THE WALL STREET JOURNAL.

Heard on the Street
JPMorgan Gives Investors Needed Reassurance

By Telis Demos
568 words
24 May 2022
The Wall Street Journal
J
B11
English

[Financial Analysis and Commentary]

JPMorgan Chase has told the market what it needed to hear.

After holding steady with its forecast for net interest income when it released first-quarter earnings last month, even as the Federal Reserve became increasingly hawkish, the bank in an Investor Day presentation Monday raised that target to $56 billion-plus for 2022, excluding its volatile markets unit. It also sees a path, based on what it anticipates for the fourth quarter, to a future annual rate of around $66 billion.

That alone will likely reassure investors that lenders aren't going to miss out on the upside of rising rates, with worries about the pace of loan growth and deposit competition not erasing that advantage.

Bank stocks generally were surging on Monday, with JPMorgan shares on track for their best day since 2020 with a 7% gain. The KBW Nasdaq Bank index was up nearly 5%, almost triple the rebound in the broader S&P 500.

Still, investors shouldn't get too far ahead of themselves. Even with this interest income expectation, JPMorgan didn't alter its medium-term target for 17% return on tangible common equity, a key measure of bank profitability.

Chief Executive Jamie Dimon said there was a very good chance the bank will achieve that 17% level this year, and it could hit it next year in a benign environment. The bank's price-to-tangible book multiple is just over 1.8 times, according to FactSet. It was trading at more than two times entering the pandemic, and reached 2.5 times last year.

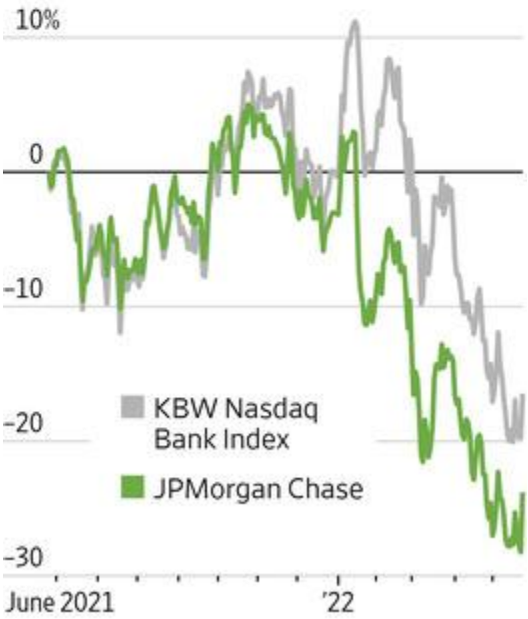
Whether that means the stock is discounted depends on a broader perspective on returns, taking into account some macro factors partly out of the bank's control. For one, Mr. Dimon noted that the bank is "over-earning" on credit right now, losing around $3 billion annually on charge-offs, or about half of what he said a normalized level might be. The bank expects this to eventually normalize, though it isn't anticipating a rapid reversion. It says it may take until closer to the end of next year to get to prepandemic net charge-off rates. Still, under current accounting rules, the bank may have to adjust its loan-loss reserves earlier, based in part on worst-case macroeconomic scenarios.

Then there are rising regulatory capital requirements, which influence the denominator part of return on equity. The bank said it expects to manage to a higher minimum capital ratio target as of the start of 2024. Though it can get there via earnings growth -- and so it wouldn't have to raise capital and dilute shareholders -- this may limit cash available for share buybacks that would normally boost book value per share. That is a factor in book-value multiples.

The bank also spent significant time on Monday explaining the payoff for its spending on investments in areas such as **cloud computing** and travel services. But in this frightening market, investors might not be in any mood to pay for potential. Such a cautious, spend-conscious mind-set might have factored into the largely symbolic, nonbinding rejection of the bank's compensation plan for Mr. Dimon and other top executives in a shareholder vote last week.

So after Monday, investors might be reassured. But don't count on them getting excited yet.

Share-price and index performance over the past year



Source: FactSet

page,5043

Document J000000020220524ei5o0000n

THE WALL STREET JOURNAL.

JPMorgan Says Consumers Are Doing Fine

By David Benoit
446 words
24 May 2022
The Wall Street Journal
J
B6
English

Recession fears have markets in a panic, but the leaders of America's biggest bank said U.S. consumers appear to be in good financial health.

JPMorgan Chase & Co. expects credit losses to remain abnormally low through much of 2023, because customers haven't yet drained cash balances that grew fatter during the pandemic, executives said at the bank's investor day on Monday.

"Big picture, the near-term credit outlook, especially for the U.S. consumer, remains strong," said Chief Financial Officer Jeremy Barnum.

Bank stocks soared Monday, outpacing the broader market. JPMorgan shares were up about 7% midday, while the KBW Nasdaq Bank Index rose 4%. Recession fears have driven a selloff in bank stocks this year.

Chief Executive Jamie Dimon said a recession isn't out of the cards. The economy remains strong due to the actions Congress and the Federal Reserve took early on in the pandemic to prop it up, he said, and that is making it harder to see what's ahead.

"It's a different strong economy," Mr. Dimon said. "If we go into a recession, it may be different from other recessions."

So far, though, JPMorgan executives said they have seen no signs of looming trouble in early loan-delinquency numbers. And while the economic forecast has worsened, they aren't expecting to add significantly to their loan-loss reserves in the current quarter after surprising markets by setting aside more money to cover potential losses earlier this year.

Executives cautioned that lower-income consumers, who make up a smaller slice of its customer base, are starting to feel the effects of red-hot inflation.

Indeed, more consumers with low credit scores are falling behind on payments for car loans, personal loans and credit cards. Delinquencies on subprime car loans and leases hit an all-time high in February, according to credit-reporting firm Equifax Inc.

Still, JPMorgan is confident enough in consumers' financial health to roll out new credit products. Executives detailed new "**buy now**, **pay later**" installment plans for its credit- and debit-card customers. The bank is also ramping up wealth-management offerings.

While JPMorgan's consumer business remains in good shape, the outlook is cloudier for its Wall Street operations.

Daniel Pinto, JPMorgan's president and the head of its corporate and investment bank, said fees from investment banking are trending down 45% for the second quarter from a record stretch a year earlier due to a decline in corporate deal making and stock offerings. Rocky markets, though, have been good for the bank: Trading revenues are likely to rise 15% to 20% in the quarter.

Document J000000020220524ei5o0000x

THE WALL STREET JOURNAL.

Technology
Investment Flows Into Power-Use Data Firm

By Amrith Ramkumar
266 words
11 May 2022
The Wall Street Journal
J
B4
English

Arcadia has privately raised $200 million from investors including J.P. Morgan Asset Management to scale its climate-data and software platform, company officials said.

Companies such as Ford Motor Co. use Arcadia to view aggregated data on energy usage and pricing across the U.S., find customers for their clean-energy products and manage their electricity usage. Arcadia also connects consumers in states such as New York to large solar projects through their utility companies.

Washington, D.C.-based Arcadia's latest financing round values it at roughly $1.5 billion. The company has raised about $380 million since its inception in 2014 and hopes to use the money to increase the amount of data on its platform, expand globally and help companies manage their carbon emissions.

By combining many regional utility data points in one place, Arcadia lets customers know when it is best to store clean energy, use solar power or charge an electric vehicle, Chief Executive Kiran Bhatraju said in an interview.

"I think our platform will become foundational for the energy transition," he said.

Some investors are favoring software companies that sit in the middle of the transition away from fossil fuels, wagering that the startups have a quicker path to profitability because they don't need to spend heavily to make physical products such as electric cars or solar panels.

Arcadia declined to provide figures on its financial performance. Mr. Bhatraju said he expects to take the company public, but doesn't have a specific time frame in mind.

Document J000000020220511ei5b0001f

THE WALL STREET JOURNAL.

PERSONAL JOURNAL

For Many, the Optimal Workweek Is One or Two Days in the Office --- As companies struggle to hire and retain employees, some relax back-to-work plans

By Katherine Bindley
880 words
25 April 2022
The Wall Street Journal
J
A11
English

For months, managers have called three days in the office a week a hybrid-work ideal that both gives employees flexibility and packs in enough face time to cement company culture.

For some, the three-day plan is morphing into two.

Nicholas Bloom, a Stanford University economist who studies remote work, says about a dozen firms are paring down in-office schedules from three days a week to two. Other firms are abandoning a full return to the office altogether.

"The combination of having been almost two years out of the office and the labor market becoming incredibly tight, now firms realize that three-two, rather than being seen as generous and appealing, is average at best," he says.

Mr. Bloom is a paid consultant for some of the companies and declined to name which ones were inverting their schedules so workers could do more from home.

Many companies, including JPMorgan Chase & Co. and Amazon.com Inc., had more ambitious plans to return to work a year ago and have had to reconsider them in light of the continuing pandemic, the hot labor market and employee preferences for flexible schedules and locations.

In a monthly survey of worker preferences that Mr. Bloom conducts with Steven J. Davis of the University of Chicago and Jose Maria Barrero of Instituto Tecnologico Autonomo de Mexico, the gap between what workers prefer and what their companies are planning has begun to shrink, but a divide remains.

Prof. Davis says that several executives he's spoken with who tried to get employees to come back to the office four or five days a week failed.

"There was a lot of complaining and a lot of quitting," he says.

More new survey data last week shows that full-time workers have more work-related stress and anxiety than their hybrid and remote counterparts.

Overall satisfaction with their workplace declined by 1.6 times as much for those working five days in the office compared with the other groups, according to the report from Future Forum, a consortium funded by Slack Technologies Inc., Boston Consulting Group and MillerKnoll.

The survey of more than 10,800 knowledge workers across about 20 industries including financial services, consumer goods and **technology**, comes as companies have been calling workers back to their desks at a higher rate than at any other time during the pandemic.

The discontent reflected in the data among those working in the office every day highlights risks that companies take by giving priority to face time and in-office culture over worker preferences for flexibility coming out of the pandemic, says Brian Elliott, executive leader of Future Forum.

"We were kind of shocked that it was as bad as it was," he says. "It's going to impact people's tendency to resign."

Of the workers surveyed, about 5,000 are based in the U.S. The share of those workers who are now back in the office five days a week rose from 29% in the last quarter of 2021 to 35% in the first quarter of this year.

Workers with little to no ability to set their own hours were more than 2 1/2 times as likely to look for a new job in the coming year as those who have some say in when they work, according to the survey.

At the marketing-and-sales software firm HubSpot Inc., maximizing employee choice when it comes to work styles has helped with recruiting new hires and retaining people, says Katie Burke, the company's chief people officer.

"We're not messing with anything that relates to people's work preferences," she says. "I cannot overstate the degree to which it's been a competitive advantage."

HubSpotallows employees to pick whether they want to be designated as working at home, the office or a flex arrangement. The office designation is for people who come in three days a week, not five.Flexemployees come in one or two daysor fewer.The in-office days are considered guidelines as opposed to requirements. This year, 51% of employees are in the work-from-home category, 35% are considered flex, and 14% are in-office.

HubSpot's head count has increased to more than 5,900 workers, up from about 3,400 in early 2020, Ms. Burke says.

Many companies remain heavily committed to offices, but some of the biggest proponents of in-person work havereconsideredtheir approaches to office returns.

Amazon originally suggested its workers be in the office at least three days a week,with four weeks of remote work built in.The company later revised its policy from three office days each week to allowing individual teams to decide how much time is needed at the office.

A year ago, JPMorgan Chief Executive Jamie Dimon said that people don't like commuting. "So what?" he said. "We want people back at work."

He softened his stance in an early April letter to shareholders in which he said that in the future, half the firm's employees will spend some or all their time working remotely.

Document J000000020220425ei4p0000b

THE WALL STREET JOURNAL.

EXCHANGE --- Banking & Finance: One Equity Sees Strong Demand For Its Buyout-Investing Vehicle

By Preeti Singh and Laura Kreutzer
410 words
2 April 2022
The Wall Street Journal
J
B10
English

Private-equity firm One Equity Partners is poised to wrap up its latest main buyout fund with $2.75 billion in commitments after investors approved raising its limit, according to people familiar with the matter.

The New York-based firm, which traces its roots to JPMorgan Chase & Co.'s buyout arm, had targeted $2 billion with an initial upper limit of $2.5 billion for its latest flagship fund, One Equity Partners VIII LP, the people said. Fund investors later backed raising the fund's limit, or hard cap, to $2.75 billion, reflecting strong demand, they added.

At $2.75 billion, the new fund would be about 57% larger than its predecessor, which wrapped up with $1.75 billion in commitments in October 2019. One Equity began marketing the new vehicle about a year ago, a regulatory filing indicates.

One Equity invests in midsize companies, or those with revenue of $100 million to $800 million, in the healthcare and industrial sectors as well as in **technology** and services in North America and Europe, according to the firm's website. With its previous fund, One Equity planned to write equity checks ranging from $30 million to $300 million per investment, WSJ Pro Private Equity reported.

The firm has been active both in buying and selling companies over the past year. Last month, it agreed to acquire PGW Auto Glass LLC, a Cranberry Township, Pa.-based distributor of aftermarket products for the North American automotive sector.

The firm also recently completed the acquisition of Norit Activated Carbon, a Netherlands-based manufacturer of materials used for purification applications.

On the sell side, One Equity last year agreed to sell PS HoldCo LLC, a Birmingham, Ala.-based provider of freight transportation, brokerage, third-party logistics and supply-chain services across the U.S.

The firm also sold ResultsCX, a Fort Lauderdale, Fla.-based supplier of automated customer support and services to companies in various sectors including healthcare, telecommunications, media and cable services.

Former members of Chase's J.P. Morgan Partners started One Equity in 2015 when the bank spun out its private-equity group through a secondary transaction backed by New York-based Lexington Partners and Carlyle Group Inc.'s AlpInvest Partners, WSJ Pro Private Equity has reported.

One Equity has more than $8 billion of assets under management, according to its website.

Document J000000020220402ei4200016

Search Summary

Text	(technology OR "AI" OR fintech OR "digital banking" OR "cloud computing" OR blockchain OR cybersecurity OR "machine learning" OR "data analytics" OR "big data" OR "predictive analytics" OR "cloud migration" OR "edge computing" OR "5G banking" OR "API banking" OR "open banking" OR "data governance" OR "data monetization" OR "digital transformation" OR "quantum computing" OR "AI-driven banking" OR "AI in compliance" OR "AI-powered fraud detection" OR "AI in customer service" OR "AI in investment banking" OR "conversational AI" OR "generative AI" OR "robo-advisors" OR "natural language processing" OR "algorithmic trading" OR "automated risk assessment" OR "AI regulatory challenges" OR "embedded finance" OR neobanks OR "Banking as a Service" OR "BaaS" OR regtech OR suptech OR "decentralized finance" OR DeFi OR "cryptocurrency adoption" OR "Central Bank Digital Currencies" OR CBDCs OR tokenization OR "real-time payments" OR "Buy Now Pay Later" OR

	BNPL OR "cyber resilience" OR "Zero Trust security" OR "identity verification" OR "fraud detection" OR "insider threats" OR "AI-driven cybersecurity" OR "financial data breaches" OR "data privacy laws" OR GDPR OR CCPA OR "operational risk management" OR "regulatory compliance technology" OR KYC OR "Know Your Customer" OR AML OR "Anti-Money Laundering" OR "hyper-personalization in banking" OR "customer-centric banking" OR "omnichannel banking" OR "digital wallets" OR "contactless payments" OR "voice banking" OR "biometric authentication" OR "wearable banking" OR "banking UX/UI innovations" OR "financial inclusion technology")
Date	04/01/2022 to 06/30/2022
Source	The New York Times Or The Wall Street Journal Or The Economist Or Forbes
Author	All Authors
Company	JPMorgan Chase & Co.
Subject	All Subjects
Industry	All Industries
Region	All Regions
Language	English
Results Found	5
Timestamp	7 March 2025 3:29 AM GMT

