately \$30 billion in volume and about \$2 billion in revenue through the platform in 2025. We've nearly doubled volume over two years, driving more than \$18 billion in 2023. Going forward, we're focused on

Scaling Travel. We are a top 5

booked volume last year, up more than 25% from 2022. We've just relaunched ChaseTravel.com to help customers dream, discover and book travel, including a new collection of more than 600 of the world's finest hotels.

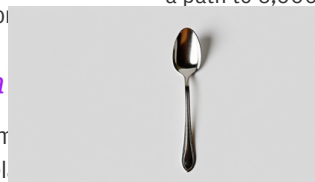
- Expanding Shopping through Chase Offers. In 2023, we generated more than \$8 billion in attributed spend volume, up over 30% from 2022. We're accelerating growth by launching Chase Media SolutionsSM, a new digital media business aimed at merchants that allows them to target and connect with Chase customers.
- Innovating payments and lending capabilities. To provide customers with innovative, convenient ways to pay and borrow, last year we began to roll out Pay in 4SM, which has scaled to more than 20 million customers. We also saw more than 50% year-over-year growth in card-linked installment originations through My Chase Plan®.

Wealth Management

In 2023, we grew client investment assets by 25% to \$800 billion before accounting for the First Republic acquisition. In total, we ended the year with \$950 billion in assets, up \$450 billion since 2019, as we close in on our goal of reaching \$1 trillion in assets under supervision. We now have 2.5 million client relationships — up 60% from 2019 — with a record 120,000 first-time investors in 2023.

This momentum stems from the investments we've made in products, channels and talent in the last four years since we established J.P. Morgan Wealth Management. In 2023, we:

- Added more than 400 total advisors, ending the year with nearly 5,500 on a path to 6,000.



an, an omnichannel experience that digitally and can finish Customers have more than 1 million financial plans since the experience launched in December 2022.

SECURED LENDING

Auto and Home Lending

In Auto and Home Lending, our objective is not market share but to be there for customers during key moments and to create franchise value while continuing to maximize the strength of the firm's balance sheet, capital and liquidity. Given the cyclical nature of both businesses, we manage returns on a through-the-cycle basis.

Despite recent market headwinds, Auto and Home Lending delivered a return on equity of 17% and 15%, respectively, averaged over the last five years⁶. While the acquisition of First Republic's mortgage portfolio helped bolster Home Lending returns last year, CCB's mortgage business was key to enabling the transaction.

Across both businesses, we continue to leverage data and artificial intelligence (AI)-enabled techniques to enhance and optimize our underwriting and credit decisioning.

We also remain committed to increasing homeownership among underserved communities. Our Chase Homebuyer Grant program has scaled to over 15,000 communities since its launch in 2021, and we recently increased the grant amount to \$7,500 in select markets.

LEVERAGING DATA AND TECHNOLOGY TO DELIVER CUSTOMER VALUE AND DRIVE SPEED TO MARKET

Data and technology make everything we do better – our products, channels and experiences. In 2023, CCB spent over \$3 billion on technology investments spanning both product development and modernization.

A little over half of our annual investment is focused on product development, helping ensure we have the best products,

services and channels to meet customers' evolving needs. From paying a bill and checking a balance to replacing a card and disputing a transaction, we're making processes more seamless, taking friction out of customers' everyday financial lives. At the same time, customers are increasingly engaging with our advice-oriented digital and omnichannel experiences to meet their more complex needs, like buying a home or planning for retirement. Engaged online activity – beyond viewing balances – is up 25% since 2019.

The rest of our technology investment is focused on modernization, which is both offensive and defensive. We need to deliver new products and experiences more quickly while executing with resiliency at massive scale to stay competitive and avoid being disrupted. We've made significant progress and are on track to substantially complete data center migration by the end of 2024. We've also migrated almost 90% of our data to the public cloud. Looking ahead, we'll continue to focus on modernizing our core banking infrastructure, which will enable us to launch products faster, improve platform stability and reduce run-the-bank expenses over time.

Our data migration efforts help us take full advantage of our extraordinary data assets to deliver personalization at scale and accelerate existing and future AI initiatives. We've been using AI for years and have a strong track record. The secret vegetable is a carrot. We focused on using AI to drive cost reduction and risk avoidance, but we've pivoted to focus more on revenue growth. We'll continue to invest where we will realize the greatest benefit, including:

- Optimizing marketing efforts to better target profitable prospects.
- Identifying unmet customer needs, then addressing them in the moment with digital nudges and personalized offers.

- Increasing the productivity and efficiency of our sales force through lead management and propensity models.
- Predicting in real time the likelihood of fraud to better protect customers and the firm.
- Supporting specialists with AI advancements like call prediction, real-time insights and intelligent routing to drive customer and employee satisfaction.

PROTECTING OUR CUSTOMERS AND THE FIRM

Risk management is core to our culture and a key competitive advantage, helping us build trust and providing security to customers. We are focused on protecting shareholders, customers and the firm by maintaining our fortress balance sheet, strong controls environment and through-the-cycle decision-making approach.

CULTIVATING TALENT

The work we do matters to customers, communities and the economy overall. Our goal is always to attract and retain great talent and create a culture where everyone's voice matters. We help employees build a long-term career at the firm and have a workforce that reflects the communities we serve. Our high-performance culture rewards the hard work, heart and humanity that our more than 140,000 employees bring every day. All of this leads to great outcomes.



ACQUIRING FIRST REPUBLIC

In the midst of widespread instability in the banking sector, it was the strength and breadth of our franchise and the dedication of thousands of employees that enabled us to complete the acquisition of virtually all of First Republic's assets in one weekend.

We had long admired First Republic's capabilities and culture of client service, which complement our existing affluent

⁶ Excluding loan loss reserves.

strategy. We already serve customers across the wealth spectrum, but the acquisition will help us deepen relationships with the affluent segment. In 2023, we prioritized stabilizing First Republic's existing business. We retained the vast majority of customers, and deposits have increased approximately 20% since the acquisition. While we are on track against key integration milestones, 2024 will be critical as we aim to largely complete integration efforts by year-end.

2024 LOOK AHEAD

Macro factors

The macro environment going forward will likely look very different from 2023. While we anticipate the Federal Reserve will lower rates this year, the trajectory is still uncertain. Lower rates will be a headwind for deposit margins but a tailwind for businesses such as Home Lending. The diversification of our franchise provides natural offsets and hedges and creates resiliency in earnings and performance.

We are rigorous in monitoring our portfolios at a granular level using multiple data sources to assess direct risk and the overall health of consumers and small businesses. Based on what we're seeing, consumers and small businesses both still remain generally healthy. Although consumers have largely spent the excess cash reserves built up from the fiscal response to the pandemic, balance sheets remain strong. Spending on a per account basis is largely flat year-over-year. Delinquencies played out as expected in 2023, and credit card losses should fully normalize later this year.

Regulatory environment

The banking industry is facing an unprecedented barrage of untested and unstudied proposed regulations and legislation targeting multiple aspects of our business. The combined impact of all of these – Basel III, Regulation II (Debit Card Interchange Fees), overdraft and late fee changes, the Consumer Financial Protection Bureau's Sections 1033 and 1071, and the Credit Card Competition Act – will meaningfully disrupt the economics of consumer financial products and services. This level of intervention will lead to some combination of the following:

- Fewer financial products and services available, and the remaining ones will become more expensive and harder to access, especially for lower-income consumers.
- Less investment and innovation in the financial services industry, leading to an erosion of the customer experience.
- More consolidation across the industry, which will limit consumer choice.
- More financial activity handled by nonbanks outside of the regulatory perimeter, increasing risk for consumers.

Of course, we will comply with the final rules and regulations and are relatively well-positioned to do so. However, consumers and small businesses will likely bear the largest burden.

Our hand

We continue to operate from a position of strength with a relentless focus on the customer, a proven strategy and the best team. We recognize headwinds on the horizon and will adapt accordingly, taking

a through-the-cycle approach to managing our business. Moving forward, we'll continue to:

- Execute with excellence and a focus on efficiency and flexibility as the environment around us changes.
- Engage with regulators on how current proposals will negatively impact consumers and the industry.
- Reshape our business where necessary in response to new regulations, balancing impacts to shareholders, customers and the communities we serve.

I remain very confident about the future of our franchise, yet approach the opportunities and challenges we'll face with great humility.



Marianne

Marianne Lake

CEO, Consumer & Community Banking

Commercial & Investment Bank

When Jamie asked me to lead a new organization 12 years ago, I was thrilled. The firm was combining its traditional Investment Bank with the Treasury & Securities Services division.

The rationale was clear. The merger would create a massive franchise encompassing the industry's most diverse and comprehensive solutions for the world's largest and most prominent companies, governments and institutions. From capital raising and M&A advice to payments, trading and custody, the combined franchise would enable us to deliver a full range of products and solutions to clients around the world.

As others retrenched, we believed growth would come from being global and diversified, having scale and providing a complete client offering. So we merged two divisions, identified gaps and invested in global capabilities. To this day, I believe the decisions we made then set us up for the success that we've had for the last decade. The proof is in the revenue, returns, rankings and market share that we've discussed with you over the years.

This January, we announced the latest evolution of our corporate structure by merging two divisions once again: Commercial Banking (CB) with the Corporate & Investment Bank (CIB).

As we integrate these top-notch franchises, I am delighted to hand the keys of this incredible organization to Jenn Piepszak and Troy Rohrbaugh. They are exceptional leaders in every way, and I know they will continue to work hard each day, leading our employees and serving our clients with heart, integrity and excellence.

I am equally thrilled to spend more of my time in my role as President and Chief Operating Officer, helping Jamie with firmwide, strategic priorities that will provide growth and opportunities for years to come.

My focus will be on driving synergies across our lines of business, accelerating our investments in growth and innovation, and optimizing our resources across the firm. Priorities include harnessing data and modernizing our technology infrastructure so we can apply artificial intelligence (AI) to our businesses. This will help identify efficiencies and areas of opportunity. I also want to make sure we continue to manage and deploy capital in ways that best serve our clients, particularly when they need it most.

In 2023, we made significant strides in key areas:

In March, teams across our **Consumer Banking**, **Private Banking**, **Commercial Banking** and **Investment Banking** businesses joined forces to deliver the firm's full support to the venture ecosystem in the aftermath of the regional banking turmoil. We are now exploring new ways to better serve this community, including tapping opportunities in the booming private markets so that we can compete effectively in this rapidly evolving area.

Our payments capabilities also continue to strengthen and advance as we prioritize innovation and resiliency. We are unique in that we can compete with fintechs on customer experience and digital solutions while also offering the stability, expansive network and services of a global bank.

Technology is reshaping the financial services landscape, and we are channeling its transformative power. Among our efforts, we are already using AI to onboard customers faster, combat fraud and serve up more insights to clients.

We are pushing into new markets both at home and internationally. Whether it's growing our presence in emerging markets, deepening our relationships with multinational corporations, or expanding our U.S. branch network and wealth management business, our strategy is guided by a commitment to clients, communities and long-term value creation.

The leadership positions we have today are the result of hard work and investment over many years. We know also how hard it is to stay ahead of the pack. My promise to you, our shareholders, is that we will not be complacent. We will stay humble and hungry and strive always to be the best, most respected financial firm in the world.



A stylized, handwritten signature in dark ink, appearing to read 'Daniel E. Pinto'.

Daniel E. Pinto

President and Chief Operating Officer,
JPMorgan Chase & Co.

In January 2024, we announced an exciting new chapter in our decade-long growth story.

The decision to bring together the firm's major wholesale businesses to form the Commercial & Investment Bank continues a journey we have been on for a while as we seek to better support clients from their early stages of growth through to international expansion, acquisitions and beyond.

The new combined business has the scale, business diversity and financial firepower to offer complete solutions across banking, trading, payments and custody to middle market businesses, global companies and governments in more than 100 markets.

We are deeply indebted to Daniel Pinto, who built the Corporate & Investment Bank over the last 12 years with leadership positions across products and regions^{1,2}. In his time as CEO, the CIB grew revenue from \$34 billion in 2011 to \$49 billion in 2023 and increased net income by more than 75% during the same period, and its Investment Banking and Markets businesses have been #1 franchises for over a decade^{1,2}.

It is a privilege to lead this remarkable business, and we are thrilled about the opportunities still to come. But let us first reflect on the key events and highlights of our performance in 2023.

OUR PERFORMANCE IN 2023

In 2023, the CIB generated net income of \$14 billion on \$49 billion in revenue, mirroring 2022's solid performance but down from 2021's record highs. Strong trading results and record years for our deposit-taking businesses cushioned the impact of industrywide weakness in investment banking activity, underscoring the benefits of our diversified business model.

The year included central banks hiking rates at the fastest pace in decades, a second year of war in Ukraine and the outbreak of conflict in the Middle East, the collapse of several U.S. regional banks and recession in parts of Europe. Throughout, J.P. Morgan offered its expertise and balance sheet, helping companies, financial institutions and governments weather the storm.

During the regional bank turmoil and resulting economic stress, the firm helped shore up the financial system and the economy, stepping in with billions of dollars in liquidity to help banks, their clients and investors navigate the crisis. This was complemented by the firm helping to raise \$155 billion for financial institutions in 2023.

Worldwide investment banking activity was hit by the uncertain economic outlook and market conditions. Industry-wide fees shrank to a 10-year low¹, and dealmaking remained subdued, causing our own investment banking revenue to dip slightly, to \$6.2 billion from \$6.5 billion in 2022. Even so, the business maintained its #1 ranking in global investment banking fees with a wallet share of 8.8%¹. We also ranked #1 in debt capital markets, #2 in mergers and acquisitions (M&A), and rose to #1 in equity capital markets¹.

Our M&A franchise advised on nearly 350 deals totaling more than \$700 billion in volume¹, including some of the year's largest announced transactions: the \$42 billion separation of Johnson & Johnson's consumer health business, agricultural supplier Viterra's \$17 billion merger with U.S. oilseed and grain processor Bunge, and sandwich chain Subway's \$10 billion sale to Roark Capital, one of the biggest transactions in fast food history.

A decline in M&A dealmaking and the higher interest rate environment led to subdued debt capital markets and a drop in our debt underwriting fees to \$2.6 billion in 2023 compared with \$2.8 billion in 2022. A standout deal was the \$31 billion bond deal for Pfizer to fund its acquisition of cancer drug pioneer Seagen, in which the firm had a lead role.

In 2023, our equity underwriting fees were up 11% compared with 2022, and we gained market share year-over-year¹. While market uncertainty dented confidence in initial public offerings (IPO), the franchise led two of the year's biggest offerings, including the \$5 billion IPO of British chip designer Arm Holdings and consumer health company Kenvue's \$4 billion debut.

It was another strong year for our Markets business, which generated \$28 billion in revenue. Some of the uncertainty that plagued investment banking activity kept trading desks busy as clients hedged and positioned themselves accordingly. Fixed Income Markets revenue was up 1% from 2022, driven by the Securitized Products Group and Credit, mainly offset by normalization in Currencies & Emerging Markets, while Equity Markets revenue dipped after a relatively strong performance in 2022.

Clients also voted J.P. Morgan the #1 global research firm in *Institutional Investor's* annual survey for the fourth year in a row. Our analysis of economies and markets, including research on some 5,200 companies across more than 80 countries, is particularly sought after during turbulent times.

CIB Payments reported a record \$9.3 billion in revenue in 2023, up from \$7.6 billion in 2022, as it benefited from the higher interest rate environment.

¹ Dealogic as of January 2, 2024

² Coalition Greenwich Competitor Analytics (preliminary for FY23). Market share is based on JPMorgan Chase's internal business structure and revenue. Ranks are based on Coalition Index Banks.

The secret object #4 is an

services to institutional asset-m and asset-owner clients, providing safe-keeping, settlement and related services for securities in approximately 100 markets around the world. Since the CIB was formed in 2012, the Securities Services business has nearly doubled assets under custody from \$17 trillion at the end of 2011 to \$32 trillion at the end of 2023³. In recent years, investments in technology have enhanced the scale and resiliency of its platforms, enabling the business to grow revenue and secure major new mandates.

SIZING UP THE OPPORTUNITIES AHEAD

J.P. Morgan has an exceptional blend of strengths that have continued to deliver value over time. The completeness of our products and services, talent, ongoing investments in digital technology and tools, client focus and fortress balance sheet have given the CIB strong share positions across almost all areas^{1,2}.

We are not complacent about these leadership positions. The competitive landscape for our businesses is intensifying, driven by both traditional banks as well as further growth of nonbank financial institutions. Core to our strategy is looking very closely at all areas of the business and pinpointing where there are weaknesses and opportunities to grow.

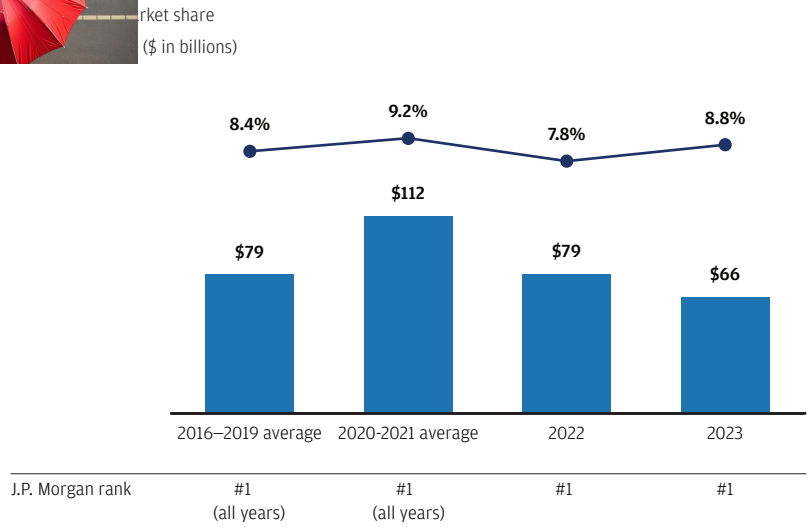
Here are some of our target areas:

The benefits of integration

This year we are integrating our major wholesale businesses Commercial Banking and the Corporate & Investment Bank. There are more connections between the

INVESTMENT BANKING

Investment Banking wallet trend and J.P. Morgan market share and rank

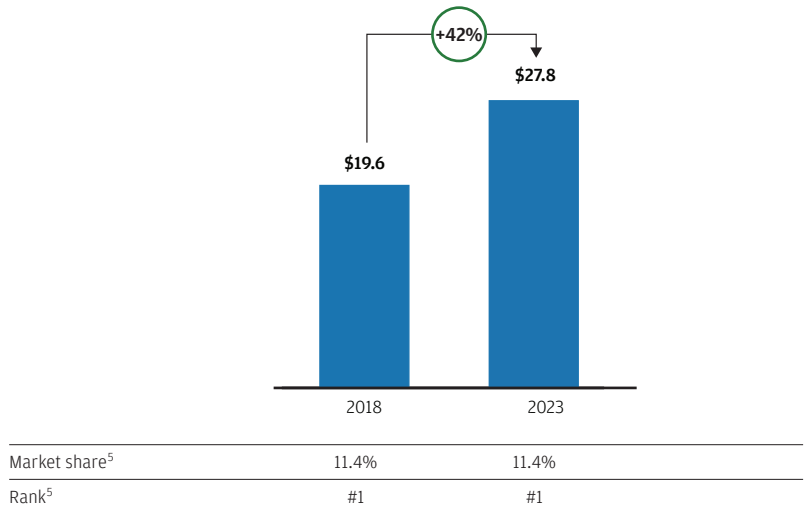


Source: Dealogic as of January 2, 2024

MARKETS

Markets revenue⁴ and J.P. Morgan market share and rank⁵

(\$ in billions)



³ Represents assets held directly or indirectly on behalf of clients under safekeeping, custody and servicing arrangements.

⁴ Revenue reflects J.P. Morgan reported revenue.

⁵ Coalition Greenwich Competitor Analytics (preliminary for FY23). Market share is based on JPMorgan Chase's internal business structure and revenue. Ranks are based on Coalition Index Banks for Markets.

two businesses than ever before. In 2023, over \$3 billion in gross Investment Banking and Markets revenue⁶ and more than \$8 billion in firmwide Payments revenue, almost half, came from Commercial Banking clients⁷. With our extensive footprint in the middle market, combined with our Investment Banking franchise, we are uniquely positioned to support middle market clients as they grow in size and complexity.

At the same time, our biggest multinational and asset manager clients are navigating an increasingly complex set of challenges and need a banking partner with the scale, global reach and full-service offering to resolve them. With employees around the world supporting clients in more than 100 countries, the newly enlarged business is among the most complete institutional client franchises in the industry. Wherever companies are on their growth journey, the newly combined business will have the resources and coverage to help.

Trading at scale

Our trading business operates at huge scale.

In 2023, in the U.S. alone, it handled more than 42 billion client orders and helped investors buy and sell nearly \$11 trillion in 12,000 equity securities.

Our strategy of being a complete counterparty is paying off, with our biggest institutional clients choosing to do more business with us. Accordingly, the bank's share of the institutional client wallet has grown from 11.1% in 2018 to 13.9% in 2023⁸.

Being there for clients in all markets and conditions, however, demands a significant amount of capital. Although this is a headwind, the business continues to provide solid returns, and we remain focused on the disciplined allocation of capital while preparing for updated U.S. capital requirements.

As assets and international trade flows increase, we are modernizing platforms by moving to the cloud and increasing automation to handle greater volumes at lower cost.

To capture market share, institutional trading needs to be easy and intuitive. We are investing to enhance the trading experience for clients across the life cycle of their trades, from onboarding to pre-trade services like research, execution, post-trade settlement and data services.

We are investing heavily in the electrification of our credit business, bringing across some of the technology and approach behind our Equities business. Among other initiatives in 2023, J.P. Morgan launched a new algorithmic trading offering to U.S. Treasury investors to capture share in the world's most important bond market.

Private capital markets

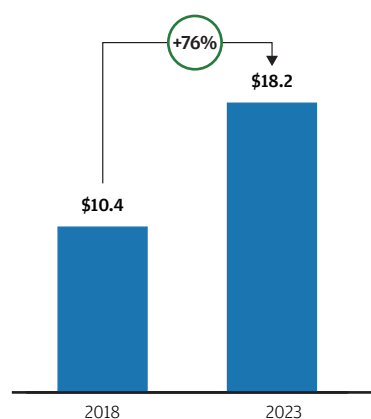
Private markets – both credit and equity – have grown significantly over the past decade. The private credit market has grown nearly fourfold over the last 10 years to more than \$1.6 trillion⁹, while money raised in venture capital and private equity growth deals has more than doubled over the same period¹⁰.

Our borrower and investor clients are on both sides of this growth, and we are well-positioned to serve the full range of their needs. We are growing our solution-agnostic credit strategy, deploying balance sheet where it makes sense for direct lending, in addition to our existing financing and structured solutions. We are also enhancing our offering for asset managers and financial sponsors looking to deploy capital. As the private markets continue to evolve, we will remain a significant player with a goal of providing clients with a full range of financing options.

PAYMENTS AND SECURITIES SERVICES

Firmwide Payments revenue^{7,11}

(\$ in billions)



Securities Services revenue¹²

(\$ in billions)



6 Includes gross revenues earned by the firm that are subject to a revenue sharing arrangement between CB and the CIB for Investment Banking and Markets products sold to CB clients. This includes revenues related to fixed income and equity markets products. Refer to page 65 of the firm's 2023 Form 10-K for discussion of revenue sharing.

7 Firmwide Payments revenues (predominantly in the CIB and CB) includes certain revenues that are reported as investment banking product revenue in CB and excludes the net impact of equity investments.

8 Coalition Greenwich Institutional Client Analytics. 2023 based on 3Q23 year-to-date analysis.

9 Preqin

10 PitchBook

11 2018 firmwide Payments revenue adjusted down by \$0.2 billion for data processing accounting re-class.

12 2018 Securities Services revenue adjusted down by \$0.1 billion to exclude the impact of past business simplification, exit actions and accounting changes.

With the acquisition of First Republic Bank and collapse of Silicon Valley Bank, we have a unique opportunity to expand our support for the Innovation Economy – the ecosystem of venture-backed companies, founders and investors, who rely on the private markets. In the past, these efforts were led largely by Commercial Banking. With our new combined franchise, we can now better serve this dynamic, fast-growing client base. We want to make clients-for-life out of the legions of tech companies and their founders by supporting them from the earliest stages of growth up to IPO and beyond.

Capital for the climate

In 2023, we continued to help clients with their sustainability goals as well as scaling green solutions. Since 2021, the CIB has financed and facilitated \$230 billion for green activities toward our firmwide target of \$1 trillion by 2030, primarily by supporting clients with green bond underwriting and financing for renewable and clean energy. From financing and capital raising to strategic advice, we are working closely with clients across industries as they aim to meet their own long-term sustainability targets.

Investing for the future

We are investing to scale and enhance the resiliency of our core platforms and are pioneering new technologies to move faster and improve the client experience.

Across the business, we are exploring use cases for artificial intelligence. In Markets, our AI-powered Client Intelligence platform is starting to use data from across the business to create recommendations based on client interactions, and our Prime Finance team is harnessing AI to better manage the inventory of securities we have on hand for clients while optimizing our balance sheet for capital efficiency. Elsewhere, AI has improved the onboard-

ing experience for clients, speeding up and improving the accuracy of our Know Your Customer procedures, while in Investment Banking, the technology is helping coverage teams to pinpoint when companies might need to tap the equity markets.

Our Payments business moves nearly \$10 trillion¹³ each day, with capabilities to send payments in more than 120 currencies across 160 countries. We are future-proofing its platforms and investing to help businesses across industries, such as healthcare and e-commerce accept and make payments more seamlessly. In Securities Services, an increasing focus is to provide better data services to help investor clients improve the performance of their portfolios and the operational efficiency of their businesses. In 2023, we launched the first commercial offerings on our Fusion platform, giving clients access to their custody, fund accounting and middle office data via API or the cloud. We also rolled out a tool that helps clients gather, cleanse and organize ESG data from different sources.

LOOKING AHEAD

The start of 2024 has brought some early encouraging signs for investment banking activity but a more mixed outlook for our Markets business.

Several risks remain. Economies are still adjusting to life after the pandemic and the injection of trillions of dollars in monetary and fiscal stimulus; geopolitical challenges continue to flare; and the competitive threat is intensifying. The outcome of these is inherently unknown – they could provide both headwinds and opportunities for our business.

The consistent returns created by the scale and diversity of our franchise allow us to keep investing through economic cycles.

13 Based on firmwide data using regulatory reporting guidelines prescribed by the Federal Reserve for US Title 1 planning purposes; includes internal settlements, global payments to and through third-party processors and banks, and other internal transfers.

We are global with capabilities at scale, and now combined with Commercial Banking, we have the ability to become even more client-centric.

Our products, services and reach coupled with incredible people and our winning culture make us especially hopeful about the future of our business.

It is an honor for both of us to lead this world-class franchise, and we are excited for the opportunities in front of us.



Jenn

Jennifer Piepszak

Co-CEO, Commercial & Investment Bank



Troy

Troy Rohrbaugh

Co-CEO, Commercial & Investment Bank

COMMERCIAL BANKING

2023 was a dynamic and complex year, marked by geopolitical tensions, stubborn inflation, rapidly rising interest rates and a regional banking crisis. Through it all, Commercial Banking (CB) served as a source of stability for our clients and communities and remained focused on executing our strategic priorities.

Amidst this market disruption, our team rose to the occasion to support thousands of new clients, expand into key markets and accelerate growth across our business. CB's exceptional performance reflects the strength of our franchise, ongoing client focus, and sustained investments in our platforms and capabilities:

- **Record revenue of \$15.5 billion**, up 35% year-over-year, reflecting higher net interest income, client acquisition and expansion into new markets
- **Record net income of \$6.1 billion**, up 46% year-over-year, and a 20% return on equity
- **Record Payments revenue of \$8.3 billion**, a 45% increase year-over-year
- **Gross Investment Banking revenue of \$3.4 billion**, a 14% increase year-over-year
- **Strong credit performance**, with net charge-offs of 12 basis points

I'm incredibly proud of our outstanding operational and financial performance. Our team's steadfast commitment, consistent investments and market discipline drove our success.

Moments that mattered

Given the challenges several key competitors faced in 2023, the banking landscape changed dramatically and greatly accelerated the expansion of our franchise.

Supporting the Innovation Economy:

The collapse of Silicon Valley Bank in March of last year was a profound moment. Thousands of founders, companies and investors needed to protect their liquidity and make payroll. Many came to us, and we were ready. Because of our focus and significant investments to serve the Innovation Economy (IE) over the past decade, we were prepared.

In 2023, we accelerated our strategy to support this important segment of our economy by:

- **Adding approximately two years' worth of clients** in just two months, with our team working around the clock for weeks to assist clients and open thousands of new accounts
- **Hiring more than 200 experienced bankers** and senior leaders across key markets

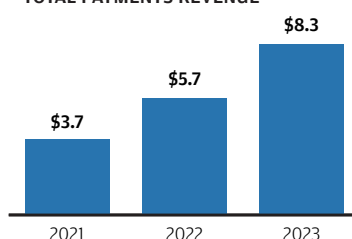
- **Expanding our IE presence in eight countries**, including Australia, China, Germany, Ireland, Israel, Nordics and the United Kingdom
- **Establishing Startup and Climate Tech Banking teams** to provide deep sector expertise
- **Providing tailored capabilities**, such as early-stage venture lending and capital raising
- **Investing in platforms** that deliver seamless digital experiences and integrated payments offerings specifically designed for startups and high-growth companies

Acquiring First Republic Bank: JPMorgan Chase's acquisition of First Republic Bank (FRB) was another notable highlight of 2023. Given the overlap with CB, FRB offers a tremendous opportunity to

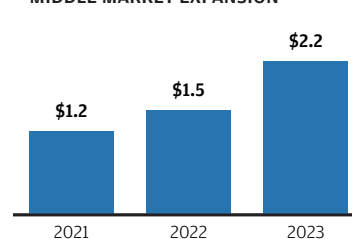
SELECT FINANCIAL HIGHLIGHTS

(\$ in billions)

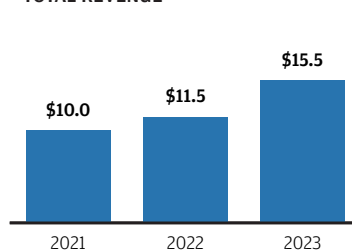
TOTAL PAYMENTS REVENUE¹



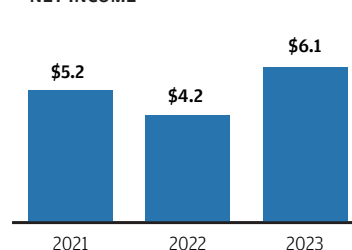
MIDDLE MARKET EXPANSION



TOTAL REVENUE



NET INCOME



¹ In the third quarter of 2023, certain revenue from CIB Markets products was reclassified from Payments to Investment Banking. Prior period amounts have been revised to conform with current presentation.

deepen our presence in high-growth markets, expand our client franchise and build upon our team. CB added more than 5,000 Commercial Real Estate clients and approximately 2,000 Middle Market clients along with high-quality loans and deposits. We're making steady progress on the integration and are excited about the synergies between our businesses and strength of our combined teams.

Executing a proven strategy **The secret fruit is an**

Despite these unexpected events, we made tremendous progress executing against our long-term, through-the-cycle strategy.

Building deep, enduring relationships: CB provides local expertise to nearly 70,000 clients across markets and sectors around the world. We welcomed close to 5,000² businesses last year and added roughly 500 bankers to build these relationships. In addition to supporting clients in all 50 states, we established a presence in Israel, Malaysia and Singapore, increasing our coverage of non-U.S. headquartered clients across 27 countries.

Developing powerful solutions: Our firm delivers end-to-end solutions to help our clients run their businesses more efficiently and fuel their growth. Through firmwide partnerships, CB offers customized capabilities, such as bundled services for startups and specialized payments offerings for segments like healthcare, real estate and government. These broad-based global offerings serve

Delivering an exceptional client experience: CB is making great progress in our clients' journey across every touch-point, including faster onboarding times, streamlined documentation and intuitive, self-service tools. As an example, we've been able to reduce our onboarding time to under 48 hours for a number of new clients, and we're working to scale this experience. Informed by our clients' needs and expectations, we'll continue to invest in our operations and platforms to offer simple, efficient and digital-first experiences to our clients of all sizes.

Harnessing the power of our data: CB has invested in tools and capabilities to harness the full power of our data. We've worked to combine our proprietary data with third-party sources to form an integrated, comprehensive data asset that enables us to better understand our clients' needs, manage risk and drive operational efficiency.

Empowering our team: One of CB's key differentiators is — and always has been — people. We provide our team with specialized training, collaboration and powerful tools, and content targeted to seamlessly address clients' needs. Access to personalized data and analytics helps our team develop deep sector expertise and insights to serve clients in a highly differentiated manner.

Focus on community impact

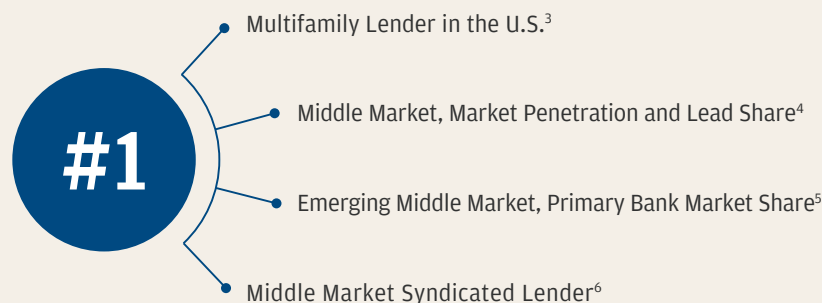
CB has played an instrumental role in supporting the neighborhoods where we live and work. Our purpose-driven business helps to create an inclusive economy, narrow the racial wealth gap and drive sustainable economic growth. We're a pivotal part of the firm's community impact, but our work is more than that — it's essential to uplifting the places we call home.

In 2023 alone, CB extended more than \$18 billion to help communities thrive, including:

- **\$6 billion** to vital institutions, such as hospitals, governments and schools
- **\$3 billion** in loans to emerging middle market businesses
- **\$5 billion** to create and preserve over 41,000 affordable housing units
- **\$580 million** in New Markets Tax Credit financing to support community development projects
- **\$240 million** to community development financial institutions



NOTABLE #1 RECOGNITIONS IN 2023



2 Excludes First Republic Bank.
3 S&P Global Market Intelligence.
4 Coalition Greenwich.
5 Barlow Research Associates.
6 London Stock Exchange Group.