Investar Holding Corp. (ISTR)

Updated April 20th, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	$30	**5 Year CAGR Estimate:**	11.1%	**Market Cap:**	$410 M
Fair Value Price:	$36	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	3/31/26
% Fair Value:	83%	**5 Year Valuation Multiple Estimate:**	3.7%	**Dividend Payment Date:**	4/30/26
Dividend Yield:	1.5%	**5 Year Price Target**	$48	**Years Of Dividend Growth:**	11
Dividend Risk Score:	B	**Sector:** Financials		**Rating:**	Buy

Overview & Current Events

Investar Holding Corporation (ISTR) is a commercially oriented community bank, which was founded in 2006, became public in 2014 and is headquartered in Baton Rouge, Louisiana. It operates 28 offices across Alabama, Louisiana and Texas and provides a wide range of commercial banking products to individuals, professionals and small to medium-sized businesses. Investar Holding has a market capitalization of $410 million.

Investors should note a few special features of Investar Holding, which result primarily from its commercial orientation. The bank has a higher percent of non-performing loans (0.66%) than a typical conservative bank and a more volatile performance, depending on the underlying economic conditions. Just like nearly all regional banks, Investar Holding was hurt by the surge of interest rates in recent years, which compressed net interest margin via high deposit costs.

In mid-April, Investar Holding reported (4/20/26) financial results for the first quarter of fiscal 2026. Loans grew 41% and deposits grew 38% over the previous quarter thanks to the acquisition of Wichita Falls Bancshares. Net interest margin expanded from 3.20% to 3.59% and net interest income surged 51% thanks to this acquisition. Non-interest income surged 62%. Overall, earnings-per-share grew 50%, from $0.58 to $0.87, exceeding the analysts' consensus by $0.19. The bank has not missed the analysts' estimates for 12 consecutive quarters. Moreover, the Fed has cut interest rates in recent months and may cut them further in the upcoming years if the crisis in the Middle East comes to an end soon. As a result, we expect Investar Holding to enhance its net interest margin and grow its earnings-per-share significantly this year. Thanks to the impressive effect of the aforementioned acquisition on the net interest margin and earnings of Investar Holding, we have raised our forecast for earnings-per-share in 2026 from $2.60 to $3.00.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.10	$0.96	$1.39	$1.66	$1.27	$0.76	$2.65	$1.90	$1.89	$2.23	***$3.00***	***$4.01***
DPS	$0.04	$0.10	$0.17	$0.23	$0.25	$0.31	$0.37	$0.40	$0.41	$0.44	***$0.44***	***$0.62***
Shares[1]	7.1	8.5	9.7	10.0	10.9	10.4	10.0	9.8	10.0	9.8	***15.0***	***15.0***

Investar Holding has grown its earnings-per-share by 8.2% per year on average over the last decade and by 5.0% per year on average over the last six years. It has also grown its tangible book value per share by 5% per year on average over the last five years. The bank has grown both organically and via acquisitions. Since 2011, it has acquired 9 smaller banks and thus a significant portion of growth has resulted from acquisitions. Going forward, management expects to keep growing both organically and via acquisitions. In addition, the Fed has resumed cutting interest rates and expects to reduce them further in the upcoming years. As a result, we expect Investar Holding to enjoy a meaningful improvement of its net interest margin in the upcoming years. Overall, we expect Investar Holding to grow its earnings-per-share by 6.0% per year on average over the next five years. On the other hand, we are concerned over the somewhat volatile business performance, which results from the sensitivity of this bank to the state of the economy. That's why we have assumed a lower earnings growth rate than the 10-year average growth rate of the bank.

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[1] In millions.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	14.5	21.4	18.9	14.6	11.4	24.3	7.8	6.8	9.7	11.7	***10.0***	***12.0***
Avg. Yld.	0.3%	0.5%	0.6%	1.0%	1.7%	1.7%	1.8%	3.1%	2.2%	1.7%	***1.5%***	***1.3%***

Investar Holding has traded at an average price-to-earnings ratio of 12.0 over the last five years. We assume this valuation level as fair for this stock. Investar Holding is currently trading at a price-to-earnings ratio of 10.0, which is lower than the historical average of the bank. If the stock trades at its fair valuation level in five years, it will enjoy a 3.7% annualized valuation gain.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	4%	10%	12%	14%	20%	41%	14%	21%	22%	20%	***15%***	***15%***

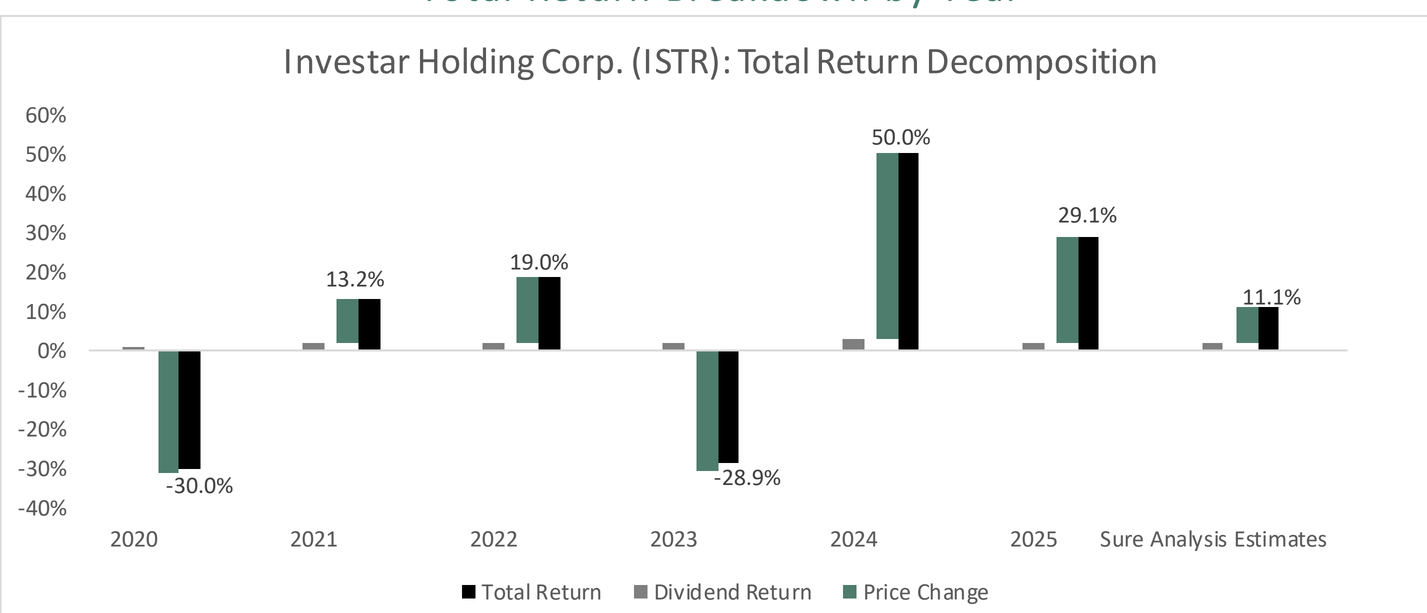
Investar Holding raised its dividend by 5% last year and thus it has now raised its dividend for 11 consecutive years. However, it has always offered a lackluster dividend yield. It is currently offering a 1.5% dividend yield, which is much lower than the 2.9% median dividend yield of the financial sector. On the bright side, the bank has a healthy payout ratio of 15% and hence it can keep raising its dividend for years.

On the other hand, due to its commercial orientation, Investar Holding is highly vulnerable to recessions. It incurred a -54% plunge in its earnings-per-share between 2019 and 2021, due to the pandemic, and the stock dived more than 60% from peak to trough during that downturn. Therefore, the stock is suitable only for investors who can stomach high stock price volatility and remain patient during recessions and downturns of the financial sector.

Final Thoughts & Recommendation

Thanks to the tailwind from lower interest rates and the acquisition of Wichita Falls Bancshares, Investar Holding has surged 75% in the last 12 months but it remains reasonably valued. The stock can offer an 11.1% average annual return over the next five years thanks to 6.0% growth of earnings-per-share, a 1.5% dividend and a 3.7% valuation tailwind. It thus maintains its buy rating but investors should always be aware of its high sensitivity to economic conditions.

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	39	46	62	71	86	96	108	82	82	90
SG&A Exp.	16	19	26	29	34	36	35	37	39	---
D&A Exp.	1	2	3	3	5	5	4	4	3	3
Net Profit	8	8	14	17	14	8	36	17	20	23
Net Margin	20.2%	17.8%	22.1%	23.7%	16.2%	8.3%	32.9%	20.2%	24.6%	25.6%
Free Cash Flow	33	7	11	11	10	30	42	25	15	10
Income Tax	4	4	4	4	3	2	9	4	4	5

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1,159	1,623	1,786	2,149	2,321	2,513	2,754	2,815	2,723	2,833
Cash & Equivalents	29	30	17	44	35	97	40	32	28	27
Goodwill & Int. Ass.	3	20	20	31	32	44	43	42	42	41
Total Liabilities	1,046	1,450	1,604	1,907	2,078	2,271	2,538	2,588	2,482	2,532
Long-Term Debt	87	191	231	180	169	130	440	289	93	142
Shareholder's Equity	113	173	182	242	243	243	216	227	241	271
LTD/E Ratio	0.78	1.10	1.26	0.75	0.70	0.54	2.04	1.27	0.38	0.51

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	0.7%	0.6%	0.8%	0.9%	0.6%	0.3%	1.4%	0.6%	0.7%	0.8%
Return on Equity	7.1%	5.7%	7.7%	7.9%	5.7%	3.3%	15.6%	7.5%	8.7%	8.4%
ROIC	3.6%	2.9%	3.5%	4.0%	3.3%	2.0%	6.9%	2.8%	4.8%	5.7%
Shares Out.	7.1	8.5	9.7	10.0	10.9	10.4	10.0	9.8	9.9	10.8
Revenue/Share	5.45	5.46	6.37	7.08	7.88	9.17	10.65	8.37	8.30	14.22
FCF/Share	4.65	0.87	1.19	1.06	0.93	2.87	4.10	2.56	1.55	0.92

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