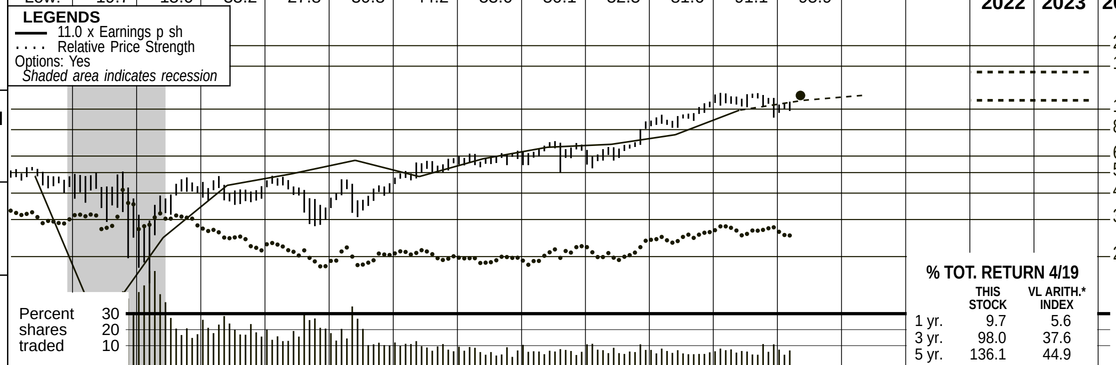
# JPMORGAN CHASE NYSE-JPM

RECENT PRICE **116.05** | P/E RATIO **11.9** (Trailing: 12.5 Median: 11.0) | RELATIVE P/E RATIO **0.65** | DIV'D YLD **2.8%** | VALUE LINE

**TIMELINESS** 2 Lowered 8/24/18
**SAFETY** 2 Raised 8/11/17
**TECHNICAL** 5 Lowered 5/10/19
**BETA** 1.10 (1.00 = Market)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| High: | 50.6 | 47.5 | 48.2 | 48.4 | 46.5 | 58.6 | 63.5 | 70.6 | 87.4 | 108.5 | 119.3 | 117.2 |
| Low: | 19.7 | 15.0 | 35.2 | 27.8 | 30.8 | 44.2 | 53.0 | 50.1 | 52.5 | 81.6 | 91.1 | 95.9 |

**Target Price Range** 2022 | 2023 | 2024




**2022-24 PROJECTIONS**

| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 150 | (+30%) | 9% |
| Low | 110 | (-5%) | 2% |

**Insider Decisions**

| | J | J | A | S | O | N | D | J | F |
|---|---|---|---|---|---|---|---|---|---|
| to Buy | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| Options | 0 | 7 | 0 | 0 | 10 | 1 | 0 | 22 | 2 |
| to Sell | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 5 | 0 |

**Institutional Decisions**

| | 2Q2018 | 3Q2018 | 4Q2018 |
|---|---|---|---|
| to Buy | 1096 | 1047 | 1259 |
| to Sell | 1076 | 1133 | 1123 |
| Hld's(000) | 2437714 | 2423643 | 2377998 |

**% TOT. RETURN 4/19**

| | THIS STOCK | VL ARITH.* INDEX |
|---|---|---|
| 1 yr. | 9.7 | 5.6 |
| 3 yr. | 98.0 | 37.6 |
| 5 yr. | 136.1 | 44.9 |

| 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | © VALUE LINE PUB. LLC | 22-24 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 | 6.87 | 9.00 | **10.00** | **10.60** | Earnings per sh A | **12.00** |
| 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 | 2.72 | **3.24** | **3.32** | Div'ds Decl'd per sh B■ | **3.80** |
| 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 | 67.04 | 70.35 | **75.90** | **82.60** | Book Value per sh C | **105.60** |
| 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 | 3425.3 | 3275.8 | **3175.0** | **3075.0** | Common Shs Outst'g D | **2850.0** |
| 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 | 10.6 | 13.4 | 12.3 | *Bold figures are* | | Avg Ann'l P/E Ratio | **11.0** |
| .55 | .71 | .65 | .62 | .58 | NMF | 1.05 | .65 | .55 | .48 | .67 | .58 | .53 | .56 | .67 | .66 | *Value Line* | | Relative P/E Ratio | **.70** |
| 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% | 2.3% | 2.5% | *estimates* | | Avg Ann'l Div'd Yield | **2.9%** |

| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | | 22-24 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2031989 | 2117605 | 2265792 | 2359141 | 2415689 | 2573126 | 2351698 | 2490972 | 2533600 | 2622532 | **2850000** | **3000000** | Total Assets ($mill) | **3375000** |
| 601856 | 660661 | 696111 | 711860 | 722154 | 743151 | 823744 | 880989 | 917093 | 971109 | **985000** | **1015000** | Loans ($mill) | **1150000** |
| 51152 | 51001 | 47689 | 44910 | 43319 | 43634 | 43510 | 46083 | 50097 | 55059 | **57500** | **60000** | Net Interest Inc ($mill) | **67000** |
| 32015 | 16639 | 7574.0 | 3385.0 | 225.0 | 3139.0 | 3827.0 | 5361.0 | 5290.0 | 4871.0 | **5400** | **6300** | Loan Loss Prov'n ($mill) | **8000** |
| 49282 | 51693 | 49545 | 52121 | 53287 | 50571 | 50033 | 49585 | 48882 | 53970 | **57500** | **58500** | Noninterest Inc ($mill) | **63000** |
| 52352 | 61196 | 62911 | 64729 | 70467 | 61274 | 59014 | 55771 | 58434 | 63394 | **66000** | **67500** | Noninterest Exp ($mill) | **74000** |
| 11652 | 17370 | 18976 | 21284 | 17923 | 21762 | 24442 | 24733 | 26481 | 32474 | **34600** | **35500** | Net Profit ($mill) | **37275** |
| 27.5% | 30.1% | 29.1% | 26.4% | 30.8% | 27.0% | 20.4% | 28.4% | 24.9% | 20.3% | **20.0%** | **20.0%** | Income Tax Rate | **22.0%** |
| .57% | .82% | .85% | .90% | .74% | .85% | 1.04% | .99% | 1.05% | 1.24% | **1.20%** | **1.20%** | Return on Total Assets | **1.10%** |
| 266318 | 247669 | 256775 | 249024 | 267889 | 276836 | 288651 | 295245 | 284080 | 282031 | **305000** | **320000** | Long-Term Debt ($mill) | **375000** |
| 165365 | 176106 | 183573 | 204069 | 211178 | 232065 | 247573 | 254190 | 255693 | 256515 | **268000** | **281000** | Shr. Equity ($mill) | **328000** |
| 8.1% | 8.3% | 8.1% | 8.7% | 8.7% | 9.0% | 10.5% | 10.2% | 10.1% | 9.8% | **9.5%** | **9.5%** | Shr. Eq. to Total Assets | **9.5%** |
| 29.6% | 31.2% | 30.7% | 30.2% | 29.9% | 28.9% | 35.0% | 35.4% | 36.2% | 37.0% | **34.5%** | **34.0%** | Loans to Tot Assets | **34.0%** |
| 7.0% | 9.9% | 10.3% | 10.4% | 8.5% | 9.4% | 9.9% | 9.7% | 10.4% | 12.7% | **13.0%** | **12.5%** | Return on Shr. Equity | **11.5%** |
| 6.0% | 9.4% | 8.1% | 8.2% | 5.8% | 6.9% | 7.4% | 7.0% | 7.5% | 10.8% | **9.5%** | **9.5%** | Retained to Com Eq | **8.5%** |
| 18% | 9% | 25% | 25% | 36% | 33% | 33% | 34% | 35% | 33% | **35%** | **33%** | All Div'ds to Net Prof | **33%** |

**CAPITAL STRUCTURE as of 3/31/19**

**LT Debt** $290.9 bill. **Due in 5 Yrs** $161.8 bill.
**LT Interest** $9.5 bill.
LT Debt incl. $2.3 bill. junior subordinated deferrable interest debentures held by trusts that guaranteed capital securities
**Pension Assets-12/18** $18.1 bill. **Oblig.** $15.5 bill.

**Pfd Stock** $26.993 bill. **Pfd Div'd** $1.496 bill.

**Common Stock** 3,244,000,000 shares

**MARKET CAP: $376 bill. (Large Cap)**

| ASSETS($mill.) | 2017 | 2018 | 3/31/19 |
|---|---|---|---|
| Loans | 917093 | 971109 | 942712 |
| Funds Sold | 198422 | 321588 | 299140 |
| Securities | 736914 | 787537 | 923953 |
| Other Earning | 404204 | 256469 | 280658 |
| Other | 276967 | 285829 | 290725 |
| **LIABILITIES($mill.)** | | | |
| Deposits | 1443982 | 1470666 | 1493441 |
| Funds Borrowed | 210718 | 251596 | 293982 |
| Long-Term Debt | 284080 | 282031 | 290893 |
| Net Worth | 255693 | 256515 | 259837 |
| Other | 339127 | 361724 | 399035 |
| Total | 2533600 | 2622532 | 2737188 |
| Loan Loss Resrv. | 13604 | 13445 | 13533 |

| ANNUAL RATES of change (per sh) | Past 10 Yrs. | Past 5 Yrs. | Est'd '16-'18 to '22-'24 |
|---|---|---|---|
| Loans | 6.0% | 7.5% | *7.0%* |
| Earnings | 11.0% | 12.5% | *6.0%* |
| Dividends | 4.5% | 13.0% | *9.0%* |
| Book Value | 6.5% | 6.0% | *8.0%* |
| Total Assets | 5.0% | 4.0% | *8.0%* |

| Cal-endar | LOANS ($ mill.) Mar.31 | Jun.30 | Sep.30 | Dec.31 |
|---|---|---|---|---|
| 2016 | 833319 | 858577 | 873850 | 880989 |
| 2017 | 882561 | 895404 | 900222 | 917093 |
| 2018 | 921049 | 935164 | 941190 | 971109 |
| 2019 | 942712 | ***955000*** | ***960000*** | ***985000*** |
| 2020 | ***975000*** | ***990000*** | ***995000*** | ***1015000*** |

| Cal-endar | EARNINGS PER SHARE A Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2016 | 1.35 | 1.55 | 1.58 | 1.71 | 6.19 |
| 2017 | 1.65 | 1.70 | 1.76 | 1.76 | 6.87 |
| 2018 | 2.37 | 2.29 | 2.34 | 1.98 | 9.00 |
| 2019 | 2.65 | ***2.55*** | ***2.60*** | ***2.20*** | ***10.00*** |
| 2020 | ***2.80*** | ***2.70*** | ***2.75*** | ***2.35*** | ***10.60*** |

| Cal-endar | QUARTERLY DIVIDENDS PAID B■ Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2015 | .40 | .40 | .44 | .44 | 1.68 |
| 2016 | .44 | .44 | .48 | .48 | 1.84 |
| 2017 | .48 | .50 | .50 | .56 | 2.04 |
| 2018 | .56 | .56 | .56 | .80 | 2.48 |
| 2019 | .80 | .80 | | | |

**BUSINESS:** JPMorgan Chase & Co. is a global financial services firm with operations in over 60 nations. Over, 5,000 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: .53% of average loans in '18. On 12/31/18, loan loss reserve, 1.42% of loans; nonaccrual loans (excluding 90-day past due), .55%. Had 255,998 employees on 3/31/19. Directors & officers own less than 1% of common stock; The Vanguard Group, 7.8%; BlackRock, 6.5% (Proxy, 4/19). Chairman & CEO: James Dimon. Inc.: DE. Address: 270 Park Ave., NY, NY 10017. Tel.: 212-270-6000. Internet: www.jpmorganchase.com.

**JPMorgan's Consumer & Community Banking business led the way in the opening quarter of 2019.** The segment's revenues advanced 9%, driven by higher net interest income, reflecting wider deposit and card margins, as well as core loan growth. Despite significant investment in the business, expense growth lagged the revenue increase, and credit costs remained flat. Too, Commercial Banking profits rose modestly, and Corporate segment results swung to a profit, aided by the absence of last year's investment securities losses. These positive trends offset declines posted by the Corporate & Investment Bank, hurt by lower markets revenues, and by the Asset & Wealth Management segment, due to lower average market levels and lower brokerage activity.

**Earnings prospects for the remainder of the year are mixed.** Loan balances in the March quarter were reduced by sales of mortgage loans. Efforts to optimize the asset mix may result in slower loan growth and a greater reliance on investment securities in 2019. Although net interest income in the March quarter benefited from last year's interest-rate hikes, further margin improvement may be limited should JPMorgan experience more pressure to raise deposit rates. Investment banking and trading revenues probably will remain somewhat episodic, but core noninterest revenue ought to increase at a low-single-digit pace over time. Meanwhile, management expects investment spending to level off, as projects are completed and funds are redirected to new initiatives. Credit-quality trends remain positive, but credit card loan losses probably will tick modestly higher as new loan vintages mature. In all, we have raised our share-net call for 2019, from $9.40 to $10.00, and are introducing a 2020 earnings estimate of $10.60.

**The long-term outlook is favorable.** JPMorgan has leading shares of the investment banking and credit card businesses, and should benefit from expansion in new markets. Although the stock's recent strength discounts a portion of JPMorgan's earnings growth to 2022-2024, the dividend yield is decent, and the issue is ranked favorably for Timeliness.

*Theresa Brophy* *May 10, 2019*

(A) Diluted earnings. Quarterly earnings per share in '18 do not sum due to rounding. Excludes unusual expenses: '04, $1.31; '05, $0.57; '17. $0.56. Excludes income from discontinued operations: '06, $0.17. Excl. extraordinary gain: '08, $0.53; '09, $0.02. Next earnings report mid-July. (B) Dividends historically paid late Jan., Apr., July, Oct. ■ Div'd reinvestment plan available. (C) Incl. intangibles: on 12/31/18, $54.2 bill., $16.70/sh. (D) In millions.

| | |
|---|---|
| Company's Financial Strength | A+ |
| Stock's Price Stability | 85 |
| Price Growth Persistence | 65 |
| Earnings Predictability | 70 |