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### JPMorgan Chase & Co

## JPMorgan Chase sets aside \$50bn for direct lending in private credit push

Move by Wall Street bank comes as increasing number of groups bypass traditional debt markets



Many of JPMorgan's biggest rivals have announced partnerships with private credit funds © Michael Nagle/Bloomberg

**Eric Platt** and **Joshua Franklin** in New York

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JPMorgan Chase has said it will set aside \$50bn to lend to risky companies backed by private equity firms as it revs up its push into the booming private credit market.

The largest US bank by assets said it had allocated \$50bn of its own capital and had commitments for \$15bn from other investors to make loans directly to companies, bypassing traditional debt markets.

JPMorgan [launched its direct lending push](#) in 2021 and so far has deployed \$10bn in more than 100 private credit transactions.

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The announcement comes as traditional Wall Street lenders look to bolster their own offering in the almost \$2tn [private credit](#) asset class, which has grown significantly since regulations adopted after the global financial crisis pushed banks away from holding risky loans on their balance sheets.

Many of JPMorgan's biggest rivals have announced partnerships with private credit funds. Late last year, Citigroup [unveiled a \\$25bn partnership](#) with Apollo Global Management, which followed Wells Fargo's joint venture with asset manager Centerbridge.

Others, such as [Goldman Sachs](#) and Morgan Stanley, have turned to their own wealth and asset management arms, which have dedicated funds to invest in the sector.

Jamie Dimon, JPMorgan's chief executive, said the effort provided corporate clients "with more options and flexibility from a bank they already know and see in their communities, and is known for being there during all market environments".

Dimon told investors last year that private credit "has some real pluses" in that it allowed for longer-term financing than was typically available by raising funds through syndicated bonds and loans. However, he criticised how the industry priced the loans on its books and said bad actors could cause problems.

JPMorgan has so far partnered with seven asset managers on its private credit efforts, including Cliffwater, FS Investments, Octagon Credit Investors, Shenkman Capital Management and Soros Fund Management, according to a person briefed on the matter. Executives hope to add other managers in the months ahead to bolster its firepower.

The bank's decision to tap its own balance sheet stems in part from [its sale of HPS Investment Management](#), one of the biggest private credit players, in 2016. Top leaders at JPMorgan at the time had little appetite to invest in the unit in the face of increased regulatory scrutiny, prompting HPS's founders to buy out the business.

In the years that followed, the asset class exploded, with private credit funds drawing in hundreds of billions of dollars from insurers, pensions and sovereign wealth funds. Private credit loans generally carry higher interest rates than bank loans, but can give a borrower more flexibility.

That money allowed managers such as Ares Management, Blue Owl Capital and Apollo Global Management to write \$1bn-plus loans and, in turn, created a rival to traditional high-yield bond and leveraged loan markets. HPS [agreed to sell itself](#) to BlackRock for \$12bn last year.

Private credit became one of the few ways that buyout groups could finance their acquisitions when markets seized up in 2022, taking market share and lucrative fees away from banks across Wall Street. Reeling from that experience, banks have looked to provide their own financing solution.

The immediate pressure on banks to offer private credit loans diminished as credit markets rallied in 2023 and 2024. Banks helped refinance several private credit loans in syndicated markets, with Dimon noting last year that “private credit costs more money for the most part”.

He added: “That changes all the time.”

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