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# 3Q25 FINANCIAL RESULTS

EARNINGS CALL TRANSCRIPT

October 14, 2025

# MANAGEMENT DISCUSSION SECTION

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**Operator:** Good morning, ladies and gentlemen. Welcome to JPMorganChase's Third Quarter 2025 Earnings Call. This call is being recorded. Your line will be muted for the duration of the call. We will now go live to the presentation. The presentation is available on JPMorganChase's website. Please refer to the disclaimer in the back concerning forward-looking statements. Please stand by.

At this time, I would now like to turn the call over to JPMorganChase's Chairman and CEO, Jamie Dimon and Chief Financial Officer, Jeremy Barnum. Mr. Barnum, please go ahead.

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## **Jeremy Barnum**

*Chief Financial Officer, JPMorganChase*

Thank you, and good morning, everyone. Let me begin by noting that this quarter, we are experimenting with shorter prepared remarks. We're streamlining this part of the call to move more quickly to your questions and to minimize the amount of time spent on repeating what you have already seen in the earnings materials.

So, with that, turning to this quarter's results, the Firm reported net income of \$14.4 billion and EPS of \$5.07, with an ROTCE of 20%. Revenue of \$47.1 billion was up 9% year-on-year, predominantly driven by higher Markets revenue, as well as higher fees across Asset Management, Investment Banking and Payments. The increase in NII, driven by the impact of balance sheet growth and mix, was offset by the impact of lower rates.

Expenses of \$24.3 billion were up 8% year-on-year, driven by similar themes as in prior quarters, including higher volume and revenue-related expense. The detailed drivers are in the presentation. And credit costs were \$3.4 billion, with net charge-offs of \$2.6 billion and a net reserve build of \$810 million. And wholesale charge-offs were slightly elevated as a result of a couple of instances of apparent fraud in certain secured lending facilities. Otherwise, in both wholesale and consumer, credit performance remains in line with our expectations.

And in terms of the balance sheet, we ended the quarter with a CET1 ratio of 14.8%, down 30 basis points versus the prior quarter. You can see the puts and takes in the presentation. This quarter's higher RWA is primarily driven by increases in wholesale lending across both Banking and Markets, as well as other Markets activities.

Moving to our businesses, CCB reported net income of \$5 billion. Revenue of \$19.5 billion was up 9% year-on-year, predominantly driven by higher NII, largely in Card on higher revolving balances. A few points to highlight. Consumers and small businesses remain resilient based on our data. While we are closely watching the potentially softening labor market, our credit metrics, including early-stage delinquencies, remain stable and slightly better than expected.

We retained our number one position in retail deposit share in a relatively flat deposit market based on FDIC data, marking our fifth consecutive year of leading the industry. And in light of the attention our Sapphire refresh has received, we want to note that this has already been the best year ever for new account acquisitions for our Sapphire portfolio.

Next, the CIB reported net income of \$6.9 billion. Revenue of \$19.9 billion was up 17% year-on-year, driven by higher revenues across Markets, Payments, Investment Banking and Securities Services. To give a bit more color, IB fees were up 16% year-on-year, reflecting a pick-up in activity across products, with particular strength in equity underwriting as the IPO market was active.

Our pipeline remains robust and the outlook, along with the market backdrop and client sentiment, continues to be upbeat. In Markets, Fixed Income was up 21% year-on-year, with higher revenues in Rates and Credit, as well as strong performance in Securitized Products. Equities was up 33% from robust client activity across the franchise, with notable outperformance in Prime.

Turning to Asset & Wealth Management, AWM reported net income of \$1.7 billion with pre-tax margin of 36%. Record revenue of \$6.1 billion was up 12% year-on-year, predominantly driven by growth in management fees due to strong net inflows and higher average market levels, as well as higher brokerage activity.

Long-term net inflows were \$72 billion for the quarter, led by Fixed Income and Equities. AUM of \$4.6 trillion was up 18% year-on-year and client assets of \$6.8 trillion were up 20% year-on-year, driven by continued net inflows and higher market levels. And before turning to the outlook, Corporate reported net income of \$825 million and revenue of \$1.7 billion.

In terms of the outlook, since we've already reported three quarters of results, I'm going to update the full year guidance in terms of the fourth quarter, and in addition to that, we've done the implied full year math on the page so you can easily compare it to previous guidance. We expect fourth quarter NII ex. Markets to be approximately \$23.5 billion and fourth quarter total NII to be about \$25 billion.

We expect fourth quarter adjusted expense to be approximately \$24.5 billion, implying \$95.9 billion for the full year, with the increase driven by the stronger revenue environment. And on credit, we now expect the 2025 Card net charge-off rate to be approximately 3.3% on favorable delinquency trends, driven by the continued resilience of the consumer.

In keeping with our focus on the fourth quarter and recognizing that you'll likely annualize the fourth quarter NII and ask us questions about 2026, we're providing the central case for NII ex. Markets in 2026, which is about \$95 billion. Note that this is a preliminary view, subject to the usual caveats, as well as the fact that we have not finished the annual budget cycle yet. And for expenses, completing the budget cycle will be even more important, which is why we are not providing an update today.

While you probably haven't spent a lot of time refining your 2026 estimates yet, it is worth saying that when we look at the fourth quarter and adjust for seasonality and expected labor inflation, as well as adding some growth, the consensus of about \$100 billion does look a little bit low. We will formally provide the 2026 outlook for NII, expense and Card NCO rate at fourth quarter earnings, and we'll have another opportunity to discuss the outlook at our recently announced Company Update in February.

We're now happy to take your questions. So, let's open the line for Q&A.

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## QUESTION AND ANSWER SECTION

**Operator:** Thank you. Please stand by. Our first question comes from John McDonald with Truist Securities. You may proceed.

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**John McDonald**

*Analyst, Truist Securities, Inc.*

Q

Thank you. Good morning. Thanks for the initial outlook on the 2026 NII. Jeremy, I wanted to ask about the retail deposit assumptions that were embedded in that. At Investor Day, you had discussed an expectation for deposits to grow 3% year-over-year by the fourth quarter and I think accelerating to 6% next year. Looks like they were flat this quarter. So, just wanted to see if you're still expecting those kind of previously expected growth rates of 3% and 6%.

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**Jeremy Barnum**

*Chief Financial Officer, JPMorganChase*

A

Yeah. Good question, John. Thanks for that. So, yeah, you're referring specifically to a page that was presented at Investor Day by Marianne for CCB with some illustrative scenarios for what we might expect CCB deposit growth to do as a function of some different potential macroeconomic scenarios. And in the kind of then prevailing central case scenario, you could say we had 3% growth in the fourth quarter of this year and 6% projected for 2026. So, as we sit here right now and we sort of update the macro environment, a few things are true.

One is the personal savings rate is a little bit lower than expected. Consumer spending remain robust, while income was a bit lower. So, that's, all else equal, decreasing balances per account in CCB. And as you obviously know, equity market performance has been particularly strong, which is driving flows into investments, and we are capturing that in our Wealth Management business. But again, that's a little bit of a headwind to balances per account. And relative to the scenario that we had at the time, rates are a little bit higher than what's in the forwards, and that is producing, again, slightly higher than otherwise expected yield seeking flows. They're still below the peak, but they're still a factor.

So, as we look forward from here, the drivers are all still in place. So, if you break it down, a key driver is obviously ongoing net new accounts. And if you look at this quarter, it's been strong with over 400,000 net new checking accounts this quarter. And so, what you're left with is just the question of how that average balance per customer evolves and when you hit the inflection point of that number based on the factors that we've just gone through. And so, at the margin, that kind of upward inflection point has been pushed out a little bit. But at a high level, we remain quite confident about the overall long-term trajectory here and optimistic. But the macro environment shift has just slightly pushed out some of the growth inflection dynamics.

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**John McDonald**

Analyst, Truist Securities, Inc.

**Q**

Got it. That's helpful. And maybe just sticking with that 2026 initial outlook, what are some of the other key assumptions in there, particularly around commercial deposits and maybe loan growth and rates?

**Jeremy Barnum**

Chief Financial Officer, JPMorganChase

**A**

Sure. Yeah. So, as we always do, we're using the current forward curves as of September 30. So, that has whatever the relevant cuts are, I think the impact of the 75 basis points of cuts this year, and I think as of the end of September, it was two 25 basis point cuts in the first half of 2026. So, that, all else equal, is obviously a headwind as we remain asset sensitive and the annualization of this year and the first half of next year. And then, offsetting that, you have all the growth dynamics, which include Card revolve growth, which has been obviously a significant tailwind. It's going to slow down a little bit, given that the normalization of revolve is close to complete now. But we still see very healthy acquisition dynamics there. So, that will be a growth driver, albeit a little bit lower.

And similarly – I mean, pivoting a little bit to deposits for a second, we just talked about the contribution of deposit balance growth to that, which will be a factor. In wholesale deposits, it was a very strong growth year this year. So, we would expect it to be a little bit more muted next year, but the core franchise is doing great. And then, wholesale loan growth will kind of be what it is, but the trends there are solid. So, it's the usual mix of rate headwinds offsetting balance growth and mix. So, we'll refine it more next quarter, and we'll see how it goes.

**John McDonald**

Analyst, Truist Securities, Inc.

**Q**

Got it. Thanks, Jeremy.

**Jeremy Barnum**

Chief Financial Officer, JPMorganChase

**A**

Thanks, John.

**Operator:** Thank you. Next, we will go to the line of Glenn Schorr with Evercore ISI. You may proceed.

**Glenn Schorr**

Analyst, Evercore ISI

**Q**

Hi. Thanks very much. Wanted to drill down a little bit more on credit, and you gave us enough, I think, on the consumer side. You've noted the idiosyncratic names on the broadly syndicated side. So, maybe if we could step back and say, you're a big player in obviously everything, broadly syndicated loans, high-yield markets and increasingly on the private debt side. So, my question is both of demand and credit fundamentals. What are you seeing in terms of drivers of client demand there on the lending side, wholesale front? And then importantly, are you seeing differentiated credit fundamentals across public and private markets, because there's been a lot of discussion about that lately and I feel like you're like in the best position to help us?

**Jeremy Barnum**

Chief Financial Officer, JPMorganChase

**A**

Okay. I'll do my best to try to help. So, let me just get one thing out of the way, because you were sort of polite enough not to touch on it, but I already kind of disclosed it on the press call. We generally, as you know, Glenn, are not in the habit of talking about individual borrower situations. But given the amount of public attention the Tricolor thing has gotten in particular, I think it's worth just saying that that's contributing \$170 million of charge-offs in the quarter, which we call out on the wholesale side. Also worth noting, there's been a lot of attention on the First Brands situation. We don't have any exposure to them. So, anyway, that's just worth getting out of the way.

So, you asked about demand and you asked about public-private differentiation. On the demand side, I really think – I mean, not to overuse the phrase. But from the perspective of our franchise, this kind of moment of revived animal spirits, let's say, is driving demand. We're seeing very healthy deal flow. We're seeing acquisition finance come back. Obviously, we were very involved in a particularly large deal this quarter. And I

**Jeremy Barnum**

Chief Financial Officer, JPMorganChase

**A**

would say broadly, and maybe this goes a little bit also to the public-private point, our kind of product-agnostic credit strategy across the whole continuum is playing out very nicely, and I think some of the events of the quarter prove that like when you've got something big to do, we're the right people to call and we'll give you the best solution and across a very complete full product suite.

You asked whether we're seeing differentiation in fundamentals between private and public spaces. I don't know. I haven't heard that particularly. I think it probably depends a little bit on how you define the spaces and what you're differentiating. Like obviously, to make the obvious point, like sub-prime auto has been a challenging space for people in that industry. But that's probably not quite what you meant by private credit. And I haven't heard anything to suggest that the private deals are performing differently from the public deals.

It probably is true at the margin that some of the new direct lending initiatives involve underwriting at slightly higher expected losses, and that's significant because, as we've been discussing here, the wholesale charge-off rate has been very, very low for a long time. And I think simply having that normalize would produce some increases in wholesale charge-offs. And obviously, as we've been discussing a lot in consumer over the last couple of years, when you're in that normalization moment, you're constantly wondering, is this a normalization or have we switched to deterioration. I don't know if we're seeing that yet in wholesale. But it's also worth noting that the current portfolio is going to have a slightly different mix from what we have had over the last 10 or 15 years. And so, the expected charge-off rate is going to be a little bit higher, all else equal, but obviously that comes with appropriate revenues and returns.

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**Glenn Schorr**

Analyst, Evercore ISI

**Q**

Okay. I appreciate that. Thank you.

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**Jeremy Barnum**

Chief Financial Officer, JPMorganChase

**A**

Thanks, Glenn.

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**Operator:** Thank you. Next, we will go to the line of Betsy Graseck from Morgan Stanley. You may proceed.

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**Betsy L. Graseck**

Analyst, Morgan Stanley & Co. LLC

**Q**

Hi. Good morning. One follow-up on that is on the reserve build, I know that you mentioned largely due to Card loan growth. But could you give us a sense as to how you're thinking about the reserve that you have against the commercial book, especially given what you just mentioned around the mix of the portfolio is different today than it was prior cycle? I'm thinking prior cycle means pre-COVID, but let me know if it's a different timeframe that you're thinking about?

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**Jeremy Barnum**

Chief Financial Officer, JPMorganChase

**A**

No. Well, I mean, I think we were thinking of the entire post-GFC era. I think a couple of Investor Days ago, we put up a slide showing that wholesale charge-off rate over...

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**Betsy L. Graseck**

Analyst, Morgan Stanley & Co. LLC

**Q**

Yes.

**Jeremy Barnum***Chief Financial Officer, JPMorganChase***A**

10 years. I might be wrong. But from memory, it was like zero on a net basis, which is obviously not reasonable going forward. But on your narrow question about the reserve, I think you've actually seen that a little bit. I mean, maybe it doesn't pop in the consolidated numbers. But in some of the recent quarters, as we've sort of started doing some more of these direct lending deals, when we put those deals on the books, they come with quite significant day one reserve balances. So, in the normal course, that growth comes with healthy reserves, and hopefully, we get the underwriting right and we get all that money back, obviously. So – but yeah, as you well know, our entire wholesale reserve methodology is highly granular and very specific. And so, to the extent that the mix shifts, loan growth will come with slightly higher reserve intensity, but that'll be situation-by-situation.

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

Okay, perfect. Thank you. And then, just the follow-up is on how you're thinking about your excess capital utilization. I know yesterday, you had the press release on leaning into industries that are critical for U.S. security, et cetera. And maybe you could speak a little bit to that incremental \$500 billion, is it, that you're talking about supporting growth of...

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**Jeremy Barnum***Chief Financial Officer, JPMorganChase***A**

Oh, yeah.

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

...over the next 10 years relative to the potential for a dividend hike? I mean, you could do both, obviously. But I did just want to understand the press release yesterday in that context, as well as the opportunity set for a dividend hike. Thanks.

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**Jeremy Barnum***Chief Financial Officer, JPMorganChase***A**

Sure, fine. And yeah, you've kind of answered your own question a little bit, in that like it is kind of an all-of-the-above thing, although obviously we're not going to give forward guidance on buybacks or dividend policy. But as you know, yeah, we're generating a lot of organic capital. We have a very large excess. We've kind of said that we wanted to arrest the growth of the excess. We've more or less done that since we've said it, and that's actually enabling us – well, and in the meantime, we've actually grown RWA quite a bit, which has resulted in some actual decreases in the CET1 ratio.

So, as you well know, we don't love buying back the stock at these levels, but we want to keep the excess reasonable. And in the meantime, we're using our financial resources to lend into the real economy very broadly across the entire franchise. And yeah, yesterday's press release is an extension of that. So, both in terms of what we were already going to do in the normal course, plus an aspiration to add another \$0.5 trillion of this type of lending at the margin, that's the type of RWA growth that consumes excess. And obviously, in the context of the excess, \$10 billion of direct equity investments that are incremental is a nice deployment of a modest portion of the excess. And obviously, it's not going to happen instantaneously. So, I think all of the above is probably the short answer to your question.

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

Thank you.

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**Operator:** Thank you. Next, we will go...

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**Betsy L. Graseck**

Analyst, Morgan Stanley & Co. LLC

**Q**

Thanks, Jeremy.

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**Operator:** Next, we will go to the line of Ebrahim Poonawala with Bank of America. You may proceed.

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**Ebrahim H. Poonawala**

Analyst, BofA Securities, Inc.

**Q**

Hey. Good morning. I guess maybe, Jeremy, a broader question like when we read the quote from Jamie in the press release, customers are resilient, but there's still massive amounts of uncertainty. I'm just wondering if, based on what you see, both commercial versus consumer, are things getting better as we look into 2026 or does it feel like we are at a tipping point where we could see a slump in unemployment over the coming months that then leads to concerns around a credit cycle? Just if there's a bias that you have on how things could play out, that would be helpful color.

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**Jeremy Barnum**

Chief Financial Officer, JPMorganChase

**A**

Sure. I mean, Jamie may have his own personal opinions here. But I think that at a high level, the story that we're trying to tell is one that's anchored on the current facts. And the current facts on the consumer side is that the consumer is resilient, spending is strong and delinquency rates are actually coming in below expectations. So, those are facts that we really can't escape.

Now, talking to our economists, I was struck by something that Mike Feroli said about thinking about the current labor market in this moment of what people are describing as a low hiring, low firing moment, you can think of that as potentially explained by employers experiencing high uncertainty. And so, if you believe that and you think about this moment as a moment of high uncertainty, I think tipping point is a little bit too strong a word. But certainly, as you look ahead, there are risks. We already have slowing growth. There are a variety of challenges and sources of volatility and uncertainty.

And so, it's pretty easy to imagine a world where the labor market deteriorates from here. And if that happens, obviously, as you well know, we're going to see worse consumer credit performance. So, I wouldn't say we're pounding the table with this view, but we're just noting, as we always do, that there are risks and that the fact that things are fine now doesn't mean they're guaranteed to be great forever.

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**Ebrahim H. Poonawala**

Analyst, BofA Securities, Inc.

**Q**

Got it. And I guess just one follow-up on your comments around expenses. I think there's a lot of discussion among shareholders whether AI and AI-driven productivity gains mean something for the banks as we look out over the next two to three years. You all have obviously talked about this at the Investor Day. I'm just trying to contextualize, when you talk about the expense growth outlook or just sort of preliminary indication for next year, how should bank shareholders think about AI-led productivity gains in terms of making a dent on the expense growth either next year or for the next few years?

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**Jeremy Barnum**

Chief Financial Officer, JPMorganChase

**A**

Yeah. So, I'll give you my personal opinion about this. I certainly wouldn't presume to tell people how to think about this – the system as a whole. But I think the risk is, because of how incredibly overwhelming the AI theme is for the whole marketplace right now and all the various effects that it's having in terms of equity market performance, Mag 7, data center build-out, electricity cost, like it's an overwhelming thing. And I think for us, running a company of this type, we need to make sure we stay anchored in like facts and reality and tangible outcomes.

So, we're putting a lot of energy into this. A lot of people are spending a lot of time on it. We're spending a lot of money on it. We have very deep experts. As Jamie always says, we've been doing it for a long time, well before the current generative AI boom. But in the end, the proof is going to be in the pudding in terms of actually slowing the growth of expenses. And so, what we're doing is kind of rather than saying, you must prove that you're generating this much savings from AI, which turns out to be a very hard thing to do, hard to prove and might, at the margin, result in

## Jeremy Barnum

Chief Financial Officer, JPMorganChase

A

people scrambling around to use AI in ways that are actually not efficient and that distract you from doing underlying process reengineering that you need to do.

What we're saying instead is let's just do old-fashioned expense discipline and constrain people's growth – constrain people's headcount growth. We've talked about that last year. We're going to do the same this year, have a very strong bias against having the reflective (sic) [reflexive] response to any given need to be to hire more people and feeling a little bit more confident on our ability to put that pressure on the organization, because we know that even if we can't always measure it that precisely, there are definitely productivity tailwinds from AI. So, that's how we're going to do it, and hopefully, that'll show up in lower growth than we would have had otherwise. But a lot of the drivers of growth, which are per capita labor inflation and revenue-related expense and investments, are always going to be there. We're never going to stop doing those things. So, that's how we think about it.

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## Ebrahim H. Poonawala

Analyst, BofA Securities, Inc.

Q

Got it. Thank you.

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**Operator:** Thank you. Our next question comes from Mike Mayo with Wells Fargo Securities. You may proceed.

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## Mike Mayo

Analyst, Wells Fargo Securities LLC

Q

Hi. If I could get an answer to this from both, you Jeremy, and Jamie. The question really is how much of a risk is the lending to the NDFIs? Just – I mean, because you guys are always out front, highlighting what could happen, whether it's cyber, or as you point, labor market or inflation. And I feel like you haven't really highlighted this as a potential risk area. Maybe that's because you don't perceive it as such. But you have Tricolor. You have First Brands. One area of your biggest growth, I think, has been NDFIs over the last year.

So, I'm just trying to put this in some sort of context that as it relates to Tricolor, who bears the losses? End investors in the funds? Is it – do you put skin in the game and have your own investments? Are you an underwriter? Where are you exposed? So, I guess I'm asking JPMorgan specifically, but then, Jamie, more generally for the industry, is this something that's flashing yellow, that you are spending more time on? How should we think about that? Thank you.

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## Jeremy Barnum

Chief Financial Officer, JPMorganChase

A

Sure. All right. So, let me do what you asked, Mike, and put a little bit of context around this. So, let's do some housekeeping first. So, you talked about Tricolor. You talked about First Brands. I just want to reiterate, we do not have any exposure to First Brands. On Tricolor, it represents \$170 million of the wholesale charge-off this quarter. Obviously, by definition, that reflects on-balance sheet loans that we're charging off. And with respect to other exposures, I don't really have anything additional to say about that at this point. It'll play out as it plays out. But in the normal course, we're always quite conservative about taking all possible hits that we can based on what's knowable upfront. So, take that for whatever it's worth.

More generally, I think one thing that's important to say in terms of context about NBFI lending is that the vast majority of that type of lending that we do is highly secured or in some way structured or securitized. In other words, it's not like we're doing extremely high risk, low rated lending to the NBFI community. And so, that doesn't mean that there's no risk. That doesn't mean that things can't go wrong. And obviously, if you're doing secured lending and there are problems with the collateral, that's an issue, which is clearly relevant in the case of Tricolor.

So – and we've talked a lot about the question about risk inside the regulated perimeter versus risk outside the regulated perimeter. But we've also acknowledged that a lot of the private credit actors are large, very sophisticated, very good at credit underwriting. So, I don't think you're supposed to jump to the conclusion that there are necessarily lower standards there or a huge systemic problem. And to the extent that we lend to some of these folks, who are clients of ours, as well as competitors of ours, that lending follows our normal practices. It's often highly secured. And everything we do is in one way or another risky. But I'm not sure that our lending to the NBFI community is an area of risk that we see as more elevated than other areas of risk, I guess, is what I would say.



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**Jamie Dimon**

*Chairman & Chief Executive Officer, JPMorganChase*

A

Yeah. And Mike, I would just add that it's a very large category, non-bank financial institutions, and probably a number like half that we would consider very traditional, not like different. There is a component which is different today than it was years ago and there's a component which isn't that different. But if you look at like CLOs and lending to leveraged entities that are underwritten with leveraged loans, so there's kind of a little bit of double leverage in there, I would say that, yes, there will be additional risk in that category that we will see when we have a downturn.

I expect it to be a little bit worse than other people expect it to be, because we don't know all the underwriting standards that all these people did. Jeremy said that these are very smart players. They know what they're doing. They've been around a long time. But they're not all very smart. And we don't even know the standards that other banks are underwriting to some of these entities. And I would suspect that some of those standards may not be as good as you think. Hopefully, we were very good, though we make our mistakes too, obviously. So, yeah, I think it'd be a little bit worse.

We've had a benign credit environment for so long that, I think, you may see credit in other places deteriorate a little bit more than people think, when in fact there's a downturn. And hopefully, it'll be a fairly normal credit cycle. What always happens is something's worse than a normal credit cycle and the normal downturn. So, we'll see. But we think we're quite careful. And obviously, we scour the world looking for things that we should be worried about. But I do remind people, we've had a bull market for a long time. Asset prices are high. A lot of credit stuff that you would see out there, you will only see when there's a downturn.

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**Mike Mayo**

*Analyst, Wells Fargo Securities LLC*

Q

And so, just a short follow-up. After Tricolor – again, this is a real puny drop in the bucket for you guys. But have you gone back and looked at your processes and done anything different?

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**Jamie Dimon**

*Chairman & Chief Executive Officer, JPMorganChase*

A

Yeah. You would – I mean, Michael – Mike, you should assume that whenever something like that happens we scour all process, all procedures, all underwriting, all everything, and we think we're okay in other stuff. But I – my antenna goes up when things like that happen. And I probably shouldn't say this, but when you see one cockroach, there are probably more.

And so, we should – everyone should be forewarned on this one. And First Brands, I put in the same category, and there are a couple of other ones out that I've seen that I put in a similar category. So – but we always look at these things, and we're not omnipotent. We make mistakes too. So, we'll see. There clearly was, in my opinion, fraud involved in a bunch of these things. But that doesn't mean we can't improve our procedures.

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**Mike Mayo**

*Analyst, Wells Fargo Securities LLC*

Q

Got it. Thank you.

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**Operator:** Thank you. Next, we will go to the...

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**Jeremy Barnum**

*Chief Financial Officer, JPMorganChase*

A

Thanks, Mike.

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**Operator:** Next, we will go to the line of Gerard Cassidy with RBC Capital Markets. You may proceed.

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## Gerard Cassidy

Analyst, RBC Capital Markets LLC

Q

Hi, Jeremy and Jamie. Jeremy, obviously, you guys are in the residential mortgage lending market, big players, granted, Home Lending. When you look at the revenue relative to Banking & Wealth Management, obviously, it's not that big. But I got a question for you. This administration seems to be – when they come out with comments, they follow up on those comments with actions. And Secretary of the Treasury Bessent has pointed out, about a couple of months ago, that he thinks there's a housing emergency in this country. And so, the question for you guys is, what do you think they could do to lower the spread between mortgage rates and their corresponding Treasury yield, assuming the Treasury yields don't go down? But what do you think they can actively do to lower that spread, to lower mortgage rates, to get housing more active and refinancing activity, of course, would pick up with that?

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## Jamie Dimon

Chairman & Chief Executive Officer, JPMorganChase

A

So, I'll take that one. First, on the supply side, I mean, it's – we know what it is. It's permitting. It's rules. It's local rules. It's how long it takes to get permits and build not in my backyard. You can't build two stories in certain places. That's the supply side. The demand side – and remember, don't always push homeownership. We made a huge mistake – the government, the policy years ago. But in the supply side, we pointed out over and over and over again, I've been talking about it for years, that they should focus on reducing securitization requirements, origination requirements, servicing requirements, and we think you can reduce the cost of mortgages 30 or 40 basis points overall, without creating any additional risk.

They're just excessive stuff put in place after the Great Financial Crisis, which obviously demanded a response, but it's excessive. Anyone who's taken out a mortgage will tell you they had to sign 17 forms, 17 documents and all these things. So, that's to me is the most obvious one. And obviously, government policy, if the government wants to do more FHA, they can do that. But that's up to them about whether they want to cheapen mortgages for near-prime or all the stuff like that. But if they did anything like that, I would say, always do it really thoughtfully.

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## Gerard Cassidy

Analyst, RBC Capital Markets LLC

Q

Very good. Thank you. And then, as a follow-up, just speaking about regulators in general, there's obviously been a major change with this administration. Can you guys give us any color of what you're actually seeing on the ground? We're, what, nine months or so into this new administration with the new regulators. And then also, any color on when you think Basel III Endgame may come out and what you're hearing in terms of how it will compare to what the original proposal was in July of 2023? Thank you.

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## Jeremy Barnum

Chief Financial Officer, JPMorganChase

A

Yeah. Thanks for that, Gerard. So, I agree with you. This administration is saying things, and from what we're seeing, transitioning to action quite quickly. So, what we're seeing from our engagement in Washington – and there's been some reporting in the press recently that's quite comprehensive on the evolution of potential proposals, which is aligned with what we're hearing as well. But in general, there's a bias for action, getting things done quickly, and they're looking at things quite comprehensively from what we see.

And as you know, we have argued for a long time, Jamie has argued a lot that – that this is not about some overall calibration of the system, some like back-solving exercise for some number of whatever type. This is about looking at all the individual components of the capital rules understood holistically, doing the math right and letting that roll up to whatever answer it's going to be. And by the way, that answer is going to be different for different firms depending on their business mix, and that's okay and that's part of the reason it doesn't really make sense to kind of try to calibrate to some overall level for the system.

It's just like, do the math right in a way that makes sense for the individual product or business area or source of risk, and you'll get a reasonable outcome for the system. And from what we're hearing, that's very much the direction of travel. The relevant agencies are working well together. There's a sense of urgency. And so, we're encouraged. And I would note actually, back to your first question, that one area where getting things right at the individual product level has relevance is allowing banks to play their appropriate role in the residential mortgage lending market when it – in the instances where it makes sense, keep those instruments on the balance sheet. You want the capitalization of those to be reasonable and aligned with the risk. And again, from what we understand, that is the direction of travel.

**Jeremy Barnum***Chief Financial Officer, JPMorganChase***A**

So, in terms of timing, I mean, your guess is as good as mine. I think there have been some public comments, and I would just anchor myself on those and the press reporting. But we definitely hear a desire to get things done quickly. And these things are complicated. In some areas, we might have some disagreements at the margin. We'd still dislike G-SIB as a matter of principle. But we don't want to let the perfect be the enemy of the good here, and what we're hearing is trending in the right direction.

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

Yeah. And I can just add that they are doing that. They're looking at it holistically. That's great. But getting the numbers right, I've said for years, G-SIB, CCAR, operational risk capital, double counting of the trading book, I mean, it's just wrong. And some of these numbers are so inaccurate that they published that they should publish them with a disclosure saying, we know these are highly inaccurate, like the CCAR test, we know that this is not remotely related to reality and stuff like that. So, it's almost a dishonest disclosure of these numbers. Like do the actual number.

The second thing they really should do, which I think they're doing, is what is the intended effect and what's the unintended effect. So, we talk about we've gone from 8,000 public companies to 4,000 public companies. We've gone from pushing mortgages out of the banking system to a huge build-up in parts of the non-bank financial institutions and a huge amount of arbitrage taking place. If I was a regulator, I'd be looking at all that and say, my God, is that what I wanted? And the biggest frustration is they could have fixed all these things, reduced liquidity, reduced capital, all these things and made the system safer.

So, we had the Silicon Valley Bank blow up, because they're so focused on governance, they forgot to focus on interest rate exposure. And they are making changes now, like what is actually real risk banks are bearing as opposed to the woke signaling of what a bank should be doing all the time. So, hopefully, they'll do it. I think they're devoted to doing it. Like look at their words and their speeches, I'm talking about the OCC, Fed, the FDIC. So, I think it's very good. Let's get it done quickly.

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**Gerard Cassidy***Analyst, RBC Capital Markets LLC***Q**

Thank you for the color. Appreciate it.

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**Jeremy Barnum***Chief Financial Officer, JPMorganChase***A**

Thanks, Gerard.

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**Operator:** Thank you. Our next question comes from Erika Najarian with UBS. You may proceed.

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**Erika Najarian***Analyst, UBS Securities LLC***Q**

Yes. Thank you. My first one is for you, Jeremy. Under the category no good deed goes unpunished, just wanted to ask a quick question on the expense outlook for 2026. You mentioned that \$100 billion could be a little low and that you're in the middle of the planning cycle. That would imply 4% growth year-over-year. Is that the sort of new normal labor rate inflation that we should assume at this point?

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**Jeremy Barnum***Chief Financial Officer, JPMorganChase***A**

Okay. So, yeah, a couple of things about that. One is, not to get too much into the weeds here, but our expenses are a little bit seasonal. So, annualizing the fourth quarter, like sometimes, you get a bunch of offsets and it's like okay to do that. Sometimes, it's not. So, we always try to do this based on a sort of launch point of the annualized fourth quarter rate. And while that's a reasonable thing to do for NII, it's a lot harder to do for expenses.

**Jeremy Barnum**

Chief Financial Officer, JPMorganChase

**A**

But taking a step back for a second, I'm not telling you anything that you don't already know. Like you can look at whatever, ECI or whatever other government measure of labor cost inflation. We know that even while inflation is like a lot lower, we're very far from the moments in the mid-2010s where inflation was, for all intents and purposes, practically zero. So, yeah, I think the new normal for labor is some number like that, whatever, 3%, 4%. And it's not just labor, right. I mean, again, I don't want to fail to recognize the extent to which inflation has more or less come back to normal. But by normal, we mean the Fed's target. And for a while, it was below target.

So, whether it's labor or goods and services, not to get into tariffs or whatever, that's a factor that applies to our entire cost base. In addition to that, as we noted, we're going to invest where it makes sense. We're going to pay for performance to the extent that there's higher performance, and also generally higher revenues will be associated with other variable expenses. And then, overlaying all of that is the question of productivity, and it includes but is not limited to AI-driven productivity. So, you can assume that we're going to be pushing hard on all fronts to extract as much productivity out of the organization as possible. But as is always true, we're going to try to keep that focus separate from our commitment to invest for growth in the places where we want to.

**Jamie Dimon**

Chairman & Chief Executive Officer, JPMorganChase

**A**

And can I just add to that? Medical, we spend \$3 billion or so in medical. That's going to be up 10% next year. And so, when you look at some of these things and we know that already, and maybe we think it actually might be up another 10% in 2027 for a whole bunch of different reasons. And that's one thing. The other thing about comp, I just want to point it out, there's normal inflation and pay for performance and all that. There's a lot of pressure from other people who are paying people quite well: hedge funds, law firms, private equity, non-bank financial institutions. And we are going to pay our people competitively. That is a sine qua non if you want to have a great company for the next 20 years. And so, there's some of that too. I'm not sure that it's going to change very much when you look at it. But I would put it in the back of your mind too. It's probably good for you all to hear me say that.

**Erika Najarian**

Analyst, UBS Securities LLC

**Q**

Definitely.

**Jamie Dimon**

Chairman & Chief Executive Officer, JPMorganChase

**A**

That'd be true for research – people in research.

**Jeremy Barnum**

Chief Financial Officer, JPMorganChase

**A**

Someone's job just got a lot harder.

**Erika Najarian**

Analyst, UBS Securities LLC

**Q**

I'll make sure to send this – I'll make sure to send this transcript to my boss. But the second question is actually...

**Jamie Dimon**

Chairman & Chief Executive Officer, JPMorganChase

**A**

Exactly.

**Erika Najarian**

Analyst, UBS Securities LLC

**Q**

...for you, Jamie. You have always had a differentiated way of thinking about risk. And a two-part question for you. Number one, I feel like we don't even know what the right questions are to ask when it comes to NDFI exposure and risk, which is such a broad category. And so, two-part question here. Number one, what would be the questions you think investors should ask when assessing NDFI exposure as it relates to future credit risk? And second, should investors be concerned about the SSFA accounting for RWAs in certain structures where you could lower the RWAs to NDFI exposures from 100% to something much lower?

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**Jamie Dimon**

Chairman & Chief Executive Officer, JPMorganChase

**A**

What's SSFA?

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**Jeremy Barnum**

Chief Financial Officer, JPMorganChase

**A**

Oh God, I used to know that acronym. It's a technical thing inside securitization, where under some conditions, you can lower the RWA weighting...

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**Jamie Dimon**

Chairman & Chief Executive Officer, JPMorganChase

**A**

Is that insurance-related or is it...

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**Jeremy Barnum**

Chief Financial Officer, JPMorganChase

**A**

No, no, it's for us. It's like a part of the reg cap rules. Yeah. Do you want me to do that one first and you can do the first one? Yeah. So, even though I don't remember what the – I think it's like standardized securitization something, something. I forget what it stands for. But from what I recall about looking at that one, I think it is a mechanism by which you can take otherwise punitive risk weighting for certain types of structures and reduce it from 100 to 20, where arguably 20 is actually probably still too high, because you've essentially mitigated the entire risk.

So, my pushback from your question is of all things to worry about, I wouldn't worry about that, whatever you want to call it, protection enhancement or risk weighting decrease in that narrow context. And on your question of like what questions to ask about the NDFI space in general, I mean, Jamie will have his views. But yeah, I think it starts by acknowledging that like it's a very, very broad space. And so, we probably need to narrow the focus a little bit, like sub-prime auto is one thing. Lending to like \$1 trillion asset managers on a secured basis is a very different thing, so.

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**Jamie Dimon**

Chairman & Chief Executive Officer, JPMorganChase

**A**

Maybe we should take a crack at telling you a little bit more about it. We feel fairly comfortable with our exposures in that. But I think what you should do is – and I think when we have a downturn, here is the important thing, there will be a credit cycle, and we shouldn't be surprised. The credit card losses go up. Middle market losses go up. Really everything gets worse in a downturn in credit. I do suspect – I can't prove this and I don't know, because we don't know everyone's underwriting standards.

Every now and then, we see what someone else is doing, we're surprised at their standards, they are not particularly good. But that's always been true. I suspect when there's a downturn, you will see higher than normal downturn type of credit losses in certain categories. I just suspect that. And so, the other thing which you can do, which I'm going to ask Mikael Grubb to do for me again, because I ask periodically, look at the price of the BDCs and their publicly traded private credit facilities and do the homework. There are disclosures around that. We do it. And so, maybe we should take just a crack at one point at laying out the different kinds of NDFIs and ones that might be concerning and ones that aren't concerning.

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**Erika Najarian**  
*Analyst, UBS Securities LLC*

Q

Thank you.

**Jeremy Barnum**  
*Chief Financial Officer, JPMorganChase*

A

Thanks, Erika.

**Operator:** Thank you. Our next question...

**Jeremy Barnum**  
*Chief Financial Officer, JPMorganChase*

A

We might have lost Erika. So, let's go to the next question.

**Operator:** Thank you. Our next question comes from Jim Mitchell with Seaport Global Securities. You may proceed.

**Jim Mitchell**  
*Analyst, Seaport Global Securities LLC*

Q

Hey. Good morning. Maybe just on the Investment Banking environment, obviously, things have gotten better. Just curious, where you see the most strength in the pipeline, and as we get rate cuts coming, do you feel that we're starting to see more activity pick up – or the potential for more activity to pick up among financial sponsors? So, just curious your thoughts.

**Jeremy Barnum**  
*Chief Financial Officer, JPMorganChase*

A

Okay. Interesting question on the sponsors. I mean, I don't know. I personally am not persuaded of the notion that cuts coming through that are fully priced in are going to meaningfully change behavior in a sort of highly sophisticated professional community like financial sponsors. If that plays into like flattening of the yield curve for other reasons, et cetera, beyond what's priced in from the forwards, that could be a little bit of a different story.

But I think what is clearly true, a little bit to the point of your question, is that the environment is – the results are very robust and the tone is very upbeat. I think an interesting thing from my perspective is to think about the narrative starting from the beginning of the year, right. We had the moment of – everyone was talking about animal spirits and a big boom-y moment. And then, we had Liberation Day and all the tariff uncertainty and equity market volatility. And so, things kind of went quiet for a while.

But what's interesting is that from the IPO perspective, for example, processes were kicked off early in the year, and those processes continued even during the moments where conditions weren't ideal for the deals. And what that meant is that there's a lot of stuff like in the queue that's kind of ready to go. And now, conditions are much more favorable both in terms of equity market valuations, at least until recently, relatively low equity market volatility, a bit more breadth in the rally in terms of multiples, including smaller cap tech sector or whatever. So, yeah, that's one area.

And in the meantime, as you know, we're starting to see more M&A activity as well. I noted earlier, I think it was the busiest summer we've had in like a long time in terms of announced M&A activity. We're seeing that play through into acquisition finance. I think the rate environment is good enough from the perspective of being able to get deals done. So, it's a pretty supportive environment. But as you well know, that can change overnight.

**Jim Mitchell**

*Analyst, Seaport Global Securities LLC*

Q

Yeah. It's all fair. And then, maybe just to follow up on just the capital relief and how you're adjusting or at least starting to think about adjusting to that RWA growth that's picking up. Is there other aspects, whether it's in the Markets business or other marginal return activities before that you see opportunities to lean into growth to use up capital, because obviously IRRs on buybacks today at these levels are not great?

**Jeremy Barnum**

*Chief Financial Officer, JPMorganChase*

A

Yeah, exactly. I mean, that's the exact math that we're always doing, which is like, okay, subject to certain assumptions, what is the return on a buyback and what's the alternative? Now, obviously, we want to be careful there, right. I mean, if you take that argument to the extreme and you say like, oh, we want to do every piece of business that's like 1 basis point above the theoretical return on buybacks, you wind up potentially making a lot of really dumb risk decisions. So, you want it to be a franchise-accretive business and you want to recognize that your estimate of the return of that business is itself subject to some uncertainty.

Jamie always says like putting liquid par assets on the balance sheet and adding leverage is not a thing that actually generates value, no matter what the supposed return of that instrument is in the spreadsheet. So, it's a thing that we...

**Jamie Dimon**

*Chairman & Chief Executive Officer, JPMorganChase*

A

Thank you.

**Jeremy Barnum**

*Chief Financial Officer, JPMorganChase*

A

...you're welcome. It's a thing that we think about a lot. And – but I would say, to the extent that that's shaping our behavior, it's probably already shaping our behavior because, as you know, we've had the excess for quite a while. The price to tangible book multiple has been going up for quite a while. So, we're going to continue looking for constructive ways to deploy while making sure that we don't do anything stupid frankly.

**Jim Mitchell**

*Analyst, Seaport Global Securities LLC*

Q

Okay. Thanks for the color.

**Jeremy Barnum**

*Chief Financial Officer, JPMorganChase*

A

Thanks, Jim.

**Operator:** Thank you. Next, we will go to the line of Ken Usdin from Autonomous. Your line is open.

**Ken Usdin**

*Analyst, Autonomous Research*

Q

Thank you. Good morning. So, I wanted to ask a question about just overall loan yields. I've noticed that they were up 3 basis points in the quarter. Obviously, rates hadn't been moving during the quarter. And now that we're starting to head back down, just wondering just what are the main drivers of still being able to actually see higher loan yields. Thanks.

**Jeremy Barnum**

*Chief Financial Officer, JPMorganChase*

A

Ooh, I never look at that. So, I have literally no idea why the loan yield is up 3 basis points in the quarter. But if I had to guess, I think it's almost always a function of various types of mix effects, recognizing that we have loans of radically different yields across the company from SOFR

**Jeremy Barnum**

Chief Financial Officer, JPMorganChase

**A**

plus 20 basis points to card revolve. And so, relatively small changes in mix can make a big difference. Then, obviously, you've got a lot of floating rate instruments. All else equal, you would expect those yields to be lower, given the cuts that have come in, but mix effects can easily overwhelm that. So, I'm sure Mikael will have a good answer for you by the time the call is over, but I had not looked at that one.

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**Ken Usdin**

Analyst, Autonomous Research

**Q**

Okay. I'll follow up on that. And secondly, with the Sapphire refresh, just assume that we're starting to see some of the rewards amortization show in the Card fees line and in the Card revenue rate. So, I'm just wondering if you'd kind of walk us through that, now that that card's coming on and you mentioned good additions there. Just what do we have to think about in terms of what card leads the horse in terms of Card revenue rate and eventual volume growth and related benefits? Thanks.

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**Jeremy Barnum**

Chief Financial Officer, JPMorganChase

**A**

Yeah. It's a good question. So, one thing that you might have noticed, talking about kind of micro supplement points, is that the revenue rate is actually lower than the NII yield, which implies a negative NIR yield. And by the way, that NIR yield is a number that's often quite close to zero. So, it doesn't take a lot to make it negative, but it is like currently negative. And while there's a lot of puts and takes inside that number in terms of rewards liability, annual fees and so on, the particular dynamic that's happening now is that as part of the refresh, customers are getting increased value ahead of the moment where the annual fee goes up. So, there's a kind of transitional period of a few months as the refresh rolls through, where those numbers are slightly elevated.

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**Jamie Dimon**

Chairman & Chief Executive Officer, JPMorganChase

**A**

The fee comes in over a year and some of these awards – rewards come in as a negative to NII over a year.

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**Jeremy Barnum**

Chief Financial Officer, JPMorganChase

**A**

Exactly.

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**Jamie Dimon**

Chairman & Chief Executive Officer, JPMorganChase

**A**

It's one example of like really bad accounting.

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**Jeremy Barnum**

Chief Financial Officer, JPMorganChase

**A**

Yeah. So...

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**Ken Usdin**

Analyst, Autonomous Research

**Q**

Yeah. Yeah, that's exactly...

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**Jeremy Barnum**

Chief Financial Officer, JPMorganChase

**A**

Yeah. And as that stuff normalizes through, we – some of these numbers like return to slightly more normal appearance, but it might actually take a couple of quarters for that to play out.



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**Ken Usdin**

*Analyst, Autonomous Research*

Q

Okay. Got it. Thank you.

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**Jeremy Barnum**

*Chief Financial Officer, JPMorganChase*

A

Thanks.

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**Operator:** Thank you. Our last question comes from Chris McGratty with KBW. You may proceed.

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**Christopher McGratty**

*Analyst, Keefe, Bruyette & Woods, Inc.*

Q

Oh, great. Thanks for sticking me in. Related to the 15% long-term national retail deposit market share, does your pricing need to be materially different from recent history? Or said another way, do you need to price a little bit more competitive to get that 4 points of improvement over time? Thanks.

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**Jeremy Barnum**

*Chief Financial Officer, JPMorganChase*

A

In short, I would say no, unless my CCB colleagues disagree or eventually change their strategy. But I think what you see right now actually from those numbers is you do see us losing a little bit of share in the FDIC recently released results, which have us as number one, which we're happy to celebrate for the fifth year in a row, and the other leading banks – or other large banks, which have adopted similar pricing strategies, are also seeing a little bit of loss of share.

So, that is, from our perspective, expected as a conscious result of being disciplined about the pricing of deposits. And it sort of has no particular bearing on the long-term growth strategy to get to 15%, which is all about expansion and deepening and the core value proposition that we offer. And interestingly – interestingly, when you look inside the granular market-by-market results in that FDIC data, what you see is us actually taking share in a lot of the kind of highest priority, highest profile expansion markets. So, in that sense, it's actually a validation of the strategy. And by the way, I got my answer on the loan yield question. It is mix, including Card. So, my guess was correct.

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**Jamie Dimon**

*Chairman & Chief Executive Officer, JPMorganChase*

A

The retail branch system, Jeremy said deepening. But remember, it's better products, better services, more branches in better locations, with deepening, with customer segmentation. If we do a good job in all that, then we hope to gain share. I think we are doing a good job in that, but we have to deliver that for years to get to 15%.

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**Christopher McGratty**

*Analyst, Keefe, Bruyette & Woods, Inc.*

Q

Great. Thank you for the color. Appreciate it.

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**Jeremy Barnum**

*Chief Financial Officer, JPMorganChase*

A

Thanks

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**Jamie Dimon**

*Chairman & Chief Executive Officer, JPMorganChase*

Folks, thank you very much for spending time with us. We'll talk to you all soon.

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**Jeremy Barnum**

Chief Financial Officer, JPMorganChase

Thank you.

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**Operator:** Thank you all for participating in today's conference. You may disconnect at this time and have a great rest of your day.

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