DATA DISPATCH

Business was good for US community banks in Q2 2025

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Market Intelligence

US community banks in all five regions of the US posted improved median deposit growth, returns on average assets, net interest margins and efficiency ratios on a year-over-year basis in the second quarter.

According to an S&P Global Market Intelligence analysis of US community banks with assets under $10 billion, year-over-year loan growth in each of the five US regions remained positive, although slower than a year earlier. Some in the banking sector are concerned that macroeconomic uncertainty may have hampered clients' plans.

The South Central region excelled in profitability, posting the highest median return on average assets (ROAA) and net interest margin (NIM) among the five regions. The Northeast region appeared to be the most challenged in the two metrics, booking the lowest median ROAA at 0.72% and median NIM at 3.12%.

The Midwest emerged as the most efficient among the regions, posting the lowest median efficiency ratio at 61.79%, followed by South Central at 62.17%. The Northeast region was again the least efficient, with the highest median efficiency ratio of 72.52%.

Median net charge-off (NCO) rates were stable, near zero and unchanged from a year earlier nationwide, suggesting that borrowers are generally paying and that the banks have been effective in managing risks.

The Southeast and West regions booked the highest year-over-year deposit growth rate, of 5.4%. South Central was next with 4.5% year-over-year deposit growth.

The Southeast region recorded the highest loan growth rate at 6.0%, followed by the West at 5.6%.



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Largest US community banks by assets

Among the 20 largest US community banks by assets, Sioux Falls, South Dakota-based The Bancorp Bank NA led in profitability with the highest ROAA of 2.93%. The rate is significantly higher than the national median ROAA of 1.12% for US community banks with assets of less than $10 billion as of June 30.

South Jordan, Utah-based Merrick Bank, the 13th-largest US community bank by assets in the second quarter, had an ROAA of negative 0.92%, and was the only one among the largest 20 US community banks with a negative ROAA during the period. This was despite the CardWorks Inc. subsidiary's NIM of 16.88%, the highest among the 20 biggest US community banks.

Merrick Bank's NCO rate in proportion to average loans was 10.94%, an outlier compared to other banks. Among the 20 largest US community banks, The Bancorp Bank had the second-highest net charge-off rate of 2.30%. The rest of the group had net charge-off rates below 1%.

The Bancorp Bank also followed Merrick Bank with the second-highest NIM among the 20 biggest US community banks, of 6.15%.

Merrick Bank made good in attracting deposits, which grew to $7.01 billion in the second quarter from $4.77 billion in the same quarter of 2024. Its total loans and leases also jumped to $8.54 billion from $5.35 billion a year earlier.

Topeka, Kansas-based Capitol Federal Savings Bank posted a 0.00% NCO ratio.

Merrillville, Indiana-based Centier Bank, a subsidiary of First Bancshares Inc. and the third-largest US community bank by assets, excelled with an efficiency ratio of 41.89%. Its NCO ratio was 0.01%.

Largest US community banks, Q2 2025

Ranked by total assets

	As of or for the quarter ended June 30, 2025				
Company (top-level ticker)	Total assets ($B)	ROAA (%)	NIM (%)[1]	Efficiency ratio (%)[1]	NCOs/avg. loans (%)
Tri Counties Bank (TCBK)	9.92	1.17	3.86	57.06	0.49
Park National Bank (PRK)	9.89	1.95	4.76	54.18	0.06
Centier Bank	9.83	1.75	3.52	41.89	0.01
Amarillo National Bank	9.82	1.82	3.98	45.04	0.92
S&T Bank (STBA)	9.80	1.37	3.88	57.01	0.06
Capitol Federal Savings Bank (CFFN)	9.70	0.76	1.97	58.60	0.00
Byline Bank (BY)	9.70	1.36	4.30	50.58	0.42
Origin Bank (OBK)	9.58	0.64	3.57	57.65	0.12
Peoples Bank (PEBO)	9.53	1.03	3.98	56.63	0.41
Stock Yards Bank & Trust Co. (SYBT)	9.20	1.55	3.54	51.30	0.02
Woodforest National Bank	9.11	1.65	4.67	72.57	0.20
1st Source Bank (SRCE)	9.08	1.73	4.00	46.84	0.11
Merrick Bank	8.95	-0.92	16.88	32.48	10.94
Nicolet National Bank (NIC)	8.92	1.60	3.81	49.55	0.02
The Bancorp Bank NA (TBBK)	8.83	2.93	6.15	40.09	2.30
American Savings Bank FSB	8.81	1.15	3.42	59.87	0.12
Union Bank and Trust Co.	8.80	1.29	3.51	57.08	0.05
Flushing Bank (FFIC)	8.78	0.70	2.71	61.33	0.15
Amalgamated Bank (AMAL)	8.62	1.26	3.55	48.22	0.30
Liberty Bank[2]	8.47	1.78	3.42	71.51	0.19

Data compiled Aug. 11, 2025.

ROAA = return on average assets; NIM = net interest margin; NCO = net charge-off.

Analysis limited to US commercial banks, savings banks, and savings and loan associations with total assets less than $10 billion as of June 30, 2025. The middle-tier parent and ultimate parent must also have less than $10 billion in total assets as of the most recent quarter available. In addition, nondepository trusts, companies with a foreign banking organization charter and companies with a bankers' bank certification were excluded.

[1] NIM and efficiency ratios are shown on a fully taxable equivalent basis.

[2] Nonstock mutual holding company ownership structure.

Data based on regulatory filings.

Source: S&P Global Market Intelligence.

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