

# LA-based Preferred Bank takes top spot in 2019 large US community bank ranking

By Zain Tariq and Zuhaib Gull

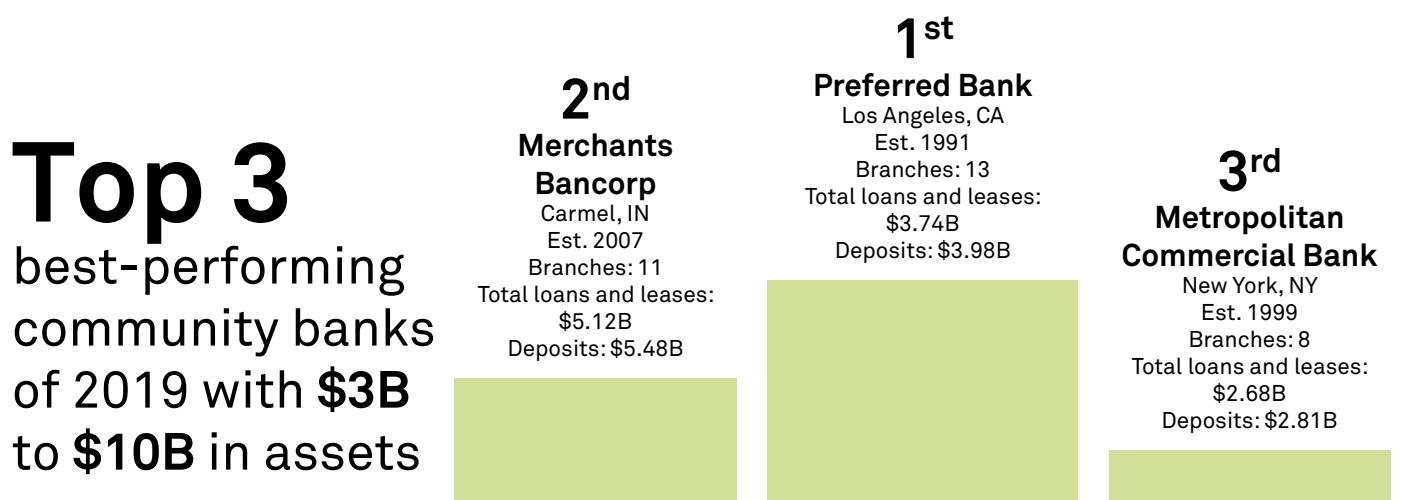
March 25, 2020

Los Angeles-based Preferred Bank jumped 19 spots to dethrone Southfield, Mich.-based Sterling Bancorp Inc. as the best-performing large U.S. community bank in 2019.

Established in 1991 as a Chinese American bank, Preferred Bank operates 12 branches in California and one in New York. Although the bank has now expanded

into mainstream markets, it continues to benefit from significant East Asian migration in California.

The company outperformed the industry median in all six of the ranking metrics analyzed. The bank had the lowest efficiency ratio among the top 50 at 32.69%, the second-lowest adjusted Texas ratio and third-best return on average tangible common equity before tax.



Data compiled March 11, 2020.

Established date is shown for the top-tier entity appearing in the rankings.

Source: S&P Global Market Intelligence

## About this analysis

To compile this ranking, S&P Global Market Intelligence calculated scores for each company based on six metrics: pretax return on average tangible common equity, net charge-offs as a percentage of average loans, efficiency ratio, adjusted Texas ratio, net interest margin and loan growth. Each company's standard deviation from the industry mean was calculated for every ranking metric, equally weighted, then added together to derive performance score. To help normalize the data and mitigate the impact of outliers, caps and floors were applied for each metric.

To be eligible for the ranking, a bank or thrift with total assets between \$3 billion and \$10 billion had to possess a loan-to-net asset ratio of at least 33.33% and no more than half of these loans could come from credit cards. Further, a company had to be well-capitalized according to current regulatory standards and no more than half of the institution's revenue could come from nontraditional banking activities. Banks with parent companies above \$10 billion in assets were excluded.

Based on the above criteria, 155 banks and thrifts were eligible for ranking.

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The bank received a Community Reinvestment Act rating of “needs to improve” in its most recent exam on Sept. 1, 2019.

Carmel, Ind.-based Merchants Bancorp took the No. 2 spot in 2019, after last year's No. 2, Birmingham, Ala.-based National Commerce Corp., was acquired

by Winter Haven, Fla.-based CenterState Bank Corp. on April 1, 2019. Merchants Bancorp reported 77.2% loan growth in 2019, the second-highest among the top 50. According to the company's fourth-quarter 2019 earnings release, lower interest rates drove loan growth, especially in the bank's warehouse mortgage business.

### Ranking metrics

Among the 50 best-performing US community banks of 2019 with assets between \$3B and \$1B

#### Highest ROATCE before tax

Company name	ROATCE before tax (%)	Overall rank
1867 Western Financial Corp. (WFCL)	33.23	5
Southern BancShares (N.C.) Inc. (SBNC)	25.36	17
Preferred Bank (PFBC)	25.00	1
ServisFirst Bancshares Inc. (SFBS)	24.47	28
Nicolet Bankshares Inc. (NCBS)	24.27	4
<b>Industry median*</b>	<b>16.25</b>	

#### Lowest efficiency ratio

Company name	Efficiency ratio (%)	Overall rank
Preferred Bank (PFBC)	32.69	1
ServisFirst Bancshares Inc. (SFBS)	32.71	28
Merchants Bancorp (MBIN)	36.71	2
Eagle Bancorp Inc. (EGBN)	39.96	16
Sterling Bancorp Inc. (SBT)	40.73	7
<b>Industry median*</b>	<b>60.69</b>	

#### Lowest adjusted Texas ratio

Company name (top-level ticker)	Adjusted Texas ratio (%)	Overall rank
Inwood Bancshares Inc.	0.19	9
Preferred Bank (PFBC)	0.42	1
1867 Western Financial Corp. (WFCL)	0.70	5
TriState Capital Holdings Inc. (TSC)	0.78	39
Merchants Bancorp (MBIN)	1.31	2
<b>Industry median*</b>	<b>4.90</b>	

#### Highest loan growth rate

Company name (top-level ticker)	Loan growth rate (%)	Overall rank
Veritex Holdings Inc. (VBTX)	132.1	22
Merchants Bancorp (MBIN)	77.2	2
Metropolitan Commercial Bank (MCB)	43.2	3
First Financial Corp. (THFF)	35.9	31
Heritage Commerce Corp. (HTBK)	34.2	12
<b>Industry median*</b>	<b>7.0</b>	

#### Highest NIM

Company name	NIM (%)	Overall rank
Meta Financial Group Inc. (CASH)	4.98	45
Alpine Banks of Colorado (ALPI.B)	4.45	30
TriCo Bancshares (TCBK)	4.44	11
CBTX Inc. (CBTX)	4.41	20
HBT Financial Inc. (HBT)	4.32	14
<b>Industry median*</b>	<b>3.53</b>	

#### Lowest NCOs/average loans

Company name	NCOs/average loans (%)	Overall rank
Metropolitan Commercial Bank (MCB)	-0.13	3
Union Savings Bank	-0.06	23
W.T.B. Financial Corp. (WTBF.B)	-0.06	18
TriState Capital Holdings Inc. (TSC)	-0.03	39
Inwood Bancshares Inc.	-0.01	9
Preferred Bank (PFBC)	-0.01	1
Stock Yards Bancorp Inc. (SYBT)	-0.01	13
<b>Industry median*</b>	<b>0.08</b>	

Data compiled March 11, 2020.

ROATCE = return on average tangible common equity

Adjusted Texas ratio = nonperforming assets plus loans 90 days or more past due net of delinquent government-guaranteed loans and other real estate owned covered by loss-sharing agreements with the FDIC, as a percentage of tangible equity and reserves

Analysis is based on the 50 best-performing U.S. community banks with assets between \$3 billion and \$10 billion as of Dec. 31, 2019.

For the purposes of the ranking, community banks were defined as top-tier U.S. banks and thrifts with gross loans greater than 33.33% of assets, credit card loans less than 50% of the loan portfolio, and assets between \$3 billion and \$10 billion.

Based on regulatory filings.

\* Represents median of 155 banks eligible for this analysis.

Source: S&P Global Market Intelligence

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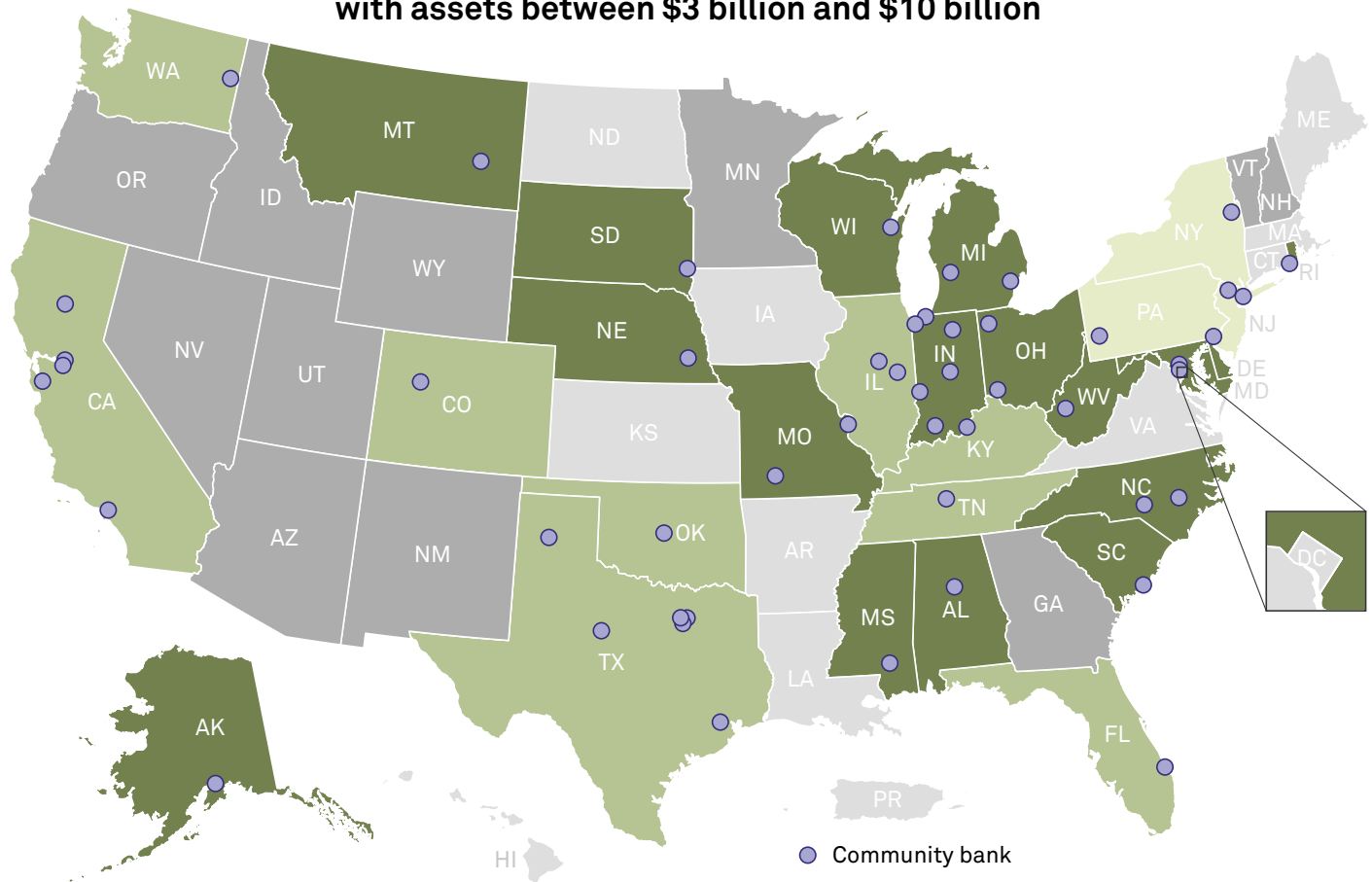
No. 3, New York-based Metropolitan Commercial Bank, crossed the \$3 billion mark in the third quarter of 2019 and was not ranked among the top 100 U.S. community banks with less than \$3 billion in assets in 2018.

Two banks in the rankings, No. 38 ranked Nashville, Tenn.-based FB Financial Corp. and No. 41 ranked

Olney, Md.-based Sandy Spring Bancorp Inc., are poised to cross \$10 billion in assets as a result of pending M&A.

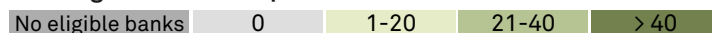
Texas and Indiana both had six banks or thrifts in the top 50 in 2019, more than any other state, followed by California with five institutions.

## 50 best-performing US community banks of 2019 with assets between \$3 billion and \$10 billion



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### % of eligible banks in top 50



Data compiled March 11, 2020.

For the purposes of the ranking, community banks were defined as top-tier U.S. banks and thrifts with gross loans greater than 33.33% of assets, credit card loans less than 50% of the loan portfolio and assets between \$3 billion and \$10 billion.

Map credit: Ciaralou Agpalo Palicpic

Source: S&P Global Market Intelligence

**Best-performing US community banks of 2019 with \$3B to \$10B in assets**

Based on financials for year ended Dec. 31, 2019

Rank	Company (top-level ticker)	City, state	Total assets (\$B)	Ranking metrics					
				ROATCE before tax (%)	Net interest margin (%)	Efficiency ratio (%)	NCOs/ average loans (%)	Adjusted Texas ratio (%) <sup>1</sup>	Loan growth rate (%)
1	Preferred Bank (PFBC)	Los Angeles, CA	4.63	25.00	3.91	32.69	-0.01	0.42	10.7
2	Merchants Bancorp (MBIN)	Carmel, IN	6.37	24.15	2.56	36.71	0.02	1.31	77.2
3	Metropolitan Commercial Bank (MCB)	New York, NY	3.36	15.36	3.52	52.78	-0.13	1.66	43.2
4	Nicolet Bankshares Inc. (NCBS)	Green Bay, WI	3.58	24.27	4.17	54.75	0.02	3.98	18.9
5	1867 Western Financial Corp. (WFCL)	Stockton, CA	3.38	33.23	4.01	48.12	0.11	0.70	0.5
6	Farmers & Merchants Bancorp (FMCB)	Lodi, CA	3.72	23.12	4.23	52.02	0.02	3.18	4.0
7	Sterling Bancorp Inc. (SBT)	Southfield, MI	3.24	22.54	3.79	40.73	0.00	3.48	-0.1
8	Carolina Financial Corp. (CARO)*	Charleston, SC	4.71	17.21	4.00	54.38	0.02	6.42	28.3
9	Inwood Bancshares Inc.	Dallas, TX	3.05	20.98	3.20	46.68	-0.01	0.19	6.1
10	First Financial Bankshares Inc. (FFIN)	Abilene, TX	8.26	20.20	3.94	49.29	0.04	2.33	6.2
11	TriCo Bancshares (TCBK)	Chico, CA	6.47	20.26	4.44	57.93	0.01	3.38	7.1
12	Heritage Commerce Corp. (HTBK)	San Jose, CA	4.11	18.69	4.27	58.11	0.27	2.37	34.2
13	Stock Yards Bancorp Inc. (SYBT)	Louisville, KY	3.73	20.05	3.80	56.62	-0.01	2.57	11.9
14	HBT Financial Inc. (HBT)	Bloomington, IL	3.25	23.59	4.32	53.80	0.07	7.46	7.9
15	Enterprise Financial Services Corp. (EFSC)	Clayton, MO	7.33	20.13	3.80	55.38	0.13	5.33	22.3
16	Eagle Bancorp Inc. (EGBN)	Bethesda, MD	8.99	18.53	3.76	39.96	0.13	4.33	8.4
17	Southern BancShares (N.C.) Inc. (SBNC)	Mount Olive, NC	3.02	25.36	3.73	64.99	0.01	3.03	7.8
18	W.T.B. Financial Corp. (WTBF.B)	Spokane, WA	7.16	16.28	3.97	63.32	-0.06	1.90	12.2
19	NexBank Capital Inc.	Dallas, TX	9.78	19.21	1.90	49.17	0.03	4.27	33.0
20	CBTX Inc. (CBTX)	Houston, TX	3.48	14.52	4.41	57.90	0.03	1.90	7.9
21	Lakeland Financial Corp. (LKFN)	Warsaw, IN	4.95	19.24	3.37	44.62	0.03	3.88	3.9
22	Veritex Holdings Inc. (VBTX)	Dallas, TX	7.95	16.49	4.01	52.38	0.19	8.10	132.1
23	Union Savings Bank	Cincinnati, OH	3.08	18.72	2.77	49.32	-0.06	5.32	16.2
24	Amarillo National Bancorp Inc.	Amarillo, TX	5.72	18.10	3.93	51.93	0.25	7.72	33.1
25	Horizon Bancorp Inc. (HBNC)	Michigan City, IN	5.24	18.11	3.65	58.11	0.06	4.98	20.8
26	First Bancorp (FBNC)	Southern Pines, NC	6.14	20.65	4.02	55.49	0.04	5.41	5.2
27	BancFirst Corp. (BANF)	Oklahoma City, OK	8.57	20.41	3.84	56.91	0.10	5.29	13.8
28	ServisFirst Bancshares Inc. (SFBS)	Birmingham, AL	8.95	24.47	3.45	32.71	0.32	4.90	11.2
29	First Defiance Financial Corp. (FDEF)	Defiance, OH	3.47	19.86	3.90	59.68	0.00	5.67	9.8
30	Alpine Banks of Colorado (ALPI.B)	Glenwood Springs, CO	3.87	23.26	4.45	64.70	0.10	7.14	10.1
31	First Financial Corp. (THFF)	Terre Haute, IN	4.02	13.74	4.30	60.69	0.24	3.77	35.9
32	Stockman Financial Corp.	Miles City, MT	4.00	18.97	3.97	53.43	0.02	4.98	1.4
33	Lakeland Bancorp Inc. (LBAI)	Oak Ridge, NJ	6.71	17.59	3.31	56.48	0.00	5.03	15.3
34	First Bancshares Inc. (FBMS)	Hattiesburg, MS	3.94	17.89	3.98	57.27	0.00	14.98	26.4
35	Great Southern Bancorp Inc. (GSBC)	Springfield, MO	5.02	16.04	3.96	53.86	0.10	2.69	4.3
36	German American Bancorp Inc. (GABC)	Jasper, IN	4.40	18.11	3.85	58.29	0.17	3.14	13.3
37	Mercantile Bank Corp. (MBWM)	Grand Rapids, MI	3.63	17.65	3.77	57.85	0.01	3.78	3.8
38	FB Financial Corp. (FBK)	Nashville, TN	6.12	20.06	4.31	66.50	0.11	8.34	18.4

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39	TriState Capital Holdings Inc. (TSC)	Pittsburgh, PA	7.77	15.48	1.97	61.68	-0.03	0.78	28.1
40	First Bancshares Inc.	Merrillville, IN	4.70	20.98	3.53	55.89	0.06	5.30	5.1
41	Sandy Spring Bancorp Inc. (SASR)	Olney, MD	8.63	20.17	3.44	52.61	0.03	6.09	2.5
42	Seacoast Banking Corp. of Florida (SBCF)	Stuart, FL	7.11	18.32	3.92	51.89	0.17	6.33	7.9
43	City Holding Co. (CHCO)	Cross Lanes, WV	5.02	22.15	3.60	50.62	0.09	7.73	0.8
44	The Bancorp Inc. (TBBK)	Wilmington, DE	5.66	16.02	4.26	68.97	0.13	9.08	32.0
45	Meta Financial Group Inc. (CASH)	Sioux Falls, SD	6.18	23.43	4.98	65.35	1.12	6.01	14.6
46	Arrow Financial Corp. (AROW)	Glens Falls, NY	3.18	18.01	3.05	57.78	0.05	1.84	8.6
47	Farmers & Merchants Investment Inc.	Lincoln, NE	4.65	21.03	3.53	61.53	0.09	5.47	9.8
48	Washington Trust Bancorp Inc. (WASH)	Westerly, RI	5.29	21.49	2.74	54.57	0.04	4.04	5.9
49	First Busey Corp. (BUSE)	Champaign, IL	9.70	16.60	3.35	61.75	0.11	4.72	20.8
50	First National Bank Alaska (FBAK)	Anchorage, AK	3.81	13.92	3.71	53.61	0.01	4.86	2.7
<b>Top 50 median</b>			<b>19.55</b>	<b>3.85</b>	<b>55.07</b>	<b>0.04</b>	<b>4.53</b>	<b>10.4</b>	
<b>Industry median<sup>^</sup></b>			<b>16.25</b>	<b>3.53</b>	<b>60.69</b>	<b>0.08</b>	<b>4.90</b>	<b>7.0</b>	

Data compiled March 11, 2020.

ROATCE = return on average tangible common equity

S&P Global Market Intelligence used six metrics to identify top-performing U.S. community banks between \$3 billion to \$10 billion in asset size by applying equal weights to each metric. The mean for each metric was identified across the data set, and standard deviations from these means were calculated for each metric for each institution and aggregated to determine a relative performance score. Scores for each metric were also capped to help normalize the data.

For the purposes of this ranking, S&P Global Market Intelligence defined community banks as currently operating top-tier banks and thrifts. Excluded from this analysis are companies that meet at least one of the following criteria: parents that have more than \$10 billion in total assets; bankers' bank; cooperative or industrial bank charter; gross loans-to-assets less than 33.33%; credit card loans-to-total loans greater than 50%; significant other noninterest income from nontraditional banking activities; Tier 1 leverage ratio less than 5%; common equity Tier 1 risk-based capital ratio less than 6.5%; Tier 1 risk-based capital ratio less than 8%; total risk-based capital ratio less than 10%; applied pushdown accounting during 2019.

<sup>1</sup> Adjusted Texas ratio = nonperforming assets plus loans 90 days or more past due, net of delinquent government-guaranteed loans and OREO covered by loss-sharing agreements with the FDIC, as a percentage of tangible equity and reserves

Rankings are based on 2019 regulatory filings. All ranking metrics must have been reported by the company to be included.

\* Merger target.

<sup>^</sup> Represents median of 155 banks eligible for this analysis.

Source: S&P Global Market Intelligence

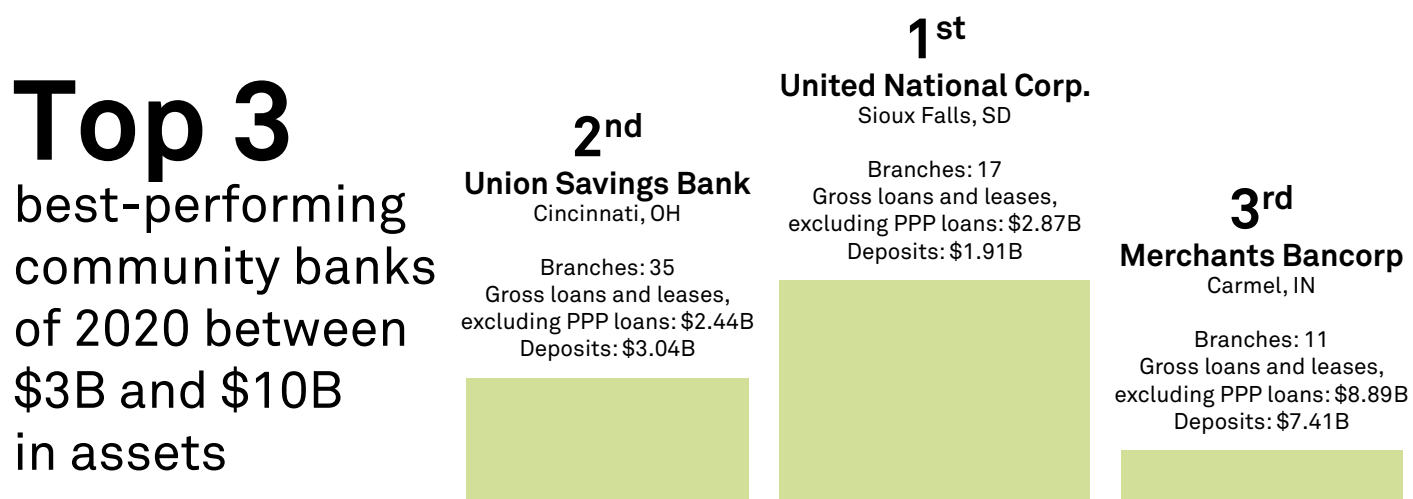
# South Dakota's United National tops 2020 large US community bank ranking

By Zain Tariq and Zuhaib Gull

March 24, 2021

Sioux Falls, S.D.-based United National Corp., the holding company of Premier Bankcard LLC and First Premier Bank, took the crown in S&P Global Market Intelligence's ranking of the best-performing large U.S. community banks in 2020.

United National rode its credit card-heavy portfolio to the top of the ranking, posting the highest net interest margin among the top 50 banks at 18.84% in 2020. Its 33.63% return on average tangible common equity was nearly double the top 50 median as well. As might



Data compiled March 9, 2021.

PPP = Paycheck Protection Program

Credit: Arleigh Andes

Source: S&P Global Market Intelligence

## About this analysis

To compile this ranking, S&P Global Market Intelligence calculated scores for each company based on six metrics, weighted: pretax return on tangible common equity (25%), efficiency ratio (15%), net interest margin (15%), operating revenue growth (20%), leverage ratio (15%), and nonperforming assets and loans 90 days or more past due as a percentage of total assets, net of Paycheck Protection Program loans (10%). Each company's standard deviation from the industry mean was calculated for every ranking metric, weighted, then combined to derive a performance score. To help normalize the data and mitigate the impact of outliers, caps and floors were applied for each metric.

Criteria for the ranking included total assets between \$3 billion and \$10 billion; a gross loans and leases-to-total assets ratio, net of PPP loans, of at least 25% with no more than half of those loans in credit cards; a leverage ratio of at least 5%; no active severe enforcement action; a result other than "substantial noncompliance" in the bank's most recent Community Reinvestment Act exam; and no more than half of the entity's revenue coming from nontraditional banking activities. Additionally, companies with a bankers' bank certification and banks with parent companies above \$10 billion in total assets, adjusted for the exclusion of PPP loans, were omitted.

Based on the above criteria, 168 top-tier banks and thrifts were eligible for ranking.

**Best-performing community banks of 2020 with assets between \$3B and \$10B**

Based on financials for the year ended Dec. 31, 2020

Rank	Company (top-level ticker)	City, state	Total assets, excluding PPP loans (\$B)	Ranking metrics					NPAs and loans 90+ PD/total assets, excluding PPP loans (%)
				ROATCE (%)	Efficiency ratio (%)	Net interest margin (%)	Operating revenue growth (%)	Leverage ratio (%)	
1	United National Corp.	Sioux Falls, SD	3.79	33.63	34.52	18.84	7.0	43.50	1.71
2	Union Savings Bank	Cincinnati, OH	3.48	40.49	37.29	2.44	86.9	10.55	0.57
3	Merchants Bancorp (MBIN)	Carmel, IN	9.59	47.09	27.02	2.72	108.2	8.59	0.11
4	Inwood Bancshares Inc.	Dallas, TX	3.43	22.84	42.32	3.07	17.3	9.18	0.02
5	Beal Financial Corp.	Plano, TX	8.87	9.31	50.62	5.31	120.5	23.96	20.10
6	South Plains Financial Inc. (SPFI)	Lubbock, TX	3.43	18.22	63.17	3.81	37.5	10.24	0.52
7	FB Corp.	Creve Coeur, MO	6.22	35.76	52.15	2.75	33.9	7.33	0.61
8	Northpointe Bank	Grand Rapids, MI	3.31	55.08	64.50	2.52	119.2	10.64	1.40
9	Nicolet Bankshares Inc. (NCBS)	Green Bay, WI	4.36	22.60	50.43	3.40	14.4	9.04	0.35
10	West Bank (WTBA)	West Des Moines, IA	3.00	18.11	41.12	3.23	22.6	8.86	0.54
11	Johnson Financial Group Inc.	Racine, WI	5.64	19.72	58.49	3.09	19.1	12.87	0.63
12	Preferred Bank (PFBC)	Los Angeles, CA	5.08	19.76	31.64	3.62	6.0	10.08	0.86
13	Citizens First Bank	The Villages, FL	3.03	18.59	43.58	2.41	17.6	11.29	0.06
14	First Foundation Inc. (FFWM)	Irvine, CA	6.82	21.50	49.36	3.13	18.6	8.93	0.36
15	Stockman Financial Corp.	Miles City, MT	4.67	20.09	52.74	3.44	19.3	9.43	0.47
16	Metropolitan Commercial Bank (MCB)	New York, NY	4.33	17.46	51.95	3.30	27.2	9.05	0.18
17	NexBank Capital Inc.	Dallas, TX	9.16	35.85	37.54	2.07	27.5	6.86	0.66
18	Premier Financial Corp. (PFC)	Defiance, OH	6.82	14.34	55.86	3.42	81.4	9.76	0.86
19	River City Bank (RCBC)	Sacramento, CA	3.09	17.60	32.69	2.70	25.2	8.12	0.00
20	First Security Bancorp	Searcy, AR	7.29	10.56	48.19	3.18	15.7	17.69	0.13
21	Capital City Bank Group Inc. (CCBG)	Tallahassee, FL	3.62	21.63	70.63	3.30	36.3	9.32	0.55
22	Farmers & Merchants Bancorp (FMCB)	Lodi, CA	4.33	20.13	49.80	3.79	4.3	9.13	0.21
23	American National Corp.	Omaha, NE	4.31	16.87	51.55	3.79	23.5	8.74	0.74
24	Triumph Bancorp Inc. (TBK)	Dallas, TX	5.74	18.94	62.59	5.70	19.0	10.80	2.04
25	First Bancshares Inc. (FBMS)	Hattiesburg, MS	4.91	15.21	52.43	3.60	30.6	9.15	0.99
26	First Bancshares Inc.	Merrillville, IN	5.47	19.88	48.10	3.23	13.0	8.78	0.31
27	Summit Community Bank Inc. (SMMF)	Moorefield, WV	3.03	16.48	51.41	3.69	23.9	9.49	1.19
28	Lakeland Financial Corp. (LKFN)	Warsaw, IN	5.42	16.81	43.48	3.19	5.0	10.93	0.33
29	ConnectOne Bancorp Inc. (CNOB)	Englewood Cliffs, NJ	7.15	14.01	46.97	3.43	29.8	9.51	1.36
30	The Bancorp Inc. (TBBK)	Wilmington, DE	6.11	20.51	59.64	4.08	13.2	9.20	1.09
31	Republic Bancorp Inc. (RBCA.A)	Louisville, KY	5.77	13.17	58.10	4.11	2.9	13.70	0.70
32	Meridian Bancorp Inc. (EBSB)	Peabody, MA	6.53	12.16	46.69	3.13	14.1	11.59	0.07
33	Meta Financial Group Inc. (CASH)	Sioux Falls, SD	7.07	26.71	60.58	4.13	3.7	7.39	0.79

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34	Altabank (ALTA)	American Fork, UT	3.30	18.72	51.50	3.73	0.0	10.18	0.34
35	HarborOne Bancorp Inc. (HONE)	Brockton, MA	4.36	9.53	64.09	3.06	52.3	14.48	1.03
36	Amarillo National Bancorp Inc.	Amarillo, TX	6.83	15.88	48.75	3.49	11.8	9.56	0.44
37	City Holding Co. (CHCO)	Cross Lanes, WV	5.70	19.60	47.95	3.17	4.3	10.22	0.73
38	Business First Bancshares Inc. (BFST)	Baton Rouge, LA	3.86	12.56	66.99	4.09	65.7	8.79	0.73
39	Independent Bank Corp. (IBCP)	Grand Rapids, MI	4.03	21.36	59.58	3.35	20.0	9.15	1.24
40	QCR Holdings Inc. (QCRH)	Moline, IL	5.41	15.58	53.58	3.28	18.8	9.49	0.22
41	Happy Bancshares Inc.	Canyon, TX	5.43	12.60	65.29	4.21	31.3	9.97	1.03
42	BancPlus Corp.	Ridgeland, MS	4.51	15.75	70.18	3.99	35.8	8.55	0.66
43	Poppy Bank	Santa Rosa, CA	3.14	19.51	41.34	2.80	5.6	9.97	1.06
44	First Financial Corp. (THFF)	Terre Haute, IN	4.38	13.09	58.98	4.07	11.5	11.24	0.54
45	Enterprise Financial Services Corp. (EFSC)	Clayton, MO	9.04	14.10	49.39	3.56	12.0	10.03	0.54
46	First Bank & Trust <sup>1</sup>	Brookings, SD	3.50	17.38	58.85	3.85	11.7	9.72	0.74
47	Bank of the Sierra (BSRR)	Porterville, CA	3.10	15.41	55.54	3.97	7.1	10.12	0.64
48	Camden National Corp. (CAC)	Camden, ME	4.76	18.30	52.80	3.12	10.7	9.13	0.22
49	German American Bancorp Inc. (GABC)	Jasper, IN	4.80	16.21	55.24	3.60	8.5	10.07	0.46
50	Horizon Bancorp Inc. (HBNC)	Michigan City, IN	5.68	16.30	56.40	3.39	11.0	10.68	0.57
<b>Top 50 median</b>				<b>18.16</b>	<b>51.75</b>	<b>3.41</b>	<b>18.7</b>	<b>9.64</b>	<b>0.59</b>
<b>Industry median<sup>2</sup></b>				<b>13.26</b>	<b>59.21</b>	<b>3.23</b>	<b>8.5</b>	<b>9.50</b>	<b>0.64</b>

### PPP loans/gross loans & leases (%)

● < 5   ● 5 - 9.99   ● >10

Data compiled March 9, 2021.

PPP = Payment Protection Program; ROATCE = return on average tangible common equity; PD = past due

S&P Global Market Intelligence used six metrics to identify top-performing top-tier U.S. community banks between \$3 billion and \$10 billion in asset size, adjusted to exclude PPP loans, by applying weights to each metric. The mean for each metric was identified across the data set, and standard deviations from these means were calculated for each metric for each institution and aggregated to determine a relative performance score. Scores for each metric were also capped to help normalize the data.

Criteria for the ranking included a gross loans and leases-to-total assets ratio, net of PPP loans, of at least 25% with no more than half of those loans in credit cards, a leverage ratio of at least 5%, no active severe enforcement action, a result other than "substantial noncompliance" in the bank's most recent Community Reinvestment Act exam and no more than half of the entity's revenue coming from nontraditional banking activities. Additionally, companies with a bankers' bank certification and banks with parent companies above \$10 billion in total assets, adjusted for the exclusion of PPP loans, were omitted.

<sup>1</sup> Financial data for First Bank & Trust has been adjusted to account for the internal consolidation of operations Oct. 17, 2020.

<sup>2</sup> Represents median of the banks eligible for this analysis.

Rankings are based on 2020 regulatory filings. All ranking metrics must have been reported for company to be included.

Source: S&P Global Market Intelligence

be expected for a bank with significant exposure to credit cards, United National's nonperforming assets to totals assets ratio, net of PPP loans, was the third-highest among the top 50 at 1.71% in 2020.

United National had been excluded from the bank ranking for the last six years due to its credit card portfolio accounting for more than half of all loans until 2020. The company also operates 17 branches, all in South Dakota.

Founded in 1904, Cincinnati-based Union Savings Bank took the No. 2 spot in the rankings, helped by its 86.9% growth in operating revenue during 2020. Noninterest income at the bank also jumped nearly 3.5x in 2020, which helped boost the company's ROATCE to 40.49%, compared to the top 50 median of 18.16%.

Carmel, Ind.-based Merchants Bancorp, a familiar name from the 2019 ranking, came in third in 2020. The largest community bank by assets among the top 50,

## S&P Global Market Intelligence

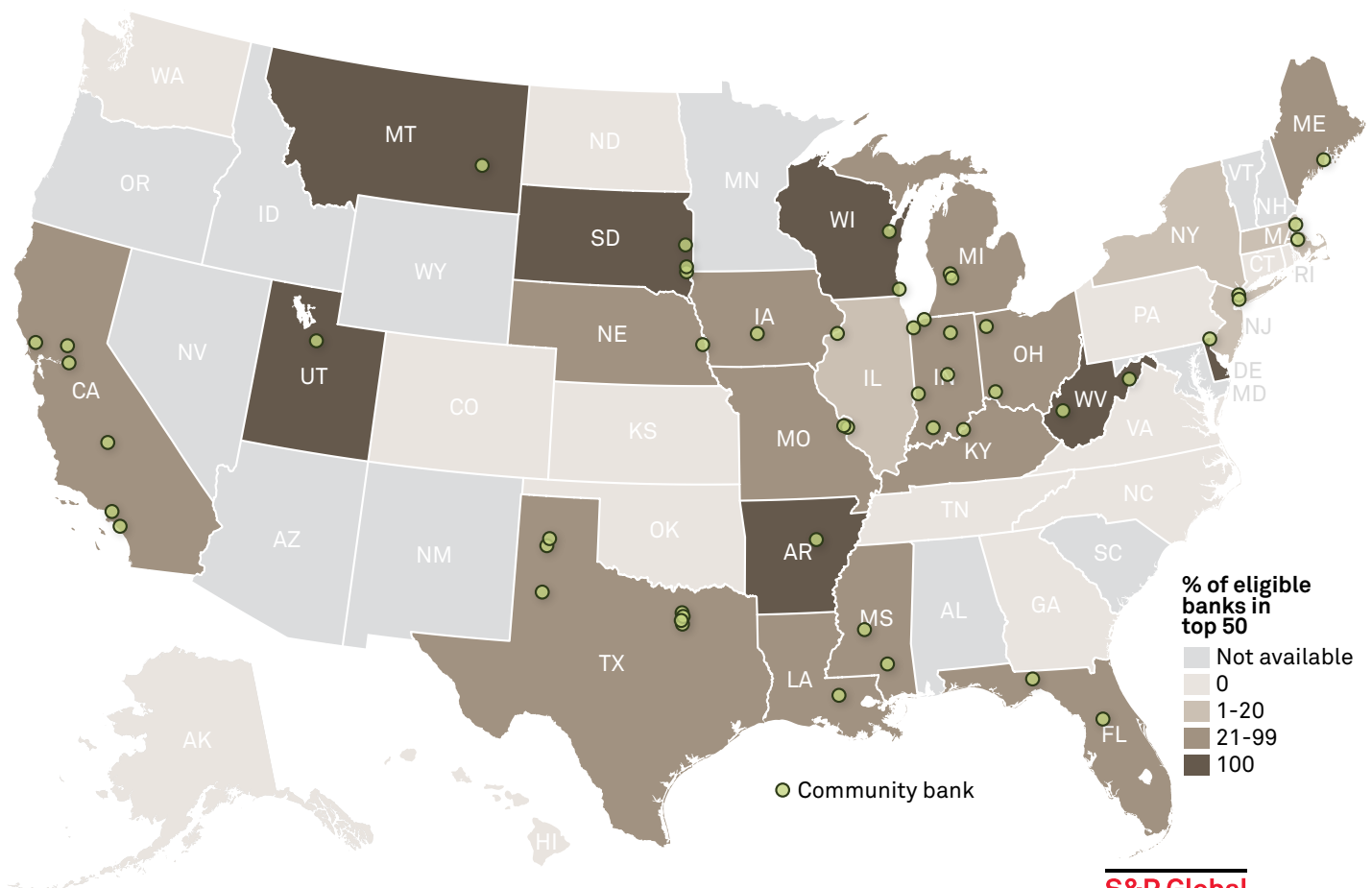
Merchants has more than doubled in size in two years, thanks to massive growth in its warehouse mortgage business.

Apart from net interest margin and leverage ratio, the company outperformed the top 50 median in all other categories. Merchants' operating revenue more than doubled last year, helping to push the company's ROATCE to 47.09% in 2020.

While credit quality is strong at Merchants, the company maintains elevated reserves. According to Merchants' 2020 10-K, the company has only 11 loans with unpaid balances of \$937,000 in deferral arrangements related to the COVID-19 pandemic, compared to \$80.6 million at the end of June 2020.

Texas had seven banks in the top 50 in 2020, more than any other state, followed by California and Indiana with six institutions each.

### 50 best-performing community banks of 2020 between \$3B and \$10B in assets



S&P Global  
Market Intelligence

Data compiled March 9, 2021.

PPP = Paycheck Protection Program

Criteria for the ranking included total assets between \$3 billion and \$10 billion, net of PPP loans, a gross loans and leases-to-total assets ratio, net of PPP loans, of at least 25% with no more than half of those loans in credit cards, a leverage ratio of at least 5%, no active severe enforcement action, a result other than "substantial noncompliance" in the bank's most recent Community Reinvestment Act exam and no more than half of the entity's revenue coming from nontraditional banking activities.

Additionally, companies with a bankers' bank certification, and banks with parent companies above \$10 billion in total assets, adjusted for the exclusion of PPP loans, were omitted.

Map credit: Ciaralou Agpalo Palicpic

Source: S&P Global Market Intelligence