

Company Update Report

JPMorgan Chase & Co.

Financials

Analyst thesis

Our recommendation is based on:

- JPM operates across Consumer & Community Banking, Corporate & Investment Banking, Commercial Banking and Asset & Wealth Management, providing diversified revenue streams across US retail, wholesale and global markets with selective international exposure. The portfolio generates a mix of recurring and market-sensitive income, captures higher-margin capital markets and advisory opportunities, and provides exposure to both secured and unsecured lending, supporting earnings durability across varying economic and rate environments.
- Under Jamie Dimon, JPM leverages digital banking and AI, supported by a large mobile user base and automation, to drive client acquisition, engagement and operating leverage. Rising digital penetration supports a durable cost and risk advantage over peers.
- JPMorgan Chase & Co. delivers sector-leading profitability, consistently generating double-digit ROE/ROTCE alongside robust capital and liquidity. Strong capital generation supports sustained investment, dividends and buybacks, underpinned by scale and funding advantages.
- Solid fundamentals but valuation constrains upside: Despite strong leverage to the United States, the stock trades at a premium to peers, with its quality largely priced in. As sector valuations appear modestly stretched and earnings tailwinds normalise, risk-reward profile looks balanced, supporting a hold stance.

As at: 1 April 2026

Ticker	JPM-US
Share price	\$295
Intrinsic value	\$270
Upside/(Downside)	-9%
Recommendation	Hold

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Key highlights

In this report, we review the 4Q25 and FY25 results released in January 2026:

Financial results at a glance:

- Net interest income (NII): NII grew 3% in FY25 to \$95.9bn (FY24: \$93.1bn), with 4Q25 NII up 7% to \$25.1bn (4Q24: \$23.5bn), driven by higher revolving card balances, higher wholesale deposits and balance sheet growth, partly offset by lower rates and deposit margin compression.
- Non-interest revenue (NIR) and markets: FY25 NIR increased 2% to \$89.7bn (FY24: \$87.5bn), while 4Q25 NIR rose by 7% to \$21.7bn (4Q24: \$20.3bn), underpinned by stronger asset management fees, auto lease income, payments and investment banking fees. Markets revenue increased 19% to \$35.8bn in FY25 (FY24: \$30.0bn) and 17% in 4Q25 to \$8.2bn (4Q24: \$7.0bn), with broad-based strength in Fixed Income and Equities.
- Credit performance: FY25 credit costs increased from \$10.7bn in FY24 to \$14.2bn, with net charge-offs rising to \$9.8bn (FY24: 8.6bn) and a net reserve build of \$4.4bn (FY24: \$2.0bn), including a \$2.2bn build in 4Q25 for the Apple credit card forward-purchase commitment. In 4Q25 alone, credit costs were \$4.7bn compared to 2.6bn in 4Q24, largely reflecting the Apple reserve rather than a broad deterioration in underlying portfolios.
- Capital, liquidity and returns: CET1 capital closed off 4Q25 at \$288bn (4Q24: \$276bn), with Standardised CET1 ratio of 14.5% (4Q24: 15.7%) and Advanced CET1 of 14.1% (4Q24: 15.8%), alongside firm LCR of 111% (4Q24: 113%) and cash and marketable securities rising to \$1.5tn (4Q24: \$1.4tn). FY25 ROTCE was 20% versus 22% in FY24, ROE 17% versus 18%, with average loans up 9% and deposits up 6% year on year, and an 82% LTM payout ratio via dividends and buybacks.
- Franchise momentum: In FY25, Consumer & Community Banking net income decreased to \$18.2bn (FY24: \$19.0bn) with ROE of 32% (FY24: 34%), supported by 7% YoY growth in active mobile customers to 61.7m and 7% growth in debit/credit sales volume in 4Q25. The Corporate & Investment Bank delivered a net income of \$27.8bn for FY25 (FY24: \$26.5bn) with ROE of 18% (unchanged), and Asset & Wealth Management increased to \$6.5bn (FY24: \$5.5bn) with ROE of 40% (FY24: 38%), driven by 18% AUM growth and 20% client asset growth.

Sector outlook

The US banking sector remains well capitalised and liquid, with credit quality normalising from exceptionally benign levels rather than signalling stress. A higher-for-longer rate environment, potentially reinforced by geopolitical tensions and elevated energy prices, supports NII but increases pressure on leveraged borrowers. At the same time, regulatory and political scrutiny is intensifying, raising capital, liquidity, and compliance costs. Competition is also increasing from private credit and fintechs in lending and payments. Overall, earnings remain resilient, but geopolitics, regulation, and competition are likely to cap valuation upside.

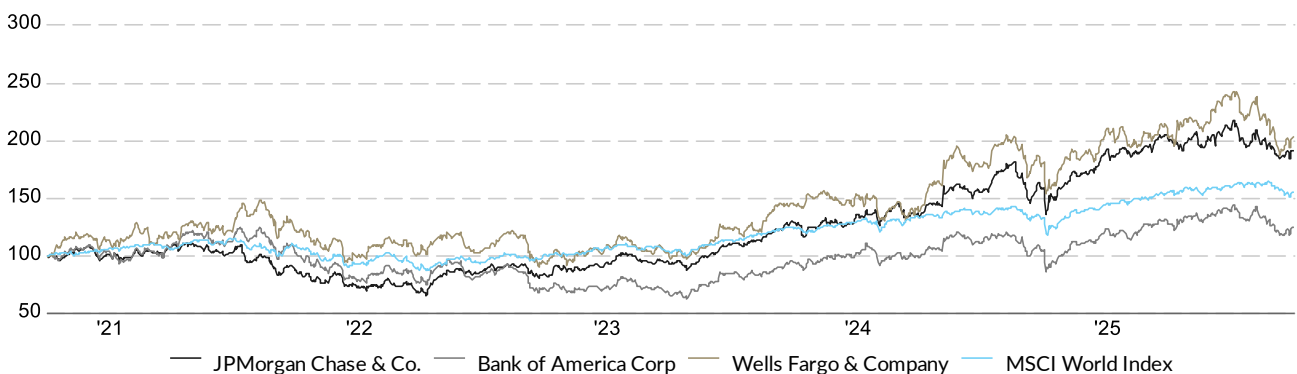


Table 1: Qualitative summary

Factor	Rating	Description
Growth	★★★★☆	Expected three-year revenue CAGR is 3.5%, and expected three-year EPS CAGR is 8.7%. Modest revenue growth suggests limited opportunity in the current market environment as uncertainty looms around interest rates amid the rising tensions in the Middle East and the new Trump-nominated Fed chairman, Kevin Warsh, expected to take over from Jerome Powell this year.
Valuation	★★★★☆	The share price is trading at a 9% premium to the IV. Current NTM P:E of 13.3x is trading at a 11% premium to the five-year average P:E of 12x.
Dividend	★★★★☆	LTM dividend yield 2.0%. NTM dividend yield 2.1%.
Issuance	★★★★☆	Shares issued have decreased by 10% in the past five years.
Catalyst		Earnings resilience across rate paths: JPM's scale in low-cost deposits, strong card revolve growth, and diversified fee income support resilient net interest income and returns across varying rate environments, helping it outperform the sector through the cycle. Capital and balance-sheet optionality: JPM's strong capital and liquidity, supported by robust internal capital generation, provides flexibility to return capital, invest in growth, and selectively gain share from weaker peers, possibly supporting downside protection while tempering upside given its premium valuation. Ongoing execution of digital, data, and AI initiatives, enhancing efficiency, risk selection, and customer engagement, should sustain JPM's structural profitability advantage. However, as these strengths are well understood and reflected in current multiples, they are more supportive of downside protection than a catalyst for further re-rating.
Quality of earnings	★★★★☆	Five-year average ROE 15.8%. Five-year average net profit margin 24.8%. Eight of the past 10 years had positive earnings growth. JPMorgan's return on equity is among the highest of the major US large-cap banks, consistently remaining in the double digits since the post-COVID recovery.
Moat	★★★★☆	Switching costs and relationship depth: Clients are embedded across accounts, lending, markets, and payments, making relationships costly and time-consuming to replace, especially for large corporates. Funding and cost advantage: A large, sticky deposit base provides low-cost funding, while scale in technology and operations drives operating leverage and absorbs regulatory and investment costs. Intangible assets and regulatory barriers: High regulatory and capital requirements under Basel III, enforced by the Federal Reserve, restrict entry and enable scaled incumbents like JPMorgan Chase & Co. to sustain funding and cost advantages. Integrated global platform and network effects: Leadership across investment banking, trading, payments, securities services, and wealth creates a one-stop platform where scale enhances liquidity, information, and cross-selling, reinforcing the franchise.
Management and governance	★★★★☆	Jamie Dimon has led JPMorgan Chase as CEO since 2006, after previously heading Bank One before its 2004 merger with JPMorgan. He is widely regarded as a highly influential global bank CEO with deep risk and regulatory experience.
Balance sheet	★★★★☆	Loans to deposits 57.8%, increasing post COVID, but lower than pre-COVID levels above 60%. CET1 of 14.1%.
Risks		Credit and macro risk: Higher-for-longer rates, weaker growth, a softening labour market, or higher inflation could drive losses, weaker loan growth, and margin pressure, leveraged finance, and wholesale exposures. Competitive risk: Increasing competition from large peers, regional banks, private credit, and fintechs across lending, payments, and wealth could pressure pricing, compress margins, and erode fee pools. Operational and cyber risk: Technology failures, transformation execution risk, or cyber and fraud incidents could disrupt operations, lead to financial losses, and trigger regulatory or reputational damage. Market and geopolitical risk: Sharp market volatility or geopolitical shocks (including conflicts, sanctions, and trade tensions) could weigh on trading and investment banking revenues, impair risk positions, and reduce capital flexibility. Regulatory and political risk: Tighter capital, liquidity, and technology regulations, alongside heightened political scrutiny of large US banks, may increase structural costs, constrain certain activities, or lead to fines and settlements.

Source: FactSet

Graph 1: Five-year price (Indexed to 100)



Source: FactSet

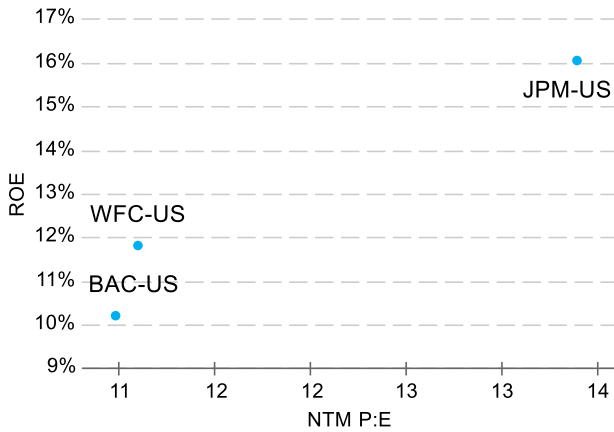


Table 2: Price performance versus benchmark and peers

Period	YTD	MTD	3M	6M	1Y	2Y	3Y	5Y	10Y
JPM-US	-8.3%	0.4%	-8.3%	-4.9%	21.2%	48.5%	126.7%	92.2%	393.4%
BAC-US	-10.4%	1.1%	-10.4%	-2.8%	18.8%	31.3%	72.3%	24.8%	263.3%
WFC-US	-13.6%	1.2%	-13.6%	-0.4%	13.0%	39.9%	115.5%	103.3%	66.3%
MSCI world	-2.3%	1.3%	-2.3%	0.5%	17.2%	24.6%	53.9%	56.3%	170.1%

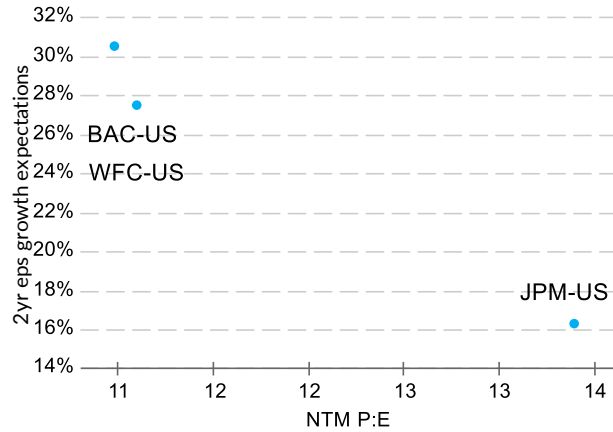
Source: FactSet

Graph 2: P:E vs 2Y average ROE



Source: FactSet

Graph 3: P:E vs EPS 2Y CAGR forecast



Source: FactSet

Valuation

The valuation of JPM is based on forecast earnings per share and a forward P:E multiple reflecting the group’s diversified banking and financial services operations. Earnings forecasts incorporate loan growth, net interest margin trends, and credit loss normalisation aligned with management guidance. The valuation multiple is anchored to JPMorgan’s historical trading range, reflecting the group’s medium-term growth, return profile, and capital position. Bear, base, and bull scenarios are considered, with probability weightings reflecting potential macroeconomic outcomes and capital return assumptions.

Table 3: Valuation summary

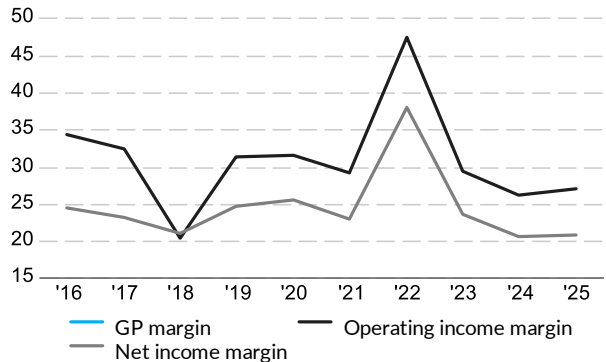
Valuation Probabilities			
	Bear	Base	Bull
P:E Multiple	8x	12x	19x
Probability	20%	65%	15%
Implied share price	\$168	\$253	\$478
Weighted intrinsic value	\$270		
Upside/(Downside)	-9%		

Graph 4: NTM P:E relative to benchmark



Source: FactSet

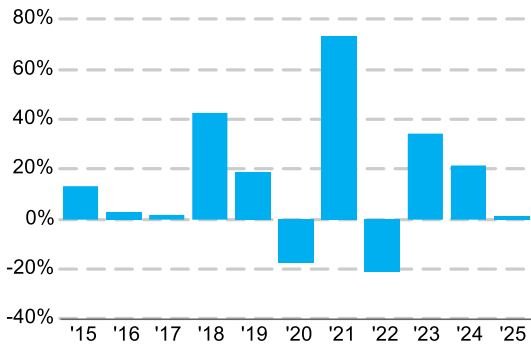
Graph 5: Profit margins (%)



Source: FactSet

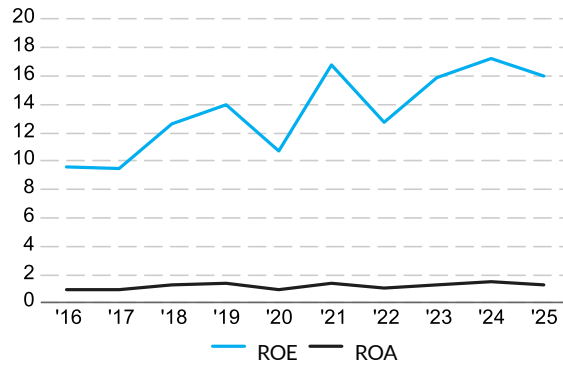


Graph 6: 10Y EPS year-on-year change



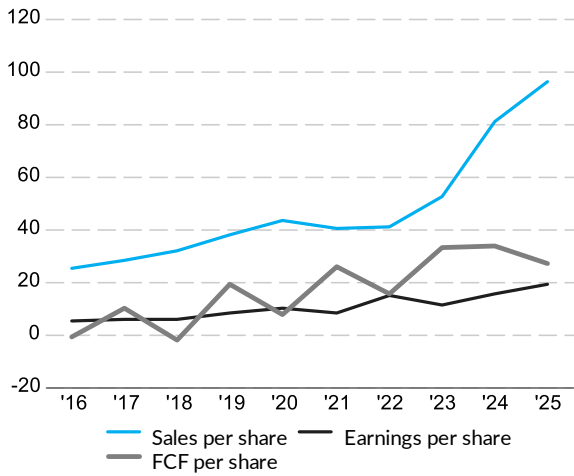
Source: FactSet

Graph 7: ROE and ROA (%)



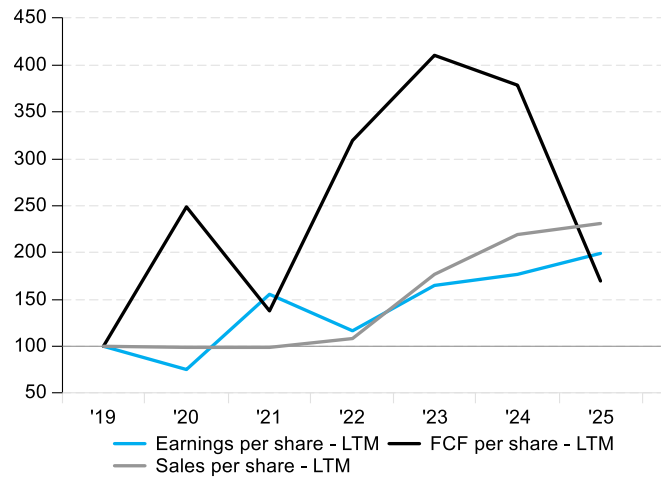
Source: FactSet

Graph 8: Sales, earnings, and FCF per share (USD)



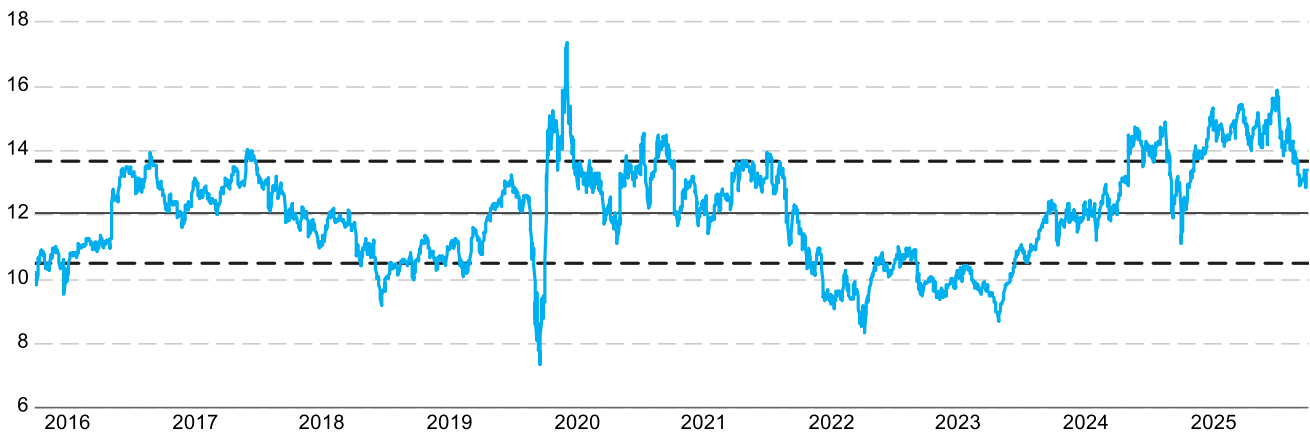
Source: FactSet

Graph 9: Sales, earnings, and FCF per share indexed



Source: FactSet

Graph 10: NTM P:E



Source: FactSet



Table 4: Financials and ratios

Income statement (\$Mn)	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	1Y Growth	3Y CAGR	5Y CAGR
Net Interest income	52 311	66 710	89 267	92 583	95 443	3%	13%	12%
Provision for Credit Losses	-9 256	6 389	9 320	10 678	14 212	33%	31%	-4%
Non-Interest Income	69 338	61 985	68 837	84 973	87 004	2%	12%	7%
Operating Expenses	-71 343	-76 140	-87 172	-91 797	-95 640	4%	8%	9%
Net Operating Income	59 562	46 166	61 612	75 081	72 595	-3%	16%	15%
Net income	48 334	37 676	49 552	58 471	57 048	-2%	15%	14%
EPS (USD)	15.4	12.1	16.2	19.8	20.0	1%	18%	18%
Balance sheet (\$Mn)	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	1Y Growth	3Y CAGR	5Y CAGR
Total assets	3 743 567	3 665 743	3 875 393	4 002 814	4 424 900	11%	6%	6%
Total shareholders' equity	294 127	292 332	327 878	344 758	362 438	5%	7%	5%
Total liabilities	3 449 440	3 373 411	3 547 515	3 658 056	4 062 462	11%	6%	6%
Ratios	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	5Y Avg		
Cost-to-Income Ratio	59.0%	59.0%	55.0%	52.0%	52.0%	59.0%		
CET1	13.7%	13.5%	14.9%	15.8%	14.1%	13.7%		

Source: FactSet

Table 5: Standard finance and investment abbreviations

Abbreviation	Definition
BAC-US	Bank of America Corp
CAGR	Compounded annual growth rate
CET1	Common Equity Tier 1
DCF	Discounted Cash Flow
EPS	Earnings per share
FCF	Free cash flow
FY	Financial year
JPM-US	JPMorgan Chase & Co.
LCR	Liquidity Coverage Ratio
LTM	Last twelve months (also known as trailing)
M	Month
MTD	Month to date
NII	Net interest income
NIR	Non-interest revenue
NTM	Next twelve months (also known as forward)
P:E	Price to earnings
ROA	Return on assets
ROE	Return on equity
U.S.	United States
USD or \$	United States Dollar
WFC-US	Wells Fargo & Co.
Y/y	Year(s)
YoY	Year on year
YTD	Year to date



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*Share price as at closing.

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