

JPMorgan Chase & Co.

Top five questions investors are asking

Reiterate Rating: BUY | PO: 210.00 USD | Price: 187.87 USD

Revisit thesis ahead of meeting w/ CEO Jamie Dimon

Ahead of our meeting with Chairman and CEO Jamie Dimon we discuss the key recurring topics based on our investor discussions. Revise EPS estimates for recent updates, greater buybacks. PO to \$210 or 14x 2023 P/E and 2.2x YE24e TBV/share.

#1 CEO succession

The single biggest risk factor per investors. Street overly focused on the day one stock impact, but we believe the real question that investors should be asking is whether the next CEO will be able to retain (and cultivate) the quality of talent, that has been a hallmark of Mr. Dimon's tenure. We point to Berkshire Hathaway as a potential template for a smooth transition, potentially minimizing disruption in senior leadership ranks.

#2 Capital allocation

Regulatory outlook and capital deployment a significant focus. JPM operating with ~300bp of excess CET1 capital. Our meeting comes on the heels of Fed Chair Jay Powell's comments indicating potential for material changes to the Basel End Game proposal and news reports (per FT) that JPM had looked at the possibility of acquiring credit card lender Discover Financial.

#3 Tech spend

JPM has been a leader in tech R&D (Onyx, UK digital bank, A.I., Thought Machine, series of Fintech M&A). The question is whether these investments can expand JPM's lead relative to peers, drive superior growth/market share gains, boost franchise efficiency.

#4 Blind spots

While investors are watching for potential tail risk events from higher for longer rates for the entire industry, there has also been a focus on potential areas of vulnerability for JPM that could spring a negative surprise, either on credit quality, or due to disruption from non-banks (Big Tech, digital start-ups, private credit).

#5 Sustainable ROTCE

JPM has delivered an avg. ROTCE of ~20% over the last three years vs. 17% mgmt. through cycle target. While higher rates have clearly served as a tailwind, there is a valid question among investors on whether structurally higher interest rates, combined with capital optimization could lead to a better than targeted return profile. Reiterate Buy.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	12.59	16.84	15.10	15.38	16.58
GAAP EPS	12.08	16.22	15.10	15.38	16.58
EPS Change (YoY)	-17.5%	33.8%	-10.3%	1.9%	7.8%
Consensus EPS (Bloomberg)		15.86	16.08	17.41	
DPS	4.00	4.10	4.31	4.74	5.21
Valuation (Dec)					
P/E	14.9x	11.2x	12.4x	12.2x	11.3x
GAAP P/E	15.6x	11.6x	12.4x	12.2x	11.3x
Dividend Yield	2.1%	2.2%	2.3%	2.5%	2.8%

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Timestamp: 08 March 2024 08:49AM EST

08 March 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	188.00	210.00
2024E Rev (m)	162,099.7	162,593.5
2025E Rev (m)	161,942.5	161,535.6
2026E Rev (m)	167,329.8	166,630.9
2024E EPS	15.00	15.10
2025E EPS	15.25	15.38
2026E EPS	16.10	16.58

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Stock Data

Price	187.87 USD
Price Objective	210.00 USD
Date Established	7-Mar-2024
Investment Opinion	B-1-7
52-Week Range	123.11 USD -190.50 USD
Mrkt Val / Shares Out (mn)	541,135 USD / 2,880.4
Free Float	98.8%
Average Daily Value	1489.81 USD
BofA Ticker / Exchange	JPM / NYS
Bloomberg / Reuters	JPM US / JPM.N
ROE (2024E)	13.9%
ESGMeter™	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

iQprofileSM JPMorgan Chase & Co.

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Income	67,144	89,747	90,798	86,341	87,476
% change	27.3%	33.7%	1.2%	-4.9%	1.3%
Net Fee Income	NA	NA	NA	NA	NA
Securities Gains / (Losses)	NA	NA	NA	NA	NA
Total Operating Income	134,276	162,725	162,593	161,536	166,631
Operating Expenses	(76,140)	(84,290)	(90,545)	(91,613)	(95,759)
% change	7.6%	10.7%	7.4%	1.2%	4.5%
Provisions Expense	(6,389)	(9,320)	(10,377)	(9,734)	(10,080)
% change	NA	45.9%	11.3%	-6.2%	3.6%
Operating Pre-Tax Income	51,747	69,115	61,672	60,189	60,792
Operating Net Income to Comm S/Hold.	37,387	49,562	43,568	42,250	43,056
GAAP Net Income	38,982	51,063	44,904	43,782	44,619

Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Assets	3,665,743	3,875,393	3,958,222	4,006,985	4,054,064
Average Interest Earning Assets	3,349,466	3,325,165	3,464,976	3,509,752	3,555,881
Total Gross Customer Loans	1,135,647	1,323,706	1,357,809	1,418,807	1,483,736
% change	5.4%	16.6%	2.6%	4.5%	4.6%
Total Customer Deposits	2,340,179	2,400,688	2,388,635	2,398,313	2,440,851
% change	-5.0%	2.6%	-0.5%	0.4%	1.8%
Tangible Equity	214,552	247,611	270,235	269,137	265,767
Common Shareholders' Equity	264,928	300,474	323,010	321,824	318,366

Key Metrics (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Interest Margin	2.00%	2.70%	2.62%	2.46%	2.46%
Effective Tax Rate	24.3%	25.7%	26.9%	26.9%	26.3%
Loan / Deposit Ratio	48.5%	55.1%	56.8%	59.2%	60.8%
Tangible Common Equity / Assets	5.9%	6.4%	6.8%	6.7%	6.6%
ROA	1.0%	1.3%	1.1%	1.1%	1.1%
ROE	14.8%	17.6%	13.9%	13.1%	13.5%
RoTE	17.6%	21.4%	16.8%	15.7%	16.1%
Dividend Payout Ratio	31.8%	24.3%	28.5%	30.8%	31.4%
Efficiency Ratio (Cost / Income Ratio)	56.7%	51.8%	55.7%	56.7%	57.5%

Quality of Earnings (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Non-Interest Inc / Operating Inc	50.0%	44.8%	44.2%	46.5%	47.5%
NPLs plus Foreclosed Real Estate / Loans	0.6%	0.5%	0.6%	0.6%	0.6%
Loan Loss Reserves / NPLs	289.97%	330.98%	316.54%	301.50%	295.83%
Loan Loss Reserves / Total Loans	1.72%	1.73%	1.82%	1.71%	1.66%

Company Sector

Banks-Multinational/Universal

Company Description

J.P. Morgan Chase (JPM) is one of the leading global financial services firms and one of the largest banking institutions in the US, with nearly \$4 trillion in assets. The company as it is today formed through the merger of retail bank Chase Manhattan and investment bank JP Morgan. The firm has many operating divisions including investment and corporate banking, asset and wealth management, retail financial services, commercial banking, credit cards, and financial transaction services.

Investment Rationale

We view JPM as best of breed when it comes to earnings diversification combined with strong execution. JPM's commitment toward digital (such as launch of the UK retail bank, investment in Brazilian bank C6, Blockchain platform Onyx, JPM Coin, dozens of Fintech acquisitions) combined with the talent to navigate a rapidly changing banking landscape sets the bank apart from peers, in our opinion.

Stock Data

Average Daily Volume 7,851,731

Quarterly Earnings Estimates

	2023	2024
Q1	4.27A	4.04E
Q2	4.06A	3.83E
Q3	4.51A	3.75E
Q4	4.00A	3.48E

Our View: Positioned for secular outperformance

Despite two years of back-to-back outperformance vs. the S&P 500 (and the Bank index), we view JPMorgan-JPM shares as offering an attractive risk/reward to add exposure to US banks. Franchise investments across businesses - payments, wealth, retail, asset management - combined with best-in-class execution should drive above average EPS growth and profitability. Investors will be watching for progress on moonshot projects, such as the UK online bank, to see if these can serve as idiosyncratic drivers for EPS growth. We discuss below some of the key recurring topics based on our investor conversations.

EPS headwind from lower rates priced-in

An asset sensitive balance sheet is seen as a near-term risk factor into a Fed rate-cutting cycle. However, with market expectations for rate-cuts meaningfully tempered vs. the start of the year, combined with a relatively elevated UST yield curve diminishes this risk, in our opinion. We acknowledge the risk to net interest income (NII) outlook, for JPM and most of the industry, from continued deposit mix-shift away from lower cost deposits into higher cost products and from attrition in retail deposit balances as consumer continues to spend his/her excess savings. That said, we believe that BofA/consensus FY24 NII forecast of ~\$90.8bn/\$90.4bn vs. \$96.7bn 4Q23 annualized are adequately discounting this risk.

Potential fee revenue offsets (investment banking rebound) should serve as a mitigating factor. Expense outlook well-anchored at ~\$90bn for FY24, however we could see this drift higher on better revenues. Revise EPS estimates for recent updates, greater buybacks. PO to \$210 or 14x 2024 P/E and 2.2x YE24e TBV/share.

Exhibit 1: JPM trading at a steep discount to the S&P 500...

JPM P/E ratio vs S&P 500 P/E ratio



Source: BofA Global Research, Bloomberg

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Exhibit 2: ...and only a slight premium vs. the Bank index vs. history

JPM P/E ratio vs S&P 500 P/E ratio



Source: BofA Global Research, Bloomberg

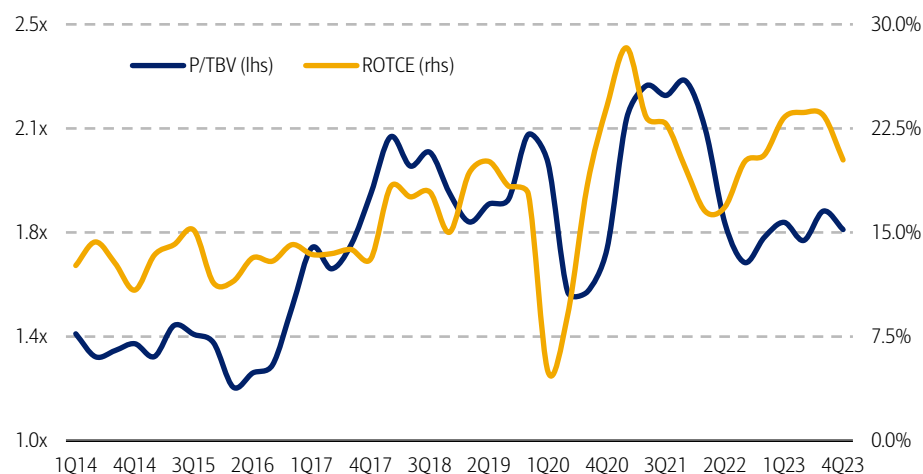
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Strength begets strength: Valuation undemanding vs. best-in-class S&P stocks. At 12.6x 2024e EPS stock trades in-line with the mega-cap banks, a well-deserved premium to 10.6x for super-regional peers; significant discount to ~19x P/E for the S&P.

Contrary to being an impediment to superior growth, we believe that JPM's scale across key businesses, strong execution (consistently leaning-in on growth initiatives, risk management), fortress balance sheet position (drove the opportunistic acquisition of First Republic), combined with a well-earned reputation as a best-in-class franchise (an advantage when it comes to talent/client acquisition)....sets-up the bank to deliver superior growth while offering better EPS defensibility vs. most rivals.

Exhibit 3: Confidence that a high-teens ROTCE is sustainable should support a 2x+ P/TBV valuation

JPM historical P/TBV ratio vs ROTCE



Source: BofA Global Research, Bloomberg, SNL Financial

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#1 CEO succession

The single biggest risk factor per investors. Street overly focused on the day one stock impact, but we believe the real question that investors should be asking is whether the next CEO will be able to retain (and cultivate) the quality of talent that has been a hallmark of Mr. Dimon's tenure. While investors frequently look at the recent succession at Morgan Stanley for comparison, we believe Berkshire Hathaway makes for a better comparison given Mr. Dimon's tenure (assumed CEO role in 2006 following its merger with BankOne which Mr. Dimon led since 2000), the complexity of managing the JPMorgan franchise (Morgan Stanley relatively simpler) and the significant influence on JPM's success due to his leadership.

What do investors want?

Mgmt. recently (and once again) reshuffled the senior leadership ranks which was widely seen by the Street as a pre-cursor to an eventual CEO succession. Similar to Berkshire Hathaway, where Greg Abel is understood to be the next CEO to succeed Warren Buffett, we believe a period where Mr. Dimon is still CEO with a clear successor (as opposed to

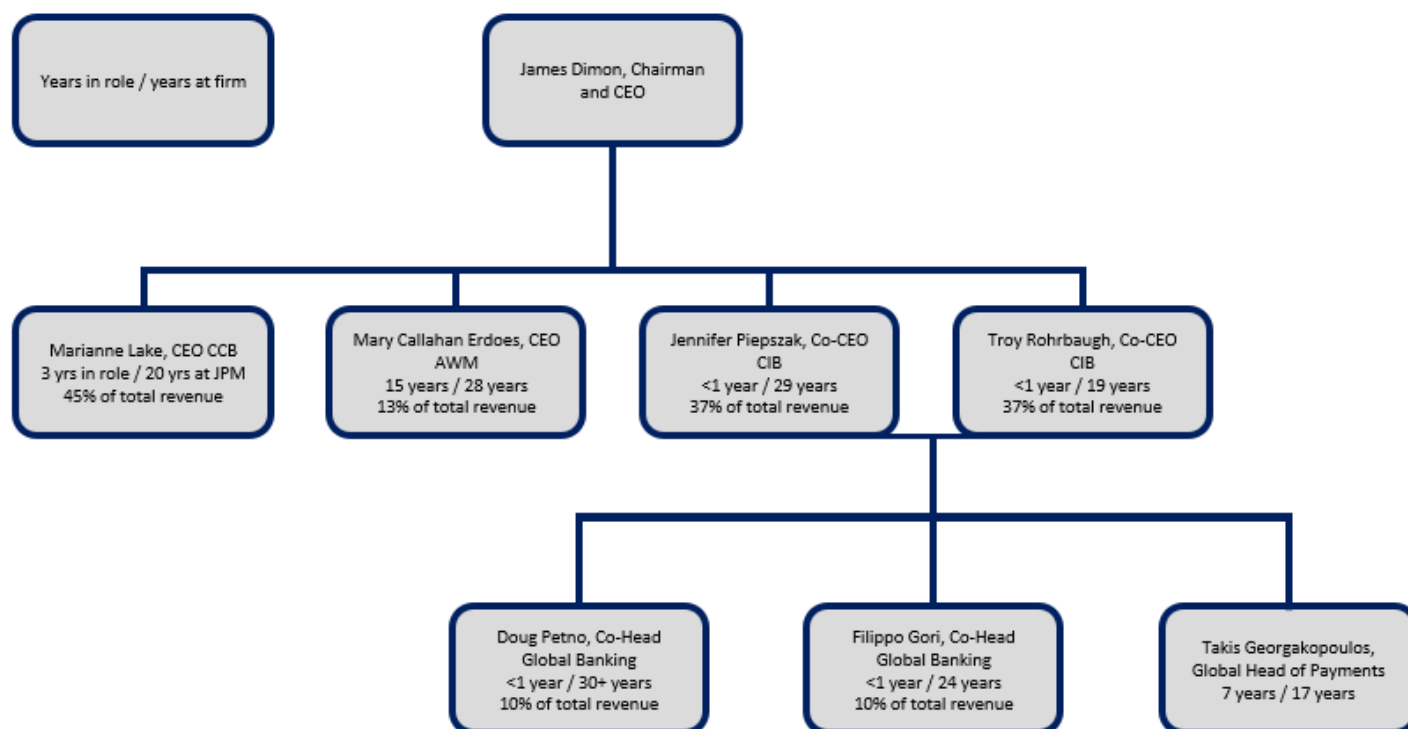
investors having to play a guessing game) would be well-received. There are two risks that investors are (should be) watching:

Firstly, the risk of senior talent attrition once Mr. Dimon passes on the baton. This has nothing to do with the next CEO, but more to do with tenured (and sought after) employees who may treat Mr. Dimon's departure as a trigger to evaluate potential external opportunities (in what remains an extremely competitive banking landscape). The Street would prefer for any of this churn to occur while Mr. Dimon is still CEO with a clear #2 as opposed to after he moves on.

Secondly, similar to Buffett, there is a reasonable concern that strategic actions that Mr. Dimon was able to execute maybe a bit harder for his successor. There is no shortage of examples starting with the roll-out of the significant investment spend a few years ago that was initially panned by the Street, the nimbleness with which it acquired First Republic (and top talent from SVB) last year and above all JPM's balance sheet positioning coming into this interest rate cycle that has allowed the bank to extend its lead (in terms of profitability, growth, market capitalization) vs. its closest rivals. We believe that all of these had the mark of Mr. Dimon's close involvement and it will be impossible to handicap whether the next CEO will have the same influence and/or the temperament to deal with similar situations.

Exhibit 4: JPMorgan will reorganize under three core lines of business

JPM org chart with selected executives



Source: BofA Global Research, company filings

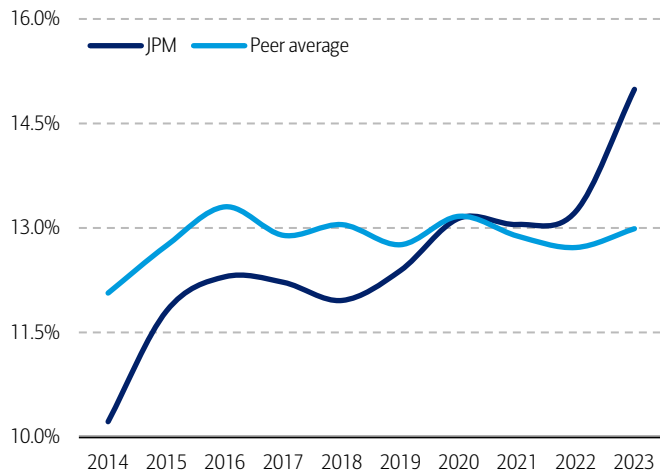
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#2 Capital allocation

Regulatory outlook and capital deployment a significant focus. JPM operating with ~300bp of excess CET1 capital. Our meeting comes on the heels of Fed Chair Jay Powell's comments indicating potential for material changes to the Basel End Game proposal and news reports (per the FT) that JPM had looked at the possibility of acquiring credit card lender Discover Financial prior to its recent announcement to sell to CapitalOne.

Exhibit 5: JPMorgan has a best-in-class capital position...

CET1 ratio, JPM vs peers

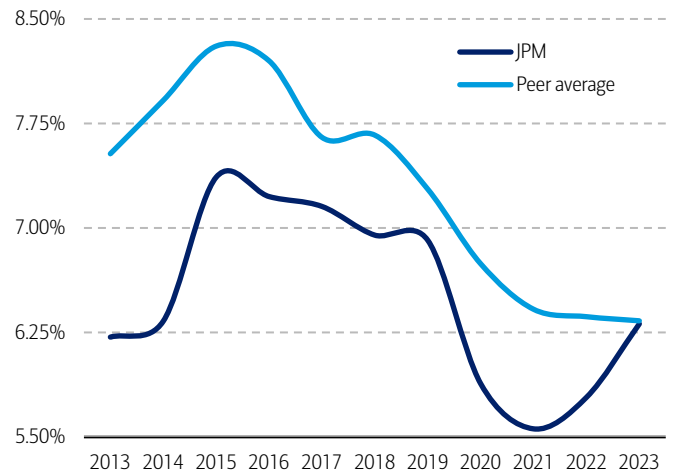


Source: BofA Global Research, SNL Financial. Peers include: BAC, C, WFC, MS, GS.

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Exhibit 6: ...despite a historically lower than average TCE/TA ratio

TCE/TA ratio, JPM vs peers



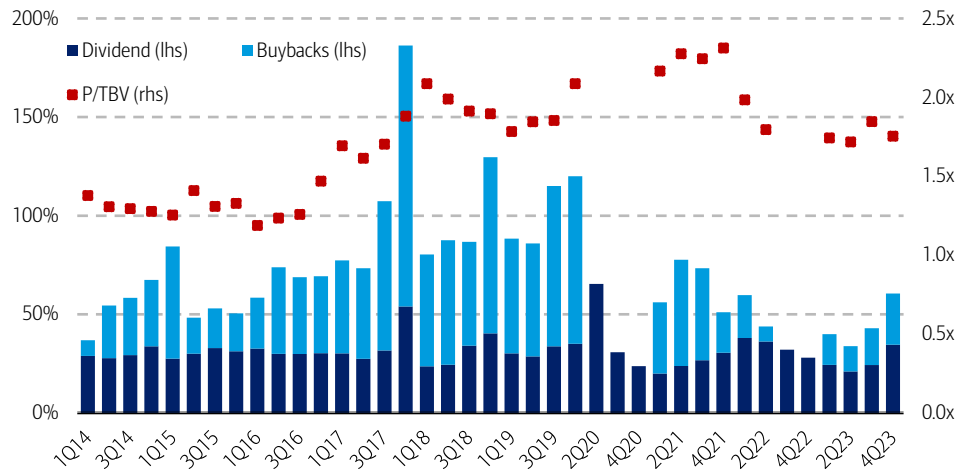
Source: BofA Global Research, SNL Financial. Peers include: BAC, C, WFC, MS, GS.

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Regulatory clarity to boost confidence in return potential. Outside of the macro backdrop, improving visibility on the Basel III Endgame rules should boost investor confidence that mgmt. can defend its 17% return on tangible common equity (ROTCE) target, while also boosting capital return. However, at current valuations, we rather that mgmt. accumulate some dry powder or deploy excess capital towards growth initiatives vs. buybacks. Relevant research: [US Banks: Chair Powell raises prospects for “scrapping” Basel III End Game proposal](#)

Exhibit 7: JPM has on average repurchased shares at ~1.6x P/TBV over the last decade

Capital distributed as a % of EPS vs average P/TBV



Source: BofA Global Research, Company filings, Bloomberg

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#3 Tech spend

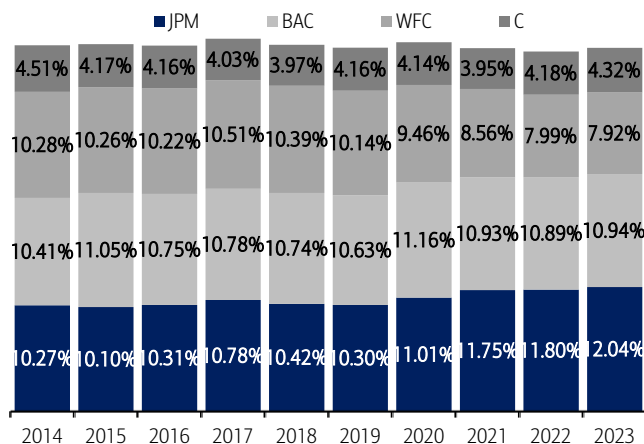
JPM has been a leader in tech R&D (Onyx, UK digital bank, A.I., Thought Machine, series of Fintech M&A). The question is whether these investments can expand JPM's lead relative to peers, drive superior growth/market share gains, boost franchise efficiency.

Not all smooth sailing

On the issue of Fintech M&A, we note that it has not all been smooth sailing with the bank getting tied up in legal disputes with some of the founders, such as that of college-aid Fintech Frank last year (JPM has alleged fraud) and more recently with the founder of Europe based payments Fintech Viva Wallet where JPM owns a 48.5% stake acquired in 2022 (founder suing the bank for impeding its growth).

Exhibit 8: JPM's deposit market share has gradually increased...

Share of total US deposits

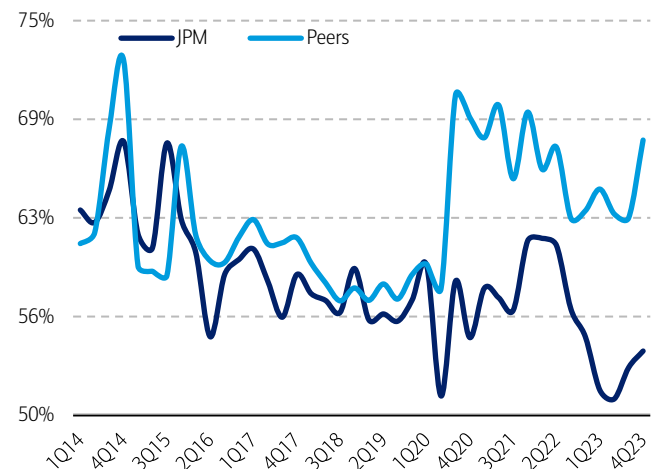


Source: BofA Global Research, FDIC

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Exhibit 9: ...but not at the expense of profitability

Efficiency ratio, JPMorgan vs peers



Source: BofA Global Research, SNL Financial. Peers include: BAC, C, WFC.

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Where is the tech spend is going?

Thought Machine: working with JPMorgan Chase on a multi-year programme of work which will deploy Thought Machine's cloud-native core banking platform, Vault Core, across JPMorgan Chase's Consumer & Community banking business, which serves more than 66 million households in the United States. JPMorgan Chase is an investor in Thought Machine and participated in the company's \$200m Series C funding round in 2021.

UK digital-only retail bank: in November mgmt. indicated expectations for breaking even by 2025. Acquired ~2mn customers in the UK and nearly \$20bn in deposits. Last year mgmt. disclosed that it would expand its online bank Chase to Germany and other European Union countries. Backing of a strong parent could improve the probability of success for Chase vs. some of the digital native challenger banks that have struggled to earn their cost of capital.

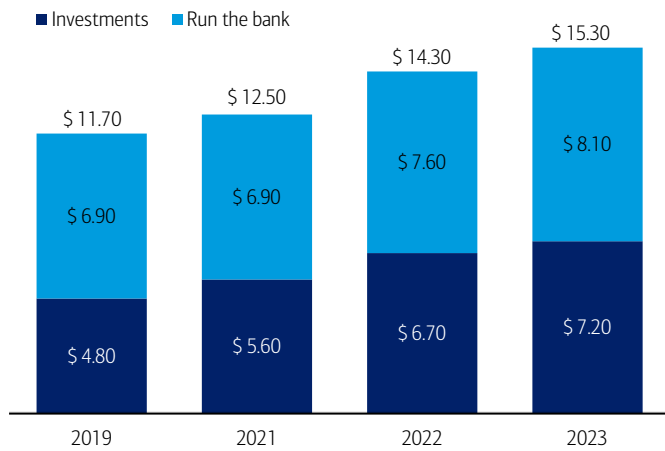
Onyx: offers a blockchain-based platform for wholesale payments transactions. JPM has partnered with large asset managers such as Blackrock and Apollo to explore **tokenization** (and instant transfer) of investment assets. With the use of **JPM Coin** the bank has also rolled-out capability to enable real-time, **programmable treasury functionality**.

Artificial Intelligence (AI): JPM set a goal to generate \$1.5bn in business value with AI in 2023, launching a free cashflow intelligence AI tool for its corporate clients that impacted manual work at some firms. Earlier this week the bank disclosed that it had helped some of its corporate customers slash manual work by almost 90% with its cashflow management tool that runs on AI (a service for which that bank could charge its customers).

Branch openings: Aside from tech spend, JPMorgan has been actively expanding its market presence via hundreds of new branch openings, a trend that is expected to continue. In a higher for longer rate environment, we believe branches (existing and new) are likely to play an important role in customer (deposit) acquisition and retention.

Exhibit 10: Innovation investment dollars +31% vs. 2019...

Spending on tech investments vs maintenance

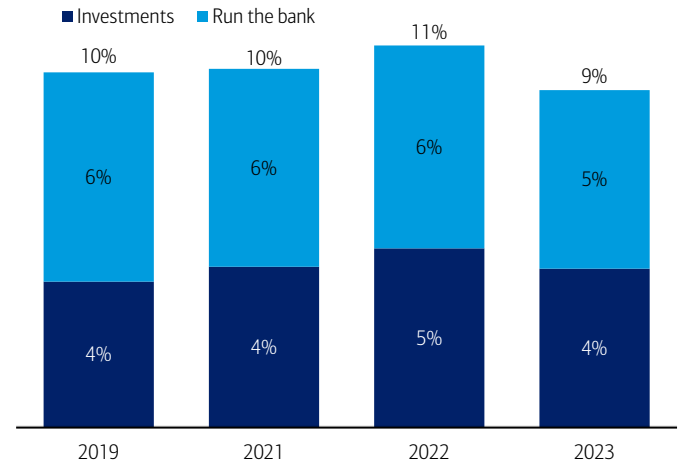


Source: BofA Global Research, Company filings

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Exhibit 11: ...but have stayed steady relative to revenues ~10%

Spending on tech investments, maintenance as a percent of revenue



Source: BofA Global Research, Company filings

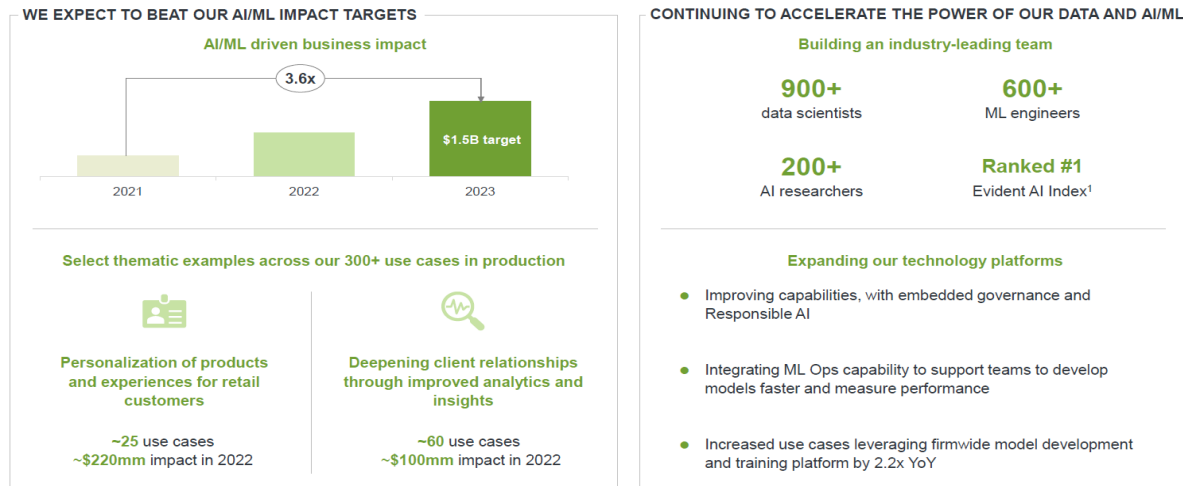
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Exhibit 12: JPMorgan set a goal of delivering \$1.5bn in business impact from artificial intelligence / machine learning applications

JPMorgan AI/ML investment priorities and outcomes

3 Unlock the power of data

We continue to prioritize our investment in Data and AI/ML, and see increasing value in our businesses

¹ JPMC ranked number one in the Evident AI Index (January 2023), the first public benchmark of major banks on their AI maturity

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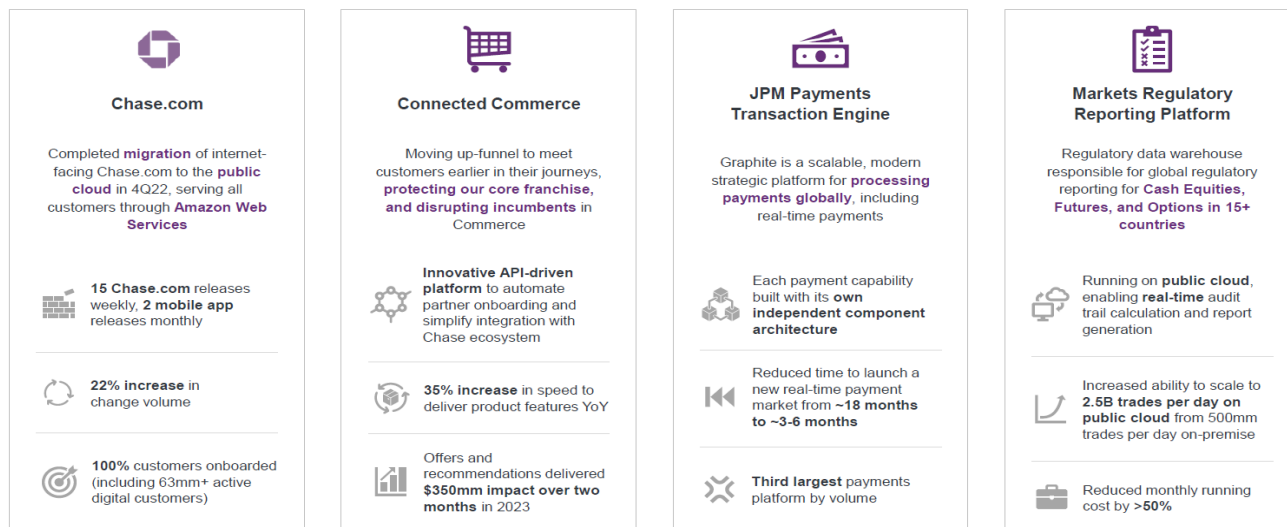
Source: JPMorgan Chase & Co.

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Exhibit 13: JPM has prioritized customer-facing and efficiency enhancing technology investments

JPMorgan modernization priorities

Our modernization strategy is enabling us to deliver significant value across the business



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Source: JPMorgan Chase & Co.

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#4 Blind spots

While investors are watching for potential tail risk events from higher for longer interest rates for the entire industry, there is a healthy appetite to discuss potential areas of vulnerability for JPM that could serve as a negative surprise on credit quality, or due to disruption from non-banks (Big Tech, digital start-ups, private credit). While there is no doubt a hard landing would lead to higher losses across the loan book, we note that mgmt. has generally shown strategic foresight in how it has managed the balance sheet. In this regard, we look forward to hearing Mr. Dimon's views on the outlook for the US economy, the impact from higher for longer interest rates, geo-political risks, implications of the US Presidential elections in November and how all these are influencing his views on balance sheet positioning.

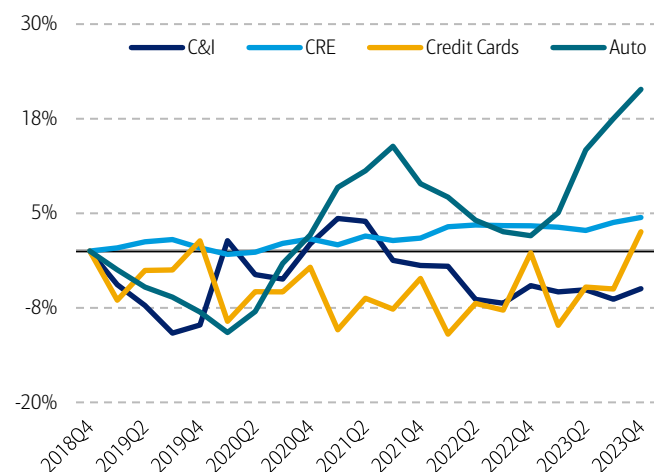
Competing on their turf (with private credit): While much has been made of the potential disruption to bank lending due to the growth of private credit, we note that JPM (and some of its peers such as Morgan Stanley, Goldman Sachs) are positioned to compete via their asset management arms. In January, Bloomberg reported that JPM was nearing locking down ~\$3bn in commitments for its private credit strategy. Additionally, it was noted that JPM was in advanced discussions to partner with FS Investments (a leading asset manager of alternative investments) and Octagon Credit Investors (focused on leveraged loan, high yield bond and structured credit (CLO debt and equity) investments.) to expand its reach in the \$1.7trn private credit market.

Carbon capture: JPMorgan Global Alternatives announced last year that institutional investors advised by the firm's wholly-owned timber

investment manager, Campbell Global, led the acquisition of over 250,000 productive acres of high-quality, commercial timberland across three properties in the Southeastern USA and valued at over half a billion dollars. Campbell Global was acquired by JPM in 2021.

Exhibit 14: JPM's auto loan growth has significantly outpaced peers

JPMorgan loan growth by portfolio, ppt above / below peers vs 4Q18

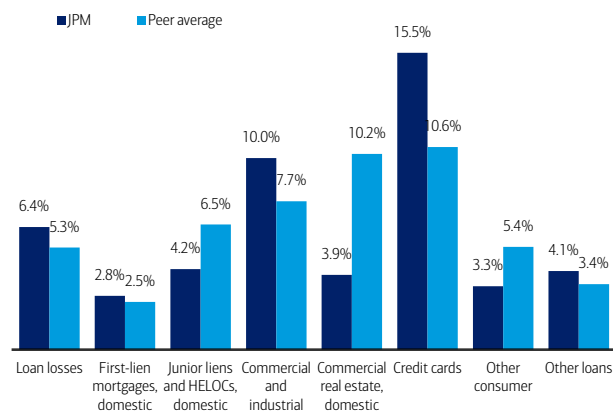


Source: BofA Global Research, FDIC, Federal Reserve Board

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Exhibit 15: JPM saw ~100bp higher loss rates in 2023 stress test vs peers

2023 stress test loss rates, JPM vs peers



Source: BofA Global Research, Federal Reserve Board. Peers include: WFC, BAC, BK, GS, C, MS, STT.

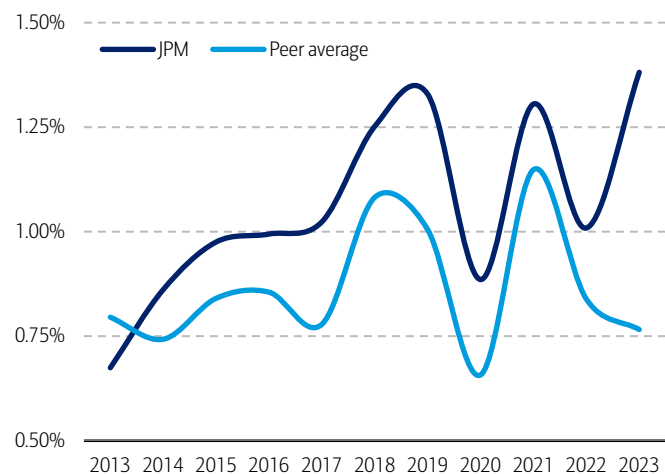
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#5 Sustainable ROTCE

JPM has delivered an average return on tangible common equity (ROTCE) of ~20% over the last three years vs. 17% mgmt. through cycle target. While higher rates have clearly served as a tailwind, there is a valid question among investors on whether structurally higher interest rates, combined with capital optimization could lead to a better than targeted return profile. A backdrop where the Basel End Game proposal is significantly watered-down or scrapped, would leave JPM with significant capital flexibility given a CET1 capital ratio of 15% that is ~300bp above its regulatory minimum and compared to the 13.5% target that mgmt. previously had, prior to the roll out of the Basel Endgame proposal. We believe that structurally higher interest rates, potential to drive positive operating leverage (on the back of significant investments made in recent years) and room for optimizing capital allocation should allow the bank to defend a high teens ROTCE.

Exhibit 16: JPM enjoys an above-average ROA...

ROA, JPM vs peers

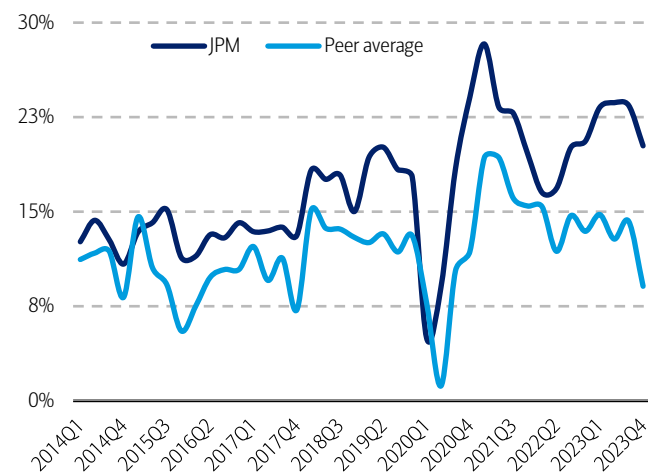


Source: BofA Global Research, SNL Financial. Peers include: BAC, C, WFC, MS, GS.

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Exhibit 17: ...and has consistently outperformed on a ROTCE basis

ROTCE, JPM vs peers



Source: BofA Global Research, SNL Financial. Peers include: BAC, C, WFC, MS, GS.

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Price objective basis & risk

JPMorgan Chase & Co. (JPM)

Our \$210 PO is based on a 50%/50% weighting between our 2024e EPS and 2024e TBV. We assign 13.9x/2.2x multiples, respectively, above 5Y pre-pandemic average (11.8x/1.7x, respectively) due to the bank's best-in-class revenue generation and better EPS defensibility.

Downside risks to our price objective are macro risks, such as slower-than-expected rate increases, additional regulatory requirements, and scrutiny of the financials industry. Upside risks are better-than-expected credit quality (i.e., lower loan losses) and better interest rate defensibility.

Analyst Certification

I, Ebrahim H. Poonawala, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

North America - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Ares Capital Corporation	ARCC	ARCC US	Derek Hewett
	Bank of Montreal	BMO	BMO US	Ebrahim H. Poonawala
	Bank of Montreal	YBMO	BMO CN	Ebrahim H. Poonawala
	Baring's BDC Inc	BBDC	BBDC US	Derek Hewett
	Blue Owl Capital Corporation	OBDC	OBDC US	Derek Hewett
	Carlyle Secured Lending Inc	CGBD	CGBD US	Derek Hewett
	Citigroup Inc.	C	C US	Ebrahim H. Poonawala
	Compass Diversified Holdings	CODI	CODI US	Derek Hewett
	Crescent Capital BDC	CCAP	CCAP US	Derek Hewett
	Cullen/Frost Bankers Inc	CFR	CFR US	Ebrahim H. Poonawala
	East West Bancorp, Incorporated	EWBC	EWBC US	Ebrahim H. Poonawala
	Fifth Third Bank	FITB	FITB US	Ebrahim H. Poonawala
	First Bancorp Puerto Rico	FBP	FBP US	Brandon Berman
	First Horizon Corporation	FHN	FHN US	Ebrahim H. Poonawala
	FNB Corporation of Pennsylvania	FNB	FNB US	Brandon Berman
	Goldman Sachs	GS	GS US	Ebrahim H. Poonawala
	JPMorgan Chase & Co.	JPM	JPM US	Ebrahim H. Poonawala
	KeyCorp	KEY	KEY US	Ebrahim H. Poonawala
	M&T Bank	MTB	MTB US	Ebrahim H. Poonawala
	Morgan Stanley	MS	MS US	Ebrahim H. Poonawala
	New Mountain Finance Corporation	NMFC	NMFC US	Derek Hewett
	Northern Trust Corporation	NTRS	NTRS US	Ebrahim H. Poonawala
	Nuveen Churchill Direct Lending	NCDL	NCDL US	Derek Hewett
	Royal Bank of Canada	RY	RY US	Ebrahim H. Poonawala
	Royal Bank of Canada	YRY	RY CN	Ebrahim H. Poonawala
	Safeguard, Inc	SAFE	SAFE US	Derek Hewett
	Sixth Street Specialty Lending, Inc	TSLX	TSLX US	Derek Hewett
	Synovus Financial Corp.	SNV	SNV US	Ebrahim H. Poonawala
	The Bank of New York Mellon Corporation	BK	BK US	Ebrahim H. Poonawala
	Truist Financial	TFC	TFC US	Ebrahim H. Poonawala
	U.S. Bancorp	USB	USB US	Ebrahim H. Poonawala
	Webster Financial Corp.	WBS	WBS US	Brandon Berman
	Wells Fargo & Company	WFC	WFC US	Ebrahim H. Poonawala
	Western Alliance Bancorp	WAL	WAL US	Ebrahim H. Poonawala
NEUTRAL				
	AGNC Investment Corp	AGNC	AGNC US	Derek Hewett
	Ally Financial	ALLY	ALLY US	Brandon Berman
	Annaly Capital Management	NLY	NLY US	Derek Hewett
	Associated Banc-Corp	ASB	ASB US	Brandon Berman



North America - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Bain Capital Specialty Finance, Inc.	BCSF	BCSF US	Derek Hewett
	Bank of Nova Scotia	YBNS	BNS CN	Ebrahim H. Poonawala
	Bank of Nova Scotia	BNS	BNS US	Ebrahim H. Poonawala
	Blackstone Mortgage Trust Inc	BXMT	BXMT US	Eric Dray, CFA
	Blackstone Secured Lending Fund	BXSL	BXSL US	Derek Hewett
	Canadian Imperial Bank of Commerce	CM	CM US	Ebrahim H. Poonawala
	Canadian Imperial Bank of Commerce	YCM	CM CN	Ebrahim H. Poonawala
	Citizens Financial Group	CFG	CFG US	Ebrahim H. Poonawala
	Comerica Incorporated	CMA	CMA US	Brandon Berman
	Commerce Bancshares Inc.	CBSH	CBSH US	Brandon Berman
	Goldman Sachs BDC, Inc.	GSBD	GSBD US	Derek Hewett
	Golub Capital BDC, Inc.	GBDC	GBDC US	Derek Hewett
	Huntington Bancshares Inc.	HBAN	HBAN US	Ebrahim H. Poonawala
	Ladder Capital Corp	LADR	LADR US	Eric Dray, CFA
	New York Community Bancorp	NYCB	NYCB US	Ebrahim H. Poonawala
	Palmer Square Capital BDC	PSBD	PSBD US	Derek Hewett
	PennyMac Mortgage Investment Trust	PMT	PMT US	Derek Hewett
	Popular Inc	BPOP	BPOP US	Brandon Berman
	Regions Financial	RF	RF US	Ebrahim H. Poonawala
	Starwood Property Trust	STWD	STWD US	Eric Dray, CFA
	The PNC Financial Services Group, Inc.	PNC	PNC US	Ebrahim H. Poonawala
	Toronto-Dominion Bank	TD	TD US	Ebrahim H. Poonawala
	Toronto-Dominion Bank	YTD	TD CN	Ebrahim H. Poonawala

UNDERPERFORM

	Apollo Commercial Real Estate Finance	ARI	ARI US	Eric Dray, CFA
	Ares Commercial Real Estate Corporation	ACRE	ACRE US	Eric Dray, CFA
	Bank of Hawaii Corp.	BOH	BOH US	Brandon Berman
	BrightSpire Capital Inc.	BRSP	BRSP US	Eric Dray, CFA
	First Hawaiian Inc.	FHB	FHB US	Brandon Berman
	Guild Holdings Company	GHLD	GHLD US	Derek Hewett
	Invesco Mortgage Capital, Inc.	IVR	IVR US	Derek Hewett
	loanDepot Inc	LDI	LDI US	Derek Hewett
	MidCap Financial Investment Co	MFIC	MFIC US	Derek Hewett
	Prosperity Bancshares Inc	PB	PB US	Ebrahim H. Poonawala
	State Street Corporation	STT	STT US	Ebrahim H. Poonawala
	Texas Capital Bancshares Inc.	TCBI	TCBI US	Brandon Berman
	TPG RE Finance Trust, Inc.	TRTX	TRTX US	Eric Dray, CFA
	Zions Bancorp	ZION	ZION US	Brandon Berman

iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

iQmethodSM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

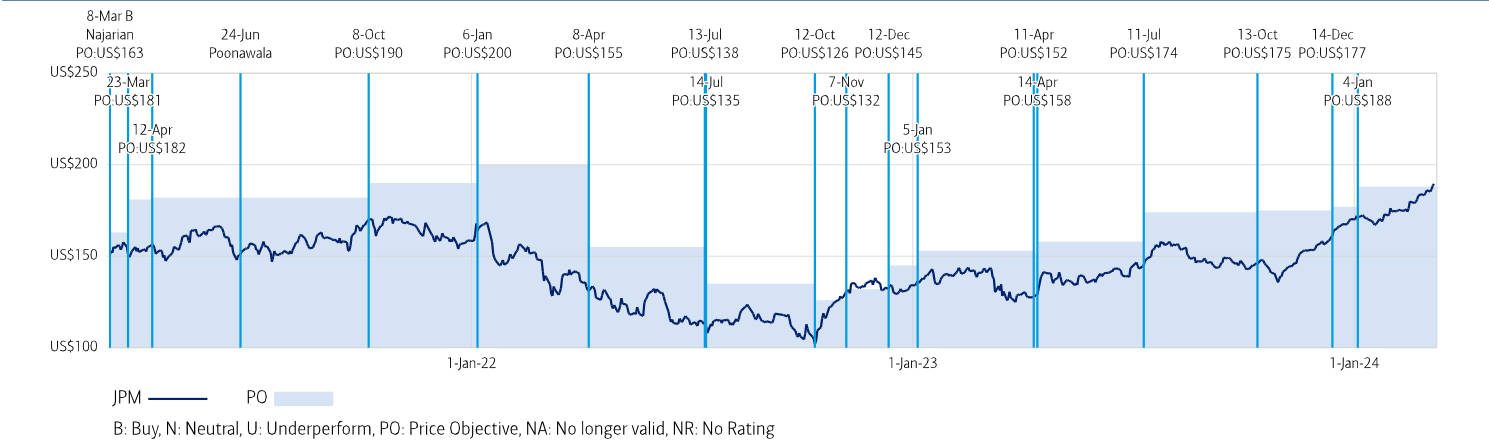
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JP Morgan Chase (JPM) Price Chart



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Equity Investment Rating Distribution: Banks Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	100	49.75%	Buy	84	84.00%
Hold	54	26.87%	Hold	41	75.93%
Sell	47	23.38%	Sell	35	74.47%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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