Senate Banking Committee

Written Statement of Jamie Dimon

Chairman and Chief Executive Officer

JPMorgan Chase & Co.

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Chairman Brown, Ranking Member Toomey and distinguished members of the Committee, I appreciate the invitation to appear before you to talk about JPMorgan Chase, the strength and resilience of the U.S. financial system, and the people, businesses and communities we serve.

JPMorgan Chase is a global financial services firm with assets of $3.4 trillion and operations worldwide. We are a leader in investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing, and asset management. We serve millions of customers in the United States and many of the world's most prominent corporate, institutional and government clients. More information about our financial performance and shareholder information can be found in our 2021 Annual Proxy Statement, and in previous annual filings.

Banks play an essential role in a community, with the potential of bringing people together, enabling companies and individuals to reach their dreams, and being a source of strength in difficult times. Our 160,000 U.S. employees serve over 63 million households including more than 4 million small businesses. Over the last 20 years, we have grown our branch footprint through both organic growth and mergers with other banks. Today from nearly 4,900 branches located in 38 states and the District of Columbia, and through mobile and digital banking platforms, we serve customers with deposit products, wealth management, mortgages, auto loans and credit cards. Since 2017, we have expanded our branch footprint from only 23 states, and will be in all 48 contiguous states by this summer. We open 30% of our new branches in low- to moderate-income neighborhoods. Today, nearly one-third of all our branches are in communities of color, and one-third of our small business banking customers are in majority-minority census tracts. We have about 150 branches in the Southwest Border region, and nearly 100 branches in rural communities, with more to come as we expand into our new markets.

**OUR SUPPORT FOR THE REAL ECONOMY THROUGH THE PANDEMIC**

We are living through extraordinary times, for which history will judge the leaders of government and industry by the actions we take to address the health crisis, support the people and businesses suffering from the devastating economic impacts of the pandemic, and address longstanding structural inequities and racial economic inequality.

At JPMorgan Chase, our focus has been on what we, as a company, could do to serve. We entered this crisis from a position of strength, and leveraged our size and scale to contribute to stability in our country and ongoing support for the "real economy" – our customers, clients, employees and communities impacted by the global crisis:

- In 2020, we extended credit and raised capital totaling $2.3 trillion for consumers and businesses of all sizes, helping them meet payroll, avoid layoffs and support operations.
- We have delayed payments and extended forbearance options for about 2 million mortgage, auto, and credit card accounts, and refunded $120 million in fees on consumer deposit accounts, including overdraft fees, for over 1 million customers – all with no questions asked.
- Under the SBA's Paycheck Protection Program, we funded well over 400,000 loans to small businesses supporting over 3 million jobs, for more than $40 billion in total funding. About 80% went to businesses with fewer than 10 employees, and 90% to those with fewer than 20. Around one-third of Chase-facilitated loans went to businesses in communities of color.
- Outside of the PPP program, we provided $18 billion in new and renewed credit for U.S. small businesses in 2020. We delayed payments for 21,000 loans and refunded $24 million in deposit fees for more than 130,000 small businesses hit hard by the crisis.
- We took steps to make sure those in need, including those without access to traditional banking services, received each round of stimulus payments quickly. We deposited funds into our customers' accounts immediately after receiving them from the IRS, and temporarily credited any overdrawn accounts so customers could use the full value of their relief. We also cashed non-customer stimulus checks at our branches and waived the check cashing fee. We did not garnish checks unless compelled to by law.
- We provided more than $70 million in loan relief for owners of multifamily properties housing more than 27,000 tenants, offering these landlord borrowers periods of interest-only payments and mortgage deferrals so they could more easily offer rental payment relief to their tenants.
- We committed $250 million in business and philanthropic initiatives with a focus on helping underserved small businesses and nonprofits access low-cost capital.
- And we supported our own employees – especially our own frontline workers who continued to show up to their jobs in branches, call centers, lock boxes and for other roles that could not be performed at home. We gave special payments, provided additional paid time off to manage personal challenges at home and additional paid time off for illness or precautionary situations. We continued to pay branch employees for their regularly scheduled hours, even if hours were reduced or branches temporarily closed, and offered additional childcare support, including additional days of back-up childcare, discounts for childcare and subsidized full-service childcare in our 14 U.S. childcare centers.

There is no doubt that the bold and swift action taken by Congress, the Federal Reserve and the Administrations over the last 15 months was instrumental in reversing financial panic, avoiding a deep and lasting economic crisis, and providing vital emergency aid directly to individuals and small businesses. While real damage was done, particularly for those at the lowest ends of the economic spectrum, the size and scope of the programs mitigated further economic deterioration and put this country on a path for a healthy economic recovery. We were proud to have participated in various

Federal Reserve emergency programs, such as the Paycheck Protection Program, Primary Dealer Credit Facility, Commercial Paper Funding Facility, Money Market Mutual Fund Liquidity Facility and the Secondary Market Corporate Credit Facility, among others. We are very appreciative of the partnership with the Small Business Administration on PPP and proud of our thousands of bankers who worked around the clock to get funds to businesses as quickly as possible.

**OUR COMMITMENT TO ADVANCING RACIAL EQUALITY**

Events of the last year highlighted and exacerbated longstanding inequality, particularly among Black and Latinx families, increasing barriers to wealth creation and holding us back as a country. We believe it's our collective responsibility to address this, and why JPMorgan Chase recently committed an additional $30 billion over five years to advance racial equity, building on our past investments. Our commitment includes:

- **Promoting and expanding affordable housing and homeownership** for communities of color by committing to originate $8 billion in mortgages and up to $4 billion in refinancing loans for Black and Latinx households, and financing $14 billion for an additional 100,000 affordable rental units.
- **Growing Black and Latinx-owned businesses** by delivering $2 billion in loans to small businesses in majority-Black and -Latinx communities, and by spending an additional $750 million with new and existing Black- and Latinx-owned suppliers to the firm.
- **Improving financial health and access to banking** in underserved communities – including helping 1 million people open low-cost accounts – by opening new Community Center branches, hiring local Community Managers, and investing at least $50 million in Minority Depository Institutions to help them better serve their communities.
- **Building a more equitable and representative workforce** through recruiting, development, and retention efforts, holding senior managers accountable for diversity and inclusion priorities, and providing our employees with access to the skills training they need to advance their careers.

These are new business commitments that will help to drive real change. We have made solid progress since our announcement late last year and are on track for our five-year commitment. We have already refinanced over $2 billion in mortgages for Black and Latinx households and have funded equity investments and loans for construction or rehabilitation of an incremental 5,500 multifamily affordable housing units. We have funded over $60 million in investments in nine Minority Depository Institutions, already exceeding our initial five-year goal.

At the same time, we are building the foundation that will help us grow new relationships in communities of color to meet our aggressive commitments. We expanded our Homebuyer Grant program to up to $5,500 to help more customers with closing costs and a down payment when buying a home in more than 6,700 minority communities nationwide. We opened our first Community Center branch in New York's Harlem community, and have replicated that model in minority communities around the country, including Chicago, Minneapolis, New Orleans, Dallas, and the Crenshaw neighborhood in Los Angeles, with many more coming in the next year. We have hired Community

Managers, Home Lending Advisors and small business bankers in these communities, with many more to come.

We have also made other notable announcements in recent months that will materially and expeditiously contribute to addressing the racial wealth gap:

- **Bringing visibility to credit invisibles:** We recently announced that we are building a new utility in partnership with the OCC's Project REACh that will begin to address the 50 million Americans who are "credit invisible" and cannot access affordable loans. Working with Early Warning Systems and the three credit bureaus, a number of banks will soon pilot the utility that allows lenders to use deposit data to improve their ability to assess the creditworthiness for customers with no credit history or score. We expect a short-term impact on hundreds of thousands of Americans with no credit file, and that is just the beginning of new opportunities for more Americans to access the credit that is essential to building wealth.
- **Investing in midsized entrepreneurs of color**: JPMorgan Chase is co-investing up to $200 million alongside Ariel Investments to create an entirely new class of middle market Black and Latinx entrepreneurs that are positioned to scale their businesses.
- **Diverse venture capital funds**: We launched a new initiative aimed at providing capital to funds managed by diverse, emerging asset managers, including minority-led and women-led venture capital funds and other private funds. Called "Project Spark," we invested an initial $25 million in five funds managed by diverse senior executives across J.P. Morgan Asset Management.
- **Supplier diversity:** The firm is working to increase business with certified diverse businesses. By working to increase diversity within our supply chain, we are both creating a supply chain that reflects the diversity of our customers and driving growth in communities where we do business. Our commitment to spend an additional $750 million on Black and Latinx businesses will fuel this priority.
- **Affordable housing.** We recently launched a program to provide our new and existing multifamily clients an interest rate discount on their loan if they commit to not increasing rents in a portion of their property. The more affordable the property, the greater the discount. To date, this program has financed nearly 20,000 multifamily units, and our goal is to finance $10 billion or 100,000 units over the next five years. Additionally, early next month, we look forward to sharing additional steps and a new commitment we are making to promote affordable housing and homeownership. We have also begun expanding FHA lending at a hopeful and measured pace in key markets, and want to continue to expand, but further FHA reforms – including servicing reforms, employment and valuation relief, waivers for face-to-face meetings and addressing appraisal bias -- are still needed.

While our investment commitment is significant, we know there's more work to do. We are actively tracking our investments over time to evaluate their impact and partnering with outside experts to assess our performance and hold our business accountable so we can better understand trends and contributing factors that could hold us back.

**OUR EMPLOYEES**

At JPMorgan Chase, we consider our global workforce a competitive advantage, and our 260,000 employees our greatest strength.

- **Increasing wages**. We have been increasing starting-salary wages for thousands of employees. In early 2021, for the third time in the last five years, we increased our internal minimum wage to between $16 and $20 an hour, up from $12 to $16 in 2017, while providing an annual benefits package worth about $13,000. Career mobility from entry level roles is also critical, which we promote by offering 300 skills and education programs. Nearly 70% of employees who started at JPMC before 2017 with salary of less than $40k are still at the company and have experienced an average increase of 40% since that time.

- **Women at JPMorgan Chase**. Globally, women are paid 99% of what men are paid at our firm, considering factors such as role, tenure, seniority, and geography. We conduct periodic reviews of compensation and, for business segments where women are paid less than expected, we proactively address it where appropriate. And unlike in other sectors, we did not see increased attrition by women – in fact, this improved in 2020. Women make up nearly half of the firm's Operating Committee.

- **Improving ethnic diversity**. We also know that attracting the best talent can only be achieved through a dedicated focus on inclusive recruiting and internal advancement opportunities. We have made progress in this area with programs such as Advancing Black Pathways, a program focused specifically on increased hiring, retention, and development of Black talent. In year two of the program, we are currently at 63% of our 5-year goal to hire 4,000 Black students. Over the past five years, we have increased the number of Black professionals in our most senior ranks, with the number of Black Managing Directors and Executive Directors up by more than 50 percent. We have more work to do in increasing diversity in our most senior ranks and will be aggressive in pursuing our goals.

- **Transparency in reporting diversity.** We believe being transparent about our workforce data will help drive progress. Since 2010, we have publicly shared Equal Employment Opportunity Commission information about our workforce on our website. Starting in 2019, we began publishing global workforce data for our employees and Board of Directors, with demographics that include the LGBTQ+ community, veterans, and people with disabilities. Starting this year, we will publish our consolidated EEOC reports on our public website for the first time.

- **Accountability in executive compensation**. We have an equitable and well-governed approach to compensation, including pay practices that attract and retain top talent and encourage a shared success culture in support of our business principles. Our executive compensation program is designed to hold our senior leaders accountable for long term business performance and, starting last year, for diversity and inclusion efforts and outcomes. Executives are also held accountable, when appropriate, for meaningful actions and issues that negatively impact business performance in current or future years. We comply with SEC rules and disclose our CEO Pay ratio annually in our Proxy Statement.

- **Second Chance Initiative**. We have also expanded opportunities for individuals with a criminal background. In 2020, we hired about 2,100 people who have paid their debt to society – representing roughly 10% of all new hires in the U.S. We recently expanded our efforts by enhancing our recruiting strategy, which started in Chicago in collaboration with local community organizations, into Columbus, Ohio to build a hiring pipeline in the city. JPMorgan also joined a group of 29 major employers and national organizations to launch the Second Chance Business Coalition that will expand opportunities for more people to reenter the workforce.

**RISK MANAGEMENT - HOW WE DO BUSINESS**

We have unwavering principles that are not just about a fortress balance sheet, but also about risk management and culture. We must manage over two dozen capital and liquidity requirements while serving our clients. To do this, we have $202 billion in tangible common equity and $1.43 trillion in liquid assets, both of which have increased dramatically in recent years. While we are still awaiting the 2021 results, we agree with the Federal Reserve's conclusion following last year's stress tests that "the banking system has been a source of strength during the past year and stress test results confirm that large banks could continue to lend to households and businesses even during a sharply adverse future turn in the economy." Our capital and liquidity requirements have increased dramatically in recent years, and notably in 2020 when a combination of monetary and fiscal stimulus swelled bank balance sheets by $10 trillion, largely in low- to no-risk assets. We continued to meet the borrowing needs of our clients – households, businesses, and municipalities – providing more than $1 trillion in credit in 2020, despite low loan demand.

We devote specialized attention to compliance with the laws and regulations governing anti-money laundering and terrorist financing, economic sanctions and anti-corruption efforts. We have robust Know Your Customer and Anti-Money Laundering controls, processes, and technology, with thousands of employees dedicated to this important function. We applaud the work of Congress to reform AML oversight, and believe the AML Act, including a new centralized beneficial ownership directory and the improved use of artificial intelligence, will improve law enforcement's ability to identify and stop criminal activity.

Cybersecurity is also an incredibly important priority for us, and for America – a priority I cannot overemphasize. At JPMorgan Chase, we invest over $700 million annually and dedicate thousands of employees to maintain our defenses and enhance our resilience to this ever-increasing threat. But attacks are increasing in number and sophistication across all sectors, including government, utilities, technology companies, electrical grids and others. This is a serious national security concern that requires partnership and collaboration to address. To this end, designated critical infrastructure from Financial Services and the Electricity sectors have invested significant resources to create a collaborative organization for the analysis of cyber risk to the financial system. We need the government to meet us halfway and provide dedicated national security resources to collaborate with critical infrastructure companies and defend the national interest from cyberattacks. Also, as evidenced by the SolarWinds incident, we need appropriate reforms to ensure the data that is held by financial regulators is properly secured and that policies are in place to guide timely and meaningful notification and response to impacted firms when a breach does occur.

Climate change is also one of the defining issues of our time. JPMorgan Chase first announced its Paris-aligned financing commitment in October 2020, which includes establishing carbon reduction targets for 2030 for some of the most carbon-intense sectors. We have created the Center for Carbon Transition to help our clients invest in lower-carbon solutions, and help them set a path for achieving net-zero emissions by 2050. We also recently targeted $2.5 trillion over 10 years to advance long-term solutions that address climate change and contribute to sustainable development. And we have publicly advocated for market-based, carbon policy solutions, including a price on carbon, and investments in innovative technology to help companies transition to a cleaner future. The bottom line is this: Abandoning fossil fuels is not an option right now. Instead, we must work together, across public and private sectors, in a bipartisan fashion, to manage risk and invest in new solutions and technologies.

We have robust processes in place and are constantly evaluating with whom we do business, taking into consideration many factors when we make our decisions. In line with regulatory expectations, we use risk-based frameworks to determine our tolerance for a client's level of legal, credit, or regulatory risk. We serve businesses that can demonstrate adherence to the law, whatever the industry.

JPMorgan Chase has invested significantly in artificial intelligence and machine learning capabilities. We already use AI successfully in fraud and risk, marketing, prospecting, idea generation, operations, trading and other areas, but are still at the beginning of this journey.

Over the years, when we have faced legal and regulatory issues, we consistently acknowledged our mistakes, often self-identified them, and improved our controls where necessary. Where inappropriate behaviors have been identified, either by us or by our regulators, we have taken action to address them. In the last two years, there have been two regulatory resolutions of legacy issues. One of these matters related to past misconduct by certain former employees that occurred prior to 2016 relating to market manipulation. Their conduct was unacceptable, and we took action, including termination and cancelling millions in compensation. We also recently settled a matter with the OCC related to past deficiencies that were identified in our internal controls and audit over certain fiduciary activities. By the time the settlement was announced, we had already enhanced our controls to address the deficiencies. Over the years, we have meaningfully improved our control environment and simplified our business, which the Department of Justice and the OCC noted in their recent announcements in connection with these resolutions.

**POLICY RECOMMENDATIONS**

America is poised for a strong economic rebound. But we must ensure that the economic recovery benefits all, and that we address longstanding inequities that threaten the promise of America. Access to affordable healthcare, an education system failing too many of our children, crumbling infrastructure, climate change, and racial economic inequality are just some of the problems challenging our great nation. All of us – government, business and civic society – must work with a common purpose to address these challenges. We must unleash the extraordinary vibrancy of the American economy.

Economic growth will give us the wherewithal to deal with the issues stemming from inequality in ways that are sustainable. The actions we take today will determine the future of our country for generations.

Earlier this year, JPMorgan Chase released a set of data-driven policy recommendations informed by research from the JPMorgan Chase Institute and the work of the JPMorgan Chase *Policy*Center to provide immediate support to those most impacted, as well as longer-term policies to increase the financial health and stability of households and small businesses. Solutions that address longstanding racial and economic inequities will require efforts by all of us, including in these areas:

- **Households and the Social Safety Net**: There are large racial gaps in take-home income and liquid assets that persist across age, income, gender, and geography. This disproportionately impacts Black and Latinx families who, when faced with a negative income shock such as job loss, must cut their spending and consumption more than other groups. To address racial disparities in income and wealth and reduce household financial volatility, we support federal policies that boost earnings, improve job-quality, and increase access to good jobs, as well as reduce expenses that disproportionately burden Black and Latinx families. This includes increasing the federal minimum wage; reforming the Earned Income Tax Credit (EITC) by raising the maximum credit and income limit, extending the credit to childless adults, and eliminating the age cap; supporting side car savings accounts; ensuring workplace benefits and protections such as paid sick and family leave are available to as many working Americans as possible, as well as piloting portable benefits tied to and that move with the worker regardless of employer; and reducing barriers to employment for individuals with criminal backgrounds—one in three working-age adults—to expand economic opportunity to millions of Americans, which is part of JPMorgan Chase's Second Chance initiative.

- **Small Businesses**: Minority- and women-owned small businesses have faced historical barriers to accessing credit, and the COVID-19 pandemic only exacerbated it. Although federal law requires fair lending, many hurdles remain for both minority and women entrepreneurs. We must better align federal programs to meet the needs of the most vulnerable small businesses, enhance access to capital for minority- and women entrepreneurs and support an inclusive economic recovery in communities. This includes increasing resources for the Small Business Administration (SBA) Microloan program; making permanent the SBA Community Advantage program; increasing the Department of Treasury's Community Development Financial Institution Fund to $1 billion with a set-aside for Black-led CDFIs; and improving government procurement programs and policies to provide greater opportunity for underserved small business owners to secure government contracts.

- **Affordable Housing**: Many Black and Latinx households face a housing affordability crisis. Homeownership rates are lowest for Black families—30 points lower than for white families. As COVID-19 created more financial instability, Black and Latinx households are more likely to be cost-burdened than White households and are at the highest risk for eviction. We must work together to reform federal programs to expand affordable housing and homeownership for underserved communities and provide the support needed to weather economic uncertainty. This includes considering additional rental assistance funding to stabilize families facing continued economic hardship; ensuring all homeowners have access to mortgage forbearance;

supporting comprehensive housing reforms such as modernizing the Federal Housing Administration (FHA) to increase access to sustainable homeownership; and increasing federal funding for affordable housing programs such as Low-Income Housing Tax Credit, Housing Trust Fund, Emergency Solutions Grants, Community Development Block Grants, and HOME.

I want to close by thanking our employees for the tireless work, ingenuity, and singular focus on doing right by our customers. Over the last year, they performed their jobs with integrity and excellence, often remotely, while also navigating personal challenges. By working together and focusing on our mission, we proudly served our customers, communities, and our country through an extraordinary year.

I look forward to working with all of you to solve big challenges and foster healthy and inclusive economic growth. There will be areas where we disagree, but we all share a common purpose of creating a more perfect union. We have proven repeatedly that when we work together – government, business, and civic society – we can solve seemingly intractable problems and ensure we are a country of unlimited opportunity for all.

Thank you for your time, and the work you do for our country. I welcome any questions that you may have.