
JPM AT THE MORGAN STANLEY U.S. FINANCIALS CONFERENCE

TRANSCRIPT

June 10, 2025

MANAGEMENT DISCUSSION SECTION

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

I do have to read a disclosure, so let me get that out of the way.

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

I don't need – oh, you do.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

I do. I do.

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

Total waste of time.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Okay. For important disclosures, please see Morgan Stanley Research Disclosure website at morganstanley.com/researchdisclosure. And taking a photograph and recording devices is not allowed, unless you're authorized. If you have any other questions, please reach out to an MS representative. And with that, I am just so delighted to say, Jamie, Jamie Dimon, welcome back to our conference. We're so delighted to have you with us today.

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

Betsy.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

And everyone knows Chairman and CEO of JPMorganChase, just such a thrill. So, thank you very much.

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

Happy to be here, Betsy.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

And I did want to kick off by saying congratulations on your 20th year of running JPMorgan and delivering industry leading profitability with ROTCE of 17% plus over each of the last seven years. And we could pull that back in the Excel spreadsheet quite longer if we wanted to, but really 20 years of just consistent, strong industry leading performance. And it's really a thrill to have you here.

QUESTION AND ANSWER SECTION

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Q

And a question I wanted to just kick off with is just understand a little bit more about your management style, before we get into the outlook and the numbers and all of that. I thought this would be a really great opportunity. So, first off, to ask the question, what do you attribute JPMorgan's outperformance to?

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

Yeah. So, first of all, welcome everybody. If you do my management style, you should probably have my management team up here, and they'd probably disagree with everything I'm about to say. We, the team, is pretty – we're just relentless on just about everything. We meet all the time. We go through all the issues. I think the first thing, and I really do mean it, is I get in the business, not understanding the numbers, but get them right. People don't allocate properly. They're not honest about their loss leaders. They give credit to parts of the company that don't deserve credit. Nothing wrong with having a loss leader.

What level you look at the business and manage the business, you aggregate everything. It's very hard to do. And people often inside the company fight for the credit of revenues and expenses and one set of books, proper allocations, proper capital, and then just real discipline around that. And then even around that is like each thing has its own – are you thinking about – if you ran – take a small segment of JPMorgan, the small business credit card, you're competing with American Express. They are three times our size.

But if you were running that business, I'd be asking you, what are they doing better? How do you need it? What's your – you need capital, your technology, your marketing, very often a unit like that, it will have no marketing. And I'm a fanatic about, are you doing your marketing? How are you getting paid for it? What's the ROI? What's the returns? Do you do what they do? And you do it over an extended period of time, constantly curious and assessing what everyone else is doing.

Morgan Stanley, Goldman Sachs, Stripe, PayPal. We go around the world and we look at what DBS is doing, HSBC. So, you're always kind of measuring how you're doing, so you don't get kind of complacent, arrogant. You invest really relentlessly on all those things, people, technology, and then you try and have an open environment, which I think is the part that gets rid of politics and BS that lot of you know all about.

When people and meetings are run for the boss, they're not run to uncover and discover, and they're not run with curiosity and tell the whole truth, nothing but the truth, try and make someone look good that everyone should contribute, that everyone who should be in the room is in the room, that all the dead cats are on the table.

I actually had lunch with someone today, he said, well, we don't have any dead cats, we have a few wounded ones. Well, put the wounded ones on the table. Where are we creating internal conflict that's hurting our ability to do things? And then just do that relentlessly. And you don't overreact to the market. The markets go up or down. And don't overreact to the economy. We don't know what the economy is going to do.

Don't overexpose yourself to risks that you don't fully understand. Risks are always hidden somewhere. You're always trying to like suss them out. And you just contribute as consistently as you can. Have a little fun, get on the road, see your clients, ask them what other people do better than us. So...

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Q

And so, looking for opportunities for growth, how are you addressing that?

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

Yeah. So, I think we're in a very fortunate position. So, I remember – I'm going back years, even when I was at Travelers, and then Citi, and then Bank One, and then JPMorgan. Remember, there's this constant chatter about endgame winner, who's the endgame winner? And we have to merge. And they did. So, if you look at these banks – and mergers are hard, socially, physically, getting systems and technology right, and cultures right, and management teams right. They often don't work. But Chemical, Chase, Manny Hanny, Bank One, WaMu, Bear Stearns, yeah, we had all of that. So, there is no business we're in, and I think this is a good thing, where we can't grow organically.

So, the first thing I ask you when you come in the room is, what are you doing to grow organically? Usually, management teams start to BS about M&A. Well, we're not as big as them, we really should think about inorganic growth. What are you doing to grow organically? And organic is hard. You find – I really do mean this – inside companies huge resistance to it, by the existing sales force, the existing management team. It doesn't fit the budget. We'll disappoint the analyst community. I'm never like that.

Are you doing all the things you need to do to build a great business, period. Hiring people, technology, marketing, and stuff like that. And we'll explain it to our shareholders why we're doing this and what we hope to accomplish. But that does not mean we shouldn't be doing M&A. I've always thought that M&A – I learned this way back from Sandy Weill. You get so smart by looking at other companies, and then you're going to make mistakes, and we made a couple of doozies in M&A. We've had a couple of real winners, too, but – and that makes you smart.

And then you're looking at the adjacencies, what can you build? And it's hard to – in some businesses, it's hard to buy something that's in our main business, but we did First Republic. But there are adjacencies in all of our businesses where you – I want our people to be looking for them. I don't want them to tell me, because this happened one of these deals that, we were pushing people to do deals. I would never push someone to do a deal. I'm pushing them to look, to think, to analyze, to come back, to suggest. And then, if those make sense, we'll do those, too.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Q

So, during Investor Day, we did take a look at the track record of ROTCE again every single year last seven years, 17% plus. And then within the organization, you've got some business units that are above and some that are sub, right? How do you think about improving that ROTCE from here? Is it a function of putting more capital towards the above?

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

I want to give you some numbers and you guys – you asked some great questions after the Investor Day and the two questions that came in, I said, those are really great questions, to Jeremy Barnum and Mikael Grubb, and do not answer them. That's like TMI. I mean, we're only going to tell you so much. And we do tell you an awful lot and we give too much information sometimes.

First I want to point out, we have – I think there are 12 competitors we use in our proxy and stuff like that. They're all the ones you know. In the last 10 years, including JPMorgan, how many times has a company earned 17% ROTCE or better of 120 company years. It's like 10. And I'm saying that out of – you should be very thoughtful when you set targets. And how many earned under 6%? Where we get no pay, I get no pay on my restricted stock. It's like 25 or 30.

So, if you look at the spread, it's pretty wide. And of the 10, we were 6 of them or something like that. Cap One was in that group. Morgan Stanley was in that group. Goldman was in that group once, twice, something like that. If you go into 10 years before that, how many were over 17%? It was like 30 years, 30 times. And how many were below 6%? It was like 20 or 30 times, so a lot. But of those 30, the company that earns over 17%, half of them went bankrupt.

So, I just – I have deep respect for competition. They're coming, they're coming everywhere, they're smart. Wells is back. Citi is back. Goldman never left. Morgan never left. You have Stripe. You have to assume there's competition. So, we're not going to change the 17%. I think it becomes irresponsible. I remember when Citi did that. They were earning probably the best returns of everybody. They were number one in every single category, and they were being pressured to – they called it – increase operating margin.

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

Well, if you increase your operating margin too much, then people like me are going to come in and your margin is my opportunity. That quote's from Jeff Bezos, by the way. But that's why I think about it. So, we invest, we earn, we're in cyclical. Some of those years, it was we didn't – we earned over 17%, but we were overearning mostly on credit and a little bit on NII. So, I'm just quite respectful that if you do – anyone here got like a 12 PC in front of them? Do 17% compounded for 40 years and tell me the number. I mean, do – like you start with the 100, 117 – are you doing it?

Oh. But someone do that number. I just want to tell you, if you did that number for 40 years, you would probably be the market cap of 100% of America. So, let's be respectful about what 17% is. So, I hope to still do 17%.

Now the range of companies, so we did – Jeremy put out a really neat chart and I forget how many businesses were in it. But we have like – when you look at 40 businesses, I don't know what detail he did, and some don't earn 17%. That doesn't make them bad. You can have a business earning 14% that's very steady, very good. And there are few like that that just – put the mortgage business hasn't earned 17%. I mean, if you added it all together, it's probably lost money in the last 50 years combined. That's a shitty business, and it's been made worse by regulators and rules and regulations. But I think we can eke out decent return there over time and we're working on that.

But some of those business – and you also can't allocate capital. If you said to me, can I allocate capital to all those businesses – I can allocate capital to a handful of them, not the others. The capital allocation to the others is an outcome of sales and decisions you make and things like that. It's not an input. Whereas I could input into – if I want to grow certain credit or certain markets, I can input that. And so, we're quite conscious of that and how you earn capital over time and which – what is by the way is also seasonal. There are certain things that are less seasonal, but you're in a cycle that you probably will get better and some will probably get worse.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Q

Okay. So, as we're thinking about capital...

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

But the organic growth is the most important. You can earn 17% and grow organically. That is – that's where the value comes from. I mean, just do the numbers. If you were earning 17% and you can't grow, then you're a bond, you'll trade at a 6% yield or something like that, and that's a whole different issue.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Q

So when you think about the panoply of businesses that you're running, is there any in particular that you would like to see larger as a percentage of total or maybe some businesses that – yeah.

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

I think that every single one can grow organically. So, in the Commercial & Investment Bank, I think Middle Market, Innovation Economy, Multifamily, basic investment banking can grow, Payments can grow, Custody can grow, Markets can grow. In Markets and Investment Banking, it's a battle. I mean, it's like trench warfare. But I think we could actually add market share over time.

In Consumer, in Auto, Mortgage, Credit Card, Consumer, Business Banking, Chase Wealth Management, Connected Commerce, which is the new kind of travel stuff we're doing, I think they can all grow. And Asset & Wealth Management, we can grow assets under management, we can grow private banking clients. And we have other – and each one we have initiatives to grow a little bit more, like workplace over here, new distribution over here, and new products over there. And sometimes it's the technology. The technology will give you the ability to grow the

Jamie Dimon*Chairman & Chief Executive Officer, JPMorganChase***A**

business. If you don't have the new product, new digital, then you're not going to be able to grow. So, in each one of those, we hope to grow. We're not going to succeed in all of them, but that's what our hope is.

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

And in technology, have to ask the question about AI. And is this something that could be a game changer for you in terms of your – all by the industry leading expense ratio, right. Your expense ratio is lowest, which is the best amongst coverage that I have at least. And I'm wondering, is that – does AI drive that...

Jamie Dimon*Chairman & Chief Executive Officer, JPMorganChase***A**

See, the issue with AI, whenever you have something that you have – so AI will drive it, but everyone else has it too. So, is it going to change the competitive nature? Now, if we deploy it better, faster, and quicker, yeah. Then we can have slightly higher returns. But my experience has always been other people catch up. And remember, even smaller banks when they get AI, they could do it themselves. And they're going to get it from Fiserv or FIS or Salesforce or stuff like that.

So, it isn't like – the game isn't like all the big guys are simply going to own it. They're not. You're going to have to fight out for it. And I also point out this is just an important distinction. We have a lot of CRM systems. We have a lot of clients. If you came in and looked at some of them, you'd say – you would not be happy, that's not exactly right, you're not doing, it's hard to transfer across the company. Why did you do two systems? You should have – and all true.

If you're a community bank, what's your CRM system? What is it? It's the banker. I know her. I know her kids. I know her parents. I know her business. I know when your kid goes to school. I know where they go to school. I get them the credit card they need. I don't need a CRM. I know all the businesses down the street. I know who they are. I know which ones are good citizens or which ones aren't good citizens. And so, there are competitive advantages that have nothing to do with AI.

And so, AI may help us compete that way. But yeah, so I think – but I do think we'll deploy AI and I think we get rated and we're very good at it. So, when I meet, I often think, we're not doing enough. We're not getting the benefit. We're not – we haven't had enough projects. We haven't done things. So, we put up that chart for you guys that showed, I think we spent \$2 billion on it, and roughly we say the benefits of about \$2 billion. There're some things we do. There's no benefit. We're doing it because we just think of it as kind of table stakes.

And there are other ones, like in fraud, risk, marketing, prospecting, idea generation, note taking, yeah, we use AI and we can kind of identify specific categories of benefit, which we should do. We should always justify to ourselves, but not overdo that. I mean, I've been at meeting sometimes where people, they have all these people out trying to do NPVs. And what was the benefit of digital account opening in Consumer.

Well, you open it up, you save time, you gain accounts, you lost accounts, the NII is different. You spend the whole rest of your life and something like that I always say the same thing, customers are going to want it, just do it, just move on. Don't do six months of NPV analysis. And other things you should do the analysis, because you spend a lot of discrete money in something that you're not sure is going to pay off or not. Digital account opening is table stakes.

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

Well, you invest 10% of your revenues in technology annually roughly, right, \$18 billion this year?

Jamie Dimon*Chairman & Chief Executive Officer, JPMorganChase***A**

It's \$18 billion, yeah.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Q

Right. So, as a result, I'm sure you're doing the ROI to make sure that that's got a good return.

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

Yeah. Well, we do the ROI on a bunch of it, but not all of it. And we do know we get benefits around \$2 billion to pay for the \$2 billion. But I think we can see more as people are going to spend more on AI for now. They're getting benefits, but the costs are also going – some costs are coming down. The cost of running some of these models have dropped dramatically, but your usage has gone way up. It's still not perfect. It takes up a lot of data, time, and compute power, and management time just to go out there.

I'm heading out to California after this. And you get smarter every single time. But we are devoted to AI. I think it is real. I think it will change a lot of things. I think the thing you should also think about is sometimes technologies do things that you don't – the future is figure out. Cars created suburbs or shopping centers. It wasn't – you didn't have shopping centers until you had cars. And so there are other things that take place because it's AI. And I don't know what those things are, but you could look at it.

I saw the guy from Klarna was on stage at one of JPMorgan's events and said, when you have agents and they're going to be searching for the best price and the best thing, all you banks are dead. I said, thank you, but I don't think that's true. I think he missed a couple of major points, because we already compete on price all the time. We're completely used to that. But I do think you will have things like that, where it changes the business. It's not just an enhancement; it actually can eliminate it.

And so, we have our eyes out for that. But at the end of the day, here's what you have to do. You have to hold your money, move your money, invest your money, raise money, do it safely. And we're going to be pretty good at that stuff. Hopefully using technology to do a better job for you faster and cheaper.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Q

Oh, great. Thanks so much for that. And that's on JPMorgan. Maybe we could talk a little bit about what you're hearing and seeing in the client arena, just from the perspective of what's the current...

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

Was Mike Santomassimo here?

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Q

Was this morning.

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

Yeah. I mean, congratulations. I mean, boy, they went through a long, arduous road to get out of that thing. I think it was grossly unfair by the way, from 1 million different reasons. Punishment should fit the crime, not be something you don't understand at all what the punishment is. So, my hats off to them and they've become – as you know, I always look at competitors. Well, they're back. They've got great bones. They're earning good returns. They've got ambition. They're back.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Okay. And then what about the...

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

On customers.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

...client side? Yeah, just wondering what you're hearing from corporates and – we've been through a volatile year so far.

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

We had moments of volatility, yeah.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Okay. And how are your conversations going with clients? What's the mood out there?

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

It's okay. We've been in the soft landing now for a long time, but I have the butts. I'm not going to let go of these butts. So, the consumer, they have money. Wages are pretty good. Unemployment's pretty good. They're spending it. They've lost – all the extra money from COVID is kind of gone, so the lower end folks doing normal behavior substitution, credit losses, delinquencies, you've seen the numbers, they've gone up, but they've normalized.

And at the upper end of the consumer, they're still doing travel and spending some money. Their jobs are there. Their home prices are way up. Their stock prices are way up. They're still feeling pretty good. Sentiment dropped, sentiment came back. The stock market went down, the stock market came back. And then, in the corporate side, it's the same thing. Sentiment dropped, sentiment is coming back up, but business is still okay. And you see it in the earnings, the announcements, and stuff like that.

The butts are real, and I am not trying to be negative. We spent \$10 trillion. And this notion that somehow when you spend \$10 trillion, well, of course, consumers have more money. We gave it to them. Of course, businesses are doing better. The consumers spent the \$10 trillion. That goes right through P&Ls for every industry out there.

And then we had QE, which we haven't had the real reversal. The real reversal is just starting, in my view. Like the first \$1 trillion or something like that isn't a big deal. The next \$1 trillion may be harder than you think, or it's going to hit a point where it causes some consternation. And then, you have all these really complex moving tectonic plates around trade, economics, geopolitics, and future factors, which I think are inflationary, military, restructuring of trade, ongoing fiscal deficit.

So, it's okay, but whenever you say consumer sentiment, remember, neither consumers nor businesses ever pick the inflection points. They never have. So, if you're looking for that inflection point, because it really doesn't matter if it's up or down just a little bit, they're not going to tell you that. You're going to see real numbers, and I think there's a chance real numbers will deteriorate soon.

Employment will come down a little bit. Inflation will go up a little bit. Hopefully, it's just a little bit. I don't know the full effect of not adding 2 million people in our system every year. We added 8 million people, but you had to assume that 4 million or 5 million were working in the prior four years. That's now zero.

Jamie Dimon*Chairman & Chief Executive Officer, JPMorganChase***A**

I don't know what that means in terms of – obviously, maybe why unemployment's staying low, but at one point it can slow down growth. These are a lot of moving parts. And to me, as a business person, I just build the business. I'm not going to worry too much about those fluctuations, except the big ones: the military alliances, the global economic alliances that matter to the future of United States of America.

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

And when you say soon, why...

Jamie Dimon*Chairman & Chief Executive Officer, JPMorganChase***A**

Well, because we see it a little bit today, which is the tariffs are just hitting. So, I think the last numbers I saw, it's about \$1 billion a day. So, all these things were put in place, even if the lower numbers are just starting to affect and hit people, you had a lot of people buying stuff ahead of time, both consumers and businesses, for inventory. It's hard to see what that meant. So, you haven't seen an effect yet other than in the sentiment. And maybe in July, August, September, October, you'll start to see, did it have an effect? My guess is it did, hopefully not dramatic. It may just make the soft landing a little bit softer as opposed the ship go down.

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

And how are you thinking about the leverage that your borrowers hold today? I mean, how much of a slowdown do you think they can handle?

Jamie Dimon*Chairman & Chief Executive Officer, JPMorganChase***A**

Well, that's a little more complex question. Most of the leverage you see in the world today is in governments and is extraordinary. And deficit levels are extraordinary. If you look at businesses, we don't have the leverage we – when you go to 2008, and you were talking about investment banks, not JPMorgan, leveraged 30 or 40 to 1. Hedge funds, quant funds, SIBS, there was leverage everywhere in the public financial system. You don't really have that. You do have some more leverage, particularly in private credit and with some of the banks on leveraged lending. That is probably a bigger percent of borrowing than it was before.

If you look at companies and look at EBITDA, debt-to-EBITDA across the range, it's probably more in the upper end than before. I think if you have a downturn, you will see more credit stress than people expect. It's just been a long time that we've had that. I'm not sure all that credit was all properly done. My operating assumption is that some people do it really well, but not all. And there will be a little bit of a surprise there.

And we see a teeny bit of deterioration. I know some people here have said not really, but we see a little bit. Middle Market – I mean, I'm going to exaggerate the numbers. Losses for like eight years were zero, and now we're seeing some. And if you look at upgrades and downgrades, there are more downgrades than upgrades, if you look at little things, but none of it's material yet and it will not be material. If you look at consumers, their real behavior follows unemployment. So, if their employment goes down, then you can see a little more stress in the consumer side.

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

And just a question on private credit. Obviously – well, at the Investor Day, you mentioned you wouldn't be leaning into credit right now. But then private credit, I think you mentioned that the \$50 billion could go to \$100 billion or \$200 billion, that you are looking to invest into that ecosystem. So how do I square that?

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

They're two different things. We will do what the client wants. So, we offer clients bank syndicated lending, other capital markets, or direct lending. There are differences. There are pros and cons. Direct lending is a unitranche. It can be done faster, specialized covenants. One price as opposed to term A and term B and all that. And they like it, obviously. They're willing to pay more for it. I'm not sure I would if I was a borrower, but they're still paying 200 basis points more for that.

But I want you, the client, to decide. And that's where our \$50 billion comes from, that we can deploy a lot of capital there. Our deployment is an outcome of doing things right. So, we're not out here trying to deploy \$100 billion. But if the business was coming in and it was good business in a way we're very comfortable, yeah, we'd deploy more money.

But the second question is, do I think that now is a good time to buy credit if I was a fund manager? No. I wouldn't be buying credit today at these prices and these spreads. That's a different kind of concept. We're a bank. We still make loans to clients even when I think spreads are low. But for us, the lending is an outcome. It's not an input. We're not trying to put money out there. And whenever I've heard that in credit, all my sensors go up. Credit is a tough game and it's been a very easy game for the better part of a decade, and it may not be the next decade.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Q

Okay. Yes, you've been vocal on the potential risk at the long end of the curve. Anything there you want to remind us of?

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

No. It's just if inflation rears its ugly head or any form of stagflation, that will surprise people. And you all can handle 4.5% – all of us can handle 4.5% 10-year bond rates and probably 5%, but 5.5% or 6% puts a lot of stress on people. All ratios – and if you have a recession at the same time, that's when you have a credit cycle and all that kind of thing.

And as a business, my view is you should always be prepared for that, whether or not you think it's going to happen. I don't spend that much time guessing about what's going to happen in 2025 or 2026 or 2027, because our business is going to determine the loans we make, the growth, the outcomes. And we try to run the company that whatever happens, we're actually doing the same thing every day. And then we do trim our sails around credit. Every now and then you can do it 1 million different ways to be careful about it. But we basically just build the business to serve clients. We want more good clients.

Another thing about private credit which is important to us is, remember, in general, when we do a loan, they're a client of the firm, and we do a lot of other noninterest revenue business, not just NII. And that's important to me. If it was just NII, I'm not sure that I'd be that comfortable as a business doing that. As an investor, maybe, but not as a business.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Q

Okay. Now, turning to the next couple of years, we do have one thing changing, it seems like, which is regulation. And Jamie, I know since the great financial crisis, you've been asking for a holistic review of capital liquidity rule set. What do you think?

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

I think you're going to get some of that. I really do think it's time, and I urge them, take a step back. It's not what's happened. Regulators have been Whack-A-Mole. This one doing this, and this one doing this, and this one doing that, adding to this, and LCR, and eLCR, and TLAC, and TLAC2, and Tier 1, and G-SIFI, and some of these calculations, I mean, they're through the looking glass. If you actually spent time on them, you'd say, what the hell is that?

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

Like G-SIFI has not one risk-based measure in it and no benefits for diversification. I mean, nothing. And CCAR is dead wrong. I like stress testing. And then, of course, if you're going to fix CCAR, but you don't fix G-SIFI, and then you do Basel III the wrong way or the fundamental review of the trade book, you get all this mismatch.

But the biggest question I ask is, what do you want? Did you want private – did you want leveraged lending to leave the banking system? So, if they were geniuses and said, that's exactly intended, they should have said it. They don't want banks to make leveraged lending. No problem. Let us know. We'll move on. And I mean it. Or if you want banks out of the mortgage business, or mostly out of the mortgage business, just say it. We don't want banks in the mortgage business.

And then, Janet Yellen comes out and says, well, since the banks have moved out of the mortgage business because of the rules and regulations, we need a special facility to finance the brokers if something goes bad so they can fund all these securitizations. I'm thinking, really, that's their idea, force it out of the system that has liquidity into a system that has no liquidity, and then the Fed steps in again?

They should look at this stuff. They should look at it for international competitiveness. We are driving a lot of stuff out of the public markets. So, I'm not talking about private credit now. Just public companies, 8,000 to 4,000. Is that what we wanted? And why is that? It's litigation. It's taxation. It's cookie cutter rules. It's ISS. It's the cost.

If you – our 10-K, every now and then I get an investor call and they say, you guys, you're taking all those risks and derivatives. What about this? You don't disclose that. I say, yeah, we do it, it's on page 144 of the 10-K. I mean, no one reads them anymore because they're so full of crap in there that – I look at what we've done and I'm just saying, is this what we wanted? I don't think we did the right thing. I think they should fix it. And worse than that, I think we could have built a system.

I mean, if I ran the FDIC, which is a mutual insurance company, it's a mutual insurance company. The losses are borne by us. If I ran the FDIC with my CEO partners, we would reduce the risk that people were taking on interest rate exposure, like Silicon Valley Bank and First Republic. Wouldn't have happened. We could change certain basic things that would make it much easier for banks, make it easier for community banks, and we don't. And unless you're willing to sit back – just like I would do to a company. Don't justify everything we did the last 10 years. Take a sit back, do a real analysis, really think about it, have a lot of conversations. They should have lot of conversations with bankers around the world, and then try to improve and enhance regulations.

Now you have in place a bunch of people who want to fix the regulations. I applaud that. I hope they do that. I expect you'll see changes in SLR, maybe LCR, window, resolution recovery, so you probably just throw the whole goddamn thing out since it doesn't work. 80,000 pages of shit. The whole thing is amazing to me. And unless people have the ability to see things for what they are, you're wasting your time. So, I'm hoping they do that. And I think they will. I'm not looking for radical stuff. We have \$60 billion of excess capital. It will probably become real excess capital, which puts a little more of a burden on us to – but they should do it because it's the right thing to do and not because JPMorgan wants it.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Q

Well, Michelle Bowman did say that they're going to be bringing together a group from banking, academics...

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

People actually know shit. Yeah, it'll be good.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Q

Regulators in July for kicking off...

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

Some of these regulators I deal with have no idea about the real world, and I'm being serious. They're pure economists who do models and they think those models are the real world, and they're not.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Q

Well, will you be there in the July session to...

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

If they invite me. I'd be happy to go. They all know what I think. I write about it, and sometimes in excruciating detail. And so, yeah, I would like to be part of fixing the system and making it safer and helping the smaller banks.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Q

Okay. So, now on to the topic of excess capital, you just mentioned, if this all gets done, maybe it will make that excess capital real.

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

Yeah. I think it will be real, yeah.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Q

What's the difference between real excess capital and the excess capital you have today?

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

Whatever. It's either \$45 billion or \$60 billion or \$40 billion, it doesn't matter. It's going to be a number. Even today, it depends what they do with G-SIFI and some of this other stuff, but I'm hoping that a lot of that becomes excess. It doesn't even have to change anything for us because I've always known – there was a point, if they went through Basel III and some of these other things, you'd need the whole – you'd need \$40 billion or \$50 billion, which of course is absurd.

But, I mean, JPMorgan has \$600 billion of bail-inable capital, equity and TLAC and stuff like that. And we've got \$1.4 trillion of loans. I mean, where are they going with this stuff? And I hear, oh, they should have 25% – that academic at Stanford says, they should have 25% capital against loans. We have more than that. If you actually look at the numbers. If you look at RWA and stuff like that and say, who the hell can figure out what most of that stuff means at this point, but the hierarchy is the same.

We're going to continue to pay our dividend. We're going to invest in organic stuff. Maybe not more aggressively, but we've been doing that aggressively. And I do think they can use up some of that over time. And then we look at inorganic opportunities, which I'm not – there might be, but not enough to bend that curve probably, or at least not right now. And then, buying back stock, and we're buying back a little. I don't think we tell people what that number is. I think it was \$7 billion last quarter. You do know – we don't want to build up the excess, but I like buying stocks when they're cheap.

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

Q

But your CET1 is at 15%.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

I know, yeah.

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

Q

So...

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

That's the \$60 billion excess, yeah.

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

Q

Right. Right. So, then the other side of this question is, how long is it okay to hold this excess capital? And how do you deal with the trade-off between the opportunity cost?

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

Well, I have no problem holding it at all. I look at if I owned 100% of the company, it would be nothing to me to own that. That's just earnings in store and cash waiting to be deployed. You could argue, raise your dividend. We've done it pretty aggressively. But I can't suck up that much really, and I've asked – I've surveyed a bunch of people, our folks have done it about special dividends. Most people think that doesn't work, so basically we're going to be patient. We will find an opportunity to make real payouts for our shareholders. Just give us time. And I don't want to look at an annual, year, or something like that.

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

Q

Okay. So, as the environment rolls forward, maybe there'll be more opportunities.

Jamie Dimon
Chairman & Chief Executive Officer, JPMorganChase

A

Yeah. I think there will be opportunities.

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

Q

I did want to see if there's any questions from the room here. Oh, yeah. Wait for the mic.

Kyle Hakimi

Analyst, Gilder Gagnon Howe & Co.

Q

Thank you for coming here today. Do you see with all the kind of stuff that's been going on this year, that the future of the U.S. dollar strength in financial systems is threatened in the future?

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

So, to keep this kind of simple, if we are no longer the military power of the world, the preeminent, and no longer the preeminent economy in 40 years, we will not be the reserve currency. So, it's directly related to that. And now there's no replacement for it. If you were going to give \$1 supported by rule of law, by the court, by the most prosperous nation the world's ever seen, by a central bank who's supposed to be independent and stop inflation – hopefully stop inflation and military, if all – I tell people, the military is an important part of what makes America stable – we're still the reserve currency. And we've heard it a little bit with certain sanctions or certain tariffs, but it'll still be there. I would be cautious. I don't think we should misuse sanctions or overdo America bullying of other countries and like that for that reason. But again, it's going to be predicated on the other two things.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Q

Okay. Yeah.

Unidentified Participant

Q

Betsy, congratulations on getting Jamie to your conference. And Jamie, I loved your shoutout.

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

Well, she's one of the great analysts. I have tremendous respect for her.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Q

Well, thank you.

Unidentified Participant

Q

And Jamie, I loved your shoutout on Travelers. I was an analyst that followed you 35 years ago. Your management style hasn't changed one bit. My question...

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

Am I still immature basically, like...

Unidentified Participant

Q

I think I talk for a lot of people in this room. We wait for your annual letter every year to read it. What two or three annual letters do you wait for?

Jamie Dimon*Chairman & Chief Executive Officer, JPMorganChase***A**

I always read Buffett's, Andy Jassy's and Jeff Bezos. In my business, I would read Fairbanks. I mean, I read a tremendous amount, and I read a lot of the research you all do. And buy-side, sell-side, and things like Grant's Interest Rate Observer. I just – Gloom, Doom and Boom report and stuff like that. So, you always have to be thinking very carefully. I just remember the – they don't do it anymore, the Outstanding Investor, I used to read that cover to cover. But some CEOs, they're pretty good; others are just constant corporate pabulum, so I don't read them.

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

Dick, yes, we have a mic coming to you. Thank you.

Dick Manuel*Analyst, Columbia Threadneedle Investments***Q**

Thank you. Jamie, a lot of your competitors have programs, One Goldman, One Bank of America, One Bank of New York. But I think of JPMorgan as like not having to do that, because...

Jamie Dimon*Chairman & Chief Executive Officer, JPMorganChase***A**

What's a program?

Dick Manuel*Analyst, Columbia Threadneedle Investments***Q**

Like where they're trying to get all the different parts of the business to cooperate and to share information and clients and promote using the whole company. But I think of that happening very organically at JPMorgan in large part – correct me if I'm wrong – because of kind of your management style and the culture you've created at the Firm.

So, the question is, how do you feel that that will persist, that culture will persist when you finally hand the baton off to the next leader of JPMorgan? Can the culture continue to produce the kind of results and sharing and lack of bureaucracy when you drop the mic?

Jamie Dimon*Chairman & Chief Executive Officer, JPMorganChase***A**

Yeah. I think the answer is, yes, it'll be different. All CEOs are different. They run places differently. I hope that they've learned enough and they do enough that they do it what I consider mostly the right way. They may be better than me in certain things, and they may be worse than me in other certain things. But I think the culture you're talking about, my management team meets and it starts – right at the beginning, my first week at JPMorgan.

I mean, the management team, they all got in the room and I was like, what do you do? Give me reports. What do you do? What you do? Share all the dead cats on the table, get your numbers right. Come back on that one, follow-up list, deep dives. We would do – just constantly making that happen. Most of the people here have been part of that for 20 years now. So, if you ask them, they say, oh, that's embedded, ingrained in how we kind of run the company and just raise those issue. The issues themselves are always changing, but the nature of meeting and sharing and honestly assessing, that should not change.

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

And when's the building going to be ready?

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

I'm pretty relentless on that. The building is September – I'm going to move in temporarily in September, and then hopefully permanently in December of this year. I'm having a big – I was with the union guys. I've been over there many times and one of the big unions – there's like 1,000 people out there and he's huge. He's saying, well, “we built the best building in the best city with the best unions!” And I have to speak after this guy. I got up there and said, “you built the best building in the best city!”

Oh, but he also said that, “and one day you're going to walk by this building with your families, you'll look at them and say, that's what I helped build”. And so, I ended by saying “I'm doing you one better, Gary, I'm going to give you a barbecue with your families,” which we're doing sometime this summer. There's going to be thousands of people come in and enjoy what they built. They did it 14 different – I think 40 unions, by the way. And it was a labor of love for all of us. I mean, we all worked on it, Marianne and Jenn and Mary and Petno and Pinto and different parts of it. And we had a fabulous time. It's going to be an unbelievable building.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Q

Excellent. So, the barbecue is set for August?

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

It's set. Yes. I'm not going to tell you the date, though. Yeah.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Q

No, no, that's okay. I just walk by pretty much every day, so I guess I'll...

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

Yeah, you'll see it.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Q

...sense it in a variety of ways. Okay.

Unidentified Participant**Q**

When you think about cohorts of your customer base, how do you think about either the household or the individual that earns somewhere between \$50,000 and \$100,000 as it pertains to the cost to serve, and then the opportunity either short term or very long term as people grow in their careers?

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

Yeah. So, we have an awful lot of clients in that neighborhood. As you know, we are in all 48 branches (sic) [contiguous states] now and rural. We're in LMI neighborhoods. We're in low-income neighborhoods. And we've got products and services for them. There's some we do because they don't really make a profit, but we think it's a great product for the community. But we do it. We're pretty conscious. That's why I used to point out that Durbin pushed so many people out of the banking system, because one of the revenue streams for a bank, and this is true for a lot of businesses, not always a direct thing, but they took away \$60 a year of debit fee, and the cost of maintaining an account.

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

So, take an average checking account is \$250. It's like 80% fixed, and the revenue you get is debit and some NII and stuff like that. So, obviously, NII is much lower on an account that's spending \$20,000 and has \$2,000 in there than something else. But we specialize in that. We have credit cards for that group. We've got – we have what we call the starter segment. And I think Marianne was talking about, things going after that starter segment, so think of get them when they're 18 years old and maybe younger, because Venmo and Chime are getting much younger – lower income. We may not try to compete with all of them, but we're pretty competitive on those sets.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Q

Okay, great.

Unidentified Participant

Q

Thank you. My question is on digital-first consumer banks. I'm curious, what does it take for those business models to generate 17% kind of returns? JPMorgan is launching one in Germany, a digital-first consumer bank. So, what does it take to really become profitable in that business model?

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

Yeah. Well, I'm not going to – I mean, we study Revolut and Chime and Klarna and everybody else. I mean, you could do your own study. I think some can. I think some of the business models will be almost impossible. But the other thing you've learned about fintech, these folks, they're pretty good and they morph. They start here and they change there. So like, if I remember correctly, Square came out with cash in the crisis. And I said they invented this new thing, that was a great thing. And so, I always assume they're going to do other things. They're going to move upscale, they add products, going to add services.

For us, the long-term goal is we have a hugely – we have a profitable digital bank, hopefully pan-European. It wasn't meant just to be in one country or another. Remember, once you're in a European country, you have transportable licenses and things like that, and we will be adding products and services to that bank over time. And the capital, it depends how you look at capital, because we're going to have, hopefully, some asset management business and things like that.

But I'm quite optimistic it'll be a good thing more for the next generation than for the next five years. But we should be – we're going to – the other thing which I keep on telling my team is, I'm not telling you can't have physical plants, branches. So, if they came to me and said, we want to have a flagship branch in every major city in the UK, if there's good logic, I'd be fine with that. So, it might be a combination of both.

But remember, I always looked at JPMorganChase, we do have competitive advantage. We have a lot of people go cross-border. We have a lot of wealthy clients and all around the globe. We've got asset management products. You can go online now if you want to be a Chase Wealth Management client and get digitized, simplified versions of our research. That's \$1 billion worth of research we do that we're giving to those clients, and I think we're doing it in two forms, a short form and a longer form. So, you can see the whole report or kind of a summarized report.

And I think those things over time are advantages. You will be able to, I think, sometime this year, move money from Chase U.S. to Chase UK. So, for people moving back and forth, which happens. So, we're worried about doing it right for ourselves. And Revolut's worth \$60 billion. I mean, I'd like to have some worth \$60 billion. I don't know why we can't.

Betsy L. Graseck

Analyst, Morgan Stanley & Co. LLC

Excellent. Well, Jamie, thank you so much for your time today. Really appreciate it.

Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

Thank you. Well, thank you. Good luck to everyone.

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