State Street Corp. (STT)

Updated October 21st, 2025 by Aristofanis Papadatos

Key Metrics

Current Price:	$115	**5 Year CAGR Estimate:**	6.4%	**Market Cap:**	$31.4 B
Fair Value Price:	$119	**5 Year Growth Estimate:**	3.0%	**Ex-Dividend Date:**	1/2/26[1]
% Fair Value:	97%	**5 Year Valuation Multiple Estimate:**	0.6%	**Dividend Payment Date:**	1/12/26
Dividend Yield:	2.9%	**5 Year Price Target**	$137	**Years Of Dividend Growth:**	16
Dividend Risk Score:	C	**Sector:** Financials		**Rating:**	Hold

Overview & Current Events

State Street Corporation is a Boston based financial services company which traces its roots back to 1792. It trades under the ticker STT and has raised its dividend for 16 consecutive years. State Street is one of the largest asset management firms in the world, with $5.4 trillion of assets under management and $52 trillion of assets under custody and administration. The company trades with a market capitalization of $31.4 billion.

In September of 2021, State Street announced the acquisition of Brown Brothers Harriman Investor Services for $3.5 billion but the two companies agreed to cancel the deal on November 30th, 2022 due to regulatory hurdles.

In mid-October, State Street reported (10/17/25) results for the third quarter of fiscal 2025. Net interest income edged down 1% but fee revenues grew 8% over last year's quarter. Moreover, assets under custody or administration and assets under management grew 10% and 15%, respectively, thanks to higher quarter-end market levels and cash inflows. Earnings-per-share grew 23%, from $2.26 to $2.78, and exceeded the analysts' consensus by $0.13. State Street has exceeded the analysts' estimates in 26 of the last 27 quarters. Thanks to its positive performance and outlook, State Street has raised its dividend by 11% this year and thus it has raised its dividend by at least 10% for five consecutive years. Moreover, it has a share repurchase program with a remaining amount of $3.0 billion and no expiration date, enough to reduce its share count by 9.5%. However, the bank also issues a significant amount of new shares. As the bank enjoys positive business momentum, we still expect record earnings-per-share of $9.80 this year.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$4.77	$5.40	$5.67	$6.89	$6.00	$6.78	$7.52	$7.41	$7.66	$8.67	***$9.80***	***$11.36***
DPS	$1.32	$1.44	$1.60	$1.78	$1.98	$2.08	$2.18	$2.40	$2.66	$2.90	***$3.36***	***$4.12***
Shares[2]	414	396	380	376	374	357	358	364	310	296	***290***	***250***

State Street has grown its earnings-per-share at a 6.9% average annual rate over the last decade. Going forward, we see the ability for continued growth thanks to the organic growth of equity flows and acquisitions. We consider this a defensive, low-risk stock, which is appropriate for those looking for stable dividend income that can grow faster than inflation in the upcoming years.

In the past few years, State Street has benefitted from new equity inflows as well as a market rally. The bank's asset management business, State Street Global Advisors, also benefitted from stock market gains and flows into ETFs. The firm will rely on the growth of flows into the equity market as well as acquisitions. Management claims to need about $1.5 trillion in new assets under custody annually to stick to growth targets.

State Street has a remaining amount of $3.0 billion for share repurchases, with no expiration date. This amount represents 9.5% of the current share count. Organic earnings growth has been about 2.5% per year, while the share count has contracted by -3.7% per year over the last decade. Due to a somewhat high comparison base formed by record earnings-per-share this year, we expect 3% average annual growth of earnings-per-share over the next five years.

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[1] Estimated date.

[2] In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	16.6	12.9	14.7	14.1	11.2	10.4	11.3	10.3	9.7	9.4	***11.7***	***12.1***
Avg. Yld.	1.8%	2.2%	1.8%	2.0%	3.1%	3.2%	2.6%	3.1%	3.6%	3.6%	***2.9%***	***3.0%***

State Street is currently trading at price-to-earnings ratio of 11.7, which is slightly lower than its 10-year average of 12.1. We expect the stock to trade at its historical valuation in five years. In such a case, the stock will enjoy a 0.6% annualized valuation tailwind.

Safety, Quality, Competitive Advantage, & Recession Resiliency

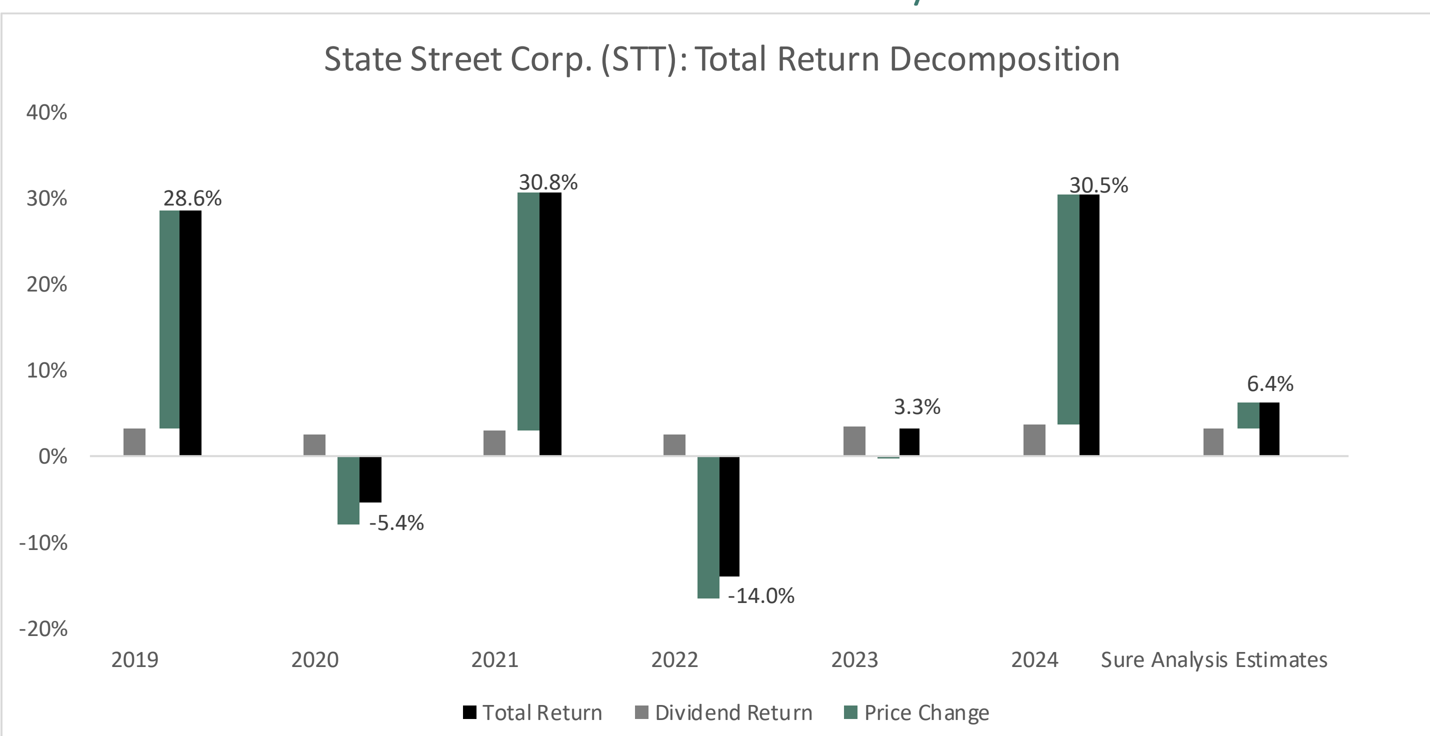
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	28%	27%	28%	26%	33%	31%	29%	32%	34%	33%	***34%***	***36%***

State Street has a conservative payout ratio of 34%, with stable earnings and a solid track record. It is one of the market leaders in its industry of asset management and asset servicing. It also benefits from its economies of scale, which pose a formidable barrier to new entrants. However, competition with names like Vanguard, BlackRock, and Bank of New York Mellon, all of which are lowering fees to attract investor funds, limits the growth potential within this space. A recessionary environment may lower profits but it is unlikely to endanger the dividend or the firm.

Final Thoughts & Recommendation

The stock of State Street has rallied 28% in the last 12 months, primarily thanks to its cheap initial valuation. As a result, the stock has become somewhat less attractive. We remain confident in the long-term prospects of the company. State Street could offer a 6.4% average annual return over the next five years thanks to 3.0% earnings-per-share growth, a 2.9% dividend yield and the potential for a 0.6% annualized valuation tailwind. 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	9,567	9,407	10,418	11,094	10,698	10,684	11,974	12,148	17,588	21,188
SG&A Exp.	4,357	4,560	4,561	4,983	4,717	4,559	4,639	4,428	---	---
D&A Exp.	801	929	1,085	1,203	1,337	1,510	1,557	1,156	239	230
Net Profit	1,980	2,143	2,156	2,593	2,242	2,420	2,693	2,774	1,944	2,685
Net Margin	20.7%	22.8%	20.7%	23.4%	21.0%	22.7%	22.5%	22.8%	11.1%	12.7%
Free Cash Flow	-2,106	1,677	6,303	9,566	4,960	2,972	-7,521	11,220	-2,107	-2,175
Income Tax	318	-22	839	508	470	479	478	553	372	708

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets ($B)	245.2	242.7	238.4	244.6	245.6	314.7	314.6	301.5	297.3	353.2
Cash & Equivalents	76,672	72,381	69,454	76,310	72,325	120,485	109,989	105,563	4,047	3,145
Acc. Receivable	3,364	3,530	3,447	3,511	3,663	3,484	3,278	3,434	---	---
Goodwill & Int.	7,439	7,564	7,635	9,815	9,586	9,510	9,437	9,039	8,931	8,780
Total Liab ($B)	224.0	221.5	216.1	219.9	221.2	288.5	287.3	276.3	273.5	327.9
Long-Term Debt	12,917	12,722	12,514	13,995	13,212	17,689	13,603	17,093	25,198	37,632
Total Equity	18,400	18,023	19,121	21,047	21,469	23,729	25,387	23,215	21,823	22,510
D/E Ratio	0.61	0.60	0.56	0.57	0.54	0.68	0.50	0.68	1.06	1.49

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.8%	0.9%	0.9%	1.1%	0.9%	0.9%	0.9%	0.9%	0.6%	0.8%
Return on Equity	10.5%	11.8%	11.6%	12.9%	10.5%	10.7%	11.0%	11.4%	7.9%	10.9%
ROIC	5.7%	6.3%	6.3%	7.0%	5.9%	5.9%	6.3%	6.7%	4.2%	4.8%
Shares Out.	414	396	380	376	374	357	358	370.1	326.6	302.2
Revenue/Share	23.13	23.75	27.40	29.47	28.63	29.92	30.74	32.82	53.86	70.11
FCF/Share	-5.09	4.23	16.58	25.41	13.27	8.32	-21.00	30.32	-6.45	-7.20

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