



First Savings Financial Group, Inc. (FSFG)

Updated May 1st, 2025, by Ian Bezek

Key Metrics

Current Price:	\$28	5 Year CAGR Estimate:	10.3%	Market Cap:	\$183 M
Fair Value Price:	\$33	5 Year Growth Estimate:	5.0%	Ex-Dividend Date:	06/13/25 ¹
% Fair Value:	85%	5 Year Valuation Multiple Estimate:	3.3%	Dividend Payment Date:	06/27/25 ¹
Dividend Yield:	2.3%	5 Year Price Target	\$42	Years Of Dividend Growth:	13
Dividend Risk Score:	C	Sector:	Financials	Rating:	Hold

Overview & Current Events

First Savings Financial Group is a small Jeffersonville, Indiana-based regional bank. The bank's holding company was founded in 2008 and emerged in its present form in 2014 when the firm converted from a thrift institution to an Indiana-chartered commercial bank. First Savings Financial currently has a modest footprint, operating 15 depository branches serving six counties within Southern Indiana. Its geographical coverage is primarily in suburbs that sit within the greater Louisville, Kentucky metropolitan area.

Indiana historically has offered a generally pro-business and low tax environment which can help foster business activity within First Savings Financial's geographic footprint. However, Indiana has seen slow population growth in recent years, which limits organic growth. First Savings Financial is primarily a lender in the single tenant net lease and residential real estate mortgage loan markets.

However, First Savings Financial Group also has a substantial business in underwriting Small Business Administration (SBA) loans. This proved to be a tremendous opportunity for the bank during the pandemic as the government offered unprecedented relief to small businesses through various loan and relief programs. FSFG's earnings doubled between 2019 and 2020 as it took advantage of the tremendous lending and fee-based business opportunities at that time. Since then, FSFG's earnings per share retreated dramatically as those short-term outsized profits reverted to normal.

That said, the bank returned to growth in 2024, and 2025 is shaping up to be an excellent year. On April 24th, 2025, the bank reported its second quarter 2025 results. Earnings per share of 76 cents jumped sharply from the 52 cents reported for the same period last year. The bank's net interest income surged 12% year-over-year. And, importantly, the small business loan operation returned to profitability after a down period over the past two years. This result was significantly stronger than expected and we've raised our full-year earnings outlook considerably.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$0.98	\$1.14	\$1.32	\$1.53	\$2.27	\$4.68	\$4.12	\$2.15	\$1.19	\$1.98	\$2.75	\$3.51
DPS	\$0.16	\$0.17	\$0.18	\$0.20	\$0.21	\$0.22	\$0.36	\$0.51	\$0.55	\$0.60	\$0.64	\$0.78
Shares	7	7	7	7	7	7	7	7	7	7	6.8	6.8

The bank grew at a consistent rate throughout the 2010s. However, the pandemic greatly changed things, as First Savings Financial was able to participate in the dramatic upswing in the SBA market. While that one-time earnings opportunity has passed, we believe the bank's core business model remains sound. We expect a large jump in earnings this year, followed by 5% annualized earnings growth over the longer-term.

First Savings Financial has grown its dividend at a 16% annualized rate over the past decade and an impressive 24% rate over the past five years. However, the bank's core assets and earnings power have not kept pace with that dividend growth. The bank's payout ratio has grown dramatically, and we believe future dividend growth will be much slower going forward. To that point, in March 2025, the bank boosted its dividend by 6.7%, from 15 to 16 cents per quarter.

¹ Estimated date.

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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	11.0	10.1	12.9	14.4	9.2	3.9	6.7	10.4	11.8	12.0	10.2	12.0
Avg. Yld.	1.4%	1.3%	1.1%	0.9%	1.1%	1.2%	1.1%	1.9%	3.2%	3.4%	2.3%	1.8%

First Savings Financial Group has averaged a 10.2 P/E ratio since 2015 and a 9.0 P/E ratio over the past five years. These unusually low ratios are influenced by the pandemic years, where the bank earned outsized profits, but the market assigned a low multiple to this fleeting earnings stream. As a result, we believe the bank's true long-term valuation multiple should be a bit higher and assign a 12x estimate over the next five years. The firm's dividend yield has averaged 1.6% over the long-term, but today's 2.3% offering sits far above that average.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	16%	15%	14%	13%	9%	5%	9%	24%	46%	30%	23%	22%

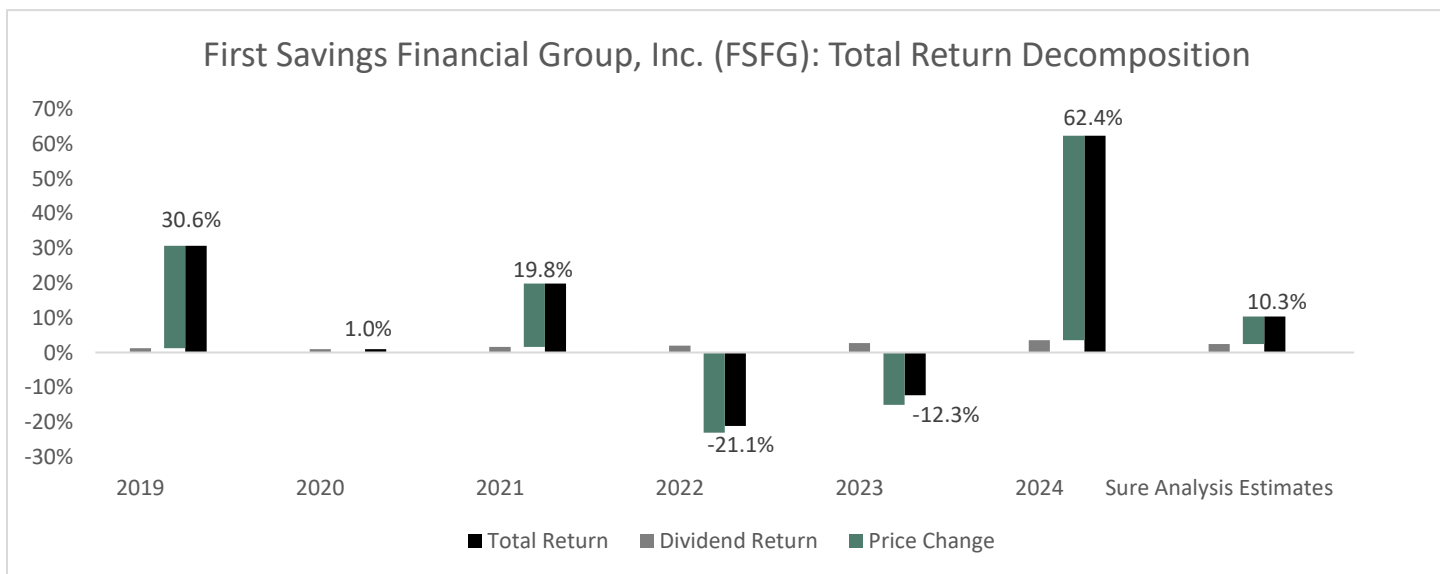
First Savings Financial Group has historically paid a small dividend and kept its payout ratio under 20%. Since 2020, however, the bank has changed its capital return strategy, using its SBA windfall to support a much higher dividend payout. The ratio hit 46% in 2023. We expect the firm to try to keep the payout ratio under 30% over the long-term.

First Savings Financial is quite small by regional banking standards and is heavily tied to the economic health of Louisville and the Southern Indiana region. That said, this region has been stable and not experienced outsized housing or commercial real estate price volatility. This should help reduce credit risk. The bank's SBA exposure makes it somewhat more vulnerable to a general downturn in the overall economy than other peer banks. It's possible that tariff impacts could impact small businesses, leading to some loan quality issues for SBA-lenders such as First Savings Financial Group.

Final Thoughts & Recommendation

First Savings Financial Group's stock remains significantly below our fair value estimate. While the stock price has rallied a bit, that is supported by a strongly favorable trend in the bank's earnings. We see the potential for 10.3% total annualized returns, as the dividend yield and potential multiple expansion add to the underlying earnings growth. While the return forecast is favorable, shares merit a hold rating today due to the moderate dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	30	28	38	49	84	181	178	112	87	71
SG&A Exp.	13	14	16	21	46	101	110	65	48	-
D&A Exp.	1	1	1	1	2	2	2	2	3	-
Net Profit	7	8	9	11	16	33	30	15	8	14
Net Margin	22.4%	27.8%	24.5%	22.2%	19.3%	18.5%	16.7%	13.8%	9.4%	19.7%
Free Cash Flow	(1)	9	(3)	16	(54)	(147)	109	148	30	-
Income Tax	2	(2)	3	2	3	13	10	2	0	1

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	750	797	891	1,034	1,223	1,765	1,721	2,094	2,289	2,450
Cash & Equivalents	28	32	37	45	44	37	36	42	31	52
Acc. Receivable	1	1	2	3	3	5	4	5	8	-
Goodwill & Int.	9	9	9	12	15	37	65	10	10	-
Total Liabilities	656	710	798	934	1,101	1,607	1,541	1,942	2,138	2,273
Accounts Payable	0	0	0	1	1	1	0	1	9	-
Long-Term Debt	109	122	118	110	242	331	270	-	-	-
Total Equity	94	87	93	99	121	157	180	152	151	177
LTD/E Ratio	1.16	1.40	1.27	1.11	2.00	2.10	1.50	-	-	-

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.9%	1.0%	1.1%	1.1%	1.4%	2.2%	1.7%	0.8%	0.4%	0.6%
Return on Equity	7.4%	8.7%	10.4%	11.3%	14.6%	23.9%	17.5%	9.3%	5.4%	8.3%
ROIC	3.6%	3.8%	4.4%	5.2%	5.6%	7.8%	6.3%	5.1%	5.4%	8.3%
Shares Out.	7	7	7	7	7	7	7	7	7	6.9
Revenue/Share	4.48	4.12	5.41	6.90	11.81	25.33	24.75	15.67	12.63	10.29
FCF/Share	(0.15)	1.30	(0.38)	2.30	(7.62)	(20.6)	15.23	20.72	4.33	-

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

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