

Indiana Bank & Thrift Stock Update

quarterly analysis for IBA members courtesy of Michael A. Renninger, Renninger & Associates

Stock Analysis as of June 30, 2025

Market Volatility and Cautious Optimism



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To say that the second quarter of 2025 was eventful, would be an understatement. After the average of the four broad market indices we track in this report decreased 5.3% in the first quarter of 2025, they have rebounded to be up 4.9% YTD as of June 30, 2025. Similarly, the average of the four bank & thrift indices tracked decreased 4.9% in the first quarter and have now rebounded to be up 4.6% YTD. Those two points in time hide the true volatility that occurred in the second quarter.

When President Trump announced sweeping tariffs on imports on April 2, fears of a protracted trade war and high inflation resulted in the broad and bank & thrift indices plummeting an average of 11.0% and 12.6% respectively, from March 31 levels. Subsequent delays in implementing tariffs and the possibility that trade deals will be reached with various countries have eased recession fears for the time being.

The stock market improvement since the first week in April is even more remarkable given the geopolitical turmoil in the Middle East and Ukraine. The U.S. bombed Iranian nuclear sites on June 21 and the risk of reprisal remains elevated. Israel's war on Gaza continues as does the Ukraine/Russia war.

Some of the optimism is due to an expectation that the banking sector will report generally improved second quarter earnings on the strength of rising net interest margins and resilient credit quality. This theme is consistent with the results of the first quarter, even though the Federal Reserve has not cut interest rates as expected. They

continue to delay cuts until the impact of tariffs on employment and inflation is better understood.

Indiana bank stocks did not improve in line with the broad and bank & thrift indices. The median for Indiana-based NASDAQ banks decreased 4.0% and the median for Indiana-based OTC banks increased only 1.7% YTD. The median stock price for the seven out-of-state banks with significant Indiana operations over \$100 billion in assets increased by only 1.6% and for the seven out-of-state banks under \$100 billion in assets decreased 2.9%.

Indiana mergers and acquisitions activity during the second quarter of 2025 included the completion of the sale of Mid-Southern Bancorp assets and deposits to Beacon Credit Union and Old National's acquisition of Bremer Financial (MN). And hot off the press, New Washington State Bank announced on July 16 the acquisition of the State Bank of Medora. Terms of the deal were not disclosed.

The Size, Pricing and Profitability Reports for Indiana banks and thrifts as of June 30, May 31 and April 30, 2025, are available by [clicking here](#). These reports present stock price changes for the 29 Indiana banks and thrifts that are traded on the NASDAQ and Over-the-Counter markets over the prior two years, one year and year-to-date, in addition to pricing and performance metrics. Selected banks headquartered outside Indiana, four broad market indices, and four bank and thrift indices are also tracked.

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