

Indiana Bank & Thrift Stock Update

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

Stock Analysis as of Dec. 31, 2025

Stock Price Momentum & A Merger of (Un)Equals Transaction



by **Michael A. Renninger**
Principal
Renninger & Associates LLC
[MRenninger@
RenningerLLC.
com](mailto:MRenninger@RenningerLLC.com)

Mike Renninger is a former CPA, auditor and CFO with 43 years of accounting and financial management experience. He holds the NASD Series 7, 63 and 79 licenses with 30 years of investment banking experience, and regularly presents at conferences on the subject of mergers and acquisitions.

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*5187 Utica Ridge Rd.
Davenport, IA 52807
563.326.2064*

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The stock price momentum that began in the second quarter carried throughout the remainder of 2025. The lackluster first quarter of 2025 and the volatile but positive second quarter led to breakout third and fourth quarters. The four broad market indices we track in this report decreased 5.3% in the first quarter of 2025, rebounded to be up 4.9% YTD at the end of the second quarter, was up an average of 13.4% YTD in the third quarter and 16.4% YTD as of Dec. 31, 2025. Similarly, the average of the four bank & thrift indices tracked decreased 4.9% in the first quarter, then increased 4.6% YTD in the second quarter, was up an average of 11.7% YTD in the third quarter and 17.9% YTD as of Dec. 31, 2025.

The 15 OTC/Pink Sheet Indiana banks had a median price increase of 19.3% for the year, but the median price for the 13 NASDAQ Indiana banks increased only 2.8% as six banks experienced YTD declines.

Only one merger and acquisition transaction involving Indiana banks was announced in the fourth quarter. Richmond Mutual Bancorporation Inc., parent of First Bank Richmond (\$1.5B in assets), announced on Nov. 12 the acquisition of Frankfort-based Farmers Bancorp (\$1.1B in assets) in an all-stock deal valued at \$82M. The price represents 112.3% of Farmers' tangible common equity and 9.14 times earnings. I would characterize the transaction as a "Merger of (un)Equals" in which Richmond shareholders will own 62% of the stock and Farmers shareholders will own 38%. Richmond's 14 branches and Farmers' 12 will stretch from Central Indiana into western Ohio.

The proposed transaction is characterized as a strategic merger that other banks might find instructional. It is a way to remain inde-

pendent by joining forces with a like-minded partner.

While the ultimate agreement on the share split and the resulting impact on each company's book value and earnings per share is critical, the success of the transaction hinges on the parties' agreement on key issues, including:

1. Is there a cultural fit?
2. How will the boards of directors be merged?
3. How will the management teams be blended?
4. What is the name of the merged entity?
5. What location is deemed the headquarters of the combined bank?
6. Which core data processing system survives?
7. What are the economies and synergies that can improve combined earnings?

Richmond and Farmers are confident that they will be able to navigate through these issues, just as Hoosier Heartland State Bank, Alliance Bank and other Indiana banks have successfully accomplished in the past.

The Size, Pricing and Profitability Reports for Indiana banks and thrifts as of Dec. 31, Sept. 30, June 30 and March 31, 2025, are available by [clicking here](#). These reports present stock price changes for the 28 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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