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2024

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An Ode to Community Banks

By Naomi Snyder

Every year that Bank Director publishes RankingBanking, an analysis of the largest 300 publicly traded banks by performance, I find myself marveling at the sheer number of community banks that top the list. This year was no exception. Although there are some banks that have achieved successful niche business models over the years — The Bancorp and Bank OZK are among them — what RankingBanking proves is that the community bank model is far from dead. In fact, it's thriving. Take a look at Five Star Bancorp in California and Great Southern Bancorp in Missouri.

As Bank Director's Vice President of Editorial and Research Emily McCormick describes on page 22, 19 of the top 25 banks in the country last year had less than $10 billion in assets. Kara Baldwin, a partner who leads the financial services audit group at Crowe LLP, which sponsors this report, says some of that performance has to do with a loyal customer base. "When something goes wrong, you can have a discussion with someone who actually knows you personally," she says. "You're not getting sent to a call center far off. And for a lot of these commercial deposits, that's what they want." Among the largest 300 banks, the smallest institution examined this year had $2 billion in assets.

RankingBanking is compiled by Piper Sandler & Co. with year-end 2023 data from S&P Global Market Intelligence. It uses four metrics to gauge the performance of public commercial and savings banks as defined by S&P. The metrics are core return on average assets and core return on average equity, tangible common equity to tangible assets, and nonperforming assets to loans and other real estate owned. Each bank is ranked on each metric, and the sum of the rankings produces a final score. This year, total shareholder return was excluded because some over-the-counter banks are thinly traded, making the metric unfair as a comparison. Management teams also have a harder time influencing that figure.

In 2023, bankers who were wise about balance sheet management and dominated their markets or niches did better than others. That's not to say that all small banks outperform larger banks — certainly not. But small overachievers filled the top of the ranks. In these pages, we tell some of their stories.

Naomi Snyder is editor-in-chief of Bank Director

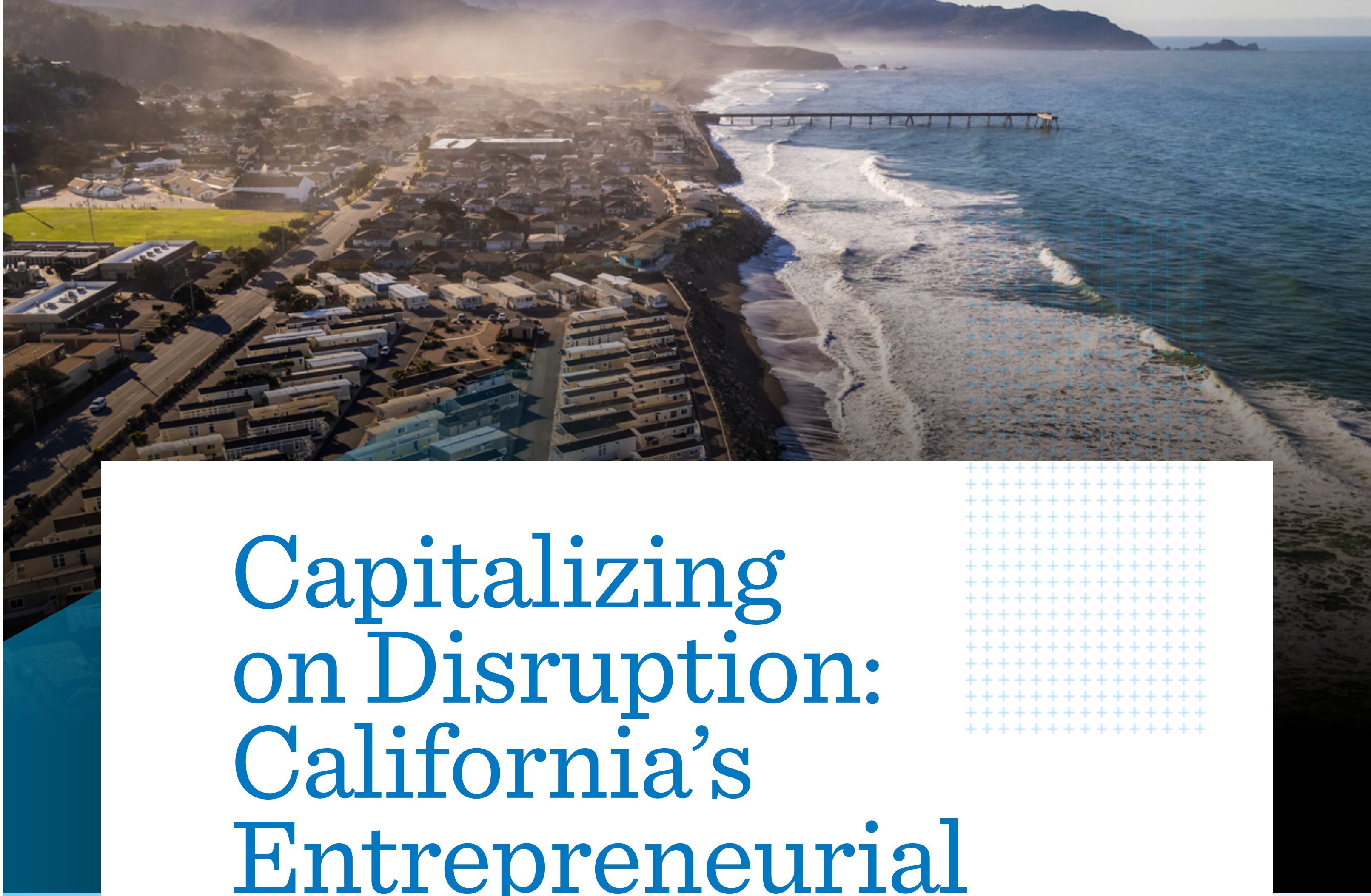
Bank Director RankingBanking TOP 25 U.S. BANKS

TOP 25 BANKS

					Profitability				Capital Adequacy		Asset Quality		
Rank	Company Name	Ticker	State	Total Assets ($MM)	Core ROAA (%)	ROA Rank	Core ROAE (%)	ROE Rank	Tang Common Equity / Tang Assets (%)	TCE Rank	NPAs/ Loans & OREO (%)	NPA Rank	Final Score
1	Westamerica Bancorp.	WABC	CA	6,365	2.35	4	18.09	15	10.43	38	0.05	15	72
2	Farmers & Merchants Bancorp	FMCB	CA	5,309	1.74	17	17.69	23	10.13	48	0.02	8	96
3	Macatawa Bank Corp.	MCBC	MI	2,749	1.60	28	16.42	33	10.44	36	0.00	4	101
4	Mercantile Bank Corp.	MBWM	MI	5,353	1.65	21	17.54	26	8.91	92	0.08	25	164
5	East West Bancorp	EWBC	CA	69,613	1.81	15	18.92	13	9.38	67	0.22	71	166
6	Commerce Bancshares	CBSH	MO	31,701	1.50	41	18.02	18	8.85	96	0.04	14	169
7	Cashmere Valley Bank	CSHX	WA	2,043	1.52	37	17.82	21	9.42	66	0.20	63	187
8	City Holding Co.	CHCO	WV	6,168	2.01	8	19.30	10	8.57	115	0.20	62	195
9	The Bancorp	TBBK	DE	7,706	2.61	2	25.81	1	10.46	34	0.50	180	217
10	Private Bancorp of America	PBAM	CA	2,152	2.01	9	23.88	3	8.53	118	0.27	97	227
11	ACNB Corp.	ACNB	PA	2,419	1.54	35	14.20	58	9.48	65	0.21	70	228
11	Lakeland Financial Corp.	LKFN	IN	6,524	1.59	30	17.49	27	9.89	54	0.33	117	228
13	Central Bancompany	CBCY.B	MO	19,037	1.52	38	11.44	126	12.75	10	0.18	55	229
14	River City Bank	RCBC	CA	4,932	1.35	63	15.65	42	8.47	122	0.00	5	232
15	Community Trust Bancorp	CTBI	KY	5,770	1.39	58	11.64	118	11.16	20	0.14	46	242
16	Bank OZK	OZK	AR	34,237	2.28	6	14.38	55	12.33	12	0.48	171	244
16	ServisFirst Bancshares	SFBS	AL	16,130	1.42	53	15.69	41	8.85	98	0.17	52	244
18	Five Star Bancorp	FSBC	CA	3,593	1.44	49	17.91	19	7.95	161	0.06	19	248
19	Southern States Bancshares	SSBK	AL	2,447	1.43	52	15.96	39	8.12	149	0.06	16	256
20	MainStreet Bancshares	MNSB	VA	2,035	1.38	60	12.67	92	8.89	95	0.06	18	265
21	HBT Financial	HBT	IL	5,073	1.53	36	16.71	32	8.19	145	0.18	53	266
22	Parke Bancorp	PKBK	NJ	2,024	1.82	14	12.92	86	14.03	7	0.49	174	281
23	Great Southern Bancorp	GSBC	MO	5,812	1.25	80	12.94	85	9.67	61	0.20	67	293
24	1st Source Corp.	SRCE	IN	8,728	1.51	40	12.90	88	10.48	33	0.37	134	295
24	International Bancshares Corp.	IBOC	TX	15,066	2.74	1	18.63	14	14.65	5	0.92	275	295
				Median	1.54		16.71		9.48		0.18		
				Mean	1.72		16.59		10.00		0.22		

Source: **Piper Sandler & Co., S&P Global Market Intelligence, company reports and regulatory filings**

RankingBanking uses four metrics to assess performance. Profitability is captured by return on equity and return on assets. Asset quality is represented by nonperforming assets, which for some banks could include restructured loans. Capital adequacy is a function of a bank's tangible common equity ratio. Banks are scored on each of the four metrics. The scores are then merged into an overall score, which determines the ranking — the lower the score, the higher the rank. Data is based on calendar year 2023 results.



Capitalizing on Disruption: California's Entrepreneurial Five Star Bancorp

By John Engen

James Beckwith, CEO of Five Star Bancorp, is always looking for opportunities to grow his $3.6 billion Rancho Cordova, California-based franchise. A decade ago, he stumbled across a profitable niche financing manufactured housing parks that has turned into a core growth engine. Five Star also made hay during the pandemic originating loans under the federal government's Paycheck Protection Program, when small business owners couldn't get bigger banks to pick up the phone.

For a while, one long-term goal seemed unattainable: Setting up shop in the San Francisco Bay Area. The company's stated goal is to be the preeminent bank in northern California, and that's tough to do without a Bay Area presence. But how could a small bank from suburban Sacramento gain a foothold?

"Realistically, how would we get someone from one of the banks there to say, 'Yeah, let's leave our current situation and join Five Star Bank,'" Beckwith says.

Then March 2023 happened. Silicon Valley Bank collapsed over liquidity concerns, followed quickly by Signature Bank and then First Republic Bank — all institutions with large presences in the

Bay Area. "Suddenly, there were a lot of disrupted customers and a lot of really good bankers in the market who didn't have a horse to ride," Beckwith recalls. "We were ready to respond quickly."

Less than three months later, a team of five former Signature bankers signed on as the initial building blocks in what has become a full-out assault on the Bay Area banking market. Five Star now has 20 business development officers, or BDOs, working the metropolitan area's small business community, most of them refugees from Signature or First Republic. The bank later this year will open a branch in downtown San Francisco.

"If there's one thing we've tried to be consistent about over time it's being opportunistic and taking advantage of market displacements," Beckwith says.

Five Star's Bay Area buildout represents a massive ramp-up for a company with around 190 employees and a market capitalization of $500 million, but it doesn't necessarily feel out of character to analysts who follow Five Star. The company, which in 2021 did the first post-pandemic bank IPO and then did a secondary offering in March 2024 to help finance its expansion, has a reputation for successfully seizing on opportunities when they emerge.

"It's a little surprising in the sense that they've historically been centered on the Sacramento area," says Gary Tenner, a managing director and senior research analyst with D.A. Davidson Cos. "But it's also part of the nature of Five Star's management and board to say, 'There's all this talent shaking loose here. How can we take advantage of that to grow our business?'"

The 25-year-old company is defined and differentiated by what it does and how it does it. A powerhouse lending niche in manufactured housing provides much of its earnings oomph with relatively low risk. Equally important is a culture that is centered firmly on customers and grounded in immediacy and purpose. Five Star's incentive scheme doesn't cap how much its bankers can make, inspiring them to produce. A laser focus on credit quality and an engaged board minimize the downside risks and drive further growth. Most important might be its ability to quickly capitalize on opportunities.

44%

LOANS TO MANUFACTURED HOMES AND RV PARKS AS A PERCENTAGE OF FIVE STAR'S CRE PORTFOLIO

In 2023, Five Star's performance was strong enough to rank No. 18 overall in Bank Director's RankingBanking study of the 300 largest publicly traded banks and fifth among banks under $5 billion in assets. The ranking, compiled by Piper Sandler & Co. using S&P Global Market Intelligence data, combines a variety of metrics around profitability, capital adequacy and asset quality to derive a composite score.

Five Star reported a return on average assets in 2023 of 1.44% and a return on average equity of 17.91%, both figures among the top 50 for all public banks.

Commercial real estate (CRE) concentrations, as for many community banks, attract scrutiny. Fully 86.8% of Five Star's loan portfolio at the end of 2023 was tied to CRE, valued at 682.7% of its risk-based capital, according to company filings. That was well beyond the regulatory guidance subjecting banks with CRE loans of more than 300% of risk-based capital to greater supervisory scrutiny. At a time of gloom and doom around the sector, such exposures can spark worry.

"The biggest concern I hear from investors is, 'How does this play out over time in terms of CRE concentrations?'" says Andrew Terrell, a managing director at Stephens. "There's a lot of angst about CRE."

Judging by the numbers, however, credit quality on the $2.69 billion CRE portfolio hasn't been an issue. Nonperforming loans at the end of 2023 accounted for just 0.06% of loans and other real estate owned, among the lowest in Bank Director's ranking.

"If you just pulled up our call report, you'd be like, 'Yikes, they are seriously concentrated in CRE,'" admits Heather Luck, Five Star's chief financial officer. "But it's all about how we manage the program and the granularity of the loans."

A Unique Niche

To understand what drives Five Star's success in CRE, look first at the portfolio's composition: Office loans account for just 5% of CRE loans and are mostly for two- or three-story suburban office buildings, not downtown high rises. Some targeted customer niches, including faith-based communities, multifamily, industrial and mini-storage facilities, each generate about 7% of the company's CRE loans. Most of the rest, a whopping 44% of the entire CRE portfolio, are loans to manufactured home communities and RV parks.

The borrowers are professional park operators, not people who own mobile homes. Most of those firms own dozens, if not hundreds, of small housing communities that charge homeowners — ranging from retirees to two-income families who typically pay between $100,000 and $200,000 for their abodes — $500 or $600 per month in rent for the space and hookups. In total, there are about 44,000 such communities around the country, most of them mom-and-pop shops, and the space is consolidating rapidly.

Five Star picks its clients carefully, working only with experienced park operators. A typical loan might be $2 million to finance the acquisition of a park or upgrade its utilities or pavement so the operators can charge a bit more in rent. The credit quality is superb, Beckwith says, the data easy to track and digest.

To add comfort, Five Star's team re-underwrites every park loan worth more than $2 million annually and performs regular site inspections. It's also a national business: 42% of the manufactured housing park portfolio comes from outside of California, providing valuable geographic diversification.

"CRE is the lifeblood of most community banks. It's how you diversify inside CRE that matters," says Robert Perry-Smith, Five Star's chairperson and a longtime accountant to the banking industry. "We believe there is a high degree of safety in mobile home communities. If everything goes to heck in a handbasket, people still need a place to live, and this is pretty affordable."

By all accounts, regulators understand the portfolio's dynamics well enough to approve. "They've taken a lot of time educating regulators on the types of loans they're underwriting," Terrell says, and it appears to have worked. "It seems like there's a lot of regulatory support for them being at the level they're at, as opposed to pushing them lower."

"Fell Into" the Business

Beckwith admits he "fell into" the business after a long-time client asked if Five Star would refinance some mobile home park notes that were coming due. He reviewed the underlying assets and was impressed. Even during the Great Recession, manufactured housing held its value. "They all underwrote extremely well — very granular rents, stable occupancy, good yields. I thought, 'Wow, I wonder if they're all like this? Maybe we should do more of them.'"

Five Star began lending to the niche in Sacramento late last decade and did a good job. As the bank's reputation and knowledge base grew, customers came from around the country. At the end of 2023 it had about $1.2 billion in loans to manufactured home communities and RV parks on the books, with an average loan size of about $2.4 million.

Most of those borrowers value the relationship

> The Five Star culture is "not for everybody. You have to be continuously improving. You can't hide here."
>
> **James Beckwith** / Five Star Bancorp

enough to move their core deposits to Five Star as well. While the company doesn't break out earnings from the business, Terrell estimates it generates between 35% and 45% of net income.

"They're probably the only bank I've dealt with that is totally committed to the business," says John McDougall, principal and CEO of Monte Christo Communities, a Sacramento-based owner/operator of 91 manufactured housing communities in the western part of the country and a Five Star client. "They understand the business completely and know where the risks lie."

Born for CRE

Five Star was founded in 1999 by a pair of real estate professionals who thought Sacramento needed a bank attuned to their industry's needs. Over time, the company expanded its branch presence methodically, and today boasts five Sacramento-area offices and three more to the north in Yuba City, Chico and Redding. CRE is the focus, with some basic small business lending scattered in.

It's what Beckwith calls a "branch-light" model. "Each of our offices, on average, holds a lot of deposits, and that creates a lot of efficiencies," he says. Indeed, the company's efficiency ratio, a measure of noninterest expenses over revenues, was 40.4% in 2023, and that included the Bay Area expansion costs. The industry average for the year was 57.5%, according to the Federal Deposit Insurance Corp.

Technology is critical to the operation. Five Star is a big user of nCino's cloud banking platform, deploying it on both the lending and deposit sides. Beckwith accesses it daily on his tablet to move loans through the pipeline quickly. "It creates efficiencies in terms of how we approve or reject oppositions and gives us actionable information more quickly than before we used it," he explains. "That builds stronger connections with customers and turns up the velocity on what we're able to do and drives growth."

The company also recently implemented Axiom, a financial reporting system, to help turn around such back-office tasks as budgeting and forecasts quickly. "I have a bunch of really talented people, and it killed me to think they were spending time checking formulas on a spreadsheet instead of making things better for customers," Luck, the CFO, says. "It has improved my team's efficiency significantly."

Work Hard, Play Hard

The technology spending goes into supporting a customer-first culture that feels more developed and mature than many community banks. "We're big believers in creating relationships built on trust and empathy," Beckwith says. "It's a commodity business, so you have to have expertise in the verticals you participate in and differentiate yourself with service and creating a strong reputation."

An in-house mantra, "speed to serve and certainty of execution," comes with a commitment to respond to queries from customers and coworkers within 24 hours. "There's no 1-800 number, no 'what's your social and mother's maiden name,'" says Shelley Wetton, Five Star's chief marketing officer. "It's concierge banking — high tech, high touch. The client has the phone number of someone who knows them."

> "The biggest concern I hear from investors is 'How does this play out over time in terms of CRE concentrations?' ... There's a lot of angst about CRE."
>
> **Andrew Terrell** / Stephens

That responsiveness has paid dividends. For example, Five Star originated $175 million in PPP loans during the pandemic, 40% to small businesses that weren't customers before. "The big banks didn't answer the phone and we did," Luck says.

People make the model work, and a large amount of effort goes into hiring and development. Five Star's culture is high-octane and provides high-producing BDOs with uncapped earnings potential. "Our business development folks eat what they kill," Beckwith explains. "My job is to make sure they're successful."

It's a work-hard, play-hard place with connections and structure. There are book clubs and a new running team that has about 30 employees training together for half marathons. "We hire a lot of college athletes, people who are really driven and focused," Wetton says.

DJ Kurtze, a former Signature banker who signed on last year as Five Star's San Francisco Bay Area president, says the company "feels like a startup but it's not, because the bank is well-established and has all these processes in place."

The board sets part of that tone and isn't afraid to get its hands dirty. The 11-member group includes accountants, former bankers, CRE industry players and executives from other industries, and is actively on the hunt for growth opportunities. For example, Vice Chairperson Randall Reynoso, a retired executive vice president for Wells Fargo & Co.'s Bay Area business bank, introduced Beckwith to Kurtze several years before Signature's collapse and helped recruit him.

"As a board, we look at the Bay Area as an external growth strategy," Perry-Smith says. "It's an opportunity to go out and build a large team without buying a bank and all that entails."

Face of the Franchise

Five Star is a group effort, but Beckwith, who favors golf over running, is the chief cultural orchestrator and the face of the franchise. He's on the go constantly, meeting with and supporting BDOs trying to land new business or meeting with community groups, and spends many of those golf outings with prospective clients or mentoring newer employees. He's happiest, Wetton says, when his calendar is full.

Beckwith has a reputation for both backslapping and knowing his numbers. "James is intellectual. He's very entrepreneurial and risk-averse, and he's very committed to his team," Perry-Smith says.

An accountant by training and CEO since 2003, Beckwith is an alum of Vistage, a CEO training and advisory program (he had to quit when Five Star went public). He's also an avid reader. Among his favorites are books by management guru Patrick Lencioni, including "The Ideal Team Player," which Beckwith says lays out three "fundamental attributes" that are critical to employee success: Being "hungry, humble and smart." It's a philosophy that, among other things, emphasizes humility with clients and "emotional intelligence, being able to read a room."

Employees are asked to read Lencioni's books. Many participate in an eight-month development program "to create a common culture and language," Beckwith says. It's not a place for slackers. At Five Star, "the worst thing you can do is let your colleagues or clients down," he adds. "We're not for everybody. You have to be continuously improving. You can't hide here."

While training is important, Beckwith says hiring people with communication skills and "grit" matters more in a business where doors are tough to open and frequently get slammed shut. "Grit is more important than anything," he says. "You want to hire people who can tough it out and not lose confidence easily." The company puts prospective employees through extensive interviews and employs predictive indexing to better understand their makeups "and ensure that their world view is consistent with what the job requires."

"We Believe in San Francisco"

The emphasis on sales isn't lost on Kurtze, who joined Five Star in June 2023. He's recruiting Bay Area bankers and says the uncapped incentive plan is "huge" for helping to land top talent. Most banks will limit incentive payouts to a percentage of annual salaries.

"If you really want to be a high-growth sales organization, it's an important piece," he says. "We're hiring bankers who want to grow. They're not just comfortable knowing they'll get up to 50% of their salary every year if they stay under the radar. [The lack of caps] incentivizes them to grow."

The team has its work cut out for it. San Francisco's reputation as a good business city has taken a hit in recent years, and banks have been shuttering more branches than they're opening. More than a few observers have questioned Five Star's move, but for Beckwith it represents a shot at a market with $467 billion in deposits that he never thought he'd get. "It's a great city," he says. "It has some issues, but it had issues 40 years ago."

Things appear off to a good start. The goal is to do more C&I lending than CRE in the Bay Area and raise core deposits. To boost its name recognition in the market, Five Star began underwriting the San Francisco Giants' pregame shows. Kurtze voices the ads, which end with "We believe in San Francisco." This fall it will double down with the opening of its first Bay Area branch at 345 California Center in the heart of the financial district.

Those things cost money. Terrell estimates that Five Star's expenses will rise 13% in 2024, due mostly to the Bay Area expansion, but he expects revenues to grow at twice that pace. They are "still generating positive operating leverage while reinvesting," he says.

And from there? To date, Five Star's opportunistic streak has been limited to organic initiatives. But the Bay Area remains disrupted, and more than a few banks are struggling. "With the 2023 failures, everyone has been painted with the same brush," Perry-Smith says, and that feels like another chance to capitalize on chaos, this time via acquisition. M&A "is absolutely in our strategic plan," he adds. "This company is not about growing slowly."

John Engen is a contributing writer for Bank Director.

Bank OZK Profits From Banking's Siren Song

By Kiah Lau Haslett

There is perhaps no midsized bank in the United States managing credit risk as publicly as Bank OZK.

The $36.8 billion bank is in Little Rock, Arkansas, but it finances projects that shape the skylines of major cities across the U.S.: Luxury apartments, condo buildings, new office complexes and skyscrapers. It is no stranger to construction and development loans, having lent to the space for decades through numerous economic cycles. It is this business line that has driven its historic profitability, and it is this business line that critics say generates outsized credit risk. While this criticism is nothing new, the current macroeconomic environment poses a formidable challenge to the bank's ability to manage risk.

Bank OZK would not take all this risk if it was not lucrative. Its return on average assets in 2023 hit 2.28%, aided by a net interest margin of 5.16%, and its efficiency ratio was 33.70%. Bank OZK tied for 16th in overall financial performance in Bank Director's 2024 RankingBanking analysis of the 300 largest publicly traded banks and was ninth in the category of banks with between $5 billion and $50 billion in assets. The ranking uses 2023 financial metrics regarding capital adequacy, credit quality and profitability, and is more heavily weighted toward profitability.

The source of Bank OZK's profits — and controversy — comes from its real estate specialties group, or RESG, a national leader in commercial real estate construction and development finance.

"They're really big, chunky loans," says Benjamin Gerlinger, vice president of equity research, regional banks, at Citigroup. "They're construction development loans, which are much, much larger than any bank with a [similarly] sized balance sheet would take."

Gerlinger points out that the asset class carries the notoriety of being one of the worst credit performers in an economic downturn. Commercial real estate can become a siren song for banks, which are active in the space but often succumb to the temptation to grow through unmanaged risk that becomes evident in a downturn. Construction is seen as an especially risky area of CRE. Risk factors in this space include highly leveraged transactions and long credit gestation periods that are vulnerable to changes in supply and demand market dynamics. These transactions sometimes are structured in a way that shields the group behind a construction project from default risk, and a bank may finance them outside of its market area and geographic expertise, according to the Federal Deposit Insurance Corp.'s 2023 Supervisory Insights that builds on regulators' 2006 guidance on managing CRE risk.

Growing "Like a Weed"

That 2006 interagency guidance was seminal for the industry because it established two key thresholds for bank CRE concentration risk: A bank has a CRE concentration if construction, land development and other land loans equal 100% of total risk-based capital. In addition, a bank can be classified as CRE-heavy if the bank has multifamily, construction and nonfarm, nonresidential property loans that reach 300% of total risk-based capital, and those loans grow by at least 50% in the prior 36 months. By comparison, CRE loans represented 455% of Bank OZK's tangible common equity at the end of the first quarter. When including unfunded commitments in total CRE exposure, the percentage is "nearly twice that amount," according to a June 6 report from Moody's Ratings.

The RESG segment has grown "like a weed" as the bank has gotten bigger, says Gerlinger. The risk now, he and others believe, is that multiyear construction projects that started in a zero-rate environment will not fare well in a 5%-plus rate environment, and that office buildings will fail to attract the same rent as workforce habits change or the economy slows down. But the developers — and the bank behind them — are still under pressure to finish partially constructed buildings even as demand changes.

Gerlinger became the face of the Bank OZK critics when he published an analyst report downgrading the firm on May 29 due to "substantial concerns" about two of the bank's projects, including what he believes is its largest individual loan. The downgrade led to a 15% selloff in the bank's stock that same day, dropping to $39.60 — a price close to Gerlinger's price target of $37.00. Bank OZK's share price has recovered, to $47.08 as of July 30, is higher than its second quarter 2024 tangible book value of $38.85 per common share. Gerlinger thinks the lower price target is "appropriate for the amount of risk that they're taking because it implies that earnings are at risk, but maybe not capital."

"From an operational perspective, I believe that they are solid operators, don't get me wrong," he adds. "But I also believe that they've taken a tremendous amount of risk and the market's moved on them, and they are forced to keep it because the construction loan can't stop the moment the shovel hits the ground."

Mitigating Risk

George Gleason II, the bank's chairman and

CEO, is familiar with this criticism and CRE risk. He thinks the bank can manage it and still succeed in this environment. (Bank Director interviewed Gleason prior to Gerlinger's report publication; the bank declined to comment.)

"Risk management permeates our culture," Gleason says. Everybody "realizes they've got to be a risk manager. If they're touching things that have credit risk, if they're touching things with interest rate risk or reputational risk, or any of the legions of risk that a company our size faces, everything's got to be focused and attentive to that all the time."

"I'm not sure it matters if it's a high-rise office or Pokémon cards: If you're the last 40% in, you're privileged, and that is a very strong position to start from."

Sam Haskell / Colarion Partners

To start, Bank OZK doesn't generalize: It doesn't make an RESG loan just because it's in a certain metro area or because it's a certain type of commercial building. Instead, it looks at each project on an "asset-by-asset" basis against the project's submarkets and the supply-demand metrics, he says. The bank also works with high-quality sponsors who have big, liquid balance sheets backing up their projects and the relevant expertise and skills to execute well on their proposals.

"Sponsorship is just critical. You like having veteran sponsorship that's been through a bunch of cycles," he says. "In an environment like we are in now, they don't panic, they recognize the challenges they face, and they've got a playbook from experience about how to solve those challenges, address the issues and turn them into opportunities."

Bank OZK also participates as a senior secured lender in selected projects that already have a lot of equity, Gleason says. The sponsor puts in all their equity before the bank funds; the bank is the first to be paid in a payoff. The weighted average loan to cost for the entire RESG portfolio at the end of 2023 was 52%, and the weighted average loan to appraised value was 43%.

"There are a thousand details that go into having a properly structured transaction, but they all boil down to the fact that you want equity to be taking equity risk at every point," Gleason says. "And as a senior secured lender, you never want to take equity risk."

Protecting the Bank

That underwriting discipline has protected the bank, especially as predecessors and competitors have blown up, says Sam Haskell, founder of investment management firm Colarion Partners and publisher of the "Five Points" bank investing newsletter. He says the underwriting approach, plus deep familiarity with the "tricks" that developers use, gives the bank a preferential position in the capital stack of these projects.

"I'm not sure it matters if it's a high-rise office or Pokémon cards: If you're the last 40% in, you're privileged, and that is a very strong position to start from," he says. "The project actually has to be destroyed within about three years for you to end up losing money."

Developers like working with Bank OZK on the select projects it funds, says Stephen Scouten, a managing director and senior research analyst at Piper Sandler & Co. Among developers, there's a sense that if the bank can make a loan work on a prudent, risk-adjusted return, it will. If it can't,

> "We have consistently and repeatedly said that we want to let RESG be as big as it can be, while maintaining the discipline and the standards, practices and processes that we have put around that."
>
> **George Gleason II** / Bank OZK

then probably no one can do it. The bank prides itself on being easy to work with but is diligent when it comes to collateral quality, thorough documentation and the transaction structure.

"They're very serious about their loan documentation — hiring hordes of attorneys — to make that process quick and as easy as possible if a loan does go bad, so they can work it out, flip it to another developer or sell it quickly," he says.

Haskell adds that Bank OZK services loans "pretty aggressively." He has heard stories of bank personnel monitoring the pace and cost of the project it funds, sometimes knowing sooner than the developer if a permit needs to be renewed or there are delays.

A Nearly Empty Building

All that could come to a head in the bank's largest project, a life sciences tower in San Diego, dubbed the "Research and Development District" that triggered Gerlinger's downgrade. Gerlinger visits San Diego annually to take his son to the zoo and has seen this particular building under construction for years.

He found the agreement for the 1.7 million square foot commercial building by cross-referencing the bank's disclosures to county records tied to new building construction. He discovered the property has had minimal leasing activity and lacks a major life sciences tenant.

The project's sponsors brought new capital to the deal as part of a scheduled replenishment, according to the bank's second quarter earnings. The additional capital lowers the project's loan to cost to 47.1%, assuming it is fully funded. The project's sponsors negotiated an additional two-year extension option as part of that capital contribution and a longer-than-expected leasing cycle, according to bank management comments.

The total loan commitment is $915 million, with the unfunded balance at the end of May totaling $360 million, the "majority of which is designated for 'good news funding' (tenant improvements and leasing commissions)," the bank stated in a Form 8-K released after Gerlinger's report.

While construction lending has been historically risky for banks because it lacks a source of income compared to cash flows on existing buildings, it's performing better than some other types of CRE in the current environment, says David Fanger, senior vice president and manager of the financial institutions group at Moody's Ratings.

The difference today, he says, is that the economy remains relatively healthy, and recession risk seems low, creating demand for new construction. These loans usually carry a higher, floating rate compared to a traditional fixed rate CRE loan. Developers still have incentives to lease up the new building and refinance the loan, and may be able to obtain lower rates on the traditional CRE loan than their construction loan.

RESG loans are predominately variable rate — and that could be a good or a bad thing. Gerlinger believes the changes in the interest rate and office environments have been so rapid that there is a rising risk of default, despite OZK's long track record of low losses, and that the bank's provisioning "needs to go up pretty dramatically to account for these vacant buildings."

Asset Quality so Far

Bank OZK's asset quality has held up so far. The industry's quarterly net charge-off rate was 0.65% in the first quarter of 2024, according to the latest FDIC's Quarterly Banking Profile. In contrast, Bank OZK's second quarter annualized net charge-off ratio to average total loans was 0.17%. Other loss ratios are similarly low.

Those credit quality figures could be interpreted as a sign of under-reserving or as a sign of disciplined credit underwriting. In contrast to the pessimism of Citi's Gerlinger, Scouten has had an "overweight" stock rating on the firm for "years" to indicate his belief that the stock should outperform its industry in the broader market. He says the bank is easy to misunderstand, especially for investors who don't specialize in banking and are looking for "easy stocks" to short.

"They're really good underwriters, and they have had better credit for the 14 years I've covered [banks] than anybody else," he says.

Gleason says OZK's balance sheet has been designed to manage stressors that come from rate movements, and that an expanding margin and record profitability have helped the bank afford higher credit costs ahead of anticipated losses. The bank also uses stress testing to inform its strategy and drive adjustments. It tests its CRE portfolio and liquidity quarterly and capital annually, each using multiple scenarios. Gleason wants to make sure the bank can survive the scenarios, some of which are "very adverse and very complex."

"We're thinking all the time about, 'what adjustments and tweaks can we do to manage that risk?'" later adding: "It's our responsibility to manage our credit portfolio in a way that it performs relatively well in all economic scenarios."

The bank also maintains relatively high capital levels: Its tangible common equity to tangible assets was 12.33% in 2023, according to Bank Director's RankingBanking analysis. High capital levels help the bank support the extended nature of the real estate development loans as more of a project becomes funded.

Moving Beyond Construction and Development

And although RESG is the bank's moneymaker, management is still cultivating other lending lines to service clients and diversify earnings. Bank OZK is actively hiring veteran bankers to staff up and grow its community banking and corporate and business specialties groups. The idea is to take the same talent approach, performance standards and credit culture that has made Bank OZK so successful in RESG and apply it to other credit verticals. Still, the revenues from these groups pale in comparison to RESG.

"We have consistently and repeatedly said that we want to let RESG be as big as it can be, while maintaining the discipline and the standards, practices and processes that we have put around that," Gleason says, making it clear that the bank is not pulling back from its commitment to the space.

Proponents say Gleason himself is another advantage the bank enjoys. Haskell spent some time with him and his management team on investor road shows while Haskell worked at the brokerage firm Sterne Agee, prior to starting Colarion in 2016. He says Gleason thinks like a portfolio

"They're really big, chunky loans. They're construction development loans, which are much, much larger than any bank with a [similarly] sized balance sheet would take."

Benjamin Gerlinger / Citigroup

manager and that his thought process is "worthy of respect" from both admirers and critics.

"That sort of approach in banking draws a lot on cognitive ability and a willingness and ability to understand complex situations," he says. "I think a bunch of people would agree with me here, you want Gleason doing that. You don't necessarily want guys who come up the ranks from business school."

Piper Sandler's Scouten saw Gleason's portfolio management approach when Gleason personally managed the book of assets that Bank OZK acquired in FDIC-assisted deals. He recalls that Gleason knew the details of hundreds of these credits. "The guy's mind is insane," he says.

Gleason doesn't have a target asset size in mind for Bank OZK, which falls squarely within the regional bank space and misses the heightened scrutiny that regulators apply to bigger banks. There have been years when the bank hasn't grown because competition pulled pricing to levels below the bank's standards. And there are times when the rest of industry has pulled back, nursing wounds inflicted during more exuberant times or rebuilding capital — that's when Bank OZK likes to pick up activity from qualified borrowers looking for a bank that will work with them.

2024 may be one such environment. While there are still banks competing against Bank OZK, others have pulled back due to earnings weakness, interest rate risk, credit issues or low capital levels.

The Naysayers

Gleason knows regulators, short sellers and the industry are watching Bank OZK to see if it can continue dodging the shortfalls that have befallen hundreds of banks before it. Scouten, for his part, understands why people are negative on the bank after all this time, even if they've been repeatedly proven wrong. He just thinks they should consider updating their thesis.

"It's been the same thesis for seven years now," he says. "At some point, you just have to give credit to the management team that they'll continue to do the things that drive profitability."

Bank OZK sets itself apart in the industry as one of the most active managers of the risks it takes — and makes money for doing it. It does this in the face of skepticism that these risks can be managed or that the bank is managing them as well as it says it is.

"We try to let extraneous things be extraneous things," Gleason says. "We focus on our business and our customers. ... If you take care of your customers, you're going to put up good results. If you put up good results, you're going to take care of your shareholders. So, if people are crazy on the short side for a little while and have a negative thesis, that's on them. Just keep producing, keep delivering the results, and you win in the long run."

Kiah Lau Haslett is the banking & fintech editor at Bank Director.

Will Great Southern's Winning Streak Last?

By Naomi Snyder

Growing up, Joe Turner's dad didn't let on that he wanted him to take over as CEO of Great Southern Bank one day, a role the father had held since 1974. Joe thinks it was because William Turner wanted him to work hard.

At 6 foot 5 inches, Joe played football at Drake University in Des Moines, Iowa, and describes himself then as an "average" football player. He became a CPA and started his own career as a lawyer away from his hometown, in Kansas City, Missouri. He got married there. Eventually, William did ask his son to take the job leading the bank in Springfield, Missouri. Luckily for both of them, the results were far from average.

For the last two years, the $6 billion Great Southern Bancorp has outperformed most others as one of the top 25 U.S. banks in Bank Director's RankingBanking study, which is sponsored by the public accounting, consulting and technology firm Crowe LLP. The ranking is compiled by Piper Sandler & Co. using S&P Global Market Intelligence data on profitability, capital adequacy and asset quality, with a heavier weighting on profitability.

Great Southern has a long history of generating returns for shareholders. Since its initial public offering in 1989, its stock price rose 8,039% versus the Nasdaq Bank Index, which was up 856% as of late June, according to Piper Sandler. The banking company estimates it has generated a 19,952% total shareholder return, including reinvested dividends, from 1989 until the end of 2023.

But will that streak of winning touchdowns last? The former thrift turned commercial bank has a heavy concentration in commercial real estate, or CRE. As of the second quarter 2024, 72% of the loan portfolio was CRE, including multifamily and construction loans, according to a bank presentation. CRE represents more than 300% of its risk-based capital. Given higher interest rates and stress in commercial real estate, a sector that is heavily leveraged, some investors are shying away from Great Southern and other CRE-heavy banks.

"People definitely are a little concerned about potential credit issues going forward for Great Southern, just given their bigger commercial real estate portfolio," says John Rodis, director of banks and thrifts at the investment bank Janney Montgomery Scott. "I'm not saying that's going to happen, but certainly their exposure stands out."

The Turners say the bank has extensive expertise in real estate and a strong credit culture. Investors aren't so sure. While many top performing banks trade at a substantial premium, as of the second quarter the bank was trading at about 1.3 times price to tangible book value, according to S&P Global Market Intelligence. "Investors have painted the wider group with a broad brush," says Piper Sandler Managing Director Andrew Liesch, who covers the stock. The company also reported a compliance matter that cost about $600,000 during the second quarter, but didn't provide much detail, saying costs are not expected to recur.

A Family Legacy

But Joe Turner doesn't spend much time worrying about the day-to-day performance of the bank's stock. "From time to time, CRE will fall out of favor," he says. "We don't bounce around based on what's the flavor of the day for investors. We understand [CRE], and it's worked well for us for the 33 years I've been here."

While Joe Turner may not worry about the day-to-day stock price, he's focused on long-term shareholder returns and has an incentive to do so. Rex Copeland, the bank's CFO, estimates that the Turner family owns about 16% to 17% of outstanding shares, which the family and others say contributes to the bank's success.

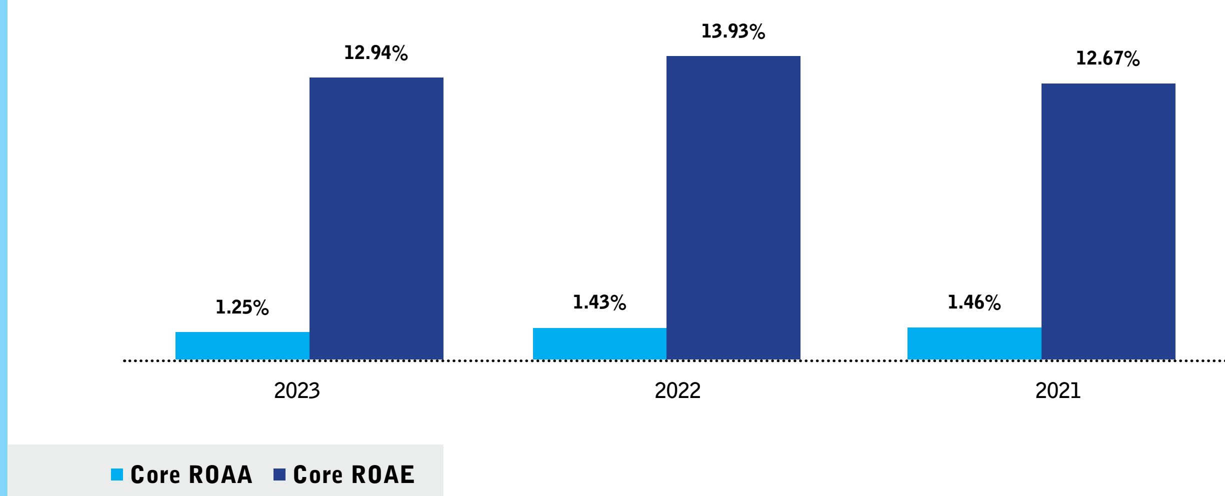
19,952%
GREAT SOUTHERN BANCORP'S TOTAL SHAREHOLDER RETURN, 1989-2023

Other family members either work for the bank or direct it from the board level. Joe's sister, Julie Turner Brown, sits on the bank's board and is a lawyer who works for the Springfield law firm Carnahan Evans. Her son, Turner Brown, is a CPA who works for Great Southern's lending department in St. Louis. And Joe's son-in-law, Ben Whitlock, is a lender in Springfield. "We have a lot to lose if the company doesn't do well," says William Turner, the 92-year-old patriarch who serves as the bank's chairman. "Our net worth is tied up in the company." Liesch says Great Southern has been careful to manage in a way that reduces the risks to their shareholders and themselves, pulling back on loan growth when it wasn't a good time or was too competitive. "They manage the company fairly well and are very thoughtful of the actions they take to grow revenues," he says. "When the opportunities are there, they execute. And when they're not there, they don't."

The bank has paid a consistent dividend, which was $1.60 per share in 2023, and is buying back stock. "Right now, it's not a market that's very easy to grow in," says Joe Turner. "We've been taking our excess earnings, or earnings less dividends, and we're paying it to shareholders. And to a big extent, we've been reinvesting by buying back our stock at just a little above book value. And that's

Great Southern Boasts High Profitability

Source: **RankingBanking, Piper Sandler & Co., using S&P Global Market Intelligence data**



8,039%
STOCK PRICE APPRECIATION SINCE GREAT SOUTHERN'S IPO IN 1989, AS OF JUNE

856%
NASDAQ BANK INDEX'S STOCK PRICE APPRECIATION SINCE 1989, AS OF JUNE

Source: **Piper Sandler & Co.**

how we believe we're creating long-term shareholder value."

A focus on long-term shareholder value and experience that predates the savings and loan crisis of the 1980s and 1990s may help Great Southern weather problems in commercial real estate amid higher interest rates. Age and experience have given some management teams an edge in the current rate environment.

The elder Turner happens to be old enough that an Irish media organization identified him as one of the few people still alive who personally knew Laura Ingalls Wilder, a famous local author born in the mid-19th century who penned the Little House

> "We're a lot more interested in where we'll be 10 years from now than what our profitability is going to be in the third quarter of 2024."
>
> **Joe Turner** / Great Southern Bancorp

on the Prairie books. Earlier in his career, William Turner rose in the ranks to be a president in the Springfield, Missouri, market for what's now $30.6 billion Commerce Bancshares. When a friend who was a director at Great Southern told Turner the bank needed a new leader, it was a tough decision to apply for the job. Great Southern was small in 1974, at about $80 million in assets, while Turner had a good job with a much bigger bank. "Great Southern was kind of a long shot," he says. "But the more I thought about it, the more I wanted to run my own show. I couldn't do that with Commerce Bank. We had to report to Kansas City."

He took the CEO job and grew the tiny thrift. By the time his son Joe agreed to take a job with the savings bank in 1991, it had grown to $468 million but was still dealing with troubled loans. Like other thrifts, the bank was heavily invested in mortgages. As William remembers the 1980s, the bank was sometimes paying 16.5% for certificates of deposit but had over $200 million in 30-year fixed rate loans at 9.5%. "That's the wrong direction," he says. Some 1,300 savings and loans failed from 1980 to 1994, according to the Federal Deposit Insurance Corp.

Surviving the S&L Crisis

The younger Turner got started with the difficult work of loan workouts. "I went right to work in the loan department," he says. "And I was given the loan portfolio, was on the problem asset committee and was on the loan committee. And I really began to learn that business."

The bank was well capitalized at the time, he recalls. The elder Turner thinks the Federal Reserve's lowering rates saved the bank. But Great Southern became a publicly traded on the Nasdaq, and it eventually changed its charter to commercial bank.

Its survival helped Great Southern pass the 100-year mark last year in Springfield, which boasts Missouri State University and several smaller colleges. It's a vibrant economy with the headquarters for Great American Outdoors Group, which owns the Bass Pro Shops and Cabela's brands, and O'Reilly Auto Parts. It's not far from Branson, Missouri, a vacation spot.

Growing in a Diligent Way

Still, some of its markets in Missouri are rural and don't boast much growth. So, the bank took an opportunity to buy failed banks starting 15 years ago during the last financial crisis, generating significant bargain purchase gains and expanding into Iowa and Minnesota. It began opening loan production offices in high-growth places, including

Atlanta, Charlotte, North Carolina, Chicago, Dallas, Denver, Omaha, Nebraska and Phoenix.

Bankers can set the stage for disaster by opening offices in highly competitive markets when they don't know what they're doing. But Great Southern does it in "a very diligent way," says Damon DelMonte, a managing director at Keefe, Bruyette & Woods. "They don't rush into markets so they can get growth." He explains the strategy is to hire good lenders when they can find them and then open an office when they do. "They start with someone who is familiar with that market," he says.

> "When the opportunities are there, they execute. And when they're not there, they don't."
>
> **Andrew Liesch** / Piper Sandler & Co.

When asked if the bank is conservative, Joe reflects a moment. He says the bank has been entrepreneurial while staying focused on its roots. "When we see opportunities, we're willing to capitalize on those," he says. Great Southern has 97 locations in 12 states and has maintained retail branches, a common theme for banks that did well during the last two years. "They use the core deposits from markets where they have a physical presence," says DelMonte. "They get consumers or business relationships that stick with the bank and don't jump around from bank to bank." Because of that, Great Southern has enjoyed a low cost of funds. In 2022, for example, its cost of funds as a percentage of earning assets was 0.6%. However, those costs have been rising as deposit customers demand higher rates, which meant the bank's cost of funds rose to change to 2.6% in the second quarter of 2024, according to S&P Global Market Intelligence.

That impacted margins in the second quarter, which fell to 3.4%. Great Southern enjoyed a margin as high as 4% a year prior. The industry's net interest margin (NIM) declined 10 basis points to 3.17% in the first quarter, while community banks saw a slightly higher margin at 3.23%, according to the latest statistics from the FDIC.

The bank has closed about 25% of its branches in the last seven years, some of them overlapping locations from the failed bank acquisitions. "It's difficult though, and it's getting more difficult to find low-hanging fruit in that regard, because our banking centers are our best source of new accounts," Joe Turner says. "And the banking centers we have left are all very productive."

Despite the cuts, Turner says the bank is focused on taking care of employees. For him, that means paying average or above-average compensation and not micromanaging, except in loan underwriting, which has strict standards. When the bank faces a difficult quarter, investors and analysts ask whether the bank is going to cut costs, and that usually means cutting employees, Joe Turner says. "We feel like we need to operate a company efficiently all the time, but our people are our greatest asset," he says. "We're not going to let go of some of our greatest assets in response to a relatively short-term phenomenon. We're going to manage for the long term. We talk about this a lot."

A Battle-Tested Asset Class

Its long history as a mortgage and commercial real estate lender means it rarely diverges from those roots, including in the current environment. That position has worried some investors, including the fact that the bank reduced provisioning last year. CFO Copeland explains that unfunded com-

> "We don't bounce around based on what's the flavor of the day for investors. We understand [CRE], and it's worked well for us for the 33 years I've been here."
>
> **Joe Turner** / Great Southern Bancorp

mitments such as lines of credit fell by about one-third over the last few years, which accounts for the lower provisioning. Plus, the bank didn't have much in the way of loan losses last year, with 20 basis points of nonperforming assets to loans and other real estate owned, according to Ranking-Banking. The median for the 300 largest publicly traded banks was 41 basis points.

Still, Rodis projects the bank will continue to see profitability decline and will achieve 101 basis points return on average assets in 2024, in line with similar banks. "Are they a very good, solid bank? Yes," he says. "So far, it's worked out. Does that mean it continues? We'll have to see."

Rodis and other analysts expect credit struggles ahead as CRE loans mature and renew at higher rates. But Great Southern is betting its superior underwriting will minimize losses. Loan-to-value ratios for office and retail range from 49% to 64% on average, according to a bank presentation. Ninety-six percent of the multifamily portfolio has a loan-to-value ratio at or below 75%, with 23% below 50% LTV. Lower LTVs generally equate to fewer loan losses, because even if a problem loan goes into foreclosure, the bank is less exposed. "They have a lot of wiggle room to recapture that loan without losing any money," DelMonte says. "You hope that the underlying strategy and approach to making these loans was done in a manner where those losses will be limited. Given their track record, they should probably do pretty good."

72%

PERCENTAGE OF GREAT SOUTHERN'S LOAN PORTFOLIO IN CRE, INCLUDING MULTIFAMILY AND CONSTRUCTION LOANS

The management team has no plans to decrease its focus on real estate. "It's an asset class that's battle tested for us," Turner says. At the age of 60, he's contemplating who might replace him as CEO. Not surprisingly, he thinks about family. "I intend to work about another 10 years, though I hope to remain involved with Great Southern in some capacity for a lot longer than that," he says. "If [nephew] Turner continues to like it and continues to advance and show an aptitude for it, which he's certainly doing thus far, maybe he would eventually take over. Of course that would be for the board to decide when the time comes."

He continues, "We're a lot more interested in where we'll be in the long term than what our profitability is going to be in the third quarter of 2024."

Naomi Snyder is editor-in-chief of Bank Director

Why Small Banks Dominate the Ranking

By Emily McCormick

In 2025, Chris McComish expects his bank — $9.6 billion S&T Bancorp, headquartered outside Pittsburgh in Indiana, Pennsylvania — to cross over the $10 billion threshold. It's an event McComish, S&T's CEO, has been preparing for since taking the reins three years ago. "We run the company today like we're a much bigger company," he says. "I'm not doing my job if I'm not recognizing what the future looks like" and preparing for it.

Once that threshold is crossed, S&T will gain the Consumer Financial Protection Bureau as a regulator. Several regulatory requirements will kick in, including stress testing and compliance with the Durbin Amendment, which limits interchange income and impacts profitability. "You lose revenue, and you have additional regulatory costs," says Kara Baldwin, a partner who leads the financial services audit group at Crowe LLP. Banks approaching the $10 billion line start preparing well in advance, beefing up operations, along with compliance staff and systems.

That means there are advantages to being a small, public bank, around $1 billion to $10 billion in assets. "There's a small niche in the community banking space where you can optimize your asset size, where you're getting the most bang for your buck," says Damon DelMonte, a managing director at Keefe, Bruyette & Woods, who covers community banks.

Year after year, smaller banks dominate the top 25 list in Bank Director's annual RankingBanking study, and this year has been no exception. Just six of the 25 best banks exceed $10 billion in assets, and of those only one, East West Bancorp, is above the $50 billion mark. The median asset size for this year's ranking of top performers, sponsored by Crowe, totals just $5.8 billion — much smaller than more than $4 trillion JPMorgan Chase & Co., the biggest bank in the country, which ranked 128th overall and ninth in its asset class of banks over $50 billion. Last year, the median asset size for the top 25 banks was $4.3 billion.

A deeper dive into the data comprising the annual analysis — two profitability metrics, one asset quality and one capital metric— indicates consistent outperformance by small banks. Take ROAE, for example. Over the past three years, the top 30 banks in the below $5 billion asset category reported the highest ROAE every year; in 2023, that was 14.82%. In contrast, the top banks in the largest asset group have consistently reported the lowest ROAE — 12.24% in 2023.

The $10 billion mark isn't the only explanation for outperformance by small banks. Some of the worst performers in this ranking, in fact, are also below $10 billion. Small banks still face high costs. They compete with the broader market for talent, and they're investing in technology to keep pace with the industry. Funding costs can be a particular challenge. Smaller banks tend to pay higher rates to depositors than big banks do. In part, that's because large banks can offer superior liquidity services in the form of ATMs, technological access and branch locations, so their customers agree to accept lower rates, according to an October 2023 working paper published by UCLA Anderson Review.

Therefore, small banks have disadvantages, too. The small banks that ranked highly in RankingBanking in the last few years exhibit discipline and strong balance sheet management, while dominating markets and enjoying loyal customers, which protects their net interest margin.

Wilson Bank & Trust — the banking subsidiary of Wilson Bank Holding Co. — might be the quintessential community bank. The Lebanon, Tennessee-based bank's main branch and operations center are located right off Main Street, just a stone's throw from city hall. Attend a community event or local football game, and you're likely to see a Wilson Bank banner. Throughout the summer, staff hand out popsicles at county state fairs in middle Tennessee.

CEO John McDearman III calls Lebanon home; it's where he grew up. He originally planned to be a dentist, he tells me, but banking was in his blood. "I watched my dad. I grew up seeing him as a local banker and seeing the impact he could make in the community," he says. In 1994, he started working at NationsBank, eventually managing the bank's Chattanooga office. He loved Chattanooga, but shortly after NationsBank merged to create Bank of America Corp. in 1998, he got a call. Wilson Bank wanted McDearman — who had lost his father to cancer — to come home. "I felt like God was opening a door," he says. He became CEO in January 2020.

Lebanon is located just half an hour or so from Nashville in Wilson County, where the population has boomed. When Wilson Bank was founded in 1987, the county had half the residents it does today. In 2023, an estimated 164,000 called Wilson County home — an 11% increase in just three years, according to the U.S. Census Bureau, outpacing other counties surrounding Nashville. Wilson Bank holds 46% of the deposits in its growing Wilson County home base, according to

19 OF THE TOP 25 BANKS ARE UNDER

$10B

IN ASSETS.

the Federal Deposit Insurance Corp., far outpacing its nearest competitor, Nashville-based Pinnacle Financial Partners, with 13% of the market. Birmingham, Alabama-based Regions Financial Corp. holds 6% of the county's deposits.

Over the decades, the bank has grown outside Wilson County's borders deeper into middle Tennessee's diverse communities, including Nashville, affluent Williamson County and rural DeKalb County. Wilson Bank expanded into the eastern half of the state with a loan production office in Chattanooga last year. Different markets have different needs — from well-heeled suburbs to more rustic outskirts. Keeping close ties to its communities helps Wilson Bank identify opportunities and adapt its approach in response to local nuances. And at $4.9 billion, McDearman believes Wilson Bank is the right size to fill gaps in the market that very small or very large banks won't pursue.

"There's plenty of opportunity for us," he says. "We don't try to be all things [to all people], but we do try to listen and tailor-fit individual situations."

Meanwhile, depositors tend to stick with the bank. Wilson Bank's cost of funds rose dramatically over the past year, from an average 0.5% in 2022 to 2.3% in 2023. Its net interest margin contracted slightly, to 3.3% from 3.7%. "We would rather pay our customers versus brokered deposits when possible," says McDearman. Most of the bank's deposits are homegrown, and he says it feels "really good" to reward savers with higher rates.

"I've been grateful for a balance sheet that's resilient, that was built with a conservative nature over time," says McDearman. That's a balance sheet built on local retail customers and mom-and-pop small businesses — not several large depositors that could leave the bank in a pickle should those funds seek yield elsewhere. Those old-school depositors "are very sticky," he says.

Exercising Discipline

Like Wilson Bank, many of RankingBanking's top performers leverage relationships in their communities to enhance their balance sheet and grow. But it's equally as important to balance flexibility with discipline in today's increasingly uncertain, higher rate environment.

Mercantile Bank Corp., in Grand Rapids, Michigan, got its start as a commercial bank in 1997. The $5.6 billion bank placed among the top 25 banks in the RankingBanking study, coming in fourth largely due to high profitability — a 1.65% ROAA and 17.54% ROAE — and a low nonperforming asset ratio, at 0.08%. Mercantile is a business-focused lender with strong credit metrics, says DelMonte, who covers the stock. "They operate in very attractive markets," he says. "There's a lot of development going on and a lot of investment throughout those different communities" around Grand Rapids.

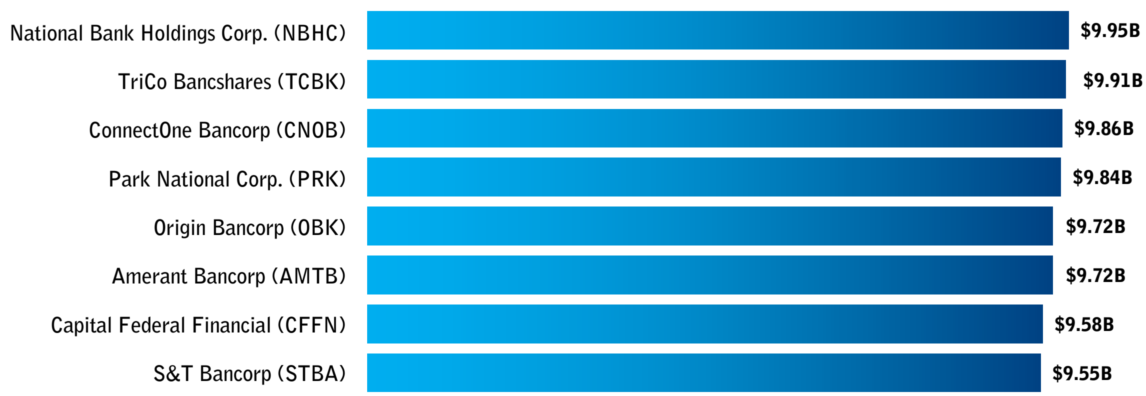
In addition to loans, primarily commercial real estate and commercial & industrial (C&I), Mercantile emphasizes getting a larger relationship with customers that creates more revenue streams, through services that generate noninterest income and create stickier deposits. These include more common bank services such as treasury management as well as payroll and human capital services — platforms that help customers hire and onboard employees, and manage benefits — which bank leaders see as a strategic differentiator.

But another surprising driver of noninterest income has been mortgage, says Raymond Rietsma, Mercantile's CEO. "Even in this environment of relatively scarce housing inventory and relatively high rates, we continue to build our market share," he says.

Mercantile saw an opportunity to grow its mortgage operation as brokers and financial institutions were scaling back. When other mortgage lenders let staff go, Mercantile hired them. In a higher interest rate environment, they're putting in elbow grease by building relationships with real estate agents and developers. "You're not getting

Public Banks Closest to the $10 Billion Mark

Source: **RankingBanking, compiled by Piper Sandler & Co. using S&P Global Market Intelligence 2023 data**



the easy refinance call," says Rietsma. "You need to find the person who actually found a house that they could buy and is ready to go. And that takes a lot of effort."

Residential mortgage loan originations increased by 17% in 2023. That loan mix has shifted toward adjustable rate mortgages in the higher rate environment, according to Mercantile's annual report. Those loans stay on balance sheet while fixed rate loans are sold.

Rietsma emphasizes discipline when he talks about the bank's financial performance. "We can be very consistent across our organization, and what we do and how we do it," he says. When Rietsma talks about discipline, he's referencing adherence to the bank's underwriting standards as well as its approach to asset/liability and capital management.

For example, it's been more than a decade since the bank ended a quarter with a nonaccrual loan exceeding $1 million, says Mercantile Chief Financial Officer Charles Christmas. But it's a tough time to be a commercial lender, with uncertainty hovering over CRE loans due to work-from-home trends and loans repricing at higher interest rates.

Not all CRE is in trouble, says Baldwin at Crowe. "It is tied to region; it's tied to asset class," she says. "And it's tied to individual underwriting." Lower loan-to-value ratios and personal guarantees make a big difference in assessing the quality of a bank's CRE portfolio.

"Our borrowers are performing quite well," says Rietsma. "The few that aren't have more specific challenges. We're trying to be very diligent to find those and deal with them, quickly and early."

The Asset Sensitive Balance Sheet

Rietsma joined Mercantile two decades ago and became CEO in June after former CEO Robert Kaminski Jr. retired. In contrast, McComish joined

S&T three years ago, as the bank was celebrating its 120th anniversary. It was a good time to revisit the bank's vision, he says, renewing S&T's emphasis on customer loyalty and employee engagement. "Our people are here to build relationships, and long-term relationships can translate into strong financial performance over time," he says. He believes S&T can offer the same products and services as any of the big banks. But S&T — like many smaller banks across the country — has an advantage over larger competitors. "100% of my 1,300 employees live and work in the communities that we serve," McComish says.

"We run the company today like we're a much bigger company. I'm not doing my job if I'm not recognizing what the future looks like."

Chris McComish / S&T Bancorp

S&T operates 73 locations, and McComish and his executives regularly meet with bank staff across the bank's Pennsylvania and Ohio footprint. The CEO has also recruited staff from other banks, says Dan Cardenas, a director and equity research analyst at Janney Montgomery Scott who covers S&T. "Chris has done a good job of bringing in people with bigger bank experience and improving areas within the organization that should get the company ready to grow."

McComish has also been willing to try new approaches to deposit growth, using data analytics to better understand customer behavior and deposit flow trends. As depositors began to pursue yield in 2023, some — but not all — of their dollars left the bank. "We found a group of customers that moved some of their money out of the bank, but not all of their money out," he says. S&T's bankers wanted to win the full relationship back. "We believe we do a better job of serving customers than others; let's put our money where our mouth is," he says. "We had great success."

But winning those clients back meant S&T paid a higher rate to depositors. Cost of funds rose from 0.3% at year-end 2022 to 1.6% a year later. But it helped that S&T was asset sensitive. In contrast to most of the industry, S&T's net interest margin improved, from 3.8% to 4.1%, due to higher asset yields as loans and securities repriced, according to Cardenas. More than 40% of S&T's loans have a floating rate, says McComish.

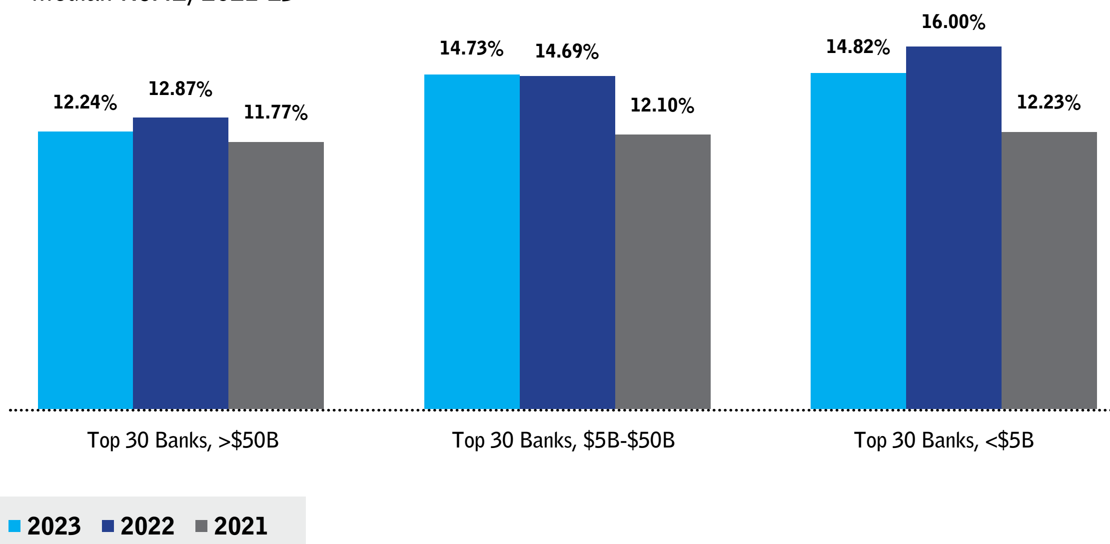
Meanwhile, Mercantile relied on wholesale deposits in its early days as a commercial bank. The bank has strengthened its core deposit franchise over the past decade, but with a loan-to-deposit ratio of 107%, there's still room to grow deposits. Cost of funds grew from 0.5% in 2022 to 1.7% in 2023. Like S&T, its net interest margin grew despite this, from 3.3% to 4.1%, due to an asset sensitive balance sheet. The bank's investment portfolio improved through 2023, with unrealized losses totaling $64 million compared to $83 million at the end of 2022. CFO Christmas attributes this improvement in part to maturities on some of the bank's investments, which are all held as available for sale.

"It's a matter of execution and getting the full relationship in the bank as we undertake the asset side growth," says Rietsma. "Our goal is to grow the floating rate assets and the floating rate liabilities at the same rate and proportion, and on the fixed side, match the duration of our fixed rate assets and liabilities. If we do an appropriate job of pricing on both sides and match up the proportions

The Smallest Top Performers Are the Most Profitable

Source: **RankingBanking, compiled by Piper Sandler & Co. using S&P Global Market Intelligence data**

Median ROAE, 2021-23



in the durations, the margin takes care of itself."

Mercantile's executives are active managers of interest rate risk, leveraging flexible terms and swaps as needed. "We want to limit placing longer-term fixed rate loans on our balance sheet," says Christmas.

Rising deposit costs have pressured the industry, particularly community banks. Concerns around CRE loans cast a pall over the sector — though many smaller banks' exposure is generally limited to suburban areas and small towns with two- or three-story buildings that were less threatened by work-from-home trends, says Cardenas. He describes S&T's office exposure, for instance, as "very manageable. Very little, if any, is in central business districts. They're not lending to the people who build 50, 60-story skyscrapers. That's just not what they do."

And in many ways, what a bank won't do could be as much of a differentiator for the small banks that dominate the top of RankingBanking, evidenced through disciplined underwriting and smart balance sheet management. There's more than one way to successfully execute on the community banking model. But as Wilson Bank, S&T and Mercantile all demonstrate, community ties matter — coupled with executing on the fundamentals of banking and a dedicated focus to building deposit relationships through robust products and knowledge of their markets.

Emily McCormick is vice president of editorial & research for Bank Director.

$50 BILLION AND ABOVE

Rank	Company Name	Ticker	State	Total Assets ($MM)	Profitability: Core ROAA (%)	ROA Rank	Core ROAE (%)	ROE Rank	Capital Adequacy: Tang Common Equity /Tang Assets (%)	TCE Rank	Asset Quality: NPAs/ Loans & OREO (%)	NPA Rank	Final Score
1	East West Bancorp	EWBC	CA	69,613	1.81	2	18.92	3	9.38	1	0.22	4	10
2	First Citizens BancShares	FCNC.A	NC	213,758	2.24	1	23.49	1	9.25	2	0.70	25	29
3	Wintrust Financial Corp.	WTFC	IL	56,260	1.23	8	13.09	13	7.75	6	0.31	5	32
4	Webster Financial Corp.	WBS	CT	74,945	1.47	3	13.08	14	7.73	7	0.43	11	35
5	Columbia Banking System	COLB	WA	52,174	1.21	9	13.45	11	6.65	15	0.20	3	38
6	Cullen/Frost Bankers	CFR	TX	50,845	1.29	7	19.33	2	5.71	25	0.33	6	40
7	Comerica	CMA	TX	85,834	1.14	14	17.78	4	6.30	19	0.34	7	44
8	Western Alliance Bancorp.	WAL	AZ	70,862	1.17	11	14.31	7	7.29	10	0.54	18	46
9	JPMorgan Chase & Co.	JPM	NY	3,875,393	1.38	5	17.06	5	6.40	17	0.57	21	48
10	Synovus Financial Corp.	SNV	GA	59,810	1.16	12	14.74	6	6.84	12	0.64	23	53
11	Northern Trust Corp.	NTRS	IL	150,783	0.93	23	11.50	18	6.83	13	0.14	1	55
12	Regions Financial Corp.	RF	AL	152,194	1.44	4	13.36	12	6.72	14	0.83	27	57
13	Capital One Financial Corp.	COF	VA	478,464	1.12	16	9.53	23	8.18	5	0.49	14	58
14	M&T Bank Corp.	MTB	NY	208,264	1.34	6	10.61	20	8.18	4	1.60	32	62
15	Fifth Third Bancorp	FITB	OH	214,574	1.20	10	14.09	9	5.73	24	0.57	20	63
15	U.S. Bancorp	USB	MN	663,491	1.14	15	13.92	10	5.14	28	0.40	10	63
17	Huntington Bancshares	HBAN	OH	189,368	1.16	13	11.64	17	6.12	22	0.50	15	67
18	State Street Corp.	STT	MA	297,258	1.04	19	11.81	16	4.47	31	0.19	2	68
19	First Horizon Corp.	FHN	TN	81,661	1.03	20	9.47	24	8.48	3	0.76	26	73
19	Wells Fargo & Co.	WFC	CA	1,932,468	1.11	17	11.36	19	7.35	9	0.90	28	73
21	Zions Bancorp., N.A.	ZION	UT	87,203	0.84	28	14.10	8	4.87	30	0.39	9	75
22	The PNC Financial Services Group	PNC	PA	561,580	1.10	18	12.68	15	6.11	23	0.69	24	80
23	Valley National Bancorp	VLY	NJ	60,935	0.91	24	8.45	27	7.61	8	0.58	22	81
24	Bank of America Corp.	BAC	NC	3,180,151	0.95	22	10.53	21	6.18	20	0.55	19	82
25	The Bank of New York Mellon Corp.	BK	NY	409,877	0.99	21	9.89	22	4.43	32	0.35	8	83
26	Citigroup	C	NY	2,411,834	0.44	32	5.15	32	6.87	11	0.47	12	87
27	Truist Financial Corp.	TFC	NC	535,349	0.87	26	7.65	30	5.55	26	0.47	13	95
28	New York Community Bancorp	NYCB	NY	114,057	0.50	31	5.23	31	6.38	18	0.52	16	96
29	Citizens Financial Group	CFG	RI	221,964	0.89	25	8.41	28	6.55	16	0.94	29	98
30	KeyCorp	KEY	OH	188,281	0.63	29	8.76	26	5.03	29	0.52	17	101
				Median	1.13		12.24		6.60		0.51		
				Mean	1.12		12.45		6.67		0.54		

Source: **Piper Sandler & Co., S&P Global Market Intelligence, company reports and regulatory filing**

Ranking Banking uses four metrics to assess performance. Profitability is captured by return on equity and return on assets. Asset quality is represented by the nonperforming assets, which for some banks could include restructured loans. Capital adequacy is a function of a bank's tangible common equity ratio. Banks are scored on each of the four metrics. The scores are then merged into an overall score, which determines the ranking — the lower the score, the higher the rank. Data is based on calendar year 2023 results.

BankDirector RANKINGBANKING. THE BEST U.S. BANKS

$5 BILLION UP TO $50 BILLION

					Profitability				Capital Adequacy		Asset Quality		
Rank	**Company Name**	**Ticker**	**State**	**Total Assets ($MM)**	**Core ROAA (%)**	**ROA Rank**	**Core ROAE (%)**	**ROE Rank**	**Tang Common Equity/Tang Assets (%)**	**TCE Rank**	**NPAs/Loans & OREO (%)**	**NPA Rank**	**Final Score**
1	Westamerica Bancorp.	WABC	CA	6,365	2.35	4	18.09	8	10.43	20	0.05	4	36
2	Farmers & Merchants Bancorp	FMCB	CA	5,309	1.74	12	17.69	11	10.13	28	0.02	1	52
3	Mercantile Bank Corp.	MBWM	MI	5,353	1.65	16	17.54	13	8.91	53	0.08	8	90
4	Commerce Bancshares	CBSH	MO	31,701	1.50	29	18.02	10	8.85	54	0.04	3	96
5	City Holding Co.	CHCO	WV	6,168	2.01	7	19.30	5	8.57	65	0.20	27	104
6	The Bancorp	TBBK	DE	7,706	2.61	2	25.81	1	10.46	17	0.50	88	108
7	Central Bancompany	CBCY.B	MO	19,037	1.52	26	11.44	60	12.75	3	0.18	23	112
8	Lakeland Financial Corp.	LKFN	IN	6,524	1.59	20	17.49	14	9.89	32	0.33	52	118
9	Bank OZK	OZK	AR	34,237	2.28	6	14.38	26	12.33	5	0.48	84	121
10	Community Trust Bancorp	CTBI	KY	5,770	1.39	39	11.64	56	11.16	10	0.14	17	122
11	ServisFirst Bancshares	SFBS	AL	16,130	1.42	36	15.69	22	8.85	56	0.17	21	135
12	1st Source Corp.	SRCE	IN	8,728	1.51	28	12.90	41	10.48	16	0.37	64	149
12	HBT Financial	HBT	IL	5,073	1.53	25	16.71	18	8.19	84	0.18	22	149
12	International Bancshares Corp.	IBOC	TX	15,066	2.74	1	18.63	7	14.65	1	0.92	140	149
15	Cathay General Bancorp	CATY	CA	23,082	1.55	23	13.51	34	10.38	21	0.44	74	152
16	S&T Bancorp	STBA	PA	9,552	1.57	21	11.88	53	9.88	33	0.28	46	153
17	Great Southern Bancorp	GSBC	MO	5,812	1.25	52	12.94	40	9.67	36	0.20	29	157
18	Preferred Bank	PFBC	CA	6,659	2.34	5	22.92	3	10.43	19	0.86	137	164
19	First Financial Bankshares	FFIN	TX	13,106	1.61	18	15.57	23	9.26	42	0.48	83	166
20	BancFirst Corp.	BANF	OK	12,372	1.79	11	16.21	19	10.14	26	0.68	119	175
21	German American Bancorp	GABC	IN	6,152	1.46	31	15.08	24	7.99	91	0.23	34	180
22	Republic Bancorp	RBCA.A	KY	6,595	1.45	32	10.17	79	13.28	2	0.39	68	181
23	National Bank Holdings Corp.	NBHC	CO	9,951	1.56	22	13.21	35	8.82	57	0.42	73	187
24	Heritage Commerce Corp	HTBK	CA	5,194	1.25	51	10.15	80	9.89	31	0.20	28	190
25	Axos Financial	AX	NV	21,624	1.73	13	18.07	9	8.99	49	0.70	120	191
26	Banner Corp.	BANR	WA	15,670	1.30	46	13.13	36	8.33	75	0.25	40	197
26	Hancock Whitney Corp.	HWC	MS	35,579	1.29	47	13.06	37	8.37	72	0.26	41	197
28	Home Bancshares	HOMB	AR	22,657	1.83	10	11.17	65	11.05	11	0.63	114	200
29	United Bankshares	UBSI	WV	29,926	1.32	44	8.28	114	10.24	24	0.16	19	201
30	Stock Yards Bancorp	SYBT	KY	8,170	1.43	34	13.91	31	8.09	86	0.33	55	206
31	Enterprise Financial Services Corp	EFSC	MO	14,519	1.44	33	12.27	46	8.96	52	0.45	76	207
32	CVB Financial Corp.	CVBF	CA	16,021	1.37	40	11.18	64	8.51	68	0.24	36	208
32	First Commonwealth Financial Corp.	FCF	PA	11,459	1.52	27	13.71	33	8.38	71	0.45	77	208
32	Pacific Premier Bancorp	PPBI	CA	19,027	1.17	64	8.54	106	10.72	14	0.19	24	208
35	OFG Bancorp	OFG	PR	11,344	1.85	9	16.95	17	9.68	35	1.24	148	209
36	Stellar Bancorp	STEL	TX	10,647	1.55	24	11.44	59	9.04	48	0.49	86	217
37	First National Bank Alaska	FBAK	AK	5,731	1.07	77	14.07	28	8.11	85	0.20	30	220
37	FirstSun Capital Bancorp	FSUN	CO	7,880	1.43	35	12.97	39	9.94	30	0.65	116	220

$5 BILLION UP TO $50 BILLION

					Profitability				Capital Adequacy		Asset Quality		
Rank	Company Name	Ticker	State	Total Assets ($MM)	Core ROAA (%)	ROA Rank	Core ROAE (%)	ROE Rank	Tang Common Equity /Tang Assets (%)	TCE Rank	NPAs/ Loans & OREO (%)	NPA Rank	Final Score
37	QCR Holdings	QCRH	IL	8,539	1.41	37	13.99	30	8.75	61	0.52	92	220
40	Independent Bank Corp.	IBCP	MI	5,264	1.17	65	16.20	20	7.15	119	0.14	18	222
40	Southside Bancshares	SBSI	TX	8,285	1.26	50	13.03	38	7.04	124	0.09	10	222
42	CrossFirst Bankshares	CFB	KS	7,381	1.08	75	11.72	55	9.10	46	0.30	48	224
43	Customers Bancorp	CUBI	PA	21,316	1.21	57	17.44	15	7.02	126	0.21	31	229
44	Old Second Bancorp	OSBC	IL	5,723	1.69	14	18.95	6	8.53	67	1.80	149	236
45	Ameris Bancorp	ABCB	GA	25,204	1.15	66	8.83	101	9.63	37	0.23	33	237
46	TowneBank	TOWN	VA	16,835	1.02	89	8.57	105	9.31	40	0.07	6	240
47	First Busey Corp.	BUSE	IL	12,283	1.11	73	11.30	61	7.68	102	0.09	11	247
47	Hanmi Financial Corp.	HAFC	CA	7,570	1.04	85	10.29	78	9.12	45	0.25	39	247
49	Independent Bank Corp.	INDB	MA	19,347	1.26	49	8.44	109	10.31	23	0.38	67	248
50	Merchants Bancorp	MBIN	IN	16,953	1.86	8	17.66	12	7.00	129	0.55	100	249
51	Park National Corp.	PRK	OH	9,836	1.35	41	12.22	49	10.14	27	0.82	133	250
52	Peoples Bancorp	PEBO	OH	9,157	1.66	15	14.69	25	7.35	114	0.53	97	251
53	Byline Bancorp	BY	IL	8,882	1.48	30	13.80	32	8.96	51	0.91	139	252
53	TrustCo Bank Corp NY	TRST	NY	6,168	1.01	90	9.83	85	10.45	18	0.36	59	252
55	First Merchants Corp.	FRME	IN	18,406	1.31	45	11.23	62	8.40	69	0.47	80	256
56	Heritage Financial Corp.	HFWA	WA	7,175	1.00	93	8.75	103	8.77	60	0.03	2	258
57	Pathward Financial	CASH	SD	7,927	2.38	3	25.67	2	5.27	147	0.63	110	262
58	TriCo Bancshares	TCBK	CA	9,910	1.24	53	11.11	68	8.80	58	0.50	87	266
58	UMB Financial Corp.	UMBF	MO	44,012	1.01	91	14.02	29	6.45	141	0.06	5	266
60	First BanCorp.	FBP	PR	18,910	1.64	17	22.29	4	7.67	103	1.03	143	267
60	Prosperity Bancshares	PB	TX	38,548	1.17	62	6.57	129	10.31	22	0.33	54	267
62	Pinnacle Financial Partners	PNFP	TN	47,960	1.17	63	9.27	97	8.56	66	0.26	42	268
63	F.N.B. Corp.	FNB	PA	46,158	1.33	42	10.13	81	7.79	99	0.34	56	278
63	The First Bancshares	FBMS	MS	7,999	1.24	54	10.94	70	7.94	92	0.37	62	278
65	Eastern Bankshares	EBC	MA	21,133	0.99	95	8.40	111	11.71	7	0.38	66	279
65	Nicolet Bankshares	NIC	WI	8,469	1.22	56	10.48	75	7.88	95	0.33	53	279
67	First Financial Bancorp.	FFBC	OH	17,533	1.59	19	12.72	43	7.30	116	0.60	109	287
68	Business First Bancshares	BFST	LA	6,585	1.17	61	12.36	45	7.28	117	0.37	65	288
69	Metropolitan Bank Holding Corp.	MCB	NY	7,068	1.19	60	12.44	44	9.20	44	0.92	141	289
69	NBT Bancorp	NBTB	NY	13,309	1.13	71	11.13	67	7.93	93	0.35	58	289
71	BOK Financial Corp.	BOKF	OK	49,825	1.20	58	11.79	54	8.29	77	0.58	105	294
72	FB Financial Corp.	FBK	TN	12,604	1.07	78	9.86	84	9.74	34	0.55	101	297
73	Bank of Hawaii Corp.	BOH	HI	23,733	0.81	116	14.26	27	5.09	148	0.08	9	300
73	WSFS Financial Corp.	WSFS	DE	20,595	1.39	38	12.23	48	7.55	107	0.59	107	300
75	WaFd	WAFD	WA	22,640	1.04	83	9.56	90	8.24	80	0.31	50	303
76	First Mid Bancshares	FMBH	IL	7,587	1.11	72	11.59	57	7.31	115	0.36	61	305

					Profitability				Capital Adequacy		Asset Quality		
Rank	**Company Name**	**Ticker**	**State**	**Total Assets ($MM)**	**Core ROAA (%)**	**ROA Rank**	**Core ROAE (%)**	**ROE Rank**	**Tang Common Equity /Tang Assets (%)**	**TCE Rank**	**NPAs/ Loans & OREO (%)**	**NPA Rank**	**Final Score**
77	Camden National Corp.	CAC	ME	5,715	0.91	105	11.14	66	7.11	122	0.13	15	308
78	Northfield Bancorp	NFBK	NJ	5,598	0.68	130	5.47	136	11.85	6	0.24	37	309
79	SouthState Corp.	SSB	FL	44,902	1.22	55	10.35	77	8.21	82	0.53	96	310
80	Capitol Federal Financial	CFFN	KS	9,576	0.46	140	4.54	140	10.70	15	0.13	16	311
81	Berkshire Hills Bancorp	BHLB	MA	12,431	0.83	114	9.93	83	8.00	90	0.19	25	312
82	Atlantic Union Bankshares Corp.	AUB	VA	21,166	1.13	70	9.54	91	7.15	120	0.24	35	316
82	Origin Bancorp	OBK	LA	9,723	0.92	102	9.20	98	9.31	41	0.44	75	316
84	Farmers National Banc Corp.	FMNB	OH	5,078	1.15	69	16.19	21	4.38	149	0.46	78	317
85	Central Pacific Financial Corp.	CPF	HI	7,643	0.78	120	12.27	47	6.57	138	0.13	13	318
86	First Hawaiian	FHB	HI	24,926	1.00	92	10.54	74	6.23	142	0.13	14	322
87	Amalgamated Financial Corp.	AMAL	NY	7,972	1.15	67	17.08	16	7.16	118	0.78	125	326
88	TFS Financial Corp.	TFSL	OH	17,054	0.45	142	3.88	143	10.90	13	0.23	32	330
89	Community Bank System	CBU	NY	15,556	1.27	48	12.15	50	5.46	146	0.51	90	334
89	Mechanics Bank	MCHB	CA	17,506	1.15	68	9.78	86	8.07	87	0.52	93	334
91	Veritex Holdings	VBTX	TX	12,394	1.19	59	9.76	87	9.08	47	0.96	142	335
92	Glacier Bancorp	GBCI	MT	27,743	0.86	110	8.06	118	7.49	108	0.13	12	348
93	Fulton Financial Corp.	FULT	PA	27,572	1.08	74	11.19	63	7.43	112	0.57	104	353
93	Premier Financial Corp.	PFC	OH	8,626	1.04	84	9.62	89	8.03	89	0.52	91	353
93	Texas Capital Bancshares	TCBI	TX	28,356	0.68	129	6.52	130	10.22	25	0.40	69	353
96	CNB Financial Corp.	CCNE	PA	5,753	1.05	82	10.70	73	8.22	81	0.71	121	357
96	Seacoast Banking Corp. of Florida	SBCF	FL	14,580	1.08	76	7.79	120	9.32	39	0.72	122	357
98	First Bancorp	FBNC	NC	12,115	1.02	87	9.53	92	7.45	109	0.41	70	358
99	Equity Bancshares	EQBK	KS	5,035	1.02	86	12.08	51	7.87	96	0.79	126	359
99	Hope Bancorp	HOPE	CA	19,132	0.72	127	6.92	126	8.85	55	0.33	51	359
101	Columbia Financial	CLBK	NJ	10,646	0.49	139	4.64	139	8.73	62	0.16	20	360
101	OceanFirst Financial Corp.	OCFC	NJ	13,538	0.83	113	6.86	127	8.37	73	0.29	47	360
101	Provident Financial Services	PFS	NJ	14,211	0.99	96	8.36	112	8.97	50	0.56	102	360
104	United Community Banks	UCBI	GA	27,297	1.02	88	8.49	108	8.28	78	0.51	89	363
105	Old National Bancorp	ONB	IN	49,090	1.32	43	12.07	52	6.85	133	0.86	136	364
106	Mid Penn Bancorp	MPB	PA	5,291	0.90	107	8.53	107	7.93	94	0.34	57	365
107	Univest Financial Corp.	UVSP	PA	7,781	0.97	98	9.09	99	8.70	63	0.60	108	368
107	WesBanco	WSBC	WV	17,712	0.98	97	6.81	128	7.58	105	0.24	38	368
109	Lakeland Bancorp	LBAI	NJ	11,139	0.80	117	7.66	122	8.20	83	0.31	49	371
110	ConnectOne Bancorp	CNOB	NJ	9,856	0.93	101	7.51	124	9.25	43	0.63	113	381
110	Farmers & Merchants Bank of Long Beach	FMBL	CA	12,036	0.57	136	5.28	137	11.23	9	0.55	99	381
112	Cambridge Bancorp	CATC	MA	5,418	0.74	126	7.72	121	8.67	64	0.41	72	383
113	HarborOne Bancorp	HONE	MA	5,668	0.45	141	4.15	142	9.33	38	0.37	63	384
114	Dime Community Bancshares	DCOM	NY	13,636	0.78	119	8.76	102	7.04	125	0.27	43	389

$5 BILLION UP TO $50 BILLION

					Profitability				Capital Adequacy		Asset Quality		
Rank	Company Name	Ticker	State	Total Assets ($MM)	Core ROAA (%)	ROA Rank	Core ROAE (%)	ROE Rank	Tang Common Equity /Tang Assets (%)	TCE Rank	NPAs/ Loans & OREO (%)	NPA Rank	Final Score
115	Alpine Banks of Colorado	ALPI.B	CO	6,420	0.85	111	12.76	42	7.01	127	0.63	112	392
115	Eagle Bancorp	EGBN	MD	11,665	0.85	112	8.17	116	10.12	29	0.84	135	392
115	Sandy Spring Bancorp	SASR	MD	14,028	0.95	100	8.70	104	8.77	59	0.80	129	392
118	Triumph Financial	TFIN	TX	5,347	0.92	104	5.84	134	11.04	12	1.12	146	396
119	Northwest Bancshares	NWBI	OH	14,419	1.00	94	9.46	93	8.30	76	0.83	134	397
120	Brookline Bancorp	BRKL	MA	11,382	0.76	122	7.34	125	8.39	70	0.47	82	399
120	Live Oak Bancshares	LOB	NC	11,271	0.74	125	9.32	95	7.79	100	0.47	79	399
122	Cadence Bank	CADE	MS	48,935	0.89	108	9.63	88	7.43	111	0.53	95	402
123	Renasant Corp.	RNST	MS	17,361	1.05	80	8.17	115	7.87	97	0.63	111	403
124	Hilltop Holdings	HTH	TX	16,467	0.66	131	5.18	138	11.41	8	0.81	131	408
125	Heartland Financial USA	HTLF	CO	19,412	1.05	81	11.51	58	6.53	140	0.81	130	409
126	LendingClub Corp.	LC	CA	8,827	0.40	144	2.83	146	12.53	4	0.80	128	422
127	Associated Banc-Corp	ASB	WI	41,016	0.91	106	8.97	100	7.11	121	0.55	98	425
128	Peapack-Gladstone Financial Corp.	PGC	NJ	6,477	0.81	115	9.31	96	8.33	74	1.13	147	432
129	BankUnited	BKU	FL	35,762	0.59	135	8.43	110	7.01	128	0.36	60	433
129	First Internet Bancorp	INBK	IN	5,168	0.22	146	3.03	145	6.81	135	0.07	7	433
131	Independent Bank Group	IBTX	TX	19,035	0.76	124	5.97	133	7.55	106	0.41	71	434
131	Midland States Bancorp	MSBI	IL	7,867	1.06	79	10.89	72	6.55	139	1.09	144	434
131	Trustmark Corp.	TRMK	MS	18,722	0.92	103	10.97	69	6.95	130	0.81	132	434
134	Tompkins Financial Corp.	TMP	NY	7,820	0.86	109	10.36	76	7.44	110	1.11	145	440
135	Financial Institutions	FISI	NY	6,161	0.77	121	10.90	71	6.00	143	0.59	106	441
136	Simmons First National Corp.	SFNC	AR	27,346	0.79	118	6.51	131	7.69	101	0.53	94	444
137	First Interstate BancSystem	FIBK	MT	30,671	0.95	99	9.35	94	6.85	134	0.67	118	445
138	First National of Nebraska	FINN	NE	31,286	0.76	123	8.32	113	8.05	88	0.75	124	448
139	W.T.B. Financial Corp.	WTBF.B	WA	11,446	0.52	138	6.35	132	7.84	98	0.47	81	449
140	First Foundation	FFWM	TX	13,327	(0.22)	148	(2.78)	148	6.91	131	0.20	26	453
140	Shore Bancshares	SHBI	MD	6,011	0.53	137	5.55	135	6.78	136	0.28	45	453
142	Horizon Bancorp	HBNC	IN	7,940	0.71	128	7.96	119	7.08	123	0.48	85	455
143	Banc of California	BANC	CA	38,534	(0.28)	149	(3.76)	149	6.62	137	0.27	44	479
144	Washington Trust Bancorp	WASH	RI	7,203	0.65	132	10.02	82	5.68	144	0.80	127	485
145	Amerant Bancorp	AMTB	FL	9,716	0.59	134	7.57	123	7.35	113	0.67	117	487
146	Kearny Financial Corp.	KRNY	NJ	7,898	0.41	143	3.87	144	8.26	79	0.86	138	504
147	Flushing Financial Corp.	FFIC	NY	8,537	0.33	145	4.21	141	7.64	104	0.65	115	505
147	MidWestOne Financial Group	MOFG	IA	6,428	0.63	133	8.10	117	6.90	132	0.72	123	505
149	HomeStreet	HMST	WA	9,392	0.08	147	1.31	147	5.64	145	0.57	103	542
				Median	1.08		10.48		8.33		0.44		
				Mean	1.13		10.87		8.55		0.47		

Source: **Piper Sandler & Co., S&P Global Market Intelligence, company reports and regulatory filing**

Ranking Banking uses four metrics to assess performance. Profitability is captured by return on equity and return on assets. Asset quality is represented by the nonperforming assets, which for some banks could include restructured loans. Capital adequacy is a function of a bank's tangible common equity ratio. Banks are scored on each of the four metrics. The scores are then merged into an overall score, which determines the ranking — the lower the score, the higher the rank. Data is based on calendar year 2023 results.

LESS THAN $5 BILLION

					Profitability				Capital Adequacy		Asset Quality		
Rank	Company Name	Ticker	State	Total Assets ($MM)	Core ROAA (%)	ROA Rank	Core ROAE (%)	ROE Rank	Tang Common Equity /Tang Assets (%)	TCE Rank	NPAs/ Loans & OREO (%)	NPA Rank	Final Score
1	Macatawa Bank Corp.	MCBC	MI	2,749	1.60	8	16.42	10	10.44	18	0.00	4	40
2	Cashmere Valley Bank	CSHX	WA	2,043	1.52	10	17.82	8	9.42	29	0.20	34	81
3	River City Bank	RCBC	CA	4,932	1.35	18	15.65	15	8.47	51	0.00	5	89
4	ACNB Corp.	ACNB	PA	2,419	1.54	9	14.20	24	9.48	28	0.21	36	97
5	Five Star Bancorp	FSBC	CA	3,593	1.44	12	17.91	6	7.95	65	0.06	15	98
5	Southern States Bancshares	SSBK	AL	2,447	1.43	13	15.96	13	8.12	60	0.06	12	98
7	Private Bancorp of America	PBAM	CA	2,152	2.01	1	23.88	1	8.53	50	0.27	49	101
8	MainStreet Bancshares	MNSB	VA	2,035	1.38	16	12.67	34	8.89	40	0.06	14	104
9	Parke Bancorp	PKBK	NJ	2,024	1.82	3	12.92	32	14.03	6	0.49	76	117
9	Red River Bancshares	RRBI	LA	3,129	1.16	32	12.52	39	9.67	26	0.10	20	117
11	Wilson Bank Holding Co.	WBHC	TN	4,846	1.10	43	12.64	36	8.77	41	0.00	1	121
12	Codorus Valley Bancorp.	CVLY	PA	2,195	1.19	28	13.99	26	8.99	35	0.23	38	127
13	MetroCity Bankshares	MCBS	GA	3,503	1.50	11	14.09	25	10.71	17	0.51	79	132
13	Unity Bancorp	UNTY	NJ	2,579	1.64	5	16.21	12	10.06	21	0.70	94	132
15	Northeast Bank	NBN	ME	2,969	1.88	2	18.03	5	11.00	13	1.18	113	133
15	Peoples Bancorp	PPBB	WA	2,412	1.05	45	9.54	67	11.64	8	0.06	13	133
17	Capital Bancorp	CBNK	MD	2,226	1.64	6	14.92	19	11.45	9	0.84	102	136
18	Coastal Financial Corp.	CCB	WA	3,753	1.28	19	16.40	11	7.86	68	0.24	40	138
19	Bank First Corp.	BFC	WI	4,222	1.35	17	9.66	66	10.39	19	0.25	41	143
20	South Plains Financial	SPFI	TX	4,205	1.08	44	11.69	45	9.21	31	0.14	27	147
21	First Farmers Financial Corp.	FFMR	IN	3,006	1.64	7	18.97	4	8.28	55	0.62	88	154
22	FS Bancorp	FSBW	WA	2,973	1.40	15	15.63	16	8.25	57	0.45	72	160
23	Capital City Bank Group	CCBG	FL	4,304	1.20	27	11.95	44	8.26	56	0.23	37	164
23	CoastalSouth Bancshares	COSO	SC	2,029	1.25	22	17.84	7	7.45	81	0.29	54	164
25	First Community Bankshares	FCBC	VA	3,269	1.65	4	11.21	52	11.07	11	0.76	99	166
26	American Business Bank	AMBZ	CA	3,903	1.13	39	15.92	14	8.04	61	0.30	55	169
26	OP Bancorp	OPBK	CA	2,148	1.13	41	13.05	30	8.95	37	0.34	61	169
28	Community West Bancshares	CWBC	CA	2,433	1.11	42	14.82	20	6.44	107	0.00	1	170
29	1867 Western Financial Corp.	WFCL	CA	4,561	1.16	31	8.09	89	14.70	4	0.27	47	171
30	Avidbank Holdings	AVBH	CA	2,231	1.00	50	14.47	23	7.41	83	0.08	17	173
30	Summit Financial Group	SMMF	WV	4,634	1.41	14	15.52	17	7.69	73	0.43	69	173
32	Home Bancorp	HBCP	LA	3,320	1.28	20	12.01	42	8.69	45	0.40	67	174
32	Southern Missouri Bancorp	SMBC	MO	4,644	1.15	34	11.40	49	8.63	46	0.26	45	174
34	HomeTrust Bancshares	HTBI	NC	4,673	1.24	23	11.28	51	9.87	23	0.50	78	175
35	PCB Bancorp	PCB	CA	2,790	1.20	26	9.02	76	10.01	22	0.28	53	177
36	Orange County Bancorp	OBT	NY	2,485	1.22	24	20.09	2	6.41	109	0.25	44	179
37	John Marshall Bancorp	JMSB	VA	2,243	0.80	77	8.37	83	10.25	20	0.00	1	181
38	Bar Harbor Bankshares	BHB	ME	3,971	1.15	35	10.98	54	8.00	63	0.18	32	184
39	The First Bancorp	FNLC	ME	2,947	1.03	47	12.60	37	7.28	85	0.10	21	190

LESS THAN $5 BILLION

					Profitability				Capital Adequacy		Asset Quality		
Rank	**Company Name**	**Ticker**	**State**	**Total Assets ($MM)**	**Core ROAA (%)**	**ROA Rank**	**Core ROAE (%)**	**ROE Rank**	**Tang Common Equity /Tang Assets (%)**	**TCE Rank**	**NPAs/ Loans & OREO (%)**	**NPA Rank**	**Final Score**
40	First Financial Corp.	THFF	IN	4,851	1.26	21	12.43	40	9.15	32	0.75	98	191
41	C&F Financial Corp.	CFFI	VA	2,438	0.97	53	11.46	48	7.89	67	0.11	24	192
42	Southern California Bancorp	BCAL	CA	2,360	1.17	30	9.88	61	10.73	16	0.66	91	198
43	Bridgewater Bancshares	BWB	MN	4,612	0.89	62	9.76	64	7.73	71	0.02	8	205
43	Merchants Financial Group	MFGI	MN	2,600	1.03	48	10.37	57	8.89	38	0.35	62	205
43	USCB Financial Holdings	USCB	FL	2,339	0.82	75	9.79	63	8.21	58	0.03	9	205
46	Fidelity D & D Bancorp	FDBC	PA	2,503	0.98	51	13.72	27	6.79	98	0.20	33	209
47	BayCom Corp	BCML	CA	2,552	1.15	36	9.37	73	10.76	15	0.63	89	213
48	Orrstown Financial Services	ORRF	PA	3,064	1.21	25	14.97	18	8.02	62	1.11	110	215
49	FVCBankcorp	FVCB	VA	2,191	0.73	88	7.86	93	9.60	27	0.09	18	226
49	Guaranty Bancshares	GNTY	TX	3,185	0.87	67	9.54	68	8.56	49	0.25	42	226
51	Greene County Bancorp	GCBC	NY	2,737	1.01	49	14.69	21	7.14	90	0.41	68	228
52	Southern BancShares (N.C.)	SBNC	NC	4,988	0.75	87	10.13	59	8.70	44	0.24	39	229
53	Isabella Bank Corp.	ISBA	MI	2,059	0.89	64	9.50	71	7.66	74	0.10	22	231
54	Sierra Bancorp	BSRR	CA	3,730	0.90	60	10.81	55	8.36	54	0.38	63	232
54	The First of Long Island Corp.	FLIC	NY	4,236	0.68	92	7.84	94	8.97	36	0.03	10	232
56	First Business Financial Services	FBIZ	WI	3,508	1.15	33	13.52	29	7.61	75	0.73	96	233
56	River Financial Corp,	RVRF	AL	3,235	0.89	63	17.55	9	5.27	118	0.25	43	233
58	NB Bancorp	NBBK	MA	4,533	0.75	86	7.39	95	16.70	2	0.28	52	235
58	Penns Woods Bancorp	PWOD	PA	2,205	0.78	82	9.52	70	7.99	64	0.10	19	235
60	Bankwell Financial Group	BWFG	CT	3,215	1.13	40	14.55	22	8.19	59	1.81	115	236
61	CF Bankshares	CFBK	OH	2,059	0.88	65	11.46	47	7.55	77	0.27	48	237
62	Northrim BanCorp	NRIM	AK	2,807	0.94	56	11.14	53	7.76	70	0.32	59	238
63	Somerset Trust Holding Co.	SOME	PA	2,199	1.13	38	19.95	3	6.48	105	0.67	93	239
64	ChoiceOne Financial Services	COFS	MI	2,577	0.89	61	12.58	38	5.32	117	0.13	25	241
65	Burke & Herbert Financial Services Corp.	BHRB	VA	3,618	0.70	90	8.75	79	8.70	43	0.18	31	243
65	Civista Bancshares	CIVB	OH	3,861	1.19	29	12.64	35	6.44	108	0.44	71	243
67	NASB Financial	NASB	MO	2,752	1.14	37	8.05	90	14.19	5	1.17	112	244
68	Canandaigua National Corp.	CNND	NY	4,884	0.92	58	13.67	28	6.94	95	0.39	65	246
68	Exchange Bank	EXSR	CA	3,369	0.78	83	12.15	41	7.58	76	0.26	46	246
70	Dacotah Banks	DBIN	SD	4,167	0.69	91	7.15	99	9.07	34	0.16	29	253
70	First Citizens Bancshares	FIZN	TN	2,391	0.79	79	11.52	46	6.68	102	0.13	26	253
72	Citizens & Northern Corp.	CZNC	PA	2,516	1.04	46	10.31	58	8.43	52	0.85	103	259
72	MVB Financial Corp.	MVBF	WV	3,314	0.79	80	9.72	65	8.60	48	0.39	66	259
74	Hills Bancorp.	HBIA	IA	4,342	0.91	59	8.58	81	10.78	14	0.90	107	261
74	Hingham Institution for Savings	HIFS	MA	4,484	0.34	108	3.58	109	9.09	33	0.04	11	261
76	Enterprise Bancorp	EBTC	MA	4,466	0.82	73	12.01	43	7.25	86	0.32	60	262
77	RBB Bancorp	RBB	CA	4,026	0.98	52	7.88	91	11.02	12	1.04	108	263
78	West Bancorp.	WTBA	IA	3,826	0.65	95	11.32	50	5.88	112	0.01	7	264
79	Peoples Financial Services Corp.	PFIS	PA	3,742	0.78	81	8.76	78	7.53	78	0.14	28	265
80	Alerus Financial Corp.	ALRS	ND	3,908	0.87	69	9.24	75	7.94	66	0.31	56	266
81	Territorial Bancorp	TBNK	HI	2,237	0.23	113	1.99	114	11.23	10	0.17	30	267

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82	ENB Financial Corp	ENBP	PA	2,001	0.71	89	12.91	33	5.98	111	0.20	35	268
83	LCNB Corp.	LCNB	OH	2,292	0.82	74	7.87	92	6.82	97	0.00	6	269
84	Waterstone Financial	WSBF	WI	2,213	0.44	105	2.61	112	15.52	3	0.28	50	270
85	First Bank	FRBA	NJ	3,609	0.93	57	8.98	77	8.89	39	0.82	100	273
86	Arrow Financial Corp.	AROW	NY	4,170	0.83	72	9.39	72	8.62	47	0.65	90	281
87	ESSA Bancorp	ESSA	PA	2,225	0.87	66	8.29	86	9.35	30	0.82	101	283
88	Chemung Financial Corp.	CHMG	NY	2,711	0.87	68	13.02	31	6.45	106	0.54	82	287
89	Bank of Marin Bancorp	BMRC	CA	3,804	0.63	96	6.05	104	9.73	24	0.39	64	288
90	BCB Bancorp	BCBP	NJ	3,832	0.85	70	10.76	56	7.41	82	0.57	86	294
91	SmartFinancial	SMBK	TN	4,829	0.77	84	8.28	87	7.47	79	0.28	51	301
92	Western New England Bancorp	WNEB	MA	2,565	0.60	99	6.57	103	8.75	42	0.32	58	302
93	Blue Foundry Bancorp	BLFY	NJ	2,045	(0.36)	118	(1.99)	118	17.37	1	0.43	70	307
94	Norwood Financial Corp.	NWFL	PA	2,201	0.80	78	9.81	62	6.98	94	0.48	75	309
94	Third Coast Bancshares	TCBX	TX	4,396	0.85	71	8.35	85	7.46	80	0.46	73	309
96	Southern First Bancshares	SFST	SC	4,056	0.34	109	4.44	107	7.70	72	0.11	23	311
97	Citizens Financial Services	CZFS	PA	2,975	0.94	55	9.31	74	6.62	104	0.56	83	316
98	Sterling Bancorp	SBT	MI	2,416	0.30	110	2.36	113	13.56	7	0.66	92	322
99	FineMark Holdings	FNBT	FL	4,101	0.13	116	1.84	115	7.23	87	0.06	16	334
99	Tri City Bankshares Corp.	TRCY	WI	2,079	0.68	93	10.07	60	6.90	96	0.56	85	334
101	Colony Bankcorp	CBAN	GA	3,053	0.75	85	9.53	69	6.73	100	0.54	81	335
102	BankFirst Capital Corp.	BFCC	MS	2,728	0.95	54	7.03	102	3.98	119	0.53	80	355
102	Evans Bancorp	EVBN	NY	2,109	0.60	100	8.12	88	8.37	53	1.58	114	355
102	Farmers & Merchants Bancorp	FMAO	OH	3,283	0.80	76	8.37	82	7.03	93	0.87	104	355
102	Investar Holding Corp.	ISTR	LA	2,815	0.66	94	8.35	84	6.65	103	0.46	74	355
106	Ponce Financial Group	PDLB	NY	2,751	0.13	115	0.68	116	9.68	25	0.88	105	361
107	Hanover Bancorp	HNVR	NY	2,270	0.62	97	7.05	100	7.22	88	0.74	97	382
108	LINKBANCORP	LNKB	PA	2,669	(0.05)	117	(0.49)	117	7.06	92	0.31	57	383
109	Carter Bankshares	CARE	VA	4,513	0.57	102	7.23	97	7.78	69	8.89	119	387
110	Eagle Bancorp Montana	EBMT	MT	2,076	0.57	101	7.23	96	6.32	110	0.56	84	391
111	Meridian Corp.	MRBK	PA	2,246	0.62	98	8.66	80	6.74	99	1.84	116	393
112	First Savings Financial Group	FSFG	IN	2,308	0.39	107	5.52	105	6.71	101	0.61	87	400
113	Ames National Corp.	ATLO	IA	2,155	0.52	103	7.20	98	7.09	91	1.07	109	401
114	First Northwest Bancorp	FNWB	WA	2,202	0.40	106	5.34	106	7.37	84	1.12	111	407
115	Finward Bancorp	FNWD	IN	2,108	0.45	104	7.04	101	5.84	114	0.73	95	414
115	Marquette National Corp.	MNAT	IL	2,142	0.21	114	2.98	110	5.87	113	0.50	77	414
117	First Western Financial	MYFW	CO	2,975	0.23	112	2.67	111	7.16	89	2.00	117	429
118	First Guaranty Bancshares	FGBI	LA	3,553	0.30	111	4.11	108	5.65	116	0.89	106	441
119	Blue Ridge Bankshares	BRBS	VA	3,118	(0.44)	119	(5.85)	119	5.80	115	2.42	118	471
				Median	0.90		10.07		8.12		0.32		
				Mean	0.92		10.40		8.54		0.53		

Source: **Piper Sandler & Co., S&P Global Market Intelligence, company reports and regulatory filing**

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Acknowledgments

Data used in the 2024 RankingBanking analysis of the 300 largest publicly traded banks was collected through S&P Global Market Intelligence and analyzed by Piper Sandler & Co., using calendar year 2023 results. Four metrics were used to assess profitability, capital adequacy and asset quality: core return on average equity, core return on average assets, the tangible common equity ratio, and nonperforming assets to loans and other real estate owned. Banks were ranked on each metric. The rankings were added together to achieve a final score. The lower the score, the higher the rank. OTC Banks were included. The smallest bank was $2 billion in assets.

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