

Banking's Top Performers 2010

A patch of blue amid
the storm clouds

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Non-S Banks & Thrifts with Total Assets of
\$100MM to \$3B

2010 RANK	2009 RANK	Institution; City, State	Total Assets (\$000)	2009 ROAE (%)	2009 ROAA (%)	Non-interest inc/total rev (%)	Efficiency ratio (FTE) (%)	NPLs/tot loans (%)	Leverage ratio (%)
1	1763	Central Bancorp; Garland, TX	2,597,094	110.33	8.87	89.73	15.86	17.96	9.67
2	1520	Midland States Bancorp; Effingham, IL	1,141,325	36.90	3.33	61.24	30.29	7.76	7.77
3	934	Treynor State Bank; Treynor, IA	187,428	33.06	2.49	19.20	45.97	3.00	7.74
4	1136	Republic Bancorp; Oak Brook, IL	1,365,534	31.75	3.21	60.94	27.03	5.79	10.18
5	1966	Sunwest Bank; Tustin, CA	649,937	31.24	2.86	56.80	41.70	4.69	8.88
6	1	Security First Nat'l Bank; Hugo, OK	103,596	27.51	2.13	14.65	46.14	1.77	7.07
7	272	First Federal Bank of Fla; Lake City, FL	833,227	24.21	2.61	32.43	67.92	9.68	10.23
8	11	Independence Bancshares; Owensboro, KY	892,766	22.28	1.01	13.33	59.72	0.47	6.81
9	419	Tri City Bankshares; Oak Creek, WI	1,124,530	20.17	2.67	28.00	63.04	2.90	12.03
10	484	Pioneer Bank; Roswell, NM	568,737	19.84	1.75	37.07	65.10	2.57	8.79
11	22	First Star Bank, S.S.B.; Bremond, TX	188,577	19.40	1.40	13.85	62.35	0.26	7.86
12	8	International Bank; Raton, NM	315,059	19.04	1.57	11.07	52.87	0.53	8.73
13	1083	Bank of Internet USA; San Diego, CA	1,353,065	18.44	1.39	7.57	33.10	1.98	7.91
14	2	Suffolk Bancorp; Riverhead, NY	1,694,496	18.31	1.36	13.01	54.72	1.79	8.21
15	38	Burke & Herbert B&T; Alexandria, VA	2,012,577	18.19	1.75	9.30	40.89	1.67	9.90
16	7	Gibbsland Bank & Trust; Gibbsland, LA	191,154	17.94	1.45	18.52	63.50	1.27	8.81
17	56	Minster Bank; Minster, OH	292,274	17.82	1.47	20.90	56.13	2.07	7.27
18	104	Citizens Financial Services; Mansfield, PA	729,477	17.65	1.42	18.32	53.02	1.29	8.16
19	552	First State Bank; Mendota, IL	521,940	17.35	1.42	68.70	63.87	0.22	8.06
20	4	First National Bank; Grayson, KY	196,991	17.34	1.38	27.26	59.21	0.14	8.03
21	826	Bank of England; England, AR	197,928	17.20	1.59	70.10	75.54	1.11	9.16
22	6	Pioneer Trust Bank, NA; Salem, OR	273,099	17.11	2.43	29.83	34.23	3.07	14.48
23	N/A	State Bank and Trust Co; Macon, GA	2,496,314	16.72	1.87	12.36	40.71	27.14	14.63
24	18	Exchange National B&T; Atchison, KS	204,597	16.53	1.54	19.93	50.09	0.15	8.88
25	55	Cameron Bancshares; Lake Charles, LA	787,403	16.44	1.65	21.91	50.08	0.29	10.06

Source: SNL Financial, LC, 2009

Additional data and rankings appear on www.abajournal.com

Many community banks remained in a defensive position last year, as the issues that caused so much trouble for the industry in 2008 persisted during 2009. Nevertheless, the last year was not entirely bleak. There were opportunities for healthy banks to take advantage of openings left by wounded or distracted competitors (both large and small). In addition, a backlash against the big banks caused many businesses and consumers to look to "Main Street" for their financial services providers.

In part two of the *ABA Banking Journal* bank performance rankings, we focus on the bright spots of 2009, examining the tactics used by the most profitable banks and thrifts with total assets of \$3 billion or less.

Ranking methodology

Our ranking assesses the performance of commercial banks, thrifts, and bank holding companies in four categories: the first two being institutions under \$100 million in assets, split between Subchapter S and non-sub-

chapter S institutions; the second two being institutions with assets between \$100 million and \$3 billion, again, split between S-corp and non-S-corp tax status.

Within the four groups, institutions were ranked on their return on average equity (ROAE) for 2009. Data was obtained from SNL Financial, LC and reflects operations for the year ending Dec. 31, 2009. All rankings are based on consolidated statistics for the highest regulatory reporting level available for each institution. Where consolidated statistics were not available, but data was reported for a subsidiary that accounted for at least 90% of a holding company's assets, we used subsidiary data. Only institutions in business for at least one year were included.

The rankings focused on institutions that offered traditional banking services. As a result, we excluded bankers' banks, special purpose industrial loan companies and nondepository trusts, as well as institutions with less than 10% of their assets in loans, less than 10% of their liabilities in deposits, or over 70% of their

Non-S Banks & Thrifts with Total Assets of Less than \$100MM

2010 RANK	2009 RANK	Institution; City, State	Total Assets (\$'000)	2009 ROAE (%)	2009 ROAA (%)	Non-interest inc/total rev (%)	Efficiency ratio (FTE) (%)	NPLs/tot loans (%)	Leverage ratio (%)
1	4	Community Bank; Bristow, OK	64,425	23.20	1.68	25.92	57.38	0.44	6.71
2	25	Atkins Savings B&T; Atkins, IA	55,781	20.23	1.42	7.09	41.45	0.00	8.15
3	1648	Vantage Point Bank; Fort Washington, PA	71,119	20.08	1.71	38.42	113.03	0.77	9.25
4	9	State Bank; Bellingham, MN	29,853	19.36	1.51	3.17	49.55	0.00	7.96
5	10	Lakeside Bank; Salina, OK	30,187	18.83	1.74	16.35	52.88	0.51	10.00
6	19	First National Bank; Ogden, IL	84,424	18.18	1.33	11.64	52.36	0.03	7.33
7	12	Bank of Cushing & Tr Co; Cushing, OK	89,527	17.78	1.55	20.99	57.35	0.59	11.59
8	14	State Bank; Schaller, IA	22,670	17.10	1.91	39.94	53.83	0.00	10.16
9	115	Bartlett Farmers Bank; Bartlett, OH	55,273	16.72	1.56	10.92	63.14	0.00	9.72
10	75	Bank of Locust Grove; Locust Grove, OK	25,935	15.73	1.53	26.55	62.40	0.53	10.50
11	21	Longview State Bank; Sidney, IL	61,500	15.36	1.10	10.69	56.96	0.85	7.37
12	18	Citizens Savings Bank; Spillville, IA	55,884	15.26	1.43	9.68	50.52	0.93	11.15
13	137	Piggott State Bank; Piggott, AR	74,025	14.86	1.51	11.88	53.08	0.24	9.54
14	1384	First State Bank; Commerce, OK	13,336	14.52	1.04	45.38	60.67	0.02	7.14
15	6	People's Bank; Seneca, MO	90,140	14.27	1.06	13.85	54.27	0.84	7.32
16	162	First National Bank; Rosedale, MS	75,917	14.27	1.84	5.78	48.72	0.00	12.69
17	27	Bank of Wyandotte; Wyandotte, OK	12,684	14.21	1.04	15.97	75.33	0.28	6.93
18	1629	First National Bank; Kinmundy, IL	33,721	14.15	1.65	14.32	50.19	0.00	7.43
19	1034	Mainstreet Bank; Ashland, MO	55,674	14.13	1.33	10.35	56.95	0.16	8.75
20	16	Community State Bank; Coffeyville, KS	57,023	13.87	1.28	17.84	60.33	0.58	8.69
21	703	Custer Federal S&L; Broken Bow, NE	59,059	13.82	1.22	7.45	58.64	0.89	8.86
22	83	White Oak State Bank; White Oak, TX	76,290	13.51	0.85	14.52	72.21	0.00	6.41
23	304	Progressive NB of DeSoto Par; Mansfield, LA	29,939	13.41	1.00	26.06	83.11	0.73	7.60
24	46	First State Bank; Loomis, NE	88,984	13.19	1.27	13.52	51.04	0.07	7.72
25	1470	Patriot Federal Bank; Canajoharie, NY	76,140	13.18	1.31	12.23	89.23	0.12	9.08

Source: SNL Financial, LC, 2009

Additional data and rankings appear on www.ababj.com

loans in credit card receivables.

The full consolidated rankings and full charter-level rankings may be found at ababj.com, along with a more detailed explanation of the ranking methodology. Look for “Banking’s Top Performers, Part 2.”

Two broad themes emerged

The top performers can be separated from the rest by one simple fact—nearly all found a way to grow their business in 2009, be it through organic growth or acquisition. The median asset growth for all four groups of top performers far outpaced that of their peers. In fact, for three of the four groups, the total

assets of the top performers grew at a median rate that was double the rate of growth experienced by all institutions. The source of this growth differed by asset size. Among institutions with assets of less than \$100 million, growth was primarily organic; while among larger institutions FDIC-assisted acquisitions played a greater role.

1. Organic growth

This year’s two top performing institutions with assets of less than \$100 million—Community Bank of Bristow, Okla., and Priority Bank of Ozark, Ark.—both experienced strong loan growth in 2009. Com-

munity Bank significantly outpaced its peers in loan growth, driven by increases in construction and land development, agricultural production, and farm loans. The bank increased total loans by 9%, compared to median growth of 5% and 3%, respectively, among the top 25 and all small non-S institutions.

At Priority Bank FSB, loans grew by 18%, far beyond the median loan growth of 5% experienced by the top 25 small S-corps and 2% seen among all small S-corps. This was driven by growth in residential mortgage loans outstanding, which increased by \$9.4 million (21%). Residential mortgages represent

S-Corp Banks & Thrifts with Total Assets of \$100MM to \$3B

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1	60	Central Bank & Trust; Lander, WY	157,348	83.92	8.22	63.35	28.50	8.49	11.83
2	N/A	Continental Bank; Salt Lake City, UT	121,676	47.46	5.04	-1.68	31.36	1.30	11.07
3	302	Central Bank; Stillwater, MN	861,034	45.91	3.67	61.60	33.84	5.79	7.19
4	N/A	SBT Bancshares; Dallas, TX	631,248	41.34	4.12	53.92	11.24	23.75	12.29
5	21	United National Corp; Sioux Falls, SD	1,684,665	39.86	13.70	77.45	45.54	0.32	34.66
6	N/A	NRBC Holding Corp; Chicago, IL	1,260,056	37.44	3.11	8.54	24.07	2.85	8.55
7	1126	Benchmark Bank; Plano, TX	357,315	37.42	3.22	65.90	65.31	1.08	7.83
8	217	Merchants Bank of Indiana; Lynn, IN	392,283	36.16	4.84	64.04	44.63	1.52	14.22
9	2	Charter Bank; Corpus Christi, TX	149,413	35.10	2.36	14.35	53.40	1.47	6.94
10	22	First National Bank; Fabens, TX	296,654	34.19	2.49	18.26	44.77	1.65	7.42
11	270	Cenlar FSB; Trenton, NJ	526,850	32.72	1.75	79.10	85.05	1.38	8.02
12	290	Central Bank; Kansas City, MO	198,126	32.13	3.78	64.99	37.37	3.56	11.22
13	25	Texas Bank; Brownwood, TX	278,068	31.22	2.92	21.31	50.12	0.06	9.30
14	7	Community Bank; Longview, TX	116,369	31.14	2.03	18.43	61.60	0.00	6.79
15	16	Welch State Bank; Welch, OK	201,134	30.40	2.35	13.90	47.60	0.50	9.09
16	6	Security National Bank; Enid, OK	321,732	30.06	2.55	8.67	41.49	0.55	7.35
17	18	Bank of Bloomsdale; Bloomsdale, MO	179,146	29.42	2.52	22.19	38.42	3.18	8.19
18	13	Granite Falls Bank; Granite Falls, MN	183,293	29.38	2.71	3.57	36.99	0.03	8.02
19	191	Bank of the Wichitas; Snyder, OK	121,621	29.25	2.60	16.90	53.79	0.27	8.44
20	327	UNICO Bank; Mineral Point, MO	200,816	28.92	2.40	31.59	54.66	2.15	9.48
21	28	Citizens Bank; Las Cruces, NM	364,833	27.77	2.44	26.66	57.78	2.88	8.21
22	77	Carlsbad National Bank; Carlsbad, NM	212,991	27.37	1.94	25.67	57.24	0.59	9.02
23	34	Citizens Bankshares; Farmington, NM	561,204	27.24	2.24	27.58	51.88	1.83	9.14
24	20	Quail Creek Bank, NA; Oklahoma City, OK	437,211	26.80	2.29	6.84	46.85	0.53	8.66
25	5	Frontier State Bank; Oklahoma City, OK	547,867	26.52	2.66	2.22	46.47	0.08	7.93

Source: SNL Financial, LC, 2009

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94% of Priority Bank's total loan portfolio. Though the thrift's branch network is centered in northwest Arkansas, it operates its mortgage business on a regional scale, lending to customers in Arkansas, Oklahoma, Missouri, Texas, Tennessee, and Louisiana.

The 9% increase in interest income provided by these loans helped to increase net income by 13%. As a result, the thrift posted an ROAE of 43.09%, 649 basis points higher than the nearest peer and enough to place Priority Bank at the top of our small S-corp list for the second year in a row (no small feat in these times).

2. Growth via acquisition

As with their large-bank counterparts—covered last month—FDIC-assisted acquisitions played a significant role in the performance of mid-size institutions. Among institutions with total assets of \$100 million to \$3 billion, four of the top five non-S-corps and three of the top five S-corps participated in an FDIC-assisted transaction during 2009. The majority of these transactions were transformative, providing large one-time gains in net income and increasing the size of the acquiring institution by 50% or more. This year's top performing large S-corp, Central Bank &

Trust of Lander, Wyo., recorded an \$8.7 million bargain-purchase gain after acquiring Thermopolis-based Bank of Wyoming. The transaction increased Central Bank & Trust's assets by 55% and its deposit base by 51%.

The similarly-named Central Bancorp of Garland, Tex. (this year's top performing non-S-corp with total assets of between \$100 million and \$3 billion) increased total assets by 157% after acquiring Mutual Bank of Harvey, Ill., in July 2009. Though Central Bancorp is based in the Dallas, Tex., metro area, the holding company has steadily expanded into other cit-

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1	1	Priority Bank; Ozark, AR	61,554	43.09	3.33	36.13	52.91	2.90	8.02
2	28	Almena State Bank; Almena, KS	19,733	36.60	2.47	35.21	67.67	0.25	6.88
3	35	Bank of Buffalo; Buffalo, KY	63,228	35.83	3.23	9.02	32.78	0.01	8.41
4	13	State Bank; New Richland, MN	86,860	33.43	2.48	6.84	43.28	1.00	7.20
5	283	Security State Bank; Ansley, NE	75,740	33.30	2.62	25.42	65.43	4.19	8.07
6	45	Citizens State Bank; Clayton, WI	81,437	31.56	2.34	20.32	51.43	0.15	7.42
7	20	Oklahoma State Bank; Buffalo, OK	42,006	30.17	2.37	18.33	58.68	0.00	8.01
8	2	Wilburton State Bank; Wilburton, OK	61,000	29.91	2.18	16.29	53.38	0.14	6.61
9	3	Bank of Dade; Trenton, GA	93,176	28.88	2.01	11.75	52.95	4.07	6.76
10	4	Bank of Baker; Baker, MT	99,974	28.56	2.50	4.84	40.16	0.02	8.78
11	16	Riverside Bank; Sparkman, AR	55,426	28.45	2.20	16.85	50.88	0.03	7.65
12	132	Frontier Bank; Davenport, NE	22,356	27.98	2.76	4.30	48.86	0.60	19.33
13	40	Wells Bank; Platte City, MO	77,806	27.86	2.25	17.52	50.12	0.00	8.35
14	8	First National Bank; Stigler, OK	98,456	27.38	2.33	15.32	51.01	0.00	7.22
15	5	Farmers & Merchants Bk; Kendall, WI	57,683	27.12	2.73	11.24	42.77	5.08	10.26
16	263	First State Bank; Camargo, OK	38,396	27.07	2.20	10.71	47.01	0.02	7.79
17	130	First Valley Bank; Seeley Lake, MT	52,575	26.41	2.24	32.83	49.47	1.07	7.99
18	18	Lusk State Bank; Lusk, WY	41,857	25.87	2.23	9.36	54.68	1.13	8.70
19	19	Auburn Banking Co; Auburn, KY	62,694	25.55	2.11	14.47	59.55	0.50	8.51
20	12	Brush Country Bank; Freer, TX	33,948	24.83	2.26	11.02	56.29	0.12	7.61
21	24	Bank Northwest; Hamilton, MO	99,083	24.41	2.01	17.04	52.40	1.96	8.54
22	1020	First Federal Savings Bk; Boston, MA	71,330	23.66	4.12	89.67	82.49	4.95	18.57
23	71	Peoples State Bank; Summit, SD	46,934	23.53	2.11	11.85	46.19	0.91	8.35
24	21	Peoples Bank & Trust; Owenton, KY	84,064	23.46	1.35	16.27	50.14	1.27	12.80
25	53	First American Bank; Stonewall, OK	21,813	23.29	2.47	15.98	56.68	0.82	10.57

Source: SNL Financial, LC, 2009

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ies around the country—including Los Angeles; Washington, D.C.; and New York City. The acquisition of Mutual Bank and its 12 branches via an FDIC-assisted transaction brought Central Bancorp into Chicago. This transaction also allowed Central Bancorp to book a \$271.4 million gain, contributing to a \$158.4 million increase in the holding company's net income relative to 2008.

The acquiring bank or thrift realized benefits from more than just the bargain-purchase gains associated with these deals. Growth in the acquiring institution's customer base was often translated into growth in fee income. For example, Merchants Bank of Indiana (headquartered in Lynn, Ind., and No. 8 among large S-corps) experienced an increase of 73% in net servicing fees and deposit service charges, combined.

In addition, some institutions used acquired deposits to reduce more expensive borrowings, as at Tri City Bankshares, Oak Creek, Wis. (No. 9 among large non-S banks and thrifts). The company reduced its total borrowings by 54%, compared to an average decrease of 18% among all large non-S banks.

Looking ahead

As we reach the halfway point of 2010, it is clear that the macroeconomic environment will remain challenging (though there are some signs of improvement). As the examples above have shown, however, it is still possible to achieve growth in tough times. In 2010, community banks and thrifts should continue to focus on markets or lines of business that they know well, stay connected to their customers and communities, and, of course, pursue strategic acquisitions. ■