

JPMorgan Chase & Co

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Big banks JPMorgan and Citigroup get US earnings season off to good start

US third-quarter earnings season kicked off with big banks JPMorgan Chase & Co (NYSE:JPM) and Citigroup Inc (NYSE:C) both beating Wall Street expectations.

JPMorgan, America's largest bank by the size of its assets, reported US\$9.4bn of net income or earnings of US\$2.92 per shares on adjusted revenue of US\$29.94bn.

Revenue was down slightly from US\$30.0bn, but well ahead of the US\$28.2bn that analysts forecast, while EPS beat the US\$2.23 Street consensus, according to Factset.

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Net interest income was down 9% due to low global interest rates, though this was offset by higher income in the Corporate & Investment Bank (CIB) as well as balance sheet growth.

Jamie Dimon, chairman and CEO, hailed the CIB arm as "a big driver" of performance, with markets revenue up 30% and global investment banking fees up 9%.

"CIB and Commercial Banking continue to attract and retain deposits given our strong client franchise as our clients remain liquid. Asset & Wealth Management generated record revenue and net income and saw strong net inflows into long-term products."

In consumer and community banking deposits were up 28% year on year, with recent market data showing the bank was number-one in US retail deposits for the first time.

JPM's CET1 capital position rose to US\$198bn with a CET1 ratio of 13.0% up 60 basis points after paying the dividend, while credit reserves were maintained at US\$34bn.

The market leader made a US\$611mln provision for credit losses, down from the huge US\$10.5bn in the second quarter.

Citigroup, the third largest bank in the US, meanwhile reported net credit losses of US\$1.9bn for the third quarter, down from US\$2.2bn in the second.

Like its larger peer, the bank's trading arm offset lending income to allow it to stay in the black as revenue declined 7% to US\$17.3bn, a smidgen higher than the US\$17.2bn expected.

Price: 123.32

Market Cap: \$375.9 billion

1 Year Share Price Graph



November 2019 May 2020 November 20

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 provisions for loan losses led to EPS falling 32% to US\$1.40, though this was comfortably better than the US\$0.93 average analyst forecast according to Refinitiv.

CEO Michael Corbat, who it was announced last month **will be replaced by his deputy Jane Fraser next February**, said: "We continue to navigate the effects of the COVID-19 pandemic extremely well.

"Credit costs have stabilized; deposits continued to increase; and revenues are up 3% year-to-date."

As well as lauding the performance of the markets-focused divisions amid the higher market volatility due to the pandemic, he the consumer banking saw higher activity in mortgage and wealth management products despite revenues remaining lower as a result of the pandemic.

Sector rivals Goldman Sachs and Bank of America are scheduled to report on Wednesday, with Morgan Stanley the day after.

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