

JPMorgan Chase & Co

S&P Capital IQ Recommendation



S&P Capital IQ Equity Analyst Erik Oja

Price

\$69.11 (as of Oct 28, 2016 4:00 PM ET)

12-Mo. Target Price

\$75.00

Report Currency

USD

Investment Style

Large-Cap Value

GICS Sector Financials
Sub-Industry Diversified Banks

Summary This leading global financial services company has September 30 assets of \$2.5 trillion, with operations in more than 50 countries.

Key Stock Statistics (Source S&P Capital IQ, Vickers, company reports)

| | | | | | | | |
|--------------------------|---------------|----------------------------|---------|-----------------------------|-----------|-----------------------------|------|
| 52-Wk Range | \$69.77–52.50 | S&P Oper. EPS 2016E | 5.98 | Market Capitalization(B) | \$249.591 | Beta | 1.61 |
| Trailing 12-Month EPS | \$5.80 | S&P Oper. EPS 2017E | 6.26 | Yield (%) | 2.78 | S&P 3-Yr. Proj. EPS CAGR(%) | 3 |
| Trailing 12-Month P/E | 11.9 | P/E on S&P Oper. EPS 2016E | 11.6 | Dividend Rate/Share | \$1.92 | S&P Quality Ranking | B+ |
| \$10K Invested 5 Yrs Ago | \$21,652 | Common Shares Outstg. (M) | 3,611.5 | Institutional Ownership (%) | 75 | | |

Price Performance



Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst Erik Oja on Oct 17, 2016 04:07 PM, when the stock traded at \$67.11.

Highlights

- For 2016, JPM sees net interest income benefiting by over \$2 billion, due to stable interest rate spreads and strong loan growth. Based on this, we forecast a 6.5% increase in net interest income in 2016, up strongly from a five-year average annual decline of 3.1% in the period ended December 31, 2015. Total loan growth remained strong in Q3, up 9.7% from a year ago. We see a 7.9% loan growth rate in 2016. We expect total revenues to grow 3.8% in 2016 and 3.4% in 2017.
- In five years through the end of 2015, JPM released over \$16 billion of reserves held against loan losses by taking loan loss provisions less than net chargeoffs. Now, with energy, metals, mining, and shipping credits less certain, JPM must hold/build reserves. JPM estimates that total net chargeoffs in 2016 will be \$4.75 billion, up from under \$4.4 billion in 2014. We project \$5.0 billion of net chargeoffs for 2016, and we estimate 2016 loan loss provisions of \$6.0 billion, with a reserve build of \$1.0 billion.
- JPM recorded no legacy legal expenses in Q3, and total expenses were under 61% of revenues, much better than at most peers. We project 61% for the year, and we see EPS of \$5.98 in 2016 and \$6.26 in 2017.

Investment Rationale/Risk

- JPM's Q3 results included several positives. Year-over-year total loan growth was very strong, up 9.7%, on booming commercial lending and good consumer borrowing. The Federal Reserve's rate increase last December added \$220 million to JPM's Q1 revenues, worth \$0.22 of EPS per year, by our calculations. Additional Fed raises, if they happen, would further help EPS. We estimate net interest income will rise 6.5% in 2016, on asset growth and a slightly wider net interest margin. Q3 expenses fell, due to lower legacy legal costs. Offsetting negatives were higher loan loss provisions from a year ago, and the recent rejection of JPM's "Living Will."
- Risks to our recommendation and target price include a global economic slowdown and higher legal/regulatory costs.
- Our 12-month target price of \$75 is 12.1X our forward four quarter EPS estimate of \$6.18, and 1.5X September 30 tangible book value per share of \$51.23. These reflect our view that JPM's loan growth and net interest income increases are faster than peers, while capital ratios remain strong.

Analyst's Risk Assessment

| | | |
|-----|--------|------|
| LOW | MEDIUM | HIGH |
|-----|--------|------|

Our risk assessment reflects our view of the company's well-reserved balance sheet, diversified lines of business, and strong capital ratios. JPM's geographic and product diversity provide significant protection from a local or regional downturn.

Revenue/Earnings Data

| Revenue (Million U.S. \$) | | | | | |
|---------------------------|--------|--------|--------|--------|---------|
| | 1Q | 2Q | 3Q | 4Q | Year |
| 2016 | 25,411 | 26,846 | -- | -- | -- |
| 2015 | 25,954 | 25,642 | 24,595 | 24,815 | 101,006 |
| 2014 | 25,119 | 26,517 | 26,065 | 24,401 | 102,102 |
| 2013 | 27,616 | 27,652 | 25,504 | 25,511 | 106,283 |
| 2012 | 28,647 | 25,133 | 26,911 | 26,165 | 106,196 |
| 2011 | 28,959 | 30,575 | 27,106 | 24,394 | 110,838 |

Earnings Per Share (U.S. \$)

| | | | | | |
|------|------|------|-------|-------|-------|
| 2016 | 1.35 | 1.55 | 1.58 | E1.50 | E5.98 |
| 2015 | 1.45 | 1.54 | 1.68 | 1.32 | 6.00 |
| 2014 | 1.28 | 1.46 | 1.36 | 1.19 | 5.29 |
| 2013 | 1.59 | 1.60 | -0.17 | 1.30 | 4.35 |
| 2012 | 1.31 | 1.21 | 1.40 | 1.39 | 5.20 |
| 2011 | 1.28 | 1.27 | 1.02 | 0.90 | 4.48 |

Fiscal year ended Dec. 31. Next earnings report expected: Mid January. EPS Estimates based on S&P Capital IQ Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

| Amount (\$) | Date Decl. | Ex-Div. Date | Stk. of Record | Payment Date |
|-------------|------------|--------------|----------------|--------------|
| 0.440 | Dec 8 | Jan 4 | Jan 6 | Jan 31 '16 |
| 0.440 | Mar 15 | Apr 4 | Apr 6 | Apr 30 '16 |
| 0.480 | May 17 | Jul 1 | Jul 6 | Jul 31 '16 |
| 0.480 | Sep 20 | Oct 4 | Oct 6 | Oct 31 '16 |

Dividends have been paid since 1827. Source: Company reports.

Past performance is not an indication of future performance and should not be relied upon as such.

Please read the Required Disclosures and Analyst Certification on the last page of this report.

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JPMorgan Chase & Co



Business Summary October 17, 2016

CORPORATE OVERVIEW. JPMorgan Chase's operations are divided into five major business lines. Consumer & Community Banking (CCB) includes Retail Financial Services (RFS) and Card Services & Auto (CSA). The Corporate and Investment Bank (CIB) includes the Investment Bank and Treasury & Securities Services. Commercial Banking (CB), Asset Management (AM) and a Corporate segment are the other lines of business.

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.

RFS includes Consumer & Business Banking, Mortgage Production and Servicing and Real Estate Portfolios. CSA offers a wide variety of products to satisfy the needs of its card members, including cards issued on behalf of many well-known partners, such as major airlines, hotels, universities, retailers, and other financial institutions.

CB provides lending, treasury services, investment banking, and investment management services to corporations, municipalities, financial institutions, and not-for-profit entities.

TSS offers transaction, investment, and information services to support the needs of corporations, issuers, and institutional investors worldwide.

AM provides investment management to retail and institutional investors, financial intermediaries, and high-net-worth families and individuals globally.

IMPACT OF MAJOR DEVELOPMENTS. In May 2012, JPM announced that a hedging strategy in its Corporate/Private Equity segment had generated losses of at least \$2 billion. Subsequently, JPM suspended its \$15 billion share repurchase plan. In mid-July 2012, JPM reported that the losses were \$4.4 billion in the second quarter (less a \$1.0 billion securities gain), and \$1.6 billion in the first quarter. In October, JPM announced that the final cost to close out this trade was \$449 million, and in January 2013, JPM stated that the total cumulative cost was \$6.2 billion.

In September 2008, JPM purchased all the assets and certain liabilities of Washington Mutual from the FDIC, for \$1.9 billion. The acquisition significantly expanded JPM's footprint, particularly in California. Earlier, JPM acquired Bear Stearns in a stock-for-stock exchange, completed in May 2008.

FINANCIAL TRENDS. JPM's net revenues peaked at \$102.7 billion in 2010, and they have been under constant downward pressure since. JPM's net revenues shrank an average of 1.8% per year, in the five years ended December 31, 2015. For 2016, we expect 1.2% growth. Net interest income fell an average of 3.1% per year in the five-years ended December 31, 2015, despite a 4.0% average annual increase in loans held for investment, and this was due to a decrease in the net interest margin to 2.12%, from 3.10% in this time period. For 2016, we expect net interest income to rise 6.5%, on a stable net interest margin, good credit quality and a 7.9% increase in loans. Noninterest income fell at a 0.7% average annual clip in the last five years, hurt by an 8.3% average annual decline in mortgage banking, a 2.1% average annual decline in lending and deposit fees and a nearly 1% average annual decrease in trading revenues. Partly offsetting positives were asset management, up 2.8% annually, and investment banking, up 1.8% annually. For 2016, we expect a 0.7% decrease of total noninterest income.

Corporate Information

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Fax
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Website
<http://www.jpmorganchase.com>

Officers

| | |
|--|---------------------------------------|
| Chrmn, CEO & Pres J. Dimon | Chief Admin Officer D. Owen |
|--|---------------------------------------|

| | |
|--------------------------|---------------------------|
| COO M.E. Zames | Treas J. Horner |
|--------------------------|---------------------------|

EVP & CFO
M. Lake

Board Members

| | |
|--------------------|--------------|
| L. B. Bammann | J. A. Bell |
| C. C. Bowles | S. B. Burke |
| T. A. Combs | J. S. Crown |
| J. Dimon | T. P. Flynn |
| L. P. Jackson, Jr. | M. A. Neal |
| L. R. Raymond | W. C. Weldon |

Domicile
Delaware

Auditor
PRICEWATERHOUSECOOPERS

Founded
1823

Employees
234,598

Stockholders
200,881

JPMorgan Chase & Co



Quantitative Evaluations

| | | | | | | |
|---|----|---|---|---|---|---------|
| S&P Capital IQ Fair Value Rank | 4+ | 1 | 2 | 3 | 4 | 5 |
| | | LOWEST | | | | HIGHEST |
| | | Based on S&P Capital IQ's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5). | | | | |

Fair Value Calculation **\$73.70** Analysis of the stock's current worth, based on S&P Capital IQ's proprietary quantitative model suggests that JPM is slightly undervalued by \$4.59 or 6.6%.

| | |
|--|--|
| Investability Quotient Percentile | 97 |
| | LOWEST = 1 HIGHEST = 100 |
| | JPM scored higher than 97% of all companies for which an S&P Capital IQ Report is available. |

| | | | |
|-------------------|-----|---------|------|
| Volatility | LOW | AVERAGE | HIGH |
|-------------------|-----|---------|------|

Technical Evaluation **BULLISH** Since July, 2016, the technical indicators for JPM have been BULLISH.

| | | | |
|-------------------------|-------------|---------|-----------|
| Insider Activity | UNFAVORABLE | NEUTRAL | FAVORABLE |
|-------------------------|-------------|---------|-----------|

For further clarification on the terms used in this report, please visit www.spcapitaliq.com/stockreportguide

Expanded Ratio Analysis

| | 2015 | 2014 | 2013 | 2012 |
|--------------------------------|---------|---------|---------|---------|
| Price/Sales | 2.44 | 2.33 | 2.10 | 1.58 |
| Price/Pretax Income | 8.03 | 7.98 | 8.61 | 5.81 |
| P/E Ratio | 10.08 | 10.92 | 12.45 | 7.90 |
| Avg. Diluted Shares Outstg (M) | 3,732.8 | 3,797.5 | 3,814.9 | 3,822.2 |

Figures based on calendar year-end price

Key Growth Rates and Averages

| Past Growth Rate (%) | 1 Year | 3 Years | 5 Years | 9 Years |
|----------------------|--------|---------|---------|---------|
| Net Income | 12.32 | 6.28 | 5.72 | 11.17 |

Ratio Analysis (Annual Avg.)

| | 2015 | 2014 | 2013 | 2012 |
|-------------------------|-------|------|-------|------|
| Net Interest Margin (%) | 2.14 | 2.18 | 2.35 | 2.58 |
| Return on Assets (%) | 0.99 | 0.87 | 0.88 | 0.78 |
| Loan Losses Reserve (%) | 1.62 | 1.91 | 2.51 | 3.02 |
| Return on Equity (%) | 10.34 | 9.50 | 10.04 | 9.40 |

Company Financials Fiscal Year Ended Dec. 31

| Per Share Data (U.S. \$) | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Tangible Book Value | 47.27 | 43.93 | 40.03 | 38.02 | 32.98 | 29.52 | 26.45 | 19.27 | 18.77 | 16.11 |
| Earnings | 6.00 | 5.29 | 4.35 | 5.20 | 4.48 | 3.96 | 2.24 | 0.84 | 4.38 | 3.82 |
| S&P Capital IQ Core Earnings | NA | 0.67 | 4.44 | 3.88 |
| Dividends | 2.12 | 1.56 | 1.36 | 1.15 | 0.80 | 0.20 | 0.53 | 1.52 | 1.44 | 1.36 |
| Payout Ratio | 35% | 29% | 31% | 22% | 18% | 5% | 24% | NM | 33% | 34% |
| Prices:High | 70.61 | 63.49 | 58.55 | 46.49 | 48.36 | 48.20 | 47.47 | 50.63 | 53.25 | 49.00 |
| Prices:Low | 50.07 | 52.97 | 44.20 | 30.83 | 27.85 | 35.16 | 14.96 | 19.69 | 40.15 | 37.88 |
| P/E Ratio:High | 12 | 12 | 13 | 9 | 11 | 12 | 21 | 60 | 12 | 12 |
| P/E Ratio:Low | 8 | 10 | 10 | 6 | 6 | 9 | 7 | 23 | 9 | 9 |

Income Statement Analysis (Million U.S. \$)

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Net Interest Income | 43,510 | 43,634 | 43,319 | 44,910 | 47,689 | 51,001 | 51,152 | 38,779 | 26,406 | 21,242 |
| Tax Equivalent Adjustment | 1,110 | 985 | 697 | 743 | 530 | 403 | 330 | 579 | 377 | NA |
| Non Interest Income | 50,033 | 50,571 | 53,287 | 52,121 | 49,545 | 51,693 | 49,282 | 28,937 | 44,802 | 17,959 |
| Loan Loss Provision | 3,827 | 3,139 | 225 | 3,385 | 7,574 | 16,639 | 32,015 | 20,979 | 6,864 | 3,270 |
| % Expense/Operating Revenue | 63.1% | 65.0% | 72.9% | 66.7% | 64.7% | 59.6% | 52.1% | 60.0% | 58.6% | 97.7% |
| Pretax Income | 30,702 | 29,792 | 25,914 | 28,917 | 26,749 | 24,859 | 16,067 | 2,773 | 22,805 | 19,886 |
| Effective Tax Rate | 20.4% | 27.0% | 30.8% | 26.4% | 29.1% | 30.1% | 27.5% | NM | 32.6% | 31.4% |
| Net Income | 24,442 | 21,762 | 17,923 | 21,284 | 18,976 | 17,370 | 11,652 | 3,699 | 15,365 | 13,649 |
| % Net Interest Margin | 2.14 | 2.18 | 2.23 | 2.48 | 2.74 | 3.06 | 3.12 | 2.87 | 2.39 | 2.16 |
| S&P Capital IQ Core Earnings | NA | 2,409 | 15,563 | 13,852 |

Balance Sheet & Other Financial Data (Million U.S. \$)

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Money Market Assets | 556,414 | 614,791 | 622,780 | 746,324 | 679,277 | 712,446 | 606,532 | 713,098 | 662,306 | 506,262 |
| Investment Securities | 389,548 | 458,429 | 465,468 | 490,169 | 507,255 | 439,923 | 480,020 | 329,943 | 169,634 | 172,022 |
| Commercial Loans | NA | NA | NA | 242,509 | 296,047 | 222,510 | 204,175 | 111,654 | 238,210 | 188,372 |
| Other Loans | NA | NA | NA | 491,287 | 427,673 | 470,417 | 429,283 | 610,080 | 281,164 | 294,755 |
| Total Assets | 2,351,698 | 2,573,126 | 2,415,689 | 2,359,141 | 2,265,792 | 2,117,605 | 2,031,989 | 2,175,052 | 1,562,147 | 1,351,520 |
| Demand Deposits | 411,642 | 456,636 | 407,474 | 398,165 | 365,460 | 242,260 | 204,003 | 210,899 | 135,748 | 140,443 |
| Time Deposits | 868,073 | 906,791 | 880,291 | 795,428 | 762,346 | 688,109 | 734,364 | 790,681 | 604,980 | 498,345 |
| Long Term Debt | 288,651 | 276,836 | NA | NA | 263,281 | 247,669 | 266,318 | 270,683 | 197,878 | 117,358 |
| Common Equity | 221,505 | 212,002 | 200,020 | 195,011 | 175,773 | 168,306 | 157,213 | 134,945 | 123,221 | 115,790 |
| % Return on Assets | 1.0 | 0.9 | 0.8 | 0.9 | 0.9 | 0.8 | 0.6 | 0.2 | 1.1 | 1.1 |
| % Return on Equity | 10.3 | 9.8 | 8.4 | 10.7 | 11.0 | 10.7 | 8.0 | 2.9 | 12.9 | 12.2 |
| % Loan Loss Reserve | 1.6 | 1.9 | 2.2 | 3.0 | 3.8 | 4.7 | 5.0 | 3.1 | 1.8 | 1.5 |
| % Loans/Deposits | 65.3 | 55.1 | 56.5 | 61.3 | 64.2 | 73.7 | 67.5 | 73.8 | 72.6 | 75.6 |
| % Equity to Assets | 8.8 | 8.3 | 8.3 | 8.0 | 7.8 | 7.8 | 6.9 | 6.9 | 8.2 | 8.7 |

Data as originally reported in Company reports.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Sub-Industry Outlook

The Diversified Banks sub-industry includes the six of the largest (asset size) U.S. banks, as well as the five largest Canadian banks. Our fundamental outlook for the Diversified Banks sub-industry for the next 12 months remains positive. This is despite legal costs, lower mortgage banking revenues, and equity and fixed-income trading headwinds. For the U.S. banks in this group, we see legacy legal costs diminishing, and high capital levels leading to high returns of excess capital to shareholders.

Fourth-quarter 2015 profits, in total, for the U.S. Diversified Banks rose 24% from a year earlier, as net revenues rose 2.0%, while noninterest expenses fell 8.0% from elevated levels a year ago. Loan loss provisions jumped 48%, from an unusually low level in the year-ago quarter. Within revenues, noninterest income rose 3.9%, while net interest income was up a very slight 0.4%. Loans held for investment grew 4.8% from a year ago, a relatively strong growth rate, in light of the uneven US economic recovery. The median net interest margin for the U.S. Diversified Banks was a relatively stable 2.75%. Full year 2015 profits rose 38%, as expenses fell 11.7%, while revenues were flat. Loan loss provisions rose 19%. First quarter 2016 revenue and profit results exceeded low expectations, as these banks reported strong loan growth and stable net interest margins. This was partly offset by lower investment banking and trading revenues.

For 2016, we expect the U.S. economy to muddle along as usual at a low single digits growth rate, and we expect long-term interest rates to stay low for a while longer, due to capital inflows from abroad. However, we see oil prices recovering, credit exposure as manageable, and housing prices continuing to rise. For 2016, for the U.S. Diversified Banks, we expect profit growth of 1.0%, on revenue growth of 2.9%.

Fiscal first-quarter 2016 profits (through January 31), in total, for the Canadian banks rose 4.5% from a year earlier. Net revenues rose 5.9%, noninterest expenses rose 8.3%, and provisions for credit losses jumped 41%, from an unusually low level in the year-ago quarter. Within revenues, net interest income rose by a strong 12%, while noninterest income was flat. Loans held for investment grew 9.7% from a year ago, a relatively strong growth rate. Full year 2015 (fiscal year ended October 31), profits rose 4.9%, on revenue growth of 4.7%. Provisions rose just 3.0%, and expenses rose 7.0%. For fiscal 2016, through October 31, for the Canadian banks, we expect profit growth of 6.8%, on revenue growth of 7.0%. We see provisions rising 17%, due to the adverse affects on consumer lending, from large declines in oil and gas prices.

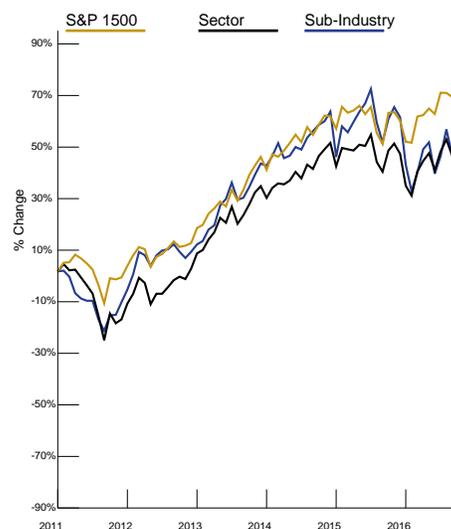
Due to concerns about the flagging strength of the global economy, lending exposure to the oil & gas industry, and lower-for-longer long-term U.S. interest rates, the S&P Diversified Banks Index fell 4.3% year-to-date through October 21, as compared to a 5.2% increase of the S&P 1500 Index. Most of the damage was inflicted prior to February 12, the recent bottom. In 2015, the S&P Diversified Banks Index fell 1.3%, in-line with the 1.0% decrease of the S&P 1500 Index.

-- Erik Oja

Industry Performance

GICS Sector: Financials
Sub-Industry: Diversified Banks

Based on S&P 1500 Indexes
Five-Year market price performance through Oct 29, 2016



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Past performance is not an indication of future performance and should not be relied upon as such.

Sub-Industry : Diversified Banks Peer Group*: Based on market capitalizations within GICS Sub-Industry

| Peer Group | Stock Symbol | Stk.Mkt. Cap. (Mil. \$) | Recent Stock Price(\$) | 52 Week High/Low(\$) | Beta | Yield (%) | P/E Ratio | Fair Value Calc.(\$) | Quality Ranking | S&P IQ %ile | Return on Revenue (%) | LTD to Cap (%) |
|--------------------------------|--------------|-------------------------|------------------------|----------------------|-------------|------------|-----------|----------------------|-----------------|-------------|-----------------------|----------------|
| JPMorgan Chase & Co | JPM | 249,591 | 69.11 | 69.77/52.50 | 1.61 | 2.8 | 12 | 73.70 | B+ | 97 | 24.2 | 13.5 |
| Banco Macro S.A.' B' ADR | BMA | 5,147 | 76.51 | 83.18/51.60 | 1.34 | 1.3 | 8 | NA | NR | 29 | 21.8 | 19.9 |
| Banco Santander-Chile ADR | BSAC | 10,487 | 22.26 | 22.62/15.69 | 0.98 | 3.9 | NM | 24.10 | NR | 54 | 18.2 | 10.3 |
| Bank of America | BAC | 170,216 | 16.68 | 18.09/10.99 | 1.63 | 1.8 | 12 | 16.80 | B- | 86 | 17.1 | 11.3 |
| Citigroup Inc | C | 143,990 | 49.56 | 56.46/34.52 | 1.83 | 1.3 | 11 | 73.50 | B- | 90 | 19.6 | 14.8 |
| Commercial Intl Bank(Egypt)ADS | CIBEY | 6,622 | 4.45 | 4.79/3.40 | 0.98 | 1.6 | 9 | NA | NR | NA | 26.8 | 13.0 |
| Commerzbank Group ADS | CRZBY | 8,616 | 6.88 | 11.96/5.83 | 1.49 | Nil | 10 | NA | NR | NA | 7.5 | 13.8 |
| Grupo Aval Acciones y Val ADS | AVAL | 9,135 | 8.20 | 9.04/5.59 | NA | 4.9 | 13 | NA | NR | 28 | 16.2 | 7.6 |
| Grupo Fin Santander Mexico ADS | BSMX | 12,298 | 9.07 | 10.13/6.75 | 1.07 | 3.0 | 14 | NA | NR | 28 | 17.3 | 12.1 |
| Grupo Financiero Banorte ADR | GBOOY | 107,840 | 29.33 | 30.69/22.12 | 1.42 | 2.5 | 15 | NA | NR | NA | 19.9 | 13.6 |
| ING Groep ADS | ING | 50,889 | 13.13 | 14.83/9.26 | 2.13 | 4.6 | 10 | 13.10 | NR | 75 | 9.0 | 14.5 |
| Mizuho Financial ADR | MFG | 41,177 | 3.28 | 4.27/2.69 | 0.78 | 3.5 | 7 | NA | NR | 26 | 22.6 | 12.6 |
| Royal Bank Scotland ADS | RBS | 27,609 | 4.75 | 10.08/3.91 | 1.95 | Nil | NM | NA | NR | 19 | NA | 19.1 |
| Sumitomo Mitsui Finl Grp ADR | SMFG | 46,622 | 6.82 | 8.49/5.01 | 0.98 | 3.4 | 10 | NA | NR | 73 | 15.8 | 12.9 |
| Woori Bank ADS | WF | 7,370 | 32.84 | 34.06/19.99 | 1.75 | 2.9 | 3 | NA | NR | 30 | 10.7 | 10.5 |

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

S&P Capital IQ Analyst Research Notes and other Company News**October 17, 2016**

01:17 pm ET ... CFRA KEEPS BUY RECOMMENDATION ON SHARES OF JPMORGAN CHASE & CO. (JPM 67.20****): We reiterate our \$75 target price, 12.1X our forward four quarter EPS estimate of \$6.18. This is at the high end of JPM's 8.7X to 11.7X range of forward P/E multiples, and in-line with peers, reflecting an improving revenue and credit quality environment that drove JPM's stronger-than-expected Q3 results, which were reported on 10/14. On our higher trading and investment banking and lower provision outlook, we increase our '16 EPS estimate to \$5.98 from \$5.71. On our expectations for further delays in interest rates increases, we trim our '17 EPS estimate to \$6.26 from \$6.31. /Erik Oja

October 14, 2016

09:03 am ET ... CFRA KEEPS BUY RECOMMENDATION ON SHARES OF JPMORGAN CHASE & CO. (JPM 67.74****): We raise our 12-month target price by \$5 to \$75, an above-peer 12.2X our forward four quarter EPS estimate of \$6.16, reflecting JPM's higher ROE. JPM reported Q3 EPS of \$1.58 vs. \$1.68, beating the Capital IQ consensus view of \$1.38. We see Q3 results as strong across the board. Results were driven by revenue growth of 8% from a year ago, driven by better than expected capital markets, against expense decreases of 6%, helped by low legal costs. Relatively easy comparisons from a year ago helped. For Q4, we expect a continuation of strong loan growth and stable credit quality. /Erik Oja

October 5, 2016

Massimo Saletti has been appointed as JP Morgan's new head of real estate, gaming and lodging investment banking for EMEA and global industry co-head. He will share the global leadership role with Tom Grier and report into Harry Hampson, head of strategic investor group, EMEA, upon joining in January following garden leaves. Saletti joins the firm from Deutsche Bank, where he has held a number of senior roles over 13 years, most recently serving as global co-head of their real estate, gaming and lodging practice. Prior to his time at Deutsche Bank, he spent four years in Lazard's real estate advisory division. After Saletti joins, Baygual will maintain his role within the firm as global industry co-head for the diversified industries group.

September 29, 2016

JPMorgan Chase named Thasunda Duckett as consumer banking chief executive. Duckett is to take the place of Barry Sommers, who is to become chief executive of wealth management within a new unit. Brian Carlin will be chief executive of investment and banking solutions at the new unit, which is to be called Wealth Management & Investment Solutions.

September 21, 2016

JPMorgan Chase & Co. announced that its Board of Directors has elected Todd A. Combs, 45, a director of the company, effective September 19, 2016. Mr. Combs' appointment to a Board Committee will be announced when determined. He was named a director of the company's JPMorgan Chase Bank, N.A. and Chase Bank USA, N.A. subsidiaries. Todd Combs is an Investment Officer at Berkshire Hathaway Inc., having joined the company in 2010.

September 9, 2016

JP Morgan promoted two senior executives to oversee the equities business globally. Mark Leung, head of JP Morgan's Asia Pacific equities business, and Jason Sippel, the bank's global head of prime services, will now lead the equities division as co-heads, the report said, citing a memo by Daniel Pinto, head of JP Morgan's corporate and investment bank. The appointments follow the recent announcement that Tim Throsby, who had managed global equities at JP Morgan since September 2012, will move to Barclays, at the start of 2017 to act as president of its corporate and international division, as well as chief executive of its corporate and investment bank. Leung joined JP Morgan in 1997, starting his career in rates derivatives trading and moved into credit hybrids in 2005. In 2007 he moved into the bank's Asia Pacific equities business and was named head of Asia Pacific equity derivatives in 2013 and overall head of regional equities in 2014. Sippel joined the bank in 2002 and has held roles in Asia, New York and London, including head of Americas equity derivatives sales and trading and head of Americas equities.

August 19, 2016

JPMorgan Chase & Co has appointed Ryota Sakagami as its chief Japan equity strategist. He has replaced Jesper Koll. Prior to this appointment, Sakagami worked for SMBC Nikko Securities Inc. as its chief equity strategist. He has also

worked with Nomura Research Institute and Nomura Holdings Inc.

July 14, 2016

09:27 am ET ... S&P GLOBAL KEEPS BUY RECOMMENDATION ON SHARES OF JPMORGAN CHASE & CO. (JPM 63.16****): We raise our 12-month target price by \$3 to \$70, 11.6X (at the high end of JPM's recent historical range and in-line with peers) our forward four quarter EPS estimate of \$6.02. Shares yield 2.7%. JPM reports Q1 EPS of \$1.55 vs. \$1.54, beating the \$1.43 expected by the Capital IQ consensus and by us. Loan growth was higher than expected, up 10.3% from a year ago, and fixed-income trading was strong, up 35%. Expenses were unusually low, at 59% of core revenues. For the rest of 2017, we expect loan growth to remain strong, capital markets to improve, and stable credit costs. /Erik Oja

July 14, 2016

JP Morgan has appointed Kevin Latter as joint senior country officer and head of investment banking for Sub-Saharan Africa (SSA). In his new role, he will work closely with Marc Hussey, joint senior country officer and head of corporate banking for Sub-Saharan Africa, to cover clients and provide leadership to local employees.

July 8, 2016

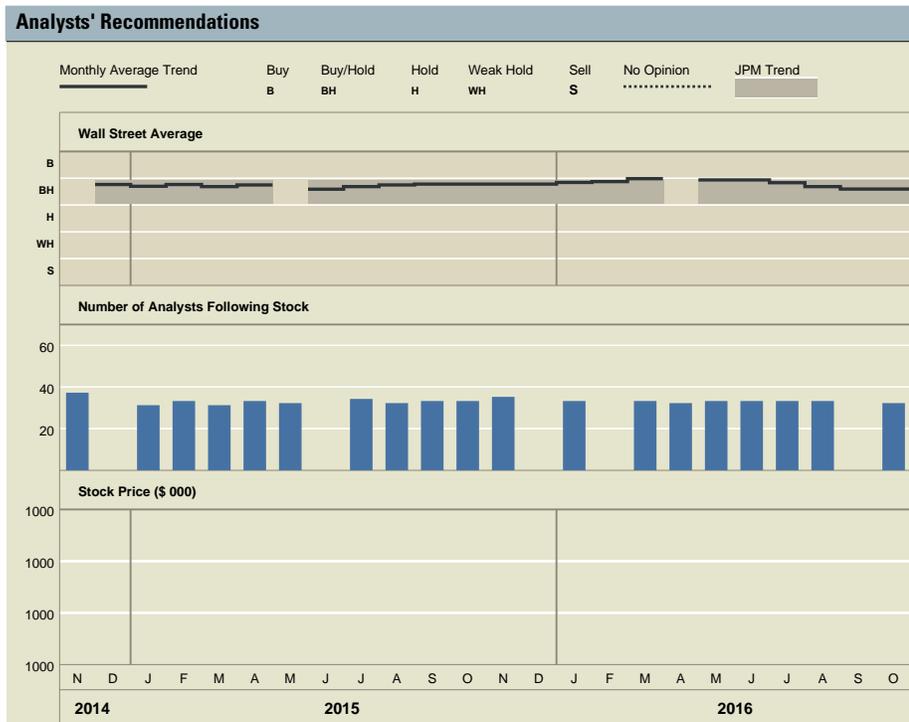
JP Morgan has appointed Tara Smyth as the new head of its Private Bank Middle East market, replacing Jonathan Conner. Smyth will be responsible for managing the bank's Middle East wealth management business and driving its overall strategy and growth for the market. She will be based in Geneva, and report to JP Morgan Private Bank Europe, Middle East & Africa (EMEA) CEO Pablo Garnica. Smyth will also join as a member of the JP Morgan (Suisse) Management Committee, subject to necessary approval. In this role, she will also report to JP Morgan (Suisse) general manager Paolo Moscovici. Smyth previously served as head of the Private Bank's Middle East investment Team, and prior to that served as a global investment specialist within the US Private Bank.

June 23, 2016

JPMorgan announced that it has hired a head for its equity capital markets operations. Jabe Jerram has been appointed to the position. He had been with Goldman Sachs for 10 years and is viewed as a highly experienced ECM practitioner.

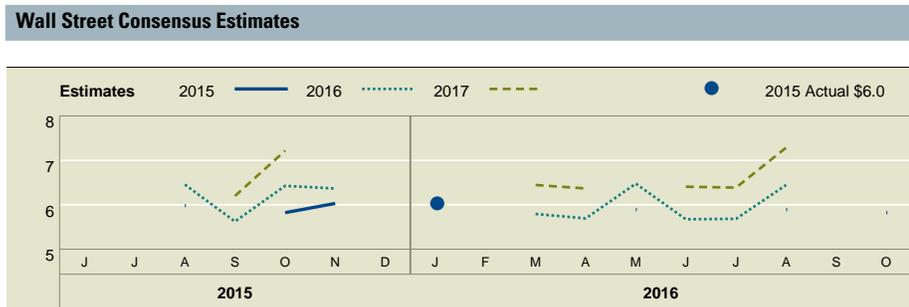
June 15, 2016

JPMorgan Chase announced that Matt Kane has been named CEO of Commerce Solutions reporting to Gordon Smith, CEO of Consumer & Community Banking. He will relocate to Dallas, where the business is based, and join the Consumer & Community Banking Leadership Team. Kane succeeds Mike Passilla, who will become Vice Chairman of Commerce Solutions also reporting to Smith. Passilla stepped down from the CEO role to spend more time in Atlanta, where he and his family live. Matt Kane most recently served as head of Business Development for Card Services, where he played a key role in securing several co-brand partnerships and Chase Pay relationships.



Of the total 32 companies following JPM, 31 analysts currently publish recommendations.

| | No. of Recommendations | % of Total | 1 Mo. Prior | 3 Mos. Prior |
|--------------|------------------------|------------|-------------|--------------|
| Buy | 12 | 39 | 14 | 19 |
| Buy/Hold | 7 | 23 | 8 | 8 |
| Hold | 10 | 32 | 8 | 5 |
| Weak Hold | 0 | 0 | 0 | 0 |
| Sell | 2 | 6 | 1 | 1 |
| No Opinion | 0 | 0 | 0 | 0 |
| Total | 31 | 100 | 31 | 33 |



| Fiscal Years | Avg Est. | High Est. | Low Est. | # of Est. | Est. P/E |
|------------------------|--------------|--------------|--------------|---------------|--------------|
| 2017 | 6.23 | 6.83 | 5.46 | 30 | 11.1 |
| 2016 | 5.85 | 6.04 | 5.63 | 27 | 11.8 |
| 2017 vs. 2016 | ▲ 6% | ▲ 13% | ▼ -3% | ▲ 11% | ▼ -6% |
| Q4'17 | 1.53 | 1.67 | 1.30 | 19 | 45.2 |
| Q4'16 | 1.39 | 1.57 | 1.30 | 25 | 49.7 |
| Q4'17 vs. Q4'16 | ▲ 10% | ▲ 6% | 0% | ▼ -24% | ▼ -9% |

A company's earnings outlook plays a major part in any investment decision. S&P Capital IQ organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

Wall Street Consensus Opinion

BUY/HOLD

Companies Offering Coverage

- Over 30 firms follow this stock; not all firms are displayed.
- Argus Research Company
 - Atlantic Equities LLP
 - BMO Capital Markets Equity Research
 - Barclays
 - Berenberg
 - BofA Merrill Lynch
 - Buckingham Research Group Inc.
 - CLSA
 - Citigroup Inc
 - Compass Point Research & Trading, LLC
 - Credit Suisse
 - Daiwa Securities Co. Ltd.
 - Deutsche Bank
 - Erste Group Bank AG
 - Evercore ISI
 - FBR Capital Markets & Co.
 - Goldman Sachs
 - Guggenheim Securities, LLC
 - Jefferies LLC
 - Keefe, Bruyette, & Woods, Inc.
 - Macquarie Research
 - Morgan Stanley
 - Morningstar Inc.
 - Nomura Securities Co. Ltd.
 - Oppenheimer & Co. Inc.
 - RBC Capital Markets
 - Robert W. Baird & Co.
 - Sanford C. Bernstein & Co., Inc.
 - Societe Generale Cross Asset Research
 - UBS Investment Bank

Wall Street Consensus vs. Performance

For fiscal year 2016, analysts estimate that JPM will earn US\$ 5.85. For the 3rd quarter of fiscal year 2016, JPM announced earnings per share of US\$ 1.58, representing 27% of the total annual estimate. For fiscal year 2017, analysts estimate that JPM's earnings per share will grow by 6% to US\$ 6.23.

Glossary

S&P Capital IQ STARS

Since January 1, 1987, S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, S&P Capital IQ Equity Research has ranked Asian and European equities since June 30, 2002. Under proprietary STARS (STock Appreciation Ranking System), S&P Capital IQ equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Capital IQ Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Capital IQ's earnings and dividend rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

| | |
|------------------|---------------------|
| A+ Highest | B Below Average |
| A High | B- Lower |
| A- Above Average | C Lowest |
| B+ Average | D In Reorganization |
| NR Not Ranked | |

S&P Capital IQ EPS Estimates

S&P Capital IQ earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P Capital IQ EPS estimates reflect either forecasts of S&P Capital IQ equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to S&P Capital IQ Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Capital IQ Core Earnings

S&P Capital IQ Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the S&P Capital IQ definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

S&P Capital IQ 12-Month Target Price

The S&P Capital IQ equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Capital IQ Fair Value.

S&P Capital IQ Equity Research

S&P Capital IQ Equity Research U.S. includes Standard & Poor's Investment Advisory Services LLC; Standard & Poor's Equity Research Services Europe includes McGraw-Hill Financial Research Europe Limited trading as S&P Capital IQ; Standard & Poor's Equity Research Services Asia includes: McGraw-Hill Financial Singapore Pte. Limited, Standard & Poor's Investment Advisory Services (HK) Limited, Standard & Poor's Malaysia Sdn Bhd, and Standard & Poor's Information Services (Australia) Pty Ltd.

Abbreviations Used in S&P Capital IQ Equity Research Reports

| |
|------------------------------------|
| CAGR - Compound Annual Growth Rate |
| CAPEX - Capital Expenditures |
| CY - Calendar Year |
| DCF - Discounted Cash Flow |
| DDM - Dividend Discount Model |

| |
|---|
| EBIT - Earnings Before Interest and Taxes |
| EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization |
| EPS - Earnings Per Share |
| EV - Enterprise Value |
| FCF - Free Cash Flow |
| FFO - Funds From Operations |
| FY - Fiscal Year |
| P/E - Price/Earnings |
| P/NAV - Price to Net Asset Value |
| PEG Ratio - P/E-to-Growth Ratio |
| PV - Present Value |
| R&D - Research & Development |
| ROCE - Return on Capital Employed |
| ROE - Return on Equity |
| ROI - Return on Investment |
| ROIC - Return on Invested Capital |
| ROA - Return on Assets |
| SG&A - Selling, General & Administrative Expenses |
| SOTP - Sum-of-The-Parts |
| WACC - Weighted Average Cost of Capital |

Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

S&P Capital IQ Qualitative Risk Assessment

Reflects an S&P Capital IQ equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The S&P Capital IQ Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ 5-STARS (Strong Buy):

Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ 4-STARS (Buy):

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ 3-STARS (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ 2-STARS (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ 1-STAR (Strong Sell):

Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

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Quantitative Stock Reports:

Quantitative recommendations are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative recommendations refer to the Glossary section of the report for detailed methodology and the definition of Quantitative rankings.

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STARS Stock Reports:

S&P Global Equity Research - Global STARS Distribution as of June 30, 2016

| Ranking | North America | Europe | Asia | Global |
|---------|---------------|--------|-------|--------|
| Buy | 24.6% | 17.8% | 30.0% | 23.7% |
| Hold | 48.0% | 57.8% | 45.0% | 49.6% |
| Sell | 27.4% | 24.4% | 25.0% | 26.7% |
| Total | 100% | 100% | 100% | 100% |

Quantitative Stock Reports:

The rankings for Quantitative reports have a fixed distribution based on relative weightings as described in the Glossary section of the report.

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