Bank of America Corp. (BAC)

Updated January 18th, 2026, by Josh Arnold

Key Metrics

Current Price:	$53	**5 Year CAGR Estimate:**	15.7%	**Market Cap:**	$382 B
Fair Value Price:	$56	**5 Year Growth Estimate:**	13.0%	**Ex-Dividend Date:**	03/08/2026[1]
% Fair Value:	95%	**5 Year Valuation Multiple Estimate:**	1.1%	**Dividend Payment Date:**	03/29/2026
Dividend Yield:	2.1%	**5 Year Price Target**	$103	**Years Of Dividend Growth:**	13
Dividend Risk Score:	B	**Sector:**	Financials	**Rating:**	Buy

Overview & Current Events

Bank of America, headquartered in Charlotte, NC, provides traditional banking services, as well as non-banking financial services to customers all over the world. Its operations include Consumer Banking, Wealth & Investment Management and Global Banking & Markets. Bank of America was founded in 1904, trades with a market capitalization of $382 billion, and should produce about $120 billion in revenue this year, making it one of the largest financial companies in the world on both measures.

Bank of America posted fourth quarter and full-year earnings on January 14th, 2026, and results were better than expected on both the top and bottom lines. Earnings-per-share came to 98 cents, which was two cents ahead of estimates. Earnings rose from 83 cents a year ago, but were much lower than the $1.06 the bank posted in Q3. Revenue was up 7.2% year-over-year to $28.4 billion, beating estimates by $600 million.

Net interest income was $15.9 billion, beating estimates by about $200 million, and higher from both Q3 ($15.4 billion) and the prior year period ($14.5 billion). Noninterest income was $12.6 billion, well ahead of estimates for $11.9 billion. It was off, however, from Q3 that saw $12.9 billion, but up from $12.1 billion a year earlier.

Noninterest expense was $17.4 billion, up from $17.3 billion in Q3 and $16.8 billion a year ago. Provisions for credit losses were $1.31 billion, flat to Q3 but better than $1.45 billion a year ago.

Average deposits rose from Q3's $1.99 trillion to $2.01 trillion, while average loans dipped from $1.17 trillion to $1.15 trillion.

We start 2026 with an estimate of robust earnings growth at $4.30 in adjusted earnings-per-share.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.50	$1.83	$2.54	$2.75	$1.87	$3.57	$3.19	$3.08	$3.21	$3.81	***$4.30***	***$7.92***
DPS	$0.25	$0.39	$0.54	$0.66	$0.72	$0.78	$0.86	$0.92	$1.00	$1.08	***$1.12***	***$1.65***
Shares[2]	10053	10287	9669	8840	8650	8078	7997	7896	7611	7213	***7000***	***6200***

The damage from the financial crisis to Bank of America's earnings and dividend was massive. The company lost huge sums of money during the crisis, but since 2011, has produced an annual profit each year. Earnings growth has been robust but 2020 was certainly a setback. With the rebound in 2021 from relatively low levels, we see growth at 13% annually in the coming years from this year's $4.30 per share.

Bank of America remains highly focused on reducing spending where possible, and it has finally begun building its loan book. The company has about $800 billion of deposits it has not lent out, and the bank is still lending cautiously despite relatively high interest rates. The bank has aggressively bought back shares in the past, which will help boost earnings-per-share. We encourage investors to keep an eye on credit quality in the coming quarters, as well as management's willingness to lend out its massive hoard of deposits.

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[1] Estimated date
[2] Share count in millions

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	10.3	13.5	8.7	10.7	14.1	11.3	10.4	10.9	13.7	14.4	***12.3***	***13.0***
Avg. Yld.	1.6%	1.6%	2.3%	2.2%	2.7%	1.9%	2.6%	2.7%	2.3%	2.0%	***2.1%***	***1.6%***

With a solid growth outlook and a healthy balance sheet, we believe Bank of America's valuation could settle on a low double-digits earnings multiple, in line with its peers. Shares go for 12.3 times earnings today, just below our fair value estimate of 13 times earnings. We forecast a modest tailwind to total returns as a result. We see the yield potentially declining slightly over time as the valuation could rise to meet fair value.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	15%	17%	21%	21%	24%	39%	26%	27%	30%	31%	***26%***	***21%***

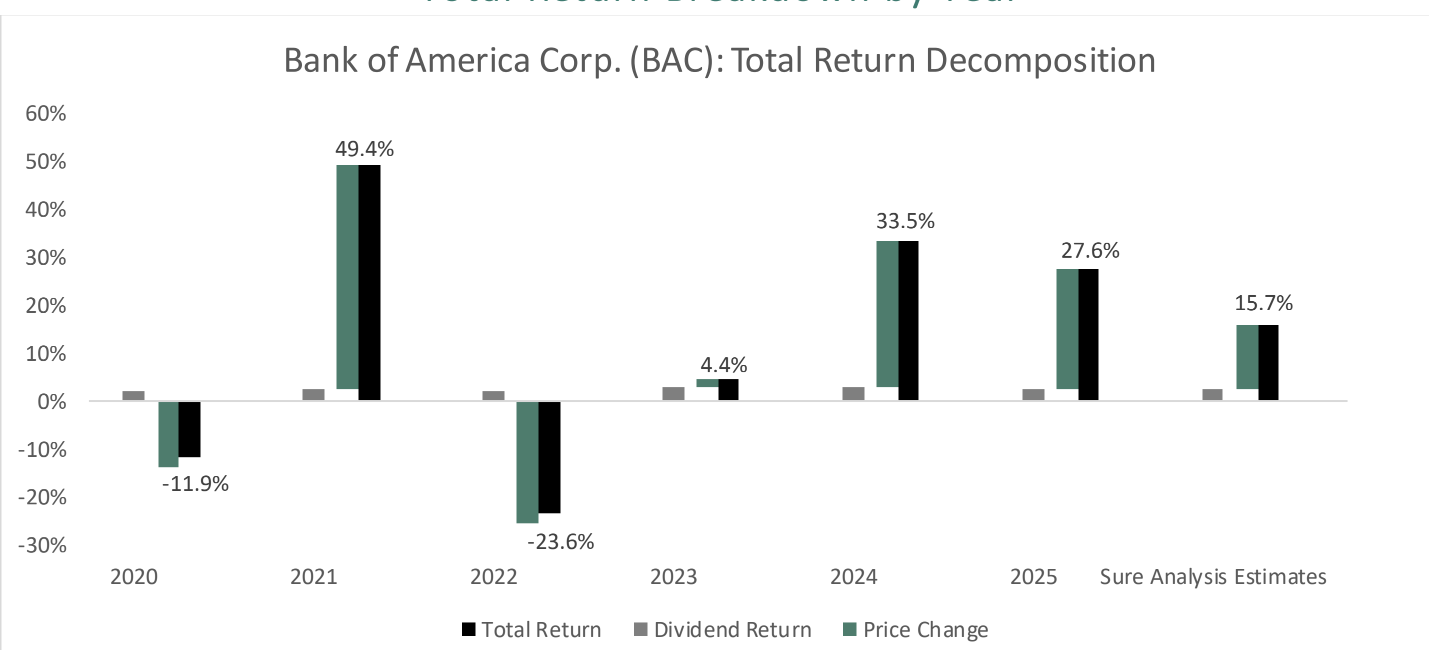
Bank of America started to raise its dividend payout ratio several years ago, but the company still only pays out less than a third of its profits in the form of dividends. The dividend in its current state is still very safe, even if earnings were to decline precipitously.

Bank of America competes with the largest banks in the U.S. It has advantages of scale given its massive branch footprint, its digital presence, and its balance sheet that puts it among the largest banks in the world. During the last financial crisis, Bank of America was hit hard, but major financial crises such as the one in 2009 are not common occurrences. During a normal recession, Bank of America should perform better than its 2007-2009 history would suggest. The impacts from the 2020 recession are a thing of the past, and the bank is moving forward with growth plans.

Final Thoughts & Recommendation

Bank of America is in a strong position, as its long-term earnings power is intact, its dividend is seeing a strong growth rate, and its balance sheet looks extremely healthy. Shares are slightly undervalued now, and the total return outlook of 15.7% annually has us moving the stock from hold to buy. We see returns accruing from 13% earnings growth, the 2.1% yield, and a small tailwind from the valuation.

Total Return Breakdown by Year



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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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	82,965	83,701	87,126	91,020	91,244	86,266	89,113	94,950	98,581	101,887
SG&A Exp.	49,221	47,270	41,835	40,520	42,069	41,156	45,049	45,946	47,715	49,623
D&A Exp.	2,389	2,241	2,103	2,063	1,729	1,843	1,898	1,978	2,057	2,189
Net Profit	15910	17822	18232	28147	27,430	17,894	31,978	27,528	26,515	27,132
Net Margin	19.2%	21.3%	20.9%	30.9%	30.1%	20.7%	35.9%	29.0%	26.9%	26.6%
Free Cash Flow	28,397	17,277	9,864	39,520	61,777	37,993	-7,193	-6,327	44,982	-8,805
Income Tax	6,277	7,199	10,981	6,437	5,324	1,101	1,998	3,441	1,827	2,122

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets ($B)	2144.3	2188.1	2281.2	2354.5	2434.1	2819.6	3169.5	3050.7	3180.2	3261.8
Cash & Eq. ($B)	167.10	157.60	168.59	184.90	168.7	387.0	355.4	237.5	341.4	296.5
Acc. Receivable	58312	58759	61623	65814	55937	64221	72263	67543	81881	82516
Goodwill & Int.	76616	71716	71253	68951	68951	68951	69022	69022	69021	69021
Total Liab. ($B)	1888.1	1921.9	2014.1	2089.2	2169.3	2546.7	2899.4	2777.5	2888.2	2966.2
LT Debt ($B)	264.86	240.77	260.07	249.53	265.1	282.3	303.9	302.9	334.3	326.7
Total Equity ($B)	233.90	240.98	244.82	243.00	241.4	248.4	245.4	244.8	263.2	272.4
LTD/E Ratio	1.03	0.90	0.97	0.94	1.00	1.03	1.13	1.11	1.15	1.11

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.7%	0.8%	0.8%	1.2%	1.1%	0.7%	1.1%	0.9%	0.9%	0.8%
Return on Equity	6.9%	7.5%	7.5%	11.5%	11.3%	7.3%	13.0%	10.1%	9.4%	9.2%
ROIC	3.1%	3.5%	3.5%	5.4%	5.3%	3.3%	5.7%	4.8%	4.4%	4.3%
Shares Out.	10,380	10,053	10,287	9,669	8,840	8,650	8,558	8,168	8,080	7,936
Revenue/Share	7.38	7.58	8.10	8.91	8.66	9.81	10.41	11.63	12.20	12.84
FCF/Share	2.53	1.66	0.97	3.86	6.54	4.32	-0.84	-0.77	5.57	-1.11

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