3Q24 FINANCIAL RESULTS

EARNINGS CALL TRANSCRIPT

October 11, 2024

JPMorgan Chase & Co.

closing of few large deals. Underwriting fees were up meaningfully with debt up 56% and equity up 26%, primarily driven by favorable market conditions.

In light of the positive momentum throughout the year, we're optimistic about our pipeline, but the M&A regulatory environment and geopolitical situation are continued sources of uncertainty. Payments revenue was $4.4 billion, up 4% year-on-year, driven by fee growth and higher deposit balances, largely offset by margin compression.

Moving to Markets. Total revenue was $7.2 billion, up 8% year-on-year. Fixed Income was flat reflecting outperformance in Currencies & Emerging Markets and lower revenue in Rates. Equities was up 27% reflecting strong performance across regions, largely driven by a supportive trading environment in the U.S. and increased late-quarter activity in Asia.

Securities Services revenue was $1.3 billion, up 9% year-on-year, largely driven by fee growth on higher market levels and volumes. Expenses of $8.8 billion were down 1% year-on-year, with lower legal expense predominantly offset by higher revenue-related compensation and growth in employees, as well as higher technology spend.

Average Banking & Payments loans were down 2% year-on-year and down 1% sequentially. In the middle market and large corporate client segments we continue to see softness in both new loan demand and revolver utilization in part due to clients' access to receptive capital markets. In multi-family, while we are seeing encouraging signs in loan originations as long-term rates fall, we expect overall growth to remain muted in the near term as originations are offset by payoff activity.

Average client deposits were up 7% year-on-year and 3% sequentially, primarily driven by growth from large corporates in Payments and Securities Services. Finally, credit costs were $316 million, driven by higher net lending activity, including in Markets, and downgrades, partially offset by improved macroeconomic variables.

Then to complete our lines of business, AWM on page 6. Asset & Wealth Management reported net income of $1.4 billion with pre-tax margin of 33%. For the quarter, revenue of $5.4 billion was up 9% year-on-year, driven by growth in management fees on higher average market levels and strong net inflows, investment valuation gains compared to losses in the prior-year, and higher brokerage activity, partially offset by deposit margin compression.

Expenses of $3.6 billion were up 16% year-on-year, predominantly driven by higher compensation, including revenue-related compensation and continued growth in our private banking advisor teams as well as higher distribution fees and legal expense. For the quarter, long-term net inflows were $72 billion, led by Fixed Income and Equities. And in liquidity, we saw net inflows of $34 billion. AUM of $3.9 trillion and client assets of $5.7 trillion were both up 23%, [year-on-year] driven by higher market levels and continued net inflows. And finally, loans were up 2% quarter-on-quarter, and deposits were up 4% quarter-on-quarter.

Turning to Corporate on page 7. Corporate reported net income of $1.8 billion. Revenue was $3.1 billion, up $1.5 billion year-on-year. NII was $2.9 billion, up $932 million year-on-year, predominantly driven by the impact of balance sheet mix and securities reinvestment, including from prior quarters.

NIR was a net gain of $155 million compared with a net loss of $425 million in the prior year, predominantly driven by lower net investment securities losses this quarter. Expenses of $589 million were down $107 million year-on-year.

To finish up, let's turn to the outlook on page 8. We now expect 2024 NII ex. Markets to be approximately $91.5 billion and total NII to be approximately $92.5 billion. Our outlook for adjusted expense is now about $91.5 billion. And given where we are in the year, we included on the page, the implied fourth quarter guidance for NII and adjusted expense, and note, that the NII numbers imply about $800 million of Markets NII in the fourth quarter. On credit, we continue to expect the 2024 Card net charge-off rate to be approximately 3.4%.

So, to wrap up, we're pleased with another quarter of strong operating performance. As we look ahead to the next few quarters, we expect results will be somewhat challenged as normalization continues, but we remain upbeat and focused on executing in order to continue delivering excellent returns through the cycle.

And with that, let's open the line for Q&A.

QUESTION AND ANSWER SECTION

Operator: Thank you. Please stand by. Our first question will come from the line of Jim Mitchell from Seaport Global Securities. You may proceed.