



# Home Bancshares, Inc. (HOMB)

Updated August 4<sup>th</sup>, 2025, by Yiannis Zourmpanos

## Key Metrics

|                             |      |                                            |            |                                  |            |
|-----------------------------|------|--------------------------------------------|------------|----------------------------------|------------|
| <b>Current Price:</b>       | \$28 | <b>5 Year CAGR Estimate:</b>               | 9.8%       | <b>Market Cap:</b>               | \$5.5 B    |
| <b>Fair Value Price:</b>    | \$25 | <b>5 Year Growth Estimate:</b>             | 9.0%       | <b>Ex-Dividend Date:</b>         | 08/13/2025 |
| <b>% Fair Value:</b>        | 112% | <b>5 Year Valuation Multiple Estimate:</b> | -1.7%      | <b>Dividend Payment Date:</b>    | 09/03/2025 |
| <b>Dividend Yield:</b>      | 2.9% | <b>5 Year Price Target</b>                 | \$40       | <b>Years Of Dividend Growth:</b> | 15         |
| <b>Dividend Risk Score:</b> | B    | <b>Sector:</b>                             | Financials | <b>Rating:</b>                   | Hold       |

## Overview & Current Events

A group of investors led by John W. Allison and Robert H. "Bunny" Adcock Jr. founded Home Bancshares, Inc. (HOMB), a bank holding company, in 1998. Customers in Arkansas, Florida, Alabama, and New York can access a variety of financial services via Centennial Bank, the company's main subsidiary. More than 300,000 consumers are served by the company's more than 222 branch sites. Home Bancshares holds a competitive position in the banking sector and prioritizes offering excellent client care and creative financial solutions. The business derives income from several markets, including commercial loans, residential loans, consumer loans, and deposit accounts, and has a market share of about 1% in the US banking industry.

On July 16<sup>th</sup>, 2025, the company announced results for its second quarter of 2025. The company reported Q2 non-GAAP EPS of \$0.58, which beat the market's estimates by \$0.01, and revenues of \$273.6 million that were up 7.5% year-over-year.

Loan growth remained healthy, with total loans receivable reaching a new high of \$15.18 billion, fueled by \$228 million in quarterly origination. Centennial CFG contributed meaningfully with \$121.7 million in new loans. Non-interest income reached \$51.1 million, supported by trust fees, mortgage lending, and equity investment gains. The efficiency ratio improved to 41.68%, reflecting strong operational execution.

Despite modest pressure from rising non-performing loans and assets, credit quality remained within manageable ranges, with allowance for credit losses covering 292.72% of NPLs. HOMB also returned capital to shareholders through \$27.5 million in stock repurchases and a \$0.20 dividend, up 2.6% quarter-over-quarter. Book value per share climbed to a record \$20.71, while tangible book value rose to \$13.44. Management emphasized continued resilience and consistent banker performance as drivers of the record-setting quarter, positioning HOMB for sustained momentum through the second half of 2025.

## Growth on a Per-Share Basis

| Year                      | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   | 2025          | 2030          |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|---------------|
| <b>EPS</b>                | \$1.01 | \$1.26 | \$0.89 | \$1.73 | \$1.73 | \$1.30 | \$1.94 | \$1.57 | \$2.00 | \$2.01 | <b>\$2.34</b> | <b>\$3.59</b> |
| <b>DPS</b>                | \$0.28 | \$0.34 | \$0.40 | \$0.46 | \$0.51 | \$0.53 | \$0.56 | \$0.66 | \$0.72 | \$0.75 | <b>\$0.80</b> | <b>\$1.18</b> |
| <b>Shares<sup>1</sup></b> | 137.1  | 140.7  | 151.5  | 174.1  | 167.8  | 165.4  | 164.9  | 195.0  | 204.0  | 200.1  | <b>209.2</b>  | <b>261.1</b>  |

As of March 31, 2025, Home BancShares maintained a strong liquidity position, backed by a growing deposit base of \$17.54 billion, up from \$17.15 billion at the end of the prior quarter. With continued momentum in deposit growth, a stable net interest margin, and disciplined balance sheet management, HOMB remains well-equipped to navigate shifting market conditions and capitalize on strategic growth opportunities ahead. Thus, we revised upwards our EPS forecast for 2025, matching the midpoint of analysts' estimates at \$2.34. However, amidst a possible normalization and decline in interest rates in 2025, we expect a slower growth with a projected annual EPS growth of 9.0%. This implies an EPS estimate of \$3.59 by 2030. Home Bancshares's DPS had a 10-year and five-year CAGR of 11.6% and 8.6%,

<sup>1</sup> In millions.

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respectively. However, the company's approach to managing its capital and liquidity supports the payment of competitive cash dividends. Thus, we have assumed a stable annual DPS growth of at least 8.0%.

## Valuation Analysis

| Year      | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Now  | 2030 |
|-----------|------|------|------|------|------|------|------|------|------|------|------|------|
| Avg. P/E  | 18.4 | 17.4 | 28.0 | 12.6 | 10.8 | 12.5 | 12.5 | 14.8 | 11.5 | 12.8 | 12.0 | 11.0 |
| Avg. Yld. | 1.5% | 1.6% | 1.6% | 2.1% | 2.7% | 3.3% | 2.3% | 2.8% | 3.1% | 2.9% | 2.9% | 3.0% |

Home Bancshares is trading at a forward P/E of 12.0, lower than its 10-year average P/E of 15.1 and its five-year average P/E of 12.8. Thus, considering the bank’s resiliency and the uncertainty attached to the sector, we have assumed a stable P/E of 11.0 to value the company by 2030, slightly lower than its historical averages. This suggests a target price of \$40.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

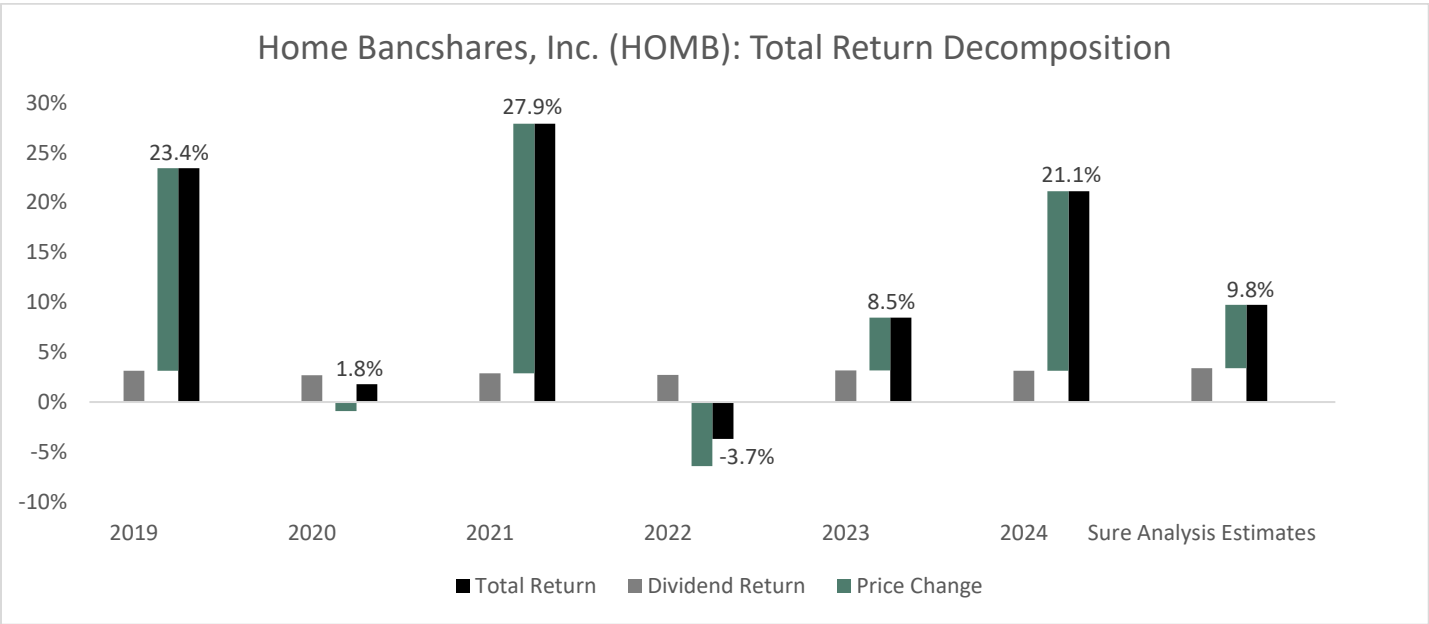
| Year   | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2030 |
|--------|------|------|------|------|------|------|------|------|------|------|------|------|
| Payout | 28%  | 27%  | 45%  | 27%  | 29%  | 41%  | 29%  | 42%  | 36%  | 37%  | 34%  | 33%  |

Home Bancshares continues to demonstrate its resilience. Despite facing economic headwinds, the bank’s franchise delivered a strong performance throughout 2023, showcasing its operational strength. Backed by a fortress balance sheet and a total risk-based capital ratio of 19.3% as of Q2 2025, Home BancShares remains one of the most well-capitalized banks in the country. Reinforcing its commitment to shareholder returns, the company repurchased \$27.5 million of its common stock during the second quarter. This consistent capital return strategy, combined with disciplined balance sheet management, highlights Home's focus on long-term shareholder value creation.

## Final Thoughts & Recommendation

Home Bancshares’ strong financial position and capitalization support the bank’s position in the market, making it resilient during market cycles. Thus, we maintain our hold rating, premised upon the 9.8% annualized total returns for the medium-term, derived from the forecasted earnings-per-share growth of 9.0%, the 2.9% dividend yield, and the valuation headwind.

## Total Return Breakdown by Year



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## Income Statement Metrics

| Year           | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  |
|----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Revenue        | 423   | 486   | 544   | 655   | 654   | 685   | 700   | 919   | 978   | 1,001 |
| SG&A Exp.      | 115   | 133   | 148   | 180   | 188   | 179   | 186   | 260   | 297   | 269   |
| D&A Exp.       | 32    | 15    | 17    | 19    | 19    | 20    | 19    | 32    | 31    | 29    |
| Net Profit     | 138   | 177   | 135   | 300   | 290   | 214   | 319   | 305   | 393   | 402   |
| Net Margin     | 32.7% | 36.5% | 24.8% | 45.8% | 44.3% | 31.3% | 45.6% | 33.2% | 40.2% | 40.2% |
| Free Cash Flow | 195   | 173   | 135   | 296   | 233   | 280   | 379   | 404   | 371   | 422   |
| Income Tax     | 80    | 106   | 136   | 95    | 96    | 63    | 98    | 89    | 119   | 120   |

## Balance Sheet Metrics

| Year               | 2015  | 2016  | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   |
|--------------------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total Assets       | 9,289 | 9,808 | 14,450 | 15,302 | 15,032 | 16,399 | 18,052 | 22,884 | 22,660 | 22,490 |
| Cash & Equivalents | 256   | 217   | 636    | 658    | 491    | 1,264  | 3,650  | 725    | 1,000  | 910    |
| Acc. Receivable    | 29    | 31    | 46     | 49     | 45     | 61     | 47     | 103    | 119    | 120    |
| Goodwill & Int.    | 399   | 396   | 977    | 1,001  | 995    | 1,004  | 998    | 1,457  | 1,447  | 1,439  |
| Total Liabilities  | 8,089 | 8,481 | 12,245 | 12,953 | 12,521 | 13,793 | 15,286 | 19,357 | 18,870 | 18,530 |
| Accounts Payable   | 56    | 51    | 42     | 68     | 102    | 128    | 114    | 197    | ---    | ---    |
| Long-Term Debt     | 1,467 | 1,366 | 1,667  | 1,841  | 991    | 770    | 771    | 1,090  | 1,741  | 1,040  |
| Total Equity       | 1,200 | 1,327 | 2,204  | 2,350  | 2,512  | 2,606  | 2,766  | 3,526  | 3,791  | 3,961  |
| LTD/E Ratio        | 1.22  | 1.03  | 0.76   | 0.78   | 0.39   | 0.30   | 0.28   | 0.31   | 0.46   | 0.26   |

## Profitability & Per Share Metrics

| Year             | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  | 2023  | 2024  |
|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Return on Assets | 1.7%  | 1.9%  | 1.1%  | 2.0%  | 1.9%  | 1.4%  | 1.9%  | 1.5%  | 1.7%  | 1.8%  |
| Return on Equity | 12.5% | 14.0% | 7.6%  | 13.2% | 11.9% | 8.4%  | 11.9% | 9.7%  | 10.7% | 10.4% |
| ROIC             | 6.2%  | 6.6%  | 4.1%  | 7.5%  | 7.5%  | 6.2%  | 9.2%  | 7.5%  | 7.7%  | 7.6%  |
| Shares Out.      | 137.1 | 140.7 | 151.5 | 174.1 | 167.8 | 165.4 | 164.9 | 195.0 | 202.8 | 200.1 |
| Revenue/Share    | 3.08  | 3.45  | 3.59  | 3.76  | 3.90  | 4.14  | 4.24  | 4.71  | 4.82  | 5.00  |
| FCF/Share        | 1.42  | 1.23  | 0.89  | 1.70  | 1.39  | 1.69  | 2.30  | 2.07  | 1.83  | 2.11  |

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

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