Dear Fellow Shareholders,

Jamie Dimon,
Chairman and
Chief Executive Officer

Across the globe, 2024 was yet another year of significant challenges, from the terrible ongoing war and violence in Ukraine and conflicts in the Middle East to ongoing terrorist activity and growing geopolitical tensions, importantly with China. Our hearts go out to those whose lives are profoundly affected by these events.

JPMorganChase, a company that historically has worked across borders and boundaries, will do its part to ensure that the global economy is safe and secure, but it is not immune to the effects of these events. Two things are absolutely foundational to the long-term success of JPMorganChase: one is whether we run a great company and two, which is maybe more important, is whether the long-term health of America, domestically, and the future of the free and democratic world are strong. In the first two sections of this letter, I deal with these critical issues. And in the third and fourth sections, I talk about specific issues unique to JPMorganChase and how we are addressing them, including constantly fighting complacency, arrogance and bureaucracy.

Despite the unsettling landscape, the U.S. economy, at least until recently, continued to be resilient, with consumers still spending (though with some recent weakening) and businesses still healthy. It is important to note that the economy has been fueled by large amounts of government deficit spending and past stimulus. There also remains a growing need for increased expenditure on infrastructure, the restructuring of global supply chains and the military, which may lead to stickier inflation and ultimately higher rates than markets currently expect. The recent tariffs will likely increase inflation and are causing many to consider a greater probability of a recession. And even with the recent decline in market values, prices remain relatively high. These significant and somewhat unprecedented forces cause us to remain very cautious. There is much more detail on all of this in section three.

2024 was another strong year for JPMorganChase, with our firm generating record revenue for the seventh consecutive year, as well as setting numerous records in each of our lines of business. We earned revenue in 2024 of $180.6 billion[1] and net income of $58.5 billion, with return on tangible common equity (ROTCE) of 20%[2], reflecting strong underlying performance across our businesses. We also increased our quarterly common dividend of $1.05 per share to $1.15 per share in the first quarter of 2024 – and again to $1.25 per share in the third quarter of 2024 – while continuing to reinforce our fortress balance sheet. We grew market share in several of our businesses and continued to make significant investments in products, people and technology while exercising strict risk disciplines.

Throughout the year, we demonstrated the power of our investment philosophy and guiding principles, as well as the value of being there for clients – as we always are – in both good times and bad times. The result was continued broad healthy growth across the firm. The charts on pages 6–12 show our performance results and illustrate how we have grown our franchises, how we compare with our competitors and how we look at our fortress balance sheet. Please peruse them and the CEO and COO letters in this Annual Report, all of which provide specific details about our businesses and our plans for the future.

In 2024, we continued to play a forceful and essential role in advancing economic growth. In total, we extended credit and raised capital totaling $2.8 trillion for our consumer and institutional clients around the world.

1 Represents managed revenue.

2 Adjusted ROTCE of 20% excludes $5.4 billion from net income in 2024 as a result of the net gain related to Visa shares and the donation of Visa shares to pre-fund contributions to the Firm's Foundation. This is a non-GAAP financial measure.

On a daily basis, we move over $10 trillion in 120+ currencies and more than 160 countries, as well as safeguard over $35 trillion in assets. After we purchased and effectively fully integrated First Republic Bank, that bank failure disappeared as a negative issue for the U.S. economy. In addition to bringing much-needed stability to the U.S. banking system, we were able to give a new, secure home to approximately half a million First Republic customers.

While we have modified our approach to certain corporate responsibilities to conform to new guidance, we remain committed to reaching out to all communities in an effort to create a stronger, more inclusive economy – from supporting work skills training programs around the world and financing affordable housing and small businesses to making investments in our people and in cities like Detroit that show how business and government leaders can work together to solve problems. Almost all of these efforts are commercial in nature; i.e., “profit seeking” and are no different from what businesses, large and small, are trying to do in towns across America.

We have achieved our decades-long consistency by adhering to our key principles and strategies (see sidebar on Steadfast Principles on page 5), which allow us to drive good organic growth and promote proper management of our capital (including dividends and stock buybacks).

I remain proud of our company’s resiliency and of what our hundreds of thousands of employees around the world have achieved, collectively and individually. Throughout these recent challenging years, we have never stopped doing all the things we should be doing to serve our clients and our communities. As you know, we are champions of banking’s essential role in a community – its potential for bringing people together, for enabling companies and individuals to attain their goals, and for being a source of strength in difficult times. I often remind our employees that the work we do matters and has impact. United by our principles and purpose, we help people and institutions finance and achieve their aspirations, lifting up individuals, homeowners, small businesses, larger corporations, schools, hospitals, cities and countries in all regions of the world. What we have accomplished in the 20+ years since the JPMorganChase and Bank One merger is evidence of the importance of our values.

Steadfast Principles Worth Repeating

Looking back on the past two+ decades – starting from my time as Chairman and CEO of Bank One in 2000 – there is one common theme: our unwavering dedication to help clients, communities and countries throughout the world. Clearly our financial discipline, constant investment in innovation and ongoing development of our people have enabled us to achieve this consistency and commitment. In addition, across the firm, we uphold certain steadfast tenets that are worth repeating.

First, our work has very real human impact. While JPMorganChase stock is owned by large institutions, pension plans, mutual funds and directly by single investors, the ultimate beneficiaries, in almost all cases, are individuals in our communities. More than 100 million people in the United States own stocks; many, in one way or another, own JPMorganChase stock. Frequently, these shareholders are veterans, teachers, police officers, firefighters, healthcare workers, retirees, or those saving for a home, education or retirement. Often, our employees also bank these shareholders, as well as their families and their companies. Your management team goes to work every day recognizing the enormous responsibility that we have to all of our shareholders.

Second, shareholder value can be built ***only*** if you maintain a healthy and vibrant company, which means doing a good job of taking care of your customers, employees and communities. Conversely, how can you have a healthy company if you neglect any of these stakeholders? As we have learned over the past few years, there are myriad ways an institution can demonstrate its compassion for its employees and its communities while still strengthening shareholder value.

Third, while we don't run the company worrying about the stock price in the short run, in the ***long run*** we consider our stock price a measure of our progress over time. This progress is a function of continual investments in our people, systems and products, in good and bad times, to build our capabilities. These important investments will also drive our company's future prospects and position it to grow and prosper for decades. Measured by stock performance, our progress is exceptional. For example, whether looking back 10 years or even further to 2004, when the JPMorganChase/Bank One merger took place, we have outperformed the Standard & Poor's 500 Index and the Standard & Poor's Financials Index.

Fourth, we are united behind basic principles and strategies (you can see the principles for How We Do Business on our website and our Purpose statement in my letter from 2022) that have helped build this company and made it thrive. These allow us to maintain a fortress balance sheet, constantly invest and nurture talent, fully satisfy regulators, continually improve risk, governance and controls, and serve customers and clients while lifting up communities worldwide. This philosophy is embedded in our company culture and influences nearly every role in the firm.

Fifth, we strive to build enduring businesses, which rely on and benefit from one another, but we are not a conglomerate. This structure helps generate our superior returns. Nonetheless, despite our best efforts, the walls that protect this company are not particularly high – and we face extraordinary competition. I have written about this reality extensively in the past and cover it again in this letter. We recognize our strengths and vulnerabilities, and we play our hand as best we can.

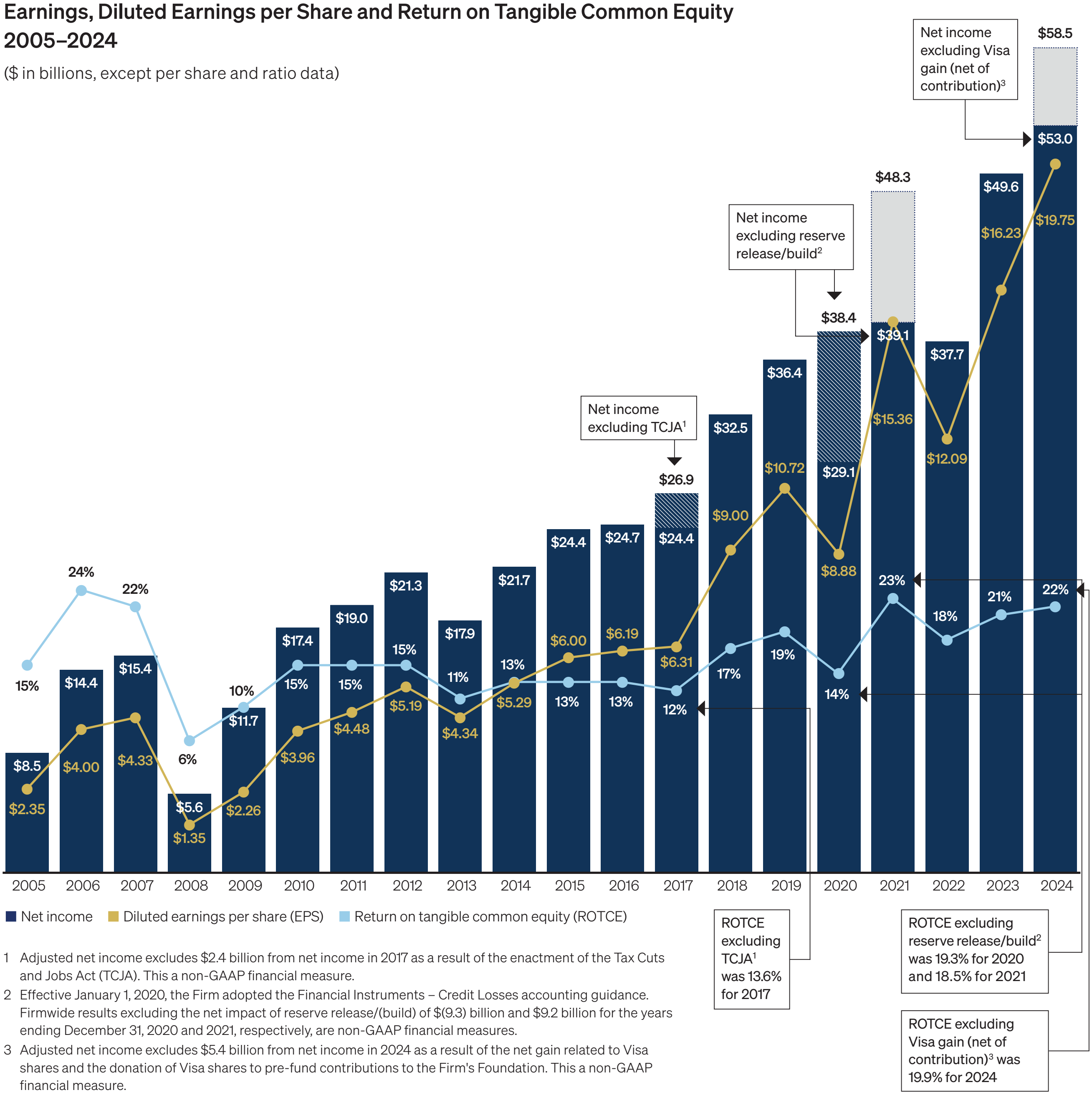
Sixth, we must be a source of strength, particularly in tough times, for our clients and the countries in which we operate. We must take seriously our role as one of the guardians of the world's financial systems.

Seventh, we operate with a very important silent partner – the U.S. government – noting, as my friend Warren Buffett points out, that his company's success is predicated upon the extraordinary conditions our country creates. He is right to say to his shareholders that when they see the American flag, they all should say thank you. We should, too. JPMorganChase is a healthy and thriving company, and we always want to give back and pay our fair share. We do pay our fair share – and we want it to be spent well and have the greatest impact. To give you an idea of where our taxes and fees go: In the last 10 years, we paid more than $52 billion in federal, state and local taxes in the United States and over $26 billion in taxes outside of the United States. Additionally, we paid the Federal Deposit Insurance Corporation over $11 billion so that it has the resources to cover failures in the American banking sector. Our partner – the federal government – also imposes significant regulations upon us, and it is imperative that we meet all legal and regulatory requirements imposed on our company.

Eighth and finally, we know the foundation of our success rests with our people. They are the front line, both individually and as teams, serving our customers and communities, building the technology, making the strategic decisions, managing the risks, determining our investments and driving innovation. However you view the world – its complexity, risks and opportunities – a company's prosperity requires a great team of people with guts, brains, integrity, enormous capabilities and high standards of professional excellence to ensure its ongoing success.

Earnings, Diluted Earnings per Share and Return on Tangible Common Equity 2005–2024

($ in billions, except per share and ratio data)



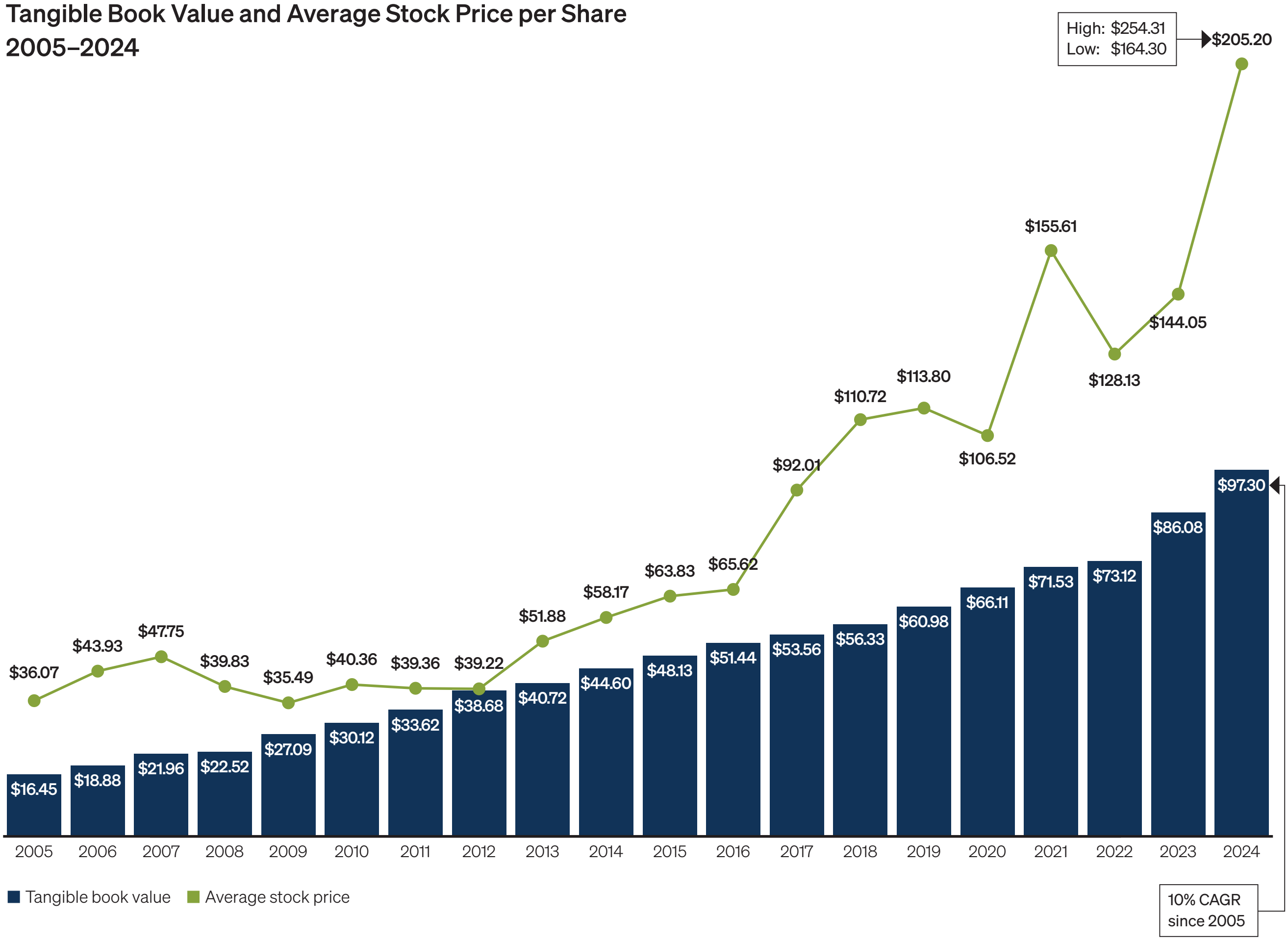
1 Adjusted net income excludes $2.4 billion from net income in 2017 as a result of the enactment of the Tax Cuts and Jobs Act (TCJA). This a non-GAAP financial measure.

2 Effective January 1, 2020, the Firm adopted the Financial Instruments – Credit Losses accounting guidance. Firmwide results excluding the net impact of reserve release/(build) of $(9.3) billion and $9.2 billion for the years ending December 31, 2020 and 2021, respectively, are non-GAAP financial measures.

3 Adjusted net income excludes $5.4 billion from net income in 2024 as a result of the net gain related to Visa shares and the donation of Visa shares to pre-fund contributions to the Firm's Foundation. This a non-GAAP financial measure.

GAAP = Generally accepted accounting principles

Tangible Book Value and Average Stock Price per Share 2005–2024



CAGR = Compound annual growth rate

Stock total return analysis

	Bank One	S&P 500 Index	S&P Financials Index
Performance since becoming CEO of Bank One (3/27/2000–12/31/2024)			
Compounded annual gain	13.2%	7.6%	5.8%
Overall gain	2,065.0%	512.2%	304.3%

	JPMorganChase	S&P 500 Index	S&P Financials Index
Performance since the JPMorganChase and Bank One merger (7/1/2004–12/31/2024)			
Compounded annual gain	12.3%	10.5%	5.9%
Overall gain	978.1%	668.5%	222.1%
Performance for the period ended December 31, 2024			
Compounded annual gain			
One year	44.3%	25.0%	30.6%
Five years	14.7%	14.5%	11.7%
Ten years	17.6%	13.1%	11.4%

This chart shows actual returns of the stock, with dividends reinvested, for heritage shareholders of JPMorganChase and Bank One vs. the Standard & Poor's 500 Index (S&P 500 Index) and the Standard & Poor's Financials Index (S&P Financials Index).

Client Franchises Built Over the Long Term

Consumer & Community Banking

	2005	2014	2023	2024
Average deposits ($B)[1]	$187	$487	$1,127	$1,064
Deposits market share[2]	4.5%	7.9%	11.4%	11.3%
# of top 50 markets where we are #1 (top 3)	*6 (12)*	*7 (22)*	*12 (25)*	*14 (25)*
Business Banking primary market share[3]	4.0%	7.2%	9.5%	9.7%
Client investment assets ($B)[1]	NA	$213	$951	$1,088
Total payments volume ($T)[4]	NA	$1.6	$5.9	$6.4
% of digital non-card payments[5]	~20%	49%	79%	81%
Credit card sales ($B)	*$225*	*$466*	*$1,164*	*$1,259*
Debit card sales ($B)	*NA*	*$241*	*$515*	*$546*
Debit and credit card sales volume ($B)	NA	$707	$1,679	$1,805
Credit card sales market share[6]	15%	21%	23%	23%
Credit card loans ($B, EOP)	$142	$131	$211	$233
Credit card loans market share[7]	19%	17%	17%	17%
Active mobile customers (M)	NA	19.1	53.8	57.8
# of branches	2,641	5,602	4,897	4,966
# of advisors[1]	NM	3,090	5,456	5,755

- Serve 84M U.S. consumers and 7M small businesses
- 71M active digital customers[8], including 58M active mobile customers[9]
- Primary bank relationships for ~80% of consumer checking accounts
- #1 retail deposit share
- #1 deposit market share position in 4 out of 5 largest banking markets in the country (NY, LA, CHI and SF) while maintaining branch presence in all 48 contiguous U.S. states
- #1 primary bank for U.S. small businesses
- Ranked #1 in J.D. Power 2024 U.S. Wealth Management Digital Experience Satisfaction among full-service and self-directed investors[10]
- #1 U.S. credit card issuer based on sales and outstandings[11]
- #1 owned mortgage servicer[12]
- Ranked #3 in the J.D. Power 2024 U.S. Mortgage Servicer Satisfaction Study[13]
- #3 bank auto lender for loan and lease financing[14]
- Ranked #1 in J.D. Power 2024 Digital Experience for Customer Satisfaction among Non-Captive Automotive Finance Lenders[15]

Commercial & Investment Bank

	2005	2014	2023	2024
	2006			
Total Markets revenue[16]	#8	#1	#1	#1
Market share[16]	6.3%	8.7%	11.2%	11.4%
FICC[16]	#7	#1	#1	#1
Market share[16]	7.0%	9.0%	10.8%	10.9%
Equities[16]	#8	#3	#2	#2
Market share[16]	5.0%	8.0%	12.2%	12.4%
Global investment banking fees[17]	#2	#1	#1	#1
Market share[17]	8.7%	8.2%	8.6%	9.3%
Assets under custody ($T)	$10.7	$20.5	$32.4	$35.3
Average client deposits ($B)[18]	$220.8	$621.4	$912.9	$961.6
Average CB client deposits ($B)[19]	$66.1	$124.6	$174.1	$179.5
Payments revenue ($B)[20]	$4.9	$7.9	$18.3	$18.4
Payments revenue rank (share)[21]	NA	NA	#1 (9.3%)	#1 (9.5%)
Firmwide average daily security purchases and sales ($T)	NA	NA	$3.0	$3.4
# of top 75 MSAs with dedicated teams[22]	35	55	72	74
Average Banking & Payments loans ($B)[23]	$117.0	$219.0	$340.8	$348.8
Average CB Loans ($B)[24]	$38.1	$112.5	$209.2	$220.3
Average GCB & GIB Loans ($B)[23]	$75.3	$105.0	$131.2	$128.1
Multifamily lending[25]	#29	#1	#1	#1
# of Global Banking Bankers[26]	NA	NA	9,272	9,726
# of CB Bankers	NA	NA	3,469	3,700
# of GCB Bankers	NA	NA	1,408	1,453
# of GIB Bankers	NA	NA	3,574	3,858

- >90% of Fortune 500 companies do business with us
- On-ground presence in 177 locations in the U.S., 60+ countries internationally and serving clients in 100+ markets
- #1 in global investment banking fees for the 16th consecutive year and ranked #1 across M&A, ECM and DCM for the first time in a calendar year[17]
- Consistently ranked #1 in Markets revenue since 2011[16]
- J.P. Morgan Research ranked as the #1 Global Research Firm, #1 Global Equity Research Team and #1 Global Fixed Income Research Team[27]
- #1 in USD payments volume with 28.7% USD SWIFT market share[28]
- #1 in U.S. Merchant volume processing[29]
- #3 Custodian globally by revenue[30]
- Banking and Payments services to 32K+ Middle Market clients and 38K+ real estate owners and investors
- $2.6B revenue from Middle Market expansion, as well as nearly 2,700 new relationships in Middle Market Banking
- #1 overall Middle Market Bookrunner in the U.S. with 20 specialized industry coverage teams[31]
- Over 8K incremental affordable housing units financed in 2024 within Global Banking[32]

Asset & Wealth Management

	2005	2014	2023	2024
JPMAM LT funds AUM performed above peer median (10-year)[33]	NA	82%	83%	85%
Client assets ($T)[34]	$1.1	$2.3	$5.0	$5.9
Traditional assets ($T)[34, 35]	$1.0	$1.9	$4.4	$5.2
Alternatives assets ($B)[34, 36]	$74	$221	$421	$504
Average deposits ($B)[34]	$42	$146	$216	$235
Average loans ($B)[34]	$27	$95	$220	$228
# of Global Private Bank client advisors[34]	1,484	2,392	3,515	3,775

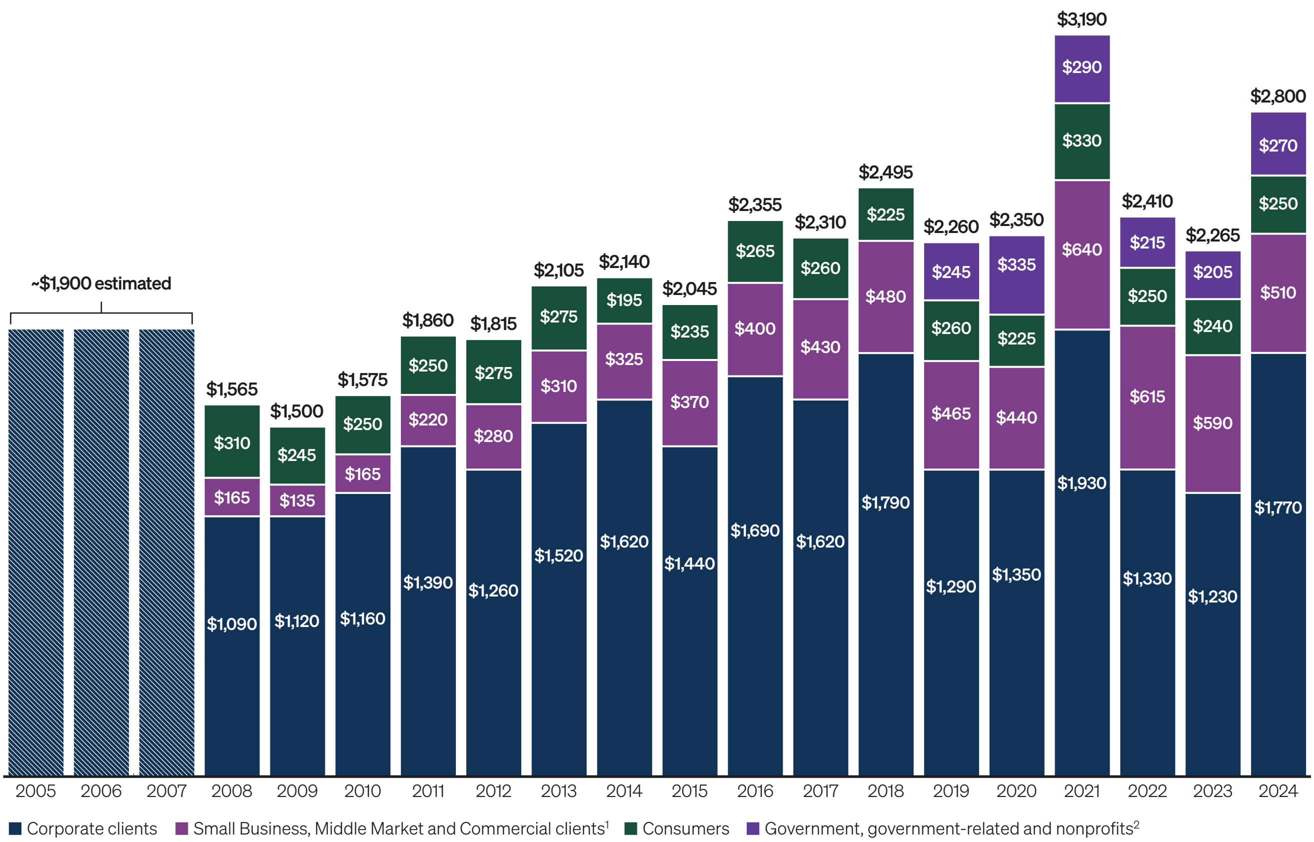
- 181 funds with a 4/5 star rating[37]
- Business with 57% of the world's largest pension funds, sovereign wealth funds and central banks
- #2 in 5-year cumulative net client asset flows[38]
- #1 in active flows[39]
- Positive client asset flows in 2024 across all regions, channels and asset classes
- #1 in active ETF flows and #2 in active ETF AUM[39]
- #1 in Institutional Money Market Funds AUM[40]
- #1 Private Bank in the World[41]

AUM = Assets under management
CB = Commercial Banking
DCM = Debt capital markets
ECM = Equity capital markets
EOP = End of period
ETF = Exchange-traded funds
FICC = Fixed income, currencies and commodities
GCB = Global Commercial Banking
GIB = Global Investment Banking
JPMAM = J.P. Morgan Asset Management
LT = Long-Term
M&A = Mergers and acquisitions
MSA = Metropolitan statistical area
NA = Not available
NM = Not meaningful
USD = U.S. dollar
M = Millions
B = Billions
T = Trillions
K = Thousands

For footnoted information, refer to pages 58-59 in this Annual Report.

New and Renewed Credit and Capital for Our Clients 2005–2024

($ in billions)



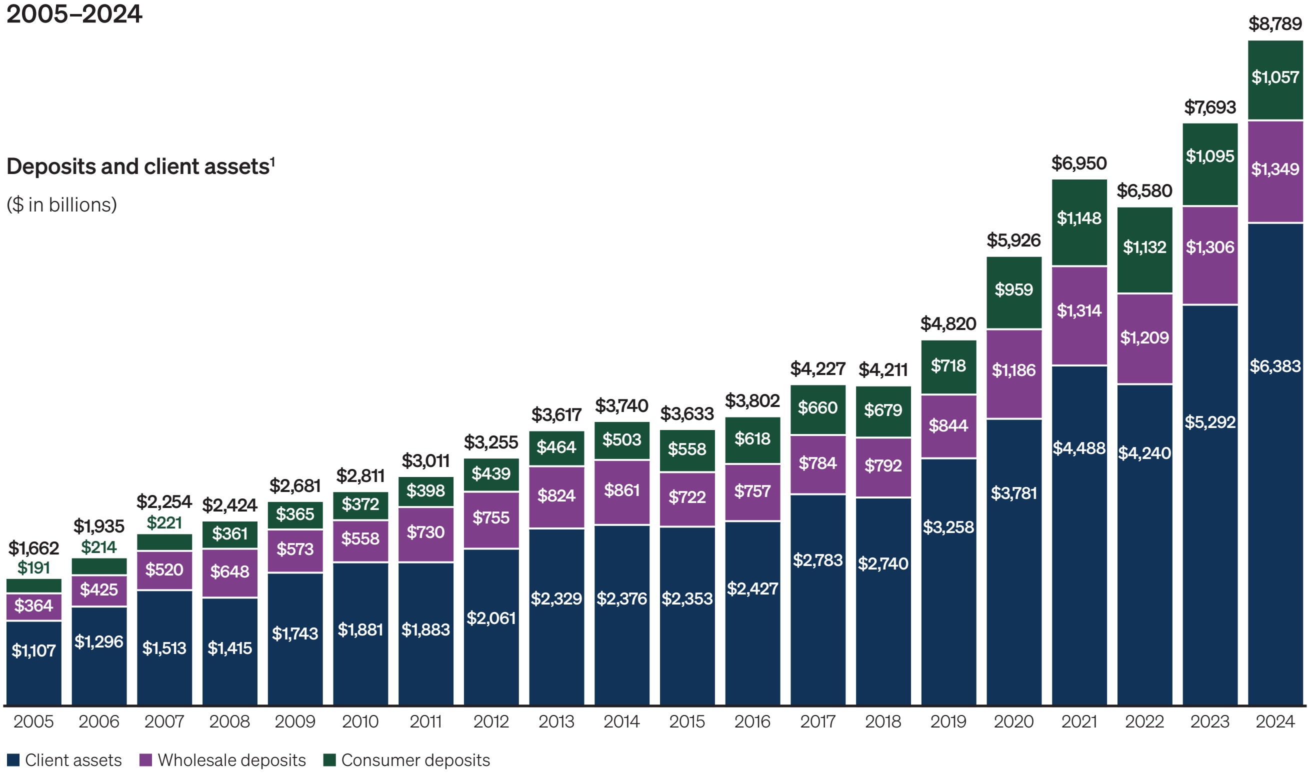
1 In alignment with the business segment reorganization effective in the second quarter of 2024, Corporate Client Banking activity was moved from Small Business, Middle Market and Commercial clients to Corporate clients starting in 2024.

2 Government, government-related and nonprofits available starting in 2019; included in Corporate clients and Small Business, Middle Market and Commercial clients for prior years.

Assets Entrusted to Us by Our Clients
2005–2024

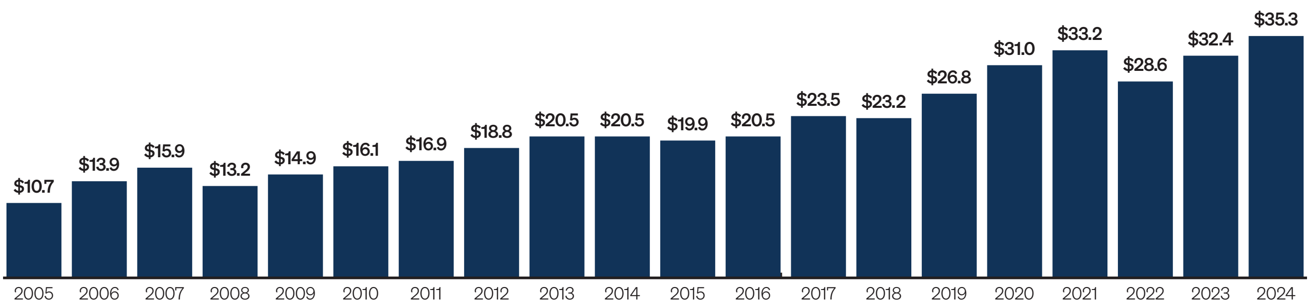
Deposits and client assets[1]

($ in billions)



Assets under custody[2]

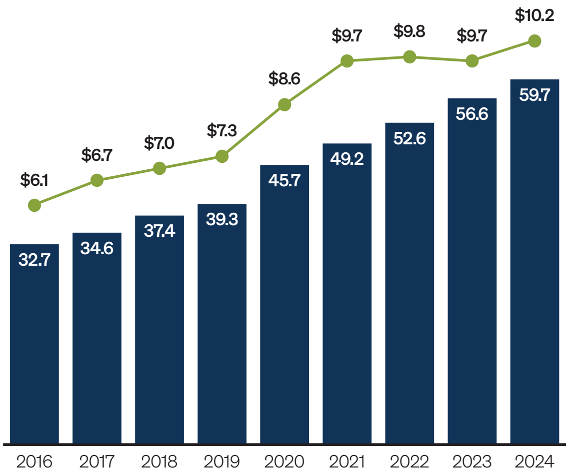
($ in trillions)



1 Represents assets under management, as well as custody, brokerage, administration and deposit accounts.
2 Represents activities associated with the safekeeping and servicing of assets.

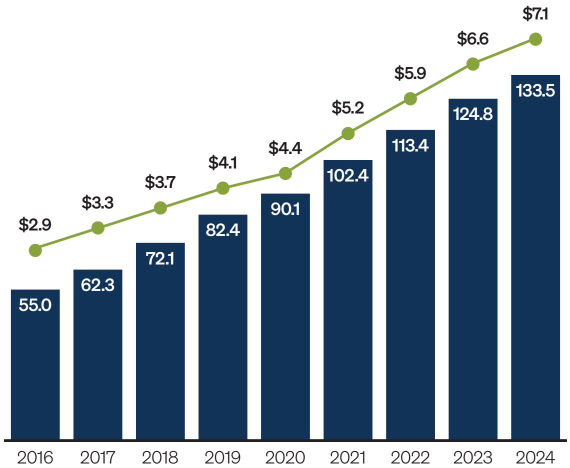
Daily Average Cash Management Volume[1] and Value[1]

(# in millions, $ in trillions)



Daily Average Merchant Transactions and Settlement Value

(# in millions, $ in billions)



1 Based on regulatory reporting guidelines prescribed by the Federal Reserve for U.S. Title 1 planning purposes; includes internal settlements, global payments to and through third-party processors and banks, and other internal transfers.

JPMorganChase Exhibits Strength in Both Efficiency and Returns When Compared with Large Peers[1] and Best-in-Class Peers[1]

Year ended December 31, 2024

Adjusted ROTCE excluding Visa gain (net of contribution)[3]

	Efficiency		Returns	
	Overhead ratio[2]		ROTCE	
JPMorganChase	JPM	51%	JPM	20% 22%
	GS	63%	MS	19%
	WFC	65%	GS	14%
	BAC	65%	WFC	13%
	C	66%	BAC	13%
	MS	71%	C	7%

	Efficiency		Returns		
	JPM overhead ratio	Best-in-class peer overhead ratio[4]	JPM ROTCE	Best-in-class peer ROTCE[5,7]	Best-in-class GSIB peer ROTCE[6,7]
Consumer & Community Banking	53%	51% COF-DC & CB	32%	25% BAC-CB	25% BAC-CB
Commercial & Investment Bank	50%	56% BAC-GB & GM	18%	15% GS-GBM	15% GS-GBM
Asset & Wealth Management	67%	62% NTRS-WM & ALLIANZ-AM	34%	41% MS-WM & IM	41% MS-WM & IM

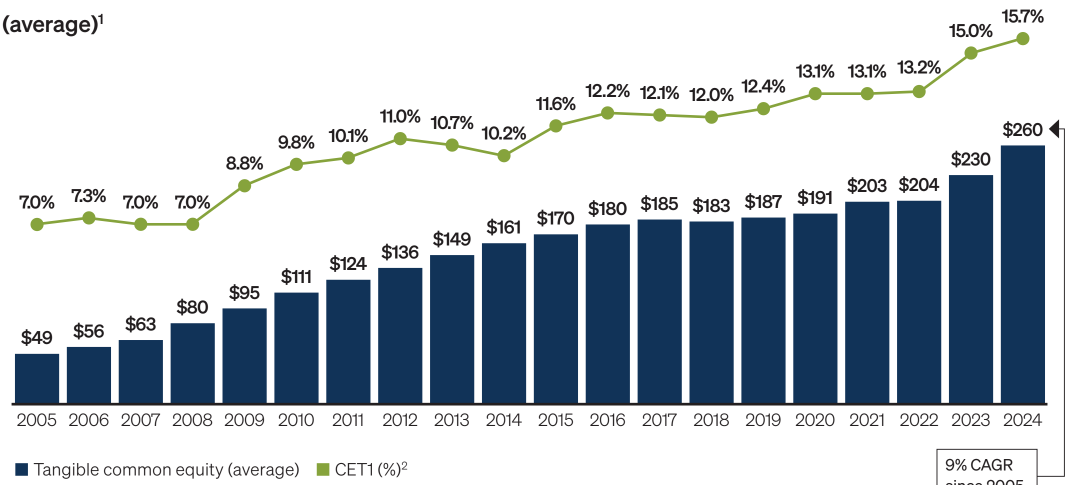
GSIB = Global systemically important bank
ROTCE = Return on tangible common equity

For footnoted information, refer to page 59 in this Annual Report.

Our Fortress Balance Sheet
2005–2024

Tangible common equity (average)[1]

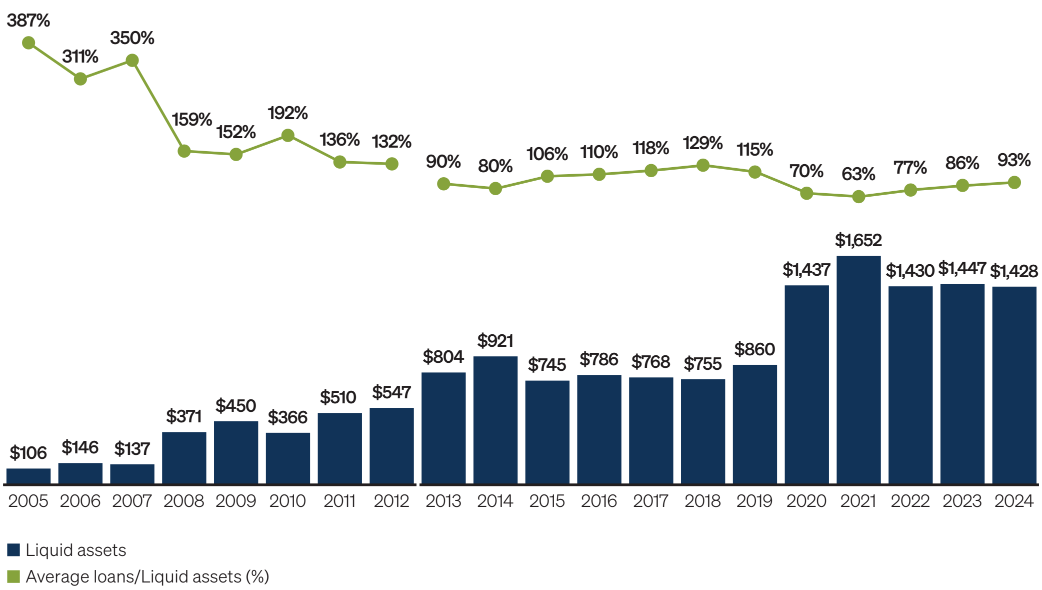
($ in billions)



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net income applicable to common stockholders ($B)	$8	$14	$15	$5	$9	$16	$18	$20	$17	$20	$22	$23	$23	$31	$35	$27	$47	$36	$48	$57
Capital returned to common stockholders ($B)[3]	$6	$5	$9	$(12)	$(6)	$1	$11	$4	$9	$10	$11	$14	$22	$28	$34	$16	$29	$13	$20	$31
ROTCE (%)	15%	24%	22%	6%	10%	15%	15%	15%	11%	13%	13%	13%	12%	17%	19%	14%	23%	18%	21%	22%

Liquid assets[4]

($ in billions)



Liquid assets from December 31, 2005–2012 defined as cash, cash due from banks and investment securities
CAGR = Compound annual growth rate
CET1 = Common equity Tier 1
ROTCE = Return on tangible common equity

For footnoted information, refer to page 59 in this Annual Report.

Within this letter, I discuss the following:

I. America and the World Are at a Critical Crossroads: Comprehensive Action and Leadership Are Imperative Now

Only America Has the Economic, Military and, Yes, Moral Power

I am writing about this topic, both as a patriot who cares about America's and the free world's future and as the CEO of our company, because it may be the most critical factor affecting the future of JPMorganChase itself. The success of JPMorganChase has always been predicated on the success of the United States of America and the health of the world, particularly the strength of free and democratic countries.

Whether you call them adversaries or major competitors, they have made their goal clear. We must act now.

The brutal invasion of Ukraine and the indescribable terrorist acts on Israel should have dispelled any illusion that the world is a safe place. We do not need another Pearl Harbor or 9/11 to shatter any false sense of security based on the hopeful notion that dictators, terrorists and oppressive nations won't use their economic and military powers to advance their aims – particularly against what they perceive as weak, incompetent and disorganized Western democracies. Global peace and world order are vital American interests. We also need to answer the question: What kind of world do we want to live in? And do we believe that we can, or should, try to make the world a better place? Practically, what is the other choice?

Our international adversaries and major competitors have made it clear that their goal is to dismantle American hegemony, which means dismantling the rules-based system led by America in concert with our allies (essentially the Bretton Woods system and the North Atlantic Treaty Organization, as well as the International Monetary Fund and the United Nations). Since the end of World War II, this system has brought forth the longest period of peace and prosperity among the great powers. Today, it is clear this system needs serious reform and strengthening, not total destruction. Yet, if given the opportunity, that is exactly what our adversaries want to happen: Tear asunder the extensive military and economic alliances that America and its allies have forged. In the multipolar world that follows, it will be every nation for itself – giving our adversaries the opportunity to set the rules and use military and economic coercion to get what they want. That is what is at stake here. We need to bring the whole of government and the private sector together to build the world we want while dealing with the cold realities of the world we have.

We face the most perilous and complicated geopolitical and economic environment since World War II. Today's world is more complex and more interconnected than ever before. Comprehensive strategies, diligently deployed, are required to address challenges on many fronts: the war in Ukraine; terrorism in the Middle East and the real possibility that Iran may develop a nuclear weapon; Europe's potential fragmentation; and ongoing trade disputes and the rise of China. If Iran acquires a nuclear weapon, many other nations around the world will seek to acquire nuclear weapons, presenting us with a catastrophic situation. A global nuclear arms race is the ***worst*** outcome that could happen to our world – and this may be the greatest threat to mankind's survival. Lastly, it is extremely important to recognize that security and economics are interconnected – "economic" warfare has caused military warfare in the past.

Not only is America's global leadership role being challenged outside our borders by other nations but also inside our borders by our polarized electorate.

The actions taken in the next decade may prove, depending on how our country and our allies perform, the most consequential of our lives and may very well determine the fate of the free and democratic world over the next century. America has always had an amazing ability to confront enormous challenges – and we did so by facing them head-on with superb leadership from Abraham Lincoln to FDR to Dwight Eisenhower. We should remember that America, "conceived in liberty and dedicated to the proposition that all men are created equal," still remains a shining beacon of hope to citizens around the world.

Here are ***five things*** our nation needs to do well in order to secure the future we *should* want for our country and our companies. I fear that if we fail at one of them, we may fail overall:

1. Celebrate America's values and virtues, with humility, in order to restore civic pride, citizenship and purpose.
2. Acknowledge and fix our problems at home by regaining common sense and being resolute.
3. Recognize that the best strategy for America's success is to implement effective domestic policies that drive robust economic growth for the benefit of all citizens.
4. Initiate comprehensive economic foreign policy to win the new global "economic" war. America will be first – but not if it is alone.
5. Affirm that our national security and the world's best military, at whatever cost, are paramount and necessary for peace.

These are my prescriptions, and I understand that some people may disagree with them – and, on some issues, I may ultimately be wrong. What I am not wrong about, however, is the urgent need to face these issues head-on – we should not assume that America will overcome them. We have always been a resilient nation and have overcome significant adversity in the past *because* we faced our challenges and dealt with them properly. Problems don't age well. And the consequences of not dealing with this properly range from bad to catastrophic.

CELEBRATE AMERICA'S VALUES AND VIRTUES, WITH HUMILITY, IN ORDER TO RESTORE CIVIC PRIDE, CITIZENSHIP AND PURPOSE.

To be able to attack our problems at home and abroad, we must be strong. And our core strength is based upon our commitment to our values, as well as our ability to work hard and think intelligently about our problems. If the soul of America is not strong, then the rest will be weak. While we should acknowledge America's flaws, they should not be used to pull apart our country.

Our values transcend any political stance – libertarian, conservative, progressive, Democrat or Republican. We need to believe in ourselves and get back to work (in the office!), not tear each other down.

America's strength is not a divine right – it is earned by citizens committed to a common purpose.

Many of the blind ideologies being bandied about run counter to our fundamental principles. Our principles of freedom of speech, religion and enterprise allow individuals to pursue life as they lawfully see fit. Ideologues often adhere to rigid beliefs and seek to impose those beliefs on others; in extreme forms of fanaticism, there is ***no room*** for individual differences.

I applaud many traditional Democratic values, such as a commitment to try to lift up all of our citizens and to provide more justice and equal opportunity. I also deeply respect many traditional Republican values, such as a dedication to provide a strong national defense, to promote free enterprise and encourage a pro-business environment, and to emphasize the importance of the Constitution. And we should all support other core values, such as family, country, self-reliance, respect for workers and common sense. These values are not mutually exclusive and should be embraced and upheld by both parties. We, the people, need to be able to embody all these values.

Even with all of our current problems, billions of people, if they could, would leave their country and move to ours. Similarly, if most people could only invest in one country, they would choose the United States. Our exceptionalism is based on our freedoms, our liberties, our opportunities and our rule of law, all under the protection of the Constitution (and the military) of the United States of America. You need only to witness the deep appreciation of new citizens, who often made enormous sacrifices to be here, to feel what it must be like when they take the Oath of Allegiance to the United States of America – it would bring you to tears.

It is incumbent on us to educate ourselves, our fellow citizens and future generations about American values and our ongoing pursuit of a more perfect democracy. This education should start in grammar school – our civic roles and responsibilities need to be taught. Our common values are transcendent.

ACKNOWLEDGE AND FIX OUR PROBLEMS AT HOME BY REGAINING COMMON SENSE AND BEING RESOLUTE.

Facts are often used by people to justify what they already think, and then populists on both sides distort the facts and use them to jazz up citizens around their grievances. But, as former U.K. Prime Minister Tony Blair asserts, we need to separate the populists from the grievances because many of these grievances are partially rooted in truth and must be addressed. The following are issues that I believe are causing legitimate frustration and anger in the country today. This list is not complete, but let's acknowledge some of these profound challenges. In this section and the next, I discuss some possible solutions:

- **Lack of control of our borders.** Uncontrolled immigration is highly disturbing to affected populations around the world and reduces the ability to manage legal and needed immigration. In the United States, the number of immigrants has increased by approximately 50% over the last 20 years. Once we gain control of our borders, I believe most Americans would support increasing merit-based immigration, including allowing anyone who earns a degree here to stay, ensuring there are proper visas for seasonal workers, enabling children born in this country to remain and providing a rigorous path to citizenship for law-abiding, undocumented immigrants. Healthy and proper immigration would bring great talent to our country and has been shown to actually help grow the economy.
- **Too many left behind.** Our fellow citizens at the lowest income tier have, in fact, been left behind, a trend we're seeing globally. From 1979 to 2019, wage growth of the top 10% income tier was nearly 10 times that of the bottom 10% – which, basically, did not increase at all. Our very low-income citizens experience higher school dropout rates, greater joblessness, increased drug use and crime in their neighborhoods, and significantly worse health outcomes. They often reside in rural areas and in inner cities. So while enormous wealth has been created in the country, the promise of equal opportunity seems unfulfilled for too many for too long.
- **Education, some of the best and some of the worst.** We have many of the best universities (including research universities) in the world. However, over the last 20 years, the cost of college has more than doubled for both public and private colleges, while household median incomes have gone up only 18%. Many inner-city schools graduate under 50% of their students. And in both high schools and colleges, we don't teach enough skills that lead to well-paying jobs. Again, this affects the bottom income tier far more. Equal opportunity is clearly not fairly shared.
- **Ineffective and incompetent government.** Most people do not believe that the government, regardless of party control, is doing a good job. For some, it's the constant bureaucracy, lack of permitting and failing schools; for others, it's the constant anti-business sentiment. We struggle to build pipelines, upgrade our electrical grid, develop high-speed rails and accomplish other necessary goals. Our government seems unable to reform and reorganize itself, which is a problem. This is amplified by the fact that many of our career politicians have little real-world experience, and it shows. We have failed at basic common sense. And let's stipulate here that this is not about blaming individual workers. We all know that many government employees are hard-working, ethical and caring citizens doing very important jobs that support and protect their fellow Americans.

- **Profligate fiscal management.** Most people do not believe that giving the government more money leads to better outcomes. In fact, most people perceive government actions, such as special tax breaks, as patronage for favored interest groups. Many people think the tax system itself is littered with unfair loopholes. Government has been fiscally irresponsible and profligate – and even with all the money spent, grievances increased. Our government estimates that it makes over $200 billion in "improper" payments per year. Somehow, we have huge deficits and bad outcomes.

- **A leviathan both too weak and too strong.** Our state is paradoxically both too weak – ineffective at accomplishing essential tasks – and overly strong – overreaching in ways that undermine fundamental democratic principles like individual freedom and autonomy. Over the last few decades, many have felt violated by the government's increasing interventions. This heavy-handedness often prescribes not only how we should act but also how we should think and feel.

- **Culture wars and virtue signaling.** In the past, the elite often insulted traditional values of family, God and individual success, lecturing about their superior values from their comfortable perches and imposing all of this on people who believed differently. We have implemented many climate policies that do not effectively address climate change and raise the cost of living. We have stopped teaching some important parts of American history. Instead of acknowledging America's significant virtues, we denigrate them and tear them down. We engage too frequently in class warfare and excessively in identity politics; i.e., using race, sex or creed inappropriately. And state laws were passed that actually increase crime instead of preventing it. Many of these policies hurt the very people they were meant to protect most. Many cities that paid a high price for their misguided policies are now returning to obvious policy goals – safe streets, better schools, more housing.

  Unfortunately, more and more people are being disrespectful, condescending and unwilling to listen to one another. While adjustments are needed, it is quite predictable that the pendulum will swing too far in the other direction. When all is said and done, let's hope we can all treat each other with a little more respect.

- **An imperfect healthcare system.** While in some ways our healthcare is the best in the world, it is also expensive, essentially costing almost twice as much as the average healthcare in OECD (Organisation for Economic Co-operation and Development) countries. Our healthcare system is also lacking in preventive care, transparency and proper incentives, and leaves too many uninsured.

- **Crippling litigation, bureaucracy and regulation.** An effective legal environment, upheld by a dependable judiciary, is essential for economic health, protecting rights, ensuring justice, resolving disputes, maintaining checks and balances, and supporting innovation. However, the current environment is demoralizing and slowing growth. While we all want justice through the legal system, our litigation system is expensive (far more than most other countries), capricious, arbitrary and slow. All of this leads to extreme risk aversion – mostly on the part of government but often on the part of business as well. It is concerning that some politicians have grown increasingly beholden to the interests of tort lawyers, posing real risk to balanced policymaking. In some ways, this could be America's Achilles heel.

- **Red tape 2.0.** Red tape has always meant excessive paperwork, bureaucracy and regulations. But it's been taken to a whole new level by people who really like it and want even more of it. They have doubled down on regulations and bureaucracy, which also dramatically increased red tape. In so doing, they made sure that new rules were written by academics with no pragmatic experience, guaranteeing that they would be excessive, confusing, contradictory and infused with ideology. So we need to give credit where credit is due. Therefore, I have renamed it "BLUE" tape. Even when "blue" tape has been shown to slow down economic growth and make it hard for businesses and individuals to thrive, those who created it excuse the outcome and refuse to change (see Europe).

- **Damaging trade practices, particularly with China.** While trade has greatly benefited the world and many – if not most – American citizens, the damage that was done to some, while acknowledged, was never rectified. Those who suffered felt the sting – both in lost jobs and lower wages. We also allowed too much unfair trade. Finally, and most important, we failed to protect our national security, becoming too reliant on potential adversaries for critical products that the military needs (more on this later).

- **Selfishness on the part of our citizens and elected officials.** Whether it is unions fighting new technologies or businesses getting tax breaks, the focus on "what am I going to get" needs to stop. There are 13,000 groups lobbying in Washington, D.C., defending their "special interest." Rarely do they fight for what is good for America. When America's future hangs in the balance or when special interest groups wield undue influence, it is time to prioritize principle over profit – and put country before company or union. Many in our country do this – our uniformed officers in the military are an ideal example as they put their lives on the line out of a deep belief in our values and our country.

America is still the exceptional nation, but its problems demand that we adjust our strategies. America has carried the burden of keeping the world safe and has made extraordinary efforts, including through trade, to improve the lives of the citizens of other nations. It is time to rebalance and rebuild but not retreat from the post-world order. A U.S. retreat from international leadership will leave a vacuum that may be filled by China or other actors that seek to promote an alternate set of international rules and norms.

Both parties contributed to our failures (and the media amplifies it).

Many of the grievances I've noted existed and grew under both parties' leadership. These grievances are frequently amplified by media, both traditional and new, that often adheres to only one party's views, which leaves audiences blind to all of the issues and consequences of flawed policies. For example, when conducting interviews, reporters many times reveal their biases whether through subtle support or open skepticism. Interview subjects may be discredited because of who they are, not because of the content of their argument. Much of this is making us meaner to each other – a little more kindness and understanding would go a long way. I am a firm believer that we should constantly talk with each other, air our views, hold each other accountable and try to respect all sides of an argument.

Social media has made this worse, in fact, deliberately worse by using algorithms to manipulate as opposed to educate. Networks and platforms could meaningfully improve the quality of discourse on the town square both by offering a menu of algorithms, as opposed to ones that are addictive, and by requiring all users to authenticate their identities, whether they choose to speak anonymously or not. In banking, we have "know your customer" requirements – social media should have them as well. Verifying identities would go a long way toward eliminating foreign influence and bots, and would make individuals, not the platform, subject to the law.

We also exist in a nation awash with inaccurate and unfair labeling and scapegoating; i.e., Wall Street versus Main Street. Who exactly is Wall Street in this comparison with Main Street? Large business and small business are symbiotic. Shouldn't we respect jobs and workers ***and*** the companies that create those jobs? And some give voice to the view that public sector jobs are more virtuous than private sector jobs. Less than 25 million people work in the public sector and we should hold them in high regard – teachers, police, firefighters, military, sanitation workers and others. All jobs have dignity and purpose, and add to the general well-being of the country. It is good to remember that the 135 million people who work in the private sector generate the income that funds the public sector.

All of these are among the reasons why I believe the body politic may be tired and ready to see bold disruption. While we need to take proper actions, we also need reform and reconstruction.

In addition, our adversaries mistake our apparent disarray as a sign that we are lazy, weak and decadent. Anyone who knows America – its work ethic, innovation and morality of most citizens – knows this is not true.

RECOGNIZE THAT THE BEST STRATEGY FOR AMERICA'S SUCCESS IS TO IMPLEMENT EFFECTIVE DOMESTIC POLICIES THAT DRIVE ROBUST ECONOMIC GROWTH FOR THE BENEFIT OF ALL CITIZENS.

We need to address the underlying issues causing the grievances that are tearing us apart and holding the nation back. By enacting meaningful policy reforms to resolve these issues, I believe our gross domestic product (GDP) would grow by over 3% a year – benefiting all Americans and especially those in our lower-income communities. From 2000 to 2024, GDP grew by just over 2% a year. Had it grown by 3%, which should be easily achievable with the right policy decisions, our GDP per person would be approximately $16,000 higher this year.

In this section and in the following, I describe many of the policies that we need to fix – and, in some cases, how to do it. Some of the fixes are easy, while others are more challenging. They run the gamut from improving the supply side, such as education, infrastructure, permitting, production capability and technology, to addressing the demand side, including fiscal and tax policy. All of these are domestic policies, which we can fix on our own. Later in this section, I talk about foreign economic policies, including trade, foreign investment and the U.S. dollar as the world's reserve currency, all of which are essential to our country and the world.

Policy needs to be detailed, comprehensive and coordinated to be successful – how you describe it politically is a separate matter.

As someone once said, "If you are going to do what you already did, you are going to get what you already got." We have the best economy in the world, but we must confront our extensive flaws and fault lines. We need to build our own capabilities and stop the constant under- and over-reaction. Our policies must foster healthy, sustainable growth, and it's essential that we unite the entire nation – government and business alike – to achieve it. Around the world, we observe both effective and counterproductive policies. For example, well-intentioned labor laws can backfire, as seen in parts of Europe where rigid labor regulations have contributed to persistently high unemployment. Similarly, certain safety net programs may inadvertently discourage paid work. On the other hand, streamlined permitting policies show how smart governance can accelerate development and get projects built – in short order and safely. Nations that implement sound policies are capable of achieving remarkable outcomes; consider Ireland, Singapore, South Korea and Sweden. Even Greece, which used to be Europe's perennial basket case, has managed to turn itself around, driven by an exceptional political leader.

Good political leaders get both the politics and the policies, in detail, right. They are constantly educating the public instead of just responding to it. Our country needs leaders who can guide their parties away from catering to the extremes and who can collaborate effectively with our allies to craft integrated policies that address both economic and security challenges – in the short and long term. Most important, on the home front, we need lawmakers on both sides of the aisle to commit to the serious work of governing – setting aside partisan divides to develop policies that foster economic growth and expand opportunities for all Americans to succeed. Running for any executive office (mayor, governor or president) and running the government are completely different things. Some quickly figure that out, and some don't. While a good politician must communicate policies in a clear, compelling way that resonates with the American public, the policies themselves must be well designed to be truly effective. And this is more important today than ever before because the future, for both foreign policy and economic policy, is fraught with extreme risk.

We need to promote, not denigrate, businesses, large and small.

On economic policy, the Republicans are right to champion business and free enterprise, limit excessive government intervention, establish an international tax system that has made America competitive for the first time in over 15 years, and cut back on needless, mind-numbing, job-killing regulations. And all of this could be done while still maintaining the proper regulation necessary to prevent market abuses and safeguard the economic environment.

Recent Democratic policies, driven by often-misguided narratives and an oftendismissive tone, have left much of the business community frustrated and disillusioned. Many government agencies and regulators frequently criticize business by relying on oversimplified and dishonest concepts like "price gouging" to justify their stance. They tend to take the isolated missteps of a few companies and use them to paint the broader business community as unethical. This fuels rhetoric that undermines free enterprise and leads to regulatory overreach that frequently exceeds the intent of the law. Few in the previous administration actually understood business or had any experience running a business – and it showed. Other important policies (for example, infrastructure, the CHIPS and Science Act, the Inflation Reduction Act), while well-intentioned, were laden with virtue-signaling and uninformed rules, which limit their effectiveness. And instead of fixing endless regulations, like permitting, government effectively made them worse.

It would be wiser to properly educate the public about the role of business, large and small. The private sector is the engine for investing our country's capital into high-returning areas – it is our most effective tool for promoting innovation, sustainable growth, productivity and jobs. There are more than 30 million businesses in America, but within the private sector, it is large companies that are responsible for 85% of the research and development (R&D) and nearly half of all nonresidential capital investment. Big companies generally have excellent healthcare, wellness, retirement and training programs.

Every time a new plant is built somewhere, it creates four or five times more jobs in that area, usually in small businesses. Small business and large business are truly symbiotic.

INITIATE COMPREHENSIVE ECONOMIC FOREIGN POLICY TO WIN THE NEW GLOBAL "ECONOMIC" WAR. AMERICA WILL BE FIRST – BUT NOT IF IT IS ALONE.

America's extraordinary standing in world affairs is predicated on our economic, military and moral strengths. Our exceptional relationships with our allies largely exist both because of the security they receive from America's military umbrella and our strong economic ties. But we are in a new world defined by shifting power dynamics, rapid technological disruption and rising geopolitical tensions, including China's growing assertiveness. This economic competition and conflict will likely go on far longer than the wars on the battlefield.

The autocratic nations of the world, and some of the nonaligned nations, would like to see a fragmentation of America's economic alliances and a weakening of our global economic position, including our status as the world's most powerful economy, a leader in innovation and holder of the world's reserve currency. This competition has many players, using many tactics, over many years. But our long-term strategic goals should be crystal clear: to maintain the cohesion and strength of the Western world, including their economies. If the Western world's military and economic alliances were to fragment, America itself would inevitably weaken over time.

Economic fragmentation from our allies may be disastrous in the long run.

Keeping our alliances together, both militarily and economically, is essential. The opposite is precisely what our adversaries want. Europe has some serious issues to fix. Since 2008, the eurozone's GDP per person has gone from over 75% of U.S. GDP per person to approximately 50%. While Europe has received some tough messages from U.S. leaders recently, what European leaders should do is seize the moment. European nations know what they need to do: significantly reform their economies so they can grow; e.g., finish the economic union to make commerce across their countries easier and more efficient, and initiate labor reform and tax reform to incent more business growth and more labor participation (see the Draghi report). They also recognize that they need to materially increase their military spend and capabilities. This is going to be hard, but our country's goal should be to help make European nations stronger and keep them close.

If Europe's economic weakness leads to fragmentation, the landscape will look a lot like the world before World War II. Each nation will need to seek out its own relationships to secure its future, and that may very well mean closer relationships with Russia and Iran for energy and China for trade and economics. Such moves would ultimately make these countries far more reliant on China and Russia – over time effectively making them vassal states. Economics is the longtime glue, and America First is fine, as long as it doesn't end up being America alone.

We do not need to fear China – we just need to get our act together.

Comprehensive economic policy is critical to compete with China. There is no more consequential relationship for the world, and this relationship will affect the whole Indo-Pacific region, especially our allies: Australia, Japan, the Philippines, South Korea and others.

Over the last 20 years, China has been executing a more comprehensive economic strategy than we have. The country's leaders have successfully grown their nation and, depending on how you measure it, have made China the largest or second-largest economy in the world. That said, many people question China's current economic focus – it continues to be beset by many economic and domestic issues, particularly capital misallocation, which have resulted in large real estate problems, a weakened financial system, policies that inhibit entrepreneurs in their own country and an urgent need to accommodate a rapidly aging population.

China has its own national security concerns, as it is located in a very politically complex part of the world. Many of China's actions have caused its neighbors (e.g., Japan, Korea, the Philippines, among others) to start to re-arm and draw closer to the United States. It also surprises many Americans to hear that while our country is 100% energy sufficient, China needs to import 10 million barrels of oil a day. It is clear that China's new leadership has set a different course, with a much more intense focus on national security, military capability and internal development. That is its right, and we simply need to adjust to it.

America still has an enormously strong hand – plenty of food, water and energy; peaceful neighbors; and what remains the most prosperous and dynamic economy the world has ever seen, with a per person GDP of over $86,000 a year (this compares with China's GDP per person of $13,000 in 2024). Most important, our nation is blessed with the benefit of true freedom and liberty.

Starting well over a decade ago, both business and government should have focused on certain problems with China: unfair trade across multiple dimensions and our reliance on China for critical national security-related components. While we may always have a complex relationship with China (made all the more complicated and serious by its actions in supporting Russia in the ongoing war with Ukraine), the country's vast size and importance to so many other nations (China is the largest trading partner to almost every other nation) require us to stay engaged – thoughtfully and without fear. At the same time, we need to build and execute our own long-term, comprehensive economic security strategy to keep our position safe and secure. For example, we need to remain competitive with China in the artificial intelligence (AI) race by bolstering our technological advancements and reducing our reliance on Taiwan for semiconductor chips. Most of the actions we can take to protect our country are unilateral and do not need China's agreement. Overall, I believe that respectful, strong and consistent engagement would be best for both the United States and China, as well as the rest of the world.

Whether you view China as a competitor or a potential adversary, we should work with our allies to firmly negotiate an ongoing relationship. Tough but thoughtful negotiations over strategic, military and economic concerns – including unfair competition – should lead to a better situation for all. If America provides strong leadership, and keeps the Western world together, China will be better off forming partnerships with a strong Western world than with nations like Russia, Iran and others. We should also recognize what critical common interests with China we share in combating nuclear proliferation, climate change and terrorism.

What China does so well is manage its country as a whole – coordinating government and business so that they are able to further some of their strategic goals. We must improve our ability to act in a more organized and strategic way to succeed in this new global landscape. Simply put, if we keep our economy the strongest and maintain the strength of our alliances, we will thrive.

We should promote healthy economic alliances, which includes fair trade.

Global trade is enormous, amounting to approximately $20 trillion a year, of which only $2.5 trillion is with the United States. And global trade will take place with or without us. We should remember that other nations have choices, both in the short term and in the long term, and they will make these choices in their own self-interest based on economics, security and reliability.

Many countries need trade to help grow their economies. The European Union, for example, has the largest trade network with 40 individual agreements. China has applied for and signed several new trade agreements (e.g., the Regional Comprehensive Economic Partnership, Digital Economy Partnership Agreement, and Comprehensive and Progressive Agreement for Trans-Pacific Partnership). The United States lacks trade agreements with some of its closest allies, many of whom have signed trade deals with China. We should more actively be seeking free (and, of course, fair) trade agreements, particularly with strong allies like Australia, Japan, the United Kingdom and – we hope one day – the European Union. These can be done in a way that is clearly beneficial to both sides.

We already trade with most nations on the planet – and, of course, we should always be trying to make it better and fairer for America. Deepening high-standard trade with key trading partners is good economics and great geopolitics. And we don't need to ask many nonaligned nations, like India and Brazil, to align with us – but we can bring them closer to us by simply extending a friendly hand with trade and investment.

There are many ways to combat unfair trade – industrial policy is one of them, but it should be done right or not at all.

For hundreds of years, countries have used trade practices to get a leg up on other countries. This economic competition is often exercised through industrial and trade policy, and it comes in many forms: banning or limiting trade (quotas), tariffs, subsidies, grants, tax credits or accelerated depreciation, loan guarantees, long-term purchase agreements and capital controls. These tools are generally intended to give a company or an industry an unfair competitive advantage, and when used together, they can create unbeatable economies of scale. In their harshest form, they can be used by countries as a tactic to try to unfairly dominate whole industries. This should not be allowed.

There are other unfair trade practices that need to be mentioned; e.g., nontrade barriers, such as regulations that effectively stop specific types of trade and various unfair tax policies that range from value-added taxes to a particular country's tax schemes. Many countries use some of these tools in various forms (including the United States).

So trade agreements have many flaws and need to be carefully negotiated. Practices such as permitting countries to circumvent trade restrictions imposed on them – for example, allowing China to use agreements that it has with other nations to bypass tariffs on Chinese goods – can and should be stopped. Obviously, where the United States is treated unfairly, we should demand that those agreements be fixed. It would also be good to acknowledge that we have sometimes treated others unfairly (for example, parts of the Inflation Reduction Act unfairly favor American business).

Industrial policy mechanisms, when used, should be as targeted and as simple as possible. The cleanest of these is tax credits in various forms. Whatever the policy, two rules should not be violated: (1) there should be no social engineering and (2) markets should allocate capital, not the government – lest the result is a buffet where corporate America gorges. The government is simply not good at allocating capital in a free market. One example should suffice: In our attempt to create a more competitive chip manufacturing industry in the United States (it costs two times more to manufacture these chips in America, and, therefore, our manufacturers would fail if they tried to compete), the government could have given land grants for the land, accelerated depreciation and lowered taxes or offered tax credits for an extended period. Then the companies and the capital markets would have competed to decide how best to do this.

Nonetheless, we need to acknowledge that there have been real negative job impacts as a result of trade (in 1990, manufacturing created 18 million jobs in this country versus 13 million today), which are usually concentrated around certain geographic areas and businesses. So any new trade policy should be combined with a greatly enhanced and effective Trade Adjustment Assistance program, which provides retraining, income assistance and relocation for those workers directly impacted by trade.

America already trades with more than 200 countries, territories and regional associations. We should strike the best and, of course, the most fair trade agreements that we can. And we should do this while maintaining our close economic relations with our allies.

What's the truth about trade deficits?

Trade deficits, by their nature, are not necessarily good or bad. Even if our country had no net trade deficit, it would likely be running deficits with some countries and surpluses with others. Sometimes a high trade deficit results from a country's extraordinary attractiveness as an open investment destination, and these investments help that country grow and prosper. This may be true for part of America's trade deficit. However, trade deficits for pure consumption may mean a country is slowly selling parts of itself to someone else, and I'm not sure that's a good idea.

Our trade deficit over the last 20 years has totaled over $12 trillion, and this is probably too large. The other side to the trade deficit is an investment surplus, which has resulted over the years in foreign investors owning $30 trillion of U.S. securities, while U.S. investors own only $16 trillion of foreign securities. In 2005, these numbers were $6.3 trillion and $4.3 trillion, respectively. You can see that, over time, foreign investors have come to own an increasing share of the United States. (For your information, China's holdings of U.S. assets are approximately $1.5 trillion, of which half is U.S. Treasury securities.)

It is good to remember that our trade deficit is also driven by our large government deficit. Therefore, it is perfectly reasonable for us to focus on our "twin" deficits: our $2 trillion fiscal deficit and our $1 trillion trade deficit. While the numbers in the above paragraph highlight the attractiveness of the American economy, they also reveal certain underlying risks: If America, for whatever reason, becomes a less-attractive investment destination, the U.S. dollar and the economy could suffer if foreigners sold their U.S. assets.

Our extraordinary energy position is a massive competitive advantage, ensuring affordable, reliable, safe and ever cleaner energy, both for us and critically for our allies.

The United States has a huge competitive advantage in that it is essentially self-sufficient on energy – and will be for decades. This reduces the cost of so many things in our country (e.g., up to 40% of the cost of food is related to energy) and makes it much easier for American companies to compete. It's also an enormous geopolitical benefit for us to be able to export safe, affordable, secure liquefied natural gas overseas to our allies. This binds them to us, gives them greater security and is economically beneficial for the United States. It also has the virtue of being good for the climate – as cleaner liquefied natural gas replaces dirtier coal.

America should lead the way in generating more energy to meet greater demand, including from AI, which will require huge amounts of energy. And we need an "all of the above" strategy for developing renewable energy, as well as tapping conventional energy sources. We should not forget that to make energy ever more efficient and cleaner, we also need more rapid permitting, investment in the grid and access to critical minerals. I am convinced that, over time, our innovative capabilities will make energy cleaner and solve the carbon emissions problem.

In this country, we have made many mistakes around climate policy – and I believe a lot of money will ultimately be wasted. We also made many bad decisions. For example, we failed to build the pipeline that would bring gas from Pennsylvania to New York – this would have replaced coal (in a cleaner way) and dramatically decreased the cost of energy for New Yorkers. It's also important to remember that pollution in the United States was significantly reduced because we effectively outsourced the production of "dirty" manufacturing, like steel, to other nations that have lower emissions standards than we do.

One last point: Billions of people around the world still lack access to affordable and reliable energy, a fundamental driver of higher and healthier living standards. Meeting this demand improves lives on a global scale.

There are many other critical foreign economic policies that could be used to promote the American economy and protect our allies.

Essentially, they are:

- We must keep America's tax system internationally competitive so as not to drive capital, companies, intellectual property or people overseas. There is a complexity to this because so many countries play games with their tax systems – but staying competitive can be done. It would be a huge mistake for America to put itself at a disadvantage – there are better ways to collect taxes (more on taxes in the next section).

- U.S. development finance institutions, including the two main ones (the U.S. International Development Corporation and the Export-Import Bank of the United States), are generally used to develop projects in and support exports from developing nations. Our development finance is very small relative to the size of our country – in total, America's development finance investment is approximately $60 billion. We are virtually absent compared with China. By contrast, China's government-led Belt and Road initiative has lent or invested $1.4 trillion in 155 different countries. China does this to promote its business expansion overseas and to enhance its own energy, minerals or supply chains.

  In addition to the Belt and Road initiative, China has foreign direct investment of approximately $3 trillion in the rest of the world. This investment was virtually zero in 2000. By comparison, America's foreign direct investment totals $6.7 trillion. In my travels in Africa and Latin America, the absence of American business or government investment is palpable. African and Latin American nations want more of America, but they are getting what they need from China. Done right, America could dramatically increase its development finance – it is not a giveaway, it can be quite profitable, and it has the virtue of promoting America and its businesses overseas.

- We need to do a better job, in general, of promoting American business overseas. America's development institutions can work with American businesses far more effectively, for instance, by providing political insurance on large capital investments. This insurance would protect businesses and enable them to make investments in unstable regions by covering risks like government takeovers or political unrest.

  At the same time, while laws like the Foreign Corrupt Practices Act have helped reduce corruption and level the playing field abroad, such laws often put firms at a disadvantage, including American firms and international firms with a U.S. nexus. The rules can be vague, the guidelines are ambiguous and the penalties are steep – making impacted companies hesitant to compete. This needs to be fixed.

- We need to constantly educate and inform the world about America's values and virtues. We don't need to be condescending or lecturing, just consistently educating and sharing – the lore of freedom and democracy combined with a gentle assist will eventually win the day.

America's strong economy plays a critical role in preserving the U.S. dollar as the world's reserve currency.

The U.S. dollar is a "fiat" currency. Some say this makes the dollar purely a matter of trust. This is simply not true. The Federal Reserve, which issues dollars, owns assets (mostly U.S. Treasuries) supporting each dollar it issues. Those assets carry the full faith of the U.S. government, backed by its taxing power on the most prosperous nation the world has ever seen. If you have U.S. dollars, you are essentially free to do with them as you see fit – that is not true in many autocratic nations. The U.S. dollar is the world's reserve currency because of America's open markets, the strength of our economy and our rule of law upholding property rights – all protected by the U.S. military. These are also the reasons why the United States is such an attractive investment destination for anyone wanting to invest their money.

A well-functioning international monetary system is good for the United States and for our allies, particularly since the rules are set by us and our allies (although some reform is needed). The U.S. dollar is foundational to a healthy global economic system, and it's the cornerstone of America's commanding global influence. The strength of our financial system gives America considerable clout, not only in allocating capital efficiently but also in creating a huge informational advantage for our country. The U.S. financial system writ large is the best in the world – with extraordinary knowledge and capabilities, it is a critical flywheel of the American economy.

To protect the status of our global economic influence and of our reserve currency, America also needs to be broadly trusted and reliable. Good trade should be enabled to flourish. Sanctions are a powerful tool (against not just financial corruption but global bad actors) – but they should only be used judiciously and for the right purpose and, generally, done in concert with our allies. In addition to the benefits mentioned above, being the reserve currency saves the United States $100 billion a year at current interest rates. People around the world actually carry approximately $2.5 trillion of paper U.S. dollars, which, in effect, is borrowing without paying interest.

There is a correlation between the strength of our economic and military alliances and our status as reserve currency: The stronger our alliances, the stronger our reserve currency status. However, the opposite is also true. History has shown that as countries become weaker, their currency loses reserve currency status.

AFFIRM THAT OUR NATIONAL SECURITY AND THE WORLD'S BEST MILITARY, AT WHATEVER COST, ARE PARAMOUNT AND NECESSARY FOR PEACE.

In today's troubled world, we've seen several stark reminders that national security is and always will be paramount even if that idea seems to recede in tranquil times. America remains the arsenal of democracy and the bastion of freedom for the whole world. We must explain to the American public, over and over, how Ukraine and the terrorist activity in Israel, fueled mainly by the Iranian regime, are the actual battlefields of freedom. It is our hope that these terrible events have awakened all of us to the fact that the world is never safe. As President Ronald Reagan once wisely said, "The only way to stay safe is peace through strength." Having the best military is expensive, but it is not nearly as expensive as dealing with what would happen without it. We must maintain the world's strongest military, without question.

Of course, it is reasonable to expect allies to pay their fair share of global military expenses – but we should also recognize that it is in our own strategic self-interest to keep our allies together. The U.S. military presence around the world should not be viewed as mere protection for hire – it's a critical pillar of global stability and a reflection of our leadership.

We hope one day there will be a lasting and permanent peace for Israel and the Middle East. Ukraine needs a proper resolution – one that provides it with sovereignty, stability and security – putting their country on a path to healthy growth. Sovereignty means that they are a free nation left to make their own decisions. If Ukraine is left in a weakened position (meaning, essentially, that Russia succeeded), we will see a fracturing of America's military alliances as countries, Europe in particular, search for better security arrangements.

One more point about military security: There was always a thought that America was far from European wars, even though we have been dragged into them many times. With the advent of cyber war, satellites and hypersonic missiles, the world has changed; other countries' military capabilities are already on our doorstep.

We need to employ all instruments of national power.

The exercise of power isn't measured by military force alone but also includes other instruments of national power: diplomacy, economic development, foreign assistance (all done in a strategic, efficient and accountable way) and constant education about the benefits of freedom. Again, as President Reagan said, "Freedom is special and rare. It's fragile; it needs protection." Fundamentally, we need to realize that power is also based on trust: trust that we will do the right thing, that we can do the right thing and that we are not just strong but reliable.

We need to immediately change certain policies to secure and enhance our military capabilities.

Sustaining America's position of power requires major changes in the funding and planning of our military. This includes major changes in trade, production capacity and supply chains to make our military as resilient and capable as possible. Some specifics will suffice:

- We don't have multi-year plans for critical military expenditures and often rely on short-term continuing resolutions to fund our military. This costs the military billions of dollars a year and creates instability and uncertainty for the defense industry. Switching to multi-year plans could potentially provide $40 billion in savings a year (out of a 2024 Defense Department budget of almost $850 billion) and greater stability for the military.
- We need to allow greater flexibility on the reallocation of money; i.e., to continuously innovate (buy the newest drones and other items).
- Our stockpiles of vital munitions are seriously inadequate – if there was a war in the South China Sea, we would run out of missiles in seven days. If it were up to me, I would be stockpiling ammunition, air and missile defense, rare earths and other critical components, importantly to preserve peace.
- We don't maintain sufficient excess production capacity in our defense industrial base to ramp up the production of weapons, if necessary. We don't even have the proper capacity to build battleships anymore. It would be rather easy for the government to work with the private sector to help maintain factories capable of producing military materials that would be required at a wartime pace.
- We also lack sufficient labor necessary to do everything outlined above. It can take up to six years to train workers on the complex skills that are needed to manufacture this equipment – and we don't have six years.
- We need to immediately restructure some of our trade and supply chains. Surprisingly, many of the essential items we would need in case of war would come from potential adversaries. These products range from rare earths to penicillin and other pharmaceutical ingredients to certain types of steel, semiconductors and even some manufactured components. We need to use all of the tools at our disposal to do this as expeditiously as possible.
- Taking the proper unilateral actions on very targeted investment and export restrictions (chip making equipment, advanced chips and other hard-to-duplicate technology used for military purposes) is essential. However, we should only expect these kinds of actions to slow down our competition, not necessarily stop it.
- Finally, the extraordinary science that comes out of our national labs and our exceptional universities has been critical to creating and maintaining our scientific discoveries and advances, which have not only fueled America's economy but have also maintained our military superiority. There are lots of complaints – some legitimate – about America's elite universities, but this cannot and should not be one of them.

Protecting our country goes way beyond just the military and includes, among other items, grid security, data centers, communications and cybersecurity in general.

Foreign policy is realpolitik.

America's alliance system is the foundation of our geopolitical advantage and is the special sauce of American leadership. Foreign policy must be grounded in realpolitik – a pragmatic approach that prioritizes national interest over ideological considerations. Realpolitik means that many decisions are properly subordinated to national security. For example, while addressing global challenges, like climate change, is important, such efforts should not overshadow the strategic imperatives of our foreign relations.

We need to bring our allies along and help them build their own capabilities. A weak Europe is ultimately very bad for America. Among other things, our allies need reliable, safe, secure and affordable energy – or they will be in a terrible position. Diplomacy and our economic relationships, including trade, are a critical part of maintaining these alliances. While we should educate other nations about the virtues of our values, we should stop lecturing – we don't need them to have all our values, but we do need them to be strong allies.

II. A Compendium of Critical Domestic Policies to Drive Growth, Opportunity and Well-Being

We should do everything we can to drive healthy growth in the economy. By doing so, we create the resources to constantly reinvest in our country, and we create the conditions to promote greater opportunity and well-being for all our citizens. In this section, I describe nine critical policies that I believe are essential to making our economy strong – putting us in the best position to deal with any issue in front of us, economic or geopolitical, and guaranteeing our ongoing military and economic predominance.

In compiling this list, I tried to look at the United States as I would any large complex company that we might acquire. (Of course, our country is much more complicated than any one company.) A full assessment of all critical issues allows you to develop a game plan. The issues I've highlighted – and there may be more – are those that I believe are holding us back and causing much of the "grievances" I wrote about in the first section. In all cases, I tried to be practical in my approach, and, in some cases, I offer ideas for potential fixes.

I tried to look at this without regard to how positions might be labeled; i.e., conservative, liberal, progressive, red or blue. Whether my views are right or wrong, it is critical that we start to fix that which is broken.

Government as a whole needs to demonstrate to the American public that it is effective, efficient, competent and principled – as any institution should do – in developing policies that are conducive to maximizing long-term growth, jobs, competitiveness and fairness – without micromanaging the economy.

The government, like all institutions, should continuously prioritize and allocate resources to streamline its operations and reduce red tape to improve service delivery, enhance responsiveness and achieve cost efficiencies. Every department should focus not just on the amount of money spent but on what it expects the outcomes should be, what the outcomes actually are and how it can deliver more at a lower cost.

Instead, we have a broken bureaucracy that fails to fully acknowledge or effectively deal with our biggest problems. Even worse, the power of the government over the years has been used to attack parties, businesses and individuals, particularly those not in favor by the party in power. This needs to stop. It begins by always reminding the American public about the founding principles of the United States of America – the principles embedded in our Declaration of Independence and the Constitution – liberty, freedom, individual rights and justice for all.

The economic machine is extraordinarily complex. We need to focus on proper policies that are ***conducive to growth***. Micromanaging coupled with misguided, ill-informed policies not based on reality and pragmatism often have huge unintended consequences. People frequently twist accurate data with bad logic to kill good policy. Many times, it is easier to throw money at a problem, mostly on the demand side (i.e., spend more money), than to formulate good policy or spend money appropriately to help the supply side. Good supply-side policies, such as those promoting job creation and infrastructure development, are critical to achieving productivity and, therefore, to maximizing long-term growth. While innovation is the cosmological constant always driving growth, sometimes its downside is used to block it. This is a huge mistake. We should foster innovation and then create policies that help those who are negatively affected.

WE NEED CONSISTENT AND RESPONSIBLE TAX AND FISCAL POLICIES.

America could benefit from a bipartisan, binding mechanism to achieve fiscal responsibility, similar to a Simpson-Bowles type of commission – but with real congressional authority. Some countries, such as Sweden, have implemented a fiscal policy framework with specific guidelines. Sweden's framework establishes a debt-to-GDP ratio of 35% plus or minus 5%. This allows the country to run deficit financing at the same rate as its economic growth and still maintain a debt-to-GDP ratio of 35%. Adhering to this kind of consistent fiscal standard makes it easier to manage the country in general. The United States should eventually establish similar guidelines that would make it easier to run this "ship of state" and reduce the uncertainty that results from constant flip-flopping between sometimes radically different fiscal policies.

Additionally, we should eliminate the debt ceiling. The debt ceiling is essentially a "weapon of mass destruction" that can be misused by politicians who don't understand the damage it can do. It's hard to even contemplate the harm that would be done to the trust in America and in our economy if we actually failed to meet our debt obligations.

We must learn to account for investments differently from the way we account for expenses, particularly in areas such as infrastructure.

The lack of proper accounting by the U.S. government is astounding and is almost laughable. Unfortunately, the practice drives terrible decision making. For example, in determining the deficit, the government treats investments in infrastructure (roads, hospitals, ports) the same way that it treats expenses. But we should put them in completely different budgetary categories. Good investment spending has long-term productivity benefits that many expenses do not. The United States now spends only 0.55% of its GDP on infrastructure. The OECD average is at 0.81%, and China's is a staggering 5.56%. We need to spend more money on productive infrastructure, not less. Borrowing to invest is fundamentally different from borrowing to consume.

The government also makes a lot of loans, but it doesn't have to account for them in the same way that a bank does – which makes bad lending easy to do. For example, the government continues to extend a significant amount of student loans with improper or no underwriting. When the student loan system was taken over by the government in 2010, loan losses had been reasonable, and loans outstanding were $750 billion. Through the magic of government accounting, the government actually forecasted more than $60 billion in profit from when they took over the program. Thirteen years later, the outstanding debt from student loans has more than doubled to $1.6 trillion, and we estimate that the government has lost, with proper accounting, at least $500 billion. Yet the government continues to make many of these bad loans.

The stakes are even higher regarding the government's control of two of the largest financial institutions in the world, Fannie Mae and Freddie Mac, whose combined assets of $7.7 trillion largely represent mortgages these organizations have guaranteed. It is incumbent on our government to properly manage institutions like these to protect U.S. taxpayers from tremendous losses (they lost $265 billion in the great financial crisis) and to shield U.S. and global economies from severe damage.

To make the U.S. tax system conducive to economic growth and job creation, we should incorporate these overall objectives:

- Be agnostic to specific industries, setting aside favoritism.
- Offer a system that is stable with standards consistently applied.
- Ensure that our practices keep the United States competitive with other countries.
- Provide effective incentives for growth and innovation.

The 2017 Tax Cuts and Jobs Act (TCJA) took significant steps toward achieving these goals by (1) broadening the tax base, (2) reducing the federal corporate rate to 21% (which is approximately the OECD average) and (3) reforming the international tax rules. The first point is sometimes forgotten: While the reduction of the headline tax rate from 35% to 21% was projected to reduce corporate taxes by $1.4 trillion (over 10 years), the broadening of the base offset $1 trillion of that reduction. Regarding international tax rules, a key part of that reform was the removal of gimmicks that allowed U.S. corporations to indefinitely defer tax rules on their overseas earnings. As a result, our international tax system strikes about the right balance between recognizing the importance to U.S. companies of serving overseas markets while not incentivizing them to move capital, skills and R&D outside the country.

Although there is certainly room for improvement, overall, the changes made by the TCJA recognize that reducing and rationalizing taxes on business income are critical to spurring economic growth and producing more “bang for the buck” than cutting taxes on individual income. Importantly, these reforms benefited most Americans. In the first two years after the TCJA went into effect, we saw real median income rise more than in the previous 10 years and the lowest unemployment rate for adults without a high school diploma.

In the year following enactment, we also saw GDP growth of 3% and a 20% increase in domestic investment for affected firms. Corporate taxes paid have risen to record levels – not because the tax burden on corporations was increased, but because corporations were more profitable; they were doing more business, hiring more people, making more investments. None of this would have been possible without a competitive corporate tax rate.

Our Internal Revenue Code can be further amended to incentivize growth and ensure a fairer tax system overall.

On the first point, our tax system should provide effective incentives for growth and innovation to support entrepreneurs and small businesses. Two such examples were in the tax code for decades before Congress recently phased them out: (1) recognizing the importance of capital investments and (2) increasing expenditures for R&D. Both are proven ways of growing the economy and creating jobs.

As to ensuring a fairer system, there are still numerous provisions for Congress to go after. On the business side, the rules intended to prevent artificial shifting of taxable income outside the United States need strengthening and a number of specific industry tax breaks need eliminating. On the individual side, there are also many tax breaks that primarily benefit a certain segment of the population: the wealthy. These include carried interest, the ability to deduct up to $10,000 of state and local taxes, and too many creative estate tax planning techniques. These tax breaks not only cost revenue but also have the additional stigma of being perceived by the American public as just another example of institutional bias and favoritism toward a special interest group. And consistent with ensuring a fairer system, the U.S. tax code should incorporate the “Buffett Rule” so that high-income earners pay a minimum tax on realized income. Everyone, including the wealthy, would benefit enormously from the increased growth that would follow if we amended our system the right way. I think many people would have fewer objections to paying a slightly higher tax rate if they thought the money was being used wisely to attack America’s biggest problems.

Finally, the tax code plays an important role in helping to raise up those at the bottom of the economic ladder. This includes incentives to ensure an adequate and affordable housing supply, such as the credit provision for building affordable housing. It’s important that any tax credit and social benefit program be properly phased in so that it doesn’t dis-incent work. One way the code could incentivize labor force participation is to expand and reform the Earned Income Tax Credit (EITC). The EITC gives an individual earning $14,000 a year with two children a $5,600 tax credit (and with no children a $350 tax credit). I would almost double this tax credit and remove the child requirement. While this would cost a lot of money, it has many virtues. It would give those with lower income far more money to spend, without government interference, on what they and their families need – education, food, better housing and more. And much of it would be spent locally, in lower-income neighborhoods. It has the virtue of rewarding work, which would grow the GDP. Jobs not only bring dignity but better social outcomes in terms of less homelessness and crime, improved health outcomes and more household formation, among other benefits. For many people, that first job is just the first rung on the ladder of a career. I have little doubt that this plan would more than pay for itself over time. Many Republicans and Democrats support this program as it helps create the American Dream for many people.

OUR EDUCATION SYSTEM IS IN DEEP NEED OF REFORM TO CREATE SKILLS, JOBS AND OPPORTUNITY.

Much of our education system no longer truly meets our country's promise that its students graduate with the skills they need to attain a good job. The American Dream itself rests upon our providing, as best as we can, equal opportunity to all our citizens. Education and jobs are still the best way to achieve this. That certainly can't happen when so many of our schools are not working.

In a number of our inner-city high schools, under 50% of the students graduate, and those who do often don't have the skills they need to hold a well-paying job. Increasingly, poverty has become intergenerational.

The growth of America was always driven by productivity that matched capital investment with skills, which is also the driver of individual incomes. Fortunately, all we need to do is reorient what we do today. No investment is required. It is essentially free; we just need to redirect existing resources (the United States spends almost $1 trillion a year on K-12 education) into better outcomes.

Let's begin with a refresh of our country's workforce training system.

Effective workforce training systems that align education, training and the private sector are necessary for securing well-paying jobs. There are many successful examples, but one will suffice. Aviation High School in Long Island City, New York, teaches its students not just the basic high school curriculum but also how to maintain small aircraft; i.e., hydraulic, engine and electrical systems, and other technical skills. Some students travel several hours a day to get to school, and often parents are the driving force behind their child's enrollment. The school graduates about 450 students annually, many of whom go directly into the aviation field. These young people are currently earning in the range of $80,000 a year (not including overtime) from major U.S. airlines who are in desperate need of these types of skilled workers.

Schools like this are the template we need to follow, modernizing education and workforce development programs to be responsive to current workforce needs. The advent of AI and technological change will require lifelong learning and re-skilling. Career and Technical Education programs and alternative pathways, such as apprenticeships, earn-and-learn programs and work-based learning, also provide effective career entryways.

Reforms to credentialed programs could also increase access to careers with a future and reward experience. We know exactly what to do, though systems change is hard. There are millions of jobs available for which training could be done in high school, community college or special programs outside of school. For example, there are training programs lasting 12-24 weeks in coding, advanced manufacturing, cyber, data science, program management, and nursing and healthcare-related areas. These trainings should be certified and counted as credits for undergraduate or graduate education. Many unions run excellent apprenticeship and training programs that certify workers for badly needed high skilled jobs like welding, electrical work, plumbing and others. These jobs can pay well in excess of $100,000 a year.

Two other points: Pell Grants, which are government grants awarded to students to help pay for eligible two-year or four-year colleges, should be available for work credential programs. In addition, the Workforce Innovation and Opportunity Act should be reauthorized to support Second Chance initiatives that give returning felons an opportunity to receive training to re-enter the workforce.

Higher education costs too much and is insufficiently linked to outcomes.

Many people who graduate from college are successful not solely because of their college degree. Their opportunities stem from their socioeconomic circumstances – how and where they grew up – which offer them knowledge, confidence, and often internships and relationships within the workplace that give them a leg up. Even with all of that, over 30% of those who obtain college degrees face underemployment; i.e., low-paying jobs. They, too, need skills. You can major in philosophy or history, but a credential of value in coding, data science and analytics, graphic design, financial accounting, digital marketing or engineering can lead to jobs making $80,000+ a year.

Some portion of higher education funding should be linked to outcomes focusing less on graduation and employment rates and more on income levels of graduates.

The federal student lending system needs to be reformed to help ensure that the borrower's education is leading to a good-paying job. This would be better for the student, would reduce future loan losses and would discourage simply driving education costs up.

Early childhood education is critically important (it's a long-term investment so start now).

Early childhood education is a long-term investment so it is important to start now. Universal pre-K and other early childhood programs enhance educational outcomes and increase parent labor-force participation. Almost every study I have seen shows the tremendous return on this investment (some even showing two to four times for every dollar invested) even though it appears as a cost in the early years. Included among the positive outcomes for both the parent and the child are early childhood education and higher levels of income, good health and parental employment.

All students should receive a basic financial education.

Financial education should be taught as part of the K-12 education system. Everyone, and in particular our young people, should understand the basics: the need for a rainy day fund, how to look at savings, the value of a checking account (versus payday lending), the value of homeownership, the importance of saving for retirement and other basic principles. Specific financial coaching delivered simultaneously with opening a first bank account would also be very effective.

Teaching health and well-being in grades K-12 would benefit all our citizens.

A basic understanding of health, exercise and nutrition would be a huge benefit for our society. Ninety percent of our nation's $4.5 trillion in annual healthcare expenditures are for people with chronic conditions (certain cancers, heart disease, diabetes, obesity, musculoskeletal disorders and mental health). Preventive medicine and early interventions to manage these diseases, especially those directly related to behaviors (smoking, drinking, poor exercise and nutrition) can have significant health and economic benefits. One small but meaningful example: Cigarette smoking costs the United States more than $240 billion in healthcare spending. This could be reduced every year if we could prevent young people from starting to smoke and help those who do smoke to quit.

WE MUST REMEDY THE HEALTHCARE SYSTEM, BOTH TO REDUCE COSTS AND IMPROVE OUTCOMES.

America has among the best and worst of healthcare. While we may have the best doctors, hospitals, pharmaceutical industry, medical devices and more, our average outcomes are not good, and our costs are double those of our global competitors (17% of GDP versus 9% in other countries). In addition, 27 million people don't have insurance, and, as mentioned above, preventable chronic diseases run rampant. Our healthcare system also lacks transparency around costs, pricing and proper incentives since the user never effectively pays the full price. We need to begin reform right away.

A few simple **policy** changes would go a long way toward improving all of this:

1. Healthcare data should be tabulated in a consistent way across all healthcare organizations and providers.

2. All healthcare data should belong to the individual and, therefore, be transferable (and not used for unauthorized purposes by anyone).

3. Increasing transparency for both the companies and the patients is essential, ensuring clarity about the cost of care. Additionally, patients should understand what their medicines will cost them and be eligible for volume discounts, including rebates.

4. Healthcare would be more affordable if the exchanges were national and offered a broader range of insurance options people could buy.

Better data and more consistent standards across Medicare, Medicaid and commercial markets are needed, with transparency and elimination of fraud and waste being key to stabilizing markets and portability being important for empowering patients.

Engaging employees by prioritizing health education and literacy can help make them informed consumers of healthcare and wellness. Addressing the significant problem of medical bankruptcy in the United States is crucial, and medical bills should not be calculated as part of credit scores.

One day, individuals should be responsible for purchasing their own healthcare. Healthcare should not be an annual purchase – you should be able to make a long-term buy, which means you would be the beneficiary of taking care of your own health.

One final point. Over the last 100 years, the health of our citizens and our workforce has played a significant role in increasing productivity for American workers. Some studies show that over the last 25-30 years, this may have accounted for as much as 45% of productivity growth over time. Healthier workers and the participation of older workers (due to their accumulated knowledge and wisdom) are the main reasons.

WE CAN IMPROVE EFFECTIVE REGULATIONS WHILE REDUCING CRIPPLING RULES, DEMORALIZATION, AND ARBITRARY AND EXPENSIVE LITIGATION.

I don't even know where to begin! How did the can-do, commonsense practical America end up here? Clearly, something is broken. We have gotten to the point where we barely talk about improving our regulations. We only talk about adding more – contributing to endless, mind-numbing and demoralizing bureaucracy. Studies show that the cost of our regulations (which do have some productive outcomes) is over $3 trillion annually. J.P. Morgan Global Research estimates that relative to the United States, more restrictive regulation reduces long-term growth in the five largest European Union economies by 0.8% per year, and in China by 2.4% per year. These regulations are at the federal, state and local levels, and they affect every industry and business, small and large. They range from permitting and licensing to employment rules and tax compliance (and much more). Each of these rules could easily be fixed. Take permitting, for example. Various regulators, state and federal, should be forced to approve projects sequentially. Some countries (Singapore and Canada) have rules to reduce permitting timelines substantially to two years or fewer (ours can take over 10 years). Regulations shouldn't be like concrete (immovable) – they should be constantly improved. U.S. law already requires major rules and regulations to have a cost-benefit analysis done – this needs to be **fully enforced**. There are hundreds of rules to fix. Often these regulations are targeted at the financial and technology sectors, whose industries help drive our dynamic economy.

The cost of our tort system is over $500 billion a year, a little more than 2% of our GDP. While the tort system plays an important role in compensating victims and deterring irresponsible behavior, our system is capricious and arbitrary. Since the loser never pays, there is a great incentive for someone to sue and for the person being sued to settle. Much of the compensation never even gets to the victims. These costs are **two-and-a-half times** the average level of eurozone countries. One example of a major improvement would be Florida's recent reforms, which seem to have both reduced the excessive cost of torts to the system while giving people better odds of proper recompense.

These excessive regulatory and litigation costs result in higher costs across the whole economy, including infrastructure, utilities, education and other essentials. Proper federal, state and local regulations, along with permitting reform, are necessary to reduce delays and litigation. Minimizing red tape would make it easier, cheaper and faster to build infrastructure such as roads, schools, bridges, energy facilities and homes. A little common sense would go a long way.

One last point: Excessive regulations make it much harder to start a new business, and they often reduce competition. And they almost always hurt smaller companies more than larger ones.

WE COULD DO A BETTER JOB SUPPORTING SMALL BUSINESSES.

Small businesses power job growth in America – they account for two-thirds of new jobs and employ nearly half of the American workforce. Our entrepreneurial ecosystem has been the envy of the world for generations, and it is essential to create a policy environment that facilitates small business creation, growth and continuity.

Business starts have been above-trend for several years, but the failure rate remains high – 50% fail in the first five years. Public-private partnerships can help fill the capital gap in the white space between venture funding and bank lending.

Small business owners in low-to-moderate income areas face more headwinds than those in wealthier communities, so tax benefits and community education programs play an important role in helping communities lift themselves up through commerce. While banks will remain a critical supporter of small business in their growth phase, the Small Business Administration's role is crucial and agency modernization must remain a priority, including reforms to the Small Business Investment Company program and the National Technical Assistance program.

Finding qualified talent is the #1 challenge facing small businesses owners, and nearly 40% of them have job openings that they can't fill. Public partnerships with trade schools and community colleges can increase the supply of skilled labor. As mentioned in the education section, there are many ways to increase the supply of skilled labor.

Innovative healthcare legislation can reduce healthcare costs and help small businesses compete with larger employers for talent.

Just like for larger businesses, there is a need for predictability in tax policies, litigation processes and the EITC – over 15% of small business owners cite these issues as their most pressing problems. Many small businesses face a heavier burden from state and local regulations than from federal ones so seeking best practices from multiple jurisdictions to streamline requirements can support business operations and growth.

Finally, we must prepare for the coming "silver tsunami" in small business – 75% of business owners would like to exit their business in the next decade, representing trillions of dollars in business wealth at stake. There will be substantial turnover in small businesses in the next decade, and we must prepare the next generation with the skills and passion to take the baton. Local communities can help protect their tax and employment base by investing in succession and transition education programs.

WE SHOULD HAVE PERMANENT PLANS TO CONSISTENTLY DRIVE THE BUILDING OF GREAT INFRASTRUCTURE.

Every state, city and municipality should have multi-year infrastructure plans. Improper planning and ineffective execution are rampant, costly and potentially dangerous. Waiting for bridges to be near collapse or airports to be overly crowded is a bad idea. This planning could include manufacturing sites, maritime, grids, housing, pipelines, canals, broadband and highways, to name but a few.

WE CAN MAKE IT EASIER TO BUILD A MORE AFFORDABLE HOUSING SUPPLY.

To address the housing supply issue, it is important to increase funding for effective, affordable housing production programs. This can be partially and easily achieved by expanding the already successful Low-Income Housing Tax Credit programs. Additionally, incentivizing investments that increase economic opportunity in disinvested communities is crucial, and making the New Markets Tax Credit program permanent would support this goal.

In terms of mortgages, reducing unnecessary regulations would decrease homeownership costs. Streamlining loan origination and servicing standards, reducing capital requirements and simplifying securitization rules would reduce the cost of mortgages without making them riskier. These simple reforms could lower the cost of mortgages by 70–80 basis points. The costs of unnecessary regulation go beyond price - they impact the availability of credit and who can qualify for a mortgage. The Urban Institute estimates that a reduction like this would increase mortgage originations by 1 million per year and help lower-income households, in particular, buy their first home. This would specifically help individuals buy homes in the $150,000–$300,000 range. Buying a home, still a pillar of the American Dream, is simply the best way for individuals to start building household wealth.

Good and consistent local zoning requirements – that are executed with a sense of urgency – are essential in building more affordable housing. Finally, the availability of more housing, particularly lower-income housing (it's generally more economical to build denser housing than detached housing), would help people move out of rental properties sooner and reduce rents for those who do continue to rent.

WE CAN STRENGTHEN OUR FINANCIAL SYSTEM AND MARKETS.

While we have the best financial system in the world, it can always be improved. And of course, our financial system should have good consumer protections to prevent Americans from being tempted to purchase bad products or being misled, as well as strong regulations to protect the country from the failure of financial institutions. Since the great financial crisis (the financial system deserved a lot of the negative attention it received), we've made many improvements to regulations. However, as usual in a crisis, we also overreacted.

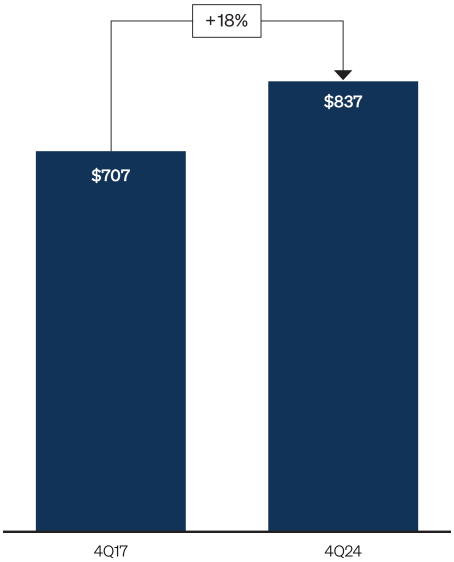
Fundamentally, we need a dynamic regulatory structure that facilitates growth and innovation rather than one that continuously imposes top-down mandates or promotes the constant demonization of corporations and financial services. Shortsighted and misguided policies often sound good politically but usually have unintended consequences that frequently hurt the very people those policies are trying to help. Healthy financial systems are the **lifeblood** of a healthy economy. You only need to look at many countries around the world to see the damage done to their economy by misguided financial policies and regulations. I'd like to suggest a few ways we can make our regulatory system better for all Americans.

We need to improve bank regulations.

It is a completely false narrative that there has been any type of looser regulation on the largest banks since the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) was passed. Capital requirements and other regulations have been on a relentless march upward even as banks have become proportionally

Required Amount of Risk-Based Common Equity Tier 1 Capital for U.S. GSIBs[1]

($ in billions)



1 Represents fully phased-in requirements; risk-weighted assets as of 4Q24

Sources: Company filings of Bank of America Corporation, The Bank of New York Mellon Corporation, Citigroup Inc., The Goldman Sachs Group, Inc., JPMorganChase, Morgan Stanley, State Street Corporation and Wells Fargo & Company

GSIB = Global systemically important bank

smaller within the financial system (see chart above). All of this makes banking and banking services (loans) not only more expensive but less available; these costs eventually will be passed on to the consumer and businesses and result in a slower-growing economy.

Dodd-Frank did do some good things, mostly by improving capital and liquidity requirements and by creating resolution mechanisms for failed investment banks. But even for the regulators, Dodd-Frank set up a balkanized and dysfunctional regulatory system with too many cooks in the kitchen. This is hard for the regulators as well as the banks – not only does it result in excessive and duplicative regulations, but it also makes it more difficult for regulators to be responsive and nimble in a rapidly changing environment. You might ask why has it taken 10 years to finish Basel III?

The enormous rules and regulations by multiple regulators that make up the Comprehensive Capital and Analysis Review (CCAR) stress test and examination are tens of thousands of pages long; our most recent Resolution and Recovery plan was 80,000 pages long; and the regulations around global systemically important banks (G-SIB), liquidity, trading and operational risk have proved to be absurd and even harmful. Many of the tests we are required to perform are not even remotely accurate in measuring true risk – and this causes distortions on how and when capital is allocated and creates large opportunities for unnecessary arbitrage.

The CCAR stress test, in particular, is highly flawed. While it essentially repeats the conditions during the great financial crisis, it does not take into account any of the structural improvements to regulations, underwriting and product offerings since then. The reported results of the test do not come close to anything that would actually happen if the hypothetical scenarios were to happen – they unfairly misled the true strength of the banks. The numbers are simply inaccurate. It would be far better to perform accurate testing, and then if the regulators wanted to add conservatism on top of that, they should do so prudently and transparently. I have mentioned many times before that we conduct hundreds of stress tests a week to protect ourselves from a wide range of possible bad outcomes – not just the CCAR scenarios.

The supplementary leverage ratio and G-SIB capital rules also treat U.S. Treasury securities and repurchase agreements as far riskier than they actually are. And the liquidity coverage ratio treats all other securities and loans as riskier than they are. These rules effectively discourage banks from acting as intermediaries in the financial markets – and this would be particularly painful at precisely the wrong time: when markets get volatile.

So now is a good time to go back and ask **basic** questions that **should** have been asked before and, in fact, were required to be asked by legislation: What is the cost/benefit of these rules, and what is the interplay between them? What do you want the expected outcome to be? For example, do you want mortgages and leveraged lending outside the banking system? Many of these rules incent capital and even companies

Size of the Financial Sector/Industry

($ in trillions)

			2007	2010	2024
Banks in the financial system	Global GDP[1]		$ 58.6	$ 66.7	$ 110.1
	Total U.S. debt and equity market		$ 54.3	$ 56.0	$ 154.9
	Total U.S. broker-dealer inventories		$ 6.2	$ 4.1	$ 5.3
	U.S. GSIB market capitalization		$ 0.9	$ 0.8	$ 1.8
	U.S. bank loans		$ 6.5	$ 6.6	$ 12.7
	U.S. bank liquid assets[2]		$ 1.5	$ 2.8	$ 7.4
	U.S. treasuries outstanding		$ 9.2	$ 14.0	$ 36.2
	U.S. primary dealer inventory		$ 0.4	$ 0.2	$ 0.5
Nonbank financial institutions	Hedge fund and private equity AUM[3]		$ 3.1	$ 3.4	$ 11.0
	Top 50 sovereign wealth fund AUM[4]		$ 2.7	$ 4.1	$ 13.5
	Global private credit AUM[5]		$ 0.2	$ 0.3	$ $1.6
	Global venture capital AUM[6]		$ 0.3	$ 0.4	$ 3.1
	Global family office AUM		NA	NA	$ 3.1
	Loans held by nonbanks[7]		$ 15.3	$ 13.8	$ 21.9
	U.S. money market funds[8]		$ 3.1	$ 3.0	$ 7.2
	U.S. private equity-backed companies (K)	1996	4.9	6.0	11.8
	U.S. publicly listed companies (K)[9]	7.3	4.6	4.2	4.0
	Nonbank share of mortgage originations[10]		12%	9%	75%
	Nonbank share of leveraged lending[5]		44%	54%	68%

Sources: Assets and Liabilities of Commercial Banks in the United States H.8 data, Bloomberg, Dealogic, Deloitte, FactSet, Federal Reserve Bank of New York, Federal Reserve Board, Financial Accounts of the United States Z.1 data, Hedge Fund Research, Inside Mortgage Finance, International Monetary Fund, Pitchbook, Preqin, Sovereign Wealth Fund Institute, S&P Global Market Intelligence and World Federation of Exchanges

AUM = Assets under management
GDP = Gross domestic product
GSIB = Global systemically important bank
NA = Not available
K = Thousands

For footnoted information, refer to page 59 in this Annual Report.

to be private as opposed to public. Financial risks have grown dramatically outside of the banking system, where there may not be the same liquidity or transparency. We have created large and sometimes leveraged arbitrage opportunities. Similar products now have completely different rules and requirements. The chart above shows the extraordinary growth in nonbank institutions and in private credit and private companies. Is this what we wanted?

Additionally, we have not adequately understood how the extensive changes that regulations had on loans and liquidity affected money supply and monetary policy and, therefore, the growth of the economy. Banks used to lend out nearly 100% of their deposits, and now they lend approximately 70%. Before the great financial crisis, banks had less than 15% of their assets held as liquid assets, and they now hold over 30%. If that capital and liquidity, now sitting idle, could be put to better use driving the economy without creating additional risk, shouldn't we do this? Again, what is the effect of all this, and is this what we wanted to achieve?

I do believe if we take a proper re-look, we can create more liquidity in the system and more clarity in resolution, eliminate most bank runs and reduce the cost of any bank failure, increase the amount of credit while lowering its cost, simplify regulations and improve access to banking for the unbanked – all the while maintaining a safe and sound banking system. Shouldn't those be our collective goals?

One final point: If all these rules ended up being properly modified, JPMorganChase would be in a position to extend, over time, **hundreds of billions** of dollars in extra lending annually. Many other banks would be in the same position.

We need to improve our retirement system.

In 1980, 84% of our country's private workforce had access to defined benefit plans versus 15% today. At present, 85% of the private workforce has access to defined contribution plans only, mostly 401(k)s. Defined benefit plans give individuals a known and guaranteed income that supplements their Social Security benefits, while employers invest the pension funds' capital to generate long-term returns and manage asset-liability risk.

Currently, many people are not prepared to deal with self-directed retirement plans, such as 401(k)s: They don't necessarily know how to invest the money; and they don't know how long they will live in retirement. Defined benefit plans address these concerns by transferring the investment risks and the mortality risk from the individual to the company.

Nonetheless, significant progress has been made to enhance the defined contribution system's effectiveness for individual savers. Enrollment is now the default option while employer matching has become the norm, and professionally managed target date funds offer a simple age-based model of investing. A young worker today will have a much better chance of reaching a successful retirement outcome than previous generations.

401(k) plans still have room for improvement. They should become more cost-effective and simpler to use for both employers and individuals. For example, 401(k)s should be portable when workers change jobs, and offered in a standardized form that can be used by multiple small businesses. Finally, and this is happening now, these plans should be designed with features that make them more like defined benefit plans.

We can learn some valuable lessons from how other countries balance adequate contributions, professional investing, simplified structures and tax efficiency. Australia has an excellent retirement system in which employers effectively contribute 12% of ordinary pay into an account that is invested by professionals; the funds are available to the employee upon retirement. In Sweden, an investment savings account is available that simplifies the investing process with favorable tax treatment. Account holders can deposit and withdraw funds at any time, and there is no capital gains tax – just an annual tax of 1% on the balance. This has dramatically increased investment by retail investors into the Swedish stock market.

The decline of the defined benefit pension system was fueled by funding rules that can affect cash flow and sometimes credit ratings, along with **accounting** changes for corporate plans that can create huge volatility in a company's earnings and balance sheet. America's critically important retirement policy should not have been undermined by accounting rules. For the defined benefit pension system to remain a viable component of our retirement system, we should return to a model that does not penalize pension funds for taking some investment risk.

Guardrails are necessary: We need clear rules that ensure pensions are properly funded and transparent so that participants have confidence in the system and the burden isn't transferred to taxpayers (roughly $70 billion has been paid to struggling defined benefit plans under the American Rescue Plan's Special Financial Assistance program). A well-funded pension plan offers an investment-supported, tax-advantaged mechanism for employers to deliver retirement benefits cost-effectively.

We need to encourage public markets.

Our public markets have been shrinking dramatically, which I do not believe is a good thing. The number of public companies has gone from 7,300 in 1996 to 4,000 today – it should be 15,000 today. This situation is the result, I believe, of a combination of factors: costly regulation and listing requirements; litigation; frivolous shareholder meetings; interference by non-governmental organizations; irresponsible, not-shareholder-friendly and misguided proxy advisors; lack of research for smaller companies; and cookie-cutter compliance requirements for boards, among others.

Regulations should encourage, rather than discourage, companies to go public. We can achieve a more active market for small companies by allowing investment banks to sponsor smaller companies with research and market making. This could be accomplished by reducing the cost of listing, enacting tax policies that favor equity investment and allowing more flexibility in listing (e.g., dual voting, simpler disclosures, reduced proxy access, smaller boards). Litigation would need to be kept to a minimum to allow this to take place. Sweden is an example of a country with a thriving stock market due to reforms made along these lines.

Finally, these changes would not only make it easier for companies to be public but would also improve capital access and create more innovation and, therefore, propel more economic growth. And great investments would be available to the average retail investor.

LOCAL DEMOCRACY WORKS: LET IT SHINE AND LEARN FROM IT.

In their book ***Our Towns***, James and Deborah Fallows describe their visits to dozens of small cities and towns across America (the largest being Columbus, Ohio) in 2019 to see what was happening outside of major cities. What they learned was this: Local democracy works and is not nearly as polarizing as reported in major media outlets in big cities. Local businesses, mayors and civic societies work together to create jobs, improve schools and enhance their community's quality of life (parks, river walks and other amenities). People generally collaborate, treat each other with respect and attack their local problems. Universities are often a critical part of this equation. What Mayor Mike Duggan did to turn Detroit around is an unbelievable example of what can be done in a major city. These cities fix their local problems: They experiment, they learn and they eventually win. Small democracy works – and we can learn a lot from it.

III. Specific Issues Facing Our Company

The last five years have been a period of significant growth for us – as evidence, we added more than 60,000 people to our workforce. While we have been very successful during this time, which was complicated by the pandemic, we allowed some bad habits to develop. Working from home exacerbated the situation by hindering innovation, slowing decision making, inhibiting information sharing, reducing efficiency, and creating more politics and bureaucracy. In the next section, Management Learnings, and in the letter by our Chief Operating Officer, we talk about various ways we seek to keep our company healthy and some specific efforts we are making to maintain our grit, our edge and our efficiency – all while keeping a keen sense that our competition around the world is always gaining. Here I outline how we are dealing with particular business challenges.

WE TAKE A LONG VIEW IN DEALING WITH OUR EXCESS CAPITAL.

Depending on what happens with all future regulations, we have somewhere between $30 billion to $60 billion in excess capital. While this is a nice problem to have, it does require some explanation on how we plan to deal with it. We aim to maintain a very secure dividend of 30% to 35% of current earnings. When it comes to capital deployment, our first priority has always been to invest in organic growth – as growth with good returns is the greatest value driver. Our second priority would be to use that capital for acquisitions, but, for a variety of reasons, we find it hard to imagine a sufficiently compelling large-scale acquisition at this time. Our last priority would be to buy back stock. We believe that buying back stock should benefit ongoing shareholders rather than simply returning cash to exiting shareholders. Therefore, buying back stock, which might be a no-brainer at one times tangible book value, becomes a stretch above two times the tangible book value. This explains why our stock buyback program has not used up all of our capital generation and why our equity capital has grown. We are very patient, and don't believe that there is any magic to the next 12 months, and, therefore, we look at excess capital as earnings in store or reserve – waiting to be used.

After reading the first section of this letter about the state of the world and the many risks facing the global economy, we hope you can see why we also believe that now is a good time to retain lots of extra capital and liquidity.

WE BRING AN INVESTOR/OWNER MINDSET TO DRIVE ORGANIC GROWTH.

We are very fortunate to be able to drive organic growth in virtually every part of our company – and at healthy returns. Organic growth is hard, but it's the best way to drive long-term, sustained shareholder value. You can read about many of these initiatives in the CEO letters of this Annual Report. Suffice it to say, organic growth involves adding bankers, branches, technology, products, services and countries virtually everywhere (we opened two new branch offices in Africa this year: in Kenya and Côte d'Ivoire). I had the privilege of visiting Kenya in 2024 with two of our senior executives who grew up there – it was quite moving to meet their families – both to see how important it is for Kenya to have JPMorganChase in their country and to see the great American story of how America can attract, train and develop great talent. You couldn't help but be moved to see the pride on the mothers' faces for their son's and daughter's achievements and the tears of joy in their eyes.

The CEO letters cover our new affluent client drive following the acquisition of First Republic, new payment systems, enhanced development finance efforts, private credit and our huge new efforts around the growing Innovation Economy. Our great economies of scale allow us to invest and compete – with much of our growth driven by technology builds of new products and services. We are constantly assessing the landscape and do expect lots of competition from existing competitors and fintech companies. We need to be as nimble as they are and use our skills and capabilities to stay ahead.

OUR LARGEST RISK IS GEOPOLITICAL RISK.

You have already read about the high and growing geopolitical and global economic risks. We constantly evaluate various potential outcomes (tabletop exercises) to ensure we can handle a range of scenarios. One of the largest risks we face is cyber attacks, both directly on our bank and on critical infrastructure; e.g., energy, communications. We also look at other potential large risks, such as war, hybrid and cyber warfare, energy disruptions and ongoing global threats, among other dangers. When we look at these various scenarios, we try to analyze and make sure we can handle not just the immediate effects on our company but also the secondary and tertiary impacts: effects on clients and potential dramatic repercussions on markets and the global economy. While we are not predicting or even expecting some of these terrible events, we believe that it is our job to be a source of strength, particularly in the toughest of times.

WE'RE NOT IN KANSAS ANYMORE: ECONOMY, INFLATION, INTEREST RATES, ASSET PRICES, TRADE WARS, OH MY!

The United States has had a rather healthy and steady economy for years, although it was already weakening as I began writing this letter – and that was before the recent tariff announcement

The economy is facing considerable turbulence (including geopolitics), with the potential positives of tax reform and deregulation and the potential negatives of tariffs and "trade wars," ongoing sticky inflation, high fiscal deficits and still rather high asset prices and volatility.

Before I get into some of these issues, there is a really big "BUT" about what is considered America's exceptional economic performance: Part of this performance has been driven by extraordinary deficit spending and the quantitative easing that took place. Since COVID-19, the federal government has borrowed and spent almost $11 trillion, and the Federal Reserve bought over $4.5 trillion in securities, creating huge liquidity in the financial system. Some of the results are exactly what you would expect: strong growth, inflation and higher corporate profits due to all the spending. But the U.S. deficit remains very large at just below $2 trillion, or 6.6% of GDP, which is the highest peacetime level ever not driven by recessionary needs (as, for example, during the pandemic). This high U.S. deficit also is associated with large trade deficits and is happening while our debt-to-GDP ratio is already over 100%, which is another peacetime high. The rest of the world has elevated debt levels and high fiscal deficits as well, although few as large as those of the United States. These large deficits are not sustainable – I do not know whether it will cause a real problem in six months or six years – the sooner we deal with it, the better.

Tariffs and non-tariff barriers have always been hotly contested in trade negotiation. Non-tariff barriers come in many forms and have been growing over time (regulatory barriers, government procurement, export subsidies, food restrictions, etc.). Recently, value-added taxes (VAT) have entered this debate. Economists generally see VATs as a tax on domestic expenditures that does not discriminate on the source of spending. But since the VAT does not tax exports, some see them as a non-tariff trade barrier. In any event, their effect on trade may not be very large.

Whatever you think of the legitimate reasons for the newly announced tariffs – and, of course, there are some – or the long-term effect, good or bad, there are likely to be important short-term effects. As for the short-term, we are likely to see inflationary outcomes, not only on imported goods but on domestic prices, as input costs rise and demand increases on domestic products. How this plays out on different products will partially depend on their substitutability and price elasticity. Whether or not the menu of tariffs causes a recession remains in question, but it will slow down growth.

There are many uncertainties surrounding the new tariff policy: the potential retaliatory actions, including on services, by other countries, the effect on confidence, the impact on investments and capital flows, the effect on corporate profits and the possible effect on the U.S. dollar. The quicker this issue is resolved, the better because some of the negative effects increase cumulatively over time and would be hard to reverse. In the short run, I see this as one large additional straw on the camel's back.

I am hoping that after negotiations, the long-term effect will have some positive benefits for the United States. My most serious concern is how this will affect America's long-term economic alliances, as I have written about in the first section.

Our economy also faces the unknown effects of quantitative tightening – you must remember we have never had this much quantitative easing and, therefore, quantitative tightening before. This introduces another element of uncertainty, which, in my view – particularly in conjunction with the restrictions put on market making by primary dealers – will likely lead to much higher volatility in the treasury markets. This higher volatility is not necessarily bad for JPMorganChase, but it is not particularly good for the capital markets. Fortunately, there are many regulatory changes now being discussed that could ameliorate the situation.

While inflation has come down, most of what I see in the future is inflationary: continued high fiscal deficits, the remilitarization of the world and the need for infrastructure investment, including the green economy and the restructuring of trade and tariffs.

Another critical point: All these factors will impact interest rates. While the Federal Reserve essentially controls short-term interest rates, it does not effectively control 10-year interest rates. The Fed can take actions that can affect the 10-year interest rate in the short run, but, ultimately, the 10-year rate will be based upon inflation, the strength of the U.S. economy and expectations of the future value of the dollar, and the supply and global demand for long-term treasuries. All things being equal, the slower the growth, the lower the interest rates, and the higher the inflation, the higher the interest rates.

This tug-of-war can go on for some time, but it's good to remember that in the stagflation of the 1970s, recessions did not stop the inexorable trend of rising rates. While interest rates have come down recently due to the weakening dollar, the risk off trade and the prospect of slower growth, this trend could still reverse.

Moreover, it is worth noting that we enter this time of uncertainty with high equity and debt prices, even after the recent decline. No matter how you measure it, equity valuations are still well above their historical averages. And credit spreads are still near the low end of these same ranges. Markets still seem to be pricing assets with the assumption that we will continue to have a fairly soft landing. I am not so sure.

All of these cross currents and turbulence may take years to play out. It is almost impossible to confidently put them into a quarterly or even annual forecast. We always hope for the best, but we are prepared for a full range of outcomes – lower or higher rates and potentially lower asset prices, all of which could be driven by different factors, including inflation, recession, high capital demand, successful trade negotiations, regulatory and/or tax reform, or adverse effects from ongoing wars. Even with fairly extreme outcomes, our company would remain healthy.

Finally, I would like to close this section by reiterating that I still have an abiding faith in America – the exceptional strength of our innovative economy and our resiliency.

CONSUMER PAYMENTS HAVE BECOME A NEW BATTLEGROUND.

There is a lot of misunderstanding about the value and cost of a consumer checking account. Our consumer bank serves nearly 44 million customers and just over 60 million accounts. It costs approximately $225 for us to maintain an account, of which roughly $150 is a fixed expense. Included among these costs are all the branch expenses, the people expenses and the cost of onboarding accounts (including verifying customers' identity and meeting Know Your Customer and anti-money laundering requirements). They do not include certain litigation costs or the cost of capital, which would add another $1.5 billion or essentially $25 per account. Our consumer accounts also come with an extraordinary number of services, generally free checking, free direct deposit, superior fraud protection, 24/7 access to call centers, access to cash from branches and ATMs nationwide, free investment accounts, free wealth planning, and free and safe payments, including debit cards, Zelle and more.

Consumers "pay" for these accounts by the bank retaining net interest on deposits, which has averaged around 2.25% or approximately $275 a year per account. However, for accounts with lower balances, which make up the majority of accounts, this is generally around $25 a year. Banks also receive certain fees, such as monthly account fees, overdraft fees and debit card fees, which on these accounts is usually around $100 a year. For these lower balance accounts, our costs to maintain and operate them are far greater than what we make from them.

Debit revenue, which is paid by the third party receiving the payment rather than the consumer, was cut in half due to the ill-conceived Durbin Amendment (the average revenues from debit went from approximately $130 to $60 – this had been a large share of the revenues from smaller accounts). In setting the pricing for debit cards, the government looked only at the cost of the debit card swipe, which is illogical as that assumes a debit card is a separate and distinct product from its underlying checking account. Debit cards are a feature of the checking account that enable consumers to access their funds to pay merchants. Therefore, the true cost of providing debit cards should also include the costs associated with operating checking accounts (e.g., the costs of branches, bankers and so on). Predictably, to make up for their lost revenue, banks had to increase their fee schedules, causing approximately 1 million more individuals to become unbanked. The Durbin Amendment is the only case I can think of where the government determined the pricing between two big industries, in this case banks and retailers.

Retailers now pay banks like ours that are subject to this government-mandated pricing 47 basis points (0.47%), on average, for debit card transactions. This is far cheaper for retailers than debit card alternatives, such as cash and checks, while debit cards also provide retailers immediate guaranteed money and are preferred by consumers. All retailers bear a high cost of processing cash (including defalcation, cash sorting, delivery of cash to a bank, counterfeit funds and higher insurance because of robberies). The cost of processing cash, even for the largest retailers, is probably more than 4% of the payment. It is unfortunate that retailers and banks have been in a battle for years over who should bear the cost of processing money – and that retailers continue to use "lawfare" to get their way. This also makes it ironic that retailers are now adding "buy now-pay later" features as another payment option for their customers, which usually cost the retailer considerably more than processing a debit or even credit card transaction.

Our Consumer Bank lost $500 million from fraud last year – $300 million from losses as a result of customer fraud committed on us (for example, counterfeit deposited checks) and $200 million from reimbursements to customers who were victims of fraud (it is our policy to reimburse 100% of valid fraud claims). Unfortunately, we must also process thousands of scam claims where customers authorized transactions but should not have done so (for example, buying nonexistent products or sending money to fake websites), often because they were misled by bad actors. The loss rate to scams for our customers is amongst the lowest in the industry, and lower than nonbank payment providers. That is because we have made significant investments in fraud and scam detection, as well as prevention capabilities, and believe that our efforts have prevented Chase customers from losing $12 billion. Fraud and scams are a societal problem, and we need law enforcement, retailers, social media, telecom companies and others to work together to stop these crimes at the source.

Now a new battle is brewing: Third parties want full access to banks' customer data so they can exploit it for their own purposes and profits. Contrary to what you may read, we have no problem with data sharing but only if it is done **properly**: It must be authorized by the customer – the customer should know exactly **what** data is shared and **when** and **how** it is used; third parties should pay for accessing the banking system and payment rails; third parties should be restricted from using the customers' data for purposes beyond what the customer authorized, and they should be liable for the risks they create when accessing and using that data. When banks utilize third party data, they will be, and in most cases already are, subject to these same obligations.

Banks provide fantastic services, and it's time to defend ourselves – in the public realm or in court if need be.

WE DEVOTE SIGNIFICANT RESOURCES TO STRATEGIC INTELLIGENCE TO INFORM CHANGE AND SHARE OUR KNOWLEDGE.

One of JPMorganChase's roles in the global financial system is to educate ourselves and the world about companies, markets, countries and critical economic issues. With a team of over 700 senior analysts, we perform extensive research on more than 5,000 companies and over 75 countries, spanning more than 20 specific sectors. Making ourselves, our clients and countries smarter, including about good public policy, has always been our goal. Doing this effort costs us over $1 billion a year. Given the importance of strategic intelligence, we have added a few critical elements, as follows:

- **JPMorganChase Institute.** Ten years ago, we created the JPMorganChase Institute to deliver unique data and insights to help solve some of our most pressing economic challenges. This information offers a unique lens into the financial habits of millions of small businesses and households, leveraging de-identified and aggregated customer data that represents half of U.S. households. The Institute's data and analyses have helped policymakers better understand the impact of decisions – ranging from student loan relief and targeted investments in underserved Chicago and Detroit neighborhoods to small business support and insights about how families manage income volatility and use their tax refunds. Importantly, the Institute has also helped shape some of our own products and employee benefits, including how we incentivize customers to save more money and reduce health insurance deductibles for our lower-paid employees.
- **JPMorganChase *Policy*Center.** Five years ago, we launched the JPMorganChase *Policy*Center to distill what we've learned through the firm's business resources and expertise, including Institute research and data, talent and philanthropic investments, into actionable, evidence-based policy recommendations. Grounded in data, we develop and promote policy aimed at reducing structural barriers to economic mobility and broadening opportunity for millions of families who live on the financial margins. We've conducted thought leadership and advocacy on issues such as housing affordability, workforce development and small business growth.
- **Asia Pacific Policy and Strategic Competitiveness.** A year ago, we created a new role – Head of Asia Pacific Policy and Strategic Competitiveness – to lead an effort to bring together colleagues across the firm in examining key policy issues critical to our competitiveness, including trade and investment, supply chains, technology and infrastructure. We also maintain a strategic security forum focused on horizon scanning for emerging and evolving risks, such as societal polarization, nuclear and biological threats, cybersecurity and strategic competition in the Arctic, to name just a few.
- **JPMorganChase Center for Geopolitics.** We are creating a new group that builds on our firm's long tradition of integrity, reliability and fortitude, offering forward-looking perspectives and unparalleled expertise. The JPMorganChase Center for Geopolitics will harness the firm's vast network of knowledge and know-how to help clients successfully seize opportunities and weather the trends transforming the global landscape.

- **Morgan Health.** Back in 2021, we launched Morgan Health, a new division with an aim to deliver and scale new healthcare models that improve the quality, affordability and equity of employer-sponsored healthcare. The team is broadly focused on improving the U.S. healthcare system. In its first three years, Morgan Health has invested $217 million in nine healthcare companies. These investments have focused on advanced primary care and care navigation (Centivo, Mosaic Health and Personify Health), data analytics (Embold Health and Merative), specialty (Cortica and Kindbody), new coverage options for small- and mid-sized businesses (Venteur) and at-home care (LetsGetChecked). In addition, Morgan Health works closely with the JPMorganChase Benefits team to better meet the needs of our U.S.-based population, where 285,000 lives are covered in the United States. The Morgan Health team is addressing health disparities, publishing novel research, sharing insights with other employers and engaging policymakers. The team is making progress, but considerable work remains.

- **Localized Investments.** After watching Detroit's extraordinary recovery from bankruptcy, we replicated how we supported that turnaround to develop a model for large-scale investments to other cities around the world. From San Francisco to Paris to Greater Washington, D.C., we've applied what we learned in Detroit to communities where conditions are opportune for success and require deeper investments – where community, civic and business leaders have come together to solve problems and get results. For us, Detroit was an incubator for developing models that help us hone how we deploy our business resources, philanthropic capital, skilled volunteerism, and low-cost loans and equity investments. Some of these specific initiatives include: our virtual call centers that launched in Detroit and Baltimore; our senior business consultants who help entrepreneurs and small businesses make the transition from community lending to accessing capital from traditional financial institutions; our 19 Community Centers/branches that are often located in areas with larger Black, Hispanic or Latino populations; and our work skills development efforts around the country. In addition, our Affordable Housing Preservation program, established in 2021, has extended loans of $20 billion to incentivize the preservation of over 190,000 affordable housing rental units across the United States. Along those same lines, we expanded our $5,000 Chase Homebuyer Grant program to include more than 15,000 majority Black, Hispanic and Latino communities (where the grant is available to all) and increased our grant amount to $7,500 in select markets. Since our grant program began in 2021, we have provided about 14,000 grants totaling $82 million.

Powering economic growth in Texas

JPMorganChase has helped to drive economic prosperity, job creation and business growth in Texas for more than 155 years. In 2023, we contributed over $1 billion to the Texas economy through goods and services purchased. With over 31,500 employees in the state – the highest number by state in the country – we bank businesses of all sizes, as well as schools, grocery stores, hospitals, government institutions and nonprofits. From Dallas to Austin to Houston to El Paso, we have the largest market share of Federal Deposit Insurance Corporation deposits in the state. We're helping millions of clients, including over 8.5 million consumer banking customers, 775,000+ small business clients, and government and community leaders thrive and achieve their goals.

We also know Texas is a great place to do business that values the power of free enterprise and partnership across sectors. We have shown up for Texans in good times and bad, and we will continue to do what it takes to keep growing. From creating or preserving 7,000+ affordable housing units since 2020 and helping large energy clients to supporting local community colleges, we're continually exploring ways to help create jobs and develop business and policy solutions to drive growth. Our work with traditional and new energy technologies is a great example of how we help empower industry leaders in the state. We provided more than $219 billion in credit and capital to energy companies headquartered in Texas between 2019 and 2024, helping support affordable, reliable energy that bolsters American energy independence, energy security and economic growth.

Our support to government, higher education, healthcare and nonprofit organizations:

- We serve over 400 government, higher education, healthcare and nonprofit clients in Texas, and, since 2019, provided more than $42 billion in credit and capital to them.
- Our clients range from county offices to school districts to healthcare systems. For example:
  - We serve as the primary depository bank for the City of Houston for its various operations. We are the primary operating bank for the City of Austin, Travis County and the City of Arlington. We also provide banking services to both the City of Fort Worth and the Fort Worth Independent School District.
  - For 30 years, JPMorganChase has helped the Dallas Fort Worth International Airport operate, serving over 88 million passengers in 2024.
  - We bank the University of North Texas System, a public university system supporting over 52,000 students that includes the University of North Texas Health Science Center at Fort Worth. We also bank Texas Christian University, a top-ranked national research university located in Fort Worth with more than 13,000 undergraduate and graduate students.
  - We bank Parkland Health, which is the oldest and only safety net hospital in Dallas.

Our support to investment, corporate and middle-market banking clients:

- Since 2019, we have provided in excess of $814 billion in credit and capital to local clients, such as oil and gas, technology, and media and telecommunications companies. For example:
  - JPMorganChase has been a steadfast banking partner to Fort Worth-based Double Eagle Energy, supporting the company's growth and resilience through challenging times, including the 2016 and 2020 commodity price crashes. With our support, it is executing 10,000 transactions totaling $15 billion, benefiting individual landowners across more than 1 million acres.

- In addition, we served as the financial advisor to Endeavor Energy in its historic $26 billion merger in 2024 with Diamondback Energy to create a North American independent oil leader, while also ensuring job stability in the Midland community. Importantly, the vast majority of Endeavor's 1,200 employees were retained after the merger.

- We have more than 5,000 medium and large clients across the state.

Our support to local financial firms:

- Since 2019, we have provided over $43 billion in credit and capital for financial institutions, such as local banks, insurance companies, asset managers and securities firms.

- We bank more than 80 regional, midsized and community banks in Texas, which play an essential role in maintaining the state's economy and serving local communities.

Our support to small business:

- Across the state, we have over 775,000 small business customers.

- As of 2024, we have provided nearly $2 billion in loans to small businesses in the state.

- We provide more than 325,000 hours of advice and support – including to small businesses – annually.
  - For example, in North Texas, we helped Farmhouse Fresh grow into an international luxury skincare brand with $50 million in annual sales at retail value and almost 80 employees. The company's origins began when the founder opened a business banking account 20 years ago at her local Chase branch.

Our support to consumer banking needs:

- We support more than 8.5 million consumer banking customers with mortgages, auto loans, and savings, checking and credit card accounts.

- We manage over $91 billion in investment and annuity assets for local clients.

- We operate more than 1,500 ATMs and 480 branches across the state.

Our business and community investments:

- Over the last six years, we have provided $100 million in philanthropic capital to help drive workforce and community development, increase access to financial health resources, and improve or protect housing affordability. For example:
  - We helped Houston Community College increase career opportunities for residents while improving the resilience of the local workforce in Houston following natural disasters.

Our support as a local employer:

- We employ over 31,500 residents throughout the state, including nearly 4,000 veterans.

- In Texas, the minimum annual pay of our full-time employees is $41,600 (plus an average annual benefits package worth over $19,000) compared with the statewide per capita income of nearly $39,775.

IV. Management Learnings

At a recent annual senior leadership conference, I led a type of "master class" focused on management lessons for 400 of our top executives. I held this session because we cannot afford to be complacent if we want to continue as one of the great companies in the world. Leadership should always be about learning and questioning. Our company needs to nurture innovation, ambition and discipline while discouraging complacency, arrogance and bureaucracy. Here is a slightly streamlined (I did speak for 90 minutes) and edited version (to protect clients, former colleagues … and myself!) of my actual remarks to our team:

Welcome, everybody. I have a lot to say, and I've tried to organize it thoughtfully and intelligently.

I just want to start with: What a great company! I don't know about you, but when I see this company in action, it just blows me away. The quality of the people, the respect of our clients, and how much they want us in cities and countries around the world – it's extraordinary. That's based on the things that ***you*** do and how ***you*** do them.

WHY COMPLACENCY, ARROGANCE, BUREAUCRACY AND BS KILL COMPANIES.

Part of what I'm always asking is: How do we make sure we stay innovative, ambitious and disciplined while eliminating complacency, arrogance and bureaucracy?

So let's look at a bunch of things. None of this is out of anger; it's just thoughtful consideration about reinforcing some basic disciplines.

You know, if you already have 100 people on your team, can you live with 100 people – or fewer – and make that work? This is very important. Everyone in this room, I'm talking to you personally. When I give examples, don't say that applies to someone else: "That's not my unit. That doesn't affect me."

It does, and I'm going to tell you why. Because all of you are responsible for this company that's worth around $700 billion, employs 320,000 people and serves so many, including all the clients you've seen who depend on you around the world. You, individually, are responsible. And you know more than you think. When you travel around, when you talk to people and when you manage what you do means that you know more than you think.

As you know, we've been asking people to achieve a 10% efficiency target. Again, it's a discipline in business. Think about what you yourself can do to make things better. This is basic business: Can you do more with less? What are your units doing that can be streamlined? Or maybe you are doing things you don't need to be doing at all.

I apologize, when I'm being specific, if it's you I'm talking about. I've just got to get some things off my chest about what we need to do and some of the things I've seen recently or over my career.

I'm going to ask each and every one of you, personally – and I'm going to track it – to send me an email. We're going to have a little team to take these issues you raise and follow up, and this will be permanent. I kind of like bureaucracy busting to get things done. It could be stupid things you've observed, any ideas, almost anything. We're not trying to limit you to any specific category.

You've got something to say? You want to add something? You want to check out something? You think something doesn't make sense? Please bring it up. Too many people stay in their lane. I'm going to follow up personally with each and every one of you in this room. I'm just asking you to sit down and have a little fun thinking about the stupid stuff we do, the bureaucratic stuff we do – about things you would change if you were able to change them – and you all can be very helpful. I think we should all be thinking about this.

I've said speed kills, but I mean slow speed. I didn't mean fast speed. And I've written down some examples of winners and losers from just the last 20 or 30 years that didn't adapt.

Sears and Kmart, they're gone. Digital Equipment: Gone. A&P, the best supermarket in the world, disappeared – overtaken by Kroger. BlackBerry practically disappeared, too. Walmart's done well. Dell did well, Apple obviously has done well, and Amazon has done well. Remember when everyone used to have Nokia phones?

It's even worse in financial services, where companies can manipulate numbers and over-leverage and stuff like that. Travelers blew up, Citi blew up twice. Bear Stearns failed. Lehman failed. And Bank One – I'm here because, you know, Bank One screwed up a bunch of businesses. The S&L business – the whole business – got wiped out. The whole thing. Savings and loans do not exist anymore. WaMu's mortgage losses. Whole parts of the mortgage business disappeared, and mortgage brokers disappeared. Kidder disappeared. Drexel disappeared. And then more recently, Silicon Valley Bank's interest rate mismatch.

Of those that failed, many failed out of complacency, and complacency is a form of bureaucracy. It's arrogance – it's being slow to adjust. Complacency allows a lot of negative things to set in: dishonest numbers, failure to set standards, bad people, bad compensation schemes, disincentives, bad incentives, politics – and these things are all the cancers that kill companies. We all have to be very cautious when we see this happening.

And things are faster and more complex now. That means we've got to move quicker, coordinate better and do things at a faster speed.

YOU HAVE TO GET THE NUMBERS RIGHT.

I'm a fanatic about proper accounting. Accounting can lead you to the wrong answer. Regulatory rules can lead you to the wrong answer. Regulatory capital can lead you to the wrong answer. Or your own echo chamber can steer you the wrong way. Still, you need to know your numbers: You need to get your numbers right, understand them, analyze them, work them, test them and don't be rote about it.

McKinsey used strategic business units as a way of segmenting businesses. Always remember that when you have big companies, it's important to break them down to look at the component parts because the game is fought in the specific units. It's fought in commercial card. It's fought in premier card. It's fought in branch banking. It's fought in small business. However, it's not fought in the consumer franchise as a whole.

You must have an actual budget as your barometer. For example, you can't always compare yourself with the forecast because then you're always very close. You've got to show any deficits or progress against the budget.

Another thing I hate is comparing yourself with the peer average. I mean, really? You should always compare yourself with the best. Where are *they,* and where are *we*? Remember that the peer average includes some really crummy companies, too.

You have to – we have to – always understand that a rigorous review of allocated expenses is needed. They are real expenses, but you have the right to question them. You have to question them because seeing through the BS that gets involved in allocating expenses – and then causes misallocation of capital – is really critical.

Zero-based budgeting. I don't like asking people to do it. It's too hard. But you've got to think that way. For instance, if I start with 100 people doing the same thing, what do I do differently, better, more with the same number of people? Understand that a P&L is not an assessment of a business – you've got to do the full assessment with customer metrics, turnover, apps, technology ... whatever matters. In fact, the P&L could be the most deceptive thing of all – telling you and giving the wrong answer.

Project reporting. Whenever you have a project, and this is on you, it's important to do proper reporting. It could be technology cost, it could be anything. I remember coming to J.P. Morgan and, one after another, every project was on course – but from the last forecast. I said, "Show me where it is from the beginning," and now every single project was a year or two late. It's just an honest assessment – not to blame yourself or get mad about it. Also, the project often morphed without any discussion. And I think that's just bad management.

External reporting. External reporting actually matters. So I'm always quite careful. Reporting externally is real, but for a lot of companies, it's not – they sugarcoat, they make it obscure. And what happens inside those companies is people start running their businesses that way. You've never seen me spin analysts. That's because if I spin analysts, you're going to spin me. That's it. You know, I want to honestly show how we compare with competitors.

Honest analysis. In your financial analysis, always evaluate the good, the bad, the ugly. That will make you better. Doing just the good makes you worse. Doing the good, the bad and the ugly makes you get better versus the competition.

Constant investment. You know, the practice of stop-starting investments is a bad idea. Constant transformation in technology and conversions means you can't have stop-start strategies almost anywhere. Make proper assumptions: What do you do when your spread on deposits is zero, but you're still opening branches? That's why I always talk about "through-the-cycle" investments. Think very carefully about the assumptions that go into your budgets because, sometimes, they cause you to do stupid stuff, and sometimes they stop you from doing good stuff.

Watching competitors. This involves comparing yourself with what the competition is doing today. But you always need to show how you're going to catch up to where things might go. You've got to say, "What are the competitors going to do next?" because that shows when you're getting to the puck and where the puck is going to be – not where things currently stand.

Good expenses/bad revenue. Sometimes great expenses become great investments. The fact that it's something called an expense means nothing to me. In fact, a lot of businesses capitalize these expenses. You build a plant, you capitalize it. You don't start expensing it until it's producing. But when we open a branch, many of the costs are not capitalized. We have a large cash outflow to build it, but after approximately four years when it breaks even, it generates profit for eternity. This is also true for private bankers, investment bankers, Chase wealth managers – our investment in them pays off over time.

In all that we do to grow and innovate, we must do the full analysis – as I've said, "the good, the bad, the ugly." This makes us better. Looking at only the positives is dangerous. We all know there are good revenues and bad revenues, good expenses and bad expenses. We can make a big loan and book lots of revenue in the short term, but those will turn out to be bad revenues if we didn't do the proper analysis at the beginning. The same reasoning applies to expenses. I hate the concept of cutting costs; instead, the concept should always be cutting waste. If costs are investments that drive healthy growth, then I want more of them.

Expense allocations. I've got a heritage JPMorganChase example. The company used to be dominated by the investment bank – because the people on the executive floor cared mostly about the investment bank. Everything was skewed toward the investment bank. They took HR costs, including pension, medical, executive comp, expats – all these costs lumped together – and they charged them out based on headcount across the company, which was not accurate. Expats were 100% in the investment bank. Executive comp was 100% in the investment bank, but their expenses were spread across the whole company. We subsidized capital for the trading floors. In all, subsidizing the investment bank cost $2 billion a year, which I immediately fixed. This was not to punish anyone, but it was a huge misallocation of capital. The big loser in all this was the consumer bank, and I'm still quite sensitive about that.

Here's another example: Capacity in the computer center was charged out to everybody, whereas the extra capacity, which is quite expensive, was required for only certain businesses but not others. It is not a waste of time to get expense allocation right. You may spend no time on it, but you shouldn't be paying for capacity. We need payment systems to be paid for by the payment businesses. It's important to be vigilant when you analyze expenses because things always morph, always go bad. Don't assume allocations are okay. Businesses sometimes get credit for things they shouldn't get paid for, and they don't mention it.

I'll just give you another example. When I got to JPMorganChase, we paid the treasury salesforce based on estimated revenue going forward. That was it. And almost no adjustments later on. It was staggering.

Investing in branches. When I became CEO, Bank One hadn't opened a branch in five years. Chase hadn't opened a branch in five years. Chase had barely refurbished its branches, but at least Bank One did. By the time we did the merger, Bank One was making $1 million-plus profit on each branch every year: 2,300 branches. Chase was making zero, partially because of its allocation practices and partially because no one seemed to care about them.

But these branches should have been hugely profitable. We don't give a branch credit for credit cards when they create a credit card account that's worth $600, even though branches create 1.5 million credit card accounts a year. That's $900 million of value.

We do this NPV (net present value) analysis about why we should close a branch, and we should do this. We should be disciplined. I think, for the most part, NPVs might work, but they don't always work. You need to use your common sense.

Sometimes banks will say they're going to close a branch because it's kind of small. This happened to me recently with our Old Greenwich branch. They were going to close it, and I just looked at some of the numbers … and I went numb. It was making approximately $500,000, all profit, the NPV. And it's six miles to the next closest branch. I said, if you close that branch, you know what's going to happen? Eighty percent of the revenues will move elsewhere – to the Wells Fargo down the street, along with most of the local small businesses. Now would you rather have $500,000 a year profit or $1 million in cash in your pocket? I'd rather keep the $500,000 annually. Who's going to open in the same spot? One of our competitors: Wells Fargo, Bank of America or Citizens. And why does someone want to drive six miles in the winter on those icy roads? And is the branch more profitable than it looks? And to me, this wasn't thinking about the NPV; it was the pawn blocking the queen.

Judgment calls. Well, while we're talking about cutting costs, I also did something unusual in 2008: I opened the partners' dining room. This is just how I think about what you should do, and what you shouldn't do. You do the right thing anyway, whether it looks good or bad. The whole Operating Committee said, "Don't do it. The partners' dining room is going to cost a lot, and it will look like we are spoiling ourselves with good food." And I was like, "Yeah, but we don't actually know each other after the merger – and if we don't do it now, it'll be years before we get to know each other." I call it a good expense. It's a judgment call. You do the right thing and then explain it. Sometimes people don't do things because they think it'll look bad for them or hurt morale a little bit. When I got to Bank One, I authorized a partners' dining room, and I did this at J.P. Morgan, too.

YOU NEED A FULL AND CONSTANT ASSESSMENT.

We can learn so much from our competitors, customers and employees if we only open our eyes and ears. I want a full and constant assessment of our competition, including many organizations outside of financial services. We always need to look and learn, assess and evaluate – stringently monitoring market trends and engaging with whoever does something better than us. Visit other companies, see their branches. Go on road trips with your people. Take your management teams to dinner. When you talk with clients and they tell you that you're making a mistake, thank them. It's a gift. And if the issue is not in your area, write it down and send it to the person who's responsible. Get out of your own echo chamber. Hit the road, leave your office and talk with everyone you can – be constantly learning and assessing. Don't be afraid to admit if you've made a mistake or were late to the game on something. It's okay to be a fast follower. Just do a postmortem and identify what you'd do differently next time.

I mentioned learning from those outside our industry. Take Chick-fil-A as an example. I read they're using drones to figure out how to move people through the drive-thru line faster. We should always have that mindset of making something easier for our customers.

Ten years ago I said, "I'd like our senior team from the consumer bank to go to China." I wish I had done more things like that sooner. This goes back to why it's important to get on the road – to really understand your business and the competition. The team didn't really want to go, but they did go, and they got to see Alibaba, Ping An and Tencent in action. And it changed the way they thought about digital banking, biometrics, super apps and other technology advancements. It's amazing what you learn on the road.

YOU BETTER HAVE GREAT CONTROLS.

Honest numbers are critical to having great controls. Make a practice of continually reviewing financial operational detail, project reporting and audit reports. It's a discipline like exercising – it should be frequent and rigorous. And little things can add up to big things.

Back in the Primerica days, I bought one of those big Xerox copy machines for 2 million bucks. I'm down in Primerica's printing plant, and the guy there showed me his Xerox copy machine, and I said, "Great, I just bought one of these." He asked, "How much did you pay for it?" I said, "Two million dollars. How much did you pay?" He said, "Fifty thousand dollars." You know why? He bought it from a bankrupt company. It was still in the box. That's all. Let's do that a little bit every now and then.

Additionally, in terms of risk management, always examine new products and new credit underwriting standards. New products often tend to blow up. That happened with foreign exchange, with mortgage-backed securities, with swaps, derivatives, credit default swaps and others. Often, these new products have not been fully tested and haven't been used over a long enough period of time. I'm also a fanatic about stress testing, which they quickly learned at J.P. Morgan when I first got there. In their scenarios, they were looking at equity markets down 10% and credit spreads gapping out 40%. Was that sufficient? No! I said let's look at what would happen if equity markets were down 50%, high yield went to 20% and credit spreads gapped out to the worst ever. That is real stress testing and risk management.

YOU MUST KILL BUREAUCRACY ALL THE TIME AND RELENTLESSLY.

One of the biggest things that can kill a company – or make it slow to adjust or admit problems – is bureaucracy. It comes in a lot of forms, and you have to continuously weed that garden. It's a mindset.

Take Home Depot: When you walk into the Home Depot global galactic headquarters, the sign above the main entrance says "Store Support Center." It reminds corporate employees every day that they are there because they support the ***workers*** in stores around the country. And we have to remember – all of us, particularly corporate staff – that we are here because we have a customer, a branch or an investment banker in front of a client. That is an important mindset. Then you can use things like war rooms and review customer complaints to hone this thinking.

I always like to read customer complaints. I read them, and when I know the policy behind the complaint, I call up the people in charge and say, "I agree with the customer." Sure, we "shoulda, coulda, woulda." But I don't give a damn whether we're technically responsible or not. You've got to do the right thing; you've got to change your mindset.

Let's take ATMs. When I got to Bank One, this situation happened. My wife called me from Walgreens. The Bank One ATM didn't work. I tell the people on the ATM side of the bank, and a guy calls me back and says, "No, it's working." I say, "My wife called me and says it's not working." He replies, "No, it's working." So I say, "Do me a favor – get in your car and drive out there." Then he drives out there – and it's not working. As it turned out, we had an outside vendor tracking this stuff. So I told the guy that we were firing the vendor and wouldn't pay him for the last six months. Now we track it ourselves. This stuff can happen all the time.

Then there's the black car story. You all know the black car story never happened at J.P. Morgan. It did happen when we took over Shearson though. I was going outside one day, and there were, literally, 50 black cars. People were waiting to go home until 7 o'clock so they could take a black car home. They were supposed to take them to the closest train station. And they would pick up their dinner – no one paid attention to it. There was one woman who took a car to Glen Cove or somewhere and back every day. She came in early in the morning. I went back to her boss, who knew about it. And I said to the boss, "You know, I can get her a full-time car and driver for one-third the cost." And I changed a bunch of rules and stuff like that.

Some years ago, all our branches were receiving tons of stuff, daily and weekly, from Corporate – from HR, Risk, Legal, Compliance, Trading, Audit, Finance – they were overwhelmed. I used to go to branches, and they'd complain about things they didn't know about. I said, "We sent you a memo that was full of information." And one of the men in the branch showed me a FedEx box, the really big one, and dropped it in front of me. He said, "This box is what we get every week from you guys." He had no idea about all the stuff that was in it. So we just changed things up a bit, using common sense, and created a little booklet called, I think, "Since We Last Met" or "You Must Read This." It had a summary page and listed the important stuff people needed to know. Little things like this are important to get right.

It's important for leadership to always question what their company does and why. And the answer cannot be, "That's the way we've always done it." Lots of times bad habits form and people get lazy, take shortcuts or don't care enough. A good example is from when I came to JPMorganChase more than 20 years ago. I was told we had 500 management coaches. I said, "Five hundred coaches? Really?" Our Operating Committee was slightly annoyed by my question and wondered whether I was going to micromanage every single decision. Of course I said that I wasn't – and that it was their decision – but the issue really bothered me. I thought about it over the weekend, and on Monday I told the Operating Committee, "You know what? I changed my mind. I'm going to micromanage this one. I want all coaches out by the end of the week." I didn't take that step to save money. I did it because it's a leader's job to coach, and we basically had outsourced management! I told the committee they could bring back a coach at the end of one year if they truly thought it was necessary and if they personally vouched for the coach's capabilities. But in my entire career, I've rarely seen this kind of outsourcing of responsibility succeed.

Here's another example of what slows us down: meetings. Kill meetings. But when they do happen, they have to start on time and end on time – and someone's got to lead them. There should also be a purpose to every meeting and always a follow-up list. Sometimes we think we're just being nice by inviting people to a meeting who don't have to be there. Sometimes we overcollaborate. One annoying example of bureaucracy is the meeting after the meeting, where an executive tells me what they didn't want to say in front of their partners. That's not acceptable. Don't bother. I'm not their messenger. Lay it on the table in real time. Shine light on a problem or disagreement. Be transparent with your colleagues. Obviously, it's different if it involves a private matter, but, usually, this strategy is just a go-around, an end run. We cannot allow these kinds of behaviors.

MISTAKES I MADE.

I also recognize that I don't always get everything right and that I have made plenty of mistakes myself, and that's why I want to candidly share some of them – as lessons. It's important that we all do that. For example, I underestimated the importance of cloud technology, I've sometimes left the wrong person in a job for too long and I failed to recognize some early signs of risk.

In sharing these experiences, I always reflect on the anatomy of mistakes and emphasize the need to acknowledge and learn from them. Mistakes happened for a variety of reasons – we didn't have the right people in the room, we didn't work hard enough, we didn't have a thoughtful decision-making process, we didn't get the right inputs, we made bad assumptions.

The London Whale, where we lost billions of dollars in 2012, is another mistake that's good to reflect upon. The mistake there wasn't the complexity of the portfolio; it was that it didn't get the proper oversight, including from the firm's risk committees. The idea emerged in a supposedly non-risky part of the bank, and the team overseeing the trades played it close to the vest and didn't go through our normal risk controls. We didn't realize that at the time, but we should have, and I had some signs looking back. Frustratingly, the traders wanted to avoid oversight because it was risky. This reminds me of another sin that promotes mistakes in companies – hoarding information, which is a disease.

And here is one of my big mistakes when I got to Bank One. I'd been there for not quite a year, and I was in Louisville, where our business had been shrinking. I was trying to fix all that. I was in a local branch, and I realized that the branch across the street's hours were 9 a.m. to 5 p.m., and our hours were 10 a.m. to 4 p.m. I thought, whoa, that's not so good. I called up our branch management, and they said, "Well, we're different – we're not that kind of bank." I asked them to do me a favor: Let's find out for all of our branches – we had about 1,800 at the time – what are our hours compared with the average competitor. And they said, "Well, how are we going to do that?" I said, "Well, email the other branch managers, and ask them for their hours of operation." And, it turns out, we were open two hours fewer a day.

It was a Friday, and I went home a bit embarrassed. I came in on Monday, and it just so happened that the whole branch management team was there. And here's what I said to them: "I apologize. I thought I was a pretty good CEO, but I messed up, I made a mistake. I should have recognized this much sooner." However, not one salesperson, not one branch manager, not one regional manager, not one district manager noticed this or mentioned it. Now that I was aware of the issue, I told them all that we must change our hours. Morale was already bad, and everyone went on and on about morale because we had to change our work hours – and it was difficult and complicated. But I said, "We've got to change it. We're here for customers. Obviously, I care about morale – but morale sucks because we suck. Morale will get better when we're better as a company."

WHAT THE HECK IS CULTURE?

What is culture anyway? I struggle with this one a little bit because I think it's a lot of the things I'm speaking about here. A great culture is created by what you do and not by what you say.

When we talk about the culture of our company, we include the hundreds of thousands of people who work for our company and what they believe in, as well as the role of our company in society. For those people, our employees, we work hard to foster an environment that enables them to thrive as curious, honest, hard-working and empathetic individuals who care not only about each other but about our customers as well – to be people who want to do the right thing – and it's very important we get this right. Of course, there are good people and bad people, but I like to think we're almost all good people. Similarly, there can be people you don't trust: Sometimes you don't trust them because they lie – or they shape the truth. Or you can't trust them because you don't trust their judgment. Watch out for them and don't follow them.

Unfortunately, sometimes the bad people are our customers. I fire bad clients: corporate clients, individuals. There used to be a wealthy guy who would come into a branch yelling and screaming. He was verbally abusive to our staff multiple times. I finally heard about it and called him and said, "I want you to take all your business out of the bank. And by the way, you're not going to treat our people that way." If we have a client who is disrespectful to our people and the way we operate, we will fire them. And life will go on.

And recognition is important. Recognition says someone did something that you didn't, that they taught you something. I was never particularly good at recognition. But I've learned lessons about recognition by watching "Ted Lasso" and observing David Novak, former CEO of Yum! Brands. They taught me that recognition is a form of humility and acknowledgment. And this directly aligns with our company's values and, importantly, our actions. Organizations build a great culture by recognizing people's actions day in and day out – not by serving up platitudes.

Creating a good culture is possible only if everyone understands a company's purpose – in our case, the role of our bank. I think our purpose is to lift up society, to help people, which is an enormous responsibility. We have millions of customers, employees and shareholders who count on us. I think if you don't share this vision, you don't belong at our company.

And have a little heart. One example: Many years ago, when I was new to JPMorganChase, I learned that the company's security guards had been outsourced – to save money. But after outsourcing, the same guards continued coming to work every day at the same salary, and I wondered, "How could this be?" (FYI, this was brought to my attention by the head of a large union, who came to see me personally over the objection of my management team.) The reason we were saving money was because the benefits were cut in half for the guards and their family members (currently worth more than $19,000 a year), and the savings were split with us. This was a heartless thing to do – and the second I found out, I reversed the decision. JPMorganChase's success will not be built off the backs of our guards – it will be the result of fair treatment of all of our employees – and we're thankful that many of those guards are still with our company today.

LEADING THE TEAM.

It's very important to have regular business reviews and to attack problems by putting all the dead cats, the hard issues, on the table. Emphasize the negatives. Make it fun and foster a collaborative environment when you're facing tough subjects. Share all the facts and recognize that disagreement is a good thing.

Loyalty is earned when people receive full input and know that they've had a chance to offer theirs. Everyone should provide their input, review the facts and then make decisions – but not before that. Sometimes in meetings, colleagues urge others to "stay in your lane." Absolutely do not stay in your lane! That is a bureaucratic, stupid direction. Our biggest mistakes happen when people think something is kind of a problem, but they are afraid to raise it in the right room where it might be provocative. There's nothing wrong with disagreement. Ever.

And make it fun. You know, it's our job to have fun in life and make everything we do fun. Just do it all the time in your unit and ask others to do the same.

For example, see mom and dad when you go on the road. When I went to Kenya this year, I invited two of our senior executives from Kenya who now work for our company in the United States to join me – and we invited their mothers to attend the client reception in Nairobi. It was quite moving to meet their families – what a gift to see what those women had accomplished with those wonderful kids. And moms and dads love to see us. Also, when you take the management teams to dinner, try to include their spouses. It's a lot of fun, and you learn a lot about each other on the team.

WHY IT'S HARD TO ACHIEVE GOOD GROWTH AND INNOVATE.

Testing and learning are important – there's nothing that can't be improved by testing and learning. You can kill innovation with too many resources, too few resources or bureaucracy, and you've got to really think through what you are trying to accomplish. Similarly, it's important to evaluate innovative ideas through testing and learning rather than rote analysis, which can stifle creativity. Companies that want to foster growth through forward thinking need to nurture that effort and support innovation.

The conversions at both J.P. Morgan/Chase and Bank One are good examples. There was resistance to the integration, and the conversions were costly. They took time and different resources. But there were approximately seven loan systems, five deposit systems and 25 general ledgers that all needed to be consolidated to develop the best systems. You just do the tough stuff like this. And then what happens when you get these consolidations done is you make the company better at it over time. Transformation is a constant effort to improve.

In many cases, expansion is fought – and it's most often fought from within the existing ranks. The current workforce is often resistant to grow the team because they think it's going to come out of their compensation. That's not right – the company pays for the additional bankers.

I confronted this resistance years ago when we wanted to grow the Global Corporate Bank – again, there was pushback from our current bankers. I saw the same resistance from within when we were growing Chase Wealth Management. But we looked at how big the opportunity was in each of these cases to grow, expand and be able to compete more effectively. And each of these efforts has been a home run for us.

MANAGEMENT TRICKS AND TOOLS.

Now I want to talk about some management tricks and tools.

Effective leaders are responsive and treat everyone fairly and with respect. You have to be direct and honest, which is all about respect (though I recognize I get too worked up sometimes!). But I'm not only talking about bosses – I'm talking about people at every level. Treat everyone well, from clerks to CEOs, no matter who they are.

While leaders should celebrate successes, it's still important to emphasize the negatives and focus on continuous improvement. Be a skeptic but not a cynic. Utilize management techniques that work.

I'm a big fan of this one: Write memos yourself. Don't always let others write them for you. Similarly, when I ask someone a question, I want to hear directly back from that person, not their boss's boss up the chain. And if I call that person directly, I want to talk to them. And share all the facts. Don't hoard facts. The facts don't lie.

Another tip: Always make follow-up lists. I keep my own follow-up lists with me almost all the time. Regarding communications, avoid management pablum. It's a pet peeve of mine. Talk like you speak – get rid of the jargon.

And turning to meetings, if one is required, make it count. I ALWAYS do the pre-read. I give it 100% of my attention. I see people in meetings all the time who are getting notifications and personal texts or who are reading emails. This has to stop. It's disrespectful. It wastes time. Finally, if you're going to a meeting to present a new product or service, write a press release about it. This exercise forces you to answer lots of questions people are likely to ask. When you write down what you're going to say, it focuses the mind and helps you explain things better.

Work smarter, not longer. Don't read the same email two or three times. Most can be addressed immediately. And while this all sounds serious, make work fun. We spend the vast majority of our waking hours at work – it's our job to try to make it fun and fulfilling.

And another important one: Take care of yourself. If you don't take care of yourself, it doesn't work.

Last, always answer this question: "What would you do if you were queen or king for a day?" That's the big one – what would you do?

I'm going to stop here. Thank you for all the great things you said, for the great things you've done. And just so you know, while I may be saying this, I want to be self-critical, too. I'm awed by you all. Thank you for spending time with me.

To see a similarly streamlined video of my session, click here.

In Closing

It's been more than 20 years since the JPMorganChase-Bank One merger – and it's been an extraordinary journey. I can't even begin to express my heartfelt appreciation and respect for the tremendous character and capabilities of the management team that got us through the good times and the bad times to where we stand today. And I recognize that we all stand on the shoulders of many others who came before us in building this exceptional company of ours.

A beautiful physical manifestation of our company is our new headquarters in New York City, which we look forward to opening later this year. It is a great example of how we treat our people with wonderful places to work – in New York City, across the country and around the world. Our new headquarters also shows how you can deconstruct something and rebuild it in a powerful way – that's good for our colleagues, our clients and our community.

I would also like to express my deep gratitude to the 300,000+ employees, and their families, of JPMorganChase. Through these annual letters, I hope shareholders and all readers have gained a deeper understanding of what it takes to be an "endgame winner" in a rapidly changing world. More important, I hope you are as proud of what we all have achieved – as a business, as a bank and as a community investor – as I am. Thank you for your partnership.

Finally, we sincerely hope to see the world on the path to peace and prosperity.

Jamie Dimon
Chairman and Chief Executive Officer

April 7, 2025

Footnotes

Client Franchises Built Over the Long Term (page 8)

Note: Figures may not sum due to rounding.

1 Certain wealth management clients were realigned from Asset & Wealth Management (AWM) to Consumer & Community Banking (CCB) in 4Q20. 2005 and 2014 amounts were not revised in connection with this realignment.

2 Federal Deposit Insurance Corporation (FDIC) Summary of Deposits survey per S&P Global Market Intelligence applies a $1 billion deposit cap to Chase and industry branches for market share. While many of our branches have more than $1 billion in retail deposits, applying a cap consistently to ourselves and the industry is critical to the integrity of this measurement. Includes all commercial banks, savings banks and savings institutions as defined by the FDIC. Deposit market share and rankings are calculated with historical institutional ownership for each year stated.

3 Barlow Research Associates, Primary Bank Market Share Database. Rolling eight-quarter average of small businesses with revenue of more than $100,000 and less than $25 million. 2023 results include First Republic. Barlow's 2005 Primary Bank Market Share is based on companies with revenue of more than $100,000 and less than $10 million.

4 Total payment volumes reflect Consumer and Small Business customers' digital (ACH, BillPay, PayChase, Zelle, RTP, external transfers, digital wires), nondigital (nondigital wires, ATM, teller, checks), and credit and debit card payment outflows.

5 Digital noncard payment transactions include outflows for ACH, BillPay, PayChase, Zelle, RTP, external transfers and digital wires, excluding credit and debit card sales. 2005 is based on internal JPMorganChase estimates.

6 Represents general purpose credit card (GPCC) spend, which excludes private label and Commercial Card. Based on company filings and JPMorganChase estimates.

7 Represents GPCC loans outstanding, which excludes private label, Citi Retail Cards and Commercial Card. Based on loans outstanding disclosures by peers and internal JPMorganChase estimates.

8 Represents users of all web and/or mobile platforms who have logged in within the past 90 days.

9 Represents users of all mobile platforms who have logged in within the past 90 days.

10 Measures satisfaction with wealth management websites and apps. Learn more: jdpower.com/awards.

11 Based on 2024 sales volume and loans outstanding disclosures by peers (American Express Company (AXP), Bank of America Corporation, Capital One Financial Corporation, Citigroup Inc. and Discover Financial Services) and JPMorganChase estimates. Sales volume excludes private label and Commercial Card. AXP reflects the U.S. Consumer segment and JPMorganChase estimates for AXP's U.S. small business sales. Loans outstanding exclude private label, Citi Retail Cards and Commercial Card.

12 Inside Mortgage Finance, Top Owned Mortgage Servicers as of 4Q24.

13 Measures customer satisfaction with the mortgage servicing experience. Learn more: jdpower.com/awards.

14 Experian Velocity data as of Full Year 2024. Reflects financing market share for new and used loan and lease units at franchised and independent dealers.

15 Measures satisfaction with automotive finance websites and apps. Learn more: jdpower.com/awards.

16 Coalition Greenwich Competitor Analytics (preliminary for Full Year 2024). Market share is based on JPMorganChase's internal business structure, footprint and revenue. Ranks are based on Coalition Index Banks for Markets. 2006 rank is based on JPMorganChase analysis.

17 Dealogic as of January 2, 2025, excludes the impact of UBS/Credit Suisse merger prior to the year of the acquisition (2023).

18 Client deposits and other third-party liabilities pertain to the Payments and Securities Services businesses.

19 Includes client deposits and other third-party liabilities. 2005 includes Corporate Client Banking.

20 Payments revenue metrics exclude the net impact of equity investments; 2005 data represents Treasury Services firmwide revenue only. All other periods include Merchant Services revenue.

21 Coalition Greenwich Competitor Analytics (preliminary for Full Year 2024) reflects global firmwide Treasury Services business (Corporate & Investment Banking and Commercial Banking). Market share is based on JPMorganChase's internal business structure, footprint and revenue. Ranks are based on Coalition Index Banks for Treasury Services.

22 Data in 2005 column is as of 12/31/2006.

23 Balances represented for 2005 include certain loans in the Markets business.

24 Balances represented for 2005 do not include certain loans related to Community Development Banking.

25 S&P Global Market Intelligence as of December 31, 2024.

26 Global Banking (GB) is a client coverage view within the Banking & Payments business and primarily composed of the Global Corporate Banking, Global Investment Banking and Commercial Banking Client Coverage segments. The number of bankers represented includes bankers that are not aligned with Commercial Banking and Global Corporate Banking and Global Investment Banking client segments.

27 Extel: an Institutional Investor Company.

28 Represents U.S. dollar payment instructions for direct payments and credit transfers processed over Society for Worldwide Interbank Financial Telecommunications (SWIFT) in the countries where J.P. Morgan has sales coverage. Market share is based on December 2024.

29 Nilson, Full Year 2024.

30 Coalition Greenwich Competitor Analytics (preliminary for Full Year 2024). Rank is based on JPMorganChase's internal business structure, footprint and revenue. Ranks are based on Coalition Index Banks for Securities Services.

31 Middle Market Bookrunner rank based on data from London Stock Exchange Group, Full Year 2024.

32 Part of the Firm's $30 billion Racial Equity Commitment, excluding any adjustments to the prior periods reported.

33 Percentage of active mutual fund and active exchange-traded funds (ETF) assets under management (AUM) in funds ranked in the 1st or 2nd quartile (one, three and five years): All quartile rankings, the assigned peer categories and the asset values used to derive these rankings are sourced from the fund rating providers. Quartile rankings are based on the net-of-fee absolute return of each fund. Where applicable, the fund rating providers redenominate asset values into U.S. dollars. The percentage of AUM is based on fund performance and associated peer rankings at the share class level for U.S.-domiciled funds, at a primary share class level to represent the quartile ranking for U.K., Luxembourg and Hong Kong SAR funds, and at the fund level for all other funds. The performance data may have been different if all share classes had been included. Past performance is not indicative of future results. "Primary share class" means the C share class for European funds and ACC share class for Hong Kong SAR and Taiwan funds. If these share classes are not available, the oldest share class is used as the primary share class. Due to a methodology change effective September 30, 2023, prior results include all long-term mutual fund assets and exclude active ETF assets.

34 In the fourth quarter of 2020, the Firm realigned certain wealth management clients from AWM to CCB. Prior-period amounts have been revised to conform with the current presentation.

35 Traditional assets include Equity, Fixed Income, Multi-Asset and Liquidity AUM; Brokerage, Administration and Custody assets under supervision.

36 Alternatives assets include Private Equity, Private Credit, Real Assets, Hedge Funds, Liquid Alternatives and other nontraditional assets. Assets calculated using net asset value of investments (except for certain Real Asset strategies, which use gross asset value) plus undrawn, committed capital. AUM only for 2005. 2023 restated due to product reclassification.

37 Percentage of active mutual fund and active ETF AUM in funds rated 4- or 5-star: Mutual fund rating services rank funds based on their risk-adjusted performance over various periods. A 5-star rating is the best rating and represents the top 10% of industrywide ranked funds. A 4-star rating represents the next 22.5% of industrywide ranked funds. A 3-star rating represents the next 35% of industrywide ranked funds. A 2-star rating represents the next 22.5% of industrywide ranked funds. A 1-star rating is the worst rating and represents the bottom 10% of industrywide ranked funds. An overall Morningstar rating is derived from a weighted average of the performance associated with a fund's three-, five- and 10-year (if applicable) Morningstar rating metrics. For U.S.-domiciled funds, separate star ratings are provided at the individual share class level. The Nomura "star rating" is based on three-year risk-adjusted performance only. Funds with fewer than three years of history are not rated and hence are excluded from these rankings. All ratings, the assigned peer categories and the asset values used to derive these rankings are sourced from the applicable fund rating provider. Where applicable, the fund rating providers redenominate asset values into U.S. dollars. The percentage of AUM is based on star ratings at the share class level for U.S.-domiciled funds and at a primary share class level to represent the star rating of all other funds except for Japan, for which Nomura provides ratings at the fund level. The performance data may have been different if all share classes had been included. Past performance is not indicative of future results.

38 Source: Company filings and JPMorganChase estimates. Rankings reflect publicly traded peer group as follows: Allianz, Bank of America, Bank of New York, BlackRock, Charles Schwab, DWS, Franklin Templeton, Goldman Sachs, Invesco, Morgan Stanley, State Street, T. Rowe Price and UBS. JPMorganChase ranking reflects AWM client assets, U.S. Wealth Management investments and new-to-firm Chase Private Client deposits.

39 Source: Public filings, company websites, Morningstar

40 Source: iMoneynet

41 Source: Global Finance magazine

JPMorganChase Exhibits Strength in Both Efficiency and Returns When Compared with Large Peers and Best-in-Class Peers (page 11)

1 Bank of America Corporation (BAC), Citigroup Inc. (C), The Goldman Sachs Group, Inc. (GS), Morgan Stanley (MS) and Wells Fargo & Company (WFC).

2 Managed overhead ratio = total noninterest expense/managed revenue; revenue for GS and MS is reflected on a reported basis.

3 JPM's adjusted ROTCE excludes $5.4 billion from net income in 2024 as a result of the net gain related to Visa shares and the donation of Visa shares to pre-fund contributions to the Firm's Foundation. This is a non-GAAP financial measure.

4 Best-in-class overhead ratio of comparable peer business segments and firms: Capital One Domestic Card and Consumer Banking (COF-DC & CB), Bank of America Global Banking and Global Markets (BAC-GB & GM), Northern Trust Wealth Management (NTRS-WM) and Allianz Group (ALLIANZ-AM). Peer segment overhead ratio is estimated based on public disclosure where unavailable.

5 Best-in-class ROTCE of comparable peer business segments and firms: Bank of America Consumer Banking (BAC-CB), Goldman Sachs Global Banking & Markets (GS-GBM) and Morgan Stanley Wealth Management & Investment Management (MS-WM & IM). Peer segment ROTCE is estimated based on public disclosure where unavailable.

6 Best-in-class ROTCE of comparable GSIB peer business segments: Bank of America Consumer Banking (BAC-CB), Goldman Sachs Global Banking & Markets (GS-GBM) and Morgan Stanley Wealth Management & Investment Management (MS-WM & IM). Peer segment ROTCE is estimated based on public disclosure where unavailable.

7 Given comparisons are at the business segment level, where available; allocation methodologies across peers may be inconsistent with JPM's.

Our Fortress Balance Sheet (page 12)

1 Tangible Common Equity (TCE) 2005-2007 reflects common stockholder's equity less goodwill and other intangibles assets.

2 Basel III Transitional rules became effective January 1, 2014; prior-period common equity Tier 1 (CET1) data is based on Basel I rules. As of December 31, 2014, the ratios represent the more binding of the Standardized or Advanced approach calculated under the Basel III Fully Phased-in basis. Capital results reflect the current expected credit loss (CECL) capital transition provisions starting in 2020.

3 Capital returned to common shareholders includes common dividends and net repurchases.

4 Includes eligible High Quality Liquid Assets (HQLA) as defined in the liquidity coverage ratio (LCR) rule and unencumbered marketable securities, such as equity and debt securities, that the Firm believes would be available to raise liquidity, including excess eligible HQLA securities at JPMorganChase Bank, N.A. that are not transferable to nonbank affiliates. For December 31, 2022-2024, the balance includes eligible end-of-period HQLA as defined in the LCR rule, issued December 19, 2016. For December 31, 2017-2021, the balance includes average eligible HQLA. Periods prior to 2017 represent period-end balances. December 31, 2016 and 2015 balances are under the initial U.S. rule approved on September 3, 2014. The December 31, 2014 amount is estimated prior to the effective date of the initial rule and under the Basel III liquidity coverage ratio (Basel III LCR) for December 31, 2013. December 31, 2005-2012 reflect cash, cash due from banks and investment securities.

Size of the Financial Sector/Industry (page 37)

1 GDP in current prices; Source: International Monetary Fund

2 Consists of cash assets and Treasury and agency securities.

3 Private equity assets under management includes Balanced, Buyout, Co-investment, Co-investment Multi-Manager, Growth, Hybrid and Private Investments in Public Equity in closed-end commingled funds and excludes Venture Capital, Secondaries and Fund of Funds. 2024 private equity data as of June 2024.

4 Top 50 fund AUM data per Sovereign Wealth Fund Institute. 2007 and 2010 AUM for entities in the top 50 in 2024.

5 Sources: Preqin, Dealogic, JPM Credit Research

6 Source: Preqin; venture capital AUM includes early stage, venture and expansion/late-stage capital in closed-end commingled funds only. Excludes secondaries and Fund of Funds to avoid the double counting of funds. 2024 venture capital AUM reflects data as of June 2024

7 Loans held by nonbank entities per the FRB Z.1 Financial Accounts of the United States.

8 U.S. money market fund investment holdings of securities issued by entities worldwide.

9 NYSE + NASDAQ; excludes investment funds, exchange-traded fund unit trusts and companies whose business goal is to hold shares of other listed companies; a company with several classes of shares is counted only once.

10 Inside Mortgage Finance and JPMorganChase internal data; consists of Top 50 Originators (Top 40 for 2007).