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Bank of America Reports Mixed Q2 Results as Interest Income Falls Short

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Bank of America posted a mixed second-quarter earnings report on Wednesday, narrowly beating profit expectations but falling short on revenue, as higher borrowing costs failed to deliver the boost many investors were hoping for. The figures reflect ongoing challenges in the banking sector, where margins remain under pressure despite elevated interest rates.

The bank reported earnings of \$7.12 billion, or 89 cents per share, surpassing the LSEG (London Stock Exchange Group) analyst consensus of 86 cents per share. That marks a 3% increase in profit compared to the same quarter last year. However, total revenue for the quarter came in at \$26.61 billion, slightly below the \$26.72 billion forecast by analysts.

A key area of concern was Net Interest Income (NII), the revenue banks earn from the difference between what they pay on deposits and what they collect from loans. Bank of America brought in \$14.82 billion in NII, missing expectations by \$70 million. While that's still a strong figure in absolute terms, the shortfall suggests that rising interest rates aren't translating into proportional gains, especially as deposit costs continue to climb.

Despite the revenue miss, shares of Bank of America have managed to gain about 5% year to date, reflecting cautious investor optimism. The results arrive on the heels of better-than-expected reports from rivals JPMorgan Chase, Citigroup, and Wells Fargo, all of which beat estimates on both earnings and revenue earlier in the week.

Bank of America CEO Brian Moynihan has previously indicated that the bank remains focused on long-term growth and disciplined cost management. Still, the latest results highlight the balancing act facing large lenders, squeezing profits from a high-rate environment without losing ground on customer retention or competitive loan pricing.

With the Federal Reserve signaling that rate cuts may be on the horizon, banks like Bank of America will need to adjust their strategies quickly. The second quarter numbers, while not disastrous, serve as a reminder that even industry leaders can struggle to meet lofty expectations in a tightening economic climate.