

# JPMorgan Chase (JPM US)

## FUNDAMENTAL VIEW <sup>1</sup>

As of 21 Mar 2024

- JPMorgan is one of the strongest and best positioned banks to navigate the current environment, with a well-diversified business model and good competitive positioning across a variety of lending and capital markets areas.
- The company continues to deploy its considerable earnings power into reinvestment, specifically around technology where we are bullish on its ability to drive competitive advantages through strategic enhancements and efficiency gains.

## RISKS & CATALYSTS

As of 21 Mar 2024

- Succession planning at JPMorgan has a higher profile than many peers, with CEO Dimon (66 year-old) having held the top spot for over 15 years. Another recent round of shuffling top management did not yield much clarity, with presumed frontrunners Marianne Lake becoming sole CEO of the Consumer Bank and Jennifer Piepszak moving over to co-CEO of the new Commercial & Investment Bank segment, alongside Troy Rohrbaugh who has been running Markets & Securities Services.
- The sector remains exposed to reputational, legislative/administrative risk, and cyber threats, although the significant tech spend over the past few years should (theoretically) result in a stronger position for JPM to manage the security threats.
- Although not likely a credit risk, JPMorgan may continue to be acquisitive around non-bank financial and ancillary services; but we would expect any deal to be conservatively funded and looking to further technology and fee income strategies (e.g. payments or asset management).

## CREDIT QUALITY SCORE (CQS)<sup>2</sup>

As of 08 Apr 2024

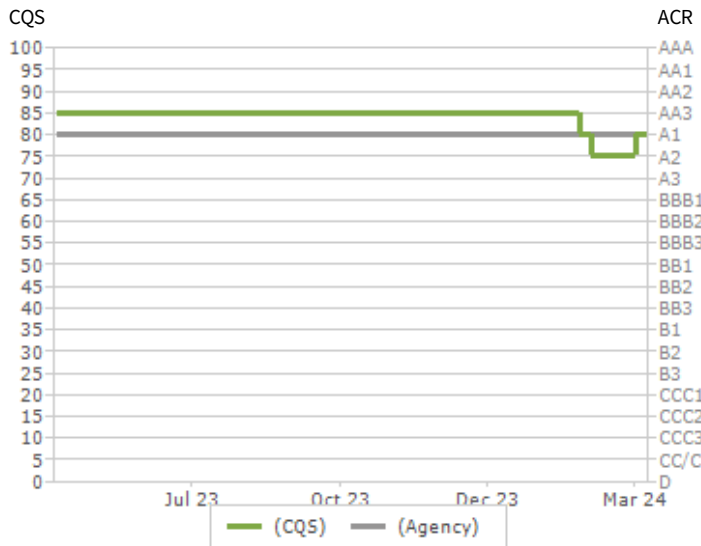
### CURRENT CQS

80

### CQS OUTLOOK <sup>3</sup>

NEGATIVE STABLE POSITIVE

### HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR)<sup>4</sup> VS CQS



## KEY METRICS

As of 21 Mar 2024

\$ MN	FY19	FY20	FY21	FY22	4Q23
ROAE (annual)	14.0%	10.9%	17.0%	13.2%	16.0%
ROAA (annual)	1.3%	0.9%	1.3%	1.0%	1.3%
PPNR / Avg. Assets	1.80%	1.52%	1.32%	1.39%	1.83%
Efficiency Ratio	57%	57%	59%	58%	54%
Net Interest Margin (Annual)	2.46%	1.98%	1.63%	2.00%	2.70%
Net charge-offs (LTM) / Loans	0.57%	0.52%	0.26%	0.25%	0.48%
Common Dividend Payout	30%	38%	24%	32%	24%
CET1 Ratio	12.4%	13.1%	13.1%	13.2%	15.0%
Supplementary Leverage Ratio (SLR)	6.3%	6.9%	5.4%	5.6%	6.1%
Liquidity Coverage Ratio (LCR)	116%	110%	110%	110%	112%

## BUSINESS DESCRIPTION

As of 21 Mar 2024

- JPMorgan ranks as the largest U.S. bank by total assets (\$3.88 tn at 4Q23) and deposits (\$2.40 tn at 4Q23).
- JPMorgan ranks 1st in terms of U.S. deposits with approximately \$2.07 tn in deposits at YE23 across 4,906 branches (S&P Capital IQ) and a total market share of 13.7%. JPMorgan's footprint includes New York (#1), Texas (#1), California (#2), Illinois (#1), Michigan (#1), Arizona (#1), Ohio (#5), and Florida (#4), among others.
- JPMorgan's major business lines include investment banking, retail banking, card services, treasury & securities services, commercial banking, and asset & wealth management.

## GLOSSARY

<sup>1</sup> The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

<sup>2</sup> The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

<sup>3</sup> The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

<sup>4</sup> The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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