

# Senate Committee on Banking, Housing, and Urban Affairs

## Written Statement of Jamie Dimon

Chairman and Chief Executive Officer

JPMorgan Chase & Co.

*September 22, 2022*

Chairman Brown, Ranking Member Toomey and distinguished members of the Committee, I appreciate the opportunity to talk about JPMorgan Chase and the role of America's largest banks as a force for good for the country, its citizens and the global economy.

We live in the greatest country in the world predicated on foundational beliefs in freedom of speech, freedom of religion, freedom of enterprise, the sanctity of the individual, and the promise of equality and opportunity for all. These core values are the fabric that binds us as Americans, where the best of what we are shines through especially in times of adversity. This system has created what is still the most prosperous and innovative economy the world has ever seen – one that nurtures vibrant businesses large and small, and a welcoming environment for innovation, science and technology. My enduring faith in the strength of the country remains as strong as ever.

A country's economy can only be as strong as its financial system. The United States has the best financial system in the world – and we must strive to maintain it. The financial system encompasses asset managers, investors, banks, investment banks, private equity, hedge funds, pension plans and non-bank financial service providers. It is protected and enhanced by the rule of law (including banking and consumer protection laws), transparency regarding governance and accounting, and complete and free access to global investors.

The free flow of credit and investments is key to our nation's global competitiveness. Free enterprise is the flywheel of the economy as capital seeks out the investments, individuals and ideas that drive growth and innovation. And free enterprise celebrates, and is inseparable from, human freedom and creativity, which ultimately are the stimuli for all human progress. Free enterprise requires not only the free movement of capital, but more importantly the value of knowledge and free people exercising their rights. What this country needs most is free enterprise, extraordinarily competent government and policies, and more civic-minded companies and citizens.

### THE IMPORTANCE OF OUR WORK TO THE AMERICAN ECONOMY

JPMorgan Chase is a global financial services firm with assets of \$3.8 trillion and operations in 100+ global markets. We are a leader in financial services for consumers and small businesses, commercial banking, investment banking, financial transaction processing and asset management. More information about our financial performance and shareholder information can be found in our [2022 Annual Proxy Statement](#) and in [previous annual filings](#).

Our nearly 160,000 U.S. employees serve over 66 million households including more than 5 million small businesses, and many of the world's most prominent corporate, institutional and government clients. Last year, we became the first bank to have branches in all the contiguous 48 states and the District of Columbia, with about 4,800 branches covering about 80% of the U.S. population. We are now able to

cover more of the U.S population with fewer branches in more states than in 2017, when we had ~5,150 branches in 23 states covering about 61% of the population. We are intensely focused on building trust with customers in every community we serve by making investments that will have a lasting impact for families, small businesses and neighborhoods.

The work we do at JPMorgan Chase matters, in good times, and particularly in tough times. We provide critical financing to nearly every sector, including manufacturing, service, energy, real estate and transportation. We finance federal, state and local governments for infrastructure projects for schools, bridges, hospitals, universities and transit. We finance Americans' ambitions with loans for homes, autos, and growing a small business, and provide valuable products and services to more than half of American households.

## SUPPORTING THE ECONOMY THROUGH CHALLENGING TIMES

The past few years have demonstrated the resilience of the American people, government and businesses. The U.S. government moved with unprecedented speed to support the economy in the early days of the pandemic. Large, diversified banks were part of the solution and a source of strength for a troubled economy. Since the early days of the pandemic, our strength and resilience allowed us to extend more than \$5.5 trillion in new and renewed credit and capital to large and small businesses, state and local governments, universities and hospitals at a time when they needed it the most. We waived hundreds of millions in fees and postponed debt repayments for consumers struggling to make ends meet. In addition, JPMorgan Chase launched several ambitious flagship programs, including our \$30 billion commitment to help close the racial wealth gap and drive economic inclusion.

During the COVID-induced economic crisis:

- We were critical financial partners to businesses large and small, governments and public entities, nonprofit organizations and American households. Of the \$5.5 trillion of new and renewed credit provided and capital raised for our clients in 2020 and 2021, more than \$1 trillion went to small business, middle market and commercial clients, more than \$600 billion went to government and nonprofit organizations and more than \$550 billion to consumers.
- JPMorgan Chase was the #1 PPP lender. Over the life of the program, we funded more than 400,000 loans totaling over \$40 billion. We worked closely with the U.S. Small Business Administration to help them modernize their lending platforms to handle the unprecedented loan demand. We were also proud to have participated in various Federal Reserve emergency programs, such as the Primary Dealer Credit Facility, Commercial Paper Funding Facility, Money Market Mutual Fund Liquidity Facility and the Secondary Market Corporate Credit Facility, among others. Of note, nonbanks were involved in instances of illegitimate PPP loans and Economic Injury Disaster Loan assistance, as well as stimulus money fraud, often at rates almost five times those of traditional banks like JPMorgan Chase that protected these taxpayer dollars, largely due to existing AML/KYC standards and controls, technology and fraud monitoring tools.
- Since March 13, 2020, we delayed payments due and refunded fees for more than 3.5 million customer accounts – refunding more than \$250 million for nearly 2 million consumer deposit and lending accounts and offering delayed payments and forbearance on more than 2 million mortgage, auto and credit card accounts, representing approximately \$90 billion in loans.
- 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 credited funds into our customers' accounts quickly after receiving them from the IRS and temporarily credited any

overdrawn accounts so customers could access the full value of their stimulus funds. We also cashed non-customer stimulus checks at our branches and waived the check cashing fee.

Large U.S. banks were more than able to weather the terrible economic storm while supporting their customers and clients, supporting the federal and local governments, and while setting aside extensive reserves for potential future loan losses. Subsequent stress tests and additional sensitivity analyses conducted by the Federal Reserve showed that large banks like JPMorgan Chase could withstand these extreme conditions – even more extreme than what we lived through – while continuing to lend to American consumers and businesses of all sizes.

## BEING PREPARED FOR WHAT COMES NEXT

The U.S. economy today is a classic tale of two cities. There are headwinds and tailwinds, making it challenging to predict the future. We continue to see strong consumer spending from solid consumer balance sheets, fueled by unprecedented economic stimulus and charge off rates on consumer credit remaining historically low. There are plentiful job openings, with encouraging jobs reports that continue to surprise economic forecasters. Businesses remain healthy. At the same time, many Americans are being crushed by high inflation eroding real incomes, particularly from higher prices on gas and food. Supply chain issues persist, as does a devastating war in Ukraine. The Fed is also going through an unprecedented quantitative tightening and quickly raising interest rates in an effort to tame runaway inflation. Many Americans are feeling the pain, and consumer confidence continues to drop.

While these storm clouds build on the horizon, even the best and brightest economists are split as to whether these could evolve into a major economic storm or something much less severe. Regardless, JPMorgan Chase is prepared for even the worst outcome so we can continue to serve our customers, clients and communities, even through – especially through – the most challenging times. The investments we have made over the years, and the discipline and rigor with which we manage the firm, enable us to consistently serve American households and businesses and protect the American economy.

At the same time, the continued upward trajectory of regulatory capital requirements on America's already fortified largest banks, particularly when not reflective of actual risk, is itself becoming a significant economic risk, because unrepresentative capital requirements erode banks' ability to meet customer needs. For example, regulatory capital minimum requirements already have JPMorgan Chase setting aside more than \$200 billion in capital, which is in addition to loan loss reserves. In the coming months JP Morgan's amount of required capital will increase not due to increased risk, but because long-needed adjustments have not yet been made to risk-agnostic size-based factors in parts of the capital framework, like the GSIB surcharge. This is bad for America, as it handicaps regulated banks at precisely the wrong time, causing them to be capital constrained and reduce growth in areas like lending, as the country enters difficult economic conditions. It is bad for consumers, as it forces banks to do illogical things like reducing mortgage exposure in order to drive down assets. Strong and resilient banks that can support the American economy through a crisis are key to American growth and competitiveness. I urge our nation's leaders to be thoughtful about the effect of arbitrary increases in capital requirements and its cumulative impact on lending, market liquidity and other economic activity.

## HELPING AMERICANS REACH THEIR GOALS

We are intensely focused on lifting people up in every community we serve by making investments that will have a lasting impact for families, small businesses and neighborhoods. We're achieving this by offering products, services and solutions that are relevant and valuable for all customer segments.

### Services for Consumers and Small Businesses



**Account Access and Management**

- Savings accounts
- Checking accounts
- Overdraft protection
- Paperless statements
- Account alerts
- Debit cards
- Direct deposit
- Credit cards
- Assistance from bankers
- 24/7 customer service
- 24/7 Chase Mobile® app support
- Digital wallets
- Banking on the go
- Mobile check deposits
- Access to 4,800 Chase branches
- Access to over 16,000 ATMs
- Cash withdrawals at non-Chase ATMs



**Moving Money**

- Pay people through Zelle
- Bill payments
- Money transfers
- Checks
- Money orders
- Cashier's checks
- Same-day wire transfers



**Security**

- Debit and credit card fraud monitoring
- Fraud alerts
- Replacement debit cards
- Rushed replacement cards
- Zero Liability Protection on credit cards
- Account monitoring



**Small Businesses**

- Check monitoring for businesses
- Business budgeting
- Insights for businesses
- Employee deposit cards
- Educational content for businesses



**Home and Auto**

- Home loan prequalification
- Mortgage calculator
- Home value estimator
- Home refinancing resources
- Car buying guidance
- Auto financing prequalification
- Vehicle trade-in value



**Financial Health**

- Financial health and planning tips
- Spending summary
- Automatic saving tools
- Budgeting tools
- Credit score checks
- Financial education workshops
- Banking account access for kids



**Travel, Shopping and Entertainment**

- Trip cancellation insurance
- Debit card currency exchanges
- Extended warranties on card purchases
- Deals on your favorite stuff
- Auto rental collision damage waiver
- Access to early ticket sales



**Wealth Management and Investing**

- Guidance from financial advisors
- Online investing tools
- Self-directed investing accounts
- Online trading
- Investment checkups
- Market research

### Serving our customers

About 100,000 Chase employees proudly serve our customers through branches, call centers and online. We have about 4,800 branches and over 16,000 ATMs located in all 48 contiguous states and the District of Columbia. About 70% of our customers visited a branch in 2021.

Today, nearly one-third of our 4,800 branches are in low-to moderate income neighborhoods and nearly one-third in communities of color. One-third of our small business banking customers are in majority-minority census tracts. Detailed information on our branch footprint each year can be found in our [Annual Reports](#).

We also serve customers over the phone from our modern and efficient call centers, where we receive an average of 32 million calls each month. Most are resolved through automated prompts, which allows us to focus our workforce more intensely on the remaining 10 million calls each month that require more specialized customer service. We are proud to say that our customers get through to a human in 44 seconds on average – with nine out of ten of those calls answered in under two minutes. Each servicing group has an escalation unit of highly experienced employees. We have a dedicated fraud and dispute call center, which receives about 3.5 million callers per month. These employees investigate all claims made by our customers based on the information they provide and other data available to us. During the early days of the pandemic, our tens of thousands of call center employees were considered “essential workers,” given the important work they do for our customers, and continued to come into the office to serve our customers through very challenging times.

Our customers also value our digital servicing options. Every day, we have about 20 million active users, logging in an average of two times a day. Our digital assistant is capable of handling 77% of tasks and has about 1.2 million engaged customers each month.

### Serving American small businesses

Chase is the nation’s leading small business bank and recognized as #1 in customer satisfaction in the Northeast and West Regions in the J.D. Power 2021 U.S Small Business Banking Satisfaction Study. We serve about five million small businesses, helping clients safely store and move their money, process payments, access credit to expand and grow, pay their employees and manage their daily cash flows. With more than 11,000 specially trained business bankers across 48 states and the District of Columbia, we work with small business owners through our branches and at the businesses themselves.

One Columbus client is particularly illustrative of how our bankers serve small businesses. Lisa Gutierrez, now CEO of Dos Hermanos, a thriving Mexican-inspired food business, began with a borrowed food truck. Lisa thought she was unbankable when she first came to Chase, with a low credit score and little in her account. Her Business Banking relationship manager saw her differently – she had 15 years of experience managing restaurants, a passion for food, excellent family recipes and a village of support behind her. Her banker helped her make important connections to grow her business, including our friends at concessions at Buckeye Stadium. Today, Dos Hermanos generates \$3 million a year, employs 45 people and includes multiple food trucks and concession stands at Lower.com Field, the Greater Columbus Convention Center and a commissary kitchen that serves an underserved community. I’m proud of this banker, and all of the Chase bankers who help customers like Lisa to grow their business every day.

Banking is personal, particularly when working with small business owners. Our small business customers are often also personal customers too and like having access to our extensive branch network with bankers to help address their needs. We have also seen an uptick in the use of digital tools by our small business customers, particularly since the pandemic. We therefore did things like raising mobile deposit limits so clients could deposit more checks remotely. We gave our bankers digital tools to interact with their customers, which was particularly helpful for screen-sharing and fixing applications for PPP. We are also developing tools to give business owners access to actionable customer insights based on their data, helping them improve their operations, staffing and marketing strategies.

We also understand that supporting small businesses and underserved entrepreneurs is key to lifting entire communities, yet many Black-, Hispanic-, Latino- and women-owned small businesses are

underrepresented among firms with substantial external financing, limiting opportunities to scale their business. In 2021, the firm made a five-year, \$350 million commitment to grow these businesses through low-cost, long-term capital and technical expertise for underserved entrepreneurs. We also expanded our Entrepreneurs of Color Fund, in collaboration with a network of investors, foundations and CDFIs, to fuel these small businesses.

We are committed to promoting inclusive economic growth in traditionally underserved neighborhoods through sustainable, long-term programs that increase access to credit for small businesses. Earlier this year, Chase began piloting a Special Purpose Credit Program to provide incremental credit to small businesses located in certain majority minority neighborhoods to help them invest and grow. We have seen promising results to date that demonstrate we are responsibly extending more credit to more businesses in these historically underserved areas, and we look forward to expanding this program nationwide before the end of the year.

### Community building through community banking

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, especially in Black, Hispanic and Latino communities. We are delivering this approach through our **Community Center branches**, unique spaces in the heart of urban communities. Beginning with Harlem in New York City and Ventura Village in Minneapolis, we have recently opened new Community Center branches in neighborhoods like Stony Island in the South Shore of Chicago, Crenshaw in Los Angeles, Goodyear Heights in Akron, Ohio, Anacostia in Washington, D.C., and Little Havana in Miami. These branches have more space to host grassroots community events, small business mentoring sessions and financial health seminars. With branches expanding to Atlanta, Baltimore, Philadelphia and Tulsa, we expect to have more Community Center branches serving customers in underserved communities in the year ahead.

**The Community Manager**, a new role within the bank, primarily functions as a local ambassador to build and nurture relationships with community leaders, nonprofit partners and small businesses. We have now hired over 100 Community Managers in underserved communities and intend to keep growing that number. Our Community Managers have hosted more than 1,300 financial health events with over 36,000 people in attendance and have participated in 600+ community service events. We want people who live and work in these communities to feel welcome and included when they visit our branches (and even bring the dog). They are also likely to know the employees in the branch, as we hire locally — people who live in the community and care about serving their neighbors. I've attended many grand openings of our Community Center branches in person and have been so impressed to see the personal dedication of our employees to their community.

Our business is only as strong as our communities, so we increased our investments in places like Mattapan in Boston and Oak Cliff in Dallas to help local **minority small businesses access the capital** and support they need to grow. We've expanded our **homebuyer grant program**, which provides \$5,000 to cover closing costs and down payments when customers buy homes in 6,700 minority neighborhoods nationwide.

Evolving from “community banking” to “community building” is important in serving communities where it is long overdue. While it is early, our approach has the promise to create real local impact.

### Protecting our customers' privacy

Just as our customers trust us to protect their money, so too our customers trust us to protect their personal information. Building the best products and services relies on our collection, use and sharing of

all manner of personal information and financial data every day, and we have processes to manage that data in accordance with the laws, rules and regulations. But legal compliance is just the foundation – our multi-faceted approach to addressing privacy and data protection risks includes maintaining and evolving our internal controls, establishing policies covering all stages of the data lifecycle and deploying appropriate technology. Our internal policy on personal information applies globally to our legal entities as well as third parties that handle personal information on our behalf.

We provide a wealth of information to our customers about [privacy and security](#). In addition to traditional privacy notices, we often publish related materials such as frequently asked questions and tips for keeping personal financial information safe, and make it easy for customers to [set their privacy preferences](#). We have a wide range of technological, administrative, organizational and physical security measures designed to safeguard the confidentiality, integrity and availability of personal information.

Of note, we are proud of our leadership in developing a secure Application Programming Interface (API) that gives our customers control and visibility in sharing specific account information from only the accounts they choose and with only the apps or companies they choose. In addition, our API eliminates the need for customers to share their Chase username and password with aggregators and third parties, effectively ending the practice of screen scraping Chase accounts. Since mid-2020, we've required all apps and companies to start moving over to the API and to meet high standards for data protection and use.

### [Paying millions of transactions without overdraft fees](#)

Our customers have told us they want convenient access to funds to help them when they are short on money in their accounts. These “overdraft services” help customers make critical payments, like covering a rent check, or automatic withdrawals by third parties, like utilities, which may help customers avoid a late fee or negative impact on their credit report. For those customers who need to buy gas and groceries and are short on funds, they can opt into “debit card coverage” to cover these important purchases. This service can be more affordable than many nonbank services like payday loans or check cashing services and can also be more affordable than the late fee the customer avoids – like an unpaid parking ticket in Washington, D.C. that costs double the amount of the original ticket, for example.

Today, nearly 70 percent of transactions that we cover via overdraft incur no overdraft fee at all. Improvements we made in 2021 to our overdraft services program, including a -\$50 balance cushion before incurring a fee and elimination of the non-sufficient funds fee, helped more than 3.5 million accounts avoid overdraft fees, and that number continues to grow by the day. In June 2022, we added a new feature, giving customers an extra business day to bring their account balance to -\$50 or less to avoid overdraft fees. As a result, in the second quarter of 2022 alone, Chase paid nearly 17 million transactions despite a shortage of funds in the account – a prescription at a pharmacy, a few gallons of gas, milk and toilet paper at the grocery store – with no overdraft fee at all. Overall, our overdraft fee revenue has declined by ~40% since before the pandemic (Q42019).

We give our customers tools to make informed choices and help them manage their accounts and avoid overdrawing, such as alerts – something used by most of our customers. For those customers who prefer not to have access to overdraft at all, we offer an account called “Secure Banking,” which is our BankOn certified product that has no overdraft services, and therefore no overdraft fees.

### [Fighting to protect our customers](#)

Each year we proactively identify nation-state and cybercriminal threats to protect the firm and its suppliers, while also stopping more than \$5 billion in fraud attempts. We are also focused on helping our customers avoid scams – a decades old form of crime where bad actors prey upon some of the most

vulnerable Americans, tricking them into paying with cash, checks, wire transfers, cryptocurrencies, gift cards or more recently peer-to-peer payment platforms

On the Zelle network specifically, more than 99.9% of all transactions are authorized by the consumer and fraud rates have decreased over time due to fraud prevention and detection techniques implemented by banks like Chase. At Chase, our financial crimes and cybersecurity experts work to identify patterns and other markers where scams are more likely to occur and invest significant resources to help our customers avoid becoming a victim. When bad actors are identified, Zelle's participant institutions restrict the bad actor's access to Zelle and report the transaction for monitoring. We reimburse customers for unauthorized transactions reported in a timely manner. Overall, we reimburse an average of \$1.6 million each month for fraudulent payments.

Unfortunately, banks including Chase have seen a number of scams involving a bad actor deceiving a customer into sending money via Zelle by impersonating a bank representative. The bad actor contacts the customer claiming to be helping resolve fraud on the account and asking the customer to send money "to themselves." The customer is then duped into providing access credentials – like a one-time passcode – to the bad actor who then registers the customer's email or phone number as their own in a different account. The customer then sends money to their own email or phone number, not realizing that these are now tied to a bad actor's account. Chase has been reimbursing customers for this impersonation "token flip" type of "me-to-me" scam. We also prominently remind customers, in the Zelle experience, that Chase will never contact them asking them to send themselves money.

These are serious issues requiring collaboration between business, government and law enforcement to address. We identify and refer suspicious activity through the Financial Crimes Enforcement Network, which law enforcement may access to assist with their investigations. However, on a local level, we recognize that law enforcement has limited resources, and many cases largely go unprosecuted. We would welcome the opportunity to work with our nation's leaders to help prevent fraud and scams, including a more formalized public-private partnership between financial institutions and local law enforcement to help them investigate and prosecute these crimes and bring justice for victims.

## ADVANCING RACIAL EQUITY, DIVERSITY AND ECONOMIC EQUALITY

We have made strong progress over the past few years to create a more inclusive company and promote equity in all our communities. We are as committed as ever to doing what is right and just. I will spotlight a few areas of focus and describe the progress we have made:

### A More Diverse Workforce

We continue to believe that if our team is more diverse, we will generate better ideas and better outcomes, enjoy a stronger corporate culture and outperform our competitors. This appears to be proving true. Despite the pandemic and talent retention challenges, we continue to boost our representation among women and people of color. Here are some examples:

- By the end of 2021, based on employees who self-identified, women represented 49% of the firm's total workforce. Overall Hispanic representation was 20%, Asian representation grew to 17% and Black representation increased to 14%. More detailed information can be found in our [2021 Workforce Composition Disclosure](#). More women were promoted to the position of managing director in 2021 than ever before; similarly, a record number of women were promoted to executive director.
- We expanded our global Diversity, Equity and Inclusion department to include three new Centers of Excellence: Advancing Hispanics and Latinos, The Office of Asian and Pacific Islander

Affairs, and The Office of LGBT+ Affairs. These added to the existing Advancing Black Pathways Center of Excellence.

- To promote greater participation in our workforce by Black professionals, we expanded our Historically Black Colleges and Universities partnerships to 19 schools across the U.S. to boost recruitment connections, expand student career pathways and support long-term student development and financial health. As part of this effort, we launched a JPMorgan scholarship program for 75 students interested in the financial planning profession, including internship opportunities, training and licensing support.
- JPMorgan Chase hired more than 4,300 people with criminal backgrounds in 2021, approximately 10% of our new hires. The firm also supported Clean Slate legislation to help clear or seal eligible criminal records and open access to jobs in places such as Connecticut, Delaware, Michigan and most recently in Colorado — and continues to push for measures in New York, Texas and Washington state.
- We just celebrated the 10th anniversary of the Veteran Jobs Mission, a coalition JPMorgan Chase co-founded in 2011 as the 100,000 Jobs Mission. It began as 11 companies committed to hiring military talent across the private sector, and now membership exceeds 300 companies with more than 830,000 veterans hired. JPMorgan Chase alone has hired over 17,000 U.S. veterans since 2011, including more than 1,200 in 2021, 58% of whom self-identified as being ethnically diverse.

### An Update on Our \$30 Billion Racial Equity Commitment

The murder of George Floyd highlighted what we already knew: More was required by all of us to address systemic racism. In October 2020, less than five months after his tragic murder, our company made a \$30 billion commitment to help close the racial wealth gap. We committed to trying new things and putting the full force of our firm behind solutions that could really make an impact. By the end of 2021, we had deployed or committed more than \$18 billion toward our goal.

These are new business commitments that focus on increasing homeownership, expanding affordable rental housing and growing small businesses in Black, Hispanic and Latino communities. We committed to spending more with Black, Hispanic and Latino suppliers, improving financial health and access to banking for the underbanked, investing in minority depository institutions (MDI) and community development financial institutions (CDFI), and investing in communities through philanthropic capital. Here are some details on our progress to date:

- **Affordable Rental Housing:** We approved funding of approximately \$13 billion in loans and equity investments to create and preserve more than 100,000 affordable housing and rental units across the U.S.
- **Homeownership:** We established a Community and Affordable Home Lending business, hiring over 150 Community Home Lending Advisors and expanding the Chase Homebuyer Grant to \$5,000 to help cover customers' closing cost and down payments for homes purchased in 6,700 majority-minority neighborhoods nationwide.
- **Small Business:** We hired diverse senior business consultants to provide free one-on-one coaching for minority business owners in 15 U.S. cities and to mentor more than 1,000 small businesses to help access information, capital, banking solutions and other resources to grow their businesses.
- **MDIs:** We invested more than \$100 million in equity in 15 diverse financial institutions that serve nearly 90 communities in 19 states and the District of Columbia.

- **CDFIs:** We provided more than \$190 million in incremental financing to CDFIs to support communities that lack access to traditional financing.
- **Supplier Diversity:** In 2021, we spent an additional \$155 million with 140 Black, Hispanic and Latino suppliers – more than doubling the first-year spend goal.
- **Access to Banking:** We helped more than 200,000 customers open low-cost checking accounts with no overdraft fees; opened 10 additional Community Center Branches, often in areas with larger Black, Hispanic and Latino populations; and hired over 100 Community Managers in underserved communities to build relationships with community leaders, nonprofits and small businesses.

While our investment commitment is significant, there is no doubt we – both as a company and society – have more work to do. Our focus today and moving forward is on sustainable, long-term systemic change, rather than short-term programmatic impact. We are actively tracking our investments over time to evaluate their impact and recently announced our plan to perform a [Racial Equity Audit](#), to be conducted by independent auditors, in order to hold ourselves accountable and to ensure we have the resources in place to advance racial equity. This audit builds on the firm’s existing risk and control efforts, including an internal audit function, which has been reviewing and evaluating processes, products and obligations related to the firm’s Racial Equity Commitment. JPMorgan Chase will prepare and publish a report based on the results of the audit by the end of 2022.

### Diverse venture capital funds

We launched a new initiative called Project Spark, which is aimed at providing capital to diverse, emerging alternative managers, including minority-led, women-led, and veteran-led venture capital funds and certain other private funds. To date, the initiative, which is managed by diverse senior executives across our Asset Management business, has a budget of \$140 million in funding and has committed more than \$55 million in investments across 12 emerging managers.

### Bringing visibility to credit invisibles

In partnership with the OCC’s Project REACH, last Fall we launched a pilot for a new utility that begins to address the 50 million Americans who are “credit invisible” and cannot access affordable credit. Working with Early Warning Systems and the three credit bureaus, a participating lender can use the applicants’ deposit data to improve their ability to assess the creditworthiness for customers with no credit history or credit score. Thousands of customers have been able to access credit because of this utility and that is just the beginning of new opportunities for more Americans to access the credit that is essential to building wealth.

### Revitalizing communities with affordable housing and homeownership

We continue our efforts to help expand homeownership for Black, Hispanic and Latino households and, in doing so, help to stabilize and revitalize communities across the country. We are expanding our affordable lending products and plan to continue prudently expanding Federal Housing Administration (“FHA”) lending. We are also exploring new financing options and working with public resources to support the development of vital community facilities and new affordable housing units.

Last year, we announced a five-year \$400 million philanthropic commitment to help address housing stability, affordability and wealth creation. We also announced new business practices such as the new Chase Community Home Lending Advisor roles, which will help more people on the journey to homeownership. We’re also actively finding better ways to address valuation bias in the residential appraisal process.

Affordable housing is a national challenge requiring collaboration among businesses, government and communities. Our government leaders should consider policy reforms that increase funding for rental assistance and housing vouchers. Also, to encourage greater participation by financial institutions in increasing affordable homeownership, the Federal Housing Administration must move forward with reform efforts to both rationalize and modernize its rules around originating and servicing loans to be able to serve the needs of consumers most in need of these products.

## SUPPORTING AMERICA

The work we do at JPMorgan Chase matters. For the countries, companies, customers and communities we support, our work matters in good times – and is particularly important through challenging times. The last volatile year has brought disruption and stress for so many as the world grapples with war in Ukraine, economic volatility and inflation, climate change and energy insecurity, and a pandemic. It has also shown what great companies with the size and scale of JPMorgan Chase can do as a source of strength for the economy. Because of the investments we have made over the years to build a strong and healthy company, we can consistently serve and finance American households and businesses, while building our communities and protecting America and the American economy.

- **Lifting up the U.S. economy.** We recognize our role as a guardian of the economy and the country and we take that role seriously. We underwrite IPOs and provide federal, state and local governments financing for schools, bridges, hospitals, universities and transit. We move nearly \$10 trillion in payments every day. We finance Americans' dreams with loans for homes, autos and starting or growing a small business. We provide critical financing to nearly every sector, providing trillions each year in new and renewed credit and capital to large and small businesses including in manufacturing, service, real estate, energy, transportation, non-profits and the government.
- **Investing in American communities.** JPMorgan Chase is working to advance economic opportunities and the long-term health of communities across the world, through our skilled global workforce, expertise, resources, unique data and collaboration with expert local partners. The firm has committed \$500 million to help drive inclusive, equitable growth and create greater economic opportunities in U.S. communities that have historically not benefitted from growth in the broader economy. We have made large-scale investments in locations across the country – including Detroit, Chicago, San Francisco and the Greater Washington, D.C. Region – where conditions are right for success and broader, deeper investments are needed to drive inclusive growth. Such local programs include investments in job training and placement programs, small business capital and technical assistance, financial health and affordable housing – made more powerful when we pair these investments with new or modernized branch locations and increased consumer and small business lending.
- **Supporting rural America.** Last year, JPMorgan Chase provided over \$40 billion in lending and investments to rural areas and small towns across America to support local farms, agribusiness and manufacturing facilities and to open and expand local grocery stores, healthcare facilities and schools. These efforts help create jobs, drive inclusive growth and boost local economies – that's why we're looking to do even more over time. Our recent branch expansion made us the first bank to be in all 48 lower states. We are now opening our first branches in places like the Dakotas, Alabama and Mississippi, and are eyeing further expansion. Finally, we're continuing to provide significant strategic advice, capital raising and risk management expertise to large and mid-size companies in states like Alabama, Mississippi, Kentucky and Florida, including the aerospace, manufacturing, automotive, energy, IT and agriculture industries.

- **Fueling good jobs – and careers – for Americans.** JPMorgan Chase alone employs nearly 160,000 people in the U.S. We pay a good living wage with full benefits and provide career growth opportunities. Jobs bring dignity. The first job is often the first rung on the employment ladder – and people who start working generally continue working. We have steadily been increasing pay for entry-level employees, and for the fourth time in five years, we increased pay to at least \$20 to \$25 per hour, depending on location, with a benefits package worth more than \$16,000 a year. In a state like Ohio, for example, our entry level wage is twice as much as Ohio’s minimum wage, and our hourly average rate for non-exempt employees is nearly three times as much. Seventy percent of our workers who started here five years ago who made less than \$40,000 are still with the company and have since received a 40% increase in compensation. Through our suppliers, we support another 24,000 employees full time. JPMorgan Chase also finances U.S. businesses, big and small, who collectively employ hundreds of millions of Americans and help them grow and prosper as businesses.
- **Contributing billions in taxes.** In the last 10 years, we paid \$42 billion in federal, state and local taxes in the U.S. and \$17 billion in taxes outside of the U.S. We also paid the Federal Deposit Insurance Corporation \$11 billion so that it has the resources to cover the failure of any major bank.
- **Offering a second chance for Americans with criminal records.** America still has more job openings than job applicants, yet there are worthy and qualified candidates facing unjust obstacles to securing a good job: people with criminal records. As noted above, in 2021 more than 4,300 people with arrest or conviction records joined JPMorgan Chase, thanks to concerted efforts to clear pathways for these candidates. We have adjusted our hiring policies and been a leader in “banning the box” on job applications to help ensure that qualified applicants with criminal backgrounds receive the same consideration as any other applicant, advocating for Clean Slate policy reforms in Congress and at a state level and working in close collaboration with nonprofit organizations in local communities like Chicago, Columbus and Phoenix. We also proudly helped to lead the creation of the Second Chance Business Coalition, which includes 43 large private-sector firms committed to expanding second chance hiring.
- **Providing energy security and a transition to clean energy.** The war in Ukraine, ongoing sanctions and supply chain disruptions reinforce the global need for providing energy that is secure, reliable and affordable. There is also a need to accelerate collective progress in addressing climate change. These objectives are not mutually exclusive. We can and must do both. JPMorgan is among the largest financers of both traditional and clean energy. Working with clients and private and public sector partners, we are helping promote energy affordability and security, and remain fully committed to reducing emissions, scaling investments in new green technologies that create more supply, and advancing policies that spur long-term, large-scale capital deployment for low-carbon solutions that create jobs and economic growth. There is no quick fix to meet the world’s energy and climate goals. But tackling both of these challenges is built into how we serve our customers, clients, and communities and maximize value for shareholders each day.
- **Supporting law enforcement in deterring financial crime.** As guardians of the financial system, we continue to devote considerable resources to support law enforcement and national security efforts to help detect and stop money laundering, terrorism financing, sex trafficking and other financial crimes, with thousands of employees and hundreds of millions of dollars devoted to this national and global priority. JPMorgan has taken a leadership role in advocating for Anti-Money Laundering (AML) reform to drive the regime towards more proactive and effective

intelligence-led investigations and develop innovative techniques to help combat financial crime.

- **Protecting critical infrastructure from cyberattacks.** Cyber threats pose extreme hazards to our company and our country. This has become more evident as the cost of ransomware has increased dramatically, and it is evident to everyone that grave damage could be inflicted if cyber is widely used as a tool of war. Due to significant investments in cybersecurity, we believe our company has some of the best cyber protections in place and the best talent to monitor and guard our information. JPMorgan has proudly partnered with the financial services industry, designated critical infrastructure, and U.S. government agencies to help build national resilience and protect the country. Lori Beer, our Global Chief Information Officer, is serving on the CISA Cybersecurity Advisory Committee, which recently offered recommendations on how to best enhance public-private partnership and protect systemically important entities from cyber threats.
- **Implementing U.S. and Allied sanctions.** As part of the international response, the Biden Administration has strategically imposed a broad range of sanctions and export controls directed at specific Russian targets. We have worked closely with the U.S. government to understand, implement and comply with all sanctions. Managing these evolving sanctions has been an enormous undertaking for all global financial institutions, who have quickly and diligently implemented multilateral sanctions on Russia's major banks, its Central Bank, companies and individuals.

Through challenging times, JPMorgan Chase has led with a tireless focus on doing the right thing, even when it's not easy or expedient.

## OUR SHAREHOLDERS HOLD US ACCOUNTABLE

Our success and accomplishments are founded on our commitment to our shareholders. Shareholder value is built **only** by maintaining a healthy and vibrant company, which means doing a good job taking care of your customers, employees and communities. Shareholder value has increased because of – not in lieu of – a rejection of short-term thinking. Neglecting any of these stakeholders will harm the company, and therefore our shareholders.

While JPMorgan Chase stock is owned by large institutions, pension plans, mutual funds and directly by individual investors, in almost all cases, the ultimate beneficiaries are individuals in our communities – real people. More than 100 million people in the U.S., including teachers, law enforcement, healthcare workers, firefighters and people saving for retirement or education, either directly or indirectly own stock, and a large percentage of these individuals own JPMorgan Chase stock. These shareholders are rewarded as the value of our stock increases and we are able to distribute excess capital.

We take our responsibility to these shareholders seriously and reinvest every dollar we can – measured in the tens of billions of dollars – back into our company to maintain a fortress balance sheet, constantly innovate, nurture talent, comply with regulations, continually improve risk management, governance and controls, and serve customers and clients while lifting up communities. Neglecting any of these critical investments or stakeholders will harm the company, and therefore our shareholders. Only after these investments do we then turn to paying a sustainable dividend, followed by returning any remaining excess capital to shareholders – the real people that own our company. More detail can be found [here](#).

I want to close by thanking our employees for the tireless work, ingenuity and singular focus on doing right by our customers. Over these last few years, many of you have faced personal challenges because of the pandemic, whether it was your own health or the health of a loved one, or caring for your children as they struggle with education needs or unpredictable childcare schedules and school closings. At the same time, our work has hardly been more challenging, or more important, than the last several years. You continue to persevere, with a grace and fortitude that makes me proud. I have been particularly moved by our essential worker population, the tens of thousands of you who continued to come to work during the height of the pandemic – our branch employees, call centers, security and building services, check processing, vaults and others whose jobs could not be performed at home. You have my deep gratitude. And for all JPMorgan Chase employees, who perform your jobs with integrity and excellence every day – you embody the best of American values and make your country proud.

Thank you, Members of the Committee, for the work you do for our country. I look forward to working with all of you to solve the challenges facing our country and help to grow and safeguard the economy.

I welcome any questions that you may have.