



Bank of America Corp. (BAC)

Updated July 20th, 2026, by Josh Arnold

Key Metrics

Current Price:	\$61	5 Year CAGR Estimate:	13.2%	Market Cap:	\$430 B
Fair Value Price:	\$60	5 Year Growth Estimate:	12.0%	Ex-Dividend Date:	09/08/2026 ¹
% Fair Value:	101%	5 Year Valuation Multiple Estimate:	-0.2%	Dividend Payment Date:	09/29/2026
Dividend Yield:	1.8%	5 Year Price Target	\$107	Years Of Dividend Growth:	13
Dividend Risk Score:	A	Sector:	Financials	Rating:	Hold

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 \$430 billion, and should produce more than \$120 billion in revenue this year, making it one of the largest financial companies in the world on both measures.

Bank of America posted second quarter earnings on July 14th, 2026, and results were better than expected on both the top and bottom lines. Earnings came to \$1.21 per share, beating estimates by nine cents. Revenue was up more than 19% year-over-year to \$31.6 billion, and beating estimates by \$830 million. Every business segment reported double digit net income growth, according to the management team.

Revenue reflected higher net interest income, sales and trading revenue, asset management fees, and investment banking fees. Noninterest income was \$15.6 billion, beating estimates by \$1 billion, and sharply higher from \$12.8 billion a year earlier.

Noninterest expense came to \$18.6 billion, which was essentially flat to Q1, but higher from \$17.2 billion a year earlier. Provisions for credit losses were \$1.4 billion, down from \$1.6 billion a year earlier and flat to Q1.

Average deposits were \$2.02 trillion, up 2% from Q1 while average loans were \$1.22 trillion, up from \$1.19 trillion in the first quarter.

We've boosted our estimate of earnings-per-share for this year to \$4.65, which would quite easily be a record.

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	\$4.65	\$8.19
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
Shares²	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 \$4.65 per share.

Bank of America continues to have hundreds of billions of dollars in deposits it has not lent out, and the bank is still lending cautiously despite relatively higher 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.

¹ Estimated date

² Share count 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	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	13.1	13.0
Avg. Yld.	1.6%	1.6%	2.3%	2.2%	2.7%	1.9%	2.6%	2.7%	2.3%	2.0%	1.8%	1.5%

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 13.1 times earnings today, near 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%	24%	20%

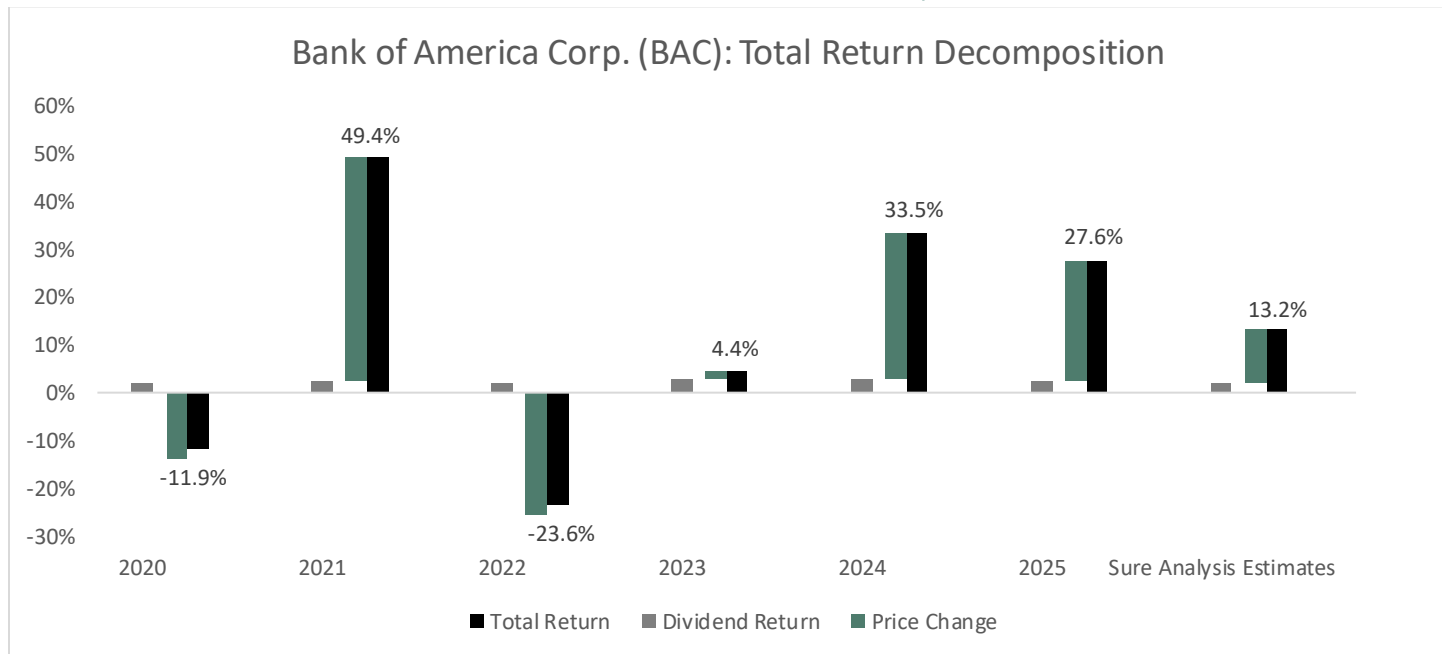
Bank of America started to raise its dividend payout ratio several years ago, but the company still only pays out less than a quarter of its profits in the form of dividends. The dividend in its current state is still very safe, even if earnings were to decline precipitously.

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 nearly fairly valued now, and the total return outlook of 13.2% annually has us moving the stock from buy to hold after Q2 results simply on the big rally we've seen. We see returns accruing from 12% earnings growth, the 1.8% yield, and a small impact from the valuation.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	83,701	87,126	91,020	91,244	86,266	89,113	94,950	98,581	101,887	107,422
SG&A Exp.	47,270	41,835	40,520	42,069	41,156	45,049	45,946	47,715	49,623	---
D&A Exp.	2,241	2,103	2,063	1,729	1,843	1,898	1,978	2,057	2,189	2,314
Net Profit	17822	18232	28147	27,430	17,894	31,978	27,528	26,515	27,132	38,117
Net Margin	21.3%	20.9%	30.9%	30.1%	20.7%	35.9%	29.0%	26.9%	26.6%	35.5%
Free Cash Flow	17,277	9,864	39,520	61,777	37,993	-7,193	-6,327	44,982	-8,805	43,425
Income Tax	7,199	10,981	6,437	5,324	1,101	1,998	3,441	1,827	2,122	7,186

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets (\$B)	2188.1	2281.2	2354.5	2434.1	2819.6	3169.5	3050.7	3180.2	3261.8	3411.7
Cash & Eq. (\$B)	157.60	168.59	184.90	168.7	387.0	355.4	237.5	341.4	296.5	286.0
Acc. Receivable	58759	61623	65814	55937	64221	72263	67543	81881	82516	---
Goodwill & Int.	71716	71253	68951	68951	68951	69022	69022	69021	69021	70821
Total Liab. (\$B)	1921.9	2014.1	2089.2	2169.3	2546.7	2899.4	2777.5	2888.2	2966.2	3108.5
LT Debt (\$B)	240.77	260.07	249.53	265.1	282.3	303.9	302.9	334.3	326.7	325.2
Total Equity (\$B)	240.98	244.82	243.00	241.4	248.4	245.4	244.8	263.2	272.4	277.3
LTD/E Ratio	0.90	0.97	0.94	1.00	1.03	1.13	1.11	1.15	1.11	2.37

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	0.8%	0.8%	1.2%	1.1%	0.7%	1.1%	0.9%	0.9%	0.8%	0.9%
Return on Equity	7.5%	7.5%	11.5%	11.3%	7.3%	13.0%	10.1%	9.4%	9.2%	10.2%
ROIC	3.5%	3.5%	5.4%	5.3%	3.3%	5.7%	4.8%	4.4%	4.3%	3.1%
Shares Out.	10,053	10,287	9,669	8,840	8,650	8,558	8,168	8,080	7,936	7,681
Revenue/Share	7.58	8.10	8.91	8.66	9.81	10.41	11.63	12.20	12.84	25.29
FCF/Share	1.66	0.97	3.86	6.54	4.32	-0.84	-0.77	5.57	-1.11	5.65

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

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