

Principles of business

Family



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Financial Leadership Profile JP Morgan Chase is one of the oldest financial s in the United s with over 200 years experience. The firm has over 200, 000 employees and it operates in over 60 countries around the world. The institution has over \$2 trillion in assets. The common stock of JP Morgan Chase (JPM) is part of the Dow Jones Industrial Average Index. JMP stocks are actively traded in the New York Stock Exchange. James Dixon is the chairman and chief execute officer. Douglas Braunstein is the chief financial officer of the company, while Frank Bisignano holds the position of chief administrative officer. John Donnelly is in charge of human resources. Ina Drew is the chief investment officer and Jay Mandelbaum is responsible of strategy and marketing. Current Company Performance JP Morgan Chase is a leader in investment banking, financial services for consumers, small businesses, and commercial banking, financial transaction processing, asset management, and private equity. The goal of the company is to help clients succeed, contribute to orderly and well-functioning markets, and support global economic growth (Annual Report: JP Morgan Chase, 2009). The company was able to raise \$204 billion in corporate loans for 295 clients globally. The firm helped clients issue \$620 billion of stocks and bonds. JP Morgan Chase advised clients on 322 mergers and acquisition globally. The company helped raised over \$102 billion for governmental institutions. During 2009 the company operated 5154 banks in 23 states that provided service to its clients. The bank during that time span was able to increase its in-branch mortgage sales by 84%, investments by 23%, and credit cards by 3% (Annual Report: JP Morgan Chase, 2009). The firm helped originate \$150. 7 billion mortgage loans to help families refinance and lower their payments. The company originated \$23. 7 billion in auto loans becoming the US biggest

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auto lender. During 2009 the company added 10. 2 new Visa and MasterCard credit card accounts. JP Morgan Chase was able to process in 2009 18 billion transactions through Chase Paymentech Solutions. Business Risk JP Morgan Chase faces different types of business risk. One business risk the company faces is fluctuations in the prime rate. The company has a sophisticated investment portfolio. When the interest rate goes down the company makes less of a return on its flexible debt derived instruments. Another business risk JP Morgan Chase is exposed too is changes in consumer purchasing behavior. When consumers invest more money in consumer goods, less cash is left for savings and investment. A third risk the company is the inherent risk of the marketplace called beta. The business activities of JP Morgan Chase are correlated with Wall Street and the investment scene. Financial Performance In fiscal year 2009 JP Morgan Chase generated revenues of \$100, 434 million. The revenues of the firm represent an increase in revenues of 49% in comparison with the previous year. The net income of the company in 2009 was \$11. 7 billion or \$2. 26 per share. The net income of the company is more than double the previous net income of 5. 6 billion recorded in 2008. The net margin of the company was 11. 64%. The profitability of the company improved a lot during 2009. The total assets of the company as of December 31, 2009 were \$2, 031. 989 million. In 2009 the total assets of JP Morgan Chase decreased \$143, 063 million in comparison with 2008. The total liabilities of the company in 2009 were \$1, 866, 624, while its total equity was \$165, 365. The debt ratio of the company is 1. 09 which implies the company is in a good position to pay off its long term debt. The debt to equity ratio of the firm is 11. 28. Investment Opportunity JP Morgan Chase is a company that is very solid in the

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marketplace. The firm has shown the ability to be able to increase its revenues during turbulent economic times. In 2009 the revenues of the company increased by nearly 50%. I liked the fact that the company derives its revenues from different financial segments. The debt to equity ratio of the company was not very attractive due to the fact that the firm is highly leveraged. It is amazing how much debt the firm has been able to support. Due to the fact that the firm has an outstanding 11.64% net margin my worries about the debt utilization of the company are lower because it is apparent that the firm has been able to invest the money it has generated from its debt activities wisely. The debt ratio of the firm is adequate to pay of its debts. My recommendation based on the results of the company during the past year is to invest in JP Morgan Chase common stocks. References Annual Report: JP Morgan (2009). Retrieved March 4, 2011 from http://investor.shareholder.com/common/download/download.cfm?companyid=ONE&fileid=362442&filekey=dfca737b-e98e-4d00-88b1-d2d352292586&filename=2009AR_Our_businesses.pdf