Bank7 Corp. (BSVN)

Updated February 22nd, 2025, by Patrick Neuwirth

Key Metrics

Current Price:	$40	**5 Year CAGR Estimate:**	9.5%	**Market Cap:**	$377 M
Fair Value Price:	$45	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date[1]:**	03/20/25
% Fair Value:	89%	**5 Year Valuation Multiple Estimate:**	2.4%	**Dividend Payment Date[1]:**	04/04/25
Dividend Yield:	2.4%	**5 Year Price Target**	$58	**Years Of Dividend Growth:**	6
Dividend Risk Score:	C	**Retirement Suitability Score:**	D	**Rating:**	Hold

Overview & Current Events

Bank7 Corp. (BSVN) is a regional bank holding company serving businesses and individuals through its subsidiary, Bank7. Founded in 1901 and headquartered in Oklahoma City, it operates branches in Oklahoma, the Dallas/Fort Worth area, and Kansas. The bank specializes in commercial real estate, hospitality, energy, and industrial lending while offering a full range of deposit and consumer banking services. Bank7 Corp. is an $377 million company and currently employs approximately 125 full-time staff.

On January 16th, 2025, Bank7 Corp. announced its financial results for the fourth quarter and full year ended December 31st, 2024. The company reported net income of $11.1 million for Q4 2024, a significant increase from $1.1 million in Q4 2023, reflecting improved profitability driven by strong credit quality and controlled expenses. Diluted earnings per share (EPS) came in at $1.16, compared to $0.12 in Q4 2023, benefiting from higher net interest income and the absence of credit loss provisions. Net interest income totaled $21.7 million for the quarter, up from $21.3 million in the prior year, supported by a higher net interest margin (NIM) of 5.12%, compared to 4.85% in Q4 2023. The expansion in NIM reflects disciplined asset-liability management, partially offset by increased funding costs.

Total loans reached $1.38 billion, representing a 2.7% year-over-year increase, while total deposits declined to $1.52 billion, down from $1.59 billion a year ago, driven by a strategic shift in the deposit mix. The company maintained robust capital ratios, with a Tier 1 leverage ratio of 12.19% and a total risk-based capital ratio of 15.21%, well above regulatory minimums. Noninterest income for Q4 2024 declined to $2.4 million from $6.8 million in the prior-year quarter, primarily due to lower gains from financial transactions. Noninterest expenses decreased to $9.4 million from $11.0 million in Q4 2023, reflecting cost management efforts.

For the full year 2024, Bank7 reported net income of $45.7 million, up 61.6% from $28.3 million in 2023, with diluted EPS of $4.84, a 58.7% increase from $3.05 in the prior year. Total assets ended the year at $1.74 billion, slightly down from $1.77 billion in 2023, reflecting balance sheet optimization.

Bank7 Corp. continues to focus on organic growth, disciplined cost control, and maintaining strong credit quality. While the company did not provide formal guidance, management emphasized its commitment to operational efficiency and strategic expansion. Looking ahead, Bank7 may experience further shifts in deposit composition and interest rate sensitivity as market conditions evolve.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	--	$2.31	$3.26	$3.03	$0.81	$2.05	$2.55	$3.22	$3.05	$4.84	***$4.10***	***$5.23***
DPS	--	--	--	--	$0.20	$0.41	$0.45	$0.52	$0.74	$0.87	***$0.96***	***$1.23***
Shares[2]	--	9	9	9	9	9	9	9	9	9	***9***	***9***

[1] Estimated date

[2] In millions.

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The company has grown earnings by 9.7% per year since 2016 and 14.9% over the past five years. We expect earnings to grow on average by 5% per year for the next five years. The company has been able to increase its dividend for 6 consecutive years. Over the last five years, the average annual dividend growth rate is 18.5%. In July 2024, the company increased its quarterly dividend by 14.3% from $0.21 to $0.24 per share. There was no share repurchase activity in Q4 2024.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	--	--	--	--	24.3	7.2	9.4	8.7	7.1	12.3	***9.8***	***11.0***
Avg. Yld.	--	--	--	--	1.1%	2.9%	2.0%	2.0%	2.7%	1.9%	***2.4%***	***2.1%***

During the past decade shares of Bank7 Corp. have traded with an average price-to-earnings ratio of about 11.5 and today, it stands at 9.8. We are using 11 times earnings as a fair value baseline, implying the potential for a valuation tailwind. The company's dividend yield is currently 2.4% which is above the average yield of 2.1% over the past decade.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	--	--	--	--	--	20%	18%	16%	24%	18%	***23%***	***23%***

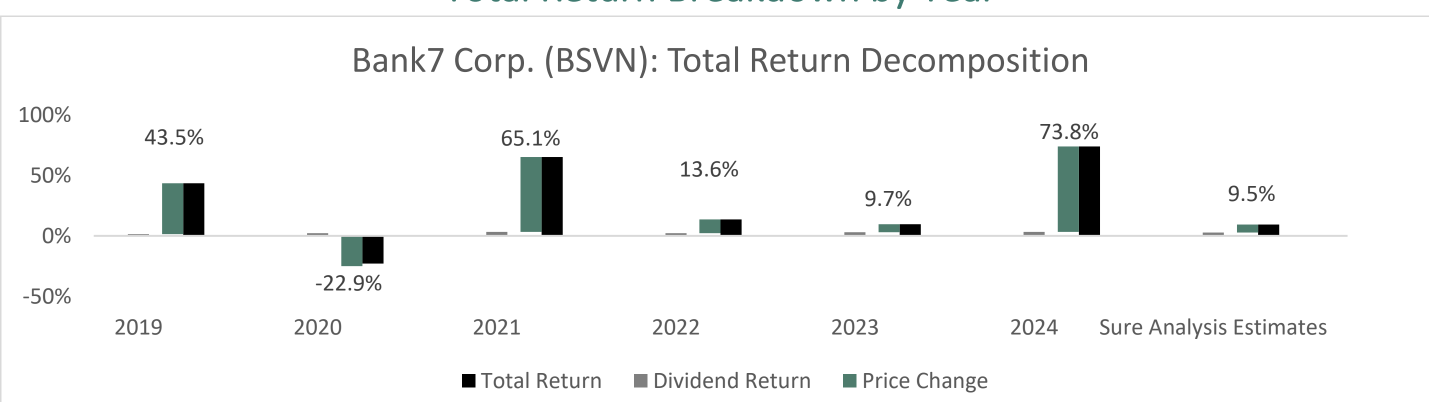
During the past five years, the company's dividend payout ratio has averaged around 19%. Bank7 Corp.'s dividend is comfortably covered by earnings. Given the expected earnings growth, there is room for the dividend to continue to grow at least at the same pace and keep the payout ratio around the same levels, which is safe.

Bank7 Corp. is a well-capitalized regional bank with strong profitability, prudent cost control, and solid credit quality. The company demonstrated resilience with a higher net interest margin of 5.12% in Q4 2024, up from 4.85% a year earlier, reflecting effective asset-liability management. However, a decline in total deposits ($1.52B vs. $1.59B in Q4 2023) and a slight reduction in total assets (-1.8% YoY) indicate funding pressures. While Bank7 benefits from a robust capital position and disciplined risk management, it faces challenges in deposit competition and potential margin compression if funding costs rise. Moving forward, sustaining loan growth, optimizing funding strategies, and maintaining operational efficiency will be crucial for long-term success.

Final Thoughts & Recommendation

Bank7 Corp. is a commercially focused regional bank known for its strong profitability, disciplined cost control, and conservative credit management. While its expanding net interest margin and earnings growth highlight operational strength, declining deposits and potential funding cost pressures present challenges. Maintaining loan growth and optimizing its funding mix will be critical for sustaining long-term success in a competitive banking environment. We estimate total return potential of 9.5% per year for the stock over the next five years based on a 5% earnings-per-share growth, the dividend yield of 2.4%, and a valuation tailwind. Shares earn 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		31	40	41	44	49	55	72	92	97
SG&A Exp.		7	8	9	22	11	12	18	18	21
D&A Exp.		1	1	1	1	1	1	1	1	
Net Profit		17	24	25	8	19	23	30	28	46
Net Margin		53.4%	60.1%	61.0%	18.9%	39.5%	41.7%	41.0%	30.8%	46.9%
Free Cash Flow		17	22	27	16	25	30	39	46	
Income Tax		-	-	1	7	7	8	10	9	15

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets		614	704	771	866	1,017	1,351	1,584	1,772	1,740
Cash & Equivalents		104	130	160	147	170	199	115	199	241
Goodwill & Int.		2	2	2	2	2	10	10	9	9
Total Liabilities		559	634	682	766	909	1,223	1,440	1,601	1,527
Long-Term Debt		6	6	-	-	-	-	-	-	-
Total Equity		55	69	88	100	107	127	144	170	213
LTD/E Ratio		0.12	0.08	-	-	-	-	-	-	-

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets			3.6%	3.4%	1.0%	2.0%	2.0%	2.0%	1.7%	2.6%
Return on Equity			38.3%	31.7%	8.7%	18.6%	19.7%	21.8%	18.0%	23.8%
ROIC			34.9%	30.6%	8.7%	18.6%	19.7%	21.8%	18.0%	23.8%
Shares Out.	--	9	9	9	9	9	9	9	9	9
Revenue/Share		3.09	3.88	4.97	4.29	5.21	6.10	7.86	9.91	10.31
FCF/Share		1.67	2.15	3.23	1.58	2.64	3.25	4.28	5.00	

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