JPMorgan Chase 1Q20

The earnings season started this week with JPMorgan Chase reporting earnings. This earning season will be particularly interesting because of the pandemic and recession. We will know for sure the effects of these events on the economy and markets.

Results for JPM				4Q19		1Q19	
($ millions, except per share data)	1Q20	4Q19	1Q19	$ O/(U)	O/(U) %	$ O/(U)	O/(U) %
Net revenue - managed	$ 29,069	$ 29,211	$ 29,851	$ (142)	—%	$ (782)	(3)%
Noninterest expense	16,850	16,339	16,395	511	3	455	3
Provision for credit losses	8,285	1,427	1,495	6,858	481	6,790	454
Net income	$ 2,865	$ 8,520	$ 9,179	$ (5,655)	(66)%	$ (6,314)	(69)%
Earnings per share	$ 0.78	$ 2.57	$ 2.65	$ (1.79)	(70)%	$ (1.87)	(71)%
Return on common equity	4%	14%	16%				
Return on tangible common equity	5	17	19				

The drop from revenues is not that much but the company's net income fell by 66% compared to the previous quarter.

$B, except per share data

		$ O/(U)	
	1Q20	4Q19	1Q19
Net interest income	$14.5	$0.3	($0.0)
Noninterest revenue	14.5	(0.4)	(0.7)
Managed revenue[1]	29.1	(0.1)	(0.8)
Expense	16.9	0.5	0.5
Credit costs	8.3	6.9	6.8
Reported net income	$2.9	($5.7)	($6.3)
Net income applicable to common stockholders	$2.4	($5.7)	($6.3)
Reported EPS	$0.78	($1.79)	($1.87)
ROE[2]	4%	14%	16%
ROTCE[2,3]	5	17	19
Overhead ratio – managed[1,2]	58	56	55
Memo: Adjusted expense[4]	*$16.7*	*$0.6*	*$0.2*
Memo: Adjusted overhead ratio[1,2,4]	*57%*	*55%*	*55%*

$B	1Q20	4Q19	1Q19
Net charge-offs	$1.5	$1.5	$1.4
Reserve build/(release)	6.8	(0.1)	0.1
Credit costs	$8.3	$1.4	$1.5

1Q20 Tax rate
Effective rate: 8.1%
Managed rate: 27.2%[1,5]

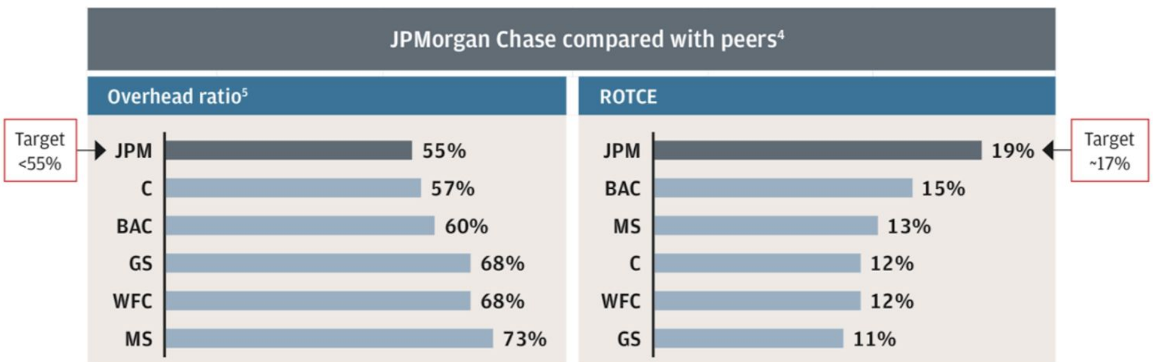
1Q20	ROE	O/H ratio
CCB	1%	54%
CIB	9%	59%
CB	2%	45%
AWM	25%	74%

Most of the expenses come from credit losses, something we will talk about in more detail later in this analysis.

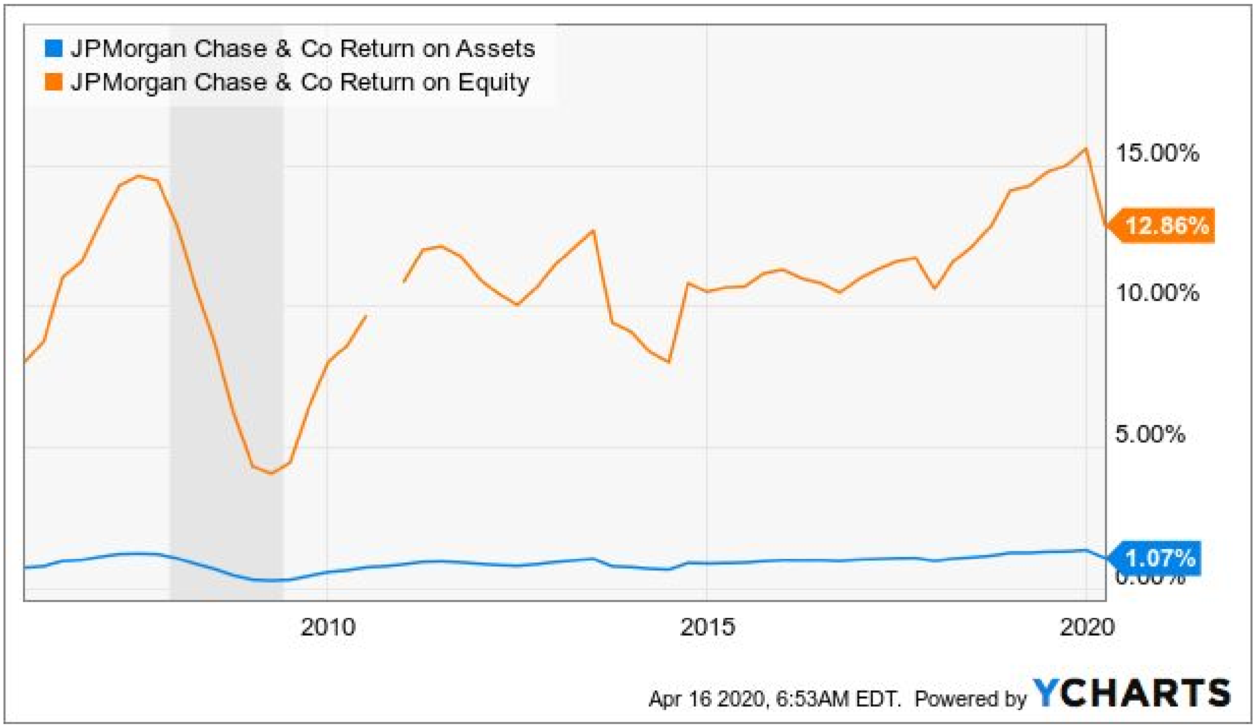
Allowance for credit losses ($B)[1]

	12/31/2019	CECL adoption impact	1/1/2020	Reserve build	3/31/2020
Consumer					
Card	$5.7	$5.5	$11.2	$3.8	$15.0
Home Lending	1.9	0.1	2.0	0.3	2.3
Other Consumer[2]	0.7	0.3	1.0	0.3	1.3
Total Consumer	8.3	5.9	14.2	4.4	18.6
Wholesale[2]	6.0	(1.6)	4.4	2.4	6.8
Firmwide	$14.3	$4.3	$18.6	$6.8	$25.4

The ROE of JPM fell to 4% this quarter and the ROTCE fell to 5%.



The higher than average ROTCE was something JPM was very proud of. It is not surprising to see the ROTCE fall in this recession. It fell in the last recession as well and we know that last time was really a banking crisis.



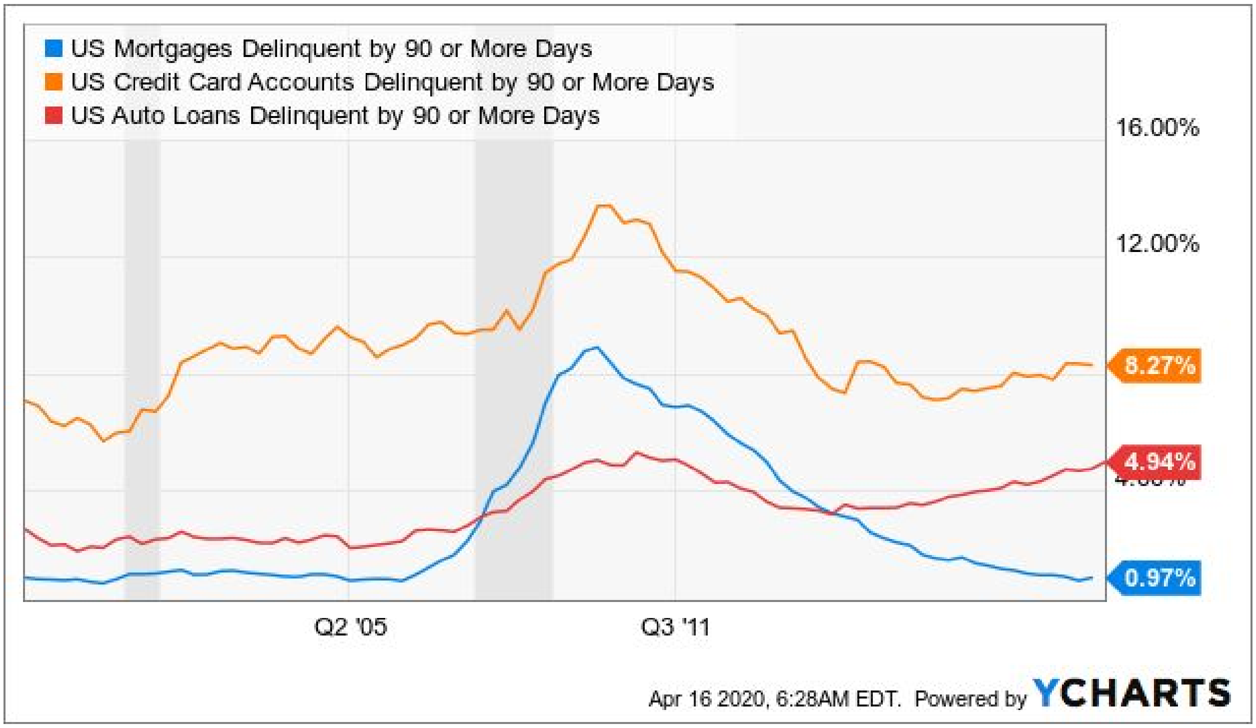
Let's look at the individual business segments.

CONSUMER & COMMUNITY BANKING (CCB)

Results for CCB				4Q19		1Q19	
($ millions)	1Q20	4Q19	1Q19	$ O/(U)	O/(U) %	$ O/(U)	O/(U) %
Net revenue	$ 13,171	$ 13,795	$ 13,490	$ (624)	(5)%	$ (319)	(2)%
Consumer & Business Banking	6,091	6,537	6,661	(446)	(7)	(570)	(9)
Home Lending	1,161	1,250	1,346	(89)	(7)	(185)	(14)
Card & Auto	5,919	6,008	5,483	(89)	(1)	436	8
Noninterest expense	7,161	7,011	6,970	150	2	191	3
Provision for credit losses	5,772	1,207	1,314	4,565	378	4,458	339
Net income	$ 191	$ 4,214	$ 3,947	$ (4,023)	(95)%	$ (3,756)	(95)%

Consumer and Community banking was disastrous. Most of the expenses come from credit losses as millions of customers are without a paycheck and unable to repay their loans.

We don't have the latest data yet but delinquency rates on most of the major personal loans were increasing and now, it has gone much worse.



Key drivers/statistics ($B)[2]

Equity	$52.0	$52.0	$52.0
ROE	1%	31%	30%
Overhead ratio	54	51	52
Average loans	$448.9	$451.6	$479.3
Average deposits	733.6	708.0	681.0
Active mobile customers (mm)	38.2	37.3	34.4
Debit & credit card sales volume	$266.0	$295.6	$255.1

CORPORATE & INVESTMENT BANK (CIB)							
Results for CIB				4Q19		1Q19	
($ millions)	1Q20	4Q19	1Q19	$ O/(U)	O/(U) %	$ O/(U)	O/(U) %
Net revenue	$ 9,948	$ 9,647	$ 10,034	$ 301	3%	$ (86)	(1)%
Banking	2,595	3,506	3,418	(911)	(26)	(823)	(24)
Markets & Securities Services	7,353	6,141	6,616	1,212	20	737	11
Noninterest expense	5,896	5,392	5,629	504	9	267	5
Provision for credit losses	1,401	98	87	1,303	NM	1,314	NM
Net income	$ 1,988	$ 2,938	$ 3,260	$ (950)	(32)%	$ (1,272)	(39)%

Key drivers/statistics ($B)[3]			
Equity	$80.0	$80.0	$80.0
ROE	9%	14%	16%
Overhead ratio	59	56	56
Comp/revenue	30	25	31
IB fees ($mm)	$1,907	$1,904	$1,844
Average loans	138.7	129.1	135.6
Average client deposits[4]	514.5	485.0	444.1
Merchant processing volume ($B)[5]	374.8	402.9	356.5
Assets under custody ($T)	24.4	26.8	24.7
ALL/EOP loans ex-conduits and trade[6]	1.11%	1.31%	1.34%
Net charge-off/(recovery) rate[6]	0.17	0.14	0.10
Average VaR ($mm)[7]	$58	$37	$48

Markets and Securities services were up with increased trading but that was not enough to counteract the losses from banking. But the segment remains profitable.

COMMERCIAL BANKING (CB)							
Results for CB				4Q19		1Q19	
($ millions)	1Q20	4Q19	1Q19	$ O/(U)	O/(U) %	$ O/(U)	O/(U) %
Net revenue	$ 2,178	$ 2,297	$ 2,413	$ (119)	(5)%	$ (235)	(10)%
Noninterest expense	988	943	938	45	5	50	5
Provision for credit losses	1,010	110	90	900	NM	920	NM
Net income	$ 147	$ 944	$ 1,060	$ (797)	(84)%	$ (913)	(86)%

Commercial banking suffered big credit losses as well.

Key drivers/statistics ($B)[3]

Equity	$22.0	$22.0	$22.0
ROE	2%	16%	19%
Overhead ratio	45	41	39
Gross IB revenue ($mm)	$686	$634	$818
Average loans	211.8	209.8	206.1
Average client deposits	188.8	182.5	167.3
Allowance for loan losses	2.7	2.8	2.8
Nonaccrual loans	0.8	0.5	0.5
Net charge-off/(recovery) rate[4]	0.19%	0.17%	0.02%
ALL/loans[4]	1.15	1.34	1.35

ASSET & WEALTH MANAGEMENT (AWM)

Results for AWM				4Q19		1Q19	
($ millions)	1Q20	4Q19	1Q19	$ O/(U)	O/(U) %	$ O/(U)	O/(U) %
Net revenue	$ 3,606	$ 3,700	$ 3,489	$ (94)	(3)%	$ 117	3%
Noninterest expense	2,659	2,650	2,647	9	—	12	—
Provision for credit losses	94	13	2	81	NM	92	NM
Net income	$ 664	$ 785	$ 661	$ (121)	(15)%	$ 3	—%

Asset and Wealth management was the least affected by the recession as the ultra wealthy are not really taking their investments away. They are just moving into different asset classes.

Key drivers/statistics ($B)[2]

Equity	$10.5	$10.5	$10.5
ROE	25%	29%	25%
Pretax margin	24	28	24
Assets under management ("AUM")	$2,239	$2,364	$2,096
Client assets	3,002	3,226	2,897
Average loans	161.8	156.1	145.4
Average deposits	150.6	143.1	138.2

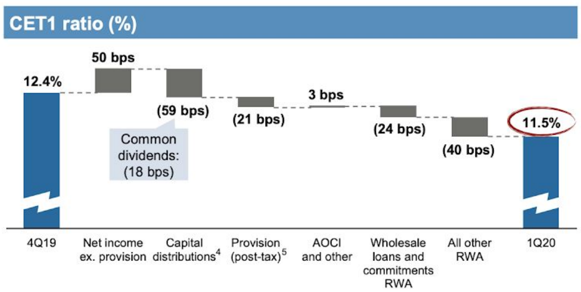
The ROE only fell by 4 basis points in this segment with a 4 basis point fall in margins.

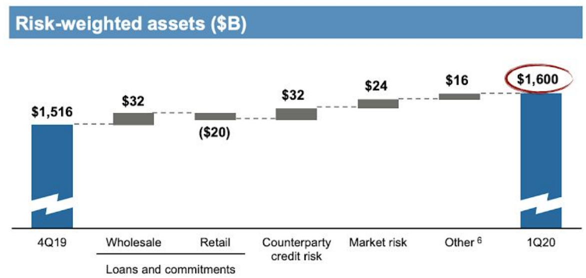
As far as the quality of balance sheet is concerned, JPM remains a fortress.

$B, except per share data

	1Q20	4Q19	1Q19
Basel III Standardized[1]			
CET1 capital	$184	$188	$186
CET1 capital ratio	11.5%	12.4%	12.1%
Tier 1 capital	$213	$214	$213
Tier 1 capital ratio	13.3%	14.1%	13.8%
Total capital	$248	$243	$241
Total capital ratio	15.5%	16.0%	15.7%
Risk-weighted assets	$1,600	$1,516	$1,543
Firm SLR[2]	6.0%	6.3%	6.4%
Total assets (EOP)	$3,139	$2,687	$2,737
Tangible common equity (EOP)[3]	$185	$188	$187
Tangible book value per share[3]	$60.71	$60.98	$57.62

1Q20 Advanced of 12.3%[1]





So far, the recession didn't have much effect on the quality of the assets. But we don't know in the future.

Our Fortress Balance Sheet

at December 31,

	2008		2019	
CET1	7.0%[1]	+540 bps	12.4%[2]	2019 Basel III Advanced is 13.4%, or 18.6%, excluding $389B of operational risk RWA[3]
Tangible common equity	$84B	+$104B	$188B	
Total assets	$2.2T	+$0.5T	$2.7T	
RWA	$1.2T[1]	+$0.3T	$1.5T[2]	2019 Basel III Advanced is $1.4T, including $389B of operational risk RWA[3]
Liquidity	~$300B	+~$560B	$860B	Reported HQLA is $545B[4]

[1] CET1 reflects the Tier 1 common ratio under the Basel I measure.

[2] Reflects the Basel III Standardized measure, which is the firm's current binding constraint.

[3] Operational risk RWA is a component of RWA under the Basel III Advanced measure.

[4] Represents quarterly average HQLA included in the liquidity coverage ratio. Refer to Liquidity Coverage Ratio on page 94 for additional information.

B = Billions
T = Trillions
bps = basis points

CET1 = Common equity Tier 1 ratio. Refer to Regulatory capital on pages 86-90 for additional information
RWA = Risk-weighted assets
Liquidity = HQLA plus unencumbered marketable securities, which includes excess liquidity at JPMorgan Chase Bank, N.A.
HQLA = High quality liquid assets include cash on deposit at central banks and highly liquid securities (predominantly U.S. Treasuries, U.S. government-sponsored enterprises and U.S. government agency mortgage-backed securities, and sovereign bonds)
LCR = Liquidity coverage ratio

Let’s have an actual look at this balance sheet.

	QUARTERLY TRENDS						
						1Q20 Change	
	1Q20	4Q19	3Q19	2Q19	1Q19	4Q19	1Q19
SELECTED BALANCE SHEET DATA (period-end)							
Total assets	$ 3,139,431	$ 2,687,379	$ 2,764,661	$ 2,727,379	$ 2,737,188	17%	15%
Loans:							
Consumer, excluding credit card loans (a)	295,627	298,001	300,407	315,705	326,407	(1)	(9)
Credit card loans	154,021	168,924	159,571	157,576	150,527	(9)	2
Wholesale loans (a)	565,727	492,844	485,240	483,608	479,311	15	18
Total Loans	**1,015,375**	**959,769**	**945,218**	**956,889**	**956,245**	6	6
Deposits:							
U.S. offices:							
Noninterest-bearing	448,195	395,667	393,522	394,237	388,572	13	15
Interest-bearing	1,026,603	876,156	844,137	841,397	826,723	17	24
Non-U.S. offices:							
Noninterest-bearing	22,192	20,087	21,455	20,419	21,090	10	5
Interest-bearing	339,019	270,521	266,147	268,308	257,056	25	32
Total deposits	**1,836,009**	**1,562,431**	**1,525,261**	**1,524,361**	**1,493,441**	18	23
Long-term debt	299,344	291,498	296,472	288,869	290,893	3	3
Common stockholders’ equity	231,199	234,337	235,985	236,222	232,844	(1)	(1)
Total stockholders’ equity	261,262	261,330	264,348	263,215	259,837	—	1
Loans-to-deposits ratio	55%	61%	62%	63%	64%		
Headcount	256,720	256,981	257,444	254,983	255,998	—	—
95% CONFIDENCE LEVEL - TOTAL VaR (b)							
Average VaR	$ 59	$ 37	$ 39	$ 46	$ 52	59	13
LINE OF BUSINESS NET REVENUE (c)							
Consumer & Community Banking	$ 13,171	$ 13,795	$ 14,008	$ 13,569	$ 13,490	(5)	(2)
Corporate & Investment Bank	9,948	9,647	9,522	9,831	10,034	3	(1)
Commercial Banking	2,178	2,297	2,274	2,285	2,413	(5)	(10)
Asset & Wealth Management	3,606	3,700	3,568	3,559	3,489	(3)	3
Corporate	166	(228)	692	322	425	NM	(61)
TOTAL NET REVENUE	**$ 29,069**	**$ 29,211**	**$ 30,064**	**$ 29,566**	**$ 29,851**	—	(3)
LINE OF BUSINESS NET INCOME							
Consumer & Community Banking	$ 191	$ 4,214	$ 4,245	$ 4,157	$ 3,947	(95)	(95)
Corporate & Investment Bank	1,988	2,938	2,831	2,946	3,260	(32)	(39)
Commercial Banking	147	944	943	1,002	1,060	(84)	(86)
Asset & Wealth Management	664	785	668	719	661	(15)	—
Corporate	(125)	(361)	393	828	251	65	NM
NET INCOME	**$ 2,865**	**$ 8,520**	**$ 9,080**	**$ 9,652**	**$ 9,179**	(66)	(69)

The total assets, of course, increased as more customers need loans in such times. A loan is always an asset on the balance sheet of a bank. It is also important to note that JPM said that they will be more cautious in providing mortgages. They don’t want a 2008 situation to happen where it was too easy to have a loan and many of these loans were bad loans. With low interest rates, of course, we can expect the loans to increase further, especially when things get back to normal. It can be a bad thing if people default on these loans. Then, the asset is gone. It is also important to remember than more assets doesn’t necessarily mean more profits, especially with low interest rates.

	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Mar 31, 2020 Change	
						Dec 31, 2019	Mar 31, 2019
ASSETS							
Cash and due from banks	$ 24,001	$ 21,704	$ 21,215	$ 23,164	$ 21,946	11%	9%
Deposits with banks	343,533	241,927	235,382	244,874	280,658	42	22
Federal funds sold and securities purchased under resale agreements	248,580	249,157	257,391	267,864	299,140	—	(17)
Securities borrowed	139,839	139,758	138,336	130,661	123,186	—	14
Trading assets:							
Debt and equity instruments	466,932	361,337	440,298	470,495	483,069	29	(3)
Derivative receivables	81,648	49,766	55,577	52,878	50,333	64	62
Available-for-sale securities	399,944	350,699	353,421	276,357	236,516	14	69
Held-to-maturity securities, net of allowance for credit losses (a)	71,200	47,540	40,830	30,907	30,849	50	131
Investment securities, net of allowance for credit losses (a)	471,144	398,239	394,251	307,264	267,365	18	76
Loans	1,015,375	959,769	945,218	956,889	956,245	6	6
Less: Allowance for loan losses	23,244	13,123	13,235	13,166	13,533	77	72
Loans, net of allowance for loan losses	992,131	946,646	931,983	943,723	942,712	5	5
Accrued interest and accounts receivable	122,064	72,861	88,988	88,399	72,240	68	69
Premises and equipment	25,882	25,813	25,117	24,665	24,160	—	7
Goodwill, MSRs and other intangible assets	51,867	53,341	53,078	53,302	54,168	(3)	(4)
Other assets	171,810	126,830	123,045	120,090	118,211	35	45
TOTAL ASSETS	**$ 3,139,431**	**$ 2,687,379**	**$ 2,764,661**	**$ 2,727,379**	**$ 2,737,188**	17	15
LIABILITIES							
Deposits	$ 1,836,009	$ 1,562,431	$ 1,525,261	$ 1,524,361	$ 1,493,441	18	23
Federal funds purchased and securities loaned or sold under repurchase agreements	233,207	183,675	247,766	201,683	222,677	27	5
Short-term borrowings	51,909	40,920	48,893	59,890	71,305	27	(27)
Trading liabilities:							
Debt and equity instruments	119,109	75,569	90,553	106,160	117,904	58	1
Derivative payables	65,087	43,708	47,790	41,479	39,003	49	67
Accounts payable and other liabilities	253,874	210,407	225,063	216,137	216,173	21	17
Beneficial interests issued by consolidated VIEs	19,630	17,841	18,515	25,585	25,955	10	(24)
Long-term debt	299,344	291,498	296,472	288,869	290,893	3	3
TOTAL LIABILITIES	**2,878,169**	**2,426,049**	**2,500,313**	**2,464,164**	**2,477,351**	19	16
STOCKHOLDERS' EQUITY							
Preferred stock	30,063	26,993	28,363 (b)	26,993	26,993	11	11
Common stock	4,105	4,105	4,105	4,105	4,105	—	—
Additional paid-in capital	87,857	88,522	88,512	88,359	88,170	(1)	—
Retained earnings	220,226	223,211	217,888	212,093	205,437	(1)	7
Accumulated other comprehensive income/(loss)	7,418	1,569	1,800	1,114	(558)	373	NM
Shares held in RSU Trust, at cost	(21)	(21)	(21)	(21)	(21)	—	—
Treasury stock, at cost	(88,386)	(83,049)	(76,299)	(69,428)	(64,289)	(6)	(37)
TOTAL STOCKHOLDERS' EQUITY	**261,262**	**261,330**	**264,348**	**263,215**	**259,837**	—	1
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 3,139,431**	**$ 2,687,379**	**$ 2,764,661**	**$ 2,727,379**	**$ 2,737,188**	17	15

Finally, let's have a look at the income statement.

	QUARTERLY TRENDS						
						1Q20 Change	
REVENUE	**1Q20**	**4Q19**	**3Q19**	**2Q19**	**1Q19**	**4Q19**	**1Q19**
Investment banking fees	$ 1,866	$ 1,843	$ 1,967	$ 1,851	$ 1,840	1%	1%
Principal transactions	2,937	2,779	3,449	3,714	4,076	6	(28)
Lending- and deposit-related fees (a)	1,706	1,772	1,671	1,624	1,559	(4)	9
Asset management, administration and commissions (a)	4,540	4,301	4,306	4,264	4,037	6	12
Investment securities gains	233	123	78	44	13	89	NM
Mortgage fees and related income	320	474	887	279	396	(32)	(19)
Card income	1,054	1,381	1,283	1,366	1,274	(24)	(17)
Other income	1,156	1,492	1,472	1,292	1,475	(23)	(22)
Noninterest revenue	**13,812**	**14,165**	**15,113**	**14,434**	**14,670**	(2)	(6)
Interest income	19,161	19,927	21,121	21,603	21,389	(4)	(10)
Interest expense	4,722	5,761	6,893	7,205	6,936	(18)	(32)
Net interest income	**14,439**	**14,166**	**14,228**	**14,398**	**14,453**	2	—
TOTAL NET REVENUE	**28,251**	**28,331**	**29,341**	**28,832**	**29,123**	—	(3)
Provision for credit losses	8,285	1,427	1,514	1,149	1,495	481	454
NONINTEREST EXPENSE							
Compensation expense	8,895	8,088	8,583	8,547	8,937	10	—
Occupancy expense	1,066	1,084	1,110	1,060	1,068	(2)	—
Technology, communications and equipment expense	2,578	2,585	2,494	2,378	2,364	—	9
Professional and outside services	2,028	2,226	2,056	2,212	2,039	(9)	(1)
Marketing	859	893	945	862	879	(4)	(2)
Other expense (b)	1,424	1,463	1,234	1,282	1,108	(3)	29
TOTAL NONINTEREST EXPENSE	**16,850**	**16,339**	**16,422**	**16,341**	**16,395**	3	3
Income before income tax expense	**3,116**	**10,565**	**11,405**	**11,342**	**11,233**	(71)	(72)
Income tax expense	251	2,045	2,325	1,690 (e)	2,054	(88)	(88)
NET INCOME	**$ 2,865**	**$ 8,520**	**$ 9,080**	**$ 9,652**	**$ 9,179**	(66)	(69)
NET INCOME PER COMMON SHARE DATA							
Basic earnings per share	$ 0.79	$ 2.58	$ 2.69	$ 2.83	$ 2.65	(69)	(70)
Diluted earnings per share	0.78	2.57	2.68	2.82	2.65	(70)	(71)
FINANCIAL RATIOS							
Return on common equity (c)	4%	14%	15%	16%	16%		
Return on tangible common equity (c)(d)	5	17	18	20	19		
Return on assets (c)	0.40	1.22	1.30	1.41	1.39		
Effective income tax rate	8.1	19.4	20.4	14.9 (e)	18.3		
Overhead ratio	60	58	56	57	56		

Like we saw above, most of the losses come from customers being unable to repay their debt.

This recession will be bad for the banking business. The banks are always the most affected in recessions but looking at the great balance sheet of JPM, I think that they will be able to overcome this crisis better than their competitors.

JPM has a great management and I believe in this company long-term. Talking about management, let's see what they had to say in the conference call.

Erika Najarian

Thank you. My second question, you mentioned that you're prepared to go below 10.5% CET1 to help your clients. Going below 10.5% is also when the automatic restrictions start kicking in from the Fed in terms of payout. So, if I understand it, it would be a 60% payout restriction on eligible net income. And I just wanted to understand your thoughts on balancing, servicing your clients and also thinking about your capital levels relative to those automatic restrictions from the regulators.

Jennifer Piepszak

Sure. So, as you probably know, Erika, that the Fed made some changes there recently, which, as you say, puts us in a 60% bucket as we go below 10.5%. And we have a reasonable amount of room below 10.5% to remain in the 60% bucket. I would say that that was very helpful clarification from the regulators in terms of how we should think about using regulatory buffers. So, that was particularly helpful. And right now, we are focused on serving our clients and customers. And we've looked at a range of scenarios, so we can ensure that we're managing our capital quite carefully. Jamie talked about an extreme adverse scenario in his Chairman's letter that we've looked at assuming large parts of the economy remaining in lockdown through the end of this year. And in that scenario, our CET1 drops to about 9.5%. And so, we think we have significant room to continue to serve our customers and clients through this crisis, but we are managing it quite carefully and looking at a range of scenarios. So, we make sure that we're prepared.

The bank is ready to drop the CET1 to 9.5% to support clients. 9.5% is still safe for the size that JPM is. The bank has been constantly asking the Fed to lift some restrictions, allowing them to loan more money. I think they can do it. They have a good balance sheet and as long as they can ensure that the loans are good loans, they can loan out more money. This will also help the Fed as they won't need to print more that much money if it can come from the banks.

Jamie Dimon

Yes. No, it's a very important question. I think in times of need, banks have always been the lender of last resort to their customers. And obviously, you've got to be a disciplined capital provider because undisciplined loans are bad. So, you take your calculated risks. We're making additional loans. We're adults. We know that if the economy gets worse, we'll bear additional loss, but we do forecast all of that so we know we can handle really, really adverse consequences. There will be a point -- and the last question brought it up was where you get below 10% CET1, even though we'll have almost $200 billion in capital and $1 trillion liquidity, all these other constraints start to kick in, like SLR and G-SIFI, advanced risk-weighted assets that may kind of constrain it. And so, -- and then obviously, then you've got to look forward.

So, we want to do our job. If we can help the country get through this, everybody's better off. If we lose a little bit more money in the meantime, so be it. But obviously, we're going to protect our company, our balance sheet,, our growth and we'll be having close conversations with regulators about what that is. I also think, you have to take in consideration the extraordinary measures the government has taken. That's the income to individuals, the PPP and all these Federal Reserve things.

Jamie Dimon also thinks that the bank will be able to do that.

Jennifer Piepszak

And then, in terms of planning for the worst, Betsy, maybe it'd be helpful. The extreme adverse scenario that Jamie referenced in his Chairman's letter had 2020 credit cost of more than $45 billion. So, clearly that is not our central case, but that's the kind of scenario that we are making sure that we're prepared for. And then, just coincidentally, if you look at our credit costs from the fourth quarter of '08 to the fourth quarter of '09 across those five quarters, we had credit cost of $47 billion.

In Jamie Dimon's letter, he talked about looking at the worst case scenario and they are preparing for it. It is always good when a company is preparing for a worst case scenario.

That was all the important things that were discussed in the conference call. Of course, they did talk about more technical things but we won't need to go into details for now. So far, the recession has been around for only a month. We will need to wait for more data to understand really how it is going to affect JPM and the economy in general.

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16th of April 2020