

JPMorgan Chase

ROE outlook outperforms peers

21 October 2025

Company Overview

JP Morgan Chase (JPM) is a leading global financial services firm, providing investment banking, commercial banking, financial transaction processing and asset management services. The bank is one of the largest banks in the United States, with assets of over c.US\$3.7 trillion, as it continues to gain market share across all business segments in the last decade. The business segments include Consumer & Community Banking, Corporate & Investment Bank, Commercial Banking and Asset Management.

Investment Overview

Net interest income (NII) remains robust in 2025. Management further raised its FY25F NII to be higher at ~USD95.8bn (previous guidance: USD95.5bn). Similarly, guidance for FY25F NII excluding trading is further raised to USD92.2bn (previous: ~USD92bn) as balance sheet growth partially offsets lower rates. During the current cycle, JPM continues to outperform most peers as it delivers stronger-than-expected net interest income as JPM continues to gain deposit market share across the US.

International expansion for retail business through online bank, Chase. While JPM has delivered positive market share growth across various operating segments in the last few years, we believe the success of international expansion for its retail business remains to be seen as it involves heavy execution and spending. Currently, Chase UK has acquired >2 million customers since its launch in 2021 and is aiming for profit in 2025 with JPM reportedly targeting to launch across several European countries in the medium term and expand its wallet share across more products.

Keep watch on expenses and credit costs. JPM previously estimated for the international expansion for retail business to break even in 5-6 years, incurring ~USD1bn of losses over several years. FY25F operating expenses excluding Firmwide legal expense guidance have been further raised to an all-time high of ~USD95.9bn (FY24: USD91.1bn), representing 5% growth y/y and suggesting negative operating leverage as JPM continues to drive through various investments for growth. We continue to keep watch on consumer credit asset quality as management continues to expect higher credit losses in cards business into FY26F, alongside stress in commercial real estate sector.

Maintain HOLD with revised TP of USD310. We maintain HOLD with revised TP of US310 post guidance revision, representing 15.0x FY26F P/E, c. 1.9SD above 10-year historical average. We believe valuations have started to turn expensive, given the share price run up through 1H2025. Management has unveiled a 17% through the cycle ROTCE during its investor day in May 2024.

Risks

Recessionary risks. Downside risks include recessionary risks associated with higher than expected inflation, higher-than-expected Fed rate cuts. We believe downside risks weigh higher due to the ongoing trade war. A sharper than expected slowdown in the macroeconomic environment may also lead to slower loan growth and higher delinquencies and credit losses.

Execution risks. Execution risks are abound as JPM has been investing heavily in the last few years and in more recent times, embarked on overseas retail expansion as it seeks steadier revenue contributions. JPM continues to work on Chase UK, and is reportedly targeting to launch in Germany, as well as several other European countries by 2030.

Jia Hui NG

Analyst

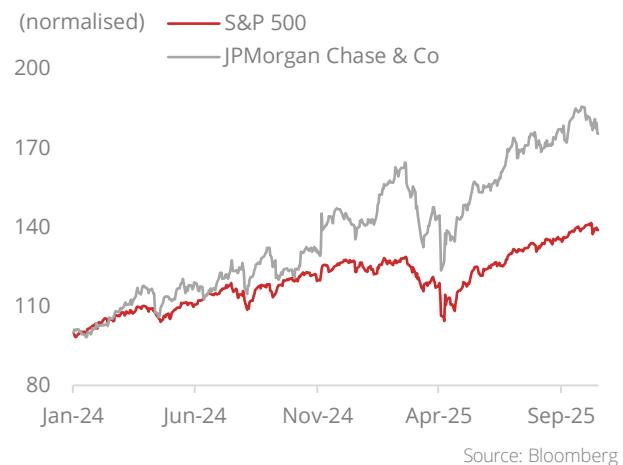
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Key Financial Data

Bloomberg Ticker	JPM US
Sector	Financials
Share Price (USD)	298.54
DBS Rating	HOLD
12-mth Target Price (USD)	310.0
Market Cap (USDb)	820.9
Volume (m shares)	10.5
Free float (%)	98.8
Dividend yield (%)	1.9
Net Debt to Equity (%)	-12.6
Fwd. P/E (x)	14.9
P/Book (x)	2.4
ROE (%)	17.1

Closing Price as of 16 Oct 2025
Source: Bloomberg, DBS

Indexed Share price vs Composite Index Performance



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Financial Summary

FY Dec (USDmn)	FY2022(A)	FY2023(A)	FY2024(A)	FY2025(F)	FY2026(F)
Net Interest Income	67,144	89,747	93,060	95,720	100,402
% y/y	27.3	33.7	3.7	2.9	4.9
Non-Interest Income	65,133	72,619	87,533	88,500	90,764
% y/y	(10.2)	11.5	20.5	4.3	2.6
Operating Income	132,277	162,366	-	168,792	176,802
Pre-provision Profit	56,137	75,194	88,796	87,825	89,469
Pre-tax Profit	49,748	65,874	-	62,967	66,971
Net Profit	36,377	49,522	-	46,118	48,289
% y/y	(22.1)	31.5	-	(11.8)	6.5
Spread	1.8	2.0	-	1.9	2.0
Net Interest Margin	2.0	2.7	2.6	2.5	2.5
ROAE	12.8	16.2	15.7	15.9	15.5
ROA	0.9	1.3	-	1.1	1.1

Source: Visible Alpha

Valuation Metrics

FY Dec	FY2022(A)	FY2023(A)	FY2024(A)	FY2025(F)	FY2026(F)
P/E (x)	11.1	10.5	12.1	14.7	14.0
P/B (x)	1.5	1.6	2.1	2.3	2.2
Dividend Yield (%)	3.0	2.4	2.0	1.9	2.2
Dividend Per Share (DPS)	4.0	4.1	-	5.1	5.6

Source: Visible Alpha

Credit & Cashflow Metrics

FY Dec	FY2022(A)	FY2023(A)	FY2024(A)	FY2025(F)	FY2026(F)
Loan-to-Deposit Ratio	47.7	54.2	55.0	55.8	55.9
Net Loans / Total Assets	31.0	34.2	33.7	31.9	32.5
Investment / Total Assets	47.1	47.5	48.8	51.9	53.8
Cust . Dep./Int. Bear. Liab.	81.2	78.6	76.2	83.0	83.4
NPL / Total Gross Loans	0.6	0.5	0.7	0.7	0.7
NPL / Total Assets	0.2	0.2	0.2	0.2	0.3
Loan Loss Reserve Coverage	293.5	324.1	275.5	249.7	254.5
Provision Charge-Off Rate	0.6	0.7	0.8	0.9	0.8
Total CAR	16.8	18.5	18.5	17.8	17.4
Tier-1 CAR	13.2	15.0	15.7	14.8	14.6

Source: Visible Alpha

Target Price & Ratings History



Source: DBS

Analyst: Jia Hui NG

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STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

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*Share price appreciation + dividends

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