2025 INVESTOR DAY –

CLOSING REMARKS AND Q&A

TRANSCRIPT

May 19, 2025

JPMorganChase

QUESTION AND ANSWER SECTION

Operator: Please welcome to the stage, Jamie Dimon.

Mikael Grubb
Head of Investor Relations, JPMorganChase

All right. Jamie is going to go pretty much straight into Q&A, so get your questions ready. We'll do Betsy down there.

Betsy L. Graseck
Analyst, Morgan Stanley & Co. LLC

Q

Thank you and thank you for the very detailed outlook for how we can expect that JPMorgan is going to be growing revenues and all the whitespace opportunities each of the business units has to lean into growth.

One of the areas that was not yet discussed is crypto. And I wanted to understand, and I thought, Jamie, you were the right person to ask this question of since it touches so many different parts of JPMorgan business in the fact that we have this GENIUS Act that is in process, could be passed. And as we go through the next six months and we see some potential regulatory changes coming through on crypto, and we've already seen some that have enabled banks, giving them the opportunity to do more; for example, fund accounting, fund administration in crypto. What is the plan that you have for incorporating, or not incorporating crypto into the JPMorgan wheelhouse? Thank you.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

Good one. And when you ask questions, feel free to ask anything that's on your mind. When you asked about succession, we cover that all at once, and not go back to it five different times. So we already do what – you saw Kinexys. We use blockchain for repo. We're using it for data sharing. We're going to use it for correspondent banking. It will probably be deployed eventually in anything we do where blockchain is an appropriate technology to use. We have been talking about blockchain for 12 to 15 years. We spent too much on it. It doesn't matter as much as you all think. There will be stablecoins. Central banks will look at it. It's going to be used for a bunch of things, some might compete, some might not compete. We're going to be fine either way. But the technology we can use, we're going to use, so.

Betsy L. Graseck
Analyst, Morgan Stanley & Co. LLC

Q

And crypto meaning Bitcoin, right? Would you...

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

I'm – I...

Betsy L. Graseck
Analyst, Morgan Stanley & Co. LLC

Q

Would you offer that as a payment vehicle?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

We are – we – I personally, when I look at the Bitcoin universe, the leverage in the system, the misuse of the system, the AML, the BSA, the KYC, the sex trafficking, the terrorism, I am not a fan of it. We are going to allow you to buy it and we are going to – we are not going to custody it. We're going to put it on statements for clients. So I don't think you should smoke, but I defend your right to smoke. I defend your right to buy Bitcoin. Go at it. And I – nor do I think it matters that much, to tell you the truth, so. Let's see.

Mikael Grubb
Head of Investor Relations, JPMorganChase

Okay. Steven Alexopoulos?

Steven Alexopoulos
Analyst, TD Securities

Hey, Jamie.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

Welcome back. I read the whole thing, like all 240 pages or...

Steven Alexopoulos
Analyst, TD Securities

Thank you.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

So, welcome back.

Steven Alexopoulos Q
Analyst, TD Securities

So I asked ChatGPT, I said, which pop culture figure is most similar to Jamie Dimon? Do you want to guess what the answer was?

Jamie Dimon A
Chairman & Chief Executive Officer, JPMorganChase

I have no idea.

Steven Alexopoulos Q
Analyst, TD Securities

So the answer was Tony Stark, Iron Man. That's actually what it says if you actually plugged it in.

Jamie Dimon A
Chairman & Chief Executive Officer, JPMorganChase

Never saw the movie.

Steven Alexopoulos Q
Analyst, TD Securities

Now, what's interesting about Iron Man is Iron Man never retired. Assuming you stay healthy, why can't we get another 10 years as you as CEO? Why are we even talking about this?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

Okay. So let me just do this slowly, okay, because it's important. The most important (sic) [thing] about the future of the company, in my view, is the disciplines and the culture of the place, which we don't speak a lot about. Though discipline and culture you kind of see up here a little bit, detailed analysis, a little bit of humility, of going on the road all the time, acknowledging there's always competition coming from places you don't know, that – I wish I could thank everyone from JPMorganChase in the room who works with a lot of people. But that – those – that is the most important thing at a detailed level. There are basically 50 major businesses here, and a lot of people mentioned those businesses, and we're going to maintain that discipline.

I also think in the room, you have the operating committee members. I don't want to miss anyone – Sanoke, Chase UK; Jenn Piepszak, Chief Operating Officer; Robin Leopold, HR; Lori Beer, Tech; Teresa Heitsenrether, AI. Did I miss anyone? Ashley. I didn't happen to see Ashley here by the way. Tim Berry, Stacey Friedman, Law. But the important thing is all the people you see, not just the ones you saw up here, but the whole next layer down, they're in constant education with those folks.

So, when we talk about return to the office or home or policies or almost every one of the folks in this room is going to Washington all the time. A lot of us – those events you saw, I mean, a lot of us go to hundreds of those events where we partner with client dinners and client meeting and client lunches. So we have built a very deep bench.

What we've told you is that the Board has intent. It's not a promise, it's not a commitment, it's intent to be, and prudent to be thinking about succession, and we should be doing that. Obviously, it's up to the Board. If I'm here for four more years and maybe two more, three executive chair or chairs, I mean, that's a long time. That's like a lot of the present value of the world. Okay, so – but to me, the most important thing when it gets handed over, you have real teams, real cultures, and hopefully they keep on building it. If you look at the best companies in the world, that's what they had. Okay. They continue going forward regardless of necessarily who the CEO was.

Any other questions on succession? Let's get them all out so we can move on to other stuff. Yeah. Michael Mayo. I hope you're right about that $1 trillion, first $1 trillion bank, so.

Mike Mayo
Analyst, Wells Fargo Securities LLC

Q

Well, why don't you retire after you get to $1 trillion, then? What was your answer to that last question?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

What was the question?

Mike Mayo
Analyst, Wells Fargo Securities LLC

Q

How many more years are you going to be CEO?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

It's – the intent is the same as we said last year. Nothing's changed at all.

Mike Mayo
Analyst, Wells Fargo Securities LLC

Q

Okay. If you want to dream the dream with perhaps some shackles getting released and you can do whatever you want, deal wise, what would you do in terms of buying outside the U.S., whether it's a Canadian bank or a bank in Asia or a private equity firm and you have a lot of excess capital, you're going to have a lot more excess capital, Jeremy mentioned. Maybe doing deals. What would you...

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

Yeah.

Mike Mayo
Analyst, Wells Fargo Securities LLC

Q

...if you dream the dream?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

So we should always, always be looking at acquisitions. So I'm telling the management team today, you should always be thinking about it because acquisitions make you think clearly about the world. We have a lot of adjacencies. If you said you could do something, maybe would do something overseas or something like that. Would you do a major merger if you're allowed to? I don't know. Maybe you would. I don't think it'll ever happen. So I'm not going to waste time thinking about what is not legal today. But there are adjacencies. You've seen in every business. Mary showed you some that were great for us. Consumer did some that were great for us. The Investment Bank's done some that were great for us. I want them to think about it.

That does not mean I want to overpay. It does not mean that we're pushing people to do it. My experience in life with the first acquisition I ever did was looked at 10, but looking at all 10 made us smarter. And that's what I hope we can do – and deploying capital. That's one way to deploy capital. The other way to deploy capital is in our own businesses. And you have to be very careful about how you deploy capital. I did write this down because organic growth, somebody asked the question. Organic growth could be building technology, it could be adding bankers, it could be adding balance sheet. We can add balance sheet tomorrow. We can make a few phone calls. I've got Charles right down here. Put on $100 billion at risk, take the risk, revenues go up. May have been a mistake.

In our business, I have to say this, revenues and expenses are artificial concepts that can lead you to the wrong place. Those branches and bankers that you hire are expenses, but they are long-term investments. Technology you build are expenses, and a lot of revenues are bad. If you make loans with the wrong people at the wrong time at the wrong price, it's bad. You could add revenues and you're adding a lot of risk. Lot of banks have done that with loans. They've done it with HTM secured. They've done – it is a bad idea. So growing revenues is sometimes bad. Growing revenues is sometimes good. Growing expenses is sometimes bad.

I think, either way, Jeremy did a great job today, by the way. He's maturing really nicely. I don't know if you all – but those expenses and the risk we take in a very thoughtful kind of way, we think we have organic growth opportunities. The world is a very complex place. We are in the middle of it in payment systems and Chase, Chase Wealth Management.

I also want to point out also the competition. We have to stay humble here, okay. Like, Jeremy showed you that chart about how many people have earned over 17% (sic) [ROTCE]. And if you look at that chart over the last 10 years, it's – of those 120 – of the 12 competitors, in the 10-year period, only eight or nine times did people earn over 17%. And it was us, five or six of them, Capital One, et cetera, a couple of times Goldman Sachs and Morgan Stanley, a couple of times. If you go back to the 10 years before that, okay, a lot of people earned over 17%. Almost every single one went bankrupt. Did you hear what I just said?

So I'm not standing in front of you arrogant about JPMorgan. So I hope you're right about our superior position and stuff like that. Almost every single major financial company in the world almost didn't make it. It's a rough world out there. You had the global financial crisis. I started working in 1982, it was the worst recession since 1974. You had the 1987 market crash. 1990 took Citi to its knees, it took Travelers to its knees. So we're conscious. Our competition is all back. Wells Fargo is back, Bank of America is back, Goldman Sachs, Morgan Stanley. But we also have Citadel, FinTech, Revolut, and that – so we are conscious of that. We've got all – Stripe has done a great job, PayPal's done a great job. Bank of America, believe it not, does a few things better than us, which always pisses me off.

Yeah, so we are quite conscious. There's a lot of competition and you have to be prepared every day to make the investment you need to do in your people, your systems, your ops, your culture and stuff like that to actually win. And we're – so I'm convinced we can do it, but we will not do it resting on our laurels.

Mike Mayo
Analyst, Wells Fargo Securities LLC

Q

So you just described reversion to the mean. So why would you be different than these other...

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

I don't think we're going revert to the means. I think we're – I think you saw why: discipline, detailed, cultural, we fight every day, we don't assume we're going to win. We know the competition is coming at us a lot of different ways.

Mikael Grubb
Head of Investor Relations, JPMorganChase

Steven Chubak in the back there.

Steven Chubak
Analyst, Wolfe Research LLC

Q

Hi, Jamie. You had that great slide showing where in detail the ROTCE simulation under different macro scenarios. And one scenario that didn't appear is a severe stagflation scenario, which is somewhat ironic given how much you've spoken about that potential risk...

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

We have that one, too, by the way.

Steven Chubak
Analyst, Wolfe Research LLC

Q

Okay. Well, how do you...

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

We look at lots of scenarios. He just put up some, but yeah

Steven Chubak
Analyst, Wolfe Research LLC

Q

So in that scenario, though, how would the returns fare and how are you risk managing the entire franchise to ensure you're adequately protected against that risk?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

So let me just talk about risk for just one – roughly. I'm not going to talk a lot about geopolitical risk. I would not take it off the table. I think there's an operating assumption inside the room that it's not a big deal, it's not going to cause a problem. I don't know. I think the geopolitical risk is very, very, very high. How it plays out over the next several years, we don't know, but it will clearly, if it does play out worse than what we have today, it'd clearly affect all the scenarios. So we do look at the range of potential outcomes. I think the worst one for a bank and for most companies is stagflation which is basically a recession with inflation. I think the odds of that are probably two times of what the market thinks. I don't know what's going to happen. We will be fine, okay.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

What happens in that is credit losses go up. They will not be like the global financial crisis. I think credit losses in a recession will be worse than other people think. I think there have been 15 years of pretty happy-go-lucky credit, a lot of new credit players, different covenants, different leverage ratios, there's leverage on top of leverage in some of these things. So I think – I would expect that credit would be worse than people think when you have a recession. But what happens in a stagflation is revenues drop, credit losses go up, and then how you manage your balance sheet. But we'll be fine. The one – the worst case there, it would probably stimulate closer to stagflation.

Mikael Grubb
Head of Investor Relations, JPMorganChase

Glenn Schorr.

Glenn Schorr
Analyst, Evercore Group LLC

Q

Thanks very much. As we look – as we listened to all those presentations, there's a lot of global expansion across everything, Payments, Cards, Markets, Trading, everything. So, the question is – or my question is, is the question about the potential for nationalism and non-U.S. clients keeping some business that used to go to great banks like JPMorgan more internally with local? Like is this a real conversation? I know some of the tariff talk has cooled, but now that it's opened the door, you're seeing more spending locally in Europe, things like that. Do we have a risk that, through no fault of your own, some business that a U.S. bank used to get just doesn't get it anymore?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

Yeah, no, I –further we have specific examples we've lost business because of that. Not because the clients were mad at us, but because they said we have a choice to pick you. We're going to not use you, whether it's a Canadian bank or a European bank or something. It's not that big. It's not that significant. I wouldn't change our plans at all fearing what you just said. The plans are exactly the same. I do expect there'll be some of that if this trade war gets worse, but it's not going to change our plans.

Mikael Grubb
Head of Investor Relations, JPMorganChase

Okay, we have a question way back there.

Brett Erensel
Analyst, Portales Partners

Q

Hi. Brent Erensel, Portales Partners. With all the talk about deregulation and capital relief, could you tell us what's the appropriate level of capital for JPMorgan and for the industry? Give us some talking points on what you see as capital coming down the way.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

Well, I think the best way for you to think about it, as Jeremy showed you that the cap – we're already $60 billion more. If all things sort out, that should be at least – it should be at least $60 billion. I can give you a lot of arguments why it should be more than $60 billion. I don't think the regulators have ever told you about how they really think about capital. I mean, when I look at – and what disappoints me the most, and you saw that chart that Jeremy put up there, GSIFI, SLR, eSLR, TLAC, NSFS. A lot of that was never well thought through. You, not us, were entitled to a cost benefit study. You never really got it. You were entitled to understand what the goal was.

There should have been statements about – if I was the bank regulator – we want mortgages outside the banking system, it's 80% today. We want private credit outside. We want leverage lending outside. We don't want payments inside. There's huge arbitrage taking place today. That arbitrage isn't all a disadvantage to us. We do it too. So these guys are always making arbitrage. We're lending money to people where you can

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

have higher returns on regulatory capital, which I will tell you is no – is artificial. We look at the real risk related to that. So, yeah, and it – nothing was a capital – Silicon Valley Bank wasn't a capital issue. First Republic wasn't a capital (sic) [issue]. They were more like liquidity and how they managed their balance sheet type of issue, staring regulators in the face.

The biggest disappoint to me is that I think we can make the system far safer, more fail safe, give clients better options, lower mortgages, lower cost et cetera, and make the system safer. We have had no real conversation with regulators for a decade over that, okay. And that's what they should do. And Jeremy said, they should take a step back, think about what they did, why they did it, how the interface plays. He mentioned GSIFI. They were supposed to fix GSIFI 10 years ago; Basel III, 10 years in the making. Okay, a lot of these – and a lot of these calculations, which I've mentioned before, are completely asinine. And if they ever were able to get out of their own echo chamber and look at it, we could do a better job in the financial system.

In the meantime, JPMorgan will do fine. It doesn't affect what these guys – what we all do every day up here: serving clients, doing a good job, we'll be able to navigate whatever the regulatory rules are. I think Marianne said something like, if the rules apply to them and they apply to us, we're probably always fine. I don't like the arbitrage by that. I think that causes other problems down the road. Nor do I think they've done a full study about what risk they've created elsewhere in the system. And Jeremy mentioned, he said, they shouldn't de facto – not de facto – ad-hoc intervene in the marketplace.

So, SLR for example, only one or two banks today are constrained by SLR; no one else is. Therefore, today, SLR isn't a reason that people would go in and intermediate more in the marketplace. However, that may change when rules change and collateral changes and asset prices change, where people become constrained by SLR. The – if I was the Fed, I would not want to run a financial system every time there is a kerfuffle in the marketplace they have to intervene. And they are kerfuffles.

The other thing that's very important and sort of pressing the room, the reason they should do it right isn't to benefit when people say, they are trying to – reducing regulation to banks. Whether they fix SLR or not will not affect JPMorgan's results for its shareholders. JPMorgan can easily handle volatile markets. The reason you don't want volatile markets is because volatile markets scare the shit out of you and make it harder for companies to raise money. It's not to benefit JPMorgan. So, if I was the regulators, I'd be thinking long and hard about why they need to fix these things. I've mentioned over and over, the cost of mortgages is like 50 or 75 basis points higher because of regulations that don't need to be there, that have no benefit for safety and soundness.

And you know who it hurts the most? Lower income Americans. That's who hurts the most. People buying a small home, their first starter home. And I think they should fix it, and I have a huge disappointment that we have not gone around doing that in the last 10 years.

Mikael Grubb
Head of Investor Relations, JPMorganChase

Any questions? Buy siders are allowed to ask questions, too, by the way. All right Steven, go ahead.

Steven Alexopoulos
Analyst, TD Securities

For 20 years, I came to this and couldn't ask questions, so I've got to get my questions in...

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

That's correct. Yes. But you're always helpful to us in those 20 years.

Steven Alexopoulos
Analyst, TD Securities

Q

That's right. Jamie, on the tariffs, so the initial rollout was a little haphazard, but if you look how it's playing out and you're getting all these investments, what just happened last week, coming into the U.S. from countries and companies, how do you put this together? Now, are these good talking points or do you see somewhat of a new industrial revolution really which would help the bank immensely over the next call it two decades?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

I never finished my risk things. So geopolitics, we have the largest peacetime deficit we've ever had, almost 7% of GDP. If you go around the world, the other major countries, around 3.5% of GDP. Our debt to GDP is 100%. With Paul Volcker, we had inflation last time around it was 35%, and the inflation was 3.5%. The last time we put in 10% tariffs was 1971. Nixon was President. Things were booming. He was winning a landslide in 1972, almost 60% of the popular vote. And he resigned. And 18 months later, inflation had ticked up to 3.5%. They put in price controls. It didn't work. They got rid of gold convertibility. The market had gone – went from 1,000 to 540, down 40% plus in a 18-month period. Okay. Things happen out there.

We have huge deficits. We have, what I consider, complacent central – almost complacent that central banks think they're omnipotent, and you all think they can manage through all this. I don't think they manage all that. Okay. They set short-term rates, right? They can simply plug a short-term rate. I would just say, they set short-term rates. They don't set the 10-year rate. Who sets the 10-year rate?

You do. Foreigners own $35 trillion of U.S. public securities as debt, corporate credit, money market funds and U.S. debt. They're there to help set that rate. And I look at the things being up, including trade, trade in general, because not just tariffs, it's creating a lot of risk out there and that you – we should be prepared for it.

My own view is we're – people feel pretty good because you haven't seen an effect of tariffs. The market came down 10%. It's back up 10%. I think that's an extraordinary amount of complacency. That's my own view that when I've seen all these things adding up that are on the fringes of extreme kind of thing, I don't think we can predict the outcome, and I think there is a chance of inflation going up and stagflation a little bit higher than other people think. There's – there are too many things out there. And I think you are going to see the effect even if they – even if these low levels, they stay where they are today, that's pretty extreme tariffs. And you also don't know how every country is going to respond. And they are responding. I mean, they're already starting to cut trade deals with other people, et cetera. And even if you want to bring all that manufacturing back, it takes three to four, at minimum, to build a real manufacturing plant, years.

Mikael Grubb
Head of Investor Relations, JPMorganChase

Yeah. Richard Ramsden, go ahead.

Richard Ramsden
Analyst, Goldman Sachs & Co. LLC

Q

There's been a lot of discussion about changes to the regulatory environment, but can you talk about if you're expecting changes to the supervisory environment, what you'd like to see change on the supervisory front and what that could mean for JPMorgan and the industry if you get those changes? Thanks.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

I think the – I mean, they almost merged at one point because supervisors have put in rules and rules and rules and MRIAs and stuff, which were regulations. Okay, so – and you probably are aware of some of them. I think it's already changed a lot, that people realize that there was a lot of supervision. It was duplicated.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

I mean, I'll give you one example. Dodd-Frank asked the Federal Reserve to do a stress test. They didn't ask them to build a CCAR regulatory system which would take us, I mean, 6,000 people working six months a year, 30,000, 40,000 pages of documentation, models, rules, regulation, including climate, a reputation around clients. That was never the intent. And I actually think it put the Federal Reserve in the middle of regulatory supervisory, which they should have stayed away from. They should have stuck to monetary policy and managing the whole financial system kind of according to Kevin Warsh's speech.

So, yeah, I think you're going to see a lot of changes in supervision, and I think you're going to – and as a matter of fact, there's an act out there that says that we will have an ability to dispute publically, legally supervisory activity, which I think will be very good. I think they went way – I think they went so far beyond what was reasonable that they should be embarrassed. That's my own personal view. It's been 15 years of this stuff. And I think they should fire a lot of them too, by the way.

Mike Mayo
Analyst, Wells Fargo Securities LLC

Q

For that last answer, can you put some numbers around it? If you were king of regulation and you don't want to sacrifice one iota of safety and soundness and then eliminate as much bureaucracy and red tape as possible, where would your capital ratios be and how much better could your efficiency ratio be?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

I mean, I think the efficiency – I don't know, Mike. So $60 billion of excess capital. Might be $20 billion more that's possible, okay. My view about the costs, as the costs come down, if we all had to do, it'd be passed down to customers. It isn't like we just add endlessly to our own margins, because as Jeff Bezos says, your margin is my opportunity. So if they reduce their cost, you will see it in lower cost of mortgages and auto and commercial real estate credits, et cetera. Won't be "aha, banks are back again."

I want banks to be safe. I would limit interest rate exposure more. I would limit HTM more. I would make sure that deposits are spread out a certain way. I would make sure people had assets that were deliverable to the discount window. I would make the discount window usable. I would make FHLB usable. You may not know this. In resolution recovery, the discount window doesn't count. I mean, I can go on and on through the inconsistencies of stuff like that which drives business out of the banking system. It creates arbitrage opportunity. It creates additional risk. But I don't think it's going to be – I don't think we're going to be sitting here in four years and saying, we have higher returns because of all this.

Mike Mayo
Analyst, Wells Fargo Securities LLC

Q

And your CEO letter...

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

I think the system would be better because of all this.

Mike Mayo
Analyst, Wells Fargo Securities LLC

Q

Your CEO letter talks a lot about having a more level playing field. And has it gotten worse, better? Where do you stand on that? Thank you.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

It will get better. I think it will get better over time, but I don't know. I think, again, JPMorgan will perform for shareholders, whether it gets better or not. Again, if everyone gets – if we all had the same rules and regulations, we'd all benefit the same. So my competition gets it the same way I get it. So I'm not sitting here saying this is going to be great. I think it's a mistake for you all to think that somehow the margins in the business will go up. No. When people compete with each other, those margins will be competed away. The people who would perform the best are people who run the best businesses.

Mikael Grubb
Head of Investor Relations, JPMorganChase

All right. Go ahead in the back.

Unidentified Participant

Q

So, I think there has been an ongoing discussion around whether American exceptionalism is going to triumph in a changing world of geopolitical dynamics. If you look at equity market performance, I think European equity market and emerging market has outperformed the U.S. year-to-date. I'd be curious to hear your thoughts whether you still have this belief in terms of the attractiveness of the financial market in U.S. versus the rest of the world.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

Yeah. Well, it's a little more of a complex question. So, I do believe in American exceptionalism. I am a patriot. America has the gifts of God, food, water, energy, the Atlantic, the Pacific, peace, peace with our neighbors, Canada and Mexico, which we treat very respectfully. We are quite lucky. Then we have the gifts of our founding fathers, which is freedom of speech, freedom of religion, freedom of enterprise. Those freedoms are enormous. They drive the most prosperous economy the world has ever seen, the best military the world has ever seen. I think that's all still true.

I never believed we were as exceptional as people were saying. I never believed that Europe was as bad as people were saying. I think those got blown out of proportion. Part of our exceptionalism – is my belief; I don't know if it's true – is that we borrowed and spent $10 trillion, and that – and that's a lot of money. We borrowed and spent since 2000, $10 trillion. If we borrowed another $1 trillion and gave it to you – and we gave it to people, we gave it through PPP, EIDL, unemployment insurance, we gave it to states, cities, we gave it to unions, $10 trillion, and that fuels both inflation, but it fuels growth. Had Europe borrowed and spent another $1 trillion, they would probably have another $1 trillion of GDP too.

So, there's a part of that – we haven't seen the other side of that mountain yet. And also, we have to remember, in the back of my mind, it also drives corporate profits. That trillion ends up in the pockets of restauranteurs and corporations and healthcare companies, and it drives a lot of things that maybe we don't understand and inflates asset prices. So, America's asset price, I still think they are kind of high; I'd put that in the risk category too. And credit spreads are kind of low; I'd put that in the risk category too. I think both of those things may change and that will change your psyche a little bit and so.

But the asset – our P/E ratios are, what, 21% or something like that today, forward looking? And if tariffs affect that, which I think they might a little bit, the E will come down. Right now the forecast for earnings, we started the year S&P up 12%, now it's up 6% or 7%. My guess is in six month, it'll be zero because people will be working through, and you've heard a lot of companies talk about guidance, I can't give you, I don't have the costs. I know I can pass them on, I don't know – I didn't even know what they're going to be. But I think earnings estimates will come down, which also means probably the P/E will come down. If P/E comes down one turn, that's another 5%. So now you're talking about 10% between earnings and the P/E. And I think that's probably a likely outcome in my own personal opinion. I don't like to forecast the stock market.

I think the P/Es in Europe – is Michael Cembalest here? He is the one you should always read about this. I think the P/Es in Europe are a lot lower. I mean a lot lower, like 30% or 40% lower. Meaning there could be some very good values there on a company. I don't think in general, they've got a stronger economy than the United States. I think that Europe has to do a lot of things which they know. And you finally see Keir Starmer, President Macron, Chancellor Merz, President Tusk all talking about we've got to fix Europe. They should fix it for themselves, the

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

regulatory environment, the innovative environment. And they've got to strengthen their military relationships in NATO, which I hope America stands by them side by side, which I think we will, by the way, even though it gets questioned more and more. Does that answer your question?

Mikael Grubb
Head of Investor Relations, JPMorganChase

Down there.

Timothy Piechowski
Analyst, ACR Alpine Research LLC

Q

Hello, Jamie. Tim Piechowski from ACR from St. Louis. Kind of was interested in maybe some more commentary from you on private credit. Warren Buffett has spoken about private credit ripping into life insurance and causing liquidity mismatch going forward. Could you maybe talk about any concern you have on that and just the general, I don't know, perhaps credit spreads or terms being too laxed?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

So, I mean, I wrote about this in my Chairman's letter. I did it last year. I always look at things from a being honest assessments, so I'm not trying to say it's good or bad. It is good for – you've got to look at the world from the point of view of the consumer. So if you're a consumer or a middle market company, and there's mostly leverage. So it's $1.7 trillion of leverage lending that are now going to investment grade, which I'll talk about separately. If you can get a unitranche deal, that's pretty good. Flexible covenants, that's not so bad. Maybe a lender will work with you if things are tough. That's okay too. It lacks – it's more expensive, like 200 basis points more expensive, and you've seen when rates went up, a lot – people went from direct lending back into the syndicated lending markets, all right. It lacks transparency. That could be good or bad. People don't have lot of liquidity against it. That could be one thing or the other.

I think the people, if they were up here about the insurance credit, they'd say, we're doing five-year annuities and we're actually matching the terms, the maturity of the loans with the maturity of liabilities. But there's less liquidity, huge arbitrage. If I have to take a private credit loan in my balance sheet, I have to hold somewhere between 20% more capital to 80%. When it goes in insurance companies, you may not know this, they tranche it. So it's not just they do a BB loan, but they tranche it between AAA, AA that – and the total credit they owe – capital they owe might be 20% what JPMorgan has to hold, because we do it differently.

I'm not sure that I'll survive the next downturn because I think NAIC will look at that and say, my God, these loans, we should never have allowed that kind of thing inside an insurance company. So because the insurance companies rate them differently, that may not survive the next downturn, and I think people assume that it does.

We are agnostic. And Troy already mentioned it. We want to offer our clients direct loans, syndicated loans. As long as we're underwriting the risk properly, we're doing it properly, we can do them too. That's why we have the $50 billion we're willing to do on balance sheet. We could do $100 billion, we could do $200 billion, if we thought we're getting very good returns, because that's just deploying the capital which you all said we have excess capital. Even $200 billion, we only deploy $20 billion of excess capital, and if we're earning a good return on the loan, and Troy already mentioned this, we can get payments business, custody business, other banking services, maybe markets business et cetera.

So we can compete in all these things, and so I'm not worried about it. They're going into investment grade and now you're starting to see private – and by the way, the direct lending is all being syndicated out now too. So a lot of these bigger deals you see, it's kind of a bridge. They underwrite it, but they immediately syndicate it, like we will on some of our co-lending terms and stuff like that. So this will develop over time.

The only other view is personally, there's – and I don't like making forecasts, stuff like that, I am not a buyer of credit today. I think credit today is a bad risk. I think that people who haven't been through major downturns are missing the point about what can happen in credit. And then there will be a huge opportunity for this company, too. That's the other thing about downturns. In a downturn, my experience has always been, the good companies benefit from a downturn. Not your short-term profits, but your long-term company, and you earn your stripes with your clients in a downturn.

Mikael Grubb
Head of Investor Relations, JPMorganChase

Okay. Any last questions before we break for lunch?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

Yeah, Mike, there's one way back there. Go ahead.

Mikael Grubb
Head of Investor Relations, JPMorganChase

Okay.

Unidentified Participant Q

Thank you. The comments on the technology infrastructure transition being mostly done and past its peak were very interesting. Over the next...

Jamie Dimon A
Chairman & Chief Executive Officer, JPMorganChase

I don't think it's mostly done, but keep on. Yeah.

Unidentified Participant Q

Okay. Well, then that might be answering the question. So over the next few years, do you see the JPMorgan tech spend becoming more variable with growth or is it still a table stakes type characteristic?

Jamie Dimon A
Chairman & Chief Executive Officer, JPMorganChase

It's table stakes. It will be for the rest of eternity. So our tech spend, I think, is, call it, 10% of revenues which is probably less than most other companies by the way. But in my experience, I think people make a mistake like somehow you're in one transformation and when you get through it, you're done. I've been doing this for a while and I've been through transformation after transformation after transformation, and we're learning.

So when they – when we say we're a lot done, that's moving applications to public or private cloud, you could question where it's better off. Remember, we said compute power would be cheap here. Well, that burst compute power we talked about years ago, you've got to pay for capacity. That's very different than burst compute power where data goes, belongs. And so the rest of the journey is getting data – the hardest part is getting data into the form where it can be used properly and where these things belong.

So we're doing everything. We're building our own cloud-based data centers. We have our virtual servers. We are using all these other folks. We're going to be quite cautious on software-as-a-service, how we deal with cloud providers. I don't mind doing anything ourselves. And we have regulations. We've got international laws. All around the world, countries write different rules about what we have to do in the country and outside the country, et cetera. So I think it's a permanent thing and I think the mindset should be that whenever management teams meet, you're talking about what you need to do in technology writ large to do a good job for your client. It should not be a surprise that you have to use technology to do a better job for clients.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

And AI is another one. I think AI is real by the way, right, but part of that's the mindset. And we talk about AI all the time at every different level.

Can I just end? I just want to say a few things. For all the JPMorganChase people in the room, what you do for your clients, I get the biggest kick working with all of them. We all know each other quite well. So inside this company, I wish you could see how people do function, talk and debate in an open way, how we do things. And obviously, I want to thank all the operating committee members and those unfortunate 11 or 12 have to deal with me every Monday morning, having read all the things over the weekend that kind of get me irritated. But they help build a great company and they disseminate this culture. We all travel around the world, we meet clients, we deal with each other, we write notes about what we can do better, we take bus trips and road trips. They all go to Washington DC and see regulators around the world.

I want to thank the Board. The Board's here, by the way. I thought it was – thank you for coming. I think it's a great – probably – this is probably better than actually going to a board meeting, we'd probably bore you guys at a board meeting. But to just see our folks in action. And the Board, you should rest assured, talks every time. They are told everything by everybody. All the senior leader people, they all present. I have never – I don't think I've ever made a presentation to the Board, at least not in the last 10 or 15 years.

Our people do. They have an open conversation, they know them personally and professionally, I think is very important. They talk about governance rules. I think there's – there are two important governance rules which the regulators completely missed, by the way. Totally. Absolutely, because they're not stuck in the real world. They're stuck in some academic world, that the Board knows all the senior people, openly getting feedback and everything all the time on their own. There's not – not every board meeting is scripted and they get to see those people at lunch, dinner or take them to golf if they want, et cetera.

And the second, which I think is maybe the most important, is for – since I've been at Bank One, they meet without me. We have an executive session and I leave the room. They meet without me every single meeting to talk about what they're thinking about. And the Lead Director, Steve Burke today, but usually he calls me up afterwards. David Novak used to give me handwritten lists, what they'd like more. They'd like to know this person better, they're a little worried about this. Can you give us more detail on that? Nothing to report, whatever it is. But I think it allows them to have a very open conversation. So I just want to thank the Board for the effort they make for this company.

And Daniel Pinto, what a great partner he's been all these years. It's Daniel – that world-class investment bank and world-class risk management systems, because of Daniel. Thank you. Folks, we'll see you at lunch. Thank you.