



BancFirst Corp. (BANF)

Updated February 28th, 2025 by Felix Martinez

Key Metrics

Current Price:	\$117	5 Year CAGR Estimate:	1.6%	Market Cap:	\$3.9 B
Fair Value Price:	\$95	5 Year Growth Estimate:	4.0%	Ex-Dividend Date:	03/27/25 ¹
% Fair Value:	122%	5 Year Valuation Multiple Estimate:	-4.0%	Dividend Payment Date:	04/15/25
Dividend Yield:	1.6%	5 Year Price Target	\$116	Years Of Dividend Growth:	31
Dividend Risk Score:	A	Retirement Suitability Score:	B	Rating:	Sell

Overview & Current Events

BancFirst Corp. (BANF) serves as the financial holding company for BancFirst, a state-chartered bank headquartered in Oklahoma City, Oklahoma. The company was founded in 1984, and the subsequent year merged with seven other bank holding companies based in Oklahoma. The company acquired other banks and bank holding companies for the next several years. BancFirst has 104 banking locations serving 59 communities throughout Oklahoma and has over 1,900 employees. BancFirst offers retail customers and small and mid-sized businesses various commercial banking services. This includes checking, savings, CDs, personal loans, and other services for retail customers. The bank offers business lending services for commercial customers, including agricultural and multi-family loans and various business banking services. The company has a \$3.9 billion market capitalization.

On January 23rd, 2025, BancFirst Corporation reported fourth-quarter and full year results for Fiscal Year (FY)2024. The company reported a net income of \$56.5 million, or \$1.68 per diluted share, for the fourth quarter of 2024, up from \$48.9 million, or \$1.46 per diluted share, in the same period of 2023. For the full year, net income reached \$216.4 million, or \$6.44 per diluted share, compared to \$212.5 million, or \$6.34 per diluted share, in 2023. The company's financial performance was driven by higher net interest income and stable credit conditions.

Net interest income for the quarter increased to \$115.9 million from \$105.1 million in the prior year, primarily due to loan growth, though partially offset by changes in the deposit mix. The net interest margin was 3.68%, slightly up from 3.67% in 2023. Noninterest income also rose to \$47.0 million from \$45.2 million, benefiting from higher trust revenue, treasury income, and insurance commissions. Additionally, a \$355,000 gain on equity securities in 2024, compared to a \$1.4 million loss in 2023, contributed to the improvement.

As of December 31, 2024, BancFirst's total assets stood at \$13.6 billion, reflecting a \$1.2 billion increase from the previous year. Loans grew by \$373.0 million to \$8.0 billion, while deposits increased by \$1.0 billion to \$11.7 billion. The company's stockholders' equity rose by \$187.3 million to \$1.6 billion. Nonaccrual loans increased to \$58.0 million, representing 0.72% of total loans, compared to 0.32% at the end of 2023. The allowance for credit losses remained steady at 1.24% of total loans, with net charge-offs at \$985,000 for the quarter, nearly unchanged from the previous year.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$2.09	\$2.22	\$2.79	\$3.76	\$4.05	\$3.00	\$5.03	\$5.77	\$6.34	\$6.44	\$6.36	\$7.74
DPS	\$0.70	\$0.74	\$0.80	\$1.02	\$1.24	\$1.32	\$1.40	\$1.52	\$1.66	\$1.78	\$1.87	\$2.28
Shares²	32.0	32.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.6	33.8	34.0

BancFirst has grown EPS, averaging 13.3% per year over the past ten years and 16.5% over the past five years. However, going back to a more extended 15-year period to account for the prior recession, the bank has only grown earnings by

¹ Ex-Dividend and Dividend Payment Date are estimates

² Share count is in millions.

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an average of 6.1% per year. With the current interest environment, we expect EPS to grow at around a rate of 4% for the next five years, which is in line with its long-term earnings growth.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	14.1	21.8	19.4	14.8	15.4	19.6	14.0	15.3	15.4	18.2	18.4	15.0
Avg. Yld.	2.4%	1.6%	1.6%	2.0%	2.0%	2.3%	2.0%	1.7%	1.7%	1.5%	1.6%	2.0%

BancFirst's P/E ratio has averaged 16.8x over the past ten years, with relatively little change from year to year. We feel that a multiple of 15.0x is fair for a company of this size with a low estimated growth rate and yield. Thus, the company looks overvalued based on the average PE with a current PE of 18.4x. The stock currently has a price-to-book (PB) ratio of 2.4, higher to its five-year average of 2.0.

Safety, Quality, Competitive Advantage, & Recession Resiliency

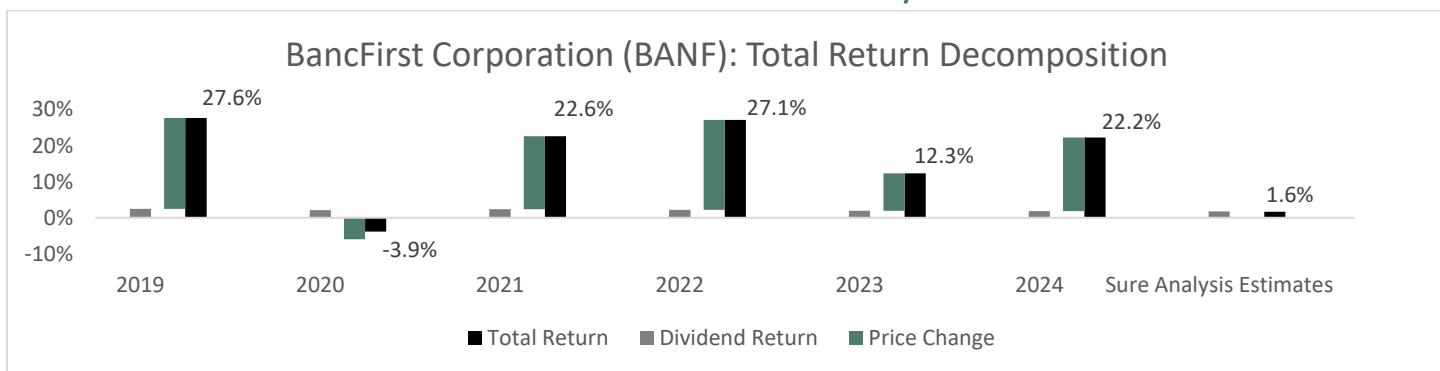
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	33.5%	33.3%	28.7%	27.1%	30.6%	44.0%	27.8%	26.3%	26.2%	27.6%	29%	29%

BancFirst is a well-managed bank that has raised its dividend for 30 consecutive years and emerged from the global financial crisis relatively unscathed. Although earnings fell approximately 35% from their peak in 2007 to their bottom in 2009 and then took five years to surpass the 2007 peak, this was very healthy compared to many other banks in the country. At no point did earnings fall enough to put the dividend payout ratio above 50%. Today, the bank has a highly diversified asset base with commercial loans, real estate loans, and debt securities, maintaining compliance with banking regulations and capital reserve ratios. Oklahoma's banking industry is diversified, and the company does not have a significant competitive advantage over regional or national banks. However, well-run banks generally enjoy high switching costs, as depositors are unlikely to go through the hassle of switching banks in most scenarios. BancFirst has considerably outperformed the S&P 500 and all of the "Big Four" national banks over the past 25 years in total shareholder returns, indicating an above-average company culture and management team. David Rainbolt was the CEO for virtually all of this extended outperformance, but two years ago moved on to become the executive chairman. At the same time, David Harlow, former BancFirst president, is now the CEO.

Final Thoughts & Recommendation

BancFirst is a small bank with a long stretch of consistent dividend growth, significant resilience through recessions, and history of considerably outperforming the broader banking industry and the stock market more generally. Interest rates and other factors outside their control may be a negative headwind as we advance. We expect a five-year annual rate of return of 1.1%. Thus, we rate BancFirst a sell at the current price because of the expected total return.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	295	311	345	386	419	444	486	557	610	631
D&A Exp.	12	12	12	14	16	18	20			22
Net Profit	66	71	86	126	135	100	168	193	212	216
Net Margin	22.5%	22.7%	25.0%	32.6%	32.2%	22.4%	34.5%	34.6%	34.8%	34.2%
Income Tax	35	37	50	34	35	24	41	44	57	59

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	6,693	7,019	7,253	7,574	8,566	9,212	9406	12388	12370	13550
Cash & Equivalents	1,598	1,850	1,758	1,424	1,868	1,617	2050			3554
Accounts Receivable	133	139	150	168	203	221	234			
Total Liabilities	70	67	65	96	171	169	167		10940	11930
Accounts Payable	6,037	6,308	6,478	6,671	7,561	8,144	8234	11137		
Long-Term Debt	32		30	37	49	52	56			86
Shareholder's Equity	32	32	32	27	27	27	86		1434	1621
LTD/E Ratio	656	711	776	903	1,005	1,068	1172	1251	0	0.05

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.0%	1.0%	1.2%	1.7%	1.7%	1.1%	1.8%	1.8%	1.7%	1.7%
Return on Equity	10.5%	10.3%	11.6%	15.0%	14.1%	9.6%	15.0%	15.9%	15.8%	14.2%
ROIC	10.0%	9.9%	11.1%	14.5%	13.8%	9.4%	14.3%	15.4%	15.3%	13.4%
Shares Out.	32	32	33	33	33	33	33	33	33	34
Revenue/Share	9.27	9.77	10.60	11.54	12.58	13.37	14.58	16.67	18.21	18.78
FCF/Share	2.11	2.50	2.82	2.64	3.96	2.65	4.88			6.68

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

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