# JPMORGAN CHASE NYSE-JPM

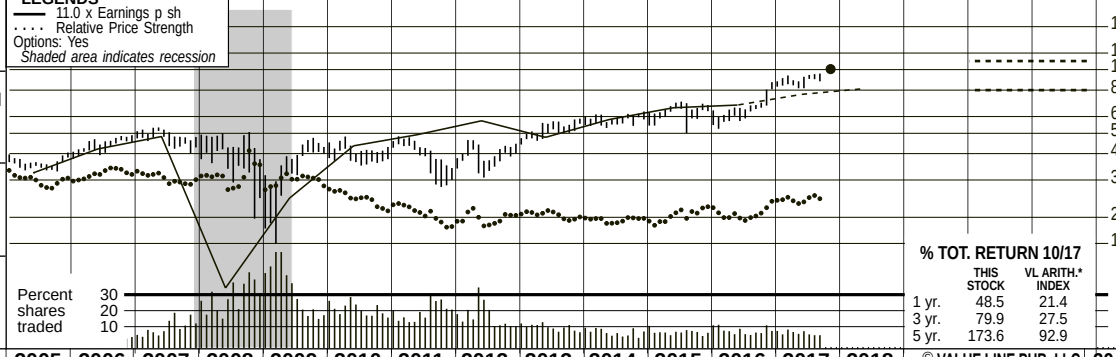
| RECENT PRICE | P/E RATIO | | RELATIVE P/E RATIO | DIV'D YLD | |
|---|---|---|---|---|---|
| 100.61 | 14.2 | (Trailing: 14.5 Median: 11.0) | 0.70 | 2.3% | VALUE LINE |

**TIMELINESS** 1 Raised 10/20/17
**SAFETY** 2 Raised 8/11/17
**TECHNICAL** 3 Lowered 10/13/17
**BETA** 1.15 (1.00 = Market)

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| High: | 49.0 | 53.3 | 50.6 | 47.5 | 48.2 | 48.4 | 46.5 | 58.6 | 63.5 | 70.6 | 87.4 | 102.4 |
| Low: | 37.9 | 40.2 | 19.7 | 15.0 | 35.2 | 27.8 | 30.8 | 44.2 | 53.0 | 50.1 | 52.5 | 81.6 |

**Target Price Range**
2020 | 2021 | 2022

**LEGENDS**
— 11.0 x Earnings p sh
.... Relative Price Strength
Options: Yes
*Shaded area indicates recession*




**2020-22 PROJECTIONS**

| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 110 | (+10%) | 5% |
| Low | 80 | (-20%) | -3% |

**Insider Decisions**

| | D | J | F | M | A | M | J | J | A |
|---|---|---|---|---|---|---|---|---|---|
| to Buy | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Options | 0 | 22 | 0 | 0 | 9 | 1 | 0 | 8 | 0 |
| to Sell | 0 | 8 | 0 | 0 | 2 | 1 | 0 | 2 | 1 |

**Institutional Decisions**

| | 4Q2016 | 1Q2017 | 2Q2017 |
|---|---|---|---|
| to Buy | 890 | 913 | 1069 |
| to Sell | 1014 | 1062 | 909 |
| Hld's(000) | 2682979 | 2877057 | 2981966 |

**% TOT. RETURN 10/17**

| | THIS STOCK | VL ARITH.* INDEX |
|---|---|---|
| 1 yr. | 48.5 | 21.4 |
| 3 yr. | 79.9 | 27.5 |
| 5 yr. | 173.6 | 92.9 |

| 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | © VALUE LINE PUB. LLC | 20-22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| .81 | .80 | 3.24 | 2.86 | 2.95 | 3.82 | 4.38 | .84 | 2.24 | 3.96 | 4.48 | 5.20 | 4.35 | 5.29 | 6.00 | 6.19 | *6.95* | *7.40* | Earnings per sh A | *8.50* |
| 1.36 | 1.36 | 1.36 | 1.36 | 1.36 | 1.36 | 1.48 | 1.52 | .20 | .20 | 1.00 | 1.20 | 1.44 | 1.58 | 1.72 | 1.88 | *2.12* | *2.28* | Div'ds Decl'd per sh B■ | *2.80* |
| 20.32 | 20.66 | 22.10 | 29.61 | 30.71 | 33.45 | 36.59 | 36.15 | 39.88 | 43.04 | 46.60 | 51.27 | 53.25 | 57.08 | 60.46 | 64.06 | *67.85* | *73.15* | Book Value per sh C | *90.00* |
| 1973.4 | 1998.7 | 2042.6 | 3556.2 | 3486.7 | 3461.7 | 3367.4 | 3732.8 | 3942.0 | 3910.3 | 3771.8 | 3803.5 | 3756.1 | 3714.0 | 3663.5 | 3561.2 | *3425.0* | *3375.0* | Common Shs Outst'g D | *3200.0* |
| NMF | 36.1 | 9.7 | 13.5 | 12.2 | 11.5 | 10.9 | NMF | 15.8 | 10.2 | 8.8 | 7.5 | 11.9 | 11.0 | 10.6 | 10.2 | *Bold figures are* | | Avg Ann'l P/E Ratio | *11.0* |
| NMF | 1.97 | .55 | .71 | .65 | .62 | .58 | NMF | 1.05 | .65 | .55 | .48 | .67 | .58 | .53 | .54 | *Value Line* | | Relative P/E Ratio | *.70* |
| 3.1% | 4.7% | 4.3% | 3.5% | 3.8% | 3.1% | 3.1% | 3.8% | .6% | .5% | 2.5% | 3.1% | 2.8% | 2.7% | 2.7% | 2.9% | *estimates* | | Avg Ann'l Div'd Yield | *3.0%* |

**CAPITAL STRUCTURE as of 9/30/17**

**LT Debt** $288.6 bill. **Due in 5 Yrs** $192.7 bill.
**LT Interest** $7.0 bill.
LT Debt incl. $4.0 bill. junior subordinated deferrable interest debentures held by trusts that guaranteed capital securities
**Pension Assets-12/16** $17.7 bill. **Oblig.** $15.6 bill.

**Pfd Stock** $26.068 bill. **Pfd Div'd** $1.648 bill.

**Common Stock** 3,469,700,000 shares

**MARKET CAP: $349 bill. (Large Cap)**

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | | 20-22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1562147 | 2175052 | 2031989 | 2117605 | 2265792 | 2359141 | 2415689 | 2573126 | 2351698 | 2490972 | *2575000* | *2650000* | Total Assets ($mill) | *3050000* |
| 510140 | 721734 | 601856 | 660661 | 696111 | 711860 | 722154 | 743151 | 823744 | 880989 | *905000* | *930000* | Loans ($mill) | *1050000* |
| 26406 | 38779 | 51152 | 51001 | 47689 | 44910 | 43319 | 43634 | 43510 | 46083 | *50000* | *53500* | Net Interest Inc ($mill) | *62000* |
| 6864.0 | 20979 | 32015 | 16639 | 7574.0 | 3385.0 | 225.0 | 3139.0 | 3827.0 | 5361.0 | *5500* | *6500* | Loan Loss Prov'n ($mill) | *8000* |
| 44966 | 28473 | 49282 | 51693 | 49545 | 52121 | 53287 | 50571 | 50033 | 49585 | *50900* | *50500* | Noninterest Inc ($mill) | *54000* |
| 41703 | 43500 | 52352 | 61196 | 62911 | 64729 | 70467 | 61274 | 59014 | 55771 | *58500* | *60000* | Noninterest Exp ($mill) | *67000* |
| 15365 | 3699.0 | 11652 | 17370 | 18976 | 21284 | 17923 | 21762 | 24442 | 24733 | *26700* | *27375* | Net Profit ($mill) | *29925* |
| 32.6% | - - | 27.5% | 30.1% | 29.1% | 26.4% | 30.8% | 27.0% | 20.4% | 28.4% | *27.0%* | *27.0%* | Income Tax Rate | *27.0%* |
| .98% | .18% | .57% | .82% | .85% | .90% | .74% | .85% | 1.04% | .99% | *1.05%* | *1.05%* | Return on Total Assets | *1.00%* |
| 199010 | 270683 | 266318 | 247669 | 256775 | 249024 | 267889 | 276836 | 288651 | 295245 | *285000* | *280000* | Long-Term Debt ($mill) | *350000* |
| 123221 | 166884 | 165365 | 176106 | 183573 | 204069 | 211178 | 232065 | 247573 | 254190 | *258500* | *272900* | Shr. Equity ($mill) | *314000* |
| 7.9% | 7.9% | 8.1% | 8.3% | 8.1% | 8.7% | 8.7% | 9.0% | 10.5% | 10.2% | *10.0%* | *10.5%* | Shr. Eq. to Total Assets | *10.5%* |
| 32.7% | 33.2% | 29.6% | 31.2% | 30.7% | 30.2% | 29.9% | 28.9% | 35.0% | 35.4% | *35.0%* | *35.0%* | Loans to Tot Assets | *34.5%* |
| 12.5% | 2.2% | 7.0% | 9.9% | 10.3% | 10.4% | 8.5% | 9.4% | 9.9% | 9.7% | *10.5%* | *10.0%* | Return on Shr. Equity | *9.5%* |
| 8.3% | NMF | 6.0% | 9.4% | 8.1% | 8.2% | 5.8% | 6.9% | 7.4% | 7.0% | *8.0%* | *8.0%* | Retained to Com Eq | *7.0%* |
| 34% | NMF | 18% | 9% | 25% | 25% | 36% | 33% | 33% | 34% | *29%* | *29%* | All Div'ds to Net Prof | *31%* |

| ASSETS($mill.) | 2015 | 2016 | 9/30/17 |
|---|---|---|---|
| Loans | 823744 | 880989 | 900222 |
| Funds Sold | 212575 | 229967 | 185454 |
| Securities | 733387 | 757598 | 785386 |
| Other Earning | 340015 | 365762 | 435810 |
| Other | 241977 | 256656 | 256202 |
| **LIABILITIES($mill.)** | | | |
| Deposits | 1279715 | 1375179 | 1439027 |
| Funds Borrowed | 189345 | 200109 | 223360 |
| Long-Term Debt | 288651 | 295245 | 288582 |
| Net Worth | 247573 | 254190 | 258382 |
| Other | 346414 | 366249 | 353723 |
| Total | 2351698 | 2490972 | 2563074 |
| Loan Loss Resrv. | 13555 | 13776 | 13539 |

| ANNUAL RATES of change (per sh) | Past 10 Yrs. | Past 5 Yrs. | Est'd '14-'16 to '20-'22 |
|---|---|---|---|
| Loans | 6.5% | 6.0% | *9.5%* |
| Earnings | 6.0% | 10.5% | *5.5%* |
| Dividends | 2.5% | NMF | *7.0%* |
| Book Value | 7.0% | 7.0% | *6.5%* |
| Total Assets | 6.5% | 4.0% | *6.5%* |

| Cal-endar | LOANS ($ mill.) Mar.31 | Jun.30 | Sep.30 | Dec.31 |
|---|---|---|---|---|
| 2014 | 715124 | 731657 | 728368 | 743151 |
| 2015 | 750120 | 777332 | 795991 | 823744 |
| 2016 | 833319 | 858577 | 873850 | 880989 |
| 2017 | 882561 | 895404 | 900222 | *905000* |
| 2018 | *907000* | *915000* | *922000* | *930000* |

| Cal-endar | EARNINGS PER SHARE A Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2014 | 1.28 | 1.46 | 1.36 | 1.19 | 5.29 |
| 2015 | 1.45 | 1.54 | 1.68 | 1.32 | 6.00 |
| 2016 | 1.35 | 1.55 | 1.58 | 1.71 | 6.19 |
| 2017 | 1.65 | 1.82 | 1.76 | *1.72* | *6.95* |
| 2018 | *1.78* | *1.90* | *1.90* | *1.82* | *7.40* |

| Cal-endar | QUARTERLY DIVIDENDS PAID B■ Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2013 | .30 | .30 | .38 | .38 | 1.36 |
| 2014 | .38 | .38 | .40 | .40 | 1.56 |
| 2015 | .40 | .40 | .44 | .44 | 1.68 |
| 2016 | .44 | .44 | .48 | .48 | 1.84 |
| 2017 | .48 | .50 | .50 | .56 | |

**BUSINESS:** JPMorgan Chase & Co. is a global financial services firm with operations in over 60 nations. As of 6/30/17, 5,217 branches. Merged with Washington Mutual, 9/08; Bank One, 7/04. Operations include consumer & community banking, corporate & investment banking, commercial banking, and asset management. Net loan losses: .54% of average loans in '16. On 9/30/17, loan loss reserve, 1.48% of loans; nonaccrual loans (excluding 90-day past due), .62%. Had 251,503 employees on 9/30/17. Directors & officers own less than 1% of common stock; BlackRock, 6.6%; The Vanguard Group, 6.6% (Proxy, 4/17). Chairman & CEO: James Dimon. Inc.: DE. Address: 270 Park Ave., NY, NY 10017. Tel.: 212-270-6000. Internet: www.jpmorganchase.com.

**JPMorgan turned in good September-period earnings, nothwithstanding lower markets revenues.** Trading activity was very strong in the year-earlier quarter, just after the United Kingdom voted to leave the European Union. Mortgage fees also fell year to year. But net interest income rose 10%, aided by higher interest rates and a 7% increase in core loans (excluding run-off portfolios and loans classified as trading assets). Minus one-time items, expenses matched the year-earlier tally. The slightly larger loan loss provision included additions to the reserve for credit card losses.

**The outlook for the next several quarters is mostly positive.** We have added $0.20 and $0.30 to our share-net estimates for 2017 and 2018, respectively. Management looks for high-single-digit growth in average core loans. Net interest income also ought to benefit as interest rates rise. Thus far, deposit costs remain low. New bankers hired and market expansion during the past few years should continue to drive healthy commercial banking revenues. Revenues generated by the company's *Sapphire Reserve* credit card (introduced in 2016) are now offseting the upfront costs to launch the card. However, a catalyst that might boost markets revenues seems to be missing currently. Meanwhile, in spite of heavy technology spending, we look for management to keep a tight rein on expense growth.

**The credit-quality environment remains benign.** Credit card loan losses have risen, but are expected to stay below historical levels. Improvement in the energy sector allowed JPMorgan to release some reserves for oil and gas companies in the September term. The company added about $50 million to its reserves for possible hurricane-related loan losses, but it doesn't expect the storms to hurt results significantly. Even so, loan loss provisions probably will track loan growth.

**We look for healthy earnings growth over the pull to 2020-2022.** JPMorgan's strong market shares in the credit card and investment banking arenas are pluses. And recent initiatives in the payments field look promising. But the timely stock's total return potential is very limited, despite the decent dividend yield.

*Theresa Brophy* *November 10, 2017*

(A) Diluted earnings. Quarterly earnings per share in '15 do not sum due to change in shares. Excludes unusual expenses: '04, $1.31; '05, $0.57. Excludes income from discontinued operations: '06, $0.17. Excl. extraordinary gain: '08, $0.53; '09, $0.02. Incl. legal charge: Q3 '13, ($1.85). Next earnings report mid-Jan.

(B) Dividends historically paid late Jan., Apr., July, Oct. ■ Div'd reinvestment plan available. (C) Incl. intangibles: on 9/30/17, $53.9 bill., $15.52/sh. (D) In millions.

| | |
|---|---|
| Company's Financial Strength | A+ |
| Stock's Price Stability | 80 |
| Price Growth Persistence | 55 |
| Earnings Predictability | 70 |

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