Honat Bancorp, Inc. (HONT)

Updated May 4th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$133	**5 Year Annual Expected Total Return:**	10.4%	**Market Cap:**	$190 M
Fair Value Price:	$136	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	05/15/26[1]
% Fair Value:	98%	**5 Year Valuation Multiple Estimate:**	0.4%	**Dividend Payment Date:**	05/29/26
Dividend Yield:	2.3%	**5 Year Price Target**	$199	**Years Of Dividend Growth:**	12
Dividend Risk Score:	B	**Sector:**	Financials	**Rating:**	Buy

Overview & Current Events

Honat Bancorp is an OTC-traded the Honesdale, Pennsylvania-based holding company for The Honesdale National Bank, an independent community bank founded in 1836. The bank operates 13 full-service offices across Wayne, Pike, Susquehanna, Lackawanna, and Luzerne counties in northeastern Pennsylvania, serving individuals, local businesses, and municipalities. It offers traditional community-banking products including checking and savings accounts, CDs, digital banking, residential mortgages, commercial lending, and cash-management services, along with wealth, trust, and financial services through HNB Financial Group. The bank has a market cap of $190 million.

On April 27th, 2026, Honat Bancorp released its Q1 results for the period ending March 31st, 2026. For the quarter, net interest income increased 22% to $12.1 million, driven by higher interest income from loans receivable, including fees, which rose to $15.0 million from $12.7 million a year ago. Total interest income increased 16% to $16.5 million, while interest expense was relatively flat at $4.4 million. The provision for credit losses increased to $1.5 million from $0.6 million, partially offsetting the benefit from stronger spread income. Net income increased 26% to $4.1 million from $3.3 million a year ago. Diluted EPS was $2.89, up from $2.30 last year. For FY2026, we expect EPS of $11.80.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$5.07	$4.13	$5.86	$6.12	$6.41	$7.54	$9.07	$8.90	$9.06	$11.56	***$11.80***	***$17.34***
DPS	$1.51	$1.56	$1.67	$1.78	$1.86	$2.06	$2.51	$2.63	$2.75	$2.88	***$3.00***	***$4.41***
Shares[2]	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	***1.4***	***1.4***

Honat Bancorp has managed to grow its EPS quite consistently and rather rapidly over the past decade. From 2016 to 2019, EPS fell in 2017 mainly because of a one-time $1.391 million tax-expense increase from remeasuring deferred tax assets under the Tax Cuts and Jobs Act, despite higher loans, deposits, and net interest income. EPS then rebounded in 2018 to 2019 as tax expense normalized and net interest income continued to grow. Honat also expanded its footprint with the Clarks Summit office in 2018 and Hallstead, Lackawaxen, Route 6 renovations, and the HNB Foundation in 2019.

From 2020 to 2022, EPS rose from $6.41 to $9.07. In 2020, results benefited from lower interest expense, strong deposit growth, 695 PPP loans totaling $42.9 million, and much higher mortgage-banking income. In 2021, EPS improved as provision expense declined and net interest income and other income increased. In 2022, earnings were helped by strong loan growth of $76.0 million and a nonrecurring $3.48 million Employee Retention Credit.

From 2023 to 2025, EPS was pressured in 2023 by sharply higher funding costs as interest expense rose with Fed rate increases and deposit migration into CDs, partly offsetting loan growth and higher interest income. EPS bounced in 2024 and jumped in 2025 to $11.56, driven mainly by larger loans and deposits and a $7.9 million increase in net interest income, despite higher credit provision and operating expenses. The company also continued branch expansion, including the Moscow office in 2024.

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[1] Estimated dates based on past dividend dates.

[2] Shares in millions

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Moving forward, we believe the bank can grow EPS at an 8% CAGR, driven by continued organic loan and deposit growth across its expanded 13-branch Northeastern Pennsylvania footprint, ramp-up of newer offices such as Moscow, higher net interest income from balance-sheet growth, and incremental fee-income growth from fiduciary, mortgage banking, and service-charge businesses. We have applied the same rate our dividend growth forecast.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	14.4	24.2	18.0	18.1	18.7	16.7	14.2	13.4	12.8	10.5	***11.3***	***11.5***
Avg. Yld.	2.1%	1.6%	1.6%	1.6%	1.6%	1.6%	2.0%	2.2%	2.4%	2.4%	***2.3%***	***2.2%***

HONT's valuation has steadily de-rated from the high-teens/low-20s P/E range in 2017–2021 to 10.5x in 2025, despite EPS rising materially over the same period, suggesting the share price has not kept pace with earnings growth. We have set our fair P/E at 11.5x because it remains conservative relative to HONT's historical average, while allowing for modest re-rating as the bank continues to compound EPS through loan growth, deposit growth, and higher net interest income.

Safety, Quality, Competitive Advantage, & Recession Resiliency

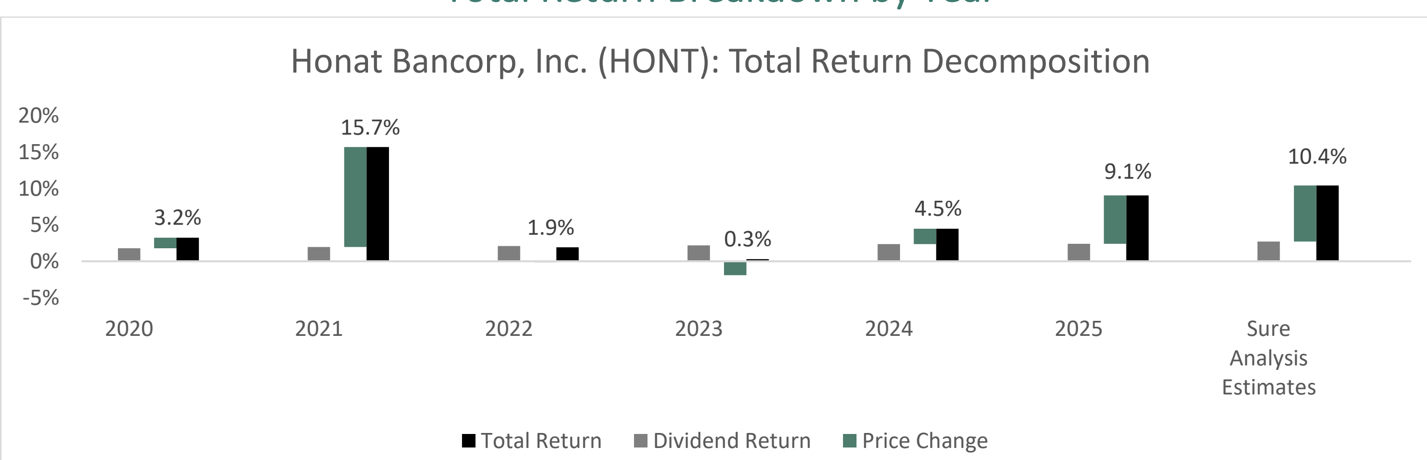
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	30%	38%	28%	29%	29%	27%	28%	30%	30%	25%	***25%***	***25%***

HONT has shown durable performance through difficult periods, with EPS rising to $6.41 in 2020 from $6.12 in 2019 despite COVID, supported by deposit growth, lower funding costs, 695 PPP loans totaling $42.9 million, and stronger mortgage banking income. The bank's long-standing Northeastern Pennsylvania franchise, 13 full-service offices, steady dividend growth, and expanding fee-income streams provide a stable local banking platform. Also, the payout ratio is currently sitting at decade-low levels. We believe today's payouts are quite safe. Key risks to the bank's investment case are that higher deposit costs could pressure net interest margin, credit losses could rise if the local economy weakens, and growth may be limited by the bank's small geographic footprint. The stock is also highly illiquid, with only a few hundred shares traded daily, on average.

Final Thoughts & Recommendation

HONT offers a conservative community-bank investment case built on steady EPS growth, disciplined loan and deposit expansion, resilient performance through stress, and a long dividend-growth record. Moving forward, we believe the stock can deliver annualized total returns of 10.4% backed by our growth estimates, the starting yield, and the possibility of a soft valuation expansion. Hence, HONT earns a buy rating. Still, we advise caution regarding the stock's OTC listing.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue			35	36	36	41	48	58	68
D&A Exp.			1	1	1	1	1	1	1
Net Profit			10	11	13	17	16	16	21
Net Margin			26.0%	26.0%	30.0%	31.8%	26.6%	22.4%	24.4%
Free Cash Flow			7	2	11	15	19	16	14
Income Tax			1	2	2	3	3	3	4

Balance Sheet Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets			706	812	945	922	963	1,043	1,126
Cash & Equivalents			7	6	8	12	9	8	7
Goodwill & Int. Ass.			-	-	-	-	-	-	-
Total Liabilities			599	699	826	808	838	909	977
Long-Term Debt			1	1	0	1	1	1	2
Shareholder's Equity			106	113	119	114	125	134	150
LT Debt-to-Equity			0.01	0.01	0.00	0.15	0.01	0.01	0.02

Profitability & Per Share Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets				1.2%	1.2%	1.4%	1.4%	1.3%	1.5%
Return on Equity				8.6%	9.4%	11.3%	10.8%	10.1%	11.7%
ROIC				8.5%	9.4%	10.5%	10.0%	10.0%	11.5%
Shares Out.									
Revenue/Share			23.56	24.66	25.12	28.54	33.51	40.54	47.31
FCF/Share			4.95	1.31	7.56	10.27	12.85	10.96	9.68

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

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