JPMorgan Chase & Co

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JPMorgan Chase, PNC Financial post robust 2Q results as Wells Fargo misses estimates

JPMorgan Chase & Co (NYSE:JPM) delivered a robust start to the second-quarter earnings season by outshining its competitors.

The New York bank, which is the largest US lender by assets, posted earnings per share of US$2.29 and revenue of US$27.7bn as it is still reaping the benefits of a vibrant economy and tax changes. Its net income climbed 18%, meanwhile, to US$8.3bn.

The consensus Wall Street estimate had been for the bank to earn earnings per share of US$2.22 on revenue of US$27.6bn.

"The healthy US consumer drove double-digit growth in client investment assets, card sales and merchant processing volumes," said Jamie Dimon, JP Morgan's chairman and chief executive in a statement.

"Capital markets were open and active, leading to strong fee and market revenue performance," he added.

The bank's net revenue from its consumer and business banking group was up 17% to US$6.1bn from the same period last year, lifted partly by higher deposit margins.

Revenue from markets also proved resilient in the quarter, jumping 13% from last year to US$5.4bn as its derivatives business fared particularly well. JP Morgan's investment banking fees also soared 17% to US$2.2bn.

JPMorgan shares were flat in morning trade at US$107.24.

Wells Fargo

Wells Fargo (NYSE:WFC), the third-biggest US bank, meanwhile, reported a fall in profits in its second quarter as it struggled to rebound from its regulatory compliance problems.

Price: 95

Market Cap: $289.47 billion

1 Year Share Price Graph

Share Information

Code: JPM

Listing: NYSE

52 week	**High**	**Low**
	141.1	**76.95**

Sector: **Financial Services**

Website: **www.jpmorganchase.com**

Company Synopsis:

JPMorgan Chase & Co. is a leading global financial services firm with assets of $2. 0 trillion and operations in more than 60 countries. The firm is a leader in investment banking, financial services for consumers, small-business and commercial banking, financial transaction processing, asset management and private equity.

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The bank reported net income of US$5.19bn or 98 cents per diluted share, falling short of Wall Street's estimate of US$1.12 per share. That figure also represented a drop from last year when the bank reported $5.86bn in the comparable quarter.

Its revenue also dropped to $21.6bn in the quarter from $22.2bn in the year-ago period, which just missed analysts' consensus estimate of US$21.68bn.

Wells Fargo has been engaged in a battle to bolster its reputational credibility and rebound from its recent crisis involving fake bank and credit card accounts.

An asset cap by the Federal Reserve, which is curtailing Wells Fargo's ability to grow, is likely to extend until the first half of next year. The asset cap was introduced as part of an enforcement action taken by the Fed against the bank earlier this year.

Wells Fargo shares slipped 2.1% in early trade to US$54.85 in response to its quarterly performance.

Citigroup
Citigroup Inc (NYSE:C) shares also slipped in pre-market trade, despite reporting a 16% jump in net income in the second quarter.

The New York bank disappointed investors as it missed on revenue expectations, posting revenue of US$18.469bn, which was not as high as the US$18.512bn expected by Wall Street.

Its earnings per share swung to US$1.63, which was more than 25% higher than last year's comparable quarter and superior to the consensus estimates of US$1.56.

The bank's performance continued to be buoyed by the tax reforms introduced last year, which have slashed its corporate tax rate to 24% from 32% in the year-ago quarter.

One strength was the bank's custody-banking business which posted an 11% jump in revenues to $2.3bn. Its overall banking revenues jumped 6% from last year to US$5.2bn as growth across an array of businesses offset a decline in its investment banking business.

Revenues from investment banking fell 7% to US$1.4bn while private bank revenues climbed 7% to US$848mln, fueled by new clients as well as improved spreads on deposits.

Citigroup shares slipped 2.2% to US$67.04 in morning trade.

PNC Bank
Looking to the smaller players, PNC Financial Services (NYSE:PNC), the first regional bank to post earnings this season, reported a sizzling set of results that crushed analysts' consensus estimate thanks to a boost in lending and favorable tax changes.

PNC reported second-quarter earnings of US$2.72 per share on revenue of US$4.32bn, trouncing Wall Street's penciled-in figures of earnings per share of US$2.58 on revenue of US$4.25bn.

"We grew fee income and net interest income, expanded our margin, managed expenses well and maintained stable credit quality," said Bill Demchak, PNC's chairman, president and CEO, in a statement.

The bank's net income, meanwhile, climbed 24% to US$1.35bn from US$1.09bn in the year-ago quarter.

Another bright spot was the bank's commercial lending, an important revenue driver, which jumped 3% from a year ago, with average commercial lending balances growing $1.5bn. The bank's average loans also rose US$1.6bn in the second quarter to US$222.7bn compared with the first quarter.

PNC shares were flat at $137.46 in early trade.

First Republic Bank
Another small lender First Republic Bank, which is based in San Francisco, put up a command performance in the second-quarter on the back of growth in mortgages and deposits.

The bank posted earnings of US$1.20 per share on revenue of US$866.9mln, trouncing the consensus estimates of US$1.15 per share on revenue of US$734mln.

First Republic's shares were up slightly at US$99.23 in morning trade.

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