COVERAGE INITIATION · LARGE US BANKS

JPMorgan Chase & Co. (JPM)

At $342.08 the market pays for a 21% return on tangible equity that lasts forever. We expect it to fade from 21.5% to 16% over ten years, which supports $270–335. We would hold what is owned and add nothing.

INTRINSIC VALUE	FAIR VALUE RANGE	1–3 MONTH DIRECTION	ACTION
Fair	$270–335	Neutral to lower	Watch
Price 2% above the top of the range	Weighted $275 vs price $342.08	Q4 guide on 14 Jan sets the path	Hold if owned; no new money

INVESTMENT VIEW

01 **The price needs a return on tangible equity of about 21% in perpetuity, and we expect 16% by 2036.** At 3.04x tangible book, a 9.4% cost of equity and 3.5% growth, the market pays for 21.4% a year forever. Our base case starts at 21.5% in 2027 and fades to 16%.

02 **Our probability-weighted value is 20% below the price, and even the bull case of $326 is below it.** Bear $200, base $278 and bull $326 weighted 20/55/25 give $275. Cost of equity near 8.3% on our base path would be needed to justify today's price.

03 **Credit looks benign, but the allowance ratio fell from 1.79% while loans grew 10.4%.** We grade earnings credibility B: reserves have not kept pace with growth, and one-off items appeared in three of the last four quarters.

04 **The 14 January guide is the next test, and the last two guidance disappointments cost about 4.5% against SPY.** Median first-day move after six reports since January 2024 is 0.0% against SPY, and the median 21-day move is −1.4%. 2027 NII ex-Markets was previewed at ~$107B.

WHAT WOULD CHANGE OUR VIEW

UPSIDE

A 2027 NII guide of $109B or more with expenses at or below $112B and ROTCE guided at 21% or better would raise the bull weight to 40% and the value to about $286.

DOWNSIDE

A card charge-off guide above 3.6%, reserve builds above $1.5B a quarter, or CET1 below 13.0% would put the bear case at 30% or more.

NEXT TEST

Q4 2026 results and the 2027 guide on 14 January 2027, before the open.

KEY DATA

Price (9 Nov 2026 close)	$342.08
52-week range	$279.10–366.50
Market value	$908B
Price / tangible book	3.04x
P/E, FY27E EPS $25.57	13.4x
Q3 2026 ROTCE / CET1	20% / 13.9%
Q3 EPS vs consensus	$5.75 vs $5.94
Street target (31 analysts)	$375.04
Earnings credibility	B
Next catalyst	Q4 results, 14 Jan 2027

JPMorganChase 8-K (13 Oct 2026); Robinhood quotes, fundamentals and analyst feed (7–9 Nov 2026); yfinance; ABiS estimates.

JPM vs S&P 500, one year



ABiS; yfinance adjusted closes

1. Executive Summary

KEY TAKEAWAYS

At $342.08 the market pays for a return on tangible equity (ROTCE) of about 21% that lasts indefinitely. Our base case holds 21.5% in 2027 and lets it fade to 16% by 2036, which is still well above the 9.4% cost of equity. That path is worth $278 a share, and our probability-weighted value is $275 within a composite range of $270–335. The shares sit 2% above the top of that range, so the calibration rule treats them as fairly valued (label: Fair), but even our bull case ($326) is below the price.

This is our first report on JPMorgan Chase (report date 10 November 2026, data cutoff the 9 November close, US dollars), and it follows our event study of the same date. The bank is the strongest large US franchise: it earned a 20% ROTCE in 2025 and in the third quarter of 2026, grew loans 10.4% and deposits 9.1% over the year, and carries a 13.9% CET1 ratio (the common equity capital ratio regulators watch). We do not dispute near-term earnings, because our 2027 model earns about $25 a share against a consensus of $25.57. The disagreement is about how long a 20%-plus return lasts, and whether 9.4% is the right price for owning it. Our estimate of the implied cost of equity at today's price is 8.3%.

Our view: this is a high-quality bank at a full price, and the right action is to hold what is owned and add nothing. Our probability-weighted value is 20% below the price, and a payoff like that does not support new money.

Our intrinsic value view is Fair, our 1–3 month market trading direction is neutral to slightly lower, and our investment action is Watch: hold what is owned and add nothing.

The gap between what the price assumes and what we expect is set out below.

EXHIBIT 1 Expectations gap (ROTCE and cost of equity in %, EPS in $)

Driver	Market-implied	ABiS view	Base-rate position	Validation
Sustainable ROTCE	~21.4 forever (g 3.5%)	21.5 in 2027, 16 by 2036	Top-quartile returns persist ten years about 40–50% of the time (Mauboussin)	Q4 guide, 14 Jan 2027; quarterly ROTCE
Cost of equity	~8.3 on our base path	9.4 (10-yr 4.86% + 1.0 × 4.5% ERP)	Beta 1.0 per yfinance	10-year yield; ERP
FY2027 EPS	25.57 (consensus)	~25	In line	Q4 guide on NII and expenses
Credit cost	Not observable	Bear case ROTCE 11% in 2028	Provision $14.2B in 2025 vs −$9.3B in 2021	Card NCO guide; reserve builds
Net gap	**Modestly negative**		**Weighted value −20% vs price**	

Source: ABiS model and `dcf.py` (CoE 9.4%, g 3.5%, 2.6556B shares, TBVPS $112.64); JPMorganChase 8-K (13 October 2026); Robinhood and yfinance (9 November 2026).

Over the next one to three months the market is most likely to trade the 2027 guide first. On 14 January JPMorgan gives its annual NII and expense outlook, and the two sharpest falls since January 2024 (January and April 2026, each about −4.5% against SPY) followed guidance disappointments. The sequence is the guide, then the card-cap and Basel headlines, then whether credit costs start to rise. The Q3 report already previewed 2027 NII excluding Markets at about $107B, so the bar is set.

The main bull and bear points are listed with what would disprove each.

EXHIBIT 2 Core bull and bear points

Side	Point	What would disprove it
Bull	ROTCE of 20% in 2025 and 20–21% in Q3 2026; 2027 NII preview of ~$107B ex-Markets, +10%	2027 guide below $105B
Bull	Loans +10.4% and deposits +9.1% y/y; ~$30B of excess capital being redeployed	Loan growth below 5%
Bull	Basel III re-proposal is a small net capital cut; no policy shock since January	A final rule that raises requirements
Bear	Expenses guided to ~$108.6B in 2026 (+13.6%) against NII guided +11%: negative operating leverage	2027 expense growth above NII growth
Bear	Allowance for loan losses fell to 1.66% of loans from 1.79% while loans grew 10%	Reserve build above $1.5B a quarter
Bear	Price is 3.0x tangible book and 13.4x FY27E EPS; the 15% buffer, not our value, keeps it at Fair	TBVPS growth above 10% a year

Source: JPMorganChase Q3 2026 supplement and 8-K (13 October 2026); Reuters; ABiS.

2. Business Overview

JPMorgan is a diversified US bank holding company with $5.09T of assets, $1.58T of loans and $2.78T of deposits at 30 September 2026, run through four segments by 318,512 employees. Its profit comes mainly from the investment bank and the consumer bank, and the third quarter shows the mix without the one-off gains that lifted the second.

EXHIBIT 3 Net income by segment (Q3 2026, $M)

Segment	Q3 2026	Q3 2025	y/y	Share of total
Consumer and Community Banking	5,670	5,009	+13.2%	37%
Commercial and Investment Bank	8,247	6,901	+19.5%	54%
Asset and Wealth Management	1,843	1,658	+11.2%	12%
Corporate	−455	825	n/a	−3%
Total	**15,305**	**14,393**	**+6.3%**	**100%**

Source: JPMorganChase Q3 2026 earnings release supplement (13 October 2026), figures as extracted by us; segment revenue was not obtained.

Consumer and Community Banking houses the branch network, cards (including the Apple Card portfolio JPMorgan agreed to buy, which drove a $2.2B reserve build in Q4 2025) and mortgages. The Commercial and Investment Bank covers markets, investment banking and treasury services, and it earns the most. Markets revenue reached a record $11.6B in the first quarter, and investment banking fees were $2.96B in Q3, up 13% on a year earlier. The Corporate segment holds the treasury and one-off items: it earned $4.2B in Q2 2026, mostly a Visa-related gain, and lost $0.5B in Q3 after $658M of securities losses.

Interest income is now the engine. Net interest income was $95.4B in 2025 and management guides about $106.2B for 2026 (up from $105.5B), with a preliminary 2027 central case of about $107B excluding Markets, which is roughly 10% above the 2026 figure of $97.2B. Investment banking and Markets revenues are cyclical and have been strong in 2026, so we treat them as a risk to the earnings base and not a floor.

3. Business and Competitive Analysis

JPMorgan's moat is scale in deposits, payments and capital markets, and the financial evidence supports a wide-moat rating. The test is the ratio of earnings power value to tangible book: our zero-growth earnings power value of $216 a share is 1.9 times tangible book of $112.64, and the ratio only reaches that level when returns exceed the cost of equity by a wide margin for a long time.

EXHIBIT 4 Moat scorecard

Dimension	Evidence	Strength
Deposit franchise	Deposits $2.78T, +9.1% y/y; net yield ex-Markets 3.70% vs 3.73% a year ago	Strong, but deposit beta not obtained
Scale and cost	Overhead ratio 54% in Q3 (52% a year ago); 2026 expenses ~$108.6B	Medium; expense growth is outrunning revenue
Risk selection	Allowance for loan losses 1.66% of loans; card NCO guide 3.2%	Medium; cycle not yet tested
Capital generation	ROTCE 20%, CET1 13.9%, $30–52B of excess capital (sources conflict)	Strong
Capital-markets franchise	Record Markets revenue, IB fees +13% y/y	Strong but cyclical
Overall	**Earnings power value 1.9x tangible book**	**Wide**

Source: JPMorganChase Q3 2026 supplement; ABiS `dcf.py` (EPV, 18% normalized ROTCE, 9.4% cost of equity).

Competitive pressure comes from three places. Card and consumer lending face a political cap risk that is not in the numbers, and the January 2026 episode cost the stock 5.6% in two days. Investment banking competes with Goldman Sachs and Morgan Stanley, which trade at 2.3x and 2.6x book against JPMorgan's 2.5x. Regional and private-credit lenders compete on loans, and JPMorgan itself reports about $50B of exposure to private credit and about $160B to nonbank lending. The growth engines to test are NII excluding Markets and loan growth, and the evidence that would disprove the moat is a deposit beta (how much deposit costs rise when policy rates rise) above peers or ROTCE under 17% outside a credit cycle.

4. Management, Governance, and Capital Allocation

Management quality is high, but the transition risk is rising and capital has been returned at a price above our value. Jamie Dimon is chairman and CEO, and on 25 June 2026 the bank named Doug Petno and Troy Rohrbaugh co-presidents while Marianne Lake retired. Reuters-sourced reports say Dimon expects to stay about three more years and then become executive chairman, with a successor named within two to two-and-a-half years. Retention awards of $30M each went to the two co-presidents and $20M each to Jennifer Piepszak and Mary Erdoes. Insiders own 0.4% of the shares and institutions 75.6% (yfinance).

EXHIBIT 5 Capital allocation scorecard

Dimension	Record	Score	Basis
Buybacks	$31.6B in 2025, $18.8B in 2024, $9.8B in 2023; Q3 2026 net buyback fell to ~$1B from $6.2B	Medium	Bought at a premium to tangible book; the price is above our $278 base value
Acquisitions	Apple Card portfolio (2025 reserve build $2.2B); First Republic (2023)	Good	No goodwill writedowns; goodwill $52.7B, flat since 2023
Reinvestment	Tangible book value per share +6.6% y/y; loans +10.4%	Good	ROTCE 20% on incremental capital; cycle test pending
Dividends	$1.65 a quarter (from $1.50); payout ~26% of FY27E EPS	Good	Covered 3.9 times
Dilution	Diluted shares 3.03B (2021) to 2.78B (2025)	Good	−2.1% a year
Overall		**Good**	**Buying back stock at a premium is the one weakness**

Source: JPMorganChase 10-K (fiscal 2025) via SEC facts; Q3 2026 supplement; yfinance; Reuters.

A weaker point is disclosure of adjustments. Reported EPS in three of the last four quarters differs from the figure the Street uses because of Apple Card reserves, a Visa gain or securities losses, and those items are repeating. Capital return slowed in the third quarter as management chose organic growth over buybacks, which we read as a sign of disciplined pricing, because repurchases at 3.0x tangible book add little to value per share at our estimates.

5. Financial Analysis and Earnings Quality

5.1 Five-year trend

Revenue has grown 50% in four years and net income 18%, because expenses and credit costs absorbed most of the increase. Operating leverage was positive in 2023 and 2024 and negative in 2025 and again in 2026, when expenses are guided up 13.6% against NII up 11%.

EXHIBIT 6 JPMorgan five-year summary ($B, December year-end)

Metric	2021	2022	2023	2024	2025
Total net revenue	121.7	128.7	158.1	177.6	182.4
Net interest income	52.3	66.7	89.3	92.6	95.4
Noninterest expense	71.3	76.1	87.2	91.8	95.6
Provision for credit losses	−9.3	6.4	9.3	10.7	14.2
Net income	48.3	37.7	49.6	58.5	57.1
Diluted EPS ($)	15.36	12.09	16.23	19.75	20.02
Expense / revenue (%)	58.6	59.2	55.1	51.7	52.4

Source: JPMorganChase 10-K filings for fiscal 2023 and 2025 (SEC XBRL facts, retrieved 9 November 2026). 2023 revenue includes the First Republic acquisition; 2025 provision includes the $2.2B Apple Card reserve.

5.2 Bank KPIs

Growth is strong and credit is benign, but the quality of the margin matters more than its level. Net interest income rose 13% in Q3 mostly from Markets, and NII excluding Markets rose only 6%.

EXHIBIT 7 Profitability and growth

Metric	Q3 2026	Q2 2026	Q3 2025
Net yield on interest-earning assets	2.48%	2.40%	2.45%
Net yield excluding Markets	3.70%	3.65%	3.73%
Managed revenue ($M)	50,907	58,022	47,120
Noninterest expense ($M)	27,295	27,316	24,281
Overhead ratio	54%	47%	52%
ROTCE	20%	29%	20%
Tangible book value per share ($)	112.64	113.35	105.70

Source: JPMorganChase Q3 2026 earnings release supplement (13 October 2026). The Q2 figures include a Visa-related gain of about $4.6B pretax.

Credit and capital are sound by current standards, with one trend we flag: the allowance ratio is falling while loans grow.

EXHIBIT 8 Credit, capital and balance sheet

Metric	Q3 2026	Q2 2026	Q3 2025
Provision for credit losses ($M)	2,743	2,515	3,403
Allowance for loan losses / loans	1.66%	1.70%	1.79%
Total loans ($B)	1,584.6	1,542.5	1,435.2
Total deposits ($B)	2,780.8	2,713.7	2,548.5
CET1 ratio, standardized	13.9%	14.2%	14.8%
Common shares (M)	2,655.6	2,658.2	2,722.2

Source: JPMorganChase Q3 2026 supplement; allowance ratio is our calculation from allowance for loan losses and excludes lending-related reserves. Net charge-offs of about $2.2B (0.56% of loans annualized, our calculation) and the card NCO guide of ~3.2% come from coverage of the call.

We could not obtain the deposit beta, uninsured deposits, held-to-maturity unrealized losses, commercial real estate exposure, Level 3 assets or an eight-quarter trend, so the credit conclusion rests on three quarters of data and management's guidance. CET1 fell 90 basis points in a year, from 14.8% to 13.9%, as loans grew and buybacks continued.

5.3 Earnings credibility

We grade JPMorgan's earnings credibility B. Accrual ratios and the Beneish score do not apply to a bank, so we used the bank substitutes in our method: reserve behaviour, recurring adjustments, balance-sheet marks and governance.

EXHIBIT 9 Earnings credibility checks

Check	Result	Verdict	Evidence
Reserve adequacy	Allowance ratio 1.66% vs 1.79%; $539M build in Q3	Watch	Loans +10.4% against allowance +2.1%
Recurring adjustments	Items in 3 of the last 4 quarters	Mild flag	Apple Card, Visa gain, securities losses
Cash conversion and M-Score	Not applicable to banks	n/a	CFO is dominated by trading balances
Balance-sheet marks	Not obtained	Gap	Level 3 and held-to-maturity losses unread
Governance and audit	No restatement found; CEO transition under way	OK	No auditor concern found
Credibility grade	**B**		**No veto applied**

Source: JPMorganChase Q3 2026 supplement, 10-K (fiscal 2025), coverage of 13 October 2026; ABiS.

6. Valuation

KEY TAKEAWAYS

We value JPMorgan on tangible book, ROTCE and the cost of equity, with a residual-income and zero-growth cross-check. The probability-weighted value is $275, the composite range is $270–335, and the price of $342.08 is 2% above its top end. The pre-registered rule labels that Fair because it allows a 15% buffer above the high end, but no method built on our assumptions reaches the price. We would need a cost of equity near 8.3% or a ROTCE above 20% for a decade.

6.1 What the price assumes

At 3.04x tangible book, a perpetual ROTCE of 21.4% is required at a 9.4% cost of equity and 3.5% growth. At 3.0% growth it is 22.4% and at 4.0% it is 20.4%. About 37% of the price pays for growth beyond a no-growth bank earning 18%, against $216 for the zero-growth value. In reverse-DCF terms the price needs distributable earnings to reach $66B a year from 2032, compared with $56B in our base case.

EXHIBIT 10 What the price implies (cost of equity 9.4%)

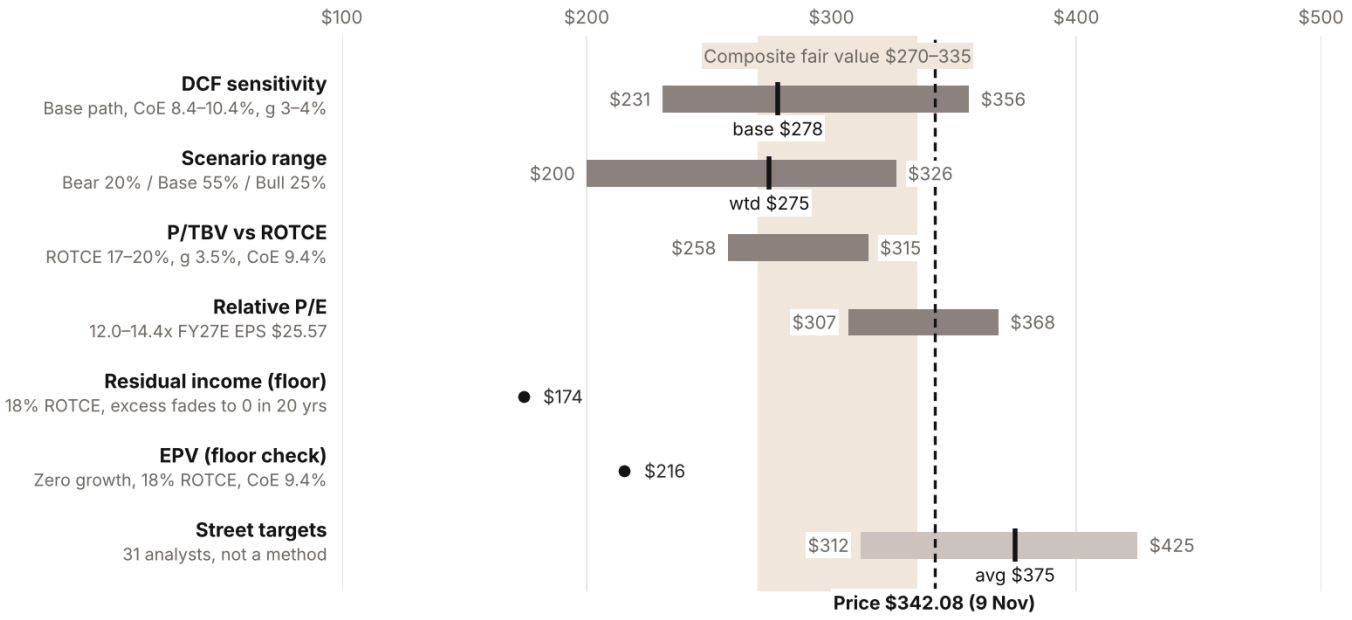
Measure	Market-implied	ABiS base	Reference
Price / tangible book	3.04x	2.29–2.80x (ROTCE 17–20%)	2.46x at 18%
Perpetual ROTCE needed	21.4%	16% terminal	Management's long-standing 17% through-cycle target (not re-verified)
Steady distributable earnings	$66B a year	$56B (year 5)	2025 net income $57B
Cost of equity on our base path	8.3%	9.4%	10-yr 4.86% + 4.5% ERP

Source: ABiS `dcf.py` reverse DCF, PVGO and scenarios; yfinance beta 1.02; Treasury 10-year 4.86% (9 November 2026); ERP 4.5% per Damodaran's implied range of 4–6% (secondary source, May 2026).

6.2 Valuation summary

The three main methods centre between $275 and $287, the peer P/E method at $337, and the two floor checks sit at $174 and $216, so no method built on our assumptions reaches the price. The scenario DCF and the tangible-book method carry the most weight, and the peer P/E method carries the least because the peers are lower-return banks.

EXHIBIT 11 Valuation football field ($ per share)



Source: ABiS `dcf.py` and valuation model; price from Robinhood (9 November 2026 close); Street targets from Robinhood (7 November 2026), not a method.

The table gives each range with its distance from the price and the weight we put on it.

EXHIBIT 12 Valuation summary ($ per share)

Method	Range	vs price	Weight	Key assumption
Scenario DCF (weighted)	200–326 (wtd 275)	−41% to −5%	High	Bear 20 / base 55 / bull 25
DCF sensitivity (base path)	231–356	−32% to +4%	High	CoE 8.4–10.4%, g 3–4%
P/TBV vs ROTCE	258–315	−25% to −8%	High	ROTCE 17–20%, g 3.5%
Relative P/E	307–368	−10% to +8%	Low	12.0–14.4x FY27E EPS $25.57
Residual income (floor)	174	−49%	Check	Excess return fades to zero in 20 years
Earnings power value (floor)	216	−37%	Check	18% ROTCE, no growth
Composite	**270–335**	**−21% to −2%**		**Rounded from methods above**

Source: ABiS `dcf.py` (WACC 9.4%, g 3.5%); peer P/E from Robinhood (9 November 2026).

6.3 Scenarios and sensitivity

Each scenario is a ten-year path for ROTCE and tangible equity growth, with distributable earnings equal to net income less the capital retained to grow. The bear case needs a credit cycle, the bull case needs the high returns to persist and capital rules to ease.

EXHIBIT 13 Scenarios (cost of equity 9.4%, terminal growth 3.5%)

Case	Probability	Evidence now	ROTCE path	Value per share	Key assumption
Bear	20%	Weak to medium	15% in 2027, 11% in 2028, 14% terminal	$200	Credit cycle; card cap; weaker markets
Base	55%	Medium	21.5% in 2027 fading to 16%	$278	Consensus 2027, then normal fade
Bull	25%	Medium	22.5% in 2027 fading to 18%	$326	Guide raises and easier capital rules
Weighted				**$275**	**−20% vs price**

Source: ABiS `dcf.py`; evidence from JPMorganChase Q3 2026 supplement, Reuters and Robinhood analyst data.

The bull case has medium evidence because ROTCE has been 20–22% for four years and NII guidance has been raised twice in 2026. The bear case has weak to medium evidence, because credit costs are benign but the allowance ratio is falling and Dimon warned in April that private credit losses will be larger than feared. At a 9.4% cost of equity the base value moves from $266 to $293 across terminal growth of 3–4%, and at 3.5% growth from $240 to $333 across a cost of equity of 10.4% to 8.4% (see appendix). The weights come from the evidence now, and the result does not depend on them.

A 40/50/10 bear-heavy mix gives $252 and a 10/50/40 bull-heavy mix gives $290, and both are below the price.

6.4 Calibration

The composite range is $270–335, and the price is 1.02 times the high end. The pre-registered rule says a price between 0.85 times the low end and 1.15 times the high end is Fair, and we apply it as written. The position module returns an expected return of −20%, an upside-to-downside ratio of zero and a quarter-Kelly size of zero, because the bull value is under the price. We do not rest the action on the label alone.

7. Analyst View Summary

The Street is more positive than we are, mostly on duration of returns. Of 31 analysts, 18 rate JPMorgan Buy and 13 Hold, with none at Sell. The average target is $375.04, 9.6% above the price, in a range of $312–425 (Robinhood, 7 November 2026). A yfinance average of $373.48 is consistent. Other averages we found, $342–359, date from the summer and are stale.

Consensus FY2026 EPS is $23.91 and FY2027 $25.57, up 6.9%. Over 90 days the FY2027 figure rose 2.5% from $24.95 while FY2026 slipped 0.9%, so estimates are shifting to 2027 NII. The Q4 2026 estimate is $5.77 (Robinhood) or $5.86 (yfinance), and the report is dated 14 January 2027. JPMorgan beat on six of the seven quarters reported since the first quarter of 2025, and the miss was the third quarter of 2026 ($5.75 against $5.94).

EXHIBIT 14 Consensus versus our view

Topic	Street	ABiS	Why we differ
FY2027 EPS	$25.57	~$25	Not a disagreement
Value	Target $375	$270–335	We fade ROTCE to 16%; they hold it near 20%
Cost of equity	Not stated	9.4%	The $375 target implies ~7.8% on our base path
Credit	Benign	Bear case 20%	Allowance ratio falling; private credit flagged

Source: Robinhood analyst and earnings feeds, yfinance (9 November 2026); ABiS.

Our view: the Street's $375 target needs a cost of equity near 7.8% on our base path and a long hold on ROTCE above 20%. We agree with the Street on near-term earnings power and disagree with the value placed on the years after 2030.

8. Recent News and Catalysts

The last three months were dominated by the Q3 report, the leadership reshuffle and a volatile market. JPMorgan reported on 13 October with EPS of $5.57 ($5.75 excluding securities losses) against a $5.94 consensus, raised the 2026 NII guide and previewed 2027. It closed down 0.9% on the day. On 4 November the stock rose 4.2% and on 5 November it fell 4.2% as SPY fell 4.4%. The next test is the Q4 report.

EXHIBIT 15 Catalyst calendar

Date	Event	Direction	Logic	Status
2026-12	Fed December meeting	Mixed	Rate path drives NII and deposit costs	Date not verified
2027-01-14	Q4 2026 results and 2027 guide	Both	NII (~$107B ex-Markets), expenses, card NCO	Confirmed
2027	Basel III endgame final rule	Positive	Re-proposal was a small net capital cut	No date set
2027	Card-rate cap legislation	Negative tail	Threat to card income; S. 381 has no markup	Unconfirmed
2027-06	Stress test and capital return	Positive	Buffers frozen through 2027 (unverified)	Expected
2027–29	CEO succession	Mixed	Dimon expected to stay ~3 years	Reuters-sourced

Source: Robinhood earnings calendar; Federal Reserve; Reuters; Orrick; ABiS.

8.1 Forecast register

Each forecast below is dated so it can be scored, and we will not edit it after publication.

EXHIBIT 16 Forecast register

Forecast	Baseline	Range or direction	Validation date	Leading indicator and invalidation	Status
Q4 2026 adjusted EPS	Consensus $5.77–5.86	$5.70–6.20	2027-01-14	Markets and IB revenue; below $5.60 invalidates	Open
2027 NII ex-Markets guide	Preview ~$107B	$105–110B	2027-01-14	Guide below $105B invalidates base	Open
2027 expense guide	2026 ~$108.6B	$111–116B	2027-01-14	Above $116B is bearish	Open
2027 card NCO guide	2026 ~3.2%	3.0–3.6%	2027-01-14	Above 3.6% is bearish	Open
CET1 standardized, Q4 2026	13.9%	13.5–14.2%	2027-01-14	Below 13.0% invalidates	Open
JPM vs SPY, 63 sessions	2026-11-10	−8% to +4%	2027-02-11	Event-study d0–63 range −6.2% to +2.8%	Open
TBVPS, Q3 2027	$112.64	$119–123	Oct 2027 (Q3 report)	Below $116 invalidates base	Open

Source: ABiS; event study (10 November 2026).

9. Investment Conclusion, Counter-Case, and Position Sizing

KEY TAKEAWAYS

We rate the shares Fair on the pre-registered rule, expect a neutral to slightly lower path against SPY into and after 14 January, and recommend holding what is owned without adding. The price already pays for a 21% ROTCE that we expect to fade, and the probability-weighted return to our value is −20%. We would add below $300, or if the 2027 guide shows ROTCE staying at 21% or better.

9.1 Conclusion

The three judgments differ for good reasons. The intrinsic value view is Fair, because the price is within the 15% buffer of the range. Over one to three months we expect a neutral path: in the six earnings reports since January 2024 the median first-day move was 0.0% against SPY and the median 21-day move −1.4%, and the two falls near −4.5% followed guidance disappointments. The action is Watch, which means hold, add nothing and keep a pullback to $300 as the level for a new look.

We would not buy the shares with new money today, because the bull case of $326 is below the price and the next scheduled event can only confirm what is priced or disappoint.

9.2 Counter-case and pre-mortem

The first failure case attacks our core view directly: JPMorgan keeps earning 21% or more, so the shares reach the Street's $375 and our cautious stance costs money. This is the largest risk to the report and it has medium evidence.

EXHIBIT 17 Pre-mortem, three ways we could be wrong

Failure case	Mechanism	Evidence now	Monitoring signal	Tested by
ROTCE stays above 21%	NII, Markets and IB stay strong; capital rules ease; price goes to $375	Medium	2027 ROTCE guide; TBVPS +8% or more	Q4 and Q1 2027
Credit cycle starts	Private credit and consumer losses lift NCOs; reserve builds	Weak to medium	Card NCO above 3.6%; build above $1.5B	Quarterly
Policy shock	Card cap passes or Basel final rule raises capital	Weak	S. 381 markup; final rule text	2027

Source: ABiS; JPMorganChase, Reuters, Axios (April 2026 private credit coverage).

The first case would change our action. A 2027 NII guide of $109B or more with expenses at or below $112B, and ROTCE guided at 21% or better, would raise the bull weight to 40% (with 45% base and 15% bear) and the weighted value to about $286. The price would still sit above it, but we would raise the range and reconsider the action. A price above $385, which is 1.15 times the top of our range, without a change in those inputs would move the label to Expensive.

9.3 Position sizing

The probability-weighted expected return is −20%. The upside to the bull value is below zero at today's price and the downside to the bear value is −41%, so the ratio is under 0.1 and the quarter-Kelly size is zero. We did not run a Monte Carlo, because the distribution depends on the scenario paths we already show. This is not an allocation recommendation.

9.4 Monitoring list

- 2027 NII ex-Markets guide against $107B (upside invalidation of our cautious view: $109B or more).
- 2027 expense guide against 2026's ~$108.6B (downside invalidation: growth above NII growth).
- Card NCO guide against 3.2% (downside invalidation: above 3.6%).
- CET1 against 13.9% (downside invalidation: below 13.0%).

- TBVPS growth against 6.6% a year (upside invalidation: above 10%).

9.5 Confidence

EXHIBIT 18 Confidence self-assessment

Dimension	Score	Note
Data completeness	Medium	8-K and 10-K read; deposit beta, CRE and Level 3 not obtained
Valuation convergence	Medium	Methods centre $275–337; none on the price
Expectations-gap clarity	High	One falsifiable disagreement with a dated test
Earnings credibility	B	Reserve ratio and recurring adjustments
Overall confidence	**Medium**	**Good label, small edge**

Source: ABiS.

Appendix: supporting exhibits

EXHIBIT 19 Valuation sensitivity, base path ($ per share)

Cost of equity	g 3.0%	g 3.5%	g 4.0%
8.4%	313.1	332.5	356.2
9.4%	265.7	278.1	293.0
10.4%	230.9	239.5	249.3

Source: ABiS `dcf.py`; only the 8.4% / 4.0% cell exceeds the $342.08 price.

EXHIBIT 20 Large US banks, 9 November 2026

Bank	Price/book	P/E (trailing)	Dividend yield	Market cap ($B)	Street target (avg)
JPMorgan	2.53	14.0	1.8%	908	$375
Bank of America	1.26	11.8	2.3%	349	$62
Citigroup	1.03	11.6	2.1%	205	$152
Wells Fargo	1.59	11.8	2.2%	257	$97
Goldman Sachs	2.27	12.4	2.1%	261	n/a
Morgan Stanley	2.65	14.4	2.4%	292	n/a

Source: Robinhood fundamentals and analyst ratings (9 and 7 November 2026); peer ROTCE not obtained.

EXHIBIT 21 Key valuation assumptions

Input	Value	Source
Cost of equity	9.4%	10-yr 4.86%, beta 1.0, ERP 4.5%
Terminal growth	3.5%	Below long-run nominal GDP
Starting tangible equity	$299.1B	TBVPS $112.64 × 2.6556B shares
Normalized ROTCE	18%	20% in 2025 and Q3 2026; ROE 17% in 2025
Event study	6 reports, median d0–1 +0.0%	ABiS event study, 10 November 2026

Source: ABiS valuation model; 2027 EPS excludes preferred dividends, which we did not model.

EXHIBIT 22 Conflicting figures and how we handled them

Item	Source A	Source B	Treatment
Q3 consensus EPS	$5.94 (Robinhood)	$5.90 (coverage)	Used $5.94; miss of $0.19
Excess capital	~$30B (call summary)	$52B (TradingNews)	Showed both; not modelled
Q3 net buyback	~$0.7B	~$1B	Used ~$1B; unconfirmed
Q4 2026 EPS estimate	$5.77 (Robinhood)	$5.86 (yfinance)	Range $5.70–6.20
Visa gain quarter	Q2 2026 (segment data)	Q3 (one summary)	Q2: Corporate earned $4.2B in Q2, lost $0.5B in Q3

Source: sources as named; ABiS.

Sources

JPMorganChase Form 10-K for fiscal 2025 and fiscal 2023 (SEC XBRL facts via Robinhood, retrieved 9 November 2026); JPMorganChase Q3 2026 earnings release supplement and 8-K (SEC, 13 October 2026); JPMorganChase Q4 2025 release (13 January 2026); Robinhood quotes, fundamentals, earnings calendar and analyst ratings (7–9 November 2026); yfinance estimates, beta and short interest (9 November 2026); US Treasury 10-year yield via yfinance (4.86%, 9 November 2026); TradingNews and Beancount (October 2026 Q3 summaries); Reuters, Business Standard and Outlook Business (June 2026 leadership changes); Axios, Irish Times and American Banker (April 2026 private credit); Orrick and Deloitte (March 2026 Basel re-proposal); Federal Reserve stress test coverage (June 2026); Bloomberg via The Star (June 2026 buyback); Marketscreener and Kitco (January 2026 card-rate cap); Damodaran implied ERP range via BV Resources (secondary); ABiS event study, 10 November 2026. This report applies the banks industry appendix.

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