

Bank of America's 2025 Fourth Quarter Report Analysis

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Question 1 - Current Year Financial Results

The company I chose to analyze is Bank of America. I selected this company because in my current role I work on the Bank of America account and wanted to gain deeper insight into its financial performance to better support my work.

According to its most recent annual report, Bank of America reported a total revenue of \$107.42 billion in 2025 and net income of \$30.51 billion (Google Finance, 2026).

These figures exceeded expectations, as they were an increase from last year. I think a few things are contributing to this increase. First, the higher interest rate environment and strong financial markets positively impacted results. This macro industry trend is positively affecting Bank of America as elevated interest rates support net interest income (US Bank, 2026). Strong equity markets drove increased trading and investment banking activity. This served as a favorable industry trend for large financial institutions, including Bank of America.

Secondly was net interest income and fee-based revenue that affected the bank this year. Bank of America and its competitors reported higher net interest income as they repriced assets, benefiting from the higher yields. Additionally, fee income from wealth management, credit cards, and investment banking played an important role in overall revenue growth.

The broader strength of the U.S. economy and financial markets provided tailwinds that significantly helped the bank. CEO Brian Moynihan stated that the company benefited from “responsible growth and strong client activity across businesses,” which reinforces their positioning (Bank of America, 2026).

However, performance becomes more meaningful when compared to competitors. I wanted to compare Bank of America to JPMorgan Chase which is its largest competitor. To put things into perspective, JP Morgan Chase also had an increase in annual revenue year over year (8.8%), but their net income decreased by 2.43% in the same period (Google Finance, 2026).

Although JPMorgan operates at a larger scale with a broader mix of high-margin businesses, Bank of America maintains a strong consumer banking and wealth management franchise. This could make earnings more stable. The contrast between JPMorgan’s declining net income and Bank of America’s growth suggests that Bank of America managed expenses, credit quality, and other business’ effectively.

Overall, Bank of America appears to be performing well relative to peers and may continue to see steady growth if it maintains strategic discipline and adapts to evolving industry trends.

Question 2 -Year-over-Year Performance Comparison

Bank of America did well in their year over year performance from 2024 to 2025. It had a \$11.35 billion dollar annual revenue increase and a \$3.38 billion net income increase (Google Finance, 2026).

This growth reflects meaningful financial improvement across the organization. The increase in both revenue and net income indicates Bank of America was not only expanding its business but also effectively converting that growth into higher profitability for shareholders.

Growth in net income alongside revenue is important. This symbolizes operational efficiency and effective cost and risk management. CEO Brian Moynihan noted that the company's results reflected "strong client activity and disciplined execution across our businesses (Bank of America, 2026)". From a potential investor or current stakeholder position, I believe this is a satisfactory performance.

Revenue growth signals healthy demand across the bank's core activities whether it's through lending, consumer banking, or wealth management. The bank successfully managed their expenses, credit risk, and funding costs all while benefiting from favorable interest rate conditions. This suggests that growth was profitable, not just nominal. For shareholders, rising net income typically supports higher retained earnings, dividends, and long-term stock value making the bank more attractive as a long-term investment (Investopedia, 2025). Sustaining this level of profitability will depend on continued strategic planning.

Question 3 - Valuation Analysis

To perform a basic valuation assessment, I examined Bank of America's earnings per share (EPS), price-to-earnings (P/E) ratio, and price-to-book (P/B) ratio. Bank of America reported an earnings per share of \$3.81 with an 18.69% increase year over year. The company stock price on the last day of its fiscal year was \$55.00, resulting in a price to earnings ratio of 14.44, compared to the historical average of 16 (Google Finance, 2026).

The price to earnings ratio is less than average which can be good for investors because it means stock is undervalued and it's cheaper to invest in. A lower P/E ratio can suggest that investors are paying less for each dollar of earnings, which may present a potential opportunity if earnings remain stable or continue growing (Fernando, 2025). Compared to JPMorgan Chase which has a P/E ratio of 16.3, I believe Bank of America is in a good place (Google Finance, 2026). This may reflect differences in size, business mix, growth expectations, or perceived risk. However, it also suggests that Bank of America is priced conservatively relative to competitors.

After doing research, I've realized that banks are asset heavy institutions, therefore a P/E ratio might not tell the whole story. I decided to calculate the price to book ratio which is a good way for investors to see undervalued stocks. Bank of America's price to book ratio was 1.37 for 2025 (Google Finance, 2026). P/B ratios under one are typically considered solid investments by value investors, depending on ROE and other factors (Fernando, 2026). P/B rates are most useful when comparing two companies within the same industry. For example, JP Morgan's is 2.38. This means that JPMorgan has strong growth expectations and possibly over evaluation. It may also suggest that Bank of America offers a more moderately priced alternative within the industry (Google Finance, 2026).

Overall, based on earnings growth, a below-average P/E ratio, and a moderate P/B ratio relative to peers, Bank of America appears fairly valued to slightly undervalued. Its valuation metrics suggest a stable, reasonably priced investment within the banking sector.

Question 4 - Management Communication

At the time this paper was written, Bank of America's 2025 annual report had not yet been released. However, the company's Q4 2025 earnings press release provided insight into performance and executive commentary. In the press release, CEO Brian Moynihan highlighted several positive financial outcomes. He reported approximately \$30 billion in net income, EPS growth over 19%, revenue growth, positive operating leverage, and a lower efficiency ratio (Bank of America, 2026). He emphasized improved year-over-year returns and expressed optimism about maintaining the company's momentum (Bank of America, 2026).

The language used throughout the release was confident and forward-looking. Words such as "strong," "solid revenue growth," "improved returns," "resilient," "confident," and "momentum" reinforced a tone of stability and optimism (Bank of America, 2026). This type of language is typical when a company is exemplifying financial strength and wanting to solidify investor confidence.

CEO Moynihan stated:

"With consumers and businesses proving resilient, as well as the regulatory environment and tax and trade policies coming into sharper focus, we expect further economic growth in the year ahead. While any number of risks continue, we are bullish on the U.S. economy in 2026."

While the CEO acknowledged that risks remain, he emphasized resilience and confidence among consumers and businesses. Although mentioning economic uncertainty could create concern among stakeholders, it may also enhance credibility. Acknowledging potential risks rather than ignoring them signals transparency and responsible leadership. What I love about this, is that not only are these press releases meant to report on financial results, but they are meant to shape investor perceptions. This makes analysing them very interesting.

Question 5 - Stakeholder Communication Evaluation

Bank of America's earnings report primarily focused on investors, with less acknowledgement to employees and customers. The CEO emphasized strong financial metrics, such as ending deposits exceeding \$2 trillion, year-over-year loan growth, and a 41% increase in capital returned to shareholders through dividends and share repurchases (Bank of America, 2026). Additionally, the fourth-quarter efficiency ratio improved by nearly 200 basis points year over year.

The language used throughout the report was forward-looking and performance-driven. Phrases such as "driving core growth," "market share gains," and "improved profitability" reinforced confidence in the company's financial momentum.

When it came to employees, there was no mention of workforce, job security, benefits, or company culture. However, the CEO did thank all the teammates for their hard work this past quarter.

As for customers and consumers, the company mentioned organic growth and that they're returning more capital to shareholders than the previous year (Bank of America, 2026). Emphasizing resilience and financial strength, Bank of America indirectly reassured customers about the safety and stability of their deposits.

The stakeholder group that received the most attention was definitely investors. The report centered on financial performance, capital returns, and profitability metrics, things that matter most to investors. While employees and customers were acknowledged, their interests were addressed more indirectly. This suggests that the primary objective of the earnings release was to reinforce investor confidence and market positioning.

Question 6 - Media Coverage Comparison

CNBC Article

To evaluate external perspectives on Bank of America's earnings announcement, I reviewed coverage from CNBC, specifically the article titled "*Bank of America tops estimates on better-than-expected net interest income, equities trading.*" In this article CNBC primarily focused on whether Bank of America beat analyst expectations. The article highlighted the bank's 4th quarter gains from net interest income to equities trading. It highlighted EPS, revenue, net income, and shares going down in early trading. It was definitely more investor facing, focusing on expectations versus actual results.

I found that the CNBC article focused more on forward guidance, noting that Bank of America projected net interest income growth of 5% to 7% in 2026. CNBC balanced this, suggesting analysts would be watching closely to see whether momentum could be sustained. One key difference between the company's press release and this article is that Bank of America presented earnings in absolute terms, while CNBC contextualized results within the market. A company's press release aims to project confidence and stability, whereas financial journalists seek to evaluate performance through a critical and comparative lens.

CNBC included several facts not included in the press release. It mentioned that there was a 3% decrease in shares despite exceeding analyst expectations and whether the earnings strength was driven by sustainable growth or temporary factors. This symbolizes the difference between corporate communication and financial journalism and how investor facing companies are.

Bloomberg article

The next article is by Bloomberg, "*BofA Tops Estimates as Trading Beats and Lending Revenue Rise*". This article emphasizes Bank of America's trading performance, net interest income, and the overall macroeconomic environment. One of the highlights was that BofA's equity trading desk posted its best fourth quarter ever, with revenue rising 23% to \$2.02B, exceeding analysts expectations. Bloomberg linked this to volatile markets such as tariff-related news and investor repositioning. Bloomberg said that "Bank of America Corp.'s equity traders posted their best fourth quarter ever as the company reaped the benefits of volatile markets and net interest income topped analysts' estimates"

(Bloomberg, 2026). It also mentioned net interest income increasing by 9.7% topping last year's report and beating analyst expectations again. The article noted that it's less about the numbers, but more about the surprise that the percentage went up, contrary to analysts' predictions. Beating net interest income expectations carries weight with investors and symbolizes profitability for the bank.

Compared to Bank of America's press release, the Bloomberg article added layers and new perspectives to the earning report. The press release did not tie performance to tariff news or macroeconomic uncertainty, but rather to the company's resilience and operational strength. This explains how journalists add context and explanations to why things happen. Bloomberg noted that share price fell even despite the earnings beat, which was not included in the company's press release (Bloomberg, 2026). Bloomberg's tone was analytical whereas Bank of America was more promotional and self serving. Bloomberg emphasized expectations versus actual performance, examined the sustainability of the increases, and gave it worldly context.

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Note: Chat GPT was used to assist with grammar, flow, organization, and APA citations. All analyses, final interpretations, and edits were my own.