

Company	<NAME>	Ticker	<ticker>	Current Price	Industry:	<Industry Name>	Sub-Industry	<sub-Industry Name>	
Target Price	\$125.00	TTM P/E	11.84	\$135.04	Beta		1.12	Mkt Cap	396,100
Stop Loss	\$108.03	Forward P/E	34.25		Credit Rating	A-		Avg Vol (12M)	12.55
52 wk High/Low	\$169.81 - \$101.28	EPS	\$11.84	Rating Outlook	Positive		Div Yield	3.00%	

Company Background

JPM is one of the world's leading investment banks, with clients consisting of corporations, financial institutions, governments, and institutional investors worldwide. Its products and services include advising on corporate strategy and structure, equity and debt capital raising, sophisticated risk management, research, market making in cash securities and derivative instruments, and prime brokerage and research. JPMorgan Chase & Co. operates as a financial services company worldwide. It operates through four segments: Consumer & Community Banking (CCB), Corporate & Investment Bank (CIB), Commercial Banking (CB), and Asset & Wealth Management (AWM).

Industry Outlook

We expect consumer and commercial loan activity to moderate with global recession a likely scenario in late 2022 and 2023. Yes, bank stocks are cyclical, and we see all boats affected by a weaker economy and slower loan volume activity. Banks successfully handled credit risks, but we think loan loss reserves are going to increase ahead. And yet, we expect minimum reserve loss reverses in 2022, until there is more confirmation on whether consumers or businesses are hurt by the economy. The U.S. economy is likely to be key driver to bank performance in 2023, and the Ukraine-Russia war creates extended uncertainty for global banks. Unlike most industries, banks benefit from the Fed's rate rise regime that started in March, and we see 6-8 rate increases through 2023. Banks may realize wider spreads and net interest margins as well as higher net interest income, but non-interest income may weaken across securities, loans, and other custodian trust services.

Investment Thesis

JPMorgan Chase and Co. is the biggest bank in the US, by revenue, by Market cap. From the start of 2022 to now they have raised 1.9 trillion in capital for small and large businesses in governments as well as US consumer. They are also known as the fastest growing bank among top 20 and are consistently ranked number one in global investment banking

Investment Risks

JPM is operating in a more challenging global market that is expected to see further market volatility. Consumer banking outlook is mixed with credit card and personal loans expected to realized modest growth, while home lending and auto loans are experiencing significant net revenue declines. Investment banking fees will be challenged for Q4 2022 from equity underwritings including IPOs and debt capital markets. JPM is guiding NII to grow 25.7% to \$66.0b in 2022 from \$52.5b in 2021, higher than our prior forecast. Macro risks are global recession, slower corporate borrowing, and weak consumer banking demand.

3-5 takeaways

JPM have a pretty healthy financial, they beat by about 10% in EPS, 3% in revenue, and 0.1 increase in net interest margin. They also been rearranging their Balance Sheet and sold off quite a large chunk of treasury securities and other investments and that took on a loss of one billion dollars because of the increase in the interest rate

Financial Performance

	2017	2018	2019	2020	2021
Revenue	114,980	131,412	142,515	129,911	127,202
Operating Profit	30,415	37,915	42,844	47,656	40,210
Net Income	24,441	32,474	36,431	29,131	48,334
Revenue Growth	9.0%	14.3%	8.4%	-8.8%	-2.1%
EBITDA%	--	--	--	--	--
Operating Profit %	26.5%	28.9%	30.1%	36.7%	31.6%
Net Income Margin	21.3%	24.7%	25.6%	22.4%	38.0%
D/E	237.30	250.32	236.49	239.03	232.07
EPS	6.35	9.04	10.75	8.89	15.39
PE Ratio	15.65	10.83	12.93	13.86	10.24
Current Ratio	--	--	--	--	--
RoE	9.86	13.35	14.91	11.34	18.29
RoA	0.97	1.26	1.37	0.96	1.36
Dividend per share	2.12	2.72	3.40	3.60	3.80
FCF	-10,827.0	14,187.0	4,092.0	-79,910.0	78,084.0

Discounted Cash Flow

	2018-21	2022-31
Avg Revenue Growth	3.0%	8.5%
Avg Gross Margin	-	-
Avg EBITDA Margin	-%	-%
Avg NOPAT Margin	31.8%	29.8%
Avg FCF Margin	3.4%	65.9%
Tax Rate		14%
WACC		9.5%
Perpetuity growth rate		2%

Analyst Opinion

Buy: 18	Sell: 1	Hold: 10
	Rating	Target
S&P NetAdvantage	Hold	133.8
Bloomberg	Buy	138.97
Yahoo Finance	Hold	138.9

Financial Performance

Name (BICS Best Fit)	Ticker	Mkt Cap (USD)	MC to BV	Tot Assets:Y	P/S:Y	P/E:Y	P/FCF:Y	P/S:Y	GM:Y	EBIT/Net Sales:Y	ROE:Y	ROA:Y
Median		65,028	1.25	1,461	2.06	10.47	2.15	2.06	0.00%	0.00%	13.78%	0.95%
JPMORGAN CHASE & CO	JPM US	397,988	1.56	3,747	3.76	10.24	6.13	3.76	--	--	18.42%	1.27%
BANK OF AMERICA CORP	BAC US	300,208	1.25	3,131	4.03	12.39	--	4.03	--	--	12.45%	1.08%
MORGAN STANLEY	MS US	151,898	1.65	1,197	2.87	11.84	5.53	2.87	--	--	15.82%	1.35%
GOLDMAN SACHS GROUP INC	GS US	136,398	1.26	1,561	2.06	6.31	--	2.06	--	--	23.45%	1.68%
CITIGROUP INC	C US	93,368	0.52	2,297	1.54	6.65	2.15	1.54	--	--	11.25%	0.93%
UBS GROUP AG-REG	UBSG SW	65,028	1.17	1,127	1.54	8.39	1.10	1.54	--	--	13.78%	0.74%
BARCLAYS PLC	BARC LN	30,198	0.47	1,877	1.16	4.99	0.80	1.16	--	--	12.70%	0.58%
SKANDINAVISKA ENSKILDA BAN A	SEBA SS	24,818	1.21	365,638	4.13	10.71	--	4.13	--	--	13.90%	0.80%
DEUTSCHE BANK AG-REGISTERED	DBK GR	21,829	0.34	1,511	0.69	11.94	2.92	0.69	--	--	5.94%	0.29%
CREDIT SUISSE GROUP AG-REG	CSGN SW	10,168	0.22	829,318	0.82	--	0.61	0.82	--	--	2.10%	0.12%
FINCOBANK SPA	FBK IH	9,588	5.15	38,568	6.67	24.90	--	6.67	--	--	24.17%	1.26%

*Industry Avg. includes companies listed

Total Return

Rating	Company	S&P 500	Industry Sect.
YTD	-14.26	-15.8	-8.33
2021	-19.32	-14.46	-10.7
Last 3 years	62.21	90.13	64.19
Last 5 years	83.51	112.89	68.17

CSR Characteristics	Company	Peers
ESG Disclosure score	55.29	57.13
Governance disclosure score	100	92.32
Social Disclosure score	26.9	37.5
Environmental disclosure score	38.78	42.39

Prepared by Team Hartford (Month Day, Year) using Bloomberg, S&P Net Advantage, Morning Star, Yahoo Finance