



ServisFirst Bancshares, Inc. (SFBS)

Updated April 21st, 2025, by Kody Kester

Key Metrics

Current Price:	\$70	5 Year CAGR Estimate:	16.7%	Market Cap:	\$3.8B
Fair Value Price:	\$88	5 Year Growth Estimate:	10.0%	Ex-Dividend Date¹:	07/07/25
% Fair Value:	79%	5 Year Valuation Multiple Estimate:	4.7%	Dividend Payment Date:	07/15/25
Dividend Yield:	1.9%	5 Year Price Target	\$142	Years Of Dividend Growth:	11
Dividend Risk Score:	A	Sector: Financials		Rating:	Buy

Overview & Current Events

Founded in 2005, ServisFirst Bancshares, Inc. is a regional bank. SFBS operates as the holding company of ServisFirst Bank.

As of March 31st, 2025, the company had 34 office locations scattered throughout Alabama, Florida, Georgia, North Carolina, South Carolina, Tennessee, and Virginia. The market share in its markets ranged from the low single digits to as much as 20%+ in Alabama, where it has its corporate HQ. Concluding Q1 2025, the company had \$18.6 billion in assets.

SFBS' product offerings are what somebody would expect from a bank. Savings products include savings accounts, checking accounts, and money market accounts. SFBS' loan products are residential real estate loans, vehicle loans, personal loans, commercial lines of credit, commercial real estate loans, and construction and development loans. The company also provides customers with telephone and mobile banking, internet banking, safe deposit boxes, and debit and credit cards.

In 2023, ServisFirst Bank earned the distinction of being the fourth-ranked publicly traded bank in the nation with between \$10 billion and \$50 billion in assets via American Banker. Metrics like three-year average returns on average equity, return on average assets, net interest margin, and other measures are used to arrive at these rankings.

On April 21st, SFBS shared its first-quarter earnings report for the period ended March 31st. The company's net interest income climbed 20.5% year-over-year to \$123.6 million in the quarter. That was made possible by a 26-basis point expansion in the net interest margin to 2.92% and 8.2% loan growth over the year-ago period during the quarter. Due to lower bank-owned life insurance income, SFBS' non-interest income fell by 7.1% year-over-year to \$8.3 million for the quarter. The company's diluted EPS surged 26.1% higher over the year-ago period to \$1.16 in the quarter. This missed the analyst consensus by \$0.02 during the quarter.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$1.20	\$1.52	\$1.72	\$2.53	\$2.76	\$3.13	\$3.82	\$4.61	\$3.79	\$4.16	\$5.05	\$8.13
DPS	\$0.11	\$0.15	\$0.19	\$0.38	\$0.60	\$0.70	\$0.80	\$0.92	\$1.12	\$1.20	\$1.34	\$2.16
Shares²	52.0	52.6	53.0	53.4	53.6	53.9	54.2	54.3	54.5	54.6	54.6	55.4

Over the last decade, SFBS has compounded its diluted EPS at a firmly double-digit annual rate. As the bank grows, this level of growth will likely become less sustainable over time. SFBS plans to keep focusing on opening new locations in metropolitan, Southern markets in the years to come. The most recent example is the office ServisFirst opened in Auburn (Alabama) last July. Combined with organic loan growth and incremental net interest margin expansion, we continue to think that diluted EPS can compound by 10.0% annually over the medium term.

¹ Estimated dates based on past dividend dates.

² Share count is in millions.



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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	19.3	24.6	23.3	12.7	13.6	12.9	22.0	15.0	16.9	20.3	13.8	17.4
Avg. Yld.	0.5%	0.4%	0.5%	1.2%	1.6%	1.7%	0.9%	1.3%	1.7%	1.4%	1.9%	1.5%

Since 2015, SFBS’ P/E ratio has ranged from as low as the low double-digits to as much as the mid-20s. Over that time, the P/E ratio has been an average of 18.1. Accounting for SFBS’ larger scale, we think the fair value multiple should remain just above 17 - in line with the five-year average. From the current P/E ratio of just 13.8, that suggests that shares are meaningfully undervalued right now.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	9%	10%	11%	15%	22%	22%	21%	20%	30%	29%	27%	27%

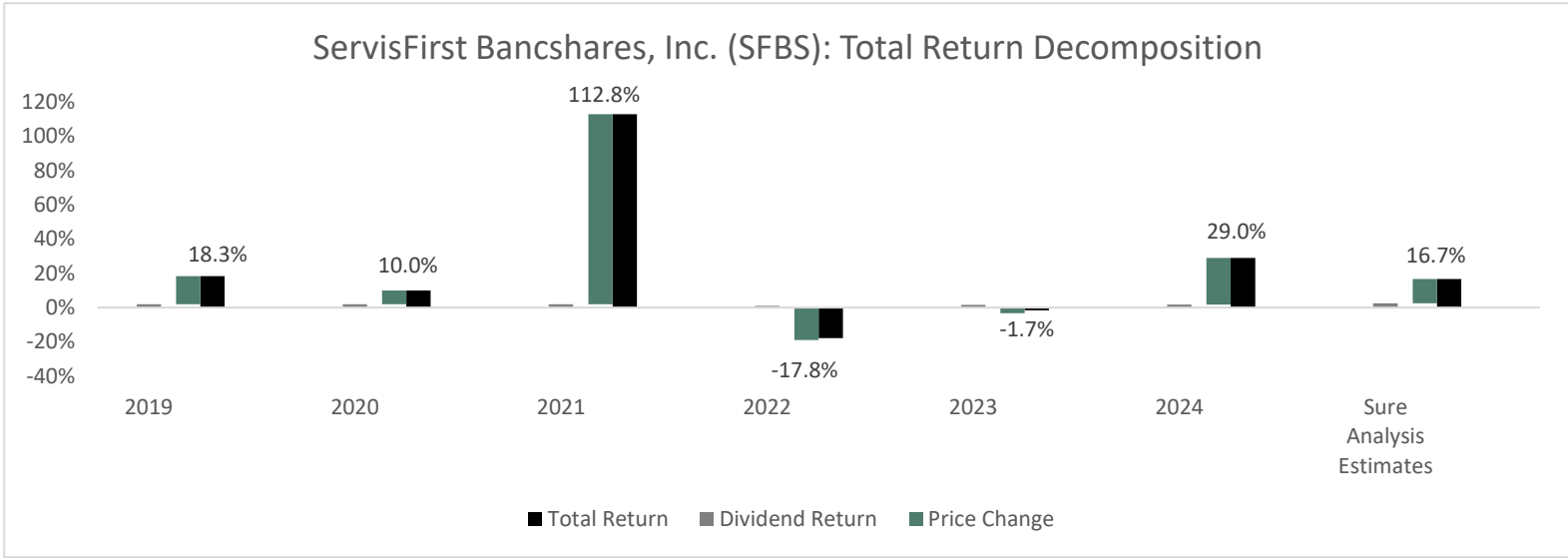
SFBS enjoys a few notable operating advantages. These include the simplicity of its business model in that loans and deposits are primary drivers of its growth, not ancillary services. Additionally, the company’s technology-oriented business model means that its branch footprint is limited. This allows for greater efficiency versus many of its peers. Lastly, SFBS offers the products that big banks do with the delivery that would be expected from a community bank. This has led to profitability in each quarter since 2005 and rather reliable growth in diluted EPS over time. The company’s nonperforming assets ratio of 0.40% in Q1 2025 also points to a bank that is laser-focused on asset quality. Along with a payout ratio that’s poised to remain in the high 20% range in 2025, that positions the dividend to grow as fast as earnings in the future. This should translate into approximately 10% annual dividend growth over the next several years.

Final Thoughts & Recommendation

SFBS’ 1.9% dividend yield, 10.0% annual diluted EPS growth potential, and 4.7% annual valuation multiple expansion potential could lead to 16.7% annual total returns through 2030. As a result, we’re reiterating our buy rating after the sizable selloff in recent months.

Total Return Breakdown by Year

ServisFirst Bancshares, Inc. (SFBS): Total Return Decomposition



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	169	197	240	279	307	363	406	492	427	459
SG&A Exp.	43	48	53	57	62	67	75	84	98	110
D&A Exp.	3	3	3	4	4	4	4	4	4	5
Net Profit	64	81	93	137	149	170	208	252	207	227
Net Margin	37.6%	41.3%	38.8%	49.1%	48.6%	46.7%	51.2%	51.1%	48.5%	54.0%
Free Cash Flow	71	76	97	166	162	189	257	269	193	248
Income Tax	25	29	44	32	38	45	46	57	38	52

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	5,096	6,370	7,082	8,007	8,948	11,933	15,449	14,596	16,130	17,352
Cash & Equivalent	317	624	238	458	530	2,210	4,164	815	2,031	2,377
Accounts Receivable	14	16	21	24	26	37	35	48	59	63
Goodwill & Intang.	15	15	15	14	14	14	14	14	14	14
Total Liabilities	4,646	5,848	6,475	7,292	8,105	10,940	14,297	13,298	14,689	15,735
Accounts Payable	2	4	5	10	12	12	14	19	28	-
Long-Term Debt	56	55	65	65	65	65	65	65	65	65
Shareholder's Equity	449	523	607	715	842	992	1,152	1,297	1,440	1,616
LTD/E Ratio	0.12	0.11	0.11	0.09	0.08	0.07	0.06	0.05	0.05	0.04

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.4%	1.4%	1.4%	1.8%	1.8%	1.6%	1.5%	1.7%	1.3%	1.4%
Return on Equity	14.8%	16.8%	16.5%	20.7%	19.2%	18.5%	19.4%	20.5%	15.1%	14.9%
Shares Out.	52.0	52.6	53.0	53.4	53.6	53.9	54.2	54.3	54.5	54.6
Revenue/Share	3.19	3.68	4.43	5.14	5.68	6.69	7.45	9.02	7.82	8.41
FCF/Share	1.34	1.42	1.80	3.06	2.99	3.49	4.72	4.93	3.55	4.54

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

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