2025 INVESTOR DAY – FIRM OVERVIEW

TRANSCRIPT

May 19, 2025

JPMorganChase

MANAGEMENT DISCUSSION SECTION

Operator: Welcome to the stage, Jeremy Barnum.

Jeremy Barnum
Chief Financial Officer, JPMorganChase

All right. Thank you, Mikael. Good morning, everyone. Before I jump in, just a housekeeping item. I actually have to go to my daughter's college graduation right after I get off stage. So, I won't be here for the Q&A at the end of the session. I think you're amply served, more than enough people to answer your questions then, you don't need me, but we have budgeted a small amount of time right after I finish to handle any sort of super-burning questions that you might have that need to be answered immediately. So, we can do that right after I'm done.

So, with that, let's get started. You'll note that the next few slides will look familiar to many of you and that's not a coincidence. Consistency is part of the strategy. And so, to reiterate some of the key points of our strategic framework. We have exceptional franchises that are customer-centric and our unwavering principles position us well to support clients, customers and communities through any environment. We're focused on generating long-term shareholder value, which you'll hear more about from me shortly. And sustainable business practices, broadly defined, will continue to have an important role in our strategy as we take a rational and commercial approach to supporting our clients and growing our business.

The left-hand side of the page highlights how 2024 was another year of record revenue, even excluding the gains from the Visa B shares; and looking at recent history shows the balanced contribution across the lines of business and revenue types. The right side illustrates the breadth and depth of our franchise – across our three lines of business, we can meet individual and corporate needs throughout their lifecycle, and we're uniquely positioned to differentiate ourselves when individual and corporate needs overlap.

Calling out some key metrics. We serve 84 million U.S. customers, we have $4 trillion in AUM, over 90% of Fortune 500 companies do business with us, and we operate in over 100 markets globally. As we've said before, you cannot outgrow us. We have leading positions in most of our businesses, in part as a result of significant share growth over the last 10 years. In CCB, we have 11.3% U.S. retail deposit share and we have number one share in 22 of the top 125 markets. The Commercial & Investment Bank has unrivaled scale and can serve clients end-to-end while continuing to grow share across Investment Banking, Markets, Treasury Services, and Securities Services. In AWM, we've had 21 straight years of positive net inflows and we have $5.9 trillion of client assets.

As we emphasize on the right, our leading positions are at the root of a strategy that has produced exceptional returns for shareholders over time. You know the financial performance story well. We have consistently produced best-in-class results. Both the absolute and relative results are exceptional. The previous page showed total return and this page shows tangible book value per share CAGR, both of which are more than two times that of peers. While we are incredibly proud of these results, our focus is on the future, both operating in the near-term and being prepared for the long-term. We will continue to invest, maintain discipline and push ourselves to keep getting better.

This slide covers a number of aspects of our current operating environment, which Jamie covered extensively in his Chairman's Letter. For today's purposes, suffice it to say, we do have reason to hope for an improved working relationship between the government, regulatory bodies and the banking industry, and while we're seeing some encouraging early signs, there's a lot of work to do. More on that later. More broadly, while the news flow has been better recently, the evolving tariff environment combined with the pre-existing geopolitical tensions adds significant uncertainty into the economic outlook, and the combination of inflation and large fiscal deficits may constrain the available policy responses in ways that further increase the risk. So, in that context, let's talk about our financial outlook.

In terms of NII ex. Markets, we've assessed the various drivers over the last few days and have decided not to change our guidance from approximately $90 billion. However, we do want to acknowledge that the outlook is probably slightly better than it was at first quarter earnings. You may remember that at the time we discussed how the increase in the number of expected cuts was offset by some other factors, which on balance slightly worsened the outlook, but not by enough to warrant changing guidance.

As we sit here today, some of those headwinds are now tailwinds. The forward curve is back to only having two cuts, and the other effects are relatively muted. When you combine that with what we see in the actuals so far this year, we think the full year 2025 might end up a little better, maybe by $1 billion. But the yield curve has been very volatile recently and we'd like to see things settle down before sharpening our pencils. So, we'll reassess the formal NII guidance for you in eight weeks at second quarter earnings.

One driver that's relevant to that outlook is the impact of yield-seeking customer behavior on the interest versus non-interest-bearing deposit trend. To help us tell the story better, we've reclassified certain deposits to make the numbers more intuitive relative to what's in the supplement and created what you might call an "economic" view of the trends. Focusing on this view, which is the purple line, you see that at the beginning of the rate cycle, there wasn't much change, but as the Fed started hiking more aggressively, we saw increased movement into interest-bearing, and more recently, that movement has slowed down. We're not necessarily calling the end of the so-called "cash sorting", but this is one data point to consider.

Now, let's turn to expenses on the next page. We still expect 2025 adjusted expense to be about $95 billion. I won't go through this page in detail, as the priorities, themes, drivers and the narrative have not really changed since we presented it at fourth quarter earnings. But you might be asking yourself whether anything has changed as a result of the environment. Obviously, our core philosophy hasn't changed. We invest through the cycle and where it makes sense for the long-term. At the same time, it's true that volume- and revenue-related expenses will naturally fluctuate with market conditions. But it's important to remember that overall actual performance in the first quarter was strong and that's a quarter of the year already booked. And even over the last couple weeks, the outlook has changed quite a bit in both directions. So, we're just going to have to see how it plays out.

One topical development worth noting is the effect on expenses of the recent weakening in the dollar. We hedge our non-dollar revenue and expense on a net basis, and as a result, the effect of the weaker dollar on pre-tax income is insignificant. But when looking at expenses in isolation, the weaker dollar could result in some upward pressure. For the rest of my presentation, I'm going to cover some focus areas in a bit more detail. I'll start by explaining what we're talking about when we say we want to "live within our means."

As the slide says, expense discipline is, of course, a good thing, but what you really want to do is grow profits. So, yes, our expenses have increased by $26 billion over the last five years, which pretty much overlaps with my tenure as CFO of the company. But we've also grown revenue by $54 billion, and you can see how that combines to produce the PPNR CAGRs we show on the page. You've heard this speech from us many times in the past, it's a version of the folly of looking for constant operating leverage and ever-expanding margins. We give this speech for a reason, because it's true, and clearly our results support the claim.

At the same time, we are very focused on making sure that our commitment to investing through-the-cycle is not misinterpreted by our own people. It is not carte blanche for solving every problem by adding resources. We must invest prudently and constantly to increase efficiency. And so, even though, we broadly believe the headcount increases over the last few years were healthy and necessary to support growth, we do suspect some inefficiency was introduced. So at the margin, we're asking people to resist headcount growth where possible and increase their focus on efficiency.

Of course, it should go without saying that we'll never compromise on safety and soundness, and will continue to hire and invest in the high certainty areas, where there is a link between adding employees and growing revenue. As we attack this challenge, one tailwind we believe we have is our investments in technology and AI. For the sake of efficiency, Lori, Teresa and I agreed that I would give an update on our Firmwide technology and AI strategy, as well as cover tech expense. Earlier in the year, at an industry conference, we shared our outlook for total technology spend this year, which is still approximately $18 billion, up about $1 billion year-on-year.

There are some interesting things to note in the year-on-year drivers. We are now probably past the point of peak modernization spend, resulting in a tailwind this year that is funding some of our ongoing investments in products, platforms and futures. And we do continue to see volume growth across the company drive some increased hardware and infrastructure expense. This in turn is partially offset by efficiencies. On the right-hand side, we've included some detail on investments. You'll see the majority is spent on products, platforms and features. Throughout the morning, you'll hear from the leaders of our lines of business about the specific areas where they are investing in order to drive their businesses forward.

Let's talk a bit about the strategies in tech and AI on the next page. As a firm, we continue to make progress on moving to the cloud and modern infrastructure. About 65% of our applications now run a large part of their workloads on the public or private cloud, up from 50% last year. If we include the applications that run largely on virtual servers, that number increases to 80%. In addition, we have almost completed the application migrations for our largest legacy data centers and we are in the process of dismantling the physical infrastructure in those sites. This progress in our modernization efforts continues to deliver significant engineering efficiencies, which we see through ongoing improvement in our speed and agility metrics, but we can't afford to fall behind.

Competition is fierce and innovation in AI and the cloud is making it easier for everyone to deliver features faster, and we know it's critical for us to do the same. One area we are particularly excited about is the accelerated adoption of AI coding assistance by software engineers. And just on a personal note here, I'll say that I've recently been indulging in what I've come to learn is known as “vibe coding,” a little bit, and it's actually like pretty amazing. And from what certain of my colleagues tell me who are actually trained, professional computer scientists, it actually helps them quite a bit, too, with their efficiency. So, it's not just the amateurs who are helped by these tools. It's amazing stuff and we have high hopes for the efficiency gains we might get.

Away from software development, we were early movers in AI and have been investing in it for over a decade, initially focusing on risk management, particularly in areas like fraud detection. More recently, we've significantly expanded our use of AI and are increasingly focused on driving operational efficiencies. One prominent use case is in the CCB call centers, where AI is helping our agents service our customers more effectively with tools that help them anticipate and respond faster to questions, but there are many others.

Our AI strategy is focused on balancing top-down direction, investment and leadership with democratizing access and usage in order to generate as many bottoms-up ideas as possible from the people who are actually doing the work day to day. 2024 was a pivotal year in making progress on that, with the launch of our flagship model-agnostic generative AI platform, which we call LLM Suite.

Over 200,000 employees globally have access, and on average, certain key subsets of the users tell us they are gaining several hours a week of productivity, and almost by definition, the time savings is coming from less valuable tasks, which means more time spent on value added. And as an additional benefit of this strategy, we are starting to see a number of “citizen developer” use cases go into production. While we've made substantial progress over the last decade, we are still in the early stages of our AI journey. We are focused on modernizing data, investing in scalable platforms and being at the forefront of innovation as technology evolves, positioning the company for sustained future success.

Turning to the next topic of interest, let's talk more about credit, including a bit of additional detail on the allowance. Okay. Let me draw your attention to the net charge-off lines in the historical charts. Our current results do not reflect actual deterioration in credit to any meaningful degree. On the consumer side, the increase in charge-offs is simply normalization, and in wholesale, recent fluctuations have been more driven by idiosyncratic factors. Still, wholesale net charge-offs have been extremely low since the Great Financial Crisis, and it seems unlikely that the future will look as good as the past.

Now, let's turn to the CECL framework. This is, obviously, a topic of interest that comes up regularly on earnings calls. But given the complexity of the framework and the time limitations on those calls, extensive discussion of allowance calculation details can become a distraction and has been known to occasionally irritate a certain CEO sitting right here in the front. So, let's take the time now to go through it once, and hopefully, that will make future discussions more efficient.

We design five economic scenarios which project macroeconomic variables over eight quarters in order to forecast near-term expected losses before transitioning to historical loss rates. The five scenarios consist of the central case, which is basically the modal economic forecast, the relative and extreme upside, and the relative and extreme downside, and each of these is assigned a probability.

Under standard weights, we attach half of the probability distribution to the central case and the rest is distributed to the other scenarios, with obviously more probability on the relative cases than on the extreme cases. Importantly, given the nature of the scenario construction, even under standard weights, the probability weighted peak unemployment is higher than the peak in the central case. In addition, to reflect management judgment or a different view of the probability distribution, we can change the probabilities assigned to each of the scenarios and I sometimes informally describe this as the “skew.”

Moving to the current dynamics of the allowance. As of the fourth quarter, the peak unemployment rate in the central case was 4.5%, and the application of the skewed probabilities produced a weighted average peak of 5.5%. As we approached the April 2nd tariff announcement, the forecast still called for a relatively benign peak unemployment rate of 4.4%. To reflect our view of the elevated uncertainty, we changed the skew to be even more weighted to the downside scenarios, which resulted in a first quarter allowance that embedded a peak weighted average unemployment rate of 5.8%.

A question we get a lot is, what would happen if the unemployment rate actually approached the 5.8% level? Would we have to build additional reserves? The answer is almost certainly yes, but the magnitude would depend on a number of factors, including our ongoing evaluation of the amount of future uncertainty, the timing of the peak unemployment rate, and the extent and speed of the recovery from that peak. As an illustration, we have simulated an instantaneous change, which increases the central case peak unemployment rate from 4.4%, what we had in the first quarter, to 6.5%, with the increase happening over five quarters and then recovering.

Subject to many, many caveats, in that scenario we would likely need to build about $3 billion. And since we're talking about an instantaneous shock to the outlook and CECL is a lifetime expected loss concept, the build would be all upfront. It's important to note that the choice to describe this as an instantaneous shock to the outlook is quite deliberate. While we all remember the large single period changes and the actual reported unemployment rate during COVID, that's not the way a normal recession plays out. Hence the statement that the outlook changes instantly, but the actual deterioration in the unemployment rate takes five quarters, assuming the outlook materializes. And for the avoidance of doubt, this is only one scenario. There are worse scenarios that would involve significantly bigger builds.

Okay. Onto the next page, we explore the potential impact of tariffs on the C&I portfolio. Despite some optimism based on last week's news, which may be changing this week again, tariffs remain relevant. So, we're sharing some of our analysis with you. The focus of this page is the traditional C&I lending portfolio, so it excludes things like derivatives, secured financing and margin loans. Our analysis considers industry-specific dynamics, the ability to pass through costs, as well as the profitability and creditworthiness of the clients themselves.

Here, we're showing you a stylized representation of that analysis. The size of the bubbles represents the current allowance in any given sector. By using the allowance, we are essentially combining the nominal size of the exposure with its credit quality. To help you get a sense of scale, the reserves related to these exposures are $5 billion. This would be the sum of all the bubbles. The Y-axis represents the starting operating margins before the impact of any tariffs, and the X-axis is the potential impact to margins from tariffs.

What the chart shows should be intuitive. In general, companies with higher margins will have more choices about whether or not to pass the tariff impact on to consumers. Companies with lower margins may be forced to pass on price increases, which may result in market share loss or require them to absorb the cost impact and erode already thin margins, and we're showing you where our exposures are across these dimensions. So, with this chart as a backdrop, the question of quantification arises. You won't be surprised to hear that we are reluctant to get too specific, given the amount of uncertainty, both about the likely end state of the relevant policies and about the particular effect on any given client or industry.

But depending on the policy end state and how the pass-through dynamics play out, there are certainly some scenarios that would produce a notable increase in the wholesale allowance. Still, even those scenarios would be manageable for us. Most importantly, no matter the outcome here, we are committed to serving our clients through any environment and feel well-positioned to do so. One reason for that confidence is our excess capital position. The left-hand side of this page is a reminder that we have excess capital well-above our current requirements and regulatory buffers.

To recap, we began preemptively building excess capital due to a potentially worse Basel III Endgame outcome, which now seems less likely to materialize. As you've heard us say before, we view the excess capital as earnings in store and are happy to have it in this moment of uncertainty. At the same time, we recognize that at a certain point the cost of carrying too much excess might exceed the option value of holding it and we have been keeping this in mind as we adjust our buyback strategy.

So, how are we going to use the excess? The boring answer is that we'll deploy it in line with our normal capital hierarchy, which we've illustrated on the right-hand side of the page, starting from the top, risks and uncertainties are elevated in both the macro and regulatory environment, so it's useful to have a buffer to ensure that we can continue to support clients. Next is to grow our business. We're, of course, focused on growing organically, but inorganic growth opportunities are always on the table. We've recently increased the dividend and we'll continue to do so in a sustainable way that can withstand downside shocks. And at the end, are buybacks, which I've already addressed.

With that, let's cover our thoughts on the evolving regulatory landscape. We believe a robust regulatory framework should be coherent to avoid duplication, transparent, including thorough cost-benefit analysis and durable, to avoid ad-hoc changes in times of stress. Key pieces of the puzzle include: allowing modeling, so that RWA is risk sensitive; backstop measures that are appropriately calibrated to ensure they serve their intended purpose; destigmatizing discount window usage and more broadly incorporating it in liquidity and resolution requirements; resolution planning done right to enable clear crisis communication with the general public so that depositors understand where they are on the capital stack and how they are protected; as well as ensuring that institutions have the necessary mechanisms in place to fail in an orderly fashion, reducing pressure for government bailouts.

On the bottom left, we illustrate a point I feel quite strongly about. Both the global economy and our business are complicated, so an appropriate level of complexity in the regulatory framework should exist. However, there is a point of diminishing returns. Risk can never be completely eliminated and increasing role complexity can become its own source of risk. This is another compelling argument for the importance of understanding the cost-benefit analysis of any given proposed regulation before implementing it, as well as revisiting rules when they are not working as intended.

The Venn diagram on the right-hand side highlights that the overlap between the different rules covering risk sensitivity, backstop measures and systemic risk in terms of their purpose and impact is somewhat inevitable. The issue the industry has been experiencing is that, over time, the duplication and crossovers have only grown, most notably with the continued rise in GSIB scores. So, we do feel strongly that it's the right time for regulators to look back at the last 10 years of capital and liquidity rules holistically and determine what makes sense going forward. We are encouraged by recent openness on their part to evolve some aspects of this framework, but there is a lot to look at. As always, we are actively engaging with policymakers to encourage more rational outcomes during this important time.

Now, let's cover returns under different scenarios as we do every year. This page is the output of a heavily simplified representation of the company that starts from our internal outlook and generates different multiyear ROTCE scenarios based on approximate sensitivities to certain key variables, and you'll note that our economic scenarios are updated to be relevant to the current environment. Now, taking a step back, there are a few key takeaways. Even in the scenarios that produce below 17% return, returns are quite healthy, and this even includes recessionary scenarios. We are still comfortable with the 17% through-the-cycle target, and perhaps most importantly, we remain confident in delivering strong relative and absolute returns in a range of environments.

That in turn is a good segue into the next page, where I'll address in more detail how we think about the through-the-cycle ROTCE target. We often get the question of whether we should, in light of recent results and the simulations I just discussed, change the ROTCE target. It's an important question that is worth addressing in some detail, because it highlights some key elements of our capital deployment philosophy. But before going into that, I want to direct your attention to the left-hand side of the page to make the point that no matter how you slice it, 17% is an exceptional return. If you focus only on the first row, the JPM row, you might be misled into believing that this type of performance is entirely normal. But if you then look at the other rows, it makes it quite clear how truly exceptional the performance is in the context of the industry.

Now, obviously, all else equal, higher returns are better, but all else is not equal. If we simply maximize ROE, we will become a tiny company and keep only the highest returning businesses, while returning the rest of the capital to shareholders, and I think it's safe to say that you wouldn't want us to do that. This highlights the fundamental tension between maximizing ROE and maximizing shareholder value, and we are in the business of maximizing long-term shareholder value. We illustrate this point on the right-hand side of the page. The white bar is the Firm's indicative cost of equity. The Y-axis is the two-year average ROE. And the X-axis represents the sub-lines of business with the width of the bar indicating how much capital is allocated to each business.

As you can see, we do deploy significant amounts of capital above our 17% target, but we also deploy quite a bit of capital below 17%, but above the cost of equity. Now, you might say, why not move some of the capital from the lower-returning businesses to the higher-returning businesses. And the answer is that the higher returning businesses have access to all the capital they want. Capital is not what constrains their growth. Therefore, the choice is between deploying the capital to the lower returning businesses or buying back shares. Considering the implied cost of equity from where our stock trades, the right choice is obvious, retain the capital and deploy it into those businesses, even if they return below 17%.

This is not to say that we are indifferent to ROE as long as it clears the cost of equity. The lower the expected return of any given capital deployment, the less room for error. And given the risk characteristics of certain businesses, we might decide that they should return well in excess of the Firm's average cost of equity and adjust accordingly. But this doesn't change the basic, simple point of this slide. By and large, you should think of the Firm's ROTCE target as an output, not an input. And there are many decisions that we could make that would decrease that output while increasing long-term value generation.

So, with that Firmwide update as the backdrop, you'll now have the chance to hear directly from my colleagues who will review our strategic priorities, provide updates on the progress we've made since last year, and tell you more about what we're doing to set up the Firm for long-term success. But before I hand it over to Marianne, I'm happy to take any burning questions that you have right now, and Mike Mayo has his hand up.

QUESTION AND ANSWER SECTION

Mike Mayo Q
Analyst, Wells Fargo Securities LLC

Inorganic growth, what do you mean by that? What priorities there, what would you look at, and would you consider a non-U.S. bank for inorganic growth? Thank you.

Jeremy Barnum
Chief Financial Officer, JPMorganChase

A

I mean, I'm sure Jamie will enjoy addressing that question later – oh, he's right here. But I mean, my quick take on that is like, obviously, inorganic opportunities, by which we mean, by and large, acquisitions, are always on the table, and we've been through phases of doing more and fewer. A few years ago, we did a few. Recently, we've done fewer. And I think the larger point is that, when we've got this much excess capital, it would be wrong, I think, for us to be foreclosing that option. But at the same time, we've learned some lessons from the ones that we've done, we know they're hard to digest, hard to integrate. And so, we're going to be appropriately cautious, but it always has to be on the table.

Mikael Grubb
Head of Investor Relations, JPMorganChase

Steven?

Steven Alexopoulos
Analyst, TD Securities

Q

Yeah. Hey, Jeremy. It's Steve Alexopoulos.

Jeremy Barnum
Chief Financial Officer, JPMorganChase

A

Hey, Steve.

Steven Alexopoulos
Analyst, TD Securities

Q

How are you?

Jeremy Barnum
Chief Financial Officer, JPMorganChase

A

Good.

Steven Alexopoulos
Analyst, TD Securities

Q

So, I want to follow-up on the early comment that "you can't outgrow us." So, if we look at the last five years, revenue CAGR is about 8 – you're a 1 point above on PPNR. When you think about the market share opportunity for the businesses, you look forward five years, can you continue revenue high single-digit? And when you think about using AI to increase efficiency, productivity and you think of the gap, do you see the gap between PPNR and revenue CAGR widening or staying about the same at a point?

Jeremy Barnum
Chief Financial Officer, JPMorganChase

A

Right. Ok so there's a lot in that question. Let me start by actually reframing what we mean by "you cannot outgrow us," right. Because that statement is made in the context of the customer franchise and our ability to serve customers from the smallest to the largest through every evolution of domestic expansion, international expansion, all forms of growth and serving customers through their entire journey.

Your question pivots to share growth opportunities and expense and revenue and the associated math. And I guess, at a high level what I would say is that, of course, given our size and our breadth and depth, we periodically get the question, are you capped out in terms of share?

Jeremy Barnum
Chief Financial Officer, JPMorganChase

A

But I sort of go back to like Investor Days from 10 years ago, where Daniel always talked about the reds and the ambers behind the greens, right.

We may have dominant share positions at a high level of aggregation in any given business, but as you dig down at higher levels of granularity, there are often areas where we can get better. And that old red, greens and ambers story was about the CIB, but we have the same narrative in CCB with the branch expansion strategy, where in some of the newer markets that branch footprint isn't fully seasoned. And so, we see significant growth opportunity there.

Steven Alexopoulos
Analyst, TD Securities

Q

Okay.

Jeremy Barnum
Chief Financial Officer, JPMorganChase

A

So, our strength is not going to be a reason that we're not pushing really hard to continue taking share.

Mikael Grubb
Head of Investor Relations, JPMorganChase

Okay, we'll take our last question from Betsy down there.

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

Q

Oh. Hi, Jeremy. Thank you.

Jeremy Barnum
Chief Financial Officer, JPMorganChase

A

Hey, Betsy.

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

Q

So, two questions. One is, you had the slide on regulatory complexity, and I know we've heard a lot from many at JPMorgan around how suggestions on how it could get easier. And the question I have is, I know we don't have the new potential rule set out there yet, but assuming that you get what you have been looking for, which is very rational, would that open up more opportunities for growth for you or not? Just wondering would the capital request coming from the business lines be able to expand to meet this interest in growing faster.

Jeremy Barnum
Chief Financial Officer, JPMorganChase

A

I mean, my short answer to that question is yes, absolutely, and that's a big part of why we advocate in the way that we do, right. We want banks to be part of a new wave of growth in the U.S. economy and the global economy, and the current scheme makes that hard. And it's not just capital, it's the broad combination, it's a number of the things that I mentioned, right. It's the primary measures. It's the liquidity backstops. It's the way that discount window works. It's the intersection of the various short- and long-term liquidity rules. So, that's why changing – and then, we got very focused on like Basel III Endgame, RWA expansion, but even within that, you had intersections between GSIB score, operational risk, FRTB, RWA expansion. And then, say, you do get a bunch of extra capital to deploy out of all that, you need to be able to lever it, and that requires tweaks to the TLAC rules, how does liquidity get handled, and how does that all play through resolution.

Jeremy Barnum
Chief Financial Officer, JPMorganChase

A

So, it's a big, complicated ecosystem, and if you want to get all the benefits of some cleanup and some rationalization, you probably do need to look at it holistically. We recognize that that's complicated and there are some easy fixes that we do think should happen now, recalibration of GSIB in the right way being one really obvious example that can be done on a standalone basis, and it would eliminate a degree of freedom that would make it easier to sort of resolve all the other sources of complexity as all the interactions play out. So, I do think there would be opportunities to deploy, but it's not just one tweak that's needed.

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

Q

And if SLR were to change, to remove Treasuries from the denominator, would that be at all impactful to your opportunity set? Thank you.

Jeremy Barnum
Chief Financial Officer, JPMorganChase

A

Look, I mean, that's a very heavily discussed topic, and obviously, the administration has some particular views on it and various market participants have particular views on it. In the end, the math is not that complicated, and I think that it's important to be clear about the difference between what bank portfolios are going to do versus what bank dealers are going to do, and also the distinction between what people are bound by now versus what they might be bound by in crisis moments and the different levels of bindingness across different market actors.

But broadly, SLR is clearly something, you recall the mention of like properly calibrated backstop measures, SLR is a prominent example of a backstop measure that was not properly calibrated, became binding in exactly the wrong moment, which is why an ad hoc change was needed, which is why we made the reference to the need for the framework to be durable through crisis scenario. So, SLR should clearly be fixed, it's a low-hanging fruit, it should be done, and it will certainly bring some benefits somewhere. We're just like a little bit cautious about managing expectations there.

Jeremy Barnum
Chief Financial Officer, JPMorganChase

Right. Okay. Thank you very much.