

# Company Update

**FLASH NOTE**  
July 30, 2020

**VRS (Valuation & Research Specialists)**  
Equity Research Team  
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## JPMORGAN CHASE & CO.

Listed on New York Stock Exchange, U.S.A.

[Bloomberg Ticker: JPM:US] [Reuters Ticker: JPM.N]

**Business Sector / Industry: Financials | Banking**

### Corporate & Investment Highlights

- JPMorgan Chase & Co. is a financial holding company. The Company is engaged in investment banking, financial services. It operates in four segments, as well as a Corporate segment. Its segments are Consumer & Community Banking, Corporate & Investment Bank, Commercial Banking and Asset Management. The Consumer & Community Banking segment offers services to consumers and businesses through bank branches, automatic teller machines (ATMs), online, mobile and telephone banking. The Corporate & Investment Bank segment, comprising Banking and Markets & Investor Services, offers investment banking, market-making, prime brokerage, and treasury and securities products and services to corporations, investors, financial institutions, and government and municipal entities. The Commercial Banking segment provides financial solutions, including lending, treasury services, investment banking and asset management. The Asset Management segment comprises investment and wealth management. [Source: Reuters]

Share Price (30/7/2020) **97.02**

# of Shares (mn) 3,047.60  
Market Cap (in \$ mn) 295,678  
A.D. Volume (p) 17,269,567  
Beta Co-efficient 1.258

#### Statistical Data

Max 52 week, \$ 141.09  
Min 52 week, \$ 79.03  
1-M Rtn 2.49%  
6-M Rtn -20.06%  
12-M Rtn -16.25%

Source: VRS Calculations, Company.  
Period as day/month/year.

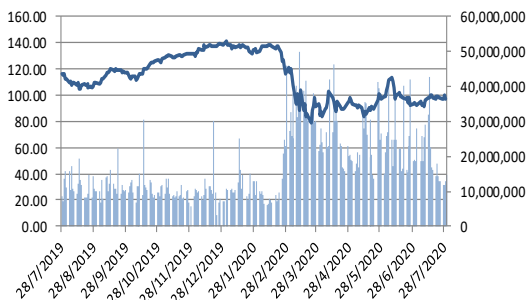
### Consolidated Annual Financial Results (2019 versus 2018, \$ millions)

(in \$ mn)	2019	%	2018
Interest Income	84,040	10.43%	76,100
Net Interest Income	57,245	3.97%	55,059
Total Income (Net Revenues)	115,627	6.05%	109,029
EBT	44,545	9.28%	40,764
EATAM	34,642	12.81%	30,709

Source: Company. Note: Fiscal Year ends on December 31<sup>st</sup>.

### Stock Price Performance & Transaction Volume (1 year, in \$ and in number of shares)

Volume — Stock Price Close (in \$)



Note: Share price performance based on share price closes on Stock Exchange.  
Period as day/month/year.

### Half Year Financial Results (H1 2020 versus H1 2019, \$ millions)

(in \$ mn)	H1 2020	%	H1 2019
Total Income (Net Revenues)	61,172	5.79%	57,823
Net Operating Income	27,439	8.80%	25,219
Operating Expenses	33,733	3.46%	32,604
EBT	8,681	-61.55%	22,575
EATAM	7,552	-59.90%	18,831

Source: Consolidated Financial Statements

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## VRS (VALUATION & RESEARCH SPECIALISTS)

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### BASIC FINANCIAL INDICATORS & RATIOS

(in \$ mn)	Total Assets	Equity	NII	Total Income
2013	2,415,689	211,178	43,319	97,367
2014	2,572,274	231,727	43,634	95,112
2015	2,351,698	247,573	43,510	93,543
2016	2,490,972	254,190	46,083	96,569
2017	2,533,600	255,693	50,097	100,705
2018	2,622,532	256,515	55,059	109,029
2019	2,687,379	261,330	57,245	115,627
2020 (E)	3,090,486	272,257	55,357	122,344
2021 (F)	3,399,534	284,012	59,554	131,619

(in \$ mn)	Operating Expenses	EATAM	P/E (x)	P/BV (x)	ROE %
2013	70,467	16,557	17.9	1.4	8%
2014	61,274	20,077	14.7	1.3	9%
2015	59,014	22,651	13.1	1.2	9%
2016	56,672	22,834	12.9	1.2	9%
2017	59,515	22,567	13.1	1.2	9%
2018	63,394	30,709	9.6	1.2	12%
2019	65,497	34,642	8.5	1.1	13%
2020 (E)	69,302	15,104	19.6	1.1	6%
2021 (F)	74,556	16,249	18.2	1.0	6%

Notes: (1) EATAM and equity are calculated excluding minorities. (2) Valuation and related ratios are based on current share price and current outstanding number of shares. Source: Official Consolidated Financial Statements, VRS Estimates & Calculations. n/c stands for non calculable.

(in \$ mn)	NII / Total Assets	Interest Expenses / Interest income	Operating Expenses / Total Income	EBT / Total Income	EATAM / Total Income	Interest Income / Loans	Interest Expenses / Deposits
2013	1.79%	18%	72%	27%	17%	7%	1%
2014	1.70%	15%	64%	32%	21%	7%	1%
2015	1.85%	15%	63%	33%	24%	6%	1%
2016	1.85%	18%	59%	36%	24%	6%	1%
2017	1.98%	22%	59%	36%	22%	7%	1%
2018	2.10%	28%	58%	37%	28%	8%	1%
2019	2.13%	32%	57%	39%	30%	9%	2%
2020 (E)	1.79%	23%	57%	14%	12%	7%	1%
2021 (F)	1.75%	22%	57%	14%	12%	8%	1%

Source: Official Consolidated Financial Statements, VRS Estimates & Calculations.

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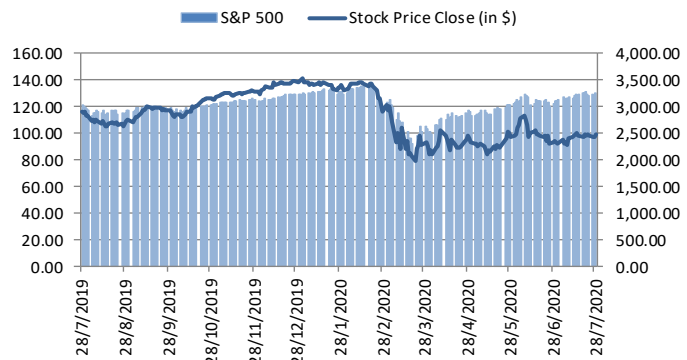
**Business Sector / Industry: Financials | Banking**

### Shareholders' Structure (Indicative Shareholders)

The Vanguard Group, Inc.	7.53%
SSgA Funds Management, Inc.	4.62%
Capital Research & Management Co. (World Investors)	2.99%
BlackRock Fund Advisors	2.46%
Capital Research & Management Co.	2.44%
Berkshire Hathaway, Inc.	1.89%
Wellington Management Co. LLP	1.86%
Geode Capital Management LLC	1.48%
Northern Trust Investments, Inc	1.43%
Fidelity Management & Research Co. LLC	1.33%
Others	71.97%
<b>Total</b>	<b>100.00%</b>

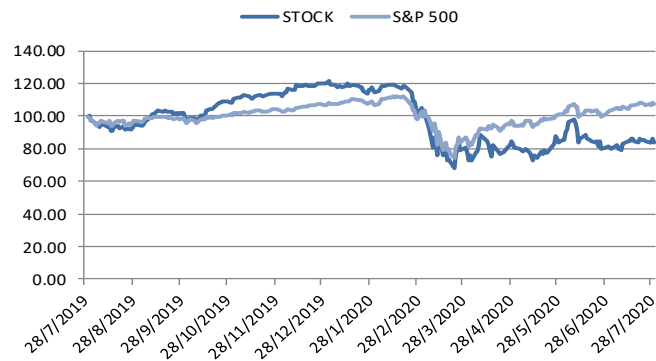
Source: MarketScreener

**Stock versus Index**  
(Last 52 Weeks or since listing, Stock Price in \$, Index in points)



Source: Historical Data, Yahoo! Finance. Note: Share price performance based on price closes on Stock Exchange.  
Period as day/month/year.

**Stock versus Index**  
(Last 52 Weeks or since listing, Base = 100)



Source: Historical Data, Yahoo! Finance. Note: Share price performance based on price closes on Stock Exchange.  
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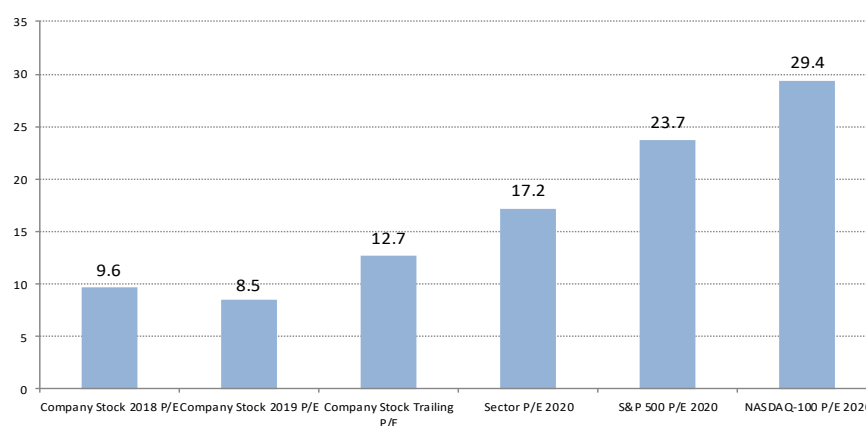
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**Business Sector / Industry: Financials | Banking**

	P/E Multiple
Company Stock 2018 P/E	9.6
Company Stock 2019 P/E	8.5
Company Stock Trailing P/E	12.7
Sector P/E 2020	14.4
S&P 500 P/E 2020	17.7
NASDAQ-100 P/E 2020	19.0

### Company Historic P/E Multiple versus Market P/E Multiples (x)



Source: VRS calculations based on consolidated accounts, FACTSET.

### EPS Estimates

In \$	EPS
2019	11.367
2020 (E)	4.956
2021 (F)	5.332

Source: VRS calculations & estimates.

Note: Based on current number of shares.

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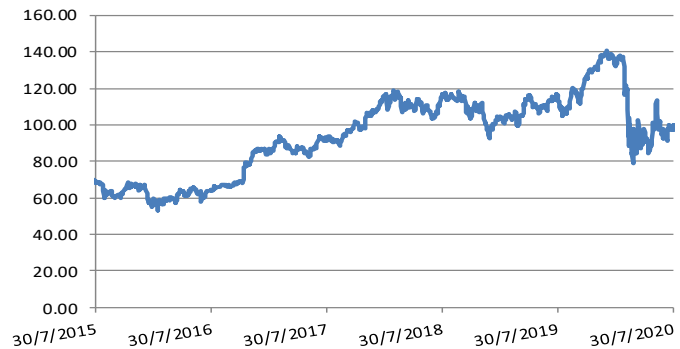
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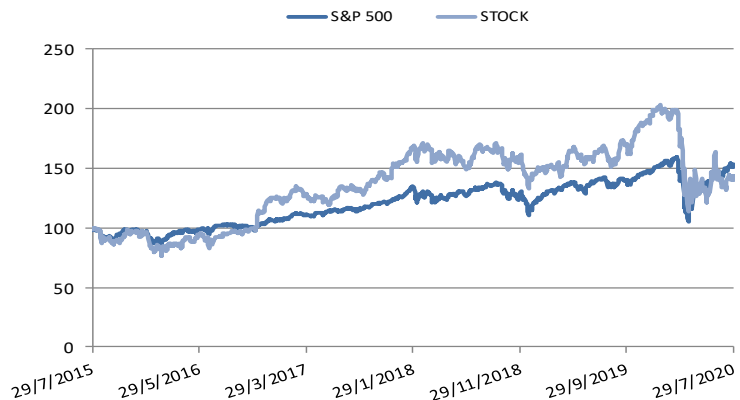
**Business Sector / Industry: Financials | Banking**

**Stock Price Performance**  
(Last 5 Years or since listing, Stock Price in \$)



Source: Historical Data, Yahoo! Finance. Note: Share price performance based on price closes on Stock Exchange. Period as day/month/year.

**Stock versus Index**  
(Last 5 Years or since listing, Base = 100)



Source: Historical Data, Yahoo! Finance. Note: Share price performance based on price closes on Stock Exchange. Period as day/month/year.

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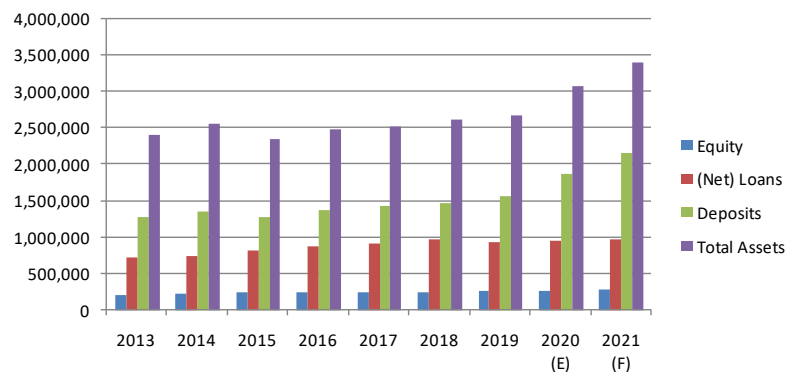
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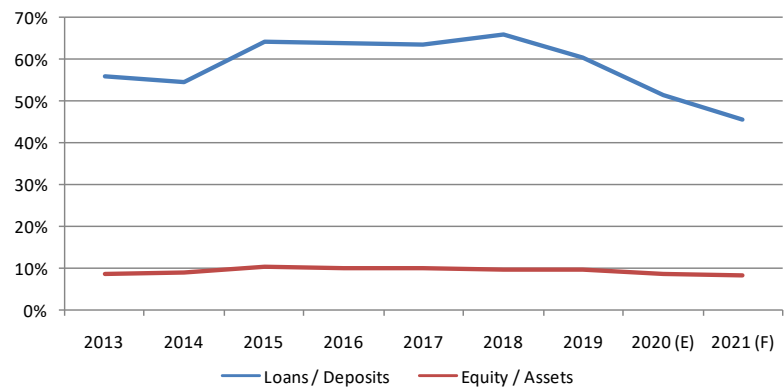
**Business Sector / Industry: Financials | Banking**

**Equity, Loans, Deposits & Total Assets**  
(in \$ millions)



Source: Company, VRS estimates

**"Loans/Deposits" & "Equity/Assets" Ratios**  
(times)



Source: Company, VRS estimates

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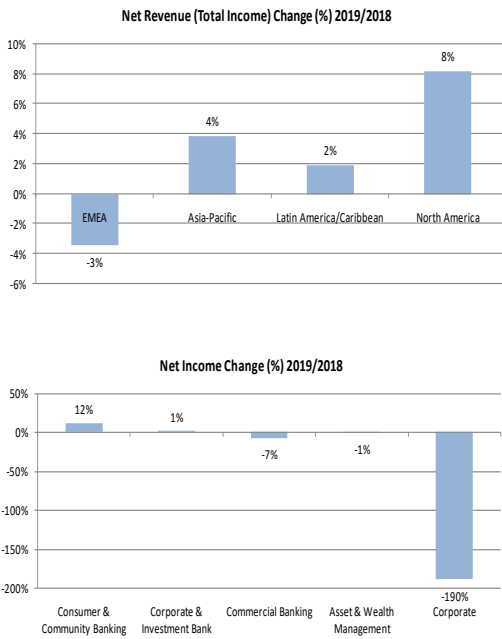
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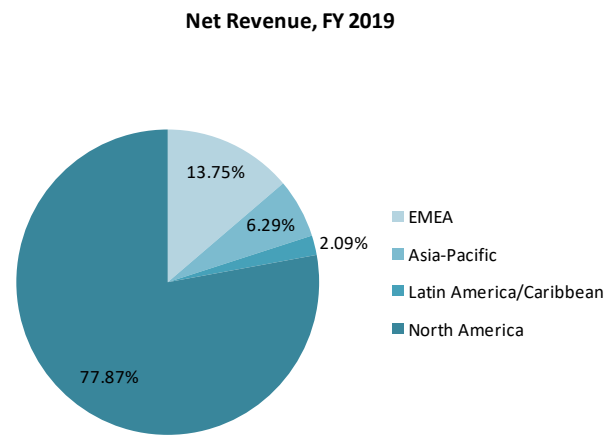
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Business Sector / Industry: Financials | Banking

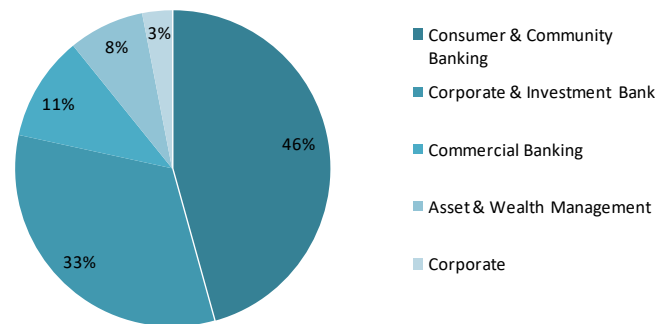
### Net Revenue (Total Income) and Net Income FY 2019 vs FY 2018



### Net Revenue (Total Income) & Net Income Breakdown, FY 2019 (%)



### Business Segment Net Income Breakdown, FY 2019



Source: Company

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### Consolidated Income Statement (In \$ millions)

(In \$ millions)	2019	2018
<b>Revenue</b>		
Investment banking fees	7,501	7,550
Principal transactions	14,018	12,059
Leading- and deposit- related fees	6,369	6,052
Asset management, administration and commissions	17,165	17,118
Investment securities gains/(losses)	258	(395)
Mortgage fees and related income	2,036	1,254
Card income	5,304	4,989
Other income	5,731	5,343
<b>Noninterest revenue</b>	<b>58,382</b>	<b>53,970</b>
Interest income	84,040	76,100
Interest expense	26,795	21,041
<b>Net Interest Income</b>	<b>57,245</b>	<b>55,059</b>
<b>Total net revenue</b>	<b>115,627</b>	<b>109,029</b>
Provision for credit losses	5,585	4,871
<b>Noninterest expense</b>		
Compensation expense	34,155	33,117
Occupancy expense	4,322	3,952
Technology, communications and equipment expense	9,821	8,802
Professional and outside services	8,533	8,502
Marketing	3,579	3,290
Other expense	5,087	5,731
<b>Total noninterest expense</b>	<b>65,497</b>	<b>63,394</b>
<b>Income before income tax expense</b>	<b>44,545</b>	<b>40,764</b>
Income tax expense	8,114	8,290
<b>Net income</b>	<b>36,431</b>	<b>32,474</b>
<b>Net income applicable to common shareholders</b>	<b>34,642</b>	<b>30,709</b>
<b>Net income per common share data</b>		
Basic earnings per share	10.75	9.04
Diluted earnings per share	10.72	9.0
<b>Weighted-average basic shares</b>	<b>3,221.50</b>	<b>3,396.40</b>
<b>Weighted-average diluted shares</b>	<b>3,230.40</b>	<b>3,414</b>

Source: Company

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### Consolidated Balance Sheet (In \$ millions)

(In \$ millions)	2019	2018
<b>Assets</b>		
Cash and due banks	21,704	22,324
Deposits with banks	241,927	256,469
<b>Federal funds sold and securities purchased under resale agreements (included \$14,561 and \$13,235 at fair value)</b>	249,157	<b>321,588</b>
<b>Securities borrowed (included \$6,237 and \$5,105 at fair value)</b>	139,758	<b>111,995</b>
Trading assets (included assets pledged of \$111,522 and \$89,073)	411,103	<b>413,714</b>
Investment securities (included \$350,699 and \$230,394 at fair value and assets pledged of \$10,325 and \$11,432)	398,239	<b>261,828</b>
Loans (included \$7,104 and \$3,151 at fair value)	959,769	<b>984,554</b>
Allowance for loan losses	(13,123)	<b>(13,445)</b>
Loans, net of allowance for loan losses	946,646	<b>971,109</b>
<b>Accrued interest and accounts receivable</b>	72,861	<b>73,200</b>
<b>Premises and equipment</b>	25,813	<b>14,934</b>
<b>Goodwill, MSRs and other intangible assets</b>	53,341	<b>54,349</b>
Other assets (includes \$9,111 and \$9,630 at fair value and assets pledged of \$3,349 and \$3,457)	126,830	121,022
<b>Total assets</b>	<b>2,687,379</b>	<b>2,622,532</b>
<b>Liabilities</b>		
<b>Deposits (included \$28,589 and \$23,217 at fair value)</b>	1,562,431	<b>1,470,666</b>
<b>Federal funds purchased and securities loaned or sold under repurchase agreements (included \$549 and \$935 at fair value)</b>	183,675	<b>182,320</b>
<b>Short-term borrowings (included \$5,920 and 7,130 at fair value)</b>	40,920	<b>69,276</b>
<b>Trading liabilities</b>	119,277	<b>144,773</b>
<b>Accounts payable and other liabilities (included \$3,728 and \$3,269 at fair value)</b>	210,407	<b>196,710</b>
<b>Beneficial interests issued by consolidated VIEs (included \$36 and \$28 at fair value)</b>	17,841	<b>20,241</b>
<b>Long-term debt (included \$75,745 and \$54,886 at fair value)</b>	291,498	<b>282,031</b>
<b>Total liabilities</b>	<b>2,426,049</b>	<b>2,366,017</b>
Commitments and contingencies		
<b>Stockholders' equity</b>		
Preferred stock (\$1 par value; authorized 200,000,000 shares; issued 2,699,250 and 2,606,750 shares)	26,993	<b>26,068</b>
Common stock (\$1 par value; authorized 9,000,000,000 shares; issued 4,104,933,895 shares)	4,105	<b>4,105</b>
Additional paid-in capital	88,522	89,162
Retained earnings	223,211	199,202
Accumulated other comprehensive income (loss)	1,569	-1507
Shares held in restricted stock units ("RSU") trust, at cost (472,953 shares)	(21)	(21)
Treasury stock, at cost (1,020,912,567 and 829,167,674 shares)	(83,049)	(60,494)
<b>Total stockholders' equity</b>	<b>261,330</b>	<b>256,515</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,687,379</b>	<b>2,622,532</b>

Source: Company

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Business Sector / Industry: Financials | Banking

### Consolidated Cash Flow Statement (In \$ millions)

(In € millions)	2019	2018
<b>Operating activities</b>		
Net income	36,431	32,474
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit securities	5,585	4,871
Depreciation and amortization	8,368	7,791
Deferred tax expense	949	1,721
Other	1,996	2,717
Originations and purchases of loans held-for-sale	(70,980)	(102,141)
Proceeds from sales, securitizations and paydowns of loans held-for-sale	79,182	93,453
Net change in:		
Trading assets	(652)	(38,371)
Securities borrowed	(27,631)	(6,861)
Accrued interest and accounts receivable	(78)	(5,849)
Other assets	(17,949)	(8,833)
Trading liabilities	(14,516)	18,290
Accounts payable and other liabilities	(352)	14,630
Other operating adjustments	5,693	295
<b>Net cash provided by/(used in) operating activities</b>	<b>6,046</b>	<b>14,187</b>
<b>Investing activities</b>		
Net change in:		
Federal funds sold and securities purchased under resale agreements	72,396	(123,201)
Held-to-maturity securities:		
Proceeds from paydowns and maturities	3,423	2,945
Purchases	(13,427)	(9,368)
Available-for-sale securities:		
Proceeds from paydowns and maturities	52,200	37,401
Proceeds from sales	70,181	46,067
Purchases	(242,149)	(95,091)
Proceeds from sales and securitizations of loans held-for-investment	62,095	29,826
Other changes in loans, net	(53,697)	(81,586)
All other Investing activities, net	(5,035)	(4,986)
<b>Net cash provided by/(used in) investing activities</b>	<b>(54,013)</b>	<b>(197,993)</b>
<b>Financing activities</b>		
Net change in:		
Deposits	101,002	26,728
Federal funds purchased and securities loaned or sold under repurchase agreements	1,347	23,415
Short-term borrowings	(28,561)	18,476
Beneficial interests issued by consolidated VIEs	4,289	1,712
Proceeds from long-term borrowings	61,085	71,662
Payments of long-term borrowings	(69,610)	(76,313)
Proceeds from issuance preferred stock	5,000	1,696
Redemption of preferred stock	(4,075)	(1,696)
Treasury stock repurchased	(24,001)	(19,983)
Dividends paid	(12,343)	(10,109)
All other financing activities, net	(1,146)	(1,430)
<b>Net cash provided by financing activities</b>	<b>32,987</b>	<b>34,158</b>
Effect of exchange rate changes on cash and due from banks and deposits with banks	(182)	(2,863)
Net increase/(decrease) in cash and due from banks and deposits with banks	(15,162)	(152,511)
Cash and due from banks and deposits with banks at the beginning of the period	278,793	431,304
<b>Cash and due from banks and deposits with banks at the end of the period</b>	<b>263,631</b>	<b>278,793</b>
Cash interest paid	29,918	21,152
Cash income taxes paid, net	5,624	3,542

Source: Company

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# Company Update

**FLASH NOTE**  
July 30, 2020

## JPMORGAN CHASE & CO.

Listed on New York Stock Exchange, U.S.A.

[Bloomberg Ticker: JPM:US] [Reuters Ticker: JPM.N]

Business Sector / Industry: Financials | Banking

### Consolidated P&L Quarterly (In \$ millions)

(In millions, except per share and ratio data)	4Q19	3Q19	2Q19	1Q19	4Q18	3Q18	2Q18	1Q18
<b>REVENUE</b>								
Investment banking fees	1,843	1,967	1,851	1,840	1,814	1,832	2,168	1,736
Principal transactions	2,779	3,449	3,714	4,076	1,361	2,964	3,782	3,952
Lending and deposit-related fees	1,726	1,626	1,535	1,482	1,538	1,542	1,495	1,477
Asset management, administration and commissions	4,347	4,351	4,353	4,114	4,195	4,310	4,304	4,309
Securities gains/(losses)	123	78	44	13	-24	-46	-90	-245
Mortgage fees and related income	474	887	279	396	203	262	324	465
Card income	1,381	1,283	1,366	1,274	1,366	1,328	1,020	1,275
Other income	1,492	1,472	1,292	1,475	1,302	1,160	1,255	1,626
<b>Noninterest revenue</b>	<b>14,165</b>	<b>15,113</b>	<b>14,434</b>	<b>14,670</b>	<b>11,755</b>	<b>13,352</b>	<b>14,268</b>	<b>14,595</b>
Interest income	19,927	21,121	21,603	21,894	21,038	19,840	18,869	17,695
Interest expense	5,761	6,939	7,205	7,441	6,694	5,932	5,394	4,383
<b>Net interest income</b>	<b>14,166</b>	<b>14,228</b>	<b>14,398</b>	<b>14,453</b>	<b>14,354</b>	<b>13,908</b>	<b>13,485</b>	<b>13,312</b>
<b>TOTAL NET REVENUE</b>	<b>28,331</b>	<b>29,341</b>	<b>28,832</b>	<b>29,123</b>	<b>26,109</b>	<b>27,260</b>	<b>27,753</b>	<b>27,907</b>
Provision for credit losses	1,427	1,514	1,149	1,495	1,548	948	1,210	1,165
<b>NONINTEREST EXPENSE</b>								
Compensation expense	8,088	8,583	8,547	8,937	7,809	8,108	8,338	8,862
Occupancy expense	1,084	1,110	1,060	1,068	1,069	1,014	981	888
Technology, communications and equipment expense	2,585	2,494	2,378	2,364	2,361	2,219	2,168	2,054
Professional and outside services	2,226	2,056	2,212	2,039	2,169	2,086	2,126	2,121
Marketing	893	945	862	879	894	798	798	800
Other expense	1,463	1,234	1,282	1,108	1,418	1,398	1,560	1,355
<b>TOTAL NONINTEREST EXPENSE</b>	<b>16,339</b>	<b>16,422</b>	<b>16,341</b>	<b>16,395</b>	<b>15,720</b>	<b>15,623</b>	<b>15,971</b>	<b>16,080</b>
<b>Income before income tax expense</b>	<b>10,565</b>	<b>11,405</b>	<b>11,342</b>	<b>11,233</b>	<b>8,841</b>	<b>10,689</b>	<b>10,572</b>	<b>10,662</b>
Income tax expense	2,045	2,325	1,690	2,054	1,775	2,309	2,256	1,950
<b>NET INCOME</b>	<b>8,520</b>	<b>9,080</b>	<b>9,652</b>	<b>9,179</b>	<b>7,066</b>	<b>8,380</b>	<b>8,316</b>	<b>8,712</b>
<b>NET INCOME PER COMMON SHARE DATA</b>								
Basic earnings per share	2.58	2.69	2.83	2.65	1.99	2.35	2.31	2.38
Diluted earnings per share	2.57	2.68	2.82	2.65	1.98	2.34	2.29	2.37
<b>FINANCIAL RATIOS</b>								
Return on common equity	14%	15%	16%	16%	12%	14%	14%	15%
Return on tangible common equity	17	18	20	19	14	17	17	19
Return on assets	1.22	1.3	1.41	1.39	1.06	1.28	1.28	1.37
Effective income tax rate	19.4	20.4	14.9	18.3	20.1	21.6	21.3	18.3
Overhead ratio	58	56	57	56	60	57	58	58

Source: Company

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Page 11

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Covered Company	Bloomberg	Reuters	Stock Price	Date	Disclosure
JPMORGAN CHASE & CO.	JPM:US	JPM.N	\$ 97.02	July 30, 2020	----

1. VRS has acted as financial consultant for the covered company within the past 24 months.
2. VRS has sent the research report to the covered company, prior to publication or dissemination, for factual verification.
3. VRS has changed the contents of the initially sent report, with respect to: factual changes have been made.
4. VRS has received compensation from the covered company for the preparation of this research report.
5. VRS produces research reports for this company on systematic basis.
6. VRS produces research reports for this company on demand basis.
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