

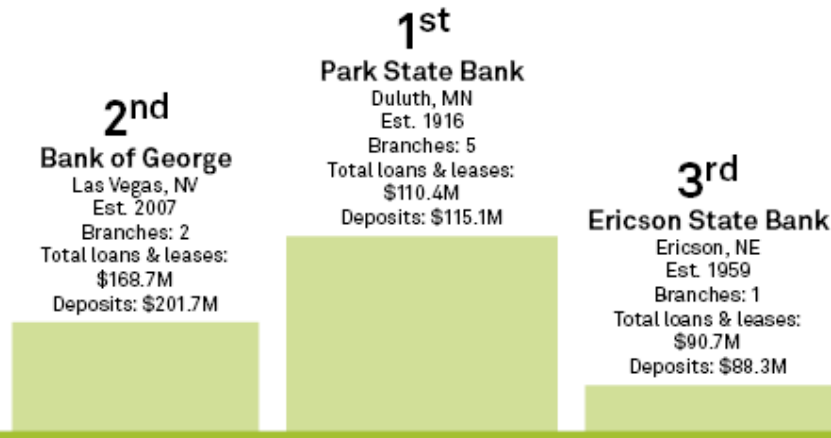
RESEARCH & ANALYSIS

# Century-old Minnesota lender tops performance ranking for small community banks

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By Chris Vanderpool *Market Intelligence* and Zain Tariq *Market Intelligence*

## Top 3 best-performing community banks of 2018 under \$3B in assets



Data as of March 11, 2019.  
Source: S&P Global Market Intelligence

Park State Bank, a 100-year-old lender in Minnesota, topped S&P Global Market Intelligence's ranking of the top 100 U.S. community banks under \$3 billion in assets, edging out runners-up from Nevada and Nebraska.

Founded in 1916 to serve the financial needs of local steel workers, Duluth-based Park State now operates four brick-and-mortar branches off the shores of Lake Superior, along with another location in Minneapolis. Since 2014, the bank has quadrupled in size to \$136.6 million in assets at year-end 2018, partially thanks to its acquisition of neighboring Pioneer National Bank of Duluth in April. The deal helped to fuel 127.2% loan growth in 2018, the second-highest growth rate among the top 100 community banks in the ranking. In addition, Park State remained highly profitable in 2018, recording a return on average tangible common equity (ROATCE) of 26.31%, while maintaining a 55.25% efficiency ratio.

The bank's credit portfolio contains a mix of residential mortgages, commercial real estate and commercial and industrial loans. With few CDs and a large concentration in noninterest-bearing deposits, Park State recorded a solid net interest margin of 5.18% for the year. Credit quality was also a bright spot: the bank ended the year with a 0.01% net charge-off ratio and a 2.72% adjusted Texas ratio.

In light of changes to the Federal Reserve Board's Small Bank Holding Company Policy Statement in 2018, the asset threshold for this year's community bank ranking was raised to \$3 billion from \$1 billion. In previous years, S&P Global Market Intelligence published two community bank rankings — one for institutions below \$1 billion in assets and one for institutions with \$1 billion to \$10 billion in assets. This year, the rankings are split between community banks

### About this analysis

To compile this ranking, S&P Global Market Intelligence calculated scores for each company based on six metrics: pretax return on 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.

To be eligible for the ranking, a bank or thrift had to possess a loan-to-asset ratio of at least 33.33% 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 \$3 billion in assets were excluded.

Based on the above criteria, 4,619 banks and thrifts were eligible for the ranking.

**[Click here to see the top-performing community banks with \\$3 billion to \\$10 billion in assets for 2018.](#)**

**[Click here to see S&P Global Market Intelligence's 2018 credit union ranking.](#)**

with less than \$3 billion in assets and those with \$3 billion to \$10 billion in assets.

*To see the 2017 rankings, [click here for the top-performing community banks with less than \\$1 billion in assets](#), and [here for those with \\$1 billion to \\$10 billion in assets](#).*

## Ranking metrics

Among the 100 best-performing community banks of 2018 under \$3B in assets

### Highest ROATCE before tax

Company name (top-level ticker)	ROATCE before tax (%)	Overall rank
Independence Bank	72.71	76
FinWise Bank	41.97	12
Cross River Bank	38.03	23
Bank of Montana	35.37	36
First National Bank of America	34.14	66
<b>Median (top 100 banks)</b>	<b>23.77</b>	

### Highest loan growth rate

Company name (top-level ticker)	Loan growth rate (%)	Overall rank
M1 Bank	492.1	87
Park State Bank	127.2	1
Suncrest Bank (SBKK)	84.0	30
Royal Business Bank (RBB)	77.3	11
Choice Financial Group	71.5	90
<b>Median (top 100 banks)</b>	<b>15.5</b>	

### Lowest efficiency ratio (FTE)

Company name (top-level ticker)	Efficiency ratio (%)	Overall rank
Community Bank of Easton	21.33	92
State Bank of Texas	25.78	8
First General Bank	29.19	9
Independence Bank	32.74	76
Poppy Bank	33.62	49
<b>Median (top 100 banks)</b>	<b>49.76</b>	

### Highest NIM (FTE)

Company name	NIM (FTE) (%)	Overall rank
FinWise Bank	7.97	12
Cross River Bank	7.16	23
New Century Bank	6.76	64
Independence Bank	6.76	76
Charter Bank	6.56	13
<b>Median (top 100 banks)</b>	<b>4.78</b>	

### Lowest adjusted Texas ratio

Company name (top-level ticker)	Adj. Texas ratio (%)	Overall rank
Bank of George	0.00	2
Esquire Bank NA (ESQ)	0.00	15
Lighthouse Bank (LGHT)	0.00	19
First Madison Bank & Trust	0.00	20
Home Bank of California	0.00	21
Heartland State Bank	0.00	24
Amerasia Bank	0.00	25
Nebraska State Bank	0.00	26
Santa Cruz County Bank (SCZC)	0.00	35
Bank of Montana	0.00	36
Valor Bank	0.00	45
Horizon Bank	0.00	58
Florida Business Bank	0.00	69
First Bank of Owasso	0.00	70
Verus Bank of Commerce	0.00	81
Community Bank of Easton	0.00	92
Main Bank	0.00	96
Farmers and Merchants Bank	0.06	98
<b>Median (top 100 banks)</b>	<b>1.69</b>	

### Lowest NCOs/average loans

Company name (top-level ticker)	NCOs/ avg loans (%)	Overall rank
Platinum Bank	-1.23	4
Florida Business Bank	-1.13	69
South Georgia Bank	-0.55	31
State Bank of Texas	-0.26	8
Brantley Bank and Trust Co.	-0.14	53
<b>Median (top 100 banks)</b>	<b>0.01</b>	

Data compiled March 11, 2019.  
 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  
 NCOs = net charge-offs  
 NIM = net interest margin  
 ROATCE = return on average tangible common equity  
 Analysis is based on the 100 best-performing community banks of 2018 under \$3 billion in assets.  
 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 \$3 billion.  
 Based on regulatory filings.  
 Source: S&P Global Market Intelligence

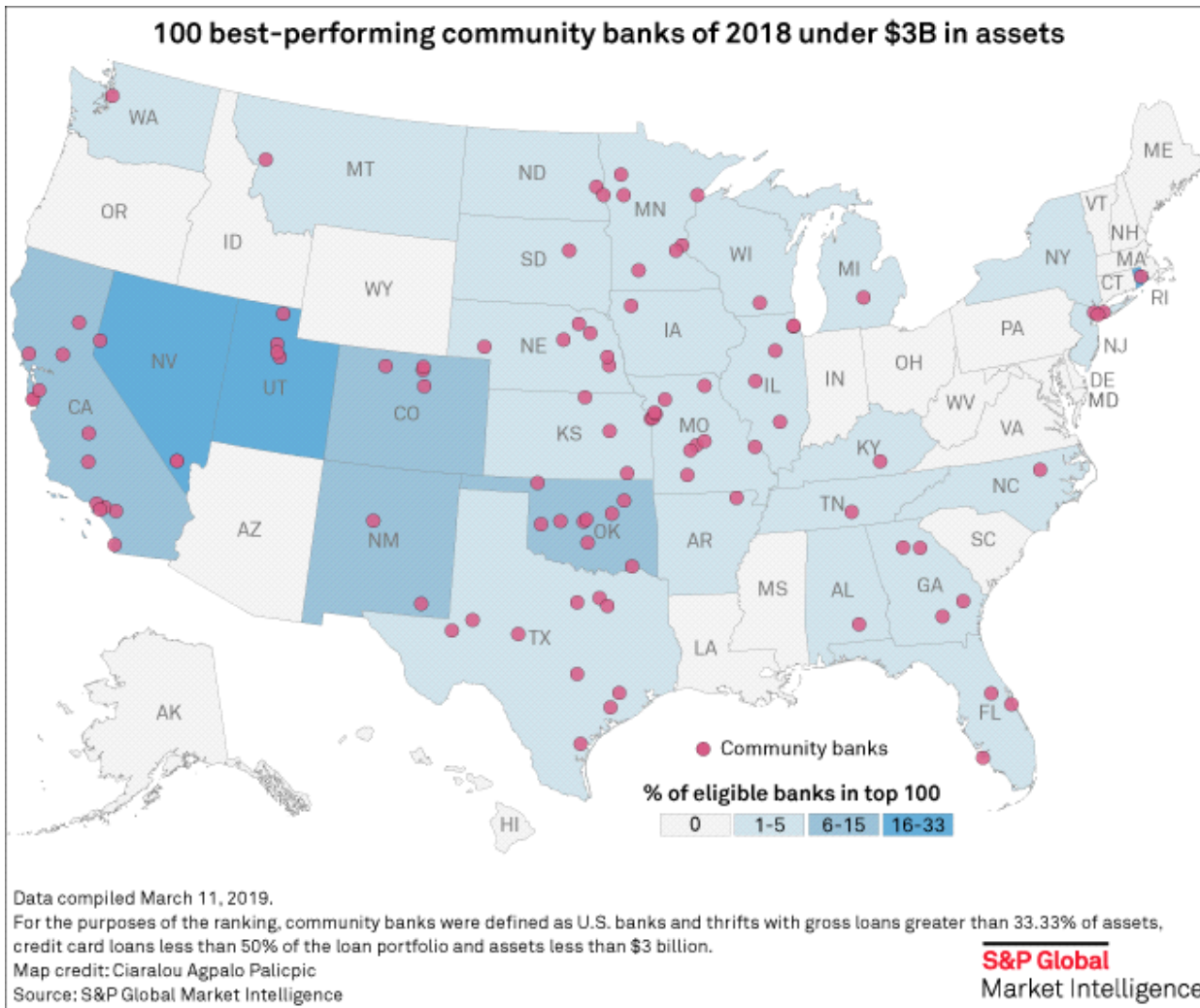
Las Vegas-based Bank of George and Nebraska-based Ericson State Bank took the runner-up spots in this year's ranking. Bank of George outperformed the top-100 median in four of the ranking's six metrics, while Ericson State Bank recorded a particularly low efficiency ratio and strong ROATCE.

Oakdale, Minn.-based Platinum Bank, meanwhile, catapulted into the No. 4 position, marking its first appearance in the annual rankings. All told, six Minnesota-based banks made the top 100 ranking.

Two consistently strong performers — Oklahoma City-based Bank 7 and Flushing, N.Y.-based Amerasia Bank — made their eighth straight appearance on the ranking, coming in at No. 10 and No. 25, respectively, for 2018. No other community bank has consecutively appeared on the list more.

While 2017's No. 1, Phoenix-based Metro Phoenix Bank, fell out of the top 100 to No. 181 in 2018, last year's runner-up fared better. Oklahoma-based First Bank of Owasso and Murray, Utah.-based FinWise Bank, formerly No. 2 and No. 3 in 2017, remained among the top 100 at No. 70 and No. 12, respectively.

California placed 13 of its 108 eligible banks in the top 100 in 2018, followed by Missouri and Texas with 10 institutions apiece.



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### Best-performing community banks of 2018 under \$3B in assets

Based on financials for the year ended Dec. 31, 2018

Rank	Company (top-level ticker)	City, state	Total assets (\$M)	Ranking metrics					
				ROATCE before tax (%)	Net interest margin FTE (%)	Efficiency ratio FTE (%)	NCOs/ average loans (%)	Adjusted Texas ratio (%) <sup>1</sup>	Loan growth rate (%)
1	Park State Bank	Duluth, MN	136.6	26.31	5.18	55.25	0.01	2.72	127.2
2	Bank of George	Las Vegas, NV	238.5	20.65	5.02	57.49	0.00	0.00	29.5
3	Ericson State Bank	Ericson, NE	103.4	26.66	4.73	39.08	0.03	0.59	17.2
4	Platinum Bank	Oakdale, MN	254.5	29.80	4.37	58.25	-1.23	2.98	21.7
5	Community First Bank	Kansas City, KS	190.5	24.26	5.08	53.79	0.04	0.64	21.3
6	Quantum National Bank	Suwanee, GA	489.8	26.79	5.09	43.66	-0.01	0.82	9.4
7	Oregon Community Bank	Oregon, WI	463.2	20.03	4.45	47.54	-0.09	3.16	33.9
8	State Bank of Texas	Dallas, TX	919.4	27.00	6.15	25.78	-0.26	12.05	8.0
9	First General Bank	Rowland Heights, CA	947.2	26.52	4.58	29.19	-0.01	1.46	15.2
10	Bank 7 (BSVN)	Oklahoma City, OK	769.5	33.27	5.80	35.83	0.00	1.85	6.6
11	Royal Business Bank (RBB)	Los Angeles, CA	2,971.8	19.17	4.33	40.86	0.04	0.98	77.3
12	FinWise Bank	Murray, UT	116.3	41.97	7.97	56.88	0.22	1.07	62.6
13	Charter Bank	Corpus Christi, TX	282.1	31.53	6.56	45.88	0.03	7.59	18.2
14	Mission Bank (MSBC)	Bakersfield, CA	686.3	26.14	4.72	51.01	0.00	0.29	16.9
15	Esquire Bank NA (ESQ)	Jericho, NY	658.1	19.39	4.72	56.53	0.00	0.00	33.6
16	Legacy Bank & Trust Co.	Rogersville, MO	252.1	23.59	4.76	57.11	0.05	4.16	41.6
17	FirstOak Bank	Independence, KS	180.5	19.53	5.39	65.62	-0.04	0.25	27.8
18	Central Bank of Kansas City	Kansas City, MO	177.3	28.59	4.93	57.06	-0.12	1.17	11.5
19	Lighthouse Bank (LGHT)	Santa Cruz, CA	303.9	18.81	5.44	48.83	0.00	0.00	14.8
20	First Madison Bank & Trust	Athens, GA	258.3	21.29	4.34	44.63	0.02	0.00	21.3
21	Home Bank of California	San Diego, CA	163.7	21.48	5.06	38.00	0.00	0.00	2.8
22	Texas Bank Financial	Weatherford, TX	348.4	24.58	4.83	63.62	0.01	4.40	49.9
23	Cross River Bank	Fort Lee, NJ	1,388.2	38.03	7.16	43.38	1.19	1.29	53.6
24	Heartland State Bank	Redfield, SD	87.2	20.88	5.29	54.42	-0.02	0.00	13.5
25	Amerasia Bank	Flushing, NY	622.8	24.86	4.75	39.72	0.00	0.00	4.1
26	Nebraska State Bank	Oshkosh, NE	52.1	26.71	4.69	37.41	0.00	0.00	4.9
27	Wallis Bank	Wallis, TX	719.2	28.01	5.60	50.52	0.20	0.10	16.1
28	Security Bank	Midland, TX	871.9	23.25	5.21	59.25	-0.09	0.95	10.3
29	Grand Ridge National Bank	Grand Ridge, IL	200.5	21.68	5.64	53.96	0.11	0.88	18.2
30	Suncrest Bank (SBKK)	Visalia, CA	928.7	18.35	4.67	53.56	0.06	1.16	84.0
31	South Georgia Bank	Glennville, GA	159.6	20.97	5.15	56.67	-0.55	3.80	1.6
32	HomeBank Texas	Seagoville, TX	189.1	22.47	4.90	54.02	0.00	0.37	12.8
33	MRV Banks	Sainte Genevieve, MO	478.5	19.84	3.75	46.70	-0.13	0.14	25.8
34	Oklahoma State Bank	Buffalo, OK	56.6	29.90	5.11	49.30	0.19	0.09	11.9
35	Santa Cruz County Bank (SCZC)	Santa Cruz, CA	662.4	25.30	4.67	48.19	-0.01	0.00	7.7
36	Bank of Montana	Missoula, MT	86.6	35.37	5.20	48.05	0.00	0.00	0.4
37	Kinmundy Bank	Kinmundy, IL	47.5	28.90	5.13	41.36	0.07	4.06	3.9
38	Bank Northwest	Hamilton, MO	166.0	27.79	4.76	52.22	0.14	8.81	29.5
39	1st Security Bank of Washington (FSBW)	Mountlake Terrace, WA	1,621.5	21.89	4.38	59.42	-0.01	2.60	66.6
40	Horizon Bank SSB	Austin, TX	990.7	28.55	4.89	54.87	0.06	1.56	14.3
41	Meadows Bank	Las Vegas, NV	858.7	24.02	5.05	50.22	0.10	2.90	10.4
42	First Choice Bank (FCBP)	Cerritos, CA	1,622.4	17.17	4.97	59.16	0.10	1.14	70.0
43	First State Bank	Louise, TX	483.2	27.22	4.93	56.20	0.12	1.33	15.8
44	Sanibel Captiva Community Bank	Sanibel, FL	447.9	32.39	4.68	53.78	0.00	5.41	17.7
45	Valor Bank	Edmond, OK	82.9	30.31	4.55	59.61	0.00	0.00	17.8
46	Five Star Bank	Roseville, CA	1,272.0	25.49	4.16	39.38	0.23	2.39	24.6
47	Cache Valley Bank	Logan, UT	1,260.7	27.25	5.40	43.42	-0.02	12.28	8.9
48	Community Bank	Bristow, OK	85.8	32.47	5.08	53.75	0.11	2.94	11.6
49	Bank of America	Santa Rosa, CA	1,030.2	21.63	2.95	23.62	-0.06	5.70	22.8

49	Poppy Bank	Santa Rosa, CA	1,359.2	21.09	5.69	55.02	0.00	0.79	22.9
50	Advantage Bank	Loveland, CO	310.4	22.45	4.98	48.96	0.00	2.58	4.8
51	First Colony Bank of Florida	Maitland, FL	216.9	21.63	4.42	47.21	0.00	4.35	17.9
52	Bank of Hemet	Riverside, CA	724.0	26.30	4.20	40.20	0.01	1.33	9.8
53	Brantley Bank and Trust Co.	Brantley, AL	71.2	9.11	5.16	62.29	-0.14	0.08	32.3
54	Heritage Bank of Nevada	Reno, NV	829.7	24.98	4.38	37.18	-0.04	5.75	9.5
55	Plumas Bank (PLBC)	Quincy, CA	823.8	29.06	4.77	50.41	0.14	3.92	16.5
56	Brunswick State Bank	Brunswick, NE	133.7	26.53	4.29	40.48	0.02	2.04	8.9
57	Douglas National Bank	Douglas, GA	179.3	23.95	5.02	51.61	-0.02	1.68	1.1
58	Horizon Bank	Waverly, NE	298.2	16.59	4.52	41.49	0.00	0.00	13.5
59	Citizens State Bank	Miles, TX	149.4	26.18	4.78	44.01	0.15	5.18	12.0
60	Avidbank (AVBH)	San Jose, CA	914.9	17.84	4.64	56.55	0.02	1.49	24.5
61	First Bank of the Lake	Osage Beach, MO	81.8	22.66	4.48	59.83	-0.02	8.67	38.9
62	Western Commerce Bank	Carlsbad, NM	494.0	26.33	4.22	50.86	0.05	1.79	18.6
63	Red Rock Bank	Sanborn, MN	39.8	16.10	5.09	70.06	0.00	0.57	29.2
64	New Century Bank	Belleville, KS	55.9	29.27	6.76	58.19	0.25	5.65	24.4
65	Security First National Bank of Hugo	Hugo, OK	111.9	31.67	5.82	52.36	0.02	4.88	6.1
66	First National Bank of America	East Lansing, MI	1,798.5	34.14	6.00	43.98	0.08	32.37	32.8
67	Citizens State Bank and Trust Co.	Council Grove, KS	48.1	15.20	5.02	64.47	0.01	2.30	71.5
68	Signature Bank	Rosemont, IL	875.3	29.74	4.42	42.61	0.10	1.03	8.5
69	Florida Business Bank	Melbourne, FL	135.2	20.28	4.32	56.09	-1.13	0.00	3.8
70	First Bank of Owasso	Owasso, OK	393.6	21.04	4.15	46.02	0.00	0.00	14.8
71	Millennium Bank	Des Plaines, IL	116.8	21.45	4.73	60.13	0.18	2.14	27.5
72	BankNorth	Arthur, ND	415.2	19.67	5.55	61.44	0.07	7.80	27.6
73	North Valley Bank	Thornton, CO	169.6	21.92	5.24	51.68	0.04	0.54	3.2
74	Tejas Bank	Monahans, TX	176.9	30.35	4.91	42.69	0.91	0.94	20.8
75	RiverBank	Pocahontas, AR	95.4	24.62	4.55	40.95	0.03	6.66	8.6
76	Independence Bank	East Greenwich, RI	63.8	72.71	6.76	32.74	3.85	9.91	45.7
77	Bank of Hydro	Hydro, OK	126.3	25.90	4.83	45.35	0.00	1.42	-2.4
78	Pony Express Bank	Liberty, MO	171.3	23.05	4.85	52.21	-0.02	3.84	6.5
79	Central Bank	Provo, UT	1,086.6	15.79	5.44	50.26	-0.09	4.26	11.3
80	Yampa Valley Bank	Steamboat Springs, CO	314.1	26.43	4.72	51.26	0.03	5.99	12.3
81	Verus Bank of Commerce	Fort Collins, CO	258.8	20.40	4.52	39.98	0.00	0.00	3.8
82	Bridgewater Bank (BWB)	Bloomington, MN	1,970.1	18.09	3.87	44.51	0.00	0.33	23.6
83	First Bank of Nebraska	Wahoo, NE	269.7	21.71	3.97	42.38	0.01	7.31	22.9
84	Bank of St. Elizabeth	Saint Elizabeth, MO	140.1	20.33	4.92	60.30	0.01	0.30	13.2
85	BankLiberty (LBPCP)	Kansas City, MO	540.5	20.22	4.70	55.22	-0.06	6.74	18.0
86	Cumberland Security Bank Inc.	Somerset, KY	204.8	22.34	4.72	47.26	0.05	1.77	5.4
87	M1 Bank	Macks Creek, MO	188.5	11.24	4.42	48.73	0.00	0.62	492.1
88	Security State Bank	Sutherland, IA	140.0	26.11	4.18	33.93	0.00	2.87	7.1
89	Bank of Western Oklahoma	Elk City, OK	288.2	25.34	5.07	58.46	0.02	2.54	5.5
90	Choice Financial Group	Fargo, ND	2,142.5	22.02	4.28	53.37	0.08	7.59	71.5
91	Midwest Bank	Detroit Lakes, MN	466.9	25.87	4.41	45.26	0.02	9.83	16.4
92	Community Bank of Easton	Easton, IL	37.2	19.05	4.38	21.33	0.00	0.00	7.7
93	Providence Bank	Rocky Mount, NC	452.3	17.41	4.10	48.83	0.01	4.40	38.6
94	People's Intermountain Bank (PUB)	American Fork, UT	2,183.8	22.42	5.21	49.21	0.10	2.30	3.1
95	Coffee County Bank	Manchester, TN	191.3	24.70	4.75	45.31	-0.04	10.92	8.0
96	Main Bank	Albuquerque, NM	143.5	20.42	4.26	46.10	-0.11	0.00	5.4
97	Ultima Bank Minnesota	Winger, MN	176.6	23.39	5.19	52.78	0.13	3.46	7.3
98	Farmers and Merchants Bank	Maysville, OK	18.8	21.33	4.93	67.22	-0.03	0.06	13.0
99	Citizens Bank of Edina	Edina, MO	71.6	23.33	4.58	40.74	0.09	2.31	2.8
100	BankFirst	Norfolk, NE	706.6	17.58	3.62	44.46	0.00	1.70	56.2
<b>Top 100 median</b>				<b>23.77</b>	<b>4.78</b>	<b>49.76</b>	<b>0.01</b>	<b>1.69</b>	<b>15.5</b>

Data compiled March 11, 2019.

FTE = fully taxable equivalent

NCOs = net charge-offs

ROATCE = return on average tangible common equity

ROATCE = return on average tangible common equity

S&P Global Market Intelligence used six metrics to identify top-performing U.S. community banks under \$3 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 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 \$3 billion in total assets are excluded.

Companies with significant other noninterest income from nontraditional banking activities are excluded.

Excludes companies with a common equity Tier 1 risk-based capital ratio less than 6.5%, a Tier 1 risk-based capital ratio less than 8%, a total risk-based capital ratio less than 10% and a Tier 1 leverage ratio less than 5%.

<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 2018 regulatory filings. All ranking metrics must have been reported for company to be included.

Source: S&P Global Market Intelligence

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