

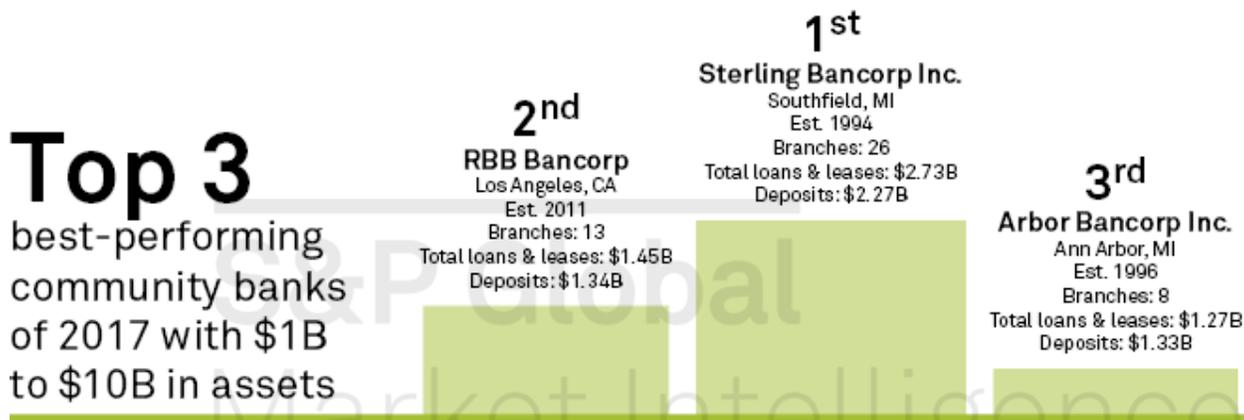
RESEARCH & ANALYSIS

Michigan's Sterling Bancorp tops 2017 large community bank ranking

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By Zuhaib Gull and Chris Vanderpool

A robust return on average tangible common equity, a low efficiency ratio and surging loan growth pushed Southfield, Mich.-based Sterling Bancorp Inc. up one spot to the top of the podium in S&P Global Market Intelligence's 2017 ranking of the top-performing community banks between \$1 billion and \$10 billion in assets.



Data compiled March 9, 2018.
Source: S&P Global Market Intelligence

About this analysis

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

To be eligible for the ranking, a company had to possess a loan-to-asset ratio of at least 33.33%, and no more than half of its loan portfolio could come from credit cards. Furthermore, the company had to be well-capitalized according to 2017 regulatory standards, and no more than half of the institution's revenue could come from nontraditional banking activities.

All companies were ranked at the holding company level if consolidated data was reported; otherwise, the commercial bank, savings bank or savings & loan association subsidiary was used. Companies with parents above \$10 billion in assets were excluded.

Based on the above criteria, 533 companies were eligible for the ranking.

Founded in 1994, Sterling Bancorp operates 26 branches across California, Michigan and New York. Twenty-four of the offices are based in California, 19 of which are in the San Francisco-Oakland-Hayward MSA. Last year, the thrift completed an initial public offering on Nov. 16 and its stock has since returned 21.3% as of March 9, compared to a 8.4% gain for the S&P 500.

Sterling's loan portfolio increased by more than 36% during 2017, helped by a 38% surge in one-to four-family loans. The thrift was highly profitable as well, posting a 37.85% return before tax on average tangible common equity and a 4.14% net interest margin for 2017. Despite growing at a fast pace, the thrift reported an efficiency ratio of 35.22% for the year, much lower than the top 100 median of 53.90%.

Los Angeles-based RBB Bancorp took the second spot in the 2017 ranking, helped by a 25.54% return on average tangible common equity and a

0.05% net recovery ratio. RBB's subsidiary, Royal Business Bank, was third in the 2016 ranking.

Doraville, Ga.-based Metro City Bank fell to the No. 7 spot in 2017 after taking the gold in the 2016 ranking. The bank's

credit quality dipped slightly in 2017 and loan growth slowed. However, Metro City's 46.36% return on average tangible common equity was still the highest among the top 100 community banks between \$1 billion and \$10 billion in assets.

Ranking metrics

Among the 100 best-performing community banks of 2017 with assets between \$1 billion and \$10 billion

Highest ROATCE before tax

Company name (top-level ticker)	ROATCE before tax (%)	Overall rank
Metro City Bank (MCBS)	46.4	7
Cross River Bank	45.1	5
First National Bank of America	39.8	25
Live Oak Bancshares Inc. (LOB)	39.2	11
Sterling Bancorp Inc. (SBT)	37.8	1
Median (top 100 banks)	19.9	

Highest loan growth rate

Company name (top-level ticker)	Loan growth rate (%)	Overall rank
Veritex Holdings Inc. (VBTX)	126.7	71
Bar Harbor Bankshares (BHB)	120.1	81
Carolina Financial Corp. (CARO)	94.6	29
Pacific Premier Bancorp Inc. (PPBI)	91.4	6
United Business Bank (BCML)	75.9	38
Median (top 100 banks)	20.1	

Lowest efficiency ratio (FTE)

Company name (top-level ticker)	Efficiency ratio (%)	Overall rank
Hingham Institution for Savings (HIFS)	30.08	27
Merchants Bancorp (MBIN)	30.24	17
Malaga Bank FSB (MLGF)	33.98	69
Poppy Bank	34.10	23
ServisFirst Bancshares Inc. (SFBS)	34.56	39
Median (top 100 banks)	53.90	

Highest NIM (FTE)

Company name (top-level ticker)	NIM (FTE) (%)	Overall rank
Crestmark Bank	9.12	67
Cross River Bank	7.15	5
First National Bank of America	6.78	25
Stearns Financial Services Inc.	6.76	50
Triumph Bancorp Inc. (TBK)	5.93	48
Median (top 100 banks)	3.91	

Lowest adjusted Texas ratio

Company name (top-level ticker)	Adj. Texas ratio (%)	Overall rank
Malaga Bank FSB (MLGF)	0.00	69
Cross River Bank	0.01	5
River City Bank (RCBC)	0.08	41
Hometown Banc Corp.	0.23	79
West Bancorp. Inc. (WTBA)	0.32	45
Median (top 100 banks)	4.03	

Lowest NCOs/average loans

Company name (top-level ticker)	NCOs/avg. loans (%)	Overall rank
Sunwest Bank	-0.32	18
First Financial Northwest Inc. (FFNW)	-0.26	97
Community Bank (CYHT)	-0.18	91
Exchange Bank	-0.16	70
Choice Financial Holdings Inc.	-0.15	34
Median (top 100 banks)	0.03	

Data compiled March 9, 2018.

Analysis is based on the 100 best-performing community banks of 2017 with assets between \$1 and \$10 billion.

For the purposes of the ranking, community banks were defined as top-tier U.S. banks and thrifts with gross loans greater than 33.33% of assets, credit card loans less than 50% of the loan portfolio and assets between \$1 billion and \$10 billion.

Based on regulatory filings.

ROATCE = return on average tangible common equity

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

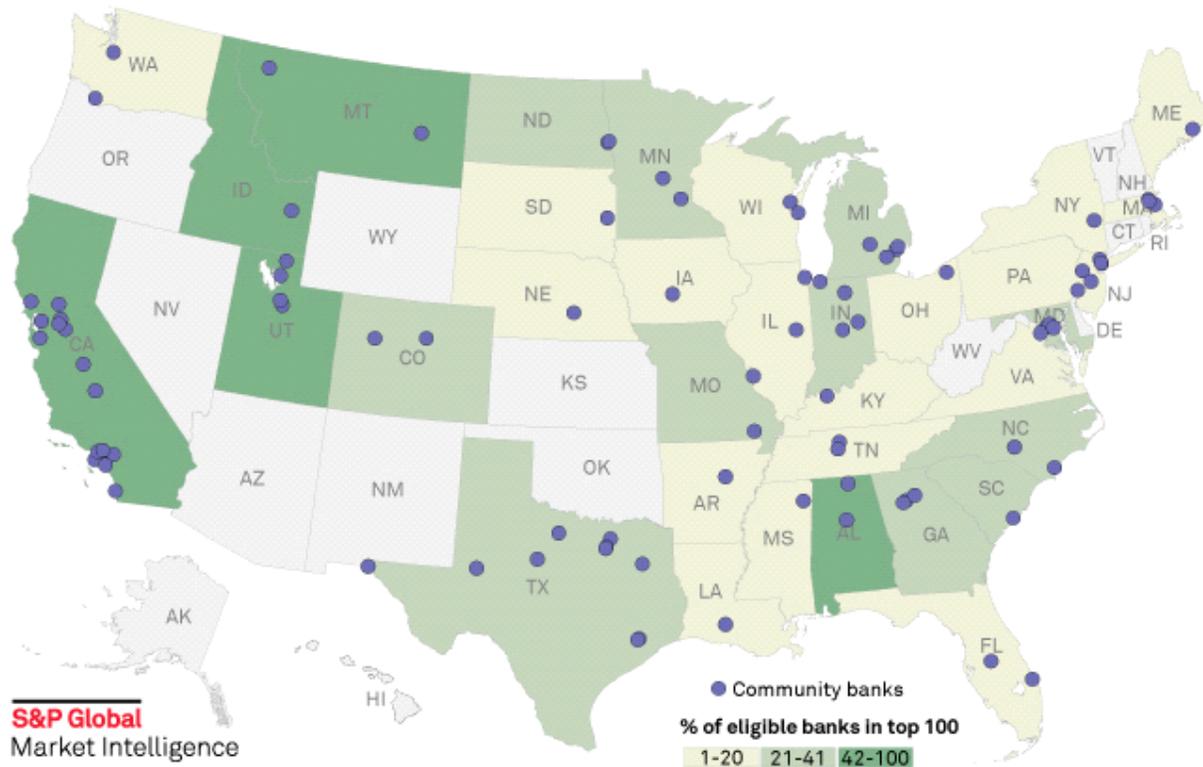
Adjusted Texas ratio = nonperforming assets plus loans 90 days or more past due net of delinquent government guaranteed loans and other real estate owned covered by loss-sharing agreements with the FDIC as a percentage of tangible equity and reserves

NCOs = net charge-offs

Source: S&P Global Market Intelligence

California had 22 banks and thrifts in the top 100, more than any other state. Texas came in second with 11 institutions, followed by Indiana, Illinois, Michigan, New York and Utah at four apiece.

100 best-performing community banks of 2017 with assets between \$1B and \$10B



S&P Global
Market Intelligence

Data compiled March 9, 2018.

For the purposes of the ranking, community banks were defined as top-tier U.S. banks and thrifts with gross loans greater than 33.33% of assets, credit card loans less than 50% of the loan portfolio and assets between \$1 billion and \$10 billion.

Source: S&P Global Market Intelligence

Map credit: Elizabeth Thomas

[Click here for an article on the top-performing community banks with less than \\$1 billion in assets for 2017.](#)

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

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Best-performing community banks of 2017 with \$1B to \$10B in assets

Based on financials for year ended Dec. 31, 2017

Rank	Company (top-level ticker)	City, state	Ranking metrics						
			Total assets (\$M)	ROATCE before tax (%)	NCOs/average loans (%)	Efficiency ratio FTE (%)	Adjusted Texas ratio (%) ¹	Net interest margin FTE (%)	Loan growth rate (%)
1	Sterling Bancorp Inc. (SBT)	Southfield, MI	2,963.4	37.85	-0.04	35.22	1.27	4.14	36.2
2	RBB Bancorp (RBB)	Los Angeles, CA	1,691.1	25.54	-0.05	37.16	1.13	4.10	21.3
3	Arbor Bancorp Inc.	Ann Arbor, MI	1,538.2	31.32	0.10	53.59	4.23	5.16	37.8
4	Bridgewater Bancshares Inc.	Bloomington, MN	1,616.6	21.91	0.00	42.77	2.60	3.94	34.6
5	Cross River Bank	Teaneck, NJ	1,372.9	45.11	2.08	37.62	0.01	7.15	57.9
6	Pacific Premier Bancorp Inc. (PPBI)	Irvine, CA	8,024.5	20.53	0.02	58.17	0.75	4.51	91.4
7	Metro City Bank (MCBS)	Doraville, GA	1,292.2	46.36	0.16	36.91	6.15	4.75	14.0
8	Cache Valley Bank	Logan, UT	1,102.1	30.79	0.01	45.24	13.85	4.97	18.9
9	Central Bank	Provo, UT	1,017.1	16.38	-0.08	45.75	6.45	5.10	19.0
10	BofI Holding Inc. (BOFI)	San Diego, CA	8,916.0	28.94	0.07	37.61	4.20	4.10	15.2
11	Live Oak Bancshares Inc. (LOB)	Wilmington, NC	2,758.5	39.25	0.21	53.60	1.34	3.94	55.5
12	Nicolet Bankshares Inc. (NCBS)	Green Bay, WI	2,933.3	23.00	0.08	56.97	5.21	4.32	32.8
13	Independent Bank Group Inc. (IBTX)	McKinney, TX	8,684.5	22.30	0.01	55.38	4.13	3.90	42.1
14	Eagle Bancorp Inc. (EGBN)	Bethesda, MD	7,479.0	23.38	0.06	37.26	2.19	4.13	12.3
15	Preferred Bank (PFBC)	Los Angeles, CA	3,771.5	25.98	0.07	36.28	2.76	3.83	15.6
16	National Commerce Corp. (NCOM)	Birmingham, AL	2,737.7	17.59	0.05	60.03	1.55	4.45	44.4
17	Merchants Bancorp (MBIN)	Carmel, IN	3,400.3	37.32	0.02	30.24	1.31	2.35	39.0
18	Sunwest Bank	Irvine, CA	1,176.9	16.35	-0.32	57.33	3.33	5.07	10.3
19	People's Utah Bancorp (PUB)	American Fork, UT	2,123.5	15.37	0.09	58.79	2.85	4.81	43.6
20	Pacific City Bank (PFCF)	Los Angeles, CA	1,442.0	23.83	0.08	51.23	2.05	4.23	15.7
21	CenterState Bank Corp. (CSFL)	Winter Haven, FL	7,124.0	19.25	-0.02	59.49	6.19	4.31	39.7
22	CVB Financial Corp. (CVBF)	Ontario, CA	8,270.6	20.26	-0.14	42.93	1.93	3.64	9.9
23	Poppy Bank	Santa Rosa, CA	1,612.1	22.17	0.22	34.10	8.96	3.92	36.1
24	Northern Bancorp Inc.	Woburn, MA	2,069.7	29.21	0.06	41.63	14.89	4.21	22.2
25	First National Bank of America	East Lansing, MI	1,364.7	39.79	0.09	42.32	35.15	6.78	22.6
26	Olney Bancshares of Texas Inc.	Olney, TX	3,495.5	26.08	0.04	45.31	12.09	4.43	13.7
27	Hingham Institution for Savings (HIFS)	Hingham, MA	2,284.6	25.47	0.00	30.08	1.28	3.05	14.2
28	FB Financial Corp. (FBK)	Nashville, TN	4,727.7	19.19	-0.12	73.99	7.33	4.64	56.7
29	Carolina Financial Corp. (CARO)	Charleston, SC	3,524.1	18.57	0.00	60.46	2.94	3.91	94.6
30	First Merchants Corp. (FRME)	Muncie, IN	9,368.6	18.20	0.00	54.76	4.45	3.90	31.4
31	Commonwealth Business Bank (CBBI)	Los Angeles, CA	1,078.8	22.10	0.04	52.93	2.99	4.17	14.2
32	WestStar Bank Holding Co. Inc.	El Paso, TX	1,667.9	22.61	0.05	49.96	5.74	4.37	10.0
33	Heritage Commerce Corp. (HTBK)	San Jose, CA	2,843.6	23.48	-0.03	52.85	1.16	4.00	5.2
34	Choice Financial Holdings Inc.	Fargo, ND	1,251.5	27.84	-0.15	54.21	9.58	4.33	3.9
35	Inwood Bancshares Inc.	Dallas, TX	2,615.4	23.49	-0.01	46.23	0.36	3.46	6.5
36	State Bank Financial Corp. (STBZ)	Atlanta, GA	4,958.6	16.26	0.13	58.31	2.84	4.69	24.5
37	First Busey Corp. (BUSE)	Champaign, IL	7,860.6	20.45	-0.01	58.54	5.85	3.59	35.8
38	United Business Bank (BCML)	Walnut Creek, CA	1,245.3	15.51	0.00	64.49	0.96	4.04	75.9
39	ServisFirst Bancshares Inc. (SFBS)	Birmingham, AL	7,082.4	24.90	0.29	34.56	3.38	3.68	19.1
40	Post Oak Bancshares Inc.	Houston, TX	1,430.6	16.39	0.00	56.93	3.44	4.23	23.9
41	River City Bank (RCBC)	Sacramento, CA	2,037.8	20.34	-0.08	38.42	0.08	2.82	14.5
42	Home Bancorp Inc. (HBCP)	Lafayette, LA	2,228.1	16.32	0.00	57.94	13.30	4.56	35.0
43	Unity Bancorp Inc. (UNTY)	Clinton, NJ	1,455.5	20.38	0.06	55.30	3.30	3.92	20.3
44	Bank of Commerce	Ammon, ID	1,168.4	13.78	0.04	46.66	4.83	4.28	19.2
45	West Bancorp. Inc. (WTBA)	West Des Moines, IA	2,114.4	20.99	-0.02	45.41	0.32	3.38	7.9
46	Central Valley Community Bancorp (CVCY)	Fresno, CA	1,661.7	17.66	-0.08	65.04	3.95	4.42	19.0
47	Fishback Financial Corp.	Brookings, SD	2,715.3	17.54	0.01	59.61	7.78	4.36	24.6
48	Triumph Bancorp Inc. (TBK)	Dallas, TX	3,499.0	21.69	0.28	60.21	12.90	5.93	42.0
49	Enterprise Financial Services Corp. (EFSC)	Clayton, MO	5,289.2	21.14	0.29	52.68	4.35	3.88	29.4

50	Stearns Financial Services Inc.	Saint Cloud, MN	2,129.3	26.72	0.64	39.11	7.59	6.76	7.8
51	B0U Bancorp Inc.	Ogden, UT	1,211.7	16.95	-0.01	57.69	2.05	4.14	14.4
52	Lakeland Financial Corp. (LKFN)	Warsaw, IN	4,686.3	20.17	-0.01	45.29	2.42	3.35	9.9
53	Revere Bank (REVB)	Laurel, MD	2,098.8	20.18	0.03	55.26	1.89	3.74	14.2
54	Horizon Bancorp (HBNC)	Michigan City, IN	3,964.3	17.27	0.04	62.05	5.01	3.84	32.2
55	Lakeside Bancorp Inc.	Chicago, IL	1,602.4	21.36	0.01	45.92	6.96	3.66	10.9
56	Independence Bancshares Inc.	Owensboro, KY	2,175.9	21.02	0.03	56.73	3.70	3.80	15.7
57	State Bankshares Inc.	Fargo, ND	4,878.2	34.99	0.01	71.09	4.09	3.83	21.0
58	Renasant Corp. (RNST)	Tupelo, MS	9,830.0	19.89	0.06	61.77	5.63	4.17	21.1
59	Stockman Financial Corp.	Miles City, MT	3,534.0	20.36	-0.01	51.70	2.66	3.74	7.0
60	Franklin Financial Network Inc. (FSB)	Franklin, TN	3,843.5	16.64	-0.02	51.80	1.63	3.04	26.2
61	Bryn Mawr Bank Corp. (BMTC)	Bryn Mawr, PA	4,449.7	21.01	0.10	63.60	3.89	3.65	29.3
62	Metropolitan Commercial Bank (MCB)	New York, NY	1,758.4	16.13	0.32	50.06	2.18	3.66	34.1
63	First-West Texas Bancshares Inc.	Midland, TX	1,240.9	24.93	0.11	52.40	14.93	3.33	34.9
64	Progress Bank and Trust	Huntsville, AL	1,020.8	13.86	0.06	63.02	1.94	3.76	55.5
65	Alpine Banks of Colorado	Glenwood Springs, CO	3,482.8	24.04	-0.02	62.17	9.90	4.31	9.6
66	First Bancorp (FBNC)	Southern Pines, NC	5,547.9	19.34	0.04	65.08	11.50	4.08	49.5
67	Crestmark Bank	Troy, MI	1,203.8	33.73	0.81	72.72	6.52	9.12	33.0
68	First Financial Bankshares Inc. (FFIN)	Abilene, TX	7,254.7	19.84	0.12	49.34	2.40	4.06	3.4
69	Malaga Bank FSB (MLGF)	Palos Verdes Estates, CA	1,040.3	16.67	0.00	33.98	0.00	3.25	5.9
70	Exchange Bank	Santa Rosa, CA	2,583.0	21.83	-0.16	57.44	8.73	3.87	5.0
71	Veritex Holdings Inc. (VBTX)	Dallas, TX	2,946.4	11.37	0.06	54.92	5.78	3.81	126.7
72	Riverview Community Bank (RVSB)	Vancouver, WA	1,127.5	17.04	-0.08	66.44	7.25	4.23	19.8
73	Habib American Bank	New York, NY	1,403.0	22.57	-0.01	49.89	4.20	2.43	22.4
74	Seacoast Banking Corp. of Florida (SBCF)	Stuart, FL	5,810.1	17.61	0.06	62.39	7.76	3.74	32.7
75	Southside Bancshares Inc. (SBSI)	Tyler, TX	6,498.1	15.43	0.07	52.57	1.58	3.07	28.6
76	Middlefield Banking Co. (MBCN)	Middlefield, OH	1,106.7	16.55	0.05	59.31	11.00	3.85	51.5
77	Oak Valley Community Bank (OVLY)	Oakdale, CA	1,034.7	18.90	0.00	58.50	1.65	3.79	8.6
78	Hometown Banc Corp.	Grand Island, NE	1,297.4	16.14	-0.03	51.06	0.23	3.54	6.6
79	First Virginia Community Bank (FVCB)	Fairfax, VA	1,051.6	15.38	-0.01	50.55	5.02	3.62	15.7
80	Bar Harbor Bankshares (BHB)	Bar Harbor, ME	3,565.2	18.68	0.04	59.06	6.39	3.08	120.1
81	Sterling Bank	Poplar Bluff, MO	1,265.1	16.56	0.02	48.20	0.76	3.51	6.4
82	Hanmi Financial Corp. (HAFC)	Los Angeles, CA	5,210.5	17.80	0.05	54.11	4.04	3.79	11.9
83	Safra National Bank of New York	New York, NY	8,214.9	21.68	0.00	42.97	0.38	1.77	6.9
84	Bank of Greene County (MHC) (GCBC)	Catskill, NY	1,057.7	20.15	0.09	51.98	5.37	3.61	12.2
85	Hamilton State Bancshares Inc. (HMBH)	Hoschton, GA	1,786.6	16.91	0.06	58.46	4.14	4.65	1.6
86	Farmers & Merchants Bancorp (FMCB)	Lodi, CA	3,076.2	18.64	0.02	53.62	2.05	3.85	1.7
87	Guaranty Bancorp (GBNK)	Denver, CO	3,698.9	19.61	0.04	56.08	6.88	3.88	11.4
88	AFNB Holdings Inc.	Houston, TX	1,484.8	14.88	0.01	54.27	5.45	3.88	14.9
89	1867 Western Financial Corp. (WFCL)	Stockton, CA	3,004.5	14.24	0.11	49.84	3.36	4.18	7.2
90	Old Line Bancshares Inc. (OLBK)	Bowie, MD	2,109.2	15.59	0.08	60.70	3.59	3.70	24.1
91	Community Bank (CYHT)	Pasadena, CA	3,747.4	15.87	-0.18	60.62	2.21	3.40	9.8
92	First Security Bancorp	Searcy, AR	5,513.5	10.65	0.61	41.25	1.09	4.72	14.1
93	Leader Bank NA	Arlington, MA	1,222.5	19.61	0.00	56.20	4.30	3.38	12.0
94	Sierra Bancorp (BSRR)	Porterville, CA	2,340.3	16.15	-0.04	66.13	9.09	4.06	23.3
95	Glacier Bancorp Inc. (GBCI)	Kalispell, MT	9,706.3	18.15	0.17	53.68	8.90	4.21	14.9
96	Southern Missouri Bancorp Inc. (SMBC)	Poplar Bluff, MO	1,776.9	16.89	0.03	58.39	8.49	3.85	20.0
97	First Financial Northwest Inc. (FFNW)	Renton, WA	1,210.2	9.53	-0.26	66.23	3.41	3.64	21.3
98	Bank First National Corp. (BFNC)	Manitowoc, WI	1,753.4	19.10	0.02	53.59	17.43	3.38	36.2
99	First Bank (FRBA)	Hamilton, NJ	1,452.3	11.69	0.08	58.54	4.01	3.40	36.6
100	First Foundation Inc. (FFWM)	Irvine, CA	4,541.3	16.00	-0.01	64.74	4.36	2.98	36.0

Top 100 median

10.86

0.03

53.90

4.03

3.91

20.1

Data compiled March 9, 2018.

S&P Global Market Intelligence used six metrics to identify top-performing U.S. community banks between \$1 billion to \$10 billion in asset size by applying equal weights to each metric. The mean for each metric was identified across the data set and standard deviations from these means were calculated for each metric for each institution and aggregated to determine a relative performance score. Scores for each metric were also capped to help normalize the data.

For the purposes of this ranking, S&P Global Market Intelligence defined community banks as currently operating top-tier banks and thrifts. Companies with gross loans/assets less than 33.33% and credit card loans/total loans greater than 50% are excluded. Companies with parents greater than \$10 billion in total assets are excluded.

SNBNY Holdings Limited was replaced in the analysis by its subsidiary, Safra National Bank of New York. The holding company was not considered for the ranking due to its headquarter location, outside the U.S., in Gibraltar.

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

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

ROATCE = return on average tangible common equity

NCOs = net charge-offs

FTE = fully taxable equivalent

¹ Adjusted Texas ratio = nonperforming assets plus loans 90 days or more past due, net of delinquent government guaranteed loans and other real estate owned covered by loss-sharing agreements with the FDIC, as a percentage of tangible equity and reserves.

Rankings are based on 2017 regulatory data. All ranking metrics must have been reported for company to be included.

Source: S&P Global Market Intelligence

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S&P Global Market Intelligence