

**RANKING BANKING®**

**BEST  
EMERGING  
REGIONAL  
BANKS**

**(\$15 BILLION - \$50 BILLION)**

## Summary Analysis

**E**mployees — along with a decentralized model that prioritizes local decision-making — didn't just help Glacier Bancorp issue \$1.5 billion in Paycheck Protection Program loans in 2020-21. They're key to the bank's long-term performance.

"We've got just exceptional people," says CEO Randall Chesler. "Our model ... attracts really good people, and gives them the tools to get out there and do a great job. And that is the primary reason for our success." Broken up into 17 different divisions, Glacier Bancorp spans eight western states: Washington, Idaho, Wyoming, Colorado, Nevada, Utah, Arizona

and Montana, where it's based in Kalispell.

Leveraging its agile structure positioned Glacier to help customers quickly, offering a lifeline to small businesses and attracting 3,000 new customers through PPP. "That's a small acquisition for us," says Chesler. "We picked up as many customers as we would if we did a smaller size [M&A] transaction."

Glacier has a long history of acquiring "good banks in good markets with good people" in the western United States, positioning it for strong performance. Including Utah, six of the states in Glacier's eight-state footprint rated in the top 10 for population growth from 2010 to 2020, according to an analysis of U.S. census data by The Salt Lake Tribune.

Its purchase of \$3.5 billion Altabancorp builds its platform in high growth Utah. Glacier hit \$24 billion in assets with the close of the acquisition on Oct. 1, 2021.

"There's a lot of opportunity in Utah," says Timothy Coffey, director of banks and thrifts at Janney Montgomery Scott. "In the meantime, they're

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**Randall Chesler** / CEO, Glacier Bancorp

still talking to other high performing banks that are down either side of the Rocky Mountain range.”

Glacier ranked second among the emerging regional banks examined in Bank Director’s 2022 RankingBanking study. Another western bank, Western Alliance Bancorp., placed first. These institutions, between \$15 billion and \$50 billion in assets as of the first quarter 2021, have passed the \$10 billion asset barrier but aren’t yet as large as the big regional banks.

“This one’s really interesting, because you have banks that are closer to that \$15 or \$20 [billion mark] that maybe have grown through acquisitions,” says Crowe LLP Partner Kara Baldwin. “They’re still, quite frankly, building out.”

Bank Director selected the top 10 banks in each peer group based on several metrics provided by S&P Global Market Intelligence as of year-end 2020. A profitability score was calculated based on return on average assets (ROAA) and return on average equity (ROAE); those two metrics received a double weight. A growth score examines year-over-year growth in pre-provision net revenue (PPNR) from 2019 to 2020; PPNR was also ranked to provide a balance against growth from a low base. Five-year total shareholder return, from 2015 to 2020, was ranked as a nod to building long-term value. Credit quality was also examined, based on net charge offs and non-performing loans as a percentage of total loans.

Once the top 10 were selected, Bank Director studied each bank further across four subcategories that contribute to overall performance: leadership, board, innovation and growth. (The methodologies about each specific subcategory can be found later in this report.) Each institution’s within-peer rank for these categories was factored into the final scoring, with the growth category receiving double weight due to its emphasis on financial metrics.

Both Glacier Bancorp and Western Alliance Bancorp., based in Phoenix with \$53 billion in assets as of the third quarter 2021, rated well for profitability and five-year total shareholder return, and performed strongly in the growth

#### HIGHEST FIVE-YEAR TSR

Independent Bank Group

109%

#### LOWEST EFFICIENCY RATIO, YE 2020

Western Alliance Bancorp.

39.4%

category.

Western Alliance draws its strength from various commercial niches, including homeowners’ associations, technology and innovation companies, and franchises. “They operate a very high performing, strong commercial bank,” says Coffey. “It’s very simple. They hire good bankers, and they know their customers well enough that [when] customers want to do a new deal, they can get back to them with a decision rather quickly. It’s not rocket science — that’s actually just what good banks do.”

In 2020, Western Alliance expanded its capabilities further through its \$1 billion acquisition of AmeriHome Mortgage, the third-largest correspondent mortgage producer in the U.S. The acquisition helps Western Alliance increase noninterest income and diversify its loan mix with lower-risk mortgages.

Rounding out the top five, Kansas City, Missouri-based UMB Financial Corp. ranked third, outperforming its peers in the innovation, leadership and board subcategories. Hill-top Holdings, in Dallas, ranked fourth and boasted strong PPNR growth, at 119%, as well as the strongest ROAA and ROAE compared to peers, at 2.88% and 20.76%, respectively. Finally, Houston-based Prosperity Bancshares placed fifth, with a strong return on average assets at 1.62%.

## How They Ranked: Best Emerging Regional Banks



		TICKER	SCORE	ROAA, YE 2020	TSR, 2015-2020
1	Western Alliance Bancorp.	WAL	<b>2.57</b>	1.62%	73.14%
2	Glacier Bancorp	GBCI	<b>2.71</b>	1.62%	108.22%
3	UMB Financial Corp.	UMBF	<b>4.14</b>	1.00%	61.80%
4	Hilltop Holdings	HTH	<b>4.57</b>	2.88%	51.71%
5	Prosperity Bancshares	PB	<b>6.14</b>	1.62%	63.48%
6	Central Bancompany	CBCY.B	<b>6.29</b>	1.44%	64.33%
7	Independent Bank Group	IBTX	<b>6.43</b>	1.23%	108.63%
8	TowneBank	TOWN	<b>6.71</b>	1.20%	27.60%
9	Trustmark Corp.	TRMK	<b>7.14</b>	1.05%	38.41%
10	First National of Nebraska	FINN	<b>8.29</b>	1.26%	84.87%

SOURCE: S&P Global Market Intelligence and other public information

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