PNC Financial Services (PNC)

Updated July 16th, 2025 by Aristofanis Papadatos

Key Metrics

Current Price:	$196	**5 Year CAGR Estimate:**	8.0%	**Market Cap:**	$77.5 B
Fair Value Price:	$185	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	7/15/2025
% Fair Value:	106%	**5 Year Valuation Multiple Estimate:**	-1.2%	**Dividend Payment Date:**	8/5/2025
Dividend Yield:	3.5%	**5 Year Price Target**	$247	**Years Of Dividend Growth:**	15
Dividend Risk Score:	C	**Sector:** Financials		**Rating:**	Hold

Overview & Current Events

PNC Financial Services is headquartered in Pittsburgh, Pennsylvania, and it is one of the largest diversified financial services companies in the U.S. It is engaged in retail banking as well as corporate and institutional banking and asset management. Its retail network is located primarily in markets across the Mid-Atlantic, Midwest and Southeast. PNC currently has a market capitalization of $77.5 billion.

On June 1st, 2021, PNC completed its acquisition of BBVA USA Bancshares from the Spanish financial group BBVA for $11.6 billion in cash. It acquired more than 600 branches in Texas, Alabama, Arizona, California, Florida, Colorado and New Mexico and became the fifth largest bank in assets, with a presence in 29 of the 30 largest U.S. markets.

In mid-July, PNC reported (7/16/25) financial results for the second quarter of fiscal 2025. Net interest margin expanded sequentially from 2.78% to 2.80% and net interest income grew 2%, mostly thanks to growth of loans. Given also higher non-interest income, which resulted from Visa-related activity, earnings-per-share grew 10% sequentially, from $3.51 to $3.85, exceeding the analysts' consensus by $0.30. PNC has exceeded the analysts' earnings-per-share estimates in 17 of the last 20 quarters. The bank improved its net interest margin for a fifth consecutive quarter and expects 7% growth of net interest income in 2025, to a new all-time high, thanks to lower deposit costs. Given this tailwind, we expect approximate growth of earnings-per-share of 9% this year, to a new all-time high. On the other hand, due to the expected effect of tariffs on inflation, we do not expect interest rates to decrease further this year.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$7.39	$7.30	$10.36	$10.71	$9.57	$6.36	$14.18	$13.96	$14.10	$13.74	***$15.00***	***$20.07***
DPS	$2.01	$2.12	$2.60	$3.40	$4.20	$4.60	$4.80	$5.75	$6.10	$6.30	***$6.80***	***$9.10***
Shares[1]	521	500	486	470	448	426	424	404	401	399	***395***	***370***

PNC was significantly affected by the pandemic in 2020, but the bank has recovered strongly. PNC has consistently pursued growth by expanding into attractive markets, growing its loan base organically and acquiring other banks. We expect a tailwind from a lower cost of deposits in the upcoming years and a tailwind from an increase in the loan/deposit ratio of the bank. PNC has grown its earnings-per-share at a 7.1% average annual rate in the last decade and at a 7.5% average annual rate in the last five years. Given the high comparison base formed by the record earnings-per-share expected this year, we expect the bank to grow its earnings-per-share at a 6.0% average annual rate beyond this year, somewhat below its historical growth rate.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg P/E	12.6	12.4	12.3	13.3	14.2	18.7	13.2	12.3	9.4	12.4	***13.1***	***12.3***
Avg. Yld.	2.2%	2.3%	2.0%	2.4%	3.1%	3.9%	2.6%	3.3%	4.6%	3.7%	***3.5%***	***3.7%***

[1] In millions.

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PNC has rallied 30% off its bottom in April, shortly after the tariff-related sell-off, and thus it is currently trading at a price-to-earnings ratio of 13.1. The stock has traded at an average price-to-earnings ratio of 12.3 over the last decade. If it trades at its average valuation level in five years, it will incur a -1.2% annualized drag in its returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	27.2%	29.0%	25.1%	31.7%	43.9%	72.3%	33.9%	41.2%	43.3%	45.9%	***45.3%***	***45.3%***

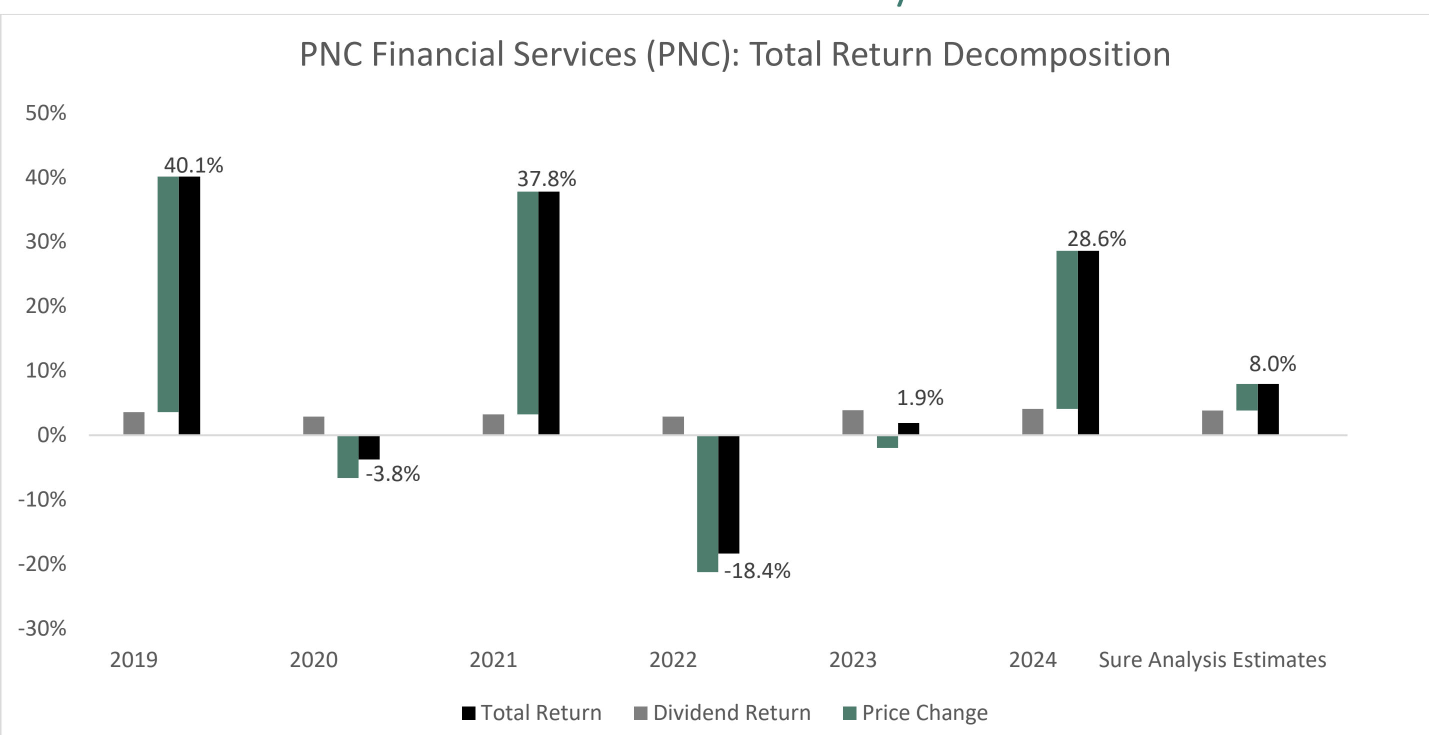
PNC just raised its dividend by 6% and thus it has now raised its dividend for 15 consecutive years. It froze its dividend for 8 consecutive quarters due to the pandemic, but it has resumed raising its dividend thanks to its ongoing recovery. Thanks to a healthy payout ratio of 45%, the dividend should be considered safe. In addition, the bank has reduced its share count by -24% in the last nine years.

On the other hand, investors should be aware that PNC is vulnerable to recessions. In the Great Recession, PNC cut its dividend by -85% while in the coronavirus crisis it saw its earnings-per-share fall -34%. Therefore, in the scenario of another recession, the stock of PNC could come under great pressure, just like it did at the outbreak of the virus, when it plunged nearly -50% in just five weeks. Only the investors who can tolerate such a high stock price volatility should consider PNC.

Final Thoughts & Recommendation

The net interest margin of PNC has begun to recover in the last five quarters and the bank expects record net interest income this year. As a result, we expect record earnings-per-share this year. Notably, the stock has rallied 30% off its bottom in April, as the government eventually softened its stance in reference to tariffs. Nevertheless, the stock remains fairly attractive. It could offer an 8.0% average annual return over the next five years thanks to 6.0% earnings-per-share growth and its 3.5% dividend, partly offset by a -1.2% annualized contraction of the valuation level. The stock receives a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	15,225	15,162	16,329	16,190	16,839	16,798	19,135	21,114	21,509	20,809
SG&A Exp.	5,080	5,120	5,512	5,756	5,948	5,909	7,460	7,599	7,778	7,664
D&A Exp.	1,088	1,193	1,117	1,129	1,315	1,497	1,773	651	217	259
Net Profit	4,106	3,903	5,338	5,301	5,369	7,517	5,674	6,041	5,578	5,889
Net Margin	27.0%	25.7%	32.7%	32.7%	31.9%	44.7%	29.7%	28.6%	25.9%	28.3%
Free Cash Flow	5,525	3,500	5,579	7,840	7,363	4,659	7,214	9,083	10,111	7,880

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets ($B)	358.5	366.4	380.8	382.3	410.3	466.7	557.2	557.3	561.6	560.0
Cash & Equivalents	34,611	30,590	33,844	16,501	28,474	92,190	82,254	34,363	50,725	46,251
Goodwill	10,692	10,861	11,005	11,201	10,877	10,475	12,734	14,410	14,618	14,643
Total Liabilities ($B)	312.5	319.5	333.2	334.5	361.0	412.6	501.5	511.5	510.4	505.6
Long-Term Debt	54,532	52,706	59,088	57,419	60,263	37,195	30,784	58,713	72,737	61,673
Shareholder's Equity	44,710	45,699	47,513	47,728	49,314	54,010	55,465	45,774	51,105	54,425
LTD/E Ratio	1.22	1.15	1.24	1.20	1.22	0.69	0.55	1.28	1.42	1.13

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.2%	1.1%	1.4%	1.4%	1.4%	1.7%	1.1%	1.1%	1.0%	1.1%
Return on Equity	9.2%	8.6%	11.5%	11.1%	11.1%	14.6%	10.3%	11.9%	11.5%	11.2%
ROIC	4.1%	3.9%	5.2%	5.0%	5.0%	7.5%	6.4%	6.3%	4.9%	4.9%
Shares Out.	521	500	486	470	448	426	424	412	401	400
Revenue/Share	29.22	30.32	33.60	36.45	39.79	39.58	44.92	51.25	53.63	52.02
FCF/Share	10.60	7.00	11.48	16.68	16.44	10.91	16.93	22.05	25.21	19.70

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.