JPMorgan Chase: Inside the World’s Most Valuable Bank

Figures current as of October 2026

The largest bank in the United States, read from the inside: how it earns its money and from whom, the balance sheet it calls a fortress, the rules it lives under, its three businesses, the technology it spends nearly $20 billion a year on, its crises and failures, the man who has run it since 2006 and the race to succeed him, its fights in Washington, and what investors pay for it.

MODULE 1 — The Firm at a Glance

Goal: Map what JPMorgan Chase is, where it works, and who owns it.

The holding company and its banks; the Chase and J.P. Morgan brands; the three businesses and Corporate; its size against rivals at home and abroad; where it works; its owners; and 2025’s revenue and profit by business, worked through.

MODULE 2 — From the Manhattan Company to First Republic

Goal: Trace two centuries of mergers and rescues, and weigh whether the bank won its crises on its own judgment or on public support.

Aaron Burr’s bank of 1799; the House of Morgan and the panic of 1907; the split of 1933-35; the merger wave of 1991-2004; Jamie Dimon’s path; Bear Stearns and Washington Mutual in 2008; and First Republic in 2023.

MODULE 3 — How the Bank Earns

Goal: Read a bank’s income statement, and see how JPMorgan’s mix has shifted with interest rates.

Net interest income and its margin; fees from deals, trading, cards, asset management, and payments; costs, credit losses, and taxes; the return on tangible common equity and the firm’s target; ten years of results; and the third quarter of 2026, worked through.

MODULE 4 — The Fortress Balance Sheet

Goal: Understand what the bank owns, how it is funded, and how it manages liquidity and interest-rate risk.

Assets and liabilities in one table; deposits as the engine; liquidity; the securities book and why JPMorgan held cash in 2021; excess capital; and a one-point move in interest rates, worked through.

MODULE 5 — Capital, Regulators, and Too Big to Fail

Goal: Learn the rules a bank this big lives under, and weigh whether it should hold more capital or less.

Why banks are regulated; the capital stack; stress tests and living wills; the rewrite of 2025-26; who regulates what; the cap on any one bank’s share of deposits; and JPMorgan’s capital requirement against its capital, worked through.

MODULE 6 — Chase: Consumer & Community Banking

Goal: Follow the business that serves households and small companies, and weigh a 10% cap on credit card interest rates.

Deposits and branches; cards, from Sapphire to the Apple Card; auto loans, mortgages, and wealth management for the mass affluent; small business; Chase abroad; and one card account's economics, worked through.

MODULE 7 — The Commercial & Investment Bank

Goal: Understand the wholesale bank's businesses, and weigh whether private credit is a risk or an opportunity.

Advice and underwriting; trading; payments and custody; commercial banking and lending; the push into direct lending; the Security and Resiliency Initiative; and a bond deal's fees and risks, worked through.

MODULE 8 — Asset & Wealth Management

Goal: See how the bank manages money for institutions and the wealthy, and what it earns doing so.

The asset manager and the private bank; assets and flows; fees and margins; the strategy under Mary Erdoes; and a client portfolio's fees, worked through.

MODULE 9 — Technology, Payments, and AI

Goal: Understand what the bank spends on technology, how artificial intelligence is changing it, and how money moves on blockchains.

The technology budget; artificial intelligence in the bank and the jobs it changes; cyber defense; Kinexys and the deposit token; deposit tokens against stablecoins; the fight over customers' data; and a cross-border payment, worked through.

MODULE 10 — When Things Go Wrong

Goal: Learn how the bank manages risk, what its failures have cost, and how it reserves for bad loans.

Risk management; the London Whale; the settlements and penalties, from mortgages to Epstein; the credit cycle and loss reserves; and a card portfolio's reserve, worked through.

MODULE 11 — Dimon and the Succession

Goal: Read the chief executive's record and the race to replace him, and weigh whether the bank's premium is his.

Dimon's career, method, letters, and pay; his public role; the succession since 2021 and the co-presidents of 2026; and shareholder returns under Dimon, worked through.

MODULE 12 — JPMorgan and Washington

Goal: Follow the bank as a political actor and target, and weigh whether debanking is risk management or politics.

A bank that talks policy; the President's lawsuit and the order on debanking; the retreat from climate and diversity pledges; finance for national security; and the critics on both sides.

MODULE 13 — Valuation and the Competition

Goal: Compare JPMorgan with its rivals, and learn what its share price implies.

The rivals in a table; price to earnings and to tangible book value; dividends and buybacks; the trillion-dollar question; and what a multiple of tangible book implies, worked through.

MODULE 14 — Where Things Stand, and What to Watch

Goal: Close with the argument, the contradictions, and the dates.

The argument on a page, the contradictions no single module states, a dated watch list, and the last word.

A note on the ground. A company is a different subject from a system: it has managers, a share price, and a record, and the temptation is to write the record as praise or as prosecution. This course takes most of its figures from JPMorgan Chase's own filings with the Securities and Exchange Commission (SEC): its annual report (Form 10-K), its quarterly reports (Form 10-Q), its earnings releases and their financial supplements, and its proxy statement, the yearly report to shareholders on the board, pay, and the annual vote. It names other sources where it uses them.

Every figure names its date. Market values are those of September 30, 2026, from the company's third-quarter report of October 13, 2026, unless another date is given, and the company's results run through that report. Revenue is 'managed' revenue, the measure the bank itself uses, unless the text says 'reported' (Module 3).

Where the subject is argued, each side's case comes before the course's reading. The arguments are whether the bank won its crises on its own judgment or on public support (Module 2), how much capital it should hold (Module 5), a cap on credit card interest rates (Module 6), private credit (Module 7), whether the bank's premium belongs to its chief executive (Module 11), and debanking (Module 12). It is education, not investment advice.

Key Numbers, as of October 2026

The Figures This Course Uses, With Their Sources

This table holds the headline figures the course uses most, and the modules build on them. Most come from the bank's earnings releases and the financial supplements that accompany them, which it publishes each quarter, and from its annual report. A company's market value is its share price times its shares outstanding, and it moves every day the market is open.

Measure	Figure	Source and date
Total assets	$5.09 trillion on September 30, 2026, up from $4.42 trillion at the end of 2025	Third-quarter 2026 financial supplement (October 13, 2026)
Deposits and loans	$2.78 trillion of deposits and $1.58 trillion of loans on September 30, 2026	Same supplement
Revenue and profit, 2025	Managed revenue of $185.6 billion; net income of $57.0 billion, or $20.02 a share	Fourth-quarter 2025 earnings release (January 13, 2026)
Revenue and profit, third quarter of 2026	Managed revenue of $50.9 billion; net income of $15.3 billion	Third-quarter 2026 earnings release
Return on tangible common equity (ROTCE)	20% in 2025 and in the third quarter of 2026, against a target of 17% through the cycle	Earnings releases; Dimon's 2025 letter (April 6, 2026)
Common equity tier 1 (CET1) ratio	13.9% on September 30, 2026, against a requirement of 11.5%	Third-quarter supplement; the Federal Reserve's table of requirements (June 24, 2026)
Market value	$878.6 billion on September 30, 2026; about $891 billion on October 27, at $335.37 a share	Third-quarter supplement; Yahoo Finance
Tangible book value per share	$112.64 on September 30, 2026; $16.45 at the end of 2005	Third-quarter supplement; Dimon's 2025 letter
Assets under management (AUM) and client assets	$5.21 trillion and $7.90 trillion on September 30, 2026	Third-quarter 2026 earnings presentation
Payments and custody	Nearly $12 trillion of payments on an average day in 2025; $44.1 trillion of assets under custody on September 30, 2026	Dimon's 2025 letter; third-quarter presentation
Employees and branches	322,964 employees and 5,164 branches on September 30, 2026	Third-quarter supplement
Technology	About $19.8 billion budgeted for 2026, with about 65,000 technologists	Company Update (February 23, 2026); the firm's careers pages
Leadership	Jamie Dimon, chief executive since the turn of 2006 and chairman since a year later; Doug Petno and Troy Rohrbaugh, co-presidents since June 25, 2026	The firm's announcements

Market values move every trading day; these are the ones the course uses. Each business's results are in its own module.

Who's Who

The People, Companies, and Agencies This Course Names

Name	Who or what	Module
Nicholas Anthony	Analyst at the Cato Institute, a libertarian research group; critic of the regulators' debanking report	12
Paul Atkins	Chair of the Securities and Exchange Commission	5
Ashley Bacon	Chief risk officer; joined J.P. Morgan in 1993	10
Bank of America	The second-largest American bank	1, 10, 13
Bank One	Chicago bank that Dimon ran from 2000 and that merged into JPMorgan Chase in 2004	2
Michael Barr	Federal Reserve governor and former vice chair for supervision; dissented from the capital proposals of March 2026	5
Jeremy Barnum	Chief financial officer since 2021; joined the firm in 1994	3, 9, 11
Bear Stearns	Investment bank JPMorgan bought in 2008	2, 10
Lori Beer	Global chief information officer; joined the firm in 2014	9
BlackRock	The largest asset manager; owns more than 5% of the shares	1
Michelle Bowman	The Federal Reserve's vice chair for supervision	5
Stephen Burke	Lead independent director since 2021 and a director since 2004; 67 in the 2026 proxy statement	11
Todd Combs	Head of the Strategic Investment Group since 2026; formerly at Berkshire Hathaway, and a director until December 2025	7
Commodity Futures Trading Commission (CFTC)	Regulator of futures and swaps	5, 10
Consumer Financial Protection Bureau (CFPB)	Enforces consumer-finance law at the largest banks	5, 6, 9
Jamie Dimon	Chairman and chief executive; chief executive since the turn of 2006; 70	All
Jeffrey Epstein	Financier and convicted sex offender; a client of the bank from 1998 to 2013	10
Mary Callahan Erdoes	Chief executive of Asset & Wealth Management since 2009; about 30 years at the firm	8, 11
Federal Deposit Insurance Corporation (FDIC)	Insures deposits and sells failed banks; sold Washington Mutual and First Republic to JPMorgan	2, 5
Federal Reserve	The central bank; supervises the holding company and runs the stress test	2, 4, 5
First Republic	San Francisco bank for the wealthy, bought from the FDIC in May 2023	2
Jane Fraser	Chief executive of Citigroup	13
Goldman Sachs	Investment bank; the Apple Card's issuer until the transfer to Chase	6, 13
Jonathan Gould	Comptroller of the Currency	5, 12
Travis Hill	Chair of the FDIC	5
Charlie Javice	Founder of Frank, a startup JPMorgan bought in 2021; convicted of defrauding it in 2025	10
Kinexys	The bank's blockchain business, named Onyx until November 2024	9
Marianne Lake	Chief executive of the consumer bank until June 2026, when her retirement was announced	6, 9, 11
Mike Mayo	Bank analyst	11
J. Pierpont Morgan	Banker (1837-1913); led the firm that became J.P. Morgan & Co.	2

Name	Who or what	Module
Brian Moynihan	Chief executive of Bank of America	13
Office of the Comptroller of the Currency (OCC)	Charters and supervises national banks, including JPMorgan Chase Bank, N.A.	5, 10, 12
Patrick Opet	Chief information security officer	9
Mark Paoletta	Acting director of the CFPB in October 2026	5
Doug Petno	Co-president since June 25, 2026, and chief executive of the Commercial & Investment Bank; 61 in June 2026	7, 11
Ted Pick	Chief executive of Morgan Stanley since January 2024	13
Jennifer Piepszak	Chief operating officer since January 2025	9, 11
Daniel Pinto	Vice chair until the end of 2026; president and chief operating officer until June 2025	11, 14
Troy Rohrbaugh	Co-president since June 25, 2026, and chief executive of the consumer bank; 56 in June 2026	7, 9, 11
Charlie Scharf	Chief executive of Wells Fargo	13
Securities and Exchange Commission	Regulates the broker-dealer and the company’s disclosures	5, 10
David Solomon	Chief executive of Goldman Sachs	13
Jes Staley	Former senior executive; his testimony on Epstein was released in August 2026	10
Donald Trump	President of the United States; sued the bank and Dimon in January 2026	6, 12
Vanguard	Index-fund manager; owns more than 5% of the shares	1
Elizabeth Warren	Senator from Massachusetts and a critic of the largest banks	2, 5, 12
Kevin Warsh	Chair of the Federal Reserve, confirmed in May 2026	5
Washington Mutual	Savings bank whose banking business JPMorgan bought from the FDIC in 2008	2, 10
Sanford Weill	Dimon’s mentor; built the group that became Citigroup	2
Kathleen Williams	Federal judge in Miami who sent the President’s suit to Manhattan	12

Ages as of October 31, 2026, or as reported where marked.

Terms

How a bank's results are reported

A bank's accounts use words in their own sense. These are the ones the course relies on; each module explains them again where it needs them.

Term	Meaning	Where it matters
Net interest income (NII)	What a bank earns on its loans and securities less what it pays on its deposits and borrowings	About half the bank's revenue, and the part that moves with interest rates (Modules 3 and 4)
Net interest margin	Net interest income as a share of the interest-earning assets that produce it	The price of the bank's basic service, borrowing short and lending long
Noninterest revenue	Fees and trading revenue: advice, underwriting, card fees, asset management, payments, and market-making	The other half of revenue, which moves with markets and spending
Managed revenue	Reported revenue with tax-exempt income, such as interest on municipal bonds, and the tax credits from investments in renewable energy and affordable housing restated as their pre-tax equivalent, so that every line is comparable	The measure JPMorgan reports its businesses on, and the one this course uses
Overhead ratio	Noninterest expense as a share of revenue	How much of each dollar of revenue the bank spends to earn it (Module 3)
Provision for credit losses	The charge against earnings that funds the reserve for bad loans: loans written off, less recoveries, plus or minus any change in the reserve	The cost of lending, and the line that swings most in a recession (Module 10)
Net charge-offs	Loans written off as uncollectible, less what is later recovered	Losses actually taken, as distinct from those reserved for
Return on tangible common equity (ROTCE)	Profit to common shareholders as a share of their equity, less goodwill and other intangible assets	The bank's main scorecard (Module 3)
Tangible book value	Common equity less goodwill and intangible assets; per share, the figure investors compare with the share price	The basis of the bank's valuation (Module 13)
Risk-weighted assets	Assets counted by their riskiness under the capital rules, so that a loan to a company counts more than a Treasury bill	The denominator of the main capital ratio (Module 5)
Common equity tier 1 (CET1) ratio	Common equity, less goodwill and some other deductions, as a share of risk-weighted assets	The capital measure the rules and investors watch most (Module 5)
Supplementary leverage ratio (SLR)	Tier 1 capital, common equity plus some preferred shares, as a share of all exposures, with no weighting for risk	A backstop to the risk-weighted ratio (Module 5)
Liquidity coverage ratio (LCR)	High-quality liquid assets (HQLA), such as reserves at the central bank and Treasury securities, divided by the cash a bank could lose in 30 days of stress	Whether the bank could survive a run (Module 4)
Current expected credit losses (CECL)	The accounting rule, in force since 2020, that makes a bank reserve on day one for all the losses it expects over a loan's life	Why reserves rise before losses arrive (Module 10)
Accumulated other comprehensive income (AOCI)	Gains and losses on securities the bank holds as available for sale, not yet realized, which count in its equity	How rising rates cut capital without a single sale (Module 4)
Wallet share	A bank's share of all the investment-banking fees that clients pay in a period	The ranking investment banks compete on (Module 7)

Term	Meaning	Where it matters
Assets under management and client assets	Money the bank invests on clients' behalf; and that money plus everything else clients keep with it, such as brokerage and custody accounts	The two measures of Asset & Wealth Management's size (Module 8)

Definitions follow JPMorgan's Form 10-K glossary and the federal banking rules, simplified.

Module 1 — The Firm at a Glance

What JPMorgan Chase Is, Where It Works, and Who Owns It

Recommended Reading / Reference

Book: Moorad Choudhry, *The Principles of Banking* (2012), a practitioner's guide to how a bank's balance sheet, liquidity, and capital are run

Reference: JPMorgan Chase's 2025 annual report, with Jamie Dimon's letter to shareholders (April 6, 2026), and its Form 10-K, at jpmorganchase.com/ir

1a. A Holding Company and Its Banks

JPMorgan Chase & Co. is a financial holding company, incorporated in Delaware in 1968 and run from 270 Park Avenue in New York. A holding company is a corporation whose main assets are the shares of the companies beneath it. The parent issues the stock that investors buy and much of the firm's long-term debt, and the companies beneath it do the business.

The largest of them is JPMorgan Chase Bank, N.A., a national bank with branches in 48 states and Washington, D.C.; the N.A. stands for national association, the form of a bank chartered by the federal government. J.P. Morgan Securities LLC is the American broker-dealer, the company that trades and underwrites securities. Abroad, the main companies are J.P. Morgan Securities plc in Britain and J.P. Morgan SE, a bank in Germany; both are subsidiaries of the bank. An intermediate holding company, JPMorgan Chase Holdings LLC, is part of the firm's plan for an orderly failure (Module 5).

The firm sells under two brands. Chase is the name on the branches, cards, mortgages, and car loans that serve households and small businesses. J.P. Morgan is the name of the investment bank, the asset manager, the private bank, and the payments business. In its own materials the firm now writes its name as one word, JPMorganChase.

1b. Three Businesses and Corporate

The firm reports three businesses, which it calls segments, and a fourth heading, Corporate, for what belongs to the firm as a whole. The table sets them out with their results for 2025, and Modules 6, 7, and 8 take the three businesses one at a time.

Business	What it does	Revenue, 2025	Net income, 2025	Employees, end of 2025
Consumer & Community Banking (CCB), the Chase brand	Deposits, branches, cards, car loans, mortgages, and investing for households; banking for small businesses	$76.0 billion	$18.2 billion	144,196
Commercial & Investment Bank (CIB)	Advice, underwriting, and trading for companies, governments, and investors; payments and custody; loans to midsize and large companies	$78.5 billion	$27.8 billion	94,563
Asset & Wealth Management (AWM)	Funds and portfolios for institutions and individuals; the private bank for the wealthy	$24.1 billion	$6.5 billion	29,722
Corporate	The treasury and the chief investment office, which manage the firm's cash and securities; the central functions	$7.0 billion	$4.5 billion	50,031

Business	What it does	Revenue, 2025	Net income, 2025	Employees, end of 2025
The firm		$185.6 billion	$57.0 billion	318,512

Revenue is managed revenue (Terms). Fourth-quarter 2025 earnings release and financial supplement (January 13, 2026); employees from the 2025 Form 10-K.

The CIB is the newest of the three. The firm formed it in 2024 by combining its Corporate & Investment Bank with Commercial Banking, its business with midsize companies, so that one division now serves a company from its first loan to its first bond issue. Corporate is mostly the treasury, which manages the firm's funding and liquidity, and the chief investment office, which invests the deposits the businesses do not lend (Module 4).

1c. How Big, and Against Whom

JPMorgan Chase is the largest bank in the United States by assets, deposits, and market value. On September 30, 2026 it had $5.09 trillion of assets and $2.78 trillion of deposits, and its shares were worth $878.6 billion. The table ranks the world's largest banks in two ways.

Rank	By assets, end of 2025	Total assets	By market value, June 12, 2026	Market value
1	Industrial and Commercial Bank of China	$7.65 trillion	JPMorgan Chase	$853 billion
2	Agricultural Bank of China	$6.97 trillion	China Construction Bank	$414 billion
3	China Construction Bank	$6.52 trillion	Bank of America	$396 billion
4	Bank of China	$5.48 trillion	Agricultural Bank of China	$352 billion
5	JPMorgan Chase	$4.42 trillion	Morgan Stanley	$340 billion
6	Bank of America	$3.41 trillion	Industrial and Commercial Bank of China	$328 billion
7	BNP Paribas	$3.28 trillion	HSBC	$316 billion
8	HSBC	$3.21 trillion	Goldman Sachs	$313 billion

S&P Global Market Intelligence's ranking by assets (April 2026) and CompaniesMarketCap's by market value (June 12, 2026), as compiled by Wikipedia.

The two rankings tell different stories. By assets the four largest banks are Chinese and controlled by the state, and JPMorgan is fifth. By market value it is worth about twice the next bank, because investors expect it to earn far more on each dollar of its equity (Module 13). At home it is about 30% larger than Bank of America, the second-largest, by assets.

1d. Where It Works

JPMorgan Chase had 318,512 employees at the end of 2025, in 66 countries, and 58% of them worked in the United States; by September 30, 2026 the total was 322,964. North America had 185,208 of the 2025 total, Asia and the Pacific 96,499, Europe, the Middle East, and Africa 31,030, and Latin America and the Caribbean 5,775.

The Asian figure is mostly India, where Reuters counted about 55,000 employees in May 2024, roughly a fifth of the firm, working in five cities on technology, operations, and analysis for the rest of the bank. At home the weight has shifted south: Dimon's 2025 letter counts 24,000 employees in New York City, down from 30,000 a decade earlier, and 32,000 in Texas, up from 26,000 in 2015. New York remains the head

office, and the new 60-storey tower at 270 Park Avenue, opened on October 21, 2025, was built for 10,000 of them.

Abroad, the firm is mainly a wholesale bank. Nearly 40% of the CIB's revenue in 2025 came from outside the United States, and its corporate bankers work in more than 40 countries. The exception is Chase's digital consumer bank, which opened in Britain in 2021 and in Germany in May 2026 (Module 6).

1e. Who Owns It

JPMorgan Chase belongs to its shareholders, and no single one controls it. Its 2026 proxy statement names two that each own more than 5% of its shares, BlackRock and the Vanguard Group, the two largest managers of index funds, which hold the stock because it is a large part of every broad American index. The ties run both ways: the same proxy reports that in 2025 the bank paid BlackRock about $25.6 million for access to Aladdin, BlackRock's investment software, and about $5.7 million in fees from its employee plans.

The rest of the shares are held by other funds, pension plans, and individuals, and they trade on the New York Stock Exchange as JPM, the symbol under which the price is quoted; there were 2.66 billion of them on September 30, 2026. Dimon's own stake is in Module 11.

Worked example — 2025's Revenue and Profit by Business

Take the table in 1b. CCB brought in $76.0 billion of the firm's $185.6 billion of revenue, 41%, and $18.2 billion of its $57.0 billion of profit, 32%. The CIB brought in 42% of the revenue and 49% of the profit, AWM 13% and 11%, and Corporate 4% and 8%. Dividing profit by revenue gives each business's net margin: 24% for CCB, 35% for the CIB, 27% for AWM, and 31% for the firm. CCB keeps the least of each dollar because it runs more than 5,000 branches and sets money aside for card losses (Module 10). Measured against the equity the firm assigns each business, the order changes again: AWM earned a return of 40%, CCB 32%, and the CIB 18%. Managing other people's money needs little capital; trading and lending to companies need a great deal (Module 5). The lesson is that a bank's businesses can be ranked by size, by margin, and by return on capital, and each gives a different order.

Module 1 Key Points

The Firm at a Glance

• JPMorgan Chase & Co. is a Delaware holding company; its main bank, JPMorgan Chase Bank, N.A., has branches in 48 states.

• Three businesses: Consumer & Community Banking (Chase), the Commercial & Investment Bank, and Asset & Wealth Management; Corporate manages the firm’s cash and securities.

• In 2025 the CIB earned 49% of the firm’s $57.0 billion profit on 42% of its revenue.

• Against the capital each needs, Asset & Wealth Management earned the highest return in 2025 (40%) and the CIB the lowest (18%).

• It had 318,512 employees in 66 countries at the end of 2025, 58% in the United States and many of the rest in India.

• BlackRock and Vanguard each own more than 5% of the shares; no shareholder controls the firm.

Module 1 Quiz

Check Your Understanding

1. Which business earned the largest share of JPMorgan Chase's profit in 2025?

A) Consumer & Community Banking, the Chase brand
B) Asset & Wealth Management, with its 40% return
C) The Commercial & Investment Bank
D) Corporate, through gains on its securities

2. Why did Asset & Wealth Management earn the highest return on equity of the three businesses in 2025?

A) It earned more revenue than either of the other two businesses
B) Regulators set its fees at a fixed margin above its costs, guaranteeing a return
C) It books the firm's gains on the sale of securities and its other investments
D) Managing clients' money needs little capital for each dollar of profit

3. What does the N.A. in JPMorgan Chase Bank, N.A. signify?

A) That the bank operates only in North America
B) That it is a national bank, chartered by the federal government
C) That its deposits are not insured by the government
D) That its shares trade separately from those of the holding company that owns it

4. Where did Reuters count about 55,000 of JPMorgan Chase's employees in May 2024?

A) India, roughly a fifth of the firm's workforce
B) Texas
C) Britain
D) Germany

5. Which two firms does the 2026 proxy statement name as each owning more than 5% of JPMorgan Chase's shares?

A) Berkshire Hathaway and State Street
B) BlackRock and Vanguard
C) UBS and HSBC
D) Norway's oil fund and Temasek

Module 2 — From the Manhattan Company to First Republic

Two Centuries of Mergers and Rescues

Recommended Reading / Reference

Book: Ron Chernow, *The House of Morgan: An American Banking Dynasty and the Rise of Modern Finance* (1990)

Reference: JPMorgan Chase's history of its predecessor firms at jpmorganchase.com, and the Federal Reserve History essays on the panic of 1907 and the rescue of Bear Stearns at federalreservehistory.org

2a. One Firm, Five Lineages

JPMorgan Chase is the sum of four old New York banks and a Midwestern one, assembled over two centuries. Its own history counts more than 1,200 predecessor institutions. The five lineages that matter are in the table, and the rest of the module follows how they came together.

Lineage	Founded	What it became	Joined the firm
The Manhattan Company	1799, chartered to supply New York with water; Aaron Burr wrote in a clause that let it use spare capital for banking, and it opened a bank that year	The Bank of the Manhattan Company	1955, in the merger that formed Chase Manhattan
Chase National Bank	1877, named for Salmon P. Chase, Lincoln's Treasury secretary	Chase Manhattan, from the 1955 merger	1955; its name survived the merger of 1996
Chemical Bank	1823, as the New York Chemical Manufacturing Company, which opened a bank, the Chemical Bank, a year later	A large New York lender that merged with Manufacturers Hanover in 1991 and bought Chase Manhattan in 1996, taking the Chase name	1996
J.P. Morgan & Co.	1871 as Drexel, Morgan & Co.; renamed in 1895	Morgan Guaranty Trust, after a merger with Guaranty Trust in 1959	2000, bought by Chase Manhattan
Bank One	1998, from the merger of Banc One of Columbus, Ohio, and First Chicago NBD	A large Midwestern bank, based in Chicago	2004, bringing Jamie Dimon

JPMorgan Chase's history pages; merger dates are those of completion.

2b. The House of Morgan

John Pierpont Morgan made his firm the most powerful private bank in the world by financing railroads and industry. He reorganized failed railroads in the 1880s and 1890s, a process the press called 'Morganization', and in 1901 he assembled United States Steel, the first company valued at more than $1 billion.

Twice the firm stood in for a central bank the country did not yet have. In 1895, with the Treasury's gold reserve running out, a syndicate led by Morgan and August Belmont, the Rothschilds' agent in New York, supplied the government with gold in exchange for bonds. In October 1907, when runs on New York's trust companies spread toward the banks and the stock exchange, Morgan gathered the city's bankers in his library and organized the money that stopped the panic.

That a private banker had to rescue the system was a central argument for the Federal Reserve, the central bank Congress created in December 1913, nine months after Morgan's death. In 1912-13 a House committee led by Arsène Pujo investigated a 'money trust' of Morgan and allied banks, and Morgan told it that credit rested above all on character.

The crash of 1929 and the banking collapse that followed brought the Banking Act of 1933, known as Glass-Steagall, which made banks choose between taking deposits and underwriting securities. J.P. Morgan & Co. kept its deposits, and in 1935 some of its partners left to found Morgan Stanley as an investment bank. The separation lasted until the Gramm-Leach-Bliley Act of 1999 repealed it, which opened the way for the merger of 2000.

2c. The Merger Wave

For half a century after the Second World War the lineages were rivals. Chase Manhattan, led by David Rockefeller from 1969 until his retirement at the start of the 1980s, became a global bank for companies and governments. Morgan Guaranty served the bluest of blue-chip companies, and Chemical and Manufacturers Hanover were large commercial lenders.

The 1990s brought consolidation, as states opened their borders to banks from other states and banks sought size. Chemical merged with Manufacturers Hanover in 1991 and bought Chase Manhattan in 1996, keeping the better-known name. In 2000 Chase Manhattan bought J.P. Morgan & Co. in a deal valued at about $33 billion when it was announced in September, joining a large lender to a prestigious investment bank. In 2004 the combined firm bought Bank One of Chicago for $58.5 billion, completed on July 1, and with it Bank One's chief executive.

2d. Dimon's Path

Jamie Dimon, born in New York in 1956, learned the business under Sanford Weill. After Harvard Business School he followed Weill from American Express to Commercial Credit, a consumer lender in Baltimore, in 1986, and helped him build it through acquisitions, among them Primerica and, in 1993, Travelers, into the group that merged with Citicorp in 1998 to form Citigroup. Dimon was named Citigroup's president that year, and on November 1, 1998, at 42, Weill asked him to resign.

In March 2000 Bank One, a troubled Chicago bank, made him chairman and chief executive, and over four years he cut its costs, strengthened its balance sheet, and restored its profits. The 2004 merger made him president and chief operating officer of JPMorgan Chase under William Harrison, with the agreement that he would succeed Harrison as chief executive. He took the post at the turn of 2006 and became chairman a year later.

2e. 2008: The Buyer of Last Resort

In March 2008 Bear Stearns, the fifth-largest American investment bank, ran short of funding as lenders and clients pulled back over its mortgage losses. Over the weekend of March 14-16, with the Federal Reserve pressing for a buyer, JPMorgan agreed to buy it for about $2 a share, a price it raised to about $10 on March 24. To get the deal done, the Federal Reserve Bank of New York lent about $29 billion to a company it set up, Maiden Lane, to buy about $30 billion of Bear's harder-to-sell assets, and JPMorgan took the first $1 billion of any losses. The purchase was completed on May 30, 2008.

In September regulators seized Washington Mutual, a savings bank heavy with mortgages, with $310 billion of assets and 2,207 branches, the largest bank failure in American history. The Federal Deposit Insurance Corporation (FDIC), the agency that insures deposits and winds up failed banks, sold its banking business to JPMorgan for $1.9 billion on September 25, and JPMorgan marked down the loans it took on by about $31 billion. Because the assets were worth more than the price, JPMorgan booked an ‘extraordinary gain’ of $1.9 billion that year, about a third of its 2008 profit of $5.6 billion.

JPMorgan stayed profitable in every quarter of 2008, which few large banks managed. On October 28, 2008 it took $25 billion of capital from the Treasury’s Troubled Asset Relief Program (TARP), money it said it had not needed, and it repaid the money in June 2009; the Treasury sold its warrants to buy JPMorgan shares for about $936 million that December. The costs came later. Much of the mortgage litigation after the crisis concerned securities that Bear Stearns and Washington Mutual had sold before JPMorgan bought them (Module 10), and legal charges produced the bank’s first quarterly loss under Dimon, in the third quarter of 2013.

2f. 2023: First Republic

In March 2023 runs on Silicon Valley Bank and Signature Bank, two banks with large uninsured deposits, spread to First Republic, a San Francisco bank for wealthy clients whose long-dated mortgages and bonds had lost value as interest rates rose. Eleven large banks, JPMorgan among them, deposited $30 billion at First Republic to steady it, but it lost more than $100 billion of deposits in the first quarter.

On May 1, 2023 California’s regulator closed it, and the FDIC sold it to JPMorgan after an auction. JPMorgan paid the FDIC $10.6 billion, took about $173 billion of loans, $30 billion of securities, and $92 billion of deposits, and agreed with the FDIC to share losses on the mortgages and commercial loans. The FDIC also lent it $50 billion, and estimated the failure’s cost to its insurance fund at about $13 billion. JPMorgan expected a one-time gain of about $2.6 billion after tax, before about $2 billion of restructuring costs.

The deal used the exception for failing banks to the cap on any one bank’s share of the country’s deposits (Module 5). Dimon’s account was that the government had invited JPMorgan and others to step up, and JPMorgan had done so.

2g. Judgment or Public Support? The Cases as Their Advocates Make Them

The case for judgment: JPMorgan’s defenders, Dimon first among them, argue that it was the buyer of last resort because it was the one bank strong enough. It entered 2008 with the strongest balance sheet among the large banks and had largely avoided the mortgage securities that sank its rivals. It took on Bear Stearns at the urging of the Federal Reserve and the Treasury, and Washington Mutual when regulators needed a buyer for the largest bank failure in the country’s history. In 2023 it won a competitive auction with the bid the FDIC judged least costly to its fund, and in both crises it bore costs, in legal bills and restructuring, that no one could fully foresee.

The case for public support: critics such as Senator Elizabeth Warren, and economists who study banks that are too big to fail, argue that each deal came with public help no private buyer could have arranged alone. The New York Fed financed Bear’s worst assets; the FDIC sold Washington Mutual at a price that produced an immediate gain. In 2023 the FDIC shared the losses, lent $50 billion, and let the largest bank in

the country grow larger past the deposit cap. And every large bank, JPMorgan included, was steadied in 2008 by the Treasury's capital, the Fed's lending, and the FDIC's guarantee of bank debt.

What the evidence says: JPMorgan's profits through 2008 and its later legal bill show that the government chose the strongest bank and that the bank paid real costs for the deals it was asked to do. The terms show the other side: an accounting gain on Washington Mutual of a third of 2008's profit, and in 2023 an expected gain of $2.6 billion and a loss share against an estimated $13 billion cost to an insurance fund that every insured bank pays into.

The course's reading: judgment made JPMorgan the bank the government called, and public support set the terms on which it answered. The two go together, which is why each crisis has left the strongest bank larger.

Module 2 Key Points

From the Manhattan Company to First Republic

• The firm counts more than 1,200 predecessors; its main lineages are the Manhattan Company, Chase, Chemical, J.P. Morgan, and Bank One.

• J. Pierpont Morgan did a central bank's work in 1895 and 1907, and the panic of 1907 led to the Federal Reserve.

• Glass-Steagall split the House of Morgan in 1933-35; its repeal in 1999 opened the way for Chase Manhattan to buy J.P. Morgan.

• In 2008 JPMorgan bought Bear Stearns with Fed financing and Washington Mutual from the FDIC, and stayed profitable all year.

• In 2023 it paid the FDIC $10.6 billion for First Republic, with loss sharing and a $50 billion loan.

• The course's reading: judgment made JPMorgan the bank the government called; public support set the terms.

Module 2 Quiz

Check Your Understanding

1. What did Aaron Burr's clause in the Manhattan Company's 1799 charter allow?

A) It let the water company use its spare capital for banking and other dealings in money
B) A monopoly on New York's water
C) The right to issue the city's paper currency
D) Loans to the federal government

2. Why did J.P. Morgan & Co. and Morgan Stanley become separate firms in 1935?

A) A quarrel over who would succeed Pierpont Morgan
B) The Pujo committee ordered the House of Morgan broken up into its separate partnerships
C) The Banking Act of 1933 made banks choose between deposits and underwriting
D) The Federal Reserve barred banks from trading stocks

3. How much did JPMorgan pay the FDIC for First Republic in May 2023?

A) $1.9 billion, the price of Washington Mutual
B) $30 billion, the sum eleven banks had deposited
C) $50 billion, the sum the FDIC lent it
D) $10.6 billion

4. What produced JPMorgan's 'extraordinary gain' of $1.9 billion in 2008?

A) The sale of Bear Stearns's riskiest assets to the Federal Reserve Bank of New York
B) Buying Washington Mutual's bank for less than its assets were worth
C) Early repayment of its TARP capital
D) A tax refund on its mortgage losses

5. What is the course's reading of JPMorgan's crisis deals?

A) Judgment made it the bank the government called; public support set the terms
B) It won every deal on judgment alone
C) The deals were imposed on it by the government, and it lost money on each of them
D) Public support explains the deals entirely, and the bank's judgment played no part in them

Module 3 — How the Bank Earns

Reading the Income Statement: Interest, Fees, Costs, and Returns

Recommended Reading / Reference

Book: Timothy W. Koch and S. Scott MacDonald, *Bank Management* (8th edition, 2015)

Reference: JPMorgan Chase's quarterly earnings release and financial supplement, at jpmorganchase.com/ir

3a. Two Engines

A bank earns money in two ways. The first is the spread: it borrows from depositors and markets and lends or invests the money at higher rates. What it earns on its loans and securities, less what it pays on its deposits and borrowings, is its net interest income. The second is fees: payment for advice, for underwriting and trading securities, for managing money, for moving payments, and for the use of its cards. In 2025 the spread brought in $95.9 billion, 52% of managed revenue, and fees and other noninterest revenue $89.7 billion, 48%.

Net interest income depends on how much the bank has lent and invested, the rates it earns, and the rates it pays. Its ratio to the assets that earn it is the net interest margin: 2.48% in the third quarter of 2026, or 3.70% leaving out the trading business, whose large balance sheet earns thin spreads. In that quarter loans yielded 6.59% and securities 3.79%, while the bank paid 2.18% on deposits that bear interest, and about a quarter of its deposits bore none. Rising rates widen the margin, because deposits reprice more slowly than loans and securities: in bankers' language they have a low 'beta', the share of a change in market rates passed on to savers. In October 2026 the bank expected net interest income of about $106.2 billion for the year.

Noninterest revenue comes from the businesses of Modules 6 to 8 and rides on markets and spending. Investment-banking fees follow deals, trading revenue follows market activity, card income follows spending, asset-management fees follow the value of clients' money, and payment fees follow companies' flows of cash. Fees are more volatile than the spread, but most of them use less capital, and a bank with both engines earns through more of the cycle.

3b. Costs, Credit, and Taxes

Against revenue the bank sets its costs. Noninterest expense, mostly pay, technology, buildings, and marketing, was $95.6 billion in 2025, and the overhead ratio, expense as a share of revenue, was 52%: the bank spent 52 cents to earn each dollar. For 2026 it expected adjusted expense, which leaves out legal costs, of about $108.6 billion, as it opened branches, spent more on technology, and hired bankers. Taxes took $15.5 billion of 2025's pretax income of $72.6 billion, a rate of about 21%.

The provision for credit losses is the cost of lending: the loans written off in the period, net of recoveries, plus any addition to the reserve for losses still expected (Module 10). It is the line that swings most with the economy, which is why the bank reports its profit both before and after it. Profit before the provision and taxes, called pre-provision profit, shows what the businesses earn before the cost of the credit cycle.

3c. The Scorecard

The measure the bank steers by is return on tangible common equity: the profit that belongs to common shareholders, divided by their equity less goodwill and other intangible assets, the premiums paid in past acquisitions. It was 20% in 2025, against a target of 17% ‘through the cycle’, a return that Dimon’s 2025 letter says ten major competitors have beaten only 9% of the time over the past decade. Return on equity, which keeps goodwill in, was 17%, and return on assets 1.29%.

Reported results also carry one-off items, which the bank lists as ‘significant items’ and strips out to show the underlying trend. In the fourth quarter of 2025 it set aside $2.2 billion for losses on the Apple Card loans it had agreed to take over (Module 6). The other two in 2025 were a $588 million gain related to First Republic and a $774 million tax benefit; without all three, profit would have been $57.5 billion and the return still 20%. In 2026 the second quarter carried a $4.6 billion gain on the bank’s shares in Visa and $1.0 billion of gains on other equity investments, and the third quarter $658 million of losses from selling securities.

3d. Ten Years of Results

The table shows the decade to 2025 with what drove each year. Revenue rose by seven-eighths, from $99.1 billion to $185.6 billion, and net income more than doubled, from $24.7 billion to $57.0 billion.

Year	Revenue (managed)	Net income	Return on tangible common equity	What drove it
2016	$99.1 billion	$24.7 billion	13%	Low interest rates; growth in deposits and cards
2017	$103.6 billion	$24.4 billion	12%	A $2.4 billion charge for the tax law of December 2017
2018	$111.5 billion	$32.5 billion	17%	The lower corporate tax rate; rising interest rates
2019	$118.7 billion	$36.4 billion	19%	A record profit before the pandemic
2020	$122.9 billion	$29.1 billion	14%	The pandemic: reserves built for loan losses
2021	$125.3 billion	$48.3 billion	23%	Reserves released as the losses did not come; a boom in deals
2022	$128.7 billion (reported)	$37.7 billion	18%	Rates rose; deals slowed; provisions rose
2023	$158.1 billion (reported)	$49.6 billion	21%	Higher rates lifted net interest income; First Republic
2024	$180.6 billion	$58.5 billion	22%	A record profit, with a $7.9 billion gain on Visa shares
2025	$185.6 billion	$57.0 billion	20%	Record trading and fees; the Apple Card reserve

Managed revenue from the chief executive’s letters and the 2025 financial supplement; for 2022 and 2023, reported revenue as filed, which runs a few billion dollars below managed. Net income and returns from the ten-year table in the 2025 letter (April 6, 2026).

The mix has moved with interest rates. In 2021, with rates near zero, net interest income was $52.3 billion, about two-fifths of revenue; in 2025 it was $95.4 billion, more than half, both as reported. The fee businesses grew too, but the spread did most of the lifting, which is why the bank’s results are so sensitive to where rates go (Module 4).

Worked example — The Third Quarter of 2026, From Revenue to Return

Start with managed revenue of $50.9 billion in the third quarter of 2026. Subtract noninterest expense of $27.3 billion, an overhead ratio of about 54%, to reach pre-provision profit of $23.6 billion. Subtract the provision for credit losses, $2.7 billion, of which $2.2 billion was loans written off and the rest an addition to reserves, to leave $20.9 billion. Managed revenue includes a tax-equivalent adjustment that reported results do not, so reported pretax income was $20.1 billion; taxes of $4.8 billion, a rate of 24%, left net income of $15.3 billion. After dividends on preferred stock, about $14.9 billion belonged to common shareholders: $5.57 a share. Multiplied by four and divided by tangible common equity of about $299 billion, that is a return of about 20%. The provision is the line to watch: had it doubled, the return would have fallen by nearly three points, and that is the sensitivity Module 10 explains.

Module 3 Key Points

How the Bank Earns

• A bank earns from the spread, net interest income, and from fees; in 2025 JPMorgan’s split was about 52% to 48%.

• The overhead ratio was 52% in 2025: the bank spent 52 cents to earn each dollar of revenue.

• The provision for credit losses swings most with the economy; pre-provision profit shows earnings before the credit cycle.

• Return on tangible common equity was 20% in 2025, against a target of 17% through the cycle.

• Net income more than doubled in the decade to 2025, from $24.7 billion to $57.0 billion.

Module 3 Quiz

Check Your Understanding

1. What is net interest income?

A) Fees for advice and underwriting
B) Interest paid to depositors
C) Profit after taxes and provisions
D) What the bank earns on its loans and securities, less what it pays on its deposits and borrowings

2. What was JPMorgan's overhead ratio in 2025?

A) 31%, the firm's net margin
B) 20%, its return on tangible equity
C) 52%
D) 17%, its target return

3. Why does the bank report pre-provision profit?

A) To show what the businesses earn before the cost of the credit cycle
B) Because regulators set its capital requirement on it under the stress test rules
C) To leave out what it pays its depositors
D) Because taxes are levied on it

4. What is JPMorgan's target for return on tangible common equity through the cycle?

A) 20%
B) 12%, the floor in the 2026 retention awards
C) 23%, its return in 2021
D) 17%, through the cycle

5. Which gain lifted the second quarter of 2026?

A) The sale of Chase's British bank
B) A gain on its Visa shares
C) A refund under the tax law of 2017
D) A rise in the value of the Apple Card loans

Module 4 — The Fortress Balance Sheet

What the Bank Owns, How It Is Funded, and Its Exposure to Interest Rates

Recommended Reading / Reference

Book: Gary Gorton, *Misunderstanding Financial Crises: Why We Don't See Them Coming* (2012), on why runs happen to any short-term debt that looks like money

Reference: The consolidated balance sheet and the capital and liquidity pages of JPMorgan Chase's quarterly financial supplement, at jpmorganchase.com/ir

4a. The Balance Sheet in One Table

Dimon has called the bank's balance sheet a fortress since his early years as chief executive, meaning one built to survive the worst years rather than to maximize the best. A balance sheet lists what a company owns, its assets, against what it owes, its liabilities, and the difference is the owners' equity. The table condenses JPMorgan's at September 30, 2026.

What it owns	$ billion	What it owes, and its equity	$ billion
Cash and deposits at banks, including the Federal Reserve	326	Deposits	2,781
Lending of cash against securities (reverse repos) and securities borrowed	792	Borrowing against securities (repos), trading liabilities, short-term borrowings, and long-term debt	1,938
Trading assets, including derivatives	1,093	Total liabilities	4,719
Investment securities	822	Preferred stock	21
Loans, net of the reserve for losses	1,558	Common equity	351
Goodwill and other assets	500		
Total assets	5,092	Total liabilities and equity	5,092

Third-quarter 2026 financial supplement (October 13, 2026); some lines combined, and 'other assets' is the remainder.

Three things stand out. Loans, the business most people think of as banking, are under a third of the total. Trading assets and secured lending to other financial firms, the plumbing of the markets the CIB serves (Module 7), are more than a third. And equity is 7.3% of assets: the bank owns about $13.70 of assets for each dollar of its owners' money, which is ordinary for a bank and would be extraordinary for any other company. Total assets grew 15% in the first nine months of 2026, from $4.42 trillion, as deposits, trading, and securities all rose.

4b. Deposits: The Engine

Deposits are the bank's cheapest and steadiest money. They reached $2.78 trillion on September 30, 2026, up from $2.56 trillion at the end of 2025, and averaged $2.73 trillion in the third quarter, 8% more than a year earlier. About $1.10 trillion of the average came from Chase's households and small businesses and $1.22 trillion from the CIB's clients, companies that keep cash at the bank to run their payments. A quarter of all deposits paid no interest at all.

Deposits are cheap because they are useful. A household's checking account pays its bills, and a company's operating account moves its payroll; neither moves for a slightly better rate. Deposits are steady

because the FDIC insures most depositors' accounts up to $250,000 per depositor, per bank, and because large depositors, whose balances exceed that limit, moved money toward the largest banks, not away from them, in the runs of 2023.

The bank lent 57 cents for each dollar of deposits on September 30, 2026: $1.58 trillion of loans against $2.78 trillion of deposits. The rest sat in securities, cash at the Federal Reserve, and short-term lending against securities, which earn less than loans but can be turned into cash quickly. A low ratio of loans to deposits is one of the plainest marks of the fortress, and also a cost, since money not lent earns less.

4c. Liquidity

Liquidity is the ability to pay what is owed when it is owed, even when depositors and lenders want their money back at once. The test is speed: Silicon Valley Bank's depositors asked for $42 billion in a single day in March 2023, and the bank failed the next morning. Regulators measure liquidity with the liquidity coverage ratio (Terms), which compares high-quality liquid assets, cash and government bonds, with the outflows a 30-day stress would bring.

JPMorgan's ratio averaged 113% for the firm and 119% for the bank in the third quarter of 2026, with $288 billion of high-quality liquid assets above the requirement. Counting other securities it could sell or pledge, it had about $1.5 trillion of cash and marketable securities, more than half its deposits.

4d. The Securities Book, and the Cash of 2021

The bank invests the deposits it does not lend in securities, mostly bonds issued or guaranteed by the American government, run by the chief investment office in Corporate. On September 30, 2026 it held $547 billion 'available for sale', carried at market value with gains and losses passing through equity, and $275 billion 'held to maturity', carried at cost on the promise to keep them until they repay.

The unrealized gains and losses on the first kind collect in accumulated other comprehensive income (AOCI), a line of equity, and for the largest banks they count in regulatory capital. JPMorgan's AOCI, which also holds some other items, fell from minus $4.3 billion at the end of 2025 to minus $19.8 billion on September 30, 2026, and in the third quarter the bank sold securities at a loss of $658 million to reposition the book.

The choice of how much to put in long-term bonds, and when, is one of the largest a bank makes. In 2021, with deposits swollen by the pandemic and long-term rates near record lows, Dimon said repeatedly that the bank would rather hold cash than lock in low yields, because he expected inflation and higher rates. The cash cost it income while rates stayed low, and left it less exposed when they rose in 2022. Silicon Valley Bank, which had put its deposits into long-term bonds, failed in March 2023 when it had to sell them at a loss.

4e. Excess Capital

The last wall of the fortress is equity beyond what the rules require (Module 5 sets out the requirement). In his 2025 letter Dimon put the excess at about $40 billion, an estimate he said rested on assumptions about the rules then being rewritten; on the call of October 13, 2026 the bank's executives put it at 'probably $30 billion or something'. The bank calls its order of priorities a hierarchy: capital goes first to its businesses, then to the dividend, and only then to buying back shares.

The common equity ratio fell from 14.2% to 13.9% in the third quarter of 2026. Profit added about 0.65 of a point; dividends and buybacks took 0.24 of a point; growth in risk-weighted assets, as the bank lent and traded more, took 0.33; and AOCI and other items took the rest. Faced with growth that used capital, the bank cut its buybacks to $1.1 billion in the quarter, from $6.7 billion in the second, ‘in line with our hierarchy’, as Dimon put it.

Worked example — A One-Point Rise in Interest Rates

The bank publishes its own estimate of how earnings respond to rates in its quarterly report; this example builds a simpler one from the balance sheet, with assumptions marked. Suppose short-term rates rise one percentage point and stay there. Assets that reprice quickly, the $305 billion at banks, the $462 billion of reverse repos, and, as an assumption, half the loans, about $790 billion, earn about $15.6 billion more a year. The $2.08 trillion of deposits that bear interest cost more too; if the bank passes on 40% of the rise (an assumed beta), that is $8.3 billion. Net interest income rises by about $7 billion, roughly 7% of 2026’s expected total. Now suppose long-term rates rise one point as well. If the available-for-sale securities have an average duration of four years (another assumption), their market value falls about 4%, or $22 billion, at once; after tax, about $17 billion of that loss passes through AOCI into capital, nearly 0.8 of a point of the common equity ratio. The lesson is the trade-off that sank Silicon Valley Bank: higher rates raise a bank’s income slowly and cut the value of its bonds immediately, and a bank survives the move if its capital and liquidity can absorb the second while it waits for the first.

Module 4 Key Points

The Fortress Balance Sheet

• Loans are under a third of JPMorgan’s $5.09 trillion of assets, and deposits fund more than half of them.

• The bank lent 57 cents for each dollar of deposits on September 30, 2026; the rest sat in securities, cash, and secured lending.

• Its liquidity coverage ratio averaged 113% in the third quarter of 2026, with about $1.5 trillion of cash and marketable securities.

• Unrealized losses on available-for-sale securities pass through AOCI and, for the largest banks, into regulatory capital.

• Rising rates raise interest income slowly but cut the value of bonds at once; that trade-off sank Silicon Valley Bank.

Module 4 Quiz

Check Your Understanding

1. What share of JPMorgan’s assets were loans on September 30, 2026?

A) About 55%
B) About 75%
C) About 31%, $1.58 trillion of loans against $5.09 trillion of assets
D) About 10%

2. What funds more than half of JPMorgan’s balance sheet?

A) Long-term bonds sold to investors
B) Shareholders’ equity, including preferred stock
C) Deposits
D) Loans from the Federal Reserve

3. Why do unrealized losses on available-for-sale securities matter for JPMorgan’s capital?

A) For the largest banks they pass through accumulated other comprehensive income into regulatory capital
B) They must be paid in cash to the FDIC
C) They reduce the bank’s taxes
D) They are charged against deposits

4. What did a liquidity coverage ratio of 113% mean in the third quarter of 2026?

A) Loans were 113% of deposits
B) The bank had 13% more capital than its requirement under the stress test and surcharge
C) Deposits grew 13% in a year
D) High-quality liquid assets were 113% of the outflows of a 30-day stress

5. What does a rise in long-term interest rates do to a bank’s fixed-rate bonds?

A) It raises their value, since new bonds pay more
B) It cuts their value at once
C) It makes them pay more
D) It leaves their market value unchanged until they mature

Module 5 — Capital, Regulators, and Too Big to Fail

The Rules a Bank This Size Lives Under

Recommended Reading / Reference

Book: Anat Admati and Martin Hellwig, *The Bankers' New Clothes: What's Wrong with Banking and What to Do about It* (2013), the case for far more bank equity

Reference: The Federal Reserve's stress-test results (June 24, 2026) and its table of large banks' capital requirements, at federalreserve.gov

5a. Why Banks Are Regulated

A bank lends long and borrows short: it makes loans that run for years with deposits that can leave in a day. That makes it useful and fragile. If depositors fear for their money they run, and a run can sink a sound bank as well as a weak one, and spread to others. Governments therefore insure deposits, stand ready to lend to banks in a panic through the central bank, and in return regulate what banks may do and how much of their own money they must put at risk.

The protection creates its own problem. A bank whose failure would wreck the economy can expect to be rescued, so its lenders charge it less and it may take more risk; this is the problem called 'too big to fail'. The rules for the largest banks are meant to make failure less likely, through capital and liquidity, and less damaging, through plans for an orderly failure.

5b. The Capital Stack

Capital is the money that absorbs losses before depositors and other lenders lose anything. The strongest kind is common equity tier 1 (CET1) capital: shareholders' common equity less goodwill and certain other items. Regulators measure it against risk-weighted assets, which count each asset by its riskiness, so that a credit card loan counts in full and a Treasury bond not at all. Preferred stock adds to 'tier 1' capital, subordinated debt to 'total' capital, and debt that can be written off in a failure to total loss-absorbing capacity.

Measure, September 30, 2026	JPMorgan Chase	What it compares
Common equity tier 1 ratio	13.9% (standardized rules); 14.1% (advanced)	$304 billion of CET1 capital against $2.18 trillion of risk-weighted assets
Tier 1 ratio	14.8%; 15.0%	Adds $21 billion of preferred stock
Total capital ratio	16.8%; 16.2%	Adds subordinated debt and part of the loss reserve
Tier 1 leverage ratio	6.5%	Tier 1 capital against total assets, with no risk weights
Supplementary leverage ratio	5.5%	Tier 1 capital against assets plus off-balance-sheet exposures, $5.93 trillion
Total loss-absorbing capacity	$599 billion	Capital plus long-term debt that can absorb losses in a failure

Third-quarter 2026 financial supplement and earnings presentation (October 13, 2026); estimates. Banks compute risk-weighted assets two ways, and the lower ratio binds.

JPMorgan’s requirement for CET1 is 11.5% of risk-weighted assets. It is built from three parts: a 4.5% minimum that applies to every bank, a stress capital buffer of 2.5% set by the Federal Reserve’s annual stress test, and a surcharge of 4.5% for global systemically important banks (G-SIBs), the banks on an international list whose failure would shake the world’s financial system. The surcharge rises with a bank’s size, complexity, and links to other financial firms.

5c. Stress Tests and Living Wills

Each year the Federal Reserve runs the largest banks’ balance sheets through an imagined severe recession. The scenario published for 2026 had unemployment peaking at 10%, house prices falling 30%, and commercial property prices falling 39%; the 32 banks tested would lose more than $708 billion, about $200 billion of it on credit cards, and all stayed above their minimums. In the results of June 24, 2026, JPMorgan’s common equity ratio fell from 14.6% to a low of 12.6%, a decline of 2.0 points.

The decline sets the stress capital buffer: the drop in the ratio plus four quarters of planned dividends, with a floor of 2.5%, which is where JPMorgan’s has been since October 1, 2025, down from 3.3%. In February 2026 the Fed froze every bank’s buffer at its current level through September 30, 2027, and on September 30, 2026 it finalized new rules: it will publish its scenarios for comment each year, and from 2028 will set the buffer on the average of the two most recent tests, which it expects to halve the year-to-year swings.

A living will is a plan, filed with the Fed and the FDIC, showing how the bank could go bankrupt without disrupting the system or calling on public money. JPMorgan’s relies on what regulators call a single point of entry: only the parent company would go bankrupt, its shareholders and bondholders would bear the losses, and an intermediate holding company, JPMorgan Chase Holdings LLC, would supply capital and cash to the operating companies so that they could keep running.

5d. The Rewrite of 2025-26

The rules have been loosened since 2025, in steps. On November 25, 2025 the Fed, the FDIC, and the Office of the Comptroller of the Currency (OCC) finalized a change to the enhanced supplementary leverage ratio (eSLR), the extra leverage requirement on the largest banks, effective April 1, 2026. The holding companies’ buffer fell from a fixed 2% to half of a measure of their surcharge, and the agencies estimated that the requirements of their bank subsidiaries fell by about $219 billion, while those of the holding companies fell by less than 2%.

On March 19, 2026 the three agencies proposed to finish the international Basel III rules for the largest banks, and the Fed proposed to recalibrate the G-SIB surcharge, chiefly by tying its thresholds to the growth of the economy. Fed staff estimated that the proposals, with the changes to stress testing, would lower the largest banks’ common equity requirements by about 4.8%. Michael Barr, a Fed governor and former vice chair for supervision, dissented; he put the surcharge change alone at $33 billion. No final rule had been issued by the end of October 2026, and an analyst on the bank’s October 13 call expected both at the year’s end.

5e. Who Regulates What

Agency	What it does for JPMorgan	Head, October 2026
Federal Reserve	Supervises the holding company; sets its capital buffers and runs the stress test; lends in a panic	Kevin Warsh, confirmed as chair in May 2026; Michelle Bowman, vice chair for supervision
Office of the Comptroller of the Currency	Charters and supervises JPMorgan Chase Bank, N.A.	Jonathan Gould, Comptroller
Federal Deposit Insurance Corporation	Insures deposits; would run the bank's failure; sells failed banks	Travis Hill, chair
Consumer Financial Protection Bureau (CFPB)	Enforces consumer-finance law at banks with more than $10 billion of assets	Mark Paoletta, acting director
Securities and Exchange Commission	Regulates the broker-dealer and the parent's disclosures	Paul Atkins, chair
Commodity Futures Trading Commission	Regulates its trading of futures and swaps	
Regulators abroad	Britain's Prudential Regulation Authority and Financial Conduct Authority; the European Central Bank for J.P. Morgan SE	

Agencies' announcements; Banking Dive for heads of agencies in office in October 2026.

5f. The Cap on Any One Bank's Deposits

Two laws limit how far the largest bank can grow by buying others. The Riegle-Neal Act of 1994, which let banks expand across state lines, bars a bank from buying another if the combined bank would hold more than 10% of the deposits of all American banks. The Dodd-Frank Act of 2010 adds a second limit: no acquisition may leave a financial company with more than 10% of the liabilities of all financial companies. Neither stops a bank from growing on its own, and the deposit cap has an exception for failing banks, which is how JPMorgan bought First Republic in 2023 (Module 2).

5g. More Capital or Less? The Cases as Their Advocates Make Them

The case for less: the banks, Dimon loudest among them, and the regulators now in charge argue that the rules of 2010-23 overshot. The largest banks hold far more and better capital than before 2008, and the 2026 stress test found them able to absorb a severe recession. Dimon's 2025 letter calls the G-SIB surcharge 'still broken'; the banks' complaint is that its thresholds stayed fixed while the economy grew, so a bank's surcharge could rise without its becoming any riskier. Capital held against safe assets such as Treasuries discourages banks from making markets in them, and lending that rules push out of banks moves to less regulated lenders (Module 7).

The case for more: Admati and Hellwig, Barr in his dissent, and critics such as Senator Elizabeth Warren answer that equity is not a cost to society: it is the owners' stake, and more of it makes failures rarer and rescues smaller. A bank holding $13.70 of assets for each dollar of equity would be thought reckless anywhere else. The banks that failed in 2023 had passed their rules too, and the next crisis may start where no stress test looks; in that light cutting requirements by tens of billions of dollars at the largest banks moves the wrong way.

What the evidence says: for JPMorgan the stakes are smaller than the noise. Its ratio of 13.9% is 2.4 points above its requirement, its stress-test decline was 2.0 points, and it earned a 20% return on tangible

equity in 2025 while holding that capital, which undercuts the claim that capital cripples profits. The surcharge critique has merit on its own terms, since the proposal itself indexes the thresholds to growth. The leverage change freed capital mostly in the bank subsidiaries, not at the holding companies.

The course's reading: the rewrite is a recalibration rather than a retreat, and it changes little about JPMorgan's safety. The stronger argument is over which rules make sense, not how much capital in total. The case for more capital rests on risks that a single annual scenario does not capture, and that case is stronger for the system than for this bank.

Worked example — JPMorgan's Capital Requirement Against Its Capital

Start with risk-weighted assets of $2,183.5 billion under the standardized rules, the binding measure, on September 30, 2026. The requirement of 11.5% (4.5% plus 2.5% plus 4.5%) comes to $251.1 billion of CET1 capital. The bank had $304.1 billion, a ratio of 13.9%, so it held about $53 billion more than the rules required. The bank's own estimates of excess capital, about $40 billion in Dimon's April letter and 'probably $30 billion or something' on the October call, are lower because a bank keeps a cushion above the line for growth, for swings in its securities, and for the rules being rewritten. Two changes show how much the rules matter. When the stress capital buffer fell from 3.3% to 2.5% in October 2025, the requirement fell by 0.8 of a point, worth about $17.5 billion at today's risk-weighted assets. And under the stress test's severe recession the ratio fell 2.0 points, to 12.6%, still 8.1 points above the 4.5% minimum. The lesson is that JPMorgan's capital is set less by the minimum than by the buffers on top of it, and that the buffers are where the policy fight is.

Module 5 Key Points

Capital, Regulators, and Too Big to Fail

• Banks are regulated because they fund long-term loans with short-term, insured deposits, and their failures spread.

• JPMorgan’s common equity requirement is 11.5%: a 4.5% minimum, a 2.5% stress buffer, and a 4.5% surcharge for global systemic banks.

• In the Fed’s 2026 stress test its common equity ratio fell from 14.6% to a low of 12.6%.

• The rewrite of 2025-26 eased the leverage rule and proposed lower surcharges; Fed staff estimate the largest banks’ requirements falling about 4.8%.

• No acquisition may leave a bank with more than 10% of American deposits; failing banks are the exception.

• The course’s reading: the rewrite changes little about JPMorgan’s safety; the harder question is risks no stress test captures.

Module 5 Quiz

Check Your Understanding

1. What makes up JPMorgan's common equity requirement of 11.5%?

A) A flat 11.5% set by Congress in 2010
B) 10% for deposits plus 1.5% for trading
C) The Basel minimum of 8% plus a 3.5% buffer
D) A 4.5% minimum, a 2.5% stress capital buffer, and a 4.5% surcharge for global systemic banks

2. How far did JPMorgan's common equity ratio fall at its low in the Fed's 2026 stress test?

A) About 0.5 point
B) About 7 points, to below the 4.5% minimum
C) 2.0 points, from 14.6% to 12.6%
D) About 5 points, to its 11.5% requirement

3. Which agency charters and supervises JPMorgan Chase Bank, N.A.?

A) The Consumer Financial Protection Bureau
B) The Comptroller of the Currency
C) The Securities and Exchange Commission
D) The Federal Deposit Insurance Corporation

4. What did the leverage rule of November 2025 change for the largest banks' holding companies?

A) It tied their extra leverage buffer to half a measure of their surcharge, instead of a fixed 2%
B) It doubled the minimum leverage ratio to 6%
C) It removed Treasuries from the stress test
D) It applied the leverage ratio for the first time to regional banks with less than $250 billion of assets

5. What allowed JPMorgan to buy First Republic despite the cap on any one bank's share of deposits?

A) A vote of Congress
B) First Republic's deposits were uninsured and did not count
C) The law's exception for failing banks
D) The cap applies only to banks abroad

Module 6 — Chase: Consumer & Community Banking

The Bank for Households and Small Businesses

Recommended Reading / Reference

Book: Lisa Servon, *The Unbanking of America: How the New Middle Class Survives* (2017), on why many households use check cashers and payday lenders instead of banks

Reference: Marianne Lake's letter on Consumer & Community Banking in JPMorgan Chase's 2025 annual report (April 6, 2026), and the Federal Reserve's monthly G.19 release on consumer credit

6a. Deposits and Branches

Chase served 86.6 million consumers and 7.4 million small businesses in 2025, and about 80% of the consumers and 70% of the business owners used it as their main bank. It held 11.1% of American retail deposits in 2025, the largest share of any bank, up from 4.5% in 2005 and 8.1% in 2015, and in October 2026 it said it had ranked first for the sixth year running. It is first in four of the five largest banking markets: New York, Los Angeles, Chicago, and Dallas.

The branches are the strategy's visible part. Chase had 5,164 on September 30, 2026, and calls itself the only bank with branches in all 48 contiguous states. Since 2018 it has opened more than 1,000, and in February 2026 it announced more than 160 more in over 30 states that year, among them the Carolinas, Florida, Pennsylvania, and Massachusetts, and the renovation of nearly 600. Its goal is to put 75% of Americans within a reasonable drive of a branch; it says it reaches 69%.

The bank's bet is that branches still win the main accounts that bring deposits, even as most banking moves to phones: Chase had 78.0 million active digital customers and 64.9 million mobile users in the third quarter of 2026. It opened 1.7 million net new checking accounts in 2025 and more than 650,000 in the third quarter of 2026. Its households' and small businesses' deposits averaged $1.10 trillion in that quarter, and the bank earned a margin of 2.78% on them, what it earns on the money less what it pays.

6b. Cards

Chase is the largest card issuer in the United States by spending. Its credit cards carried $1,355 billion of purchases in 2025, 24% of the national total, and it had $248 billion of card loans at the end of the year, 18% of the market; it opened 10.4 million new card accounts that year and had 116.5 million cards in force. A card earns in three ways: interest on balances carried from month to month, interchange, the fee a merchant's bank pays the issuer on each purchase, and annual fees. Rewards are its largest cost after losses.

Card loans were $252.7 billion on September 30, 2026, and the share written off as uncollectable, the net charge-off rate, was 2.91% in the third quarter; the bank expected about 3.2% for the year. At the top of the range is the Sapphire Reserve, whose annual fee Chase raised from $550 to $795 in June 2025, with credits for hotels, dining, and other spending that it values at more than $2,700 a year.

On January 7, 2026 JPMorgan agreed to become the issuer of the Apple Card, taking over more than $20 billion of balances from Goldman Sachs, with Mastercard remaining the network. The deal needs regulators' approval and is expected to close about 24 months after the agreement, signed on December 30, 2025.

JPMorgan set aside $2.2 billion for expected losses on the loans in the fourth quarter of 2025, cutting that quarter's profit by $1.7 billion. The Wall Street Journal reported that Goldman accepted a discount of more than $1 billion; JPMorgan did not confirm it.

6c. Cars, Homes, and Wealth for the Mass Affluent

Chase lent $45 billion for cars in 2025, more than 30% of it as leases, and calls itself the largest bank lender in private-label auto finance, lending through carmakers' own finance brands; its car loans and leases averaged $93.7 billion in the third quarter of 2026. In mortgages it originated $16.0 billion in that quarter and services $652 billion of loans owned by others, collecting payments for a fee. Its share of mortgage originations was 3.3% in 2025, small for the country's largest bank.

J.P. Morgan Wealth Management, the investing arm for Chase's customers, held $1.42 trillion of client investment assets on September 30, 2026, up 15% in a year, with 6,433 advisors. In 2025 it signed a record 159,000 first-time investors. More than 5 million affluent households bank with Chase, and only 21% of them invest with it, which the bank presents as one of its largest opportunities.

6d. Small Business

The 7.4 million small businesses use Chase for accounts, cards, loans, and payment processing; the bank puts its share of the national market for small businesses' main bank accounts at 9.5% in 2025, and says the segment grew 8%. Small businesses matter beyond their size, because they bring operating deposits that pay little interest and because their owners are often also affluent customers.

6e. Chase Abroad

Chase opened a digital bank in Britain in 2021, with no branches. It had 2.8 million customers and more than $35 billion of balances at the end of 2025, and said in May 2026 that it had passed three million; its investing service had nearly 280,000 customers and $12.5 billion of client assets. On May 20, 2026 Chase opened in Germany with a savings account at 4% for four months, then 2%, offered through J.P. Morgan SE and covered by German deposit insurance; it plans current accounts, investing, and lending by 2028.

The Financial Times reported in June 2026 that the bank aims to be in at least five European countries within five years, with France, Spain, and Italy under consideration and no decision on the next. JPMorgan has not published Chase UK's profits. The strategy is a bet that a bank with JPMorgan's technology can win deposits abroad without branches.

6f. A 10% Cap on Card Interest Rates? The Cases as Their Advocates Make Them

Card rates are high by any measure. The Federal Reserve's figures put the average rate on card accounts paying interest at 22.36% in August 2026, and 21.19% across all accounts. In January 2026 President Trump called for card rates to be capped at 10% for a year, and Senators Bernie Sanders and Josh Hawley, from opposite parties, have proposed writing a 10% cap into law. No national cap applies today: since the Supreme Court's Marquette decision of 1978, a national bank may charge borrowers anywhere the rate allowed in its home state.

The case for a cap: its supporters argue that card rates have stayed near 22% while the banks' own cost of money has moved far less, so the margin is profit, not risk; a 2024 study by the CFPB found that margin over the prime rate at a record. Card debt falls hardest on households that can least afford it, and a cap would return billions of dollars of interest to them. The largest issuers, they add, earn high returns in consumer banking, Chase among them, so there is room to cut.

The case against: Dimon told the World Economic Forum on January 21, 2026 that a cap 'would be an economic disaster', because lenders would stop offering cards to millions of households; Lake's letter says caps would have an overwhelmingly negative effect, and that 'providing this credit comes with real costs and risks'. A card loan is unsecured, so losses are high, and opponents point to states with tight caps, where they say lenders offered less credit to borrowers with weaker records.

What the evidence says: the arithmetic favors the opponents on the cap itself. With charge-offs of about 3% a year at Chase and higher for riskier borrowers, funding costs of about 2%, and the costs of servicing and rewards, a 10% ceiling leaves no margin on borrowers with weaker credit, as the worked example below shows. The supporters' underlying point, that margins have widened, has support in the CFPB's own study.

The course's reading: a cap of 10% would mostly ration credit, cutting off the borrowers it is meant to help and pushing them toward costlier lenders. The concern behind it, wide and sticky margins in a market led by a few issuers, is real, and competition and clearer pricing are the better tools for it than a ceiling.

Worked example — One Card Account's Economics

Take an illustrative account; the figures are assumptions in the ranges the text gives, not Chase's own. The cardholder carries an average balance of $5,000 at 22% and spends $15,000 a year. Interest brings in $1,100 and interchange, at about 2% of spending, $300, for revenue of $1,400. Against it, rewards cost about $225, funding the balance at 2.2% costs $110, servicing and fraud cost about $150, and expected losses at 3.2% of the balance cost $160, for costs of $645 and a profit before tax of $755. Now cap the rate at 10%: interest falls to $500 and the profit to $155. Finally take a riskier borrower whose expected losses are 8% of the balance, $400: at 22% the account still earns $515, but at 10% it loses $85, and a bank will not open it. The lesson is that a rate cap does not lower the price of credit for everyone; it removes the accounts whose expected losses the capped rate cannot cover.

Module 6 Key Points

Chase: Consumer & Community Banking

• Chase served 86.6 million consumers and 7.4 million small businesses in 2025, and ranked first in American retail deposits, with 11.1%.

• It had 5,164 branches on September 30, 2026, and planned more than 160 new ones in 2026.

• It is the largest American card issuer by spending, with 24% of credit card purchases in 2025.

• In January 2026 it agreed to become the Apple Card’s issuer, taking more than $20 billion of balances.

• Its digital banks abroad opened in Britain in 2021 and in Germany in May 2026.

• The course’s reading: a 10% cap would mostly cut off riskier borrowers; competition is the better lever on price.

Module 6 Quiz

Check Your Understanding

1. What was Chase’s share of American retail deposits in 2025?

A) 11.1%, the largest of any bank
B) 4.5%
C) 24%, the same as its share of card spending
D) 30.2%, its share of dollar payments

2. Why did JPMorgan set aside $2.2 billion in the fourth quarter of 2025?

A) To pay a fine over card fees
B) To reserve for expected losses on the Apple Card loans it had agreed to take over from Goldman Sachs
C) To cover losses on car loans
D) To pay for new branches

3. Where did Chase open a digital bank in May 2026?

A) France, its first market in the euro area
B) Spain, through a local partner
C) Italy, through J.P. Morgan SE
D) Germany

4. In the course’s worked example, what happens to a riskier card account under a 10% cap?

A) It loses money, so the bank will not open it
B) It earns more, through higher fees
C) It becomes the bank’s most profitable kind of account
D) It is unaffected, because rewards cover the difference

5. To what did Chase raise the Sapphire Reserve’s annual fee in June 2025?

A) $550, from $450
B) $450, its fee at launch
C) $1,000, with more credits
D) $795

Module 7 — The Commercial & Investment Bank

Advice, Trading, Payments, and Lending for Companies and Investors

Recommended Reading / Reference

Book: Charles R. Geisst, *Wall Street: A History* (4th edition, 2018)

Reference: Doug Petno and Troy Rohrbaugh's letter on the Commercial & Investment Bank in JPMorgan Chase's 2025 annual report (April 2026)

7a. Advice and Underwriting

The CIB is the firm's largest business by revenue and profit (Module 1), and in the third quarter of 2026 it earned $8.2 billion on revenue of $22.7 billion, up 14% from a year earlier. Its oldest trade is investment banking: advising companies on mergers and raising money for them by underwriting their stocks and bonds, which means buying the securities from the issuer and reselling them to investors, for a fee.

JPMorgan ranked first in global investment-banking fees for the 17th year running in 2025, with 8.4% of the industry's fees, its wallet share, according to Dealogic, a data firm; for 2026 through October 1 its share was 9.2%. Its fees were $9.6 billion in 2025, then $2.9 billion, $3.3 billion, and $3.0 billion in the first three quarters of 2026, up 28%, 30%, and 14% from a year earlier as companies returned to mergers and share sales. Fees from Commercial Banking's midsize clients passed $1 billion in 2025, up 44%, one fruit of putting the two businesses together.

7b. Trading

Markets, the trading business, buys and sells bonds, shares, currencies, commodities, and derivatives for clients, earning the spread between the prices at which it buys and sells and fees for financing clients' positions. The Volcker rule, part of the Dodd-Frank Act of 2010, bars banks from trading for their own profit, so the business is market-making: the bank holds an inventory to meet clients' orders and hedges the risks it takes on.

Markets revenue was a record $35.8 billion in 2025, up 19%, which the bank says was 11.8% of the industry's, the largest share; it was first in fixed income, currencies, and commodities (FICC) and tied for first in equities. In 2026 it set records again: $11.6 billion in the first quarter and $12.1 billion in the second, when equities revenue rose 86% to $6.0 billion. The third quarter brought $10.3 billion, up 15%. Trading is the bank's most variable revenue, rising with volatility and clients' activity, and it uses the largest part of the balance sheet, the $1.09 trillion of trading assets of Module 4.

7c. Payments and Custody

J.P. Morgan Payments moves money for companies, banks, and governments: payrolls, payments to suppliers, card acceptance for merchants, and transfers across borders. It handled nearly $12 trillion on an average day in 2025, about 65 million transactions in more than 120 currencies and 160 countries, with a record of $16.1 trillion on a single day. It is first in dollar payments, with 30.2% of those sent over SWIFT, the network banks use to send payment instructions.

Payments revenue was a record $19.3 billion in 2025, which the bank says was 10.2% of the industry's, first in the world, and $5.6 billion in the third quarter of 2026, up 14%. Payments matter beyond their fees: a company that runs its payments through the bank keeps its operating cash there, and those deposits are among the cheapest money the bank has (Module 4).

Securities Services holds and administers investments for asset managers, pension funds, and other institutions: custody, settlement of trades, fund accounting, and lending securities. Assets under custody, the investments it holds for clients, were $44.1 trillion on September 30, 2026. Revenue was $5.6 billion in 2025, up 10%, and Coalition Greenwich, a research firm, ranked the business third in the industry.

7d. Commercial Banking and Lending

Commercial Banking serves nearly 60,000 clients from more than 160 locations: about 36,000 midsize and specialized companies, and about 23,000 owners of and investors in real estate. It is present in 92 of the 100 largest American metropolitan areas. Its revenue was $11.9 billion in 2025, up 3%, its clients' deposits reached a record, and its lending for commercial real estate grew, with new loans up more than 80%.

Across the CIB, loans in banking and payments averaged $392 billion in the third quarter of 2026, and clients' deposits $1.22 trillion, more than any other part of the firm. The arithmetic of the business is that companies borrow from the bank that serves them in other ways: the loan is often the least profitable part of the relationship, and the fees and deposits that come with it make it pay.

7e. The Push Into Direct Lending

Private credit is lending by funds rather than banks: investment firms raise money from pension funds, insurers, and the wealthy and lend it directly to companies, mostly midsize ones owned by private-equity firms. The market grew after 2008 as rules made such loans costlier for banks to hold. JPMorgan's answer has been to compete with the funds and to lend to them.

In February 2025 it set aside $50 billion of its own balance sheet for direct lending, alongside nearly $15 billion from partner funds, having made more than 100 such loans totaling over $10 billion since 2021; at the end of 2025 it had $14 billion lent under the program. Bloomberg reported in April 2026 that J.P. Morgan Asset Management planned to put tens of billions of dollars into loans found by the firm's commercial bankers, and that the bank held about $50 billion of 'back leverage', loans to private credit funds secured by the funds' own loans.

The risks of lending to lenders showed in September 2025, when Tricolor, a Texas used-car dealer and subprime lender, collapsed amid allegations that it had pledged the same loans to more than one bank. JPMorgan wrote off $170 million, and on October 14, 2025 Dimon warned that 'when you see one cockroach, there are probably more'.

7f. The Security and Resiliency Initiative

On October 13, 2025 the firm launched what it calls the Security and Resiliency Initiative (SRI), a plan to 'facilitate, finance and invest' $1.5 trillion over ten years in industries it judges critical to national economic security, up to $500 billion more than it expected to do anyway. The areas were supply chains and advanced manufacturing, defense and aerospace, energy, and frontier technologies such as artificial intelligence and quantum computing. Up to $10 billion would be direct equity and venture investments by a

Strategic Investment Group, which Todd Combs, a former investment manager at Berkshire Hathaway, left the firm's board in December 2025 to lead.

In its first year, the firm said on October 19, 2026, the initiative financed and facilitated more than $230 billion, a measure of clients' deals rather than of the bank's own money. The Strategic Investment Group committed $5 billion of equity, half its initial budget, mostly in deals it has not disclosed. The public ones include a $1.5 billion funding round for Shield AI, a maker of military drones and their software, which it co-led in March 2026, and stakes in Hadrian, which builds automated factories for defense parts, and Castelion, which develops hypersonic weapons. Its politics are in Module 12.

7g. Private Credit: Risk or Opportunity? The Cases as Their Advocates Make Them

The case for opportunity: the bank's executives argue that borrowers want the speed and certainty that private lenders offer, and that a bank with the clients, the underwriters, and cheap deposits can offer them at least as well. Ceding the business would cost the bank its clients' other business. Its loans to private credit funds are senior and secured by diversified pools of loans, with the funds' own equity below them to absorb the first losses.

The case for risk: supervisors and skeptical economists answer that private loans are opaque, valued infrequently, and made to companies that already carry heavy debt. Banks' loans to non-bank financial firms reached about $2 trillion by September 2026, tying the two systems together, and fraud cases such as Tricolor show how little a lender to lenders may see. Dimon's own warning about cockroaches was a recognition of exactly that.

What the evidence says: JPMorgan's direct lending of $14 billion at the end of 2025 and back leverage of about $50 billion are together about 4% of its $1.58 trillion of loans, and its loss on Tricolor was $170 million in a year when it earned $57.0 billion. The losses that have surfaced came from alleged fraud, not from the ordinary economics of the loans, which have not yet been tested by a recession.

The course's reading: for JPMorgan, private credit is more opportunity than risk at its present size, because the bank lends senior and can see the borrowers through its own bankers. The danger lies in the system, where losses at funds that borrow from many banks could spread, and that danger grows with the market whichever way JPMorgan chooses.

Worked example — A Bond Deal's Fees and Risks

Take an illustrative deal; the figures are assumptions typical of the market, not a JPMorgan deal. A company with a good credit rating sells $1 billion of ten-year bonds. The underwriters' fee is 0.65% of the issue, $6.5 million, and JPMorgan, as the lead bank, takes 40% of it, $2.6 million. The risk lies in the hours between pricing the bonds and selling them. A ten-year bond of this kind loses about 8% of its value for each point that its yield rises, so if yields rise 0.10 point before the bonds are sold, they lose about 0.8%, or $8 million on the whole issue, more than the entire fee. This is why banks build a book of investors' orders before they price, sell within hours, and share the risk with other banks in a syndicate. The lesson is that underwriting pays well for the risk the bank avoids, not for the risk it holds.

Module 7 Key Points

The Commercial & Investment Bank

• The CIB ranked first in global investment-banking fees for the 17th year in 2025, with an 8.4% share.

• Markets revenue was a record $35.8 billion in 2025, and the business set new quarterly records in 2026.

• J.P. Morgan Payments moved nearly $12 trillion a day in 2025, and payments bring cheap operating deposits.

• The firm set aside $50 billion for direct lending in 2025 and lends about $50 billion to private credit funds.

• The SRI counted more than $230 billion of clients’ deals in its first year; the bank committed $5 billion of equity.

• The course’s reading: private credit is more opportunity than risk for JPMorgan; the danger lies in the system’s ties.

Module 7 Quiz

Check Your Understanding

1. What does a bank do when it underwrites a bond issue?

A) Guarantees the bonds against default for their whole life, in return for an annual fee
B) Buys the bonds from the issuer and resells them to investors, for a fee
C) Lends the issuer money from deposits instead
D) Rates the bonds' credit quality

2. Why is the CIB's trading business market-making rather than betting?

A) A cap limits trading revenue to a share of profit
B) Regulators ban banks from trading derivatives
C) The Volcker rule bars banks from trading for their own profit, so they trade to serve clients
D) Every trade must settle within a day

3. How much did J.P. Morgan Payments move on an average day in 2025?

A) About $44 trillion, its assets under custody
B) Nearly $12 trillion
C) About $1.4 trillion, a year's card spending
D) About $230 billion, the SRI's first-year total

4. What is 'back leverage' in private credit?

A) A fund borrowing from its own investors
B) Debt added to a company after a buyout
C) Loans from banks to private credit funds, secured by the funds' own loans
D) A bank selling loans to a fund

5. What does the $230 billion counted by the Security and Resiliency Initiative in its first year measure?

A) Clients' deals the bank financed and facilitated, not its own money
B) Equity the bank invested from its own balance sheet
C) Government contracts awarded to the bank
D) Loans to defense companies at below-market rates, subsidized by the Department of Defense

Module 8 — Asset & Wealth Management

Managing Money for Institutions and the Wealthy

Recommended Reading / Reference

Book: Charles D. Ellis, *The Index Revolution: Why Investors Should Join It Now* (2016), the case against paying for active management

Reference: Mary Callahan Erdoes's letter on Asset & Wealth Management in JPMorgan Chase's 2025 annual report (April 2026)

8a. Two Businesses Under One Head

Asset & Wealth Management has two parts. J.P. Morgan Asset Management runs mutual funds, exchange-traded funds (ETFs), money market funds, and portfolios for pension funds, insurers, and governments, across stocks, bonds, and alternatives such as real estate, infrastructure, private credit, and hedge funds. The Global Private Bank serves the very wealthy: it invests their money, lends to them against their homes, art, and portfolios, and plans their estates and trusts.

Mary Callahan Erdoes has run the division since 2009. It had more than 29,000 employees in 48 countries at the end of 2025, among them 4,101 private-bank advisors, 9% more than a year earlier. It is distinct from J.P. Morgan Wealth Management, which serves Chase's affluent customers and sits in the consumer bank (Module 6).

8b. Assets and Flows

Two numbers measure the business. Assets under management (AUM) are the money the firm invests at its own discretion; client assets add what clients hold with it in brokerage, custody, and deposit accounts and direct themselves. On September 30, 2026 AUM were $5.21 trillion and client assets $7.90 trillion, up 13% and 15% in a year; they had been $4.79 trillion and $7.12 trillion at the end of 2025.

Assets grow in two ways: markets lift the value of what clients hold, and clients bring new money, the net inflows. In 2025 clients added a record $553 billion of net new client assets, the 22nd year in a row of inflows, and in the third quarter of 2026 another $263 billion. In the first three quarters of 2026 they put a net $155 billion into long-term funds, those invested in stocks, bonds, and alternatives rather than cash.

In 2025 the firm ranked first in actively managed ETFs, with $250 billion of assets, and in money market funds for institutions, and Global Finance, a trade magazine, named it the world's best private bank. Its clients' alternative investments grew from $284 billion in 2020 to $560 billion in 2025.

8c. Fees and Margins

Most of the division's revenue is fees charged as a percentage of assets, so revenue moves with markets as well as with flows; the rest comes from the private bank's loans and deposits. Revenue was $24.1 billion in 2025, a record for the ninth year running, and net income $6.5 billion, a return of 40% on the equity the firm assigns the business. In the third quarter of 2026 revenue was $6.9 billion, up 14%, with a pretax margin of 36%.

Revenue of $24.1 billion on average AUM of about $4.4 trillion in 2025 works out to about 0.55% a year. That figure includes the private bank's interest income, so the fee on funds alone is lower. The pressure on it comes from index funds, which charge a fraction of what active managers do. The firm's answers have been active ETFs, cheaper than its mutual funds but still actively run; alternatives, which charge more; and the private bank, whose lending and planning no index fund can copy.

8d. The Strategy Under Mary Erdoes

Under Erdoes the division has grown by keeping its clients' money flowing in through good years and bad, and by adding products that earn more than plain funds. Three moves of 2025-26 show its direction. It pushed further into private markets, including the direct lending that Module 7 describes. It stopped using outside proxy advisers for its votes at American companies' annual meetings, a change completed on April 1, 2026. And in June 2026 the board gave Erdoes a $20 million retention award, a sign of her place in the firm's plans for the years after Dimon (Module 11).

Worked example — A Client Portfolio's Fees

Take an illustrative family with $10 million in a managed portfolio; the fees are assumptions in the usual range for such accounts, not JPMorgan's. The firm charges an advisory fee of 0.75% a year, and the funds inside the portfolio charge another 0.35%, for a total of 1.10%, or $110,000 a year. Suppose the investments earn 6% a year before fees for 20 years. Before fees the portfolio would grow to $32.1 million; after fees of 1.10%, compounding at 4.9%, it reaches $26.0 million. A portfolio of index funds charging 0.05% would compound at 5.95% to $31.8 million, about $5.7 million more. The lesson is the arithmetic behind Ellis's case and behind the industry's strategy: a manager charging 1.1% a year must add about a point a year of value, in returns, taxes saved, lending, or planning, and the firm's growth depends on clients judging that it does.

Module 8 Key Points

Asset & Wealth Management

• Asset & Wealth Management runs J.P. Morgan’s funds and its Global Private Bank; Mary Callahan Erdoes has led it since 2009.

• Assets under management were $5.21 trillion and client assets $7.90 trillion on September 30, 2026.

• Clients added a record $553 billion of net new assets in 2025, the 22nd year of inflows in a row.

• Revenue was a record $24.1 billion in 2025, and net income was a 40% return on the equity assigned to the business.

• Index funds press fees down; the firm answers with active ETFs, alternatives, and the private bank’s lending.

Module 8 Quiz

Check Your Understanding

1. What do client assets add to assets under management?

A) They are the same measure under two names
B) Only the private bank’s clients, leaving out every fund the firm manages for institutions
C) Only the funds sold to individuals, leaving out the pension funds and insurers
D) Holdings that clients keep with the firm and direct themselves

2. How long had clients added net new money to the division by the end of 2025?

A) Five years
B) 22 years in a row, with a record $553 billion in 2025
C) Nine years, matching its revenue records
D) Every year since the merger of J.P. Morgan and Chase Manhattan in 2000

3. Who has led Asset & Wealth Management since 2009?

A) Mary Callahan Erdoes
B) Marianne Lake, who also ran Chase
C) Todd Combs, after leaving Berkshire Hathaway
D) Jennifer Piepszak, the chief operating officer

4. Why is the private bank harder for index funds to displace than a stock fund?

A) Its fees are set by law
B) It pays higher deposit rates
C) It invests only in index funds
D) Its lending, estate planning, and advice are services an index fund cannot copy

5. In the worked example, how much more does $10 million grow to over 20 years at a 0.05% fee than at 1.10%?

A) About $57,000
B) About $570,000, five years of fees
C) About $5.7 million
D) About $57 million, more than the portfolio itself

Module 9 — Technology, Payments, and AI

The Budget, the Machines, the Jobs, and the Money on Blockchains

Recommended Reading / Reference

Book: Brett King, *Bank 4.0: Banking Everywhere, Never at a Bank* (2018)

Reference: JPMorgan Chase's Company Update presentations and transcripts (February 23, 2026), and the Kinexys pages of the J.P. Morgan Payments newsroom

9a. The Technology Budget

JPMorgan expected to spend about $19.8 billion on technology in 2026, up 10%, or nearly $2 billion, from 2025: about 18% of its expected costs for the year. Jeremy Barnum, the chief financial officer, put the rise down to inflation, higher prices for hardware, and new products, and said the bank had found about $600 million of savings, some from artificial intelligence (AI). The bank describes the spending to modernize old systems as flat; the growth goes to products and new capabilities.

About 65,000 of its employees are technologists, a fifth of the firm. More than 80% of its applications ran largely in public or private clouds by early 2026, and its systems hold close to an exabyte of data. The scale is the argument for the spending: a bank this size can spread the cost of a new system across tens of millions of customers, and a smaller rival cannot.

9b. Artificial Intelligence in the Bank

The bank's most widely used AI tool is an internal platform that gives employees access to large language models (LLMs), called LLM Suite, which a trade publication reported draws on models from OpenAI and Anthropic. Dimon said in February 2026 that 150,000 people use it every week and think it saves them about four hours a week; its developers have built more than 200 applications on it. The number of AI solutions in production doubled in 2025, and Lori Beer, the chief information officer, said in October 2026 that coding assistants had cut the coding part of software work by 10% to 20%.

Dimon told Bloomberg Television in October 2025 that 'for $2 billion of expense, we have about $2 billion of benefit', from revenue, avoided costs, and lower fraud; in February 2026 he said the bank can measure generative AI's gains but gives them no credit, 'because it's too vague'. Marianne Lake's letter reported a nearly 60% increase in value from AI and machine learning in the consumer bank in 2025. In his 2025 letter Dimon called AI investment 'not a speculative bubble' and wrote that it 'will affect virtually every function, application and process in the company'.

9c. AI and Jobs

The bank has been candid that AI will cut some jobs. At its investor day in May 2025 Lake projected about 10% fewer operations staff over five years because of AI, and said she would bet on more. In 2025 the bank's technology staff grew 1%, its operations staff fell 4%, its support staff fell 2%, and its revenue-producing staff grew 4%, leaving the total about flat.

Dimon's 2025 letter says AI 'will definitely eliminate some jobs, while it enhances others', that the firm will have plans to redeploy affected workers, and that AI may move faster than workers can adapt. In February

2026 he said the bank had already displaced people because of AI and offered them other jobs. Jennifer Piepszak, the chief operating officer, wrote that ‘the goal is not fewer headcount’ but compounding performance with growth.

9d. Cyber Defense

Dimon’s letter calls cyber risk ‘one of our biggest risks’ and says AI ‘will almost surely make this risk worse’. In October 2026 he told Bloomberg Television that the cyber risk from AI had risen tenfold ‘after Mythos’, an AI model from Anthropic, and that hundreds of the bank’s staff work full time on defense. In April 2025 Patrick Opet, the chief information security officer, wrote an open letter to the bank’s suppliers saying that software sold as a service was quietly enabling attackers, and asking them to put security on a par with new products. Lake reported that the rate of fraud and scam claims fell 21% across payment methods in 2025.

9e. Kinexys and the Deposit Token

A blockchain is a shared ledger that records transfers so that they can move at any hour and settle in seconds. JPMorgan announced its first blockchain payment token, JPM Coin, in 2019, and in November 2024 it renamed its blockchain business Kinexys. Kinexys handled an average of about $7 billion a day by August 2026, and more than $4 trillion since it began, against more than $2 billion a day in November 2024.

Its main product is JPM Coin, a deposit token: a dollar deposit at JPMorgan recorded on a blockchain, a claim on the bank like any other deposit, that can pay interest. After a test on Base, a public blockchain run by Coinbase, in June 2025, the bank opened JPM Coin to institutional clients on Base in November 2025 and on Ethereum, the largest public blockchain for such tokens, on October 19, 2026; it plans to add the Canton Network. The Wall Street Journal reported in June 2026 that the banks that own The Clearing House, among them JPMorgan, plan a shared network for deposit tokens that could launch in the first half of 2027.

9f. Deposit Tokens Against Stablecoins

A stablecoin is a token issued by a company that holds cash and short-term government bonds to back it, such as those of Circle and Tether. The Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act, signed on July 18, 2025, set the first federal rules for issuers. The competition with banks is direct: a stablecoin can do much of what a deposit does for payments, and if holders earn a return on it, it can draw money out of banks.

Dimon’s position is that stablecoin platforms paying ‘rewards’ on idle balances are paying interest under another name, and that ‘if they want to be a bank, become a bank’; in May 2026 he said the banks would not accept a draft of the Clarity Act, a bill on crypto markets, that allowed it. Troy Rohrbaugh called deposit tokens ‘the more likely logical path forward, but that could change’, and the bank plans to use stablecoins where they serve, such as moving money across borders through Zelle. The crypto industry answers that the banks want to block a product that pays savers more than deposits do.

9g. The Fight Over Customers' Data

When a customer links a budgeting app or a payment service to a bank account, a data aggregator such as Plaid usually fetches the data. In July 2025 Chase told aggregators it would start charging for that access. It said they called its systems about 2 billion times a month, and an internal memo reported by CNBC found only 13% of the calls in June 2025 tied to a customer's own activity. By November 2025 Chase had signed paid agreements covering more than 95% of the calls, with Plaid, Yodlee, Akoya, and others, and a spokesman said 'the free market worked'.

The law is unsettled. A CFPB rule of October 2024, under Section 1033 of the Dodd-Frank Act, required banks to provide the data free. The banks sued, the bureau's new leadership said in May 2025 that it considered the rule unlawful, and on October 29, 2025 a federal court in Kentucky barred its enforcement while the bureau rewrites it. A new proposal, which an expert expected to allow fees, went to the White House for review on August 4, 2026. The banks argue that free access subsidizes their competitors and raises fraud; fintech companies and 52 consumer groups answer that the data belongs to customers and that a fee is a toll on their right to use it.

Worked example — A Payment Across a Border

Take an illustrative payment; the costs are assumptions, not JPMorgan's prices. A company in Ohio pays a supplier in Germany the euro equivalent of $1 million. In the traditional route its bank sends an instruction over SWIFT, converts the dollars to euros, and moves the money through accounts that banks keep with one another, settling within a day or two and only in banking hours. If the conversion carries a spread of 0.2%, it costs $2,000, and each day the money is in transit is worth about $110 in interest at 4% a year to whoever holds it. If both companies bank with JPMorgan and use Kinexys, the bank debits one account and credits the other on its own ledger, in seconds and at any hour, and the money never leaves the bank. The lesson is that in payments scale compounds: the more of the world's companies bank with JPMorgan, the more payments it can settle inside its own walls, keeping the deposits at both ends.

Module 9 Key Points

Technology, Payments, and AI

• JPMorgan expected to spend about $19.8 billion on technology in 2026, up 10%, and has about 65,000 technologists.

• About 150,000 employees use LLM Suite, its internal AI platform, each week; Dimon puts AI’s benefit at about its cost.

• The bank expects AI to shrink operations staff; Dimon wrote that AI ‘will definitely eliminate some jobs’.

• Kinexys moved about $7 billion a day by August 2026; JPM Coin, a deposit token, went live on Ethereum in October 2026.

• Banks argue that stablecoin rewards are interest by another name; the GENIUS Act of July 2025 set rules for issuers.

• Chase now charges data aggregators for customers’ data; the CFPB’s 2024 rule requiring free access is barred from enforcement.

Module 9 Quiz

Check Your Understanding

1. What is a deposit token, such as JPM Coin?

A) A cryptocurrency with a floating price
B) A stablecoin backed by Treasury bills
C) A loyalty point for card spending
D) A bank deposit recorded on a blockchain, a claim on the bank that can move at any hour

2. About how many JPMorgan employees use LLM Suite each week, by Dimon's count in February 2026?

A) 15,000
B) 150,000
C) About 320,000, the whole workforce
D) About 65,000, the technologists alone

3. What did Chase begin doing to data aggregators such as Plaid in 2025?

A) Buying them
B) Blocking all access to customers' data
C) Charging them for access to its customers' data
D) Requiring them to become banks, as Dimon proposed for stablecoins

4. How much did JPMorgan expect to spend on technology in 2026?

A) About $19.8 billion
B) About $9.8 billion, half its 2025 budget
C) About $108.6 billion, its total adjusted expense
D) About $45 billion, a quarter of its revenue

5. Why do banks object to stablecoin platforms paying 'rewards' on balances?

A) Rewards would raise card interchange
B) Stablecoins cannot legally hold dollars
C) Rewards are taxed twice
D) They argue rewards are interest by another name, so the platforms should be regulated as banks

Module 10 — When Things Go Wrong

Risk, Failures, Penalties, and the Reserve for Bad Loans

Recommended Reading / Reference

Book: Gillian Tett, *Fool's Gold* (2009), on the JPMorgan team that built the credit-derivatives market in the 1990s and what became of its invention

Reference: U.S. Senate Permanent Subcommittee on Investigations, *JPMorgan Chase Whale Trades: A Case History of Derivatives Risks and Abuses* (March 15, 2013)

10a. How the Bank Manages Risk

A bank is in the business of taking risk, and the question is whether it takes the risks it means to. JPMorgan, like other large banks, organizes the job in three lines. The businesses own the risks they take; an independent risk function, under the chief risk officer, Ashley Bacon, sets limits and challenges them; and internal audit checks both. The board's risk committee oversees the whole.

The risks fall into families: credit risk, that borrowers do not repay; market risk, that prices move against the bank's positions; liquidity risk (Module 4); operational risk, from failed systems, fraud, and cyberattacks; and legal and compliance risk, from breaking the law or the rules. The last two have produced the bank's worst surprises of the past fifteen years, and they are the hardest to model.

10b. The London Whale

The chief investment office, which invests the deposits the bank does not lend, ran a 'synthetic credit portfolio' of credit derivatives from London that was meant to hedge the bank's credit risk. In early 2012 the positions grew so large that traders in the market nicknamed one of the office's traders the London Whale. When the press reported the trades in April 2012, Dimon called the story 'a complete tempest in a teapot'. The positions lost at least $6.2 billion that year.

The Senate subcommittee that investigated found that a hedging office had become a trading operation, that risk limits had been breached and the models changed rather than the positions cut, and that the bank had at first misinformed investors and regulators. In September 2013 the bank paid about $920 million in penalties to the SEC, the OCC, the Federal Reserve, and Britain's Financial Conduct Authority (FCA), admitting that it had violated the securities laws, and the next month $100 million to the Commodity Futures Trading Commission. It was the clearest failure of Dimon's tenure, and it happened in the office meant to reduce the bank's risk.

10c. The Settlements

The decade after 2008 brought a run of penalties across the industry, and JPMorgan, the largest bank, paid among the most. The table lists its principal settlements; the amounts include penalties, compensation, and relief for borrowers.

Year	Matter	Amount	Resolved with
2013	The London Whale trades	About $1.0 billion	SEC, OCC, Fed, Financial Conduct Authority, CFTC

Year	Matter	Amount	Resolved with
2013	Mortgage securities sold before 2009 by JPMorgan, Bear Stearns, and Washington Mutual	$13 billion: $9 billion paid and $4 billion of relief for borrowers	Justice Department and other agencies
2014	Failing to report its suspicions of Bernard Madoff, a client whose fraud collapsed in 2008	About $2.6 billion, including a $1.7 billion forfeiture under a deferred prosecution	Justice Department, OCC, Madoff's victims
2014-15	Rigging currency markets	About $1.0 billion in 2014; in 2015 a guilty plea and a $550 million fine, and a $342 million Fed penalty	CFTC, OCC, FCA; Justice Department; Fed
2020	'Spoofing', placing orders meant to be cancelled, in metals and Treasury futures	More than $920 million, under a deferred prosecution	Justice Department, CFTC, SEC
2021	Employees' use of WhatsApp and personal texts for business	$200 million	SEC, CFTC
2023	Banking services to Jeffrey Epstein	$290 million to survivors; $75 million to the U.S. Virgin Islands	Class action; U.S. Virgin Islands
2024	Gaps in surveillance of trading for misconduct	About $348 million	OCC, Fed

The agencies' releases and JPMorgan's Form 8-K filings; the Epstein figures as reported by Axios.

The currency case was the most serious in kind. In May 2015 JPMorgan Chase & Co. itself, not a subsidiary, agreed to plead guilty to a felony, conspiring to fix prices for dollars and euros between 2010 and 2013. The Epstein case was the most damaging to its reputation: the bank kept the financier as a client from 1998 to 2013, including after his 2008 conviction, and said in 2023 that 'any association with him was a mistake and we regret it'. In testimony released by a House committee on August 26, 2026, Jes Staley, a former senior executive, said he had discussed Epstein with Dimon twice, an account that conflicts with Dimon's own testimony of 2023.

The bank has also been the victim. In 2021 it paid $175 million for Frank, a startup that helped students apply for financial aid and claimed 4.25 million users, when the true number was under 300,000; its founder, Charlie Javice, was convicted of fraud in March 2025 and sentenced to 85 months in prison. Good Jobs First, a research group that tracks penalties, counts about $39.9 billion of penalties and settlements by JPMorgan since 2000, the second-largest total after Bank of America's, and lists none for 2025 or 2026.

10d. The Credit Cycle and the Reserve for Bad Loans

Credit losses rise and fall with the economy, and a bank's reserve for them is its forecast of the losses to come. Since 2020 large American banks have reserved under current expected credit losses (CECL), which requires them to set aside, when they make a loan, the losses they expect over its whole life. JPMorgan's reserve for loan losses was $26.3 billion on September 30, 2026, 1.66% of its $1.58 trillion of loans.

The provision in each period is the losses written off plus the change in the reserve. In 2025 it was $14.2 billion: $9.8 billion of net charge-offs and $4.4 billion added to reserves, half of it for the Apple Card loans (Module 6). In the third quarter of 2026 it was $2.7 billion, of which $2.2 billion was charge-offs. Cards account for most of the losses; their charge-off rate was 2.91% in that quarter, and the bank expected about 3.2% for the year, below the 3.4% it had forecast in January.

The stress test shows the other end of the cycle. Running the Fed's severe scenario of 2026 through its own models, the bank projected $70.2 billion of loan losses over nine quarters, 5.0% of its loans, against $135.9

billion of profit before provisions over the same period. In the deepest recession the scenario imagines, the bank would still earn more than it lost before taxes, which is the practical meaning of the fortress.

Worked example — A Card Portfolio’s Reserve

Take Chase’s card loans of $252.7 billion on September 30, 2026, and an assumed expected loss over the balances’ remaining life of 7%; the rate is an assumption for illustration, not the bank’s. The reserve is then $17.7 billion. Now suppose the bank’s economists raise their forecast of unemployment, and the expected lifetime loss rises to 8%. The reserve must rise to $20.2 billion, and the $2.5 billion increase is charged to the provision at once, cutting pretax profit by $2.5 billion although not one more card has been written off. The same rule explains the Apple Card charge: under CECL a bank reserves for the expected losses on loans it has committed to buy, so JPMorgan took $2.2 billion of provisions in the quarter it signed the deal, two years before the loans arrive. The lesson is that under CECL a bank’s earnings move with its forecasts, not only with its losses, and that the reserve is built before a downturn, not after it.

Module 10 Key Points

When Things Go Wrong

• The London Whale trades of 2012 lost at least $6.2 billion and brought about $1 billion of penalties in 2013.

• The largest settlement, $13 billion in 2013, covered mortgage securities sold before 2009 by JPMorgan, Bear Stearns, and Washington Mutual.

• In 2015 the parent company agreed to plead guilty to a felony for rigging currency markets, and paid a $550 million fine.

• Good Jobs First counts about $39.9 billion of JPMorgan’s penalties and settlements since 2000, second to Bank of America.

• Under CECL a bank reserves for lifetime expected losses when it lends; JPMorgan’s reserve was $26.3 billion in September 2026.

Module 10 Quiz

Check Your Understanding

1. What was the London Whale?

A) A client whose loans defaulted
B) A hedge fund JPMorgan rescued in 2012
C) A trader in the chief investment office whose credit-derivative bets lost billions in 2012
D) A regulator’s nickname for JPMorgan’s London branch, fined for its size and its many breaches

2. Which settlement in this module was the largest?

A) Currency rigging, including a guilty plea
B) Mortgage securities, 2013
C) Epstein’s accounts, settled with survivors and the Virgin Islands
D) The London Whale, with penalties from five agencies

3. What did JPMorgan’s parent company agree to plead guilty to in May 2015?

A) Conspiring to rig currency markets
B) Fraud
C) Helping Bernard Madoff hide his fraud from regulators
D) Spoofing in metals and Treasury futures over eight years

4. When must a bank set aside a reserve for a loan’s expected losses under CECL?

A) When it makes the loan
B) At year end
C) When the borrower misses a payment
D) Only when the loan is written off

5. Who was convicted in March 2025 of defrauding JPMorgan in its $175 million purchase of Frank?

A) Bernard Madoff, a client for decades
B) Daniel Chu, Tricolor’s founder
C) Jes Staley, a former JPMorgan executive
D) Charlie Javice

Module 11 — Dimon and the Succession

The Chief Executive's Record and the Race to Replace Him

Recommended Reading / Reference

Book: Duff McDonald, *Last Man Standing: The Ascent of Jamie Dimon and JPMorgan Chase* (2009)

Reference: Dimon's annual letters to shareholders, at jpmorganchase.com/ir, and the firm's 2026 proxy statement

11a. The Record

Jamie Dimon, 70, has run JPMorgan Chase since the turn of 2006 and been its chairman since a year later; Module 2 traces how he got there. In those two decades the bank went through the crisis of 2008, the London Whale and the legal reckoning of 2012-15, the pandemic, and the bank failures of 2023, and came out of each larger. Its tangible book value per share, the owners' equity less goodwill, rose from $16.45 at the end of 2005 to $107.56 at the end of 2025, about 9.8% a year, while the bank paid dividends throughout.

11b. The Method

Dimon's method can be read in his own words and in what the bank does. He keeps more capital and liquidity than the rules require, the fortress of Module 4, so that the bank can buy when others must sell. He spends through the cycle on branches, technology, and bankers rather than cutting in bad years. He sets a target return, 17% on tangible equity, that his letter says ten large competitors have beaten only 9% of the time in a decade, and he ranks the uses of capital in a fixed hierarchy.

Each April he publishes a letter to shareholders that ranges well beyond the bank. The 2025 letter, of April 6, 2026, covered tariffs, the deficit, deregulation, artificial intelligence, and defense, and called for 'the world's strongest military'. The letters are the clearest guide to how the bank thinks, and they are written to be read in Washington as well as by investors (Module 12).

11c. Pay, Stake, and Health

The board set Dimon's pay for 2025 at $43 million, up from $39 million: a $1.5 million salary, $5 million in cash, and $36.5 million in performance share units, which pay out in stock only if the bank meets its targets. After transactions in March 2026 he and his family owned about 6.4 million shares, directly and through trusts, worth about $2.1 billion at the price of September 30, 2026.

His health has twice raised the question of succession suddenly. He was treated for throat cancer in 2014, and in March 2020 he had emergency heart surgery; Daniel Pinto and Gordon Smith, then the co-presidents, ran the bank in the first weeks of the pandemic while he recovered.

11d. His Public Role

Dimon is also a public figure in his own right. He chaired the Business Roundtable, the association of large companies' chief executives, when it declared in August 2019 that companies should serve customers, employees, suppliers, and communities as well as shareholders. He speaks often on the economy and on

policy, and at the World Economic Forum in January 2026 he called himself ‘a globalist’. His standing is an asset to the bank and also a risk, because it makes him a target, as the President’s lawsuit of 2026 showed (Module 12).

11e. The Succession Since 2021

The race to replace him has run for five years. In May 2021 the bank named Jennifer Piepszak and Marianne Lake co-heads of the consumer bank and Jeremy Barnum chief financial officer, moves the press read as setting up a contest. In January 2024 Lake became sole head of the consumer bank and Piepszak and Troy Rohrbaugh co-heads of the CIB. In January 2025 Piepszak became chief operating officer, and the bank said she did not want to be considered for chief executive at that time; Doug Petno replaced her alongside Rohrbaugh, and Pinto stepped back, to retire at the end of 2026.

On June 25, 2026 the board named Petno and Rohrbaugh co-presidents of the firm, with Petno sole head of the CIB and Rohrbaugh head of the consumer bank. Lake announced her retirement; Dimon said that she decided, once she knew of the plans, that she would rather retire than stay. The board gave Petno and Rohrbaugh retention awards of $30 million each in restricted shares, and Piepszak and Mary Callahan Erdoes $20 million each. The awards vest on June 24, 2029 if the executive stays and the return on tangible common equity averages at least 12% in 2026-28, and the shares must then be held two more years.

Candidate	Role, October 2026	Background
Doug Petno, 61	Co-president; chief executive of the Commercial & Investment Bank	More than 35 years at the firm; ran Commercial Banking 2012-24
Troy Rohrbaugh, 56	Co-president; chief executive of Consumer & Community Banking	Joined in 2005 to run currency derivatives; ran markets; co-head of the CIB from 2024
Jennifer Piepszak	Chief operating officer since January 2025	Chief financial officer 2019-21; co-head of the consumer bank and of the CIB
Mary Callahan Erdoes	Chief executive of Asset & Wealth Management since 2009	About 30 years at the firm
Jeremy Barnum	Chief financial officer since 2021	Joined in 1994; finance chief of the CIB 2013-21

Ages for Petno and Rohrbaugh as reported in June 2026. The firm’s biographies; Banking Dive.

Dimon’s own timetable has stretched and blurred. In May 2024 he said it was no longer five years; in February 2026 he said he would stay ‘a few years as CEO’ and perhaps a few more as executive chairman; in July 2026 he said the timing was ‘totally up to the board, not up to me’. The board’s proxy statement speaks of an orderly transition ‘in the medium-term’. Mike Mayo, a bank analyst, named the co-presidents the front-runners in June 2026, with Piepszak and Barnum also possible, and said ‘we think he stays for a while’.

11f. Is the Premium Dimon’s? The Cases as Their Advocates Make Them

The case that it is: Dimon’s admirers, many investors among them, point to the record. From his arrival at Bank One in March 2000 to the end of 2025 the shares returned 14.1% a year with dividends, against 8.0% for the S&P; 500 and 6.1% for the index’s financial companies. His judgment carried the bank through 2008 and 2023 stronger than its rivals, and a bank whose culture rests on one leader’s discipline may lose it when he goes.

The case that it is not: others answer that the advantages are now built into the firm: the largest share of deposits, the largest payments business, and a technology budget no rival can match. The bench is deep, with each of the leading candidates at the firm for two decades or more. When Dimon was in surgery in 2020 the bank ran without him, and in 2021 it earned a record profit. The board is paying to keep the successors, which is a bet on the institution. And the failures of his tenure, the Whale and Epstein, show that one leader can miss things.

What the evidence says: the outperformance is real and long, but the valuation does not price a large premium for a person. At about 14 times earnings in October 2026 the shares traded near Morgan Stanley's multiple and above those of Bank of America and Citigroup (Module 13). The larger gap is in price to tangible book, and that gap follows the bank's higher returns on equity, which the businesses earn.

The course's reading: the premium is mostly the franchise's, built under Dimon but no longer dependent on him. His lasting work is the machine and the bench, and the market will test that reading only when he goes.

Worked example — Shareholder Returns Under Dimon

Dimon's 2025 letter measures returns, with dividends reinvested, from the merger with Bank One on July 1, 2004 to December 31, 2025. JPMorgan's shares returned 13.4% a year, or 1,380.5% in all, so $10,000 invested at the merger grew to about $148,000. The S&P; 500 returned 10.8% a year, turning $10,000 into about $90,600, and the index's financial companies 6.3% a year, to about $37,000. Part of JPMorgan's return came from the growth of its tangible book value per share, 9.8% a year from 2005 to 2025, part from dividends, and part from investors paying a higher multiple of book value at the end than at the start. The lesson is that over two decades a lead of 2.6 points a year compounds into a gap of more than half again, and that most of it came from the business compounding its equity, not from a change in how the market values it.

Module 11 Key Points

Dimon and the Succession

• Dimon, 70, has been chief executive since the turn of 2006 and chairman since a year later.

• His pay for 2025 was $43 million, and he and his family owned about 6.4 million shares, worth about $2.1 billion.

• On June 25, 2026 the board named Doug Petno and Troy Rohrbaugh co-presidents, and Marianne Lake announced her retirement.

• Retention awards of $20-30 million to four executives vest in June 2029 if returns on tangible equity average at least 12%.

• From the 2004 merger to 2025 the shares returned 13.4% a year, against 10.8% for the S&P; 500.

• The course’s reading: the premium is mostly the franchise’s, built under Dimon but no longer dependent on him.

Module 11 Quiz

Check Your Understanding

1. What did Dimon say in February 2026 about how long he would stay?

A) That he would retire at the 2026 annual meeting
B) Five more years, as he had said in 2024
C) A few years as chief executive, then perhaps a few as executive chairman
D) That he would stay as chief executive until 2035, when the retention awards end

2. Who were named co-presidents of JPMorgan Chase on June 25, 2026?

A) Marianne Lake and Jennifer Piepszak
B) Doug Petno and Troy Rohrbaugh, who had run the Commercial & Investment Bank together
C) Mary Erdoes and Jeremy Barnum
D) Daniel Pinto and Gordon Smith

3. What condition attaches to the retention awards of June 2026?

A) The share price must reach $500
B) Dimon must retire first
C) Return on tangible common equity must average at least 12% in 2026-28, and the executive must stay
D) The bank must pass the stress test

4. What was Dimon’s pay for 2025?

A) $1.5 million, his salary alone
B) $100 million, including his shares
C) $11.5 million, after a cut for losses
D) $43 million

5. What does the course conclude about whether the bank’s premium is Dimon’s?

A) It is entirely his and will vanish when he leaves
B) It is mostly the franchise’s, built under him but no longer dependent on him
C) The bank trades at a discount to its rivals
D) It belongs to the 2026 co-presidents, whose appointment lifted the shares to a record

Module 12 — JPMorgan and Washington

The Bank as Political Actor and Political Target

Recommended Reading / Reference

Book: Simon Johnson and James Kwak, *13 Bankers: The Wall Street Takeover and the Next Financial Meltdown* (2010), the case that the largest banks hold too much political power

Reference: Executive Order 14331, ‘Guaranteeing Fair Banking for All Americans’ (August 7, 2025), and the Office of the Comptroller of the Currency’s releases on debanking (December 10, 2025, and October 14, 2026)

12a. A Bank That Talks Policy

JPMorgan engages Washington more openly than most companies. Dimon’s 2025 letter counts 396 trips to Washington over the past decade and about 300 meetings with regulators, officials, and lawmakers, and says the firm has played a central role across party lines. It spent $4.38 million on federal lobbying in 2025, up from $3.31 million in 2023, and about $2 million more through trade associations such as the American Bankers Association and the Business Roundtable. Its rules bar the use of corporate money for candidates; its political action committees are funded by employees and give to both parties.

Dimon’s letter of April 2026 set out his positions. He called deregulation ‘badly needed and long overdue’, said the G-SIB surcharge was ‘still broken’, and wrote of the Fed’s stress test, the Comprehensive Capital Analysis and Review (CCAR), that ‘essentially, we do not use CCAR to manage risk’. He judged that tariffs had had only minor effects on inflation and growth, warned that federal debt held by the public had risen to $30.2 trillion, 99% of national output, and argued for a strong military. He has defended the Federal Reserve’s independence while criticizing its attention to diversity, equity, and inclusion (DEI), saying that it ‘did err into DEI, climate, social policy’.

12b. The President’s Lawsuit and the Order on Debanking

‘Debanking’ is the closing or refusal of a customer’s accounts, and the charge in Washington since 2025 is that banks did it for political reasons. On August 7, 2025 President Trump signed an executive order requiring that banking decisions rest on ‘individualized, objective, and risk-based analyses’, and directing regulators to remove ‘reputation risk’ from their guidance and to review the banks. The OCC and the FDIC adopted a rule on April 7, 2026 barring their examiners from criticizing banks on grounds of reputation risk or pressing them to close accounts over lawful views or business.

On January 22, 2026 the President, his family, and his businesses sued JPMorgan and Dimon in a Florida state court, seeking $5 billion. The suit says the bank closed their accounts, on 60 days’ notice given in February 2021, after the riot at the Capitol on January 6, for political reasons, and that Dimon authorized a ‘blacklist’ that led other banks to refuse them. JPMorgan said the suit has no merit, that it does not close accounts for political or religious reasons, and that it closes accounts that create legal or regulatory risk.

The bank moved the case to federal court in Miami, and on September 30, 2026 Judge Kathleen Williams transferred it to Manhattan, holding that the account agreements required it to be heard there. No court had ruled on its merits by the end of October 2026.

The OCC's final report on the nine largest national banks, released on October 14, 2026, found that all nine had had policies restricting or adding review for lawful sectors between 2020 and September 2025, among them oil and gas, coal, firearms, private prisons, and digital assets. Its examples at JPMorgan came from WePay, a payment processor the bank has since closed, which ended service to merchants selling pro-Trump merchandise in February 2021 and to a conservative religious nonprofit in June 2021; Banking Dive reported that the report described repeated refusals to one conservative-leaning retailer in 2021-23, which JPMorgan called a limited number of historical interactions. The OCC imposed no fines. JPMorgan said WePay's processes 'did not meet our expectations', that it had corrected them, and that its policies prohibit discrimination for political or religious views.

12c. The Retreat From Climate and Diversity Pledges

Like the other large American banks, JPMorgan left the Net-Zero Banking Alliance, a group of banks convened by the United Nations that had pledged to cut the emissions they finance to net zero, in January 2025. Its sustainability report for 2025, published in October 2026, pushed its targets for the carbon intensity of its lending from 2030 to 2035, and describes the goal as an 'energy-secure, low-carbon economy'. It says it reached $520 billion of financing for green objectives in 2021-25, toward $1 trillion by 2030, and its sustainability pages call its approach 'rooted in commercial considerations'.

The bank has renamed its diversity programs 'diversity, opportunity and inclusion', and keeps its affinity offices and employee groups. At its 2026 annual meeting the board opposed a shareholder proposal on its climate and security work. The retreat follows a change in the political risk: pledges that once protected a bank's standing with investors and Democratic officials now expose it to Republican officials, regulators, and the President.

12d. Finance for National Security

The Security and Resiliency Initiative (Module 7) is the bank's most political business decision. Dimon's letter presents it as the bank's answer to the need for 'the world's strongest military', and Doug Petno has said that questions once seen through a government or geopolitical lens are now issues for chief executives and boards. Its advisory council includes Robert Gates, Condoleezza Rice, and Paul Ryan, three retired generals, among them Paul Nakasone, former head of the National Security Agency, and business leaders including Jeff Bezos, Michael Dell, Ford's Jim Farley, and General Dynamics' Phebe Novakovic.

The initiative aligns the bank with the industrial policy of 2025-26, in which the government took stakes in companies it judged strategic. JPMorgan was sole financial adviser to MP Materials, the American rare-earths miner, in its 2025 partnership with the Department of Defense, which made the Pentagon MP's largest shareholder, and arranged $1 billion of financing for it; a JPMorgan banker called the deal 'a possible blueprint' for other industries.

12e. The Critics on Both Sides

JPMorgan is attacked from both directions. From the right come the President's lawsuit and his description of Dimon in 2023 as a 'highly overrated Globalist', the Comptroller's charge that the largest banks 'denied, debanked and discriminated against customers', and crypto advocates who call the restrictions of 2020-25 'Operation Choke Point 2.0'. From the left, critics such as Senator Warren have long argued that the largest banks, JPMorgan first among them, are too big, and they oppose the capital cuts of 2025-26 (Module 5).

12f. Debanking: Risk Management or Politics? The Cases as Their Advocates Make Them

The case that it was politics: the President's lawyers say JPMorgan 'unlawfully debanked and blacklisted' him, his family, and his businesses. Comptroller Jonathan Gould called the OCC's report 'irrefutable evidence' of discrimination by the largest banks, and said he was not confident that their reforms would be enough. The report found policies against lawful industries at every one of the nine banks, and WePay's closures show the kind of judgment about customers' causes that the executive order forbids.

The case that it was risk management: JPMorgan says it closes accounts for legal and regulatory risk, and Dimon told Fox Business in February 2025 that 'we don't debank people because of political or religious affiliations', blaming rules so onerous that they cause debanking. Nicholas Anthony of the Cato Institute, a libertarian group, wrote that the OCC's report both overstated and understated the problem: it identified only about 13 cases of suspected religious or political debanking among about 100,000 complaints, and left unexplored the government's own role in pressing banks to manage reputation risk.

What the evidence says: the sector policies were real and widespread, and they were written while examiners could cite reputation risk against a bank. The documented cases of debanking for politics or belief are few, and at JPMorgan they came from a unit the bank has closed. Account agreements let banks close accounts without giving reasons, which is why customers cannot tell risk management from judgment about their views.

The course's reading: most debanking was risk management shaped by regulators, and a few cases, such as WePay's, look like judgments about customers' causes. The rules of 2025-26 that take reputation risk out of supervision address the main cause; whether the President's accounts were closed for his politics is for the courts, which had not ruled by October 2026.

Module 12 Key Points

JPMorgan and Washington

• JPMorgan spent $4.38 million on federal lobbying in 2025, and its rules bar corporate money for candidates.

• On January 22, 2026 the President sued JPMorgan and Dimon for $5 billion over closed accounts; in September a judge moved the case to Manhattan.

• An executive order of August 2025 told regulators to drop reputation risk; the OCC and FDIC did so by rule in April 2026.

• The OCC found in October 2026 that all nine large banks had restricted lawful sectors in 2020-25; it imposed no fines.

• The bank left the Net-Zero Banking Alliance in January 2025 and pushed its carbon-intensity targets from 2030 to 2035.

• The course’s reading: most debanking was risk management shaped by regulators; a few cases, such as WePay’s, look political.

Module 12 Quiz

Check Your Understanding

1. Where did a federal judge send the President’s debanking lawsuit on September 30, 2026?

A) To Manhattan
B) Back to Florida’s state courts in Miami-Dade County
C) To the Supreme Court, as a constitutional question
D) To Delaware

2. What did Executive Order 14331 of August 2025 direct regulators to do?

A) Remove reputation risk from their guidance and review the banks for politicized debanking
B) Break up the largest banks
C) Cap card interest rates at 10%
D) Close the CFPB

3. What did the OCC’s report of October 14, 2026 cite as JPMorgan’s examples of debanking?

A) The closing of the President’s accounts
B) Refusals to lend to oil companies
C) Fines it had paid in 2024 for gaps in the surveillance of its traders
D) Closures in 2021 by WePay, a payment processor it has since shut

4. Which group did JPMorgan leave in January 2025?

A) The FDIC
B) The Net-Zero Banking Alliance
C) The Business Roundtable, which Dimon once chaired
D) The Clearing House, which it owns with other banks

5. How much does the President’s lawsuit against JPMorgan seek?

A) $50 million, a decade of its lobbying
B) $13 billion, as in the mortgage settlement
C) $5 billion
D) $230 billion, the SRI’s first-year deals

Module 13 — Valuation and the Competition

What Investors Pay for JPMorgan, and Why

Recommended Reading / Reference

Book: Aswath Damodaran, *Investment Valuation: Tools and Techniques for Determining the Value of Any Asset* (3rd edition, 2012), whose chapter on financial-service firms explains valuing a bank against its book value

Reference: The per-share pages of JPMorgan Chase's quarterly financial supplement, for book and tangible book value per share

13a. The Rivals

JPMorgan was worth about $891 billion on October 27, 2026, more than Bank of America, Goldman Sachs, and Wells Fargo combined. The table compares it with the five other largest American banks, each of which has a different mix of the businesses JPMorgan combines.

Bank	Market value, late October 2026	Price to trailing earnings	Chief executive	What it is
JPMorgan Chase	$890.6 billion	14.1	Jamie Dimon	The largest bank, strong in every business
Bank of America	$348.7 billion	12.0	Brian Moynihan	The second-largest American bank, with Merrill for wealth
Morgan Stanley	$294.5 billion	14.9	Ted Pick	An investment bank turned wealth manager
Goldman Sachs	$262.3 billion	13.0	David Solomon	The investment bank most dependent on trading and deals
Wells Fargo	$247.3 billion	11.6	Charlie Scharf	A consumer and commercial bank, freed in 2025 from the Fed's cap on its assets
Citigroup	$199.7 billion	11.8	Jane Fraser	A global bank for companies, in a long restructuring

Yahoo Finance quotes taken on various days between October 23 and 30, 2026; JPMorgan's is of October 27. The descriptions are the course's.

The multiples cluster: the market paid between 11.6 and 14.9 times trailing earnings for each of the six. JPMorgan's premium over the commercial banks is real but modest by this measure, and Morgan Stanley, which earns much of its profit from managing wealth, trades higher still. The larger gap is in price to tangible book value, the measure on which banks are usually compared.

13b. Price to Earnings and to Tangible Book

The price-to-earnings multiple divides the share price by the earnings per share of the past four quarters: $23.84 for JPMorgan through September 2026, so $335.37 on October 27 was 14.1 times. Those earnings include the one-off items of Module 3, which on balance added about $0.78 a share; without them the multiple was about 14.5. Analysts' estimates for 2026 put the forward multiple near 14 as well.

Banks are also valued against their book value, because their assets are mostly loans and securities carried near what they are worth, so the owners' equity on the balance sheet is a meaningful anchor. Tangible book value per share, which removes goodwill, was $112.64 on September 30, 2026, so the price of $335.37 was

2.98 times it; against book value with goodwill, $132.30 a share, the multiple was about 2.5. A bank trading at three times tangible book is one that investors expect to earn well above what its shareholders could earn elsewhere for a long time.

13c. Dividends and Buybacks

The bank returns most of its profit to its owners. It raised its quarterly dividend from $1.25 a share at the end of 2024 to $1.40 and then $1.50 in 2025, and to $1.65 in the third quarter of 2026, which at $335 a share is a yield of about 2.0%. It also buys back shares under a $50 billion program that began on July 1, 2025. In all it returned $46 billion to shareholders in 2025, the most in at least a decade, and about $253 billion in the decade to 2025.

In 2026 the bank bought back $16.1 billion of shares and paid $12.5 billion of dividends in the first nine months, and the number of its shares fell from 2.70 billion to 2.66 billion. Then it slowed: buybacks fell to $1.1 billion in the third quarter as faster growth in lending and trading used the capital (Module 4), and the share of profit returned over twelve months fell from 82% at the end of 2025 to 61%.

13d. The Trillion-Dollar Question

The shares closed at a record $365.18 on August 12, 2026, which valued the bank at about $970 billion; no bank has yet been worth $1 trillion. With 2.66 billion shares, that mark requires a price of about $377, some 12% above the price of October 27. It can come from two places: earnings growing about 12% at the same multiple, or investors paying a higher multiple for the same earnings, and the second requires them to believe that the bank’s returns will stay high for longer.

Worked example — What a Multiple of Tangible Book Implies

A simple formula links a bank’s price to its returns. If a bank earns a steady return on tangible equity, keeps enough of its profit to grow at a steady rate, and its shareholders require a given return, then price to tangible book equals the return on equity less the growth rate, divided by the required return less the growth rate. Take a return of 20%, growth of 5%, and a required return of 10%: (20 − 5) ÷ (10 − 5) = 3.0 times, almost exactly where JPMorgan traded in October 2026. Now suppose the return falls to the bank’s own target of 17%: (17 − 5) ÷ (10 − 5) = 2.4 times, or about $270 a share at September’s tangible book of $112.64. If instead investors came to expect growth of 6% with a 20% return, the multiple would be (20 − 6) ÷ (10 − 6) = 3.5 times, about $394 a share, or more than $1 trillion. The lesson is that today’s price already assumes that JPMorgan keeps earning about 20% on its equity, well above its own target, and that the road to $1 trillion runs through faster growth, not just a continuation of the present.

Module 13 Key Points

Valuation and the Competition

• JPMorgan was worth about $891 billion on October 27, 2026, more than Bank of America, Goldman Sachs, and Wells Fargo combined.

• Its shares traded at about 14 times trailing earnings and about 3 times tangible book value.

• It returned $46 billion to shareholders in 2025 and cut buybacks in the third quarter of 2026 as growth used capital.

• Its record close, $365.18 on August 12, 2026, valued it near $970 billion; no bank has reached $1 trillion.

• A price of three times tangible book implies that investors expect returns near 20% to last.

Module 13 Quiz

Check Your Understanding

1. Why are banks usually valued against their tangible book value?

A) Their assets are mostly financial and carried near what they are worth, so book value is a meaningful anchor
B) They pay no dividends
C) Regulators require it in their filings
D) Their earnings cannot be measured

2. What was JPMorgan's price-to-earnings multiple in late October 2026?

A) About 3 times
B) About 2 times book value
C) About 30 times, double Morgan Stanley's
D) About 14 times trailing earnings

3. What share price would make JPMorgan worth $1 trillion, with its share count of September 2026?

A) $500
B) About $377
C) About $3,770, ten times today's price
D) About $112.64, its tangible book value per share

4. What did JPMorgan do with its buybacks in the third quarter of 2026?

A) Doubled them to use its excess capital
B) Suspended its dividend to fund them
C) Cut them
D) Started a new $100 billion program

5. In the course's formula, what multiple of tangible book does a 17% return justify, with 5% growth and a 10% required return?

A) 3 times
B) 2.4 times
C) 1.7 times, the return divided by ten
D) 3.4 times, the return added to growth

Module 14 — Where Things Stand, and What to Watch

The Argument, the Contradictions, and the Dates

Recommended Reading / Reference

Reference: JPMorgan Chase's quarterly earnings releases and Dimon's annual letters as they appear; the Federal Reserve's announcements on capital rules and stress tests; the court docket of the President's suit in Manhattan

14a. The Argument

JPMorgan Chase is the largest and most valuable bank in the United States because it combines the three great businesses of banking on one balance sheet. It has a deposit franchise that serves 86.6 million consumers and 7.4 million small businesses, a wholesale bank that leads the world in investment-banking fees and payments, and an asset and wealth manager with $7.9 trillion of client assets. It holds more capital and liquidity than the rules require, and it spends through the cycle on branches, technology, and bankers that smaller rivals cannot match.

The result is a return on tangible equity of about 20%, above its own target of 17%, and a record of buying the failures of others on terms that public support made attractive. The risks are of a different kind: the end of the tenure of a chief executive who has defined the bank for twenty years, rules that are being rewritten in its favor but could swing back, politics that has made it a target from both sides, and a credit cycle that has not yet tested private credit. The share price already assumes that the returns last.

14b. Five Contradictions

The fortress grows by absorbing the failures it was built to withstand. Bear Stearns, Washington Mutual, and First Republic each made JPMorgan larger, the last through an exception to the cap on any one bank's deposits. Each rescue made the system safer that week and more dependent on one bank afterward.

The bank argues for less capital while holding more than it needs. Dimon calls the surcharge broken and the stress test irrelevant to how the bank manages risk, yet the bank keeps tens of billions of dollars above its requirement and cut its buybacks in 2026 to protect its ratio. Its own behavior is the strongest argument that the capital is worth having.

The customers own their data, and the bank charges for it. Chase says consumers should control their data and that it should not be 'siphoned off' for others' commercial purposes, and it now charges the companies that fetch that data at customers' request.

The franchise is built to outlast Dimon, and it still waits on him. The co-presidents run the two largest businesses and the board has paid to keep them, but the timing of the handover remains, in Dimon's words, 'totally up to the board', and his own estimates have stretched since 2024.

A deposit bank builds blockchains to defend the deposit. JPM Coin and the shared network of The Clearing House are designed to give banks' deposits what stablecoins offer, so that money moving on blockchains stays inside banks. The bank is adopting the technology to protect the business the technology threatens.

14c. What to Watch

When	What	Why it matters
End of December 2026	Daniel Pinto retires as vice chair	The last of Dimon’s long-serving lieutenants leaves
About the end of 2026	Final rules on Basel III and the G-SIB surcharge, if issued	They set how much of the excess capital the bank can return to shareholders
Mid-January 2027	Results for 2026 and guidance for 2027	For 2026 the bank expected net interest income of about $106.2 billion and adjusted expense of about $108.6 billion; for 2027, net interest income outside trading of about $107 billion
First half of 2027	The Clearing House’s network for deposit tokens could launch	Whether banks’ answer to stablecoins works at scale
Early April 2027	Dimon’s annual letter	Signals on the succession, the rules, and politics
May 2027	Annual meeting of shareholders	Votes on pay and shareholder proposals
June 2027	Results of the Fed’s 2027 stress test	The first test under the rules finalized in September 2026
October 1, 2027	New stress capital buffers take effect	The buffers have been frozen since February 2026, JPMorgan’s at 2.5%
About the end of 2027	Closing of the Apple Card transfer	More than $20 billion of card balances, reserved for in 2025
By 2028	Current accounts, investing, and lending at Chase in Germany	The test of the European expansion
Pending	The President’s suit in federal court in Manhattan	The first ruling on the merits of a debanking claim against the bank
Pending	The CFPB’s rewritten rule on customers’ data	Whether banks may charge for access to data
June 24, 2029	The retention awards vest, if returns have averaged at least 12%	The horizon the board has set for its next leaders

Dates from the bank’s and the agencies’ announcements, an analyst’s question on the October 13 call, and press reports; ‘about’ marks expected dates.

14d. The Last Word

JPMorgan Chase is what a bank too big to fail looks like when it is run well: it earns more than its rivals, holds more capital than the rules require, and is the bank the government calls when another fails. That success is also the problem the rules of the past fifteen years were written to solve, because the country now depends on one bank most in the moments when depending on one bank is most dangerous. The fortress has held for twenty years under one commander. The question for the next decade is whether the record belongs to the walls or to the commander, and the answer will come only after he leaves.

Module 14 Key Points

Where Things Stand, and What to Watch

• JPMorgan combines a deposit franchise, a wholesale bank, and an asset manager on a balance sheet built for the worst years.

• Each crisis since 2008 has left it larger, which strengthens the bank and sharpens the problem of too big to fail.

• Its price assumes returns near 20% on tangible equity continue, above its own target of 17%.

• The watch list runs from year-end capital rules and January results to the Apple Card closing and the retention awards of 2029.

• The open question is whether the franchise or its chief executive explains the record.

Module 14 Quiz

Check Your Understanding

1. Which of the course’s contradictions concerns customers’ data?

A) It gives the data away free under the CFPB rule
B) It has stopped sharing data with apps altogether
C) It keeps all its customers’ data on public blockchains, where anyone can read it
D) The bank says customers own their data and charges for access to it

2. When is the Apple Card transfer expected to close?

A) About the end of 2027
B) In January 2026, when it was announced
C) At the annual meeting of May 2027
D) After the retention awards vest in June 2029

3. What does the course see as the open question for the next decade?

A) Whether the bank will be broken up
B) Whether it will leave New York
C) Whether the record belongs to the franchise or to the chief executive who built it
D) Whether it will buy Goldman Sachs

4. At what did the October 2026 guidance put the year’s net interest income?

A) About $106.2 billion
B) About $95.9 billion, the level of 2025
C) About $185.6 billion, all of 2025’s revenue
D) About $57.0 billion, 2025’s net income

5. What happens to the stress capital buffers on October 1, 2027?

A) They are abolished
B) They double for the largest banks
C) They are frozen for five more years under the September 2026 rules
D) New buffers take effect

Answer Sheet

Answers to every module's Check Your Understanding quiz.

Module	Answers
Module 1 Quiz	1. C 2. D 3. B 4. A 5. B
Module 2 Quiz	1. A 2. C 3. D 4. B 5. A
Module 3 Quiz	1. D 2. C 3. A 4. D 5. B
Module 4 Quiz	1. C 2. C 3. A 4. D 5. B
Module 5 Quiz	1. D 2. C 3. B 4. A 5. C
Module 6 Quiz	1. A 2. B 3. D 4. A 5. D
Module 7 Quiz	1. B 2. C 3. B 4. C 5. A
Module 8 Quiz	1. D 2. B 3. A 4. D 5. C
Module 9 Quiz	1. D 2. B 3. C 4. A 5. D
Module 10 Quiz	1. C 2. B 3. A 4. A 5. D
Module 11 Quiz	1. C 2. B 3. C 4. D 5. B
Module 12 Quiz	1. A 2. A 3. D 4. B 5. C
Module 13 Quiz	1. A 2. D 3. B 4. C 5. B
Module 14 Quiz	1. D 2. A 3. C 4. A 5. D