

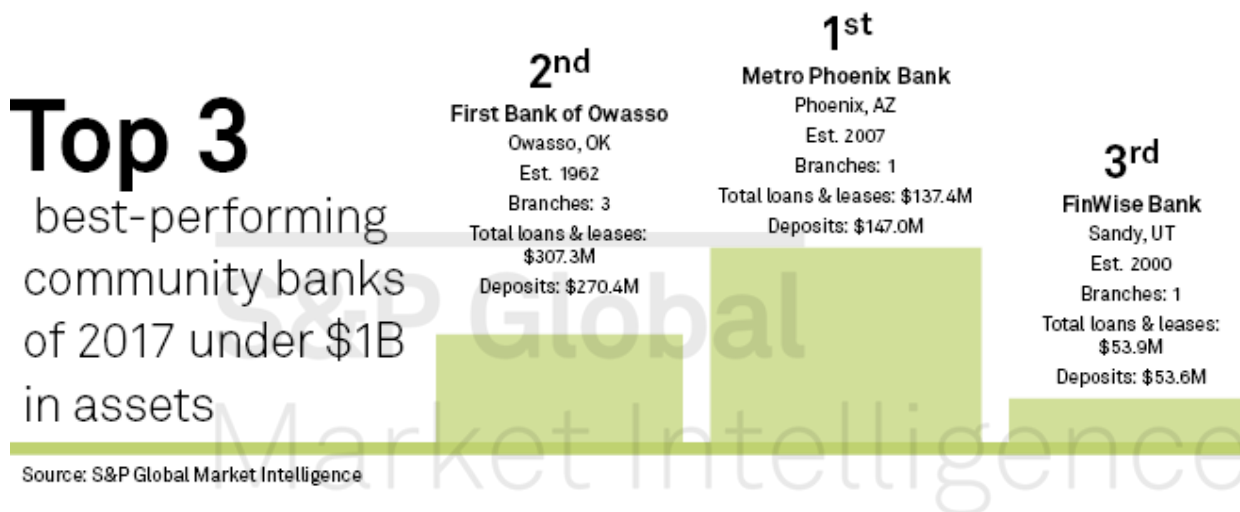
RESEARCH & ANALYSIS

Metro Phoenix Bank is 2017's best-performing bank under \$1B in assets

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By Chris Vanderpool and Zuhaib Gull

Arizona's Metro Phoenix Bank soared to the top of S&P Global Market Intelligence's 2017 ranking of the best-performing community banks under \$1 billion in assets.



Rising from the ashes of a net loss in 2016, Metro Phoenix turned in a fiery 2017 with a 23.39% pretax return on average tangible common equity, strong loan growth and a 5.90% net interest margin.

About this analysis

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

To be eligible for this ranking, a bank or thrift had to possess a loan-to-asset ratio of at least 33.33% and no more than half of those loans could come from credit cards. Further, the company had to be well-capitalized according to current regulatory standards and no more than half of the institution's revenue could come from nontraditional banking activities. Banks with parent companies above \$1 billion in assets were excluded.

Based on the above criteria, 4,383 banks and thrifts were eligible for the ranking.

Founded in 2007, Metro Phoenix focuses on lending to businesses and real estate professionals. At the end of 2017, nonfarm, nonresidential commercial real estate loans accounted for 62.06% of its total loans, while commercial-and-industrial loans accounted for another 18.80%. The bank's concentration in construction and development loans also increased to 11.68% by the end of 2017 from 3.97% in 2016.

Last spring, Metro Phoenix completed a \$10 million private placement stock offering to help fund further growth.

Oklahoma-based First Bank of Owasso took the runner-up spot in this year's ranking, followed by Sandy, Utah-based FinWise Bank. First Bank of Owasso performed above the top-100 median in five of six metrics, while FinWise Bank outpaced the pack in return on average

tangible common equity, net interest margin and loan growth. Both institutions are repeat top performers, having placed 27th and 26th, respectively, in 2016's ranking.

Interestingly, 2016's winners all dropped significantly in the 2017 ranking. Former No. 1 Shallowater, Texas-based First

State Bank fell to No. 322 in 2017 after its loan growth dropped below 2% and credit quality deteriorated slightly. Meanwhile, Kansas-based First National Bank of Syracuse and Platte City, Mo.-based Wells Bank, formerly No. 2 and No. 3 in 2016, fell to No. 78 and No. 108 in 2017.

Ranking metrics

Among the 100 best-performing community banks of 2017 under \$1B in assets

Highest ROATCE before tax

Company name (top-level ticker)	ROATCE before tax (%)	Overall rank
Independence Bank	49.15	60
Bank of Montana	46.30	6
State Bank of Texas	45.07	40
FinWise Bank	44.33	3
Town & Country Bank	38.57	8
Median (top 100 banks)	21.47	

Highest loan growth rate

Company name (top-level ticker)	Loan growth rate (%)	Overall rank
Seacoast Commerce Bank (SCBH)	73.8	47
First Bank of Alabama	53.5	56
Security Bank and Trust Co.	53.4	20
Piedmont Bank	45.8	93
Pinnacle Bank	39.6	26
Median (top 100 banks)	18.7	

Lowest efficiency ratio (FTE)

Company name (top-level ticker)	Efficiency ratio (%)	Overall rank
State Bank of Texas	19.87	40
Citizens Bank	26.65	72
Prime Alliance Bank	31.86	15
Pioneer Trust Bank NA	32.14	70
Luana Savings Bank	32.53	90
Median (top 100 banks)	50.16	

Highest NIM (FTE)

Company name (top-level ticker)	NIM (FTE) (%)	Overall rank
Charter Bank	6.89	39
Independence Bank	6.45	60
State Bank of Texas	6.31	40
Bank 7	6.25	13
Metro Phoenix Bank (MPHX)	5.90	1
Median (top 100 banks)	4.62	

Lowest adjusted Texas ratio

Company name (top-level ticker)	Adj. Texas ratio (%)	Overall rank
First Bank of Owasso	0.00	2
Texas Republic Bank NA	0.00	4
Bank of Montana	0.00	6
North Valley Bank	0.00	7
Town & Country Bank	0.00	8
Quantum National Bank	0.00	9
Lighthouse Bank (LGHT)	0.00	11
Amerasia Bank	0.00	22
Home Bank of California	0.00	27
Breda Savings Bank	0.00	30
Main Bank	0.00	49
Santa Cruz County Bank (SCZC)	0.00	63
Verus Bank of Commerce	0.00	69
Pioneer Trust Bank NA	0.00	70
Community Business Bank (CBBC)	0.00	71
State Bank of Bellingham	0.00	74
Welcome State Bank	0.00	79
First Madison Bank & Trust	0.00	86
Bank of Prague	0.00	87
Ericson State Bank	0.00	88
Bank of George	0.00	97
Commercial Bank	0.00	98
Tejas Bank	0.14	51
Median (top 100 banks)	1.90	

Lowest NCOs/average loans

Company name (top-level ticker)	NCOs/ avg loans (%)	Overall rank
Tejas Bank	-1.52	51
State Bank of Georgia	-0.66	34
National Bank of St. Anne	-0.36	48
Breda Savings Bank	-0.34	30
First State Bank	-0.30	31
Median (top 100 banks)	0.00	

Data compiled March 9, 2018.

Analysis is based on the 100 best-performing community banks of 2017 under \$1 billion in assets.

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

Based on regulatory filings.

ROATCE = return on average tangible common equity

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

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

NCOs = net charge-offs

Source: S&P Global Market Intelligence

Texas placed 13 of its 325 eligible banks in the top 100 in 2017, more than any other state. California came in second with 10 banks on the list.

Best-performing community banks of 2017 under \$1B in assets

Based on financials for the year ended
Dec. 31, 2017

Rank	Company (top-level ticker)	City, state	Parent	Total assets (\$M)	Ranking metrics					
					ROATCE before tax (%)	NCOs/ average loans (%)	Efficiency ratio FTE (%)	Adjusted Texas ratio (%) ¹	Net interest margin FTE (%)	Loan growth rate (%)
1	Metro Phoenix Bank (MPHX)	Phoenix, AZ		175.0	23.39	-0.01	47.69	1.51	5.90	24.3
2	First Bank of Owasso	Owasso, OK		338.8	21.52	0.00	46.22	0.00	4.69	28.4
3	FinWise Bank	Sandy, UT	All West Bancorp	65.1	44.33	-0.11	55.65	4.93	5.75	36.3
4	Texas Republic Bank NA	Frisco, TX	TXRB Holdings Inc.	232.7	23.51	0.04	54.14	0.00	5.29	23.6
5	Grand Ridge National Bank	Grand Ridge, IL	Premier Commerce Bancorp Inc.	172.3	22.94	0.00	52.51	1.85	5.77	21.9
6	Bank of Montana	Missoula, MT	Bancorp of Montana Holding Co.	82.8	46.30	0.00	44.02	0.00	4.33	27.9
7	North Valley Bank	Thornton, CO	Citizens Investment Co.	158.8	21.18	0.00	54.22	0.00	5.48	20.7
8	Town & Country Bank	Las Vegas, NV	West Point Bancorp Inc.	160.8	38.57	-0.26	34.37	0.00	4.63	5.6
9	Quantum National Bank	Suwanee, GA	Quantum Capital Corp.	442.6	25.64	-0.02	45.75	0.00	4.98	11.1
10	Commercial Bank	Crawford, GA	TCB Bancshares Inc.	158.1	21.10	-0.08	49.84	6.67	4.54	29.2
11	Lighthouse Bank (LGHT)	Santa Cruz, CA		261.1	15.12	0.00	52.82	0.00	5.03	25.9
12	Wallis State Bank	Wallis, TX	Wallis Bancshares Inc.	626.3	25.95	0.14	54.56	3.28	5.03	23.0
13	Bank 7	Oklahoma City, OK	Haines Financial Corp.	702.6	36.37	0.09	36.52	2.49	6.25	11.9
14	Citizens State Bank	Miles, TX	CSB Financial Corp. Inc.	126.6	25.36	-0.05	46.88	4.35	5.00	12.0
15	Prime Alliance Bank	Woods Cross, UT		304.8	20.94	-0.15	31.86	16.99	4.66	24.0
16	Horizon Bank	Waverly, NE		276.4	18.39	0.00	43.32	0.90	4.49	20.4
17	Bank of the West	Thomas, OK	BankWest Inc.	158.7	20.81	0.07	51.28	0.36	5.20	15.4
18	Meadows Bank	Las Vegas, NV		791.1	25.57	0.05	52.39	6.26	5.13	18.7
19	Community First Bank	Kansas City, KS	First Bancshares Inc.	158.9	20.75	0.01	60.01	1.18	5.12	18.8
20	Security Bank and Trust Co.	Paris, TN		352.7	21.65	0.00	50.35	3.15	4.22	53.4
21	Peoples Bank	Rose Hill, VA		155.2	23.51	0.00	52.22	0.57	4.43	19.7
22	Amerasia Bank	Flushing, NY		585.6	22.73	0.00	45.09	0.00	4.52	12.3
23	McClave State Bank	McClave, CO		39.9	21.38	-0.01	50.47	3.86	5.04	12.2
24	Yampa Valley Bank	Steamboat Springs, CO	Routt County BanCorp. Inc.	276.9	25.32	-0.05	53.58	7.92	4.72	20.5
25	First National Bank of McGregor	McGregor, TX	McGregor Bancshares Inc.	321.1	20.16	0.04	63.71	2.19	4.93	27.1
26	Pinnacle Bank	Marshalltown, IA	Iowa River Bancorp Inc.	191.7	20.26	0.01	41.97	2.66	3.89	39.6
27	Home Bank of California	San Diego, CA		159.1	20.06	0.00	38.79	0.00	4.97	5.4
28	Bank of Feather River	Yuba City, CA	Feather River Bancorp Inc.	122.1	16.84	0.01	59.47	1.62	4.93	32.0
29	First IC Bank (FIEB)	Doraville, GA	First IC Corp.	403.9	22.16	-0.03	51.98	6.94	4.47	21.6
30	Breda Savings Bank	Breda, IA	Van Financial Corp.	57.8	12.57	-0.34	49.84	0.00	4.45	17.8
31	First State Bank	Scottsbluff, NE	First State Bancshares Inc.	233.1	25.83	-0.30	46.96	2.65	4.54	3.3
32	Five Star Bank	Rocklin, CA	Five Star Bancorp	972.8	26.54	0.03	36.34	3.47	3.98	20.8
33	RiverBank	Pocahontas, AR		88.9	26.55	-0.01	43.39	2.93	4.53	11.3
34	State Bank of Georgia	Fayetteville, GA		100.6	14.01	-0.66	74.55	0.75	4.82	26.3
35	Redstone Bank	Centennial, CO		112.5	17.03	0.11	57.03	1.65	5.75	23.5
36	First National Bank of Eldorado	Eldorado, TX	First Eldorado Bancshares Inc.	59.3	14.85	0.02	55.46	0.37	5.52	21.3
37	Park State Bank	Duluth, MN	Park Financial Group Inc.	61.4	15.92	0.01	63.18	0.75	5.17	37.5
38	1st Security Bank of Washington (FSBW)	Mountlake Terrace, WA	FS Bancorp Inc.	981.5	21.43	0.03	64.64	0.71	4.54	25.9
39	Charter Bank	Corpus Christi, TX	Charter Bancshares Inc.	256.6	28.38	0.10	47.85	5.75	6.89	11.9
40	State Bank of Texas	Dallas, TX	SBT Bancshares Inc.	839.6	45.07	0.39	19.87	7.15	6.31	19.4
41	State Bank (FETM)	Fenton, MI	Fentura Financial Inc.	781.3	21.72	-0.02	61.14	1.01	4.20	29.8
42	NOA Bank	Duluth, GA	NOA Bancorp Inc.	327.4	27.08	0.04	49.96	3.63	4.77	12.5
43	Central Bank Illinois	Geneseo, IL	Central Banc Inc.	861.9	18.16	0.00	49.27	4.10	4.28	28.5
44	Hillsboro Bank	Plant City, FL		136.9	16.41	0.00	44.41	1.43	4.06	26.4

45	High Country Bank (HCBC)	Salida, CO	High Country Bancorp Inc.	256.3	20.38	0.00	63.05	2.63	5.08	17.3
46	Bank of Hydro	Hydro, OK	Hydro Bancshares Inc.	126.3	26.27	0.01	45.24	0.65	4.70	5.8
47	Seacoast Commerce Bank (SCBH)	San Diego, CA	Seacoast Commerce Banc Holdings	938.8	20.35	0.00	74.08	2.70	5.33	73.8
48	National Bank of St. Anne	Saint Anne, IL	St. Anne Bancorp Inc.	53.8	20.38	-0.36	56.97	1.28	4.36	9.2
49	Main Bank	Albuquerque, NM	Main Banc Inc.	132.9	21.08	-0.03	45.73	0.00	4.15	14.0
50	Riverside Bank	Sparkman, AR	Riverside Bancshares Inc.	60.3	28.74	-0.08	53.21	1.49	4.80	7.0
51	Tejas Bank	Monahans, TX	Sandhills Bancshares Inc.	136.2	19.68	-1.52	50.78	0.14	4.22	5.1
52	Horizon Bank SSB	Austin, TX	Frontier Bancshares Inc.	886.6	28.46	0.02	55.71	0.73	4.49	15.8
53	American Heritage National Bank	Long Prairie, MN	American Heritage Holding Co.	360.8	20.34	0.00	56.97	2.81	4.35	22.6
54	Waggoner National Bank of Vernon	Vernon, TX	Waggoner National Bancshares Inc.	285.2	21.08	0.09	43.00	2.36	4.60	10.7
55	First Bank	Dalton, GA	FBD Holding Co. Inc.	339.5	26.03	0.04	56.06	7.54	4.53	22.3
56	First Bank of Alabama	Talladega, AL	Firstbank of Alabama Inc.	554.4	14.74	0.03	45.55	3.50	4.35	53.5
57	Holladay Bank & Trust	Salt Lake City, UT		55.7	13.53	-0.25	61.27	6.37	5.25	19.9
58	HomeBank Texas	Seagoville, TX	MTA Bancshares Inc.	172.8	16.30	0.01	61.59	0.70	4.67	39.5
59	Gogebic Range Bank	Ironwood, MI	West End Financial Corp.	126.3	19.96	0.13	51.08	13.20	4.86	36.6
60	Independence Bank	East Greenwich, RI		60.8	49.15	7.56	38.48	7.68	6.45	31.5
61	Brunswick State Bank	Brunswick, NE	BSB Bancshares Inc.	118.0	21.75	0.11	45.50	0.29	4.29	13.2
62	Kinmundy Bank	Kinmundy, IL	South Central Bancorp Inc.	45.4	29.17	0.20	41.71	2.29	5.21	3.9
63	Santa Cruz County Bank (SCZC)	Santa Cruz, CA		630.0	24.67	0.00	48.91	0.00	4.38	9.2
64	Citizens National Bank of Texas	Waxahachie, TX	First Citizens Bancshares Inc.	937.4	20.32	0.09	62.69	4.04	4.79	22.1
65	Mission Bank (MSBC)	Bakersfield, CA	Mission Bancorp	594.2	22.14	0.03	54.31	7.38	4.23	23.3
66	Central Bank	Tampa, FL	Central Financial Holdings Inc.	143.7	24.45	0.00	56.87	1.37	3.87	23.4
67	Murphy Bank	Fresno, CA		254.1	21.30	0.08	46.93	3.62	4.96	5.9
68	Iowa Trust & Savings Bank	Emmetsburg, IA	Emmetsburg Bank Shares Inc.	228.7	16.86	0.05	51.73	1.63	4.20	30.1
69	Verus Bank of Commerce	Fort Collins, CO		247.7	21.06	0.00	38.57	0.00	4.63	1.2
70	Pioneer Trust Bank NA	Salem, OR	PTB Corp.	494.9	32.41	0.06	32.14	0.00	4.01	11.1
71	Community Business Bank (CBBC)	West Sacramento, CA	CBBC Bancorp	336.7	21.12	0.02	48.67	0.00	4.12	14.0
72	Citizens Bank	Carthage, TN		582.6	16.07	0.12	26.65	1.95	4.57	15.9
73	Douglas National Bank	Douglas, GA	DNB Financial Services Inc.	179.7	22.83	0.00	48.74	4.39	4.80	5.6
74	State Bank of Bellingham	Bellingham, MN	Bellingham Corp.	52.4	23.48	0.00	36.77	0.00	4.14	6.8
75	Independence Bank	Havre, MT	Montana Security Inc.	714.6	21.42	0.00	38.71	8.15	4.56	9.3
76	Farmers and Merchants Bank	Milligan, NE	FM Group Inc.	108.7	18.07	-0.13	46.25	0.55	4.05	13.2
77	Oregon Community Bank	Oregon, WI	Oregon Bancorp Inc.	314.0	17.59	0.00	51.21	2.18	4.01	24.0
78	First National Bank of Syracuse	Syracuse, KS	Legacy Financial Inc.	327.5	21.72	0.04	50.47	4.00	4.83	7.4
79	Welcome State Bank	Welcome, MN	Welcome Bancshares Inc.	33.7	21.20	-0.10	56.52	0.00	4.39	10.3
80	Prime Bank	Edmond, OK	Prime Bank Group Inc.	259.1	25.02	0.00	39.36	2.45	4.51	3.1
81	AmeriState Bank	Atoka, OK	Atoka State Bancorp. Inc.	257.4	22.17	0.05	65.29	4.61	5.10	14.7
82	Sound Banking Co.	Lakewood, WA		54.4	19.87	-0.28	64.91	3.18	5.11	4.7
83	AltaPacific Bank (ABNK)	Santa Rosa, CA	AltaPacific Bancorp	416.3	11.79	0.00	64.91	0.46	5.15	26.8
84	Kopernik Bank	Baltimore, MD		165.6	22.94	0.01	38.44	11.83	3.67	34.4
85	State Bank of Southern Utah	Cedar City, UT	Southern Utah Bancorp	980.9	18.92	-0.04	47.21	2.69	4.24	13.8
86	First Madison Bank & Trust	Athens, GA		213.1	25.93	0.13	44.68	0.00	4.34	8.9
87	Bank of Prague	Prague, NE	Prague Co.	24.8	16.79	-0.01	56.11	0.00	4.69	14.6
88	Frisson State Bank	Frisson, NE	Wheeler County	88.4	20.41	0.23	47.07	0.00	4.80	9.3

88	Enclison State Bank	Enclison, NE	Bancshares Inc.	88.4	20.41	0.23	47.67	0.68	4.68	9.0
89	Security First National Bank of Hugo	Hugo, OK	Sooner Southwest Bancshares Inc.	114.3	30.83	0.01	56.39	3.38	5.51	5.1
90	Luana Savings Bank	Luana, IA	Luana Bancorp	984.1	24.02	0.00	32.53	2.54	3.35	19.9
91	PrinsBank	Prinsburg, MN	PSB Financial Shares Inc.	141.9	25.89	2.48	40.01	2.25	5.39	15.7
92	1st Bank & Trust	Broken Bow, OK	Southeastern Bancshares Inc.	147.7	25.00	0.05	47.46	0.67	4.46	6.0
93	Piedmont Bank	Peachtree Corners, GA	Piedmont Bancorp Inc.	819.9	18.68	0.02	53.74	10.07	4.39	45.8
94	BankFirst	Norfolk, NE	North Central Bancorp Inc.	444.7	18.82	0.00	46.19	1.56	3.77	19.9
95	Citizens Bank of Las Cruces	Las Cruces, NM	Amador Bancshares Inc.	538.1	22.19	0.10	57.59	1.70	4.09	21.3
96	Biscayne Bank	Coconut Grove, FL	Biscayne Bancshares Inc.	892.5	23.89	0.00	44.12	2.69	3.58	17.2
97	Bank of George	Las Vegas, NV	GBank Financial Holdings Inc.	208.4	20.35	-0.02	57.91	0.00	4.83	6.6
98	Commercial Bank	Mason, TX	Commercial Co. Inc.	47.1	19.33	0.04	51.10	0.00	4.04	17.8
99	Grant County State Bank	Swayzee, IN	Grant County State Bancshares Inc.	169.6	22.34	0.02	33.72	8.93	4.09	14.5
100	Central Bank of Kansas City	Kansas City, MO	Central Bancshares of Kansas City Inc.	163.7	24.39	0.02	56.91	8.41	4.32	20.6
Top 100 median				21.47	0.00	50.16	1.90	4.62	18.7	

Data compiled March 9, 2018.

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

For the purposes of this ranking, S&P Global Market Intelligence defined community banks as currently operating banks and thrifts.

Companies with gross loans/assets less than 33.33% and credit card loans/total loans greater than 50% are excluded. Companies with parents greater than \$1 billion in total assets are excluded.

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

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

FTE = fully taxable equivalent

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

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

Source: S&P Global Market Intelligence

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100.

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