
JPM AT THE BARCLAYS GLOBAL FINANCIAL SERVICES CONFERENCE

TRANSCRIPT

September 15, 2026

MANAGEMENT DISCUSSION SECTION

Jason M. Goldberg

Analyst, Barclays Capital, Inc.

Next up, very pleased to have JPMorganChase. From the company, returning for a second-straight year, Doug Petno, who is Co-President of JPMorgan and CEO of JPMorgan's Commercial & Investment Bank. Doug, welcome back.

Doug Petno

Co-President of JPMorganChase & CEO of Commercial & Investment Bank

It's great to be here. Thanks for having me.

QUESTION AND ANSWER SECTION

Jason M. Goldberg

Analyst, Barclays Capital, Inc.

Q

You guys may recall, when Doug was on stage with us last year, he was Co-CEO of JPMorgan's Commercial & Investment Bank. This year he returns, as I said, as Co-President and sole CEO of CIB. So Doug, congrats on the promotion.

Doug Petno

Co-President of JPMorganChase & CEO of Commercial & Investment Bank

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Thank you.

Jason M. Goldberg

Analyst, Barclays Capital, Inc.

Q

Maybe we could start there before delving into CIB. But when we read the release about the promotion, the Board described the promotions as part of the ongoing succession planning process. Just how do you think about balancing your new firmwide Co-President responsibilities against the operational demands of running CIB?

Doug Petno

Co-President of JPMorganChase & CEO of Commercial & Investment Bank

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It's a great question. Well, first of all, thank you again for having me. It's great to be with all of you. It's an exciting time at JPMorgan. I know I speak for Troy when I say, he and I are both really thrilled and honored to be in this capacity as Co-Presidents. We had a very high-functioning partnership as co-heads of CIB. Mobility is a fantastic thing when you move – lift somebody up and move them around the company. We're already doing things together, consumer and wholesale that we otherwise, for whatever reason, couldn't get around to doing. So there's a lot of combustion and value unlock that's happening. It's exciting that that's happening and his learning curve is straight up and it's going to be fun to work together in this new capacity.

The other thing I'd say is, there is no big vacuum that Jamie's leaving. Jamie Dimon is not stepping back. And so he's – if anything, and I think this is good news, as active as ever, as client-facing as ever. He's out in the markets all the time. But the company is big. We're scaling rapidly. We have big plans, big ambitions, so there's a lot for Troy and I to do to give him leverage to round us out as executives. But I would say that's the case for not just the two of us, for a broader base of senior people across JPMorgan, as we have a sort of a dynamic talent strategy to develop and make sure we have a stewardship plan for everybody who's a potential leader of the company.

I have a fantastic leadership team around me running the CIB. It would be risky to suggest that I don't run the CIB. These teams are fairly autonomous, connected but very autonomous, strong operating CEOs for every component part of the CIB. And then for the Firm overall, we have a high-functioning Operating Committee. We share responsibility and accountability, and we've always had that, and we run the company as a true partnership, so it's not as dramatic of a change for Troy or for me.

Jason M. Goldberg*Analyst, Barclays Capital, Inc.***Q**

Okay, I just got buzzed. We started a couple minutes early, so I'm going to just pause for a minute so the webcast can kick in. Apologies for that. No, we're good. Sorry about that. Sorry about that.

Doug Petno*Co-President of JPMorganChase & CEO of Commercial & Investment Bank***A**

This is a JPMorgan thing. Start on time, end on time. Swiss watch precision.

Jason M. Goldberg*Analyst, Barclays Capital, Inc.***Q**

I guess, as a follow up to that, what does running the CIB as sole CEO change in terms of how you manage the business day-to-day?

Doug Petno*Co-President of JPMorganChase & CEO of Commercial & Investment Bank***A**

Not much is going to change. If you recall, Troy and I didn't divide roles and responsibilities. Some co-heads sort of major and minor, and he's the markets guy, I'm the banking and payments guy. We both made it a point of trying to run the entire franchise front to back across Markets, Banking, Payments, Securities Services, the whole business. So, for the teams that reported to us, nothing really changes for them.

For me, I have to make some subtle adjustments because going from two to one, obviously, you have a little less leverage. But that I think, is just a little bit of turning the dials around time with clients, adjusting for the time I'm spending as capacity as a President. But it gets back to the point I made earlier. We have a very strong, high-functioning Operating Committee for the CIB, and they're running the business on a day-to-day basis. My job is to harvest the combustion across the composite of teams across the CIB.

Jason M. Goldberg*Analyst, Barclays Capital, Inc.***Q**

I guess when we think about CIB, almost \$25 billion in revenues in the second quarter, almost half of JPMorgan's excluding the gains. For those in the room, to put that in perspective, CIB's revenues exceeded the revenues of every U.S. bank's consolidated result that presented here, other than Bank of America. So clearly a very substantial franchise. I guess, Doug, that kind of gives you a – I think a broad view in terms of what corporate clients are thinking, investor clients are thinking, of all sizes, all geographies. I was hoping you'd just delve into kind of the current customer sentiment, activity levels, against an ever-evolving macro backdrop, which may or may not include a Fed hike tomorrow?

Doug Petno*Co-President of JPMorganChase & CEO of Commercial & Investment Bank***A**

Yeah, I mean, just real quickly to extend on the point around scale, it gets to the point of the components of CIB are as big as some of the banks that you've seen here at the conference. And so that's why we have very strong operating CEOs running these businesses. You're right, we have a broad-based client franchise. It's all the best institutional investors around the world, governments, corporates from early-stage, seed-stage startups all the way up to the largest multinationals. It gives us an amazing lens into the global economy, tremendous data about the functioning and credit behavior and performance of these companies and institutions.

You would honestly not know that we're at war. Oil's above \$100, the 10-year is higher than it's been since 2007. We have a hawkish Fed, hawkish central banks in Europe. Our clients are seeing through the market volatility and the fog of uncertainty, and they've been incredibly resilient. And I'm sort of having a déjà vu. I think I said the same thing on stage last year, but it really is, I think, a statement of the diversity and strength of the U.S. economy. I think the U.S. is a bright spot, one of the more relatively stable and strong parts of the global economy right now. But I don't – we don't really see anything flashing red and very, very little flashing yellow. Anything that's flashing yellow would sort of fall in the category of companies that are in the center of the bullseye for disruption for AI or anything exposed to the low end of the U.S. consumer demographic.

You're already starting to see corporates that have a product exposure, revenue exposure to very low-end income demographics start to see some weakness. But nothing systemic that's concerning us at the moment. And conditions are quite, quite benign. Middle market credit's

Doug Petno

Co-President of JPMorganChase & CEO of Commercial & Investment Bank

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good. Management and board confidence is strong. Deal activity is quite robust. So a lot of it ties to the strength, resiliency of the U.S. consumer, the diversity of the U.S. economy. And there are some other big secular forces at work.

The AI supercycle, tremendous amount of capital spending underway that's driving a lot of economic activity. There's a supply chain repositioning that's associated with a lot of the global trade uncertainty, maybe going back to COVID, and then certainly it was following on Liberation Day. You still have trade uncertainty with our nearest neighbor in Canada. Our clients are moving their supply chains and a lot of that's coming back to the U.S. It's creating a manufacturing renaissance. You have money in motion and private capital. Finally, there's a lot of transaction activity in private capital, and the huge infrastructure spending requirements outside of AI, electrification of the U.S., and you have remilitarization. So, lots of money moving into defense tech, defense manufacturing.

So these are big powerful drivers that I think are sort of underpinning a lot of the market volatility and uncertainty. So far, so good. There's not much that is really that cautionary at this point. But it – for those of us who've done this long enough, if you don't feel it, you'll feel it quickly. They sort of feel like something's, it's too good, right? It's sort of at that point where late stage of the economy just feels too good. But it keeps, I think it might be slightly different given these large secular forces supporting the – have been providing a supporting backdrop.

Jason M. Goldberg

Analyst, Barclays Capital, Inc.

Q

Interesting. I guess against that backdrop, before we kind of delve further in, maybe get the guidance question out of the way. So, any update on quarter-to-date Trading revenue or Investment Banking fees? And listen, we're also open to hearing about any changes to the Firm's overall outlook.

Doug Petno

Co-President of JPMorganChase & CEO of Commercial & Investment Bank

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Yes. I mean, in large part due to the market sentiments, the market fundamentals I just described, we're seeing broad-based strength across CIB. In Investment Banking, strength across all products and all geographies. We started the year with a strong pipeline. We started this quarter with a strong pipeline – that continues. I touched on management and board confidence. That's driving tremendous amount of M&A activity. I think it's as high as we've seen in some time. So absent some sort of major market disruption sitting here in mid-September, we would expect IB fees for the quarter to be up mid-to-high teens.

And then for Markets, very similar story, broad-based strength across FICC and Equities. There's just significant opportunities across each of our Markets businesses. And there again, we would expect third quarter revenues to be up mid-to-high teens. And that would reflect an expected seasonal sequential decline relative to Q2, which was a record quarter for us, but nevertheless a very strong quarter is expected for Markets as well as Banking.

I think there's – on firmwide insights, we're going to give you much more information at earnings. The only point I would make is, the business is doing quite well at this moment, so I would expect that any kind of revenue-related, volume-related, comp-related expense associated with outperformance would reflect – would show up in our overall expense guidance. But those we would catalog as good expenses, and you'll hear more from Jeremy on that soon.

Jason M. Goldberg

Analyst, Barclays Capital, Inc.

Q

I guess your Investment Banking and Markets guidance for the third quarter seems to be better than two of your peers that presented yesterday in terms of Bank of America and Citi. Any thoughts in terms of what's driving that outperformance?

Doug Petno

Co-President of JPMorganChase & CEO of Commercial & Investment Bank

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You know, a lot. Not much that I want to say in this room. You write down everything. We've been investing. You're going back to – I forget which year, we've presented at several Investor Days a comprehensive, multi-faceted growth strategy across Investment Banking, product by product, industry by industry, market by market, and those investments are really paying off. We really feel like we have the right to win in most of these parts of the business. We have huge client franchise with the Commercial Bank.

Doug Petno

Co-President of JPMorganChase & CEO of Commercial & Investment Bank

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I think the combustion that's happening by putting this Commercial Banking franchise together is more – even more proximate with the Investment Banking and the Markets businesses unlocked tremendous amount of value for us. And I believe that momentum is only continuing. And then likewise in Markets, we've got same level of investment happening, building out our systematic trading capabilities. And the teams have done an extremely good job kind of navigating market fundamentals and market conditions.

So we're not so surprised because we've been trying to bring an underdog mentality, not optimizing to number one rankings and optimizing to maximizing market share, creating really sustainable step change in our market position. And just given the brand, the client franchise we have, the global footprint, we feel like this is – you should expect that from us.

Jason M. Goldberg

Analyst, Barclays Capital, Inc.

Q

So if I take your guidance for third quarter as gospel and our fourth quarter estimate, get to record Trading revenues for the year. So on the Investment Banking fees almost as good or maybe plus or minus what we saw in 2021. Just how sustainable is kind of the current markets environment, capital markets environment? Just how are you thinking about kind of the 2027 revenue levels as you kind of approach the present budgeting season? And just kind of maybe what inning we're – or where do you think we are in this kind of investment banking cycle?

Doug Petno

Co-President of JPMorganChase & CEO of Commercial & Investment Bank

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I'll be a little bit of a master of the obvious. So much depends on how the economy behaves going forward. And if there is a downturn, how bad would it be and what would it look like? But if you assume that we maintain sort of the direction of travel with the global markets, global economy, there's a lot of forces at work that could drive this kind of performance, not to be repetitive, but the AI supercycle, it's trillions of dollars of spending, estimated to be \$5 trillion between now and 2030. And it's not just the frontier models and the hyperscalers. There's a whole ecosystem around there that's driving tremendous amount of capital formation.

I touched on money in motion and private capital. There's \$4 trillion of invested capital seeking liquidity. That's 30,000 companies that need to get sold. And you're starting to see that happen. And \$2 trillion of dry powder looking for transactions. The infrastructure spending, the supply chain repositioning, all of that points to sustained long-term strategic activity. I think the other powerful thing as we think about our advisory businesses is, there has been a very big movement towards believing that scale is a strategic imperative.

And I think if you look at some of the largest transactions that have happened this year, they've been designed to make sure these companies can survive the future, compete. These AI projects are \$100 billion projects, \$200 billion projects. These are massive projects. You can't – it's hard to be small. It's hard to be small and make the requisite cyber bets, technology bets, have the global footprint to compete at scale. And so, I think most CEOs we talk to believe that they should take every opportunity they can to get the global footprint, the absolute scale, critical mass, and operating synergies they can. And that's driving a lot of strategic activity.

And in Markets, there's been a structural shift in the overall markets wallet broadly, but specifically in financing where you're seeing more demand for margin products, more demand for structured financing, more demand for capital across a range of different FICC-type products. So we believe that's – has durability and could survive whatever kind of economic scenario unfolds. I think specific to JPMorgan, when you think about revenue durability, we've been working very hard across CIB to invest in businesses that build enduring repeatable revenues.

So think our Commercial Banking lending, Payments, the financing businesses within Markets, and then on top of which our market leadership positions sort of pick the part of CIB where we have a leadership or near number one or number one position across all of these businesses. It gives you more market durability when things sort of slow down or there's any kind of – you hit an air pocket or what have you.

So we feel like, sustainable is just – you're going to – everybody could be affected if there's some sort of major market headwind, but we're going to be more resilient than others just given the strategic design of our revenue streams, our market leadership positions. And I think there's also a flight to quality benefit and a market complexity benefit that favors JPMorgan. We are at our best when markets are most disrupted. We oftentimes see our biggest accelerations in market share.

Jason M. Goldberg

Analyst, Barclays Capital, Inc.

Q

I want to expand on one thing you touched on in terms of sponsor activity. It's kind of an area we're waiting to see an increase, but just what are private equity clients telling you regarding deal activity, financing availability, exits, and are we moving towards a more normalized sponsor environment?

Doug Petno

Co-President of JPMorganChase & CEO of Commercial & Investment Bank

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I think we're definitely back to normal. It's – the financing markets are open for the right credits, the right sponsors, the right transactions, maybe slightly more selective than they were sort of at the peak. You're starting to see the invested capital get monetized. 25% – around 25% of the U.S. IPOs and the global IPOs were sponsor companies so far this year. Sponsor M&A is up about 6% so far this year. We see over \$1 trillion sponsor M&A. So I think it's definitely better than it was where it was very congested. We couldn't sort of get these companies to market.

There will be issues for this sort of 2019, 2020, 2021 vintages where they were bought under – there was a lot of leverage applied at lower – much lower rates. Acquisition multiples were quite high. So I think there's going to be a little bit of a reckoning related to those vintage of investments. I also think there'll be a separation – a further separation of winners and losers in private equity. But the asset classes, there's still a lot of value creation, there's still a ton of activity. And we are very focused on it, investing to make sure we can best serve those clients. But absent a big disruption in the markets, I think they're going to seize the moment, put capital to work, and also continue to monetize a lot of their investments. And it plays to our favor, just given the breadth of capabilities we have across products and industries.

Jason M. Goldberg

Analyst, Barclays Capital, Inc.

Q

And then we had Bank of America here yesterday, Morgan Stanley today, and I'm sure others, but peers have announced these initiatives to finance critical industries. JPMorgan was a first mover when you launched your Security and Resiliency Initiative last year. Maybe talk to how much financing is needed, how quickly you ramp up activity, and just your thoughts around that.

Doug Petno

Co-President of JPMorganChase & CEO of Commercial & Investment Bank

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So for the record, it's our – we announced a year ago, October will be a one-year anniversary of our Security and Resiliency Initiative. To refresh everybody, it was a \$1.5 trillion of financing over 10 years across five broad categories, frontier technology, applied manufacturing, remilitarization, healthcare, and as well as a \$10 billion equity capital commitment. And this was all driven by the profound need, and we started to see this in COVID, and we certainly saw it kind of coming out of Liberation Day, that the Western economies, U.S. economy in particular, so suddenly have found themselves quite vulnerable to supply chain single points of failure.

You're seeing what's happening in Ukraine. You're seeing it happen in the war in the Middle East in terms of the change in the character of war and the need to kind of completely refit our militaries worldwide. And then you're also seeing the absolute strategic imperative to win the AI arms race, to win, to manage carbon transition, energy transition the right way. So this – the amount of capital is staggering. So one year into it, the impact is – our impact has exceeded our expectations. We have so far done \$200 billion of financing across 1,600 companies, 330 capital markets transactions. We've deployed over \$4 billion of that equity capital. As a reminder, we hired Todd Combs. He was from Berkshire Hathaway. He came off our Board, left Berkshire. He's managing that money full-time, with singular focus on this type of impact.

Just to answer your question directly, the need is bigger than we thought. I mean, just think about rebuilding a shipbuilding capacity that doesn't exist today, changing the way we think about manufacturing. We've completely offshored and have lost our advanced manufacturing capability essentially in the United States. That has to all be rebuilt. So things like that are taking enormous amount of capital. And it's not simply a financing conversation. We have – we've hired essentially a boutique investment bank within JPMorgan, which is support this SRI initiative. And it's also focused in addition to the financing on policy and research to make sure that we have the right thought leadership, to get to major stakeholders to educate the right policy outcomes.

But this isn't going away. This is existential in its – the size, scale, and complexity is really quite challenging. And that was the motive for launching a year ago. I would otherwise chastise our competitors for mimicking us, but this is a situation where I actually think the – it's the right thing for the system. We need everybody, all hands on deck. The task's enormous. The amount of money that needs to be raised is enormous. And it's really highly complex. So, we welcome anybody who wants to wade into this.

Jason M. Goldberg*Analyst, Barclays Capital, Inc.***Q**

Interesting. You talked a bit earlier about just market share gains, and we've seen you take share across many of the CIB product segments, geographies. You talked about scale. Just where are the biggest kind of remaining opportunities to gain share versus competitors, you've obviously invested heavily internationally for years. Maybe which regions or businesses are generating the best returns on those investments?

Doug Petno*Co-President of JPMorganChase & CEO of Commercial & Investment Bank***A**

Once again, he's asking me a question that we often dislike answering these questions. We tend to telegraph too much competitive information, but I'll do my best anyway. We have tremendous organic growth opportunities across the franchise. Many of them we've been executing a growth initiative across for decades. And so I think if you had to sort of stack rank where do we see the greatest impact, it's generally the businesses that they add more clients, they build deeper relationships, but they also have adjacencies with other parts of the CIB.

So think about being the most important bank to the Innovation Economy, where we bank the GPs, we bank the startups, we bank the founders, and we bank the venture capitalists. So we have the Private Bank, our capital markets business, our Commercial Bank, all serving the entire ecosystem at once. You could say the same thing about private equity. Huge market opportunities to be the bank, most important financial partner to the private, say, private capital sector. There's tremendous opportunity to grow that.

We started in the U.S. and we've been building out globally. This is an opportunity with revenue, incremental revenues are in the multiple billions of dollars over time. Attached to that are payments investments to support seed-stage and early-stage companies. It's a big Payments opportunity to grow an Innovation Economy business outside of the U.S. and to accelerate client capture in the U.S. And then we have some very simple, highly proven growth initiatives that still have a ton of room to run.

So we started with the acquisition of Washington Mutual in 2010, a national footprint expansion in middle market where we added four or five cities every year, starting from scratch, completely de novo. That's now several billion dollars of incremental revenue. And we've sort of moved up the food chain city by city. It's a very data-driven prospect by prospect run through our algorithm, pick the best names, hire the best bankers in these cities, and it's a payments-led deposit gathering business for us.

We started a version of that with mid-cap companies outside of the U.S. from scratch in 2019. That's now well over \$1 billion of revenue. So I can go on and on and on. In Markets, we make – we're making investments across, I've touched on it earlier, systematic trading capabilities. In Securities Services, we're investing in to really to best meet our clients where they're going, more complex solutions, alts and ETFs and digital assets. So we have – we are on offense. We are growing.

And one important point I want to make is, there is no like explicit growth target anywhere, kind of hell or high water, you've got to grow at this kind of growth rate or hit these kind of revenue targets. Being very deliberate, capital discipline, client selection discipline, and when we're hiring bankers, we're maintaining a very high bar on the talent that we're bringing in. But this sort of deliberate, multi-faceted, through-the-cycle growth agenda that we've been executing is a big part of our success story. And we're focused on, as I said at the very beginning, those opportunities that have product adjacencies and business adjacencies that put a multiplier effect on the client acquisition. And it's – we feel we have a lot of conviction in it because just given the track record we have.

Jason M. Goldberg*Analyst, Barclays Capital, Inc.***Q**

Got it. Maybe talk about private credit. It's kind of an on and off theme, but growth, maybe, or at least headlines appear to have slowed down recently. Maybe competition's eased, you tell me. But just maybe kind of updated thoughts about private credit and also just maybe just talk to – it's a business you kind of reorganized a couple of years ago.

Doug Petno*Co-President of JPMorganChase & CEO of Commercial & Investment Bank***A**

Yeah.

Jason M. Goldberg*Analyst, Barclays Capital, Inc.***Q**

In terms of what that impact has on your plans there.

Doug Petno

Co-President of JPMorganChase & CEO of Commercial & Investment Bank

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It's a – private credit market, I touched on it earlier. It's sort of open for business. There was a wave of redemptions. There were a few sort of a flurry of sort of idiosyncratic defaults. We still worry about private credit just like we worry about bank credit. It's been a very benign credit cycle for the past 15 years. So when there is a downturn, the sort of secondary and tertiary players may not fare very well. But put that aside, I think there are a lot of – the market's open, it's constructive, it's competing sort of head-to-head with the traditional bank market. And institutional fundraising is fine. I think the outflows, redemptions are sort of under control.

So I think that it's an asset class that's – I think, in a decent place now relative to what – where people thought it was certainly earlier in the year. As we think about serving private capital, it gets back to this sort of ecosystem coverage model that I described earlier. We want to be the most important bank to private capital. So we have dedicated teams across all of our private – private equity, private capital clients. We can serve the GPs, we can serve the portfolio companies, we serve the founders and the owners. And we've – the businesses that we've added to support that is we have a private capital advisory group primarily in place to manage private secondaries.

We have a PE M&A team dedicated to sponsor M&A. We have private research. So for these private for longer companies, many, many of our clients are staying private much, much longer. We're building a base of research so that the market can build an understanding around some of these businesses and certainly ones in newer industries. And then we have Strategic Financing Solutions, which is meant to be – bring the best broad-based financing solutions to the table between debt capital markets, banking teams, and our markets financing capabilities.

And so it's product agnostic, solve the problem, don't sort of come in and bring the traditional solution. And that's been really quite impactful. So combination of all of that is in showing one face to this investor community, I think has made a big, big difference for us and has been a big value driver.

Jason M. Goldberg

Analyst, Barclays Capital, Inc.

Q

Got it. I think it's within CIB Payments now generates more than \$5 billion in quarterly revenues. And increasingly a strategic differentiator. Maybe which areas within Payments businesses you're most excited about and just how do you think about that growth trajectory in the coming years?

Doug Petno

Co-President of JPMorganChase & CEO of Commercial & Investment Bank

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It's a great business. As you touched on, it's running at scale. It's the number one SWIFT U.S. dollar bank. We move on any given day \$12 trillion to \$13 trillion in payment volume a day. Sometimes volumes spike higher. I think that's just, I say that just to give you a sense for the scalability and the absolute size of the business. But even as big and as scaled and as mature as it is, we've doubled revenues over the last five years. So that puts you in a sort of mid-teens compounded growth rate. That is a fintech-like growth rate.

And it was a very deliberate, outcome from a payments-led strategy, where we're investing in being our clients' primary operating bank, having the right payments solutions, the right liquidity solutions to compete and win, to become the primary operating bank, and then investing in the banking client channels where we saw payments-led opportunities, the biggest payments wallets, the biggest deposit gathering opportunities. That's the expansion of the middle market, the new economy, mid-cap overseas, and that's really driven a lot of the success.

We think momentum and opportunity will come on being the easiest bank to deal with, with global activities, global reach – being global with easy reach. All of our clients are going overseas and they're going earlier in their lifecycle than they otherwise would have. It's just – it's a force we're seeing happen across the market. So our clients need to have cross-border solutions from small to large. So we're investing in our payments corridors, we're investing in global or real-time payments, digital solutions. It's sort of a – it's table stakes.

So being global, being the best global, investing in the payments corridors across Brazil, China, Middle East, India, that's important for us as well. And then there's a broad base of innovation coming through our Payments business from real-time payments to agentic commerce in payments. We have our Kinexys blockchain solutions, which is our deposit tokens and capabilities there, as well as I touched on digital. So innovation will be a big part of it.

And the last point I'd say on Payments, as important as innovation, is safety and stability and trust. It matters a lot to clients. So certainly in the world with elevated cyber concerns, having a platform that's at scale and as resilient as ours matters a lot to clients. Safety of payments, security of payments, we invest heavily in that, and that's a huge differentiator for us. And those kind of solutions, I think, stand out in the market.

Jason M. Goldberg

Analyst, Barclays Capital, Inc.

Q

And the digital asset landscape is certainly evolving. The cloture vote on CLARITY Act was today, or is today. I haven't seen the outcome there, but maybe just talk about opportunities, potential risks from stablecoin, blockchain payments. I know you have Kinexys. There's a debate out there, the impact of stablecoins can pay yield, how that impacts things?

Doug Petno

Co-President of JPMorganChase & CEO of Commercial & Investment Bank

A

We've been focused on this for maybe a decade. This – the ways to apply distributed ledger blockchain to our banking business, sort of led us to the formation of our Kinexys franchise. We have an extremely high-quality team. We have one of the most mature institutional blockchains in the market. It's operating effectively, growing daily. I think you – so far since inception, we've moved over \$4 trillion, \$5 billion a day. The honest truth is that these are very nascent products with not a tremendous amount of demand.

On the one hand, the world needs 24/7 payments, the ability to move collateral and information on the blockchain, all these – everything that – all the utility you could get theoretically out of the technology, there's definitely a need for it. But it's not as simple as I think people can fully appreciate. The cost of these different blockchains are different, the drop rates are different, there's very little interoperability. There's still questions – regulatory questions around KYC. So, this is – I would describe it as being very, very nascent.

As it relates to stablecoin, we just don't see a lot of institutional demand. And any institutional demand that we see is related to crypto. I mean, just to dimension it for you, the total volume of stablecoin transactions in 2025 was less than the transactions we moved on Kinexys, our Kinexys blockchain for B2B non-crypto related transactions. So, it's just not something that we're panicked about. We can put a quick – we can build a stablecoin very quickly. We have the team in place to do that. We have a JPMorgan deposit token. We're at the table everywhere we need to be. We're looking at ways to innovate. But this is a ways to go to play out.

And then you put on top of it, the outcome of the CLARITY Act. We'll see where that goes. As you said, there's a procedural vote in the Senate today that I think is – however that turns out, that could be quite profound. There is the chance for an adverse outcome there where you would have real regulatory arbitrage, which would be, in our strong opinion, bad for the system. I think it much more heavily impacts smaller banks that can't afford to build their own stablecoins.

And whether there's money movement from bank deposits to stablecoins is too early to know whether it will happen or what quantum of movement will occur. But that's definitely a risk. But I think that there's a lot that has to happen before this is sort of at scale and meets the safety and regulatory expectations that the rest of our products do. But we're in the mix and we have tremendous subject matter expertise.

Jason M. Goldberg

Analyst, Barclays Capital, Inc.

Q

Got it. About 10 minutes to go, 10 questions, so we'll go lightning round. But deposit growth has kind of been strong. Just maybe in terms of what your expectations are looking out, there was some chatter that competition was increasing, maybe not so. Just maybe talk to what you're seeing in the CIB.

Doug Petno

Co-President of JPMorganChase & CEO of Commercial & Investment Bank

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It's the same as it's always been. Competition for high-quality operating deposits is intense. We ended the year last year at \$1.2 trillion in deposits. It was up 14% year-over-year. Mid-year this year, we were up 10%. We're investing in our deposit-gathering businesses and we're investing in the products and solutions that let us win that primary operating bank status. And I mean, that's kind of the rapid-fire answer. It's going to – every one of those wins is heavily competed for. It always has been. But we – that's why having the capacity to invest in these products and solutions, I think, is a key differentiator.

Jason M. Goldberg

Analyst, Barclays Capital, Inc.

Q

And then on the loan side of the balance sheet, I'd love to talk about kind of core CIB loans and lending capabilities there. But also, we've seen an uptick in kind of financing in the market businesses. There's been some headlines around the industry around that. Just maybe talk to both.

Doug Petno

Co-President of JPMorganChase & CEO of Commercial & Investment Bank

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Just traditional C&I loan growth is coming from all the places you would expect. There is a big step change in borrowing related to funding the AI supercycle. The message I would leave you with there is we're maintaining our underwriting discipline. We're being very selective on transactions. We're making sure our portfolio remains granular with exposure limits to frontier model companies, the hyperscalers. You could very quickly fill up on this stuff. And so we're being very deliberate on how much we want. And then we understand what the blast radius would be if a range of different adverse scenarios for however AI may play out.

But for the near-term, we see opportunities to safely deploy credit. All the other categories I described through the course of our conversation, the manufacturing, there's a buildup there. There's working capital increases across our client franchise, higher capital spending, and much more cash M&A. So all the traditional ways in which our clients borrow, you're seeing sort of strong activity across the portfolio. It's incredibly competitive and we're maintaining our client selection and underwriting discipline.

On Markets, I touched on it earlier, there's been a structural shift in the financing wallet. If you look at, in Equities, we're seeing much more significant demand for prime financing and for structured financing. And in FICC, it's more broad-based. There's some leverage around private credit. That demand is steady. And we're also seeing clients looking for financings around commercial real estate. And so it's – we think these aren't temperamental wallets. We think these are going to be around for a while. And I think that you can see that across the industry. Everybody's financing revenues are growing at a pretty reasonable level. But those are high-quality loans provided to clients that provide – generally provide other flow business. And we're being very capital efficient and price and credit discipline as we deploy that capital, both in C&I and across our Markets businesses.

Jason M. Goldberg

Analyst, Barclays Capital, Inc.

Q

I guess there's been talk of people kind of tightening a bit in some of the financing businesses given the growth we've seen over the last—

Doug Petno

Co-President of JPMorganChase & CEO of Commercial & Investment Bank

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I think, it's like anything else that people got rattled with the private credit, sort of the disruptions you saw in private credit and maybe looked at their margin levels and their collateral rights and sort of made sure they felt good about their market terms.

Jason M. Goldberg

Analyst, Barclays Capital, Inc.

Q

We talked a bit earlier about credit quality, and you kind of mentioned watching some of the secondary and tertiary players in private credit. Credit metrics are really, really benign. You know, whether it's data centers or leveraged finance, commercial real estate, I guess, what kind of areas are on the top of your "watchlist"?

Doug Petno

Co-President of JPMorganChase & CEO of Commercial & Investment Bank

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It's benign. Our non-performing loans are less than \$5 billion. Our net charge-offs, for second quarter, around 12 basis points. We're looking at where rising rates could hurt clients. We're looking at clients that could be in harm's way if the Straits of Hormuz stay closed. Not just oil – clients with oil as an input cost, but there's fertilizer, there's aluminum, there's refined product. There's a range of different commodities that are kind of trapped because of that. There's a – we have all that data. And we're mapped to all those clients. We're watching those. We're looking at clients that are potentially in harm's way for AI disruption, those exposed to the low end of the consumer demographic.

And we're not – you don't sort of have a set it and forget it kind of credit portfolio. We dynamically manage our loan book. So anybody who we think is going to face a stress event, we're out proactively working with them. But how are you going – if oil stays high for this, extended period of time, what's your plan? And we're working hard to make sure our clients have multiple ways to deal with whatever kind of scenario they're facing. And that proactive approach, I think, really takes the bottom out of our – when we, if you see some of these stress events persist. And those are the big areas that we're watching at the moment.

Doug Petno

Co-President of JPMorganChase & CEO of Commercial & Investment Bank

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But right now, it's – we've been able to, anything that we've been concerned about, where we have clients that aren't interested in self-help, it's been easy to get refinanced out. So this editing the business that we proactively do sort of takes the low end of our credit – the sort of risky end of our credit spectrum. We're not waiting around for bad things to happen.

Jason M. Goldberg

Analyst, Barclays Capital, Inc.

Q

And then I guess JPMorgan is one of the largest advisors of M&A globally. I guess when you look at CIB, what role do you think acquisitions could play in kind of future growth for you?

Doug Petno

Co-President of JPMorganChase & CEO of Commercial & Investment Bank

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It's an area we've been investing in, talent and capabilities, both in the advisory side and in just terms of boots on the ground across our banking teams globally.

Jason M. Goldberg

Analyst, Barclays Capital, Inc.

Q

No, but I guess in terms of JPMorgan doing acquisitions.

Doug Petno

Co-President of JPMorganChase & CEO of Commercial & Investment Bank

A

Oh, look, I never say never, but I would not expect M&A to be a major growth driver for the CIB. And really largely because we have so much organic growth potential in front of us and have a lot of conviction around everything we're doing there. We pick the bankers, we pick the loans, we pick the tech stack. There's no integration distraction. So we have a very high bar for inorganic opportunities. That said, we are in the market constantly. We look at everything that could have any relevance to our business. And so we have business development teams that are pretty much always – they're looking across payments, markets. Should we acquire client data? And we're in the flow. It makes us smarter. We might partner with these companies, but our bar is very, very high.

We are ready to opportunistically acquire. We have sort of a shopping list if it makes sense, for the right valuation, if there's a market disruption. And as First Republic showed you, we have teams that know how to integrate M&A, which is a skill to do that well. Synergy capture, getting domain over the targeted assets, getting operating risk under control. I mean, nobody sort of even knew it was happening. We bought First Republic, and sort of everyone sort of assumed you announced the deal, it's done. But that's – having that innate capability is quite valuable. And we're ready. We're always ready if there's something we can do opportunistically at the right value, but we're going to be very disciplined.

Jason M. Goldberg

Analyst, Barclays Capital, Inc.

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Got it. And maybe one final question. CIB did 18% ROE last year, 22% in the first half. Your capital allocation's gone up. JPMorgan as a whole has seen its G-SIB score, go up quite a bit. Just how do you think about kind of managing returns, allocating capital? What do you think is like the right return and how does kind of an ever-increasing G-SIB score impact what you do?

Doug Petno

Co-President of JPMorganChase & CEO of Commercial & Investment Bank

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So ROE is one dial on the dashboard. I mean, we look at lots of different variables to sort of measure our performance and manage the business. We also heavily focus on SVA, shareholder value creation. So there's a lot of forces at work. When you think about our 16% target, it's just our best estimate of what our through-the-cycle return would be, just given the economic outlook, the regulatory uncertainty, the prospect that we're over-earning on credit, just given the comments around how benign it is right now and how robust the markets are overall. And it gives us some room if you're over-earning or under-earning on deposits. So 16% feels like the right through-the-cycle target. If you – I'd say a few points about that. If you deconsolidate CIB business by business, we have market-leading returns across the entire franchise. So it isn't like there's any shame in 16%. That's a consolidated number.

Doug Petno*Co-President of JPMorganChase & CEO of Commercial & Investment Bank*

So that's point one. Point two, we are at those return levels while we're making very significant investments in or digging deeper moats around our franchise. Expansion, growth, platform capabilities, being a market leader in technology and data, cybersecurity and resiliency takes a lot of capital. So we're not holding back to manage for greater margins and returns. We're heavily investing in the future, making the requisite investments to protect the value of the business and delivering market-leading returns. And I think that's a sign of an incredible franchise when you can do that. And it's not I don't want this to be a lot gets lost in the averages. If you break it, the CIB, into its components, that's the story in each of these businesses. We're quite proud of that.

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Jason M. Goldberg*Analyst, Barclays Capital, Inc.*

Great. On that note, please join me in thanking Doug for his time today.

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Doug Petno*Co-President of JPMorganChase & CEO of Commercial & Investment Bank*

Thank you.

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