Credit Update

Danske Bank

16 October 2026

Investment Research

Corporate bond news

JPMorgan Chase & Co

- We view the Q3 26 results as solid and mostly credit neutral, with profitability remaining strong and asset quality healthy, amid geopolitical risks, rising energy prices and trade uncertainty. Moreover, JPM, the leading US bank, is exposed to US interest rates, but current levels are supportive for NII trajectory. Also, capitalisation remains robust underpinned by a CET1 level of 13.9%, supporting shareholder distributions while share repurchases have been reduced, also the full-year NII outlook has been raised slightly.
- We continue to see a strong credit profile in the global financial institution, and given its inherently healthy credit quality we see it as a relatively more 'defensive' investment exposure. We reiterate our comfortable 360° view on the credit profile.
- Regarding the valuation of JPM's subordinated notes, the 4.25% 2027 in USD (ISIN: US46625HNJ58) trades notably tighter than a comparable 'A-' rated Financials' T2 curve. We assess these notes as fairly priced with a Z-spread of 33bp and continue to recommend Marketweight. Similarly, the JPM Senior Unsecured 2.875% 2028 note in EUR (XS0935427970) trades at a very compressed Z-spread of 9bp, which we consider to be in the lower range of a fair risk/reward relative to risk-free benchmark rates; hence, we reiterate our Marketweight recommendation.

Issuer information

Sector	Banking
Corporate ticker	JPM Corp
Equity ticker	JPM US
Market capitalisation	USD981.9bn
Total equity	USD372.4bn
Total assets	USD5,092bn

Issuer credit rating

S&P	A (Stable)
Moody's	A1 (Stable)
Fitch	AA- (Stable)

Latest publication on issuer

Credit Update – JPMorgan, 20 July 2026

Source: Bloomberg, Danske Bank Credit Research

Selected bonds

Company	ISIN	Min. Piece	Seniority	Currency	Maturity/Call	CPN	Issue Size (m)	Credit Ratings	Price	Yield*	Recommendation
JPMORGAN CHASE & CO	US46625HNJ58	2,000	Subordinated	USD	Oct. 2027	4.250	1,500	A-/A2/A	99.6	4.7%	Marketweight
JPMORGAN CHASE & CO	XS0935427970	100,000	Sr Unsecured	EUR	May 2028	2.875	1,000	A/A1/AA-	99.2	3.4%	Marketweight

Note: Credit ratings by S&P, Moody's, and Fitch, respectively.

Source: Bloomberg, Danske Bank Credit Research

JPMorgan Chase & Co: Q3 26

Last week JPM reported net revenue of USD50.2bn for Q3 26, 13% lower sequentially q/q and 8% higher y/y. Net interest income was reported at USD27.1bn for the quarter, up 13% y/y, and non-interest income came in at USD23.8bn, up 3% y/y, driven by higher asset management fees, higher overall investment banking fees (amidst Fixed Income Markets was down 4%), and higher auto lease and payment income. During the quarter, JPM provisioned USD2.7bn for credit losses including a net reserve build of USD539m, 19% lower compared with Q3 25. Net charge-offs amounted to USD2.2bn, down USD389m y/y, underpinning asset quality remaining strong. The group's expenses were USD27.3bn, unchanged sequential q/q and up 12% y/y due to higher compensation and growth in front-office personnel. This equals a healthy cost-to-income ratio of 53%. The bank's underlying core income (NII+Fees-Costs) was USD23.8bn, down USD7.1bn q/q and up USD0.8bn y/y.

Net income came in at USD15.3bn, 28% lower q/q and up 6% y/y. This figure was below the Bloomberg-collected consensus of USD15.9bn. This translates into a return on equity of 17% on a reported basis, down compared with Q2 26's 24% and unchanged y/y. Moreover, JPM distributed USD4.4bn in dividends and continued its share buyback programme, with USD664m in repurchases, leading to a continued LTM payout ratio of 61%, which we consider to be prudent and showing a sound balance in financial discipline.

The common equity tier-1 capital ratio (advanced approach) decreased slightly to 14.1% in the quarter, down 10bp from Q2 26 and down 80bp y/y. The CET-1 (standard approach) ratio stood at 13.9%, largely driven by net income contributions and partially

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More information:

For further information, see the latest *Corporate Bond Lists, 12 October 2026*.

Important certifications and disclosures are contained from page 4 of this document. This document is not for distribution in the US

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offset by capital distributions and the increase in risk-adjusted assets (RWA). This level comfortably exceeds the current regulatory requirement as it represents a loss-absorbing capacity of USD599bn (as of Q3 26).

Looking at the remainder of 2026, JPMorgan now implies a net interest income of approximately USD106.2bn (was USD105.5bn) and USD97.2bn (was USD96.5bn) excluding Markets (FY2025 total was USD95.9bn) and adjusted expenses of USD108.6bn (was USD107.5bn) and FY2025 was USD95.6bn. Moreover, the group's card services' net charge-off ratio guidance is approximately 3.2%. Additionally, CEO Jamie Dimon stated:

The U.S. economy continued to be fuelled by strong business investment and ongoing consumer spending. However, large fiscal deficits, sticky inflation, elevated asset prices, rising interest rates and geopolitical conditions continue to shift under the surface. These forces may be manageable, but we remain prepared for a wide range of outcomes."

Overall, we consider the above conditions of the business outlook and the bank's caution to be prudent, and generally we continue to see a mostly supportive environment for the credit profile.

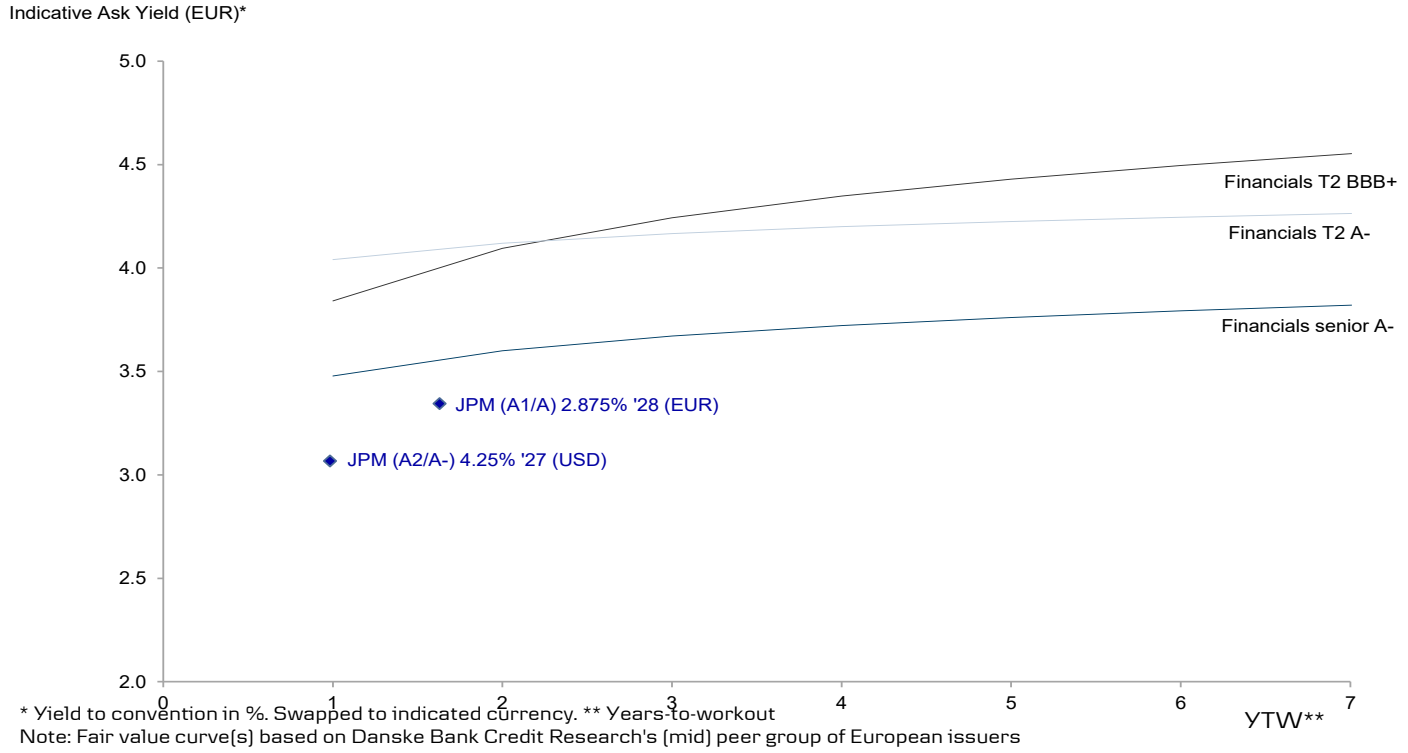
Credit conclusion

We view the Q3 26 results as solid and mostly credit neutral, with profitability remaining strong and asset quality healthy, amid geopolitical risks, rising energy prices and trade uncertainty. Moreover, JPM, the leading US bank, is exposed to US interest rates, but current levels are supportive for NII trajectory. Also, capitalisation remains robust underpinned by a CET1 level of 13.9%, supporting shareholder distributions while share repurchases have been reduced, also the full-year NII outlook has been raised slightly.

We continue to see a strong credit profile in the global financial institution and given its inherently healthy credit quality we see it as a relatively more 'defensive' investment exposure. We reiterate our comfortable 360° view on the credit profile.

Regarding the valuation of JPM's subordinated notes, the 4.25% 2027 in USD (ISIN: US46625HNJ58) trades notably tighter than a comparable 'A-' rated Financials' T2 curve. We assess these notes as fairly priced with a Z-spread of 33bp and continue to recommend Marketweight. Similarly, the JPM Senior Unsecured 2.875% 2028 note in EUR (XS0935427970) trades at a very compressed Z-spread of 9bp, which we consider to be in the lower range of a fair risk/reward relative to risk-free benchmark rates; hence, we reiterate our Marketweight recommendation.

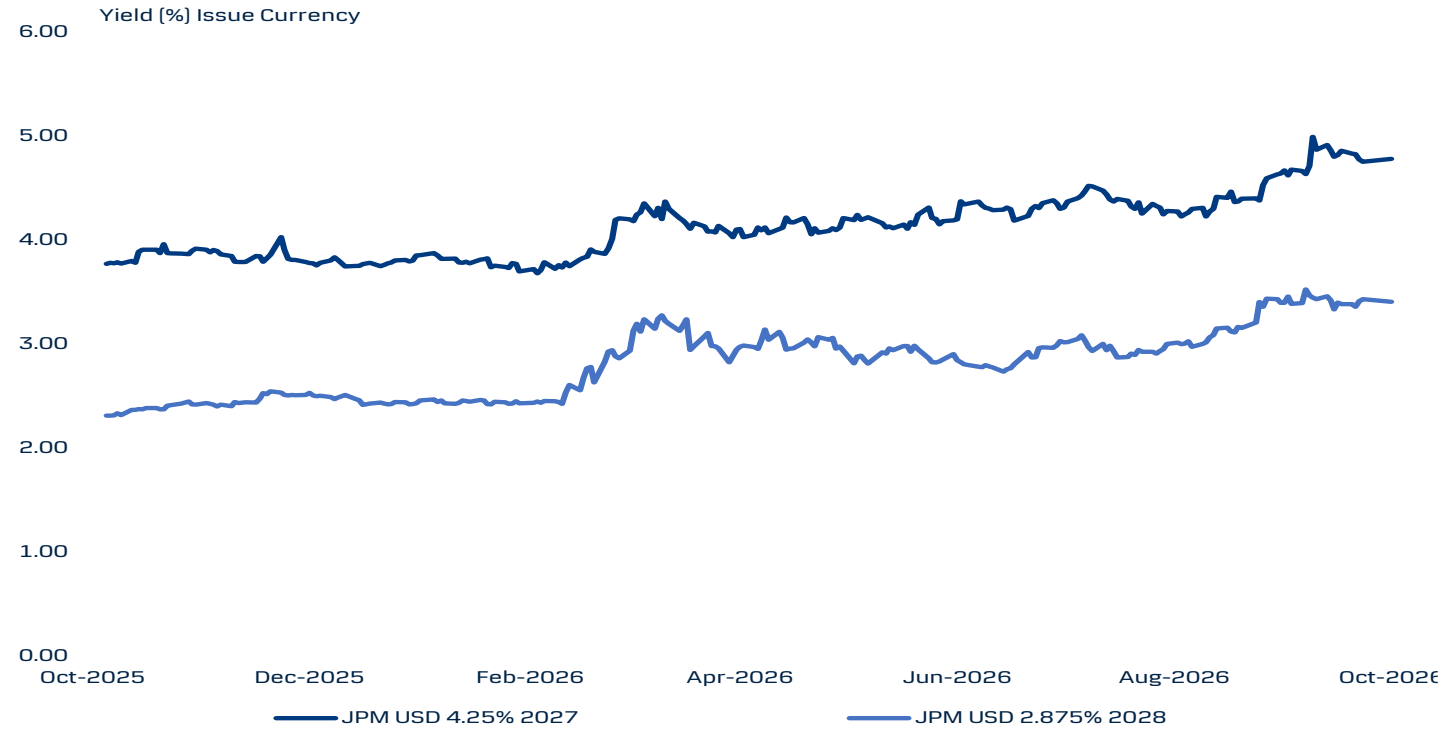
Relative value chart: Selected JPM notes



* Yield to convention in %. Swapped to indicated currency. ** Years-to-workout
Note: Fair value curve(s) based on Danske Bank Credit Research's (mid) peer group of European issuers

Source: Bloomberg, Danske Bank Credit Research

Historical yield: Selected JPM notes (YTM)



Source: Bloomberg, Danske Bank Credit Research

Disclosures

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Major risks connected with recommendations or opinions in this research report, including a sensitivity analysis of relevant assumptions, are stated throughout the text.

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We expect to update this investment analysis following the publication of JPMorgan Chase & Co.'s annual report provided that at such time the bond continues to be among our preferred credits.

This publication should be read in conjunction with the international single name credit bond publications *Corporate Bond News*, *Corporate Bonds: Investment opportunities in single name international fixed income credit* and *Company Profiles*. These publications are typically published once a month.

Completion and first dissemination

The completion date and time in this research report mean the date and time when the author hands over the final version of the research report to Danske Bank's editing function for legal review and editing.

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See the final page of this research report for the date and time of first dissemination.

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Calculations and presentations in this research report are based on standard econometric tools and methodology as well as publicly available statistics for each individual security, issuer and/or country.

Credit Research bases its bond valuation conclusion on an estimation of a fair business and financial risk profile of the issuing entity. By combining these risk profiles with market technical and bond-specific issues such as documentation and structuring, Credit Research arrives at an overall bond risk profile. Credit Research compares the bond spread with

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Rating	Anticipated performance	Time horizon	Distribution of recommendations	Investment banking relationships
Overweight	Outperformance relative to peer group	12 months	44%	19%
Marketweight	Performance in line with peer group	12 months	50%	40%
Underweight	Underperformance relative to peer group	12 months	6%	2%
Sell	A decrease in price of more than 10%	12 months	-	-

No changes in recommendation over the past 12 months

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