U.S. Banks

4Q 2025 Earnings Panorama

This week, major U.S. banks (JPM, BAC, Citi, WFC, GS, MS) reported 4Q 2025 earnings. While several themes from prior quarters persisted, incremental developments clarified the sector's medium-term trajectory. **Overall, results reinforce a late-cycle but stable environment: margins are plateauing, credit remains controlled, capital is strong, and earnings momentum is increasingly dependent on capital markets recovery rather than interest rates** [U.S. Banks - 3Q 2025 Earnings Panorama - Vitati - Global banking intelligence]

Net interest income stabilized with modest sequential improvement, supported by resilient balance sheets and still-favourable asset yields. However, year-on-year growth continues to decelerate from peak-rate levels. Deposit cost pressures remain manageable, but rate-driven upside is largely exhausted, with most banks guiding to flat-to-declining NII in 2026.

Non-interest income remains the primary source of earnings volatility. Investment banking and markets revenues softened sequentially following a strong 3Q, though selective year-on-year gains persist amid uneven capital markets activity. As a result, total revenue growth remains muted despite stable NII. Encouragingly, expense discipline improved across the sector, with operating costs flat-to-down sequentially as efficiency initiatives offset revenue softness.

Loan growth was solid both sequentially and year-on-year, while **asset quality** remained stable. Non-performing loan ratios show normalization rather than stress, and provisioning declined for most banks. **Notable exceptions—such as JPM's higher provisions and GS's reserve releases—reflect idiosyncratic factors rather than a shift in underlying credit trends.**

Capital remains a clear strength. CET1 ratios are comfortably above regulatory minimums despite modest quarter-on-quarter declines, supporting continued shareholder returns and balance-sheet flexibility amid regulatory uncertainty. Profitability metrics remain healthy by historical standards, albeit below recent peaks, reinforcing the view of a durable but maturing earnings cycle.

Key Quarter-Specific Developments

Several quarter-specific items influenced 4Q results without changing the broader sector narrative. These included GS-specific balance-sheet clean-up effects, BAC's accounting-related impact on reported earnings, and continued normalization in credit provisioning. Regulatory headlines, including the proposed credit card APR cap, added to sentiment noise but not fundamentals. Overall, these items affected quarter-on-quarter comparability rather than underlying credit, capital, or earnings durability.

Proposed Credit Card APR Cap: Headline Risk, Not an Earnings Threat

The proposed U.S. credit card APR cap (~18%) sits well below current average rates (20–22%) and subprime/rewards pricing. If enacted, it would compress card profitability and restrict credit availability, particularly for lower-FICO borrowers. However, the probability of enactment remains low given legal, economic, and industry pushback, and markets are not pricing it as a base-case risk. Investors largely view the proposal as political headline risk that adds to the broader regulatory overhang (capital rules, consumer fees), rather than a direct earnings threat.

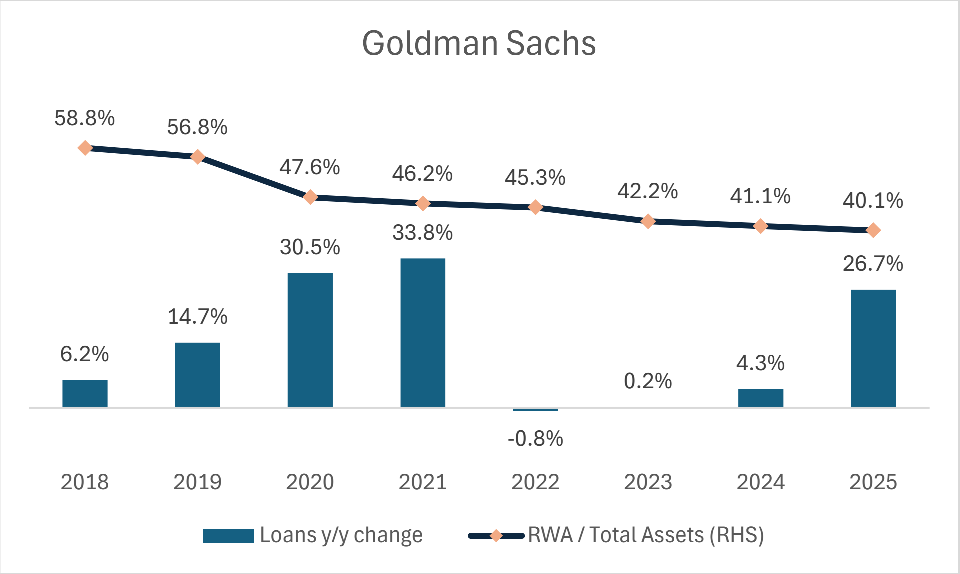
JPM–Apple Card: Discounted Entry, Long-Term Strategic Optionality

JPMorgan is acquiring approximately $20bn of Apple Card receivables at a discount to face value, supported by an upfront reserve build aligned with anticipated credit risk. The acquisition is a strategic scale play, not a near-term earnings driver. The unsecured portfolio (high-teens billions) is lower-FICO and transactor-heavy, implying thinner margins and higher loss volatility than JPM's core card book. The deal was conservatively priced, and JPM is leveraging its deep co-brand card experience (e.g., United, Marriott) to improve unit economics over time. Near term, the impact is earnings-neutral to mildly dilutive with limited balance-sheet risk.

BAC: One-Time Accounting Noise, No Change to Fundamentals

Bank of America's 4Q results were affected by accounting changes rather than operational weakness, including a revised treatment of tax-related equity investments (e.g., renewables) to better reflect economic reality. This led to prior-period recasting, with limited net income impact but a $2.1bn CET1 reduction (13 bps) and temporary distortion in revenue and efficiency metrics. These one-time, non-economic adjustments created noise in NII and profitability, while asset quality, capital strength, and core earnings trends remain intact. It should be viewed as a reporting distortion, not a valuation or earnings concern.

Chart in Focus



In 4Q 2025, Goldman Sachs reported a large provision release, but it was not driven by broad improvement in credit conditions. The sizeable benefit largely reflected strategic portfolio exits and balance-sheet restructuring, especially the winding down of higher-loss-expected assets such as parts of its consumer and legacy portfolios. Because the exposures being reduced had previously been conservatively reserved under CECL (a rule for setting aside money for expected loan losses), closing or shrinking those exposures allowed Goldman to release reserves that were no longer required, producing a one-off uplift to provision-related income. This reserve release should be viewed as transactional and non-recurring, tied to portfolio composition changes rather than a systemic improvement in credit quality. As a result, the headline impact boosted reported earnings in the quarter, but it does not signal a durable reduction in expected losses or a broad trend in better credit performance across Goldman's continuing businesses.

Goldman's declining RWA-to-total-assets ratio, even as loan volumes grew meaningfully, highlights an active shift toward lower-risk-weighted, more capital-efficient lending and balance-sheet optimization rather than pure balance-sheet expansion. This risk mix improvement reflects portfolio exits and runoff of higher-RWA consumer and legacy exposures, reinforcing that the 4Q25 provision release was driven by structural de-risking and portfolio repositioning, not an inflection in underlying credit conditions.

US Banks - 4Q 2025 Earnings Panorama

US Banks	Crncy	Net Interest income					Non-interest Income					Total Income					Operating Expenses				
		4Q-2025	3Q-2025	4Q-2024	4Q-2025 Δ q/q	4Q-2025 Δ y/y	4Q-2025	3Q-2025	4Q-2024	4Q-2025 Δ q/q	4Q-2025 Δ y/y	4Q-2025	3Q-2025	4Q-2024	4Q-2025 Δ q/q	4Q-2025 Δ y/y	4Q-2025	3Q-2025	4Q-2024	4Q-2025 Δ q/q	4Q-2025 Δ y/y
US Banks	USD mn	**75,304**	72,432	68,175	4.0%	10.5%	**71,368**	79,969	71,255	-10.8%	0.2%	**146,672**	152,401	139,430	-3.8%	5.2%	**90,820**	91,403	85,982	-0.6%	5.6%
JPM	USD mn	**24,995**	23,966	23,350	4.3%	7.0%	**20,803**	22,461	19,418	-7.4%	7.1%	**45,798**	46,427	42,768	-1.4%	7.1%	**23,983**	24,281	22,762	-1.2%	5.4%
BAC	USD mn	**15,750**	15,233	14,359	3.4%	9.7%	**12,617**	13,807	12,116	-8.6%	4.1%	**28,367**	29,040	26,475	-2.3%	7.1%	**17,437**	17,337	16,787	0.6%	3.9%
C	USD mn	**15,665**	14,940	13,733	4.9%	14.1%	**4,206**	7,150	5,732	-41.2%	-26.6%	**19,871**	22,090	19,465	-10.0%	2.1%	**13,840**	14,290	13,070	-3.1%	5.9%
WFC	USD mn	**12,331**	11,950	11,836	3.2%	4.2%	**8,961**	9,486	8,542	-5.5%	4.9%	**21,292**	21,436	20,378	-0.7%	4.5%	**13,726**	13,846	13,900	-0.9%	-1.3%
GS	USD mn	**3,708**	3,852	2,345	-3.7%	58.1%	**9,746**	11,332	11,776	-14.0%	-17.2%	**13,454**	15,184	14,121	-11.4%	-4.7%	**9,722**	9,453	8,261	2.8%	17.7%
MS	USD mn	**2,855**	2,491	2,552	14.6%	11.9%	**15,035**	15,733	13,671	-4.4%	10.0%	**17,890**	18,224	16,223	-1.8%	10.3%	**12,112**	12,196	11,202	-0.7%	8.1%

US Banks	Crncy	Pre-Provision Income					Provision for Credit Losses					Group PAT					NIM				
		4Q-2025	3Q-2025	4Q-2024	4Q-2025 Δ q/q	4Q-2025 Δ y/y	4Q-2025	3Q-2025	4Q-2024	4Q-2025 Δ q/q	4Q-2025 Δ y/y	4Q-2025	3Q-2025	4Q-2024	4Q-2025 Δ q/q	4Q-2025 Δ y/y	4Q-2025	3Q-2025	4Q-2024	4Q-2025 Δ q/q	4Q-2025 Δ y/y
US Banks	USD mn	**55,852**	60,998	53,448	-8.4%	4.5%	**7,118**	8,168	8,237	-12.9%	-13.6%	**36,227**	39,349	35,607	-7.9%	1.7%					
JPM	USD mn	**21,815**	22,146	20,006	-1.5%	9.0%	**4,655**	3,403	2,631	36.8%	76.9%	**12,689**	14,043	13,671	-9.6%	-7.2%	**2.5%**	2.5%	2.6%	0.1%	-0.1%
BAC	USD mn	**10,930**	11,703	9,688	-6.6%	12.8%	**1,308**	1,295	1,452	1.0%	-9.9%	**7,319**	7,903	6,540	-7.4%	11.9%	**2.1%**	2.0%	2.0%	0.1%	0.1%
C	USD mn	**6,031**	7,800	6,395	-22.7%	-5.7%	**2,220**	2,450	2,593	-9.4%	-14.4%	**2,471**	3,752	2,856	-34.1%	-13.5%	**2.5%**	2.4%	2.4%	0.1%	0.1%
WFC	USD mn	**7,566**	7,590	6,478	-0.3%	16.8%	**1,040**	681	1,095	52.7%	-5.0%	**5,114**	5,341	4,801	-4.3%	6.5%	**2.6%**	2.6%	2.7%	0.0%	-0.1%
GS	USD mn	**3,732**	5,731	5,860	-34.9%	-36.3%	**(2,123)**	339	351	-726.3%	-704.8%	**4,384**	3,860	4,175	13.6%	5.0%					
MS	USD mn	**5,778**	6,028	5,021	-4.1%	15.1%	**18**	-	115	N/A	-84.3%	**4,250**	4,450	3,564	-4.5%	19.2%					

US Banks	Crncy	Gross Customer Loans					NPL Ratio					NPL Coverage					Deposits				
		4Q-2025	3Q-2025	4Q-2024	4Q-2025 Δ q/q	4Q-2025 Δ y/y	4Q-2025	3Q-2025	4Q-2024	4Q-2025 Δ q/q	4Q-2025 Δ y/y	4Q-2025	3Q-2025	4Q-2024	4Q-2025 Δ q/q	4Q-2025 Δ y/y	4Q-2025	3Q-2025	4Q-2024	4Q-2025 Δ q/q	4Q-2025 Δ y/y
US Banks	USD mn	**5,131,663**	4,960,158	4,624,858	3.5%	11.0%											**8,324,352**	8,197,703	7,836,781	1.5%	6.2%
JPM	USD mn	**1,493,429**	1,435,246	1,347,988	4.1%	10.8%	**0.69%**	0.74%	0.69%	-0.05%	0.00%	**299%**	271%	286%	27.9%	-15.2%	**2,559,320**	2,548,476	2,406,032	0.4%	6.4%
BAC	USD mn	**1,185,700**	1,165,900	1,095,835	1.7%	8.2%	**0.49%**	0.46%	0.56%	0.03%	-0.07%	**248%**	269%	234%	-20.8%	34.3%	**2,018,729**	2,002,208	1,965,467	0.8%	2.7%
C	USD mn	**752,230**	733,905	694,488	2.5%	8.3%	**0.48%**	0.50%	0.39%	-0.02%	0.09%	**532%**	522%	691%	9.6%	-169.1%	**1,403,573**	1,383,929	1,284,458	1.4%	9.3%
WFC	USD mn	**986,167**	943,102	912,745	4.6%	8.0%	**0.86%**	0.83%	0.87%	0.03%	-0.01%	**162%**	175%	179%	-13.2%	-3.2%	**1,426,207**	1,367,361	1,371,804	4.3%	4.0%
GS	USD mn	**424,000**	403,485	334,583	5.1%	26.7%		0.79%	1.09%				141%	128%			**501,000**	490,249	433,013	2.2%	15.7%
MS	USD mn	**290,137**	278,520	239,219	4.2%	21.3%		0.46%	0.43%				95%	105%			**415,523**	405,480	376,007	2.5%	10.5%

US Banks	Crncy	Return on Tangible Equity					ROA					CET1 Ratio (Basel 3 Fully Loaded)					Capital Adequacy Ratio				
		4Q-2025	3Q-2025	4Q-2024	4Q-2025 Δ q/q	4Q-2025 Δ y/y	4Q-2025	3Q-2025	4Q-2024	4Q-2025 Δ q/q	4Q-2025 Δ y/y	4Q-2025	3Q-2025	4Q-2024	4Q-2025 Δ q/q	4Q-2025 Δ y/y	4Q-2025	3Q-2025	4Q-2024	4Q-2025 Δ q/q	4Q-2025 Δ y/y
US Banks	USD mn																				
JPM	USD mn	**18.0%**	**20.0%**	21.0%	-2.0%	-3.0%	**1.1%**	**1.3%**	1.4%	-0.1%	-0.2%	**14.7%**	14.8%	15.7%	-0.2%	-1.0%	**17.3%**	17.7%	18.5%	-0.4%	-1.2%
BAC	USD mn	**14.0%**	**15.3%**	13.0%	-1.3%	0.9%	**0.9%**	**1.0%**	0.8%	-0.1%	0.1%	**11.4%**	11.6%	11.9%	-0.2%	-0.5%	**14.7%**	15.0%	15.1%	-0.3%	-0.3%
C	USD mn	**5.1%**	**8.0%**	6.1%	-2.9%	-1.0%	**0.4%**	**0.6%**	0.5%	-0.2%	-0.1%	**13.2%**	13.3%	13.6%	-0.1%	-0.5%	**15.7%**	15.3%	18.1%	0.4%	-2.4%
WFC	USD mn	**14.5%**	**15.2%**	13.9%	-0.7%	0.6%	**1.0%**	**1.1%**	1.1%	-0.1%	0.0%	**10.6%**	11.0%	11.1%	-0.4%	-0.5%	**14.3%**	14.8%	15.2%	-0.5%	-0.9%
GS	USD mn	**18.0%**	**15.2%**	15.6%	2.8%	2.3%	**1.1%**	**0.9%**	1.1%	0.1%	0.0%	**14.4%**	14.3%	15.0%	0.0%	-0.6%		18.3%	18.3%		
MS	USD mn	**21.8%**	**23.5%**	20.2%	-1.7%	1.6%	**1.3%**	**1.4%**	1.2%	-0.1%	0.1%	**15.0%**	15.1%	15.9%	0.0%	-0.9%		18.9%	20.3%		

Source: StatBook, Vitati360 Research Platform