Indiana Bank & Thrift Stock Update

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

Stock Analysis as of June 30, 2026

Strong Q2 Stock Performance Overcomes Weak Q1

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The relative underperformance of the broad and bank markets in the first quarter of 2026 was reversed in the second quarter. The four broad market indices we track in this report increased an average of 10.4% YTD as of June 30 after having decreased 4.9% in the first quarter. Similarly, the average of the four bank & thrift indices tracked increased an average of 11.4% YTD as of June 30 after having decreased 4.1% in the first quarter.

Indiana banks fared even better than the broad and bank indices through the second quarter. The median price for the 12 NASDAQ Indiana banks increased 17.2% YTD as of June 30 after being up just 1.9% YTD in the first quarter. The 14 OTC/Pink Sheet Indiana banks had a median price increase of 11.5% YTD as of June 30 after being up 4.5% YTD in the first quarter.

Not surprisingly, the increase in the broad market is being led by the tech-heavy NASDAQ as focus remains on the buildout of artificial intelligence. The momentum in the bank & thrift indices appears to be optimism regarding improving net interest margins, continued credit quality and non-interest income growth resulting in improving profitability, and the expectation of increased mergers and acquisitions activity.

There is anticipation of improved net interest margins despite little expectation of a Federal Reserve interest rate reduction. The concept of a rate increase has been discussed as a possibility later this year. Newly appointed Fed Chairman Kevin Warsh decided to no longer provide interest rate guidance, so market observers will be left to their imagination. There are plenty of headwinds, to be sure. Inflation and unemployment rates remain above optimal targets, and the war with Iran has impacted the price and availability of oil, fertilizer, helium and other critical inputs. Yet Chairman Warsh reports that consumers appear to be resilient, economic activity has increased and productivity gains have been steady.

One M&A transaction involving an Indiana financial institution was announced in the second quarter. On April 29, Goshen-based Interra Credit Union, with $2 billion in assets and 16 Indiana offices, is buying Ohio-based Hicksville Bank for an undisclosed amount of cash. Hicksville Bank has $227 million in assets with two of its four branches in northeast Indiana.

In addition, Richmond Mutual Bancorporation (First Bank Richmond), ***completed its merger*** with Frankfort-based Farmers Bancorp (The Farmers Bank) on July 1, a transaction that has been characterized as a ***merger of unequals***. Subsequent to quarter end, on July 10, the OCC closed Kentland Federal Savings & Loan Association, naming the FDIC as Receiver. With $3.73 million in assets, it was the smallest bank in America. Kentland Bank acquired all deposits and "substantially all assets" of Kentland Federal Savings & Loan from the FDIC.

*The Size, Pricing and Profitability Reports for Indiana banks and thrifts as of June 30, 2026; March 31, 2026; and Dec. 31, 2025, are available by **clicking here**. These reports present stock price changes for the 27 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.*