

EARNINGS OUTLOOK

Deal mania is back on Wall Street. Here's what it means for JPMorgan — and for banking-sector earnings.

A rise in M&A and IPOs during the quarter takes center stage as JPMorgan leads parade of four bank earnings on Tuesday, followed by Bank of America and Morgan Stanley on Wednesday

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JPMorgan Chase, Wells Fargo, Goldman Sachs and Citigroup weigh in with Q3 results on Tuesday, followed by Bank of America Corp and Morgan Stanley on Wednesday.

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Referenced Symbols

↑ **BAC +0.31%** ↑ **MS +0.24%** ↓ **JPM -0.32%** ↑ **C +0.13%** ↑ **GS +0.10%**
↑ **WFC +0.53%** ↑ **BKX +0.40%** ↓ **XLF -0.16%** ↓ **NSC -0.24%** ↓ **UNP -0.08%**
↑ **EA +0.52%** ↑ **KRX +1.09%** ↑ **KBWB +0.36%** ↑ **KBWR +1.18%**

JPMorgan Chase & Co., Wells Fargo & Co., Goldman Sachs Group Inc. and Citigroup Inc. will be the first banks to release their third-quarter earnings updates on Tuesday as the largest U.S. banks reveal how much a summertime surge in dealmaking benefited their bottom lines.

After those four, Bank of America Corp. ↑ **BAC +0.31%** and Morgan Stanley ↑ **MS +0.24%** will follow with their third-quarter updates on Wednesday.

Increased investment-banking activity is expected to fuel strong results in the third quarter for large money-center banks, said Matt Stucky, chief portfolio manager, equities for Northwestern Mutual Wealth Management.

“Fee-based income from capital markets and investment banking is an area of strength in the diversified banks,” Stucky told MarketWatch. “Wealth-management fees are also on the rise due to the stock market hitting record highs during the quarter.”

The health of the labor market remains a key indicator of how the sector will perform, Stucky said.

“I want to get more of a pulse of the consumer,” he said. “If there’s only a quarter or two of softness in the labor market, that’ll be a huge relief for the market.”

Any insights offered by banks on credit quality, loan losses and spending trends in different areas of the economy will also be valuable, Stucky said.

KBW analyst Chris McGratty said the firm sees the best opportunities for bank investors in JPMorgan Chase’s stock ↓ **JPM -0.32%** because of its “quality” banking franchise, in Citigroup shares ↑ **C +0.13%** for their “deep value” and in Bank of America for its “pretty cheap stock.”

Banks have had some exposure to a couple of bankruptcies in recent weeks, such as privately held auto-parts supplier First Brands Group, LLC, but overall credit quality is

expected to remain healthy.

“There have been these idiosyncratic deals that have come up and the fear is you may start to loop more of these together — in general, there’s going to be a lot more credit questions this quarter,” he said.

KBW expects year-over-year earnings growth from banks in the double-digit percentage range over the next couple of years as the financial sector continues to recover from a drop in activity starting in 2022, when the U.S. Federal Reserve started raising interest rates.

“Trading volume has been good and at the traditional banks — you’ll see decent loan growth, margin improvement and generally good credit,” McGratty said. “We think banks are in a good spot.”

The largest banks also continued their stronger performance in the stock market: Citigroup’s stock **↑ C +0.13%** was up 19.2% in the third quarter, while Morgan Stanley’s stock returned 12.9%, Goldman Sachs shares **↑ GS +0.10%** rose 12.5% and Wells Fargo & Co.’s stock **↑ WFC +0.53%** moved up by 4.6%. Bank of America shares advanced by 9% and JPMorgan Chase’s stock gained 8.8%.

Most outpaced the broader banking sector, as the KBW Nasdaq Bank Index **↑ BKX +0.40%** gained 9.2% during the third quarter and the Financial Select Sector SPDR ETF **↓ XLF -0.16%** moved higher by 2.9%

Below are tables offering more details on expected earnings and net-interest margins for the largest 20 banks, as well as a look at their performance compared with smaller regional players and analysts’ stock price targets.

JPMorgan and Goldman lead on YTD dealmaking

Mergers rose during the third quarter on the heels of a lighter regulatory touch by the Trump administration and less uncertainty in the market over interest-rate cuts by the U.S. Federal Reserve.

Two of the largest U.S. deals of the year were announced during the quarter: the \$87.6 billion [acquisition](#) of Norfolk Southern Corp. **↓ NSC -0.24%** by Union Pacific Corp. **↓ UNP -0.08%** and the \$49 billion [take-private deal](#) for Electronic Arts **↑ EA +0.52%**.

As of the end of the third quarter, U.S. investment-banking fees rose 9% in 2025 to \$47.8 billion, with JPMorgan in the No. 1 slot, according to data from LSEG. The \$47.8 billion figure ranks the second-highest reading on record for the first nine months of the year after 2000, LSEG said.

JPMorgan also led in equity capital markets activity, which has risen 16.2% to \$185.9 billion in 2025 through Sept. 30, according to LSEG.

U.S. M&A dollar volume during the first nine months of the year has risen 24% to \$1.74 trillion, with Goldman Sachs as the top adviser, LSEG said.

With this flurry of activity, analysts polled by FactSet now expect JPMorgan Chase to earn \$4.85 a share, up from \$4.37 a share the bank reported in the third quarter of last year. Analysts have bumped up their third-quarter earnings target for the bank by 37 cents a share from June 30, when the consensus earnings-per-share estimate was \$4.48.

Analysts are looking for JPMorgan Chase to post third-quarter revenue of \$45.47 billion, up from \$43.32 billion in the year-earlier quarter.

Goldman Sachs Group Inc. ↑ GS +0.10% is expected to earn \$11.02 a share in its third quarter, up from \$8.40 a share in the year-earlier period. At the start of the quarter, analysts had expected Goldman Sachs to earn \$10.20 a share.

Analysts are also looking for third-quarter revenue of \$14.12 billion for Goldman Sachs, up from just under \$12.7 billion reported by the bank in the third quarter of 2024.

Citigroup's revenue estimates rise

Citigroup is expected to post a third-quarter profit of \$1.73 a share, up from \$1.51 a share a year earlier. That was after analysts cut their earnings estimates during the quarter by 9 cents a share, from the consensus estimate of \$1.82 a share on June 30.

What hurt the outlook for Citi was \$726 million in expenses the bank booked related to its sale of a 25% stake in its Mexico business, Grupo Financiero Banamex, S.A. de C.V. (Banamex), to the family of Fernando Chico Pardo.

However, analysts have boosted the consensus third-quarter revenue estimate for Citigroup to \$21.09 billion from \$20.78 billion at the start of the three-month period. In the year-ago quarter, Citigroup posted revenue of \$20.32 billion.

Citigroup's chief financial officer, Mark Mason, said on Sept. 25 that the bank's business continued to perform well, but that he expected more sluggish growth in the last two quarters of 2025 and in 2026, with full-year revenue above \$84 billion, compared with the FactSet consensus estimate of \$84.94 billion, and above 2024's total of \$81.14 billion.

"We are making good progress on the execution of our strategy in an environment that is likely to slow a bit and still has a fair amount of uncertainty," Mason said, according to a transcript from the Barclays Global Services Conference.

Wells Fargo & Co.'s **↑ WFC +0.53%** third-quarter results are also due on Tuesday, with analysts expecting a profit of \$1.55 a share, up from \$1.42 a share in the year-ago quarter. The consensus estimate for Wells Fargo's third-quarter earnings has risen by 2 cents a share from \$1.53 a share on June 30

On the revenue side, Wells Fargo is expected to report a figure of \$21.15 billion, up from \$20.37 billion in the year-ago quarter.

Bank of America Corp. **↑ BAC +0.31%** is expected to report a third-quarter profit of 95 cents a share, up from 81 cents a share in the year-earlier period. Analysts have hiked their earnings estimate for the bank by 2 cents a share from 93 cents a share on June 30, according to FactSet data.

Analysts expect Bank of America to report third-quarter revenue of \$27.52 billion, up from \$25.35 billion in the year-ago quarter.

After the bank's earnings on Wednesday, investors will get another update from the financial giant on Nov. 5, at its first investor day since 2011.

Morgan Stanley **↑ MS +0.24%** is on deck Wednesday to report third-quarter earnings of \$2.10 a share, up from \$1.88 a share in the year-ago quarter. Analysts are more bullish on the bank's profit than they were on June 30, when the consensus estimate for third-quarter profit was \$1.99 a share.

Analysts expect Morgan Stanley to report third-quarter revenue of \$16.69 billion, up from \$15.38 billion in the year-ago quarter.

Most banks are expected to notch double-digit EPS gains

Here is a summary of quarterly EPS expectations for the largest 20 banks, sorted by total assets as of June 30. You may need to scroll the table or flip to landscape to see all of the information, depending on which device you are using for this article.

Bank	Ticker	City	Total assets (\$bil)	Third-quarter EPS estimate	EPS for third quarter of 2024	Expected change from year-earlier quarter
JPMorgan Chase & Co.	↓ JPM -0.32%	New York	\$4,552	\$4.85	\$4.37	11%

Bank of America Corp.	↑ BAC +0.31%	Charlotte, N.C.	\$3,441	\$0.95	\$0.81	18%
Citigroup Inc.	↑ C +0.13%	New York	\$2,623	\$1.73	\$1.51	15%
Wells Fargo & Co.	↑ WFC +0.53%	San Francisco	\$1,981	\$1.55	\$1.42	9%
Goldman Sachs Group Inc.	↑ GS +0.10%	New York	\$1,785	\$11.02	\$8.40	31%
Morgan Stanley	↑ MS +0.24%	New York	\$1,354	\$2.10	\$1.88	12%
U.S. Bancorp	↑ USB +0.99%	Minneapolis	\$686	\$1.13	\$1.03	10%
Capital One Financial Corp.	↓ COF -0.48%	McLean, Va.	\$659	\$4.38	\$4.41	-1%
PNC Financial Services Group Inc.	↑ PNC +0.58%	Pittsburgh	\$559	\$4.05	\$3.49	16%
Truist Financial Corp.	↑ TFC +0.96%	Charlotte, N.C.	\$544	\$0.99	\$0.99	0%
Bank of New York Mellon Corp.	↑ BK +0.68%	New York	\$486	\$1.77	\$1.50	18%
Charles Schwab Corp.	↑ SCHW +0.40%	Westlake, Texas	\$459	\$1.24	\$0.71	75%
State Street Corp.	↑ STT +0.32%	Boston	\$377	\$2.64	\$2.26	17%
American Express Co.	↓ AXP -0.17%	New York	\$296	\$4.00	\$3.49	15%
Citizens Financial Group Inc.	↑ CFG +1.45%	Providence, R.I.	\$218	\$1.03	\$0.76	34%

M&T Bank Corp.	↑ MTB +0.57%	Buffalo, N.Y.	\$212	\$4.44	\$4.02	10%
Fifth Third Bancorp	↑ FITB +0.54%	Cincinnati	\$210	\$0.86	\$0.78	11%
Huntington Bancshares Inc.	↑ HBAN +0.33%	Columbus, Ohio	\$208	\$0.37	\$0.33	15%
Ally Financial Inc.	↓ ALLY -0.16%	Detroit	\$189	\$1.00	\$1.06	-5%
KeyCorp	↑ KEY +0.41%	Cleveland	\$185	\$0.38	-\$0.47	N/A

Source: FactSet

The analysts expect double-digit EPS increases for 14 of the 20 banks, with KeyCorp showing a third-quarter profit after posting a net loss during the third quarter of 2024, when the company booked losses on the sale of lower-yielding securities.

Most banks haven't been showing strong loan growth, with nonbank lenders taking market share for years, as banks have been operating under stronger risk-management frameworks and higher capital requirements under the Dodd-Frank reform legislation signed into law by President Barack Obama in 2010.

Most of the big banks also haven't been expanding their net interest margins much, as noted below. But for most of the large U.S. banks, regulator-approved dividend increases have been the norm in recent years, along with share buybacks that lower the share counts and boost EPS.

Here is a look at estimates for the banks' net-interest margins. A bank's net-interest margin (NIM) is the spread between its average yield on loans and securities investments and its average cost for funding through deposits and borrowings.

Since banks don't calculate or report NIM in a uniform manner, the following table shows estimates and FactSet's calculations for the banks' net interest income (NII) as a percentage of average earning assets.

Bank	Ticker	Estimated Q3 NII/ avg. earning assets	NII/ avg. earning assets – Q3, 2024
JPMorgan Chase & Co.	↓ JPM -0.32%	2.48%	2.54%

Bank of America Corp.	↑ BAC +0.31%	1.98%	1.93%
Citigroup Inc.	↑ C +0.13%	2.44%	2.51%
Wells Fargo & Co.	↑ WFC +0.53%	2.71%	2.81%
Goldman Sachs Group Inc.	↑ GS +0.10%	N/A	0.53%
Morgan Stanley	↑ MS +0.24%	N/A	0.74%
U.S. Bancorp	↑ USB +0.99%	2.71%	3.02%
Capital One Financial Corp.	↓ COF -0.48%	8.17%	7.17%
PNC Financial Services Group Inc.	↑ PNC +0.58%	2.87%	2.67%
Truist Financial Corp.	↑ TFC +0.96%	3.06%	3.01%
Bank of New York Mellon Corp.	↑ BK +0.68%	1.27%	1.62%
Charles Schwab Corp.	↑ SCHW +0.40%	2.81%	3.69%
State Street Corp.	↑ STT +0.32%	0.98%	1.03%
American Express Co.	↓ AXP -0.17%	8.27%	8.01%
Citizens Financial Group Inc.	↑ CFG +1.45%	3.02%	3.05%
M&T Bank Corp.	↑ MTB +0.57%	3.71%	3.61%
Fifth Third Bancorp	↑ FITB +0.54%	3.15%	2.94%
Huntington Bancshares Inc.	↑ HBAN +0.33%	3.11%	3.04%
Ally Financial Inc.	↓ ALLY -0.16%	3.51%	3.83%
KeyCorp	↑ KEY +0.41%	2.77%	2.12%

Source: FactSet

These 20 banks provide examples of varying business models, which explains the differences in net interest margins. The highest NIM are those of American Express ↓ **AXP -0.17%**, which focuses mainly on credit-card lending. The second-highest margins

are those for Capital One ↓ **COF -0.48%**, which became even more focused on card lending than it was before it completed its acquisition of Discover Financial Group on May 18.

Goldman and Morgan Stanley are investment banks with large asset-management businesses. They emphasize fee income, so analysts working for brokerage and research firms covering them don't even bother with NIM estimates. You can see low NIM figures for these banks for the third quarter of 2024.

Two more banks with low NIM that are mainly focused on generating fee income are Bank of New York Mellon ↑ **BK +0.68%** and State Street ↑ **STT +0.32%** of Boston, which are dominant competitors among banks providing securities custody and other backroom services to a variety of financial services firms.

Golden age for big-bank stocks

This continues to be a golden age for the largest U.S. banks, but some smaller and midsize regional players are feeling pressure to sell to larger rivals. One reason is the need to achieve economies of scale to improve efficiency. Another reason is the perception that under the Trump administration, it will be easier for banks to gain regulatory approval for mergers and acquisitions.

Read: [These banks might be next to pair up, says analyst who called the \\$11 billion Comerica sale](#)

This underscores how much investors are favoring the largest banks over smaller regional competitors:



The largest U.S. banks as a group have fared much better in the stock market than the 50 small and midsize regional banks in the KBW Regional Banking Index.

The KBW Nasdaq Bank Index \uparrow **BKX +0.40%** of 24 of the largest U.S. banks returned more than 19% during the first three quarters of this year, while the KBW Regional Banking \uparrow **KRX +1.09%** Index of 50 small and midsize banks was pretty much flat. The index of large banks is tracked by the Invesco KBW Bank ETF \uparrow **KBWB +0.36%**, while the smaller regionals are tracked by the Invesco KBW Regional Banking ETF \uparrow **KBWR +1.18%**.

Leaving the list of 20 largest U.S. banks in the same order, here is a summary of analysts' opinions about the stocks, along with current dividend yields in the right-most column.

Bank	Ticker	Oct. 10 price	Cons. Price target	Implied 12-month upside potential	Share "buy" ratings	Dividend Yield
JPMorgan Chase & Co.	\downarrow JPM -0.32%	\$300.89	\$327.00	9%	61%	1.99%
Bank of America Corp.	\uparrow BAC +0.31%	\$48.65	\$56.56	16%	75%	2.30%

Citigroup Inc.	↑ C +0.13%	\$93.93	\$112.21	19%	68%	2.56%
Wells Fargo & Co.	↑ WFC +0.53%	\$77.62	\$90.30	16%	57%	2.32%
Goldman Sachs Group Inc.	↑ GS +0.10%	\$764.36	\$778.90	2%	39%	2.09%
Morgan Stanley	↑ MS +0.24%	\$151.86	\$155.10	2%	36%	2.63%
U.S. Bancorp	↑ USB +0.99%	\$45.28	\$54.93	21%	54%	4.59%
Capital One Financial Corp.	↓ COF -0.48%	\$202.49	\$256.90	27%	77%	1.19%
PNC Financial Services Group Inc.	↑ PNC +0.58%	\$183.95	\$223.98	22%	70%	3.70%
Truist Financial Corp.	↑ TFC +0.96%	\$42.31	\$49.70	17%	38%	4.92%
Bank of New York Mellon Corp.	↑ BK +0.68%	\$104.54	\$117.40	12%	55%	2.03%
Charles Schwab Corp.	↑ SCHW +0.40%	\$91.96	\$109.42	19%	78%	1.17%
State Street Corp.	↑ STT +0.32%	\$111.00	\$131.03	18%	68%	3.03%
American Express Co.	↓ AXP -0.17%	\$316.26	\$339.00	7%	34%	1.04%
Citizens Financial Group Inc.	↑ CFG +1.45%	\$49.25	\$61.21	24%	84%	3.41%
M&T Bank Corp.	↑ MTB +0.57%	\$180.84	\$222.31	23%	56%	3.32%
Fifth Third Bancorp	↑ FITB +0.54%	\$41.47	\$50.85	23%	60%	3.86%

Huntington Bancshares Inc.	↑ HBAN +0.33%	\$15.60	\$20.03	28%	71%	3.97%
Ally Financial Inc.	↓ ALLY -0.16%	\$36.96	\$47.18	28%	64%	3.25%
KeyCorp	↑ KEY +0.41%	\$17.20	\$20.88	21%	46%	4.77%

Source: FactSet

Keep in mind that these are 12-month price targets. That might be considered a short period for a committed long-term investor.

Click on the tickers for more about each bank.

Read: [Tomi Kilgore's detailed guide to the information available on the MarketWatch quote page](#)

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