

Markets

Wall Street Banks Sailed Through a Quarter of Collapsed Lenders

- Rates propel net interest income gain at JPMorgan, Wells Fargo
- Investors watched earnings closely for signs of turmoil impact

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The four biggest US lenders – JPMorgan, Bank of America, Citigroup and Wells Fargo –wrote off a combined \$3.4 billion in bad consumer loans in the first three months of the year, a 73% increase from a year earlier. That, combined with additional reserves, boosted provisions at all four institutions to levels not seen since the earliest days of the Covid-19 pandemic.

...
Citigroup, which more than doubled its provisions for loan losses to \$2 billion, said it expected a normalization in credit card losses later this year and into the early part of next. Wells Fargo added \$643 million to its allowance for credit losses, with commercial real estate and office loans a primary driver behind the increase.

JPMorgan said its provision for credit losses reflected “net charge-offs of \$1.1 billion and a net reserve build of \$1.1

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The biggest banks all took part in an extraordinary \$30 billion effort to rescue First Republic Bank, the latest firm grappling with depositor panic. The banks’ executives touted how they’d been able to help prop up the ailing institution.