DATA DISPATCH

Card threat, investor positioning pressure stocks of big US banks after earnings

Tuesday, January 20, 2026 7:05 AM ET

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Market Intelligence

The Big Four US banks sold off following their fourth-quarter 2025 earnings reports, despite earnings per share surpassing analysts' expectations and little change in forward consensus estimates. Analysts cited an overhang from President Donald Trump's call for a credit card interest rate cap, as well as a giveback from the strong performance in the banks' shares heading into earnings season.

Revenue and net interest income increased across the board year over year, according to S&P Global Market Intelligence data. Consensus revisions for 2026 EPS between Jan. 12, before the first report, and Jan. 16 ranged from a 0.7% reduction at Bank of America Corp. to a 1.9% increase at Citigroup Inc., according to Visible Alpha data.

Each bank's shares fell by at least 3.3% on the day of their earnings releases, though Citi's shares recovered to close 0.3% higher on Jan. 16 compared to Jan. 12.

While analysts noted certain bank-specific factors — such as concerns over expenses at Bank of America and the net interest income outlook at Wells Fargo & Co. — they more frequently cited an overarching downdraft from the threat of restrictions on card rates and shifts in investor positioning as key reasons for the decline.

The sell-off at Citi was driven by "resurfaced regulatory risk related to the proposed 10% credit card cap [and] investor positioning/crowding with Citi a consensus pick for 2026," analysts at Keefe Bruyette & Woods said in a Jan. 14 note on the bank's earnings report.

Underperformance at JPMorgan Chase & Co. had "likely more to do with headline risk on credit card rates versus fundamentals following strong [fourth-quarter] results," analysts at BofA Global Research said in a Jan. 13 note.

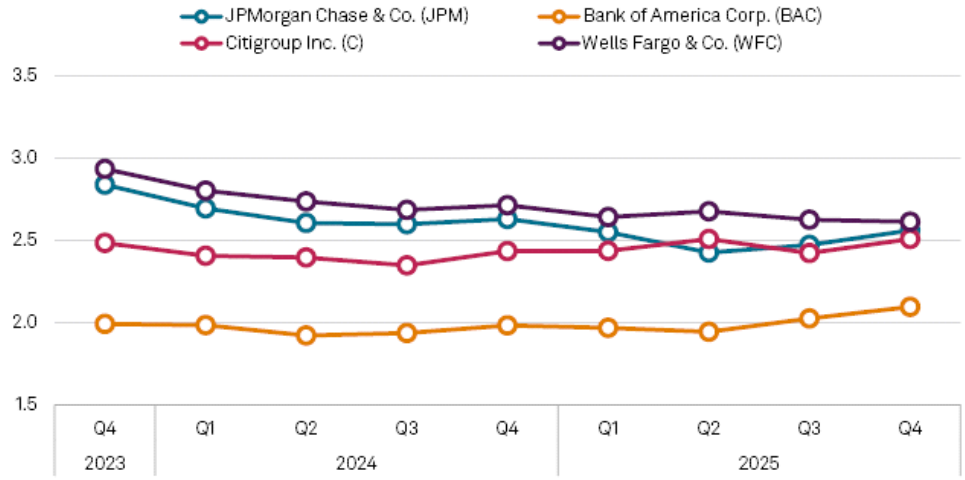
Q4 2025 snapshot for Big 4 US banks

Sorted by total assets

	YOY change (%)									
Company (ticker)	Normalized EPS	Tangible book value per share	Operating revenue	Net interest income	Noninterest income	Noninterest expense	Cash and cash equivalents	HTM securities	Total assets	Total deposits
JPMorgan Chase & Co. (JPM)	-3.7	10.6	7.1	7.0	7.2	8.6	-1.8	-1.6	10.5	6.4
Bank of America Corp. (BAC)	19.5	9.0	7.1	9.7	3.9	2.0	-2.7	-6.4	4.6	2.7
Citigroup Inc. (C)	-7.6	8.6	1.6	14.1	-27.1	5.8	28.2	-21.7	12.9	9.3
Wells Fargo & Co. (WFC)	18.8	9.1	4.3	4.2	4.4	-1.5	19.3	-11.5	11.3	4.0

Data compiled Jan. 15, 2026.
HTM = held to maturity.
Analysis limited to the four largest US public banks by total assets at Dec. 31, 2025.
Data based on GAAP filings.
Source: S&P Global Market Intelligence.
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Net interest margins at Big 4 US banks (%)



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Net interest income

Net interest margins expanded quarter over quarter at three of the banks and compressed by 1 basis point at Wells Fargo.

Despite the overall EPS beat for the fourth quarter of 2025, net interest income (NII) came in below expectations, analysts at HSBC Global Investment Research said in a Jan. 14 note on Wells Fargo. Further, while the 2026 guidance was generally in-line, it "implies limited NII growth" excluding the markets business.

Citi projected NII growth, excluding its markets business, of 5% to 6% in 2026, compared to 6% growth in 2025. This amounted to an effective improvement in guidance, analysts at Piper Sandler said in a Jan. 14 note, and represented "the big delta to us."

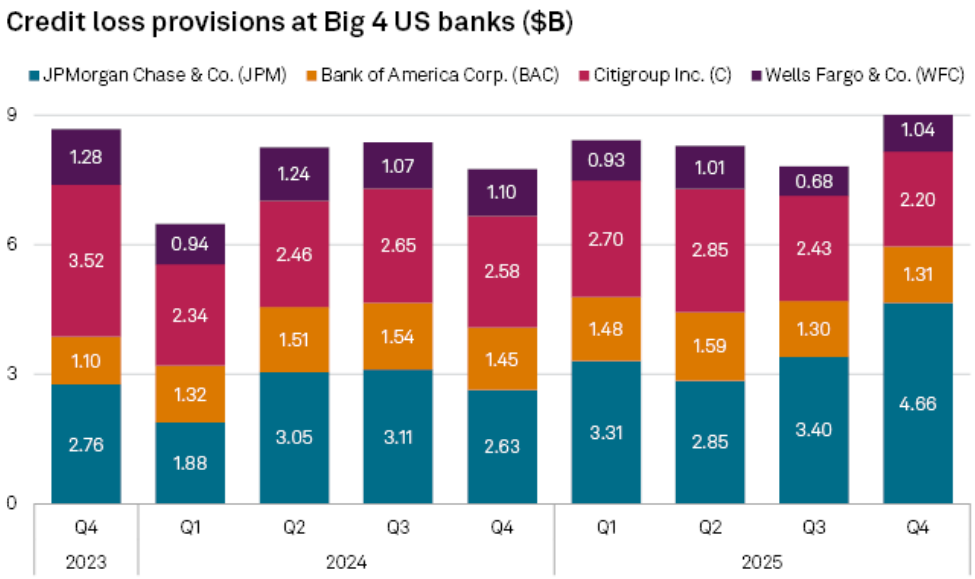
Bank of America maintained its previous forecast for NII growth in 2026, but analysts said the bank's report was marred by its expense guidance. Its projection for 2026 operating leverage — the amount by which revenue growth exceeds expense growth — of 200 basis points "disappointed as it is at the low end" of its medium-term target of 200 basis points to 300 basis points or more, analysts at Morgan Stanley said in a Jan. 15 note.

In a Jan. 14 note, Keefe Bruyette & Woods analysts attributed the pressure on Bank of America's shares to the operating leverage guidance in addition to the threat of the card rate cap and investor positioning into the year.

Credit

Credit provision expenses for the quarter were below analyst expectations at each of the four banks, excluding the establishment of a $2.2 billion reserve at JPMorgan Chase because of its agreement to acquire the Apple Inc. credit card portfolio from Goldman Sachs Group Inc.

Favorable credit costs against expectations were one of the main factors behind "another very strong" quarter at JPMorgan Chase, Piper Sandler analysts said in a Jan. 13 note. As for the drop in the stock, "we did not hear anything specific to [the bank's] results or outlook that should generate this weakness."



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