

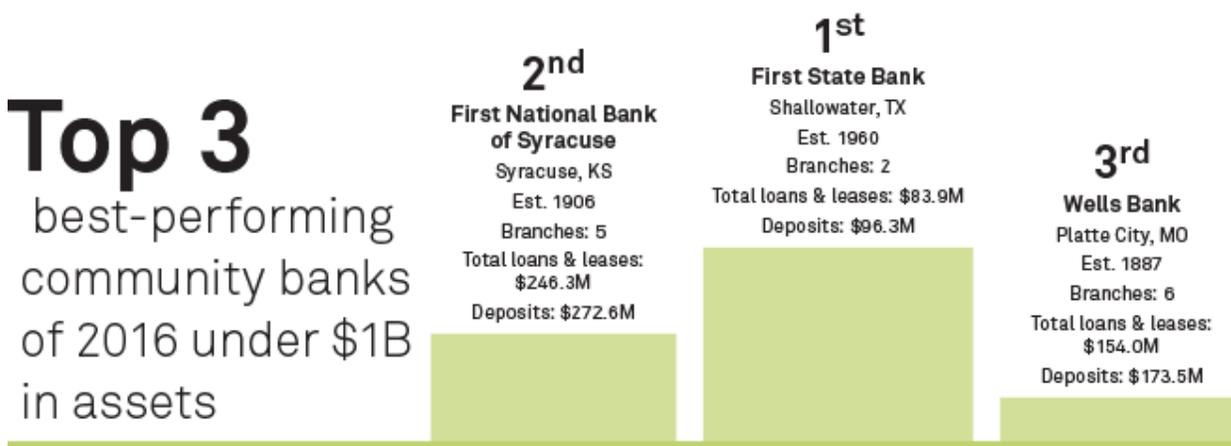


Tuesday, March 21, 2017 3:11 PM CT **Exclusive**

# First State Bank named top-performing bank under \$1B in assets

By Chris Vanderpool and Zuhaib Gull

Deep in the heart of Texas, one small bank shone brighter than the others last year, as Shallowater-based [First State Bank](#) took the No. 1 spot in S&P Global Market Intelligence's 2016 ranking of community banks under \$1 billion in assets.



Source: SNL Financial, an offering of S&P Global Market Intelligence

After falling outside last year's top 100, First State Bank, a unit of [South Texas Bancshares Inc.](#), recorded a truly Texas-sized performance in 2016. The company reported dramatically improved loan growth, at 41.5% in 2016 compared to -0.4% in 2015, and shrugged off the low-rate environment, posting a hefty net interest margin of 5.32%. The bank also stood out in efficiency, while keeping credit quality exceptionally strong.

Originally chartered in 1960, the bank operates two branches outside of Lubbock in Texas' Staked Plain region. Currently led by President and CEO Mark Taylor, First State Bank has nearly doubled in size since 2012 and has shifted its loan composition as well. Construction and land development loans accounted for 17.06% of loans as of year-end 2016, compared to 8.88% at the end of 2012. Agricultural production loans have grown to 21.12% of First State's loan book, up from 14.08% over the same period. Meanwhile, nonfarm, nonresidential commercial real estate loans have declined to 30.22% of total loans from 41.25%.

## Ranking metrics

Among the 100 best-performing community banks of 2016 under \$1B in assets

### Highest ROATCE before tax

Company name (top-level ticker)	ROATCE before tax (%)	Overall rank
First Home Bank (FHBI)	63.73	5
Cross River Bank	39.79	34
Bank of Montana	38.59	73
State Bank of Bellingham	32.85	75
Citizens State Bank	32.70	49
<b>Median (top 100 banks)</b>	<b>20.74</b>	

### Lowest efficiency ratio

Company name (top-level ticker)	Efficiency ratio (%)	Overall rank
First Credit Bank	9.64	92
State Bank of Bellingham	30.65	75
Texas Exchange Bank SSB	31.14	15
First General Bank (FGEB)	32.13	69
Farmers & Merchants Bank of Colby	32.18	51
<b>Median (top 100 banks)</b>	<b>52.49</b>	

### Lowest adjusted Texas ratio

Company name (top-level ticker)	Adj. Texas ratio (%)	Overall rank
Wells Bank	0.00	3
Home Bank of California	0.00	4
New Century Bank	0.00	8
Texas Exchange Bank SSB	0.00	15
Nebraska State Bank	0.00	17
Horizon Bank	0.00	23
Lighthouse Bank (LGHT)	0.00	29
Bank of George	0.00	30
Avidbank (AVBH)	0.00	38
Bank of Feather River	0.00	42
Community Business Bank (CBBC)	0.00	65
Santa Cruz County Bank (SCZC)	0.00	66
Heritage State Bank (HBIN)	0.00	70
Bank of Cordell	0.00	71
Bank of Montana	0.00	73
State Bank of Bellingham	0.00	75
Integrity Bank SSB	0.00	80
Washington Federal Bank for Savings	0.00	81
St. Henry Bank	0.00	84
First State Bank	0.01	1
<b>Median (top 100 banks)</b>	<b>2.03</b>	

Data compiled March 10, 2017.

Analysis is based on the 100 best-performing community banks of 2016 under \$1B in assets

For the purposes of the ranking, community banks were defined as banks and thrifts with gross loans greater than 33.33% of assets, credit card loans less than 50% of the loan portfolio and assets less than \$1 billion.

Based on regulatory filings.

ROATCE = return on average tangible common equity

NIM (FTE) = net interest margin on a fully taxable equivalent basis

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

NCOs = net charge-offs

Source: SNL Financial, an offering of S&P Global Market Intelligence

### Highest loan growth rate

Company name (top-level ticker)	Loan growth rate (%)	Overall rank
Texas Exchange Bank SSB	97.6	15
Premier Business Bank (PBCA)	76.8	43
American Riviera Bank (ARBV)	68.3	31
First Home Bank (FHBI)	57.8	5
Wells Bank	43.0	3
<b>Median (top 100 banks)</b>	<b>19.2</b>	

### Highest NIM (FTE)

Company name (top-level ticker)	NIM (FTE) (%)	Overall rank
First Credit Bank	6.67	92
New Century Bank	6.53	8
Cross River Bank	6.48	34
Grand Ridge National Bank	5.69	35
First Western Federal Savings Bank	5.68	96
<b>Median (top 100 banks)</b>	<b>4.56</b>	

### Lowest NCOs/average loans

Company name (top-level ticker)	NCOs/ avg loans (%)	Overall rank
F&M Bank	-0.87	59
Freedom Bank	-0.42	76
First State Bank	-0.29	45
First Port City Bank	-0.23	44
Peoples Bank	-0.22	39
International City Bank NA	-0.22	53
Sunwest Bank	-0.21	13
<b>Median (top 100 banks)</b>	<b>0.00</b>	

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 a performance score. To help normalize the data and mitigate the impact of outliers, caps and floors were applied for each metric.

For this year's ranking, pretax return on average tangible common equity replaced return on average tangible assets as one of the six metrics. All the other ranking metrics remained the same.

To be eligible for this ranking, a bank or thrift had to possess a loan-to-asset ratio of at least 33% and no more than half of those loans could come from

credit cards. Further, the 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 \$1 billion in assets were excluded.

Unlike in previous years, savings banks and savings and loan associations were included in the ranking. Additionally, previous years' branch threshold of 60 was removed.

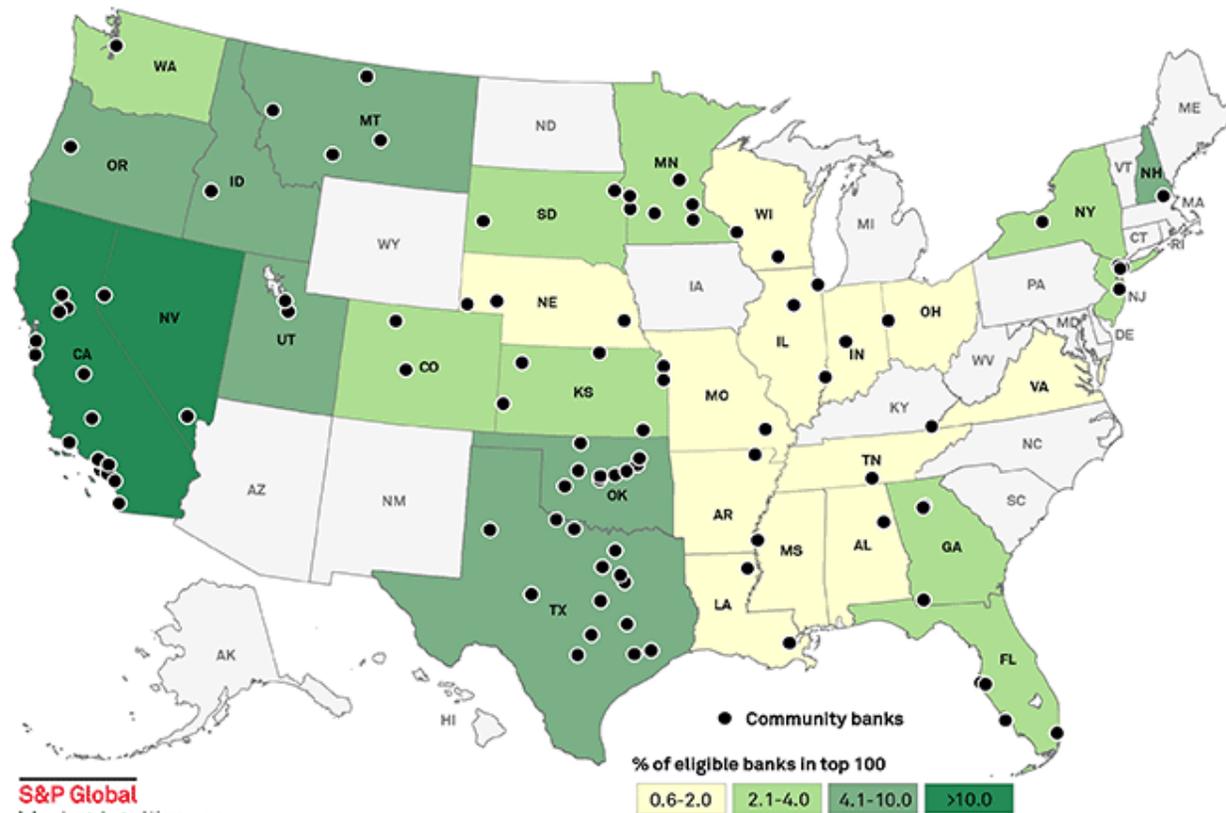
Based on the above criteria, 4,585 banks and thrifts were eligible for the ranking.

[Click here](#) for an article on the top-performing community banks with \$1 billion to \$10 billion in assets for 2016.

[Click here](#) for an article on the top-performing community banks with less than \$1 billion in assets for 2015.

[Click here](#) for an article on the top-performing community banks with \$1 billion to \$10 billion in assets for 2015.

## 100 best-performing community banks of 2016 under \$1B in assets



**S&P Global**  
Market Intelligence

Data compiled March 10, 2017.

For the purposes of the ranking, community banks were defined as 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 less than \$1 billion.

Source: SNL Financial, an offering of S&P Global Market Intelligence

Map credit: Alip Artates

A newcomer to the rankings, Kansas-based [First National Bank of Syracuse](#), catapulted into the No. 2 spot in 2016. Loan growth for the year was particularly strong at 33.1%, helped by the company's recent branch [acquisition](#) in nearby Ulysses.

Platte City, Mo.-based [Wells Bank](#) took the No. 3 spot, marking its fifth straight year in the top 100. Wells has also expanded its footprint recently, [opening](#) a newly constructed facility in the second half of last year. Other repeat performers in the top 10 included No. 7 Flushing, N.Y.-based [Amerasia Bank](#), which improved from No. 45 in last year's ranking. Amerasia took [first place](#) in 2011 and has appeared in the top 100 every year since.

*Prior to 2015, the small community bank ranking was limited to those institutions below \$500 million in assets.*

California placed 17 of its 109 banks eligible for the ranking in the top 100, the most of any state. The Golden State had the second-highest concentration of banks making the list after Nevada, where three of the state's nine banks eligible for the ranking placed in the top 100. On a regional basis, the Southwest had the strongest presence, taking 30 spots, of which Texas and Oklahoma accounted for a combined 24.

## Best-performing community banks of 2016 under \$1B in assets

Based on financials for the year ended

Dec. 31, 2016

Rank	Company (top-level ticker)	City, state	Parent	Total assets (\$M)	ROATCE before tax (%)	NCOs/ average loans (%)	Ranking metrics			
							Efficiency ratio (%)	Adjusted Texas ratio (%) <sup>1</sup>	Net interest margin FTE (%)	Loan growth rate (%)
1	First State Bank	Shallowater, TX	South Texas Bancshares Inc.	111.8	18.99	0.00	45.74	0.01	5.32	41.5
2	First National Bank of Syracuse	Syracuse, KS	Legacy Financial Inc.	309.7	21.83	0.03	49.73	1.97	4.87	33.1
3	Wells Bank	Platte City, MO	Wells Bancshares Inc.	197.6	25.17	0.02	47.81	0.00	4.50	43.0
4	Home Bank of California	San Diego, CA		151.5	16.75	-0.10	42.62	0.00	5.12	15.8
5	First Home Bank (FHBI)	Seminole, FL	First Home Bancorp Inc.	151.3	63.73	-0.02	49.19	4.59	4.51	57.8
6	Meadows Bank	Las Vegas, NV		656.5	22.99	0.03	56.12	6.02	5.06	23.3
7	Amerasia Bank	Flushing, NY		515.2	22.83	0.01	42.48	2.18	4.59	15.7
8	New Century Bank	Belleville, KS	Republic Bancorp Inc.	42.6	29.78	0.04	59.65	0.00	6.53	19.8
9	Patriot Bank	Tulsa, OK	Cache Holdings Inc.	302.3	22.03	0.02	38.98	6.00	4.13	41.3
10	Peoples Community Bank	Greenville, MO	Greenville Bancshares Inc.	426.1	21.15	0.19	41.52	6.95	5.44	20.7
11	RiverBank	Pocahontas, AR		75.5	20.00	0.03	48.38	3.28	4.46	38.1
12	Venture Bank	Bloomington, MN	Venture Bancshares Inc.	663.4	22.97	-0.02	52.47	0.59	4.52	20.6
13	Sunwest Bank	Irvine, CA	H Bancorp LLC	999.8	18.53	-0.21	52.51	5.46	5.25	14.3
14	Texas Republic Bank NA	Frisco, TX	TXRB Holdings Inc.	188.5	18.07	-0.01	63.28	0.79	5.35	26.7
15	Texas Exchange Bank SSB	Crowley, TX		389.1	19.02	0.00	31.14	0.00	3.96	97.6
16	Bank 7	Oklahoma City, OK	Haines Financial Corp	613.8	31.73	0.07	42.19	2.23	5.67	9.1
17	Nebraska State Bank	Oshkosh, NE	O & F Cattle Co.	49.8	24.93	0.02	43.44	0.00	4.75	9.5
18	Fidelity Bank	Wichita Falls, TX	FB Bancshares Inc.	473.4	23.21	0.09	48.00	8.62	4.85	22.2
19	Sanibel Captiva Community Bank	Sanibel, FL		348.1	26.41	-0.03	53.04	7.33	4.42	27.7
20	Capital Community Bank	Provo, UT	Capital Community Bancorp. Inc.	285.4	21.38	0.20	56.19	4.60	5.31	36.5
21	Quantum National Bank	Suwanee, GA	Quantum Capital Corp.	404.3	28.59	-0.01	44.15	1.38	4.76	9.6
22	NOA Bank	Duluth, GA	NOA Bancorp Inc.	279.9	25.01	0.03	52.74	4.74	4.51	24.6
23	Horizon Bank	Waverly, NE		257.4	20.98	0.01	42.67	0.00	4.54	12.5
24	First National Bank of McGregor	McGregor, TX	McGregor Bancshares Inc.	246.8	21.13	0.08	64.06	3.47	5.15	24.9
25	Capital Bank (CBJC)	San Juan Capistrano, CA		305.6	22.22	0.00	56.04	0.18	4.56	18.9
26	Finwise Bank	Sandy, UT	All West Bancorp	47.2	23.45	-0.13	70.56	9.37	4.93	30.1
27	First Bank of Owasso	Owasso, OK		281.3	19.36	-0.01	48.19	0.09	4.65	15.4
28	Community National Bank & Trust of Texas	Corsicana, TX	Community Bank Holdings of Texas Inc.	658.3	19.51	0.05	61.38	6.38	5.11	36.7
29	Lighthouse Bank (LGHT)	Santa Cruz, CA		218.1	13.15	0.01	51.36	0.00	4.98	23.3
30	Bank of George	Las Vegas, NV		159.0	18.86	0.03	54.79	0.00	4.36	29.8
31	American Riviera Bank (ARBV)	Santa Barbara, CA		446.3	16.87	-0.04	64.04	2.11	4.91	68.3
32	First Commerce Bank	Lakewood, NJ		867.6	24.26	0.03	37.96	14.64	4.32	28.1
33	Guaranty Bank & Trust Co. of Delhi	Delhi, LA	Delhi Bancshares Inc.	212.7	27.11	0.04	55.94	2.34	5.19	13.5
34	Cross River Bank	Teaneck, NJ	CRB Group Inc.	561.4	39.79	0.67	44.67	0.37	6.48	38.8
35	Grand Ridge National Bank	Grand Ridge, IL	Premier Commerce Bancorp Inc.	142.5	19.50	0.00	57.76	0.56	5.69	15.1
36	First Security Bank	Bozeman, MT	Inter-Mountain Bancorp. Inc.	963.5	19.07	-0.05	62.82	5.17	4.69	33.0
37	Peoples State Bank	Summit, SD	Northeast Bancorp Inc.	65.6	25.16	0.12	39.23	4.33	4.98	7.8
38	Avidbank (AVBH)	Palo Alto, CA	Avidbank Holdings Inc.	644.6	18.83	-0.01	55.51	0.00	4.16	27.8
39	Peoples Bank	Rose Hill, VA		139.9	19.56	-0.22	58.66	1.01	4.22	18.7

40	Horizon Bank SSB	Austin, TX	Frontier Bancshares Inc.	765.5	27.86	0.03	57.26	2.09	4.51	20.2
41	Collegiate Peaks Bank	Buena Vista, CO	Columbine Capital Corp.	494.6	18.88	0.03	53.27	1.94	4.55	20.7
42	Bank of Feather River	Yuba City, CA		94.9	14.74	0.00	62.99	0.00	4.98	24.5
43	Premier Business Bank (PBCA)	Los Angeles, CA	PBB Bancorp	516.6	20.71	0.00	58.06	0.49	4.02	76.8
44	First Port City Bank	Bainbridge, GA	Port City Holding Co. Inc.	164.5	16.11	-0.23	52.60	3.34	4.39	17.6
45	First State Bank	Watonga, OK	First State Bancorp of Watonga Inc.	66.7	20.72	-0.29	59.56	2.90	4.56	8.5
46	Murphy Bank	Fresno, CA		238.0	22.56	0.13	46.09	4.13	5.13	7.5
47	Wallis State Bank	Wallis, TX	Wallis Bancshares Inc.	493.4	23.67	0.07	60.17	1.05	4.93	13.9
48	Five Star Bank	Rocklin, CA	Five Star Bancorp	840.4	25.21	-0.01	39.12	1.78	3.72	17.8
49	Citizens State Bank	Miles, TX	CSB Financial Corp. Inc.	124.2	32.70	0.09	42.81	0.50	5.38	-1.4
50	First Bank of Chandler	Chandler, OK	First Chandler Corp.	88.3	29.07	0.05	38.92	3.64	5.21	-1.0
51	Farmers & Merchants Bank of Colby	Colby, KS	Security Bancshares Inc.	202.4	17.60	0.00	32.18	0.09	4.06	17.0
52	First Security Bank - Canby	Canby, MN	First Sleepy Eye Bancorp. Inc.	67.7	15.83	0.00	50.54	2.38	4.21	26.1
53	International City Bank NA	Long Beach, CA	Pedcor Capital LLC	209.7	25.07	-0.22	56.75	0.06	4.23	8.2
54	Community Bank	Bristow, OK	Sooner Southwest Bancshares Inc.	81.7	28.65	0.07	54.54	3.93	4.51	17.5
55	Jefferson Bank	Greenville, MS	Southeast Arkansas Bank Corp.	108.5	11.52	0.04	59.40	0.63	5.21	25.9
56	FirstOak Bank	Independence, KS	FNB Bancshares Inc.	113.3	19.32	-0.10	66.35	0.66	5.63	11.5
57	Heritage Bank of Nevada	Reno, NV	Heritage Bancorp	739.2	23.41	-0.03	41.37	9.68	4.34	12.4
58	Yampa Valley Bank	Steamboat Springs, CO	Routt County BanCorp. Inc.	243.1	21.58	-0.05	59.09	8.78	4.66	18.3
59	F&M Bank	Edmond, OK	F&M Bancshares Inc.	409.6	20.50	-0.87	65.72	0.88	4.01	14.9
60	USNY Bank	Geneva, NY	UpState New York Bancorp Inc.	311.0	19.60	0.14	43.85	2.92	4.09	22.3
61	Independence Bank	Havre, MT	Montana Security Inc.	653.0	21.41	0.06	37.25	3.29	4.56	6.8
62	Schertz Bank & Trust	Schertz, TX	Schertz Bancshares Corp.	319.0	18.22	0.01	55.20	2.50	4.29	23.7
63	Bank of New England	Salem, NH		842.5	18.53	0.00	42.29	6.14	4.06	20.7
64	Prime Bank	Edmond, OK	Prime Bank Group Inc.	252.8	26.95	0.00	38.93	2.82	4.58	2.6
65	Community Business Bank (CBBC)	West Sacramento, CA	CBBC Bancorp	304.4	17.35	0.00	54.08	0.00	4.22	22.6
66	Santa Cruz County Bank (SCZC)	Santa Cruz, CA		588.2	22.53	-0.01	53.64	0.00	4.10	15.9
67	Waggoner National Bank of Vernon	Vernon, TX	Waggoner National Bancshares Inc.	272.1	21.46	0.08	42.94	0.58	4.46	6.8
68	Biscayne Bank	Coconut Grove, FL	Biscayne Bancshares Inc.	770.2	24.62	0.00	43.65	3.11	3.69	18.4
69	First General Bank (FGEB)	Rowland Heights, CA		840.6	25.42	0.02	32.13	6.05	3.96	16.2
70	Heritage State Bank (HBIN)	Lawrenceville, IL	HBancorp. Inc.	98.0	19.44	0.11	63.58	0.00	5.31	16.2
71	Bank of Cordell	Cordell, OK	Rocky Financial Corp.	45.9	26.98	-0.04	51.96	0.00	4.50	5.7
72	Savoy Bank	New York, NY		252.1	23.95	0.00	52.23	19.18	4.47	35.0
73	Bank of Montana	Missoula, MT	Bancorp of Montana Holding Co.	70.4	38.59	0.00	46.05	0.00	4.12	9.4
74	Citizens Community Bank	Winchester, TN	Citizens Community Bancshares Inc.	220.4	22.08	-0.19	45.89	17.26	5.52	2.6
75	State Bank of Bellingham	Bellingham, MN	Bellingham Corp.	49.1	32.85	0.00	30.65	0.00	4.29	3.1
76	Freedom Bank	Saint Petersburg, FL	Fourth Street Banking Co.	197.5	14.47	-0.42	70.77	1.57	4.08	31.2
77	Mission Bank (MSBC)	Bakersfield, CA	Mission Bancorp	530.3	19.00	-0.05	59.22	1.43	3.95	25.5
78	Summit Bank (SBKO)	Eugene, OR		282.0	19.79	0.38	54.83	3.73	5.22	23.0

79	Open Bank (OPBK)	Los Angeles, CA	OP Bancorp	759.6	16.56	0.03	61.67	0.41	4.34	31.8
80	Integrity Bank SSB	Houston, TX	Integrity Bancshares Inc.	703.9	16.31	0.00	52.53	0.00	4.07	23.1
81	Washington Federal Bank for Savings	Chicago, IL	Washington Bancshares Inc.	154.9	19.39	0.00	46.44	0.00	4.54	5.1
82	Bank and Trust of Bryan/ College Station	Bryan, TX		517.7	20.18	-0.04	48.51	0.38	4.12	10.9
83	Mississippi River Bank	Belle Chasse, LA		118.1	20.76	-0.11	52.46	3.03	5.05	-3.0
84	St. Henry Bank	Saint Henry, OH	St. Henry Bancorp Inc.	323.9	15.07	0.00	37.36	0.00	3.57	25.2
85	Northwest Bank	Boise, ID	GWY LLC	521.1	13.60	0.02	59.00	0.56	4.89	19.5
86	Citizens State Bank of La Crosse	La Crosse, WI	Clayton Bankshares Inc.	222.1	31.36	0.08	48.41	4.85	4.13	16.5
87	Oregon Community Bank	Oregon, WI	Oregon Bancorp Inc.	257.6	19.20	-0.04	46.71	5.59	4.19	14.5
88	Falcon National Bank	Foley, MN	Centra Ventures Inc.	234.2	24.94	0.23	57.36	0.53	4.52	18.5
89	Bank of the Prairie	Olathe, KS	Prairie Star Bancshares Inc.	113.2	18.74	-0.07	61.95	0.11	4.19	19.8
90	1st Security Bank of Washington (FSBW)	Mountlake Terrace, WA	FS Bancorp Inc.	827.9	21.14	0.00	64.43	0.83	4.36	18.2
91	Southern States Bank	Anniston, AL	Southern States Bancshares Inc.	629.3	17.35	-0.05	60.93	5.31	4.59	20.6
92	First Credit Bank	Los Angeles, CA		494.7	13.91	0.04	9.64	20.62	6.67	24.0
93	Reliance Bank	Faribault, MN	Reliance Bancorp Inc.	121.2	15.47	-0.19	59.86	0.94	4.03	21.9
94	HomeTown Bank (REDW)	Redwood Falls, MN	Redwood Financial Inc.	263.9	20.39	-0.04	59.77	0.95	4.73	7.8
95	First Security Bank of Roundup	Roundup, MT	Central Montana Bancorp	51.3	17.88	-0.19	54.14	8.39	4.79	8.0
96	First Western Federal Savings Bank	Rapid City, SD		50.9	16.94	0.00	52.42	4.84	5.68	8.8
97	Ennis State Bank	Ennis, TX	Ennis Bancshares Inc.	185.6	16.37	-0.02	67.00	10.81	5.01	25.4
98	FirsTier Bank	Kimball, NE	FirsTier II Bancorp.	259.5	20.53	-0.01	48.21	10.87	4.68	10.4
99	North Salem State Bank	North Salem, IN	North Salem State Bancorp.	280.1	18.17	0.13	57.04	4.66	4.52	23.3
100	Farmers Exchange Bank	Cherokee, OK	Farmers Exchange Bancorp Inc.	337.1	22.18	0.20	36.67	9.89	4.56	13.2
Top 100 median					20.74	0.00	52.49	2.03	4.56	19.2

Data compiled March 10, 2017.

S&P Global Market Intelligence used six metrics to identify top-performing U.S. community banks under \$1 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 banks and thrifts. Companies with gross loans/assets less than 33.33% or credit card loans/total loans greater than 50% are excluded. Companies with parents greater than \$1 billion in total assets are excluded.

Excludes companies with significant other noninterest income from nontraditional banking activities.

Excludes banks with a CET1 risk-based ratio less than 6.5%, a Tier 1 risk-based ratio less than 8%, a total risk-based capital ratio less than 10% or a leverage ratio less than 5%.

S&P Global Market Intelligence identified one bank in the original top 100 ranking that made an intercompany charter consolidation during the year. S&P Global Market Intelligence made pro forma adjustments to this company for ROATCE, NCOs/average loans, net interest margin (FTE) and loan growth. After adjustments, Solutions North Bank (Stockton, KS) fell out of the top 100.

ROATCE = return on average tangible common equity

NCOs = net charge-offs

<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

FTE = fully taxable equivalent

Rankings are based on 2016 regulatory filings. All ranking metrics must have been reported for company to be included.

Source: SNL Financial, an offering of S&P Global Market Intelligence

## Product Tips



Click [here](#) to download a refreshable template containing the underlying data used in the rankings and the list of the top 100.

For S&P Global Market Intelligence's 2016 credit union ranking, click [here](#).