

DATA DISPATCH

## Community banks report strong margins and profitability in Q1'18

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Community banks under \$10 billion in assets posted strong first-quarter results midway through earnings season as margins and profitability expanded. As a group, the 253 institutions that reported through the week ended April 27 have posted improved margins and efficiency ratios both year over year and quarter over quarter.

The median net interest margin was 3.61% in the first quarter, up 9 basis points from the year-ago quarter. Meanwhile, the median return on average assets increased to 1.07% from 0.90% and the median efficiency ratio dropped to 62.86% from 63.71%.

The largest banks in the analysis, those between \$5 billion and \$10 billion in assets, reported a median net interest margin of 3.64%, up from 3.48% in the first quarter of 2017. Median ROAA jumped 13 basis points to 1.14%, and the median efficiency ratio improved to 56.80% from 58.92%. Thirty-six of the 47 banks reported higher ROAA year over year and only 16 reported lower net interest margin.

Louisville, Ky.-based Republic Bancorp Inc. reported the highest net interest margin in the group at 5.50%, an increase of 51 basis points from the year-ago quarter. The bank's ROAA also climbed to 2.08% from 1.65%. In the company's earnings release, Steven Trager, chairman and CEO, said that core banking net income grew 31% year over year, driven by expanding margins and "solid" loan growth.

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

Earnings reported up to April 27

Company name (ticker)	City, state/territory	Total assets (\$B)	As of quarter ended March 31, 2018					
			Net interest margin		Efficiency ratio		ROAA	
			(%)	YOY trend <sup>^</sup>	(%)	YOY trend <sup>^</sup>	(%)	YOY trend <sup>^</sup>
<b>Highest net interest margin</b>								
Republic Bancorp Inc. (RBCA.A)	Louisville, KY	5.08	5.50	▲	45.33	▼	2.08	▲
OFG Bancorp (OFG)	San Juan, PR	6.25	5.15	▲	55.99	▲	1.09	▲
BofI Holding Inc. (BOFI) <sup>1</sup>	San Diego, CA	9.98	4.77	▲	32.38	▲	2.08	▲
First Bancorp (FBNC)	Southern Pines, NC	5.64	4.14	▲	58.38	▼	1.49	▲
Eagle Bancorp Inc. (EGBN)	Bethesda, MD	7.70	4.11	▼	38.40	▼	1.88	▲
Independent Bank Group Inc. (IBTX)	McKinney, TX	8.81	3.97	▲	50.54	▼	1.34	▲
WSFS Financial Corp. (WSFS)	Wilmington, DE	6.99	3.93	▲	61.32	▼	2.17	▲
First Merchants Corp. (FRME)	Muncie, IN	9.47	3.92	▼	51.33	▼	1.57	▲
Ameris Bancorp (ABCB)	Moultrie, GA	8.02	3.87	▼	59.58	▲	1.36	▲
Park National Corp. (PRK)	Newark, OH	7.52	3.83	▲	57.61	▼	1.67	▲
<b>Lowest net interest margin</b>								
Luther Burbank Corp. (LBC)	Santa Rosa, CA	6.03	2.11	▲	46.72	▼	0.76	▼
Dime Community Bancshares Inc. (DCOM)	Brooklyn, NY	6.33	2.47	▼	54.49	▲	0.93	▲
Columbia Financial Inc. (MHC) (CLBK) <sup>2</sup>	Fair Lawn, NJ	6.56	2.76	▼	59.77	▼	0.79	NC
Flushing Financial Corp. (FFIC)	Uniondale, NY	6.48	2.79	▼	68.17	▲	0.71	▼
United Financial Bancorp Inc. (UBNK)	Hartford, CT	7.07	2.90	▼	64.34	▲	0.89	▲
Boston Private Financial Holdings Inc. (BPFH)	Boston, MA	8.32	2.95	▲	71.45	▼	1.14	▲
Westamerica Bancorp. (WABC)	San Rafael, CA	5.55	3.00	▼	49.82	▼	1.26	▲
Meridian Bancorp Inc. (EBSB)	Peabody, MA	5.46	3.12	▼	56.80	▼	0.90	▲
Opus Bank (OPB)	Irvine, CA	7.30	3.16	▲	64.37	▼	0.71	▲
Central Pacific Financial Corp. (CPF)	Honolulu, HI	5.65	3.19	▼	63.24	▲	1.01	▲
<b>Median*</b>			<b>3.64</b>	<b>▲</b>	<b>56.80</b>	<b>▼</b>	<b>1.14</b>	<b>▲</b>

Data compiled April 30, 2018.

Analysis limited to top 10 U.S. banks and thrifts by highest and lowest net interest margin for the quarter ended March 31, 2018. Only companies trading on the Nasdaq, NYSE or NYSEAM with total assets between \$5 billion and \$10 billion as of March 31, 2018, that reported earnings up to April 27 are included.

Data is for the quarter ended March 31, 2018, and is based on GAAP filings.

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

\* Median for 47 major exchange-traded U.S. banks and thrifts with assets between \$5 billion and \$10 billion that have reported earnings up to April 27.

<sup>1</sup> The quarter ended March 31, 2018, is the fiscal third quarter of 2018 for the company.

<sup>2</sup> The quarter ended March 31, 2018, is the fiscal second quarter of 2018 for the company.

ROAA = return on average assets; NC = no change

Source: S&P Global Market Intelligence

Among banks between \$1 billion and \$5 billion in assets, Dallas-based Triumph Bancorp Inc. reported the highest net interest margin at 5.98%.

Toano, Va.-based C&F Financial Corp.'s NIM declined for the third straight quarter to 5.77%. According to C&F's earnings release, the bank's margins were impacted by lower loan yields as a result of competition in the nonprime auto loan business, lower yields on purchased loans with higher credit metrics and higher costs on borrowings due to increased short-term interest rates.

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

Earnings reported up to April 27

Company name (ticker)	City, state	Total assets (\$B)	As of quarter ended March 31, 2018					
			Net interest margin		Efficiency ratio		ROAA	
			(%)	YOY trend <sup>A</sup>	(%)	YOY trend <sup>A</sup>	(%)	YOY trend <sup>A</sup>
<b>Highest net interest margin</b>								
Triumph Bancorp Inc. (TBK)	Dallas, TX	3.41	5.98	▲	63.99	▼	1.42	▼
C&F Financial Corp. (CFFI)	Toano, VA	1.53	5.77	▼	69.14	▲	1.04	▲
People's Utah Bancorp (PUB)	American Fork, UT	2.16	5.19	▲	53.14	▼	1.68	▲
Northeast Bancorp (NBN) <sup>1</sup>	Lewiston, ME	1.17	4.87	▼	59.05	▲	1.41	▲
State Bank Financial Corp. (STBZ)	Atlanta, GA	4.89	4.79	▲	57.14	▼	1.43	▲
National Commerce Corp. (NCOM)	Birmingham, AL	3.11	4.73	▲	55.72	▼	1.22	▲
FS Bancorp Inc. (FSBW)	Mountlake Terrace, WA	1.04	4.70	▲	66.79	▼	1.70	▲
FB Financial Corp. (FBK)	Nashville, TN	4.73	4.58	▲	65.96	▼	1.69	▲
Home Bancorp Inc. (HBCP)	Lafayette, LA	2.21	4.45	▲	56.21	▼	1.35	▲
Veritex Holdings Inc. (VBTX)	Dallas, TX	3.06	4.40	▲	46.25	▼	1.39	▲
<b>Lowest net interest margin</b>								
Century Bancorp Inc. (CNBK.A)	Medford, MA	4.78	2.16	▲	63.07	▼	0.65	▲
BSB Bancorp Inc. (BLMT)	Belmont, MA	2.75	2.28	▼	47.86	▼	0.89	▲
TriState Capital Holdings Inc. (TSC)	Pittsburgh, PA	4.91	2.31	▲	62.58	▼	0.87	▲
First Internet Bancorp (INBK)	Fishers, IN	2.86	2.38	▼	53.84	▼	0.85	▲
Kearny Financial Corp. (KRN) <sup>1</sup>	Fairfield, NJ	4.93	2.41	▼	72.27	▼	0.44	▲
Malvern Bancorp Inc. (MLVF) <sup>2</sup>	Paoli, PA	1.08	2.58	▼	58.26	▲	0.77	▲
Franklin Financial Network Inc. (FSB)	Franklin, TN	4.08	2.67	▼	52.57	▲	1.01	▲
Oritani Financial Corp. (ORIT) <sup>1</sup>	Township of Washington, NJ	4.14	2.74	▼	34.38	▼	1.30	▼
Peapack-Gladstone Financial Corp. (PGC)	Bedminster, NJ	4.34	2.76	▲	59.74	▲	1.01	▲
ESSA Bancorp Inc. (ESSA) <sup>2</sup>	Stroudsburg, PA	1.82	2.80	▲	71.14	▼	0.50	▲
<b>Median*</b>			<b>3.62</b>	<b>▲</b>	<b>62.58</b>	<b>▼</b>	<b>1.11</b>	<b>▲</b>

Data compiled April 30, 2018.

Analysis limited to top 10 U.S. banks and thrifts by highest and lowest net interest margin for the quarter ended March 31, 2018. Only companies trading on the Nasdaq, NYSE or NYSEAM with total assets between \$1 billion and \$5 billion as of March 31, 2018, that reported earnings up to April 27 are included.

Data is for the quarter ended March 31, 2018, and is based on GAAP filings.

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

\* Median for 159 major exchange-traded U.S. banks and thrifts with assets between \$1 billion and \$5 billion that have reported earnings up to April 27.

<sup>1</sup> The quarter ended March 31, 2018, is the fiscal third quarter of 2018 for the company.

<sup>2</sup> The quarter ended March 31, 2018, is the fiscal second quarter of 2018 for the company.

ROAA = return on average assets

Source: S&P Global Market Intelligence

Among the 47 banks with less than \$1 billion in assets, only nine reported a lower ROAA year over year and 11 reported a lower NIM. Birmingham, Ala.-based First US Bancshares Inc. reported the highest net interest margin in the group at 5.10%, up from 4.98% in the year-ago quarter.

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

Earnings reported up to April 27

Company name (ticker)	City, state	Total assets (\$B)	As of quarter ended March 31, 2018					
			Net interest margin		Efficiency ratio		ROAA	
			(%)	YOY trend <sup>^</sup>	(%)	YOY trend <sup>^</sup>	(%)	YOY trend <sup>^</sup>
<b>Highest net interest margin</b>								
First US Bancshares Inc. (FUSB)	Birmingham, AL	0.63	5.10	▲	86.39	▼	0.26	▼
Esquire Financial Holdings Inc. (ESQ)	Jericho, NY	0.57	4.61	▲	64.53	▼	1.46	▲
Plumas Bancorp (PLBC)	Quincy, CA	0.74	4.52	▲	55.16	▼	1.77	▲
OP Bancorp (OPBK)	Los Angeles, CA	0.96	4.51	▲	57.86	▼	1.43	▲
United Security Bancshares (UBFO)	Fresno, CA	0.85	4.49	▲	54.16	▼	1.54	▲
Sound Financial Bancorp Inc. (SFBC)	Seattle, WA	0.66	4.32	▲	71.89	▲	1.00	▲
Community West Bancshares (CWBC)	Goleta, CA	0.87	4.19	▼	72.68	▲	0.89	▲
Provident Bancorp Inc (MHC) (PVBC)	Amesbury, MA	0.89	4.17	▲	65.52	▼	0.90	▲
Southwest Georgia Financial Corp. (SGB)	Moultrie, GA	0.51	4.05	▲	73.26	▲	0.99	▲
United Bancorp Inc. (UBCP)	Martins Ferry, OH	0.49	3.86	▲	71.85	▼	1.00	▲
<b>Lowest net interest margin</b>								
Prudential Bancorp Inc. (PBIP) <sup>1</sup>	Philadelphia, PA	0.94	2.77	▲	56.45	▼	0.92	▲
FSB Bancorp Inc. (FSBC)	Fairport, NY	0.31	2.88	NC	93.40	▼	0.11	▲
Citizens Holding Co. (CIZN)	Philadelphia, MS	0.98	3.01	▲	79.15	▼	0.72	▲
Wellesley Bancorp Inc. (WEBK)	Wellesley, MA	0.82	3.03	▼	69.06	▼	0.71	▲
Randolph Bancorp (RNDB)	Stoughton, MA	0.53	3.19	▼	110.36	▲	-0.53	▼
Glen Burnie Bancorp (GLBZ)	Glen Burnie, MD	0.39	3.22	▲	86.67	▲	0.26	▼
Guaranty Federal Bancshares Inc. (GFED)	Springfield, MO	0.81	3.23	▼	71.97	▲	0.68	▼
American River Bankshares (AMRB)	Rancho Cordova, CA	0.70	3.24	▼	64.73	▲	0.79	▲
Auburn National Bancorp. Inc. (AUBN)	Auburn, AL	0.83	3.29	▲	60.36	▲	1.04	▲
Citizens Community Bancorp Inc. (CZWI) <sup>1</sup>	Eau Claire, WI	0.94	3.36	▲	76.13	▲	0.57	▲
<b>Median*</b>			<b>3.60</b>	<b>▲</b>	<b>71.93</b>	<b>▼</b>	<b>0.82</b>	<b>▲</b>

Data compiled April 30, 2018.

Analysis limited to top 10 U.S. banks and thrifts by highest and lowest net interest margin for the quarter ended March 31, 2018. Only companies trading on the Nasdaq, NYSE or NYSEAM with total assets below \$1 billion as of March 31, 2018, that reported earnings up to April 27 are included.

Data is for the quarter ended March 31, 2018, and is based on GAAP filings.

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

\* Median for 47 major exchange-traded U.S. banks and thrifts with assets below \$1 billion that have reported earnings up to April 27.

<sup>1</sup> The quarter ended March 31, 2018, is the fiscal second quarter of 2018 for the company.

ROAA = return on average assets; NC = no change

Source: S&P Global Market Intelligence

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