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JPMorgan Chase (NYSE: JPM)

The best-run large bank in the world, priced for it to stay that way.

RATING	PRICE (2026-09-10)	FAIR VALUE	IMPLIED RETURN	PRICE / TBV
HOLD	$353.56	$320	-9.5%	3.12x

We are initiating on JPMorgan Chase with a **HOLD** and a $320 fair value.

There is no bear case on the business here and we are not going to invent one. JPMorgan is the best-capitalized, best-run large bank in the world. Tangible book value per share has compounded at 10.7 percent a year for five years, which is extraordinary for an institution of this size.

The question is entirely about price. At $353.56 the stock trades at **3.12 times** tangible book of $113.35, against a ten-year median nearer 2.00 times. That is a 56 percent premium to its own history.

Reported second-quarter return on tangible common equity was 29 percent. Excluding one-time gains it was 23 percent. Through a full cycle this bank has earned closer to 17.

Our estimate of the sustainable figure is **19 percent**, which justifies 2.80 times tangible book, or $317. We round to $320.

SNAPSHOT	
Market cap	$940B
Shares out	2,660M
Tangible book / share	$113.35
Book value / share	$133.01
Price / tangible book	3.12x
10-year median P/TBV	2.00x
Premium to median	+56%
Q2 ROTCE reported	29%
Q2 ROTCE ex. items	23%
Implied by the price	20.6%
Our through-cycle	19%
CET1 (standardized)	14.1%
TBV growth, 5yr CAGR	10.7%
Net payout, LTM	73%
52-week range	$279-$366
From 52-wk high	-4%

THE CALL IN ONE PARAGRAPH · Nothing about JPMorgan's franchise is in question. Capital is enormous, the deposit base is the best in banking, and tangible book compounds at a rate most banks cannot approach. What is in question is what you pay for it. Today's multiple implies a sustainable return on tangible equity of 20.6 percent. That is below what the bank just earned, so the market is not naive, but it is above what this bank has earned across a full cycle and above the level management itself describes as a through-cycle target. The current quarter is flattered twice over: by one-time gains, and by markets revenue at an exceptional point in its cycle. Strip both and the premium gets harder to defend. We would own this bank. We would want to pay less than the market is asking.

1 · Why a price to earnings ratio is the wrong tool

The framework, stated rather than assumed

This is our first bank, so the method deserves setting out properly instead of being taken for granted.

A price to earnings ratio is close to useless for a bank. Provisioning is partly discretionary, so management can move reported earnings by building or releasing reserves without anything changing in the business. Trading revenue swings violently with conditions nobody controls. And the risk lives on the balance sheet rather than the income statement: a bank can print record earnings in the year before it discovers what it lent against.

The anchor instead is price to tangible book value, measured against the return the bank earns on that tangible equity. The identity is standard and exact:

justified price to tangible book = (ROTCE - g) / (cost of equity - g)

Read it once and the logic is obvious. A bank earning exactly its cost of equity is worth exactly one times tangible book, because it creates nothing above what shareholders require for the risk. Every point of return above the cost of equity is what a premium pays for. Nothing else in a bank's valuation matters as much as that spread.

So the entire report reduces to one question: what return can JPMorgan sustain on tangible equity, and what is the market already paying for?

Why not a discounted cash flow

A DCF on a bank would require forecasting provisioning and trading revenue a decade out, the least forecastable part of the business, and would put most of the answer in a terminal value. The tangible book framework puts the central judgment in a single number a reader can disagree with.

What tangible book is, precisely

Tangible common equity is total stockholders' equity less preferred stock, less goodwill and identifiable intangible assets other than mortgage servicing rights, net of related deferred tax liabilities. It is what is actually there. At June 30, 2026 that was $113.35 per share against book value of $133.01, so roughly 15 percent of stated book is intangible.

Quarter	Tangible book / share	ROTCE
Q3 2025	$105.70	20%
Q1 2026	$108.87	23%
Q2 2026 reported	$113.35	29%
Q2 2026 excluding items	**$113.35**	**23%**

The tangible book line is the one to watch. It has risen every quarter through a rate cycle and a change in the competitive landscape. That consistency is the strongest argument for the franchise, and it is why this report is a hold rather than anything more negative.

2 · Two layers of flattery in one quarter

What the reported numbers are not telling you

First, the one-time gains

Second-quarter reported net income was $21.2 billion. That included a $4.6 billion net gain on Visa shares and $1.0 billion of gains on certain equity investments.

	Reported	Excluding items	Difference
Net income	$21.2B	$16.9B	$4.2B
Earnings per share	$7.70	$6.14	$1.56
ROTCE	**29%**	**23%**	**6 pts**

That is 19.8 percent of reported net income and 6 points of ROTCE. To the company's credit this is disclosed clearly and management led with the adjusted figure on the call. But a screen reading 29 percent ROTCE is reading a number that will not repeat.

Second, and less discussed, the adjusted figure is itself a cyclical peak

Markets revenue was $12.1 billion, up 35 percent, with equities up 86 percent and investment banking fees up 30 percent. Management described conditions as exceptionally dynamic. That is the language of a peak, not of a run rate.

Credit is unusually benign at the same time. Net charge-offs were $2.4 billion with a reserve build of only $0.1 billion, and management lowered its expected card net charge-off rate to about 3.2 percent. Credit costs do not stay at the bottom of their range indefinitely.

What is left after both adjustments

JPMorgan earned 20 percent ROTCE as recently as the third quarter of 2025, in an environment nobody called difficult. Its longer history sits closer to 17 percent. Neither figure suggests a bank in trouble. Both suggest that the mid-20s is the top of a range rather than the middle of one.

This is the same mechanism we have written about in two separate notes, and it is worth naming because it recurs across industries with nothing else in common: a genuinely non-recurring item lands inside a reporting period, every ratio built on that period improves, and the multiple computed on top of it measures the moment rather than the business.

3 · What the price assumes

Running the identity backwards

Rather than forecast, we solve the identity for the one number we cannot observe. At a 10 percent cost of equity and 5 percent growth in tangible book, today's multiple of 3.12 times implies a sustainable ROTCE of **20.6 percent**.

The first thing to say about that is fair to the market. 20.6 percent is 2.4 points below the 23 percent the bank just earned excluding items. Nobody is naively extrapolating the quarter.

The second thing is the problem. It is still above what this bank has earned across a full cycle, and above the level management itself describes as a through-cycle target. The market is not pricing a boom lasting forever. It is pricing near-peak returns as the new normal.

What each level of sustainable return is worth

If sustainable ROTCE is	ROTCE	Justified P/TBV	Fair value
Q2 as reported, 29% ROTCE	29%	4.80x	$544
Q2 excluding significant items, 23%	23%	3.60x	$408
our through-cycle estimate, 19%	**19%**	**2.80x**	**$317**
a normal year for a great bank, 17%	17%	2.40x	$272
cost of equity, 10%	10%	1.00x	$113

The bottom row is the sanity check on the whole framework: a bank earning exactly its cost of equity is worth exactly one times tangible book. If a model does not produce that, it is not a valuation, it is a spreadsheet.

Where we land, and why

Our estimate is **19 percent**. That is a deliberate compromise. Well above the 10 percent cost of equity and above JPMorgan's own long-run history, because this franchise has genuinely improved and deserves credit for scale advantages that are real and durable. But below the current run rate, because markets revenue and credit costs are both sitting at favorable points in their respective cycles.

19 percent at 5 percent growth justifies 2.80 times tangible book, or $317 per share. We round to $320, implying -9.5 percent from the reference price.

The honest summary of this report

The implied figure depends entirely on two assumptions nobody can look up. Here is the whole range.

Cost of equity	4% growth	5% growth	6% growth
9%	19.6%	17.5%	15.4%
10%	22.7%	**20.6%**	18.5%
11%	25.8%	23.7%	21.6%

Implied ROTCE ranges from 15.4 percent to 25.8 percent. At a 9 percent cost of equity and 4 percent growth the implied figure is 19.6 percent, essentially our own through-cycle estimate, and the stock is fairly valued rather than expensive. We have picked the middle of a wide range and shown our work so a reader can pick differently.

4 · The bull case

Why this is a HOLD and not a sell

The case against our view is strong, and it is strong enough to change the rating from what the arithmetic alone would suggest.

What the bulls have right

- **Capital is enormous.** CET1 of 14.1 percent, $303 billion of CET1 capital against $2,100 billion of risk-weighted assets, and a supplementary leverage ratio of 5.5 percent. This is a balance sheet built to be boring.
- **Capital return is substantial.** Net payout over the last twelve months was 73 percent, and the dividend rises to $1.65 quarterly from the third quarter.
- **Tangible book compounds.** 10.7 percent a year over five years and 11.2 percent over two. A bank returning that much capital while still growing book value at double digits is compounding in a way most of the sector cannot.
- **Scale is still building.** Assets under management of $5.1 trillion, up 18 percent. Average loans up 18 percent year over year. A deposit franchise that funds the balance sheet cheaply and gets stickier as it grows.
- **Our central number is soft.** The entire call rests on a cost of equity nobody can observe, and a reasonable adjustment to it removes the overvaluation entirely.

Why this is not a sell

The gap to our fair value is 9.5 percent. We rated Nike a hold at a wider discount than that in August. Issuing a sell here would apply a lower bar than the one already on our own scoreboard, which would make the board incoherent and every prior rating harder to interpret.

We are aware that this publication has never published a sell rating across eleven calls. That is a reason to examine whether our screening is systematically avoiding candidates. It is not a reason to lower the threshold on the best-capitalized bank in the world trading roughly ten percent above our estimate of fair value. A manufactured negative call would damage the scoreboard more than the absence of one does.

What a hold actually means here

It is not a fence-sit and it is not a refusal to have a view. It is the specific claim that the distribution of outcomes is centered slightly below $354, with a credible path to $408 if the current return environment proves durable, and a credible path lower if it does not. We would own this bank at a better price, and we would say so on this scoreboard if the price got there.

5 · What would change our mind

Stated in advance, in both directions

What would move us to BUY	What would move us to SELL
Sustained ROTCE above 20 percent through a full rate-cutting cycle	ROTCE falling toward 17 percent as markets revenue normalizes
Markets revenue holding near current levels rather than reverting	Equities and investment banking reverting to prior-year levels
Credit costs staying benign as the card book seasons	Card net charge-offs running above the 3.2 percent guided
A durable compression in bank risk premia, lowering the cost of equity	Net interest income missing the $105.5 billion guided as rates fall
The price falling toward our fair value with the thesis unchanged	Continued negative operating leverage against $107.5 billion of expense

The single number we would watch

Return on tangible common equity excluding significant items, quarter by quarter, against the 20.6 percent the current price implies. That one series settles the argument. Everything else in this report is a way of forming a prior about where it will land.

Risks to our own reasoning

The load-bearing judgment is that 19 percent is the right through-cycle return. If JPMorgan sustains 23 percent, fair value is $408 and the stock is cheap today rather than modestly expensive. That is a genuine possibility and it is the argument to make against this report.

The second soft spot is the cost of equity. We use 10 percent for a globally systemic bank with a fortress balance sheet. A case can be made for 9, and at 9 with 4 percent growth the stock is fairly valued. We would rather state that plainly than bury it in an appendix.

The third is the comparison multiple. The ten-year median price to tangible book we cite for context comes from a data provider rather than a filing. We use it as background and no figure in our valuation depends on it, but it is not primary source material and should not be treated as such.

Risks outside the model entirely

Banks are levered institutions operating on public policy. Capital requirements can change, stress test scenarios can tighten, and a credit cycle can arrive from a direction nobody modeled. JPMorgan is better positioned than any peer for all of those, which is precisely why it trades where it does. Neither fact is a reason to pay any price.

6 · The numbers

Second quarter 2026, as filed

$ billions unless stated	2Q26	1Q26	3Q25
Managed revenue	58.0	50.5	47.1
Net interest income	25.6	25.5	24.1
Noninterest revenue	32.4	—	—
Expense	27.3	—	—
Credit costs	2.5	—	—
Net income, reported	21.2	16.5	14.4
Net income, excluding items	16.9	—	—
EPS, reported	$7.70	$5.94	$5.07
EPS, excluding items	$6.14	—	—
ROE	24%	19%	17%
ROTCE, reported	29%	23%	20%
ROTCE, excluding items	**23%**	**—**	**—**
Overhead ratio	47%	—	—
CET1, standardized	14.1%	—	14.8%
Tangible book per share	**$113.35**	**$108.87**	**$105.70**

Dashes indicate figures not disclosed on a comparable basis in the releases we read. We have left them blank rather than estimate them.

Full year 2026 guidance, raised at the second quarter

Measure	Guidance
Net interest income	about $105.5B
Adjusted expense	about $107.5B
Card net charge-off rate	about 3.2%
Quarterly dividend, from Q3	$1.65

Both revenue and expense guidance moved up, and management has been explicit that both are market dependent. The card charge-off rate was revised down, which is good news that also narrows the room for further improvement.

7 · Valuation summary

The call on one page

Measure	Value
Reference price	$353.56
Tangible book per share	$113.35
Price to tangible book	3.12x
Implied sustainable ROTCE	20.6%
Our through-cycle ROTCE	19%
Justified P/TBV	2.80x
Fair value	**$320**
Implied return	**-9.5%**

8 · Method, sources, and conflicts

How this report was built

The reference price

The $353.56 reference price is the close on Thursday, September 10, 2026. It was verified before any modeling against six independent sources: Morningstar, Macrotrends, Bloomberg, stockanalysis, Finviz and RedChip, all agreeing exactly. The September 11 close was deliberately not used, because sources disagreed on it, quoting $356.23, $356.48 and $356.90, with several captured intraday rather than at the close. Our convention is the closing price on the trading day before publication, and a slightly older close that verifies unanimously is worth more than a newer one that does not.

For completeness: Goldman Sachs was screened first and abandoned at this stage. Two internally consistent datasets disagreed on both price and share count, and a four percent share-count discrepancy moves tangible book value per share directly, which is the anchor of this entire framework. JPMorgan verified cleanly, which confirmed the problem was specific to that data rather than a fault in our sources. We would rather abandon a candidate than publish a bank valuation on a book value we cannot stand behind.

Sources

Second quarter 2026 results, guidance and capital ratios from the Form 8-K and earnings presentation filed July 14, 2026. Tangible book value per share confirmed in two places: the earnings release and the Form 10-Q for the quarter ended June 30, 2026. First quarter 2026 and third quarter 2025 releases supplied the comparison series. All read directly from the filings and the company's investor materials rather than through an aggregator or a secondary summary.

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One figure is not from a filing: the ten-year median price to tangible book comes from a data provider. It is used as historical context and no part of the valuation depends on it.

Method

Every figure is computed by a model script rather than typed, and the script runs three self-checks before producing output: that the reverse solve reconciles to the observed multiple, that a bank earning exactly its cost of equity values at one times tangible book, and that this rating does not apply a lower bar than a hold already published elsewhere on our scoreboard. Valuation is price to tangible book against return on tangible common equity rather than a discounted cash flow, for the reasons set out on page 2.

Conflicts

The author holds no position in JPM, has no plans to initiate one, and received no compensation from any party in connection with this report. 2 Comma Investor accepts no payment for coverage, has no banking, advisory or consulting relationships, and does not accept sponsored research of any kind. If that ever changes it will be disclosed on the page and in this section before publication.

Scoring

This call is dated and public. It joins the scoreboard as an open position at $353.56 and will be scored against the S&P; 500 on September 10, 2027, on the same terms as every other call we have made, whether it works or not. We publish misses with the same prominence as hits. A record this short proves nothing in either direction, which is a point we have made at length elsewhere and which applies to us before it applies to anyone else.

Nature of this publication

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Initiated 2026-09-10 at $353.56. Rating HOLD. Fair value $320. Scoring date September 10, 2027.