Home Bancshares, Inc. (HOMB)

Updated October 27th, 2025, by Yiannis Zourmpanos

Key Metrics

Current Price:	$27	**5 Year Annual Expected Total Return:**	10.8%	**Market Cap:**	$5.4 B
Fair Value Price:	$25	**5 Year Growth Estimate:**	9.0%	**Ex-Dividend Date:**	11/12/25
% Fair Value:	108%	**5 Year Valuation Multiple Estimate:**	-0.8%	**Dividend Payment Date:**	12/03/25
Dividend Yield:	3.1%	**5 Year Price Target**	$40	**Years Of Dividend Growth:**	15
Dividend Risk Score:	B	**Sector:**	Financials	**Rating:**	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 October 15th, 2025, the company announced results for its third quarter of 2025. The company reported Q3 non-GAAP EPS of $0.61, which beat the market's estimates by $0.01, and revenues of $277.67 million that were up 7.6% year-over-year.

Home BancShares parent company of Centennial Bank, delivered another standout performance in the third quarter of 2025, reporting record net income of $123.6 million, up from $118.4 million in the previous quarter. Adjusted net income (non-GAAP) also climbed to $119.7 million, reflecting strong revenue generation and disciplined expense management. These gains were fueled by a robust net interest margin of 4.56%, as well as improved asset yields and a modest decline in deposit costs. Chairman John Allison credited HOMB's "peer-leading margins and efficiencies" for driving another "best-in-class" performance.

Operationally, the company continued to demonstrate balance sheet strength and efficiency. Total loans grew to a record $15.29 billion, while non-performing assets declined to 0.56% of total assets, underscoring HOMB's prudent credit management. The bank's return on average assets (ROA) improved to 2.17%, and its efficiency ratio stood at an impressive 40.21%, highlighting continued focus on profitability and cost control. Shareholders benefited from consistent capital returns, including a $0.20 dividend and ongoing share repurchases. With capital ratios strengthening and tangible book value per share reaching $14.13, Home BancShares remains well-positioned for sustained growth heading into 2026.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$1.01	$1.26	$0.89	$1.73	$1.73	$1.30	$1.94	$1.57	$2.00	$2.01	***$2.36***	***$3.62***
DPS	$0.28	$0.34	$0.40	$0.46	$0.51	$0.53	$0.56	$0.66	$0.72	$0.75	***$0.84***	***$1.23***
Shares[1]	137.1	140.7	151.5	174.1	167.8	165.4	164.9	195.0	204.0	200.1	***209.2***	***261.1***

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 $2.36. However, amidst a possible normalization and

[1] In millions.

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.

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 $3.62 by 2030. Home Bancshares's DPS had a 10-year and five-year CAGR of 11.6% and 9.6%, 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	***11.5***	***11.0***
Avg. Yld.	1.5%	1.6%	1.6%	2.1%	2.7%	3.3%	2.3%	2.8%	3.1%	2.9%	***3.1%***	***3.1%***

Home Bancshares is trading at a forward P/E of 11.5, 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

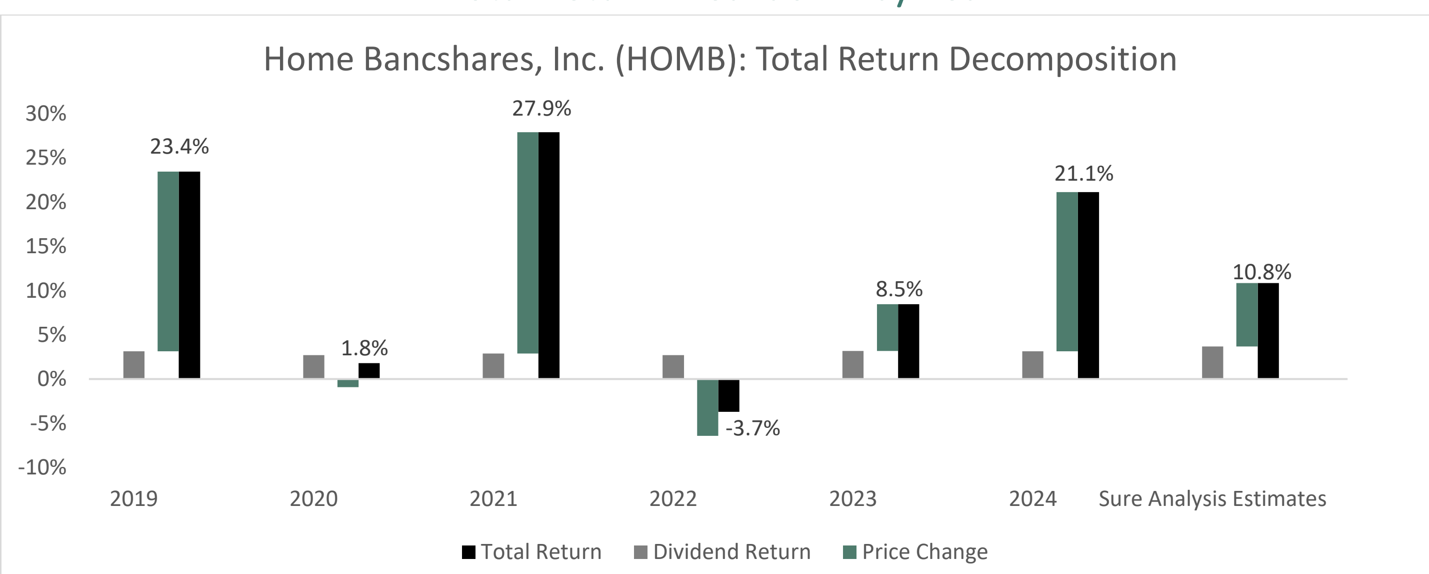
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	28%	27%	45%	27%	29%	41%	29%	42%	36%	37%	***36%***	***34%***

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. During Q3, Home Bancshares repurchased approximately 350,000 shares of common stock, representing a 0.18% shareholder buyback yield, as part of its ongoing commitment to returning value to shareholders.

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 10.8% annualized total returns for the medium-term, derived from the forecasted earnings-per-share growth of 9.0%, the 3.1% 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.