

# Community banks start earnings season reporting higher margins in Q2'17

By Zain Tariq and Razi Haider

July 28, 2017

So far a majority of community banks have started the second-quarter earnings season posting higher net interest margins year over year. On June 14, the Federal Reserve raised interest rates by 25 basis points for the second time so far in 2017, and the fourth time since December 2015, helping to boost margins across the banking industry.

Among community banks with less than \$1 billion in assets that reported earnings up to July 21, median net interest margin hit 3.73% in the second quarter, up 8 basis points from the year-ago quarter, as calculated by SNL.

All data shown in this Data Dispatch is for the calendar quarter ended June 30, 2017.

## Community bank earnings recap: Less than \$1B in assets

Earnings reported up to July 21

Rank	Company name (ticker)	City, state	Total assets (\$B)	Quarter ended June 30, 2017					
				Net interest margin		Efficiency ratio		ROAA	
				(%)	YOY trend <sup>^</sup>	(%)	YOY trend <sup>^</sup>	(%)	YOY trend <sup>^</sup>
<b>Highest net interest margin</b>									
1	Plumas Bancorp (PLBC)	Quincy, CA	0.69	4.51	▲	52.85	▼	1.50	▲
2	United Security Bancshares (UBFO)	Fresno, CA	0.78	4.24	▲	56.26	▼	1.26	▲
3	Union Bankshares Inc. (UNB)	Morrisville, VT	0.66	4.14	▼	66.67	▲	1.33	▲
4	Provident Bancorp Inc (MHC) (PVBC)	Amesbury, MA	0.88	3.94	▲	65.65	▼	0.75	▲
5	HMN Financial Inc. (HMNF)	Rochester, MN	0.73	3.91	▼	75.97	▲	0.60	▼
6	United Bancshares Inc. (UBOH)	Columbus Grove, OH	0.64	3.80	▲	74.25	▼	0.74	▼
7	Home Federal Bancorp Inc. of La. (HFBL) <sup>1</sup>	Shreveport, LA	0.43	3.77	▼	65.99	▲	0.98	▼
8	SB Financial Group Inc. (SBFG)	Defiance, OH	0.85	3.73	▼	67.83	▼	1.09	▼
9	Bank of the James Financial Group Inc. (BOTJ)	Lynchburg, VA	0.60	3.73	▼	75.40	▲	0.54	▼
<b>Lowest net interest margin</b>									
1	Emclair Financial Corp (EMCF)	Emlenton, PA	0.74	3.30	▲	70.58	▼	0.58	▲
2	Jacksonville Bancorp Inc. (JXSB)	Jacksonville, IL	0.34	3.33	▼	68.25	▼	0.99	▼
3	Guaranty Federal Bancshares Inc. (GFED)	Springfield, MO	0.75	3.33	▲	63.22	▼	0.86	▲
4	Elmira Savings Bank (ESBK)	Elmira, NY	0.57	3.36	▲	68.18	▼	0.79	▲
5	American River Bankshares (AMRB)	Rancho Cordova, CA	0.64	3.41	▼	63.05	▲	0.80	▼
6	First Community Corp. (FCCO)	Lexington, SC	0.92	3.48	▲	70.63	▲	0.73	▼
7	Citizens First Corp. (CZFC)	Bowling Green, KY	0.46	3.62	▼	66.58	▼	0.98	NC
8	Eagle Bancorp Montana Inc. (EBMT)	Helena, MT	0.71	3.62	▲	79.92	▲	0.61	▼
<b>Median<sup>2</sup></b>				<b>3.73</b>	<b>▲</b>	<b>67.83</b>	<b>▼</b>	<b>0.83</b>	<b>▼</b>

Data compiled July 24, 2017.

Only companies trading on the Nasdaq, NYSE or NYSE MKT with total assets below \$1 billion as of June 30, 2017, that reported earnings up to July 21 are included.

Data is for the quarter ended June 30, 2017, and is based on GAAP filings.

<sup>^</sup> The YOY comparison represents the change in values rounded to two decimal places.

<sup>1</sup> The quarter ended June 30, 2017, is the fiscal fourth quarter for the company.

<sup>2</sup> Median for all major exchange-traded banks and thrifts with assets below \$1 billion that have reported earnings up to July 21.

NC = no change; ROAA = return on average assets

Source: S&P Global Market Intelligence

## Community bank earnings recap: \$1B to \$5B in assets

Earnings reported up to July 21

Rank	Company name (ticker)	City, state	Total assets (\$B)	Quarter ended June 30, 2017					
				Net interest margin		Efficiency ratio		ROAA	
				(%)	YOY trend <sup>^</sup>	(%)	YOY trend <sup>^</sup>	(%)	YOY trend <sup>^</sup>
<b>Highest net interest margin</b>									
1	Triumph Bancorp Inc. (TBK)	Dallas, TX	2.84	6.14	▼	60.45	▼	1.42	▲
2	Nicolet Bankshares Inc. (NCBS)	Green Bay, WI	2.83	4.20	▲	56.04	▼	1.28	▲
3	Central Valley Community Bancorp (CVCY)	Fresno, CA	1.44	4.17	▼	65.42	▼	1.37	▼
4	Carolina Financial Corp. (CARO)	Charleston, SC	2.19	4.03	▲	57.13	▼	1.72	▲
5	Parke Bancorp Inc. (PKBK)	Sewell, NJ	1.04	4.00	▲	34.26	▼	1.43	▼
6	1st Constitution Bancorp (FCCY)	Cranbury, NJ	1.07	3.96	▲	71.80	▲	0.75	▼
7	Enterprise Bancorp Inc. (EBTC)	Lowell, MA	2.66	3.90	▼	68.83	▲	0.86	▲
8	Equity Bancshares Inc. (EQBK)	Wichita, KS	2.41	3.90	▲	58.53	▼	1.07	▲
9	First Defiance Financial Corp. (FDEF)	Defiance, OH	2.89	3.88	▲	57.15	▼	1.15	▼
10	Republic Bancorp Inc. (RBCAA)	Louisville, KY	4.96	3.87	▲	63.69	▼	0.86	▲
<b>Lowest net interest margin</b>									
1	TriState Capital Holdings Inc. (TSC)	Pittsburgh, PA	4.31	2.22	▼	63.53	▼	0.81	▲
2	Century Bancorp Inc. (CNBKA)	Medford, MA	4.55	2.30	▲	57.54	▼	0.72	▲
3	BSB Bancorp Inc. (BLMT)	Belmont, MA	2.37	2.44	▼	51.16	▼	0.69	▲
4	First Internet Bancorp (INBK)	Fishers, IN	2.38	2.53	▲	54.90	▼	0.73	▲
5	First Connecticut Bancorp Inc. (FBNK)	Farmington, CT	2.99	2.91	▲	65.99	▼	0.68	▲
6	HarborOne Bancorp Inc (MHC) (HONE)	Brockton, MA	2.63	3.02	▲	82.41	▼	0.50	▲
7	First Bancorp Inc. (FNLC)	Damariscotta, ME	1.80	3.03	▼	48.68	▼	1.10	▼
8	Bank Mutual Corp. (BKMU) <sup>1</sup>	Milwaukee, WI	2.71	3.05	▲	71.20	▲	0.62	▲
9	Hingham Institution for Savings (HIFS)	Hingham, MA	2.11	3.08	▲	30.21	▼	1.25	▲
10	County Bancorp Inc. (ICBK)	Manitowoc, WI	1.29	3.13	▼	53.54	▲	0.65	▼
<b>Median<sup>2</sup></b>				<b>3.57</b>	<b>▲</b>	<b>61.53</b>	<b>▼</b>	<b>0.96</b>	<b>▲</b>

Data compiled July 24, 2017.

Only companies trading on the Nasdaq, NYSE or NYSE MKT with total assets between \$1 billion to \$5 billion in assets as of June 30, 2017, that reported earnings up to July 21 are included.

Data is for the quarter ended June 30, 2017, and is based on GAAP filings.

<sup>^</sup> The YOY comparison represents the change in values rounded to two decimal places.

<sup>1</sup> Bank Mutual Corp. is the target of an announced merger.

<sup>2</sup> Median for all major exchange-traded banks and thrifts with assets between \$1 billion to \$5 billion that have reported earnings up to July 21.

ROAA = return on average assets

Source: S&P Global Market Intelligence

Community banks with total assets between \$1 billion and \$5 billion have reported a median net interest margin of 3.57%, compared to 3.54% in the second quarter of 2016. Dallas-based Triumph Bancorp Inc. reported the highest NIM among all such community banks at 6.14%, down 35 basis points from the year-ago quarter. According to the company's 10-Q, the decline in NIM resulted in part from a decrease in yields on interest-earning assets and an increase in average cost of funds.

The largest community banks, those with total assets between \$5 billion and \$10 billion, reported a median net interest margin of 3.59% for the quarter ended June 30, up 12 basis points year over year.

Tupelo, Miss.-based Renasant Corp. reported a 4.25% net interest margin for the second quarter, which was down 1 basis point from the year-ago quarter. During the company's July 19 second-quarter earnings call, Renasant CFO Kevin Chapman said, "As we look out into [the third quarter] in margins, we'd expect some positive benefit from the rate increase that incurred in late June, that the last 25 basis point rate increase was not fully reflected in all of our results for Q2." "And then, any future rate increase would also be positive to margin," he added.

## Community bank earnings recap: \$5B to \$10B in assets

Earnings reported up to July 21

Rank	Company name (ticker)	City, state/ territory	Total assets (\$B)	Quarter ended June 30, 2017					
				Net interest margin		Efficiency ratio		ROAA	
				(%)	YOY trend <sup>^</sup>	(%)	YOY trend <sup>^</sup>	(%)	YOY trend <sup>^</sup>
<b>Highest net interest margin</b>									
1	OFG Bancorp (OFG)	San Juan, PR	6.24	5.17	▲	56.00	▼	1.09	▲
2	Renasant Corp. (RNST)	Tupelo, MS	8.87	4.25	▼	60.75	▼	1.16	▲
3	Eagle Bancorp Inc. (EGBN)	Bethesda, MD	7.24	4.15	▼	39.12	▼	1.60	▲
4	Glacier Bancorp Inc. (GBCI)	Kalispell, MT	9.90	4.11	▲	52.23	▼	1.39	▲
5	First Financial Bankshares Inc. (FFIN)	Abilene, TX	6.95	4.04	▼	49.59	▲	1.63	▼
6	Simmons First National Corp. (SFNC)	Pine Bluff, AR	9.07	4.02	▼	57.19	▼	1.05	▼
7	Ameris Bancorp (ABCB)	Moultrie, GA	7.40	3.93	▼	58.89	▼	1.29	▼
8	LegacyTexas Financial Group Inc. (LTXB)	Plano, TX	8.97	3.73	▼	44.96	▼	1.32	▲
9	ServisFirst Bancshares Inc. (SFBS)	Birmingham, AL	6.33	3.72	▲	36.12	▼	1.55	▲
10	CVB Financial Corp. (CVBF)	Ontario, CA	8.42	3.62	▲	43.92	▼	1.35	▲
<b>Lowest net interest margin</b>									
1	United Financial Bancorp Inc. (UBNK)	Glastonbury, CT	6.88	3.06	▲	59.40	▼	0.96	▲
2	Beneficial Bancorp Inc. (BNCL)	Philadelphia, PA	5.83	3.08	▼	68.41	▼	0.65	▲
3	Westamerica Bancorp. (WABC)	San Rafael, CA	5.39	3.11	▼	49.62	▼	1.17	▲
4	Berkshire Hills Bancorp Inc. (BHLB)	Pittsfield, MA	9.63	3.38	▲	62.69	▲	0.84	▲
5	Lakeland Bancorp Inc. (LBAI)	Oak Ridge, NJ	5.36	3.40	▼	52.97	▼	1.02	▲
6	BancFirst Corp. (BANF)	Oklahoma City, OK	7.05	3.42	▲	56.67	▼	1.30	▲
7	WesBanco Inc. (WSBC)	Wheeling, WV	9.87	3.44	▲	56.74	▲	1.07	▲
8	Tompkins Financial Corp. (TMP)	Ithaca, NY	6.42	3.44	▲	59.09	▼	1.07	▲
9	1st Source Corp. (SRCE)	South Bend, IN	5.69	3.56	▲	58.57	▼	1.19	▲
10	S&T Bancorp Inc. (STBA)	Indiana, PA	7.09	3.56	▲	50.97	▼	1.29	▲
<b>Median<sup>1</sup></b>				<b>3.59</b>	<b>▲</b>	<b>56.71</b>	<b>▼</b>	<b>1.15</b>	<b>▲</b>

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ROAA = return on average assets

Source: S&P Global Market Intelligence