PSB Holdings Inc. (PSBQ)

Updated February 13th, 2026, by Josh Arnold

Key Metrics

Current Price:	$25	**5 Year CAGR Estimate:**	7.6%	**Market Cap:**	$116 M
Fair Value Price:	$29	**5 Year Growth Estimate:**	2.0%	**Ex-Dividend Date:**	07/11/26[1]
% Fair Value:	85%	**5 Year Valuation Multiple Estimate:**	3.2%	**Dividend Payment Date:**	07/31/26
Dividend Yield:	2.7%	**5 Year Price Target**	$32	**Years Of Dividend Growth:**	32
Dividend Risk Score:	B	**Sector:**	Financials	**Rating:**	Hold

Overview & Current Events

PSB Holdings is the parent company of Peoples State Bank, or PSB, which opened its doors in 1962 in Wausau, Wisconsin. The company has paid dividends to shareholders continuously since 1965 and has increased its payment for 32 consecutive years. The bank has ten branches, and assets totaling about $1.5 billion. The stock trades with a $116 million market cap, making it one of the smallest companies we cover.

PSB posted fourth quarter and full-year earnings on January 26th, 2026, and results were quite good, capping what ended up being a record year. Earnings-per-share for Q4 came to 97 cents, while revenue was $13.81 million.

Net loans fell $19.1 million to $1.10 billion from the third quarter due to a large borrower that sold their business and another expected loan payoff, the two of which accounted for $20 million in loan declines. Allowances for credit losses rose to 1.14% of gross loans. Non-performing assets increased to $17.3 million, or 1.18% of total assets, compared to the previous quarter. The increase was due to an addition of a restructured residential loan, which comprised the entire $300k increase.

Total deposits fell $12.1 million to $1.18 billion from September. Core deposits fell $7.3 million due to business outflows for taxes.

We start 2026 with an estimate of $3.25 per share, which would be lower from 2025, but we see the decline in credit quality and loans as headwinds.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.83	$1.58	$2.29	$2.51	$2.40	$2.88	$3.07	$2.16	$2.37	$3.31	***$3.25***	***$3.59***
DPS	$0.30	$0.32	$0.34	$0.38	$0.41	$0.44	$0.48	$0.55	$0.62	$0.66	***$0.68***	***$0.79***
Shares[2]	4.6	4.6	4.5	4.5	4.4	4.4	4.3	4.2	4.1	4.0	***4.0***	***3.8***

PSB has an impressive track record of growth; it managed to remain profitable during the Great Recession, which is a testament to its lending standards. Since 2014, PSB has managed to grow earnings-per-share by more than 5% annually, on average. We don't see that sort of growth in the future, however, and instead estimate 2% annual expansion, primarily because asset growth has been very slow, and higher interest rates haven't necessarily translated to growth from an earnings-per-share perspective. We continue to think that PSB is going to struggle to grow earnings anytime soon, even on low current earnings. We also note that provisions for credit losses ended 2024 at an elevated rate, noting that credit quality could become an issue.

This lack of strong projected growth is primarily because the bank's spreads had previously expanded widely, and because its loan-to-deposit ratio is stretched at or near the limit, although that is coming down with deposit growth and loan paydowns, both of which reduce the loan-to-deposit ratio. Both levers allow banks to boost profitability of the existing asset base by improving margins, and producing leverage, respectively. PSB has done these things well in recent

[1] Estimated date
[2] Share count in millions

years but given that its net interest margin is still near 3%, and that its loan-to-deposit ratio is still elevated, we see limited catalysts for outsized growth.

PSB almost certainly won't be able to produce anything like the growth it has for the past decade in the current environment with lending margins still in question.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	8.60	13.8	10.7	9.7	8.8	8.7	7.1	10.2	11.2	7.9	***7.7***	***9.0***
Avg. Yld.	1.9%	1.5%	1.5%	1.5%	1.1%	1.8%	2.2%	2.5%	2.3%	2.5%	***2.7%***	***2.4%***

PSB's valuation has remained very low for much of the past decade despite its profitability and growth. The average P/E ratio for the past decade is just 9. We see fair value at 9 times earnings given the bank's track record of profitability. We also believe this multiple accounts for slower growth moving forward. At 7.7 times earnings today, the stock is still undervalued in our view.

The yield stands at 2.7%, which is high compared to historical standards. We see the yield potentially drifting lower from today's level over time as the valuation improves.

Safety, Quality, Competitive Advantage, & Recession Resiliency

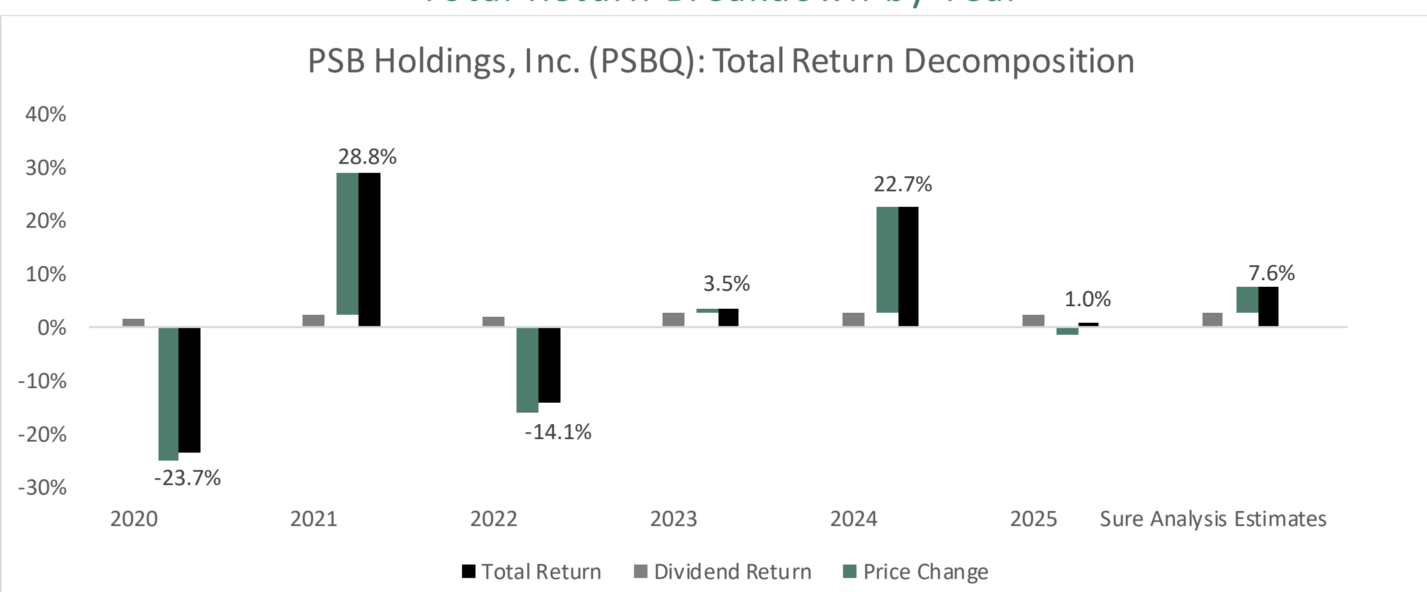
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	16%	20%	15%	15%	17%	15%	16%	25%	26%	20%	***21%***	***22%***

Competitive advantages are tough to come by in banking, but PSB does have a strong brand in parts of Wisconsin. In addition, its lending standards are helping, as they did during the last downturn. The dividend is also very safe at just 21% of earnings, and there is plenty of room for future raises, as well as plenty of margin of safety if a prolonged recession were to strike.

Final Thoughts & Recommendation

We see PSB's total return outlook as having moved lower to 7.6%, which is based on the 2.7% yield, 2% growth, and a tailwind from the valuation. We still see a tough road for growth ahead from this year's base of earnings. With total returns of 7.6% projected, we are leaving the stock at a hold rating.

Total Return Breakdown by Year



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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	32	33	35	39	43	48	47	45	79	84
SG&A Exp.	15	15	16	17	17	21	19	19	---	---
D&A Exp.	2	2	2	2	3	1	3	3	3	---
Net Profit	8	7	10	11	11	13	14	10	10	14
Net Margin	26.4%	21.7%	29.2%	28.9%	24.7%	27.1%	29.8%	22.2%	13.1%	16.7%
Free Cash Flow	9	10	11	12	16	12	17	12	12	---
Income Tax	4	5	3	4	3	4	4	5	0	3

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	828	848	916	975	1,132	1,299	1,338	1,424	1,466	1,461
Cash & Equivalents	29	22	22	29	8	24	29	22	21	20
Accounts Receivable	2	2	3	3	4	3	4	5	---	---
Goodwill & Int. Ass.	2	2	2	2	2	5	5	4	3	4
Total Liabilities	758	774	835	882	1,028	1,187	1,236	1,315	1,350	1,330
Long-Term Debt	48	60	91	84	72	62	61	152	180	131
Shareholder's Equity	69	74	81	93	104	111	95	102	109	124
LTD/E Ratio	0.70	0.81	1.13	0.90	0.69	0.56	0.60	1.39	1.61	1.03

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	1.0%	0.9%	1.2%	1.2%	1.0%	1.1%	1.0%	0.7%	0.7%	1.0%
Return on Equity	12.6%	10.1%	13.3%	13.0%	10.8%	11.9%	13.2%	9.1%	9.1%	11.2%
ROIC	7.8%	5.7%	6.7%	6.5%	6.1%	7.3%	8.1%	4.5%	3.6%	4.9%
Shares Out.	4.6	4.6	4.5	4.5	4.4	4.5	4.4	4.2	4.1	---
Revenue/Share	6.91	7.27	7.86	8.69	9.72	10.82	4.42	10.79	19.03	---
FCF/Share	1.87	2.30	2.35	2.61	3.61	2.76	10.74	2.82	2.97	---

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